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Modernizing Transit for the Future
President's 2013 Budget Recommendations

[Transit Board page]

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Forrest Claypool, President

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Letter from the President

Dear CTA Customers:

For 66 years, the Chicago Transit Authority has spent each day bringing customers to work, to school, and to everywhere else they need to go. Each weekday, the CTA provides 1.7 million rides in Chicago and 35 suburbs—and annually provides more than 80 percent of the region's ridership, with service 24 hours a day, 7 days a week, 365 days a year.

Our primary mission has not changed—on-time, affordable, convenient transportation that connects people, places, and jobs.

But *how* we fulfill that mission has changed dramatically, particularly over the past two years. Under the leadership of Mayor Rahm Emanuel, my management team and I have focused on new and more efficient ways to deliver the best service possible to our customers.

Despite inheriting a $308 million deficit in 2011, the CTA has operated efficiently and responsibly with three consecutive years of balanced budgets—a significant break from the "doomsday" budgets of the past—even as we faced funding challenges that will continue in 2014.

In fact, under the Mayor's leadership, we continue the CTA's unprecedented $4 billion modernization campaign to create a 21st century transit system. Customers throughout our service area are seeing brand-new buses and rail cars, new and rehabbed rail stations, and expanded technologies that improve rider experience.

The CTA has expanded service on its busiest bus and rail routes, increasing frequency and reducing crowding during rush hour peaks.

Numerous large-scale construction projects have already been completed or will soon wrap up, including the historic reconstruction of the Red Line South—where we're building a brand new railroad as part of our $1 billion Red Ahead program to repair and rebuild the CTA's busiest rail line. In preparation for that project, the CTA made its biggest investment in the Green Line in years in 2013 to serve customers affected during the reconstruction project. The Red Line South project is on time and on budget, and is the quickest any U.S. transit agency has ever rebuilt an entire railroad.

In 2014, we'll begin two other projects that will benefit our busiest rail line—the reconstruction/expansion of the 95th Street terminal and the Wilson station. Both projects will create new community anchors that will help spur economic development while improving Red Line service. The CTA continues to pursue longer-term plans for the modernization of the Red and Purple Lines, and we're pursuing similar modernization plans for the Blue Line as well. In addition, we are investing in new substations and substation upgrades that will provide more power and increased reliability to our rail lines.

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Additionally, we began work on the Ravenswood Connector, a key connection that brings about 700 Brown and Purple Line trains downtown each weekday, to make structural improvements and replace deteriorated track components that will ultimately improve reliability and reduce slow zones in that area. Work also has started on the O'Hare branch of the Blue Line, a project that will also improve travel times, eliminate all slow zones and help to slow the development of future slow zones, reducing future maintenance and repair costs.

We've invested heavily in improving the customer's day-to-day commute, including completing the installation of CTA Train Tracker displays at all CTA rail stations ahead of schedule, and the continued expansion of Bus Tracker signs at more than 250 bus shelters citywide—tools that help our customers plan their travel to the minute.

We successfully launched the agency's first new fare-payment system in nearly 20 years. Ventra allows CTA and Pace customers the ability to use a single card for all transit and is a modern, efficient system that is the first of its kind among major U.S. transit agencies—allowing customers numerous, flexible payment options and benefits and quicker boarding.

We continue to improve safety and security for our customers, retrofitting older rail cars in our fleet with cameras and making other security enhancements in cooperation with the Chicago Police Department. These cameras are in addition to the thousands of cameras we've added to our rail stations and maintenance facilities.

Alongside these historic infrastructure investments, we continue to seek more efficient and cost-effective ways to run our organization, as any good business should. Our initiatives include streamlining management and eliminating positions that are no longer necessary for our organization. We are maintaining one of the leanest management-to-worker ratios in the agency's history.

We've reduced worker absenteeism by 22 percent over the last two years due to better management of frequent causes of absenteeism, including sick leave and job-related injuries, saving the CTA an estimated $10 million annually. And we've dramatically improved our supply chain operations to better track purchases and inventory to reduce unnecessary spending and waste.

We're reinvesting in the CTA facilities that make sure our rail and bus fleets are ready to serve our customers each and every day. These bus and rail facility improvements include installing new hoists at bus facilities to increase bus maintenance efficiency, employee safety, customer service, and bus reliability and availability. We continue to identify, design, and construct improvements to bus and rail maintenance facilities to improve vehicle maintenance and cleanliness and employee work environments.

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Despite many successes during the year, many challenges remain. The CTA continues to face the reality of a transit-funding formula that, for the last 30 years, has shortchanged the agency. Despite providing more than 80 percent of the region's transit rides, the CTA still just receives about 47 percent of state funding for transit.

As part of state and federal mandates, the CTA also provides more than $100 million each year in free and heavily discounted rides, a demand that is growing. Adding to that burden, in May 2013 the State passed a 2014 budget that reduced the subsidy for the reduced fare program and state-mandated free ride program by nearly $14 million.

All those challenges notwithstanding, the CTA remains committed to modernizing and upgrading our system, while keeping a laser focus on providing the most efficient service possible each day.

Forrest Claypool

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Organizational Chart

[This is an organizational chart of the Chicago Transit Authority.
The Chairman of the Board and Board Members are at the top of the chart. Under the Chairman are the President and Chief of Staff. The Chief Internal Auditor is between the President and the Chief of Staff.
Nine branches are under the President, as follows:
The first branch is Legislative Affairs.
The second branch has Planning at the top, with Strategic Planning, Revenue, Grants, and Scheduling and Service Planning.
The third branch has Transit Operations at the top, with Bus Operations, Rail Operations, and Bus and Rail Maintenance below.
The fourth branch has Infrastructure at the top, with Power and Way, Facilities, and Engineering below.
The fifth branch has Administration at the top, with Human Resources and Employee Relations, Purchasing and Supply Chain, DBE/EEO/ADA Compliance, and Learning and Support below.
The sixth branch has Finance at the top, with Accounting, Budget and Capital Management, and Treasury and Revenue Collection, and Technology below.
The seventh branch has Law at the top, with Corporate Law and Litigation, Labor Policy and Appeals, Torts, and Claims below.
The eighth branch is Communications.
The ninth branch has Safety and Security at the top, with Compliance below.]

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Executive Summary

Overview

The Chicago Transit Authority has been an essential part of Chicago and the region for more than 65 years. The CTA's bus and rail network is the second-largest in the nation, providing more than half a billion rides each year—1.7 million each weekday. The CTA links millions to jobs and contributes to the economic vibrancy of the region.

Under the leadership of Mayor Rahm Emanuel, 2013 was an incredibly successful year as the agency moved forward with wide-ranging investments to create a 21st century transit system and improve our customers' daily commutes.

Two years ago, the CTA began an ambitious capital investment plan, including renewing train stations, modernizing rail and bus fleets, and beginning to bring the agency's massive infrastructure into a state of good repair.

The CTA continues to make great strides, including a brand new railroad on the city's South Side and a modern fare-payment system that will make paying for transit easier and more flexible and allow faster boarding.

All of these efforts continue to create jobs and support Chicago's ongoing economic growth.

Despite the significant progress the CTA has made to modernize the system and improve service for customers, myriad challenges remain. Foremost among them is the continuing effort to ensure adequate and consistent funding for day-to-day operations.

One of the biggest obstacles the CTA faces is the 30-year-old regional sales tax distribution formula that determines how CTA operations are funded. The formula simply does not adequately reflect the CTA's impact on the region. The CTA provides 82 percent of the transit rides and 65 percent of the vehicle revenue miles, yet receives just 47 percent of state funding for transit.

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That structural imbalance continues to put a great burden on the CTA. In addition, in May 2013, the State passed a 2014 budget that reduced the subsidy for the CTA's reduced fare program and the state-mandated free ride program by nearly $14 million. The State's standard reimbursement covers only a tiny portion of the $100 million cost of the program, and this recent action puts an extra financial burden on the CTA.

[Photo: View of downtown from elevated rail]

Additionally, the CTA continues to deal with the mandates of 2008 state legislation requiring the CTA to rapidly and fully fund pension and retiree health care trusts. Passed just before the Great Recession began, the legislation has imposed a continually escalating annual burden on CTA's operating budget—adding tens of millions of dollars in the last two years alone.

In spite of these ongoing challenges, the CTA is committed to maintaining fiscal stability. For the third straight year, the annual budget plan reflects ongoing management reforms, including more prudent management of spending. And for the third straight year, our administration will not resort to transferring capital funds, which pay for construction and preventative maintenance, to help balance the CTA's operating budget.

Most importantly, the 2014 spending plan calls for no increases to fares or reduction in bus or rail service.

The CTA continues its commitment to manage the agency's daily transit operations efficiently and responsibly—an effort to best serve our customers and to promote the economic and quality-of-life benefits of a modern, efficient public transit system.

[Photo: Chicago Theater and CTA bus]

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2013: CTA on the Move

Infrastructure investments

Continuing a historic infrastructure investment plan begun in 2012, the CTA made significant progress on several strategic long-term plans to make transit better, safer and more reliable.

Red Line South/Green Line investments

The CTA began the $425 million Red Line South Reconstruction Project in May 2013, which included a five-month shutdown of the 10.2-mile branch between Cermak/Chinatown and 95th Street to allow the work to be completed in the quickest, most cost-efficient manner.

The project replaced all railroad ties, rails, electrified third rail, drainage and communications systems, ductbanks and ballast (the stone material that holds the ties in place). Improvements at eight Red Line South stations included lighting replacement or refurbishment, new signage, floor reglazing/repair, painting, cleaning and new elevators at the Garfield, 63rd and 87th stations.

To accommodate customers affected by the shutdown, the CTA provided extensive alternative service, including free shuttles between Red Line stations south of 63rd Street and the Garfield elevated rail station; free entry at Garfield Green Line station; Red Line train service running on Green Line tracks from Roosevelt to Ashland/63rd; expanded bus service on numerous nearby bus routes and 50-cent discounts on bus rides south of 63rd Street.

The project is on track to be delivered on time and on budget, reopening in October 2013.

Related to the Red Line South project, the CTA made $20 million of investments in the Green Line South to accommodate re-routed Red Line trains during the construction and larger numbers of passengers diverted from the Red Line South. This included extensive

trackwork, installation of security cameras and digital CTA Train Tracker signs at all rail stations and station repairs and upgrades at Garfield and Ashland/63rd.

[Photo: Red Line construction work]

[Photo caption: Within five months, the historic $425 million Red Line South reconstruction project directly benefited the lives of thousands through the creation of more than 1,500 new jobs, and improved accessibility and quality of service for the 80,000 customers who travel the branch daily.]

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Purple Line track work

The agency commenced a $12 million project to eliminate track-related slow zones on **Purple Line** to increase commute speeds and service reliability for customers, the largest track project on the Purple Line in 37 years. The work included replacing deteriorated rail ties between the Howard and Linden stations in Evanston and Wilmette, with the goal of eliminating nearly 1.3 miles of combined track-related slow zones.

Loop Renewal Project/Wells Street Bridge

The CTA completed its $53 million Loop Renewal Project in 2013, which included replacing more than two miles of elevated rail and track components that were installed in the early 1980s and were nearing the end of their useful lives.

[Photo: Loop elevated track construction]

[Photo caption: Crews worked around the clock over the course of four weekends to replace deteriorated rail ties and track components at one of the busiest rail junctions in the U.S.—CTA's Tower 18, located at Lake/Wells. Five of the CTA's eight rail lines travel through this junction each weekday.]

The Loop Renewal Project also included work completed during the Chicago Department of Transportation's (CDOT) reconstruction of the Wells Street Bridge, which affected CTA by requiring two nine-day shutdowns of elevated rail service over the bridge in the spring. During the shutdowns, the CTA rebuilt the 'L' structure track junction at Lake and Wells Streets, known as Tower 18, and replaced tracks in the curves at Hubbard and Kinzie, just north of the Merchandise Mart, avoiding additional street closures and service disruptions for customers and saving CTA and CDOT a combined $500,000 in construction coordination costs. Tower 18 is the busiest junction on the CTA 'L' system and the main elevated line entryway into the Loop from the north, with 5 of 8 rail lines passing through

every weekday. This junction handles nearly 700 trains a day and nearly 500 on the average weekend.

[Photo: CTA train on Wells Street Bridge]

[Photo caption: By coordinating critical CTA track work at the Tower 18 junction with CDOT's reconstruction of the 90-year-old Wells Street Bridge, both agencies achieved cost savings and reduced the work's impact on the roughly 40,000 CTA rail customers who travel across the bridge each weekday.]

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Ravenswood Connector

Work began on a $71.2 million major slow zone remediation project on the elevated Brown and Purple Express lines between the Chicago and Armitage stations, known as the Ravenswood Connector, for track and rail structure rehabilitation. The first phase of the work includes structural repairs, with the second phase of project work beginning in 2014 with the replacement of deteriorated rail ties along the renewed infrastructure. Project work is expected to continue through 2015.

Station improvements

The **Loyola Red Line** station received improvements in 2013 thanks to funding assistance from U.S. Sen. Richard Durbin. The $10 million project included stabilizing infrastructure, upgrading the existing station and redirect pedestrian traffic away from the mid-block Sheridan Road crossing in front of the station for improved safety. The main entrance was relocated to allow for a new pedestrian plaza and a more inviting path in and out of the station, with better visibility. The project improved lighting and added more bike storage space, and rehabilitated the viaduct across Sheridan Road, providing concrete repairs, new trackwork and brighter lighting over pedestrian walkways.

This station renovation was part of the CTA's $1 billion Red Ahead capital investment initiative announced in November 2011, which also included rehabilitating seven Red Line North stations in 2012 and the Red Line South Reconstruction Project.

The CTA continued its investments in additional power to keep up with ridership demand and allow more frequent service. Work on the Farwell, Armitage and Hill Substations Project continued in 2013. The $66.5 million project includes the construction of three new traction power substations on the Red and Brown Lines and will provide additional capacity to expand service levels. The project is expected to be completed by the end of 2014. The CTA is also moving forward with plans to upgrade additional substations,

including State and Princeton, which both serve the Red Line, as well as upgrading or building new substations that service the Brown and Blue Lines.

[Photo: Kimball Brown Line Station tracks]

[Photo caption: This summer, the Kimball Brown Line terminal was closed for nine days to replace track and rail system components that were 50 years old and beyond their useful lives.]

The Chicago Department of Transportation (CDOT) in conjunction with the CTA continued its three-year major rehabilitation of the Clark/Division subway station on the Red Line, the first major renovation of that station since it opened in 1943. The station, which has remained open for service during the project, is expected to have a brand new mezzanine area at LaSalle and Division completed by fall 2014 and be fully renovated by mid-2015.

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The CTA in July completed a $4.6 million trackwork project at the **Kimball Brown Line** station that included the replacement of deteriorated ties, rail, ballast, special track components and the power and signaling systems along the three sets of track that feed into the terminal.

In spring 2012, the CTA and CDOT opened a new **Morgan Pink/Green Line** station and the CTA and the Village of Skokie opened a new **Oakton Yellow Line** station, the first new CTA stations in 18 years. Through June 2013, those stations have steadily grown weekday ridership, with more than 507,000 entries at Morgan and more than 304,000 entries at Oakton since the stations opened.

Rail and bus fleet upgrades

The CTA continued to upgrade its rail and bus fleets in 2013. This included adding a total of more than 300 new “5000 series” rail cars to the Pink, Green and Red Lines as of mid-2013, with more than 400 to come through the end of 2015. It also included retiring the 2200 series used on the Blue Line, which were built between 1969 and 1970. Additionally retirement of the 2400 series rail car fleet (194 cars) began in fall 2013 and is expected to be completed by the end of 2014. Those cars are also currently being replaced with 5000 series.

The agency also installed high-definition cameras in approximately 850 existing, older model rail cars to assist law enforcement in crime-fighting efforts and deter crime. CTA expects its entire fleet will have security cameras by the end of 2014, after the 2400 series rail cars are retired.

In 2013 the CTA continued its major bus purchase and overhaul plan announced last year, which will provide CTA customers with an almost entirely new bus fleet within the next few years.

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This includes an overhaul, which began in 2013 and will continue through 2015, of about 1,030 buses that are at the "mid-life" stage to make them like new. The work includes rebuilding engines, transmissions, suspensions, heating and air-conditioning systems, exterior repair and repainting. The CTA's plan also calls for the purchase from Nova Bus of as many as 450 new buses, all of which will provide a modern, reliable and comfortable bus fleet to CTA customers. The CTA anticipates taking delivery of some of the buses in 2014.

[Photo: CTA buses]

[Photo caption: CTA took ownership of 100 new articulated buses this spring, signifying progress on agency efforts to reduce crowding and modernize the entire bus fleet with the next few years. Timing of the bus delivery was critical as they were used for the bus shuttle service offered the Red Line South Reconstruction Project.]

CTA facility upgrades

The CTA has made significant progress on a $205 million program announced in 2012 to rehabilitate and modernize the agency's bus and rail maintenance facilities, which benefits commuters by improving fleet and facility safety and reliability. Based on assessments done at bus and rail service facilities, capital improvement needs were identified and reviewed with bus and rail operations to prioritize the most critical needs.

Work has included the repair or replacement of critical maintenance systems, including bus and rail car hoists, wash racks and inspection pits; upgrades to building life safety systems and electrical systems; replacements of building roofs and heating systems and repairs to masonry walls to maintain a safe and dry environment for improved maintenance of bus and rail cars; expansion of the North Park garage to provide for better bus servicing; and the installation of a new surveillance camera network and other security enhancements at all bus facilities.

In mid-2012, CTA launched "Work Place, Your Place," a facility renewal initiative created to provide a safe, modern and comfortable work environment for the CTA's most valuable asset—its employees.

The CTA committed resources to upgrade washrooms at bus garages, rail stations, rail shops, rail terminals and more than 20 bus turnarounds. Now employees experience more

inviting facility break rooms with new furniture, fresh paint, floor repairs, and improved lighting. Additionally, ongoing construction at several facilities will improve employee break/lunch rooms, locker/shower rooms, washrooms, janitor closets, classrooms and offices.

[Photo: Bus being repaired on hoists]

[Photo caption: CTA is repairing and replacing hoists at its seven bus facilities that are either non-functioning or beyond their useful lives. The repairs, which will continue through 2014, will provide a safer and more efficient work environment.]

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Service improvements

Improving the customer experience was a high priority for the CTA in 2013, and a number of plans were implemented to achieve that goal.

Safety and security

The CTA has undertaken a number of steps to improve safety and security for our passengers and our employees, and those efforts are working. Violent crimes on CTA property in 2012 fell 19 percent, following strategic efforts by CTA and the Chicago Police Department to reduce crime and increase safety. Additional cameras and policing strategies during the Red Line South reconstruction along the Green Line have contributed to declines in violent crimes on that line, and violent crime was down on the entire rail system the first half of 2013.

The CTA continued in 2013 to install security cameras on all of its rail cars that did not already have cameras, in addition to the multiple cameras it has on its fleet of 1,800 buses. It also continued to add to its fleet new 5000 series rail cars, which all have security cameras installed. The CTA also expanded and modernized its video surveillance program in coordination with the Chicago Police Department and together the agencies have expanded and evolved policing strategies to keep passengers safe and prosecute criminals.

[Photo: Rail car security camera]

[Photo caption: CTA began retrofitting most of its existing rail fleet with surveillance cameras this year. By 2015, more than 8,300 cameras will be available across the rail fleet, making it the most comprehensive rail system camera network among U.S. transit agencies.]

Ventra

The CTA and Pace's new fare payment system, Ventra, fully launched in September. Ventra replaced both CTA and Pace's separate fare payment systems that were nearly 20 years old, offering transit customers many benefits over the old fare payment system. Ventra is a contactless, account-based system that offers greater payment flexibility, faster boarding, account management, and balance protection for registered customers. The old payment equipment and procedures were scheduled to be phased out by the end of 2013.

[Photo: Ventra fare collection device]

[Photo caption: Ventra marks the latest step by the CTA and Pace to modernize transit for the 21st century. Customers can use a single fare card with contactless technology to pay for transit in the region.]

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Bus Rapid Transit

The CTA's J14 Jeffery Jump service, launched in November 2012, was very popular with customers in 2013. The Jump is a faster bus service on Jeffery Boulevard during weekday rush periods that include dedicated bus lanes, sidewalk, curb and ADA ramp reconstruction, new bus shelters and traffic signal prioritization (TSP) that extends green lights to allow buses to move more efficiently in traffic.

The CTA and CDOT collaborated to develop a vision for Bus Rapid Transit on a 16-mile stretch of Ashland Avenue, with a first phase being designed for the central area from Cortland Avenue to 31stStreet. Both agencies have worked extensively with area stakeholders on BRT that would run along the center lanes of Ashland Avenue and to develop a draft Environmental Assessment and final design for the plan.

Crowding Reduction Plan

An effort to reduce extremely crowded rush hour conditions on buses and trains was successful in 2013. The CTA's plan, implemented in late 2012, added service to high-demand routes during the busiest periods and reduced service that was redundant with other service or that had low ridership. The plan was successful, lowering crowd levels and wait times while providing service to customers more efficiently.

Passes, student fares

In a move to ensure fiscal stability, the CTA made modest price changes to its unlimited-ride fare passes that brought its prices more in line with transit expenses and those of peer transit agencies. The CTA did not change basic per-ride full fares of $2.25 for rail and $2 for

bus. The CTA also reduced fares on school days for students to encourage school attendance.

The CTA offered its First Day, Free Rides Program with the program's sponsor, Sun-Times Media, to provide free rides to Chicago Public Schools students on the first day of school to encourage attendance. The First Day, Free Rides Program is in the second of a three-year agreement with Sun-Times Media.

Better customer technology

CTA customers already heavily use CTA Bus and Train Tracker to plan their travel. In 2013, the CTA was pleased to make further enhancements. Those include adding new features to CTA Train Tracker that make it even easier to estimate destination arrival times while on the go.

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Also, the agency continued to install Train Tracker displays at all rail stations and Bus Tracker displays at many bus stops. Every rail station is now equipped with at least one Train Tracker display and the CTA has future plans to add additional displays throughout the stations over the next few years. A total of 258 bus shelters throughout the city now feature digital displays with estimated arrival times of approaching buses. This information is now also available to our visually impaired customers thanks to the addition of audio delivery buttons that provide audible estimated arrival times for customers when activated.

[Photo: CTA Train Tracker sign at rail station]

[Photo caption: CTA delivered on its promise ahead of schedule to have at least one Train Tracker display at every station by Labor Day. Work continues through 2014, with the installation of at least 1,000 additional screens to ensure each rail station features multiple Train Tracker displays.]

Management initiatives

The CTA is committed to operating the agency in a fiscally prudent, operationally efficient manner. To that end, the agency has continued or initiated efforts to run a more productive organization and reduce waste.

Labor partnerships

The CTA and Amalgamated Transit Union (ATU) Local 241 and 308 reached a four-year labor agreement, ratified by ATU in 2013, that benefits CTA customers, lowers agency

health care costs by strengthening the approach to health and wellness, and improving worker conditions and preserving jobs. ATU is CTA's largest employee union representing more than 7,000 workers at the CTA, including bus and train operators, customer assistants and administrative workers.

Expansion of customer service

The CTA in 2013 created and filled more than 700 new jobs to provide customer assistance at 'L' stations throughout the city. The new Customer Service Assistants (CSA) assist rail station customers by answering questions, helping those with disabilities and handling or reporting problems with station equipment and facilities.

Ex-offender program expansion

In another job-creation effort, the CTA expanded its ex-offender apprentice program by quadrupling the current number of apprentice opportunities on bus and rail to as many as 265. The CTA Apprenticeship Program provides valuable job skills and training to non-violent ex-offenders, increasing self-sufficiency for hard-to-employ individuals while providing CTA with additional resources to enhance the customer experience with cleaner buses and trains.

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Workers' compensation

The CTA continued its efforts to better scrutinize and manage workers' compensation claims following years of exponential growth in claims. As a result of the CTA's dedicated task force efforts to better manage workers compensation claims, the rate of new injury claims declined for a second straight year to an estimated average of 84 claims per month in 2013 from 89 in 2012 and 108 in 2011. Strategies have included additional safety training to lower incidences of on-the-job injuries, increasing oversight and investigation of claims, improved coordination between employees, management, and attorneys handling worker comp claims, and returning employees to work as soon as their medical conditions permit.

[Photo: Mayor Emanuel and President Claypool shake hands with bus operators.]

[Photo caption: Mayor Rahm Emanuel and CTA President Forest Claypool shake hands with CTA bus operators with exceptional attendance records at an event announcing a dramatic reduction in excessive absenteeism due to new management initiatives.]

