



# **2016 Suburban Service Budget and Regional ADA Paratransit Budget**

**2016 Operating & Capital Program**

**2016-2018 Business Plan for Operations**

**2016-2020 Capital Business Plan**

**Final Program  
November 2015**

# Board of Directors



**Richard A. Kwasneski**  
Chairman



**Christopher S. Canning**  
Director  
North Shore Suburban  
Cook County



**Roger C. Claar**  
Director  
Will County



**Kyle R. Hastings**  
Director  
Southwest Suburban  
Cook County



**Al Larson**  
Director  
Northwest Suburban  
Cook County



**Thomas D. Marcucci**  
Director  
DuPage County



**Alan Nowaczyk**  
Director  
Central Suburban  
Cook County



**Jeffery D. Schielke**  
Director  
Kane County



**Aaron T. Shepley**  
Director  
McHenry County



**Linda Soto**  
Director  
Lake County



**Brad Stephens**  
Director  
North Central Suburban  
Cook County



**Karen Tamley**  
Director  
Commissioner, Mayor's Office  
for People with Disabilities  
City of Chicago



**Terry R. Wells**  
Director  
South Suburban Cook  
County



**Thomas J. Ross**  
Executive Director

# Dear Riders, Interested Citizens & Public Officials:

---

I am pleased to present another positive budget message. Pace is poised to enter 2016 in a stable financial position. We have worked to contain expenses, budget responsibly and continue the implementation of new services.

Although the budget includes a proposal for Pace's first fare increase since 2009, at least 80% of our customers will not be affected, as it is a \$.25 increase only on fares paid with cash. Customers using Ventra® will continue to pay the same \$1.75 regular fare (\$.85 reduced), and will have access to the many benefits of the Ventra system, including the security of an account-based system, the ability to buy passes and transfer to Pace and CTA bus routes and CTA rail for a \$.25 or free transfer (versus full fares on a pay as you go basis). The Ventra App debuts this fall allowing account management, in-app pass and transit value purchases, and purchase of Metra tickets and passes using Ventra transit value or bankcards and further increases the accessibility of Ventra beyond the existing website, toll-free phone number, vending machines and retail network. The new cash fare is in line with the Illinois Tollway, CTA and other entities which have, for many years, charged higher rates to those using cash to reduce and offset the costs associated with handling and processing cash.



As we go to press, the Illinois state budget has not been settled and the status is unknown regarding the \$8.5 million state grant Pace has received for the past five years for ADA paratransit operations. We are hopeful that the grant will be included to help fund this essential service for the region's people with disabilities, but must remain realistic about the possibility that these funds will not be appropriated. Should that happen, it is possible that Pace may need to propose an increase in the paratransit fare—the first since 2009—as complementary paratransit service is a civil right of eligible customers and a legal requirement of public transit agencies, and an increase in the fare within the Department of Transportation guideline is our only means of addressing the loss of the state grant. We realize a fare increase is extremely difficult for many of the customers for whom this service is a lifeline and we will be working hard to communicate to the Illinois General Assembly and the Governor's Office the importance of this grant.

In addition to the stability we anticipate with respect to fares and service levels, there is other good news for customers. Six point six (\$6.6) million dollars will be invested in new service that began in late 2015 and an additional \$1 million of new service debuts during 2016. Furthermore, all new fixed route buses purchased during 2016 will be equipped with Wi-Fi for the convenience and productivity of our customers while traveling on Pace.

Several large-scale projects that have been discussed for a number of years are making significant progress. In late 2016, we will implement expanded express service on the Jane Addams Memorial Tollway (I-90) in the northwest suburbs through a collaborative project with the Illinois Tollway, which has incorporated park-n-ride lots and other transit supportive elements into the reconstruction of the Jane Addams. The Pulse Milwaukee line, an arterial bus rapid transit (ART) system, is on target for a 2017 launch to provide faster service through the use of technology and time-saving design elements to thousands of daily customers on the northwest side of Chicago and in the Village of Niles. Work continues with the Illinois Department of Transportation to bring our popular Bus on Shoulder program to other area highways, including the Edens and Bishop Ford expressways. We are also moving forward with the conversion of our South Division facility in Markham to operate compressed natural gas (CNG) buses, a move expected to save, conservatively, \$1 million in fuel costs annually and even more in the future as we either retrofit or build new garage facilities to operate CNG powered buses.

In short, while we aggressively pursue long range plans, Pace remains dedicated to operating safe, efficient and accountable service every day to northeastern Illinois, which directly contributes to our strong track record of reliable service and several consecutive years of stable, balanced budgets.

A handwritten signature in black ink that reads "Richard A. Kwasneski". The signature is written in a cursive, flowing style.

Richard A. Kwasneski,  
Chairman

## *In Memoriam*

---



**Richard Welton**  
**Director**

Richard Welton, the Pace Board Member representing Lake County and former Mayor of Gurnee, passed away on July 31 at the age of 72, leaving behind a legacy of many years of public service with an emphasis on collaboration and strategic economic development.

Welton was one of several elected officials who played a key role in the development of the current RTA structure in 1983, and, in particular, the creation of the Suburban Bus Division, which eventually became known as Pace. He was a charter member of the Pace Board of Directors when it was formed in 1984 and served until 1994. He was reappointed to the Pace Board in 1998 and served continuously until his passing. Only Director Vernon Squires, who retired in 2013, had more years of service on the Pace Board.

“Dick Welton was a tremendous public servant and an even better person, and Pace has benefitted greatly from his presence on our board,” said Pace Chairman of the Board Richard Kwasneski. “His leadership, wonderful personality and great sense of humor will truly be missed at Pace.”

As Mayor of Gurnee from 1973-2001, Welton oversaw substantial growth and development in the community, including the construction of the Great America Theme Park and Gurnee Mills Outlet Mall. The village’s population grew in that time from 3,000 residents to well over 30,000, and by 2001, sales tax collections exploded to 55 times what they were in 1973. He also held leadership positions on or was a member of several other boards and commissions, including the Illinois Municipal League, Lake County Stormwater Commission, Lake County Central Water Commission, and the Lake County Affordable Housing Commission.

# CONTENTS

Executive Summary	1
Suburban Service Operating Budget	5
Suburban Service Budget & Three Year Business Plan	21
Regional ADA Paratransit Operating Budget	27
Regional ADA Budget & Three Year Business Plan	31
Suburban Service Capital Budget & Five Year Business Plan	35
Regional ADA Paratransit Capital Budget & Five Year Business Plan	47
Combined Suburban Service/ADA Budget & Three Year Plan	49
Appendix A: Pace Overview	51
Appendix B: Ridership & Suburban Service Fares	64
Appendix C: Community Profile	69
Appendix D: Performance Measures	75
Appendix E: Planning Initiatives	82
Appendix F: 2014-2016 Operating Budget Detail	88
Appendix G: Budget Process	94
Appendix H: Financial Policies	96
Appendix I: Debt Overview	100
Appendix J: Glossary	104
Pace Quick Facts	114

---

**This page intentionally left blank.**

---

## Budget Highlights

FOR the second year in a row, RTA, along with Pace, CTA, and Metra, were able to reach consensus on the key budget parameters for the coming year (2016). On August 20, 2015, RTA officially adopted 2016 funding levels for Pace which provide operational stability and allow for the continuation of significant new services implemented in 2015.

### Suburban Services

The 2016 Pace Suburban Services budget is balanced to available funding. In addition, there are a number of changes incorporated into the 2016 budget described below:

- Cash fares will increase from \$1.75 (adult)/\$0.85 (reduced) to \$2.00 (adult)/\$1.00 (reduced) effective January 1. Fares for customers using Ventra® will remain at \$1.75 (adult)/\$0.85 (reduced). Customers that have not done so already are encouraged to establish a Ventra account and avoid the cash fare increase.
- The monthly fare for the Advantage vanpool program will be reduced from \$401 to \$250 per vehicle in 2016. Agencies participating in the Advantage vanpool program will be required to provide insurance for their vehicles in order to take advantage of the lower fare.
- Substantial new fixed route services implemented by Pace in 2015 will add \$6.6 million to the budget

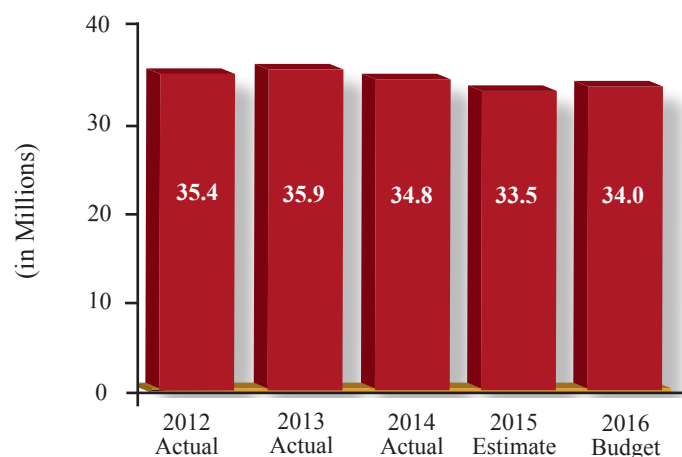
and 1.6% to ridership growth in 2016.

- Wi-Fi service will be implemented on Pace fixed route buses beginning in 2016. This will enhance our customers' commute experience.
- New express services on I-90 are expected to begin at the conclusion of the Jane Addams Memorial Tollway reconstruction project.
- The Milwaukee Avenue Pulse service is scheduled to begin in 2017, providing express bus service between Golf Mill Shopping Center in Niles and the CTA's Blue Line station at Jefferson Park.
- The fare surcharge implemented on vanpool customers originating in Indiana will decline from \$27 monthly to \$6 monthly in 2016 due to Pace no longer being charged tolls on the Skyway.
- Pace South Division garage in Markham is being converted to support CNG (compressed natural gas) fuel buses. The conversion is expected to save Pace in excess of \$1.0 million annually in fuel costs.

### Regional ADA Paratransit

The 2016 Regional ADA Paratransit budget is balanced based on RTA's funding level of \$159.987 million. This funding level will support ridership growth of 5.1% for the ADA program. In 2016 the program will provide over four million passenger trips. Fares are projected to remain stable at current levels in 2016 based on continued support from the state.

**Chart A. Pace Suburban Service Ridership**



# Executive Summary

## 2016 Combined Operating Budget Summary

THE 2016 budgets for Suburban Services and the Regional ADA Paratransit program are balanced to the funding levels and recovery ratio requirements established by the RTA on August 20, 2015.

The expense budget for Suburban Services in 2016 is \$227.974 million. Suburban Services operating revenues are budgeted at \$61.185 million. Total public funding for Suburban Services will reach an estimated \$166.789 million, which will cover the operating deficit. Pace will expand service and raise cash fares next year; however,

Ventra® fares will remain unchanged in the 2016 budget for Suburban Services.

The status quo expense budget for the Regional ADA Paratransit program in 2016 is \$174.798 million.

At current fare levels, ADA operating income will be \$14.811 million, resulting in a funding requirement of \$159.987 million.

There are no fare adjustments proposed for ADA Paratransit services in 2016.

*The 2016 budgets for Suburban Services and Regional ADA Paratransit are balanced to RTA established funding levels.*

**Table 1. 2016 Combined Pace Services Operating Budget Summary (000's)**

	Suburban Service	Regional ADA Paratransit	Combined Pace Services
<b>Total Operating Expenses</b>	\$227,974	\$174,798	\$402,772
Less: Total Operating Revenue	61,185	14,811	75,996
<b>Funding Requirement</b>	<b>\$166,789</b>	<b>\$159,987</b>	<b>\$326,776</b>
Less:			
Sales Tax (Part I)	\$92,905	\$0	\$92,905
Sales Tax & PTF (Part II)	34,329	151,487	185,816
Suburban Community Mobility Funds (SCMF)	24,319	0	24,319
South Suburban Job Access Funds	7,500	0	7,500
PTF (Part I)	4,417	0	4,417
RTA Sales Tax (Part I)	469	0	469
RTA ICE Funds	1,123	0	1,123
Federal CMAQ/JARC/New Freedom Funds	1,727	0	1,727
State ADA Funds	0	8,500	8,500
<b>Net Funding Available</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Recovery Ratio</b>	<b>30.00%</b>	<b>10.00%</b>	<b>N/A</b>



## 2016 Capital Budget Summary

THE RTA Board passed the required funding marks on August 20, 2015 before the statutory deadline of September 15. The preliminary Capital Program marks prepared by RTA provide estimated federal and other funds that are expected to be available to the region for capital investment purposes.

Listed below are the highlights of the 2016 Capital Budget.

### Suburban Services

The 2016 Suburban Capital Program totals \$47.569 million. The program contains \$38.448 million for the purchase of 75 buses (72 replacement 40' fixed route buses and three expansion buses for the I-55 Bus on Shoulder service), 38 paratransit buses, and for the continuation of the engine retrofit project.

The program contains \$4.081 million for the Intelligent Bus System (IBS) replacement and Transit Signal Priority (TSP) backhaul communications.

The program contains \$2.040 million for improvements to facilities, computer hardware and software, and support equipment/non-revenue vehicles.

The program also contains \$2.200 million for the purchase of bus stop shelters and signs.

Finally, the program contains \$0.550 million to hire a transit asset management consulting firm to develop Pace's Transit Asset Management Plan (TAMP) to comply with the federal MAP-21 requirement and \$0.250 million for unanticipated capital items.



*Pace will receive delivery of CNG buses beginning in 2015.*

**Table 2. 2016 Suburban Services Capital Budget (000's)**

	<u>Amount</u>
<b>Rolling Stock</b>	
75 Fixed Route Buses	\$34,491
38 Paratransit Vehicles	2,344
Engine Retrofit	1,613
<b>Subtotal</b>	<b>\$38,448</b>
<b>Electrical/Signal/Communications</b>	
IBS Equipment Replacement	\$1,581
TSP Equipment - Backhaul Communications	2,500
<b>Subtotal</b>	<b>\$4,081</b>
<b>Support Facilities and Equipment</b>	
Improve Facilities - Systemwide	\$705
Computer Hardware/Software	300
Support Equipment/Non-Revenue Vehicles	1,035
<b>Subtotal</b>	<b>\$2,040</b>
<b>Stations and Passenger Facilities</b>	
Bus Stop Shelters/Signs	\$2,200
<b>Subtotal</b>	<b>\$2,200</b>
<b>Miscellaneous</b>	
Transit Asset Management Plan	\$550
Unanticipated Capital	250
<b>Subtotal</b>	<b>\$800</b>
<b>Total Suburban Capital Program</b>	<b>\$47,569</b>
<b>Total Funding</b>	
Federal 5307/5339	\$36,835
Federal CMAQ	2,813
RTA Pass-Through CMAQ	2,500
RTA ICE	1,581
Pace Funds	3,840
<b>Total Suburban Funding</b>	<b>\$47,569</b>

# Executive Summary



## 2016 Suburban Service Operating Budget

### Summary

THE Suburban Service program is presented in the table below and summarized as follows:

- Pace will incur \$227.974 million in operating expenses in 2016 for the provision of transit services in the region.
- A total of \$61.185 million in revenue will be generated from operations.
- An initial deficit or funding requirement of \$166.789 million will occur from operations prior to funding.
- A total of \$163.939 million in funding generated from Regional Sales Tax is proposed to be available for 2016 including \$4.886 million in PTF (Part I) and RTA (Part I) funds, as well as \$1.123 million in RTA ICE funds.
- A total of \$1.727 million in Federal Congestion Mitigation/Air Quality (CMAQ), Job Access and Reverse Commute (JARC), and New Freedom funds are expected to be used next year.

The budget for 2016 will continue to maintain all existing Pace services while providing for a number of key changes. A number of new service expansions being introduced in 2015 will add \$6.641 million in new service costs to 2016. An additional \$1.0 million of new service for I-90 and the Milwaukee Avenue Pulse ART is scheduled for implementation late next year contributing to the growth in the 2016 budget. More information on these initiatives can be found in Appendix E.

Other new initiatives next year include an upgrade to Pace's Oracle IT system and the availability of Wi-Fi access on fixed route buses during 2016.

Pace will make several fare adjustments next year including an increase in cash fares from \$1.75 to \$2.00, and several reductions to the Vanpool fare structure. Full details of the proposed fare adjustments are available in Appendix B.

The 2016 Suburban Service budget is balanced to both the funding and recovery marks identified for Pace by the RTA. The program will achieve a 30.0% recovery ratio next year using credits and allowances authorized by the RTA.

A detailed review of the 2016 Suburban Service operating program is presented in this section.

**Table 3. 2016 Suburban Services Operating Budget Summary (000's)**

	2014 Actual	2015 Estimate	2016 Budget
<b>Total Operating Expenses</b>	\$209,952	\$212,950	\$227,974
Less: Total Operating Revenue	61,729	58,759	61,185
<b>Funding Requirement</b>	<b>\$148,223</b>	<b>\$154,191</b>	<b>\$166,789</b>
Less:			
Sales Tax (Part I)	\$87,298	\$89,672	\$92,905
Sales Tax & PTF (Part II)	32,957	32,779	34,329
Suburban Community Mobility Fund (SCMF)	22,879	23,497	24,319
South Suburban Job Access Fund	7,500	7,500	7,500
PTF (Part I)	3,978	4,268	4,417
RTA Sales Tax (Part I)	0	244	469
RTA ICE Funds	0	2,210	1,123
Federal CMAQ/JARC/New Freedom Funds	3,376	3,167	1,727
Federal 5307-Capital Cost of Contracting Funds	2,851	250	0
<b>Net Funding Available</b>	<b>\$12,616</b>	<b>\$9,396</b>	<b>\$0</b>
<b>Recovery Ratio</b>	<b>30.00%</b>	<b>30.00%</b>	<b>30.00%</b>

## Sources of Funds

PACE relies on two sources to fund operations—funds classified as “public” which come from the State of Illinois and the federal government, and revenues directly associated with operations. In January 2008, the public funding package for transit in northeastern Illinois was radically revised. The revisions increased the amounts and sources, and established a new allocation basis for the new funding provided.

Pace’s public funding mix has been significantly revamped. In order to put the public funding environment in perspective, Pace will segregate the elements into two main categories—Part I, or old funding (pre-2008 funding reform) and Part II, or the new funding element, resulting from the January 2008 legislative funding reform. The main sources of funding for both the old and new funding packages are the same—a regional sales tax and a state

sales tax matching grant from the Public Transportation Fund (PTF). It is important to understand that the new funding is in addition to the old funding basis, and the two taken together comprise the total public funding available.

By September 15th, the RTA is required to advise Pace and the other Service Boards of the amounts and timing of public funds that will be provided for the coming and following two fiscal years. The RTA is also required to establish a recovery ratio at this time which indirectly sets the levels of operating revenues that each of the Service Boards will need to achieve in order to meet the RTA “marks”. Further discussion of the RTA marks and the budget process can be found in Appendix G. A detailed look at the funding sources is provided as follows.

**Table 4. Part I. Allocation of Sales Tax Receipts**

	RTA	CTA	Metra	Pace
Chicago	15%	85%	-	-
Suburban Cook	15%	(30%	55%	15% of remaining 85%)
Collar Counties	15%	(-	70%	30% of remaining 85%)

**Table 5. Regional Sales Tax & Public Transportation Fund (PTF) Trends (000’s)**

	2012 Actual	2013 Actual	2014 Actual	2015 Estimate	2016 Budget
<b>Regional Funds</b>					
Sales Tax - Part I	\$754,348	\$792,112	\$830,134	\$853,574	\$883,449
PTF Match to Part I Sales Tax (25%)	189,523	198,640	207,291	213,394	220,862
Sales Tax - Part II	267,338	279,114	293,863	300,771	311,298
PTF Match to Part II Sales Tax (+5% Part I)	130,369	140,548	147,698	153,374	156,628
<b>Total Sales Tax and PTF</b>	<b>\$1,341,578</b>	<b>\$1,410,414</b>	<b>\$1,478,986</b>	<b>\$1,521,113</b>	<b>\$1,572,237</b>
<b>Pace Share of Regional Funds</b>					
Sales Tax - Part I	\$79,327	\$83,215	\$87,298	\$89,672	\$92,905
PTF Match to Part I Sales Tax	3,000	3,694	3,978	4,268	4,417
Sales Tax II and PTF	52,225	53,676	55,836	56,276	58,648
<b>Total Pace Share</b>	<b>\$134,552</b>	<b>\$140,585</b>	<b>\$147,112</b>	<b>\$150,216</b>	<b>\$155,970</b>
<b>Pace Funding As a Percent of Regional Funding</b>					
PTF Match to Part I Sales Tax (RTA Discretionary)	1.6%	1.9%	1.9%	2.0%	2.0%
Sales Tax I and PTF I	8.7	8.8	8.8	8.8	8.8
Sales Tax II and PTF II	13.1	12.8	12.6	12.4	12.5
<b>Total Receipts</b>	<b>10.0%</b>	<b>10.0%</b>	<b>9.9%</b>	<b>9.9%</b>	<b>9.9%</b>

## Funding Sources - Part I

### *Sales Tax*

The Part I sales tax amount represents the pre-2008 sales tax imposed by the RTA. The effective sales tax rate for Part I is 1.0% in Cook County and 0.25% in Will, Lake, Kane, DuPage, and McHenry Counties. Part I sales tax is distributed to Pace, the RTA, and the other Service Boards (CTA and Metra) in accordance with the allocation shown on Table 4.

The estimated RTA sales tax funding mark for Pace is \$92.905 million for 2016. This represents approximately 10.5% of the total RTA region's estimate of \$883.449 million. The RTA estimate for Pace sales tax receipts is 3.5% greater than 2015 levels. The RTA estimate is based on a projection of current sales tax trends which continue to rise over prior year levels. Table 5 highlights recent and upcoming estimates for Part I sales tax revenues for both the region and Pace.

### **Public Transportation Fund (PTF) - Part I**

Section 4.09 of the RTA Act establishes a Public Transportation Fund in the State Treasury. The PTF is to be funded by transfers from the General Revenue Fund. All funds in the PTF are to be allocated and paid to the RTA, provided it meets the budgeting and financial requirements as set forth in the Act. The amount transferred to the fund under Part I equals 25% of the net revenue realized from the Part I sales tax.

For 2016, the RTA will provide Pace with 2.0% or \$4.417 million of the PTF match received for Part I Sales Tax revenue.

### **Federal Fund Programs**

#### *Congestion Mitigation/Air Quality (CMAQ) Program*

Pace relies on funds from the CMAQ program to implement and maintain various new services that support program objectives. Funding from this source is not included in 2016; however, funding resumes in 2017 and 2018.

#### *Job Access and Reverse Commute (JARC) Program*

Funding is provided for transportation services designed

to increase access to jobs and employment related activities. Pace has programmed the use of JARC funds in 2016.

#### *New Freedom Program*

This program encourages service and facility improvements to address the transportation needs of persons with disabilities that go beyond those required by the Americans with Disabilities Act. Pace has programmed the use of New Freedom funds in 2016.

#### *Capital Cost of Contracting (CCC)*

Federal funds are available under this program to reimburse the cost of capital consumed by private service contractors doing business with Pace. Pace has programmed the use of CCC funds in 2017 and 2018.

## **Funding Sources - Part II Sales Tax & PTF**

The passage of Public Act 95-0708 in January 2008 restructured RTA governance, oversight responsibilities, and funding. Pace operating funding has been enhanced with additional resources that are based on new sales taxes and matching PTF allocations.

Under the new funding package, the regional sales tax is increased by 1/4 of 1% throughout the six county region. A new additional PTF grant from the State equal to 5% of total sales tax collections—both the Part I existing sales tax and the new additional 1/4% sales tax—is established.

The existing PTF match of 25% of sales tax is extended to the new 1/4% sales tax. Lastly, authorization for a Real Estate Transfer Tax (RETT) was created in the City of Chicago with the proceeds of the RETT and a State 25% match from PTF on the RETT going to the CTA.

Funds generated by the new package are pooled and then allocated by the state statute. The allocation for the initial year of the package (2008) was as follows:

- \$100 million was allocated to Pace for the provision of the Regional ADA Paratransit Service. This amount was increased by legislation to \$115 million for 2012 with allocations based on program requirements.
- \$20 million was allocated to Pace under the Suburban Community Mobility Fund (SCMF).

- \$10 million was allocated to the RTA for an Innovation, Coordination and Enhancement (ICE) fund.

The SCMF and RTA/ICE amounts are adjusted annually for sales tax performance (Table 6). The remaining balance is allocated to the CTA (48%), Metra (39%), and Pace (13%). In addition to these funds, the RTA is required to fund Pace an additional \$7.5 million annually for services in south Cook County.

Table 6 shows the allocation of the new funding sources for the 2016 RTA budget.

### Suburban Community Mobility Fund (SCMF)

The SCMF provides \$24.319 million (2016) to Pace for the provision of non-traditional transit services. Services such as dial-a-ride, vanpool, ridesharing, reverse commute, bus rapid transit, and other innovative services that enhance suburban mobility are eligible. Both new and existing services are eligible for SCMF funding. Pace is already providing in excess of \$60 million in qualifying services; however, the decision as to whether these funds are used for new or existing services will be made annually via the budget process. For 2016, Pace will use these funds to support existing services.

SCMF fund levels are tied to the percentage change in sales taxes.

### South Suburban Cook Job Access Fund

While not representing a new source of funds, the RTA legislation (January 2008) established a requirement that the RTA provide \$7.5 million annually to Pace for the provision of services in south Cook County.

The \$7.5 million does not grow with sales tax growth. These funds can be used for new or existing services that focus on employment opportunities. Pace currently expends in excess of \$34.0 million for services in south Cook County for two of its operating divisions—South and Southwest.

### ADA Paratransit Fund

In 2011, the RTA Act was amended to establish the ADA Fund at a level of \$115 million for 2012 with future allocations based on program requirements. The 2016 requirement is \$151.487 million.

### RTA ICE Fund

Pace has programmed the use of \$1.123 million of remaining Innovation, Coordination, and Enhancement (ICE) grant funds in 2016. A delay in service implementation in 2015 will result in a carryover of 2015 ICE grant funds which will be applied against the full year costs for this added service in 2016.

### Operating Revenues

Pace is budgeting for \$61.185 million in Suburban Service operating revenue for 2016, a 4.1% increase over 2015. Fare revenue will account for 0.8% of the growth and reflects the impact of ridership growth coming from new services and a proposed fare increase raising cash fares from \$1.75 to \$2.00. An increase in local share will account for 1.0% of the revenue growth. The assumption that the state will resume full half-fare reimbursement funding will add 2.0% to revenue. Other miscellaneous income will also contribute 1.0%. A reduction in advertising revenue resulting from the new contract in 2015 will reduce total revenue by 0.7% in 2016.

**Table 6. Part II Regional Public Funding Distribution - RTA New Funding (000's)**

	<b>2016 Plan</b>
<b>New Sales Tax</b>	<b>\$311,298</b>
Public Transportation Funds (PTF) II	156,628
<b>Total Sales Tax II &amp; PTF II</b>	<b>\$467,926</b>
<b>Distribution</b>	
Regional ADA Paratransit Fund - Pace/RTA	\$151,487
Suburban Community Mobility Fund - Pace	24,319
RTA ICE	12,160
25% PTF Match on RETT - CTA	15,888
<b>Balance Available for Allocation</b>	<b>\$264,072</b>
<b>Service Board Distribution</b>	
CTA - 48%	\$126,755
Metra - 39%	102,988
Pace - 13%	34,329
<b>Total to Service Boards</b>	<b>\$264,072</b>

## Uses of Funds

ALL funds received in 2016 will be used to support Pace services. The components of the 2016 Suburban Service operating program are fixed route services (i.e., Pace operated, public/municipal contracted, and privately contracted); dial-a-ride services; the vanpool program; centralized support expenses; and costs for administration.

### *Pace-Owned Services*

Pace is responsible for the direct operation of service from nine facilities in the six county region. Together, these divisions—North, North Shore, Northwest, South, Southwest, West, Fox Valley, River, and Heritage—carry 85% of the total suburban service ridership. Pace expects to expend \$94.773 million for these services in 2016. Further information can be found on page 12.

### *Public/Municipal Contracted Services*

Pace will contract directly with two municipalities (Niles and Highland Park) and maintain an agreement with the Village of Schaumburg for fixed route services. These services are expected to cost an estimated \$3.512 million in 2016. Further information can be found on page 13.

### *Private Contract Services*

Pace provides service to more than 33 communities by directly contracting with two private transit companies. The total cost for privately contracted service in 2016 is \$7.248 million. Further information can be found on page 14.

### *Dial-a-Ride Services*

Pace partners in 64 dial-a-ride service projects throughout the six county region. Services are operated by townships or local municipalities under contract with Pace or directly by private providers. Pace provides funding for these services based on a formula applied to the total service cost. The local government is also required to provide a portion of the service cost. Pace also oversees the Community Transit Program. The total cost for dial-a-ride services in 2016 is \$20.392 million. Further information can be found on pages 15 and 16.

### *Vanpool Services*

The 2016 budget for vanpool services is \$4.376 million. This program is targeted specifically at the intermediate and long range trip market where the majority of peak period travel occurs. In 1994, the Advantage element was added providing a transit alternative to individuals who commute on a regular basis to work sites or rehabilitative workshops. In 1997, the Employer Shuttle element was created to allow suburban employers to shuttle employees to and from nearby transit connections. Pace expects this program to have 726 vans in service by the end of 2016. Further information can be found on pages 17 and 18.

### *Centralized Support*

Pace provides a variety of direct operational support services through a centralized support program allowing Pace to save money by buying in bulk and consolidating services. In total, Pace will spend \$64.785 million to provide fuel, insurance, healthcare, Ventra<sup>®</sup> services, and other support items in 2016. Further detail is provided on page 19.

### *Administration*

In order to accomplish the duties of direct operational support, service planning, capital planning, financial control and IT support, Pace's 2016 administrative budget, including debt service, is set at \$36.192 million. Further information can be found on page 20.

### *Regional ADA Paratransit Credit*

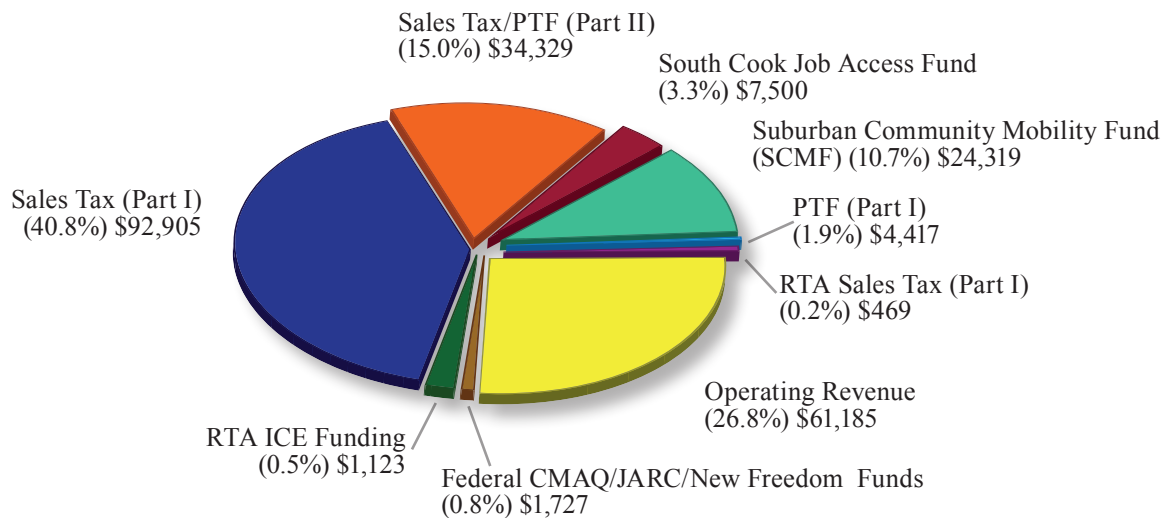
Since July 2006, Pace assumed responsibility for providing all ADA Paratransit service in the northeastern Illinois six county region. Pace has applied a credit to the Suburban Service budget of \$4.341 million which has been allocated to the Regional ADA Paratransit Services budget. This credit represents the administrative support provided by Pace's IT, Accounting, Purchasing, and other departments for the ADA program.

# Suburban Service

**Table 7. 2016 Suburban Service Revenue Summary (000's)**

	<u>2014 Actual</u>	<u>2015 Estimate</u>	<u>2016 Budget</u>
<b>Operating Revenues</b>			
Pace-Owned Services	\$32,700	\$33,404	\$34,488
Public/Municipal Contracted Services	1,467	1,406	1,426
Private Contracted Services	1,997	1,833	1,845
Dial-a-Ride Services	12,218	12,667	13,257
Vanpool Program	4,189	4,124	3,443
Half-Fare Reimbursement	3,242	1,436	2,610
Investment/Other Income	1,382	822	1,450
Advertising Revenue	4,534	3,067	2,666
<b>Total Operating Revenue</b>	<b>\$61,729</b>	<b>\$58,759</b>	<b>\$61,185</b>
<b>Public Funding</b>			
Sales Tax (Part I)	\$87,298	\$89,672	\$92,905
Sales Tax and PTF (Part II)	32,957	32,779	34,329
Suburban Community Mobility Fund (SCMF)	22,879	23,497	24,319
PTF (Part I)	3,978	4,268	4,417
South Cook Job Access Fund	7,500	7,500	7,500
RTA Sales Tax (Part I)	0	244	469
RTA ICE Funding	0	2,210	1,123
Federal CMAQ/JARC/New Freedom Funds	3,376	3,167	1,727
Federal 5307 - Capital Cost of Contracting	2,851	250	0
<b>Total Public Funding</b>	<b>\$160,839</b>	<b>\$163,587</b>	<b>\$166,789</b>
<b>Total Source of Funds</b>	<b>\$222,568</b>	<b>\$222,346</b>	<b>\$227,974</b>

**Chart B. Sources of Funds (000's) - Total \$227,974**





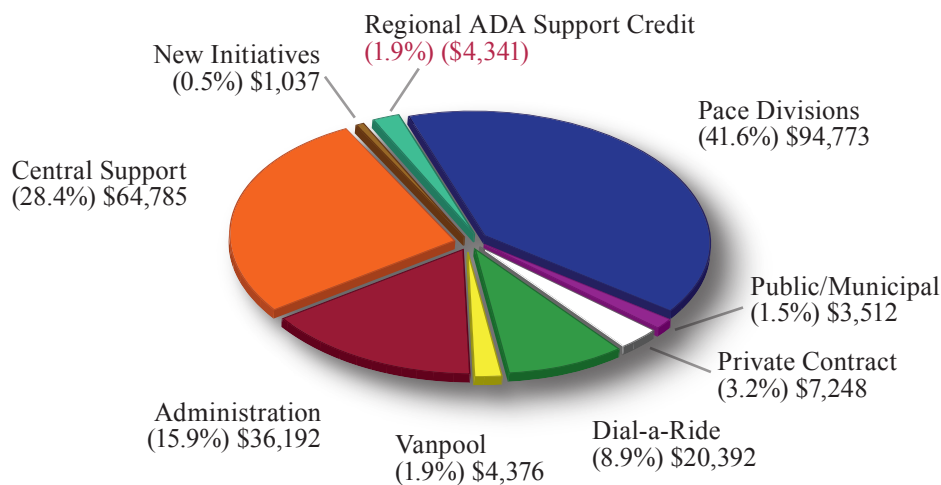
**Table 8. 2016 Suburban Service Expense Summary (000's)**

	<u>2014 Actual</u>	<u>2015 Estimate</u>	<u>2016 Budget</u>
<b>Expenses</b>			
Pace-Owned Services	\$85,930	\$90,656	\$94,773
Public/Municipal Contracted Services	3,294	3,432	3,512
Private Contracted Services	7,299	6,988	7,248
Dial-a-Ride Services	18,712	19,431	20,392
Vanpool Program	4,366	3,745	4,376
Centralized Operations*	66,384	62,192	64,785
Administration **	29,554	30,963	36,192
New Initiatives	0	0	1,037
Regional ADA Support Credit	(5,587)	(4,457)	(4,341)
<b>Total Expenses</b>	<b>\$209,952</b>	<b>\$212,950</b>	<b>\$227,974</b>
<b>Net Funding Available</b>	<b>\$12,616</b>	<b>\$9,396</b>	<b>\$0</b>
<b>Recovery Rate</b>	<b>30.00%</b>	<b>30.00%</b>	<b>30.00%</b>

\* Includes Ventra® Fare System

\*\* Includes Debt Service beginning in 2015

**Chart C. Uses of Funds (000's) - Total \$227,974**



# Suburban Service

## 2016 Pace-Owned Carrier Budget

PACE directly operates fixed route service from nine facilities located throughout the six county region: Fox Valley in North Aurora, Southwest in Bridgeview, Northwest in Des Plaines, River in Elgin, North Shore in Evanston, Heritage in Joliet, South in Markham, West in Melrose Park, and North in Waukegan. Combined, these carriers account for 85% of the system's suburban ridership.

In 2016 Pace will spend \$60.3 million to provide service in these areas; this represents a 5.3% increase over estimated 2015 levels.

Total revenues will increase in 2016 as a result of service expansion occurring in both 2015 and 2016.

Total operating expenses will grow 4.5% over 2015 levels. Service expansion and labor and fringe benefit costs are the primary factors affecting the rising costs in 2016.

Recovery performance will decline slightly at the Divisions for 2016 due to the growth in operating expenses.

The budget for Pace Divisions is summarized in the table below.

