



To: Chicago Transit Authority Board

From: Dennis Anosike, Chief Financial Officer

Re: Financial Results for February 2008

Date: February 13, 2008

CTA's financial results show a deficit for the month of February of \$3.1 million. The deficit for the month is primarily due to increases in labor, materials and fuel. Ridership for the month of February was 39.4 million and was 1.6 million more than budget and 3.7 million more than prior year.

Sales tax for the RTA region equaled \$752.9 million through December 2007. This is \$7.0 million more than budget and \$6.1 million more than the prior year. Sales tax distributed to CTA from the formula equaled \$302.0 million and was higher than budget and prior year by \$6.9 million and \$4.5 million, respectively. These excess sales tax revenues do not accrue to CTA, but rather to RTA's fund balance.

Ridership for the month of February was 39.4 million and was 1.6 million more than budget. Ridership for the year was 78.8 million and was 0.8 million more than budget and was 3.4 million or 4.8% higher than prior year. Average weekday, Saturday and Sunday ridership was higher than February 2007 by 4.2%, 18.4% and 11.8%, respectively, due to both strong bus and rail ridership. Average ridership for the first two months of 2008 for weekday, Saturday bus and rail ridership except on Sundays which experienced strong bus but weak rail ridership. Ridership taken with passes was 12.2% higher for the month and 5.2% higher for the year to date.

Bus ridership for the month of February was 24.6 million. This was 1.3 million or 5.7% more than budget and was 2.6 million or 11.9% more than February 2007. Rail ridership for February was 14.8 million and was 0.2 million or 1.7% more than budget and was 1.1 million or 7.9% more than prior year. For the year to date, bus ridership was 49.2 million and was 1.1 million or 2.4% more than budget and was 2.6 million or 5.7% more than prior year. Rail ridership was 29.6 million and was below budget by 0.3 million or 1.1% but was higher than prior year by 0.7 million or 2.6%, respectively. The favorable variance for the month compared to prior year is due to February 2008 having 1 more workday than 2007 since it is a leap year.

Public Funding Required for Operations for the month was \$58.5 million resulting in a \$3.1 million budget deficit. For the year to date, CTA had a budget deficit of \$1.7 million.

Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 43.53% for the month and was unfavorable to budget by 0.93 percentage points primarily due to higher operating expenses than budgeted. For the year to date, recovery ratio was 45.66% and was 0.09 percentage points more than budget.

Operating Expenses for the month equaled \$99.8 million and were \$4.0 million more than budget. For the year to date, operating expenses were \$198.4 million and were \$4.0 million or 2.1% more than budget. The current month unfavorable variance is primarily a result of higher labor, materials and fuel expenses.

Labor Expense was \$72.7 million for the month of February and \$144.8 million for the year to date. This was more than budget for the month by \$3.3 million and was \$3.2 million higher for the year to date due primarily due to higher overtime, partially offset by vacant positions. The overtime is a result of snow, and maintenance on the fleet, track and structures.

Material Expense was \$8.7 million for the month and was over budget by \$1.9 million or 27.8%. For the year to date, material expense was \$17.1 million and was \$3.1 million or 22.2% more than budget. Compared to prior year, material expense is \$3.1 million or 22.2% higher. The higher material expense is primarily due to bus and rail fleet maintenance required due to delays in the quarter and mid life overhauls and replacement of vehicles exceeding their useful life.

Fuel for Revenue Equipment was \$6.5 million for the month and \$12.3 million for the year. This exceeded budget for the month by \$1.1 million and the year to date period by \$1.3 million primarily due to higher miles and fuel prices than budgeted. The cost per gallon for the month was \$3.27. The budget assumed an average price of \$2.60 per gallon. Miles exceeded budget by 90,000 for the month 918,000 for the year to date. However, CTA did experience higher fuel efficiency - 3.02 vs. 2.82 mpg.

Electric Power for Revenue Equipment was \$2.2 million for the month and \$5.6 million for the year. Power expense was \$0.4 million less than budget for the month and the year to date.

Provision for Injuries and Damages Expense was \$2.3 million for the month and \$4.7 million for year to date and is on par with budget.

Purchase of Security Services was \$2.5 million for the month and was \$0.2 million less than budget. Year to date security expense is \$4.8 million and was \$0.8 million less than budget.

Other Expenses equaled \$4.8 million for the month and were \$1.5 million less than budget due to timing differences between actual and budget. Year to date other

expenses were \$9.0 million and were \$2.3 million less than budget primarily due to timing differences between actual and budget.

System-Generated Revenue was \$41.3 million for the month and \$86.4 million for the year to date. This was \$1.0 million more than budget for the month and \$2.4 million more than budget for the year principally due to higher fare and pass revenues.

Fare Revenue was \$34.9 million for the month and was \$1.6 million more than budget primarily due to higher ridership. The average fare for the month was \$0.89 per ride and was \$0.01 more than budget. Year to date fare revenue was \$73.2 million and was \$3.5 million more than budget due to a higher ridership and a higher average fare. Compared to prior year, fare revenue is \$3.4 million higher for the year to date.

Reduced Fare Reimbursements were \$2.6 million for the month and \$5.4 million for the year to date period. This was on par with budget for the month and year to date.

Advertising, Charter and Concessions Revenue equaled \$2.4 million in February and was \$0.1 million more than budget. Year to date revenue for this category was \$4.5 million and was on par with budget.

Investment Income was \$0.6 million for the month and \$1.2 million for the year to date. This was \$0.4 million less than budget for the month and \$0.8 million less than budget for the year due to a lower cash balance and lower interest rates.

Statutory Required Contributions were \$0.0 million for the month and \$0.0 for the year to date and were on par with budget.

All Other Revenue was \$0.8 million for the month and \$2.1 million for the year to date. This was \$0.4 million less than budget for the month and was \$0.4 million less for the year to date period due to lower parking, rental and grant revenue.