Improved inventory management

The CTA has prioritized the reduction of wasteful spending by improving the parts inventory process. The CTA in late 2012 hired Genuine Parts Company (GPC) for supply chain management services to reduce costs and drive efficiencies. GPC in 2013 has worked alongside CTA employees to modernize CTA supply chain operations by installing electronic bar-coding to track parts and better track opportunities to recapture warranties. Its purchasing model allows CTA to procure parts as needed, and has significantly reduced inventory levels. Its international supply chain provides CTA with the lowest prices available for parts and introduces thousands of additional vendors to CTA's supply-chain operation.

[Photo: Mayor Emanuel and President Claypool shake hands with construction workers.]

[Photo caption: The Red Line South project was an investment in the CTA's busiest rail line and in the surrounding communities through the creation of more than 1,500 jobs, including opportunities for tradespeople and apprentices in carpentry, electrical, ironwork, laborers, and operators, among others.]

Worker absenteeism

The CTA has worked to lower employee absenteeism, focusing on serial absentee employees who are abusing the system. The results have been significant. Employee absenteeism rates declined in 2012 and in 2013, saving an estimated $10 million a year. All major departments have had declines in sick days and days lost to injuries on the job.

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Outreach

The CTA continued its commitment to diversity efforts, with significant outreach in 2013 on a number of projects. There was a focused effort to include small businesses in the Red Line South Reconstruction Project—including labor compliance training workshops; a sub-contractor breakfast which gave the subcontractors an opportunity to meet CTA's chairman and other key CTA executives; and regular meetings with various community organizations to provide updates on project developments.

The CTA in 2013 reached a project labor agreement (PLA) with the Chicago and Cook County Building and Construction Trades Council that will require contractors working on most CTA construction projects to provide employment opportunities to disadvantaged workers as established by the Federal Workforce Investment Act. The agreement was modeled after CTA's successful efforts to promote job opportunities related to the Workforce Investment Act (WIA) on the Red Line South Reconstruction project.

Cleaner buses

In 2012 the CTA adopted a new, much stricter standard for bus cleanliness to dramatically improve the cleanliness of its buses. The length and frequency of deeper bus cleanings beyond daily spot cleanings were increased; employees were retrained on the new standards and cleaning procedures; and employees are held accountable for their job performance through regular bus inspections.

2014: Advancing the future of Chicago transit

The CTA is a period of historic investment and modernization of its transit system, parts of which are more than a century old. This includes continuing efforts to bring CTA's infrastructure into a state of good repair as well as preparing for future ridership growth as the region's population and economy grow.

Red Ahead

The CTA is well into its $1 billion Red Ahead program, a comprehensive plan for maintaining, modernizing, and expanding Chicago's most-traveled rail line.

The program has already accomplished rehabilitating eight Red Line stations on the North Side in 2012 and the complete reconstruction of the Red Line South in 2013.

Major projects for 2014 include the large-scale reconstruction of two key Red Line stations, the 95th Street Multi-Modal Terminal on the southernmost point of the Red Line and reconstruction of the Wilson Station on the north side into a modern, Red-Purple transfer station.

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95th Street Terminal

In 2014, the CTA will begin the 95th Street Terminal Improvement Project, a $240 million project that will expand and upgrade the 95th/Dan Ryan station, which is the south terminal of the CTA Red Line that connects Far South Side communities to jobs throughout the region and serves as a transit gateway for the South Side and suburbs. Built in 1969, the station serves as both an integrated bus and train terminal. It is one of CTA's busiest with 24-hour Red Line service and more than 1,000 CTA and Pace bus trips, which all combine to about 20,000 total passengers on a typical weekday. These buses connect Far South Side communities to the CTA rail network. There are roughly 300,000 people who live within walking distance of the CTA bus routes serving the 95th/Dan Ryan Terminal.

[Graphic: A drawing of the further 95th Street terminal]

[Graphic caption: The new 95th Street Terminal will be the premier multimodal transportation terminal in the region and will feature public artworks created through a unique program designed by internationally recognized, Chicago-based artist Theaster Gates.]

Wilson Station

The $203 million Wilson Reconstruction Project, which is scheduled to begin in late 2013, will include reconstruction of the stationhouse, the addition of two new entrances, dual platforms to allow transfers between Red and Purple Line service and significant track and structural work. The project is also expected to encourage new commercial development next to and near the station. The station, built in 1923, is a cornerstone of the Uptown neighborhood and has badly deteriorated in recent years.

[Photo: Wilson station]

[Photo caption: The completely rebuilt, modern and accessible Wilson station will provide new transit connections and serve as an anchor for revitalization and economic development in the Uptown neighborhood.

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Public art on the Red Line

In 2013, the CTA announced plans to dramatically increase and expand the public art collection that will be found on the CTA for the enjoyment of its passengers. The agency issued a call for artists for eight Red Line South stations, and revealed artist selections and plans for seven Red Line station on the north side that underwent station rehabilitation in 2012.

The CTA in 2013 hired internationally recognized, Chicago-based artist Theaster Gates to run an artwork program for the 95th Street Terminal that will incorporate job creation, skills training and significant community engagement for the new terminal. The project will represent the largest public artwork project in the CTA's history, create jobs for the production of the artwork, and establish an apprenticeship program for local students promoting skills development and training.

The CTA already has more than 50 works of art at 41 stations along the Pink, Red and Brown lines. This public collection of art will continue to expand with the addition of artwork at 16 Red Line stations on the North and South Sides of the city.

[Graphic: Art on the Jarvis station]

[Graphic caption: Rendering of artist Tom Denlinger's concept for "A Neighborhood Piazza" – digital photographs on glass panels for the Jarvis station.

[Graphic: Art on the Granville station]

[Graphic caption: Rendering of artist Kyungmi Shin's design concept for "Granville Avenue Buildings" – a Byzantine-style mosaic for the Granville station.

[Graphic: Art on the Argyle station]

[Graphic caption: Rendering of artist Lynn Basa's conceptual proposal for "Cornucopia" – a Byzantine-style mosaic selected for the Argyle station.

[Graphic: Art on the Lawrence station]

[Graphic caption: Rendering of artist DeeDee Morrison's design concept for "Parallel Frames of Reference" – multi-color aluminum panels for the Lawrence station.

Red Purple Modernization

Also as part of Red Ahead, the CTA continues to move forward with early planning for major future Red Line projects that will have long-lasting benefits for the Chicago region. The agency continues to study development alternatives for the Red Purple Modernization (RPM), which includes rebuilding the Red Line north of Belmont to Linden to bring the existing transit line into a state of good repair, reduce travel times, improve access to job markets and destinations, and provide improved access to people with disabilities.

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Red Line Extension

The CTA also continues to plan for the extension of the Red Line from 95th Street, its current southernmost point, to 130th Street to reduce travel times to jobs for Far South Side and South Suburban residents. The project would also be an opportunity to promote economic development on the South Side.

[Graphics: The new Green Line station at McCormick Place]

[Graphics caption: Renderings of the new Cermak-McCormick Place Green Line station. Construction is expected to be complete by end of 2014.

Blue Line

In 2013 the CTA will complete its Blue Line Forest Park Branch Feasibility/Vision Study to assess future needs for the entire branch between the Clinton and Forest Park stations. The study's purpose is to launch a long-range planning strategy for serving customers with a modernized rail line and could stimulate new economic development for the West Side along the Eisenhower Expressway. The Blue Line Forest Park Branch was built in 1958 and has a growing list of "state of good repair" needs. The CTA study will evaluate the entire branch to determine how best to address modernization needs of its 55-year-old infrastructure, station/terminal needs, customer access points, and Park & Ride access along the expressway. The Blue Line Feasibility analysis is being done in coordination with the Illinois Department of Transportation's (IDOT) current planning for the Circle Interchange and Reconstruction of the I-290 Eisenhower Expressway.

The CTA plans track upgrades on the Blue Line O'Hare branch in 2014, with a $20.4 million project that will, upon completion, eliminate all remaining slow zones on that branch between the Damen and Division stations, improving travel times and reducing future maintenance and repair costs.

Cermak/McCormick Place Green Line

The CTA and the Chicago Department of Transportation (CDOT) broke ground in August 2013 on a new elevated Green Line station at the intersection of Cermak Avenue/State Street that will be the CTA's 146th rail station. The station, which is expected to be completed by the end of 2014, will serve as a critically needed train station that will boost economic development on the near South Side and provide easy access to the McCormick Place convention center.

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Subway communications upgrade

The CTA in 2014 anticipates moving forward with planning to significantly upgrade and expand wireless communication capabilities in it subway tunnels. The agency in 2013 issued a Request for Information to solicit responses from wireless telecommunication companies to determine the feasibility of designing, financing, installing, operating, and maintaining a modern cellular infrastructure system in the 11.4 miles of CTA's Red and Blue line tunnels and underground facilities.

Substation improvements

Also planned for 2014 is the Kimball, Princeton and State Substations Rehabilitation Project, a $34.6 million project that will increase the reliability of the rail system's traction

power and provide needed upgrades to substation facilities. This project is expected to be completed in late 2015.

Rail/bus future planning

The CTA will begin to receive new buses from Nova Bus in 2014 and continue to take delivery of its newest generation of rail cars, the 5000 series, to replace its aging cars. In addition, the agency anticipates it will select a manufacturer for its next generation of rail cars, the 7000 series. The agency provided bidders with a new proposed seating configuration, created from customer feedback and careful study of existing car design, passenger flow and comfort. The result is a hybrid of the best features from existing CTA rail car styles—incorporating both forward- and aisle-facing seats for the comfort and convenience of CTA passengers. The CTA could purchase up to 846 cars and start taking delivery of cars by as early as 2016. These rail cars would replace the oldest rail cars in the CTA's fleet, reducing the average age of the CTA's fleet to around 10 years by 2022.

Preparing for the future

The Chicago region needs a reliable public transportation network that provides affordable, dependable and safe transportation service to all. Transit is not just a choice—for many customers, it is their only mode of getting to work or school.

What's more, transit contributes significantly to a region's economic well-being and is key to promoting job growth and prosperity.

Since taking office in 2011, Mayor Emanuel has rolled out a wide-ranging infrastructure improvement plan in which transit is a central component. The goals are clear: upgrade and expand the system to ready it for the future and give customers the safe, on-time, clean and courteous service they deserve every day.

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The CTA believes its aggressive modernization and expansion plan is on track to meet those goals and that the investments that are being made are investments in Chicago's future that will pay dividends for years to come.

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2013 Operating Budget Performance Summary

Introduction

The CTA operates around the clock every day of the year to provide quality, affordable service. While operations are expected to be well-calibrated, it is a constant challenge to focus on both

immediate needs and long-term objectives. The CTA's focus on the future has led to channeling resources into renewing rail stations and bus maintenance facilities that have not been upgraded in over 100 years, replacing 40-year-old rail cars and even older track, replacing or overhauling the aging bus fleet, and delivering new services to enhance the customer experience while decreasing customers' travel time.

The Authority also undertook two major construction efforts in 2013: one completely replaced the track bed of the southern portion of the Red Line and simultaneously renovated adjacent stations; and the other replaced roughly 11,500 feet of rail in the dense and heavily-utilized downtown junctions of the elevated Loop track.

In order to complete the Red Line South project as quickly and efficiently as possible, the entire southern half of the Red Line was completely shut down between May and October of 2013, with service supplied by train reroutes and bus shuttles. Bus shuttle service along the closed portion of the line was provided free of charge, servicing an alternative station on the Green Line, and a $0.50 discount on all bus fares in the affected area was also provided. The time allotted to the project was cut from 4 years of weekend-only work to just 5 months under the full line closure, saving the CTA an estimated $75 million and creating hundreds of jobs for local residents. The track had reached the end of its useful life and up to 40 percent of the area was classified as a slow zone. The replaced track will cut the roundtrip time to downtown by as much as 20 minutes.

The last portion of the Loop Track Renewal project involved the replacement of track at the busiest junction in the entire 'L' system, which runs over the 90-year-old Wells Bridge and handles nearly 700 trains a day on five of the CTA's eight lines. The Wells Street Bridge Reconstruction was completed in conjunction with the closure of the bridge for structural repair work by the Chicago Department of Transportation (CDOT). This joint effort saved both the CTA and CDOT a combined total of $500,000 in construction costs.

Having the means to invest in the future requires efficient management of day-to-day activities. In 2013, the CTA advanced several initiatives to improve efficiency and save money. In managing personnel, the agency continued to address the absenteeism behavior of its employees. In an interdependent system, small disruptions, such as unscheduled absences, can have large, cascading effects on service and overtime costs. In response, the Authority continued to focus on clerical and managerial handling of daily manpower needs and the operational effect of absenteeism. In addition, compliance and adherence to the disciplinary guidelines reissued in 2012 are being addressed with continued training and systematic focus. Since the initiative began in February 2012, the overall CTA absenteeism rate has declined by 13 percent when comparing the first six months of 2012 to the first six months of 2013.

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Fiscal Year 2013 marks the first full year of operations under the tentative labor agreement reached with two of the CTA's major bargaining units, Local 241 and Local 308. This agreement helped bend the labor cost curve with agreements on wage growth, health care, staffing, and work rules. As part of the labor agreement, the CTA hired over 700 personnel to serve as Customer Service Assistants in rail stations, helping to bolster the CTA's customer service efforts. In addition, the CTA initiated a

Bus Servicer Apprentice program to hire up to 200 Bus Servicer Apprentices to assist in cleaning buses. The CTA works with local non-profits to hire non-violent ex-offenders into the program and provide valuable work experience while also delivering a higher quality product to customers.

Extra pressure was put on the CTA operating budget in May 2013, as the State of Illinois passed a 2014 budget that reduced the subsidy for the CTA's reduced fare program and the state-mandated free ride program by nearly $14 million, with $7 million pulled directly out 2013. The State's standard reimbursement covers only a portion of the full cost of the program and this recent action put an extra financial burden on the CTA.

On the vehicle side, the CTA has continued to initiate significant infrastructure projects in an effort to maintain more rapid, safe, comfortable, and reliable service for customers. The Authority has continued placing new 5000-Series rail cars in service on several lines. The Pink and Green Lines now exclusively run these new cars, and 134 cars have been put in service on the Red Line as of July 2013. Due to the availability of newer equipment and the retirement of older cars that are more expensive to maintain, the agency forecasts it will continue to see maintenance savings for labor and material in 2014. The CTA also took delivery in 2013 of 100 60-foot long articulated buses to provide shuttle service during the Red Line South project before being put into regular service. To these buses will be added at least another 300 new buses beginning in 2015 thanks to a contract negotiated and signed in 2013. In an effort to make access to service even more convenient, the CTA is also rolling out a new payment system, Ventra, which will allow customers to use a single fare card for regional transit throughout the Chicago area. This open fare system no longer relies on a proprietary system to collect fares but utilizes adopted open fare standards so that customers can eventually use cards and devices (such as credit cards or cell phones) other than CTA-issued media to buy passes and pay fares. The Ventra card will function similar to the previously-used Chicago Card, with the added benefits of allowing customers to manage transit value and passes via a secure linked account and to optionally use the Ventra card as a prepaid debit card for non-transit purchases.

In 2013, the CTA initiated a wholesale reform of its supply chain. With timely deliveries of frequently used parts and active management of on-hand supplies, the CTA has dramatically reduced the amount of materials kept in inventory. In addition, the CTA has access to better pricing and warranty coverage.

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Fiscal Year 2013 was also the first full year of a new three-year agreement with the Chicago Police Department (CPD) to police the CTA system. Under this agreement, the CTA invests $10 million per year in the CPD's Voluntary Special Employment Program, which augments the patrols conducted by CPD through its own (City-budgeted) Public Transportation Section.

In 2013, CTA expanded the creative use of its trains and stations by partnering with advertisers as varied as Tropicana, Nintendo and the Field Museum to wrap the interior and exteriors of train cars for a unique customer experience. CTA concessions added 13 new leases that include more diverse offerings for riders - from local proprietors such as DAT Donuts (95th Street Station on the Red Line) and Café Transit (Damen and California Stations on the Blue Line). Previous rents at these 13

locations will increase by over $150,000 per year for the CTA. In the past 24 months, the CTA has increased rents from Concessions over $525,000 per year by signing 35 new leases.

The agency took initial steps to realign service to reduce crowding and eliminate redundancy. Under the Crowding Reduction Plan, $16 million worth of additional service was provided on the busiest 48 bus and six rail routes, financed by the elimination of 12 duplicative and low-ridership bus routes. In addition, the agency has been analyzing data on big gaps and bunching between buses and trains in order to work more efficiently towards eliminating these problems and their current effects on crowding. Between the fourth quarter of 2012 and the first quarter of 2013, overcrowding on all but one of the 48 bus routes decreased, by a total of nearly 27 percent, with the addition of 9,000 seats and the reduction of wait times by approximately 8 percent. Ridership on those targeted bus routes increased by 1 percent even as overall bus ridership dropped as forecast for 2013. The six rail routes receiving additional service showed crowding reductions, with the percentage of overcrowded trips halving between the last quarter of 2012 and the first quarter of 2013. This was due in part to an 18-trip increase during weekday rush periods, which increased capacity by 5,800 seats (12 percent), as well as to a reduction of the average wait time by nearly 12 percent. The Green, Brown, and Blue Lines saw the greatest crowding reductions, by 68 percent, 61 percent, and 54 percent, respectively.

Ridership

Ridership remained stable in 2013, and is projected to finish at levels similar to 2012. In 2013, the CTA worked with its transit partners to continue to increase the information and options available to riders. The CTA completed the roll-out of real-time tracking screens in rail stations and continued to expand the use of BusTracker and TrainTracker. The CTA and Pace are also coordinating the transition of the current fare payment system to Ventra, which will provide easier boarding access and more convenient payment methods, and which will be completed in 2014.

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Table: Ridership by year and mode of transit in millions of trips

	2009	2010	2011	2012	2013 Forecast
Bus	318.7	306.0	310.4	314.4	302.6
Rail	202.6	210.8	221.6	231.2	227.2
Total	521.2	516.9	532.0	545.6	529.9

The 2013 original budget estimated systemwide ridership to be 529.6 million. The CTA currently projects that ridership will end the year at 529.9 million, on par with the original budget. This forecasts 2013 ridership to be 15.7 million trips, or 2.9 percent, fewer than in 2012 and reflects a decrease of 3.7 percent in bus ridership and 1.7 percent in rail ridership from 2012.

Average weekday ridership for 2013 is projected at 1.7 million per day, which is 2.4 percent lower than 2012 weekday ridership. This is mainly attributable to a 3.1 percent decrease in weekday rail ridership. Weekday bus ridership is down 1.4 percent.

Average Saturday ridership for 2013 is projected at 1.1 million per day, which is a decrease of 4.4 percent from 2012 Saturday ridership. The 5.8 percent decrease in bus ridership and the 2.4 percent decrease in rail ridership contributed to this systemwide decrease.

Average Sunday/holiday ridership for 2013 is projected at 0.8 million per day, which is a 4.0 percent decrease from 2012 Sunday/holiday ridership. This was driven by the 5.6 percent decrease in bus ridership and a smaller decrease in rail ridership of 1.9 percent.

Operating Expenses

Operating expenses for 2013 are estimated to be at $1,340.9 million, which is $49.4 million more than the 2012 actual results.

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Table: Operating expenses forecasted for 2013 by expense category, in millions of dollars

Labor	$936.4
Material	$55.0
Fuel	$64.3
Power	$25.3
Provision for Injuries and Damages	$(2.2)
Security Services	$24.1
Other Expenses	$238.0

The 2013 **labor** expense is projected to be $936.4 million, which is $14.6 million or 1.6 percent higher than the 2012 actual labor costs. The CTA initiated a significant increase in the hire of bus operators and customer service assistants (CSAs) in order to improve service and safety; In the first seven months of 2013, the Authority hired 603 bus operators and 779 CSAs. Labor expenses continue to comprise over two-thirds of the annual operating expenses.

Material expenditures for 2013 are forecasted to be $55.0 million, which are $30.5 million less than 2012 actual expenses. The change is being driven by the offset of costs to capital projects, routine reviews of material expenditures, and more favorable per-unit price costs. Material expense

for 2013 also reflects a reduction in the reserve for obsolescence and other savings from a full inventory review conducted as part of the supply chain modernization effort.

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Table: Material expenses by year, in millions of dollars

2009	2010	2011	2012	2013 Forecast
$87.9	$80.1	$67.9	$85.4	$55.0

Revenue equipment diesel **fuel** expenditures are forecasted to end the year at $64.3 million; this is $1.4 million, or 2 percent, over the 2012 actual total but $1.0 million below the original budget. Fuel consumption for 2013 is projected to be 19.1 million gallons, a small increase over the 18.9 million gallons consumed in 2012.

As of September 20, 2013, the CTA has locked in 91.7 percent of the projected fuel consumption for the year at an average price of $3.335 per gallon and an estimated purchase price of the remaining un-hedged fuel at $3.34 per gallon. The hedging process that is in place by the CTA includes daily reviews of the commodities market and bi-weekly meetings with industry consultants to discuss hedging recommendations. The CTA was able to put into place a long-term, layered fuel hedge that will continue into the next budget and plan years. Even with the increase in consumption, through the hedging process, the CTA was able to manage expenditures within the budgeted dollar amount.

Electric (traction) **power** expenses are projected to end the year at $25.3 million, in line with 2012 actual expenses. CTA was able to keep expenses stable because of favorable market pricing and the CTA's long-term hedging strategy which allows the CTA to purchase wholesale power for its base load electricity supply in advance.

Provision for injuries and damages represents expenses for claims and litigation for incidents that occur on CTA property, as well as incidents involving CTA vehicles. This amount is suggested by the CTA's actuaries and reviewed annually. It is based on actual claims history and future projections. The amount in the injuries and damages reserve exceeds total projected liabilities. As such, the CTA anticipates a $2.2 million net credit in 2013 which will help offset lower revenue projections.

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Security expenses are forecasted to be $24.1 million, $13.4 million below 2012 actual expenses. In 2013, CTA shifted much of its rail station security services responsibilities from private contractors to in-house Customer Service Assistants as a result of the 2012 collective bargaining agreement. These expenses are now included in the Labor expense category. The remaining security services budget consists of expenditures for intergovernmental service agreements with officers from the Evanston, Oak Park and Chicago police departments, as well as contracts with other private security firms. The Public Transportation Section of the Chicago Police Department also provides services to

CTA customers during the course of its regular patrols, at an estimated value of $22 million. These costs are paid for by the City of Chicago as in-kind services rendered to the CTA.

Table: Security expenses by year, in millions of dollars

2009	2010	2011	2012	2013 Forecast
$32.3	$33.3	$36.8	$37.5	$24.1

Other expenses are projected to be $238.0 million, as compared to the 2013 budget of $233.5 million and the 2012 actual total of $134.8 million. This category includes interest on pension obligation bonds, utilities, maintenance and repair, advertising, commissions, consulting, insurance, leases and rentals, and other general expenses. Fiscal Year 2012 had a one-time reduction due to the elimination of the debt service reserve fund. The $4.5 million increase over budget is due in part to an increase of non-capital grant expenses versus the budgeted level. This is offset by an equal amount of grant revenue.

Operating Revenues

System-Generated Revenues

System-generated revenues are projected to be $668.4 million. This is $32.6 million lower than the original budget of $701.0 million, but a $22.4 million increase over the 2012 actual level. This is due to lower than expected fare and pass revenue and an unexpected cut in the state's reduced-fare subsidy.

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Table: Revenue by category, in millions of dollars

Category	**2013 Forecast**
Fare and Passes	$575.1
Reduced Fare Subsidy	$21.5
Advertising, Charter, and Concessions	$29.7
Investment Income	$0.5
Statutory Required Contributions	$5.0

Other Revenue	$36.7
Total	$668.4

Regular **fares and passes** make up the majority of system-generated revenues. Revenue from fares is forecast to be $575.1 million. CTA increased the price of passes and other fare categories on January 14, 2013. Fare and pass revenue is projected to be $26.3 million more than the 2012 actual amount but lower than the original 2013 budget. The average fare paid in 2013, including cross-platform transfers, is projected to be $1.08.

The **reduced-fare subsidy** is the State of Illinois' reimbursement to the CTA, Metra and Pace for discounted and free fares given to students, seniors, and people with disabilities. The forecasted total for 2013 is $21.5 million. In May 2013, the State of Illinois cut this subsidy in half, costing the CTA nearly $14 million. The Illinois Department of Transportation had set a total of about $34 million for the reduced-fare program for the fiscal year, an amount subsequently cut to $17.6 million by the Illinois General Assembly. This funding reduction will cost the CTA about $6.9 million in the second half of 2013 and a total of almost $14 million through the middle of next year.

Advertising, charters and concessions revenues in 2013 are projected to be $29.7 million, which is $1.8 million more than budget and $4.0 million more than 2012. This strong growth is due to an improving economy that has boosted ad sales. A 2012 change in agency board policy allowing alcohol advertisements opened up a new channel of business. Increased emphasis on concession rental has also improved results.

