



The State of the Agency

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Hawthorne Training Center

*Only if you
believe in them
can they accomplish
their purpose.*

Presented to Chicago Transit Board
by **Bernard J. Ford**, *Engagement Manager*
April, 1990

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I took the helm of a troubled organization. But I had a great advantage. I had a very capable Management Impact Team supporting me.



It's been a challenging 15 months. Now that the Board has selected a permanent executive director, it seems fitting and appropriate to take stock of where the CTA is, evaluate the progress that has been made, and relate to the Board and to the public the state of the agency in the early months of 1990.

In January 1989 you asked me to take the leadership of the Management Impact Team, and when I did, I took the helm of a troubled organization. But I had a great advantage. I had a very capable Management Impact Team supporting me composed of: Elonzo Hill, head of operations, Dave Hillock, head of maintenance, Tony Mandolini, Finance Officer, Raleigh Mathis, our security liaison with the Chicago Police Department, and Pam Beavers, DBE Program and Contract Compliance Officer. And more importantly, though it was not apparent at the time, we had what was then and is now one of the most competent staffs in the transit industry.

The problems facing us at the time were severe: unreliable service; dozens and sometimes hundreds of bus and rail car runs missed on many days; a ridership decline; a perception that the system was not safe from crime; the oldest bus fleet of any major transit property in the country; a potential budget shortfall of \$5 to \$10 million; a major parts shortage; low morale; a confusing organizational structure with many managers in temporary positions not knowing to whom they reported or in some cases what they were supposed to do; and substantial delays in the execution of capital program.

PERFORMANCE INDICATORS

The performance indicators for 1989 show that the staff, with leadership from the Management Impact Team and with strong support from the Chairman of the Board, has made great strides in returning this system to its rightful place as one of the premiere transit agencies in North America.

CTA may not be there today, but we are well on the way toward achieving that goal. The combination of an experienced executive director with strong staff and support of this Board can restore CTA to #1.

Service delivery is our primary purpose for existence. CTA patrons want reliability, safety and security. In the last year CTA has improved in all three areas.

One of the most annoying experiences for a rider is waiting for a bus or a train that never seems to come. That's why an emphasis was put on reducing bus and rail trips missed. In 1988 equipment and manpower shortages resulted in our having to hold in 9,803 of the 897,930 scheduled bus runs. In 1989 that figure dropped to 1,041 out of 909,529 bus runs scheduled, a 90% improvement in absolute numbers.

Importantly, the hold-ins in 1989 were primarily due to manpower issues, not to bus maintenance issues as was the case in 1988.

Rail trips showed a similar improvement. In 1988, 3,761 trips or 0.5 per cent of the 689,016 trips scheduled were held. In 1989, that number was 1,170 trips, or 0.2 per cent of the 688,651 scheduled trips. The majority of these trips were held in 1989 due to manpower shortages, while in 1988 the prevailing reason was equipment problems due to parts shortages and other problems with maintenance. Preliminary statistics for the first two periods of 1990 indicate CTA is running even with the 1989 levels, and is hopeful of bettering last year's levels.

There is still room for improvement, and the staff is dedicated to doing that. It is no surprise in light last year's record that one of the key factors that gauge passenger satisfaction — complaints — has improved a great deal. In 1989 service-related complaints decreased by 33 per cent, compared to 1988.

SPECIAL SERVICES

Another area of concern is Special Services. During 1989, CTA awarded new contracts to private carriers which provided for rewards and penalties based on on-time performance and service quality. Better administrative control can be achieved through performance based contracts, and CTA is seeing improved on-time performance, but not yet at the level where it should be.

This area needs a great deal of attention during 1990 by the staff and the new executive director. CTA needs to continue to work with private carriers to ensure that Special Services riders have the kind of service they deserve on time with a high degree of service quality.

