Thank you Chairman Brown.

Good morning.

Today I would like to start my report with extremely good news – an update on ridership.

In 2006, combined bus and rail ridership increased by 2.4 million rides, a gain of 0.5 percent over 2005 ridership, for a total of 494.8 million rides.
It is the highest ridership level since 1993 and means that we have now achieved ridership increases in eight of the past nine years.

The rail system posted particularly strong gains, providing 195.2 million rides, an increase of 8.4 million rides over 2005, or a gain of 4.5 percent. These are ridership levels not seen since in nearly four decades.
Bus ridership levels fell by 1.6 percent in 2006, or 4.8 million fewer rides than in 2005, but at 298.4 million rides still recorded higher levels than in 2004.

These gains occurred despite the fact that CTA transferred paratransit operations to Pace in July 2006. Paratransit rides account for 1.2 million rides.
At the beginning of the year, cash fares increased by 25 cents to help avoid service cuts due to insufficient operating funding.

The increase was carefully designed to increase revenues while minimizing ridership losses.

The range of CTA fare media – unlimited ride passes, Chicago Card and Chicago Card Plus – allowed the majority of customers to continue to travel on CTA for $1.75.
Specifically in December, 38.2 million rides were provided during the month, an increase of 2.6 percent compared to December 2005.

Systemwide, ridership in December increased by 1.9 percent on weekdays, Saturdays were up by 8.3 percent, and Sundays/Holiday increased by 3 percent.

This was the second month in a row of ridership increases on the bus system.
The bus system provided 23.8 million rides in December 2006, an increase of 3.5 percent over last year.

Weekdays were up 3 percent, Saturdays were up 9.3 percent, and Sundays/Holidays were up 1.8 percent.

The rail system provided 14.5 million rides in December, an increase of 2.6 percent over last year. Weekdays were up 1.6 percent, Saturdays were up 7.9 percent and Sundays/Holidays were up 7 percent.
A number of factors have contributed to ridership gains in recent years including the successful completion of major capital improvement projects such as the rehabilitation of the Dan Ryan branch of the Red Line and the 54th/Cermak branch, as well an investment in new buses for the fleet.

This year past summer we also implemented experimental service enhancements for the West Side and near western suburbs.
Improvements include the introduction of a new rail route, the Pink Line, increased service levels on the Blue Line’s Forest Park branch and improvements to 13 bus routes.

Customer response to the improvements has been largely favorable and ridership on both the bus and rail routes included in the experiment continue to grow.
Improvements such as the current initiative to expand capacity on the Brown Line will allow CTA to accommodate even more customers in the future.

With high gas prices and congested roadways, CTA’s ridership increases demonstrate that people want more transit, not less.

As the RTA has noted, 2007 is the year for decision.
After several years without state capital funding for transit and more than 23 years without sufficient operating funding, it is time for the region, and the state, to focus on funding transit at an appropriate level in order to expand service and fight growing traffic congestion.
Shortly after the January Board meeting, Mayor Richard M. Daley lead an event to unveil the first of 20 new diesel-electric hybrid buses we have received for testing on our system.

The hybrid buses are powered by both a diesel engine and electric motor for improved fuel efficiency.

In total, CTA will receive 20 hybrid buses equipped with two different drive systems.
The hybrid buses are expected to improve fuel efficiency, anywhere from 10 to 40 percent. And in this climate of high fuel prices, reduction in fuel use will help the CTA’s bottom line and prove environmentally beneficial as well.

Hybrid technology also can reduce emissions by as much as 90 percent compared to a diesel powered bus which will help CTA to further reduce the impact of its fleet on the environment.
We will be evaluating the performance of these hybrid buses in Chicago’s extreme weather conditions and compare the two types of drive systems to determine if hybrid buses are suitable as future additions to CTA’s fleet.

Other new buses in our fleet are equipped with low-emission engines that produce 60 percent fewer emissions than the buses they are replacing, so if the hybrids perform well, we have the potential for emission levels to fall even further.
CTA has a wide range of initiatives that have helped to lessen the impact of our operations on the environment which include converting the fleet to ultra low sulfur diesel fuel in 2003 and replacing wooden rail ties with recycled plastic rail ties.

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In closing, as always, I thank the Board for supporting CTA’s mission of delivering quality, affordable transit services that link people, jobs and communities.

I thank you and this concludes my report.