



To: Chicago Transit Authority Board
From: Jeremy Fine, Chief Financial Officer
Re: Financial Results for February 2018
Date: April 18, 2018

I. Summary

CTA's financial results are \$0.9 million unfavorable to budget for February due a combination of lower reduced fare revenues due to a reduction in the State subsidy and higher labor expense due to contractual wage increases. Results are \$2.6 million unfavorable to budget for year-to-date primarily due to lower reduced fare revenue.

Ridership for the month was 35.1 million and was 0.6 million less than budget. Ridership was 2.1 million or 5.6% less than February 2017. Ridership year-to-date was less than budget and prior year by 1.0 million and 3.0 million, respectively. Low gas prices, cold weather and competition from rideshare services such as Uber and Lyft contributed to the loss.

II. Cash & Liquidity

The chart below highlights CTA's cash position at February 2018 compared to February 2017.

	February 2018	February 2017	Increase (Decrease)
Unrestricted Cash	\$ 117,012	\$ 208,803	\$ (91,791)
Damage Reserve	78,225	102,742	\$ (24,517)
Funds Owed by RTA	369,965	327,105	\$ 42,860
Trust Portfolio Assets	524,987	625,751	\$ (100,764)
Total Cash and Receivables	\$ 1,090,189	\$ 1,264,401	\$ (174,212)

CTA's total cash/receivables balance was equal to \$1.1 billion. Unrestricted cash was \$91.8 million lower than the prior year due to retroactive payments resulting from the negotiated wage agreements as well as the timing of cash receipts and invoice payments. The Damage Reserve fund was \$24.5 million lower than last year due to an increase in settlement payments throughout 2017 and 2018. Funds owed by the RTA were approximately \$370.0 million which was \$42.9 million more than the prior year. 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			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Feb-18	Budget Feb-18	Prior Year Feb18 vs. Feb17	2018	Budget 2018	Prior Year 2017
Fare & Pass Revenue	\$ 42,887	\$ 127	\$ 1,610	\$ 88,118	\$ 336	\$ 3,666

- Fare and pass revenue for February was \$0.1 million favorable to budget and \$1.6 million favorable to prior year primarily due to the fare change implemented on January 7, 2018. The average fare for the month was \$1.22 and was \$0.02 higher than budget and \$0.11 higher than the prior year.
- Year-to-date fare and pass revenue was \$0.3 million higher than budget and \$3.7 million higher compared to prior year due to the fare change in 2018. The average fare for the year was \$1.23 per ride and was \$0.02 more than budget.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Feb-18	Budget Feb-18	Prior Year Feb18 vs. Feb17	2018	Budget 2018	Prior Year 2017
Reduced Fare Subsidy	\$ 1,180	\$ (1,180)	\$ -	\$ 2,360	\$ (2,360)	\$ -

- Reduced Fare Subsidy was less than budget for the month and year-to-date by \$1.2 million and \$2.4 million, respectively, based on expected reimbursements from the State.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Feb-18	Budget Feb-18	Prior Year Feb18 vs. Feb17	2018	Budget 2018	Prior Year 2017
Advertising, Charter, Concession	\$ 3,163	\$ (73)	\$ 356	\$ 6,364	\$ (82)	\$ 741

- Advertising, Charter and Concessions Revenue was slightly lower than budget for the month. The month and year-to-date increase over prior year was mainly due to higher vehicle and platform advertising revenue.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Feb-18	Budget Feb-18	Prior Year Feb18 vs. Feb17	2018	Budget 2018	Prior Year 2017
Investment income	\$ 320	\$ 187	\$ 130	\$ 446	\$ 180	\$ 46

- Investment income was \$0.2 million higher than budget for the month and year-to-date due to higher short-term market rates.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Feb-18	Budget Feb-18	Prior Year Feb18 vs. Feb17	2018	Budget 2018	Prior Year 2017
Other Revenue	\$ 3,862	\$ (185)	\$ 1,614	\$ 7,714	\$ (391)	\$ 2,848

