

Pace Suburban Service Budget & Regional ADA Paratransit Budget

2017 Operating & Capital Program

2017-2019 Business Plan for Operations

2017-2021 Capital Business Plan



Final Program November 2016

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Dear Riders, Interested Citizens & Public Officials:

I am pleased to present a balanced budget without the need for fare increases or service reductions. Pace has weathered the uncertainty of operating without a state budget for the first half of the year while successfully moving ahead with a number of projects that benefit the entire region. We remain financially stable and have managed to keep 2017 budget expenses flat in comparison to the 2016 budget, while adding new service, increasing ridership, and generating funds for the purchase of 53 new buses.



This past year saw many improvements to our service operations and passenger amenities:

- Pace, along with local, state and federal officials dedicated a new compressed natural gas (CNG) facility at Pace South Division in Markham. Twenty CNG buses were deployed making Pace the first transit agency in the Chicago area and the third in the state to adopt CNG technology for its fleet.
- A major renovation of the Elgin Transportation Center continued throughout the year.
- Design work and engineering began on 400 parking spaces in Plainfield to accommodate ridership growth on the overwhelmingly successful Bus on Shoulder (BOS) service. New BOS service began this past fall from Toyota Park in Bridgeview.
- For the first time, Pace installed electronic signage showing real-time bus arrival information for customers. The first signs were installed at the Waukegan Transit Center with other locations planned for next year.
- A number of ADA paratransit improvements were implemented in 2016 to enhance reliability and communications including a new phone number to check the status of a trip, new quarterly newsletters, reduction of the Taxi Access Program (TAP) fare, and centralized trip distribution.

In 2017, we look forward to continuing work on large-scale projects:

- In coordination with the State Tollway Authority's rebuilding and widening of the Jane Addams Memorial Tollway (I-90), Pace's I-90 Market Expansion Program will introduce new transit service and supportive infrastructure along the corridor. The Tollway has invested \$240 million in transit infrastructure to support Pace's operations, including four existing routes, three new mainline express routes, two new distributor services, and three new park-n-rides to serve our passengers. Two new connector routes will serve employers and destinations north and south of I-90. Additionally, new state-of-the-art 40-foot buses equipped with Wi-Fi will travel in a bus-only "flex lane" for faster and more reliable commutes. Flex lane operations aided by the Tollway's new SmartRoad infrastructure will alert operators of traffic conditions and travel speeds to provide Pace customers a faster commute. We broke ground on the Randall Road Park-n-Ride which, along with two others at Route 25 and Barrington Road, will add over 400 new parking spaces. Other infrastructure improvements include the construction of a pedestrian bridge over I-90 at Barrington Road for a safe and convenient walk to and from transit, and the renovation of the Rosemont Transit Center to accommodate new Pace express buses that will be traveling on the widened Jane Addams Tollway. Pace is investing over \$11 million in I-90 enhancements in addition to a \$38 million Congestion Mitigation and Air Quality grant to fund service and park-n-ride construction.
- We anticipate a mid-2017 start of the Pulse Milwaukee Line, an Arterial Rapid Transit (ART) service that will provide faster service for thousands of customers in Chicago and nearby suburbs. Work is progressing towards finalizing the design work on new, enhanced stations along the corridor.

We are excited about seeing long-range plans come to fruition using cutting-edge technology to efficiently and conveniently serve new and existing markets as we continue to provide safe and reliable service throughout Northeastern Illinois.

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

Richard A. Kwasneski,
Chairman

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Budget Highlights

FOR the third 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 (2017). On August 25, 2016, RTA officially adopted 2017 funding levels for Pace which provide operational stability and allow for the continuation of significant new services implemented in 2016.

