To: Chicago Transit Authority Board

From: Jeremy Fine, Chief Financial Officer

Re: Financial Results for December 2020

Date: February 10, 2021

I. Summary

On March 13, 2020, the President of the United States declared a National Emergency concerning the Novel Coronavirus Disease (COVID-19) outbreak. CTA's financial results for the month and year to date are impacted by the effect of the COVID-19 pandemic on the economy. CTA's financial results are $34.8 million unfavorable to budget for December primarily due to lower than anticipated fare and pass revenue. Results are unfavorable to budget for year-to-date by $349.0 million primarily due to lower than anticipated fare and pass revenue. Public funding year-to-date totaled $660.2 million, which is $112.6 million unfavorable to budget. CTA has drawn down CARES funding of $104.3 million related to public funding shortfalls and $349.0 million related to operating losses for a grand total CARES draw of $453.3 million, which is approximately 55.4% of the 2020 CARES budget.

Ridership for the month was 11.1 million, which was 23.3 million lower than budget and 23.4 million lower than December 2019. Ridership year-to-date was lower than budget and prior year by 251.2 million and 257.7 million, respectively. The ridership decrease over the prior year-to-date was due to the COVID-19 pandemic.

II. Cash & Liquidity

The chart below highlights CTA's cash position at December 2020 compared to December 2019.

	December 2020	December 2019	Increase (Decrease)
Unrestricted Cash	$ 124,014	$ 126,539	$ (2,525)
Damage Reserve	42,451	50,071	$ (7,620)
Funds Owed by RTA	250,677	235,674	$ 15,003
Trust Portfolio Assets	591,140	353,926	$ 237,214
Total Cash and Receivables	$ 1,008,282	$ 766,210	$ 242,072

CTA's total cash/receivables balance was equal to $1.0 billion. Unrestricted cash was $2.5 million lower than the prior year due to the timing of cash receipts and invoice payments. The Damage Reserve fund was $7.6 million lower than last year due to settlement payments. Funds owed by the RTA were approximately $250.7 million which was $15.0 million higher than the prior year due to the timing of payments from the State. CTA continues to work closely with the RTA to monitor their receivable balance owed; Trust Portfolio Assets represents bond proceeds held in Trust for funding capital projects and making required debt service payments and therefore goes down when payments are made.

III. Revenue

Category	Current Month Actual Dec-20	Current Month Variance to Budget Dec-20	Current Month Variance to Prior Year Dec20 vs. Dec19	Full Year Actual 2020	Full Year Variance to Budget 2020	Full Year Variance to Prior Year 2019
Fare & Pass Revenue	$ 13,046	$ (32,131)	$ (34,391)	$ 232,830	$ (352,830)	$ (352,467)

- Fare and pass revenue for December was $32.1 million unfavorable to budget and $34.4 million unfavorable to prior year due to sharply lower ridership as a result of the current COVID-19 pandemic. The average fare for the month was $1.17 per ride and was $0.14 lower than budget and $0.20 lower than the prior year.

- Year-to-date fare and pass revenue was $352.8 million unfavorable to budget and $352.5 million unfavorable to prior year due to sharply lower ridership as a result of the current COVID-19 pandemic. The average fare for the year was $1.18 per ride and was $0.13 lower than budget and $0.11 lower than the prior year.

Category	Current Month Actual Dec-20	Current Month Variance to Budget Dec-20	Current Month Variance to Prior Year Dec20 vs. Dec19	Full Year Actual 2020	Full Year Variance to Budget 2020	Full Year Variance to Prior Year 2019
Reduced Fare Subsidy	$ 1,217	$ -	$ 37	$ 14,829	$ 223	$ 223

- Reduced Fare Subsidy was on par with budget for the month and was $0.2 million favorable to budget for the year-to-date based on expected reimbursements from the State.

Category	Current Month Actual Dec-20	Current Month Variance to Budget Dec-20	Current Month Variance to Prior Year Dec20 vs. Dec19	Full Year Actual 2020	Full Year Variance to Budget 2020	Full Year Variance to Prior Year 2019
Advertising, Charter, Concession	$ 579	$ (2,753)	$ (2,741)	$ 20,898	$ (18,955)	$ (18,089)

- Advertising, Charter and Concessions Revenue was $2.8 million unfavorable to budget for the month and $19.0 million unfavorable year-to-date. This revenue category was $18.1 million lower than prior year-to-date. The unfavorability to budget and prior year was due to the uncertainty of vehicle and platform advertising revenue minimum guarantee payments starting in April 2020 due to the COVID-19 pandemic.