- Other Revenue was unfavorable to budget for the month and year-to-date primarily due to lower scrap material sales and the timing of non-capital grant revenue. Other revenue was \$1.6 million and \$2.8 million favorable compared to prior February and year-to-date, respectively, primarily due to the new ride-hailing fee revenue from the City of Chicago.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Feb-18	Budget Feb-18	Prior Year Feb18 vs. Feb17	2018	Budget 2018	Prior Year 2017
Total System Generated Revenue	\$ 51,412	\$ (1,125)	\$ 3,710	\$ 105,003	\$ (2,317)	\$ 7,302

- Total System-Generated Revenue was \$1.1 million less than budget primarily due to lower reduced fare revenue. It was more than February 2017 and prior year-to-date by \$3.7 million and \$7.3 million, respectively, due to an increase in fares and new ride hailing fee revenue in 2018.

IV. Expenses

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Feb-18	Budget Feb-18	Prior Year Feb18 vs. Feb17	2018	Budget 2018	Prior Year 2017
Labor	\$ 84,844	\$ (1,838)	\$ (2,000)	\$ 174,490	\$ (1,422)	\$ (3,763)

- Labor expense was \$1.8 million unfavorable to budget for the month due to negotiated union contract increases and harsh weather conditions resulting in higher overtime. Slightly higher fringe benefits in 2018 contributed to higher expenses compared to 2017.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Feb-18	Budget Feb-18	Prior Year Feb18 vs. Feb17	2018	Budget 2018	Prior Year 2017
Material	\$ 7,133	\$ 115	\$ (147)	\$ 15,383	\$ (487)	\$ (983)

- Material expense was \$0.1 million favorable to budget for the month and \$0.1 million unfavorable to prior year. Material expense was \$1.0 million unfavorable to prior year-to-date, primarily due to higher vehicle part usage due an aging fleet with buses and railcars coming out of warranty and additional costs related to 2018 weather conditions.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Feb-18	Budget Feb-18	Prior Year Feb18 vs. Feb17	2018	Budget 2018	Prior Year 2017
Fuel	\$ 2,852	\$ (87)	\$ (517)	\$ 6,336	\$ (647)	\$ (1,374)

- Fuel for Revenue Equipment expense was slightly unfavorable to budget for the month. A combination of higher usage to pre-heat buses in cold weather and higher fuel prices accounts for the unfavorable variance to February 2017 and the prior year-to-date.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Feb-18	Budget Feb-18	Prior Year Feb18 vs. Feb17	2018	Budget 2018	Prior Year 2017
Power	\$ 2,741	\$ 2	\$ (57)	\$ 5,585	\$ 90	\$ (300)

- The Electric Power for Revenue Equipment expense was slightly favorable to budget for the month. Expenses were \$0.3 million unfavorable to prior year, primarily due to the harsher weather this February, and an increase in fees on electricity bills.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Feb-18	Budget Feb-18	Prior Year Feb18 vs. Feb17	2018	Budget 2018	Prior Year 2017
Provision for Injuries & Damages	\$ -	\$ -	\$ 792	\$ -	\$ -	\$ 1,583

- The Provision for Injuries & Damages expense is budgeted quarterly in 2018 and was budgeted monthly in 2017.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Feb-18	Budget Feb-18	Prior Year Feb18 vs. Feb17	2018	Budget 2018	Prior Year 2017
Purchase of Security Services	\$ 1,387	\$ 97	\$ (111)	\$ 2,790	\$ 177	\$ (138)

- Purchase of Security Services was \$0.1 million favorable to budget for the month but slightly higher than prior year due to timing of invoices and expected increased contract costs.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Feb-18	Budget Feb-18	Prior Year Feb18 vs. Feb17	2018	Budget 2018	Prior Year 2017
Other Expenses	\$ 23,320	\$ 1,974	\$ (835)	\$ 48,660	\$ 2,006	\$ (161)

- The \$2.0 million favorable variance to budget for the month was mainly due to the timing of contractual services invoices and non-capital grant expense. 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	Variance to	Actual	Variance to	Variance to
	Feb-18	Budget Feb-18	Prior Year Feb18 vs. Feb17	2018	Budget 2018	Prior Year 2017
Total Operating Expenses	\$ 122,277	\$ 263	\$ (2,875)	\$ 253,243	\$ (283)	\$ (5,136)

- Operating Expenses were \$0.3 million favorable to budget for the month due to the timing of contractual expenses. The unfavorable variance to prior year-to-date was due primarily to higher labor from contractual wage increases, higher materials cost due to an aging fleet and higher fuel expenses due to higher consumption.

