To: Chicago Transit Authority Board

From: Jeremy Fine, Chief Financial Officer

Re: Financial Results for December 2020

Date: February 10, 2021

I. Summary

On March 13, 2020, the President of the United States declared a National Emergency concerning the Novel Coronavirus Disease (COVID-19) outbreak. CTA’s financial results for the month and year to date are impacted by the effect of the COVID-19 pandemic on the economy. CTA’s financial results are $34.8 million unfavorable to budget for December primarily due to lower than anticipated fare and pass revenue. Results are unfavorable to budget for year-to-date by $349.0 million primarily due to lower than anticipated fare and pass revenue. Public funding year-to-date totaled $660.2 million, which is $112.6 million unfavorable to budget. CTA has drawn down CARES funding of $104.3 million related to public funding shortfalls and $349.0 million related to operating losses for a grand total CARES draw of $453.3 million, which is approximately 55.4% of the 2020 CARES budget.

Ridership for the month was 11.1 million, which was 23.3 million lower than budget and 23.4 million lower than December 2019. Ridership year-to-date was lower than budget and prior year by 251.2 million and 257.7 million, respectively. The ridership decrease over the prior year-to-date was due to the COVID-19 pandemic.

II. Cash & Liquidity

The chart below highlights CTA’s cash position at December 2020 compared to December 2019.

<table>
<thead>
<tr>
<th></th>
<th>December 2020</th>
<th>December 2019</th>
<th>Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted Cash</td>
<td>$124,014</td>
<td>$126,539</td>
<td>$(2,525)</td>
</tr>
<tr>
<td>Damage Reserve</td>
<td>42,451</td>
<td>50,071</td>
<td>$(7,620)</td>
</tr>
<tr>
<td>Funds Owed by RTA</td>
<td>250,677</td>
<td>235,674</td>
<td>15,003</td>
</tr>
<tr>
<td>Trust Portfolio Assets</td>
<td>591,140</td>
<td>353,926</td>
<td>237,214</td>
</tr>
<tr>
<td>Total Cash and Receivables</td>
<td>$1,008,282</td>
<td>$766,210</td>
<td>$242,072</td>
</tr>
</tbody>
</table>

CTA’s total cash/receivables balance was equal to $1.0 billion. Unrestricted cash was $2.5 million lower than the prior year due to the timing of cash receipts and invoice payments. The Damage Reserve fund was $7.6 million lower than last year due to settlement payments. Funds owed by the RTA were approximately $250.7 million which was $15.0 million higher than the prior year due to the timing of payments from the State. CTA continues to work closely with the RTA to...
monitor their receivable balance owed; Trust Portfolio Assets represents bond proceeds held in Trust for funding capital projects and making required debt service payments and therefore goes down when payments are made.

### III. Revenue

<table>
<thead>
<tr>
<th>Category</th>
<th>Current Month</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual Dec-20</td>
<td>Variance to Budget Dec-20</td>
</tr>
<tr>
<td>Fare &amp; Pass Revenue</td>
<td>$ 13,046</td>
<td>$ (32,131)</td>
</tr>
</tbody>
</table>

- Fare and pass revenue for December was $32.1 million unfavorable to budget and $34.4 million unfavorable to prior year due to sharply lower ridership as a result of the current COVID-19 pandemic. The average fare for the month was $1.17 per ride and was $0.14 lower than budget and $0.20 lower than the prior year.

- Year-to-date fare and pass revenue was $352.8 million unfavorable to budget and $352.5 million unfavorable to prior year due to sharply lower ridership as a result of the current COVID-19 pandemic. The average fare for the year was $1.18 per ride and was $0.13 lower than budget and $0.11 lower than the prior year.

<table>
<thead>
<tr>
<th>Category</th>
<th>Current Month</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual Dec-20</td>
<td>Variance to Budget Dec-20</td>
</tr>
<tr>
<td>Reduced Fare Subsidy</td>
<td>$ 1,217</td>
<td>$ -</td>
</tr>
</tbody>
</table>

- Reduced Fare Subsidy was on par with budget for the month and was $0.2 million favorable to budget for the year-to-date based on expected reimbursements from the State.