Suburban Services

The 2017 Pace Suburban Services budget is balanced to available funding. In addition, there are a number of service improvements incorporated into the 2017 budget described below:

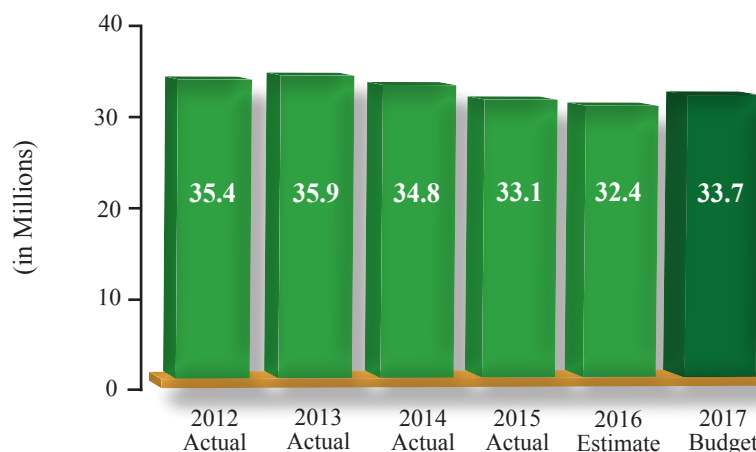
- Fares remain stable in 2017, no fare increases are proposed.
- Pace will transfer \$7.0 million from the 2017 budget for operations to the 2017 Capital Program and use these funds to buy 53 small buses for fixed route operations.
- Substantial new fixed route services implemented by Pace in 2016 will add \$5.5 million to the budget in 2017.
- New express services on I-90 are expected to begin at the conclusion of the Jane Addams Memorial Tollway reconstruction project. These services will add \$5.1 million to the 2017 budget.

- 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 at a cost of \$0.6 million in 2017.
- All told, the new services are projected to increase Pace ridership by 3.9% or 1.3 million trips in 2017.

Regional ADA Paratransit

The 2017 Regional ADA Paratransit budget is balanced based on RTA's funding level of \$160.586 million. This funding level will support ridership growth of 3.4% for the ADA program. In 2017 the program will provide over four million passenger trips. Fares are projected to remain stable at current levels in 2017 based on continued support from the State of Illinois.

Chart A. Pace Suburban Service Ridership



Executive Summary

2017 Combined Operating Budget Summary

THE 2017 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 25, 2016.

The expense budget for Suburban Services in 2017 is \$228.619 million. Suburban Services operating revenues are budgeted at \$59.551 million. Total public funding for Suburban Services will reach an estimated \$169.068 million, which will cover the operating deficit. Pace will expand service and maintain fares at stable levels next year while transferring \$7.0 million in funds to the

Capital budget, and achieving an increased recovery ratio of 30.30%.

The status quo expense budget for the Regional ADA Paratransit program in 2017 is \$174.970 million.

At current fare levels, ADA operating income will reach \$14.384 million, resulting in a funding requirement of \$160.586 million.

There are no fare adjustments proposed for ADA Paratransit services in 2017.

 *The 2017 budgets for Suburban Services and Regional ADA Paratransit are balanced to RTA established funding levels.*

Table 1. 2017 Combined Pace Services Operating Budget Summary (000's)

	Suburban Service	Regional ADA Paratransit	Combined Pace Services
Total Operating Expenses	\$228,619	\$174,970	\$403,589
Less: Total Operating Revenue	59,551	14,384	73,935
Funding Requirement	\$169,068	\$160,586	\$329,654
Less:			
Sales Tax (Part I)	\$96,868	\$0	\$96,868
Sales Tax & PTF (Part II)	36,774	152,086	188,860
Suburban Community Mobility Funds (SCMF)	25,539	0	25,539
South Suburban Job Access Funds	7,500	0	7,500
PTF (Part I)	4,644	0	4,644
RTA Sales Tax (Part I)	171	0	171
Federal CMAQ/JARC/New Freedom Funds	4,615	0	4,615
Transfer to Capital	(7,043)	0	(7,043)
State ADA Funds	0	8,500	8,500
Net Funding Available	\$0	\$0	\$0
Recovery Ratio	30.30%	10.00%	N/A

2017 Capital Budget Summary

THE RTA Board passed the required funding marks on August 25, 2016 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 2017 Capital Budget.

Suburban Services

The 2017 Suburban Capital Program totals \$60.978 million. The program contains \$50.518 million for the purchase of 76 fixed route buses, 53 fixed route small buses, 108 paratransit vehicles, 21 community vehicles, associated capital to cover paratransit vehicle components and engine/transmission replacements for fixed route buses.

The program contains \$1.660 million for the Intelligent Bus System (IBS) equipment replacement.