V. Recovery Ratio

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Feb-18	Budget Feb-18	Prior Year Feb18 vs. Feb17	2018	Budget 2018	Prior Year 2017
Recovery Ratio	51.75%	(0.92)		50.79%	(1.09)	

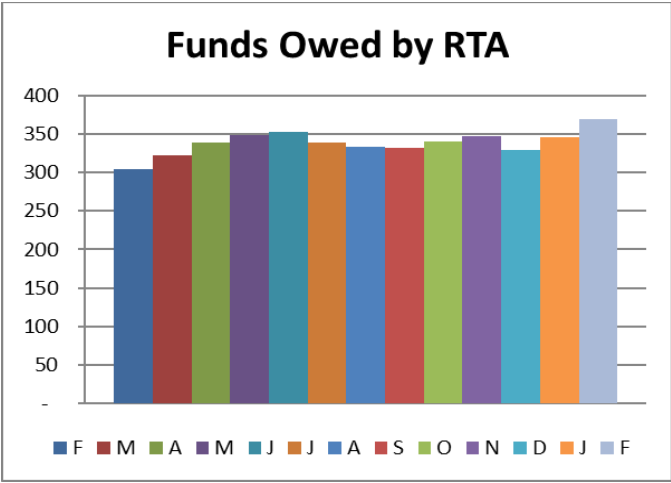
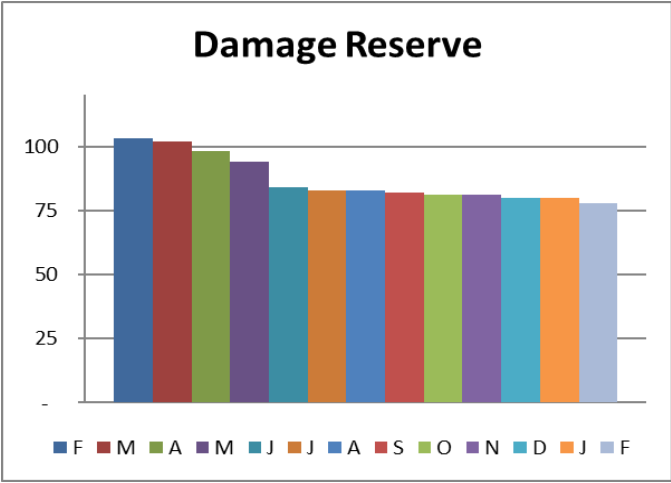
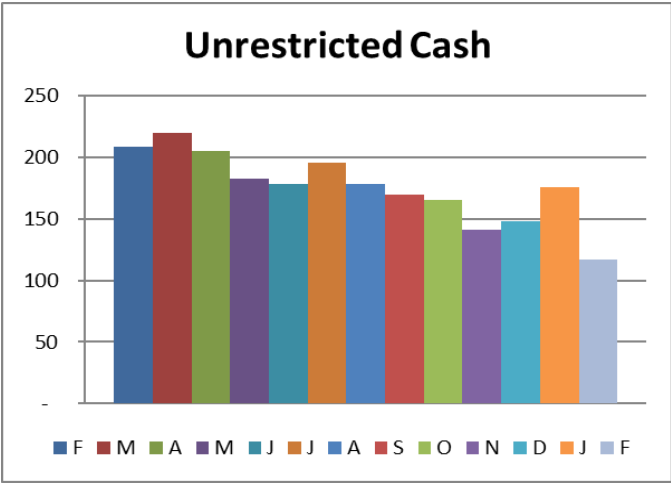
- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 51.75% for the month. This was unfavorable to budget by 0.92 percentage points for the month. Year-to-date, the recovery ratio was 50.79%, which was unfavorable to budget by 1.09 percentage points but is on target to meet the RTA required recovery ratio.

