Moving BEYOND Doomsday

The New cta®
Year after year, the CTA once faced uncertainty
“To compete with other cities, to draw the best workers and businesses to Chicago, we need a strong and vibrant CTA.”

Rahm Emanuel
Mayor, City of Chicago
The red ink quickly added up.
You may ask yourself, well, how did I get here?

You may say to yourself, my god, what have I done?

--Once in a Lifetime
Talking Heads
From 2008-2011, CTA borrowed $554,000,000
Regional Ridership vs. Public Funding

CTA provides 82 percent of the region’s rides but receives only 49 percent of public funds.
General Assembly’s 2008 Pension Legislation Added Huge New Costs

<table>
<thead>
<tr>
<th>Year</th>
<th>Total New Costs</th>
<th>New 2008 Public Funding - Actual</th>
<th>Original Projections for 2008 Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$30.0</td>
<td>$30.0</td>
<td></td>
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<tr>
<td>2006</td>
<td>$35.6</td>
<td>$35.6</td>
<td></td>
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<tr>
<td>2007</td>
<td>$33.8</td>
<td>$33.8</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>$99.1</td>
<td>$99.1</td>
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</tr>
<tr>
<td>2009</td>
<td>$116.8</td>
<td>$116.8</td>
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</tr>
<tr>
<td>2010</td>
<td>$188.6</td>
<td>$188.6</td>
<td></td>
</tr>
<tr>
<td>2011 Budget</td>
<td>$235.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012 Budget</td>
<td>$248.7</td>
<td></td>
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</tbody>
</table>
$1.60

Average CTA fare after discounts, free rides are factored in
Recession’s Impact on Public Funding

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual</th>
<th>2008-09 Projections for Public Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$621.8</td>
<td>$621.8</td>
</tr>
<tr>
<td>2009</td>
<td>$723.0</td>
<td>$500.6</td>
</tr>
<tr>
<td>2010</td>
<td>$749.7</td>
<td>$528.6</td>
</tr>
<tr>
<td>2011 Estimate</td>
<td>$787.2</td>
<td>$529.3</td>
</tr>
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</table>
Inadequate Capital Funding

*RTA’s allocation of the region’s Federal Formula funding*

<table>
<thead>
<tr>
<th></th>
<th>CTA</th>
<th>Metra</th>
<th>Pace</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Current Funding</td>
<td>60%</td>
<td>40%</td>
<td>0%</td>
</tr>
<tr>
<td>% of Repair Backlog</td>
<td>80%</td>
<td>20%</td>
<td>0%</td>
</tr>
</tbody>
</table>

- CTA
- Metra
- Pace
Diversion of Capital Repair Funding

Diversion of capital repair funding increases costs by allowing infrastructure to degrade
Growth and Revenue vs. Growth and Labor Costs

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Labor Costs (including Salary, Pension and Benefits)</th>
<th>Public Funding (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$800,000</td>
<td>$400,000</td>
</tr>
<tr>
<td>2009</td>
<td>$900,000</td>
<td>$500,000</td>
</tr>
<tr>
<td>2010</td>
<td>$1,000,000</td>
<td>$600,000</td>
</tr>
<tr>
<td>2011 Budget</td>
<td>$1,100,000</td>
<td>$700,000</td>
</tr>
<tr>
<td>2012 Projected</td>
<td>$1,200,000</td>
<td>$800,000</td>
</tr>
</tbody>
</table>
CTA Structural Deficit Exceeding a Quarter Billion Dollars

Despite:

• Massive Borrowing
• Non-Union Wage Cuts
• 2009 Fare Increase - $34.6M
• Deep 2010 Service Cuts (18% bus, 9% rail) - $95.6M
• 1,100 Layoffs in 2010
“CTA Avoids Doomsday...For Now.”

There's nowhere to go."