The program contains \$6.100 million for improvements to facilities, computer hardware and software, and support equipment/non-revenue vehicles.

The program also contains \$2.450 million to partially fund a new park-n-ride location in Plainfield, and for the purchase of bus stop shelters and signs.

Finally, the program contains \$0.250 million for unanticipated capital items.



Pace and public officials at the ribbon cutting for the South Division garage CNG fueling facility, March 29, 2016.

Table 2. 2017 Suburban Services Capital Budget (000's)

	<u>Amount</u>
Rolling Stock	
76 Fixed Route Buses	\$34,300
53 Fixed Route Small Buses	7,043
108 Paratransit Vehicles	6,719
21 Community Vehicles	1,556
Associated Capital	300
Engine/Transmission Replacement	600
Subtotal	\$50,518
Electrical/Signal/Communications	
IBS Equipment Replacement	\$1,660
Subtotal	\$1,660
Support Facilities and Equipment	
Improve Facilities - Systemwide	\$2,045
Computer Systems/Hardware & Software	3,400
Support Equipment/Non-Revenue Vehicles	655
Subtotal	\$6,100
Stations and Passenger Facilities	
Plainfield Park-n-Ride - Partial Funding	\$1,950
Bus Stop Shelters/Signs	500
Subtotal	\$2,450
Miscellaneous	
Unanticipated Capital	\$250
Subtotal	\$250
Total Suburban Capital Program	\$60,978
Total Funding	
Federal 5307/5339	\$40,275
RTA ICE	1,660
RTA Bond	7,500
Pace PBV Funds	4,500
Pace Transfer Capital	7,043
Total Suburban Funding	\$60,978



2017 Suburban Service Operating Budget

Summary

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

- Pace will incur \$228.619 million in operating expenses in 2017 for the provision of transit services in the region.
- A total of \$59.551 million in revenue will be generated from operations.
- An initial deficit or funding requirement of \$169.068 million will occur from operations prior to funding.
- A total of \$171.496 million in funding generated from Regional Sales Tax is proposed to be available for 2017 including \$4.815 million in PTF (Part I) and RTA (Part I) funds. Pace will transfer \$7.043 million of operating funds to the Capital program to buy 53 new buses in 2017.
- A total of \$4.615 million in Federal Congestion Mitigation/Air Quality (CMAQ), Job Access and Reverse Commute (JARC), and New Freedom funds will also be used next year.

The budget for 2017 will continue to maintain all existing Pace services while providing for a number of changes. Highlights of the changes include \$5.641 million to be used for new service initiatives associated with the implementation of service on I-90 and the Milwaukee Avenue Pulse ART and \$1.172 million for Oracle system enhancements. The budget also includes \$5.499 million for new services that are being implemented in 2016. Lastly, the 2017 budget generates \$7.043 million in operating funds which are being transferred to the Capital budget and will be used to buy 53 new buses.

The 2017 Suburban Service budget is balanced to both the funding and recovery marks identified for Pace by the RTA. Ridership is projected to increase 3.9% in 2017 to 33.7 million trips. All of the ridership growth will come from the new services.

There is no fare increase proposed for 2017. The RTA has increased the recovery requirement slightly to 30.30% for 2017. Pace will rely on RTA allowed credits to raise the base recovery rate from 26.05% to meet the RTA requirement.

A detailed review of the 2017 Suburban Service operating program is presented in this section.

Table 3. 2017 Suburban Services Operating Budget Summary (000's)

	2015 Actual	2016 Estimate	2017 Budget
Total Operating Expenses	\$198,141	\$215,484	\$228,619
Less: Total Operating Revenue	55,916	56,971	59,551
Funding Requirement	\$142,225	\$158,513	\$169,068
Less:			
Sales Tax (Part I)	\$90,273	\$93,814	\$96,868
Sales Tax & PTF (Part II)	33,495	34,894	36,774
Suburban Community Mobility Fund (SCMF)	23,800	24,557	25,539
South Suburban Job Access Fund	7,500	7,500	7,500
PTF (Part I)	4,358	4,460	4,644
RTA Sales Tax (Part I)	244	469	171
RTA ICE Funds	1,848	1,123	0
Federal CMAQ/JARC/New Freedom Funds	3,290	2,456	4,615
Federal 5307-Capital Cost of Contracting Funds	250	0	0
Transfer to Capital	0	0	(7,043)
Net Funding Available	\$22,833	\$10,760	\$0
Recovery Ratio	30.00%	30.00%	30.30%