VI. Ridership

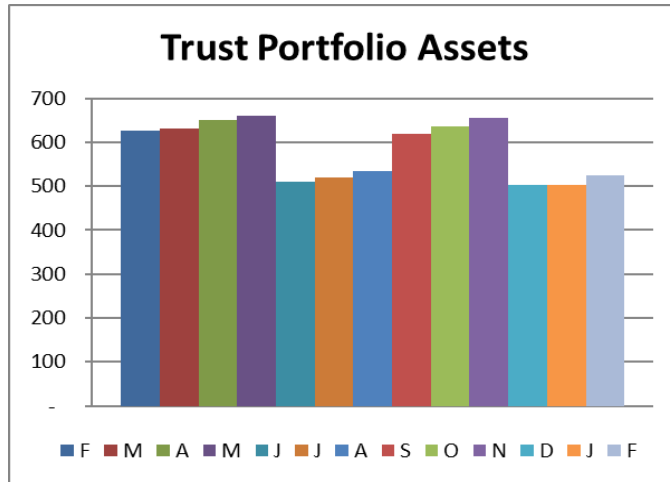
Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Feb-18	Budget Feb-18	Prior Year Feb18 vs. Feb17	2018	Budget 2018	Prior Year 2017
Bus	18,530	(405)	(1,370)	37,723	(359)	(1,748)
Rail	13,572	(136)	(571)	27,759	(491)	(1,010)
Rail to Rail Transfers	2,987	(69)	(127)	6,157	(185)	(231)
Total	35,089	(610)	(2,068)	71,639	(1,035)	(2,990)

- Ridership for the month of February was 35.1 million and was lower than budget and prior year by 0.6 million and 2.1 million, respectively.
- Calendar adjusted ridership was down 5.6% from prior year due to low gas prices and competition from rideshare services such as Uber and Lyft.
- Ridership for the year-to-date was 71.6 million and was 1.0 million less than budget and 3.0 million lower than the prior year-to-date.
- Calendar adjusted ridership was down 5.2% from the prior year-to-date.
- More details on ridership can be found in the February Ridership Report.

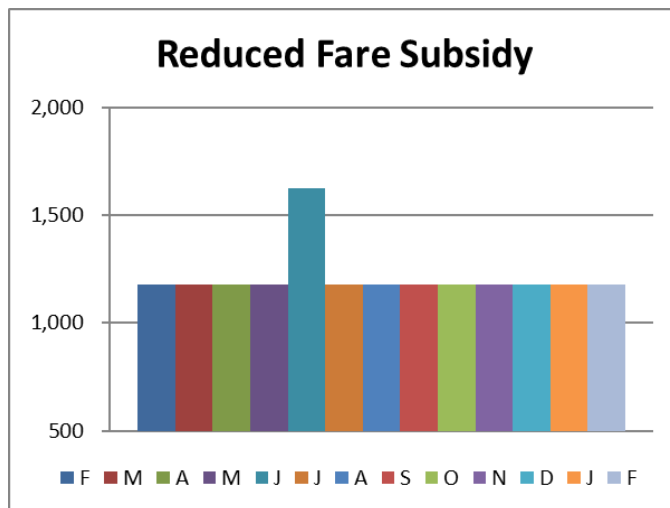
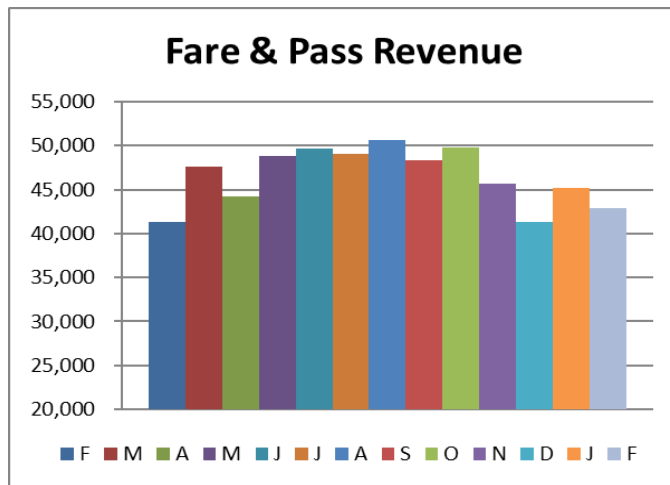
Cash & Liquidity



