January 2008
Back To Basics
Proposed Budget
President’s Proposed FY 2008-2012 Capital Program
- $8.7 billion needed to reach a state of good repair
  - $2.4 billion is funded
  - $6.3 billion unfunded
President’s Proposed Capital Program Goals

1. Eliminate slow zones in subways and throughout the system
2. Fund periodic fleet overhaul programs and regular replacement of both bus and rail fleets
3. Upgrade rail stations for CTA Customers
4. Invest in technology to improve operational and management efficiency
Proposed FY 2008-2012 Capital Program

- $2.4 billion funded

- Rail System Projects: $1,483,491
- Bus System Projects: $213,574
- Systemwide Projects: $703,240

Chicago Transit Authority
This presentation

- Proposed 2008 - 2012 Capital Program
- Proposed 2008 Operating Budget Summary
- November 2007 Contingency Summary
- January 2008 Proposed Service Cuts, Fare Increases and Staffing Changes
President’s 2008 Proposed Budget
Worse than 2007 Cuts

- Operating budget facing $158 million shortfall
- CTA required by law to submit a balanced budget
- Will result in tremendous hardship to region
  - Est. 250,000 riders each day will be forced to seek other ways to get where they need to go
  - CTA’s customers will face long waits and crowded buses and trains
  - Regional economy will suffer
  - Environment will suffer
  - Gridlock likely: Chicagoan commuters will be spending more than the 203 million hours they currently spend
2008 Budget Shortfall of $158 Million

- **Givens:**
  - Administrative Cuts will be a significant part of the solution
  - No more capital funds are available to supplement operating costs
  - Legislative action needed to provide a long-term funding solution

- **Options:**
  - Generate needed revenue from fare increases
  - Generate savings from service cuts
  - Operate service until all funds exhausted
  - Generate savings through a blend of service reductions, fare increases, and employee cuts
2008 Changes Add to 2007 Changes

- Both service reductions and fare increases for the 2008 proposed scenario build on those of November of 2007
  - Elimination of 39 bus routes
  - Lay off of 637 CTA employees
- Changes must be implemented in January 2008
Guiding Principles The Same

1. Maintains as much availability as possible for transit dependent customers
2. Maintains key regional connections, where possible
3. Spreads the burden in an equitable manner
4. Makes provisions for people with disabilities, the elderly and students
5. Meets Federal Guidelines
2008 Operating $158 Mil. Budget Deficit

Contributing Factors:
- Reduced RTA Funding: $14 Mil.
- Structural Deficit: $80 Mil.
- Wage Increase: $20 Mil.
- Pension and Retiree Healthcare: $44 Mil.

Public Funding

System-Generated Revenues

$158 M. Deficit
No Way Out

- Public funding hasn’t kept pace with inflation
2008 Proposed Operating Expenses

Labor: 72.3%
- Material: 7%
- Fuel: 4.7%
- Power: 2.9%
- Injuries, Damages & Litigation: 2.7%
- Security: 3.3%
- Other Services: 7.2%

Total $1.034 billion
2008 Proposed Operating Expenses

- $1.034 billion recommended includes:
  - Massive planned reduction in bus service
  - 22% cut in CTA staff

2007

$45.2 M.
Nov. ‘07 and Jan. ‘08 proposed reductions leave CTA with 2,436 or 22% fewer staff.

- 2007 Headcount:
  - 10,270 total.
  - 562 OPS
  - 75 Admin.

- 2008 Headcount:
  - 8,471 total.
  - 1,631 OPS
  - 168 Admin.

- 2008 Labor: 72.3%
2008 Labor

- 3 bus garages shut down
- Administrative staff 24.2% less than in 2003
  - Most cuts at CTA Headquarters
- 2008 lay-off letters must go out Nov. 1st
2008 Material

- $72.3 million recommended
  - Bus service cuts will result in the retiring of older fleet leading to lower bus maintenance costs
  - Bus service cuts will also result in increased rail usage which will tax the aging rail fleet requiring increased maintenance costs
$48.5 million recommended

Even with increasing fuel prices, ’08 is less due to bus service elimination.
$29.8 million recommended
  - Jan. ’07 lifting of decade-long energy rate freeze in Illinois impacted increase
2008 Injuries, Damages & Litigation

- $28 million recommended
  - In actuarial-recommended range
$33.6 million recommended
- CPD, Evanston, and Oak Park police depts.
- Contracts for guard and canine security
- City provides approx. $22 million in CPD Public Transportation Section at no charge
- Reduced costs from surveillance cameras and sensors

2007

$2.6 M.

3.3%
$74 million recommended
- Utilities for CTA facilities, advertising/marketing expenses, equipment/software maintenance, accounting, engineering, legal/consulting services, banking fees, and commissions for the sale of fare media
- Facilities safety program

2007
$19.0 M.
2008 Proposed Revenues

- $562.008 million system revenues

Fares & Passes - 83%

Reduced Fares Subsidy – 6%
Advertising, Charters & Concessions – 5%
Investment Income – 2%
Local Gov. Contrib. – 1%
Other – 3%

2007

$20.0 M.