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 15, 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

	<u>RTA</u>	<u>CTA</u>	<u>Metra</u>	<u>Pace</u>
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)

	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2015 Actual</u>	<u>2016 Estimate</u>	<u>2017 Budget</u>
Regional Funds					
Sales Tax - Part I	\$792,112	\$830,134	\$865,614	\$892,095	\$928,858
PTF Match to Part I Sales Tax (25%)	198,640	207,291	217,930	223,024	232,215
Sales Tax - Part II	279,114	293,863	303,654	314,345	325,840
PTF Match to Part II Sales Tax (+5% Part I)	140,548	147,698	158,967	160,962	163,602
Total Sales Tax and PTF	\$1,410,414	\$1,478,986	\$1,546,165	\$1,590,426	\$1,650,515
Pace Share of Regional Funds					
Sales Tax - Part I	\$83,215	\$87,298	\$90,273	\$93,814	\$96,868
PTF Match to Part I Sales Tax	3,694	3,978	4,358	4,460	4,644
Sales Tax II and PTF	53,676	55,836	57,295	59,476	62,313
Total Pace Share	\$140,585	\$147,112	\$151,927	\$157,750	\$163,825
Pace Funding As a Percent of Regional Funding					
PTF Match to Part I Sales Tax (RTA Discretionary)	1.9%	1.9%	2.0%	2.0%	2.0%
Sales Tax I and PTF I	8.8	8.8	8.7	8.8	8.7
Sales Tax II and PTF II	12.8	12.6	12.4	12.5	12.7
Total Receipts	10.0%	9.9%	9.8%	9.9%	9.9%

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 \$96.868 million for 2017. This represents approximately 10.4% of the total RTA region's estimate of \$928.858 million. The RTA estimate for Pace sales tax receipts is 3.3% greater than 2016 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 2017, the RTA will provide Pace with 2.0% or \$4.644 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 included in 2017 to support the new I-90 service initiative.

Job Access and Reverse Commute (JARC) Program

Funding is provided for transportation services designed to increase access to jobs and employment related ac-

tivities. Pace has programmed the use of JARC funds in 2017.

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 2017.

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. Funding from this source is not included in 2017.

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, bringing the total PTF match to 30%. 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 2017 RTA budget.

Suburban Community Mobility Fund (SCMF)

The SCMF provides \$25.539 million (2017) 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 2017, 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 2017 requirement is \$152.086 million.

Transfer to Capital

Pace has programmed the use of \$7.043 million of operating funds to support Capital needs in 2017. Pace will use these funds to pay for the purchase of 53 new buses in 2017.

Operating Revenues

Pace is budgeting for \$59.551 million in Suburban Service operating revenue for 2017, a 4.5% increase over 2016. Fare revenue will account for 2.0% of the growth and is coming directly from ridership growth from the new services. The assumption that the state will resume full half-fare reimbursement funding will add 2.2% to revenue. Other miscellaneous income and advertising revenue will also contribute 0.3% of the remaining revenue growth in 2017.

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

	2017 Plan
New Sales Tax	\$325,840
Public Transportation Funds (PTF) II	163,602
Total Sales Tax II & PTF II	\$489,441
Distribution	
Regional ADA Paratransit Fund - Pace/RTA	\$152,086
Suburban Community Mobility Fund - Pace	25,539
RTA ICE	12,769
25% PTF Match on RETT - CTA	16,172
Balance Available for Allocation	\$282,875
Service Board Distribution	
CTA - 48%	\$135,780
Metra - 39%	110,321
Pace - 13%	36,774
Total to Service Boards	\$282,875

Uses of Funds

ALL funds received in 2017 will be used to support Pace services. The components of the 2017 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-Operated 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 \$105.059 million for these services in 2017. 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 \$3.404 million in 2017. Further information can be found on page 13.

Private Contract Services

Pace provides service to more than 48 communities by directly contracting with two private transit companies. The total cost for privately contracted service in 2017 is \$7.176 million. Further information can be found on page 14.