**2016 Goals**  
*Pace's efforts for 2016 include providing 28.8 million rides with a minimum recovery ratio of 36.4%.*

**Table 9. Budget Summary - Pace-Owned Carriers (000's)**

	<b>2014 Actual</b>	<b>2015 Estimate</b>	<b>2016 Budget</b>
<b>Revenue</b>			
Pace Divisions	\$32,327	\$33,014	\$34,245
CMAQ/JARC/ICE	373	390	243
<b>Total Revenue</b>	<b>\$32,700</b>	<b>\$33,404</b>	<b>\$34,488</b>
<b>Expenses</b>			
Operations	\$58,041	\$60,651	\$65,404
CMAQ/JARC/ICE	2,224	2,962	1,123
Maintenance	13,501	14,551	15,454
Bus Parts/Supplies	3,559	4,320	4,445
Non-Vehicle Maintenance	2,365	2,574	2,626
General Administration	6,240	5,599	5,722
<b>Total Expenses</b>	<b>\$85,930</b>	<b>\$90,656</b>	<b>\$94,773</b>
<b>Funding Requirement</b>	<b>\$53,230</b>	<b>\$57,253</b>	<b>\$60,286</b>
<b>Recovery Ratio</b>	<b>38.05%</b>	<b>36.85%</b>	<b>36.39%</b>
<b>Ridership</b>	<b>29,641</b>	<b>28,346</b>	<b>28,802</b>
<b>Vehicle Miles</b>	<b>23,646</b>	<b>23,838</b>	<b>24,168</b>
<b>Vehicle Hours</b>	<b>1,537</b>	<b>1,552</b>	<b>1,582</b>
<b>Full Time Equivalents (FTEs)</b>	<b>1,235</b>	<b>1,269</b>	<b>1,311</b>

## 2016 Public/Municipal Contracted Service Budget

**P**ACE will contract with two municipalities—Highland Park and Niles—to provide fixed route bus service in these communities and maintain an agreement with the Village of Schaumburg for fixed route service in 2016. The budget for Public/Municipal contracted services is summarized in the table below. Detailed information provided in Appendix F.

### Municipal Fixed Route Services

The City of Highland Park and the Village of Niles will continue to contract with Pace in order to provide fixed route services in 2016. Combined, these services will provide 0.71 million rides and generate \$1.183 million in revenue via the farebox or local share contributions. Total service expenditures will reach \$3.057 million in 2016, and net required funding will be \$1.874 million.



*Pace provides trolley bus service to IKEA and the Streets of Woodfield in Schaumburg with private contractor, First Group.*

### Schaumburg

A trolley service was implemented in the Woodfield area in 2001 and will continue in 2016. The 2016 estimated cost of this service is \$455,000 which will be partially funded by the Village of Schaumburg.

### 2016 Goals

Pace's efforts for 2016 include ensuring 0.741 million rides with an overall recovery ratio of 40.6%.

**Table 10. Budget Summary - Public/Municipal (000's)**

	2014 <u>Actual</u>	2015 <u>Estimate</u>	2016 <u>Budget</u>
<b>Revenue</b>			
Highland Park	\$619	\$623	\$626
Niles	522	545	557
Schaumburg	269	238	243
Downers Grove	57	0	0
<b>Total Revenue</b>	<b>\$1,467</b>	<b>\$1,406</b>	<b>\$1,426</b>
<b>Expenses</b>			
Highland Park	\$1,337	\$1,474	\$1,510
Niles	1,392	1,515	1,547
Schaumburg	353	443	455
Downers Grove	212	0	0
<b>Total Expenses</b>	<b>\$3,294</b>	<b>\$3,432</b>	<b>\$3,512</b>
<b>Funding Requirement</b>	<b>\$1,827</b>	<b>\$2,026</b>	<b>\$2,086</b>
<b>Recovery Ratio</b>	<b>44.50%</b>	<b>41.00%</b>	<b>40.60%</b>
<b>Ridership</b>	<b>804</b>	<b>733</b>	<b>741</b>
<b>Vehicle Miles</b>	<b>631</b>	<b>555</b>	<b>555</b>
<b>Vehicle Hours</b>	<b>54</b>	<b>51</b>	<b>51</b>

# Suburban Service

## 2016 Private Contract Carrier Budget

**I**N 2016, Pace will contract directly with two private transit providers for fixed route service in 33 different communities

Private contractors doing business with Pace include:

- First Group
- MV Transportation

The cost of providing fixed route contracted service will increase by \$0.248 million in 2016 or 4.8% over estimated 2015 levels. The increase is due to the combination of higher contract costs in 2016 and the addition of service to this line-item budget.

Operating revenues are projected to increase by 0.7% next year and reflect growth in base ridership.

The budget for private contracted services is summarized in the table below.

### 2016 Goals

*2016 goals include providing service to 1.253 million riders, while achieving a minimum recovery ratio of 25.5%.*

**Table 11. Budget Summary - Private Contract Carriers (000's)**

	2014 Actual	2015 Estimate	2016 Budget
<b>Revenue</b>			
Private Contract	\$1,946	\$1,833	\$1,845
CMAQ/JARC	51	0	0
<b>Total Revenue</b>	<b>\$1,997</b>	<b>\$1,833</b>	<b>\$1,845</b>
<b>Expenses</b>			
Private Contract	\$6,555	\$6,988	\$7,248
CMAQ/JARC	744	0	0
<b>Total Expenses</b>	<b>\$7,299</b>	<b>\$6,988</b>	<b>\$7,248</b>
<b>Funding Requirement</b>	<b>\$5,302</b>	<b>\$5,155</b>	<b>\$5,403</b>
<b>Recovery Ratio</b>	<b>27.36%</b>	<b>26.23%</b>	<b>25.46%</b>
<b>Ridership</b>	<b>1,205</b>	<b>1,241</b>	<b>1,253</b>
<b>Vehicle Miles</b>	<b>1,480</b>	<b>1,590</b>	<b>1,590</b>
<b>Vehicle Hours</b>	<b>96</b>	<b>105</b>	<b>105</b>

## 2016 Dial-a-Ride Services Budget

**D**IAL-A-RIDE service is available in a large portion of the Pace service area through 64 dial-a-ride projects. Nearly all service is provided with Pace-owned paratransit vehicles.

Pace has service agreements with villages and townships for the operation of 19 dial-a-ride projects. In most cases, the local community operates the service referred to as Municipal Provided Service. For 2016, Pace's funding formula for service agreements is based on providing a subsidy of \$3.00 per trip or 75% of deficit, whichever is less (\$3.00/75%). As in past years, individual project funding will also be limited to the inflationary growth rate for 2016. Pace raised the subsidy from \$2.25 to \$3.00 at the beginning of 2009.

Pace contracts directly with private providers for the operation of 45 dial-a-ride projects referred to as Contractor Provided Service. The communities served continue to partner with Pace to provide financial support for these projects through "local share agreements." Pace continues to receive funding to help cover a portion of dial-a-ride service costs through these local share agreements.

In 2010, two new projects were implemented in an effort to further coordinate paratransit services among and between dial-a-ride, ADA, and fixed route services. The NorthwestLake project coordinates services among Avon, Grant, Lake Villa, and Antioch Townships. The McHenry County project coordinates services among the cities of Woodstock, McHenry, and Crystal Lake; and also McHenry and Dorr Townships. Services are provided by the contracted service providers for Lake and McHenry Counties.

The budget shown in Table 12 is based on the \$3.00/75% subsidy formula for local dial-a-ride and will provide \$20.392 million for service throughout the six county region.

### *Call-n-Ride*

In 2008, Pace launched its first Call-n-Ride program in West Joliet. Call-n-Ride service is a reservation-based, curb-to-curb service that picks up riders and takes them anywhere within a designated geographic service area. This service differs from other demand response services like dial-a-ride and ADA paratransit service because it is designed to supplement fixed route service by providing first and/or last mile to connect people to the routes

in the area. Fares for the service are the same as the local Pace fixed route fare. Pace currently has eight call-n-rides throughout the region.

### *Community Transit Program*

The Community Transit program allows local municipalities to provide flexible public transportation in their communities. This program was reclassified to the dial-a-ride budget in 2009. Revenues for this program are projected at \$110,400 with 92 vehicles in service by year-end 2016. The 2016 budgeted recovery rate for this program is 195.26%.

### *Ride DuPage*

In 2004, the Ride DuPage program was implemented. The program coordinates paratransit operations which were previously operated and dispatched by numerous private and public organizations. Pace coordinates dispatching and provides service through a mix of transportation providers. This service is included in Pace's 2016 budget at a cost of \$1.576 million. Program costs are offset by local subsidies and federal grant funding.

### *Ride in Kane*

In 2008, the Ride in Kane program was implemented. The program coordinates paratransit operations through a centralized call center and provides service through a mix of transportation providers. The cost of this service is estimated at \$3.049 million. It is funded by a combination of federal grant funding and local share agreements.

### **2016 Goals**

***Combined Dial-a-Ride efforts in 2016 will include carrying approximately 1.2 million riders while maintaining recovery performance at a level of 65.01%.***

# Suburban Service

**Table 12. Budget Summary - Dial-a-Ride Services (000's)**

	<u>2014 Actual</u>	<u>2015 Estimate</u>	<u>2016 Budget</u>
<b>Revenue</b>			
Municipal Provided Service	\$4,423	\$4,286	\$4,474
Contractor Provided Service	2,666	2,916	3,068
Call-n-Ride	116	112	114
Eastern McHenry/Ride McHenry	1,459	1,788	1,858
Ride DuPage	1,077	1,022	1,086
Ride in Kane	2,372	2,432	2,546
Community Transit	105	111	111
<b>Total Revenue</b>	<b>\$12,218</b>	<b>\$12,667</b>	<b>\$13,257</b>
<b>Expenses</b>			
Municipal Provided Service	\$5,299	\$5,110	\$5,306
Contractor Provided Service	5,454	5,702	6,038
Call-n-Ride	1,135	1,373	1,451
Eastern McHenry/Ride McHenry	2,394	2,778	2,915
Ride DuPage	1,523	1,507	1,576
Ride in Kane	2,853	2,906	3,049
Community Transit	54	55	57
<b>Total Expenses</b>	<b>\$18,712</b>	<b>\$19,431</b>	<b>\$20,392</b>
<b>Recovery Rate</b>			
Municipal Provided Service	83.48%	83.89%	84.33%
Contractor Provided Service	48.87	51.14	50.81
Call-n-Ride	10.22	8.16	7.79
Eastern McHenry/Ride McHenry	60.95	64.36	63.75
Ride DuPage	70.77	67.83	68.94
Ride in Kane	83.13	83.68	83.50
Community Transit	192.99	203.07	195.26
<b>Total Recovery Rate</b>	<b>65.30%</b>	<b>65.19%</b>	<b>65.01%</b>
<b>Ridership</b>			
Municipal Provided Service	310	295	298
Contractor Provided Service	274	273	279
Call-n-Ride	64	79	81
Eastern McHenry/Ride McHenry	190	192	194
Ride DuPage	44	45	45
Ride in Kane	108	109	110
Community Transit	233	233	235
<b>Total Ridership</b>	<b>1,223</b>	<b>1,226</b>	<b>1,242</b>

## 2016 Vanpool Budget

THE Vanpool program is a commuting option which provides passenger vans to small groups of five to 14 people, allowing them to commute to and from work together. The program continues to grow and Pace estimates to have 726 vans in service by year-end 2016 providing 1.952 million rides. Revenue will decline 16.5% in 2016 due to the proposed reduction in the monthly Advantage fee to cover the cost of agencies that will provide insurance coverage. Agencies will provide coverage for the first \$1.0 million in auto liability coverage under this proposal. Vanpool Incentive Program (VIP) revenue will also decline as the current monthly surcharge applied to Vanpool passengers using the Indiana East-West Tollway system will be reduced from \$27.00 to \$6.00 beginning January 2016. Reference Appendix B for more information on proposed Vanpool fare changes.

Expenses are projected to grow 16.8% over 2015 levels and reflect an anticipated increase in fuel costs as well as added costs for a safety monitoring system for the Advantage program.

Pace's Vanpool program is comprised of three elements: the VIP, Employer Shuttle, and the Advantage program, all of which are detailed on Table 13. The budget for the total Vanpool program is also summarized in the table.

### *Vanpool Incentive Program (VIP)*

The Vanpool Incentive Program (VIP) is the core element of the program and is projected to achieve a ridership level of nearly 947,000 rides with 307 vans in service by the end of 2016. The 2016 budgeted revenue will come in slightly below 2015 revenues due to the reduction in the surcharge for vanpools using the Indiana Tollway. Total expenses are projected to grow 10.8%, with most of the increase coming from anticipated higher fuel expense. Recovery performance is budgeted at 127.7% for 2016.

### *Employer Shuttle Program*

The Employer Shuttle Program provides vans to suburban employers to shuttle employees to and from nearby transit connections with CTA, Metra, and Pace facilities. Pace will have 17 shuttle vans in service at the end of 2016, no change to 2015 levels. The 2016 budgeted recovery rate for this program is 126.42%.

### *Advantage Program*

In 1994 Pace expanded the Vanpool program to include the Advantage element. Advantage is intended to provide a transit alternative to individuals that commute on a regular basis to worksites or rehabilitative workshops supported by qualifying not-for-profit human service organizations. It is an alternative for those unable to use the regular ADA paratransit service or those living outside the 3/4 mile ADA service area.

The Advantage program revenue for 2016 will drop 38.5% due to the proposed fare reduction. The 21.9% growth in expense reflects the planned addition of a safety monitoring system in place next year. Pace also estimates to have 402 vans in service at year-end 2016. The recovery rate for the Advantage program is budgeted at 42.56% for 2016.

### *2016 Goals*

Pace's efforts for the entire Vanpool program in 2016 will include providing 1.952 million passengers and maintaining a recovery ratio of 78.68%. Pace projects to have 726 vans in service by the end of 2016.



*The Pace Vanpool program has been in operation for over 20 years.*

# Suburban Service

**Table 13. Vanpool Budget (000's)**

	<u>2014 Actual</u>	<u>2015 Estimate</u>	<u>2016 Budget</u>
<b>Revenue</b>			
VIP	\$2,387	\$2,259	\$2,248
Employer Shuttle	123	123	123
Advantage	1,679	1,742	1,072
<b>Total Revenue</b>	<b>\$4,189</b>	<b>\$4,124</b>	<b>\$3,443</b>
<b>Expenses</b>			
VIP	\$2,017	\$1,589	\$1,761
Employer Shuttle	99	90	97
Advantage	2,250	2,066	2,518
<b>Total Expenses</b>	<b>\$4,366</b>	<b>\$3,745</b>	<b>\$4,376</b>
<b>Funding Requirement</b>	<b>\$177</b>	<b>(\$378)</b>	<b>\$933</b>
<b>Recovery Rate</b>			
VIP	118.32%	142.12%	127.70%
Employer Shuttle	124.28	136.85	126.42
Advantage	74.65	84.31	42.56
<b>Total Recovery Rate</b>	<b>95.95%</b>	<b>110.10%</b>	<b>78.68%</b>
<b>Ridership</b>			
VIP	978	925	947
Employer Shuttle	77	77	77
Advantage	868	901	928
<b>Total Ridership</b>	<b>1,923</b>	<b>1,903</b>	<b>1,952</b>
<b>Vehicle Miles</b>			
VIP	7,672	7,260	7,429
Employer Shuttle	469	469	469
Advantage	4,635	4,808	4,956
<b>Total Vehicle Miles</b>	<b>12,776</b>	<b>12,537</b>	<b>12,854</b>
<b>Vehicles in Service (year-end) - VIP</b>	<b>317</b>	<b>300</b>	<b>307</b>
<b>Vehicles in Service (year-end) - Employer Shuttle</b>	<b>17</b>	<b>17</b>	<b>17</b>
<b>Vehicles in Service (year-end) - Advantage</b>	<b>376</b>	<b>390</b>	<b>402</b>
<b>Total Vehicles in Service (year-end)</b>	<b>710</b>	<b>707</b>	<b>726</b>



## 2016 Centralized Support Budget

**P**ACE centrally manages numerous functions and expenditures on behalf of the entire agency. The centralized support budget will reach \$64.8 million in 2016. This budget includes expenses for fuel, liability insurance, healthcare, and the Ventra® fare system.

In 2015, Pace's centralized support expense is estimated to end the year \$4.2 million or 6.3% under 2014 levels, with the majority of the savings coming from lower fuel costs.

The 2016 centralized support budget will grow 4.2% over estimated 2015 levels.

The operations component is comprised of 36 positions that provide support to all operation areas of Pace. Total operations expense is projected to grow 2.1% over 2015 levels. Most of this growth is attributed to rising labor and fringe benefit costs.

Fuel expenses are projected to grow 23.4% in 2016. Suburban Service fuel consumption is budgeted at 6.3 million gallons, which represents an increase of 1.2% over the number of gallons estimated at 2015 year-end. The budget assumes an average price of \$2.50 per gallon, a 45 cent increase from estimated 2015 levels. Fuel is one of the most volatile components of our budget that can negatively affect total operating costs.

The maintenance area is comprised of 50 positions and includes both maintenance and materials management

personnel. Total maintenance expense is projected to grow 6.7% over 2015 levels with most of the growth attributed to costs associated with rising labor costs and a bus wrapping decal campaign.

The non-vehicle maintenance area consists of 11 positions which provide support to all building maintenance and bus shelter functions. This area is expected to grow 5.4% over 2015 levels due to expansion of facility and passenger shelter maintenance and repair costs.

The administration portion of the central support budget is comprised of numerous items including marketing, Ventra fare system, liability insurance, and healthcare. In 2016, both healthcare and Ventra fare system costs are projected to remain at 2015 year-end levels. Liability insurance costs are projected to decline in 2016. A large claim settlement has caused a spike in costs for 2015. Also, added costs for new initiatives, including Wi-Fi on buses, are contributing to the overall growth in administration expenses.

### 2016 Goals

Pace's 2016 budgetary efforts for centralized support will include constraining non-labor expenditures wherever possible while maintaining a staffing level of 97 positions.

Further detail of the following table is provided in Appendix F.

**Table 14. Centralized Support Budget (000's)**

	<u>2014 Actual</u>	<u>2015 Estimate</u>	<u>2016 Budget</u>
<b>Expenses</b>			
Operations	\$5,383	\$5,214	\$5,321
Fuel	18,152	12,831	15,835
<b>Maintenance</b>	5,229	4,963	5,297
<b>Non-Vehicle Maintenance</b>	1,648	1,656	1,745
<b>Administration</b>	5,479	4,586	4,827
Liability Insurance	7,829	9,444	8,262
Healthcare	20,450	20,887	20,887
Ventra Fare System	2,215	2,611	2,611
<b>Total</b>	<b>\$66,384</b>	<b>\$62,192</b>	<b>\$64,785</b>
<b>Full-Time Equivalents (FTEs)</b>	<b>94</b>	<b>94</b>	<b>97</b>

## 2016 Administrative Budget

THE 2016 administrative budget is estimated to reach \$36.2 million. Pace will utilize 196 positions to manage all of the Agency’s administrative responsibilities including accounting, financial and capital assistance programs, marketing, information systems, legal services, purchasing, risk management, and strategic planning.

The following table summarizes the two major activity areas of the administrative budget: Non-Vehicle Maintenance, which represents the operating costs for the headquarters facility, and the General Administration category. Administration costs include labor, parts and supplies, utilities, and other expenses.

In 2015 administrative expenses are estimated to end the year 4.8% greater than 2014 levels.

The 2016 administrative budget will increase 16.9% over 2015 estimated levels and includes projected increases in labor and fringe benefit costs as well as costs for several

new initiatives. In 2016, Pace will issue a bond for the purchase of land for a new Northwest Cook garage. Issuance costs, as well as bond interest expenses for the new bond and full year interest expenses for the South Division/CNG Renovation bond are reflected here in the administrative budget.

Other new initiatives next year include an upgrade to Pace’s Oracle IT system along with additional consulting needs for ongoing IT system support. Continued efforts to implement the ART system will also require expanded consulting needs next year.

Additional information on Pace’s planning initiatives is contained in Appendix E.

Further information on staffing levels as well as an organization chart is provided in Appendix A.

### 2016 Goals

*Pace’s 2016 budgetary efforts for the administrative budget include constraining non-labor expense growth while maintaining a staffing level of 196 positions.*

**Table 15. Administrative Budget (000’s)**

	2014 <u>Actual</u>	2015 <u>Estimate</u>	2016 <u>Budget</u>
<b>Non-Vehicle Maintenance</b>	\$356	\$346	\$342
<b>General Administration</b>			
Labor/Fringe Benefits	\$20,269	\$18,358	\$19,173
Parts/Supplies	297	256	259
Utilities	309	364	359
Bond Interest	0	243	883
Other	8,323	11,396	15,176
<b>Total Expenses</b>	<b>\$29,554</b>	<b>\$30,963</b>	<b>\$36,192</b>
<b>Full Time Equivalents (FTEs)</b>	<b>204</b>	<b>204</b>	<b>196</b>

## 2016 Suburban Service Budget & Three Year Business Plan

### General

THE following section presents Pace’s Suburban Service budget and three year financial business plan for the period 2016 through 2018. The RTA Act requires that the Service Boards submit a budget and three year financial plan. The plan is required to show a balance between the funding estimates provided by the RTA (known as the “marks”) and the anticipated costs of providing services. Pace’s plan for 2016–2018 achieves this balance. The assumptions and highlights for the three years in review are provided in this section.

The plan presented for review includes several new items for 2016. New service is currently being implemented throughout 2015, and the full year impact from this new service is reflected in 2016. New service on I-90 and the Milwaukee Avenue Pulse ART are also included in 2016. Additional new items also reflected in this plan include Oracle IT upgrades and Wi-Fi availability on fixed route buses.

The outlook for ridership remains positive. For 2016, ridership is forecasted to grow 1.6%. The outlook shows

ridership is expected to grow annually for all three years of the plan.

The plan includes a fare increase in cash fares from \$1.75 to \$2.00 to incent more riders to use the Ventra® fare system. There are several reductions to the Vanpool fare structure for 2016; however, fares remain unchanged beyond 2016.

RTA is forecasting public funding to grow 3.5% for 2016, and 3.7% and 3.6% in the two out-years. They have also acknowledged that sales tax will finish better than budget for the current year. This is a positive outlook.

Federal funds have been programmed for use throughout all three years of this plan. The use of these funds is consistent with the prior multi-year plan.

As noted, the budget and three year financial plan are balanced and Pace will achieve the 30% recovery ratio set by the RTA for the Suburban Service program for 2016. A discussion of the assumptions used in developing the multi-year plan and a review of the highlights of the plan are provided in the following pages, along with Table 18 showing the full details of the plan.

**Table 16. Baseline Economic Assumptions**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Change in Demand (Based on Total Ridership) (1)	-3.9%	1.6%	1.1%	1.1%
T-Bill Rates (90 Day) (2)	0.3%	0.4%	0.9%	1.5%
CPI-U (National) (3)	1.0%	2.0%	2.3%	2.3%
Ultra-Low Sulfur Diesel Fuel (Price Growth) (4)	-29.7%	22.0%	0.0%	0.0%
Pace Public Funds (Sales Tax I) (5)	2.7%	3.6%	3.7%	3.6%

(1) Assumptions for demand, as measured by estimates for total ridership, are generated by Pace’s planning staff. Demand estimates are used to forecast fare increases.

(2) T-Bill rates are considered when forecasting investment income.

(3) While numerous sources are referenced for CPI, The Congressional Budget Office (CBO) was the source for most CPI data.

(4) Reflects fuel price estimates for the current and future years for diesel. The U.S. Energy Information Administration (EIA) for Petroleum Products was referenced when developing the budget assumptions.

(5) Reflects RTA sales tax estimates for Pace for the budget and three year plan cycle.

# Suburban Service

## Assumptions

NUMEROUS factors are considered in order to develop an annual budget and multi-year plan. The amount of demand has to be evaluated and identified for both the short and long term. The demand is measured by estimates for ridership and these estimates translate into the forecasts for farebox revenues. Economic assumptions related to the costs of providing transit services must be identified. Estimates for the consumer price index (CPI) and estimates for fuel are assumptions of significant importance. The outlook for public funding growth as verified by the RTA's estimates for state sales tax revenues is highly important as it provides between 60% and 70% of annual funding for operations. A list of baseline assumptions used to develop the Pace three year plan is summarized in Table 16. The following list of key sources were also referenced for information/outlooks on the

industry/economy: the Congressional Budget Office (CBO) – the primary source used for inflation indices; The Kiplinger Letter (referenced for general economic information including outlooks for inflation, interest rates, etc.); The Bureau of Labor Statistics (BLS) – a source for key indicators including the Producer Price Index (PPI), Utilities, Inflation, etc.; The U.S. Energy Information Administration (EIA) – a source for energy price growth for fuel; The Oil Daily – an oil industry newsletter providing up-to-the-minute activities in the oil market; and The Wall Street Journal, which was referenced for general economic trends.

The outcome of applying the assumptions identified on Table 16 to known or anticipated conditions is reflected in Table 17.

**Table 17. Multi-Year Category Growth**

	2016	2017	2018
Fare Revenue	1.1%	1.2%	1.2%
Total Revenue	4.1%	3.8%	2.1%
Labor/Fringes	4.5%	3.9%	3.8%
Healthcare	0.0%	7.8%	7.8%
Parts/Supplies	1.9%	6.7%	6.7%
Purchased Transportation	5.3%	4.6%	4.6%
Utilities	0.6%	5.6%	5.6%
Insurance/Claims	-12.5%	6.7%	6.7%
Fuel (Costs)	22.8%	0.8%	0.6%
<hr/>			
Fuel Costs - Diesel - Suburban Service	\$15.835 mil	\$15.835 mil	\$15.835 mil
Number of Gallons - Suburban Service	6.334 mil	6.334 mil	6.334 mil
Price per Gallon - Diesel	\$2.50	\$2.50	\$2.50
<hr/>			
Fuel Costs - Gasoline - Vanpool	\$2.124 mil	\$2.267 mil	\$2.373 mil
Number of Gallons - Vanpool	.840 mil	.862 mil	.885 mil
Price per Gallon - Gasoline	\$2.53	\$2.63	\$2.68

## Highlights - 2016 Budget and Three Year Plan

PACE'S 2016 Budget presented in Table 18 is balanced using RTA Sales Tax funding and Federal CMAQ, JARC, and New Freedom funds. For the two out-years 2017–2018, the plan is balanced with continued use of these funding sources, plus Federal 5307 Capital Cost of Contracting funds. Pace continues to maintain a program of privately contracted services which are eligible (under the Federal Capital Cost of Contracting program) for reimbursement of the private capital consumed in the delivery of public transit services. For all three years, Pace achieves a 30% recovery ratio due in part to the allowed use of credits approved by the RTA when calculating the ratio.

Some of the highlights for the three years include operating revenues which will grow at an annual compound rate of 1.2%. The growth in revenue reflects continued ridership growth over the three year horizon, along with associated growth projected in non-service revenues. A decline in advertising revenue that is occurring in 2015

is softening the compound revenue growth rate for the three year horizon.

Expenses will grow at an annual compound rate of 4.6% over the three year period. Expense growth over the plan years reflects service expansions and new initiatives, including costs associated with bond issuances in the outlying years of the plan. The need for budget balancing actions has been identified for the third year of the plan. Actions may include, but are not limited to, adjusting service, adjusting fares, implementing efficiencies, reducing operating costs, and identifying additional funds or revenues.

Total public funding will grow at an annual compound rate of 3.8% over the three year plan cycle and will include sales tax revenues and federal sources of funds. A robust increase in Federal CMAQ funds are included in the second and third years of the plan reflecting funds to be used for the new I-90 corridor service.



*Bus on Shoulder service will be expanded along the I-90 corridor.*

# Suburban Service

## Suburban Service Budget and Three Year Plan

Table 18. 2016-2018 Suburban Service Operating Budget and Three Year Business Plan (000's)

	2014 Actual	2015 Estimate	2016 Budget	2017 Plan	2018 Plan
<b>Operating Revenue</b>					
Farebox Revenue	\$39,554	\$40,067	\$40,512	\$40,993	\$41,479
Reduced Fare Reimbursement	3,242	1,436	2,610	2,610	2,610
Advertising	4,534	3,067	2,666	2,782	2,883
L-Share/Invest/Other/New Initiatives	14,399	14,189	15,397	17,137	17,856
<b>Total Revenue</b>	<b>\$61,729</b>	<b>\$58,759</b>	<b>\$61,185</b>	<b>\$63,522</b>	<b>\$64,828</b>
<b>Operating Expenses</b>					
Labor/Fringes	\$109,711	\$111,784	\$116,837	\$121,373	\$125,999
Healthcare	20,450	20,887	20,887	22,517	24,273
Parts/Supplies	6,665	7,517	7,659	8,170	8,716
Purchased Transportation	28,235	28,812	30,347	31,747	33,210
Fuel	20,646	14,626	17,959	18,102	18,208
Utilities	2,416	2,225	2,239	2,364	2,497
Insurance	7,829	9,444	8,262	8,813	9,401
Bond Interest	0	243	883	698	3,912
New Initiatives	0	0	1,037	7,737	8,022
Other	19,587	21,869	26,205	23,789	24,323
Regional ADA Support Credit	(5,587)	(4,457)	(4,341)	(4,511)	(4,688)
Budget Balancing Actions	0	0	0	0	(2,682)
<b>Total Expenses</b>	<b>\$209,952</b>	<b>\$212,950</b>	<b>\$227,974</b>	<b>\$240,799</b>	<b>\$251,191</b>
<b>Funding Requirement</b>	<b>\$148,223</b>	<b>\$154,191</b>	<b>\$166,789</b>	<b>\$177,277</b>	<b>\$186,363</b>
<b>Public Funding</b>					
Sales Tax (Part I)	\$87,298	\$89,672	\$92,905	\$96,342	\$99,810
Sales Tax and PTF - (Part II)	32,957	32,779	34,329	34,982	35,565
Suburban Community Mobility Funds (SCMF)	22,879	23,497	24,319	25,219	26,127
South Suburban Job Access Funds	7,500	7,500	7,500	7,500	7,500
PTF (Part I)	3,978	4,268	4,417	4,506	4,671
RTA Sales Tax (Part I)	0	244	469	0	101
RTA - ICE Funds	0	2,210	1,123	0	0
Federal CMAQ/JARC/New Freedom/5307	6,227	3,417	1,727	8,728	12,589
<b>Total Public Funding</b>	<b>\$160,839</b>	<b>\$163,587</b>	<b>\$166,789</b>	<b>\$177,277</b>	<b>\$186,363</b>
<b>Net Funding Available</b>	<b>\$12,616</b>	<b>\$9,396</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Recovery Ratio</b>	<b>30.00%</b>	<b>30.00%</b>	<b>30.00%</b>	<b>30.00%</b>	<b>30.00%</b>

## Pace Suburban Service Cash Flow - 2016

THE following provides an estimate of Pace's revenues, expenses, and cash position for Suburban Service operations on a monthly basis. Cash flow estimates for Suburban Service public funding are included in total revenues and are based on information provided by the RTA.

The projected cash flow for Pace's Suburban Service operations shows sufficient funds for Pace to maintain operations during 2016.

**Table 19. Pace Suburban Service Projected Cash Flow Summary - 2016 (000's)**

	<u>Beginning Balance</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Net Results</u>	<u>Ending Balance</u>
January	\$39,101	\$17,549	\$20,021	(\$2,472)	\$36,629
February	36,629	17,732	20,021	(2,289)	34,340
March	34,340	19,682	22,880	(3,198)	31,142
April	31,142	16,867	20,021	(3,154)	27,988
May	27,988	16,701	20,021	(3,320)	24,669
June	24,669	18,164	21,911	(3,746)	20,922
July	20,922	17,939	20,021	(2,082)	18,840
August	18,840	18,236	20,021	(1,785)	17,055
September	17,055	18,803	21,519	(2,716)	14,339
October	14,339	20,862	20,021	841	15,180
November	15,180	18,458	20,021	(1,563)	13,617
December	13,617	25,856	22,010	3,845	17,462







## 2016 Regional ADA Paratransit Operating Budget

### Summary

THE 2016 Regional ADA Service program is summarized below and detailed throughout this section. The table below shows total operating expenses will reach \$174.798 million in 2016—up 7.2% or \$11.749 million over estimated 2015 levels. Revenues will increase by 4.8% or \$0.682 million to \$14.811 million. The ADA program will receive \$159.987 million in funding, the amount identified as available by RTA for 2016 at this time.

The estimate for 2015 shows the ADA program will actually finish favorable to budget. Higher than anticipated certification and investment income in conjunction with a very favorable decrease in purchased transportation

expenses, as well as savings in multiple administrative line items will cause total expense to end the year under budget by \$9.167 million.

In 2016, total ridership is expected to grow by 5.1% over the 2015 estimate, reaching 4.518 million trips. This growth is accommodated by the projected funding level of \$159.987 million.

The 2016 Regional ADA Paratransit program as presented in this section is balanced to the \$159.987 million funding mark and will achieve a 10.00% recovery ratio next year using capital cost exemption credits allowed by the RTA.

**Table 20. Regional ADA Paratransit Budget Summary (000's)**

	<u>2014 Actual</u>	<u>2015 Estimate</u>	<u>2016 Budget</u>
<b>Total Operating Expenses</b>	<b>\$157,081</b>	<b>\$163,049</b>	<b>\$174,798</b>
Less: Total Operating Revenue	14,279	14,129	14,811
<b>Funding Requirement</b>	<b>\$142,802</b>	<b>\$148,920</b>	<b>\$159,987</b>
Less:			
Sales Tax & PTF (Part II)	\$131,662	\$140,420	\$151,487
State Funds	8,500	8,500	8,500
Extraordinary Funding - Other ADA Revenue	7,777	0	0
<b>Net Funding Available</b>	<b>\$5,137</b>	<b>\$0</b>	<b>\$0</b>
<b>Recovery Ratio*</b>	<b>10.00%</b>	<b>10.00%</b>	<b>10.00%</b>

\*Capital cost exemption credits applied for all years.

## Regional ADA Paratransit Sources of Funds

THE Regional ADA Paratransit Budget is funded from two sources—public funds and revenues—generated from operations.

### ADA Fund

In January 2008, the amended RTA Act dedicated a new source of funding for the Regional ADA Paratransit Program. Section 2.01(d) required that the RTA establish an ADA Paratransit Fund and each year amounts, as specified in Section 4.03.3, were to be deposited into the fund including any additional funds provided by the state for this purpose. Any amounts deposited into the fund are for the exclusive purpose of funding the ADA paratransit services. The RTA can carry over positive fund balances should they exist from one year to the next and use those proceeds to fund future year ADA paratransit services.

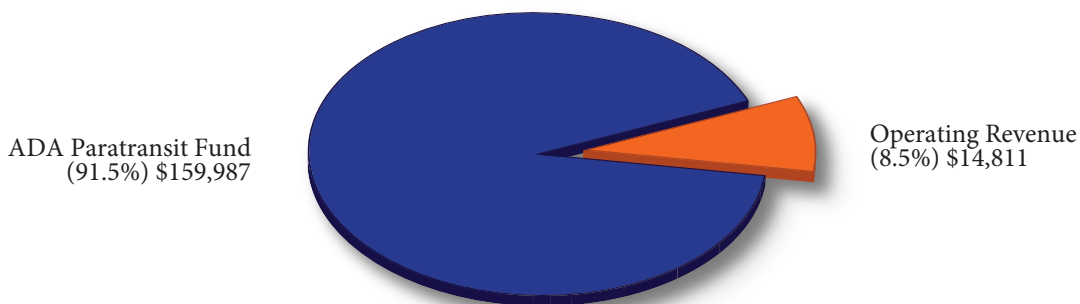
In 2012, the RTA Act was amended to increase the ADA Fund level to \$115 million. The amendment also states that for each year thereafter, an amount equal to the final budget funding for ADA paratransit service for the cur-

rent year shall be provided. Based on this amendment, the RTA has established the amount of \$159.987 million for 2016, which includes \$8.500 million in additional State funding. This level of funding will represent 91.5% of the total available source of funds for the ADA Paratransit Program next year.

### Operating Revenue

The second source of funding available to fund the ADA Paratransit Program comes from operations. Operating revenues are generated largely from passenger fares. As ridership/demand grows, passenger fare revenues also move in the same direction. Operating revenues also include income generated from reimbursements for services provided as well as investment income. In the case for 2016, Pace will be reimbursed for certification and recertification trips. Pace will also receive reimbursement from Medicaid for trips determined to be eligible under their guidelines. For 2016, operating revenues will represent \$14.811 million, or 8.5% of the total sources of funds available to the Regional ADA Paratransit Program.

**Chart D. ADA Sources of Funds (000's) - Total \$174,798**



## Regional ADA Paratransit Uses of Funds

ALL funds received in 2016 will be used to provide and support ADA Paratransit services. The major components of the ADA program consist of city ADA services and suburban ADA services. Service delivery under both of these programs is contracted to private service operators. Another service element offered in the City of Chicago is a Taxi Access Program (TAP). This program provides subsidized taxi service to ADA eligible riders. In addition to the city and suburban cost elements, there are regional support costs which represent the indirect overhead costs of supporting the Regional ADA Paratransit service overseen by Pace. Details on the city, suburban ADA services, and TAP are included on Table 21, page 30.

### City ADA Services

Pace will continue to provide all ADA service within the City of Chicago. For 2016, Pace expects to spend \$138.647 million for City ADA service. The majority of these expenditures (94.4%) will be spent on service delivery through private contractors. The balance includes costs for insurance, administration and costs related to trips for certifying ADA eligible participants.