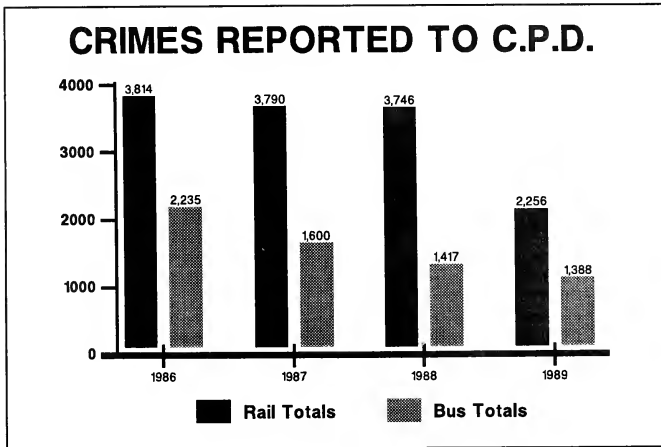
In 1989, a program was developed and submitted to the RTA for two new service initiatives for the 1990 budget. The taxicab and group-ride experiments are designed to explore ways to provide more trips to the disabled community within current budget limits. If the system works as planned, CTA may be able to provide as many as 170,000 additional rides annually for users of Special Services.

It is perhaps the proudest accomplishment of the year, a substantial reduction in crime.

SECURITY

In recent years the public perception of security on our system has not been very positive. During 1989, great progress was made to improve the fact and the perception of security. Obviously, a great deal of this credit goes to Commander Robert Dart's Mass Transit Unit of the Chicago Police Department. Equal credit should go to Raleigh Mathis' Police Liaison Department, to CTA employees, to citizens, and to the Board for making it clear that crime on the system will not be tolerated. The Board also has made it known that they are willing to devote whatever resources are necessary to ensure that security on the system is maintained and guaranteed.

As a result of our increased focus on security we have seen a dramatic reduction in crime statistics. On the rail system, major crimes decreased by 40 per cent between 1988 and 1989. Robberies were down 49 per cent. Theft is down almost 42 per cent. On the bus system, major crimes have decreased 10 per cent, robberies are down over 8 per cent, and theft down 12 per cent.



CTA also has one of the best safety records of any transit property in the world.

In addition to increased patrolling by uniformed police dog teams and decoy teams, CTA has undertaken many security-related capital improvements.

On the Congress route, Halsted, Racine, Western, Kedzie, Pulaski, and Oak Park stations, where there have been significant crime problems in the past, major efforts have been made in cleaning up, providing better lighting, and removing the semi-transparent green glazing on the ramps that provides a shield for criminal activities. Also on the rail system, CTA will install closed circuit cameras and monitors in the Washington Street pedestrian connector, the Jackson Boulevard pedestrian connector, the State Street subway continuous platform, and the Dearborn Street subway continuous platform. Security guards will watch what's going on at those locations, and threatening situations can be reported to the police department. Suspicious looking individuals can be immediately removed from the property.

If the test installations are successful, the public can look forward to seeing more of those security devices placed on the system.

The CTA has already installed security cam-corders in a pilot program on buses deployed on high incident routes. Depending on the success of that program and financial resources, it would be expanded to other parts of the system.

As a result of these aggressive actions, CTA now has one of the best security records of any transit system in the United States.

SAFETY

CTA also has one of the best safety records of any transit property in the world. Safety is a primary concern of all employees, and no performance assessment would be complete without a reference to our status in this area.

Extensive training and observations are conducted to cite potential problems before they become an accident. CTA is proud of its outstanding accident rate and what has been achieved. 1988 was the safest year we have ever had. We fell just a bit short in 1989, primarily because of an ice storm in late December. For the first two months of 1990, CTA is off to a very, very fast start. And if we continue at this rate, 1990 will be the all-time safest year, perhaps by a wide margin.





CAPITAL PROGRAM BACKLOG

Another major item that needs to be addressed is the capital program backlog. One of the most critical objectives for this system is the renewal of capital assets. If CTA is to run a reliable and safe system, it must have capital renewal on an ongoing basis. One of the key goals has been to reduce the backlog of capital projects, which at one point had reached \$707 million.

In the last 14 months, contracts have been let for over \$400 million for vehicle procurement and other capital projects. It is believed that that is the largest amount that CTA has ever let in contracts in one year.

VEHICLE PROCUREMENT

As cited earlier, the CTA operates the oldest bus fleet of any major transit system in North America. Buses should be retired at 12 years; our average age is 12.2 years.

Many of our buses are over 20 years old, and two-thirds of all of the bus fleet are beyond their scheduled replacement age.