Dial-a-Ride Services

Pace partners in 65 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. Additionally, Pace oversees the Community Transit Program. The total cost for dial-a-ride services in 2017 is \$19.040 million. Further information can be found on pages 15 and 16.

Vanpool Services

The 2017 budget for vanpool services is \$3.650 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 635 vans in service by the end of 2017. 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 \$60.970 million to provide fuel, insurance, healthcare, and other support items in 2017. 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 2017 administrative budget, including debt service, is set at \$35.284 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 \$6.515 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. 2017 Suburban Service Revenue Summary (000's)

	2015 <u>Actual</u>	2016 <u>Estimate</u>	2017 <u>Budget</u>
Operating Revenues			
Pace-Operated Services	\$32,888	\$33,021	\$34,382
Public/Municipal Contracted Services	1,413	1,362	1,427
Private Contracted Services	1,925	1,996	2,034
Dial-a-Ride Services	11,396	11,621	11,789
Vanpool Program	4,035	3,518	3,190
Half-Fare Reimbursement	162	1,346	2,610
Investment/Other Income	992	1,441	1,331
Advertising Revenue	3,105	2,666	2,747
New Initiatives	0	0	41
Total Operating Revenue	\$55,916	\$56,971	\$59,551
Public Funding			
Sales Tax (Part I)	\$90,273	\$93,814	\$96,868
Sales Tax and PTF (Part II)	33,495	34,894	36,774
Suburban Community Mobility Fund (SCMF)	23,800	24,557	25,539
PTF (Part I)	4,358	4,460	4,644
South Cook Job Access Fund	7,500	7,500	7,500
RTA Sales Tax (Part I)	244	469	171
RTA ICE Funding	1,848	1,123	0
Federal CMAQ/JARC/New Freedom Funds	3,290	2,456	4,615
Federal 5307 - Capital Cost of Contracting	250	0	0
Transfer to Capital	0	0	(7,043)
Total Public Funding	\$165,058	\$169,273	\$169,068
Total Source of Funds	\$220,974	\$226,244	\$228,619

Chart B. Sources of Funds (000's) - Total \$228,619

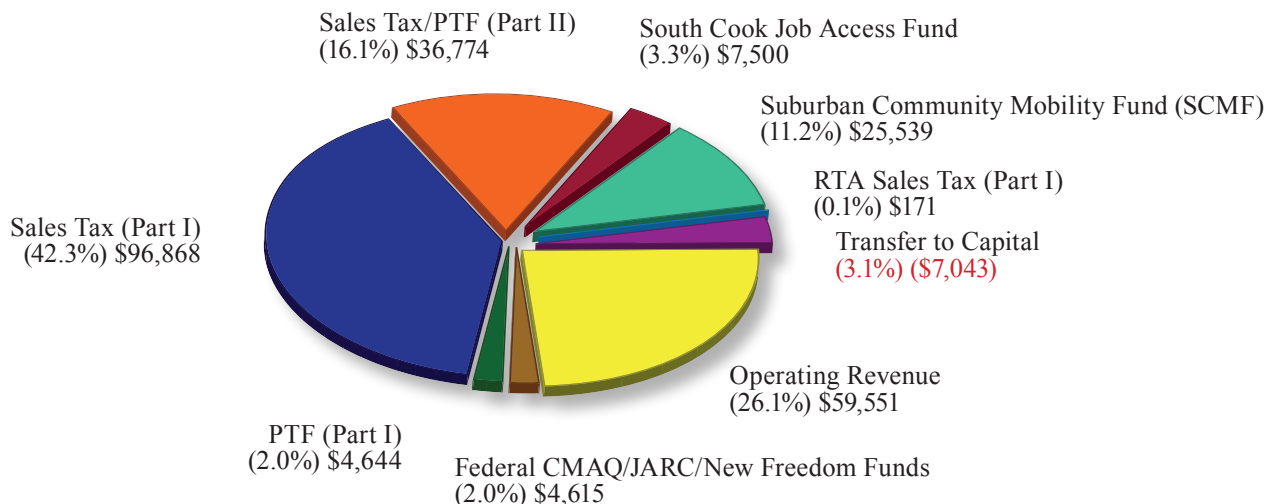
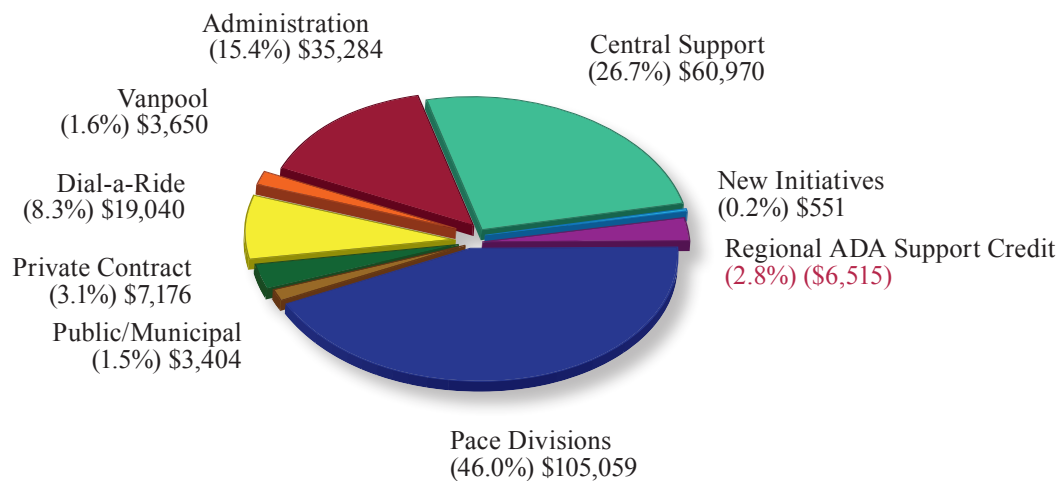