Investment income is estimated to be $0.5 million, which is slightly lower than the 2012 actual. The level of investment income is low primarily because of historically low interest rates. Income is also low because the State of Illinois is late in payments of public transportation funds. This forces the CTA to keep more cash on hand and thus less available for short-term investments.

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

Other revenues, which include parking fees, sale of real estate, rentals and sale of CTA merchandise, are projected to be $36.7 million, which is $4.7 million more than the 2013 budget. One reason for the increase is the receipt of $6 million in non-capital grant revenue that was not in the original budget, offset by related grant expenditures. It is also due to an increase in rental and parking revenue.

Public Funding

The public funding projected for 2012 is $672.6 million. This funding is comprised of sales tax, discretionary funding from the RTA, and real estate transfer tax from the City of Chicago. This is

$19.5 million higher than the original budget, the result of higher than expected sales tax revenue across the region as well as higher real estate tax revenues in Chicago due to a higher volume of transactions. The City of Chicago Real Estate Transfer Tax is projected to be 26 percent higher than originally projected for 2013.

Total Revenue (in thousands)	**2013 Forecast**
System Generated Revenue	
Fares and Passes	$575,073
Reduced Fare Subsidy	21,464
Advertising, Charter & Concessions	29,651
Investment Income	494
Statutory Required Contributions	5,000
All Other Revenue	36,685
Total System Generated Revenue	**$668,367**
Public Funding Available through the RTA	**$672,560**
Total 2013 Revenue	**$1,340,927**
Total 2013 Expenses	**$1,340,927**

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2013 Operating Budget Schedule

Table: 2013 Operating Budget Schedule, in thousands

	Budget 2013	Forecast 2013	Favorable/ (Unfavorable) vs. Budget
Operating Expenses			
Labor	939,679	936,449	3,230
Material	57,279	54,984	2,295
Fuel	65,342	64,332	1,010
Power	23,175	25,285	(2,110)
Provisions for Injuries and Damages	11,792	(2,208)	14,000
Purchase of Security Services	23,246	24,091	(845)
Other Expenses	233,496	237,994	(4,498)
Total Operating Expenses	1,354,009	1,340,927	13,082
System Generated Revenue			
Fare and Passes	607,209	575,073	(32,136)
Reduced Fare Subsidy	28,322	21,464	(6,858)

Advertising, Charter & Concessions	27,851	29,651	1,800
Investment Income	629	494	(135)
Statutory Required Contributions	5,000	5,000	-
Other Revenue	31,954	36,685	4,731
Total System Generated Revenue	700,965	668,367	(32,598)
Public Funding			
Public Funding Available Through RTA	653,044	672,560	708,882
Total Public Funding	653,044	672,560	19,516
Total Revenue	1,354,009	1,340,927	(13,082)
Recovery Ratio*	62.43%	60.41%	58.40%
Required Recovery Ratio	52.00%	52.00%	54.00%
Balance	-	-	-

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

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President's 2014 Proposed Operating Budget Summary

Introduction

The CTA will provide over half a billion rides in 2014. The management efficiencies, fare changes, and the negotiated labor agreement implemented in 2013 put the CTA on stable financial footing. The Authority will support the completion and full transition of numerous initiatives aimed at increasing the efficiency, safety, and comfort of its services, in adherence with its commitment to "building a new CTA" by protecting and enhancing its capital investments. Following the transition year of 2013, in which the Authority commenced a series of construction, hiring, and efficiency projects, 2014 will be a year of implementing the results of this work and ensuring that customer satisfaction continues to rise with better service.

In 2013, the CTA undertook a massive construction project, which involved shutting down the entire southern half of the Red Line in order to completely replace ties, rail, third rail, ballast, and drainage systems. By completing work in five months, rather than in the four years it would have taken if work was completed only on weekends, roughly $75 million was saved, allowing for some stations along that portion of the route to receive upgrades or complete renovations. The foresight of closing the line to get the construction done as quickly and thoroughly as possible will pay dividends in 2014 as the new structure and accompanying stations will be open and in full service. As a result of its completion, travel times are expected to decrease by as much as 20 minutes round-trip between the terminal at 95th and the southernmost Loop station, thus helping to reduce operational costs.

Construction projects will continue in 2014 but none will involve closing an entire section of rail service. Renovations of the Brown Line will occur throughout 2014 and construction will begin on the new bus and rail terminal at the 95th Street Red Line station, the Red Line Wilson Station, and the new Cermak station on the Green Line.

More efficient service in 2014 will likewise be provided by the continued influx of 1,030 overhauled buses, which will be less likely to break down and cause delays. In early 2013, the CTA put into revenue service the last of 100 new 60-foot articulated buses, simultaneously awarding a $148 million contract to Nova Bus for the manufacture of at least 300 hybrid 40-foot buses, which will replace an existing fleet of decade-old buses in 2014. The completion of the CTA's $1.1 billion order of 714 new 5000 series rail cars, the first new cars in the system in 20 years, will also increase service efficiency. These cars, which will replace the 2200 series cars retired at the beginning of August 2013 after over 40 years of service, offer more standing room to accommodate rush-period crowds, better propulsion systems to provide smoother rides, and increased camera presence for greater security.

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Fiscal Year 2013 also marked the beginning of a transition to a new open-fare payment system, Ventra, which will replace the existing 20-year-old fare system. Ventra will allow customers to use a contactless card, either a Ventra card or their own credit card, to pay for fares with a single tap, which will increase the convenience and accessibility of service. The card can also be integrated into existing identification cards, such as college IDs (for U-Pass) and public school IDs for student

reduced fares. The Ventra system will be fully implemented throughout the CTA by the beginning of 2014.

The CTA has also taken major steps to modernize its labor practices. Fiscal Year 2014 will mark the third year of a four year negotiated labor agreement between the CTA and most of its labor unions. As part of the agreement, the CTA will implement a new health care plan and continue the scheduled wage increases. As part of the labor agreement the Authority also hired nearly 780 customer service assistants between January and July of 2013 in order to provide better assistance and safety at train stations. This shift from outsourced security contracts to in-house services, which will continue through the rest of the year and all of 2014, saves the CTA over $1 million annually. The CTA also plans to continue and expand the bus servicer apprentice program to provide job opportunities and a better public transit product. Taken together, these new contracts and employment efforts will result in better and more cost-effective service to customers.

Ridership

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

The CTA estimates systemwide ridership will increase to 534.6 million in 2014, well above the 529.9 million rides forecasted in 2013.

The most important factors influencing ridership are the quality and health of the system, the vibrancy of the Chicago-area labor market, and the price of other modes of commuting. Employment in the Chicago area continues its recovery from the recession, with the total labor force size increasing and the unemployment rate dropping. Commuting costs continue to be high. Monthly consumer gas prices through August 2013 showed a slight drop in average gas prices, but they remain high nonetheless. Parking costs likewise continue to increase. In 2013, street parking in the Loop increased to $6.50 per hour, compared to $2.25 for a full-fare CTA ride.

To accommodate growing ridership in 2014, the CTA initiated the Crowding Reduction Plan, which allotted $16 million worth of additional service to the busiest 48 bus and six rail routes and was financed by the elimination of 12 duplicative or low-ridership bus routes. Overcrowding on 47 of the bus routes decreased by 27 percent from the end of 2012 to the beginning of 2013; overcrowding on the rail routes nearly halved in the same time period. The Authority will continue to track crowding and headway data in 2014 in order to maintain low overcrowding rates and create a better customer experience.

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Service & Fares

The President's 2014 Proposed Budget recommends no cuts in overall service levels and no change in fares. Demand for the CTA's bus and rail services remains strong and the CTA will focus on continuing to provide current levels of service to its customers.

Operating Expenses

The proposed operating budget is $1,384.8 million, a $44.0 million or 3 percent increase compared to the 2013 forecast.

Table: 2014 Budget expenses by category

Category	**2014 Budget**
Labor	$973.7
Material	$61.8
Fuel	$60.2
Power	$27.4
Provisions for Injuries and Damages	$-
Purchase of Security Services	$14.1
Other Expenses	$247.6
Total	**$1384.8**

Labor expenses are budgeted to be $973.7 million, an increase of $37.3 million from the $936.4 million projected for 2013. This reflects contractual wage increases and a full year of customer service assistant (CSA) costs. Fiscal Year 2013 projected CSA costs are lower than 2014 because CSAs were hired in cohorts, not reaching full staffing levels until the summer of 2013.

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Material expenses are budgeted to be $61.8 million. This is up $6.8 million from the $55.0 million projected for 2013. However, the 2013 projection includes several one-time credits based on a review of inventory. Absent these credits, the 2014 proposed total would be about the same as the 2013 projection. CTA is transitioning to a vendor-managed inventory system in which a third-party, rather than CTA, will procure and own much of the material housed at its Central Warehouse until it is ready to be used. This is expected to decrease the amount of CTA's assets tied up in inventory, reduce obsolescence risk, and increase cash flow.

Fuel expenses in 2014 are budgeted at $60.2 million, which is $4.1 million less than the 2013 forecast. The fuel budget will be managed using the CTA's strategic fuel hedging policy. Fuel prices in 2014 are budgeted at $3.27 per gallon, representative of the average price the CTA could have locked in 2014 purchases for at the time of budgeting. The forecast average net price for fuel in 2013 is $3.35 per gallon versus a budgeted estimate of $3.42 per gallon. As of September 20, 2013, 91.7 percent of 2013 and 26 percent of 2014 fuel consumption has been locked in. With the help of its advisors, the CTA uses a long-term, layered fuel hedging strategy. A more efficient fleet and more efficient schedule are also projected to reduce overall fuel consumption, leading to reduced expenses.

The 2014 proposed budget estimates the cost of **electric power** for revenue equipment at $27.4 million, which is $2.2 million above the 2013 forecast. The increase is due to a regulated increase in electricity distribution charges approved by the State of Illinois. Supply costs in 2014 are expected to be about the same as 2013. 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.

The CTA has not budgeted a 2014 contribution to the fund for **provisions for injuries and damages**. The required provision is determined by the CTA's actuaries based on actual claims history and future projections. It has been determined that the current value of the reserve fund is sufficient and will not need to be augmented in 2014.

Purchase of security services is budgeted at $14.1 million, down from a projected $24.1 million for 2013. The 2014 total is lower due to the transition of security service responsibilities from a contractor to full-time employees, as noted in the Labor section above. The remaining budget covers inter-governmental agreements with the police departments of Chicago, Oak Park, and Evanston, plus some contract security services for CTA facilities outside rail stations.

Other expenses are budgeted to be $247.6 million, an increase of $9.6 million over the $238.0 million forecast for 2013. The increase is associated with the new Ventra fare payment system. This includes a transition of CTA fare collection services from an in-house system to a private contractor.

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Operating Revenues

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

Table: 2014 Budget Revenue (in thousands)

Total Revenue (in thousands)	**2014 Budget**
Fares and Passes	$593,050

Reduced Fare Subsidy	21,464
Advertising, Charter & Concessions	29,651
Investment Income	494
Statutory Required Contributions	5,000
All Other Revenue	26,308
Total System Generated Revenue	**$675,967**
Public Funding	**$708,882**
Total 2014 Revenue	**$1,384,849**
Total 2014 Expenses	**$1,384,849**

System-Generated Revenues

System-generated revenues include fares and passes, reduced-fare subsidy, advertising and concessions, investment income, statutorily required contributions from Chicago and Cook County, and other miscellaneous revenues. In 2014, system-generated revenue is budgeted to be $676.0 million, representing a $7.6 million increase when compared to the 2013 forecast. This is 4.6 percent above the $646.0 million actual total for 2012.

Revenues from **fares and passes** are budgeted at $593.1 million in 2014. This is an increase of $18.0 million over the 2013 forecast. The projected increase is the result of the full-year implementation of fare changes implemented in mid-January of 2013. Other changes to O'Hare airport fares and student fares were implemented in the summer and fall, respectively, and will be in effect for the entire year of 2014. The completion of the Red Line track renewal project in the fall of 2013 means the entire Red Line will be open for all of 2014. This is expected to result in an increase in revenue. The revenue impact of the transition to the Ventra system is uncertain and will be monitored closely as it is rolled out system-wide. The CTA continues to provide free rides to seniors and people with disabilities participating in the state's Circuit Breaker Program, active military personnel, and veterans with disabilities.

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The CTA provides approximately 30 million reduced-fare trips annually to qualified riders, with the assistance of the **reduced-fare subsidy**. The subsidy, a reimbursement provided to local transit agencies by the Illinois General Assembly, was nearly halved at the end of July 2013, from $34 million to $17.6 million, a cut which will remain in effect through the first half of 2014. The Authority estimates that this decrease will cause a total loss of approximately $14 million. The 2014 proposed budget assumes the reduced fare subsidy reduction will continue for the entirety of the

2014 State Fiscal Year, which ends in June 2014, resulting in a total of $21.5 million for 2014. The Regional Transportation Authority has committed to provide additional public funding to make up for the loss of the state reimbursement for the first half of 2014. By July 2014, which is the start of the next state fiscal year, it is expected that the prior funding levels will be restored.

Advertising, charters and concessions revenues include advertisements on buses, trains and stations, income from concessions, and other non-farebox revenue. The 2014 budget is $29.7 million, on par with the 2013 forecast. The CTA will continue to work to expand digital advertising and increase advertising sales.

Investment income for 2014 is budgeted at $0.5 million, the same as projected for 2013. Interest rates hovering near zero percent plus the State of Illinois' continued late payment of public transportation funds mean CTA's conservative cash investments will yield minimal income.

Statutory required contributions remain unchanged in 2014, budgeted at $5.0 million. The Regional Transportation Authority Act requires the City of Chicago to contribute $3.0 million and Cook County to contribute $2.0 million each year toward CTA operations. These required cash contributions are in addition to in-kind contributions from the City of Chicago. The Chicago Police Department's Public Transportation Section provides approximately $22.0 million of in-kind security services to the CTA as part of its regular patrols. Meanwhile Cook County provides in-kind services through the Sheriff's Work Alternative Program (SWAP). Under the SWAP program, non-violent offenders in Cook County supplement existing CTA employees to clean bus turnarounds and garages.

All other revenue includes non-capital grants, parking charges, rental revenue, third-party contractor reimbursements, and filming fees, among other varied income sources. This category is budgeted in 2014 at $26.3 million, a decrease of $10.4 million compared to the 2013 forecast. The decrease is due primarily to the removal of a one-time, non-capital grant that occurred in 2013 and is not anticipated to continue in 2014. Non-capital grants are provided by external sources and add an identical amount of revenues and expenses to the budget. The 2013 non-capital grant was a one-time security grant. Within this overall revenue category, CTA expects an uptick in rental revenue once renovations on all Red Line L stations are completed.

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Public Funding

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

The RTA retains 15 percent of the sales tax collections authorized in 1983, leaving 85 cents of every dollar to flow directly to the service boards. Of these remaining funds, the CTA receives 100 percent

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

Public funding available through the RTA is budgeted to be $708.9 million in 2014. This is a $36.3 million increase over the 2013 forecast or 5.4 percent. The increase represents a continued improvement in sales tax receipts anticipated over the next year. This includes $8.2 million made available in 2014 specifically to offset the one-time reduction in the state's reduced-fare subsidy.

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President's 2014 Proposed Operating Budget Schedule

Table: 2014 Budget schedule, in thousands of dollars

	Actual 2012	Budget 2013	Forecast 2013	Proposed Budget 2014
Operating Expenses				
Labor	921,884	939,679	936,449	973,700
Material	85,437	57,279	54,984	61,800
Fuel	62,908	65,342	64,332	60,246
Power	25,020	23,175	25,285	27,444
Provisions for Injuries and Damages	24,000	11,792	(2,208)	-
Purchase of Security Services	37,468	23,246	24,091	14,087
Other Expenses	134,789	233,496	237,994	247,572
Total Operating Expenses	1,291,506	1,354,009	1,340,927	1,384,849
System Generated Revenue				
Fare and Passes	548,799	607,209	575,073	593,050
Reduced Fare Subsidy	27,780	28,322	21,464	21,464
Advertising, Charter & Concessions	25,675	27,851	29,651	29,651
Investment Income	673	629	494	494
Statutory Required Contributions	5,000	5,000	5,000	5,000
Other Revenue	38,054	31,954	36,685	26,308
Total System Generated Revenue	645,981	700,965	668,367	675,967
Public Funding				

Total Public Funding	645,524	653,044	672,560	708,882
Total Revenue	1,291,506	1,354,009	1,340,927	1,384,849
Recovery Ratio*	60.77%	62.43%	60.41%	58.40%
Required Recovery Ratio	52.00%	52.00%	52.00%	54.00%
Balance	-	-	-	-

Table: Position summary 2013 vs. 2014

	2013 Budgeted Positions	2014 Budgeted Positions
Total CTA without STO**	4,545	4,339
Bus STO positions***	3,681	3,708
Rail STO positions***	1,155	1,614
Total CTA	9,381	9,661

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

**STO: Scheduled Transit Operations

***STO Full-Time Equivalents

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President's 2015-2016 Proposed Operating Financial Plan Summary

Introduction

The financial plan for 2015-2016 shows the balanced CTA budget continuing into the future. Fiscal year 2013 was a year of several significant transitions as the CTA enacted the first full year of the negotiated labor agreement, fare changes, and significant construction projects. Fiscal years 2015-2016 will benefit from these efforts and deliver a sustainable, balanced budget.

A stable, balanced financial plan will give riders certainty that CTA service will continue to be provided in an efficient and cost-effective manner. The financial plan does not contain short-term fixes such as borrowing from capital funds or the State. The financial plan includes growth rates for labor expense based on the negotiated labor agreement and growth rates for other expenses based on historic and projected trends.

Revenues and ridership are expected to increase at a steady pace, consistent with historical trends and national projections. Every year, through efforts such as supply chain modernization, absenteeism management, and lean maintenance, it is expected that the CTA will be more efficient. This efficiency helps insure that the CTA can continue to provide consistent, high quality service.

Operating Expenses

Total operating expenses are budgeted at $1,384.8 million in 2014. Operating expenses are expected to grow 2.7 percent to $1,422.6 million in 2015, and 3.4 percent to $1,471.4 million in 2016.

Labor expenses, including base salaries, benefits, and payroll taxes, are projected to be $991.4 million in 2015 and $1,016.2 million in 2016. The 2015 total represents a 1.8 percent year-over-year growth above the $973.7 million budgeted for 2014. Labor costs are projected to increase based on expected increases in the cost of benefits, such as healthcare and the employer contributions to the CTA pension, and based on negotiated wage increases. It is important to note that the current labor agreement that affects the majority of CTA labor expires at the end of 2015. The financial plan budgets for negotiated labor savings each year and a continuation of similar savings into the future.

In 2015, the financial plan projects **material** to be $63.0 million and then grow by 2.0 percent in 2016 to reach $64.3 million. Material expense growth is expected to remain low thanks to the new and overhauled bus and rail fleet either in place by 2015 and planned to arrive in 2015 and 2016. This reflects the benefits of capital investments in the CTA's fleet. By July 2013, the CTA had accepted 100 of over 400 contracted new buses and over 300 of the 714 purchased 5000-series rail cars. The new revenue vehicles will have lower maintenance needs compared to existing, older buses and trains. The slow growth also reflects the benefits of tighter control over inventory as the CTA phases in its "just-in-time" procurement system.

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The proposed financial plan projects **fuel** costs to equal $61.0 million in 2015 and $62.8 million in 2016. The CTA mitigates the volatility in fuel prices through the strategic use of hedging instruments to ensure a reasonable degree of budget certainty. By September 2013, through a series of strategic hedges early in the year, the CTA had fixed 92 percent of its estimated 2013 consumption at $2.98 per gallon, resulting in savings over market prices. This financial plan

assumes a continuation of these hedging strategies. In addition, CTA's bus fleet continues to improve in efficiency and efforts such as downtown, daytime bus storage cut down on vehicle miles.

In 2015 and 2016, the CTA projects rail **electric power** costs to be $28.0 million and $28.8 million, respectively. As with diesel fuel, the CTA uses hedging techniques to mitigate the impact of severe price fluctuations. Prices are expected to increase by 9.0 percent in 2014 due to an increase in distribution costs which are projected to flatten after 2014 and grow 2.0 percent in 2015 and 3.0 percent in 2016. 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.

Beginning in 2015, the CTA will resume contributions to **Provisions for injuries and damages.** It will set aside $11.8 million in 2015 and $24.0 million in 2016, amounts which may be adjusted based on the annual actuarial valuation of the fund's liabilities. The amount needed to fund this reserve is based on actual experience, the projected future balance in the reserve, and the liabilities projected for the following year.

According to the 2015-2016 plan, **purchase of security services** will increase 0.4 percent in 2015 and 2.5 percent in 2016. The CTA undertook an initiative to significantly increase the hiring of customer service assistants (CSAs), who are trained to be the first responders to customer inquiries as well as to security alerts and emergencies: between January and July 2013, the Authority hired 779 CSAs. Security costs are projected to be $14.1 million in 2015 and $14.5 million in 2016. This is due to contractual increases built into the contracts with private security firms and suburban police departments. The inter-governmental agreement with the Chicago Police Department expected to be in place in from 2013 to 2015 caps spending at $10 million per year, which limits the overall growth rate for security expenses.

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 increased substantially from $238.0 million in the 2013 forecast to $247.6 million in the 2014 budget. This is largely due to the net costs associated with the fare payment system. The 2015-2016 plan incorporates these costs as annual expenses going forward. From this higher base, other expenses are projected to increase between 2.3 and 3.0 percent per year over the two-year plan. This increase accounts for inflation built in to multi-year contracts and some expected growth in utilities costs. Other expenses will be $253.3 million in 2015 and $260.8 million in 2016.

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Operating Revenues

Overall **operating revenues**, including system-generated revenues and public funding, are projected to increase at a modest rate over the two-year financial plan. From the 2014 budgeted level of $1,384.8 million, operating revenues are projected to increase 2.7 percent in 2015 to $1,422.6 million and 3.4 percent in 2016 to $1,471.4 million.

System-Generated Revenues

The 2015-2016 financial plan assumes the changes to the fare structure implemented in 2013 continue into the future. Fare revenue is projected to be $609.5 million in 2015 and $626.4 million in 2016. These 2.8 percent year-over-year increases assume ridership will increase incrementally over that period due to the improving area labor market and continuing high gas prices and parking costs.

The two-year plan assumes the recent **reduced-fare subsidy** cut put forth by the Illinois state legislature, effective from July 2013 through the first half of 2014 will end and the budget will be restored to the previous level of $28.3 million in 2015 and 2016. Even this amount is a fraction of the nearly $100 million in actual free and reduced rides provided by the CTA.

The two-year financial plan projects revenue from **advertising, charters, and concessions** to grow at a 5.0 percent rate in 2015 and a 3.0 percent rate in 2016. This yields a projected $31.1 million in 2015 and $32.1 million in 2016. Advertising revenue has been a strong category for growth recently, and is expected to continue to increase over the next few years.

Investment income in 2015 and 2016 is expected to be lower than historical levels due to reduced cash on hand because of late payments from the state. The plan also assumes the historically low interest rates will continue through 2015. Investment income is expected to be $0.5 million in 2015 and in 2016.

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

O**ther revenue** is expected to grow by $2.4 million in 2015 and $0.6 million in 2016 due to an anticipated increase in corporate sponsorship and other types of revenue, such as parking and rental fees. These revenues are derived from parking fees, rental properties, third-party contractor reimbursements, fees from filming, a non-capital grants from the federal government and other sources, and other miscellaneous revenues. The planned totals are $28.7 million and $29.3 million in 2015 and 2016, respectively.

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Public Funding

From a base budgeted level of $708.9 million in **public funding available through the RTA**, the two-year plan expects growth of 1.5 percent to $719.5 million in 2015 and growth of 4.2 percent to $749.8 million in 2016. $8.1 million in public funding is made available in 2014 to address the State's nearly 50 percent cut in funding for the Reduced Fare Subsidy.

The **recovery ratio** measures the percentage of expenses that a Service Board must pay against the revenue that it generates. System-generated revenues, operating expenses, and certain statutory

exclusions are used in the calculation. The RTA Act requires the region to fund 50 percent of its expenses through revenues generated by the three Service Boards. The estimated recovery ratios for the CTA in 2015 and 2016 are 58.84 percent and 58.10 percent, respectively—considerably higher than the regional requirement.