- CTA Chairman Terry Peterson

No place to go for additional funding...
...not even Mr. Potter
Deep Cuts in Management and Bureaucracy

- 200 Positions Eliminated
- Reduction of Sick and Vacation Benefits
- Other Material and Contractual Expense Reductions
- CTA headcount is lowest in history
- Average of 21 front-line employees for every manager

CTA Budgeted Positions*

<table>
<thead>
<tr>
<th>Year</th>
<th>Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>10,500</td>
</tr>
<tr>
<td>2010</td>
<td>9,500</td>
</tr>
<tr>
<td>2011</td>
<td>9,000</td>
</tr>
<tr>
<td>2012 Budget</td>
<td>8,500</td>
</tr>
</tbody>
</table>
Since May 2011: 5.3 percent jump in ridership—27 million rides.
$165M

Projected 2013 budget deficit
Labor Savings and Management Efficiencies

**Labor Savings**

$60M

- More Scheduling Flexibility, Less Overtime
- Work Rule Reform
- Health Care Reform
- Restraint in Wage Growth

**Management**

$50M

- Better Management of Supplies and Materials
- Renegotiated Energy Costs
- Crackdown on Absenteeism, Workers’ Comp Abuse
- Streamlining Administrative Functions
Base fares frozen for many years.
Ten-Year Price Increase
(Percent Change Since 2002)

<table>
<thead>
<tr>
<th>Item</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gallon Of Gas</td>
<td>185%</td>
</tr>
<tr>
<td>Cubs Ticket</td>
<td>114%</td>
</tr>
<tr>
<td>Loop Parking(^1)</td>
<td>85%</td>
</tr>
<tr>
<td>Big Mac</td>
<td>68%</td>
</tr>
<tr>
<td>Metra Monthly</td>
<td>55%</td>
</tr>
<tr>
<td>CTA Base</td>
<td>50%</td>
</tr>
<tr>
<td>Bread Loaf</td>
<td>42%</td>
</tr>
<tr>
<td>Monthly Pass (proposed)</td>
<td>33%</td>
</tr>
<tr>
<td>Monthly Pass (current)</td>
<td>15%</td>
</tr>
</tbody>
</table>

\(^1\) Since January 2009

(Sources: Bureau of Labor Statistics, public sources, Metra, CTA)
CTA Fares vs. Other Large Transit System

<table>
<thead>
<tr>
<th></th>
<th>Base Fare</th>
<th>7-Day Pass</th>
<th>Discount</th>
</tr>
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<tbody>
<tr>
<td>Boston</td>
<td>$2.00</td>
<td>$18.00</td>
<td>$10.00</td>
</tr>
<tr>
<td>Chicago</td>
<td>$2.25</td>
<td>$23.00</td>
<td>$8.50</td>
</tr>
<tr>
<td>New York</td>
<td>$2.50</td>
<td>$29.00</td>
<td>$6.00</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>$2.00</td>
<td>$22.00</td>
<td>$6.00</td>
</tr>
<tr>
<td>Chicago</td>
<td>$2.25</td>
<td>$28.00</td>
<td>$3.50</td>
</tr>
<tr>
<td>New York</td>
<td>$2.25</td>
<td>$29.00</td>
<td>$2.50</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>$1.50</td>
<td>$20.00</td>
<td>$1.00</td>
</tr>
<tr>
<td>New York</td>
<td>$2.25</td>
<td>$34.00</td>
<td>$(2.50)</td>
</tr>
<tr>
<td>Washington DC</td>
<td>$3.93</td>
<td>$57.50</td>
<td>$(2.50)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Base Fare</th>
<th>30-Day Pass</th>
<th>Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boston</td>
<td>$2.00</td>
<td>$70.00</td>
<td>$50.00</td>
</tr>
<tr>
<td>Chicago</td>
<td>$2.25</td>
<td>$86.00</td>
<td>$49.00</td>
</tr>
<tr>
<td>San Francisco</td>
<td>$2.00</td>
<td>$74.00</td>
<td>$46.00</td>
</tr>
<tr>
<td>New York</td>
<td>$2.50</td>
<td>$109.00</td>
<td>$41.00</td>
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<tr>
<td>Philadelphia</td>
<td>$2.00</td>
<td>$83.00</td>
<td>$37.00</td>
</tr>
<tr>
<td>Chicago</td>
<td>$2.25</td>
<td>$100.00</td>
<td>$35.00</td>
</tr>
<tr>
<td>New York</td>
<td>$2.25</td>
<td>$104.00</td>
<td>$31.00</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>$1.50</td>
<td>$75.00</td>
<td>$15.00</td>
</tr>
<tr>
<td>New York</td>
<td>$2.25</td>
<td>$125.00</td>
<td>$10.00</td>
</tr>
<tr>
<td>Washington DC</td>
<td>$3.93</td>
<td>$230.00</td>
<td>$5.50</td>
</tr>
</tbody>
</table>

CTA moving from second most-generous pass discounts to middle of the pack.
CTA has finally achieved balance
Expenses are expected to mirror revenues for years to come.
The CTA’s Proposed 2013 Budget...