<table>
<thead>
<tr>
<th>Category</th>
<th>Current Month</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual Dec-20</td>
<td>Variance to Budget Dec-20</td>
</tr>
<tr>
<td>Advertising, Charter, Concession</td>
<td>$ 579</td>
<td>$ (2,753)</td>
</tr>
</tbody>
</table>

- Advertising, Charter and Concessions Revenue was $2.8 million unfavorable to budget for the month and $19.0 million unfavorable year-to-date. This revenue category was $18.1 million lower than prior year-to-date. The unfavorability to budget and prior year was due to the uncertainty of vehicle and platform advertising revenue minimum guarantee payments starting in April 2020 due to the COVID-19 pandemic.
• Investment income was $0.4 million lower than budget for the month and $2.6 million less than prior year-to-date due to lower than expected short-term market rates. December 2020 activity includes annual year-end fair market value adjustments.

• Other Revenue was $0.7 million unfavorable to budget for the month due to lower parking lot revenue which is further impacted by an increase in parking taxes and lower than anticipated rental, non-capital grant, and miscellaneous revenues. Year-to-date, other revenue was $8.3 million unfavorable to budget due to lower parking lot revenue and lower than anticipated non-capital grant and rental revenues. Other revenue was $2.0 million and $10.2 million unfavorable to December 2019 and prior year-to-date, respectively, primarily due to lower non-capital grant, parking lot, rental, and miscellaneous revenues. Lower non-capital grant revenue is offset by lower non-capital expense in the Other Expenses category.

• Total System-Generated Revenue was lower than budget for the month and year-to-date by $36.0 million and $381.6 million, respectively, due to sharply lower ridership as a result of the current COVID-19 pandemic. It was $40.0 million and $383.1 million lower than December 2019 and prior year-to-date, respectively, due to sharply lower ridership as a result of the current COVID-19 pandemic.

IV. Expenses

• Labor expense was $4.4 million unfavorable to budget for the month and $2.1 million unfavorable for the year-to-date due to higher fringe benefit costs. Labor expense was $0.1 million unfavorable to December 2019 and $41.4 million unfavorable to prior year-to-date due to higher fringe benefit costs.
### Material Expense

- Material expense was slightly favorable to budget for the month due to the timing of material purchases and $0.1 million unfavorable year-to-date due to increased costs for cleaning supplies related to COVID-19 and vehicle parts usage. Material expense was $2.4 million unfavorable to December 2019 due to targeted capital maintenance campaigns in 2019 and the timing of material purchases and $7.1 million unfavorable to prior year-to-date due to higher vehicle parts usage.

### Fuel Expense

- Fuel for Revenue Equipment expense was $0.4 million favorable to budget in December primarily due to lower than anticipated usage. Lower usage accounts for the favorable variance to the prior year-to-date.

### Power Expense

- The Electric Power for Revenue Equipment expense was $0.8 million favorable to budget for the month and $8.0 million favorable year-to-date due to lower than anticipated usage. Expenses were $6.9 million favorable to prior year-to-date primarily due to the harsher weather in 2019 and lower usage in 2020.

### Provision for Injuries & Damages

- The Provision for Injuries & Damages expense was on par with budget for the month and year-to-date. The unfavorable variance to 2019 for the month and year-to-date of $1.2 million and $14.5 million, respectively, is due to higher funding requirements in 2020.
• Purchase of Security Services was slightly unfavorable to budget for the month and $2.7 million unfavorable to prior year. Year-to-date, expenses were $0.5 million favorable to budget and $5.1 million unfavorable to prior year due to increased costs under the private security contracts in 2020.

- Other expenses were $4.3 million favorable to budget for the month and $19.1 million favorable to budget for the year-to-date due to the timing of contractual services invoices. Other expenses year-to-date were $35.5 million favorable to prior year due to moving a portion of the capital debt service costs from the operating budget to the capital budget. The other expense category includes the pension obligation bond expense, utilities, maintenance contracts, services, and other expenses.

- Operating Expenses were $1.2 million favorable to budget for the month primarily due to the timing of contractual services invoices. The unfavorable variance to prior year-to-date was due to higher labor costs and an increase in funding requirements for the provision for injuries and damages.

V. Recovery Ratio

- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 80.82% for the month. This was favorable to budget by 30.13 percentage points for the month due to catch up adjustments including a senior free rides adjustment for the rear-door boarding timeframe and operating expense favorability during the COVID pandemic. Year-to-date, the recovery ratio was 55.95%, which was favorable to budget by 0.61 percentage points. Due to the COVID-19 pandemic, fare and
pass revenues have decreased significantly, which also causes an unfavorable variance in the recovery ratio. The RTA is including the Federal stimulus funds under the CARES Act as replacement fare revenues for recovery ratio purposes.