President's 2015-2016 Proposed Operating Financial Plan Schedule

Table: 2015-2016 Finance Plan Schedule (in thousands of dollars)

	Forecast 2013	Proposed Budget 2014	Plan 2015	Plan 2016
Operating Expenses				
Labor	936,449	973,700	991,405	1,016,190
Material	54,984	61,800	63,036	64,297
Fuel	64,332	60,246	60,954	62,782
Power	25,285	27,444	27,993	28,833
Provisions for Injuries and Damages	(2,208)	-	11,792	24,000
Purchase of Security Services	24,091	14,087	14,139	14,493
Other Expenses	237,994	247,572	253,266	260,785
Total Operating Expenses	1,340,927	1,384,849	1,422,585	1,471,380
System Generated Revenue				
Fare and Passes	575,073	593,050	609,477	626,360
Reduced Fare Subsidy	21,464	21,464	28,322	28,322
Advertising, Charter & Concessions	29,651	29,651	31,134	32,068
Investment Income	494	494	509	524
Statutory Required Contributions	5,000	5,000	5,000	5,000
Other Revenue	36,685	26,308	28,693	29,309
Total System Generated Revenue				

	668,367	675,967	703,135	721,583
Public Funding				
Public Funding	672,560	708,882	719,450	749,797
Total Public Funding	672,560	708,882	719,450	749,797
Total Revenue	1,340,927	1,384,849	1,422,585	1,471,380
Recovery Ratio*	60.41%	58.40%	58.84%	58.10%
Required Recovery Ratio	52.00%	54.00%	54.00%	54.00%
Balance	-	-	-	-

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

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Five-Year Capital Improvement Program

Mayor Rahm Emanuel has said that "to be a world-class city, Chicago must have a world-class infrastructure, so that people can get around the city efficiently, safely, and productively". Keeping the mayor's statement in mind, the Chicago Transit Authority (CTA) looks ahead to the coming FY 2014-2018 Capital Improvement Program (CIP) and acknowledges that this $2.9 billion CIP will improve safety, enhance customer experience and boost the overall reliability of the bus and rail systems.

This proposed CIP incorporates significant technological advancements that will not only allow the CTA to operate more efficiently, but will position the CTA for continued growth and future expansion.

Funding for the plan includes an increased multi-year funding commitment from multiple sources, including the State of Illinois, federal competitive grants, local funds, and CTA funding.

With its CIP, the CTA continues its aggressive plan to modernize the nation's second-largest transit system, which provides more than 1.7 million rides each weekday. These plans include significantly upgrading bus and rail fleets, replacing aging vehicles, which improves passenger comfort and enhances service reliability. The FY 2014-2018 CIP will continue

the CTA's focus on investment in reconstruction, rehabilitation, modernization and maintenance for the Authority that includes the rehabilitation of the Wilson Station and the exploration of Bus Rapid Transit (BRT) service on Ashland Avenue.

Wilson Station – The reconstruction of the Wilson Red Line station is slated to begin in late 2013 with major construction beginning in early 2014, and will replace the deteriorated station that was built in 1923. The completely rebuilt, modern and accessible station will serve as a new transfer point between Red and Purple Express service and also as an anchor for revitalization and economic development in the Uptown neighborhood. This $203 million Wilson Transfer Station project will involve more than just the rebuilding of a stationhouse. Project work will also include construction of two new auxiliary entrances (one on Wilson and a second at Sunnyside), dual platforms to allow transfers between Red and Purple Line service, and significant track and structural work. This project is being funded by Illinois Department of Transportation (IDOT) Bonds, a Bus Livability grant from the Federal Transit Administration (FTA) and other Federal formula funds.

[Graphic: Model of new Wilson Station]

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Ashland Bus Rapid Transit (BRT) – There are many reasons why Ashland Avenue is a good corridor for implementing BRT: it has high transit demand, it connects many parts of the city, and its physical layout is compatible with BRT improvements.

Ashland Avenue has the highest bus ridership of all CTA bus routes, with 10 million boardings in FY 2012 – that is, more than 31,000 per weekday. Currently, one in four households located within walking distance of Ashland Avenue do not have a car. Ashland BRT would provide a transit option about as fast as driving for neighborhood residents, with an increase of up to 83 percent in bus speeds during peak periods and a 50 percent improvement in reliability.

Red Line South – The CTA continues to make substantial improvements on the Red Line South (Dan Ryan branch). This line was more than 40 years old and, as a result of its age and the deteriorated condition of the track, slow zones had been established along the line and commuter travel times significantly increased. In FY 2013, the CTA completely rebuilt the tracks and right-of-way along the south end of the route, from Cermak-Chinatown to 95th/Dan Ryan. Crews replaced everything in the track bed including ties, rail, third rail, ballast and drainage systems. Some stations received improvements ranging from new canopies, paint and lighting upgrades to new benches and bike racks, plus accessibility upgrades (including elevators) that will make the entire route newly accessible. The line was completely closed until October 2013 while the majority of work was under way. The completed project provides faster, more comfortable and more reliable service for Red Line riders.

New Rail Cars – The current CIP also includes plans for a continued purchase of modern rail cars. A total of $497 million will be allocated over the five-year period, with $265 million reserved to complete the purchase of a total of 714 new 5000-Series rail cars and remaining funds are dedicated to the next (future) railcar order. To date, 286 cars have been delivered and are in revenue service on the Pink, Green, and Red Lines, and all rail cars are now 100 percent accessible.

In further efforts to modernize the rail fleet, a new customer-friendly seating configuration and the next generation of rail cars, the 7000-Series, could be introduced as early as 2016. A proposed new seating design for the cars, created after careful study of existing design, passenger flow, capacity and comfort, is a hybrid of the best features from existing CTA rail car styles, incorporating both forward and aisle-facing seats. The CTA conducted both empirical research and customer surveys to develop a recommended seating configuration.

The proposed configuration for the 7000-Series will be provided to manufacturers bidding on the rail car project, which could call for up to 846 cars and cost nearly $2 billion. The series is designed to replace the oldest rail cars in the CTA's fleet, reducing the average age of the CTA's fleet to about 10 years by 2022. The CTA issued an Invitation for Bids in February 2013 for the purchase of these new rail cars and expects to select a manufacturer in early 2014.

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New Buses – The CTA continues to improve its bus fleet by purchasing and replacing aging buses. The CIP includes funds for the purchase of up to 500 buses. In 2013, the CTA entered into a contract to purchase the first 300 clean diesel buses and plans to issue a contract in 2014 to purchase up to 150 additional buses. These buses will be low-floor for easier boarding, fully accessible, air conditioned, and conventional clean diesel transit buses. A future order is anticipated in 2014 to purchase up to 50 articulated sixty-foot hybrid buses.

The new buses will replace the Nova Series buses, which have been in service since 2000 and are beyond their standard service life.

Track/Structure/Power Distribution Improvements – The CTA plans to replace track on segments of the O'Hare Blue Line from Damen to Belmont and replace track and structure on the Brown Line from north of the Merchandise Mart to Armitage Station. The CIP funds a systemwide track renewal initiative to mitigate slow zones. Funding is also provided to construct or rehabilitate a number of key power substations located on the Blue, Brown, and Red Lines. When work is completed, improved traction power capacity will eliminate future patchwork repairs, reduce travel times and improve train service due to slow zone reduction.

Facilities State Of Good Repair (SOGR) Initiative - The majority of this initiative will be focused on the upgrade of the agency's seven bus maintenance and repair facilities as well

as equipment used for repairs. The CTA also plans upgrades at rail maintenance and repair facilities under this plan.

Four of the agency's seven bus maintenance and repair facilities are approximately 20-30 years old – having been built between 1984 and 1995. The remaining three facilities are more than 55 years old. The 77th Street garage, built in 1903, is the agency's oldest bus maintenance and repair facility and still has rails embedded in the floors from the street car era.

Rehabilitation of the facilities began in 2013 and continues through 2015. Work will include the repair or replacement of critical maintenance systems, including bus fueling/servicing facilities; bus hoists, inspection pits and wash racks; expansion of the maintenance facility to accommodate the increased number of articulated buses in the fleet; and the installation of a new surveillance camera network and other security enhancements at all bus facilities.

Other Assets – Finally, the CTA is investing in other assets vital to maintaining reliable and efficient service. This investment includes funding to perform mid-life mechanical overhauls of more than 1,000 buses representing 56 percent of the existing bus fleet, and initial funding to begin the overhaul work on 208 hybrid buses. Funding provides for the overhaul of 358 railcars representing 28 percent of the existing rail fleet. Rail station systemwide program calls for rehabilitation of Sheridan (Red), Bryn Mawr (Red), and Quincy (Loop) stations; and renewal work to be done on a priority basis throughout the system. Of note, the Chicago Department of Transportation (CDOT) will begin work on a new Green Line station at Cermak, providing rail access to McCormick Place and the South Loop.

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

The table below lists each category of projects in the proposed program. Descriptions of each project are detailed in the following section.

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Table: CTA FY2014-2018 Capital Program and Board Ordinance

	Title	FY2014	FY2015-2018	5-Year Funding
Bus Projects				

	Rolling Stock			
	Perform Bus Maintenance Activities	-	7,325	7,325
	Perform Mid-Life Bus Overhaul	91,034	56,115	147,149
	Replace Buses	54,378	183,198	237,576
	Subtotal	**145,412**	**246,637**	**392,049**
Rail Projects				
	Power & Way Electrical, Signal, Communications			
	Replace/Upgrade Power Distribution and Signals	49,485	302,957	352,443
	Subtotal	**49,485**	**302,957**	**352,443**
	Power & Way Track & Structure			
	Infrastructure Safety & Renewal Program	118,755	123,171	241,925
	Subtotal	**118,755**	**123,171**	**241,925**
	Rolling Stock			
	Perform Rail Car Overhaul	37,077	136,563	173,640
	Perform Rail Car Maintenance Activities	-	7,500	7,500
	Purchase Rail Cars	18,713	478,478	497,191
	Subtotal	**55,789**	**622,541**	**678,331**
Systemwide Projects				
	Miscellaneous			
	Information Technology	1,100	6,335	7,435
	Equipment and Non-Revenue Vehicles Replacement	3,000	6,000	9,000
	Rehabilitate Rail Stations	53,357	115,458	168,814
	Rail Station - 95th Street Terminal Expansion	21,862	58,195	80,057
	Implement Security & Communication Projects	14,500	17,000	31,500
	Program Management	6,690	26,160	32,850
	Bond Repayment, Interest Cost, & Finance Cost	134,242	564,968	699,210
	Subtotal			

		234,749	**794,117**	**1,028,866**
	Support Facilities & Equipment			
	Improve Facilities - Systemwide	113,712	151,404	265,117
	Subtotal	**113,712**	**151,404**	**265,117**
	Capital Project Total	**717,904**	**2,240,827**	**2,958,730**
	Marks	**717,904**	**2,240,827**	**2,958,731**
	Marks/Variance	**-**	**-**	**-**

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Uses of Funds

Sixteen project categories comprise the CTA's proposed FY 2014-2018 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.

With the exception of the bond repayment category, rail system projects receive a significantly larger portion of the proposed capital program funding than bus projects, due partly to the need to maintain an exclusive right-of-way: buses operate on streets maintained by other units of government. The capital projects proposed for FY 2014-2018 and beyond are intended to address the CTA's most critical needs for the bus and rail system, customer facilities, and systemwide support.

The following figure shows the proposed FY 2014-2018 Capital Improvement Program by general category of asset improved or replaced.

Table: Capital Improvement Program uses of funds, 2014-2018, in thousands of dollars

Program Category Type	5-Year Funding
Bus Rolling Stock	$392,049
Rail Signal & Communication	$ 352,443
Rail Track & Structure	$241,925
Rail Rolling Stock	$678,331
Bond Repayment	$699,210
Systemwide - Support Facilities & Equip.	$265,117
Systemwide - Miscellaneous	$329,656

Program Total	$2,958,730

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Bus Projects

❖ Perform Bus Maintenance Activities

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

Funding/Description of Proposed Work/ Major Elements: The CTA has programmed $7.3 million to provide for bus maintenance activities during FY 2014-2018. This funding will provide for ongoing bus vehicle maintenance efforts to support the removal and installation of components, including the replacement of filters, brake maintenance, and suspension system upgrades.

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

[Photo: Maintenance being performed on buses]

❖ Perform Mid-Life Bus Overhaul

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

[Photo: Bus engine under repair]

Funding/Description of Proposed Work/Major Elements: The CTA has programmed $91 million in FY 2014 and $56 million in FY 2015-2018. Funding will provide for the overhaul of the New Flyer-Series buses and will cover the initial expense of the overhaul of Articulated Hybrid Buses.

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

program will correct critical defects discovered during inspections of the CTA's bus fleet. During the bus overhaul process, the CTA will retrofit diesel particulate filters on 430 of the year 2006/2007 New Flyer buses. In addition, a TopoDyn software program will be implemented. TopoDyn automatically selects the most economical shift characteristic to optimize engine operation. The program has been tested on a number of CTA's New Flyer buses. Test results indicate a significant improvement in fuel economy. CTA received a Congestion Mitigation Air Quality (CMAQ) grant from the Chicago Metropolitan Agency for Planning (CMAP) to implement the program. CTA was also the recipient of a CMAQ grant to retrofit existing 40' conventional diesel-powered New Flyer buses with an all-electric engine cooling fan drive system. This installation will take place during the bus overhaul. Replacing the current, hydraulically driven fan eliminates associated auxiliary loads on the engine providing for improved fuel economy.

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

- **Replace Buses**

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

Funding/Description of Proposed Work/Major Elements: In FY 2014, the CTA will invest $40.5 million to purchase buses that will be ADA-compliant, air conditioned, and technologically innovative. In addition, the CTA has refinanced its bus lease payments and will achieve an overall cost savings of $5.5 million. CTA will spend $13.7 million to lease buses in FY 2014. A total of $237.5 million will be invested over the five year period.

[Graphic: Drawing of new bus]

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

Budget Impact: Purchasing new, fully-accessible, air-conditioned, technologically-advanced buses reinforces the CTA's commitment to quality bus service for our customers. The purchase of new buses will result in an overall reduction in operating costs. It is more costly to operate and maintain older, outdated, and worn-out equipment. If new buses are

not purchased, the CTA will continue to experience increased operating costs, reduced fleet reliability, and decreased service for its customers.

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Rail Projects

❖ Replace or Upgrade Power Distribution and Signals

Purpose of Project: Forty percent (40 percent) of the CTA's substations have reached the end of their useful life and cannot provide the needed power, or require redundancy to keep the system operating. Plans are underway to upgrade or replace overloaded and deteriorated substations for the purpose of assuring reliable power for CTA trains on portions of the Brown, Blue and Red Lines.

[Photo: Power distribution cables under trains]

Funding/Description of Proposed Work/Major Elements: Previous funding was utilized to upgrade substations such as Farwell, Hill, and Armitage on the north branch of the Red Line. The FY 2014-2018 funding of $352 million will support construction of substations at Hubbard (Brown) and Broadway (Red); and rehabilitation of existing substations at Kimball (Brown), Milwaukee, East Lake (Blue), State and Princeton (Red). Funding also provides replacement of aging rail signals throughout the system.

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

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

❖ Infrastructure Safety and Renewal Program

Purpose: The CTA's system is comprised of 36 miles of elevated track, 35.8 miles of at grade track, and 20.6 miles of embankment. Numerous tunnels, viaducts and retaining walls require significant maintenance to keep them in a state of good repair, and many are in need of replacement.

[Photo: Construction equipment on rail track]

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

The CTA has programmed $241.9 million in FY 2014-2018 to rehabilitate track and structural elements systemwide and in 2014 $118.7 million has been set aside for elevated track and structure repairs. Work over the five years of the CIP include Blue Line Milwaukee track, renewal from Belmont to Damen which includes the Kimball Subway, Brown Line Ravenswood Loop Connector rehabilitation, subway ventilation upgrades, and repairs to the right-of-way along elevated structure throughout the rail system.

As a part of regular maintenance, the CTA inspects, detects, and repairs conditions that might require slow zones, such as loose, aging, or deteriorating track ties and other infrastructural elements.

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

❖ **Perform Rail Car Overhaul**

Purpose of Project: The CTA faces a major need for fleet modernization, with an average rail fleet age of 21 years and 698 cars (or 56 percent of the fleet) currently beyond the 25-year FTA life expectancy. Within the last year, the CTA has retired more than 200 over-aged railcars, but yet the CTA rail fleet remains significantly aged. As rail cars age, preventive and corrective maintenance measures required to ensure reliable service increase, placing a growing strain on operating and maintenance budgets. Modernizing the rail fleet will improve the reliability, comfort, and cost-effectiveness of transit service, making it more attractive and beneficial to the riding public.

Funding/Description of Proposed Work/Major Elements: The FY 2014-2018 CIP will provide funding of $173.6 million for a multi-year overhaul program to refurbish the 3200-Series and a select group of the 2600-Series rail cars. The 3200-Series consists of 258 rail cars, which are scheduled to receive an extensive overhaul and 100 of the 2600-Series cars will receive a life-extending overhaul.

The overhaul for the 3200-Series cars will consist of major upgrades to various subsystems and other components. A number of the major subsystems will be replaced or rebuilt, and new features, such as destination signs, linear door operators, LED lighting, Ethernet train line diagnostics, video surveillance, and event recorders will be added.

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

Budget Impact: It is more costly to operate and maintain older, outdated, and worn-out equipment. Without aggressive and costly maintenance programs in place, the CTA's fleet will continue aging and will grow ever more prone to breakdowns in service, with significant impacts to transit riders.

❖ **Perform Rail Car Maintenance Activities**

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

[Photos: Trains undergoing maintenance and a train at Midway Station]

Funding/Description of Proposed Work/Major Elements: The CTA's overhaul program consists of regularly scheduled preventive maintenance to maintain rail car performance. The CTA plans to spend $7.5 million in FY 2015-2018 on the rail car fleet to correct critical defects and operational deficiencies discovered during inspections of rail cars.

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

❖ **Purchase Rail Cars**

Purpose: The CTA will continue its planned replacement of rail cars that have reached the end of their useful service life. This project provides funding to complete the purchase of the new 5000-Series cars and the initial funding for the next generation 7000-Series cars. The CTA anticipates awarding a contract for the 7000-Series cars in early 2014. The 7000-Series rail car order will provide for the purchase of up to 846 rail cars. This order is planned to replace the existing 2600 and 3200-Series cars which will be beyond their standard life of 25 years at the time of delivery of the new 7000-Series cars. A smaller number of new railcars are planned to provide for additional service needs. Replacement of aged rail cars will provide the CTA with modern, updated vehicles that will decrease maintenance and operating costs while enhancing customer comfort.

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Funding/Description of Proposed Work/Major Elements: The CTA has programmed $497.1 million over the 5-year period for the purchase of new 5000- Series rail cars. The new cars will replace the 2200, 2400, and 2600-Series rail cars that have reached the end of their useful service lives. In 2010 and 2011, the CTA provided funding to increase the 5000-Series rail car order. The CTA is receiving 714 5000-Series cars at a total cost of $1.13 billion, replacing more than half its fleet. FY 2014-2018 allocates funding for completion of the 5000-Series purchases and dedicates initial funding required for the next railcar order. As of September 2013, more than 300 new cars have been delivered and are in service.

[Photo: CTA 'L' train]

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

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

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System-wide Projects

❖ Information Technology

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

Funding/Description of Proposed Work/Major Elements: The proposed CIP allocates $1.1 million in FY 2014 for computers and associated components. Future funding of $6.3 million is proposed in FY 2015-2018. Over time, computer systems reach their capacity and therefore need to be updated or replaced. Existing information systems demand new applications and will be best met by systems with faster speed and greater reliability and efficiency.

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

[Graphic: A computer network]

❖ **Equipment and Non-Revenue Vehicle Replacement**

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

Funding/Description of Proposed Work/Major Elements: The CTA plans to spend $9 million in FY 2014-2018 to purchase non-revenue vehicles. 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 for the support of bus and rail transit operations.

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

[Photo: Rail car heavy maintenance vehicle]

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❖ **Rehabilitate Rail Stations**

Purpose: The CTA will continue its initiative to rehabilitate and reconstruct rail stations systemwide. Upgrades of rapid-transit stations will include stationhouse reconstruction; enhanced lighting that provides greater security resulting in decreased vandalism; repair of stairs, flooring, platforms, and canopies. Based on funding availability, the addition of elevators and escalators will provide greater accessibility where needed.

[Graphic: "The CTA Renew Crew is coming to your station!"]

Funding/Description of Proposed Work/Major Elements: The CTA has budgeted $168.8 million in FY 2014-2018 to rehabilitate and reconstruct rail stations. Throughout this planned program, the CTA will continue to maintain the upkeep and appearances of the rail stations. Prior and current funding includes construction of a new, fully-accessible Wilson Station and significant structure, viaduct, and track-system improvements.

In addition, FY 2014-2018 funding will include the rehabilitation of the Sheridan and Bryn Mawr (Red) stations. The funding will focus on addressing the appearance and condition of the stations in addition to regular maintenance efforts. Work to be performed includes power washing, repairing and preparing columns for painting, graffiti removal, repairs to platforms, doors, canopies, and other structural repairs.

CIP funds are programmed for rehabilitation of Quincy station on the Loop elevated. Station improvements will include the addition of two elevators, the replacement of two sets of entrance stairs, as well as painting, lighting improvements, and other repairs—while retaining the historic appearance of the station, one of the few surviving original Loop 'L' stations. Renewal work will include refurbishing station surfaces, including woodwork, doors, railings, ceilings and framing.

Budget Impact: The CTA's station renewal will reduce maintenance costs, help modernize the system, increase safety, enhance accessibility, provide station amenities, and increase ridership. Without improvements, there will be continued degradation of structures and stations that will lead to increased maintenance costs and compromised service in the future. CTA customers should have facilities that are visually appealing, clean, and equipped with amenities that enhance their CTA experience.

❖ **Rail Station – 95th Street Terminal Expansion**

Purpose: The 95th Street Terminal is a major transit center served by many CTA and Pace Bus Routes as well as Greyhound Bus Service. The 95th Street Terminal is the bus terminal with the highest ridership in the system. The purpose of this project is to improve accessibility and safety for riders by relieving congestion, adding new bus bays, widening customer waiting areas, adding terminal entrances, and providing pick-up/drop-off space for para-transit riders.

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Funding/Description of Proposed Work/Major Elements: Total cost for this project is $240 million. The CTA has allocated $159.9 million in previous funds. The sources of funds include various Federal funding, such as Transportation Investment Generating Economic Recovery (TIGER) and FTA Bus Livability grants. A portion of the TIGER Transportation Infrastructure Finance and Innovation Act (TIFIA) loan will be utilized to pay the subsidy and administrative cost of a $79.2 million TIFIA loan. In addition, State and Service Board funds also contribute to these efforts. The FY 2014-2018 program allocates the remaining funds of $80.1 million using Federal formula funds and State/CTA funds.

Upon full implementation, the new 95th Terminal will provide an expanded modern, pedestrian-friendly terminal with improved passenger access to buses and trains.

[Graphic: New 95th Street Station]

Budget Impact: These improvements will better serve existing high volume of riders, provide safer passenger access to buses and the train station, and expand passenger facilities that will lead to a modern, safe and pedestrian-friendly transit center with fewer delays and shorter travel times.

❖ Implement Security and Communication Projects

Purpose: The purpose of this funding is to implement communication and transit security related projects that will enhance security and safety for CTA employees and customers. A professional security assessment of the CTA system identified priority equipment and infrastructure investment needs to protect the public and CTA employees, as well as to ensure service continuity. This program will implement security strategies that improve the safety and security of the CTA's transit system. The CTA's security system project is an essential part of the agency's goal of protecting critical surface transportation infrastructure, the traveling public and CTA employees from crime and/or acts of terrorism. This funding will also enhance the Chicago Police Department's (CPD) efforts to provide visible security and crime prevention while patrolling rapid transit routes within the City of Chicago.

[Photo: Security camera]

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Funding/Description of Proposed Work/Major Elements: FY 2014-2018 funding of $31.5 million will continue to enhance the multi-agency investment between the CTA and the CPD by adding another layer of anti-terrorism precautions to protect our high-risk, high-consequence mass transit assets and operations from terrorist activities. The CTA will purchase and install a security system to strengthen and harden critical infrastructure against the risks associated with potential terrorist attacks.

In addition, FY 2014 funding will continue to enhance the CTA's Radio Frequency Identification (RFID) program, CTA **Train Tracker**, which is accessible through a browser and web-enabled mobile devices. This project is an innovative information service that now provides estimated arrival times for 'L' train service. Train Tracker works by locating in-service trains and estimating arrival times at stations based on recent travel times. If arrival times cannot be predicted because trains are outside the range of designated "readers", the system provides scheduled information.

[Graphic: CTA Train Tracker symbol]

Prior funding of $13.3 million was spent in developing Phase I of this project. In phase II, the CTA proposes to spend $11.5 million in FY 2014 to further enhance RFID technology. Future funding of $5.0 million in FY 2018 will provide necessary security enhancement at CTA garages. In addition, the CTA allocated a total of $15.0 million for the duration of this program to provide overall security for the customers and transit infrastructure.

