Good morning Chairman Peterson and members of the Board.

I will start my report with an update on ridership.

CTA provided 256.4 million rides during the first half of 2010.

From January through June, overall ridership on the system decreased slightly – down only .4% (point four percent), which represents approximately 1.1 million rides.

Bus ridership decreased by 3.3% - the equivalent of 5.2 million rides, while rail ridership increased by 4.2%, the equivalent of 4.1 million rides.

As you know, in February, bus service was reduced by 18% while rail was reduced by 9%. The ridership numbers reflect the changes in service and are actually better than we anticipated.

Riders who have the option to switch from rail to bus appear to have made that choice as a way to compensate for reduced bus service.

Part of the increase in rail ridership can also be attributed to the completion of the Brown Line capacity expansion project and the end of three-track operation, as well as work on the Blue Line that allowed trains to resume normal speeds.

During the second quarter, ridership losses during rush period have stopped which is good news.

During the second quarter, there has been a slight decrease in system ridership equivalent to .6% (point six percent), which represents approximately 800,000 rides.

During this period, bus ridership decreased by 4.4%, or 3.5 million rides, while rail ridership increased by 5.3 percent, or 2.7 million rides, which echoes the trend for the entire first half of the year.

At close to a 6% increase in June, rail ridership had its strongest month in over a year.

We will continue to closely monitor ridership, but are encouraged by the numbers and trends for the first half of 2010.
I want to thank riders for continuing to choose CTA.

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Two weeks ago Chairman Peterson, Director Grimshaw, Director McClain, and I joined Governor Quinn at the 63rd/Ashland Green Line station to announce a much needed $253 million infusion of capital funding for the CTA.

The funding will allow CTA to move forward with several projects.

At Ashland/63rd, we’ll use funds to renew the rail track and structure.

Part of the track work will replace deteriorated ties, which will remove slow zones and help prevent new ones. We also will conduct structure work and replace the roof of the stationhouse.

This will be a very important investment for the station and the Englewood community.

The stations along the Pink Line and at Howard—or the more recent renovations at 18 stations along the Brown Line are excellent examples of what is possible when capital funding is available.

This funding will be used to make repairs throughout the system including improving the ventilation system in the subways, replacing track on the Loop elevated and Dan Ryan branch of the Red Line and repairing and renovating some of the oldest stations on the Red Line.

As much as we have done and plan to do, there always is more to be done.

Mass transit in Northeastern Illinois—and specifically the City of Chicago, is vital to the economic health of the region. CTA provides 1.7 million rides per day taking people to and from work, school, doctor’s appointments and all of the other places we go as part of our daily lives.

We are grateful to the Governor for this promised funding and look forward to working with him and other legislative leaders to make improvements that enhance CTA’s public transit system and put people to work.

We talk regularly with state and federal officials to continue discussions around CTA’s operating and capital funding needs. Last month, an FTA Roundtable was held here in Chicago and as part of these meetings, discussions focusing on the current condition and needs for CTA’s system took place along with a tour that demonstrated those points.

Monitoring CTA’s financial status and navigating through it continues to be a daily task and one of critical importance. We rely on receiving funding promptly and at the same levels as budgeted.

Due to the state’s own financial challenges, they are behind on Public Transportation Fund and Reduced Fare Reimbursement payments to the RTA. So, we continue to watch our own expenditures very carefully, while working with the State and the RTA to make sure CTA receives the resources it is due and that it needs to run the system.
Planning for next year’s budget is once again upon us and we are working to put together recommendations for 2011. In the coming months I will be briefing this board on the proposed details.

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CTA has been closely following the National Transportation Safety Board’s investigation related to last summer’s train accident in Washington, D.C. and has already taken proactive steps to inspect its own signal system based on preliminary findings from the investigation.

For example, in April, Orange Line inspections identified a potential defect with a component of the signaling system. Our team immediately put safeguards into effect.

Although the full report is not yet available, CTA will be evaluating it for recommendations that impact Chicago.

We will bring the same customer safety focus to the NTSB’s latest recommendations, recognizing that signal systems are complex and vary in form and configuration from location to location and agency to agency.

We will continue evaluating our system based on the information that comes from the final NTSB report, which we have yet not seen, and look forward to a more complete technical disclosure from NTSB regarding their findings, the specific failures of WMATA's signaling system, and how the failures may relate specifically to the configuration of the components of the CTA's signal system.

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Recently record rainfall has hit CTA’s service area resulting in flooded viaducts, impassable roadways and for the storm of July 24, suspension of rail service along segments of several lines due to flooding.

Even though heavy rains caused numerous travel issues throughout the area that weekend, CTA’s dedicated team worked diligently to quickly restore normal rail service on the Red, Orange, Pink and Blue lines.

The storm started wreaking havoc in the early morning hours Saturday, but with the best efforts of our operations’ personnel, two of the lines were back to normal Saturday morning and the other two by that same evening.

In addition, numerous bus substitutions and reroutes around flooding required continual coordination throughout departments to make sure that riders were accommodated.

I want to thank everyone at CTA who stepped up to answer the call to help keep things moving despite the obstacles Mother Nature presented.

That concludes my report for August, thank you.