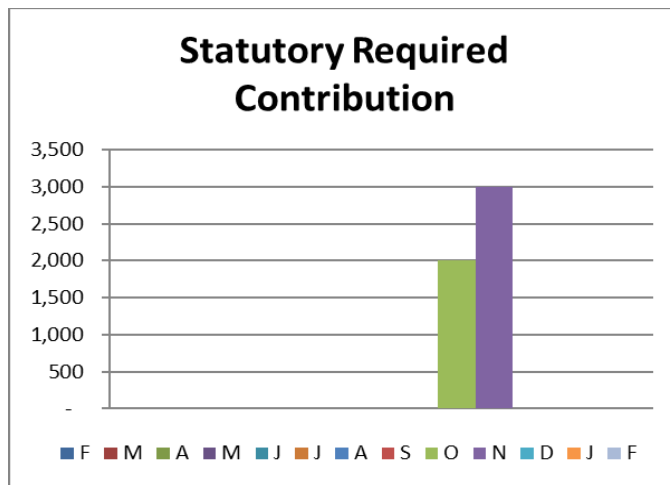
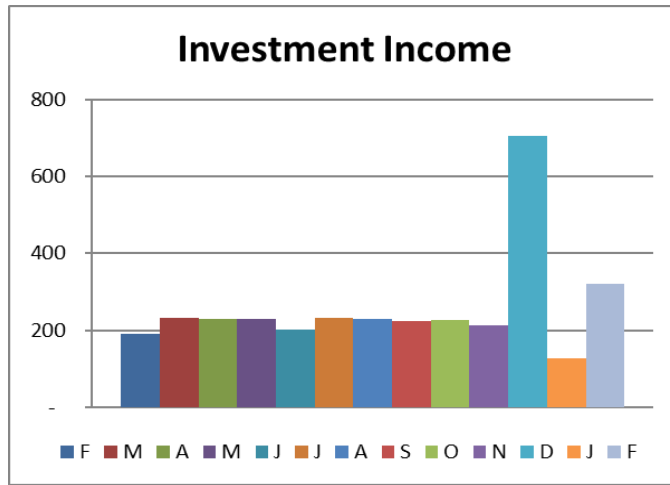
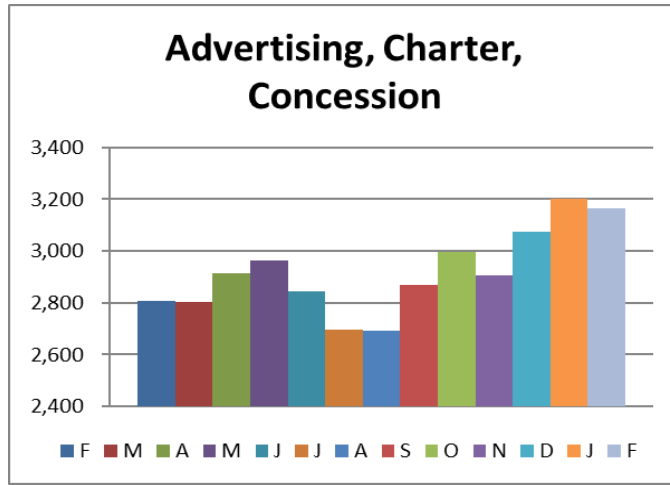
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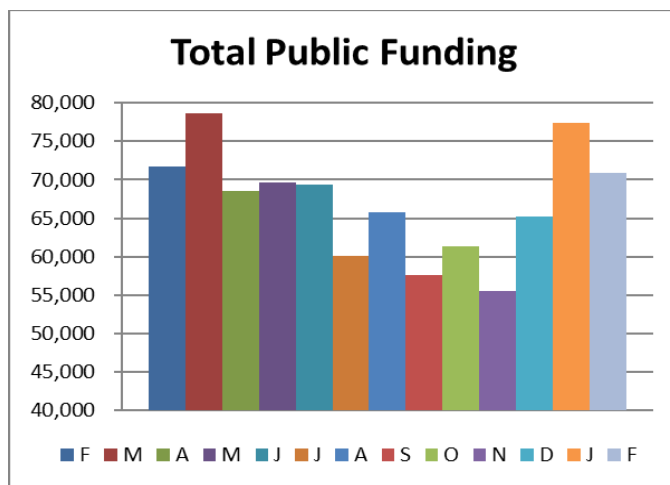
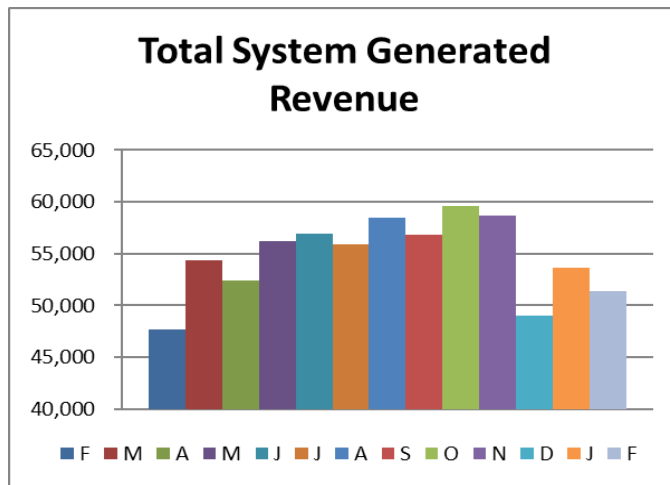
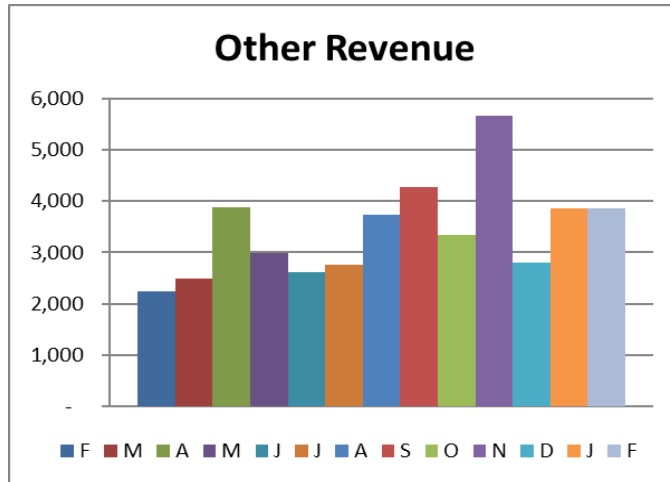
Revenue