Category	Current Month Actual Dec-20	Current Month Variance to Budget Dec-20	Current Month Variance to Prior Year Dec20 vs. Dec19	Full Year Actual 2020	Full Year Variance to Budget 2020	Full Year Variance to Prior Year 2019
Investment income	$ (149)	$ (399)	$ (909)	$ 1,221	$ (1,779)	$ (2,601)

- Investment income was $0.4 million lower than budget for the month and $2.6 million less than prior year-to-date due to lower than expected short-term market rates. December 2020 activity includes annual year-end fair market value adjustments.

Category	Current Month Actual Dec-20	Current Month Variance to Budget Dec-20	Current Month Variance to Prior Year Dec20 vs. Dec19	Full Year Actual 2020	Full Year Variance to Budget 2020	Full Year Variance to Prior Year 2019
Other Revenue	$ 3,408	$ (692)	$ (1,950)	$ 39,286	$ (8,253)	$ (10,179)

- Other Revenue was $0.7 million unfavorable to budget for the month due to lower parking lot revenue which is further impacted by an increase in parking taxes and lower than anticipated rental, non-capital grant, and miscellaneous revenues. Year-to-date, other revenue was $8.3 million unfavorable to budget due to lower parking lot revenue and lower than anticipated non-capital grant and rental revenues. Other revenue was $2.0 million and $10.2 million unfavorable to December 2019 and prior year-to-date, respectively, primarily due to lower non-capital grant, parking lot, rental, and miscellaneous revenues. Lower non-capital grant revenue is offset by lower non-capital expense in the Other Expenses category.

Category	Current Month Actual Dec-20	Current Month Variance to Budget Dec-20	Current Month Variance to Prior Year Dec20 vs. Dec19	Full Year Actual 2020	Full Year Variance to Budget 2020	Full Year Variance to Prior Year 2019
Total System Generated Revenue	$ 18,101	$ (35,975)	$ (39,954)	$ 314,063	$ (381,593)	$ (383,113)

- Total System-Generated Revenue was lower than budget for the month and year-to-date by $36.0 million and $381.6 million, respectively, due to sharply lower ridership as a result of the current COVID-19 pandemic. It was $40.0 million and $383.1 million lower than December 2019 and prior year-to-date, respectively, due to sharply lower ridership as a result of the current COVID-19 pandemic.

IV. Expenses

Category	Current Month Actual Dec-20	Current Month Variance to Budget Dec-20	Current Month Variance to Prior Year Dec20 vs. Dec19	Full Year Actual 2020	Full Year Variance to Budget 2020	Full Year Variance to Prior Year 2019
Labor	$ 100,786	$ (4,354)	$ (125)	$ 1,135,354	$ (2,067)	$ (41,432)

- Labor expense was $4.4 million unfavorable to budget for the month and $2.1 million unfavorable for the year-to-date due to higher fringe benefit costs. Labor expense was $0.1 million unfavorable to December 2019 and $41.4 million unfavorable to prior year-to-date due to higher fringe benefit costs.

Category	Current Month			Full Year		
	Actual Dec-20	Variance to Budget Dec-20	Variance to Prior Year Dec20 vs. Dec19	Actual 2020	Variance to Budget 2020	Variance to Prior Year 2019
Material	$ 5,870	$ 46	$ (2,401)	$ 74,800	$ (114)	$ (7,148)

- Material expense was slightly favorable to budget for the month due to the timing of material purchases and $0.1 million unfavorable year-to-date due to increased costs for cleaning supplies related to COVID-19 and vehicle parts usage. Material expense was $2.4 million unfavorable to December 2019 due to targeted capital maintenance campaigns in 2019 and the timing of material purchases and $7.1 million unfavorable to prior year-to-date due to higher vehicle parts usage.

Category	Current Month			Full Year		
	Actual Dec-20	Variance to Budget Dec-20	Variance to Prior Year Dec20 vs. Dec19	Actual 2020	Variance to Budget 2020	Variance to Prior Year 2019
Fuel	$ 3,460	$ 429	$ (55)	$ 37,125	$ 7,251	$ 3,271

- Fuel for Revenue Equipment expense was $0.4 million favorable to budget in December primarily due to lower than anticipated usage. Lower usage accounts for the favorable variance to the prior year-to-date.

Category	Current Month			Full Year		
	Actual Dec-20	Variance to Budget Dec-20	Variance to Prior Year Dec20 vs. Dec19	Actual 2020	Variance to Budget 2020	Variance to Prior Year 2019
Power	$ 2,241	$ 831	$ 287	$ 24,656	$ 7,983	$ 6,904

- The Electric Power for Revenue Equipment expense was $0.8 million favorable to budget for the month and $8.0 million favorable year-to-date due to lower than anticipated usage. Expenses were $6.9 million favorable to prior year-to-date primarily due to the harsher weather in 2019 and lower usage in 2020.