VI. Ridership

<table>
<thead>
<tr>
<th>Category</th>
<th>Current Month</th>
<th>Full Year</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Actual Dec-20</td>
<td>Variance to Budget Dec-20</td>
</tr>
<tr>
<td>Bus</td>
<td>7,467</td>
<td>(10,989)</td>
</tr>
<tr>
<td>Rail</td>
<td>3,031</td>
<td>(10,095)</td>
</tr>
<tr>
<td>Rail to Rail Transfers</td>
<td>650</td>
<td>(2,180)</td>
</tr>
<tr>
<td>Total</td>
<td>11,148</td>
<td>(23,265)</td>
</tr>
</tbody>
</table>

- Ridership for the month of December was 11.1 million and was lower than budget and prior year by 23.3 million and 23.4 million, respectively.

- Calendar adjusted ridership was down 68.3% from prior year due to the COVID-19 pandemic.

- Ridership for the year-to-date was 197.5 million and was 251.2 million lower than budget and 257.7 million lower than the prior year-to-date.

- Calendar adjusted ridership was down 56.9% from the prior year-to-date.

- More details on ridership can be found in the December Ridership Report.
Cash & Cash Liquidity

Trust Portfolio Assets

Revenue

Fare & Pass Revenue

Reduced Fare Subsidy
Revenue Cont'd

Other Revenue

Total System Generated Revenue

Total Public Funding
Expenses

Labor

Material

Fuel
Expenses Cont’d

### Power

![Power Chart]

### Provision Injuries & Damages

![Provision Injuries & Damages Chart]

### Purchase of Security Services

![Purchase of Security Services Chart]
Expenses Cont’d

Other Expenses

Total Operating Expenses
### Cash

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Unrestricted Cash</strong></td>
<td>127</td>
<td>141</td>
<td>160</td>
<td>189</td>
<td>167</td>
<td>113</td>
<td>135</td>
<td>160</td>
<td>135</td>
<td>199</td>
<td>171</td>
<td>163</td>
<td>124</td>
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<tr>
<td><strong>Damage Reserve</strong></td>
<td>50</td>
<td>50</td>
<td>49</td>
<td>49</td>
<td>49</td>
<td>45</td>
<td>45</td>
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<td>45</td>
<td>45</td>
<td>45</td>
<td>45</td>
<td>44</td>
</tr>
<tr>
<td><strong>Funds Owed by RTA</strong></td>
<td>231</td>
<td>238</td>
<td>241</td>
<td>267</td>
<td>307</td>
<td>265</td>
<td>274</td>
<td>292</td>
<td>307</td>
<td>323</td>
<td>325</td>
<td>329</td>
<td>251</td>
</tr>
<tr>
<td><strong>Trust Portfolio Assets</strong></td>
<td>354</td>
<td>351</td>
<td>356</td>
<td>385</td>
<td>384</td>
<td>429</td>
<td>253</td>
<td>260</td>
<td>363</td>
<td>630</td>
<td>634</td>
<td>683</td>
<td>591</td>
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### Revenue