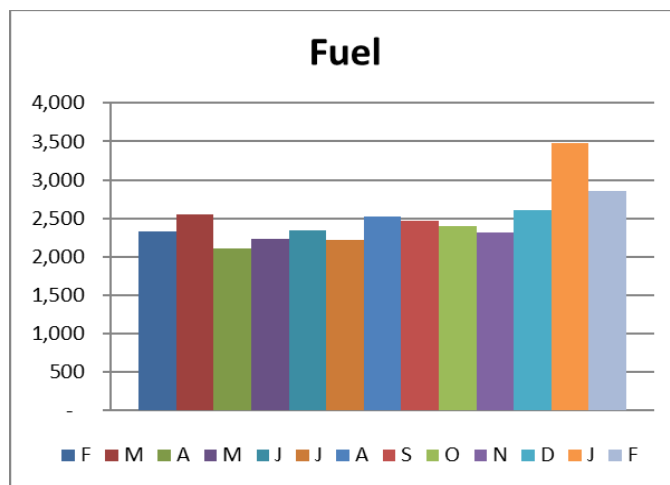
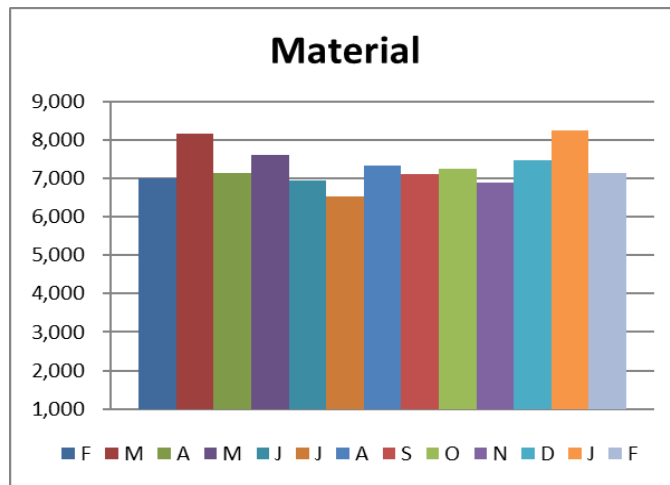
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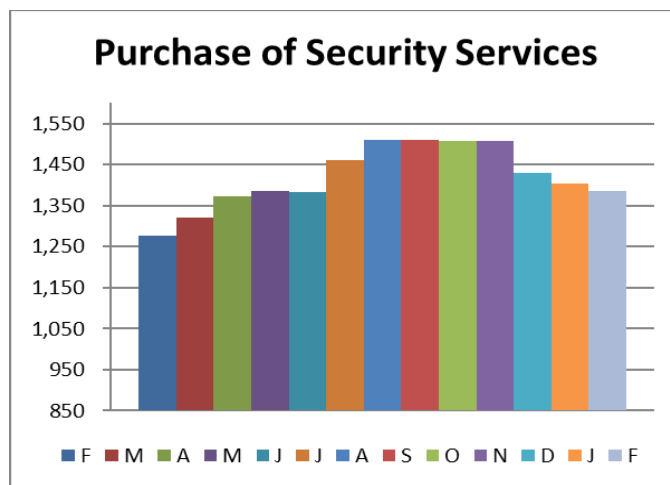
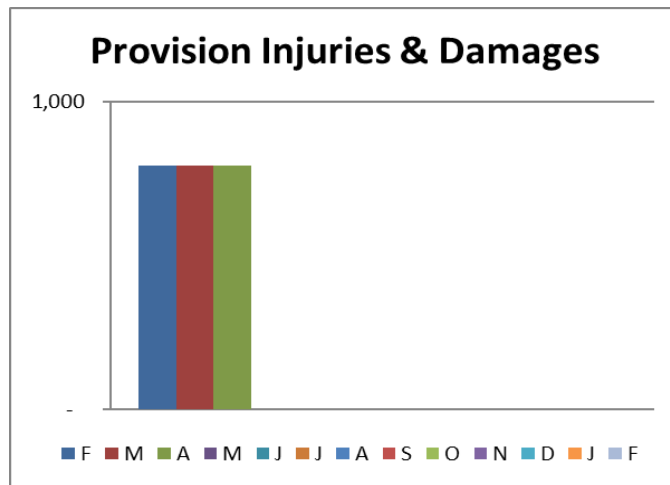
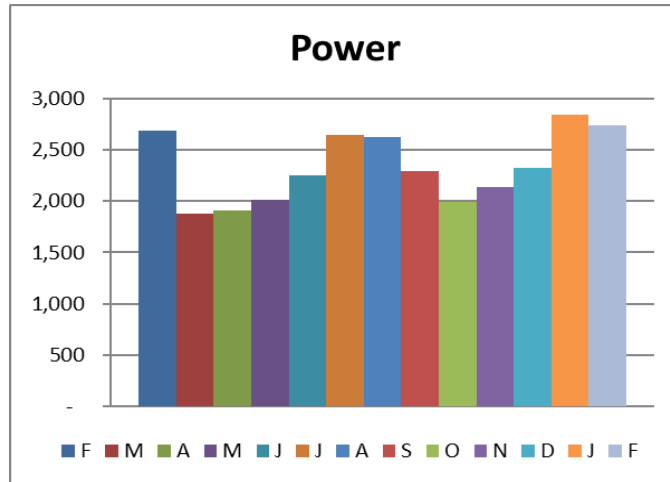
Revenue Cont'd