Category	Current Month			Full Year		
	Actual Dec-20	Variance to Budget Dec-20	Variance to Prior Year Dec20 vs. Dec19	Actual 2020	Variance to Budget 2020	Variance to Prior Year 2019
Provision for Injuries & Damages	$ 1,833	$ -	$ (1,208)	$ 22,000	$ -	$ (14,500)

- The Provision for Injuries & Damages expense was on par with budget for the month and year-to-date. The unfavorable variance to 2019 for the month and year-to-date of $1.2 million and $14.5 million, respectively, is due to higher funding requirements in 2020.

Category	Current Month			Full Year		
	Actual	Variance to Budget	Variance to Prior Year	Actual	Variance to Budget	Variance to Prior Year
	Dec-20	Dec-20	Dec20 vs. Dec19	2020	2020	2019
Purchase of Security Services	$ 1,713	$ (10)	$ (2,678)	$ 19,976	$ 470	$ (5,056)

- Purchase of Security Services was slightly unfavorable to budget for the month and $2.7 million unfavorable to prior year. Year-to-date, expenses were $0.5 million favorable to budget and $5.1 million unfavorable to prior year due to increased costs under the private security contracts in 2020.

Category	Current Month			Full Year		
	Actual	Variance to Budget	Variance to Prior Year	Actual	Variance to Budget	Variance to Prior Year
	Dec-20	Dec-20	Dec20 vs. Dec19	2020	2020	2019
Other Expenses	$ 16,135	$ 4,254	$ 1,266	$ 223,916	$ 19,117	$ 35,522

- Other expenses were $4.3 million favorable to budget for the month and $19.1 million favorable to budget for the year-to-date due to the timing of contractual services invoices. Other expenses year-to-date were $35.5 million favorable to prior year due to moving a portion of the capital debt service costs from the operating budget to the capital budget. The other expense category includes the pension obligation bond expense, utilities, maintenance contracts, services, and other expenses.

Category	Current Month			Full Year		
	Actual	Variance to Budget	Variance to Prior Year	Actual	Variance to Budget	Variance to Prior Year
	Dec-20	Dec-20	Dec20 vs. Dec19	2020	2020	2019
Total Operating Expenses	$ 132,040	$ 1,197	$ (4,914)	$ 1,537,826	$ 32,640	$ (22,438)

- Operating Expenses were $1.2 million favorable to budget for the month primarily due to the timing of contractual services invoices. The unfavorable variance to prior year-to-date was due to higher labor costs and an increase in funding requirements for the provision for injuries and damages.

V. Recovery Ratio

Category	Current Month			Full Year		
	Actual	Variance to Budget	Variance to Prior Year	Actual	Variance to Budget	Variance to Prior Year
	Dec-20	Dec-20	Dec20 vs. Dec19	2020	2020	2019
Recovery Ratio	80.82%	30.13		55.95%	0.61	

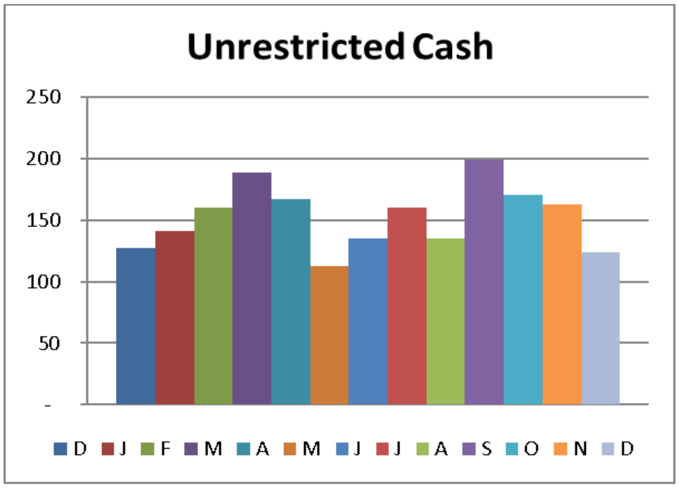
- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 80.82% for the month. This was favorable to budget by 30.13 percentage points for the month due to catch up adjustments including a senior free rides adjustment for the rear-door boarding timeframe and operating expense favorability during the COVID pandemic. Year-to-date, the recovery ratio was 55.95%, which was favorable to budget by 0.61 percentage points. Due to the COVID-19 pandemic, fare and pass revenues have decreased significantly, which also causes an unfavorable variance in the recovery ratio. The RTA is including the Federal stimulus funds under the CARES Act as replacement fare revenues for recovery ratio purposes.