- Maintains bus and rail service levels, including a comprehensive de-crowding plan
- Freezes the base bus and rail fare
- Achieves historic labor agreement to bend cost curve
- Continues major management efficiencies
- Calls for the hiring of 400 part-time bus operators
- Stops transfer of critical capital dollars to operations
- Highlights $4 billion in capital investments
CTA has to walk and chew gum at the same time—addressing financial stability while investing in the future.
Security cameras—3,600 on rail, every CTA bus. Serious crime down more than 20 percent in 2012 compared to previous year.
Technology/Customer Convenience

Train Tracker

Bus Tracker
Renew Crew Initiative
Logan Square Station

Before

After
Jeffery Jump
Crowding-Reduction Initiative

Aimed at addressing overcrowded trains and buses—more comfort, better service for customers.
Added Service

- Additional service on:
  - 48 bus routes
  - 6 rail lines
  - Added service covers lines/routes used by 75 percent of CTA customers

- Benefits
  - 10%-15% less crowded
  - More frequency during AM and PM peak
Added service in green
Old Lake Street bus route—example of service duplication.
If tough decisions are not made, back to crowded rides and more red ink.
RTA: CTA has a 10-year backlog of capital reinvestment needs in the BILLIONS.
Dangers of Disinvestment
Maintenance costs go up with old buses, down with new buses
Transit, but Far Less Rapid

Rail Average Revenue Speed

CTA addressing slow zones...

Blue Line, O’Hare to Clark/Lake
1990: 38.5 min
2011: 43 min

Red Line, Howard to Grand
1990: 28.5 min
2011: 34.5 min

Purple Express, Howard to Merchandise Mart
1990: 24 min
2011: 29 min
“Beep-Beep!”
...to this.
Capital Investments

Red Line South Track Renewal - $425M
Service Benefits

- Customers get faster commutes
  - 20 minutes off round trip from 95th to downtown by end of 2013
- Smoother rides
- More reliable service
- Station facelifts
- ADA Accessibility
Economic Benefits

• Track work: $220.1 million
  • DBE percentage: 29.3%
  • 23 DBE subcontractors (50 percent based in Chicago
  • DBE contract dollar amount: $66.5 million
    • 60.6 percent—or just over $40.3 million dollars—going specifically to African-American firms.

• Station work: $43.875 million.
  • DBE percentage: 40%
  • 13 DBE subcontractors
  • DBE contract dollar amount: $17.5 million
    • 92.2 percent going to African-American firms.

• 400 new bus driver jobs
• Opportunities for Disadvantaged Business Enterprises
• Construction Apprenticeship Opportunities
Brown/Blue Slow Zone Removal

“Ravenswood Connector” Reconstruction

Blue Line Slow Zones

- Armitage
- Sedgwick
- Chicago
- Merchandise Mart
Already launched $2 billion in capital projects under Mayor’s leadership.
5000 Series Rail Cars
Bus and Rail Maintenance Facility Restoration
Capital Investments

Argyle Station Platform

Before

After

Red North Station Facelifts - $86M
Wilson
StaPon
RenovaPon
‐
$203M

Capital Investments

RED AHEAD

Wilson Station Renovation - $203M
Capital Investments

95th Street Terminal Improvement Project - $240M
Future Capital Investments

Cermak Green Line

Washington/Wabash Superstation
• Five year plan
• $4 Billion
• State of Good Repair
Why does it matter?
“The physical properties of cities—scale, proximity, and diversity—are their chief advantage.”

From *The Wealth of Cities*, by John Norquist
“To compete with other cities, to draw the best workers and businesses to Chicago, we need a strong and vibrant CTA.”

Rahm Emanuel
Mayor, City of Chicago