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

❖ **Program Management**

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

Funding/Description of Proposed Work/Major Elements: The scope of work for Program Management includes developing project master plans (PMPs) to define initial work scope, schedule and budgets for different types of capital projects; creating accurate cost estimates, schedules, and implementation plans to deliver projects; assisting CTA Engineering in the coordination and review of design plans and specifications; and maintaining up-to-date asset information and developing project requests for the capital plan. Funding for this project is allocated at $32.8 million for FY 2014-2018.

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

❖ **Bond Repayment, Interest and Finance Cost**

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

Funding/Description of Proposed Work/Major Elements: FY 2014–2018 funding will provide for the payment of principal and interest costs associated with financing the bond series issued in 2004, 2006, 2008, 2010, and 2011. CTA bond funds improve the authority's infrastructure, facilities and rolling stock. Improvements include the replacement of signal systems in various subway tunnels, replacement of substations throughout the system, and expansion/replacement of bus and rail rolling stock. Funding for this project is allocated at $699.2 million for FY 2014-2018.

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

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Support Facilities & Equipment

❖ **Systemwide Facilities Improvement**

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

Funding/Description of Proposed Work/Major Elements: The rehabilitation of systemwide support elements is essential to providing safe, on-time transit service. The CTA has 7 active bus garages, 10 rail terminals, 17 park-and-ride lots, 106 bus turnarounds, and a variety of other maintenance and support facilities. Both bus and rail operations depend on system support to continue providing timely and efficient service to the CTA's customers.

The CIP proposes to spend $113.7 million on facility improvements in FY 2014, including upgrades to various support facilities throughout the system. A total of $151.4 million has been allocated in FY 2015-2018 to construct or improve the CTA's bus and rail facilities.

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

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Capital Program Asset Category Comparison

Table: FY2014-2018 project categories, in thousands of dollars

Year	Operating Offset	Financial	Infrastructure	Fleet
2008	40,353	91,665	649,462	45,795
2009	221,212	85,153	234,924	139,654
2010	158,569	67,338	340,170	576,136
2011	146,416	88,544	308,617	110,162
2012	0	226,858	365,766	574,945
2013	0	152,921	401,753	317,095
2014	0	154,214	376,274	187,416
2015	0	157,950	237,574	348,983
2016	0	160,772	442,407	317,075
2017	0	163,631	37,694	81,806
2018	0	166,547	64,249	62,140

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 is comprised of

the portion of the capital program used to fund capital-eligible costs included in the operating budget; and the financial category includes funding to support the capital bond program, as well as for other long-term financing such as bus lease and purchase arrangements.

The flow of capital asset replacement or rehabilitation varies widely from year to year, resulting in an irregular funding level for asset categories. Significant funding was set aside for two separate construction programs, the first fully funded in 2007–2008, and the second currently underway in 2012–2015. Both of the initiatives focused on efforts to reduce slow zones on the rail system, to renew facilities, and stations. Funding programs for CTA rail fleet renewal are reflected with the 2010, 2012 and 2014 spikes in funding for the purchase of the 5000-Series and next generation 7000-Series rail cars. In 2015, the CTA will begin the planned overhaul of the 3200-Series railcars. Funding is provided for the bus fleet renewal program from 2012-2015. The CTA is expected to receive approximately 500 new buses, and to overhaul more than 1,000 of existing buses. Financial instruments are lower in FY 2010-2011 as a result of a bond restructuring completed in FY 2010. The financial category shows a net increase in FY 2012-2017. CTA bonds issued in 2005 are retired, and this is offset by the start of payments on the bonds issued in fiscal years 2010 and 2011.

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Sources of Funds

Federal Funding

On July 6, 2012, President Obama signed into law a new two-year transportation authorization called Moving Ahead for Progress in the 21st Century (MAP-21). The new law provides the FTA an authorization level of $10.6 billion in FY 2013 and $10.7 billion in FY 2014. The provisions and funding levels of MAP-21 became effective on October 1, 2012.

MAP-21 succeeds the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), and extensions of SAFETEA-LU, which were the authorizing laws in effect from FY 2005 through FY 2012. MAP-21 is the 12th authorization, disregarding short-term extension laws, of the federal transit program, beginning with the Urban Mass Transit Act of 1964. MAP-21 is a two-year authorization of transit law; this is shorter than traditional five-year authorization period.

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

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

- The new State of Good Repair Program (Sec. 5337) replaces the Fixed Guideway Modernization Program and includes funding to support high-intensity bus systems.

- The Urbanized Area (Sec. 5307) and Rural (Sec. 5311) programs now allow funding to be used for activities that were eligible under the Job Access and Reverse Commute program.

- A new formula Bus and Bus Facilities Program (Sec. 5339) is established for grants to all agencies operating bus service in lieu of the current Bus Discretionary Program (Sec. 5309).

- The Elderly and Disabled Program (Sec. 5310) merges with the New Freedom Program (Sec. 5317), and funding formulas are modified in light of new eligibilities and program features.

- The Bus Discretionary program, Alternatives Analysis (Sec. 5339), Clean Fuels (Sec. 5308), Transit in the Parks (Sec. 5320), and Over the Road Bus (Sec. 3038 of TEA-21) programs will end with the expiration of SAFETEA-LU.

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

The federal funds available under the two-year (2013-2014) MAP-21 Transit Program will require a matching non-federal source of funds (local share), between $100 and $150 million. When projected federal funds for program years 2015-2018 are considered, an estimated total of between $350 and $400 million of non-federal funds will be required to fully utilize federal formula funds.

State Funding

The current State Transportation Series B Bond fund was appropriated under two legislative programs: Illinois Jump Start, which was appropriated in FY 2009 but has not yet been authorized, and Illinois Jobs Now, which was appropriated and authorized in FY 2010. The CTA's share from both legislative programs totals $1.4 billion. The State of Illinois Jobs Now, includes funding for mass transit agencies to replace, upgrade, and

enhance infrastructure systemwide, provides state funding over a five-year period, which began in FY 2010 and ends in FY 2014. The CTA has received approximately $900 million under this Jobs Now program. While the initial $495.9 million of Jump Start program funds, scheduled for FY 2014-2017, remain outstanding, it is anticipated that these funds and/or a new State Bond program will be made available within the five-year capital plan.

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

RTA Bonds (State of Good Repair) Funding

The Regional Transit Authority (RTA) proposes to issue $100 million in bonds available for the three Service Boards – CTA, Metra, and Pace – to program for SOGR projects in 2014. Bond funds will be allocated as follows: 50 percent will go to the CTA, 45 percent to Metra, and 5 percent to Pace. Funding of the debt service for these bonds will be sourced from non-statutory Sales Tax I and Public Transit Funds I revenue.

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Beginning in FY 2014, the RTA will set aside discretionary funding to meet anticipated debt service obligations on these bonds. Funds are made available due to a decrease in RTA's long-term debt obligations over the last several years.

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

Table: CTA FY2014-2018 Capital Improvement Program Marks, in thousands of dollars

NEW FUNDS	**2014**	**2015**	**2016**	**2017**	**2018**	**TOTAL**
5307 Urbanized Formula	124,737	124,743	129,111	133,633	138,311	650,535
5337 State of Good Repair	125,325	125,322	129,702	134,237	138,935	653,521
5339 Bus and Bus Facilities Formula	11,444	11,440	11,845	12,261	12,690	59,680
Subtotal FTA	**261,506**	**261,506**	**270,658**	**280,131**	**289,936**	**1,363,737**
Sec. 5307 CMAQ	4,056	-	4,056	-	-	8,112
Homeland Security (HLS)	3,000	3,000	3,000	3,000	3,000	15,000
Other Federal	**7,056**	**3,000**	**7,056**	**3,000**	**3,000**	**23,112**
Available Federal						

	268,562	**264,506**	**277,714**	**283,131**	**292,936**	**1,386,849**
State Bond I - Jobs Now	282	-	-	-	-	282
State Bond II -Jump Start	198,360	100,000	197,540	-	-	495,900
Subtotal State Funding	**198,642**	**100,000**	**197,540**	**-**	**-**	**496,182**
RTA SOGR Bond	50,000	-	-	-	-	50,000
Service Board (TIF City of Chicago)	25,700	-	-	-	-	25,700
CTA Bond	175,000	380,000	445,000	-	-	1,000,000
Other local	**250,700**	**380,000**	**445,000**	**-**	**-**	**1,075,700**
Available State/Local	**449,342**	**480,000**	**642,540**	**-**	**-**	**1,571,882**
NEW FUNDING AVAILABLE	**717,904**	**744,506**	**920,254**	**283,131**	**292,936**	**2,958,731**

The funding levels used in preparing the proposed FY 2014-2018 CIP reflect the capital resources available to the CTA from the FTA, DHS, IDOT and RTA. Funding includes $1.4 billion from the Federal Transit Administration (FTA), $1.0 billion from CTA-issued bonds, $496 million from State of Illinois bonds, and $50 million from RTA bonds.

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The total projected available funding is $2.9 billion. A summary of this funding is presented in the following chart:

Table: Preliminary Marks FY2014-2018 Capital Improvement Program Funding Sources, in thousands of dollars

SOURCES OF FUNDS	Amount (in thousands)
5307 Urbanized Formula	650,535
5337 State of Good Repair	653,521
5339 Bus and Bus Facilities Formula	59,680
Sec. 5307 CMAQ	8,112
Homeland Security (HLS)	15,000

State Bond I - Jobs Now	282
State Bond II -Jump Start	495,900
RTA SOGR Bond	50,000
Service Board (TIF City of Chicago)	25,700
CTA Bond	1,000,000
Total	2,958,731

CTA Bonds

The FY 2014-2018 program includes $1.0 billion in capital bond proceeds. Tax-exempt bond financing offers an efficient and cost effective way to supplement scarce federal funding and accelerate critical projects. Over the years, inadequate capital funding has substantially hindered the CTA's efforts to maintain a state of good repair, much less expand or enhance its system. By constructing projects on an expedited schedule, the CTA can reduce costs, improve service, and better promote ridership on the system. These benefits outweigh the future bond financing costs, particularly in the current historically-low interest-rate environment.

Major projects funded with capital bonds include:

- Purchase of rail cars and buses
- Bus and rail car overhaul
- Facilities SOGR Program and Station Renewal Program
- Major rail line improvements (Brown, Blue, and Red Lines)
- Track & structure renewal (slow zone remediation) and traction power renewal

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

Competitive Grant Opportunities

During FY 2012-2013, the CTA submitted grant applications seeking funds from several Federal and State competitive grant programs, including Alternative Analysis (AA), Bus and Bus Facilities/State of Good Repair grants (SOGR), Bus and Bus Facilities/Bus Livability Initiatives, Clean Fuels Program, the Transportation Investment Generating Economic Recovery (TIGER) or TIGER Discretionary Grant program, TIGER Transportation Infrastructure Finance and Innovation Act (TIFIA), Innovation, Coordination, and Enhancement program (ICE), Unified Work Program (UWP), Congestion Mitigation and Air Quality grant (CMAQ), and Department of Homeland Security (DHS) grants.

With an ever-growing need for capital funds to move vital projects forward, the CTA continues to aggressively pursue these opportunities. The CTA has requested funding for a variety of projects, including the following:

Ashland Avenue Bus Rapid Transit
The CTA is planning Bus Rapid Transit (BRT) along 16 miles of Ashland Avenue (95th Street to Irving Park Road). BRT will provide passengers with faster, more efficient and more reliable service as well as amenity-filled stations and landscaped medians between each proposed BRT station. This alternative will include dedicated center bus lanes, limited stops and transit signal priority. The BRT is a premium service that will reduce travel time and improve service in the corridor. This project is currently in the Conceptual Engineering/Environmental Analysis phase concentrating on a detailed assessment of social, economic, and environmental impacts within the corridor. Coordination with project stakeholders is ongoing in an effort to obtain feedback on the project.

Purchase Articulated Diesel-Electric Hybrid Buses and Hoists
The FTA State of Good Repair Bus (SOGR) and Bus Facilities Discretionary Program makes funds available to replace, rehabilitate, and purchase buses and related equipment and to construct/rehabilitate bus-related facilities.

The FTA's Clean Fuels program provides funds for projects that assist non-attainment or maintenance areas in achieving or maintaining the National Ambient Air Quality Standards for ozone and carbon monoxide and supports emerging clean fuel and advanced propulsion technologies for transit buses and markets for those technologies.

The CTA applied for the FTA's Clean Fuels program and was awarded $4.8 million to purchase diesel electric hybrid buses.

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

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The CTA has received various competitive funds totaling $7.9 million from the FTA to support the TAMS program. In FY 2013, CTA received an additional $375,000 from the Chicago Metropolitan Agency for Planning to continue the program.

Innovation, Coordination, and Enhancement (ICE) Program
This RTA program provides capital assistance to enhance the coordination and integration of public transportation and to develop and implement innovations to improve the quality and delivery of public transportation.

An ICE program award totaling $1.2 million, previously provided by the RTA, is now available for the Open Fare System Project. In FY 2012, the RTA approved an ordinance to fund an additional $2.0 million of ICE funds for this project, bringing the total amount of funds available to $3.2 million for the Open Fare project.

In the summer of 2013, the CTA launched its open fare payment system called Ventra that allows customers to choose from several convenient options to pay for bus and train rides, making Chicago the first major U.S. city to adopt such a system for transit. With the new payment system, customers will simply "tap" their contactless credit, debit or bank card to board the CTA and Pace, and can use just one card for all of their transit needs. The CTA will continue offering special fares, including limited use tickets (for one ride or one day, for example), and cash will still be accepted on buses.

The new system replaces a fare-payment system that was nearly 20 years old and rapidly becoming obsolete. It eliminates the need for multiple magnetic-stripe cards and the Chicago Card/Chicago Card Plus media that have been used for fare payments. Customers can still purchase their preferred passes (1-day, 3-day, 7-day, 30-day etc.) or load stored value to pay per ride, all of which can be loaded onto their permanent Ventra card or to their personal contactless credit or debit card.

[Graphic: Consolidation of CTA payment methods]

Congestion Mitigation and Air Quality (CMAQ) Grant
The CMAQ program funds surface transportation improvements designed to improve air quality and mitigate congestion. An $8.1 million grant will provide for the cost differential to retrofit up to 32 sixty-foot conventional diesel-powered buses to hybrid diesel electric buses. Hybrid buses offer a wide range of benefits, including significantly lower emissions, increased efficiency, and decreased maintenance costs, when compared to conventional diesel buses. Emissions reductions are a function of the electric drive, ultra-low-sulfur diesel (ULSD) fuel and improved fuel economy, and particulate trap technology.

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Unified Work Program (UWP)

To fulfill federal planning regulations, the Unified Work Program (UWP) lists planning projects the Chicago Metropolitan Agency for Planning (CMAP) and other regional agencies undertake each year to enhance transportation in northeastern Illinois. 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 source of funding.

In FY14, CMAP will award the CTA $856,000 to fund three projects.

- Program Development will receive $300,000 to facilitate CTA's efforts to coordinate the provision of capital projects for customers in its service area and to identify projects within the Chicago-area regional five-year Transportation Improvement Program.

- CTA will utilize $335,000 in UWP funding for an asset management project. The award will allow the CTA to determine appropriate structure and references to critical policies and procedures for the Asset Management Plan (AMP). Upon completion of this project, CTA will have a stronger foundation for making critical investment decisions with the appropriate mixture of renewal versus replacement of assets. Increased efficiency and wiser investments will translate into improved service for CTA customers. This initiative will assure compliance with recent and future federal mandates (MAP-21) as well as improve the agency's reporting and decision-making competencies and interdepartmental collaboration.

Finally, funding was approved for preliminary concept planning and engineering for the Forest Park Blue Line Reconstruction and Modernization Planning project. CMAP approved $221,000 to complement IDOT plans for reconstructing Eisenhower Expressway (I-290).The CTA will study funding strategies and conduct preliminary reconstruction and engineering for the Forest Park Branch of the Blue Line, which provides more than 30,000 average rides from the western suburbs of Forest Park to downtown Chicago. Important regional job and educational facilities are served, such as the Illinois Medical District and the University of Illinois at Chicago campus. In addition, by serving the same market as the I-290 expressway, the Blue Line provides a critical alternative for citizens to avoid roadway congestion and resulting air quality problems.

Blue Line Forest Park Branch Feasibility/Vision Study

CTA previously received a $400,000 Federal grant to fund the Blue Line Forest Park Branch Feasibility/Vision Study. Funding was approved for conceptual planning related to the reconstruction and modernization of the Forest Park branch of the Blue Line. The line was constructed in the 1950s and extends more than 10 miles west of Chicago's loop with much of the right-of-way (ROW) within the median of the Eisenhower Expressway (I-290). This study will guide the preparation, evaluation and documentation of preferred options for transit service in the near-term (10-year, to 2023) and long-term (27-year, to 2040) time horizons. The effort will be coordinated with the Illinois Department of Transportation (IDOT) multi-modal alternatives developed in two ongoing I-200 studies: an

Environmental Impact Statement (EIS) for the Eisenhower Expressway rehabilitation and expansion, and the Circle Interchange Rehabilitation Project.

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The Blue Line Forest Park Branch study will include all stations from Clinton Street on the east to the current Forest Park terminus on the west, as well as potential expansion to Mannheim Road. The study, which will examine right-of-way (ROW) needs at specific stations along the corridor, will be coordinated with local land-use plans prepared by pertinent municipalities or entities, such as Oak Park, the University of Illinois at Chicago (UIC), the Illinois Medical District (IMD), and the Village of Maywood. Proposed funding solutions and the evaluation of transit modernization alternatives will be documented in a final planning report.

During FY 2014-2018, the CTA will continue to aggressively pursue additional funding under these competitive grant programs.

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Unfunded Capital Need

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

The RTA's asset condition assessment originally prepared in 2010 and updated at the end of 2011 defines the RTA's region total capital reinvestment needs over a 10-year period estimated at $31.1 billion, which includes investment needs for CTA, Metra, and Pace. According to the RTA's analysis, the CTA's share of this total 10-year reinvestment need is $19.2 billion or 61.7 percent of the total regional amount. This includes $11.7 billion to address existing backlog and an additional $7.5 billion to address normal reinvestment needs expected over the 10-year period. More than 61 percent of CTA's reinvestment needs are to address assets that are overdue replacement or rehabilitation.

The CTA continues investing in upgrading or replacing system assets, yet the unfunded capital need continues to grow with each year. Even if the entire capital backlog was funded, the CTA estimates a need of $844 million annually just to keep the system in a state of good repair. The average funding level over the period FY 2014-2018 is $591 million.

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

Right-of-Way

- Thirty percent of rail right-of-way is past the standard useful life guideline of 40 years. On the most deteriorated sections, slow zones are established to provide safer service. Slow zones cripple the system; 24.7 miles (11 percent) of the CTA's rail system tracks are currently designated as slow zones. Prior to Red Line South reconstruction, the Red Line, which serves 38 percent of all riders, had 33 percent of track in slow zones, which added more than 20 minutes of delay to train travel times on that line. The Brown and Green Lines each have approximately 17 percent of right of way under slow zones, while, the Blue Congress branch is experiencing a slow-zone rate of approximately 28 percent. Current slow zones areas contribute up to seven minutes of delay to travel times.

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Rail Stations

- There are 62 of 145 stations (43 percent) that are past their useful life; 16 stations (11 percent) are more than 90 years old; as of 2013, 48 stations (33 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 infiltration 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.

- Approximately 50 percent of the escalators in the system are beyond their standard useful life guideline of 25 years, with some escalators dating back to the 1950s. The 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 $4 million annually to keep existing elevators and escalators operational.

Rail Elevated Structures

- More than 50 percent (52 percent) of rail structures have exceeded their standard useful life guideline of 80 years and the replacement cost is estimated at $2.4 billion. Within 10 years, this cost is estimated to increase to approximately $4.5 billion if no major capital investments are made.

- The vast majority of viaducts on the Red and Purple Lines date back to the early 1900s. These require permanent exterior braces, regular removal of loose concrete, and netting to protect traffic below.

Rolling Stock

- Aging equipment decreases reliability, which creates delays for riders. Currently, 56 percent of rail cars are past their useful life of 25 years. In 2015, when delivery of cars is complete from the current railcar order, 32 percent of the CTA's rail fleet will be beyond its useful life guidelines. Currently, 25 percent of the bus fleet is past its useful life guidelines.

Maintenance Facilities

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

- Maintenance facilities require significant improvements to adequately support the bus and rail fleet. Six of the CTA's maintenance buildings are more than 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 20th century, and demolishing a rail equipment maintenance shop built for the 1893 World's Fair that was no longer structurally sound. Neither facility has been replaced.

- 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 could mean a 10 percent decrease in the number of buses in service for a total loss of 25 buses per facility and 50 fewer buses in service systemwide.

- Three of the CTA's seven bus garages have boilers purchased in the mid-1980s that have exceeded their useful life guideline of 25 years and require significant ongoing costs to keep them from failing. New energy-efficient boilers save the CTA 20 percent on gas bills and require less maintenance.

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Substations

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

- Forty percent of the substations that power the rail system are beyond their useful life guidelines. These aging substations reduce reliability of service and result in slow service because they provide insufficient power to the system to meet demand. These substation upgrades will replace systems that are beyond their useful life, some of which were built during the initial subway system construction during the

1950s. The CTA rail system has its own power distribution system which includes electric substations and cable along the rights-of-way. Substations contain transformers to convert electric power from the power company's utility grid and supply it to the third rail to run trains. Many of the CTA's substations cannot provide the appropriate power levels or required redundancy to keeps the system operating. CTA customers will benefit from smoother train operation, fewer slow zones, reduced travel times and greater reliability.

Operating Budget Impact of Capital Program Projects

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

In addition to realizing decreased material expenses since the CTA has made investments in its bus fleet – thus lowering the fleet's average age and 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. These savings are reflected in the 2014 Operating Budget.

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.

The investment made in the Red Line South will reduce the round-trip operating time for every Red Line train by 15-20 minutes compared with conditions before the project. The time savings for each and every train not only produces a better, faster ride for customers, but also a reduction in the overall operating costs of the service. The types of projects outlined in this CIP have similar impacts to the bottom line.

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

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Other Major Capital Projects

The CTA has other major capital projects planned in the near future that includes the Red & Purple Line Modernization (RPM) and the Red Line Extension (RLE).

Red & Purple Line Modernization (RPM) – This project is part of CTA's Red Ahead program, a comprehensive initiative for maintaining, modernizing and expanding Chicago's most-traveled rail line. The RPM corridor stretches along the existing Red and Purple lines from north of Belmont station to the Linden station. Improvements made along this area would help bring the existing transit line into a state of good repair, reduce travel times, improve access to job markets and destinations, and provide improved access to people with disabilities. A number of alternatives are under consideration for the RPM project, including the comprehensive reconstruction of track, stations, and structures along the line.

RLE – The CTA is proposing to extend the Red Line from the 95th Street Station to the vicinity of 130th Street, subject to the availability of funding. The proposed 5.3-mile extension would include three new intermediate stops near 103rd, 111th, and 115th streets, as well as a new terminal station in the vicinity of 130th Street. Each new stop would include bus and parking facilities. This project is one part of the Red Ahead Program to extend and enhance the entire Red Line.

Cermak-McCormick Place Station – The City of Chicago has committed Tax Increment Financing (TIF) funds for transportation improvements in the area around McCormick Place which include: $50 million in TIF funds for a new Green Line Station on the south Green Line branch, $11.5 towards renovations on the 18th Street Connector, which carries Orange Lines trains to and from the Loop, and $17 million for rehabilitation of two stations, Harrison street station ($10 million) and the Roosevelt Road station ($7 million). These improvements will significantly revitalize the near south side of the city.

Construction of the new Cermak-McCormick Place Station, which will be the 146th CTA station, began in summer 2013. The construction project is being managed by the CDOT and is expected to be completed by the end of 2014. The new station will be located in the two-mile stretch between the existing Roosevelt and 35th -Bronzeville-IIT Green Line stations and will provide much-needed access to rapid transit for neighborhood residents and businesses, including McCormick Place.

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The main station building will be built on the north side of Cermak road, equipped with modern amenities including elevators, bike racks, state-of-the-art security, and enclosed boarding platforms.

Two additional TIF-funded projects are currently in the planning phase, including renovations of the Quincy Loop and Illinois Medical District stations. The Quincy Loop station project will make improvements to the historic station, including the addition of two elevators to make the station accessible. The City has committed $15.7 million in TIF funds from the Canal/Congress TIF for this project. The Illinois Medical District station project will make improvements to the station, including the addition of an elevator and modifications to two existing ramps to make this station fully accessible. The City has committed $23 million in TIF funds from the Central West TIF for this project.

Capital Program Acronyms

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

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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.