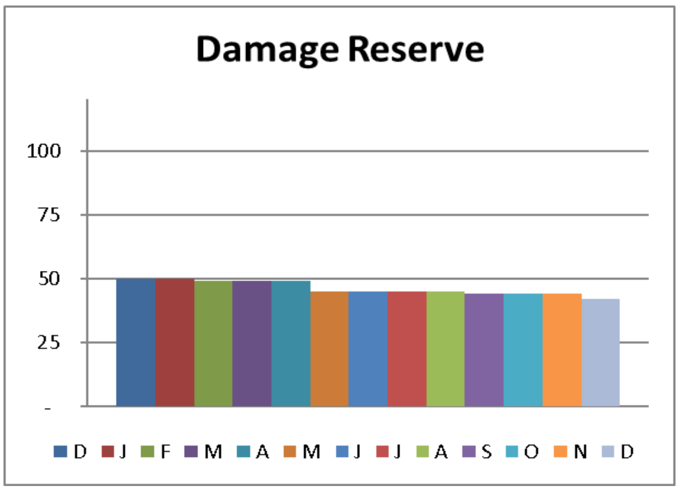
VI. Ridership

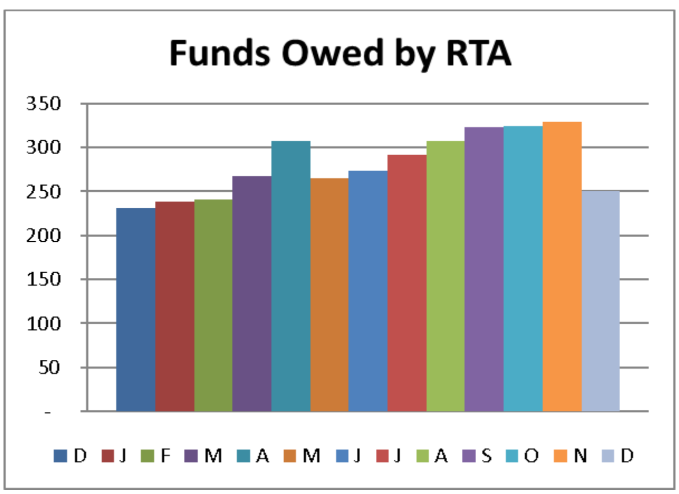
	Current Month			Full Year		
		Variance to	Variance to		Variance to	Variance to
	Actual	Budget	Prior Year	Actual	Budget	Prior Year
Category	**Dec-20**	**Dec-20**	**Dec20 vs. Dec19**	**2020**	**2020**	**2019**
Bus	7,467	(10,989)	(11,126)	121,450	(113,060)	(115,464)
Rail	3,031	(10,095)	(10,073)	62,340	(113,251)	(116,556)
Rail to Rail Transfers	650	(2,180)	(2,169)	13,710	(24,917)	(25,647)
Total	11,148	(23,265)	(23,369)	197,500	(251,228)	(257,667)

- Ridership for the month of December was 11.1 million and was lower than budget and prior year by 23.3 million and 23.4 million, respectively.
- Calendar adjusted ridership was down 68.3% from prior year due to the COVID-19 pandemic.
- Ridership for the year-to-date was 197.5 million and was 251.2 million lower than budget and 257.7 million lower than the prior year-to-date.
- Calendar adjusted ridership was down 56.9% from the prior year-to-date.
- More details on ridership can be found in the December Ridership Report.