Table 8. 2017 Suburban Service Expense Summary (000's)

	2015 Actual	2016 Estimate	2017 Budget
Expenses			
Pace-Operated Services	\$89,080	\$97,010	\$105,059
Public/Municipal Contracted Services	3,157	3,286	3,404
Private Contracted Services	6,889	6,856	7,176
Dial-a-Ride Services	18,820	18,681	19,040
Vanpool Program	3,486	3,240	3,650
Centralized Operations	51,303	57,665	60,970
Administration *	29,882	33,561	35,284
New Initiatives	0	0	551
Regional ADA Support Credit	(4,476)	(4,815)	(6,515)
Total Expenses	\$198,141	\$215,484	\$228,619
Net Funding Available	\$22,833	\$10,760	\$0
Recovery Rate	30.00%	30.00%	30.30%

* Includes Debt Service beginning in 2015.

Chart C. Uses of Funds (000's) - Total \$228,619



2017 Pace-Operated Carrier Budget

PACE 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 2017, Pace will spend \$70.7 million to provide service in these areas; this represents a 10.5% increase over estimated 2016 levels.

Total revenues will increase 4.1% in 2017 as a direct result of service expansion occurring in both 2016 and 2017.

Total operating expenses will grow 8.3% over 2016 levels. Service expansion and labor and fringe benefit costs are the primary factors affecting the rising costs in 2017.

Recovery performance will decline slightly at the Divisions for 2017 due to the growth in operating expenses.

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

2017 Goals
 Pace's efforts for 2017 include providing 28.7 million rides with a minimum recovery ratio of 32.7%.

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

	2015 <u>Actual</u>	2016 <u>Estimate</u>	2017 <u>Budget</u>
Revenue			
Pace Divisions	\$32,133	\$32,577	\$33,666
CMAQ/JARC/ICE	755	444	716
Total Revenue	\$32,888	\$33,021	\$34,382
Expenses			
Operations	\$60,501	\$65,107	\$69,146
CMAQ/JARC/ICE	2,692	2,161	4,179
Maintenance	13,494	15,100	16,558
Bus Parts/Supplies	4,545	5,480	5,647
Non-Vehicle Maintenance	2,694	3,243	3,514
General Administration	5,154	5,919	6,015
Total Expenses	\$89,080	\$97,010	\$105,059
Funding Requirement	\$56,192	\$63,989	\$70,677
Recovery Ratio	36.92%	34.04%	32.73%
Ridership	28,127	27,552	28,742
Vehicle Miles	24,627	25,378	27,557
Vehicle Hours	1,590	1,677	1,775
Full-Time Equivalents (FTEs)	1,269	1,311	1,417

2017 Public/Municipal Contracted Service Budget

PACE 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 2017. The budget for Public/Municipal contracted services is summarized in the table below. Detailed information is 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 2017. Combined, these services will provide 0.616 million rides and generate \$1.186 million in revenue via the farebox or local share contributions. Total service expenditures will reach \$3.022 million in 2017, and net required funding will be \$1.836 million.