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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.

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1964
The CTA obtains federal funding to create the first "light rail" service, the Skokie Swift. The Skokie Swift operates on track lines purchased by the CTA from the Chicago North Shore & Milwaukee Railway. Eventually, the overhead wire is eliminated and the trains become two cars, allowing the Skokie Swift to become a popular rail shuttle and suburban inter-city bus link.

1974
By the early 1970s, the popularity of car travel and declining ridership levels threaten the financial stability of the local public transit providers, including the CTA. Therefore, the Illinois General Assembly creates the Regional Transportation Authority (RTA) as a fiscal and policy oversight agency committed to providing an efficient and effective public transportation system. Today, the RTA continues to provide fiscal oversight to the CTA, Metra and Pace.

1984
The CTA responds to changing demographics during the 1970s by expanding the

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

1993
The Dan Ryan branch, formerly linked to the Englewood and Jackson Park branches, is linked with the Howard branch. The new Lake to Englewood-Jackson Park service is rerouted to use the Loop Elevated. The Midway Orange Line is completed, linking the downtown elevated Loop to the Southwest side airport. Its completion makes Chicago the only city in the United States with public transportation connecting two major airports.

1996
The CTA celebrates the re-opening of the rehabilitated Green Line, improving the service to customers on the West and South sides of Chicago.

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2006
The CTA introduces the Pink Line as part of a package of bus and rail service improvements for the West Side and western suburbs. The Pink Line provides more frequent service and improved travel times between the 54th/Cermak station and the Loop. The CTA introduces new and improved bus service with two new local bus routes, three new express routes and eight enhanced bus routes.

2009
The CTA introduces Bus Tracker, which allows customers to access information online and via text messaging, and receive email notification of predicted arrival times and service alerts.

2010
The CTA begins testing the prototypes of a brand new family of 'L' cars, the 5000-series rail cars. These advanced cars result in a smoother, more comfortable ride and provide both operational and maintenance efficiency.

2011
Following the success of Bus Tracker, Train Tracker is launched in January 2011, providing customers with information on estimated train arrival times for all 145 rail stations across the CTA's eight rail lines. Train Tracker exemplifies the CTA's continued commitment to improving services while maintaining fiscal responsibility.

2012

The CTA rolls out large investments in expanding and improving rail service, including launching the 5000-Series 'L' cars into revenue service, opening new stations in the West Loop and Skokie, and rehabilitating seven stations on the North Red Line that are about one hundred years old.

2013

The CTA launches the Red Line South Reconstruction Project, which replaces the track bed of the route south of Cermak, allows for easier accessibility, and renovates stations. The CTA also introduces the Ventra Card, a prepaid transit debit card that allows passengers to access transit more quickly and efficiently.

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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.

Table: Service Area	
Area	234 square miles of Chicago and 35 nearby suburbs
Population	3.53 million
Coverage	82% of public transit trips in the six-county Chicago metropolitan area

Table: Bus	
Number of Buses	1,867
Routes	137
Stops	11,468
Bus Route Miles	1,352
Bus Miles Traveled per Day	174,895
Ridership (2013 Forecast)	302.6 million

Table: Ridership (2013 Forecast)	
Average Weekday	1,684,571
Average Saturday	1,070,600
Average Sunday/Holiday	769,369

Table: 2014 Budget	
Operating Budget	$1,384.8 million
Capital Budget	$846 million
Budgeted Positions	9,661

Table: Rail	
Number of Rail Cars	1,328
Stations	145
Rail Track Miles	224.1
Rail Miles Traveled per Day	216,415
Ridership (2013 Forecast)	227.2 million

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System Map

[Graphic: CTA system map.]

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Operating Funding Summary

The CTA's total estimated revenue for 2014 is $1,384.8 million. There are two primary sources of operating revenue for the CTA: System-generated revenue through fares and other sources, and public funding, mostly through the Regional Transportation Authority (RTA). System-generated revenue is projected at $676.0 million for 2014 and public funding is projected at $708.9 million. The following table represents 2014 estimated revenue by source.

Table: CTA 2014 Budget revenue by source, in thousands of dollars

Total CTA Revenue - All Sources (in thousands)	2014
Fares and Passes	$593,050
Reduced Fare Subsidy	$21,464
Advertising, Charters and Concessions	$29,651

Investment Income	$494
Statutory Required Contributions	$5,000
All Other Revenue	$26,308
Public Funding	$708,882
Total Revenue	$1,384,849

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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 $676.0 million for 2014. 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 $593.1 million in 2014 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 Ventra 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 and free 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 $21.5 million in 2014, assuming that the $14 million cut for state fiscal year 2014 will be restored in July. Additional funds through the RTA are provided to make up the difference.

Advertising, Charters and Concessions

Advertising, charters and concessions revenue for 2014 is forecast at $29.6 million. The bulk of this revenue is received through advertisement on buses, rail cars and rail stations. This forecast also includes: concession revenue from 85 concessions within the CTA's 145 rail stations, revenue generated from billboards, ATM and vending machine contracts, and revenue from Special Contract Guarantees, which includes agreements for transportation services for the University of Chicago, the Chicago Cubs and others.

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Investment Income

Table: Investment income (in millions of dollars) and Federal Funds Rate (percent) by year

Year	Investment Income (in millions)	Federal Funds Rate (at year end)
2006	$11.6	5.25
2007	$12.1	4.25
2008	$3.8	0-0.25
2009	$1.3	0.12
2010	$0.6	0.18
2011	$0.6	0.07
2012	$0.7	0.09
2013 Forecast	$0.5	NA
2014 Budget	$0.5	NA

The 2014 budget for investment income is $0.5 million. This represents a substantial drop in revenue from a recent high of $12.1 million in 2007.

The variation is largely attributed to changes in short-term interest rates. The federal funds rate has increased from a low of 1.00 percent in June of 2003 to a high of 5.25 percent in June of 2006 before falling to near zero at the end of 2008. In August 2011, the Federal Open Market Committee (FOMC) decided to keep the target range for the federal funds rate at zero to 0.25 percent. The FOMC predicts that economic conditions will dictate that the rate remain within this exceptionally low range at least through mid-2014.

Statutory Required Contributions

Table: Statutory required contributions by local governments, in millions of dollars

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

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

All Other Revenue

The CTA forecasts $26.3 million in other revenue for 2014. 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.

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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.

Table: Service Board share of sales tax revenue by jurisdiction

	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 2014 Sales Tax Budget per the 1983 Formula for the Region is estimated to be $811,984,000 and is distributed to the RTA and three Service Boards as follows:

Table: 2014 Service Board sales tax revenue, in thousands of dollars

(in thousands)	**Chicago Sales Tax Revenue**	**Suburban Cook Sales Tax Revenue**	**Collar County Sales Tax Revenue**	**Total**
CTA	$230,571	$104,994	$0	$335,565
Metra	$0	$192,490	$76,744	$269,234
Pace	$0	$52,497	$32,890	$85,388
RTA	$40,689	$61,761	$19,347	$121,798
Total:	**$271,260**	**$411,743**	**$128,982**	**$811,985**

** 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.

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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.

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.

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2014 RTA Proposed Service Board Operations Funding (in thousands of dollars)

2014 Service Board Funding	RTA	CTA	Metra	Pace - Suburban Service	Pace - ADA Paratransit	Total
Sales Tax (1983 Formula)	324,794	335,566	269,234	85,388		**1,014,982**
Sales Tax and PTF (PA 95-0708)		117,256	95,271	31,757	138,666	**382,950**
CTA - RTA Discretionary	(188,059)	188,059				-
Real Estate Transfer Tax (25% PTF)		11,965				**11,965**
Suburban Community Mobility Funds				22,376		**22,376**
South Suburban Job Access Fund	(7,500)			7,500		-
Metra - RTA Discretionary						-
Pace - RTA Discretionary	(3,838)			3,838		-
Reduced Fare Reimbursement Replacement	(9,836)	8,177	906	753		-
State Funding for ADA Paratransit					8,500	**8,500**
Innovation, Coordination, and Enhancement	11,189					**11,189**
Total RTA Funds	126,750	661,023	365,411	151,612	147,166	**1,451,962**
Real Estate Transfer Tax (City of Chicago)		47,859				**47,859**
Total Funding	**126,750**	**708,881**	**365,411**	**151,612**	**147,166**	**1,499,820**

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

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2013 Budget - Operating Funding Allocation Chart (in thousands)

[A flow chart depicts how public funds are allocated to the RTA, CTA, Metra, and Pace]

Table: 2013 Budget - Operating Funding Allocation Chart (in thousands of dollars)

Transit Agency	Funding	Percent of Total

CTA	708,881	47.1%
Metra	365,411	24.4%
Pace-Mainline	151,612	10.1%
Pace-Paratransit	147,166	9.8%
RTA	126,750	8.5%
Total	1,499,820	100.0%

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

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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 July 22, 2013, the CTA's underlying ratings on outstanding debt were as follows:

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Table: Credit rating by rating agency and type of bonds

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

Debt Limitations

Attaining a proper balance between minimizing borrowing and maximizing financial flexibility is a key goal of the CTA debt program. The CTA is not subject to statutory debt limitations for capital investment. However, the Debt Policy does limit the aggregate amount of the CTA's un-hedged, 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, 2012, the total obligations due under the lease agreements, which have been economically defeased, were approximately $1.6 billion.

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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 $85.0 million as of December 31, 2012.

SCHEDULE I: $91,340,000 Building Revenue Bonds (Public Building Commission on behalf of Chicago Transit Authority) Series 2006 Lease Payment Schedule 2013-2033				
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)**
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:	**$50,762,274**	**$79,190,000**	**$129,952,274**	

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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 $136.1 million.

Certificates of Participation

In August 2008, the Bank of New York Mellon issued Certificates of Participation (COP) totaling $78.4 million on behalf of the CTA with an interest rate of 4.725 percent. The COPs were used to finance the purchase of 200 (40 ft.) New Flyer low floor buses and certain related parts and equipment. On August 1, 2008, the CTA entered into an installment purchase agreement with the Bank of New York Mellon. The obligation of the CTA to make installment payments is an unconditional obligation of the CTA and is payable from legally available funds. The installment agreement requires the CTA to make annual COP payments to the Bank of New York Mellon which are remitted to the COP holders. Scheduled maturity dates occur at various times through December 1, 2020. The total principal and interest remaining to be paid on the COPs as of

December 31, 2012, was $55.9 million. Principal and interest paid in 2012 was approximately $8.5 million.

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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 2013-2016				
PAYMENT YEAR	**INTEREST PAYMENT**	**PRINCIPAL PAYMENT**	**TOTAL DEBT SERVICE**	**DEBT OUTSTANDING (as of 12/31)**
2013	$4,655,325	$24,780,000	$29,435,325	$77,540,000
2014	$3,353,119	$26,085,000	$29,438,119	$51,455,000
2015	$1,982,532	$27,385,000	$29,367,532	$24,070,000
2016	$631,838	$24,070,000	$24,701,838	$0
Total:	**$10,622,814**	**$102,320,000**	**$112,942,814**	

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

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

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

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

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

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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 2013-2021				
PAYMENT YEAR	**INTEREST PAYMENT**	**PRINCIPAL PAYMENT**	**TOTAL DEBT SERVICE**	**DEBT OUTSTANDING (as of 12/31)**
2013	$9,112,500	$9,900,000	$19,012,500	$177,300,000
2014	$8,605,125	$10,395,000	$19,000,125	$166,905,000
2015	$8,072,375	$10,915,000	$18,987,375	$155,990,000
2016	$7,799,500	$0	$7,799,500	$155,990,000
2017	$7,181,500	$24,720,000	$31,901,500	$131,270,000
2018	$5,888,500	$27,000,000	$32,888,500	$104,270,000
2019	$4,431,625	$31,275,000	$35,706,625	$72,995,000
2020	$2,860,125	$31,585,000	$34,445,125	$41,410,000
2021	$1,035,250	$41,410,000	$42,445,250	$0
Total:	**$54,986,500**	**$187,200,000**	**$242,186,500**	

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

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

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

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

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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 2013-2026				
PAYMENT YEAR	**INTEREST PAYMENT**	**PRINCIPAL PAYMENT**	**TOTAL DEBT SERVICE**	**DEBT OUTSTANDING (as of 12/31)**
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:	**$114,142,609**	**$231,310,000**	**$345,452,609**	

On April 16, 2008, the CTA issued Capital Grant Receipts Revenue Bonds, Series 2008A (Federal Transit Administration Section 5307 Formula Funds) and Series 2008 (Federal Transit

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

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

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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 2013-2026				
PAYMENT YEAR	**INTEREST PAYMENT**	**PRINCIPAL PAYMENT**	**TOTAL DEBT SERVICE**	**DEBT OUTSTANDING (as of 12/31)**
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:	**$66,620,538**	**$153,860,000**	**$220,480,538**	

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

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

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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.

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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 2013-2028				
PAYMENT YEAR	**TOTAL INTEREST**	**TOTAL PRINCIPAL**	**TOTAL DEBT SERVICE**	**DEBT OUTSTANDING (as of 12/31)**
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:	**$68,091,375**	**$90,715,000**	**$158,806,375**	

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

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

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

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

2029	$487,500	$20,000,000	$20,487,500	$0
Total:	**$38,031,400**	**$56,525,000**	**$94,556,400**	

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

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

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Bonds Payable-Sales Tax Revenue Bonds

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

SCHEDULE VIII: $1,936,855,000 Sales and Transfer Tax Receipts Revenue Bonds (Public Acts 94-839 and 95-0708) Series 2008A and 2008B Total Debt Service 2013-2040				
PAYMENT YEAR	**INTEREST PAYMENT**	**PRINCIPAL PAYMENT**	**TOTAL DEBT SERVICE**	**DEBT OUTSTANDING (as of 12/31)**
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:	**$2,457,246,026**	**$1,926,835,000**	**$4,384,081,026**	

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

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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.

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

SCHEDULE IX: $550,000,000 Sales Tax Receipts Revenue Bonds Series 2010A and 2010B Total Debt Service 2013-2040				
PAYMENT YEAR	**INTEREST PAYMENT**	**PRINCIPAL PAYMENT**	**TOTAL DEBT SERVICE**	**DEBT OUTSTANDING (as of 12/31)**
2013	$32,976,651	$0	$32,976,651	$550,000,000
2014	$32,976,651	$0	$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:	**$653,116,160**	**$550,000,000**	**$1,203,116,160**	

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

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

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2011 Sales Tax Receipts Revenue Bonds

SCHEDULE X: $476,905,000 Sales Tax Receipts Revenue Bonds Series 2011 Total Debt Service 2013-2040				
PAYMENT YEAR	**INTEREST PAYMENT**	**PRINCIPAL PAYMENT**	**TOTAL DEBT SERVICE**	**DEBT OUTSTANDING (as of 12/31)**
2013	$24,965,288	$0	$24,965,288	$476,905,000
2014	$24,965,288	$0	$24,965,288	$476,905,000
2015	$24,965,288	$0	$24,965,288	$476,905,000
2016	$24,965,288	$0	$24,965,288	$476,905,000
2017	$24,965,288	$0	$24,965,288	$476,905,000
2018	$24,965,288	$0	$24,965,288	$476,905,000
2019	$24,965,288	$0	$24,965,288	$476,905,000
2020	$24,965,288	$0	$24,965,288	$476,905,000
2021	$24,965,288	$14,090,000	$39,055,288	$462,815,000
2022	$24,260,788	$14,800,000	$39,060,788	$448,015,000
2023	$23,520,788	$15,540,000	$39,060,788	$432,475,000
2024	$22,704,938	$16,360,000	$39,064,938	$416,115,000
2025	$21,846,038	$17,220,000	$39,066,038	$398,895,000
2026	$20,941,988	$18,120,000	$39,061,988	$380,775,000
2027	$19,990,688	$19,075,000	$39,065,688	$361,700,000
2028	$18,989,250	$20,080,000	$39,069,250	$341,620,000
2029	$17,935,050	$21,135,000	$39,070,050	$320,485,000
2030	$16,825,463	$22,250,000	$39,075,463	$298,235,000
2031	$15,657,338	$23,425,000	$39,082,338	$274,810,000

2032	$14,427,525	$24,655,000	$39,082,525	$250,155,000
2033	$13,133,138	$25,950,000	$39,083,138	$224,205,000
2034	$11,770,763	$27,315,000	$39,085,763	$196,890,000
2035	$10,336,725	$28,755,000	$39,091,725	$168,135,000
2036	$8,827,088	$30,265,000	$39,092,088	$137,870,000
2037	$7,238,175	$31,860,000	$39,098,175	$106,010,000
2038	$5,565,525	$33,540,000	$39,105,525	$72,470,000
2039	$3,804,675	$35,305,000	$39,109,675	$37,165,000
2040	$1,951,163	$37,165,000	$39,116,163	$0
Total:	**$504,414,688**	**$476,905,000**	**$981,319,688**	

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

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The Series 2011 bonds bear interest ranging from 5.0 percent to 5.25 percent. Scheduled interest on the 2010 bonds will be funded through December 1, 2015 with proceeds of the 2011 bonds and interest earnings thereon. Interest is payable semiannually on June 1 and December 1 and the bonds mature serially on December 1, 2021 through December 1, 2040.

Summary of Total Bond Debt Service for all Outstanding Bonds

Schedule XI: CTA TOTAL DEBT SCHEDULE 2013 – 2040				
PAYMENT YEAR	**INTEREST PAYMENT**	**PRINCIPAL PAYMENT**	**TOTAL DEBT SERVICE**	**DEBT OUTSTANDING (as of 12/31)**
2013	$229,814,496	$74,915,000	$304,729,496	$3,700,755,000

2014	$225,982,847	$78,730,000	$304,712,847	$3,622,025,000
2015	$221,638,134	$88,680,000	$310,318,134	$3,533,345,000
2016	$217,133,045	$78,985,000	$296,118,045	$3,454,360,000
2017	$212,707,632	$84,645,000	$297,352,632	$3,369,715,000
2018	$207,946,570	$90,360,000	$298,306,570	$3,279,355,000
2019	$202,808,935	$98,275,000	$301,083,935	$3,181,080,000
2020	$197,345,212	$102,540,000	$299,885,212	$3,078,540,000
2021	$191,407,213	$130,540,000	$321,947,213	$2,948,000,000
2022	$184,659,478	$118,780,000	$303,439,478	$2,829,220,000
2023	$177,678,078	$125,675,000	$303,353,078	$2,703,545,000
2024	$170,154,747	$133,080,000	$303,234,747	$2,570,465,000
2025	$162,112,308	$141,050,000	$303,162,308	$2,429,415,000
2026	$153,494,557	$149,575,000	$303,069,557	$2,279,840,000
2027	$144,902,501	$141,695,000	$286,597,501	$2,138,145,000
2028	$136,344,464	$150,195,000	$286,539,464	$1,987,950,000
2029	$127,994,887	$130,430,000	$258,424,887	$1,857,520,000
2030	$120,370,042	$117,570,000	$237,940,042	$1,739,950,000
2031	$112,766,674	$125,175,000	$237,941,674	$1,614,775,000
2032	$104,666,715	$133,275,000	$237,941,715	$1,481,500,000
2033	$96,037,481	$141,905,000	$237,942,481	$1,339,595,000
2034	$86,844,075	$157,285,000	$244,129,075	$1,182,310,000
2035	$76,665,829	$167,465,000	$244,130,829	$1,014,845,000
2036	$65,822,745	$178,305,000	$244,127,745	$836,540,000
2037	$54,271,319	$189,855,000	$244,126,319	$646,685,000
2038	$41,964,843	$202,165,000	$244,129,843	$444,520,000

2039	$28,853,335	$215,275,000	$244,128,335	$229,245,000
2040	$14,883,948	$229,245,000	$244,128,948	$0
Total	**$3,967,272,109**	**$3,775,670,000**	**$7,742,942,109**	

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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.

July

- Budget call from the RTA

September

- RTA releases and approves budget and two-year financial plan 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

July 2	RTA releases the requirements that the Service Boards must follow for the development of their 2014 budget, two-year financial plan, and five-year capital program.
September 15 (October 16 in 2013)	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. *In 2013, the RTA Board missed the September 15 statutory deadline and did not approve marks until October 16.*
October 18	CTA Budget released to the public. The statute requires that documents be available for public inspection 21 days prior to the public hearing.
November 12	Public Hearing to be scheduled to receive comments from the public.
November 13	Budget presentation to Cook County Board. 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 13	Chicago Transit Board vote. The Chicago Transit Board incorporates any changes and adopts the budget and two-year financial plan.
November 13	Budget submission to the RTA. The RTA Act requires that the CTA, by November 15, submit its detailed budget and financial plan to the RTA. The budget must conform to the marks set by the RTA by the statutory deadline of September 15.
December 18	RTA Board vote on consolidated regional budget. The RTA Board adopts the proposed budget and financial plan upon the approval of 12 of the RTA's 16 directors.

RTA Statutory Requirements for Budget Approval

The RTA Board adopts the proposed budget and plan upon the approval of 12 of the RTA's 16 directors. If the budget meets the RTA's criteria, which are identified in the RTA Act and outlined below, then the RTA is required to adopt the budget. If the RTA Board does not approve the budget, the RTA Board cannot release any funds for the periods covered by the budget and two-year financial plan, except the proceeds of sales taxes due by the statutory formula to the CTA, until the budget conforms to the criteria specified in the Act.

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

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

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Budget Execution & Administration

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

Amendment Process

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

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

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

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

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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.

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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 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.

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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.

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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.

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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.

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Debt Capacity, Issuance and Management

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

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

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

Expenditure Accountability

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

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Economic Indicators

Overview

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

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

Increasing commuter costs provide incentives to take mass transit. Gas prices have decreased slightly from the previous year, but remain high nonetheless. Locally, increases in downtown parking costs have also increased the relative value of public transportation.

The national economy has achieved modest growth in the last few years; market indicators suggest investors are becoming more concerned with growth than with immediate risk.

These factors' effects on ridership can be seen in year-to-date ridership calculations: with federal and local transit funding increasing, ridership has increased nationally and regionally as well. If this trend continues, ridership numbers may return to pre-recession values within the next two years.

Employment

The seasonally-adjusted non-farm employment in the Chicago metropolitan area recovered to a monthly average of 3,751,671 in 2013 since reaching a low point of 3,607,633 in 2010. However, the payroll is still well below the peak of 3,872,358 in 2007.

The 1.1 percent increase in payroll in the Chicago area from 2012 to 2013 year-to-date is slightly below the national 1.6 percent change in the same time period. This is a large improvement over the job losses of 2009 and 2010, but also represents a slowing down of the rate of increase in employment.

Table: Total non-farm employment 2002-2013, in thousands (2013 is year-to-date monthly average, seasonally adjusted)

Year	National	National % Change	Chicago Area	Chicago Area % Change
2002	130,341		3,799	
2003	129,996	-0.3%	3,756	-1.1%
2004	131,419	1.1%	3,755	0.0%
2005	133,694	1.7%	3,791	1.0%

2006	136,091	1.8%	3,844	1.4%
2007	137,595	1.1%	3,872	0.7%
2008	136,794	-0.6%	3,845	-0.7%
2009	130,787	-4.4%	3,644	-5.2%
2010	129,856	-0.7%	3,608	-1.0%
2011	131,359	1.2%	3,647	1.1%
2012	132,903	1.2%	3,678	0.8%

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Unemployment Rate

The Chicago metropolitan area seasonally-adjusted unemployment rate averaged 9.7 percent through July 2013, the fourth-highest rate in the past decade. This compares to only 7.7 percent for the national average, the second lowest rate in the past five years. This represents a percent increase in unemployment in the Chicago area and a percent decrease in the national rate vs 2012. This rate only accounts for those actively seeking employment, however. A more inclusive rate shows that those who have given up looking for work and those who want full-time work, but are working part-time, comprised percent14.3 percent nationally and 16.1 percent in Illinois over the last four quarters ending in the second quarter of 2013.

Table: Unemployment rate, national and Chicago Area, by year

Year	National Unemployment Rate	Chicago Area Unemployment Rate
2002	5.8%	6.7%
2003	6.0%	6.8%
2004	5.5%	6.2%
2005	5.1%	5.9%
2006	4.6%	4.5%
2007	4.6%	4.9%
2008	5.8%	6.2%
2009	9.3%	10.1%
2010	9.6%	10.4%
2011	9.0%	9.9%
2012	8.2%	8.9%
2013	7.6%	9.7%

Fuel Prices

For the first time since 2009, consumer gas prices decreased, from $3.66 per gallon in 2012 to $3.61 per gallon in 2013 through July. Prices remained high nonetheless, ranging from a low of $3.35 in January to a high of $3.74 in March. The average price in July was $3.63 per gallon.