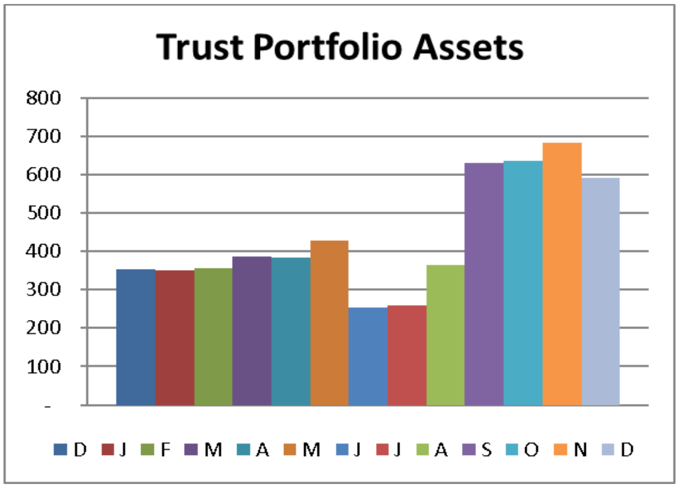
Cash & Liquidity



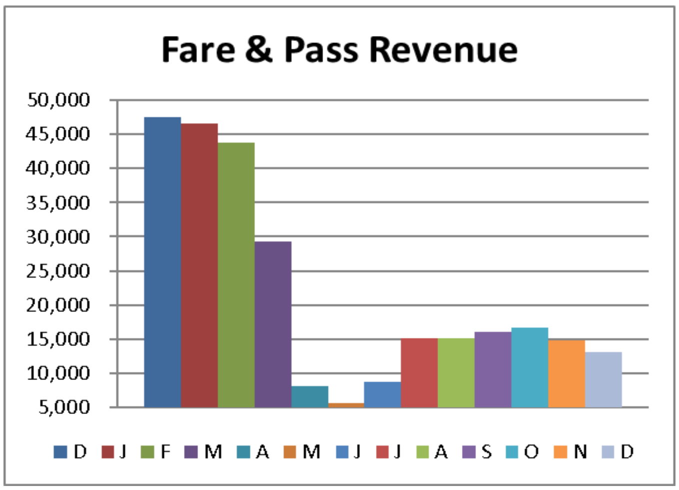


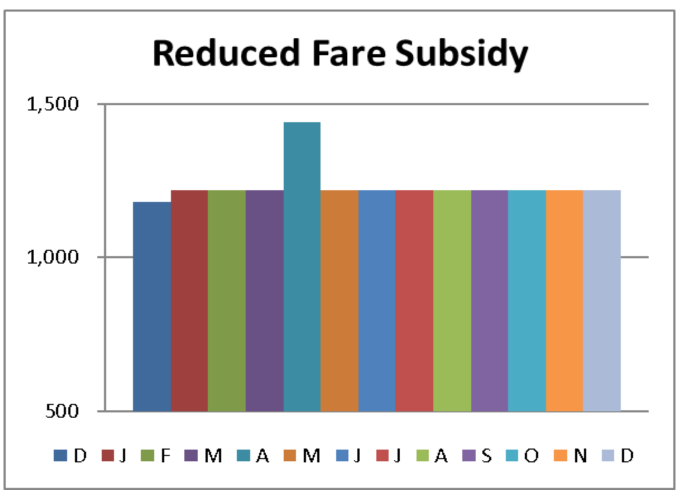


Cash & Cash Liquidity

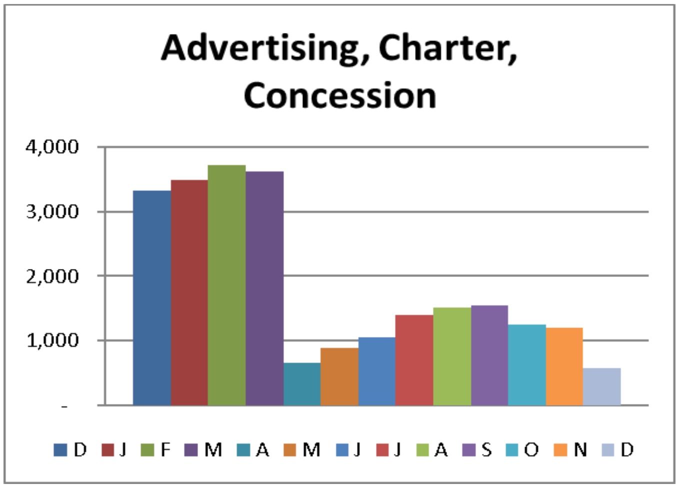


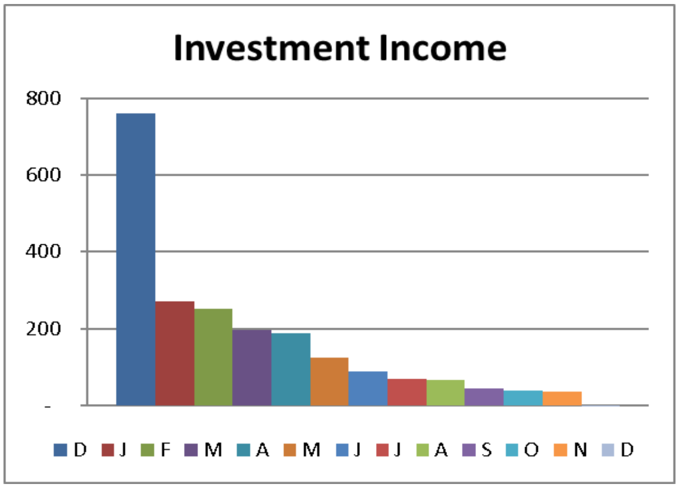
Revenue

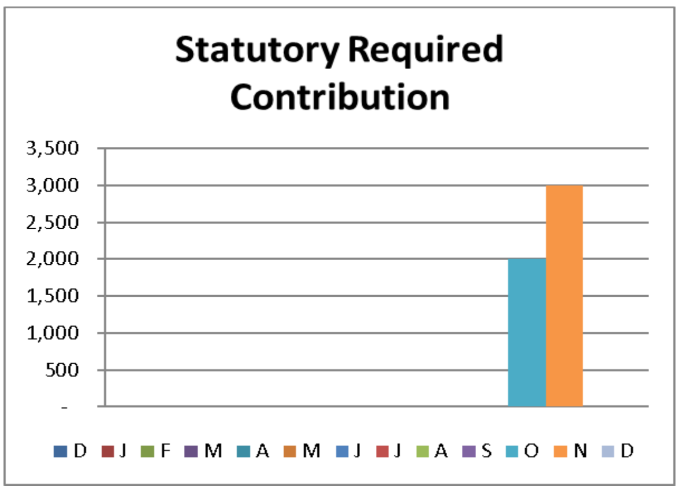




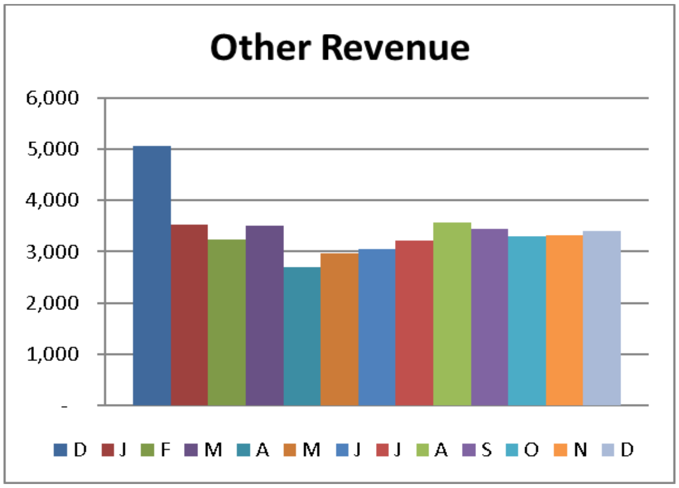