Schaumburg

A trolley service was implemented in the Woodfield area in 2001 and will continue in 2017. The 2017 estimated cost of this service is \$382,000 which will be partially funded by the Village of Schaumburg.



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

2017 Goals

Pace's efforts for 2017 include ensuring 0.635 million rides with an overall recovery ratio of 41.92%.

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

	2015 <u>Actual</u>	2016 <u>Estimate</u>	2017 <u>Budget</u>
Revenue			
Highland Park	\$610	\$610	\$615
Niles	524	545	571
Schaumburg	279	207	241
Total Revenue	\$1,413	\$1,362	\$1,427
Expenses			
Highland Park	\$1,341	\$1,402	\$1,435
Niles	1,456	1,513	1,587
Schaumburg	360	371	382
Total Expenses	\$3,157	\$3,286	\$3,404
Funding Requirement	\$1,744	\$1,924	\$1,977
Recovery Ratio	44.76%	41.45%	41.92%
Ridership	671	635	635
Vehicle Miles	592	557	557
Vehicle Hours	50	51	51

2017 Private Contract Carrier Budget

IN 2017, Pace will contract directly with two private transit providers for fixed route service in 48 different communities.

Private contractors doing business with Pace include:

- First Group
- MV Transportation

The cost of providing fixed route contracted service will increase by \$0.320 million in 2017 or 4.7% over estimated 2016 levels. The increase is due to the combination of higher contract costs in 2017 and the addition of service to this line-item budget.

Operating revenues are projected to increase by 1.9% next year and reflect growth in base ridership.

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


 **2017 Goals**
2017 goals include providing service to 1.350 million riders while achieving a minimum recovery ratio of 25.5%.

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

	<u>2015 Actual</u>	<u>2016 Estimate</u>	<u>2017 Budget</u>
Revenue			
Private Contract	\$1,925	\$1,996	\$2,034
Total Revenue	\$1,925	\$1,996	\$2,034
Expenses			
Private Contract	\$6,889	\$6,856	\$7,176
Total Expenses	\$6,889	\$6,856	\$7,176
Funding Requirement	\$4,964	\$4,860	\$5,142
Recovery Ratio	27.36%	26.23%	25.46%
Ridership	1,321	1,284	1,350
Vehicle Miles	1,829	1,903	1,919
Vehicle Hours	113	113	114

2017 Dial-a-Ride Services Budget

DIAL-A-RIDE service is available in a large portion of the Pace service area through 65 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 18 dial-a-ride projects. In most cases, the local community operates the service referred to as Municipal Provided Service. For 2017, 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 2017.

Pace contracts directly with private providers for the operation of 47 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.

Coordinated Dial-A-Ride Projects

Pace works closely with elected officials, local level staff, and human service agencies to coordinate funding and service delivery of paratransit services through a myriad of innovative coordinated projects in Cook, DuPage, Kane Lake, McHenry and Will Counties. These projects are designed by local coordinating councils to meet local needs. In addition, DuPage, Kane, Will, Lake and McHenry Counties are managed by central mobility call centers. Pace has been nationally recognized for these innovative services. The coordinated projects are listed below:

- Ride DuPage - Implemented 2004
- TRIP (Cook County) - Implemented 2005
- Ride in Kane - Implemented 2008
- MCRide (McHenry County) - Implemented 2010
- Ride Lake West - Implemented 2011
- Will Ride - Implemented 2013
- Ride Lake Central - Implemented 2016

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 nine 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 2017. The 2017 budgeted recovery rate for this program is 195.26%.

The budget shown in Table 12 is based on the \$3.00/75% subsidy formula for local dial-a-ride and will provide \$19.040 million for all dial-a-ride service throughout the six county region.