### Taxi Access Program (TAP)

Pace is also responsible for the provision of subsidized taxi service to ADA eligible riders in the City of Chicago. Pace will spend \$0.942 million for TAP in 2016.

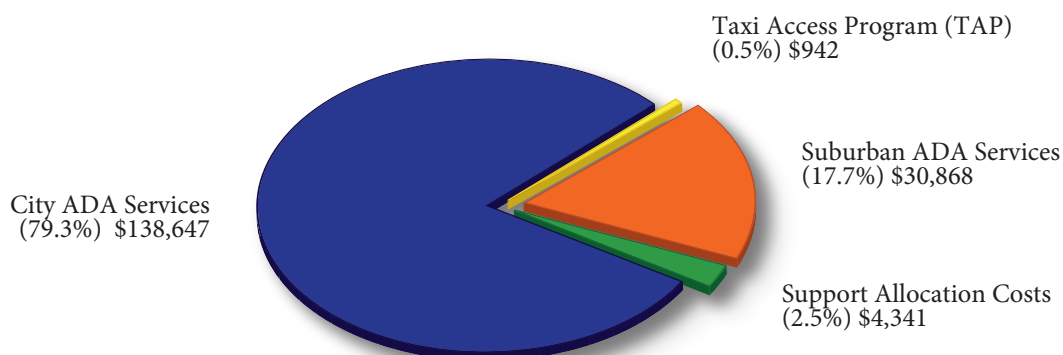
### Suburban ADA Services

Pace provides ADA service in the suburbs. For 2016 Pace will spend \$30.868 million for Suburban ADA service. Costs for contracted service in the suburbs will account for 96.1% of the total cost, including fuel. Similar to the City service, the balance of the costs are also for insurance, administration, and the costs for certifying ADA eligible participants.

### Support Allocation Costs

There are regional support costs that Pace incurs on behalf of managing and operating the ADA program. For 2016, Pace will incur \$4.341 million in overhead support costs that will be allocated to the Regional ADA program.

**Chart E. ADA Uses of Funds (000's) - Total \$174,798**



## 2016 Regional ADA Paratransit Service Budget - City/Suburban Detail

PACE'S 2016 revenue, expenses, and funding requirements for the Regional ADA Paratransit services are presented in Table 21 below. The estimates for 2015 and the budget for 2016 are broken down into City, TAP, and Suburban components.

The 2016 program is balanced to both the funding and recovery marks set by the RTA.

The recovery ratio for Regional ADA Paratransit services is established at 10% by the RTA Act. In determining compliance with the 10% requirement, the RTA can allow the use of capital credits to expense, consistent with the federal capital cost of contracting provisions. The purpose of the capital expense exemption from the recovery rate calculation is to exclude those capital costs—similar to the exclusion of capital costs from the calculation of the regional recovery ratio.

**Table 21. 2016 Regional ADA Paratransit Service Budget - City/Suburban Details (000's)**

Revenue	2015 Estimate			2016 Budget			Net Change 2015-2016
	City	Suburban	Region Total	City	Suburban	Region Total	
Fares—Contract	\$8,375	\$2,306	\$10,681	\$8,793	\$2,444	\$11,237	\$556
Fares—TAP	180	0	180	180	0	180	0
RTA Certification	1,273	425	1,698	1,375	440	1,815	117
Medicaid	1,485	0	1,485	1,485	0	1,485	0
Investment Income	85	0	85	94	0	94	9
<b>Total Revenue</b>	<b>\$11,398</b>	<b>\$2,731</b>	<b>\$14,129</b>	<b>\$11,927</b>	<b>\$2,884</b>	<b>\$14,811</b>	<b>\$682</b>
<b>Expenses</b>							
Contract Services	\$121,185	\$25,487	\$146,672	\$130,826	\$26,404	\$157,230	\$10,558
TAP Services	942	0	942	942	0	942	0
Fuel	0	2,672	2,672	0	3,258	3,258	586
Insurance	282	0	282	272	0	272	(10)
Administration	5,713	683	6,396	6,216	802	7,018	622
RTA Certification	1,168	390	1,558	1,261	404	1,665	107
Other	70	0	70	72	0	72	2
ADA Support Allocation	0	0	4,457	0	0	4,341	(116)
<b>Total Expenses</b>	<b>\$129,360</b>	<b>\$29,232</b>	<b>\$163,049</b>	<b>\$139,589</b>	<b>\$30,868</b>	<b>\$174,798</b>	<b>\$11,749</b>
<b>Funding Requirement</b>	<b>\$117,962</b>	<b>\$26,501</b>	<b>\$148,920</b>	<b>\$127,662</b>	<b>\$27,984</b>	<b>\$159,987</b>	<b>\$11,067</b>
<b>Public Funding</b>	<b>\$0</b>	<b>\$0</b>	<b>\$148,920</b>	<b>\$0</b>	<b>\$0</b>	<b>\$159,987</b>	<b>\$11,067</b>
Net Funding Available	0	0	0	0	0	0	0
Recovery Ratio	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	0
Base Ridership—Contract	2,792	825	3,616	2,931	874	3,806	190
Total Ridership—Contract	3,284	952	4,237	3,448	1,009	4,458	221
Ridership—TAP	60	0	60	60	0	60	0
<b>Ridership—Total</b>	<b>3,344</b>	<b>952</b>	<b>4,297</b>	<b>3,508</b>	<b>1,009</b>	<b>4,518</b>	<b>221</b>

## Regional ADA Budget & Three Year Business Plan

THE following section presents Pace’s Regional ADA Paratransit Budget and Three Year Business Plan for the period 2016 through 2018.

In summary, the 2016 ADA Paratransit budget is balanced to the \$159.987 million funding mark set by the RTA. The two out-years of the plan achieve the funding marks presented by the RTA and the 10% recovery requirement for the ADA program.

### Assumptions

In order to prepare this plan and forecast, a number of assumptions have been made. The economic assumptions used in this plan are the same as those used for Pace’s Suburban Service budget and are described in detail on page 21 and 22 of this document.

The assumptions for specific expense growth items unique to this ADA Paratransit Financial Plan, specifically service related elements like contractor costs, demand and fuel, are shown in Table 22.

### Highlights – 2016 Budget and Three Year Plan

The budget and two out-years presented in Table 23 shows that the ADA program is balanced. Some of the highlights for the three years include fare revenues which will grow at an annual compound rate of 5.1%. Fare revenue grows consistent with the annual compound growth rate for ridership—5.1%.

Expenses will grow at an annual compound rate of 6.7% during the three year period, consistent with demand as well as price increases.

Total ADA funding is growing at an annual compound rate of 6.8% over the three years of this plan. Given the outlook for the continued growth rate for demand and associated costs, the conservative outlook is that the ADA program should not require additional funding and/or identification of budget balancing actions over the three year plan cycle.

**Table 22. Expense Growth Factors**

	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractor Costs - City	3.0%	3.0%	2.8%
Contractor Costs - Suburban	-2.4%	0.8%	2.0%
Demand - City	5.0%	5.0%	5.0%
Demand - Suburban	6.0%	5.0%	5.0%
<hr/>			
Fuel Costs - ADA	\$3.258 mil	\$3.556 mil	\$3.804 mil
Number of Gallons - ADA	1.288 mil	1.352 mil	1.420 mil
Price per Gallon - ADA	\$2.53	\$2.63	\$2.68

## Regional ADA Paratransit Budget and Three Year Business Plan

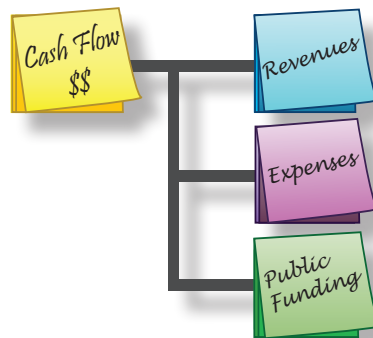
Table 23. 2016-2018 Regional ADA Paratransit Budget and Three Year Business Plan (000's)

	2014 Actual	2015 Estimate	2016 Budget	2017 Plan	2018 Plan
<b>Operating Revenue</b>					
Fares	\$10,475	\$10,861	\$11,417	\$11,979	\$12,569
Certification Revenue	1,946	1,698	1,815	1,951	2,102
Medicaid	1,771	1,485	1,485	1,485	1,485
Investment Income	87	85	94	228	353
<b>Total Revenue</b>	<b>\$14,279</b>	<b>\$14,129</b>	<b>\$14,811</b>	<b>\$15,643</b>	<b>\$16,509</b>
<b>Operating Expense</b>					
Labor/Fringes	\$3,055	\$2,740	\$3,260	\$3,387	\$3,520
Healthcare	436	405	492	530	572
Administrative Expense	2,488	3,321	3,337	3,417	3,497
Fuel	3,718	2,672	3,258	3,556	3,804
Insurance/Claims	264	282	272	291	311
RTA Certification Trips	1,511	1,558	1,665	1,790	1,928
Suburban ADA Purchased Transportation	113,684	121,185	130,826	139,668	148,820
City ADA Purchased Transportation	25,359	25,487	26,404	27,937	29,887
TAP & Mobility Direct Services	979	942	942	942	942
Regional ADA Support Allocation	5,587	4,457	4,341	4,511	4,688
<b>Total Expenses</b>	<b>\$157,081</b>	<b>\$163,049</b>	<b>\$174,798</b>	<b>\$186,029</b>	<b>\$197,970</b>
<b>Funding Requirement</b>	<b>\$142,802</b>	<b>\$148,920</b>	<b>\$159,987</b>	<b>\$170,386</b>	<b>\$181,461</b>
<b>Public Funding</b>					
Sales Tax and PTF (Part II)	\$131,662	\$140,420	\$151,487	\$161,886	\$172,961
State Funds	8,500	8,500	8,500	8,500	8,500
<b>Total Public Funding</b>	<b>\$140,162</b>	<b>\$148,920</b>	<b>\$159,987</b>	<b>\$170,386</b>	<b>\$181,461</b>
<b>Extraordinary Funding - Other ADA Revenue</b>	<b>\$7,777</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Net Funding Available</b>	<b>\$5,137</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Recovery Ratio With Credits</b>	<b>10.00%</b>	<b>10.00%</b>	<b>10.00%</b>	<b>10.00%</b>	<b>10.00%</b>

## Pace Regional ADA Paratransit Cash Flow - 2016

THE following provides an estimate of Pace's 2016 revenues, expenses, and cash position for Regional ADA Paratransit service operations on a monthly basis.

Estimates for public funding are included in total revenues and are based on information provided by the RTA.



**Table 24. Pace Regional ADA Projected Cash Flow Summary - 2016 (000's)**

	<u>Beginning Balance</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Net Results</u>	<u>Ending Balance</u>
January	\$0	\$13,858	\$14,567	(\$709)	(\$709)
February	(709)	13,858	14,567	(709)	(1,418)
March	(1,418)	13,858	14,567	(709)	(2,127)
April	(2,127)	13,858	14,567	(709)	(2,836)
May	(2,836)	13,858	14,567	(709)	(3,545)
June	(3,545)	13,858	14,567	(709)	(4,254)
July	(4,254)	13,858	14,567	(709)	(4,963)
August	(4,963)	13,858	14,567	(709)	(5,672)
September	(5,672)	13,858	14,567	(709)	(6,381)
October	(6,381)	13,858	14,567	(709)	(7,090)
November	(7,090)	13,858	14,567	(709)	(7,799)
December	(7,799)	22,360	14,567	7,799	0

# ADA Paratransit





## Suburban Service Capital Budget & Five Year Business Plan

### Overview

THE most recent RTA Capital Asset Condition Assessment Report reflects the condition and reinvestment needs of the region's transit assets as of December 31, 2013. It has been determined that an estimated \$36.1 billion is needed over the ten year period of 2014-2023 to address backlog and normal capital reinvestment to maintain the system in a State of Good Repair (SGR). This includes \$19.5 billion to address the existing investment backlog (54% of total needs), and an additional \$16.6 billion to address normal replacement, rehabilitation, and annual capital maintenance.

The Service Boards now use the "Capital Optimization Support Tool" (COST) to assess and prioritize transit capital investment needs within the parameters of regional funding and long term strategic objectives.

The main focus of the RTA criteria places projects into one of three categories:

- System Stability Investments - "Maintain" protects the existing system and service levels, addresses critical safety, security, and regulatory projects, and moves toward returning the system to a "State of Good Repair."
- System Capacity Investments - "Enhance" makes improvements to the existing system and includes increasing capacity, operational efficiencies, and new technologies.
- Market Capture Investments - "Expand" includes major new capital projects of regional significance, addresses congestion relief, and proposes new transit alternatives.

The RTA and the Service Boards have refined the Capital Asset Condition Assessment Reports each year since 2009.

At this time, however, the RTA will not produce a 2015 report, as they have determined that based on the insufficient funding levels very minor changes have occurred to the Region's efforts to reduce the SGR backlog. The reports have accumulated an inventory of all assets in the region and placed them into one of four categories: (1) Backlog, (2) Normal Replacement, (3) Rehabilitation, or (4) Annual Capital Maintenance. The definitions of each category are as follows:

- Backlog - Deferred investments in asset rehabilitation, replacement, and annual capital maintenance.
- Normal Replacement - Ongoing replacement of existing assets as they reach the end of their expected useful life.
- Rehabilitation - Ongoing rehabilitation needs for existing assets. Rehabilitation does not include deferred rehabilitation needs, only those rehabilitation activities that will arise over the next ten year period as required to maintain a state of good repair.
- Annual Capital Maintenance (ACM) - Ongoing minor capital investments as required to maintain a state of good repair over the next ten year period.

### Summary

For the ten year period, Pace is estimated to have \$2.3 billion in unconstrained reinvestment needs including a backlog of \$475 million (investment to attain SGR) and normal reinvestment needs of \$1.8 billion (to maintain SGR). The \$1.8 billion to maintain SGR over the period equates to \$179 million per year on average; this means that nearly three years of normal reinvestment would be required to eliminate the backlog. See Table 25 for Backlog and Ten Year Normal Reinvestment Needs.

**Table 25. Backlog and Ten Year Normal Reinvestment Needs Summary ((000's) in 2013 Dollars)**

	SGR Backlog	Normal Reinvestment			Subtotal	Total	% of Total
		Replace	Rehab.	Capital Maint.			
CTA	\$12,939	\$5,507	\$3,234	\$494	\$9,235	\$22,174	61.4%
Metra	6,126	4,367	1,109	100	5,576	11,702	32.3%
Pace	475	1,174	506	109	1,789	2,264	6.3%
<b>Total</b>	<b>\$19,540</b>	<b>\$11,048</b>	<b>\$4,849</b>	<b>\$703</b>	<b>\$16,600</b>	<b>\$36,140</b>	<b>100.0%</b>
% of Total	54.1%	30.6%	13.4%	1.9%	45.9%	100.0%	

Source: RTA Capital Asset Condition Assessment Update - Report for Calendar Year 2014

# Capital Budget Suburban Service

## 2016 Suburban Service Capital Program/Project Descriptions

### Capital Budget Mark Assumptions

THE RTA passed the preliminary funding marks on August 20, 2015. The preliminary Capital Program marks prepared by RTA staff provide estimated federal and other funds that might be available to the region for capital investment purposes. The 2016 Capital Program marks provide \$36.835 million in Federal 5307 and 5339 formula funding, and \$2.813 million in Federal CMAQ discretionary funding from the Federal Transit Administration (FTA); in addition, Pace is expected to receive \$2.500 million in RTA pass-through CMAQ funding and \$1.581 million in RTA ICE funds. Pace also budgeted \$3.840 million of its own funds.

**Table 26. Pace 2016 Capital Program Marks (000's)**

	<b>Amount</b>
Federal 5307/5339 Formula	\$36,835
Federal CMAQ	2,813
RTA Pass-Through CMAQ	2,500
RTA ICE Funds	1,581
Pace Funds	3,840
<b>Total</b>	<b>\$47,569</b>

### Funding Summary

The 2016 Suburban Capital Program totals \$47.569 million. Almost all of the funding will be used for projects needed to return the Pace system to a “State of Good Repair”. Only \$1.86 million will be used to purchase three buses for expansion of the I-55 Bus on Shoulder service. There is a tremendous need for more capital funding to bring the system to a State of Good Repair. Pace does not have adequate funding for bus replacement or facility upgrades. The capital program which is constrained to the funding available includes the following:

### Rolling Stock (\$38.448 Million)

- 75 fixed route buses (\$34.491 million): This project funds 72 replacement 40' transit buses and three (3) expansion Over the Road (OTR) buses.
- 38 Paratransit Vehicles (\$2.344 million): This project funds 38 15-passenger replacement buses.
- Engine Retrofit (\$1.613 million): This project was selected for CMAQ funding by the Project Selection Committee at CMAP. Pace will replace ap-

proximately 12 engines/transmissions and components on the Eldorado transit buses.

### Operating Cost Impacts

Pace's average fleet age is 8.9 years for fixed route and 3.1 years for paratransit vehicles. The typical life expectancy is 12 years for fixed route buses and four years for paratransit vehicles. For fixed route buses, mid-life expenses begin increasing at the six to eight year mark. Bus replacements and engine retrofits will lower maintenance costs and improve fuel economy, reduce nitrogen oxide (NOx) emissions, and reduce overall operating expenses. Three OTR coach buses will alleviate overcrowding on Pace's popular I-55 Bus on Shoulder routes, resulting in a \$194,000 net increase in annual operating expenses to provide this expanded service. Pace is replacing its fleet of diesel powered Paratransit vehicles with gasoline powered vehicles because the marketplace does not have a diesel powered cutaway chassis which is suitable for Pace service. A 1.83 miles per gallon difference in efficiency will result in an increase to operating expenses of approximately \$2,000 per vehicle annually.

### Electrical/Signal/Communications (\$4.081 Million)

- IBS Equipment Replacement (\$1.581 million): This project will use RTA ICE funding over a three year period to fund the replacement of the current Intelligent Bus System (IBS) equipment on fixed route buses and supervisory vehicles. IBS is a satellite-based communications technology used to improve the tracking of buses, collection of data, and communications with Pace and its drivers and passengers. Replacement will include the purchase of 725 Intelligent Vehicle Logic Units (IVLU), Mobile Data Terminals (MDT), replacement of 34 access points and the purchase of dispatch radios. The total project cost over the next three years will be \$4.9 million.
- Transit Signal Priority (TSP) Equipment - Backhaul Communications (\$2.500 million): RTA will pass through to Pace funding from an RTA Federal CMAQ grant to purchase Transit Signal Priority (TSP) backhaul communications equipment for up to ten corridors (Milwaukee, Dempster, Cermak, 159th, Roosevelt, Rand, Cicero, 95th, Grand, and

Sibley). As a component of the Regional Transit Signal Priority Implementation Program (RTSPIP), the backhaul communications network is required to meet the regional standards to support the functionality of an interoperable TSP network. This network relays operational data and logs from TSP vehicles and wayside equipment to Pace central offices for system administration and monitoring.

### *Operating Cost Impacts*

Replacement of Pace's IBS equipment will allow for improved and reliable bus tracking, passenger counts, driver communications, data transfer speeds, and decreased data loss. Installation of TSP equipment will allow buses to request extended green lights and shorter red lights at approximately 300 intersections. These projects will result in optimized bus routing, reduced travel times, and improved on-time performance leading to reduced operating costs. The savings are difficult to quantify, but any project that enhances passenger convenience can result in increased ridership and fare box revenues.

### *Support Facilities & Equipment (\$2.040 Million)*

- Improvement to Facilities (\$0.705 million): This project will replace much needed building equipment at six garages. Equipment includes HVAC chiller unit, exhaust hose ventilation, HVAC building controls, rooftop exhaust fans, house air compressors, and in-ground lifts.
- Computer Hardware/Software and Systems (\$0.300 million): Projects include the purchase of a replacement voicemail/fax system for the AVAYA phone system and the purchase of 28 on-board computer tablets for its call-n-ride demand-responsive bus service.
- Support Equipment/Non-Revenue Vehicles (\$1.035 million): Projects include purchase of vehicle lifts, two radio repeaters for the McHenry paratransit radio system, lift system to maintain CNG buses at Markham, trucks, cars, and one utility vehicle.

### *Operating Cost Impacts*

The projects in this category cannot be quantified from an operating cost impact vantage point in isolation of

their overall system impact. The replacement of equipment will result in cost avoidance which would otherwise impact the operating budget. Building system replacements will result in lower utility costs due to increased energy efficiency. On-board tablets for Pace's Call-n-Ride services will automate the reservation process and optimize routing, resulting in more rides per hour and increased revenues from fares. Replacement fleet cars and trucks will result in lower vehicle maintenance costs.

### *Stations & Passenger Facilities (\$2.200 Million)*

- Bus Stop Shelters/Signs (\$2.200 million): This project will use \$1.2 million in federal CMAQ funding and \$1.0 million in Pace funds for shelters and signs.

### *Operating Cost Impacts*

It is anticipated that a large majority of new shelters will contain advertisements, contributing approximately \$111,000 annually in net operating revenue. Maintenance and utilities are incurred by the ad agency, and are not a cost incurred by Pace. The small number of non-ad shelters will not result in significant annual maintenance costs. Improving passenger waiting conditions encourages increased ridership that generates additional fare box revenue.

### *Miscellaneous (\$.800 Million)*

- Transit Asset Management Plan (\$0.550 million): Pace will hire a qualified transit asset management consulting firm to prepare a Transit Asset Management Plan (TAMP) in order for Pace to be compliant with Federal MAP-21 requirements. FTA grantees will be required to create a Transit Asset Management Plan which addresses several areas such as capital asset inventory, capital asset condition assessment, investment prioritization, and performance measures related to achieving SGR.
- Unanticipated Capital (\$0.250 million): Project includes funds for capital eligible projects not anticipated in the budget process.

# Capital Budget Suburban Service

**Table 27. Suburban Service 2016 Capital Program - (000's)**

	<u>AC</u>	<u>EC</u>	<u>Total Budget</u>	<u>Federal Section 5307/5339</u>	<u>Federal CMAQ</u>	<u>RTA ICE</u>	<u>RTA CMAQ</u>	<u>Pace Funds</u>
<b>Rolling Stock</b>								
75 Fixed Route Buses	B	M3	\$34,491	\$34,491	\$0	\$0	\$0	\$0
38 Paratransit Vehicles	B	M3	2,344	2,344	0	0	0	0
Engine Retrofit	R	M3	1,613	0	1,613	0	0	0
Subtotal			\$38,448	\$36,835	\$1,613	\$0	\$0	\$0
<b>Electrical/Signal/Communications</b>								
IBS Equipment Replacement	B	M3	\$1,581	\$0	\$0	\$1,581	\$0	\$0
TSP Equipment - Backhaul Communications	N/A	EN3	2,500	0	0	0	2,500	0
Subtotal			\$4,081	\$0	\$0	\$1,581	\$2,500	\$0
<b>Support Facilities &amp; Equipment</b>								
Improve Facilities - Systemwide	B	M3	\$705	\$0	\$0	\$0	\$0	\$705
Computer Syst./Hardware & Software	NR	M3	300	0	0	0	0	300
Support Equipment/Non-Revenue Vehicles	NR	M3	1,035	0	0	0	0	1,035
Subtotal			\$2,040	\$0	\$0	\$0	\$0	\$2,040
<b>Stations &amp; Passenger Facilities</b>								
Bus Stop Shelters/Signs	NR	M3	\$2,200	\$0	\$1,200	\$0	\$0	\$1,000
Subtotal			\$2,200	\$0	\$1,200	\$0	\$0	\$1,000
<b>Miscellaneous</b>								
Transit Asset Management Plan	N/A	N/A	\$550	\$0	\$0	\$0	\$0	\$550
Unanticipated Capital	N/A	N/A	250	0	0	0	0	250
Subtotal			\$800	\$0	\$0	\$0	\$0	\$800
<b>Total 2016 Suburban Capital Program</b>			<b>\$47,569</b>	<b>\$36,835</b>	<b>\$2,813</b>	<b>\$1,581</b>	<b>\$2,500</b>	<b>\$3,840</b>
<b>2016 Marks</b>				<b>\$36,835</b>	<b>\$2,813</b>	<b>\$1,581</b>	<b>\$2,500</b>	<b>\$3,840</b>

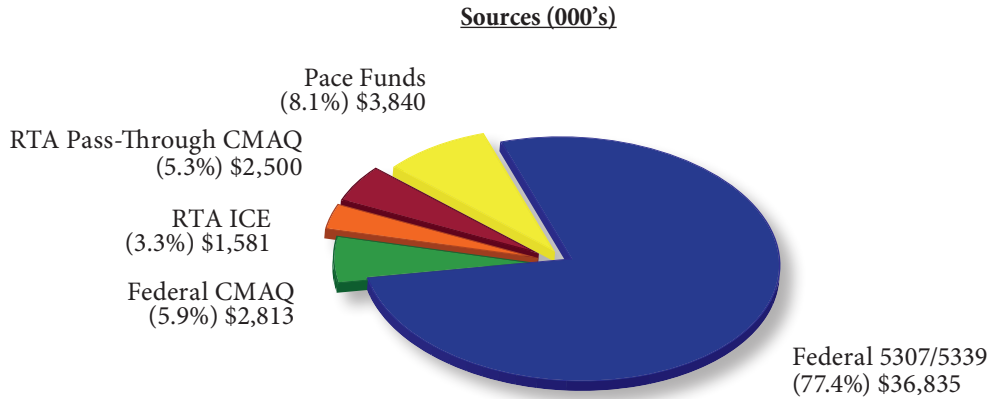
**LEGEND**

AC = ASSET CONDITION  
 B - BACKLOG  
 NR - NORMAL REPLACEMENT  
 R - REHABILITATION  
 CM - CAPITAL MAINTENANCE

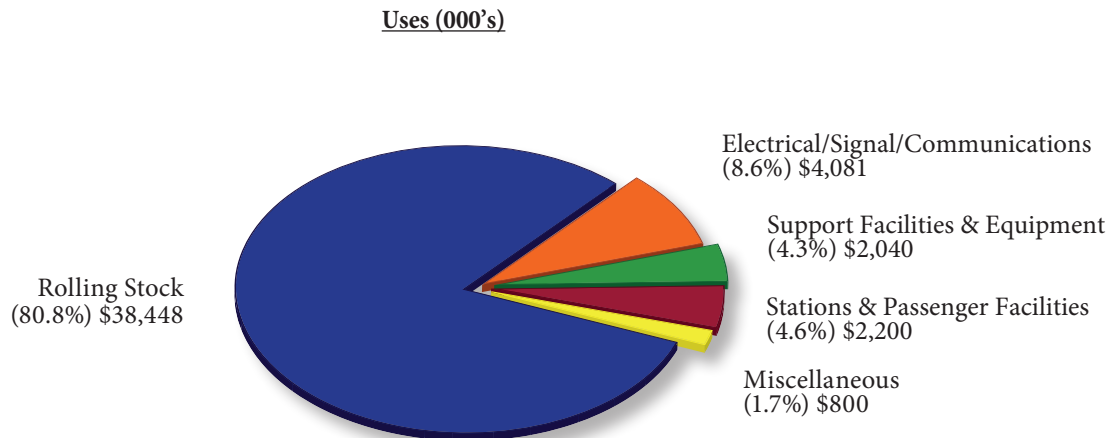
<u>EC = EVALUATION CRITERIA</u>		
<u>M = MAINTAIN</u>	<u>EN=ENHANCE</u>	<u>EX=EXPAND</u>
M1 - SAFETY/SECURITY	EN-1 - CAPACITY IMPRVM	EX-1 - CONGESTION RELIEF
M2 - REGULATORY	EN-2 - OPERATIONAL EFFIC	EX-2 - TRANSIT ALTERNATIVES
M3 - STATE OF GOOD REPAIR	EN-3 - NEW TECHNOLOGIES	

# Capital Budget Suburban Service

Chart F. 2016 Suburban Services Capital Program - Sources/Uses of Funds - Total \$47,569 (000's)



*Over 88% of the Pace program is expected to be derived from Federal sources.*



*Over 80% of the Pace program will be spent on the replacement of rolling stock.*

# Capital Budget Suburban Service

## Capital Funding Sources

THE pages that follow explain the typical capital funding sources that are available to Pace. It is important to note the RTA is not expecting any state funding in their marks.

### Federal Funding

Federal funding for public transportation projects was authorized through “Moving Ahead for Progress in the 21st Century” (MAP-21). This bill has been extended and continues to provide stable funding until the anticipated new federal authorization is enacted to allow for continued federal investment in all surface transportation modes. The RTA assumes current 2015 federal levels of funding for 2016, but taking into account the current state of the economy and the national focus on reducing federal budget deficits; the RTA is assuming a growth rate of 3% in federal funding for the out-years 2017-2020. RTA has assumed that this applies to the federal formula programs: Section 5307/5340 Urbanized Area Formula Programs; Section 5337 State of Good Repair Program; and Section 5339 Bus and Bus Facilities Formula Grants Program, which provide the majority of federal capital funding to the RTA region.

In 2016, urbanized areas will receive apportionments from four programs:

- Urbanized Area Formula Programs (Section 5307 Formula and Section 5340 Growing and High Density States)
- Enhanced Mobility for Seniors and Individuals with Disabilities Program (Section 5310)
- State of Good Repair Program (Section 5337)
- Bus and Bus Facilities Formula Grants Program (Section 5339)

Historically, federal formula funds for capital have been allocated among the Service Boards according to the following percentages: 58% to the CTA, 34% to Metra and 8% to Pace.

Flexible, Homeland Security, Federal Emergency Management Agency (FEMA) and other federal funds are competed for and awarded on a project specific basis. Each Service Board must apply individually to the FTA or FEMA for these funds. The Surface Transportation Program (STP) and Congestion Mitigation and Air Quality (CMAQ) funds are transferred from the Federal Highway Administration (FHWA) to the FTA for transit purposes.



*In 2015, Pace began a major mid-life renovation to the Pace Transportation Center in Elgin.*

### RTA Funding

The RTA’s 2014 Capital Asset Condition Assessment determined that an estimated \$36 billion in capital funding is needed over the next ten years to address backlog and normal capital reinvestment to maintain the system in a State of Good Repair. In order to provide the Service Boards with additional funding, the RTA will continue to issue bonds up to its current legislative capacity as existing long-term debt is retired. The RTA plans to issue \$143 million in bonds in 2018 and \$158 million in 2020, with the proceeds available for Service Board programming. These funds will be allocated 50% to CTA, 45% to Metra, and 5% to Pace.

Debt service for these bonds will be sourced from non-statutory Sales Tax I, though all sales tax revenue will be pledged and have priority over other uses of these funds, according to RTA.

### Service Board Bonds

All three Service Boards now have authority to issue bonds for funding capital projects. Since 2004, the CTA has issued over \$2 billion in such bonds to be repaid with future federal formula funds. Metra received authority in 2008 to issue up to \$1 billion in bonds, and Pace received authority in 2013 to issue up to \$100 million for construction of four specific projects: 1) a new Northwest Cook garage for \$60 million, 2) renovation of Pace’s South

Division garage in Markham including the conversion to a CNG facility for \$12 million, 3) a new paratransit garage in DuPage for \$25 million, and 4) expansion of Pace's North Shore garage in Evanston for \$3 million. Bonds have been issued for the Pace South Division project and construction is underway.

### *Service Board Funding*

Operational savings achieved by the Service Boards also provides funds for capital investments. Service Board funds and "Transfer Capital" represent funds available for operations; however, cost containment efforts have enabled the use of these funds for capital investment. In 2016, Pace plans to use Positive Budget Variance (PBV) money for projects not feasible for federal funding.



*Pace is expanding the Bolingbrook Park-n-Ride at I-55 and Route 53 to accommodate increases in ridership from the Bus on Shoulder service.*



*Pace replaced the in-ground lifts at Northwest and North Shore Divisions.*

# Capital Budget Suburban Service





## 2016-2020 Five Year Suburban Service Capital Business Plan - Constrained

THE RTA Board passed the required funding marks on August 20, 2015. Pace's 2016-2020 Five Year Capital Plan is based on the preliminary funding marks provided by RTA. The five year constrained needs total \$287.901 million for critical state of good repair and expansion projects.

The 2016-2020 Capital Business Plan heavily relies on the receipt of federal funding (totaling \$212.493 million) and some of this funding (CMAQ) is discretionary. Additionally, this program assumes \$15.050 million in RTA Bond funds; \$4.918 million in RTA ICE funds, \$2.500 million in RTA CMAQ pass-through funding, and \$50.600 million in Pace Bond funds. Additionally, the program assumes \$4.840 million in Pace funds for certain capital projects not feasible for federal funding.

If Pace receives all the funding expected for the next five years, it is still grossly inadequate. Our unconstrained needs for the five year period are \$535 million in order to achieve a State of Good Repair. Additionally, minor expansion/enhancements for the purchase of buses and infrastructure for I-55 Bus on Shoulder, I-94 Edens and Dempster ART Pulse services account for an additional \$133 million of unmet needs. The primary shortfall is in rolling stock replacements and facility upgrades.

Listed below is a summary of Pace's Five Year Capital Plan. It is constrained to the funding Pace expects to receive. The table below summarizes the amount of funding over the next five years that RTA has estimated Pace will receive.

### *Rolling Stock (\$147.444 million)*

- Fixed route buses – 220
- Paratransit buses – 448

- Community/Call-n-Ride vehicles – 22
- Vanpool vans – 332
- Engine retrofit and associated capital

### *Electrical/Signal/Communications (\$7.418 million)*

- Intelligent Bus System (IBS) Equipment Replacement
- Transit Signal Priority (TSP) Equipment – Backhaul Communications

### *Support Facilities & Equipment (\$90.844 million)*

- Fare box system
- Improvements to garages/facilities
- Northwest Cook garage
- Computer systems/hardware and software
- Support equipment/non-revenue vehicles
- Office equipment and furniture

### *Stations & Passenger Facilities (\$20.000 million)*

- Improvements to passenger facilities
- Posted Stops Only conversion
- Bus stop shelters/signs

### *Miscellaneous (\$22.195 million)*

- Transit Asset Management Plan
- Capital Cost of Contracting
- Unanticipated Capital

**Table 28. Pace FY2016–2020 Capital Program - Constrained (000's)**

Funding Source	Amount
Federal 5307/5339 Formula	\$195,564
Federal CMAQ	14,429
RTA Bond	15,050
RTA ICE	4,918
RTA Pass-Through CMAQ	2,500
Pace Bond Program	50,600
Pace Funding	4,840
<b>Total</b>	<b>\$287,901</b>

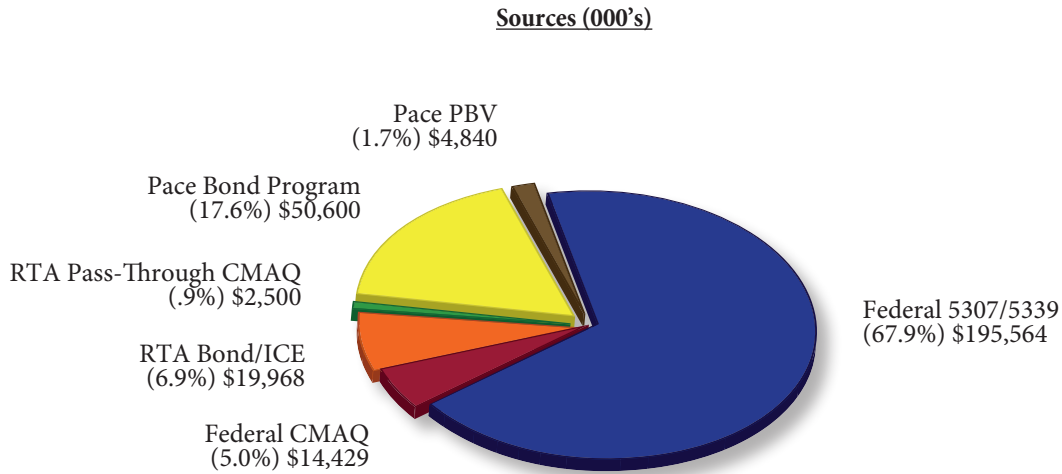
# Capital Budget Suburban Service

**Table 29. 2016-2020 Suburban Service Capital Business Plan (\$000's) - Constrained**

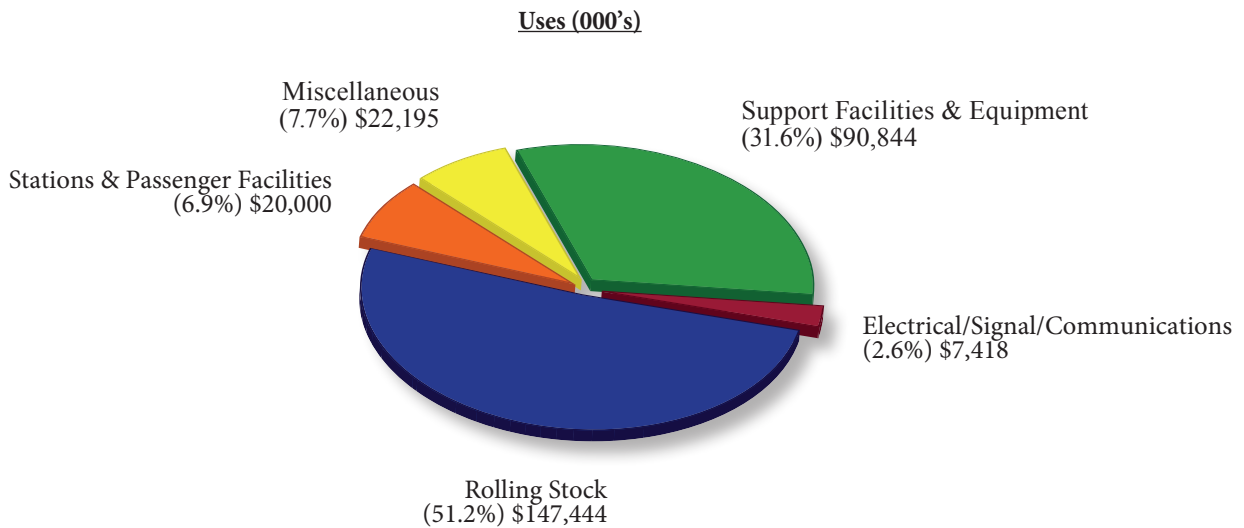
	2016	2017	2018	2019	2020	5 YEAR 2016-2020
<b>Rolling Stock Quantities</b>						
Fixed Route Buses	75	25	26	35	59	220
Paratransit Buses	38	140	102	82	86	448
Community/Call-n-Ride Vehicles	0	0	0	0	22	22
Vanpool Vehicles	0	0	117	215	0	332
<b>Rolling Stock</b>						
Fixed Route Buses	\$34,491	\$11,250	\$11,700	\$15,750	\$26,550	\$99,741
Paratransit Buses	2,344	8,540	6,222	5,002	5,246	27,354
Community/Call-n-Ride Vehicles	0	0	0	0	1,870	1,870
Vanpool Vehicles	0	0	4,096	7,520	0	11,616
Engine Retrofit	1,613	1,000	1,000	1,000	1,000	5,613
Associated Capital	0	500	250	250	250	1,250
<b>Subtotal</b>	<b>\$38,448</b>	<b>\$21,290</b>	<b>\$23,268</b>	<b>\$29,522</b>	<b>\$34,916</b>	<b>\$147,444</b>
<b>Electrical/Signal/Communications</b>						
IBS Equipment Replacement	\$1,581	\$1,639	\$1,698	\$0	\$0	\$4,918
TSP Equipment - Backhaul Communications	2,500	0	0	0	0	2,500
<b>Subtotal</b>	<b>\$4,081</b>	<b>\$1,639</b>	<b>\$1,698</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,418</b>
<b>Support Facilities &amp; Equipment</b>						
Fare Box System	\$0	\$3,500	\$4,000	\$0	\$0	\$7,500
Improve Garages/Facilities - System-Wide	705	2,705	7,457	6,499	543	17,909
Northwest Cook Garage	0	3,000	47,600	0	0	50,600
Computer Systems/Hardware and Software	300	2,000	2,000	2,000	2,000	8,300
Support Equipment/Non-Revenue Vehicles	1,035	1,000	900	800	800	4,535
Office Equipment/Furniture	0	500	500	500	500	2,000
<b>Subtotal</b>	<b>\$2,040</b>	<b>\$12,705</b>	<b>\$62,457</b>	<b>\$9,799</b>	<b>\$3,843</b>	<b>\$90,844</b>
<b>Stations &amp; Passenger Facilities</b>						
Improvements to Passenger Facilities	\$0	\$1,850	\$5,200	\$1,450	\$3,600	\$12,100
Posted Stops Only Conversion	0	1,700	0	0	0	1,700
Bus Stop Shelters/Signs	2,200	1,000	1,000	1,000	1,000	6,200
<b>Subtotal</b>	<b>\$2,200</b>	<b>\$4,550</b>	<b>\$6,200</b>	<b>\$2,450</b>	<b>\$4,600</b>	<b>\$20,000</b>
<b>Miscellaneous</b>						
Transit Asset Management Plan	\$550	\$0	\$0	\$0	\$0	\$550
Capital Cost of Contracting	0	2,395	6,000	6,000	6,000	20,395
Unanticipated Capital	250	250	250	250	250	1,250
<b>Subtotal</b>	<b>\$800</b>	<b>\$2,645</b>	<b>\$6,250</b>	<b>\$6,250</b>	<b>\$6,250</b>	<b>\$22,195</b>
<b>Grand Total - Constrained</b>	<b>\$47,569</b>	<b>\$42,829</b>	<b>\$99,873</b>	<b>\$48,021</b>	<b>\$49,609</b>	<b>\$287,901</b>

# Capital Budget Suburban Service

Chart G. 2016 - 2020 Suburban Service Capital Business Plan-Sources/Uses of Funds Constrained-Total \$287,901 (000's)



Over 73% of Pace's program is expected to be derived from Federal sources.