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</thead>
<tbody>
<tr>
<td><strong>Fare &amp; Pass Revenue</strong></td>
<td>47,438</td>
<td>46,608</td>
<td>43,798</td>
<td>29,234</td>
<td>8,077</td>
<td>5,606</td>
<td>8,711</td>
<td>15,138</td>
<td>15,158</td>
<td>16,012</td>
<td>16,672</td>
<td>14,769</td>
<td>13,046</td>
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<tr>
<td><strong>Reduced Fare Subsidy</strong></td>
<td>1,180</td>
<td>1,217</td>
<td>1,217</td>
<td>1,217</td>
<td>1,440</td>
<td>1,217</td>
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<td>1,217</td>
<td>1,217</td>
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<tr>
<td><strong>Advertising, Charter, Concession</strong></td>
<td>3,319</td>
<td>3,480</td>
<td>3,715</td>
<td>3,618</td>
<td>659</td>
<td>888</td>
<td>1,054</td>
<td>1,396</td>
<td>1,515</td>
<td>1,396</td>
<td>1,396</td>
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<tr>
<td><strong>Investment Income</strong></td>
<td>760</td>
<td>272</td>
<td>251</td>
<td>195</td>
<td>188</td>
<td>125</td>
<td>89</td>
<td>68</td>
<td>45</td>
<td>45</td>
<td>37</td>
<td>35</td>
<td>149</td>
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<tr>
<td><strong>Statutory Required Contribution</strong></td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
</tr>
<tr>
<td><strong>Other Revenue</strong></td>
<td>5,072</td>
<td>3,529</td>
<td>3,247</td>
<td>3,515</td>
<td>2,693</td>
<td>2,969</td>
<td>3,058</td>
<td>3,222</td>
<td>3,579</td>
<td>3,450</td>
<td>3,302</td>
<td>3,313</td>
<td>3,408</td>
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<tr>
<td><strong>Total System Generated Revenue</strong></td>
<td>57,769</td>
<td>55,106</td>
<td>52,230</td>
<td>37,779</td>
<td>13,057</td>
<td>10,805</td>
<td>14,129</td>
<td>21,040</td>
<td>21,535</td>
<td>22,263</td>
<td>24,476</td>
<td>23,542</td>
<td>18,101</td>
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<tr>
<td><strong>Total Public Funding</strong></td>
<td>64,102</td>
<td>82,989</td>
<td>76,950</td>
<td>98,056</td>
<td>115,045</td>
<td>110,207</td>
<td>115,392</td>
<td>109,955</td>
<td>103,562</td>
<td>102,164</td>
<td>101,227</td>
<td>94,277</td>
<td>113,938</td>
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</tbody>
</table>

### Expenses

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Labor</strong></td>
<td>95,693</td>
<td>98,687</td>
<td>92,509</td>
<td>98,284</td>
<td>93,440</td>
<td>89,995</td>
<td>95,900</td>
<td>96,434</td>
<td>93,574</td>
<td>93,674</td>
<td>95,596</td>
<td>86,474</td>
<td>100,786</td>
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<td><strong>Material</strong></td>
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<td>6,432</td>
<td>7,066</td>
<td>5,895</td>
<td>5,993</td>
<td>6,343</td>
<td>5,460</td>
<td>7,142</td>
<td>6,364</td>
<td>5,731</td>
<td>5,462</td>
<td>5,870</td>
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<tr>
<td><strong>Fuel</strong></td>
<td>3,405</td>
<td>3,688</td>
<td>3,507</td>
<td>3,203</td>
<td>2,661</td>
<td>2,843</td>
<td>2,907</td>
<td>3,078</td>
<td>3,062</td>
<td>2,949</td>
<td>2,948</td>
<td>2,818</td>
<td>3,460</td>
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<tr>
<td><strong>Power</strong></td>
<td>2,528</td>
<td>2,772</td>
<td>2,789</td>
<td>2,111</td>
<td>1,774</td>
<td>1,622</td>
<td>1,721</td>
<td>2,125</td>
<td>1,937</td>
<td>1,932</td>
<td>1,843</td>
<td>1,787</td>
<td>2,241</td>
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<tr>
<td><strong>Provision Injuries &amp; Damages</strong></td>
<td>625</td>
<td>1,833</td>
<td>1,833</td>
<td>1,833</td>
<td>1,833</td>
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<td>1,833</td>
<td>1,833</td>
<td>1,833</td>
<td>1,833</td>
</tr>
<tr>
<td><strong>Purchase of Security Services</strong></td>
<td>(965)</td>
<td>1,622</td>
<td>1,667</td>
<td>1,678</td>
<td>1,675</td>
<td>1,678</td>
<td>1,685</td>
<td>1,670</td>
<td>1,673</td>
<td>1,638</td>
<td>1,640</td>
<td>1,637</td>
<td>1,713</td>
</tr>
<tr>
<td><strong>Other Expenses</strong></td>
<td>17,115</td>
<td>22,451</td>
<td>20,443</td>
<td>21,659</td>
<td>20,823</td>
<td>17,047</td>
<td>19,131</td>
<td>20,395</td>
<td>15,876</td>
<td>16,037</td>
<td>16,111</td>
<td>17,808</td>
<td>16,135</td>
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<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>121,871</td>
<td>138,095</td>
<td>129,179</td>
<td>135,835</td>
<td>128,102</td>
<td>121,012</td>
<td>129,521</td>
<td>130,995</td>
<td>125,097</td>
<td>124,428</td>
<td>125,703</td>
<td>117,819</td>
<td>132,040</td>
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