



To: Chicago Transit Authority Board

From: Dennis Anosike, Chief Financial Officer

Re: Financial Results for November 2007

Date: November 7, 2007

---

CTA's financial results show a surplus for the month of November of \$5.2 million but a deficit for the year to date of \$5.5 million. The surplus for the month is primarily due to an increase in public funding and labor cost savings. Ridership for the month of November was 41.4 million and was 2.2 million less than budget. CTA expects to finish the year with a balanced budget.

Sales tax for the RTA region equaled \$552.6 million through September 2007. This is \$2.1 million more than budget and \$1.5 million more than the prior year. Sales tax distributed to CTA from the formula equaled \$221.9 million and was higher than budget and prior year by \$4.3 million and \$2.6 million, respectively. These excess sales tax revenues do not accrue to CTA, but rather to RTA's fund balance.

Ridership for the month of November was 41.4 million and was 2.2 million less than budget. Ridership for the year was 461.8 million and was 3.6 million less than budget but was 5.2 million or 1.1% higher than prior year. Average weekday ridership was higher than November 2006 by 0.4% due to high bus ridership offset by lower rail. Saturday ridership for the month was higher than prior year by 2.6%. Sunday ridership for the month was 0.9% lower than prior year. Average weekday ridership was 0.8% higher than the prior year to date. Average Saturday and Sunday ridership was 1.4% and 2.4% higher than the prior year to date due to strong ridership on the bus system. Ridership taken with passes was up for the month and year by 2.0% and 6.2%, respectively.

Bus ridership for the month of November was 26.0 million. This was 0.8 million or 3.1% less than budget and was 0.8 million or 3.3% more than November 2006. Rail ridership for November was 15.4 million and was 1.4 million or 8.8% less than budget and was 0.6 million or 3.9% less than prior year. For the year to date, bus ridership was 285.2 million and was 9.1 million or 3.3% more than budget and was 10.6 million or 3.8% more than prior year. Rail ridership was 176.6 million and was below budget and prior year by 12.7 million or 6.7% and 4.1 million or 2.3%, respectively.

Public Funding Required for Operations for the month was \$40.8 million resulting in a \$5.2 million budget surplus for the month. For the year to date, CTA has a budget deficit of \$5.5 million.

Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 55.45% for the month and was favorable by 3.0 percentage points primarily due to lower operating expenses. For the year to date, recovery ratio was 52.54% and was 1.15 percentage points lower than budget.

Operating Expenses for the month equaled \$85.2 million and were \$5.0 million less than budget. For the year to date, operating expenses were \$1.0 billion and were \$8.3 million or 0.8% less than budget. The current month favorable variance is primarily a result of lower labor expenses.

Labor Expense was \$58.5 million for the month of November and \$730.0 million for the year to date. This was below budget for the month by \$7.9 million and was \$25.1 million lower for the year to date due to vacancies and restrictions on noncritical overtime to control costs, as well as the budget amendment eliminating additional funding for pension and retiree healthcare.

Material Expense was \$6.9 million for the month and was over budget by \$0.2 million or 3.6%. For the year to date, material expense was \$76.1 million and was \$4.8 million or 6.8% more than budget. Compared to prior year, material expense is \$3.2 million or 4.4% 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. In particular, axle and wheel assemblies on the 2600 series rail cars and brakes and brake calipers are currently being replaced. Material for rail operations is \$8.1 million more than budget for the year to date.

Fuel for Revenue Equipment was \$6.7 million for the month and \$66.0 million for the year. This exceeded budget for the month by \$1.4 million and the year to date period by \$9.7 million primarily due to higher miles and fuel prices. The gross average price paid per gallon for the month was \$3.49. The fuel swap decreased the average price by \$0.16 bringing the net cost per gallon to \$3.33. The budget assumed an average price of \$2.50 per gallon.

Electric Power for Revenue Equipment was \$2.1 million for the month and \$25.3 million for the year. Power expense was \$0.2 million less than budget for the month, but was \$0.4 million more than budget for the year. The year to date unfavorable variance is primarily due to the cold weather in February.

Provision for Injuries and Damages Expense was \$2.1 million for the month and \$22.9 million year to date and is on par with budget.

Purchase of Security Services was \$2.5 million for the month and was \$0.4 million less than budget. Year to date security expense is \$28.4 million and was \$4.0 million less than budget.

Other Expenses equaled \$6.4 million for the month and were \$1.8 million higher than budget due to higher facility maintenance services. Year to date other expenses were \$54.6 million and were \$5.7 million more than budget due to higher facilities maintenance expense and lower overhead charged to capital.

System-Generated Revenue was \$44.3 million for the month and \$495.3 million for the year to date. This was \$0.1 million more than budget for the month and \$13.8 million less than budget for the year principally due to lower fare, advertising, and investment income.

Fare Revenue was \$37.9 million for the month and was \$0.3 million more than budget primarily due to higher average fare offset by lower ridership. The average fare for the month was \$0.91 per ride and was \$0.05 more than budget. Year to date fare revenue was \$422.1 million and was \$12.0 million lower than budget due to a lower average fare and lower ridership. Compared to prior year, fare revenue is \$5.7 million lower for the year to date.

Reduced Fare Reimbursements were \$2.7 million for the month and \$30.4 million for the year to date period. This was on par with budget for the month and \$1.0 million higher than budget for the year.

Advertising, Charter and Concessions Revenue equaled \$2.0 million in November and was \$0.1 million less than budget. Year to date revenue for this category was \$21.4 million and was \$1.6 million lower than budget as the new contract for advertising revenues for platforms and vehicles was not approved until mid-January. The contract with the prior vendor expired on December 31, 2006.

Investment Income was \$1.1 million for the month and \$8.7 million for the year to date. This was \$0.1 million more than budget for the month and \$2.4 million less than budget for the year due to a lower cash balance.

Statutory Required Contributions were \$0.0 million for the month and \$2.0 million for the year to date period and were on par with budget.

All Other Revenue was \$0.6 million for the month and \$10.8 million for the year to date. This was \$0.2 million less than budget for the month and was \$1.3 million more for the year to date period due to higher revenue from rentals, scrap sales, non capital grant expenditure reimbursements and Chicago card sales.

Non STO full-time employees were capped by the Board at 5,302. Subsequently President Huberman eliminated 75 positions in June and July reducing the 2007 budgeted positions to 5,227 positions. As of November 30, CTA was under the cap by 120 employees.