Over 50% of the funding will be spent on rolling stock.

# Capital Budget Suburban Service



## Regional ADA Paratransit Capital Budget & Five Year Business Plan

### Overview

THE RTA is assuming that no capital funding will be available for Regional ADA capital needs in their five year program marks; however, a Five Year Unconstrained Capital Program has been developed in order to demonstrate to the RTA and Pace stakeholders that a predictable capital funding source is necessary to meet Regional ADA capital needs.

At the present time Pace utilizes private contractors who own the vehicles and garages they operate in ADA service in the City of Chicago. The cost for the depreciation of the vehicles and buildings are built into the hourly rates charged in the service contracts. The assumption in this Business Plan would be to replace these vehicles with Pace owned vehicles and to move toward replacing the garage facilities which are currently leased or owned by the private contractors. This will reduce the hourly rates charged in the service contracts and will increase competition when bidding out services. A long-term funding solution is critical in order to replace these private contract carrier vehicles and to begin building facilities which support this service.

The Unconstrained Regional ADA Five Year Capital Program requires a total of \$126.8 million for the five year period 2016-2020.

Highlights of the Five Year Regional ADA Program include:

- 1,464 vehicles
- Radio and fare box systems, call recorders and regional call center telephone equipment
- Construct up to four garage facilities
- Construct up to three transfer center facilities
- Purchase computers, non-revenue vehicles and office equipment
- Construct ADA bus stop upgrades

### Replacement Vehicles

At the present time, private contractors use a variety of different vehicles in ADA service in the City of Chicago. The majority of the vehicles used in this service are 4-10 passenger vans. These vans typically are lift equipped but approximately 20% of the vehicles are not and are used for riders who have mobility. These smaller vans are more fuel efficient and work well on city streets.

### Construction of Garages and other Facilities

Currently, the private contractors rent or own bus garages where their buses are stored and maintained in the City of Chicago. Pace's plan is to apply the same business model in the City of Chicago that it has in place in the suburbs; specifically to own the fleet and facilities and to bid out services to the private contractors. This will reduce the hourly service rates substantially as contractors will not have to charge Pace for depreciation of their equipment and facilities. This is also expected to increase competition from private contractors as the bidding will be on a consistent basis of hourly service rates.

Additionally, Pace will construct up to three transfer facilities and improve strategic ADA bus stop locations in order to provide convenient stops for its customers. If funding becomes available, Pace will conduct a location study which will determine the area each facility should be located based on the services provided.



*Pace-owned paratransit vehicles are operated by private contractors throughout the suburbs.*

# Capital Budget ADA Paratransit

**Table 30. 2016-2020 Regional ADA Paratransit - Unconstrained Capital Budget (\$000's)**

Project Description	2016	2017	2018	2019	2020	5 YEAR 2016-2020
City	36	104	223	434	60	857
Suburban	152	160	147	78	70	607
<b>Total Regional ADA Vehicle Needs</b>	<b>188</b>	<b>264</b>	<b>370</b>	<b>512</b>	<b>130</b>	<b>1,464</b>
<b>Rolling Stock</b>						
City ADA Bus Replacement	\$1,548	\$4,472	\$9,589	\$18,662	\$2,580	\$36,851
Suburban ADA Bus Replacement	6,536	6,880	6,321	3,354	3,010	26,101
<b>Subtotal</b>	<b>\$8,084</b>	<b>\$11,352</b>	<b>\$15,910</b>	<b>\$22,016</b>	<b>\$5,590</b>	<b>\$62,952</b>
<b>Electrical/Signal/Communications</b>						
Radio System	\$0	\$3,000	\$0	\$0	\$0	\$3,000
Call Recorders for Contractor Sites	0	200	0	200	0	400
Regional Call Center Telephone Equipment	1,700	0	1,700	0	0	3,400
<b>Subtotal</b>	<b>\$1,700</b>	<b>\$3,200</b>	<b>\$1,700</b>	<b>\$200</b>	<b>\$0</b>	<b>\$6,800</b>
<b>Support Facilities And Equipment</b>						
Construct up to Four Garage Facilities	\$1,742	\$2,506	\$9,078	\$9,924	\$6,450	\$29,700
Office Equipment	100	150	150	150	150	700
Computers and Systems	3,000	2,000	1,000	1,000	1,000	8,000
Non-Revenue Vehicles	50	0	50	0	50	150
Fare Box System	2,000	2,000	2,000	0	0	6,000
<b>Subtotal</b>	<b>\$6,892</b>	<b>\$6,656</b>	<b>\$12,278</b>	<b>\$11,074</b>	<b>\$7,650</b>	<b>\$44,550</b>
<b>Stations And Passenger Facilities</b>						
Construct up to Three Transfer Facilities	\$1,500	\$2,500	\$1,500	\$2,500	\$1,500	\$9,500
Construct ADA Stop Upgrades	0	0	1,000	1,000	1,000	3,000
<b>Subtotal</b>	<b>\$1,500</b>	<b>\$2,500</b>	<b>\$2,500</b>	<b>\$3,500</b>	<b>\$2,500</b>	<b>\$12,500</b>
<b>Grand Total Needs</b>	<b>\$18,176</b>	<b>\$23,708</b>	<b>\$32,388</b>	<b>\$36,790</b>	<b>\$15,740</b>	<b>\$126,802</b>
<b>Funding</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Shortfall</b>	<b>(\$18,176)</b>	<b>(\$23,708)</b>	<b>(\$32,388)</b>	<b>(\$36,790)</b>	<b>(\$15,740)</b>	<b>(\$126,802)</b>

## Combined Suburban Service/ADA Budget & Three Year Plan

PACE'S Combined Budget and Three Year Business Plans are included in the table below. A table presenting anticipated cash flows for 2016 has also been provided on the following page.

The combined programs are balanced and show adequate funds to support the operations over the three year planning horizon.

**Table 31. Combined Suburban Service/ADA Budget and Three Year Business Plan (000's)**

	2014 <u>Actual</u>	2015 <u>Estimate</u>	2016 <u>Budget</u>	2017 <u>Projected</u>	2018 <u>Projected</u>
<b>Suburban Service</b>					
Revenue	\$61,729	\$58,759	\$61,185	\$63,522	\$64,827
Expenses	209,952	212,950	227,974	240,799	251,190
<b>Funding Requirement</b>	<b>\$148,223</b>	<b>\$154,191</b>	<b>\$166,789</b>	<b>\$177,277</b>	<b>\$186,363</b>
Public Funding	160,839	163,587	166,789	177,277	186,363
Extraordinary Funding - Other Income	0	0	0	0	0
<b>Net Funding Available</b>	<b>\$12,616</b>	<b>\$9,396</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Fund Balance - Unrestricted Net Assets					
Beginning Balance	\$66,829	\$64,924	\$39,101	\$17,462	\$11,407
Net Operating Results	12,616	9,396	0	0	0
Less: GASB 68 Net Pension Obligation	0	31,600	0	0	0
Less: Expended from Fund Balance	14,521	3,619	21,639	6,055	5,450
Ending Balance	\$64,924	\$39,101	\$17,462	\$11,407	\$5,957
<b>Regional ADA Paratransit Service</b>					
Revenue	\$14,279	\$14,129	\$14,811	\$15,643	\$16,509
Expenses	157,081	163,049	174,798	186,029	197,970
<b>Funding Requirement</b>	<b>\$142,802</b>	<b>\$148,920</b>	<b>\$159,987</b>	<b>\$170,386</b>	<b>\$181,461</b>
Public Funding	140,162	148,920	159,987	170,386	181,461
Extraordinary Funding - Other Income	7,777	0	0	0	0
<b>Net Funding Available</b>	<b>\$5,137</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Fund Balance - Unrestricted Net Assets					
Beginning Balance	(\$5,137)	\$0	\$0	\$0	\$0
Net Operating Results	5,137	0	0	0	0
Less: GASB 68 Net Pension Obligation	0	0	0	0	0
Less: Capital Expended from Fund Balance	0	0	0	0	0
Ending Balance	\$0	\$0	\$0	\$0	\$0
<b>Combined Service</b>					
Revenue	\$76,009	\$72,888	\$75,996	\$79,165	\$81,336
Expenses	367,034	375,999	402,772	426,828	449,160
<b>Funding Requirement</b>	<b>\$291,025</b>	<b>\$303,111</b>	<b>\$326,776</b>	<b>\$347,663</b>	<b>\$367,824</b>
Public Funding	301,001	312,507	326,776	347,663	367,824
Extraordinary Funding - Other Income	7,777	0	0	0	0
<b>Net Funding Available</b>	<b>\$17,753</b>	<b>\$9,396</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Fund Balance - Unrestricted Net Assets					
Beginning Balance	\$61,692	\$64,924	\$39,101	\$17,462	\$11,407
Net Operating Results	17,753	9,396	0	0	0
Less: GASB 68 Net Pension Obligation	0	31,600	0	0	0
Less: Expended from Fund Balance	14,521	3,619	21,639	6,055	5,450
Ending Balance	\$64,924	\$39,101	\$17,462	\$11,407	\$5,957

# Combined Plan

## Combined Suburban Service/ADA Cash Flow

### Combined Budget and Three Year Plan

#### GASB Statement No. 68

A new Governmental Accounting Standards Board (GASB) pronouncement (Statement No. 68) requires governments providing their employees a defined benefit pension plan to recognize for the first time their long-term obligation for pension benefits as a liability. The GASB 68 change requires a reduction in the unrestricted beginning Net Position for the 2016 budget by over \$31.6 million. This change is presented in Table 31.

#### Combined Suburban Service/ADA Cash Flow

The following table provides an estimate of 2016 revenues, expenses, and the cash position for Pace's combined operations—Suburban Service and Regional ADA Service.

The agency budget is balanced to the funding levels and meets the recovery marks set by the RTA for 2016. Pace's combined cash position appears balanced and sufficient to meet next year's needs.

*Pace's combined cash position for Suburban Service and Regional ADA Service is sufficient for 2016.*

**Table 32. Pace Combined Services Projected Cash Flow Summary - 2016 (000's)**

	<u>Beginning Balance</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Net Results</u>	<u>Ending Balance</u>
January	\$39,101	\$31,408	\$34,588	(\$3,180)	\$35,921
February	35,921	31,590	34,588	(2,998)	32,923
March	32,923	33,540	37,446	(3,906)	2,9017
April	29,017	30,726	34,588	(3,862)	25,155
May	25,515	30,560	34,588	(4,028)	21,127
June	21,127	32,023	36,477	(4,455)	16,672
July	16,672	31,797	34,588	(2,791)	13,882
August	13,882	32,094	34,588	(2,493)	11,388
September	11,388	32,661	36,086	(3,425)	7,964
October	7,964	34,720	34,588	133	8,096
November	8,096	32,317	34,588	(2,271)	5,825
December	5,825	48,214	36,577	11,637	17,462



## Organizational Overview

THE Pace organization's staffing requirements are classified into four primary categories: administration, central support, Pace divisions, and Regional ADA services. Within each category employees are further classified into four activity areas: operations, maintenance, non-vehicle maintenance, and administration. These activity areas are defined by the National Transit Database (NTD) reporting requirements which apply to all public transit operators.

The administration category for 2016 is budgeted at 196 filled full-time equivalents (FTEs), down eight FTEs from 2015, reflecting the movement of five positions to the Central Support area and an increase in vacancies.

The central support category is budgeted at 97 filled FTE positions for 2016, and represents an increase of three positions over 2015. The growth in central support FTEs is attributed to the transfer of five positions from Administration offset by an increase in the number of vacancies assumed in central support.

The Pace division element is comprised of nine Pace division garages and is budgeted at 1,311 filled FTE positions for 2016. The increase of 42 positions over prior year levels includes 36 bus operation positions to accommodate increased service levels at the divisions and also provides for the addition of six positions to maintain Compressed Natural Gas (CNG) buses.

The Regional ADA budget includes 38 FTE positions for 2016 and reflects four less vacancies from the previous year.

Pace's administrative function is organized into four main units: Internal Services, Revenue Services, External Relations, and Strategic Services. Each area is headed by a Deputy Executive Director who reports to the Executive Director. The Ethics Office, General Counsel, Internal Audit, Human Resources, Disadvantaged Business Enterprise (DBE), and Project Management Office also report directly to the Executive Director.

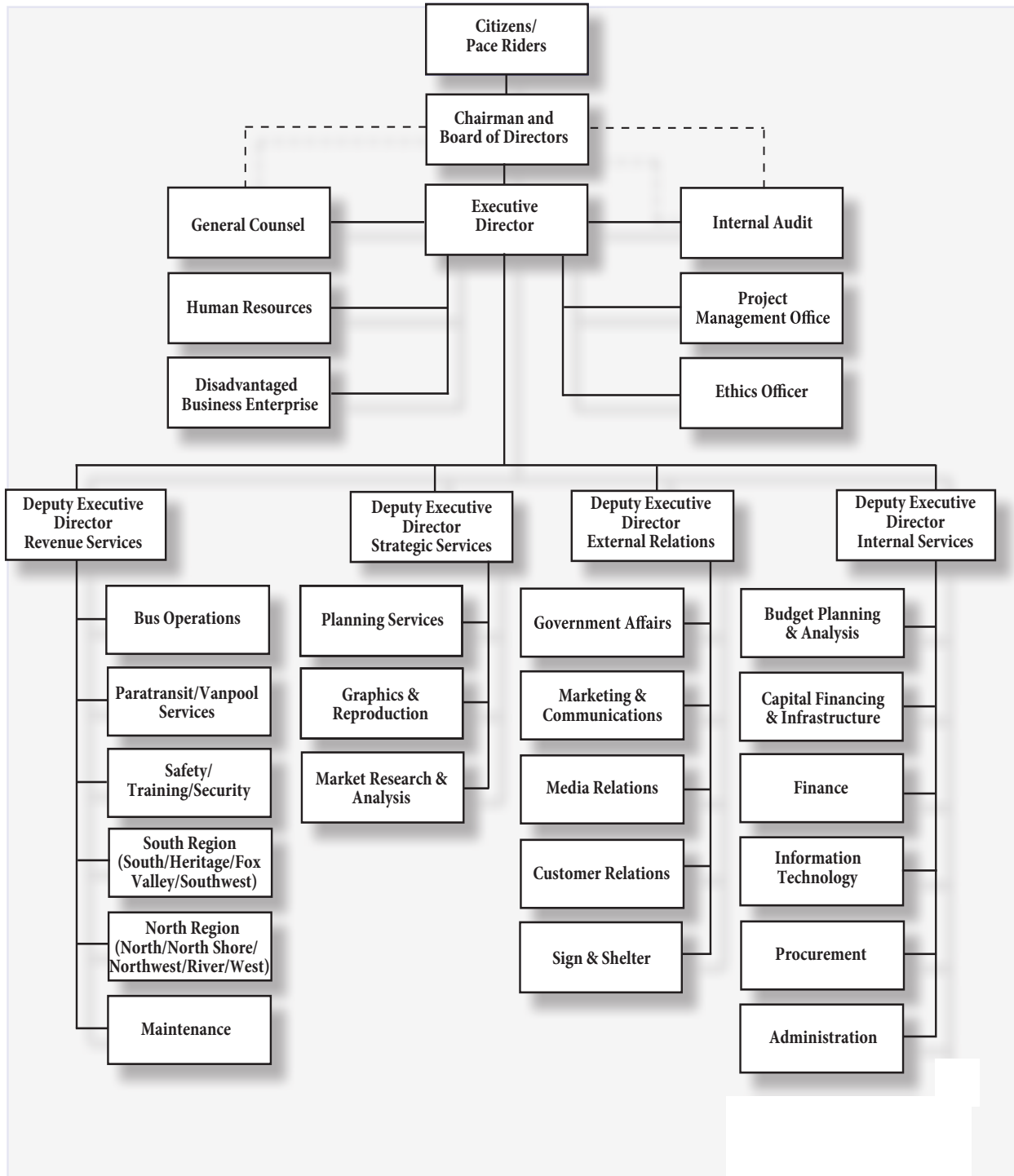
All areas of the organization are shown on the organization chart on page 52. An overview of each department's duties and responsibilities is presented on pages 53 through 55.

**Table 33. Full-Time Equivalent Personnel (FTEs)**

	Admin	Central Support	Pace Divisions	Total
<b>2014 Actual</b>				
Operations	0	34	958	992
Maintenance	0	49	228	277
Non-Vehicle Maintenance	0	11	14	25
Administration	204	0	35	239
<b>Suburban Service</b>	<b>204</b>	<b>94</b>	<b>1,235</b>	<b>1,533</b>
Regional ADA Paratransit	35	0	0	35
<b>Total</b>	<b>239</b>	<b>94</b>	<b>1,235</b>	<b>1,568</b>
<b>2015 Estimated</b>				
Operations	0	34	992	1,026
Maintenance	0	49	228	277
Non-Vehicle Maintenance	0	11	14	25
Administration	204	0	35	239
<b>Suburban Service</b>	<b>204</b>	<b>94</b>	<b>1,269</b>	<b>1,567</b>
Regional ADA Paratransit	34	0	0	34
<b>Total</b>	<b>238</b>	<b>94</b>	<b>1,269</b>	<b>1,601</b>
<b>2016 Budget</b>				
Operations	0	36	1,027	1,063
Maintenance	0	50	234	284
Non-Vehicle Maintenance	0	11	14	25
Administration	196	0	36	232
<b>Suburban Service</b>	<b>196</b>	<b>97</b>	<b>1,311</b>	<b>1,604</b>
Regional ADA Paratransit	38	0	0	38
<b>Total</b>	<b>234</b>	<b>97</b>	<b>1,311</b>	<b>1,642</b>

# Appendix A • Pace Overview

Chart H. Pace Organizational Chart



**Table 34. Pace’s 2016 Operating Budget - Department Budgeted Positions (FTEs)**

<u>Suburban Service</u>	<u>2014 Budget</u>	<u>2015 Budget</u>	<u>2016 Budget</u>	<u>Regional ADA</u>	<u>2014 Budget</u>	<u>2015 Budget</u>	<u>2016 Budget</u>
<b>Office of the Executive Director</b>	4.0	2.0	2.0	City ADA Paratransit	30.0	40.0	40.0
General Counsel	9.0	9.0	10.0	Suburban Service Allocation	5.0	6.0	6.0
Internal Audit	6.0	6.0	6.0	<b>Total Regional ADA</b>	<b>35.0</b>	<b>46.0</b>	<b>46.0</b>
Human Resources	8.5	8.5	8.5	<b>Total Suburban &amp; Regional ADA</b>	<b>1,584.0</b>	<b>1,639.0</b>	<b>1,681.0</b>
DBE	0.0	2.0	2.0	Suburban Svc Vacancy Factor	(11.0)	(20.0)	(25.0)
Project Management Office	2.0	2.0	2.0	Regional ADA Vacancy Factor	0.0	(12.0)	(8.0)
Ethics Officer	3.0	3.0	1.0	ADA Allocation	(5.0)	(6.0)	(6.0)
New Initiatives	0.0	10.0	2.0	<b>Total - With Vacancy Factors</b>	<b>1,568.0</b>	<b>1,601.0</b>	<b>1,642.0</b>
<b>Total</b>	<b>32.5</b>	<b>42.5</b>	<b>33.5</b>				
<b>Revenue Services</b>							
DED, Revenue Services	5.0	5.0	5.0				
Bus Operations	9.5	9.5	9.5				
Maintenance/Tech Services	26.0	26.0	28.0				
Vanpool	18.0	18.0	18.0				
Paratransit	10.0	10.0	10.0				
Safety	4.0	4.0	5.0				
Pace Divisions:							
Bus Operators	887.0	921.0	958.0				
Operations Supervisors	71.0	71.0	69.0				
Maintenance	228.0	228.0	234.0				
Non-Vehicle Maintenance	14.0	14.0	14.0				
Administration	35.0	35.0	36.0				
<b>Total</b>	<b>1,307.5</b>	<b>1,341.5</b>	<b>1,386.5</b>				
<b>Internal Services</b>							
DED Internal Services	3.0	3.0	3.0				
Capital Financing & Infstr	26.0	26.0	26.0				
Budget Planning	6.0	6.0	6.0				
Procurement	35.0	35.0	38.0				
Administration	4.0	4.0	5.0				
Finance	27.0	27.0	27.0				
IT	34.0	34.0	37.0				
<b>Total</b>	<b>135.0</b>	<b>135.0</b>	<b>142.0</b>				
<b>Strategic Services</b>							
DED, Strategic Services	2.0	2.0	2.0				
Graphic Services	7.0	7.0	7.0				
Market Research/Analysis	14.5	14.5	15.5				
Planning Services	21.0	21.0	20.0				
<b>Total</b>	<b>44.5</b>	<b>44.5</b>	<b>44.5</b>				
<b>External Relations</b>							
DED, External Relations	2.0	2.0	2.0				
Government Affairs	12.5	12.5	11.5				
Marketing & Communications	5.0	5.0	5.0				
Media Relations	1.0	1.0	1.0				
Customer Relations	4.0	4.0	4.0				
Sign/Shelter	5.0	5.0	5.0				
<b>Total</b>	<b>29.5</b>	<b>29.5</b>	<b>28.5</b>				
<b>Total Suburban Service</b>	<b>1,549.0</b>	<b>1,593.0</b>	<b>1,635.0</b>				

*Departmental Overview*

A detailed description of each department is provided as follows.

*Office of the Executive Director*

**Office of the Executive Director:** The Executive Director is responsible for overall management of the agency including all staffing, employment, and contractual relationships necessary to carry out the powers of the Suburban Bus Board (Pace) in accordance with the RTA Act.

**General Counsel:** Responsible for reviewing contracts, monitoring litigation, handling claim defense litigation, and assuring legal compliance with all required federal, state, and local regulations. General Counsel is also responsible for the claims handling for the entire agency.

**Internal Audit:** Responsible for directing performance, financial, and compliance audits to ensure maintenance of organizational and professional ethical standards.

**Human Resources:** Responsible for recruitment, compensation, benefit administration, employee relations, and development of the agency’s human resource policies/procedures.

**Project Management Office:** Responsible for providing centralized project management services including standardization of processes, tracking, reporting, and communication. Training & Development for the agency is also managed through this office.

**Disadvantaged Business Enterprise (DBE):** Responsible for agency DBE compliance with regulatory agencies. Sets DBE performance goals, assesses and reports on performance of the program. Reviews contract specifications for DBE participation.

**Ethics Officer:** Responsible to act as Ethics Officer pursuant to state law, conducts ethics training for employees, provides guidance to Board members and employees regarding the interpretation and implementation of state ethics laws.

### *Internal Services*

**Budget Planning:** Responsible for budget planning, analysis, and management reporting. Performs special analysis and reporting on financial impact topics. Produces quarterly reports to RTA. Prepares annual budget document and materials for public hearings.

**Capital Financing and Infrastructure:** Responsible for capital budgeting and grants administration, real estate management, design, engineering and construction of all fixed facilities, environmental management, and facility maintenance management.

**Finance:** Responsible for managing Pace's financial activities including all accounting, treasury & revenue, debt management, and insurance services. Produces monthly and annual financial statements, national transit database reporting, and all regulatory financial compliance reporting. Oversees the 401(k) plan and pension plan performance.

**Information Technology:** Responsible for direction and provision of all information technology systems for the Agency. The department includes client services, application development, telecommunications, Internet services, Oracle applications, and GIS.

**Procurement:** Responsible for directing and coordinating all purchasing and procurement activities and contracting services including materials management of parts and supply inventories at Pace operating divisions.

**Administration:** Responsible for Pace headquarters facilities maintenance, building security, space planning, utilities, fleet management, purchasing card program, records management, and related policies/procedures.

### *Strategic Services*

**Planning Services:** Responsible for all fixed route and community service planning including adjustment of existing services to improve performance, evaluating new markets for service expansion and service reductions.

Long Range Planning is responsible for middle to long range strategic planning. Programs include the Rapid Transit Network, Intelligent Transportation Systems, Transportation Engineering, Transit Supportive Guidelines, and Transportation Demand Management.

**Graphic Services:** Responsible for designing/producing communication pieces, providing audio/visual communication resources, and print production of bus schedules and other printed materials.

**Market Research/Analysis:** Responsible for scheduling including, but not limited to, the creation of operator run-picks (work schedules), the management of customer satisfaction measurement and reporting, and special studies that support business objectives. Produces ridership reporting, performance measures, on-time performance measures, and other operational data.

### *Revenue Services*

**Bus Operations:** Responsible for managing and controlling the provision of bus service contracts and direct operations of Pace's owned and subsidized fixed route service providers.

**Paratransit/Vanpool:** Responsible for the management and control of Pace's Suburban Dial-a-Ride Paratransit program, the VIP Advantage and corporate Vanpool programs as well as the Regional (City and Suburban) ADA paratransit programs.

**Safety/Training/Security:** Responsible for safety and training programs for all Pace fixed route and paratransit direct operations and contract operations. Establishes program guidelines and assures compliance with regulatory requirements. Assures security and safety of Pace assets, employees, and passengers.

**Pace Divisions:** Regional management (South and North) oversees and manages the employees and the provision of fixed route services from Pace's nine operational garages and support facilities. Each area is under the direction of a Regional Manager who is responsible for the day-to-day operations of fixed route services and all related activities including, but not limited to, employment, work assignment, collective bargaining, equipment and facility preventative maintenance, reporting, and employee safety oversight (in coordination with the Safety Department).

**Maintenance:** Responsible for setting policy for all maintenance procedures as well as managing fleet procurements and distribution.

### *External Relations*

**Government Affairs:** Responsible for coordinating governmental outreach campaigns as well as planning and directing legislative strategies.

**Marketing & Communications:** Responsible for planning, developing and administering marketing programs to promote the agency and its services to the public.

**Media Relations:** Responsible for managing the organization's external communications with stakeholders. Serves as the organization's primary media contact.

**Customer Relations:** Responsible for handling customer inquiries and schedule information to Pace customers. Administers customer management system for tracking customer complaints, produces customer complaints metrics, and follows up with responsible business units.

**Sign/Shelter:** Responsible for installation and maintenance of Pace's network of bus stop shelters and signage. Oversees field activities for ad shelter program contractors.



*The Pace Board meets monthly at Pace Headquarters located in Arlington Heights.*

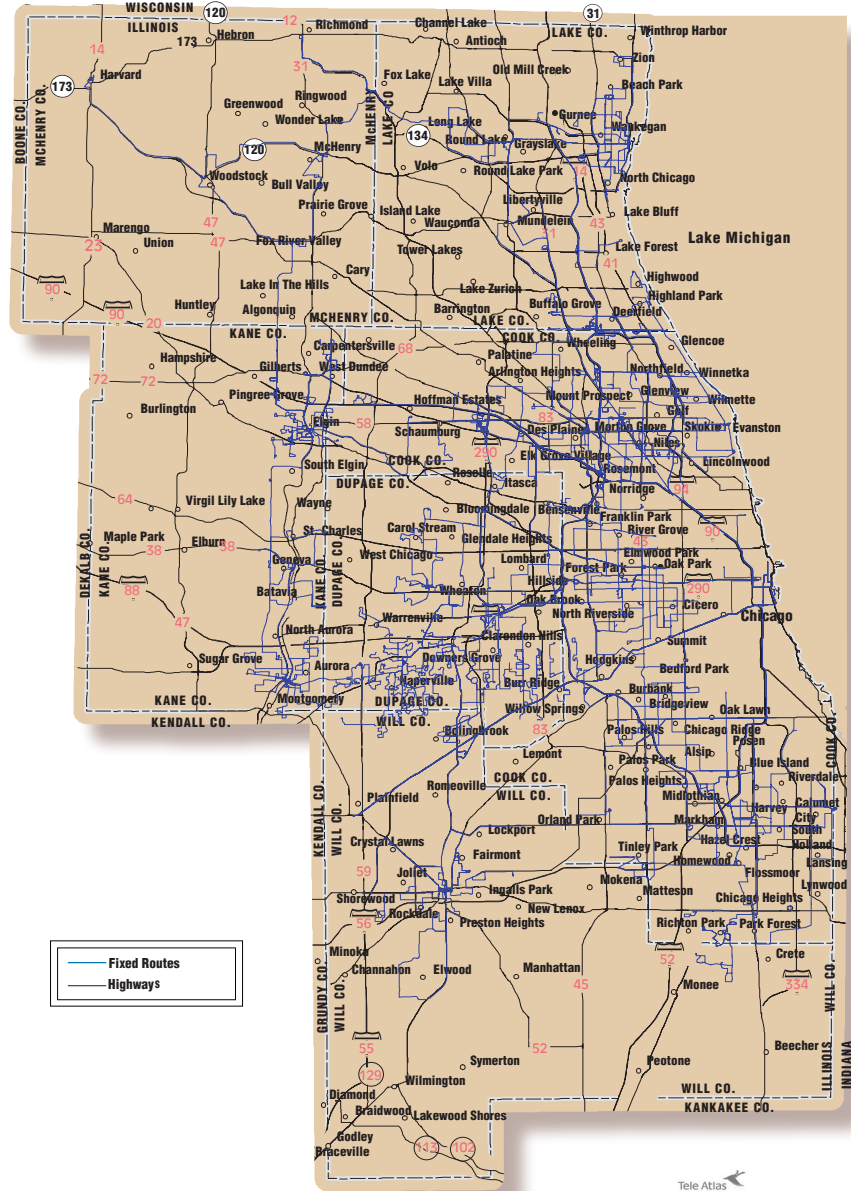
## Fixed Route Service Characteristics

THE following map and description summarizes the operating characteristics of the fixed route system.

### Fixed Route Service

153 regular, 41 feeder, 15 shuttle, and numerous seasonal routes are operated by Pace. These routes serve 202 communities and carry over 2.56 million riders per month utilizing 600 vehicles during peak periods. All routes are fully accessible.

Map 1. Fixed Route Service Characteristics



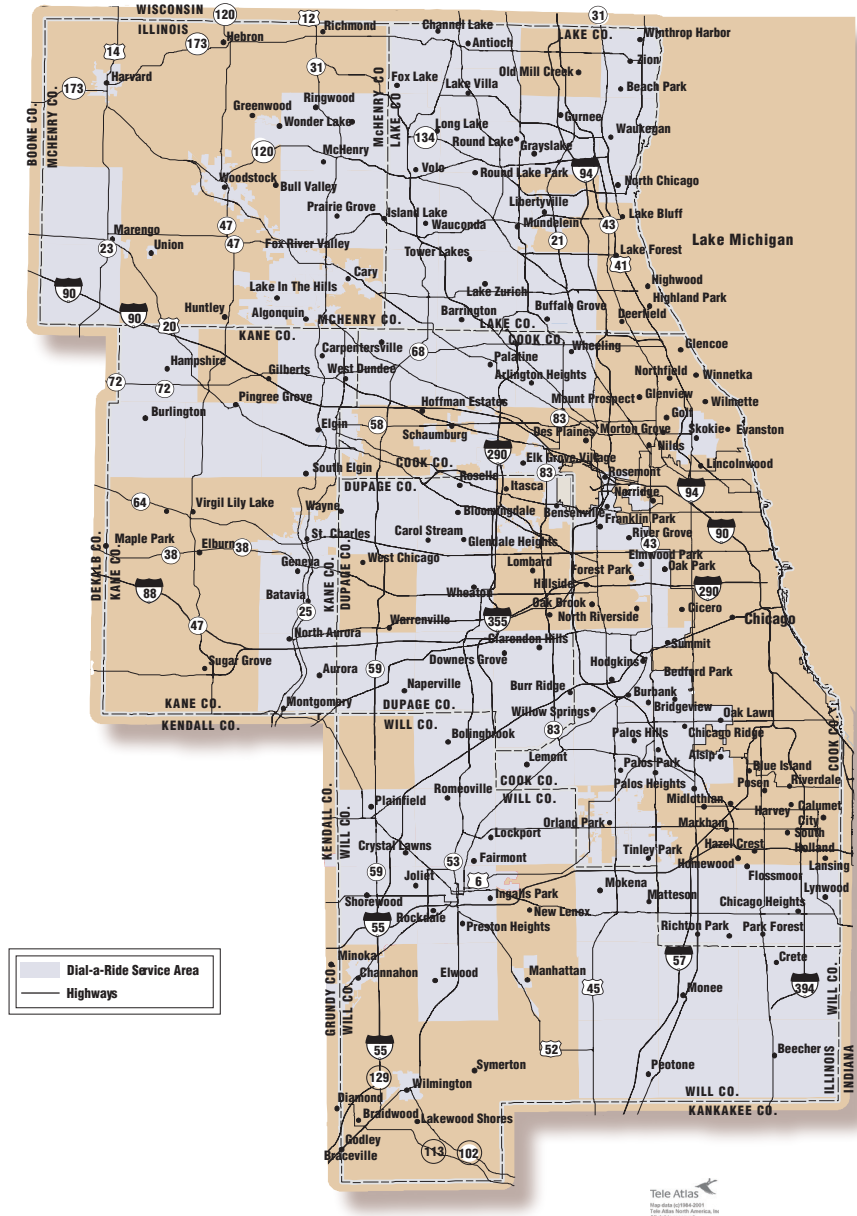
## Dial-a-Ride Characteristics

THE following map and description summarizes the operating characteristics of the dial-a-ride system.

### Dial-a-Ride

197 Pace-owned lift-equipped vehicles are utilized to provide curb-to-curb service to approximately 104,000 riders each month. The majority are elderly and/or have disabilities. Pace contracts directly with private providers for the operation of 45 dial-a-ride projects and has agreements with villages and townships for the operation of 19 other dial-a-ride projects. Also, three other projects are operated by Pace River Division. These projects provide services to over 210 communities throughout the six county area.