In 1989, CTA placed orders for 961 new buses, about 48 per cent of the fleet. CTA will have wheelchair lifts included on nearly 700 of the new buses to allow for increased use of fixed-route buses by the disabled. CTA has elected to resume installing air conditioning on 470 of the new buses and hopefully on all bus orders to follow. The 961 buses will cost about \$175 million, a small price to pay for what will be a higher level of service reliability and quality for CTA riders.

CTA also placed an order for 256 new rail cars in January of 1990 at a cost of \$207 million. These cars will be used to equip the new Southwest Rapid Transit route, which is scheduled to open in 1993, and will also replace some antiquated cars which are well past their scheduled replacement age.

In 1989, CTA entered into a contract with New York Rail Car Corporation to rehabilitate 144 rail cars built in 1969 and 1970. This is critically important to the CTA's long-term future and the rail car rehabilitation projects must be maintained. This project is going to provide some stress in the capital program from year-to-year because the dollar amounts will be large, but without an ongoing program of rail car rehabilitation, CTA will lose the service quality characteristics that the Board so strongly wants and CTA riders deserve.



CAPITAL IMPROVEMENT PROGRAM

During 1989 the Capital Construction division was substantially reorganized and staffed to enhance its implementation capability.

In cooperation with the RTA a thorough assessment of the rapid transit infrastructure was conducted. This study provides an in-depth assessment of what needs to be done in future years from the standpoint of inspection and analysis, identifies needs, and provides recommendations necessary to maintain the integrity of the rapid transit system.

The CTA is working with the Chicago Department of Public Works on some major route realignments and extensions. It is expected that the Howard-Dan Ryan connection will begin operating in the fall of 1991 and the Southwest Transit service will start in 1993. A number of track and structure renewal projects have recently been completed, including rehabilitation of the Dan Ryan track and replacement of ties on the Kennedy route. Construction of the Kimball yard is ongoing, and flange angle replacement on the South Side main line and other projects are underway.

CTA is replacing an antiquated maintenance facility in the Kimball yard, at an expected cost of \$12,300,000. This will upgrade the maintenance capability substantially on that line, providing for better passenger satisfaction and reliability.

CTA is modernizing or attempting to modernize many of our 143 rail stations to make them safer and more pleasant for the riders. In 1989, 50 rail stations were upgraded either by painting, lighting, or some other renovation.

MAINTENANCE PROGRESS

When the system was analyzed in early 1989, one of the things that the Board and the public knew was that maintenance of vehicles was a serious problem. Vehicles were not getting out onto the street or on the line of road on the rail system on a reliable basis.

There were valid reasons why this occurred: the maintenance organization was not functioning correctly, did not have its reporting relationships in order, and was demoralized. In early 1989, the Maintenance Division was reorganized. People were put in places where they belonged and were given realistic assignments. Our staff responded and marked improvement has been seen.

Now on the rapid transit system, there are 80 to 100 and sometimes 120 and 130 additional rail cars every day over and above what are needed for service. The bus fleet, despite a high age, it is now averaging 40 to 50 buses over our service requirements on a daily basis. That's a remarkable improvement for which the staff should be congratulated.

With virtually 100 per cent of vehicle availability now assured, CTA has turned its attention to trying to improve reliability of the vehicles and of the facilities. For the first time, bus, rail, and facilities maintenance departments developed and presented to the Board a maintenance plan with a goal of ending the cycle of "fixed-as-failed" maintenance and getting into a "program" maintenance mode.

It is critical as CTA moves forward that those plans be updated on a regular basis and that "program" maintenance become a way of life at CTA. In order to provide "program" maintenance on a continuing basis the necessary resources, both capital and labor, will have to be provided.

"...and getting into a 'program' maintenance mode."



Some substantial improvements have been made in vehicle reliability. On the bus maintenance side, for example, miles operated between road calls have risen steadily between June of 1989 and February of 1990, improving by 25 per cent, in spite of the aging fleet. Miles operated between all reported bus defects also rose dramatically, 40 per cent, between January 1989 and January of 1990.

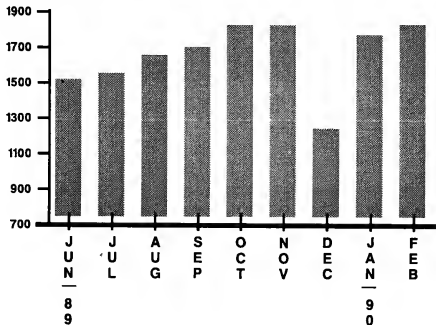
On the rail maintenance side, several important passenger improvement programs were initiated. Design modifications to air-conditioning systems are underway on about 800 rail cars to increase dependability and efficiency. Many of the cars will be reconditioned this summer, and the others will be completed soon thereafter.