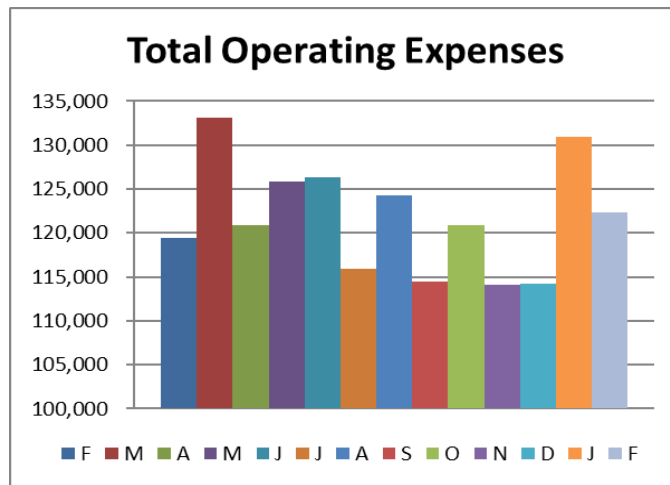
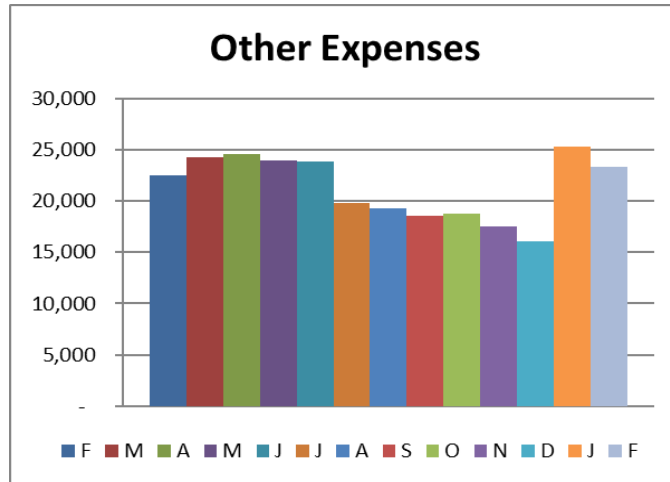
Expenses