Map 2. Dial-a-Ride Service Characteristics



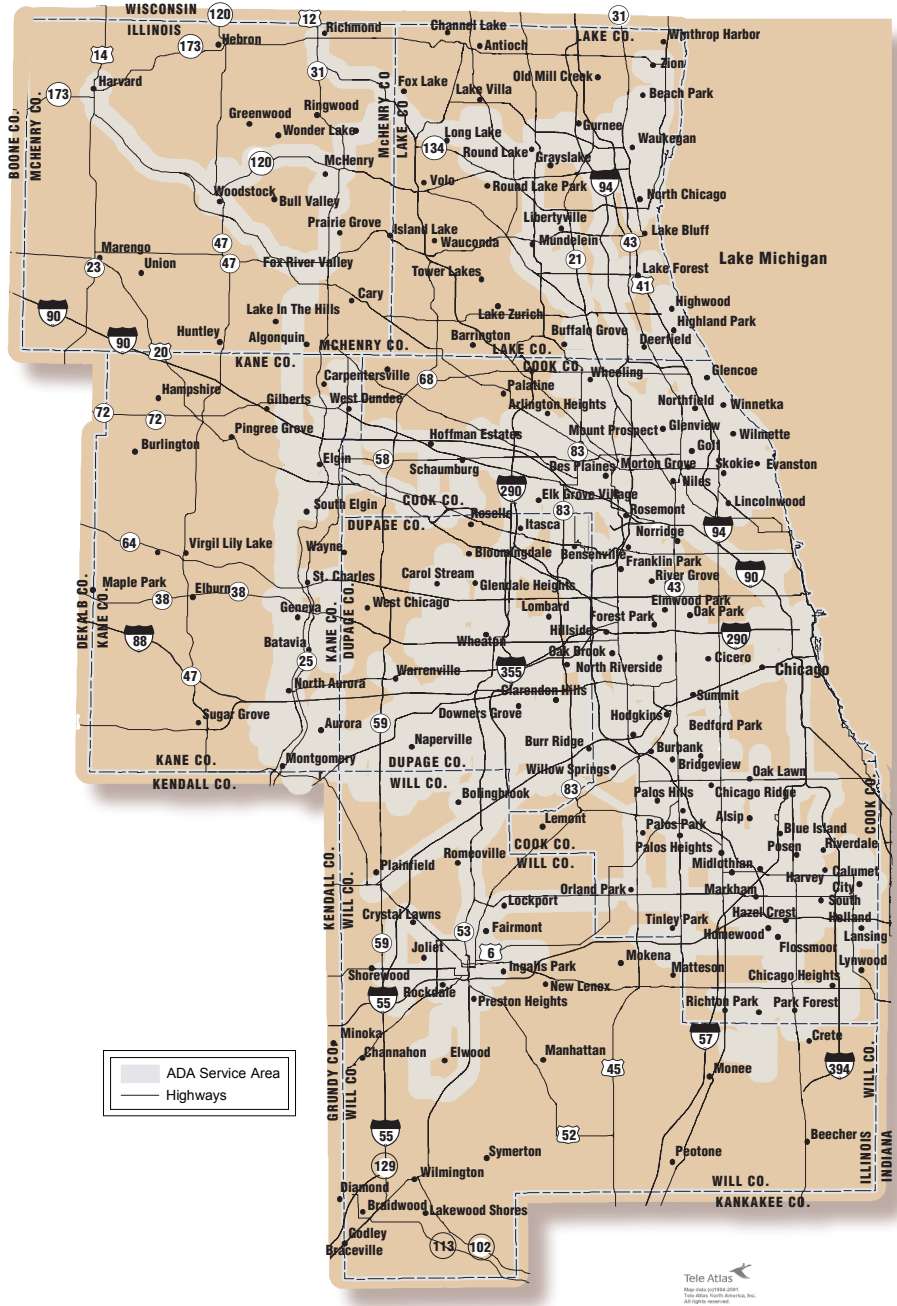
## Suburban ADA Paratransit Service Characteristics

THE following map and description summarizes the operating characteristics of the Suburban ADA Paratransit Service Program.

### Suburban ADA Paratransit

306 Pace-owned lift-equipped vehicles are utilized to provide origin to destination service to approximately 76,000 riders each month. Individuals that are not able to use Pace's fixed routes can register to utilize Pace's ADA Paratransit Service. The RTA administers a regional certification program which determines eligibility for this service. Once eligible, passengers can make travel arrangements for trips within the shaded service area. This area represents a corridor of 3/4 mile to either side of Pace's regular fixed routes in the suburban areas as called for by federal regulations. Pace contracts with private operators strategically located throughout the service area to provide this service.

Map 3. Pace Suburban ADA Paratransit Service Characteristics





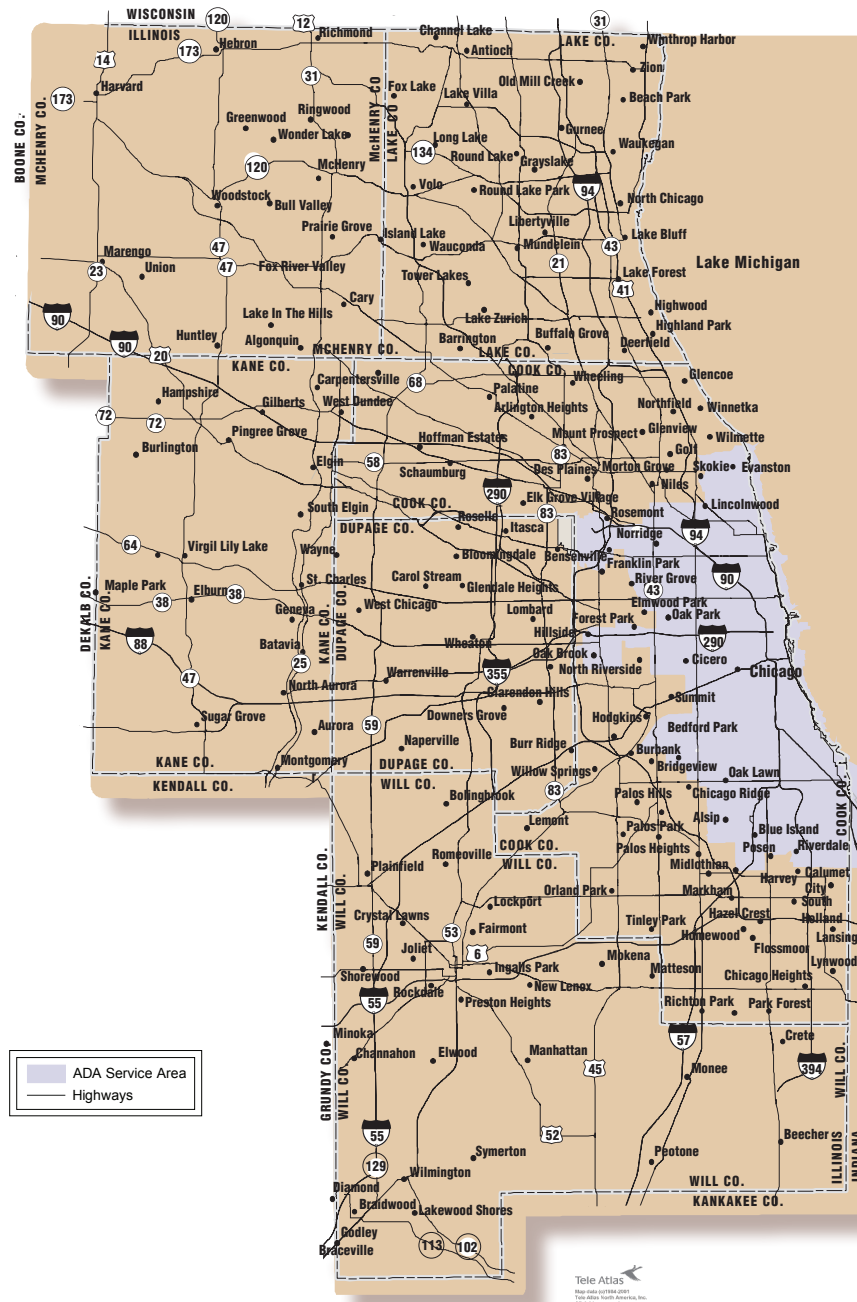
## City ADA Paratransit Service Characteristics

FOUR ADA Paratransit service contractors (SCR Transportation, Cook DuPage Transportation (CDT), MV Transportation, and First Transit) provide ADA Paratransit services to locations within 3/4 mile of CTA bus routes and up to a 3/4 mile radius of each CTA rail station.

The area served essentially covers the City of Chicago and close-in suburban communities served by regular CTA services.

756 contractor-owned vehicles are used to provide service to approximately 290,000 riders each month.

Map 4. City ADA Paratransit Service Characteristics



# Appendix A • Pace Overview

## Pace Rolling Stock - Active Fleet

Table 35. Pace Rolling Stock - Active Fleet

<u>Fixed Route (Fully Accessible)</u>					<u>Vanpool</u>				
Manufacturer	Year	# of Vehicles	Age	Length	Manufacturer	Year	# of Vehicles	Age	Length
Chance Trolleys	2000	6	15	25'	Vans	2001	2	14	Various
Orion	2000	59	15	40'	Vans	2002	2	13	Various
Orion	2001	54	14	40'	Vans	2003	20	12	Various
MCI	2002	8	13	40'	Vans	2004	6	11	Various
NABI	2003	77	12	35'	Vans	2005	27	10	Various
NABI	2003	96	12	40'	Vans	2006	62	9	Various
Orion	2004	6	11	40'	Vans	2007	52	8	Various
NABI	2005	59	10	40'	Vans	2008	18	7	Various
Eldorado	2006	102	9	30'	Vans	2009	64	6	Various
Eldorado	2008	38	7	30'	Vans	2010	82	5	Various
Eldorado	2009	25	6	30'	Vans	2011	62	4	Various
Eldorado	2010	58	5	30'	Vans	2012	113	3	Various
Orion Hybrid	2011	2	4	30'	Vans	2013	269	2	Various
Eldorado	2012	4	3	30'	<b>Total</b>		<b>779</b>		
Eldorado	2013	77	2	40'	Average Age			4.7 years	
MCI	2014	13	1	40'					
Eldorado	2015	36	0	40'					
<b>Total</b>		<b>720</b>							
Average Age			8.9 years						

<u>Paratransit (Fully Accessible)</u>					<u>Community Vehicles</u>				
Manufacturer	Year	# of Vehicles	Age	Length	Manufacturer	Year	# of Vehicles	Age	Length
Eldorado Buses	2008	15	7	23'	Champion Crusader	2008	26	7	22'
Eldorado Vans	2009	10	6	19'	Champion Crusader	2009	23	6	22'
Eldorado Buses	2009	19	6	23'	Vans	2012	4	3	Various
Eldorado Vans	2010	34	5	19'	Vans	2013	36	2	Various
Eldorado Buses	2010	170	5	23'	Champion Crusader	2015	8	0	22'
Eldorado Buses	2014	157	1	25'	<b>Total</b>		<b>97</b>		
Eldorado Buses	2014	98	1	25'	Average Age			4.2 years	
<b>Total</b>		<b>503</b>							
Average Age			3.1 years						



*Fixed route 40' bus*



*Call-n-Ride bus*



*Paratransit bus*



*Vanpool vehicle*

## Pace System Infrastructure

PACE garages provide inside bus storage for nearly 600 buses with a total building size of over 1.0 million square feet.

This represents the fixed facilities owned or operated by Pace. Additionally, Pace operates to a number of non-Pace owned park-n-ride lots throughout the region. A full list of the park-n-ride lots may be found on Pace's website at PaceBus.com.

- A. Pace River Division  
975 S. State, Elgin  
63,235 square feet, 1989
- B. Pace Fox Valley Division  
400 Overland Dr., North Aurora  
56,833 square feet, 1994
- C. Pace Heritage Division  
9 Osgood St., Joliet  
57,000 square feet, 1926 and 1985
- D. Pace North Division  
1400 W. Tenth St., Waukegan  
57,754 square feet, 1987
- E. Pace West Division  
3500 W. Lake St., Melrose Park  
223,004 square feet, 1986
- F. Pace Southwest Division  
9889 S. Industrial Dr., Bridgeview  
81,471 square feet, 1994
- G. Pace South Division  
2101 W. 163rd Place, Markham  
191,182 square feet, 1988
- H. Pace Northwest Division  
900 E. Northwest Hwy., Des Plaines  
83,484 square feet, 1962
- I. City of Highland Park\*  
1150 Half Day Road, Highland Park
- J. Village of Niles\*  
7104 Touhy Ave., Niles
- K. Pace North Shore Division  
2330 Oakton St., Evanston  
81,500 square feet, 1994
- L. Pace Administrative  
Headquarters  
550 W. Algonquin Rd., Arlington Heights  
65,000 square feet, 2009
- M. South Holland  
Acceptance Facility  
405 W. Taft Dr., South Holland  
44,700 square feet, 1984

- N. Pace Paratransit Garage  
5007 Prime Parkway, McHenry  
28,097 square feet, 2001
- O. Pace Print Shop  
80-86 Lively Blvd., Elk Grove Village  
8,500 square feet, 2010 (Leased Premises)
- P. Pace Vanpool  
515 W. Algonquin Rd., Arlington Heights  
6,482 square feet, 2013 (Leased Premises)
- Q. Pace ADA Paratransit  
547 W. Jackson, Chicago  
11,445 square feet, 2006 (Leased Premises)

### \*Municipal Garages

Pace has established numerous passenger facilities throughout the region. The facilities provide convenient transfers and connections between our services and those provided by CTA and Metra.

### Transportation and Transfer Centers ▲

- Aurora Transportation Center, Aurora
- Buffalo Grove Transportation Center, Buffalo Grove
- Chicago Heights Transfer Center, Chicago Heights
- Elgin Transportation Center, Elgin
- Gurnee Mills Transfer Facility, Gurnee
- Harvey Transportation Center, Harvey
- Northwest Transportation Center/Charles Zettek Facility, Schaumburg
- Prairie Stone Transportation Center, Hoffman Estates
- Toyota Park Transportation Center, Bridgeview
- United Parcel Service Transportation Center, Hodgkins

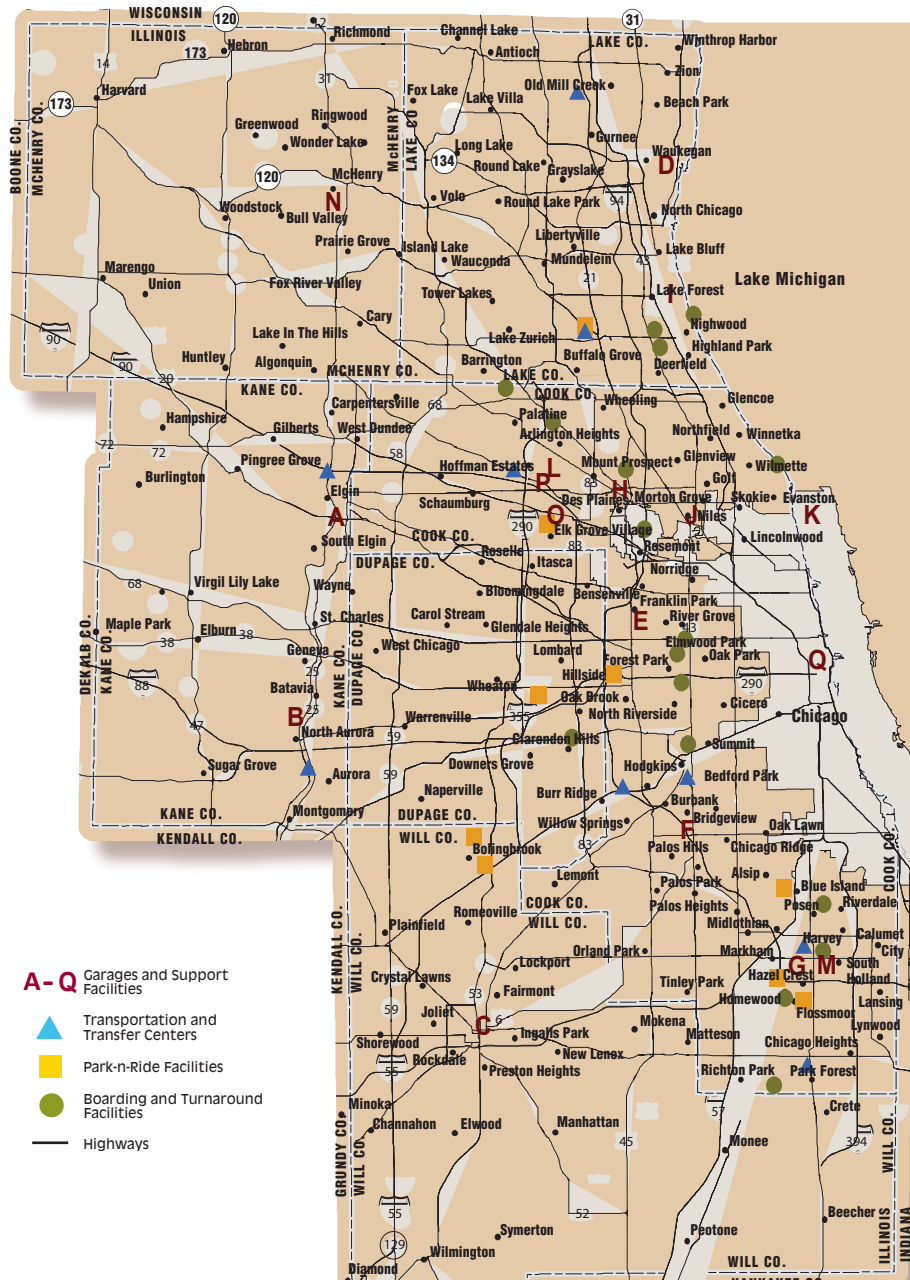
## Boarding and Turnaround Facilities

- Arlington Heights Metra
- Clarendon Hills Metra
- Deerfield Metra
- Des Plaines Metra
- Evanston-CTA Davis Street
- Forest Park CTA Station
- Highland Park Metra
- Homewood Metra
- Lake Cook Road Metra
- North Riverside Park Mall Turnaround
- Oak Park CTA/Metra
- Palatine Metra
- Park Forest Bus Turnaround
- Rosemont CTA
- Riverdale Bus Turnaround
- South Suburban College (South Holland)
- Summit CTA/Pace

## Park-n-Ride Facilities - Pace Owned

- Blue Island
- Bolingbrook (Canterbury Lane)
- Bolingbrook (Old Chicago Road)
- Buffalo Grove Transportation Center
- Burr Ridge
- Elk Grove Village
- Hillside
- Homewood
- South Holland

Map 5. Pace System Garage and Support Facilities



# Appendix B • Ridership & Suburban Service Fares

## Pace Ridership

The following table identifies projected ridership changes by operating element for years 2014 through 2018.

**Table 36. Pace 2016-2018 Ridership Projections (000's)**

	<u>2014 Actual</u>	<u>2015 Estimated</u>	<u>% Change</u>	<u>2016 Projected</u>	<u>% Change</u>	<u>2017 Projected</u>	<u>% Change</u>	<u>2018 Projected</u>	<u>% Change</u>
Pace Divisions	29,641	28,346	-4.4%	28,802	1.6%	29,091	1.0%	29,381	1.0%
Public Carriers	804	733	-8.8%	741	1.1%	748	0.9%	756	1.1%
Private Carriers	1,205	1,241	3.0%	1,253	1.0%	1,266	1.0%	1,278	0.9%
<b>Total Fixed Route</b>	<b>31,650</b>	<b>30,320</b>	<b>-4.2%</b>	<b>30,796</b>	<b>1.6%</b>	<b>31,105</b>	<b>1.0%</b>	<b>31,415</b>	<b>1.0%</b>
Dial-a-Ride*	1,223	1,226	0.2%	1,242	1.3%	1,267	2.0%	1,292	2.0%
Vanpool	1,923	1,903	-1.0%	1,952	2.6%	2,005	2.7%	2,057	2.6%
<b>Suburban Service Total</b>	<b>34,796</b>	<b>33,449</b>	<b>-3.9%</b>	<b>33,990</b>	<b>1.6%</b>	<b>34,377</b>	<b>1.1%</b>	<b>34,764</b>	<b>1.1%</b>
Regional ADA Paratransit Service*	4,088	4,297	5.1%	4,518	5.1%	4,741	4.9%	4,975	4.9%
<b>Combined Pace Service</b>	<b>38,883</b>	<b>37,746</b>	<b>-3.0%</b>	<b>38,508</b>	<b>2.0%</b>	<b>39,118</b>	<b>1.6%</b>	<b>39,739</b>	<b>1.6%</b>

\*Ridership includes companions and personal care attendants.



*Pace expects to increase ridership by 2% in 2016.*

### Ridership & Fares

#### Suburban Service Ridership

Pace Suburban Service ridership is estimated to finish the year down 3.9% from 2014 levels; and will also fall 7.1% short to the 2015 budget. The 2015 budget included a growth of 3.4% over 2014 levels. Ridership falloff is estimated for nearly all programs in 2015. Unfavorable weather in the early part of 2015 along with the large drop in fuel prices have been cited as factors contributing to the drop-off in 2015 ridership. The entire falloff in the Vanpool program is very likely related to the decline in fuel prices. For 2016, ridership is planned to grow by 1.6%. Fixed route ridership will account for 1.4% of the ridership growth and will come entirely from new service initiatives that are being implemented in the last half of 2015 and will be operating for the full year in 2016. The balance of the 2016 ridership growth or the 0.2% will occur in the Dial-a-Ride and Vanpool programs.

Suburban Service ridership is projected to grow at 1.1% annually for the outlying years (2017 and 2018) and reflects continued growth in base riders along with continued expansion occurring in Dial-a-Ride and Vanpool.

#### Regional ADA Paratransit Ridership

Regional ADA Paratransit ridership will finish 2015 up 5.1% over 2014 levels and is also estimated to finish the year slightly greater than budget. Demand has remained strong this year despite unfavorable weather conditions experienced in the early part of 2015. For 2016, ridership is expected to grow 5.2% over 2015 levels. Ridership is projected to grow for both the City and Suburban services, while the outlook for TAP ridership is expected to remain flat in 2016.

Regional ADA ridership is forecasted to grow at a rate of 4.9% in 2017 and 2018, and is consistent with historical growth levels. Demand continues to remain strong for ADA services throughout this region.

#### Pace Fares

There is no fare adjustment proposed for ADA Paratransit services in 2016; however, a number of fare changes are proposed for Suburban Services next year. The following changes are presented:

- Pace's cash fares will increase from \$1.75 to \$2.00 (full fare)/\$0.85 to \$1.00 (reduced fare) to incent more riders to use the Ventra® fare system. Ventra fares will remain at \$1.75/\$0.85.
- The monthly fee for the Advantage Vanpool program will be reduced by \$150 from \$401 to \$250 (rounded off) to cover the cost of Agencies providing insurance. Agencies will provide coverage for the first \$1 million in auto liability coverage under this proposal.
- The current monthly surcharge applied to vanpool passengers using the Indiana East-West Tollway system will be reduced from \$27.00 to \$6.00 beginning January 2016.
- The VIP vanpool fare schedule will be revised to split the current 5-6 passenger category into two separate categories effective January 2016.

Tables 37 and 38 on the following pages identify the current fare structures and proposed revisions.



Ventra Machines are located throughout the Pace service area.

## Appendix B • Ridership & Suburban Service Fares

### Pace Fare Structure

**Table 37. Pace Fare Structure**

	Current Fares		Proposed Fares	
	Full Fare	Reduced Fare	Full Fare	Reduced Fare
<b>Regular Fares</b>				
Cash Fare	\$1.75	\$0.85	\$2.00	\$1.00
Full Fare Ventra®	1.75	0.85		
Transfer to Pace (With Ventra transit value only)	0.25	0.15		
<b>Passes</b>				
Pace/CTA (30-day) Pass	\$100.00	\$50.00		
Pace/CTA 7-day Pass	33.00	N/A		
Pace 30-Day Pass	60.00	30.00		
Link-Up Pass	55.00	N/A		
PlusBus	30.00	N/A		
Student Summer Haul Pass	45.00	N/A		
Pace Campus Connection (College Student Pass) - Valid for One Semester - 5 mo.				
Purchased in:				
August or January	\$175.00	N/A		
September or February	165.00	N/A		
October or March	140.00	N/A		
November or April	105.00	N/A		
December or May	60.00	N/A		
Campus Connection - Summer Pass	140.00	N/A		
<b>Express/Other Fares</b>				
Premium Routes (see below)*	\$4.00	\$2.00		
Pace Transfer to Premium Routes	2.50	1.30		
30-Day Premium Pace/CTA Pass	140.00	70.00		
Call-n-Ride	1.75	N/A		
Dial-a-Ride	Fares based on community policy			
<b>ADA Paratransit</b>				
ADA Paratransit	\$3.00	N/A		
Mobility Direct (Chicago Only)	3.00	N/A		
TAP (Chicago Only)	5.00	N/A		

\*Premium routes included: 237, 282, 284, 285, 286, 287, 755, 768, 769, 773, 774, 775, 776, 779, 850, 851, 855.

Please visit [PaceBus.com](http://PaceBus.com) for further information concerning Pace's current fares and other special programs.



## Appendix B • Ridership & Suburban Service Fares

**Table 38. Monthly VIP & Other Vanpool Services Fare Schedule**

*Proposed Fare Schedule*

Daily Round Trip Van Miles	4 Pass*	5 Pass*	6 Pass*	7-8 Pass*	9-10 Pass*	11-12 Pass*	13-14 Pass*
1-20	\$112	\$99	\$92	\$85	\$73	\$73	\$73
21-30	117	103	96	89	75	73	73
31-40	122	109	102	95	78	73	73
41-50	128	114	107	99	81	73	73
51-60	133	119	111	103	86	75	73
61-70	138	124	116	107	89	77	73
71-80	142	130	121	112	92	79	73
81-90	146	134	125	116	97	81	73
91-100	150	138	129	119	100	85	75
101-110	153	141	132	123	103	87	77
111-120	160	145	136	127	107	89	79
121-130	163	149	140	130	112	91	81
131-140	166	153	144	134	116	94	85
141-150	171	157	148	138	119	97	87
151-160	174	161	151	141	123	99	89

*Effective January 1, 2016, the current 5-6 passenger category will split into two separate categories, offering a separate fare schedule for both the 5 and 6 passengers per van category.*

*Fares are based on 21 work/commute days per month (approximately 5 work/commute days per week). Fares will be adjusted to accommodate van operation which is consistently greater or fewer than 21 work days per month.*

*\*The van driver is excluded from this passenger/van count.*

*Indiana Tollway Surcharge (Monthly \$6/Per Passenger)*

Beginning January 2016 Pace will reduce the monthly surcharge on vanpools using the Indiana East-West Tollway system from \$27 per passenger to \$6 per passenger.

**Monthly Fares**

Program	Current Fare	Proposed Fare
Advantage*	\$401	\$250
Non-Profit	600	
Shuttle	750	
VIP Metra Feeder/Per Rider	58	

*\*Pace proposes to reduce the fares for the Advantage Program beginning January 2016. Participating agencies will provide insurance coverage.*



*Pace offers several vanpool options to people who commute to and from work together in a Pace-owned van.*

# Appendix B • Ridership & Suburban Service Fares



## Demographic Profiles of Pace Users (Customers)/Non-Users

THE summary demographic profile of Pace users (customers) and non-users as based on our research is presented on Table 39.

Research indicates that Pace customers earn significantly less than non-users and are much less likely to own an automobile. This underscores the critical role Pace plays in getting residents to jobs. Over 80% of Pace customers use the service to get to work. Without Pace services and without an automobile, many of our residents would not be able to get to work.

**Table 39. User/Non-User Demographic Profiles**

	Non-Users	Users (weekday only)
<b>Age in Years</b>		
Group Median	47.0	42.4
<b>Sex:</b>		
Male	48%	49%
Female	52%	51%
<b>Education</b>		
Some high school or less	2%	8%
High school graduate	12%	23%
Some college or technical school	20%	33%
College graduate	37%	26%
Graduate or Professional Degree	29%	9%
<b>Total Annual Household Income</b>		
Group Median (000)	\$74.80	\$38.50
<b>Auto Ownership</b>		
None	5%	30%
One	26%	39%
Two or more	69%	31%
<b>Ethnic Background</b>		
African American	7%	43%
Asian	3%	6%
Hispanic	10%	15%
Caucasian	79%	33%
Other	1%	3%

**Data Source**

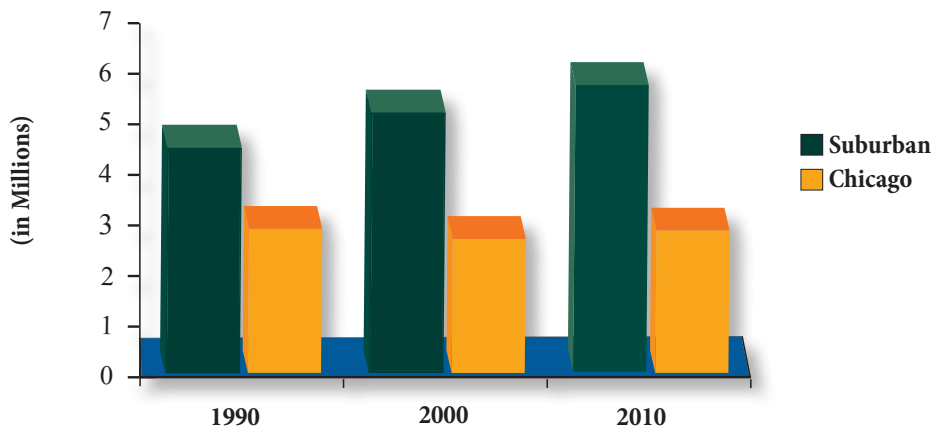
Non-user: South Cook County-Will County Service Restructuring Initiative, 2006, regional sample size = 1,195  
 User: 2011 CSI/User Survey, regional sample size = 5,568

## Regional Population

### Population

THE suburban population increased by over 0.5 million between 2000 and 2010, from 5.2 million residents to 5.7 million residents. Chicago's population declined by 0.2 million between 2000 and 2010 from approximately 2.9 million to 2.7 million. The following graphs depict the recent population trends in the metropolitan Chicago region from 1990 through 2010.

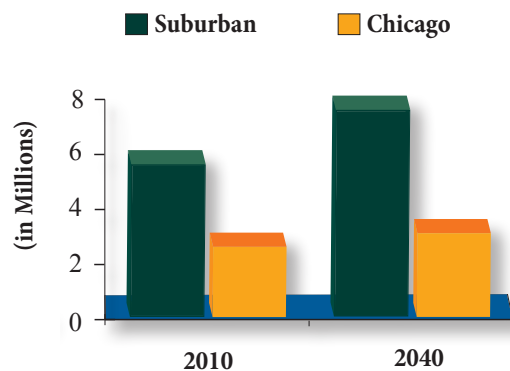
**Chart I. 1990 to 2010 Regional Population**



### Regional Population Change 2010 to 2040

The Chicago Metropolitan Agency for Planning (CMAP) provides official 30 year population forecasts for the region. These forecasts project population growth rates and patterns. According to CMAP, the regional population is expected to increase by 2.4 million people between 2010 and 2040 to 10.7 million. CMAP projects the number of residents between 65 and 84 years of age will double between 2010 and 2040. Furthermore, they anticipate the number of residents in the region who are over 85 years old is projected to triple during the same time period. Between 2010 and 2040, 2.3 million new residents will accrue to Pace's service region while Chicago's population will increase by 0.4 million new residents.

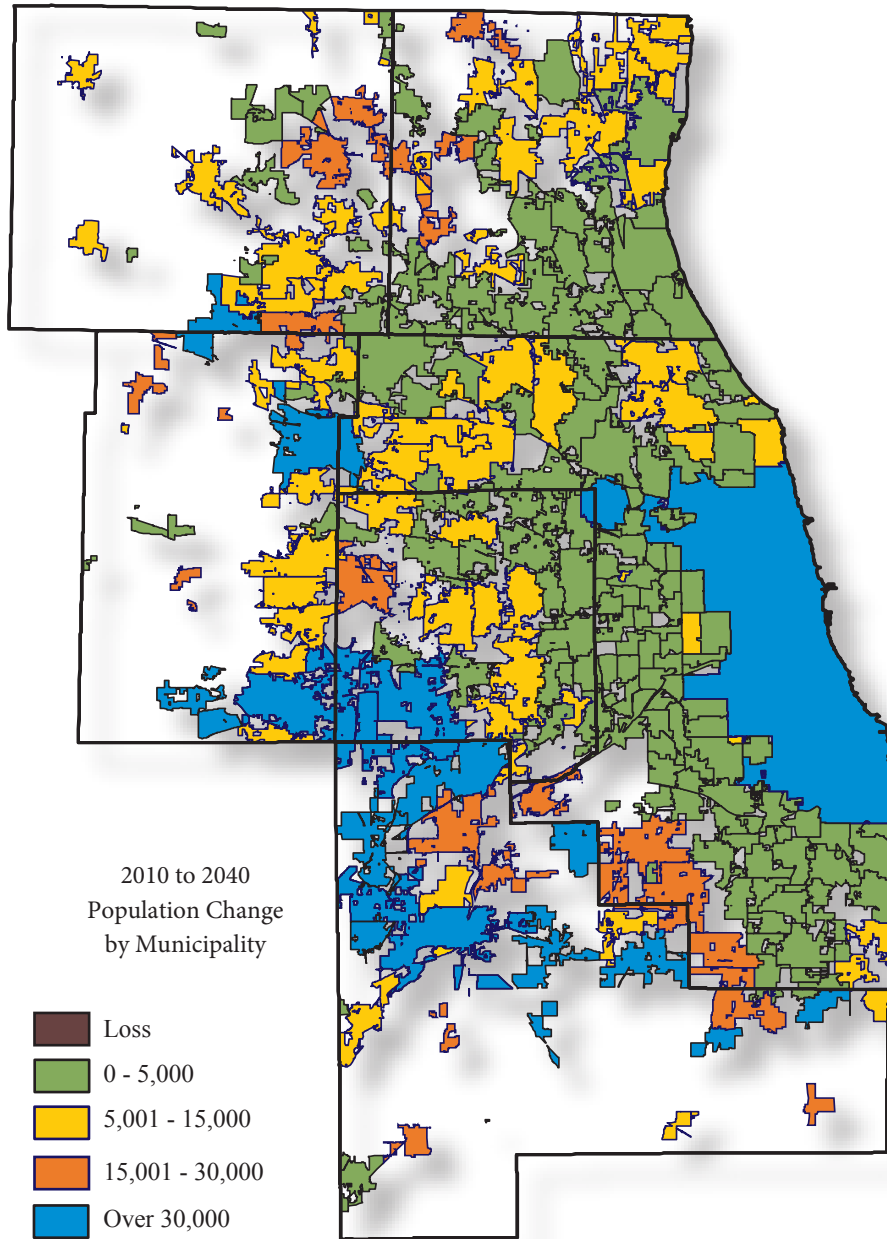
**Chart J. 2010 to 2040 Regional Population Projection**



## Regional Population Change 2010 to 2040

CMAP population growth forecasts through 2040 are depicted on the adjacent map. Will County is expected to experience population growth of nearly one-half million people between 2010 and 2040, followed by the City of Chicago which is expected to add 380,000 residents by 2040.

**Map 6. Regional Population Change**



# Appendix C • Community Profile

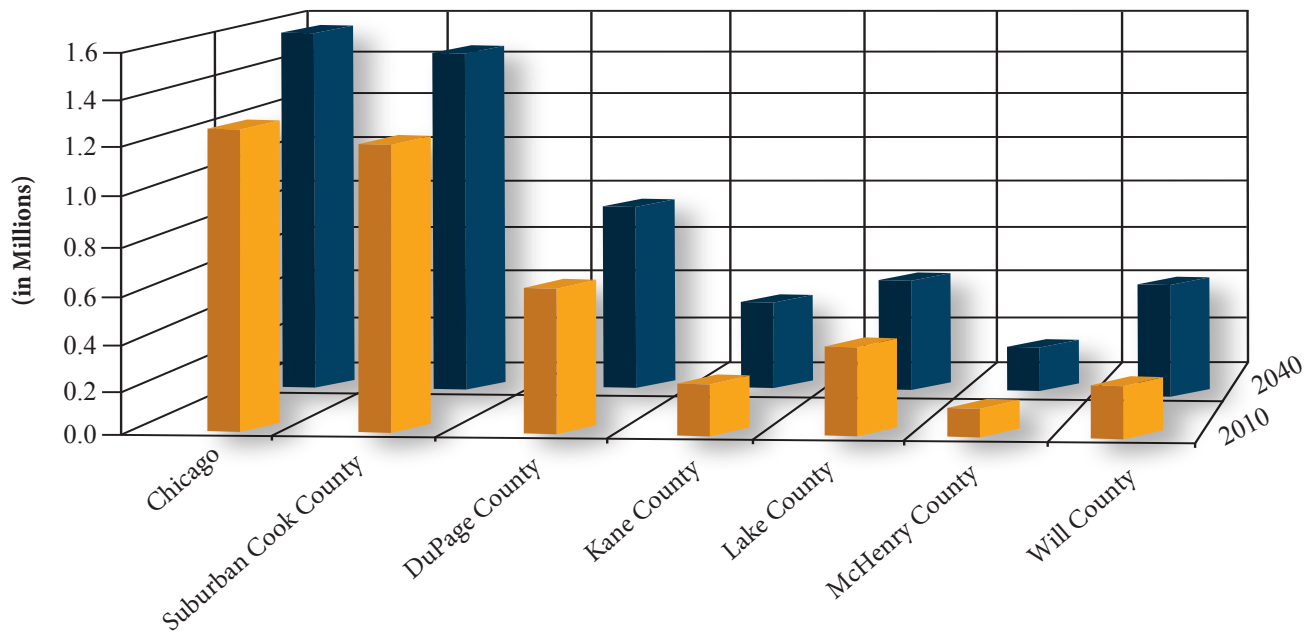
## Regional Employment

### Employment

C MAP’s forecast anticipates an increase of 1.2 million jobs in the region by 2040, of which 1.0 million will accrue to the suburban areas. As a percentage of 2000 employment, Will County’s increase is projected to be the greatest at 116%, followed by Kane County (82%) and

McHenry County (72%), representing an increase of 235,000, 153,000 and 64,000 jobs, respectively. Will County’s projected employment growth is also the largest in absolute terms followed by growth in Chicago (236,000), Suburban Cook County (198,000), and DuPage County (159,000).