GRAFFITI REMOVAL

Something that everyone was disgusted by was the graffiti problem. Due to a concentrated effort, major strides have been made in removing graffiti from vehicles, both interior and exterior, and at rail stations. There are two reasons for this progress; one is that a conscientious effort was made to improve surveillance with the increased number of security guards and dog teams to go after the graffiti vandals. Second, it was decided as operating and maintenance policy that the vandals would not see the product of their work. That policy dictates that everything must be cleaned up within a day of when it is discovered. A special effort was made to clean the interiors and exteriors of all 328 cars used on the North-South route.

The results are very visible. It was a remarkable success because it was done without any special funding or additional staff. The graffiti clean-up and other programs were accomplished on the rail system during 1989 while dropping our maintenance cost per mile by over three per cent from 96 cents per mile in 1988 to 92 cents per mile in 1989.

BUS MAINTENANCE AVERAGE MILES PER ROAD CALL





ATE CONSULTANT STUDY

A consultant study made by ATE of the Rail Vehicle Maintenance practices found the rail system safe and rail vehicle maintenance personnel "from top management to employees on the shop floor...by and large talented, sincere and dedicated" — something that was already known, but something that was nice to hear.

Many of the recommendations in the ATE study have been implemented. Others will be implemented as money becomes available. One of the key elements, and one that needs the attention of the new executive director, is training. Training is the crucial component in future maintenance improvements. It requires a significant initial investment in employee time and other resources, but in the long run it yields fewer employee errors, higher productivity, and greater safety.

In 1989 CTA opened Hawthorne Works and efforts are being made to transform it into a state-of-the-art maintenance training facility. There is a great deal of work that needs to be done there, a great deal of effort, and a great deal of money will need to be expended in order to do that. Nothing is more critical to the overall effort than training, not only on the rail systems but on the bus system as well.

"...from top management to employees on the shop floor...by and large talented, sincere and dedicated..."

HUMAN RESOURCES

In the area of human resources, CTA accomplished in the last year a number of departmental reorganizations to clarify lines of accountability, and to streamline the flow of work.

The reorganization in Operations, Maintenance, Purchasing and Real Estate have improved the ability to provide a quality service in all of those areas. CTA also redistributed staff resources while beefing up capital construction and purchasing, and still managed to reduce the total size of the work force.

Attendance of operating employees has actually been excellent for a number of years. High levels were maintained in 1989, and continues in early 1990. This is due, in part, to improved morale.

Most transit agencies continue to report that a 90 per cent attendance rate is a good rate. CTA is almost at 94 per cent, and the goal is 95. When 95 per cent is reached, the goal will be raised. One of the key factors that relates to attendance is the problem of union-management relations. These are improving and have improved significantly.

It is difficult to measure employee morale. CTA has chosen in this instance to take a look at the number of formal grievances filed by union employees as the primary measure of employee morale and work satisfaction. During 1988, CTA experienced an all-time high of 1,839 grievances submitted by the 17 local unions.

At the beginning of 1989 a commitment was made in Labor Relations to reduce the number of grievances by holding training sessions for discipline administrators, by developing closer working relationships with the Affirmative Action and Management Development and Training departments, and by emphasizing the importance of the Labor Relations Department as it related to discipline and arbitration.

At the end of 1989, the number of grievances had been reduced to 1,030, a 44 per cent reduction. This is a product of a coordinated effort between the Management Impact Team, the Labor Relations staff, labor staffs in Operations and Maintenance, and the various departments which have attempted to approach this in a problem-solving manner.

This is not to say that because grievances have declined, that discipline has slacked off. To the contrary. CTA has introduced standards in 1989 which, if anything, are more stringent than the previous discipline standards. CTA has attempted to deal with unions in a professional, businesslike manner, and in doing so, has communicated the message to all employees that management is interested in their welfare and stressing it will tolerate no breaches of rules. That has helped to decrease the grievances.

During the first two periods of 1990, grievance filings are even with the 1989 rate, and the staff has been challenged to attempt to come up with some solutions that will reduce that even more.