Revenue Cont'd

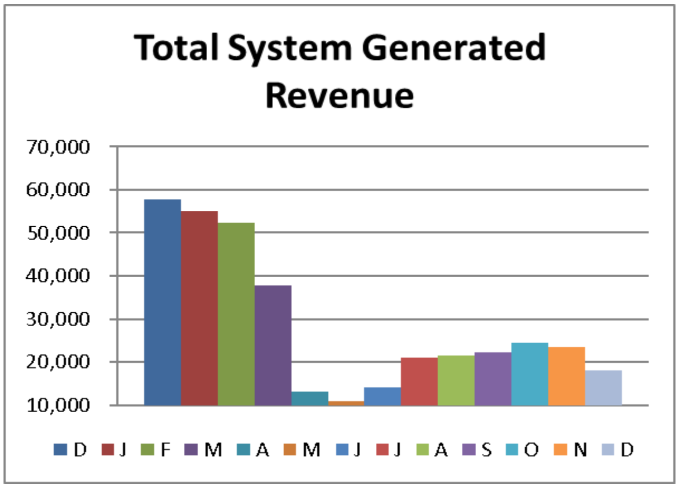


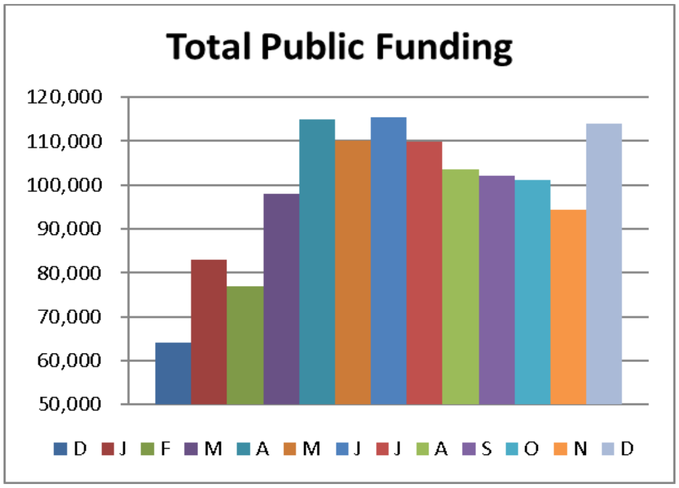




Revenue Cont'd

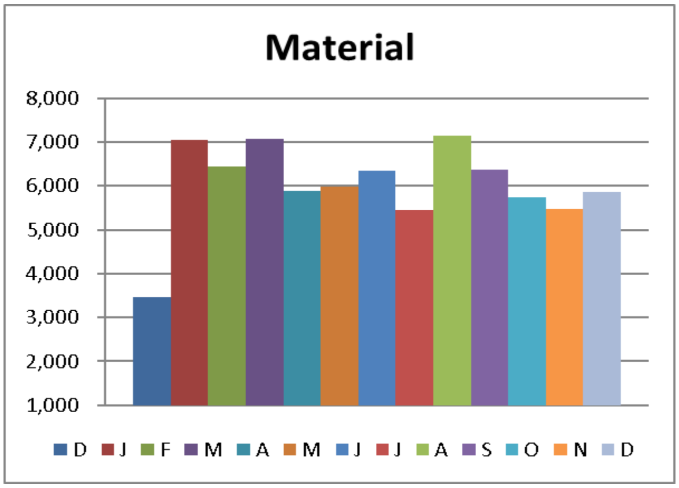


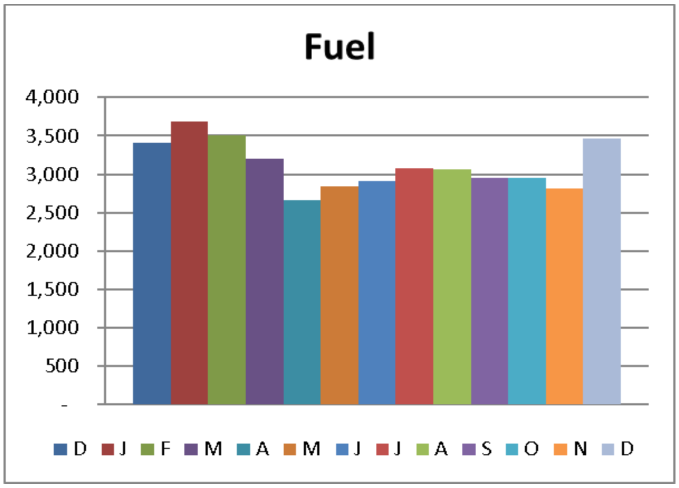




Expenses


Labor
100,000
95,000
90,000
85,000
80,000
75,000
70,000
D J F M A M J J A S O N D


Material