**Chart K. 2010 to 2040 Employment Projection**



## Travel & Congestion

### Travel Patterns

ACCORDING to the Texas Transportation Institute's *2015 Urban Mobility Report*, in 2014 the Chicagoland area was ranked third nationally behind New York (1) and Los Angeles (2) for the longest travel delay due to traffic congestion. As a result of traffic congestion during the peak periods, our residents consume an extra 147 million gallons of fuel, at a cost of \$1,445 per auto commuter annually, just sitting in traffic.

The regional cost of traffic congestion reaches \$7.22 billion annually when factoring in lost time and wages, increased shipping costs and fuel wasted. Over 302 million hours of travel delay time are lost in the region annually according to the report. This loss takes into account that public transit in the region reduces time lost by 67 million hours annually.

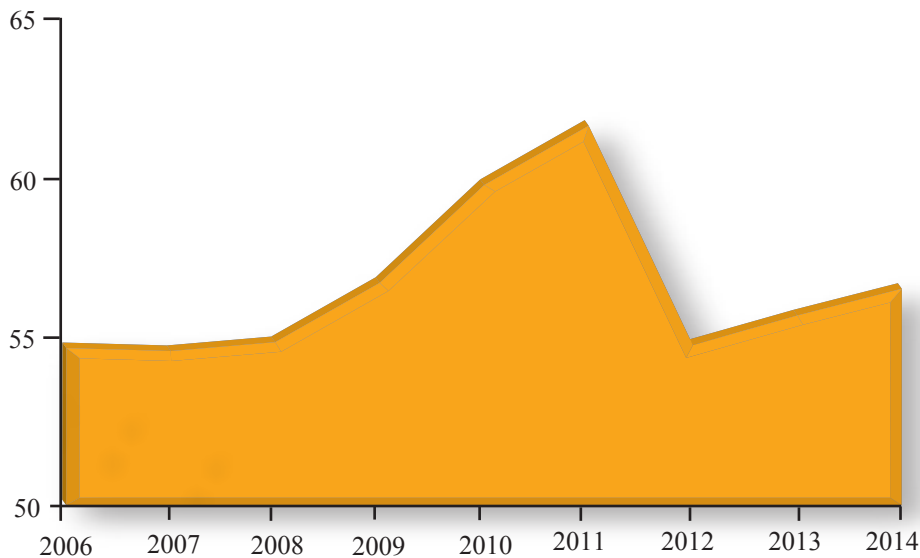
The impact congestion has on the regional economy underscores the need for increased public transportation. Without it, traffic congestion will continue to worsen as it has since 1982, and the cost in wasted time and fuel will continue to rise.



*In 2014 the Chicagoland area was ranked third nationally for the longest travel delay due to traffic congestion.*

Regional studies such as the RTA's *Moving Beyond Congestion* have documented that for every \$1.00 invested in improving transit, the region saves \$1.50 on transportation costs.

**Chart L. Daily Vehicle Miles of Freeway Travel - Chicago Area - In Millions**



# Appendix C • Community Profile





### Pace Goals & Performance Measures

PACE has established agency-wide performance goals which support the core business purpose of providing excellent public transportation service. The goals are to provide public transportation that is:

- Safe
- Reliable
- Courteous
- Efficient
- Effective

Table 40 identifies the measures and performance standards that Pace has established for each goal. Actual performance for 2014, projected performance for 2015, and 2016 goals are identified. Performance standards marked with an asterisk (\*) are in the process of being further evaluated and those shown are preliminary.

Results that exceed the performance standards are shown in green, those that fall within 10% of meeting the standard are shown in yellow. Performance more than 10% below the standard is indicated in red.

In addition to these goals and performance standards, this appendix provides comparative performance data for Pace's peer groups.



*Brand name for Pace's ART network.*



*The Bus on Shoulder service operates on I-55 from Plainfield to Chicago.*

# Appendix D • Performance Measures

**Table 40. Pace Goals & Performance Measures**

		2014 Actual	2015 Estimate	2016 Projected
<b>Safety</b>				
Goal: Provide Safe Public Transportation Services				
Measure(s):	<i>Performance Standard</i>			
Accidents per 100,000 Revenue Miles	Less than 5	6.00	5.75	5.70
<b>Reliability</b>				
Goal: Provide Reliable Public Transportation Services				
Measure(s):	<i>Performance Standard</i>			
On-Time Performance	Greater than 85%	71.5%	74.0%	75.0%
Actual Vehicle Miles per Road Call	Greater than 14,000	13,600	13,800	13,800
Percent Missed Trips per Total Trip Miles	Less than .5%	0.10%	0.10%	0.10%
<b>Courtesy</b>				
Goal: Provide Courteous Public Transportation Services				
Measure(s):	<i>Performance Standard</i>			
Complaints per 100,000 Passenger Miles	Less than 4	3.85	3.85	3.85
Website Hits on Web Watch Site (000's)	Increase over prior period	10.0%	10.0%	10.0%
<b>Efficiency</b>				
Goal: Provide Efficient Public Transportation Services				
Measure(s):	<i>Performance Standard</i>			
Revenue Miles per Revenue Hour	Greater than 17	17.20	17.30	17.40
Revenue Miles per Total Operator Pay Hours	Greater than 10*	9.70	9.75	9.80
Expense per Revenue Mile	Less than \$6.50*	\$6.21	\$6.20	\$6.20
Expense per Revenue Hour	Less than \$125.00*	\$107.00	\$107.50	\$107.50
Recovery Ratio	Greater than 18%	25.8%	26.0%	26.12%
Subsidy per Passenger	Less than \$4.00	\$2.89	\$2.89	\$2.89
<b>Effectiveness</b>				
Goal: Provide Effective Public Transportation Services				
Measure(s):	<i>Performance Standard</i>			
Ridership	Increase from prior period	-1.50%	2.00%	1.60%
Passenger Miles per Revenue Miles	Greater than 9*	10.00	10.50	10.75
Productivity (Passengers per Revenue Hour)	Greater than 24*	26.25	27.50	27.00
Ridership per Revenue Mile	Greater than 1.5*	1.55	1.61	1.54
Vanpool Units in Service	Increase from prior period	5%	5%	3%

\* Performance Standard Under Evaluation

Below performance standard
  Within 10% of performance standard
  Meets/exceeds performance standard

### Peer Performance Comparison

THE following analysis compares Pace's performance to a select group of peers. Peers include a group of transit agencies selected by the RTA. The RTA selected their peer group for Pace based on what they identified as similar service characteristics—operating in suburban areas, providing comparable amounts of service levels, and contracting with private providers for some of the service.

The RTA's peer group includes the following systems:

- Alameda-Contra Costa Transit District (AC Transit) Oakland, CA
- Long Island Bus (MTA) New York, NY
- Orange County Transportation Authority (OCTA) Orange, CA
- San Mateo County Transit District (SamTrans) San Francisco, CA
- Suburban Mobility Authority for Regional Transportation (SMART) Detroit, MI

Performance was measured against six performance criteria as reported by the Federal Transit Administration (FTA) in their National Transit Database (NTD). The following performance measures were reviewed:

#### *Service Efficiency*

- Operating Expense per Revenue Hour
- Operating Expense per Revenue Mile

#### *Cost Effectiveness*

- Operating Expense per Passenger
- Operating Expense per Passenger Mile

#### *Service Effectiveness*

- Passengers per Revenue Hour
- Passengers per Revenue Mile

The following charts are prepared using 2013 National Transit Database (NTD) data for bus only, which is the latest data available at this writing.

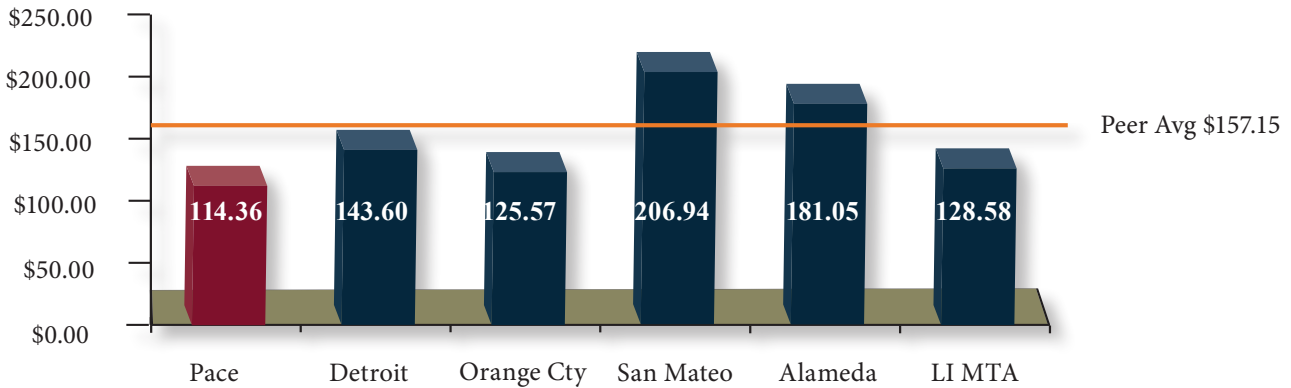


# Appendix D • Performance Measures

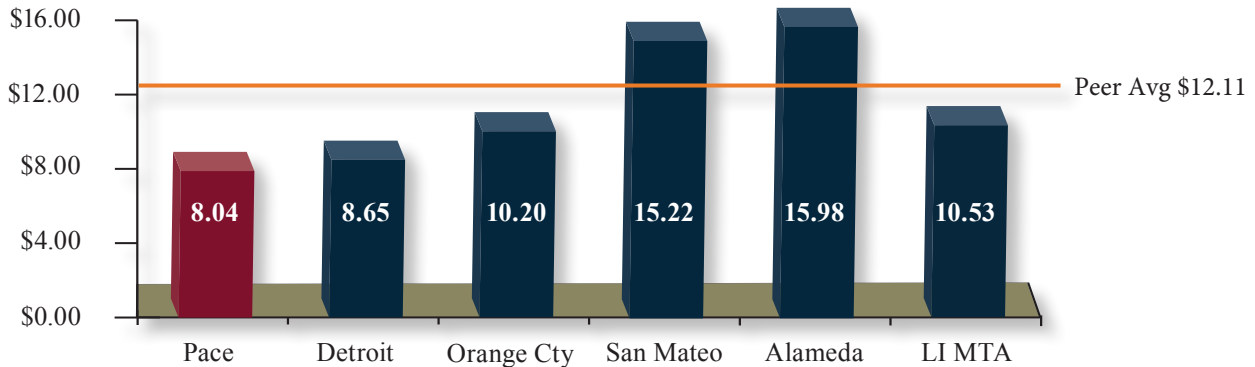
## Peer Performance Comparison

### Service Efficiency

**Chart M. Operating Expense per Revenue Hour**



**Chart N. Operating Expense per Revenue Mile**



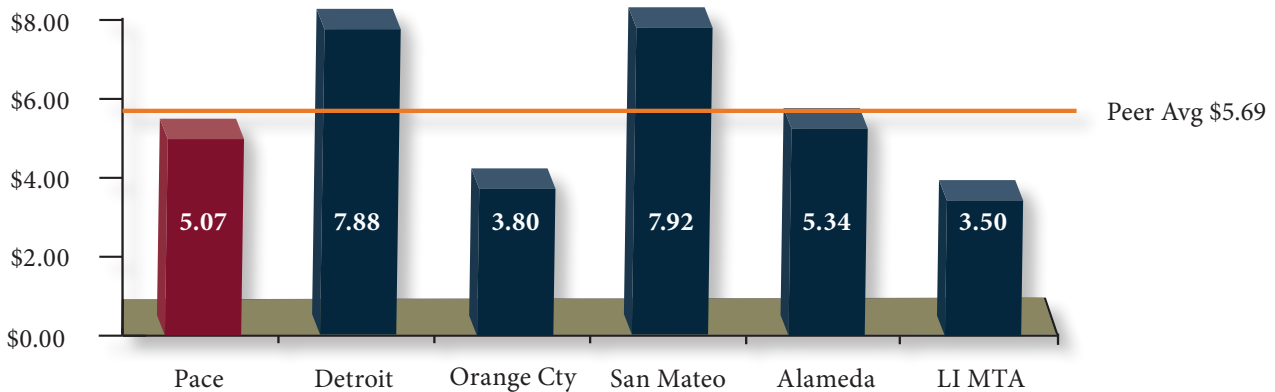
**C**HART M - Service efficiency, as measured by the performance ratios operating expense per total revenue hour and revenue mile, shows Pace to be the most efficient compared to all peers in this group. At \$114.36, Pace's cost per hour is nearly 9% less than the nearest peer—Orange County (CA). Pace's costs are also \$42.79 per hour or 27.2% less than the peer average for this performance measuring category.

**C**HART N - Pace's operating expense per mile is also well below every transit provider in this peer group. At \$8.04 per mile, Pace's cost is \$0.61 per mile or 7.0% below the nearest peer—Detroit (MI), and \$4.07 per mile or 33.6% below the peer average.

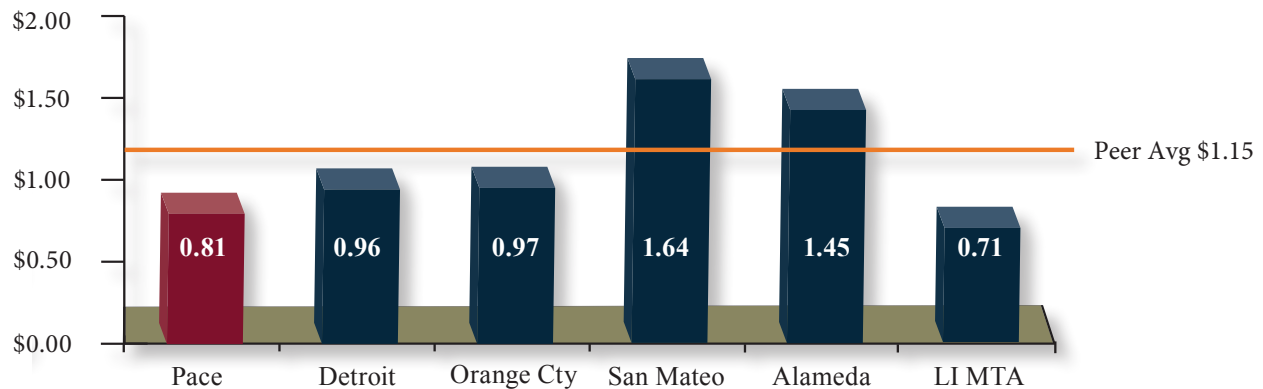
# Appendix D • Performance Measures

## Cost Effectiveness

**Chart O. Operating Expense per Passenger**



**Chart P. Operating Expense per Passenger Mile**



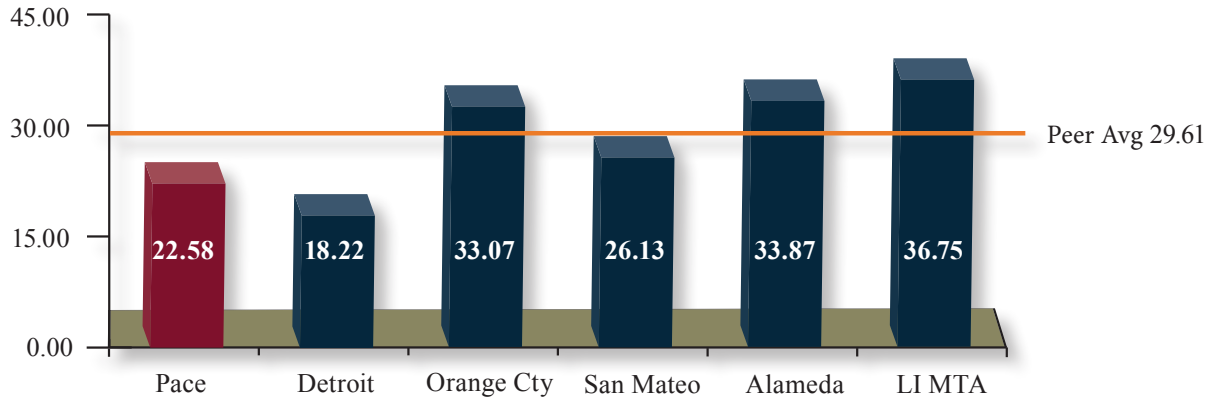
**C**HART O - Cost effectiveness, as measured by the performance ratios operating expense per passenger and passenger mile, shows Pace to be consistent with the agencies within this peer group. At \$5.07, Pace's operating expense per passenger is \$0.62 or 11.0% lower than the peer average.

**C**HART P - At \$0.81, Pace's expense per passenger mile is the second lowest of all the suburban peers. Pace's low cost structure combined with high passenger miles contributes to this result.

# Appendix D • Performance Measures

## Service Effectiveness

**Chart Q. Passengers per Revenue Hour**



**Chart R. Passengers per Revenue Mile**

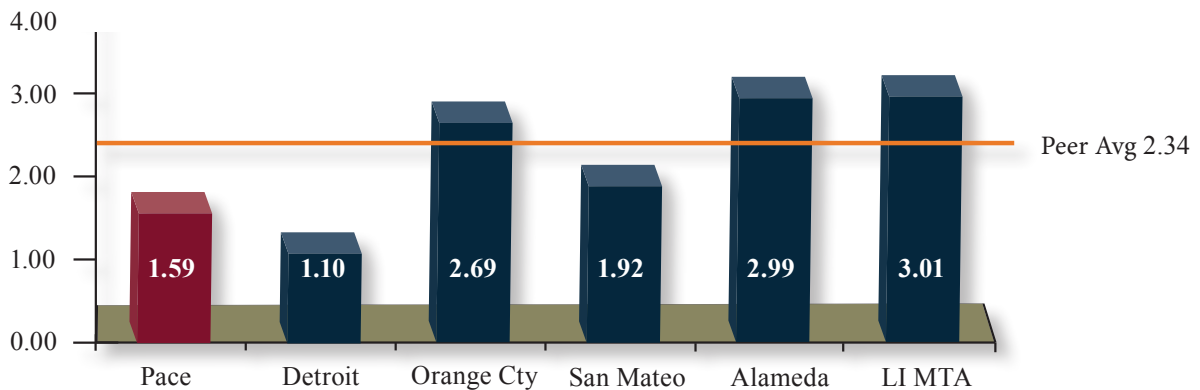
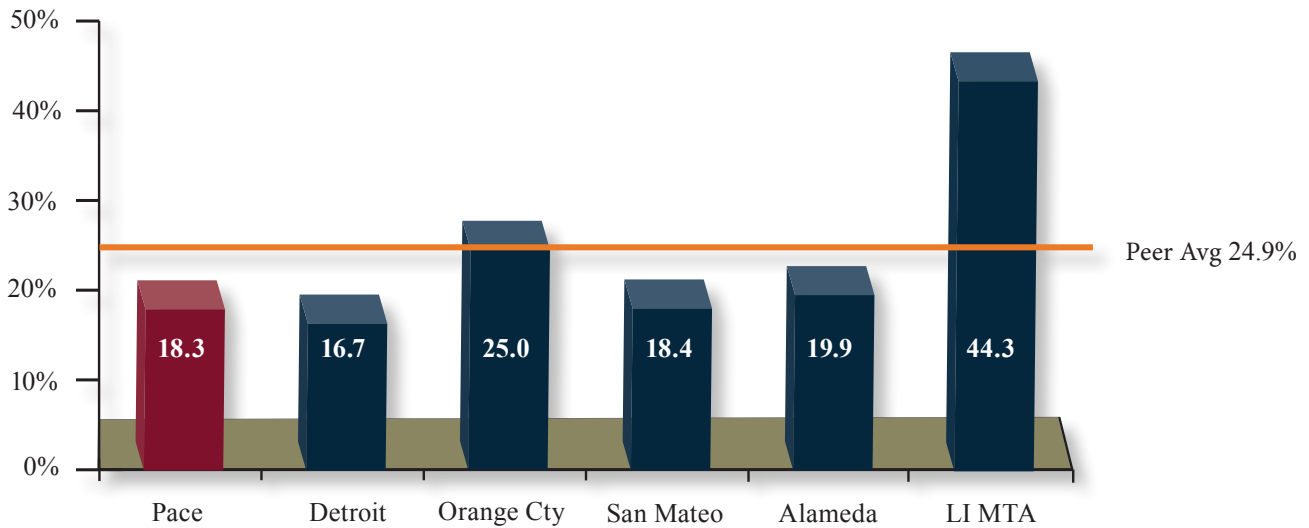


CHART Q - Service effectiveness, as measured by the performance ratios passengers per total revenue hour and passengers per total revenue mile, shows Pace to have the second lowest performance ratio compared to all agencies in this group and 7.03 below the peer average. The size of the service area directly affects this performance indicator and, at nearly 3,500 square miles, Pace serves the largest and lowest population density service area of all the peers in this group.

CHART R - Pace ranks below average in the number of passengers per total revenue mile compared to the peer group. Pace's large service area, combined with lower population densities (than our peers) contributes to this result.

## Farebox Recovery Ratio

**Chart S. Farebox Recovery Ratio**



**C**HART S - Pace's bus only farebox recovery rate of 18.3% is lower than the peer average bus ratio of 24.9% but exceeds Detroit.

### Experience a Faster Pace in 2016

#### Overview

**P**ACE Strategic Services is pleased to unveil various strategies to better serve the riding public in 2016 and beyond which include the following: improving the schedule reliability of service through the use of posted stops, transit signal priority and optimizing schedules, restructuring service to meet current ridership demand, implementing service in new corridors with unmet transportation needs, and adding more demand responsive curb-to-curb service in areas with lower ridership demand.

The most exciting service improvements described below include the implementation of new limited stop Bus on Shoulder service on the Jane Addams Memorial Tollway from Rosemont to Elgin (Randall Road) which will operate Monday through Saturday during the peak and off-peak hours; and the roll-out of Pace's own version of Bus Rapid Transit (BRT) service on Milwaukee Avenue which is part of Pace's new Pulse brand.

We know you will like our faster Pace in 2016!

#### Major Pace Service Expansion Planned for Late 2016, Early 2017.

##### *I-90 Jane Addams Corridor*

Pace and the Illinois State Toll Highway Authority are partnering to implement a multi-modal transit/highway project within the I-90 Corridor. This project will serve new and expanded transportation markets between Rosemont and Elgin, and Elgin and Schaumburg in conjunction with the tollway's ongoing I-90 improvements which are slated to be completed in early 2017.

As a means of offering transit alternatives to commuters during the reconstruction of the tollway, Pace expanded service on the corridor with the implementation of bidirectional service on Routes 600 and 610 in 2013. When the roadway project is finished, Pace will implement two new express routes and expand existing bus service in a managed travel lane, exclusively for transit. Two new fixed routes and three local distributor services are planned to connect into the expressway based routes. Major transfer locations will include the Rosemont Transit Center, Northwest Transportation Center, and three new park-n-ride facilities at Randall Rd, IL-25, and Barrington Road. Pace staff has advanced this project into the engineering phase, and construction is estimated to begin in the summer of 2016.

##### *Pace's Pulse Network*

Pace's Pulse network will serve as an innovative, high-quality arterial-based rapid transit solution that improves suburban connectivity, reduces congestion, and enhances the transit experience for new and existing riders. The Pulse network will advance Pace's long term vision and connect passengers to local and regional destinations.

Milwaukee Avenue between the Jefferson Park CTA Station in Chicago and the Golf Mill Mall in Niles is the first corridor slated for implementation among Pace's 24 corridor regional network. Within the last year, Pace staff with the assistance of the Rapid Transit Project Management Oversight (PMO) consultant, formulated branding and station designs for the Pulse program, while developing advanced conceptual designs and performing extensive public outreach for the Pulse Milwaukee Line. The Pulse Milwaukee Line is moving into the engineering phase of the project, and construction is expected to begin in 2016 with service beginning in 2017.

Pace plans to advance the Pulse program in the coming fiscal year by focusing resources on the Dempster Street corridor. The goal of the upcoming work will be to refine proposed corridor design, station locations, and other requirements. In addition, Pace will seek assistance in preparing the necessary documentation to qualify for a Categorical Exclusion from the Federal Transit Administration in order to receive federal funding for construction of the Pulse Dempster Line.

Based on the PMO's findings as part of the Cook DuPage Area Rapid Transit Investment Plan, Cermak Rd. is being prioritized for implementation of Pulse service in the near term. Pace continues to investigate strategies for introducing increased frequencies in the corridor as well as working with the local municipalities to ready the corridor for enhanced service. Additionally, Pace is seeking the assistance of a consulting firm to further plans for transit service on the Elgin O'Hare Expressway (I-390).

#### Ongoing Initiatives to Improve Service to Riders

##### *Call-n-Ride*

Call-n-Ride is an innovative approach to community transit. It is a curb-to-curb reservation-based service open to the general public that uses small lift-equipped para-transit vehicles to take riders anywhere within the service boundaries. The service usually connects with other arterial Pace bus routes or Metra train lines in the region,



thus providing the first/last mile of the transit trip. Reservations are made by calling the published cell number of the bus operator directly during call-n-ride hours. Call-n-rides are more efficient than fixed bus routes for areas of the Pace operating region where the demand for transportation is much less than in more populated areas. Pace currently has eight call-n-rides throughout the region (St. Charles/Geneva; Wheaton/Winfield; West Joliet; Round Lake Area; Vernon Hills/Mundelein; Arlington Heights/Rolling Meadows; Tinley Park; Batavia) and more are planned for the future. In order to make call-n-rides more user friendly and efficient, Pace is conducting a demonstration project for an interactive web-based reservation system that allows riders to book call-n-ride reservations online 24 hours/7 days a week. The system also uses dynamic trip planning software to provide drivers with real-time routing and scheduling assistance through an on-board tablet and to capture trip-level and overall service data.

### *Posted Stops Only*

Pace is continuing to improve service, safety, speed, reliability, and visibility by converting all fixed routes from the current “flag stop” operation to “posted stop” operation. The existing flag stop operation allows bus operators to stop anywhere along the route where it is safe to do so, whereas a posted stop operation restricts stopping to just designated marked stop locations. The advantage of the Posted Stops Only project is to decrease the frequency of stopping for all fixed route service, thereby improving reliability and eliminating variability. An additional benefit is better on-street route visibility for customers.

In addition to service and access improvements for Pace customers, the project also provides an opportunity to simplify customer information across multiple areas. Publicly-available stop information (via the Pace Bus Tracker, Google Transit, etc.) will be updated to match marked posted stop locations; furthermore, bus stop signs will be upgraded to better reflect service and schedule information provided in the public timetables. The Posted Stops Only project also provides a catalyst for other system improvements such as the enhancement of passenger amenities at posted stops. By creating efficient stop patterns, the project helps to lay the groundwork for other strategic programs such as Transit Signal Priority (TSP) and Arterial Rapid Transit (ART). These improvements will ultimately serve to help current and future passengers make reliable connections with other Pace

services in their communities.

Pace is currently working with a project team from HDR Engineering, Sam Schwartz Engineering, and Morreale Communications on planning oversight, technical stop selection, and outreach for the Posted Stops Only project. Project work is ongoing through 2015 and will occur over a multi-year timeframe.

### *Schedule Optimization*

In order to make service more reliable and predictable for riders, Pace Strategic Services and Revenue Services are jointly working on a project to improve the on-time performance of Pace fixed routes throughout the six-county region. By analyzing the running times of existing trips and evaluating traffic patterns, the schedules for the selected routes will be improved to allow service to operate on time, improve connections with other routes, and result in fewer service delays. This is part of an ongoing program to make transit work better for existing riders and to encourage non-users to try public transit.

### *Fox Valley Market Analysis and Restructuring*

Pace is improving ridership and customer satisfaction in the Fox Valley region by implementing a set of comprehensive service changes. The changes will extend service to new destinations, provide more frequent service, more running hours of the day, simplify the network, and maintain access to key destinations in the existing system. These concepts were developed based on the results of a detailed market analysis survey conducted in 2014. There was a lot of public involvement in the development of the plan.

### *Regional Transit Centers*

Transit Centers are a key component of Pace’s Vision 2020 plan. These facilities provide comfortable and convenient locations for passengers to make connections between Pace services, in addition to CTA and Metra.

In 2014, new transit centers were planned for Toyota Park and at the Joliet Multi-modal Transportation Center. Service planned to the Toyota Park Transit Center includes the Toyota Park Express from Midway CTA station and routes 307 Harlem and 386 South Harlem. The Joliet Transit Center will provide all Pace connections on a new center transfer island for Routes 501, 504, 505, 507, 508, 509, 511, 832 and 834, along with connections to Metra,

Amtrak and intercity bus services. In addition, a passenger waiting building is being constructed for Pace and intercity bus passengers.

### *Niles Free Bus Restructuring*

In 2014, Pace and the Village of Niles conducted a study of the Niles Free Bus routes to understand the existing conditions within the Village and improve the service to support both local and regional mobility. Based on market research, existing travel patterns, ridership, and extensive public outreach, various service alternatives were developed. These alternatives were presented to the public and key stakeholders for evaluation. Based on this feedback, a preferred alternative was developed which restructures and enhances the Niles Free Bus network. Implementation of the restructured service is planned for late 2015. The restructured Niles Free Bus network provides more frequency to more destinations, offers improved weekend service, easier for customers to understand, offers earlier trips, and is better integrated with the existing Pace network (including the future Milwaukee Pulse Line).

### **Corridor Development**

#### *Bus on Shoulder Program*

Since the launch of Bus on Shoulder operation on the I-55 corridor in late 2011, ridership in this corridor has continued to grow dramatically with the first half of 2015 showing a 40% increase over the first half of 2014. This growth is partly related to the recent creation of new Routes 850 and 851, as well as the opening of new Bus on Shoulder segments on I-55 between Central Avenue and the Dan Ryan Expressway. To meet the growing demand, Pace is planning increased service on the existing routes and expanding parking capacity at Old Chicago Park-n-Ride, as well as planning new park-n-rides.

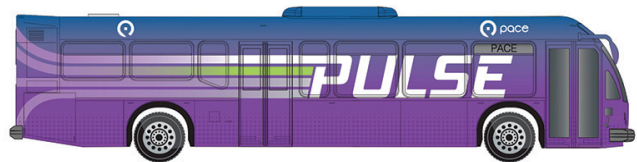
Pace is also evaluating new markets where shoulder riding might be feasible to operate in the future. IDOT, in cooperation with Pace, has completed design and preliminary engineering work for the I-94/Edens Expressway served by routes 620 and 626. IDOT and Pace applied for CMAQ funding in the FY2016-FY2020 program for BOS implementation within this corridor. In addition, preliminary feasibility studies are underway on other regional expressway corridors.

#### *Market Analysis/Service Design Studies*

Continuing the implementation of Vision 2020 requires new market analysis and service design in response to the changing travel patterns, employment, and housing growth in the suburbs. The North Shore Market Analysis is planned to kick off in the fall of 2015 and will evaluate the duplicative services along shared corridors with CTA in an effort to streamline routes to prepare them for a higher level of service in the future. In 2016, Pace will begin the Southeast Cook County Study to enhance the transit experience in the south suburban region through improved efficiency and coordination, improved transit connections, enhanced accessibility to major attractors and trip generators, and access to transit centers which will result in a more fully integrated multi-modal transit network.

#### *Pulse Arterial Corridor Development Studies*

The goal of the corridor development studies is to understand land use patterns and market conditions to provide congestion relief, improved regional mobility, sustainable employment access and economic development in preparation for future Pulse Arterial Bus Rapid Transit (ART) Lines. In 2015, Pace completed a market analysis study along the 95th Street corridor. In late 2015, Pace will kick off a study to create a transit and development plan for the North Avenue corridor between Harlem Avenue and York Road. Pace applied for RTA Community Planning funding to conduct studies on Harlem Avenue between North Avenue and 63rd, and South Halsted between Chicago Heights Terminal and Harvey Transportation Center.



*Pulse Arterial Bus Rapid Transit (ART) will improve suburban connectivity, reduce congestion, and enhance the transit experience for new and existing riders.*

### Transit Signal Priority Program

The Transit Signal Priority (TSP) program is geared towards providing a more reliable regional transit system with improved bus travel times, schedule adherence, and customer satisfaction. TSP recognizes that most buses operate on an arterial system where delay is largely related to congestion and traffic signal timings that have not been oriented to bus operations. TSP allows bus transit vehicles to adhere to their published schedule by giving priority green time to buses that are behind schedule.

Implementation of TSP on designated corridors is a multi-year program. Implementation of corridor segments and locations are determined based on delay analysis, funding, and coordination with the ART and posted stop programs. A regional \$40 million, five year Regional Transit Signal Priority Implementation Program (RTSPIP) began in mid-2013 to design and implement TSP on designated Pace and CTA corridors. This program is the result of a multi-agency CMAQ program application submitted by the RTA, Pace and CTA, and supported through the regional signal operators including IDOT, CDOT and the regional counties.

A proof of concept deployment for this system is planned to start in 2016 along Milwaukee Avenue. Pace already optimized traffic signal timings and designed TSP timing strategies along the Milwaukee Pulse corridor.

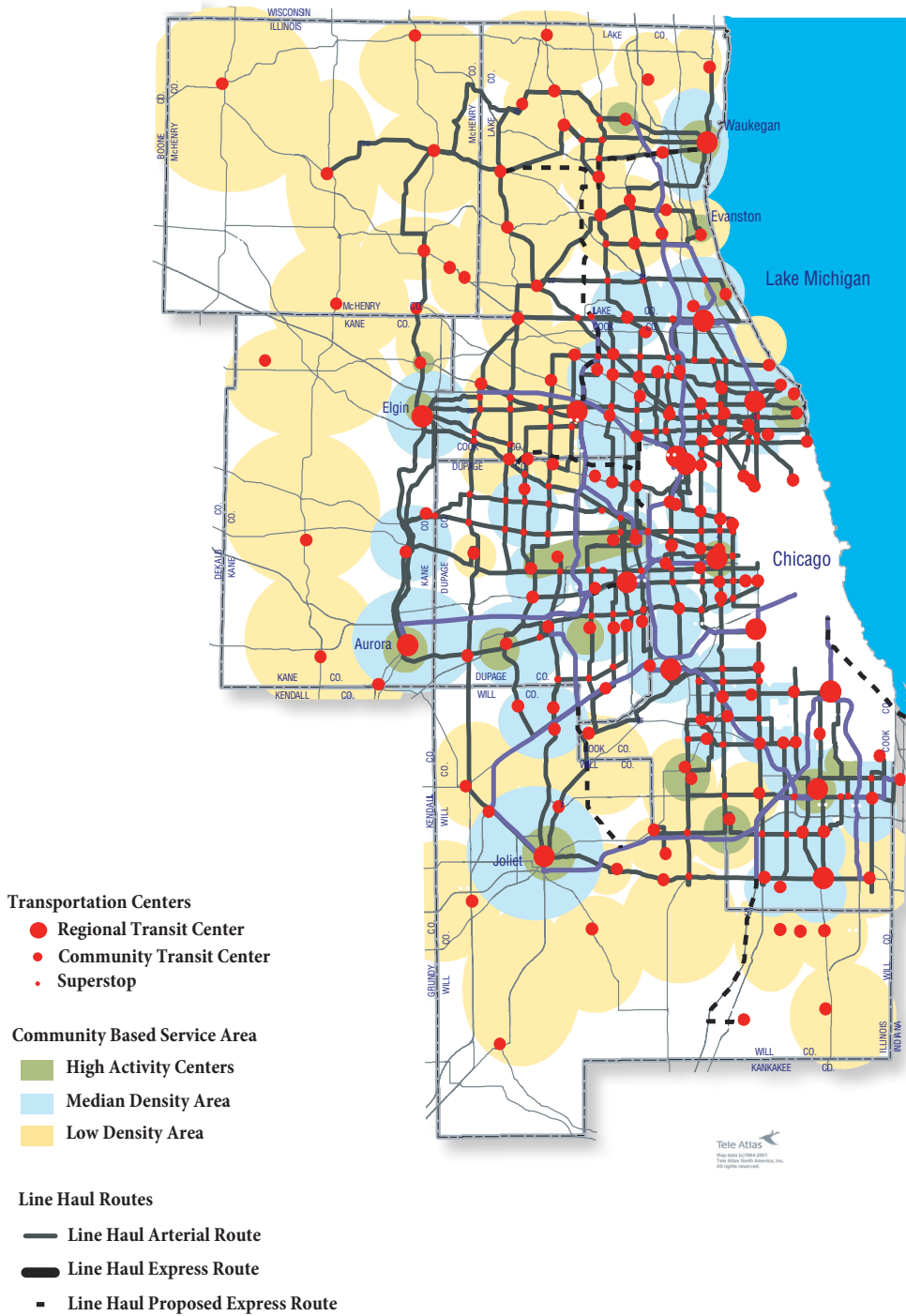
Signal Optimization and TSP Timing Strategies Design for approximately 300 signalized intersections along Cicero Avenue, 159th Street, Sibley Blvd./147th Street, Roosevelt Road, 95th Street and Grand Avenue are expected to be completed by March 2016.