MATERIALS MANAGEMENT

With the assistance of the Management Impact Team and the staff and management of Materials Management/Purchasing, improvements have been made in this area.

During 1989, the Purchasing Department increased the number of contracts it processed by 30 per cent. CTA instituted some reforms that resulted in fewer steps and quicker turnaround times.

Purchasing reorganized by function establishing clusters which are self-contained units responsible for all phases of contract administration. These units are bus, rail, capital construction, and facilities and support services.

That has established clear lines of accountability and responsibility for moving goods through the system. During the year training was conducted for all the purchasing staff in contract administration. It was taught by instructors knowledgeable in UMTA guidelines and federal regulations governing purchasing standards and practices at the CTA.

A pilot project was instituted at the Forest Glen garage that enables CTA to track and develop a history for any individual part from the time that a requisition is created until the time it is put on an individual bus. If the system is successful, it is a system that ought to be implemented throughout the agency both on the bus and on the rail side.



Certificate of Achievement for Excellence in Financial Reporting

Presented to Chicago Transit Authority, Illinois

For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 1988

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Jeffrey A. Lane, Treasurer

BUDGET BALANCING & FINANCE ISSUES

When the budget was examined in the early part of 1989, it was quickly discovered that CTA was facing a shortfall between \$5 and \$10 million if something wasn't done very quickly. With the help of the Board and the direction of the Chairman, a freeze was imposed on hiring, and senior management identified sufficient cost containments to balance the budget. As a result, 1989 ended with a balanced budget.

In the finance area, the Government Finance Officers Association (GFOA) has presented the CTA a certificate of achievement for the development by the Finance Department of a comprehensive annual report last year. This is the highest and most significant award for excellence in financial reporting that's given by the GFOA, and it is believed that CTA is one of only a few transit agencies to ever receive one. It speaks well for what the finance staff can do and what they have achieved.

MIS

In the area of Management Information Systems, CTA finally has a long-range plan for the first time in its history. This plan can guide CTA's computer and communications investments into the 21st century. If the executive director and the Board are going to manage this agency efficiently in future years, it is critical that this plan be put into effect.

CTA has long been forced to defer investment in Management Information Systems due to the exigencies of other needs. CTA needs to get out of that mode, and needs to find a way in the 1990's to make the \$25 to \$30 million investment that the consultants and staff have determined is necessary to bring the agency up to where it should be.

STATE FUNDING

Perhaps noting the determination that the chairman and the Board expressed to turn the CTA around in 1989, the State Legislature gave CTA a very good reception last year. When our delegation went to Springfield last spring in concert with the RTA and the sister agencies, a different attitude was found among State legislators toward the CTA. This was due in a large measure to what this Board has committed to do and what the Chairman has committed to do.

As a result, CTA gained \$30 million in operating subsidy, and came away with a half billion dollar bond issue that will be used for investment in the capital infrastructure that is critical to this agency.

It was communicated to the legislators that public subsidy is public trust, and CTA would use it wisely. That charge to CTA continues. The capital plan adopted some months ago was carefully crafted and put together to reflect that trust, and it needs to be implemented.



The best news of all...is that it appears CTA is turning the corner on ridership decline.

RIDERSHIP UPSWING

The best news of all, in concluding the State of the Agency message, is that it appears CTA is turning the corner on ridership decline. Ridership has increased by 3.4 per cent compared to this time last year.

All the hard work and all the improvements accomplished are starting to pay off. CTA cannot ever forget its reason to be, and that is to provide high quality transit service. Passengers are CTA's business. CTA needs to serve them as has been attempted this year and a half and as the Board will continue to serve them. If this is done, there will be a continuing ridership increase.

I am very proud to have been asked by you to come and attempt to lead the Management Impact Team. The accomplishments noted here are, as I said at the start, a result of the excellent staff that you have and with important input from the Management Impact Team. I think our major input and our major impact was to say to the people on your staff that we believe in you. That's something they need to hear, and that's something they need to hear on a continuing basis from you. Only if you believe in them can they accomplish their purpose. Only if you believe in them will they attempt to give you the 110 per cent that they have given me over the last 15 months. For that I am very grateful.

"...only if you believe in them can they accomplish their purpose..."



CTA Board Chairman, Clark Burrus and Alfred H. Savage, CTA Executive Director

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