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
D J F M A M J J A S O N D


Fuel
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
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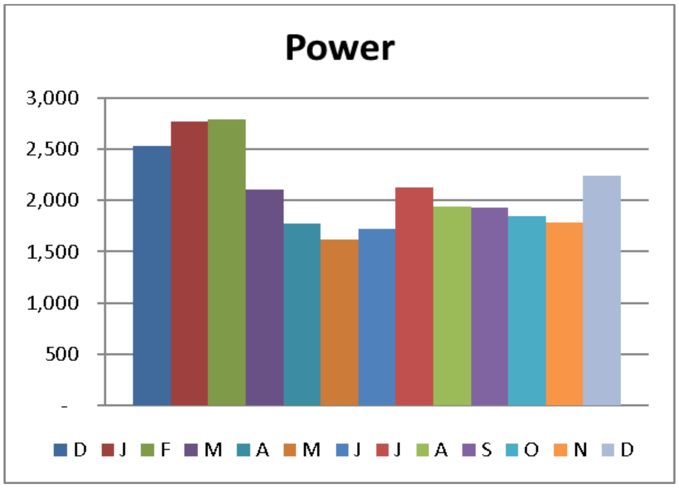
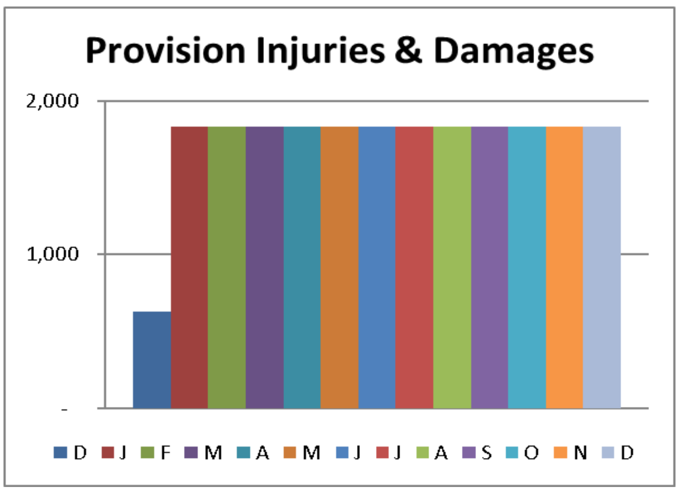
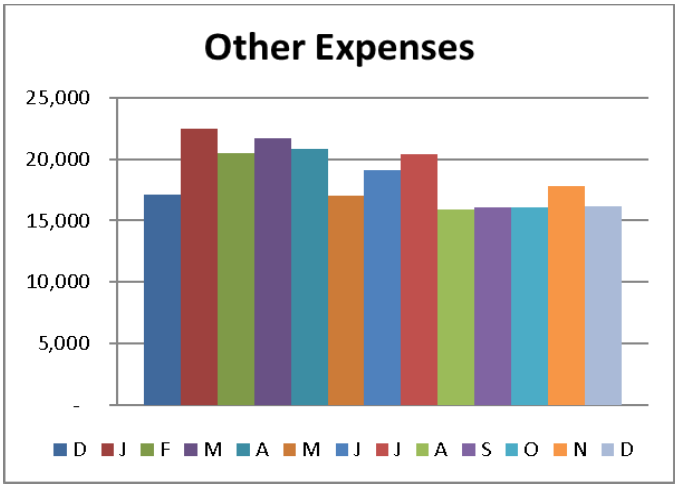
D J F M A M J J A S O N D