After successful completion of the proof of concept deployment of TSP along Milwaukee Avenue, Pace plans to start extensive TSP deployment along Cicero Avenue, 95th St, 159th St, Cermak Road/22nd Street, Grand Avenue, Sibley Blvd./147th Street, Rand Road, Dempster Street and Roosevelt Road by late 2016.



*TSP allows bus transit vehicles to adhere to their published schedule by giving priority green time to buses that are behind schedule.*

Map 7. Vision 2020



### Marketing & Communications Plan

MANY exciting enhancements to Pace service occurred over the past year which necessitated promotion and providing customer information. For instance, Pace began a multi-year effort to convert all routes to a Posted Stops Only policy, and as part of that effort, Pace communicated to riders and other external stakeholders the nuances of the policy and, most importantly, the locations of all the new bus stops. Also in 2015, the Ventra® app was launched, offering public transit riders throughout northeastern Illinois a way to manage their Ventra accounts, see real-time transit information, and even buy and display Metra tickets. Pace participated in a collaborative effort to promote and explain the functionality of the new app.

Real-time bus arrival information was the focus of several other, related efforts led by the Pace Marketing Department. At the end of 2014, Pace launched a text messaging service, by which a rider waiting at a bus stop can send a text message with that stop's code number, and receive a bounce back message telling him/her when (in real time) the next bus arrivals are predicted to occur. Similarly, in 2015, Pace also began to install electronic signs at high-activity locations throughout the suburbs, and plans to install many more in the years to come. These enhancements offer Pace customers, who may not have smartphones or mobile internet access, the extra benefit of knowing when a bus is actually going to arrive. The public has had, for many years, access to real-time Pace bus arrival information via the web-based Bus Tracker. These new technologies broaden the base of customers who can take advantage of that vital information.

As we have for many years, Pace focused considerable effort on reaching out to people with disabilities, encouraging them to take advantage of the more affordable and more convenient fixed route bus and train service. That multi-media campaign, including radio, television, educational events and other grassroots initiatives earned Pace the national APTA AdWheel award for the country's best marketing campaign targeting people with disabilities. In addition to that prestigious award from transit industry peers, Pace also won a 2015 Golden Trumpet award from the Publicity Club of Chicago for our marketing campaign focusing on the transition to the Ventra fare payment system.

Pace also invested marketing resources into providing information to customers about bus route changes in several areas. Along the I-55 corridor, for instance, the

phenomenal success of Bus on Shoulder service necessitated a major expansion of bus service to support a tripling of ridership and even required an additional park-n-ride lot in Romeoville, a proposed additional park-n-ride lot in Plainfield, and the expansion of the existing park-n-ride lot in Bolingbrook.

In the Aurora area, Pace finalized a multi-year effort to modernize the bus route network to keep pace with significant population increase and changes in development patterns. Residents and riders were excited to discover, as a result of our outreach efforts, that their requests for later evening service and service to new destinations were implemented. Likewise, in Niles, Pace worked with the Village to revamp the three decades-old "Niles Free Bus" routes to better connect with existing and future Pace service there. The improvements to Niles service is yet another example of partnerships between Pace and local governments leading to positive changes in the community.

Furthermore, Pace began informing riders and stakeholders in the Milwaukee Avenue corridor about the forthcoming Pulse Milwaukee Line. Over the past year, Pace developed the name and color scheme for the brand, created a website and social media platforms focusing on Pulse, and held several open houses and advisory group meetings to educate the public about this new type of bus rapid transit service coming in 2017.

Looking forward to 2016, many exciting projects are on the horizon. In addition to further work on promoting the Pulse Milwaukee Line, Pace will begin educating customers on and promoting to non-riders the upcoming Bus on Shoulder service on the Jane Addams Tollway (I-90) in partnership with the Illinois State Toll Highway Authority and IDOT.

Also in 2016, Pace will unveil a new compressed natural gas (CNG) fueling facility in Markham, the first of its kind for a public transit agency in northeastern Illinois. Pace will be promoting the conversion to CNG as a fuel source as a tremendously positive development in air quality improvement and fuel cost savings. Furthermore, Pace will educate residents on the availability of new call-n-ride services in Aurora and other areas. Pace also plans to unveil a revamped website that will be more easily readable by mobile device users, who now make up the majority of PaceBus.com website visitors.

# Appendix F • Operating Budget Detail

## 2014 Actual Operating Results

### 2014 Actual Program, Activity and Object Matrix

	Pace <sup>(1)</sup> Operating Divisions	Public Carriers	Private Carriers	Dial-a-Ride <sup>(2)</sup>
<b>Revenue</b>				
Farebox	\$31,239,091	\$931,694	\$1,261,680	\$1,932,777
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Investment Income	0	0	0	0
Other	1,461,821	535,011	735,127	10,285,429
<b>Total Revenue</b>	<b>\$32,700,912</b>	<b>\$1,466,705</b>	<b>\$1,996,807</b>	<b>\$12,218,206</b>
<b>Operating Expenses</b>				
Operations				
Labor/Fringes	\$60,143,704	\$1,838,830	\$0	\$0
Parts/Supplies	6,245	32,128	0	0
Purchased Transportation	0	352,573	7,299,204	17,520,907
Fuel	0	0	0	0
Other	115,172	18,326	0	0
<b>Total Operations</b>	<b>\$60,265,121</b>	<b>\$2,241,857</b>	<b>\$7,299,204</b>	<b>\$17,520,907</b>
Vehicle Maintenance				
Labor/Fringes	\$13,615,199	\$521,775	\$0	\$0
Parts/Supplies	3,559,154	114,442	0	0
Other	(114,630)	70,126	0	500,973
<b>Total Vehicle Maintenance</b>	<b>\$17,059,723</b>	<b>\$706,343</b>	<b>\$0</b>	<b>\$500,973</b>
Non-Vehicle Maintenance				
Labor/Fringes	\$718,000	\$0	\$0	\$0
Parts/Supplies	630,263	0	0	0
Other	1,016,938	0	0	48,261
<b>Total Non-Vehicle Maintenance</b>	<b>\$2,365,201</b>	<b>\$0</b>	<b>\$0</b>	<b>\$48,261</b>
General Administration				
Labor/Fringes	\$3,599,213	\$356,574	\$0	\$0
Parts/Supplies	77,146	1,403	0	0
Utilities	2,103,888	2,224	0	0
Insurance	0	0	0	0
Health Insurance	0	0	0	0
Other	459,430	(15,154)	0	641,767
ADA Overhead	0	0	0	0
<b>Total Administration</b>	<b>\$6,239,677</b>	<b>\$345,047</b>	<b>\$0</b>	<b>\$641,767</b>
<b>Total Expenses</b>	<b>\$85,929,722</b>	<b>\$3,293,247</b>	<b>\$7,299,204</b>	<b>\$18,711,908</b>
<b>Funding Requirement</b>	<b>\$53,228,810</b>	<b>\$1,826,542</b>	<b>\$5,302,397</b>	<b>\$6,493,702</b>
<b>Recovery Ratio</b>	<b>38.06%</b>	<b>44.54%</b>	<b>27.36%</b>	<b>65.30%</b>

(1) Includes CMAQ/JARC/ICE Service

(2) Includes Ride DuPage, Ride in Kane and Community Transit

## Appendix F • Operating Budget Detail

<u>Vanpool</u>	<u>Administration</u>	<u>Centralized Support</u>	<u>Total Suburban Svc</u>	<u>Total Regional ADA Paratransit</u>	<u>2014 Actual</u>
\$4,189,130	\$0	\$0	\$39,554,372	\$10,475,366	\$50,029,738
0	3,241,648	0	3,241,648	0	3,241,648
0	4,534,233	0	4,534,233	0	4,534,233
0	253,947	0	253,947	86,658	340,605
0	1,128,267	0	\$14,145,655	3,717,199	17,863,092
<b>\$4,189,130</b>	<b>\$9,158,095</b>	<b>\$0</b>	<b>\$61,729,855</b>	<b>\$14,279,461</b>	<b>\$76,009,316</b>
\$0	\$0	\$3,656,858	\$65,639,392	\$0	\$65,639,392
0	0	1,726,222	1,764,595	0	1,764,595
0	0	0	25,172,684	140,022,158	165,194,842
2,494,472	0	18,151,599	20,646,071	3,717,728	24,363,799
1,871,437	0	0	2,004,935	0	2,004,935
<b>\$4,365,909</b>	<b>\$0</b>	<b>\$23,534,679</b>	<b>\$115,227,677</b>	<b>\$143,739,886</b>	<b>\$258,967,563</b>
\$0	\$0	\$4,234,257	\$18,371,231	\$0	\$18,371,231
0	0	220,693	3,894,289	0	3,894,289
0	0	774,369	1,230,838	0	1,230,838
<b>\$0</b>	<b>\$0</b>	<b>\$5,229,319</b>	<b>\$23,496,358</b>	<b>\$0</b>	<b>\$23,496,358</b>
\$0	\$0	\$785,174	\$1,503,174	\$0	\$1,503,174
0	0	0	630,263	0	630,263
0	355,625	862,484	2,283,308	0	2,283,308
<b>\$0</b>	<b>\$355,625</b>	<b>\$1,647,658</b>	<b>\$4,416,745</b>	<b>\$0</b>	<b>\$4,416,745</b>
\$0	\$20,240,644	\$0	\$24,196,431	\$3,054,738	\$27,251,169
0	297,059	0	375,608	8,811	384,419
0	309,437	0	2,415,549	37,435	2,452,984
0	0	7,829,134	7,829,134	436,068	8,265,202
0	0	20,449,660	20,449,660	263,970	20,713,630
0	8,351,357	7,693,668	17,131,068	3,952,845	21,083,913
0	0	0	(5,587,145)	5,587,145	0
<b>\$0</b>	<b>\$29,198,497</b>	<b>\$35,972,462</b>	<b>\$66,810,305</b>	<b>\$13,341,012</b>	<b>\$80,151,317</b>
<b>\$4,365,909</b>	<b>\$29,554,122</b>	<b>\$66,384,118</b>	<b>\$209,951,085</b>	<b>\$157,080,898</b>	<b>\$367,031,983</b>
<b>\$176,779</b>	<b>\$20,396,027</b>	<b>\$66,384,118</b>	<b>\$148,221,230</b>	<b>\$142,801,437</b>	<b>\$291,022,667</b>
<b>95.95%</b>	<b>30.99%</b>	<b>0.00%</b>	<b>30.00%</b>	<b>10.00%</b>	

# Appendix F • Operating Budget Detail

## 2015 Estimated Operating Results

### 2015 Estimated Program, Activity and Object Matrix

	Pace <sup>(1)</sup> Operating Divisions	Public Carriers	Private Carriers	Dial-a-Ride <sup>(2)</sup>
<b>Revenue</b>				
Farebox	\$31,899,604	\$872,100	\$1,178,614	\$1,993,794
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Investment Income	0	0	0	0
Other	1,504,392	534,235	654,756	10,672,787
<b>Total Revenue</b>	<b>\$33,403,996</b>	<b>\$1,406,335</b>	<b>\$1,833,370</b>	<b>\$12,666,581</b>
<b>Operating Expenses</b>				
Operations				
Labor/Fringes	\$63,510,247	\$1,910,073	\$0	\$0
Parts/Supplies	6,031	610	0	0
Purchased Transportation	0	442,879	6,988,340	18,330,218
Fuel	0	0	0	0
Other	96,373	19,050	0	0
<b>Total Operations</b>	<b>\$63,612,651</b>	<b>\$2,372,612</b>	<b>\$6,988,340</b>	<b>\$18,330,218</b>
Vehicle Maintenance				
Labor/Fringes	\$14,718,080	\$501,912	\$0	\$0
Parts/Supplies	4,319,805	121,444	0	0
Other	(167,248)	72,512	0	428,138
<b>Total Vehicle Maintenance</b>	<b>\$18,870,637</b>	<b>\$695,868</b>	<b>\$0</b>	<b>\$428,138</b>
Non-Vehicle Maintenance				
Labor/Fringes	\$906,268	\$0	\$0	\$0
Parts/Supplies	626,331	0	0	0
Other	1,041,150	0	0	52,070
<b>Total Non-Vehicle Maintenance</b>	<b>\$2,573,749</b>	<b>\$0</b>	<b>\$0</b>	<b>\$52,070</b>
General Administration				
Labor/Fringes	\$3,433,684	\$359,154	\$0	\$0
Parts/Supplies	85,238	1,778	0	0
Utilities	1,860,419	576	0	0
Insurance	0	0	0	0
Health Insurance	0	0	0	0
Other	219,200	1,400	0	620,687
ADA Overhead	0	0	0	0
<b>Total Administration</b>	<b>\$5,598,541</b>	<b>\$362,908</b>	<b>\$0</b>	<b>\$620,687</b>
<b>Total Expenses</b>	<b>\$90,655,578</b>	<b>\$3,431,388</b>	<b>\$6,988,340</b>	<b>\$19,431,113</b>
<b>Funding Requirement</b>	<b>\$57,251,582</b>	<b>\$2,025,053</b>	<b>\$5,154,970</b>	<b>\$6,764,532</b>
<b>Recovery Ratio</b>	<b>36.85%</b>	<b>40.98%</b>	<b>26.23%</b>	<b>65.19%</b>

(1) Includes CMAQ/JARC/ICE Service

(2) Includes Ride DuPage, Ride in Kane and Community Transit



## Appendix F • Operating Budget Detail

<u>Vanpool</u>	<u>Administration</u>	<u>Centralized Support</u>	<u>Total Suburban Svc</u>	<u>Total Regional ADA Paratransit</u>	<u>Combined 2015 Estimate</u>
\$4,123,670	\$0	\$0	\$40,067,782	\$10,860,540	\$50,928,322
0	1,436,000	0	1,436,000	0	1,436,000
0	3,067,456	0	3,067,456	0	3,067,456
0	279,072	0	279,072	85,110	364,182
0	543,050	0	13,909,220	3,183,817	17,093,037
<b>\$4,123,670</b>	<b>\$5,325,578</b>	<b>\$0</b>	<b>\$58,759,530</b>	<b>\$14,129,467</b>	<b>\$72,888,997</b>
\$0	\$0	\$3,390,212	\$68,810,532	\$0	\$68,810,532
0	0	1,824,208	1,830,849	0	1,830,849
0	0	0	25,761,437	147,614,464	173,375,901
1,795,469	0	12,830,593	14,626,062	2,672,388	17,298,450
1,949,894	0	0	2,065,317	0	2,065,317
<b>\$3,745,363</b>	<b>\$0</b>	<b>\$18,045,013</b>	<b>\$113,094,197</b>	<b>\$150,286,852</b>	<b>\$263,381,049</b>
\$0	\$0	\$3,848,536	\$19,068,528	\$0	\$19,068,528
0	0	275,000	4,716,249	0	4,716,249
0	0	839,696	1,173,098	0	1,173,098
<b>\$0</b>	<b>\$0</b>	<b>\$4,963,232</b>	<b>\$24,957,875</b>	<b>\$0</b>	<b>\$24,957,875</b>
\$0	\$0	\$845,875	\$1,752,143	\$0	\$1,752,143
0	0	0	626,331	0	626,331
0	346,032	810,000	2,249,252	0	2,249,252
<b>\$0</b>	<b>\$346,032</b>	<b>\$1,655,875</b>	<b>\$4,627,726</b>	<b>\$0</b>	<b>\$4,627,726</b>
\$0	\$18,358,406	\$0	\$22,151,244	\$2,740,141	\$24,891,385
0	256,100	0	343,116	0	343,116
0	363,877	0	2,224,872	40,100	2,264,972
0	0	9,443,521	9,443,521	281,815	9,725,336
0	0	20,887,435	20,887,435	405,191	21,292,626
0	11,638,559	7,196,773	19,676,619	4,838,334	24,514,953
0	0	0	(4,456,752)	4,456,752	0
<b>\$0</b>	<b>\$30,616,942</b>	<b>\$37,527,729</b>	<b>\$70,270,055</b>	<b>\$12,762,333</b>	<b>\$83,032,388</b>
<b>\$3,745,363</b>	<b>\$30,962,974</b>	<b>\$62,191,849</b>	<b>\$212,949,853</b>	<b>\$163,049,185</b>	<b>\$375,999,038</b>
<b>(378,307)</b>	<b>\$25,637,396</b>	<b>\$62,191,849</b>	<b>\$154,190,323</b>	<b>\$148,919,718</b>	<b>\$303,110,041</b>
<b>110.10%</b>	<b>17.20%</b>	<b>0.00%</b>	<b>30.00%</b>	<b>10.00%</b>	

# Appendix F • Operating Budget Detail

## 2016 Operating Budget

### 2016 Program, Activity and Object Matrix

	Pace <sup>(1)</sup> Operating Divisions	Public Carriers	Private Carriers	Dial-a-Ride <sup>(2)</sup>
<b>Revenue</b>				
Farebox	\$32,983,528	\$874,667	\$1,190,400	\$2,019,814
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Investment Income	0	0	0	0
Other	1,504,392	550,817	654,756	11,237,543
<b>Total Revenue</b>	<b>\$34,487,920</b>	<b>\$1,425,484</b>	<b>\$1,845,156</b>	<b>\$13,257,357</b>
<b>Operating Expenses</b>				
Operations				
Labor/Fringes	\$66,411,301	\$1,952,758	\$0	\$0
Parts/Supplies	6,161	500	0	0
Purchased Transportation	0	454,571	7,248,311	19,256,292
Fuel	0	0	0	0
Other	110,249	19,825	0	0
Expense/Service Adjustments	0	0	0	0
<b>Total Operations</b>	<b>\$66,527,711</b>	<b>\$2,427,654</b>	<b>\$7,248,311</b>	<b>\$19,256,292</b>
Vehicle Maintenance				
Labor/Fringes	\$15,626,281	\$515,450	\$0	\$0
Parts/Supplies	4,445,148	124,592	0	0
Other	(173,521)	74,472	0	441,526
<b>Total Vehicle Maintenance</b>	<b>\$19,897,908</b>	<b>\$714,514</b>	<b>\$0</b>	<b>\$441,526</b>
Non-Vehicle Maintenance				
Labor/Fringes	\$937,093	\$0	\$0	\$0
Parts/Supplies	626,603	0	0	0
Other	1,061,980	0	0	54,153
<b>Total Non-Vehicle Maintenance</b>	<b>\$2,625,676</b>	<b>\$0</b>	<b>\$0</b>	<b>\$54,153</b>
General Administration				
Labor/Fringes	\$3,530,967	\$365,226	\$0	\$0
Parts/Supplies	86,828	1,814	0	0
Utilities	1,879,379	588	0	0
Insurance	0	0	0	0
Health Insurance	0	0	0	0
Other	224,711	1,410	0	639,958
ADA Overhead	0	0	0	0
<b>Total Administration</b>	<b>\$5,721,885</b>	<b>\$369,038</b>	<b>\$0</b>	<b>\$639,958</b>
<b>Total Expenses</b>	<b>\$94,773,180</b>	<b>\$3,511,206</b>	<b>\$7,248,311</b>	<b>\$20,391,929</b>
<b>Funding Requirement</b>	<b>\$60,285,260</b>	<b>\$2,085,722</b>	<b>\$5,403,155</b>	<b>\$7,134,572</b>
<b>Recovery Ratio</b>	<b>36.39%</b>	<b>40.60%</b>	<b>25.46%</b>	<b>65.01%</b>

(1) Includes CMAQ/JARC/ICE Service

(2) Includes Ride DuPage, Ride in Kane and Community Transit

## Appendix F • Operating Budget Detail

<u>Vanpool</u>	<u>Administration</u>	<u>Centralized Support</u>	<u>Total Suburban Svc</u>	<u>Total Regional ADA Paratransit</u>	<u>Combined 2016 Budget</u>
\$3,443,365	\$0	\$0	\$40,511,774	\$11,416,907	\$51,928,681
0	2,610,000	0	2,610,000	0	2,610,000
0	2,666,000	0	2,666,000	0	2,666,000
0	352,096	0	352,096	94,000	446,096
0	1,097,800	0	15,045,308	3,300,580	18,345,888
<b>\$3,443,365</b>	<b>\$6,725,896</b>	<b>\$0</b>	<b>\$61,185,178</b>	<b>\$14,811,487</b>	<b>\$75,996,665</b>
\$0	\$0	\$3,491,455	\$71,855,514	\$0	\$71,855,514
0	0	1,829,804	1,836,465	0	1,836,465
0	0	0	26,959,174	158,172,378	185,131,552
2,123,968	0	15,834,832	17,958,800	3,257,641	21,216,441
2,252,257	0	0	2,382,331	0	2,382,331
0	0	0	1,037,000	0	1,037,000
<b>\$4,376,225</b>	<b>\$0</b>	<b>\$21,156,091</b>	<b>\$122,029,284</b>	<b>\$161,430,019</b>	<b>\$283,459,303</b>
\$0	\$0	\$3,961,818	\$20,103,549	\$0	\$20,103,549
0	0	279,000	4,848,740	0	4,848,740
0	0	1,055,790	1,398,267	0	1,398,267
<b>\$0</b>	<b>\$0</b>	<b>\$5,296,608</b>	<b>\$26,350,556</b>	<b>\$0</b>	<b>\$26,350,556</b>
\$0	\$0	\$870,924	\$1,808,017	\$0	\$1,808,017
0	0	0	626,603	0	626,603
0	342,200	874,420	2,332,753	0	2,332,753
<b>\$0</b>	<b>\$342,200</b>	<b>\$1,745,344</b>	<b>\$4,767,373</b>	<b>\$0</b>	<b>\$4,767,373</b>
\$0	\$19,172,737	\$0	\$23,068,930	\$3,259,787	\$26,328,717
0	258,944	0	347,586	0	347,586
0	359,114	0	2,239,081	42,600	2,281,681
0	0	8,261,788	8,261,788	272,350	8,534,138
0	0	20,887,435	20,887,435	492,110	21,379,545
0	16,059,171	7,437,765	24,363,015	4,960,175	29,323,190
0	0	0	(4,341,446)	4,341,446	0
<b>\$0</b>	<b>\$35,849,966</b>	<b>\$36,586,988</b>	<b>\$74,826,389</b>	<b>\$13,368,468</b>	<b>\$88,194,857</b>
<b>\$4,376,225</b>	<b>\$36,192,166</b>	<b>\$64,785,031</b>	<b>\$227,973,602</b>	<b>\$174,798,487</b>	<b>\$402,772,089</b>
<b>\$932,860</b>	<b>\$29,466,270</b>	<b>\$64,785,031</b>	<b>\$166,788,424</b>	<b>\$159,987,000</b>	<b>\$326,775,424</b>
<b>78.68%</b>	<b>18.58%</b>	<b>0.00%</b>	<b>30.00%</b>	<b>10.00%</b>	

### Budget Process & Calendar

THE RTA Act, which governs Pace's existence, contains specific language describing both the budget process and the RTA review criteria.

#### *The Budget Process*

By September 15, the RTA is to advise Pace and the other Service Boards (CTA and Metra) of the amounts and timing for the provision of public funding via the RTA for the coming and two following fiscal years. At the same time, the RTA is to advise Pace, CTA, and Metra of their required system generated recovery ratio for the coming fiscal year. In establishing the recovery ratio requirement, the RTA is to take into consideration the historical system generated recovery ratio for the services subject to each Service Board. The RTA is not to increase the recovery ratio for a Service Board disproportionately or prejudicially to increases in the ratio for the other Service Boards.

With the amendment of the RTA Act in 2008 to address ADA Paratransit, a specific recovery ratio of 10% was established for the ADA Paratransit program budget. The ADA recovery ratio is independent of the ratios set by the RTA for Pace's suburban service.

To facilitate the RTA action by September 15, Pace and the other Service Boards begin meetings with the RTA in May. The series of meetings and budget discussions serve to improve the budget process by allowing the RTA to consider up-to-date input on financial matters prior to making their September 15th decision on funding levels and recovery rate requirements.

By November 15, Pace is required to submit a budget proposal to the RTA for the coming fiscal year and a financial plan for the two following years which is consistent with the recovery ratio and funding marks established by the RTA in September.

Prior to submitting a budget and financial plan to the RTA, Pace is required to prepare and publish a comprehensive budget and program document (as represented by this document), and hold at least one public hearing on the budget in each of the six counties. Due to its large size, Pace typically holds three public hearings in Cook County. In order to facilitate public comment on the ADA Paratransit program in the City of Chicago, Pace will hold

four additional hearings in the City. Public notice of the hearings is run in several widely distributed newspapers throughout the service area. In addition, Pace is to meet with each of the six county boards to review the proposed budget and program. Above and beyond these required meetings, Pace participates in numerous meetings of local government organizations and councils such as CMAP (Chicago Metropolitan Agency for Planning) and various transportation committees (TMA's, business chambers) to inform the public of the proposed budget and program. Thousands of copies of the proposed budget document and supplemental brochure are printed and distributed to elected officials, local governments, transportation interests, public libraries, and citizens. A copy is also available on Pace's website.

At the conclusion of these meetings and hearings, the Pace Board meets to evaluate the input gained, make recommendations for changes to the proposed budget as necessary, and then adopts a final program and budget by ordinance. This action is taken prior to the submittal of the budget and program to the RTA by November 15.

Once the RTA has evaluated the budget submittals of Pace and the other Service Boards, they then consolidate the information along with their own regional budget and plan information.

The consolidated regional budget must also achieve certain criteria. Chief among them is the requirement for the consolidated budget to cover 50% of its operating costs from fares and other operating revenues. This is considered the regional recovery rate requirement. The RTA also meets with each county board and holds public hearings in each county on the consolidated regional budget and plan. At the conclusion of these meetings and hearings, the RTA adopts a final budget and plan which requires the approval of twelve of the RTA's sixteen member Board. The RTA Act requires that the RTA is to adopt the consolidated regional budget no later than December 31st for presentation to the Governor and General Assembly.

#### *Budget Amendment Process*

The Pace Board may make additional appropriations, transfers between line items, and other changes to its budget at any time as long as the changes do not alter the

basis upon which the RTA made its balanced budget determination. Budget amendments are made from time to time by the Pace Board and are generally accomplished by revision to the annual appropriations ordinance. In the event a budget revision results in a general fare increase or a significant reduction of service, the Pace Board will also conduct public hearings in the affected areas.

Budget amendments which do not impact the RTA balanced budget determination basis are provided to the RTA for information purposes. The RTA may also initiate the need for a budget amendment by Pace or another Service Board if it determines such an amendment is necessary. Generally this would only occur if a Service Board failed to achieve its budgeted recovery ratio and/or exceeded its public funding allocation, in which case the RTA can direct the Service Board to submit an

amended budget within a specified time frame. Additionally, the RTA may require the Service Boards to submit amended budgets to reflect a revision to public funding or the recovery ratio as deemed necessary by the RTA. The Service Boards have thirty days from date of notice to submit a revision. There are no public hearing requirements for budget amendments which do not affect fares or services.

### *Budget Calendar*

Below are key dates and events in the Pace FY2016 budget development cycle. The annual capital budget and five year program, as well as the three year financial plan for operations, are also developed in accordance with this schedule.

**Chart T. 2016 Budget Development Calendar**

<b><u>Date (2015)</u></b>	<b><u>Event</u></b>
May 15	Release budget call to Agency management
June 12	Budget call requests due from management
June - August	Staff develops a preliminary budget
May - August	Budget Discussions/Meetings with RTA and other Service Boards
August 20	RTA to set 2016 Funding and Recovery Marks
September 9	Pace Board meets to discuss preliminary 2016 budget
September 10 - 30	Staff develops Proposed 2016 Budget per Board directives
September 30	Staff submits Proposed 2016 Budget to RTA
October 14	Pace Board releases Proposed 2016 Budget for Public Hearing
October 19 - 29	Public Hearings on Pace's Proposed 2016 Budget
November 11	Pace Board adopts Final 2016 Budget
November 15	Submit Final 2016 Budget to RTA
November	RTA evaluates Pace budget for compliance
December 17	RTA scheduled to approve/adopt 2016 Budget for Pace

## Budget & Financial Policies

### Budget Policies Overview

**P**ACE is one of three Service Boards (Pace, CTA, and Metra) subject to the budgetary control provisions of the Regional Transportation Authority Act which is an Illinois state statute. One of the RTA's chief responsibilities is to ensure compliance with the budgetary controls set forth by the Act.

In addition to the budgetary controls defined by the RTA Act, the Pace Board of Directors has adopted additional budgetary policies which further enhance the control and utilization of resources. The following sections describe the budgetary controls and policies that govern Pace at both the RTA level and internally.

### Balanced Budget Definition and Criteria

As described in the Budget Process and Calendar section, the RTA Act requires Pace to submit an adopted budget for the coming fiscal year (calendar basis); a three year financial plan for the proposed budget year and two subsequent years; and a five year capital improvement program and budget by November 15th.

Once the final program and budget is submitted to the RTA, the RTA is required to evaluate it in accordance with seven key criteria as established in the RTA Act. These criteria constitute the definition of a balanced budget.

- The budget plan must show a balance between (a) anticipated revenues from all sources including operating subsidies and (b) the costs of providing the services specified and of funding any operating deficits or encumbrances incurred in prior periods, including provision for payment when due of principal and interest on outstanding indebtedness.
- The budget and plan must show cash balances, including the proceeds of any anticipated cash flow borrowing, sufficient to pay with reasonable promptness all costs and expenses as incurred.
- The budget and plan must provide for a level of fares or charges and operating or administrative costs for the public transportation provided by, or subject to, the jurisdiction of the Service Board, sufficient to allow the Service Board to meet its required system generated recovery ratio and ADA paratransit recovery ratio.

- The budget and plan are based upon, and employ, assumptions and projections which are reasonable and prudent.
- The budget and plan must have been prepared in accordance with sound financial practices and be in the form and format as determined by the RTA Board.
- The budget and financial plan must meet such other financial, budgetary, or fiscal requirements that the Board may, by rule or regulation, establish.
- The budget and plan is consistent with the goals and objectives adopted by the RTA Board in its strategic plan.

If the RTA finds a Service Board budget submittal does not meet these criteria, it can withhold 25% of the public funding from the Service Board. The RTA Act further requires that the RTA adopt a budget for the Service Board, should the Service Board fail to submit a budget which meets the criteria.

In addition to the seven statutory criteria, the RTA has adopted additional budgetary and financial policies which govern Pace. They are summarized as follows:

### Budget Monitoring and Reporting

In order to ensure compliance with the RTA Act requirements for a balanced budget, Pace is required to report quarterly budget results to the RTA within 30 days after the quarter end. The RTA evaluates the results and formally adopts an ordinance which assesses compliance with budgetary funding levels and recovery ratio requirements. If found to be non-compliant with the budget, the RTA may direct Pace to provide a corrective action plan and corresponding budget for their approval.

Pace also produces a monthly budget report for its Board and management. Managers are also advised on a monthly basis as to significant budget variances which are further evaluated by the Budget Department and the respective manager. In addition, all procurement contracts submitted to the Board require the sign off of the Budget Department Manager who reviews the contract proposal for budget compliance.

### Budget Control Policies

The Pace Board of Directors has adopted three key bud-

get policies which further govern the control of financial resources. They are summarized as follows:

### *Line Item Budget Control*

This policy identifies the specific budgetary line items under control of the Pace Board as established via the annual appropriations ordinance. It further identifies that the Executive Director has control over the individual expense components and budgets which comprise the Board established line items.

### *Authorized Head Count*

This policy establishes the Pace Board as controlling the total employee head count in full-time equivalents (FTEs) and allows the Executive Director to make FTE changes between individual areas within the Board approved total.

### *Use of Positive Budget Variance (PBV)*

This policy establishes that earnings generated by favorable budgetary performance are restricted to capital uses, finite operating purposes or to offset future unfavorable budget performance.

### **Long Range Financial Planning**

Pace is required by the RTA Act to prepare and submit to the RTA for review annually, a three year financial plan for operations and a five year capital investment program. The plans are to be balanced to the RTA's projections of available resources. Pace prepares these plans based on detailed assumptions and plans for each program element. Major assumptions regarding program service levels, ridership, fleet requirements, revenue, and expense growth serve as the basis for these plans and are documented in the plan narratives, charts, and tables.

### **Stabilization Funds/Working Cash Policy**

In order to allow for the payment of obligations in a timely manner, the Pace Board of Directors has adopted a Working Cash Policy. The policy requires that Unrestricted Net Assets in the amount of 8% of annual budgeted operating expenses be retained for working cash purposes. Based on the policy, \$18.2 million of Unrestricted Net Assets are being retained for working cash purposes during 2016.

Due to unfunded deficits resulting in the ADA Fund and the volatile cash flow, the ADA Paratransit service is excluded from this policy.

### **Investment Policy**

The Pace Board of Directors has adopted an investment policy that governs the investment of public funds. The policy conforms to all applicable State statutes. The primary objectives, in priority order, of Pace's investment activities shall be:

#### *Safety of Principal*

Safety of principal is the foremost objective of Pace. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

#### *Liquidity*

The portfolio will be substantially liquid for the purpose of meeting all operating and capital requirements which might be reasonably anticipated.

#### *Yield*

The portfolio is designed with the objective of attaining a competitive rate of return throughout budgetary and economic cycles which is equivalent with the portfolio's investment risk constraints and the cash flow characteristics.

An objective of Pace's investment policy is to maximize earnings. To facilitate in the evaluation of investments, the 90 day Treasury Bill rate has been established as a performance benchmark.

### **Use of One Time Revenues**

Pace's use of one time revenues are subject to policies established by both the Pace and RTA Boards.

#### *RTA Funding Policy*

This policy establishes the basis for RTA funding of Pace and places restrictions on the use of Pace's retained earnings. RTA policy is to fund the established budgeted deficit of Pace and not the actual results for the year; however, RTA has suspended this policy for the past several years and will do so again for 2016. RTA policy during the suspension has been to pass through actual

funding results based on the source. In addition, the policy restricts use of any funding provided as a result of a positive budget variance to capital projects or finite operating uses subject to RTA budgetary approval. The Pace policy is consistent with the RTA policy limitations for capital project use and finite operating expense.

### Asset Inventory/Condition Assessment

Pace performs a biennial fixed asset inventory as required by the Federal Transit Administration (FTA). The FTA has established stringent controls over the procurement, use, maintenance and disposition of federally funded public transportation assets. The FTA requires the biennial fixed asset inventory to be reconciled to records and accurately reported on the audited financial statements of the agency. Pace is required to ensure safeguards are in place to prevent loss, damage, theft, and premature failure of assets. Leases of equipment by Pace to subcontractors must provide for use and control of assets in accordance with federal regulations. Disposition of assets is also strictly controlled by federal regulations with useful life standards established for each asset type. All Pace fixed assets are subject to these control standards.

In addition to management of fixed assets in accordance with FTA requirements, Pace performs routine assessments of its fixed assets to ensure they are maintained in good condition, to achieve their maximum useful life. All major assets are included in future capital improvement replacement plans contained in the annual capital program and budget document.

### Risk Management

Pace purchases excess insurance for potential catastrophic occurrences and incorporates risk control and claims management techniques to manage the cost of more frequent, predictable property/casualty loss exposures. Pace utilizes risk management and actuarial data to establish reserves for incurred, and incurred but not reported claims, in order to establish appropriate funded reserves to pay future potential liabilities.

Pace currently maintains a \$5 million Self-Insured Retention (SIR) for each occurrence for Automobile Liability exposures. Insurance provides \$10 million in excess coverage above the SIR. For claims above \$15 million, additional Risk Financing techniques are available includ-

ing Excess Auto Liability coverage and the ability to borrow funds through the RTA Loss Financing Plan. Excess General Liability insurance is also purchased from an insurance carrier for coverage above a SIR of \$2.5 million each occurrence. Additionally, Pace may utilize the RTA Loss Financing Plan to finance recovery from General Liability losses that may exceed \$12.5 million. Pace purchases other property/casualty excess policies including Workers Compensation, Pollution, Employment Practice Liability, Directors and Officers, Crime, Cyber, Property, and Boiler & Machinery.

Pace also has elected to self-insure a portion of its Health and Welfare exposures. Pace maintains stop-loss coverage for any individual health claims exceeding \$150,000 with an aggregate stop-loss of \$4.4 million.

### Debt Policy

Pace was authorized by the State of Illinois effective January 2013, to issue up to \$100 million in bonds for capital improvements.

The legislation authorizing Pace to issue debt for capital improvements is restrictive in how Pace may issue the bonds, how much may be issued per project, what projects may be financed, and how the debt is to be repaid. The bonds are not to be general obligations of Pace, but rather are to be revenue bonds. The amortization schedule(s) cannot be greater than twenty-five years, nor can the principal and interest be capitalized, but rather level debt payments must be scheduled.

The four authorized projects with their defined not-to-exceed bond dollar amounts are: (1) \$12 million for converting the South Division garage in Markham to a compressed natural gas (CNG) facility, (2) \$60 million for the construction of a new garage in the northwestern Cook County suburbs, (3) \$25 million for constructing a new paratransit garage in DuPage County, and (4) \$3 million for expanding the North Shore garage in Evanston to accommodate additional indoor bus parking.

