Thank you Chairman Peterson, members of the board.

I am proud to report that last week CTA was recognized by the Department of Homeland Security for achieving high scores in all categories of their security inspection program for transit.

The Baseline Assessment for Security Enhancement, known as BASE, was developed as a comprehensive review of security programs. It focuses on 17 categories identified by the transit community as fundamental for a sound transit security program.

These categories include –

- security program management and accountability,
- security and emergency response training, drills and exercises,
- public awareness,
- protective measures for DHS threat levels,
- physical security,
- personnel security
- and information sharing and security.

Our system received high scores across all BASE categories, which very few transit systems have achieved.

Our safety and security team has worked hard to elevate security of the system and has had the support and assistance of all departments throughout CTA to strengthen these critical measures for our riders and employees.

Congratulations on a great achievement.

As mentioned in Karen Walker’s report, the CTA hedges against its fuel usage. Fuel hedging allows us to manage the overall cost paid for fuel in light of the constant price volatility in the market. As a result, the CTA gains a level of assurance that reduces the full impact that would otherwise be felt in periods of increasing fuel prices. It is a long-term strategy, much like investing, that provides benefits over years.

For January, the market diesel fuel cost was $3.08 per gallon. The hedge brought the net cost down to $2.82 per gallon.
Going forward, 75% of the 2011 fuel budget is hedged at a price of $3.03 per gallon. By contrast, the market price for #1 low sulfur diesel fuel was $3.72 as of close of business Monday.

Although the CTA pays its fuel provider market price, the hedge pricing will deliver revenue to net out or significantly reduce the impact of the higher market costs.

Fuel hedging is a long-term strategy that is designed to smooth out the peaks and valleys of fuel prices and provide a degree of certainty for budgeting purposes.

CTA continues to manage its hedging strategies to help stabilize the price volatility relating to diesel fuel in order to manage its second biggest operating expense.

I recently made some staffing changes at the executive level.

Peter Ousley, who served as my Chief of Staff since joining CTA in 2009, was promoted to Chief Operating Officer. He now leads Transit Operations in providing quality service and continues to look for the most efficient operating methods.

Veronica Alanis has joined the President’s Office as my new Chief of Staff. Veronica joined the CTA in August 2009 as Vice President of Real Estate and Government & Community Relations, and transitioned to Vice President of Supply Chain and Business Development in 2010.

In her new role, Veronica works with management and external agencies to accomplish Authority-wide goals and initiatives, and will work to address operational challenges.

Araceli De La Cruz replaces Veronica as Vice President of Supply Chain and Business Development. Araceli joined the CTA in October 2009 as Chief of Safety & Security Compliance. In May 2010, she transitioned into the role of Deputy Chief of Staff in the President’s Office.

In her new role, Araceli oversees Supply Chain and Business Development initiatives such as the management of parts inventory, CTA’s advertising contract, the open fare media project, and other non-fare box revenue generating agreements.

I want to thank Dave Kowalski, who served as Acting Chief Operating Officer after Jeanette Martin’s retirement in December. Dave has now been promoted to Vice President of Operations and Technical Services and leads all Bus and Rail Maintenance efforts. He also oversees all technology and supply chain initiatives for Operations.

Congratulations to each of you. I look forward to our continued efforts providing on time, clean, safe and friendly service for our customers.

That concludes my report. Thank you.