Good morning.

As this great nation slowly climbs out of the worst recession in our lifetimes, the CTA is confronting a financial crisis that is due in part to the current state of the economy and in part to years of insufficient funding.

We've done our best to manage through it. I have spoken in the past of the tens of millions we have sliced from the budget, described a budget whose composition is skewed by labor costs that represent in excess of 70%, of a workforce that is more than 90% unionized.

I have spoken of the challenges we have faced internally, but the days of preparing for the storm have passed. We are now in its midst. The CTA is an agency best represented by its people - people who work through all conditions, people who have weathered many storms.

When service is reduced we will continue to provide safe, clean, on-time, courteous, and efficient service. I have challenged my staff to bring their best to bear – each and every day. They have been the example for me as I work to shape this agency in the image of this great city-- one whose people know how to come together in times of crisis.

I am proud of the people of this agency and thankful we have the opportunity to serve the greater Chicagoland community. The CTA is of Chicago. The city is in more than our name, it is in our people, the people whom give me confidence we can build a better, stronger, leaner, agency prepared to face the opportunities of tomorrow.

The CTA is part of a larger system - the economic engine fighting through the gray skies and severe temperatures of this economic storm. We safely transport hundreds of thousands of people to work and home every day. One loaded rush hour train has more passengers than a 747 jumbo jet.

Neighborhoods, families, schools, offices, parks and homes are just some of the people and places tightly linked together by the CTA. All of us, as a team, turn the wheels that roll us forward.

But the economic storm has taken its toll. In order to weather it, we've had to make some very difficult decisions, including service reductions. Although we are doing this to protect the long term viability of the CTA, when the service reductions begin in a few weeks, it will be a challenging time for the CTA and its customers.

As you know, nine express routes will be eliminated, service will run less frequently on 119 routes and hours will be shortened on 41 bus routes.

While we continue our discussions with the unions about options that would enable CTA to minimize the service reductions needed, we have begun to widely broadcast messages that describe the pending changes. We want customers to have information as early as possible so that they can begin to plan their travel based upon the new schedules.

We are communicating directly with our affected riders. Two weeks ago, the CTA began posting customer alerts on buses, trains and at other CTA facilities. These bright yellow notices identify the routes that will be
affected by the service reductions. Information has also been posted on digital displays and other electronic signage at rail stations. In addition, starting last week we began to play audio announcements on bus routes.

We have two types of announcements. One outlines specific changes in the hours of operation and the other is a reminder that service on the route will be reduced or eliminated.

However, there are limits to the level of detail we can provide with those methods, so detailed, route-by-route information has also been posted on CTA’s Web site.

Lastly, a brochure with specific service information will be distributed throughout the system.

Starting the week of January 25, CTA information specialists will be strategically deployed to key locations at bus stops and rail stations to distribute copies to customers. They will be deployed at all times of day so that we are reaching customers in off peak as well as peak hours.

Brochures will be available at rail stations, on buses and will be published on CTA's web site. We are also producing versions in Spanish, Polish and Chinese. If a customer does not have internet access, they can contact CTA Customer Service and one will be mailed to them. To better serve customers with questions, CTA’s Customer Service center will add weekend hours on February 6 and 7, and be available for calls regarding service changes.

Signs at all CTA bus stops notifying customers of the changes to service will be in place by the end of the month.

We are also providing the information on cable TV via the city's municipal channels and Cook County’s channel.

We're notifying elected officials and community organizations. Information has been sent to local elected officials, Chambers of Commerce, municipalities, and city agencies so that they may assist us in our communication efforts if residents contact them. Additional detailed information will be delivered to these groups in the coming weeks. We are also notifying community and faith-based organizations.

We greatly regret the difficulty these service reductions will cause our riders and the hardship the corresponding layoffs will cause our employees and their families. However, until economic conditions dictate or our revenue sources recover, our operating costs must be reduced. By continuing to manage responsibly and making very difficult but necessary decisions, the CTA will hold a balanced budget throughout 2010 as required by law.

Public transit is an essential regional resource. We are hopeful that as the economy improves, so will our revenues so that we may begin to restore service levels. We will continue to work diligently with regional leaders, as well as our elected officials in Springfield and Washington D.C. to prioritize robust, long-term funding of mass transit.

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On January 9, Chairman Peterson, Directors Silva, Grimshaw, McClean and I joined Mayor Daley and a number of elected officials for a ribbon cutting to mark the successful completion of the $530 million Brown Line Capacity Expansion project.

Now all Brown Line stations are accessible with the addition of either elevators or ramps. The CTA now has 91 accessible stations out of 144.
This project represents a great enhancement of our transportation system and moves us closer to our goal of bringing accessible, reliable service to our riders. It also demonstrates how essential capital investment is to the economic growth and development of our region.

CTA was fortunate to be able to leverage federal funds to bring this vision to fruition and through sound management was able to bring the project in on time and on budget.

I look forward to the day when we have funding to modernize our entire system --but for now, I encourage everyone to enjoy the newly renovated and accessible stations across the Brown Line.

As we wrap up one capital improvement project, we begin another. We are effectively using stimulus funds to make improvements to the Cermak/Chinatown station on the Red Line.

Our plan is to add an elevator at the main entrance on Cermak, but initially we are building an auxiliary entrance at Archer Avenue on the north end of the station.
In addition to providing convenient access to the station for newly developed areas near Archer, the auxiliary entrance will enable us to keep the station open when we begin construction on the main entrance.

We recently broke ground for the Archer entrance and plan to have it completed by summer. Once it is open, we will begin work at the main entrance. The entire project is expected to be finished within a year.

And now I have an update for the board on ridership.

For 2009, combined bus and rail ridership totaled 521.2 million rides, a decrease of 5.1 million rides, or 1 percent, compared to the 2008 system ridership.

Even so, ridership totals are stronger than expected considering the dramatic impact the recession has had throughout the year. CTA projected 2009 ridership at 517.4 million rides.

Rail ridership was 202.6 million for 2009, an increase of 2.2 percent compared to 2008.

Bus ridership in 2009 was 318.7 million, a 2.9 percent decrease from 2008.

I am encouraged by the fact that CTA has lost very little ground from a ridership standpoint under the most difficult financial circumstances this country has seen in decades. It would be unreasonable to expect that the growth in ridership CTA has experienced in recent years would sustain itself with so many people unemployed and businesses struggling. The fact that it is only a 1 percent drop demonstrates the value of public transit as a cost-effective travel option.

Thank you and this concludes my report.