Fare box revenue is expected to be the revenue source dedicated for debt service payments. Pace receives over \$40 million annually in fare box revenue, leaving a coverage ratio of greater than five when considering the estimated bond payment schedules for the authorization limit of \$100 million.

The Pace Board of Directors has approved a Debt Man-



agement Policy. The Pace Debt Management Policy incorporates government best practices and recognizes the statutory limitations placed on Pace when issuing debt. Pace has also updated its Investment Policy recognizing how unused bond proceeds will be accounted for and invested.

Pace will strategically issue bonds based on authorized capital project construction schedules, market conditions, and long term financial planning.

The 2016 budget includes appropriations for the interest and issuance costs associated with Pace's bond debt program. Pace will pay \$283,200 in interest for the second year of the \$12.0 million South Division garage bond in 2016. Pace will also issue a \$9.3 million bond for the acquisition of land for the Northwest Cook County garage project. Issuance costs are estimated at \$260,000. Bond interest expense is budgeted at \$599,000 for year one payment.

Pace is currently in the process of determining a location for a new garage in northwestern Cook County. A construction schedule has yet to be determined for this project. The other two projects have yet to have a timeline formulated; however, a reimbursement resolution has been adopted by the Board of Directors that covers all four projects.

### **Basis of Accounting and Budgeting**

Pace prepares its financial statements and budget reports using the accrual method of accounting.

#### *Accounting*

Pace maintains its accounting records and prepares its financial reports in conformity with generally accepted accounting principles. The financial activities of Pace are organized on a basis of an individual fund which is an accounting entity segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations. Pace operates as an Enterprise Fund, a type of Proprietary Fund. Beginning January 1, 2007, Pace established a second Enterprise Fund to account for the financial activities of the Regional ADA Paratransit program. Revenue and expenses for these funds are recognized using the accrual basis of accounting.

#### *Budgeting*

Pace's operating budget is prepared in a manner consistent with Pace's financial statements which are prepared on the accrual basis of accounting for a proprietary (enterprise) fund type.

Pace maintains a chart of accounts consistent with the Federal Transit Administration's financial reporting requirements. In general, these accounts are established by activity type (i.e., labor, materials, and other) for four main expense object areas—operations, maintenance, non-vehicle maintenance and administration. Further segregation of accounts is used to identify activities by object class for individual service programs (i.e., vanpool, dial-a-ride, etc.).

### **Reporting Entity**

Pace has defined its reporting entity as a primary government unit based on the criteria in the Governmental Accounting Standard Board (GASB) Statement No. 14 "The Financial Reporting Entity." Pace's financial statements include the accounts of Pace's nine wholly-owned operating divisions.

### **External Audit**

An independent accounting firm performs an annual examination of Pace's financial statements including Single Audit requirements. Pace's goal is to receive an unqualified opinion on the financial statement audit and a separate report that Pace is in compliance with all Federal Single Audit Requirements.

*Pace's sound financial policies  
ensure financial stability.*

## Debt Administration - Bond Issue

EFFECTIVE January 2013, Pace was authorized by the State of Illinois to issue up to \$100 million in bonds for capital improvements. The legislation authorizing Pace to borrow money (issue bonds) for capital improvements is restrictive in how Pace may issue the bonds, how much may be issued per project, what projects may be financed, and how the debt is to be repaid. The bonds are not to be general obligations of Pace, but rather are to be revenue bonds. The amortization schedule(s) cannot be greater than twenty-five years, nor can the principal and interest be capitalized, but rather level (or equal annual) principal payments must be scheduled.

The four projects and amounts Pace is authorized to issue bonds for are:

- \$12 million for converting the South Division garage in Markham to a compressed natural gas (CNG) facility
- \$60 million for constructing a new garage in the northwestern Cook County suburbs
- \$25 million for constructing a new paratransit garage in DuPage County
- \$3 million for expanding the North Shore garage in Evanston to accommodate additional indoor bus parking

Prior to 2015, Pace did not have any outstanding debt, had never issued debt, and subsequently did not have a bond rating. Pace had the authority to direct the Regional Transportation Authority (RTA) to issue up to \$5 million in working cash notes on its behalf; however, Pace had never exercised that option.

Pace will strategically issue bonds based on authorized capital project construction schedules, market conditions, and long term financial planning. The Pace Board of Directors approved in 2013, a bond reimbursement resolution (pursuant to IRS regulations) which will allow Pace to strategically issue bonds for the authorized projects based on Pace's financial and capital planning. In December 2013, the Pace Board of Directors approved a Debt Management Policy establishing best practices staff must follow when administrating and issuing bonds.

Pace issued a \$12 million revenue bond in 2015 for the South Division CNG facility project. The bond was a ten-year bank direct placement, with level principal payments of \$1.2 million annually and with a 2.87% average coupon interest rate. Interest will be paid semi-annually each June and December 15, and principal will be paid annually

each December 15. Pace is required to have a bond reserve fund with one year's principal payment retained in it. Operating revenue from the Suburban Services Fund is being used to make debt service payments. Pace contracted with the Illinois Finance Authority (IFA) for issuing the 2015 Revenue Bond. The IFA selected a financial advisor and bond counsel for Pace through its competitive request for qualifications process.

### 2016 Budget

The 2016 Budget includes plans for issuing a portion of the bond allocation for the Northwest Cook County garage. A \$9.3 million bond issue is planned for 2016 which will be used to reimburse Pace for land acquisition costs. The 2016 Budget includes \$260,000 for bond issuance costs.

The 2016 Three Year Business Plan includes plans in 2018 to issue the remaining bonds for the Northwest Cook County garage. A \$50.7 million bond is anticipated to be issued. Pace is currently in the process of determining a location for the new garage in northwestern Cook County and a construction schedule has yet to be determined for this project.

The other two authorized projects, a new paratransit garage in DuPage County, and expanding the North Shore garage in Evanston, have yet to have a timeline formulated.

### 2016 Bond Issue

Budgeted for 2016 is a \$9.3 million revenue bond to reimburse Pace for costs associated with land acquisition for the Northwest Cook County garage. It is anticipated this will be a 15-year bond, with an average coupon interest rate of 5%. The revenue bond will be structured the same as the 2015 Bond, with the same semi-annual interest and annual principal due dates. Revenue to pay the annual debt service will come from the Suburban Services Fund's operating revenue.

	<u>2016</u>	<u>2017</u>	<u>2018</u>
Principal	\$620,000	\$620,000	\$620,000
Interest	599,333	434,000	403,000
<b>Total Annual</b>	<b>\$1,219,333</b>	<b>\$1,054,000</b>	<b>\$1,023,000</b>

## How the Bonds Will Be Paid

State statute limits Pace to only being able to issue revenue bonds. The statute allows Pace to pay the bond's annual debt service with its operating revenue. Pace is not allowed to pledge or use sales tax revenue for repayment of the authorized bonds.

The Suburban Service Fund's annual operating revenue is more than \$60 million. The 2015 Revenue Bond requires pledged revenues from operating revenues of up to \$1.45 million annually for ten years. The estimated pledged operating revenues for the proposed 2016 and 2018 bonds will be at most \$7.8 million for 15 years and declining as the bonds are paid.

## Pace's Debt Management Policy

The Pace Board of Directors approved the Debt Management Policy at their December 2013 meeting. The policy sets forth administrative procedures which Pace staff must follow when issuing bonds. For instance, should Pace publicly issue a bond, it must receive a bond rating.

## Bond Rating

A bond rating is an analysis by a nationally recognized bond rating agency of the financial strength, management, strength of the local economy, and long term financial planning of the government. The bond rating will state if the government agency is stable, trending downward (negative) or upward (positive).

Each of the major bond rating agencies use a similar rating scale, and each use a triple A rating as the best, a double A for a middle rating, and an A for lowest of the best ratings. Each rating level (AAA or AA or A) is further subdivided into three being annotated with a 1, 2, or 3, or a plus or minus. Moody's uses a rating scale of Aaa (the best), Aa, A, with a 1, 2, 3 to designate the level of each. Standard and Poor's uses a rating scale of AAA, AA, A, with a plus (+) or minus (-) to designate the level of each category. For instance, a Moody's rating of Aa2 is the same as an S/P rating of AA; and a Moody's rating of Aa3 is the same as an S/P rating of AA-.

## Actual and Estimated Debt Service Schedules

The following schedules show the actual and estimated annual principal and interest payments for the \$12 million ten-year bond, the \$9.3 million proposed 15-year bond, and the \$50.7 million anticipated 15-year bond issue.

## Schedule A. \$12 million South Division CNG Project

10-year with an average coupon interest rate of 2.87% (000's)

Payment Year	Principal Payment	Interest Payment	Total Debt Service	Debt Outstanding
2015	\$1,200	\$243	\$1,443	\$10,800
2016	1,200	283	1,483	9,600
2017	1,200	264	1,464	8,400
2018	1,200	242	1,442	7,200
2019	1,200	216	1,416	6,000
2020	1,200	187	1,387	4,800
2021	1,200	154	1,354	3,600
2022	1,200	119	1,319	2,400
2023	1,200	82	1,282	1,200
2024	1,200	42	1,242	0
<b>Total</b>	<b>\$12,000</b>	<b>\$1,832</b>	<b>\$13,832</b>	

Pace issued a \$12 million direct placement 10-year bond in 2015. The winning bid came from FirstMerit Bank for a taxable bond. The bond will be used for converting the garage in Markham to a compressed natural gas (CNG) facility. The annual debt service will be paid from the Suburban Services Fund's operating revenue.

# Appendix I • Debt Overview

**Schedule B. \$9.3 million NW Cook County Garage**  
*15-year with an estimated average coupon interest rate of 5.0% (000's)*

Payment Year	Principal Payment	Interest Payment	Total Debt Service	Debt Outstanding
2016	\$620	\$599	\$1,219	\$8,680
2017	620	434	1,054	8,060
2018	620	403	1,023	7,440
2019	620	372	992	6,820
2020	620	341	961	6,200
2021	620	310	930	5,580
2022	620	279	899	4,960
2023	620	248	868	4,340
2024	620	217	837	3,720
2025	620	186	806	3,100
2026	620	155	775	2,480
2027	620	124	744	1,860
2028	620	93	713	1,240
2029	620	62	682	620
2030	620	31	651	0
<b>Total</b>	<b>\$9,300</b>	<b>\$3,854</b>	<b>\$13,154</b>	

**Schedule C. \$50.7 million NW Cook County Garage**  
*15-year with an estimated average coupon interest rate of 5.0% (000's)*

Payment Year	Principal Payment	Interest Payment	Total Debt Service	Debt Outstanding
2018	\$3,380	\$3,267	\$6,647	\$47,320
2019	3,380	2,366	5,746	43,940
2020	3,380	2,197	5,577	40,560
2021	3,380	2,028	5,408	37,180
2022	3,380	1,859	5,239	33,800
2023	3,380	1,690	5,070	30,420
2024	3,380	1,521	4,901	27,040
2025	3,380	1,352	4,732	23,660
2026	3,380	1,183	4,563	20,280
2027	3,380	1,014	4,394	16,900
2028	3,380	845	4,225	13,520
2029	3,380	676	4,056	10,140
2030	3,380	507	3,887	6,760
2031	3,380	338	3,718	3,380
2032	3,380	169	3,549	0
<b>Total</b>	<b>\$50,700</b>	<b>\$21,012</b>	<b>\$71,712</b>	

Pace is authorized to issue \$60 million in bonds to build a new Northwest Cook County garage. The first bond issued for this project will be for \$9.3 million to reimburse Pace for costs associated with land acquisition. The bond is proposed to be a 15-year bond paid from the Suburban Services Fund's operating revenue.

The second bond issued for the Northwest Cook County garage will be for \$50.7 million which will be used to cover the cost of engineering and construction. It is proposed to be a 15-year bond issued in 2018.

## Schedule D. Combined Debt Schedule

Schedule A, B and C issuances (000's)

<u>Payment Year</u>	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Total Debt Service</u>	<u>Debt Outstanding</u>
2015	\$1,200	\$243	\$1,443	\$10,800
2016	1,820	883	2,703	18,280
2017	1,820	698	2,518	16,460
2018	5,200	3,912	9,112	61,960
2019	5,200	2,954	8,154	56,760
2020	5,200	2,725	7,925	51,560
2021	5,200	2,492	7,692	46,360
2022	5,200	2,257	7,457	41,160
2023	5,200	2,020	7,220	35,960
2024	5,200	1,780	6,980	30,760
2025	4,000	1,538	5,538	26,760
2026	4,000	1,338	5,338	22,760
2027	4,000	1,138	5,138	18,760
2028	4,000	938	4,938	14,760
2029	4,000	738	4,738	10,760
2030	4,000	538	4,538	6,760
2031	3,380	338	3,718	3,380
2032	3,380	169	3,549	0
<b>Total</b>	<b>\$72,000</b>	<b>\$26,699</b>	<b>\$98,699</b>	



## Glossary - Budget Terms

### *Budget Terms*

#### administration expense

Expense of labor, materials, and fees associated with general office functions, insurance, IT, legal services, and customer services.

#### capital budget

The appropriation of State and Federal grants for the purchase of vehicles and for improvements to facilities and other infrastructure and equipment.

#### cost per mile

Operating expense divided by vehicle miles for a particular program or in total.

#### cost per passenger

Operating expense divided by ridership for a particular program or in total.

#### deficit

The excess of expense over revenue.

#### farebox revenue

Revenues gained from passengers and local, employer and other fare subsidies exclusive of the State Reduced Fare Subsidy Program. Also excludes interest income and advertising revenues.

#### fares

The amount charged to passengers for use of various services.

#### fringes (fringe benefit expense)

Pay or expense to, or on behalf of, employees not for performance of their work including sick pay, vacation pay, pension contributions, life and health insurance, unemployment and workers' compensation, social security costs, and other allowances.

#### full-time equivalent position (FTE)

A position (or positions) that total 2,080 hours of annual service.

#### funding formula

A specific formula used to determine a subsidy level.

### labor expense

The cost of wages and salaries (including overtime) to employees for performance of their work.

### maintenance expense

Expense of labor, materials, services, and equipment used to repair, and service transit vehicles and service vehicles including all fuels for vehicle propulsion.

### non-vehicle maintenance expense

Expense of labor, materials, services, and equipment used to repair and service way and structures, vehicle movement control systems, fare collection equipment, communication systems, buildings, and grounds and equipment other than transit vehicles.

### operating assistance

Financial assistance for transit operations (non-capital expenditures). Such aid may originate with federal, local, or state governments.

### operating budget

The planning of revenues and expenses for a given period of time to maintain daily operations.

### operations expense

Expense for labor, materials, fees, and rents required for operating transit vehicles and passenger stations except electric propulsion power.

### performance measure

A quantifiable indicator to assess how efficient a route is operating.

### private contract services

Expense of labor, materials, and fees paid to companies or organizations providing transit service under contract to Pace. Also known as purchased transportation.

### program (noun)

Refers to groupings of expense accounts of similar activities or objects of expenditures (i.e., operations, maintenance, administration, vanpool, dial-a-ride, as well as capital programs).

### *Transit Service Terms*

#### ADA

The Americans with Disabilities Act of 1990. Transit systems are required to offer accessible mainline services and complementary ADA paratransit services by the Act and were given until January 1997 to achieve full compliance.

#### ADA paratransit service

Comparable transportation service required by the ADA for individuals with disabilities who are unable to use the fixed route transportation services.

#### ART (arterial rapid transit)

A term used for a combination of Transit Signal Priority (TSP), roadway improvements including queue jump lanes and IBS along Arterial Bus Routes.

#### BRT (bus rapid transit)

A bus transit system in which the majority of each line operates in a separated right-of-way dedicated for public transportation use during peak periods and that includes features that emulate the services provided by rail fixed guideway public transportation system including defined stations and traffic signal priority for public transportation vehicles.

#### Bus on Shoulder

Service that can use shoulder lanes on expressway corridors to bypass slow traffic, thus reducing travel time and staying on schedule.

#### Call-n-Ride

Reservation-based, curb-to-curb, shared ride service for anyone within the designated service area.

#### CTA

The Chicago Transit Authority, created by state legislation, began operations in 1947. Operates bus and Rapid Transit service in the City and several suburbs.

#### Chicago Metropolitan Agency for Planning (CMAP)

A regional planning organization which merged Chicago Area Transportation Study (CATS) and Northeastern Illinois Planning Commission (NIPC) into one planning agency.

#### Dial-a-Ride service (D-A-R)

Non-fixed route (paratransit) service utilizing vans and small buses to provide prearranged trips to and from specific locations within the Dial-a-Ride service area to individuals deemed eligible based on local requirements.

#### Demand response service

Non-fixed route service utilizing vans and small buses based on demand activation or calls from passengers to Pace. Vehicles are dispatched to pick up passengers and transport them to their destinations.



### express bus (or route)

A suburban or intercity bus that operates a portion of the route without stops or with a limited number of stops.

### feeder route

A route with a primary purpose of transporting riders to/from residential areas to a Metra Station.

### fixed route service

Pace service provided on a regularly scheduled basis along a specific route with vehicles stopping to pick up and discharge passengers along the route.

### full size bus

A bus from 35 to 41 feet in length.

### Intelligent Bus System (IBS)

A satellite based communication technology used to improve the tracking of buses, collection of data, and communication between buses and its drivers and passengers.

### low income individual

A term used for an individual whose family income is at or below 150% of the poverty line, as that term is defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), including any revision required by that section, for a family of the size involved.

### medium size bus

A bus from 29 to 34 feet in length.

### Metra

The Commuter Rail Division of the RTA. Created in 1983 by amendment to the RTA Act to operate and oversee commuter rail operations in northeastern Illinois.

### Pace

The Suburban Bus Division of the RTA. Created in 1983 by amendment to the RTA Act, responsible for all non-rail suburban public transit service with the exception of those services provided by the CTA.

### paratransit service

A generic term used to describe non-fixed route service utilizing vans or buses to provide prearranged trips within the system service area.

### Posted Stops Only

On select Pace routes, riders are required to get on or off the bus at a bus stop sign versus a flag-stop, meaning that a passenger is allowed to board or alight a bus anywhere it is safe to do so.

### public transportation

A term that means regular, continuing shared ride surface transportation services that are open to the general public or open to a segment of the general public defined by age, disability, or low income.

### Pulse

A branding name for Pace's ART network.

### queue jump

The act of by passing a line of vehicles at a signalized intersection through the use of a designated lane as part of a BRT system, thereby redirecting travel times.

### Regional ADA paratransit service

The category referring to the combination of Suburban and the City of Chicago ADA paratransit services.

### ridership (unlinked passenger trips)

The number of transit vehicle boardings. Each passenger counted each time that person boards a vehicle.

### rolling stock

Public transportation vehicles which, for Pace, includes all buses and vans.

### senior

A term used for an individual who is 65 years of age or older.

### service board

A reference to the region's transit operators—CTA, Metra, and Pace.

### Shuttle Bug route

The Shuttle Bug program is a public-private partnership between the Transit Management Association (TMA) of Lake Cook, Pace, Metra, and area businesses to provide convenient shuttle service connections between participating businesses and Metra stations.

### small bus

A bus 28 feet or less in length.

### subscription bus

A Pace service program which provides regular daily express bus service to 30 or more individuals with guaranteed seating that is open to the general public.

### Suburban Service

The category referring to all existing Pace services and programs with the exception of ADA Paratransit services.

### TAP (Taxi Access Program)

The taxi access program operated in the City of Chicago. The program provides subsidized taxi service to ADA eligible riders.

### total vehicle miles

Sum of all miles operated by passenger vehicles, including mileage when no passengers are carried.

### TMA (Transportation Management Association)

A formal organization of businesses and local governments dedicated to solving local transportation concerns.

### TSP (Transit Signal Priority)

Tool that can improve bus service and operating efficiency while complementing the region's ongoing efforts to relieve traffic congestion. Signal priority systems use technology to identify transit vehicles and adjust traffic signals to allow the transit vehicles to progress through a signalized intersection by advancing or extending the green phase.

### urban area

An area that includes a municipality or other built up place that the Secretary of Transportation, after considering local patterns and trends of urban growth, decides is appropriate for a local public transportation system to serve individuals in the locality. The area encompasses a population of not less than 50,000 people.

### van

A 20-foot long or shorter vehicle, usually with an automotive type engine and limited seating normally entered directly through side or rear doors rather than from a central aisle, used for demand response and vanpool service.

### vanpool

A group of 5-15 people who commute to and from work together in a Pace owned van. Pace offers several vanpool options.

### Ventra<sup>®</sup>

(The Open Standards Fare System) is an electronic fare payment system for Chicago Transit Authority (CTA) and Pace riders that has replaced the former Chicago Card and Transit Card automated fare collection system.

### wheelchair accessible vehicle (accessible vehicle)

A vehicle that a wheelchair bound person may enter either (1) via an on board retractable lift or ramp, (2) directly from a station platform reached by an elevator or a ramp that is either level with the vehicle floor or can be raised to floor level.

### *Funding Terms*

#### ADA Complementary Service

The Federal Transit Administration reimburses transit operators for eligible capital costs of providing ADA complementary paratransit services. The maximum amount allowable is limited to 10% of the annual formula apportionment under Section 5307.

#### Bus Overhaul/Maintenance Expense

The Federal Transit Administration reimburses transit operators for operating expenses for bus maintenance under Section 5307.

#### Capital Cost of Contracting

The Federal Transit Administration reimburses transit operators for capital consumed in the course of a private operated contractor service. The program is designed to encourage and support service privatization and is funded with Section 5307 urbanized area formula grant funds.

#### CMAQ (Congestion Mitigation/Air Quality)

A federal grant program designed to support transportation projects which reduce traffic congestion and improve air quality.

#### Discretionary funds/non statutory

Funds which the RTA allocates, at its discretion, to the service boards. These funds include the 15% of the RTA Part I sales tax and PTF.

#### Federal SAFETEA-LU Program

The Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) provides for funding for federal surface transportation programs over four years through FFY 2009.

#### Federal MAP -21 (The Surface Transportation Extension Act of 2012, Part II, Found in Division G of the Moving Ahead for Progress in the 21st Century)

MAP-21 provides steady and predictable funds for the two years 2012-2014. This program consolidates certain transit programs from SAFETEA-LU to improve their efficiency and provides federal funding increases specifically for improving the State of Good Repair of the country's transit system. The Federal Authorization Extension for transit, highway, and highway safety programs through October 29, 2015 has been enacted.

#### FTA (Federal Transit Administration)

The federal agency which provides financial and planning assistance to help build and operate transit systems through grant programs.

#### FEMA (Federal Emergency Management Agency)

FEMA is an Agency of the United States Department of Homeland Security. This Agency provides grant money to transit systems under the Transit Security Grant Program and other such programs.

### fund balance

See “unrestricted net assets.”

### grants

Monies received from local, federal, and state governments to provide capital or operating assistance.

### ICE (Innovative, Coordination and Enhancement Fund)

This fund was established by the RTA in 2008 at \$10 million and adjusts annually with the change in RTA sales taxes. Funds are used to support qualifying initiatives.

### IDOT (Illinois Department of Transportation)

The State of Illinois, Illinois Department of Transportation provides capital and student reduced fare funding.

### IEMA (Illinois Emergency Management Agency)

Agency established by the Illinois Emergency Act within the executive branch of state government responsible for coordination of the overall emergency management program of the state with private organizations, political subdivisions, transit agencies, and the federal government.

### Illinois FIRST

A fund passed by the Illinois legislature for infrastructure, roads, schools, and transit. The funding for the program has now been exhausted.

### Illinois Jobs Now

A state program signed into law July 13, 2009 which approved \$1.8 billion for transit.

### Illinois Jump Start

A state program signed into law April 3, 2009. Approved \$900 million for transit; pending appropriation by the State Legislature.

### JARC (Job Access and Reverse Commute Program)

Under the new MAP-21 Program, JARC has been eliminated and activities are now eligible under 5307 formula funding. Activities include funds for planning, capital, and operating costs that support the development and maintenance of transportation services designed to transport welfare recipients and eligible low income individuals to and from jobs and activities related to their employment. These include transportation projects that facilitate the provision of public transportation services from urbanized areas and rural areas to suburban employment locations.

### Ladders of Opportunity Program

This federal discretionary grant program is to fund public transportation projects that support the development of communities, providing effective and reliable transportation options that increase access to jobs, recreation, health and social services, entertainment, educational opportunities, and other activities of daily life, while also improving mobility within and among these communities.

### marks

Level of funding prepared by the Regional Transportation Authority to the Service Boards.

### National Transit Database

Federal Transit Administration's (FTA's) primary national database for statistics on the transit industry.

### New Freedom

Under the new MAP-21, this program was merged with Section 5310 funding for seniors and persons with disabilities. The focus of the funding remains for the provision of service options for individuals with disabilities that exceed services mandated by the ADA.

### New Starts Program

A federal program which provides funding for fixed guideway transit projects which utilize and occupy a separate right of way or other high occupancy vehicles.

### Pace Bond Program

P.A. 97-0770 gives Pace authority to issue bonds for eligible capital projects. This Public Act was effective January 1, 2013, and totals \$100 million for four specific capital construction projects.

### Positive Budget Variance (PBV)

The amount by which a Service Board comes in favorable to available funding from the RTA in a given budget year. RTA policy allows the service boards to retain these funds in an unrestricted fund balance which can be used for capital projects or one time operating expenses.

### Public Transportation Fund (PTF)

An operating subsidy from the State of Illinois equivalent to 30% of the RTA sales tax and Chicago real estate transfer tax (RETT) collected. The 25% PTF match on the Chicago RETT is directed to CTA.

### RETT (real estate transfer tax)

A real estate transfer tax in the City of Chicago implemented by Public Act 95-0708 in January 2008. The tax (of \$1.50 for every \$500 of sales price) went into effect April 2008. Proceeds are directed to the CTA.

### RTA Sales Tax Part I

A sales tax of 1% in Cook County and 1/4% in the collar counties of DuPage, Kane, Lake, McHenry, and Will. Eighty-five percent of the sales tax is fully distributed to the service boards by the RTA according to formulas established by the RTA Act (also known as formula funds or 85% funds).

Fifteen percent of the sales tax is retained by the RTA and distributed to the service boards at its discretion; also known as discretionary funds.

### RTA Sales Tax Part II (PA 95-0708)

A 1/4% regionwide sales tax implemented in April 2008 as a result of passage of Public Act 95-0708 by the state legislature. Funds from this source are added with matching public transportation funds (PTF) and allocated according to a defined formula which is explained under the source of funds section.

### RTA Bond Funding

Through the Illinois First Program the RTA was authorized to secure bonds for capital needs. The RTA authorized \$1.6 billion (\$1.3 billion for Strategic Capital Improvement Program (SCIP) and \$300 million for General Obligation Bonds (GO)). The State of Illinois reimburses the RTA for principal and interest expenses incurred on SCIP bonds. The funding for this program has now been exhausted. However, the RTA has used the defeasance of bonds to reissue new bonds for capital purchases. RTA has indicated they will issue bonds in 2018 and 2020 for these capital purchases.

### RTSPIP (Regional Transit Signal Priority Implementation Program)

Five-year program for deploying a coordinated and integrated transit signal priority (TSP) system along priority corridors in the six-county northeastern Illinois region.

### SCMF (Suburban Community Mobility Fund)

The RTA Act provides a special funding earmark to Pace to pay for existing and new non-traditional transit services such as dial-a-ride, vanpool, reverse commute, and others.

### Small Starts

A federal program providing capital assistance for non-fixed guideway corridor improvements (i.e. bus rapid transit).

### SGR (State of Good Repair)

A Federal program which provides funding for transit capital asset replacements in order to ensure they meet objective standards for condition.

### South Cook Job Access

The RTA Act provides a designated amount (\$7.5 million) of RTA funding to Pace for the provision of employment related services in South Cook County.

### Transit Asset Management

A strategic and systematic process of operating, maintaining, and replacing public transportation capital assets effectively throughout the life cycle of such assets

### TIGER (Transportation Investment Generating Economic Recovery)

The U.S. Department appropriated over \$4.1 billion for capital investments in surface transportation infrastructure since 2009 that are to be awarded on a competitive basis for projects that will have a significant impact on the Nation, a metropolitan area, or a region with regard to fostering economic development. Grants awarded will be no less than \$10 million and no more than \$200 million.

### unrestricted net assets

The portion of net assets that is neither restricted nor invested in capital assets net of related debt. These funds are considered by Pace to represent the available fund balance.

# Pace Quick Facts

## Service Characteristics

Background data on the Pace service is provided below:

<b>Fixed Route Service</b>		<b>Ridership (000's)</b>	<b>2014 Actual</b>	<b>2015 Estimate</b>	<b>2016 Budget</b>
Number of Fixed Routes (August 2015)	209	Fixed Route	31,650	30,320	30,796
• Regular Routes	153	DAR/Ride DuPage/Kane*	1,223	1,226	1,242
• Feeder Routes	41	Vanpool	1,923	1,903	1,952
• Shuttle Routes	15	<b>Total Suburban Service</b>	<b>34,796</b>	<b>33,449</b>	<b>33,990</b>
(All Routes are Accessible)		Regional ADA*	4,088	4,297	4,518
Peak Period Vehicle Requirements	600	<b>Total System</b>	<b>38,883</b>	<b>37,746</b>	<b>38,508</b>
Pace-owned Fleet Size	720				
Number Accessible	720	<b>Vehicle Miles (000's)</b>	<b>2014 Actual</b>	<b>2015 Estimate</b>	<b>2016 Budget</b>
Average Vehicle Age	8.9 years	Fixed Route	25,757	25,983	26,313
Contractor-owned Vehicles in Pace service	0	DAR/Ride DuPage/Kane	5,638	5,819	5,895
Number of Private Contractors	2	Vanpool	12,776	12,537	12,854
Number of Pace-owned Garages	11	<b>Total Suburban Service</b>	<b>44,171</b>	<b>44,339</b>	<b>45,063</b>
Number of Pace Municipal Contractors	2	Regional ADA	33,777	35,960	37,828
		<b>Total System</b>	<b>77,948</b>	<b>80,299</b>	<b>82,891</b>
<b>Paratransit</b>					
Number of Communities Served	210	<b>Vehicle Hours (000's)</b>	<b>2014 Actual</b>	<b>2015 Estimate</b>	<b>2016 Budget</b>
Number of Local Dial-a-Ride Projects	67	Fixed Route	1,688	1,707	1,737
Pace-owned Fleet Size (Includes Suburban ADA)	503	DAR/Ride DuPage/Kane	308	314	318
Average Vehicle Age	3.1 years	Vanpool	N/A	N/A	N/A
Community Trnst Vehicles in Svc (August 2015)	87	<b>Total Suburban Service</b>	<b>1,996</b>	<b>2,021</b>	<b>2,055</b>
Contractor-owned Vehicles in City ADA service	756	Regional ADA	2,252	2,346	2,469
		<b>Total System</b>	<b>4,248</b>	<b>4,367</b>	<b>4,524</b>
<b>Vanpool</b>					
Vans in Service (August 2015)—Traditional	288				
Vans in Service (August 2015)—Employer Shuttle	17				
Vans in Service (August 2015)—Advantage	375				
Total Vans in Service	680				
Average Vehicle Age	4.7 years				
<b>Other</b>					
Number of Pace Employees (Includes ADA Staff)	1,642				

\*Ridership includes companions and personal care attendants



## Ridership

The following table describes the ridership performance of Pace's various services for the last ten years.

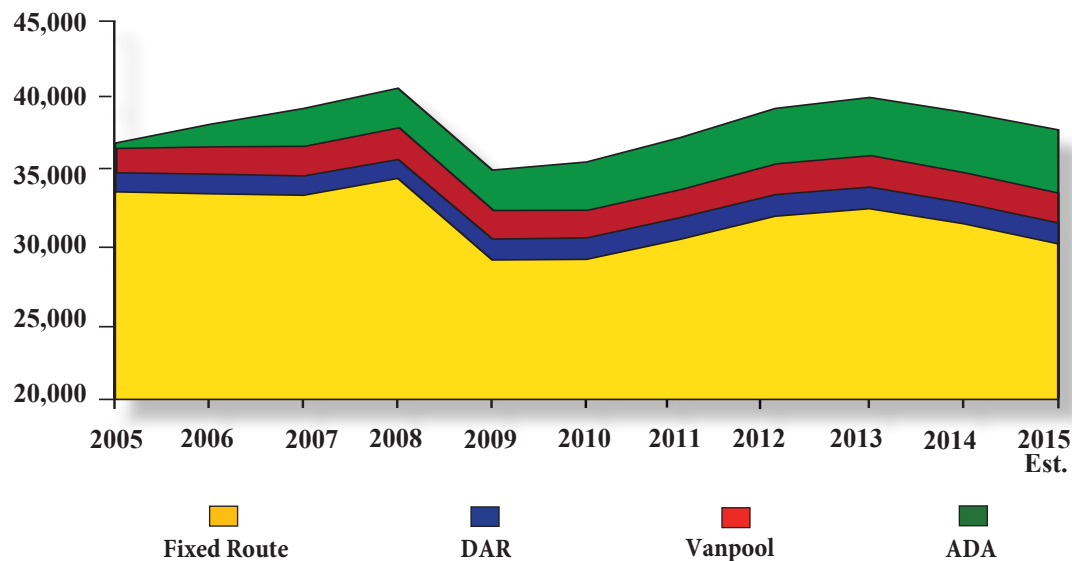
**Table 47. Pace 2005–2015 Ridership Historical Summary (000's)**

	<u>Fixed Route</u>	<u>DAR</u>	<u>Vanpool</u>	<u>Total Suburban Service</u>	<u>ADA</u>	<u>Total System</u>
2005	33,770	1,122	1,529	36,421	459	36,880
2006	33,642	1,145*	1,718	36,505	1,598	38,103
2007	33,542	1,126	1,877	36,545	2,624	39,169
2008	34,655	1,103	2,021	37,779	2,727	40,507
2009	29,247	1,230	1,810	32,287	2,790	35,077
2010	29,292	1,273**	1,751	32,316	3,310**	35,626
2011	30,630	1,293	1,778	33,701	3,546	37,247
2012	32,151	1,280	1,962	35,393	3,776	39,170
2013	32,645	1,276	2,000	35,921	3,968	39,889
2014	31,650	1,223	1,923	34,796	4,088	38,883
2015 Est.	30,320	1,226	1,903	33,449	4,297	37,746

\*Assumed City ADA service in July 2006

\*\*Effective in 2010 ridership includes companions and personal care attendants

**Chart U. Pace 2005-2015 Historical Ridership (000's)**



# Acknowledgements

This document was produced under the direction of *Terrance Brannon, Deputy Executive Director, Internal Services*, and would not be possible without the support of the following people:

## **Budget Planning & Analysis**

<i>Roman Romatoski</i>	<i>Department Manager, Budget Planning &amp; Analysis</i>
<i>Renaldo Dixon</i>	<i>Section Manager, Budget Planning &amp; Analysis</i>
<i>Lori Bodor</i>	<i>Principal Budget Analyst</i>
<i>Melanie Castle</i>	<i>Principal Budget Analyst</i>
<i>Cristina Starling</i>	<i>Principal Budget Analyst</i>

## **Capital Financing & Infrastructure**

<i>Rosemarie Truppa</i>	<i>Department Manager, Capital Financing &amp; Infrastructure</i>
<i>Vicki Tan</i>	<i>Section Manager, Grants Administration</i>
<i>Janet Kuhn</i>	<i>Capital Infrastructure Program Manager</i>
<i>Kristian Skogsbakken</i>	<i>Senior Capital Planning Specialist</i>
<i>Simon Gonzalez</i>	<i>Grants Contract Administrator</i>

## **Production & Graphics**

<i>Karen Kase</i>	<i>Administrative Supervisor</i>
<i>Laurie Machnik</i>	<i>Administrative Assistant</i>
<i>Lindsey Hahn</i>	<i>Administrative Assistant</i>

## **Contributors**

<i>Michael Bolton</i>	<i>Deputy Executive Director, Strategic Services</i>
<i>Melinda Metzger</i>	<i>Deputy Executive Director, Revenue Services</i>
<i>Rocky Donahue</i>	<i>Deputy Executive Director, External Relations</i>
<i>Tom Groeninger</i>	<i>Regional Manager, Paratransit/Vanpool</i>
<i>John Braband</i>	<i>Department Manager, Bus Operations</i>
<i>Lorraine Snorden</i>	<i>Department Manager, Planning Services</i>
<i>Susan Rushing</i>	<i>Department Manager, Community Relations</i>
<i>James Garner</i>	<i>Department Manager, Market Research &amp; Analysis</i>
<i>Doug Sullivan</i>	<i>Department Manager, Marketing &amp; Communications</i>
<i>Patrick Wilmot</i>	<i>Department Manager, Media Relations</i>
<i>Phil Parisi</i>	<i>Section Manager, Systems Administration</i>
<i>Dan Brzezinski</i>	<i>Section Manager, Systems and Procedures</i>
<i>Jim Egeberg</i>	<i>Section Manager, Debt Management</i>
<i>Kevin Salmi</i>	<i>Supervisor, Service Analysis</i>
<i>Richard Yao</i>	<i>Senior Market Research Analyst</i>
<i>Hong Yang</i>	<i>Lead GIS Software Developer</i>



**T**HE Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Budget Presentation to Pace Suburban Bus for its annual budget for the fiscal year beginning January 1, 2015.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



**Pace Suburban Bus**  
**550 West Algonquin Road**  
**Arlington Heights, IL 60005**  
**(847) 364-8130**

To view the this document online,  
visit Pace's website at:  
**PaceBus.com**



**Final Program**  
**November 2015**