Table: Unleaded Regular Gasoline Price per Gallon, National Average

Year	Price per Gallon
2002	$1.36
2003	$1.59
2004	$1.88
2005	$2.30
2006	$2.59
2007	$2.80
2008	$3.27
2009	$2.35
2010	$2.79
2011	$3.53
2012	$3.66
2013	$3.61

Diesel fuel prices showed a similar pattern, with the monthly unweighted average falling from a 2012 peak of $4.13 to $3.91 per gallon by August 2013, for a year-to-date average of $3.94 per gallon.

Table: Average price per gallon of U.S. #2 Diesel fuel, by year

Year	Price per Gallon
2003	$1.51
2004	$1.81
2005	$2.40
2006	$2.71
2007	$2.88
2008	$ 3.81
2009	$2.46
2010	$2.99
2011	$3.85
2012	$3.97

2013	$3.94

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Consumer Price Index (CPI)

The CPI measures the average change over time in the prices paid by urban consumers for a fixed set of consumer goods and services. An increase in the index, such as the one experienced in 2013 to date, means consumers have to pay more in dollars to buy the same goods and services. The CPI increased by 1.2 percent in the Chicago area and by 1.1 percent nationally, down from 1.5 percent and 2.1 percent increases, respectively, in 2012.
Table: Change in Consumer Price Index vs. prior year, national and Chicago Area

Year	National	Chicago Area
2003	2.04%	1.84%
2004	2.51%	2.24%
2005	2.93%	3.03%
2006	2.90%	2.05%
2007	2.53%	3.27%
2008	3.73%	3.77%
2009	-0.47%	-1.20%
2010	1.42%	1.37%
2011	2.81%	2.73%
2012	2.07%	1.52%
2013	1.21%	1.21%

Producer Price Index (PPI)

The PPI measures average changes in prices received by domestic producers for their output. Three commodity categories are selected for trend illustration: industrial commodities (less fuel), fuel, and iron and steel. While industrial commodities less fuel experienced little change in PPI (up 0.8 percent increase from 2012), the fuel PPI increased drastically, by 18.5 percent, from 2012, and iron and steel saw a 5.9 percent drop in the index.

Table: Change in Producer Price Index vs. prior year, by commodity

Year	Industrial Commodities less Fuel	Fuel	Iron and Steel
2003	1.5%	68.8%	6.5%
2004	4.4%	17.1%	33.7%

2005	4.4%	35.0%	5.4%
2006	5.0%	-12.9%	9.0%
2007	2.9%	3.4%	7.8%
2008	6.0%	24.0%	22.6%
2009	-2.5%	-50.1%	-25.3%
2010	3.9%	21.7%	21.5%
2011	5.2%	2.8%	13.3%
2012	0.8%	-27.2%	-4.9%
2013	0.7%	18.5%	-6.0%

Gross Domestic Product (GDP)

National GDP has experienced quarterly fluctuations between 0.3 percent and 1.0 percent in the past 12 months, with a 0.97 percent GDP increase in the first quarter of 2013 – the lowest year-to-date average since 2009. Latest data for Chicago's GDP shows a 3.56 percent increase in GDP in 2011, a slight decrease from the 2010 rate, 4.09 percent. Still, the rise in national and local GDP is a positive sign.

Table: Gross Domestic Product by year, national and Chicago

	National	Chicago
2002		2.28%
2003		3.26%
2004	3.47%	5.52%
2005	3.07%	4.64%
2006	2.66%	5.68%
2007	0.00%	4.50%
2008	1.57%	0.28%
2009	-3.07%	-2.52%
2010	2.39%	4.09%
2011	1.81%	3.56%
2012	2.21%	
2013	0.97%	

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Federal Funds Rate (FFR)

The FFR is the interest rate at which banks lend balances at the Federal Reserve to other depository institutions. The rate was 0.9 percent in August, the lowest for 2013 to date and the lowest since February 2012. Since January 2009, the rate has stayed between 0.0

percent and 0.4 percent, the lowest level since the 1950s. The Federal Reserve anticipates that low-growth economic conditions will warrant these historically low FFR levels until at least mid-2014.

Table: Federal Funds Rate by year/month, 2009-2013

Year and Month	Rate (percent)
2009-01	0.15
2009-02	0.22
2009-03	0.18
2009-04	0.15
2009-05	0.18
2009-06	0.21
2009-07	0.16
2009-08	0.16
2009-09	0.15
2009-10	0.12
2009-11	0.12
2009-12	0.12
2010-01	0.11
2010-02	0.13
2010-03	0.16
2010-04	0.2
2010-05	0.2
2010-06	0.18
2010-07	0.18
2010-08	0.19
2010-09	0.19
2010-10	0.19
2010-11	0.19
2010-12	0.18
2011-01	0.17
2011-02	0.16
2011-03	0.14
2011-04	0.1
2011-05	0.09
2011-06	0.09
2011-07	0.07
2011-08	0.1
2011-09	0.08
2011-10	0.07

2011-11	0.08
2011-12	0.07
2012-01	0.08
2012-02	0.1
2012-03	0.13
2012-04	0.14
2012-05	0.16
2012-06	0.16
2012-07	0.16
2012-08	0.13
2012-09	0.14
2012-10	0.16
2012-11	0.16
2012-12	0.16
2013-01	0.14
2013-02	0.15
2013-03	0.14
2013-04	0.15
2013-05	0.11
2013-06	0.09
2013-07	0.09

Ten-Year U.S. Treasury Yield

The ten-year Treasury note is the most frequently-quoted security for analysis of the US government bond market's performance, used to convey the market's perspective on longer-term, macroeconomic expectations. Yields have hit the highest rate in over a year, up to 2.6 percent by August 2013 from a yearlong low of 1.6 percent. This indicates that investors are beginning to regain confidence in the market and become more concerned with the potential for higher returns than preserving their capital in "safe" investments.

Table: U.S. Treasuries 10-Year Rate by year/month, 2009-2013

Year and Month	Yield Rate (percent)
2009-01	2.52
2009-02	2.87
2009-03	2.82
2009-04	2.93
2009-05	3.29

2009-06	3.72
2009-07	3.56
2009-08	3.59
2009-09	3.40
2009-10	3.39
2009-11	3.40
2009-12	3.59
2010-01	3.73
2010-02	3.69
2010-03	3.73
2010-04	3.85
2010-05	3.42
2010-06	3.20
2010-07	3.01
2010-08	2.70
2010-09	2.65
2010-10	2.54
2010-11	2.76
2010-12	3.29
2011-01	3.39
2011-02	3.58
2011-03	3.41
2011-04	3.46
2011-05	3.17
2011-06	3.00
2011-07	3.00
2011-08	2.30
2011-09	1.98
2011-10	2.15
2011-11	2.01
2011-12	1.98
2012-01	1.97
2012-02	1.97
2012-03	2.17
2012-04	2.05
2012-05	1.80
2012-06	1.62
2012-07	1.53
2012-08	1.68
2012-09	1.72
2012-10	1.75

2012-11	1.65
2012-12	1.72
2013-01	1.91
2013-02	1.98
2013-03	1.96
2013-04	1.76
2013-05	1.93
2013-06	2.30
2013-07	2.58

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Historical Ridership and Public Funding

Ridership has been increasing nationally overall over the last 20 years, with dips associated with recessions in the early 1990s, the early 2000s and in 2009-2010. National ridership increased by 1.3 percent from 2010 to 2011, with over 10 billion trips serviced, and the total for 2013 to date is 7.86 billion riders.

In the Chicago metropolitan area, ridership dropped off significantly in the early 1990s and took about 20 years to recover. It peaked in 2008, but has receded slightly since then. Ridership jumped by nearly 3 percent in 2011, to a total of 6.46 million riders, and approximately the same amount has already been attained in 2013 to date – implying a possible peak year for total ridership over the past decade.

Table: Ridership by year, national and Chicago Area

Year	National	Chicago
1991	7,022,449,334	650,985,070
1992	7,020,718,246	620,326,069
1993	6,763,353,285	572,076,429
1994	7,429,240,214	587,683,934
1995	7,295,029,192	550,665,010
1996	7,337,389,166	552,034,865
1997	7,738,442,967	550,725,870
1998	7,820,176,423	561,170,770
1999	8,199,354,861	583,900,400
2000	8,420,021,035	597,236,076
2001	8,731,722,610	600,367,582
2002	8,790,482,344	595,512,471
2003	8,657,329,392	582,013,172
2004	8,733,190,051	582,785,700

2005	9,038,232,633	603,669,027
2006	9,302,368,163	610,749,534
2007	9,931,003,988	619,411,507
2008	10,255,220,059	649,603,616
2009	10,133,883,673	633,464,515
2010	9,959,675,640	627,785,190
2011	10,085,446,841	646,553,665

National funding for mass transit has increased steadily over time, reaching an all-time high of $55.4 billion in 2011 – a 1.96 percent change from the prior year. Locally, public funding reached a high of $3.38 billion in 2008, but dropped to $2.90 billion in 2011. This represents a 4.69 percent increase in funding from 2010, which saw the lowest funding rate in five years.

Table: Historical funding for public transit, by year, in dollars

Year	National	Chicago
1991	20,454,558,447	1,886,954,798
1992	20,669,794,329	1,986,824,990
1993	20,814,453,776	1,665,549,573
1994	21,942,444,177	1,700,998,451
1995	23,526,952,197	1,784,542,579
1996	23,942,199,236	1,791,764,281
1997	25,336,828,327	1,692,977,482
1998	25,817,979,784	1,654,051,276
1999	28,257,038,926	1,733,020,009
2000	30,158,702,525	1,953,133,616
2001	33,563,060,194	2,228,707,365
2002	36,289,443,866	2,428,698,851
2003	37,961,792,623	2,592,521,317
2004		

	39,199,114,052	2,559,045,387
2005	40,303,030,959	2,502,622,329
2006	42,484,769,969	2,769,793,269
2007	47,024,781,604	2,852,863,377
2008	52,500,566,904	3,337,922,967
2009	54,265,200,659	3,065,819,965
2010	54,329,681,750	2,774,195,761
2011	55,394,970,343	2,904,287,324

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2014 Operating Statistics

System

Table: System operating statistics

Characteristics	2010 Actual	2011 Actual	2012 Actual	2013 Forecast	2014 Budget
Ridership					
Avg. Daily Weekday	1,644,323	1,688,245	1,725,614	1,684,571	1,700,985
Avg. Daily Saturday	1,045,690	1,087,653	1,119,953	1,070,600	1,076,193
Avg. Daily Sunday	734,419	771,137	801,840	769,369	773,458
System Wide Ridership	516,873,057	531,960,253	545,577,917	529,860,183	534,573,865
Expense					
Top Operator Rate	$28.65	$29.65	$30.32	$30.77	$31.50
Capital Expenditures	$428,500,259	$426,437,007	$489,526,914	$939,567,548	$846,000,000

Revenue					
Avg. Fare per Trip	$0.99	$0.99	$1.01	$1.08	$1.11
Public Funding per Trip	$1.36	$1.32	$1.18	$1.27	$1.33

Table: Systemwide ridership by year, in thousands of riders

2010 Actual	2011 Actual	2012 Actual	2013 Forecast	2014 Budget
516,873	531,960	545,578	529,860	534,574

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Table: Bus operating statistics

Characteristics	**2010 Actual**	**2011 Actual**	**2012 Actual**	**2013 Forecast**	**2014 Budget**
Expense					
Scheduled Transportation Expense	$318,070,238	$357,290,339	$366,978,017	$358,567,266	$372,766,654
Garage Maintenance Expense	$122,063,273	$141,772,849	$143,098,232	$144,748,636	$148,064,749
Support Expense	$21,633,106	$21,771,738	$20,666,076	$23,239,441	$20,325,502
Heavy Maintenance Expense	$28,296,375	$43,193,405	$43,303,469	$48,285,636	$49,487,263
Other Expenses	$26,278,362	$27,877,208	$25,567,956	$28,868,050	$27,174,475
Total Operating Expense	**$516,341,354**	**$591,905,538**	**$599,613,751**	**$603,709,030**	**$617,818,643**
Fuel Expense	$52,063,263	$57,272,807	$62,908,135	$64,332,000	$60,245,785
Miles					

Annual Vehicle Revenue Miles	53,673,751	52,084,841	52,427,711	52,400,151	52,375,796
Trips					
Annual Unlinked Trips	306,023,976	310,373,063	314,423,578	302,638,937	301,987,008
Vehicles					
Annual Vehicle Revenue Hours	5,722,033	5,609,913	5,658,426	5,677,085	5,680,600
Vehicles Operated in Maximum Service	1,526	1,527	1,777	1,877	1,629
Vehicles Owned by CTA	1,782	1,782	2,003	2,117	1,867
Average Age of Vehicles	4.3	5.3	6.3	7.1	7.1

Table: Annual bus revenue hours by year

2010 Actual	2011 Actual	2012 Actual	2013 Forecast	2014 Budget
5,722,033	5,609,913	5,658,426	5,677,085	5,680,600

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Table: Rail operating statistics

Characteristics	**2010 Actual**	**2011 Actual**	**2012 Actual**	**2013 Forecast**	**2014 Budget**
Expense					
Scheduled Transportation Expense	$105,921,429	$121,140,268	$127,618,731	$135,776,871	$143,471,530
Terminal Maintenance Expense	$42,108,533	$46,768,940	$45,972,131	$44,451,318	$42,244,830

Support Expense	$32,171,617	$32,238,282	$30,406,716	$39,739,311	$38,742,339
Heavy Maintenance Expense	$12,294,501	$24,390,753	$23,162,417	$26,834,901	$19,632,314
Rail Car Appearance Expense	$9,593,339	$10,723,004	$11,572,621	$10,594,393	$12,434,352
Other Expenses	$6,950,909	$6,995,116	$7,498,464	$9,147,281	$8,489,932
Total Operating Expense	**$209,040,328**	**$242,256,364**	**$246,231,081**	**$266,544,075**	**$265,015,297**
Power Expense	$28,208,070	$28,098,778	$25,020,026	$25,284,843	$27,444,408
Miles					
Annual Rail Car Revenue Miles	65,033,869	64,248,735	65,222,890	69,037,517	70,199,773
Trips					
Annual Unlinked Trips	210,849,081	221,587,190	231,154,339	227,221,247	232,586,857
Vehicles					
Annual Train Revenue Hours	604,261	602,315	608,516	638,672	632,634
Vehicles Operated in Maximum Service	980	980	980	1,076	1,060
Vehicles Owned by CTA	1,190	1,200	1,240	1,268	1,328
Average Age of Vehicles	27	27	25	22	22

Table: Rail revenue hours, by year

2010 Actual	2011 Actual	2012 Actual	2013 Forecast	2014 Budget
604,261	602,315	608,516	638,672	632,634

Performance Management at the CTA

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

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

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 its vehicles to provide predictable and reliable service for customers. Construction and other projects will be completed within the allocated budget and time frame to minimize impacts to consumers.
Clean	The CTA will improve and maintain the cleanliness standard for all vehicles, stations, and work areas to provide a safe and comfortable atmosphere for riders.
Courteous	The CTA will maintain and improve the highest standards of customer service through timely, reliable, and clear communication with customers, considerate employees, and efficient operational practices.
Efficient	The CTA will responsibly and effectively manage resources to boost performance and provide safe, reliable, and affordable transit for customers.

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

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Table: CTA ridership monthly performance statistics, 2013

	Total Ridership (in millions)	Rail Ridership (in millions)	Bus Ridership (in millions)	Total (Year to Date, in millions)	% Change Over Prior Year (Year to Date)
2013 Monthly Target					4.4%

	42.7	17.6	25.1	42.7	
2012 Monthly Average	45.5	19.3	26.2	545.6	4.5%
January 2013	42.5	17.8	24.7	42.5	0.1%
February 2013	40.8	17.1	23.7	83.3	-3.4%
March 2013	44.1	18.5	25.6	127.4	-4.8%
April 2013	45.1	19.3	25.8	172.5	1.5%
May 2013	46.2	19.3	26.9	218.7	-2.9%
June 2013	44.2	19.1	25.1	262.9	-3.8%
July 2013	44.6	19.6	25.0	307.5	-2.5%
August 2013	45.2	19.8	25.4	352.7	-2.8%

Table: CTA on-time monthly performance statistics, 2013

	Rail Delays of 10 Minutes or More	% of Slow Zone Mileage	% of Big Gap Intervals, Bus	% of Bunched Intervals, Bus
2013 Monthly Target	78	N/A	4.0%	3.0%
2012 Monthly Average	104.5	13.1%	4.0%	2.7%
January 2013	120	14.6%	3.3%	2.2%
February 2013	103	16.7%	3.8%	2.9%
March 2013	113	15.5%	4.0%	2.7%
April 2013	60	15.5%	4.4%	3.0%
May 2013	87	16.1%	5.0%	3.7%
June 2013	71	14.9%	5.5%	3.4%
July 2013	64	11.0%	5.2%	3.0%
August 2013	72	13.0%	5.0%	3.1%

Table: CTA efficiency monthly performance statistics, 2013

	Mean Miles Between Reported Rail Vehicle Defects	Miles Between Reported Bus Service Disruptions Due to Equipment	Average Daily Percent of Bus Fleet Unavailable for Service	Average Daily Percent of Rail Fleet Unavailable for Service
2013 Monthly Target	3,950	5,000	12.6%	11.0%
2012 Monthly Average	4,011	5,425	12.8%	12.7%
January 2013	4,013	4,847	11.0%	12.8%
February 2013	4,522	4,601	11.0%	8.9%
March 2013	4,854	5,271	11.1%	8.1%
April 2013	5,282	4,872	11.4%	8.3%
May 2013	4,870	4,622	10.5%	8.5%
June 2013	4,731	6,279	11.0%	7.9%
July 2013	4,541	4,653	12.0%	8.5%
August 2013	4,758	5,023	12.5%	8.8%

Table: CTA safety monthly performance statistics, 2003

	Bus NTD Security-Related Incidents per 100,000 miles	Rail NTD Security-Related Incidents per 100,000 miles	Bus NTD Safety-Related Incidents per 100,000 Miles	Rail NTD Safety-Related Incidents per 100,000 Miles
2013 Monthly Target	N/A	N/A	N/A	N/A
2012 Monthly Average	0.13	0.14	0.43	0.06
January 2013	0.20	0.07	0.34	0.07
February 2013	0.07	0.11	0.42	0.02
March 2013	0.17	0.09	0.29	0.07
April 2013	0.25	0.07	0.51	0.04
May 2013	0.18	0.10	0.41	0.05

June 2013	0.12	0.05	0.64	0.05
July 2013	0.14	0.14	0.88	0.03
August 2013	0.16	0.07	0.43	0.03

Table: CTA cleanliness monthly performance statistics

	Average Interior Rail Clean Inspection Score	Average Interior Bus Clean Inspection Score
2013 Monthly Target	90.0%	85.0%
2012 Monthly Average	98.3%	76.4%
January 2013	97.7%	79.1%
February 2013	97.6%	79.0%
March 2013	98.1%	73.5%
April 2013	97.0%	77.8%
May 2013	98.4%	83.7%
June 2013	98.7%	79.0%
July 2013	97.3%	83.8%
August 2013	99.0%	85.9%

Table: CTA courteousness monthly performance statistics

	% of Customer Complaints Not Closed Out Within 14 Days	CTA Customer Service Hotline Average Wait-time	Reported Ramp Defects (Service Disruptions)	% Buses with Defective AVAS	Reported ADA Complaints
2013 Monthly Target	3.0%	0:02:00	N/A	2.0%	N/A
2012 Monthly Average	0.9%	0:01:20	57	0.7%	58
January 2013	0.4%	0:01:41	94	0.7%	41
February 2013	1.0%	0:02:04	77	0.5%	41
March 2013	0.2%	0:01:54	86	0.8%	31
April 2013	0.5%	0:00:54	74	0.9%	53
May 2013	0.1%	0:01:04		1.2%	

			57		59
June 2013	0.1%	0:01:03	70	1.8%	32
July 2013	0.0%	0:01:48	74	1.3%	67
August 2013	1.0%	0:01:41	46	1.2%	49

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Table: Definitions of CTA Monthly Performance Metrics

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

	% of Bunched Intervals, Bus	Number of bus intervals (time between two buses at a bus stop) that are 60 seconds or less divided by the total number of weekday bus intervals traveled during the month.

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	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 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.
CLEAN	**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.
COURTEOUS	**CTA Customer Service Hotline Average Wait-time**	Average number of minutes a customer waits on the CTA hotline before his/her call is answered.
COURTEOUS	**Reported Lift Defects (Service Disruptions)**	Number of reported lift defects that resulted in a disruption of service.
COURTEOUS	**Reported Ramp Defects (Service Disruptions)**	Number of reported ramp defects that resulted in a disruption of service.
COURTEOUS	**% 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.
COURTEOUS	**% 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.

Department Overviews and Facts

Service Area & Population

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

Ridership

- Over 529 million trips projected for 2013.
- Approximately 1.7 million trips per weekday.

Operations Departments

Bus Operations and Maintenance

- On average, provides 963,597 rides per weekday.
- Maintains reliable service with over 4,000 bus operators driving 1,867 buses traveling 174,895 miles each weekday over 129 routes serving 11,132 bus stops. The fleet will grow by 25 buses in 2014 to reach a total of 1,910.
- Manages seven Bus Garages and one Heavy Maintenance Shop.
- In the fall of 2013, the average age of the fleet was 6.8 years old.

Rail Operations and Maintenance

- On average, provides 720,974 rides per weekday.
- Maintains reliable service with approximately 1,081 rail operators and 1,300 rail cars traveling 216,415 miles each weekday over eight routes with 145 stations.
- Manages 9 Rail Terminals and one Heavy Maintenance Shop.
- In fall of 2013, the average age of the fleet was 21.5 years old.

Infrastructure

Power and Way Maintenance

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

Construction

- Responsible for ensuring that major capital construction projects related to CTA track, structure, power, signal, rail stations, and rail and bus maintenance facilities 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 the 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.

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Engineering

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

Facilities Maintenance:

- Cleans and maintains more than 210 locations, including 145 rail stations, 9 terminals, 12 rail yards, as well as all of the rail rights-of-way.
- Processes approximately 65,000 work orders for the CTA's 450 owned and leased facilities covering approximately five million square feet.
- Provides real estate management services to protect and maintain the value of CTA properties.

Administration Operations Support

Purchasing

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

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Supply Chain

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

Technology

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

Communications

- Customer Service provides a number of services including intake, analysis and routing of customer concerns, Chicago Card account management, customer refunds, travel information, maps and brochures, and support for onsite public forums.
- Compiles customer feedback that is obtained via an inbound call center at 1-888-YOUR-CTA, primary customer service e-mail address (**feedback@transitchicago.com**), website (www.transitchicago.com), www.chicago-card.com, and through U.S. mail. Call volume averages 1,200 calls daily, and the Customer Feedback Programs group responds to an average of 200 e-mails daily.

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2013 Performance by Department

Bus Operations

Bus Operations provides over 300 million rides per year, or over 57 percent of all rides taken on the CTA system. Customers rely on the CTA's buses daily for commuting to and from work, as well as for errands and recreational trips. The CTA recognizes that customers value frequent, on-time service.

To ensure that customers can depend on buses running on-time, Bus Operations continually monitors the reliability of service. One measure which is tracked regularly is the amount of "big gaps" experienced by CTA customers each day. A "big gap" is defined as an instance when the time in between buses is 15 minutes or two times the scheduled interval, whichever is longer. Bus Operations has successfully met its target in 3 of the first 8 months of 2013.

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

In 2013, Bus Operations maintained a big gaps average of 4.5 percent, which is slightly above the 2013 target of 4 percent or less but tracking back to the target. The department is continuously examining new approaches to improve this number in order to reach the target by the end of the year.

Table: Bus Operations performance measures

Bus Operations Performance Measures	2013 Target	2013 Current Performance (Jan-Aug)	Service Level with Proposed Budget
% of Big Gap Intervals	4.0%	4.5%	4.0%
% Intervals Bunched	3.0%	3.0%	3.0%

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 1,867 buses. This includes both mechanical maintenance and regular cleaning of bus interiors and exteriors. As part of the performance management process, Bus Maintenance had set a goal of providing a fleet reliability of 5,000 miles between service disruptions in 2013. 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.

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In early 2009, the bus fleet was running an average of approximately 2,500 miles between service disruptions. The target has been increased each year since that time. In 2011, the target was 4,300 miles between service disruptions. Bus Maintenance exceeded this target in all months in 2011. In 2012, Bus Maintenance increased their target again to 4,500 miles, and again in 2013, the target was increased to 5,000 miles between service disruptions, nearly double the performance from just four years earlier. Performance exceeded this target in 3 out of the past 8 months of 2013.