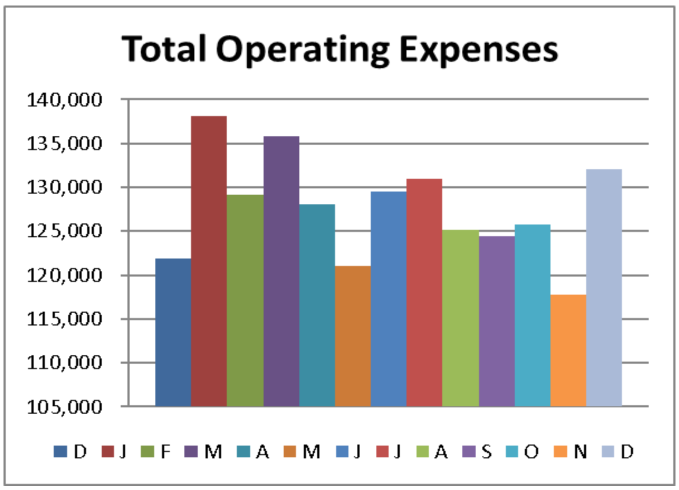
Expenses Cont'd





Expenses Cont'd





Cash	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Unrestricted Cash	127	141	160	189	167	113	135	160	135	199	171	163	124
Damage Reserve	50	50	49	49	49	45	45	45	45	44	44	44	42
Funds Owed by RTA	231	238	241	267	307	265	274	292	307	323	325	329	251
Trust Portfolio Assets	354	351	356	385	384	429	253	260	363	630	634	683	591

Revenue	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Fare & Pass Revenue	47,438	46,608	43,798	29,234	8,077	5,606	8,711	15,138	15,158	16,012	16,672	14,769	13,046
Reduced Fare Subsidy	1,180	1,217	1,217	1,217	1,440	1,217	1,217	1,217	1,217	1,217	1,217	1,217	1,217
Advertising, Charter, Concession	3,319	3,480	3,715	3,618	659	888	1,054	1,396	1,515	1,538	1,248	1,208	579
Investment Income	760	272	251	195	188	125	89	68	66	45	37	35	(149)
Statutory Required Contribution	-	-	-	-	-	-	-	-	-	-	2,000	3,000	-
Other Revenue	5,072	3,529	3,247	3,515	2,693	2,969	3,058	3,222	3,579	3,450	3,302	3,313	3,408
Total System Generated Revenue	57,769	55,106	52,230	37,779	13,057	10,805	14,129	21,040	21,535	22,263	24,476	23,542	18,101
Total Public Funding	64,102	82,989	76,950	98,056	115,045	110,207	115,392	109,955	103,562	102,164	101,227	94,277	113,938

Expenses	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Labor	95,693	98,687	92,509	98,284	93,440	89,995	95,900	96,434	93,574	93,674	95,596	86,474	100,786
Material	3,469	7,043	6,432	7,066	5,895	5,993	6,343	5,460	7,142	6,364	5,731	5,462	5,870
Fuel	3,405	3,688	3,507	3,203	2,661	2,843	2,907	3,078	3,062	2,949	2,948	2,818	3,460
Power	2,528	2,772	2,789	2,111	1,774	1,622	1,721	2,125	1,937	1,932	1,843	1,787	2,241
Provision Injuries & Damages	625	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833
Purchase of Security Services	(965)	1,622	1,667	1,678	1,675	1,678	1,685	1,670	1,673	1,638	1,640	1,637	1,713
Other Expenses	17,115	22,451	20,443	21,659	20,823	17,047	19,131	20,395	15,876	16,037	16,111	17,808	16,135
Total Operating Expenses	121,871	138,095	129,179	135,835	128,102	121,012	129,521	130,995	125,097	124,428	125,703	117,819	132,040