Chicago Transit Authority
2008 Proposed Revenues

- $1.034 billion revenues

Public Funding (RTA)
$471.828 million

System-Generated
$562.008 million

2007
$45.2 M.
CTA 2007 Contingency and 2008 Proposed Contingency
November 2007 Contingency Changes
Most reductions in areas where other service exists

- 39 bus routes suspended
- 115 bus routes operate at current level
- 314 fewer buses during peak hours
- Trains service unchanged
November 4th Fare Increases

- No increase for Reduced Fare riders
- Pass users still receive discount
- Peak/Off-Peak Fare pricing for rail
- Incentives for Chicago Cards

<table>
<thead>
<tr>
<th>FARE TYPE</th>
<th>Pre-Nov.</th>
<th>Post-Nov.</th>
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<tbody>
<tr>
<td>CASH: Bus All Times</td>
<td>$2.00</td>
<td>$2.50</td>
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<tr>
<td>CASH: Rail Non-PEAK</td>
<td>$2.00</td>
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<tr>
<td>CASH: Rail PEAK</td>
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<td>$3.00</td>
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<tr>
<td>Reduced Fares</td>
<td>NO CHANGE</td>
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<tr>
<td>Chicago Cards</td>
<td>20% - 39% savings over cash</td>
<td></td>
</tr>
<tr>
<td>All Passes</td>
<td>11% - 20% Increase</td>
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</tr>
</tbody>
</table>

+ $0.50
+ $0.50
+ $0.50
+ $1.00

$5.00 fee waived for Sept./Oct.
Nov 4th Labor Impact

- Lay Offs
  - 562 operations
  - 75 CTA administrative and support
January 2008
Proposed Fare Increases
# Jan. 6th Fare Increases

<table>
<thead>
<tr>
<th>FARE TYPE</th>
<th>Current</th>
<th>Nov. ‘07</th>
<th>Jan. ‘08</th>
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<tbody>
<tr>
<td>CASH: Bus</td>
<td>$2.00</td>
<td>$2.50</td>
<td>$2.75</td>
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<tr>
<td>All Times</td>
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<tr>
<td>Transit Card: Rail</td>
<td>$2.00</td>
<td>$2.50</td>
<td>$2.75</td>
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<tr>
<td>Non-PEAK</td>
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<tr>
<td>PEAK</td>
<td>$2.00</td>
<td>$3.00</td>
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<tr>
<td>Reduced Fares</td>
<td>No Change</td>
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<tr>
<td>Reduced Fares</td>
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<tr>
<td>Chicago Card</td>
<td>$1.75</td>
<td>$2.00</td>
<td>$2.25</td>
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<tr>
<td>Non-PEAK</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RAIL PEAK</td>
<td>$1.75</td>
<td>$2.00</td>
<td>$2.50</td>
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2008 Proposed Fare Increases

- Maintains incentives for Chicago Cards

<table>
<thead>
<tr>
<th>FARE TYPE</th>
<th>Current</th>
<th>Nov. ‘07</th>
<th>Jan. ‘08</th>
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<tbody>
<tr>
<td>30-Day Pass</td>
<td>$75.00</td>
<td>$84.00</td>
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<tr>
<td>7-Day Pass</td>
<td>$20.00</td>
<td>$23.00</td>
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<tr>
<td>1-Day Pass</td>
<td>$5.00</td>
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January 2008
Proposed Service
Reductions
Proposed Rail Service Retained

- Rail Service

- Reductions:
  - Purple Line Express
Rail + Owl

- 19 Routes
  - Enhances connection to rail lines
Rail + Owl + Key

Rail Service

Owl Network

Key Route Network

- 46 Routes
  - 1 mile grid
Rail + Owl + Key + Subsidized

- 15 subsidized routes
  - Financial support from alternative sources
Rail + Owl + Key + Subsidized + EJ

- Federal Requirements
  - Title VI
  - Environmental Justice
Rail + Owl + Key + Subsidized + EJ

- Rail Service
- Owl Network
- Key Route Network
- Subsidized Service
- Environmental Justice

- Federal Requirements
  - Title VI
  - Environmental Justice
2008 Proposed Service

- 735 Fewer Buses
  - Initial ridership loss = 250,000/day
2008 Proposed Route Eliminations

- 53% of bus routes eliminated
- Includes 2007 elimination of 39 routes
Streets with No Service Left

- All have bus or train service within ½ mile
Infrastructure/Staffing Reductions

- Reduction of 735 buses would result in the closing 3 bus garages
- Lay off of 1,631 operations positions
  - 2193 total operational cuts since Nov. ‘07
- Lay off of 168 administrative and support staff
  - 243 total administrative cuts since Oct. ’07
- Total lay offs – 2,436
CTA 2007 Contingency and 2008 Proposed Budget