Table: Mean miles between defects (target is 5,000)

Month	2012	2013
Jan	4292	4847
Feb	5305	4601
Mar	4679	5271
Apr	5146	4872
May	4391	4622
Jun	5138	6279
Jul	6868	4653
Aug	5173	5023
Sep	5032	
Oct	5252	
Nov	7084	
Dec	6743	

Table: Bus Maintenance performance measures

Bus Maintenance Performance Measures	2013 Target	2013 Current Performance (Jan-Aug)	Service Level with Proposed Budget
Mean Miles between Defects	5,000	5,021	5,000
Bus Interior Clean Quality Inspection Score	85%	85.2%	85%

Rail Operations

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

The target in 2012 was 78 or fewer major delays per month. Average monthly delays for 2012, at 105, were 34 percent higher than the target. In 2013, the target stayed the same, but the average number of major delays has fallen to 86. The influx of new 5000 Series cars on the Pink, Green, and Red Lines, as well as an increase in various rehabilitative construction and maintenance projects, aided in decreasing major delays.

Table: Major delays – Rail (target is 78)

Month	2012	2013
Jan	98	120
Feb	92	103
Mar	96	113
Apr	77	60
May	125	87
Jun	125	71
Jul	121	64
Aug	119	72
Sep	100	
Oct	104	
Nov	102	
Dec	95	

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In April 2013, the CTA began tracking the number of incidents more transparently by filtering out those not directly under its control (such as sick passengers, bridge lifts and police investigations).

By measuring only incidents that are under the control of the CTA, this metric allows the agency to better track and create accountability for resolving issues.

Rail Maintenance

Rail Maintenance is responsible for maintaining the safe mechanical functioning of CTA trains, as well as for 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 average miles a train runs before encountering a defect to one of its systems) and on improving preventive maintenance and reducing the most common defects, as well as repeat defects (a defect that repeats within 30 days of the original defect).

Table: Mean miles between defects: Rail (target is 4,250)

Month	2012	2013
Jan	4,295	4,013
Feb	4,211	4,519
Mar	4,563	4,854
Apr	4,864	5,282
May	3,968	4,870
Jun	3,716	4,731
Jul	3,373	4,541
Aug	3,807	4,758
Sep	4,082	
Oct	4,299	
Nov	4,301	
Dec	4,682	

The introduction of new 5000 Series cars and the retirement of the oldest series of cars (due to be complete by the end of the year) have increased mean miles between service disruptions, to an average of 4,696 miles in the first eight months of 2013 (compared to 3,985 miles in the same time frame in 2012).

Table: Rail Maintenance performance measures

Rail Maintenance Performance Measures	2013 Target	2013 Current Performance (Jan-Aug)	Service Level with Proposed Budget
Mean Miles between Defects	4,250	4,696	4,250
Rail Interior Clean Quality Inspection Score	95%	98.06%	95%

Power and Way

Power and Way is responsible for maintaining rail infrastructure, including the track, structure, power, and signal systems. As part of the performance management process, a large focus for Power and Way has been minimizing slow zones across the rail system. Replacing or repairing old rails and ties eliminates slow zones and makes rail commuters' trips quicker, safer, and more comfortable.

Table: Slow Zones

Month-Year	Total Lineal Feet of Slow Zone	% of Total Lineal Feet
Jun-12	148,581	12.6%
Jul-12	151,149	12.8%
Aug-12	166,078	14.1%
Sep-12	186,298	15.8%
Oct-12	184,422	15.6%
Nov-12	181,078	15.4%
Dec-12	162,842	13.8%
Jan-13	172,236	14.6%
Feb-13	196,279	16.7%
Mar-13	181,999	15.5%
Apr-13	183,071	15.5%
May-13	189,104	16.1%
Jun-13	175,159	14.9%
Jul-13	182,588	15.5%
Aug-13	187,477	15.9%

The target for 2013 is set at 8.4% in expectation of the completion of the Red Line South project in October, which will completely replace old track with new rails and thus eliminate some of the most problematic slow zones in the system. As of August 2013, the year-to-date slow-zone track average is 15.6%.

Facilities

The Facilities Department provides daily 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 maintaining elevators and escalators to ensure customer comfort and accessibility. 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.

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The Facilities Department has maintained a set goal of 97% uptime for elevators and 96% uptime for escalators since 2009. That is, elevators and escalators should be available at least 97% and 96% of the time, respectively, that stations are open for service. In the time between June 2012 and August 2013, the Facilities Department met or exceeded its goal for elevator up-time in all months except for July 2012.

Escalator up-time has steadily improved and is approaching the goal of 96%. The Facilities Department has continued an aggressive escalator rehab program during this time. As escalators have been taken out of service for maintenance, uptime performance has declined.

Table: Elevator and escalator uptime

Month-Year	Elevator Uptime	Escalator Uptime
Jun-12	97.8%	93.4%
Jul-12	96.2%	91.0%
Aug-12	98.1%	91.6%
Sep-12	98.8%	94.5%
Oct-12	98.5%	94.6%
Nov-12	98.6%	95.3%
Dec-12	98.2%	94.5%
Jan-13	98.0%	93.2%
Feb-13	98.9%	94.1%
Mar-13	99.0%	94.9%
Apr-13	97.9%	94.6%
May-13	99.0%	94.8%
Jun-13	98.1%	95.0%
Jul-13	98.8%	94.5%
Aug-13	99.1%	95.2%

Facilities Performance Measures	2013 Target	2013 Current Performance (Jan-Aug)	Service Level with Proposed Budget
Elevator Uptime	97%	98.6%	97%
Escalator Uptime	96%	94.5%	96%

Technology

The Technology Department provides necessary solutions and services to support the CTA and its riders. For example, in 2012, Technology completed the installation of multiple high-definition cameras at each of the 145 CTA train stations. This security and safety initiative is being expanded with camera installation at CTA bus and rail yard facilities to ensure the riding public's safety. In

2013, it aided in continuing the installation of monitors at numerous train stations in order to provide commuters with real-time arrival times and system alerts. In 2013, Technology assisted in the transition of the CTA to the Ventra card system, which allows riders to access transit more quickly and efficiently with the use of a contactless transit card.

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In addition to technology infrastructure upgrades, Technology is also responsible for the day-to-day reliability of CTA applications and online tools, including the Bus and Train Trackers. CTA Tracker information is now available by e-mail and text messaging to riders. Riders can access CTA Bus and Rail Tracker, along with instructions on how to receive notifications by e-mail or text message, on the CTA website at www.transitchicago.com.

Table: Technology performance measures

Technology Performance Measure	2013 Target	2013 Current Performance (Jan-Aug)	Service Level with Proposed Budget
Bus Tracker Application Availability	99.5%	99.5%	99.5%
Train Tracker Application Availability	99.5%	99.8%*	99.5%

*Train Tracker availablilty data for 2013 was available only since June 2013.

Communications

The CTA's Communications Department is responsible for a wide range of communications functions, all designed to provide clear, concise, timely and helpful information to CTA customers and Chicago residents. Various printed materials and electronic channels provided by the department inform customers about CTA service, projects and programs design to help them understand and efficiently use CTA buses and trains in Chicago and its suburbs.

The Communications Group also manages CTA's Customer Service hotline, 1-888-YOUR-CTA. This hotline is one of the main ways customers receive information about CTA service and provide feedback on the quality of their experience. The CTA recognizes that when customers call our Customer Service Hotline, they expect prompt and courteous service. The Customer Service Department lowered the 2013 target to two minutes, down from two minutes and thirty seconds in 2012, and has achieved that target thus far in 2013.

Month	2012	2013
January	0:02:39	0:01:41
February	0:01:40	0:02:04

March	0:00:55	0:01:54
April	0:00:58	0:00:54
May	0:00:47	0:01:04
June	0:01:03	0:01:03
July	0:01:23	0:01:48
August	0:01:18	
September	0:01:50	
October	0:01:07	
November	0:01:10	
December	0:01:16	

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Table: Communications performance measures

Communications Performance Measures	2013 Target	2013 Current Performance (Jan-July 2013)	Service Level with Proposed Budget
Average Call Response Time (Overall)	2:00	0:01:21	2:00
Average Call Response Time (General Inquiries)	2:00	0:01:24	2:00
Average Call Response Time (Chicago Card/Ventra)	2:00	0:01:35	2:00

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Peer Comparison

Overview

To illustrate the CTA's performance in relation to its peers, the following comparative performance analysis utilizes the 2011 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)

Table: Comparative Agency Profiles

Agency	City	Population of Service Area	Square Miles of Urban Area Served	Fleet Size	Rapid Rail Track Miles
CTA	*Chicago*	*8,608,208*	*2,443*	*2,499*	***224.1***
MBTA	Boston	4,181,019	1,873	2,447	**185.0**
NYCT	New York	18,351,295	3,450	10,680	**656.0**
SEPTA	Philadelphia	5,441,567	1,981	2,302	**104.7**
WMATA	Washington, D.C.	4,586,770	1,322	2,892	**106.3**
MARTA	Atlanta	4,515,419	2,645	830	**47.6**
LACMTA	Los Angeles	12,150,996	1,736	3,284	**87.8**

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.

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Table: 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.

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

	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.

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Urban Bus

Table: Comparative Characteristics of Urban Bus

Urban Bus Characteristics (millions)	**CTA**	**MBTA**	**LACMTA**	**NYCT**	**SEPTA**	**WMATA**
	Chicago	**Boston**	**Los Angeles**	**New York**	**Philadelphia**	**Washington, D.C.**
Operating Expenses	$732.1	$347.3	$956.8	$2,406.5	$570.0	$543.5
Capital Funds Expended	$40.6	$45.3	$212.0	$241.9	$137.6	$192.6
Fare Revenues	$279.5	$78.9	$274.6	$868.2	$171.4	$134.9
Vehicle Revenue Miles	54.4	24.5	81.5	95.1	40.3	39.5
Vehicle Revenue Hours	5.6	2.4	7.1	12.3	4.0	3.8
Passenger Miles	712.9	286.0	1,492.8	1,785.7	545.6	388.3
Total Number of Unlinked Trips	310.4	109.9	357.3	800.1	183.2	130.7
Total Number of Mechanical Failures (thsnd)	6.6	2.6	10.8	18.0	6.2	4.9

Service Efficiency

CTA urban bus had a lower operating expense per vehicle revenue mile and vehicle revenue hour than the peer average, ranking the most efficient for expense per vehicle revenue hour and second only to Los Angeles for expense per vehicle revenue mile.

Table: CTA expenses per mile and per hour vs. comparative transit agencies

	Operating Expenses per Vehicle Revenue Mile	Operating Expenses per Vehicle Revenue Hour
CTA	$12.51	$119.36
Peer Average	$15.25	$149.02
WMATA	$14.43	$153.60
MBTA	$13.71	$142.96
LACMTA	$10.86	$127.28

NYCT	$23.54	$179.90
SEPTA	$13.70	$141.34

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Cost Effectiveness

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

Table: CTA expenses per passenger mile and per unlinked trip vs. comparative transit agencies

	Operating Expenses per Passenger Mile	Operating Expenses per Unlinked Trip
CTA	$1.01	$2.32
Peer Average	$1.11	$3.18
WMATA	$1.39	$4.34
MBTA	$1.23	$3.13
LACMTA	$0.64	$2.58
NYCT	$1.25	$2.76
SEPTA	$1.05	$3.09

Service Maintenance & Reliability

Due to an influx of new buses, the CTA continued to have the lowest average fleet age. The CTA also ranked first in miles between major failures.

Table: CTA expenses per passenger mile and per unlinked trip vs. comparative transit agencies

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Service Level Solvency

Solvency refers to the capability to meet financial obligations, including covering long-term fixed expenses. Among its peers, the CTA achieved the highest level of bus fare recovery ratio and had the lowest level of capital funds expended per passenger trip.

Table: CTA fare recovery ratio vs. comparative transit agencies

	CTA	Peer Average	MBTA	LACMTA	NYCT	SEPTA	WMATA
Fare Recovery Ratio	38%	30.1%	23%	29%	36%	30%	25%

Table: CTA capital funds expended per passenger trip vs. comparative transit agencies

	CTA	Peer Average	MBTA	LACMTA	NYCT	SEPTA	WMATA
Capital Funds Expended per Trip	$0.13	$0.61	$0.41	$0.59	$0.30	$0.75	$1.47

Heavy Rail

Comparative Characteristics of Heavy Rail

Heavy Rail Characteristics (millions)	**CTA**	**MBTA**	**MARTA**	**NYCT**	**SEPTA**	**WMATA**
	Chicago	**Boston**	**Atlanta**	**New York**	**Philadelphia**	**Washington, D.C.**
Operating Expenses	$481.0	$304.9	$177.5	$3,525.4	$180.4	$844.1
Capital Funds Expended	$152.5	$143.5	$74.3	$2,481.2	$73.6	$374.9
Fare Revenues	$250.3	$156.5	$63.6	$2,698.8	$94.4	$571.4
Vehicle Revenue Miles	64.3	23.4	18.6	342.6	17.2	67.2
Vehicle Revenue Hours	3.5	1.4	0.7	18.9	0.9	2.7
Passenger Miles	1.4	562.0	487.6	10,316.7	447.8	1,642.8
Total Number of Unlinked Trips	221.6	154.1	76.2	2,497.6	101.0	286.6
Total Number of Mechanical Failures (hundreds)	3.0	6.8	4.2	20.0	0.1	15.3

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 33.6% and 41.0% below the peer average, respectively.

Table: CTA expenses vehicle revenue mile and vehicle revenue hour vs. comparative transit agencies

	Operating Expenses per Vehicle Revenue Mile	Operating Expenses per Vehicle Revenue Hour
CTA	$6.94	$129.62
Peer Average	$10.45	$219.58
WMATA	$11.80	$296.70
MBTA	$13.24	$228.18
LACMTA	$15.35	$352.05
NYCT	$9.55	$174.05
SEPTA	$9.86	$192.17

Cost Effectiveness

CTA was second only to NYCT and tied with MARTA for lowest expense per passenger mile, but was above peer average by five cents in operating expense per unlinked trip.

Table: CTA expenses per passenger mile and per unlinked trip vs. comparative transit agencies

	Operating Expenses per Passenger Mile	Operating Expenses per Unlinked Trip
CTA	$0.35	$2.14
Peer Average	$0.44	$2.05
WMATA	$0.48	$2.74
MBTA	$0.64	$2.20
LACMTA	$0.39	$1.89
NYCT	$0.34	$1.37
SEPTA	$0.39	$1.74

Service Maintenance & Reliability

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

Service Level Solvency

CTA Rail's Fare Recovery Ratio was the third lowest compared to the peer average, but it had the lowest level of capital expenditure per passenger trip.

Table: CTA fare recovery ratio vs. comparative transit agencies

	CTA	Peer Average	MBTA	LACMTA	NYCT	SEPTA	WMATA
Fare Recovery Ratio	52.0%	56.0%	35.8%	51.3%	76.6%	52.3%	67.7%

Table: CTA capital funds expended per passenger trip vs. comparative transit agencies

	CTA	Peer Average	MBTA	LACMTA	NYCT	SEPTA	WMATA
Capital Funds Expended/Trip	$0.69	$0.94	$0.98	$0.93	$0.99	$0.73	$1.31

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Climate Change Impact on the CTA

The CTA is engaged in ongoing efforts to increase the resilience of its infrastructure, operations, and ridership to observed and projected impacts of climate change. Climate models developed under the Chicago Climate Action Plan predict that days with high temperatures over 80°F will increase by 40-80% by 2100.

Through a federally-funded climate adaptation pilot, the CTA is creating a framework model to correlate extreme weather impacts with operational and financial variables. The following examples correlate extreme temperatures to heating, ventilation, and air conditioning (HVAC) failures and diesel fuel consumption data in CTA's bus fleet.

Temperature and HVAC Failures

Approximately 75% of HVAC failures occur at 80°F and above, and only 25% of failures occur at temperatures below 80°F. Fleet-wide air conditioning unit failures average approximately 2.6 per day at 80°F, 4.1 per day at 90°F, and 21 per day at 100°F, while heating unit failures average fewer than 0.5 repairs per day between 10°F and 40°F.

Temperature and Diesel Fuel Consumption

Data indicates a pattern of increased fuel consumption at temperatures below 40°F and above 70°F. Diesel fuel consumption has the potential to rise by more than 30% in the long term due to climate change alone.

The CTA will continue to quantify and anticipate net operational and financial impacts (e.g. increased labor, material, and energy costs) based on observed and projected impacts of climate change. Extreme weather impacts should be considered in future CTA budget cycles, and the above examples should be expanded to additional data sets (e.g. extreme precipitation impacts or rail fleet impacts).

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Fare Structure

No fare changes are proposed for 2014

Fare Group	Current Fare Structure
CTA Regular Fare Types	
Full Fare Bus [1]	**$2.00**
Full Fare Rail [1]	**$2.25**
Full Fare Cash (Bus Only)	**$2.25**
Transfer	**$0.25 (1st), free (2nd)**
Ventra Ticket	**$2.50 + fee**

(price includes 2 transfers) [2]	
1-Day Pass	**$10.00**
3-Day Pass	**$20.00**
7-Day Pass	**$28.00**
7-Day Pass (CTA/Pace)	**$33.00**
30-Day Pass (CTA/Pace)	**$100**
Metra Link-Up	**$55.00**
***CTA Reduced Fare Types* [3]**	
Reduced Fare Bus	**$1.00**
Reduced Fare Rail	**$1.10**
Reduced Fare Cash (Bus Only)	**$1.10**
Transfer	**$0.15 (1st), free (2nd)**
30-Day Reduced Pass	**$50**

***CTA Student Fare* [4]**	
Bus & Rail on Student Permit	**$0.75**
Transfer	**$0.15 (1st), free (2nd)**
Student Fare Cash (Bus Only)	**$0.75**

***O'Hare Station Fare* [5]**	
Full Fare on Ventra cards and Ventra Tickets	**$5.00**

Stadium Express Buses	
#128 Soldier Field Express [6]	**$5.00 round-trip** **$2.50 reduced fare**

#154 Wrigley Field Express	**$6.00 per carload round-trip (includes bus and parking)**

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Notes

[1] Indicates fares paid with Ventra Card or registered contactless credit/debit cards, unless otherwise indicated.

[2] An additional 50 cent limited use fee is applied to the fare on a Ventra Ticket.

[3] The CTA offers reduced fares via a RTA reduced-fare permit to seniors and persons with disabilities as required by 49 CFR Part 609. In addition, the CTA also offers reduced fares to children age 7-11. Free rides are offered to low-income seniors and persons with disabilities as required by 70 ILCS 3605/51(b) & 70 ILCS 3605/52. Children under the age of 7 are free at all times when riding with an adult.

[4] Student Fares are for elementary and high school students on school days only, 5:30 a.m. to 8:30 p.m. Students are required to have a Student Riding Permit to be eligible for this fare.

[5] Special $5 pricing at O'Hare station is not applicable to the following customers: registered Ventra Cards using a purchased period-pass; registered contactless credit/debit cards using a purchased period-pass; O'Hare Airport-based employees using an employer-issued Ventra Card; reduced fares; student fares; and U-Pass.

[6] The #128 Soldier Field Express is a service jointly managed by CTA and Metra, scheduled to operate for all Chicago Bears home games at Soldier Field, and other agreed-upon events. Period-Passes, Student Fares and UPass fares are not accepted on the #128. Reduced fares are for customers displaying the RTA reduced-fare permit and children ages 7 to 11. Statutory free rides (seniors and persons with disabilities) and children under the age of 7 are free on the #128.

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Comparative Fare Structure

All displayed fares are cash-based. Each transit agency has its own card-based system and fares, which are not reflected here.

CITY SYSTEM	Bus Fare	Express Bus Fare	Rail Fare	Reduced Fare (Senior/Disabled)
CHICAGO (CTA)	**$2.25**	**$2.25**	**$2.25**	**$1.10**
ATLANTA (MARTA)	$2.50	---	$2.50	$1.00
NEW YORK CITY (MTA)	$2.50	$6.00	$2.50	$1.25
PHILADELPHIA (SEPTA)	$2.25[3]	---	$2.25[4]	Senior: Free Disabled: $1
BOSTON (MBTA)	$1.50	$3.50 (Inner) $5.00 (Outer)	$2.00	$1.00 – Rail; $0.75 – Bus
WASHINGTON D.C. (WMATA)	$1.80	$4.00	$2.10 - $5.75[5]	Half-price Rail; $0.90 Bus; $2.00 Express
LOS ANGELES (LACMTA)	$1.50	$0.70 - $1.40	$1.50	$0.55 Rush Hours; $0.25 Non-Rush Hours

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

CTA Historical Fare Structure

Year	Bus Fare	Rail Fare	Transfer	Reduced Fare
1997 - 2003	$1.50	$1.50	$0.30	$0.75
2004 - 2005	$1.75	$1.75	$0.25	$0.85
2006 - 2008	$1.75	$2.00	$0.25	$0.85
2009 - 2012	$2.00	$2.25	$0.25	$0.85
2013 -	***$2.25***	***$2.25***	***$0.25***	***$1.10***

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
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 21st 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

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.

American Recovery and Reinvestment Act (ARRA)

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

Articulated Bus

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

ADA Paratransit Fund

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

Accounting Principles Board

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

Big Gap

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

Bond

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

Build America Bonds (BAB)

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

Bureau of Labor Statistics (BLS)

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

Bus Rapid Transit (BRT)

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

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.

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.

Disadvantaged Business Enterprise (DBE)

The Disadvantaged Business Enterprise (DBE) program is intended to ensure nondiscrimination in the award and administration of contracts.

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.

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.

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.

Fare

The amount charged to passengers for bus and rail services.

Farebox

Equipment used for the collection of bus fares.

Farecard

Electronic fare media used for payment of fares.

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.

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.

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.

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.

Gross Domestic Product (GDP)

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

Government Finance Office Association (GFOA)

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

Headway

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

Heavy Rail

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

Hedge

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

Hybrid Bus

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

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

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

Illinois Jobs Now Program

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

Illinois' Low-Income Circuit Breaker Program

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

Infrastructure

Capital assets that make up the CTA's transportation system, including maintenance facilities, rail track, signals, stations, elevated structures, and power substations.

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.

Intermodal

Transportation by more than one mode (bus, train, etc.) during a single journey.

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.

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.

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.

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.

Major Delay – Rail

An instance where a train experiences a delay to service of ten minutes or more.

Mean Miles Between Defects

The average mileage a train accrues before experiencing a defect.

Metra

Commuter Rail division of the RTA responsible for the day-to-day operation of the region's long-distance commuter rail transit service (with the exception of those services provided by the CTA). Metra was created in 1983 by an amendment to the RTA Act.

National Transit Database (NTD)

The FTA's primary national database for statistics on the transit industry.

New Starts

FTA discretionary program that is the federal government's primary financial resource for supporting locally-planned, implemented and operated transit "guideway" capital investments.

Non-Farm Payroll

A compiled employment level of goods-producing, construction and manufacturing companies. It is released monthly by the United States Department of Labor to represent the number of jobs added or lost in the economy over the last month.

Non-Operating Funds

Capital grant monies to fund expenses.

Non-Revenue Vehicle

Vehicles that do not carry fare-paying passengers and are used to support transit operations.

Operating Budget

Annual revenues and expenses forecast to maintain operations.

Operating Expenses

Costs associated with the day-to-day operations of the delivery of service for a transit agency. Examples of operating expenses include labor, material, fuel, power, security and professional services.

Operating Revenues

Revenues generated from user fees (in the form of farebox revenues) or other activities directly related to operations such as advertising, concessions, parking, investment income, etc.

Organization of Petroleum Exporting Countries (OPEC)

OPEC is an intergovernmental organization of 12 developing countries made up of Algeria, Angola, Ecuador, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela. OPEC has maintained its headquarters in Vienna since 1965.

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.

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.

Passenger Miles

The sum of the distances traveled by passengers.

Pay-As-You-Go Funding

A practice of financing expenditures with funds that are currently available rather than borrowed.

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).

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.

Power Washing - Facilities

The deep cleaning of a CTA station or facility using pressure washing equipment.

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.

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.

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.

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.

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.

Revenue Bond

A certificate of debt issued by an organization in order to raise revenue. It guarantees payment of the original investment plus interest by a specified date. Debt service payment is secured by a specific revenue source.

Revenue Equipment

Includes vehicles that carry fare-paying passengers and equipment used for the collection of fares.

Ride

A trip taken by passengers on the bus or rail system.

Ridership (Unlinked Passenger Trips)

Total number of rides. Each passenger is counted each time that person boards a vehicle.

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.

Rolling Stock

Public transportation vehicles, including rail cars and buses.

Run

Rail or bus operator's assigned period(s) of work on a given day.

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.

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.

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.

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.
Ventra Payment system for CTA and Pace that allows customers to pay for train and bus rides with the same methods used for everyday purchases and also allows them to manage their accounts online and choose from several different contactless payment methods.