Expenses Cont'd



Expenses Cont'd



Cash	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18
Unrestricted Cash	209	220	205	183	178	196	178	170	165	141	148	176	117
Damage Reserve	103	102	98	94	84	83	83	82	81	81	80	80	78
Funds Owed by RTA	305	323	339	349	353	339	333	332	340	347	329	346	370
Trust Portfolio Assets	626	631	650	660	510	520	534	620	636	655	503	503	525

Revenue	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18
Fare & Pass Revenue	41,278	47,650	44,171	48,863	49,629	49,009	50,666	48,281	49,847	45,668	41,259	45,231	42,887
Reduced Fare Subsidy	1,180	1,180	1,180	1,180	1,625	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180
Advertising, Charter, Concession	2,807	2,803	2,914	2,963	2,845	2,697	2,691	2,867	2,997	2,907	3,073	3,201	3,163
Investment Income	190	233	229	230	202	231	230	223	226	212	704	126	320
Statutory Required Contribution	-	-	-	-	-	-	-	-	2,000	3,000	-	-	-
Other Revenue	2,248	2,499	3,875	2,981	2,624	2,758	3,727	4,274	3,349	5,675	2,791	3,852	3,862
Total System Generated Revenue	47,703	54,365	52,368	56,217	56,924	55,875	58,494	56,825	59,599	58,642	49,007	53,590	51,412
Total Public Funding	71,699	78,690	68,519	69,633	69,346	60,058	65,831	57,662	61,316	55,512	65,165	77,376	70,865

Expenses	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18
Labor	82,845	94,055	82,989	88,664	89,514	83,306	91,014	82,542	88,972	83,796	84,287	89,645	84,844
Material	6,985	8,173	7,137	7,597	6,933	6,521	7,336	7,096	7,259	6,874	7,456	8,250	7,133
Fuel	2,335	2,548	2,103	2,239	2,350	2,222	2,530	2,472	2,403	2,316	2,611	3,484	2,852
Power	2,684	1,881	1,907	2,014	2,252	2,650	2,622	2,298	1,993	2,140	2,328	2,844	2,741
Provision Injuries & Damages	792	792	792	-	-	-	-	-	-	-	-	-	-
Purchase of Security Services	1,276	1,321	1,373	1,386	1,382	1,461	1,510	1,510	1,508	1,508	1,430	1,403	1,387
Other Expenses	22,484	24,283	24,586	23,950	23,839	19,773	19,311	18,570	18,778	17,518	16,059	25,340	23,320
Total Operating Expenses	119,402	133,054	120,887	125,850	126,271	115,933	124,324	114,487	120,914	114,153	114,172	130,966	122,277