2017 Goals



Combined Dial-a-Ride efforts in 2017 will include carrying approximately 1.2 million riders while maintaining recovery performance at a level of 61.92%.

Suburban Service

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

	<u>2015 Actual</u>	<u>2016 Estimate</u>	<u>2017 Budget</u>
Revenue			
Municipal Provided Service	\$3,988	\$3,947	\$4,053
Contractor Provided Service	1,641	1,611	1,627
Call-n-Ride	101	127	140
Eastern McHenry/Ride McHenry	1,408	1,409	1,436
Ride DuPage	2,033	2,170	2,175
Ride in Kane	2,122	2,247	2,247
Community Transit	103	110	110
Total Revenue	\$11,396	\$11,621	\$11,789
Expense			
Municipal Provided Service	\$4,823	\$4,682	\$4,823
Contractor Provided Service	3,589	3,340	3,368
Call-n-Ride	1,296	1,414	1,464
Eastern McHenry/Ride McHenry	2,401	2,330	2,382
Ride DuPage	2,365	2,497	2,545
Ride in Kane	2,337	2,376	2,376
Call Centers	1,959	1,985	2,024
Community Transit	50	57	57
Total Expense	\$18,820	\$18,681	\$19,040
Recovery Rate			
Municipal Provided Service	82.67%	84.29%	84.04%
Contractor Provided Service	45.71	48.22	48.28
Call-n-Ride	7.79	9.01	9.58
Eastern McHenry/Ride McHenry	58.66	60.48	60.30
Ride DuPage	85.99	86.90	85.46
Ride in Kane	90.82	94.59	94.59
Community Transit	205.41	195.26	195.26
Total Recovery Rate	60.55%	62.21%	61.92%
Ridership			
Municipal Provided Service	292	286	286
Contractor Provided Service	201	187	188
Call-n-Ride	80	102	112
Eastern McHenry/Ride McHenry	152	148	148
Ride DuPage	110	117	117
Ride in Kane	102	101	101
Community Transit	210	216	216
Total Ridership	1,148	1,157	1,169

2017 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. Pace estimates to have 635 vans in service by year-end 2017 providing 1.770 million rides. Revenue will decline 9.3% in 2017 due to the reduction in the monthly Advantage fee charged to agencies to help offset added costs for purchasing insurance coverage. Agencies will provide coverage for the first \$1.0 million in auto liability coverage under this program.

Expenses are projected to grow 12.7% over 2016 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: Traditional, Employer Shuttle, and Advantage program.

The budget for the Vanpool program is summarized in Table 13.

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 815,000 rides with 253 vans in service by the end of 2017. The 2017 budgeted revenue is anticipated to remain stable to 2016 revenues due to the total van count remaining equal for both years. Total expenses are projected to grow 6.7%, with most of the increase coming from an anticipated increase in fuel prices. Recovery performance is budgeted at 144.68% for 2017.

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 19 shuttle vans in service at the end of 2017, no change from 2016 levels. The 2017 budgeted recovery rate for this program is 131.74%.

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.

As mentioned, the Advantage program revenue is declining in 2017 reflecting from a full year of operations with a reduced monthly fare. Expenses will grow 17.1%, reflecting rising fuel costs along with the addition of a safety monitoring system. Pace estimates to have 363 vans in service at year-end. The recovery rate for the Advantage program is budgeted at 48.92% for 2017.

2017 Goals

Pace's efforts for the entire Vanpool program in 2017 will include providing 1.770 million passenger trips and maintaining a recovery ratio of 87.41%. Pace projects to have 635 vans in service by the end of 2017.



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

Suburban Service

Table 13. Vanpool Budget (000's)

	2015 Actual	2016 Estimate	2017 Budget
Revenue			
VIP	\$2,135	\$1,993	\$1,993
Employer Shuttle	129	136	136
Advantage	1,771	1,388	1,061
Total Revenue	\$4,035	\$3,518	\$3,190
Expenses			
VIP	\$1,486	\$1,291	\$1,378
Employer Shuttle	87	97	103
Advantage	1,913	1,852	2,169
Total Expenses	\$3,486	\$3,240	\$3,650
Funding Requirement	(\$549)	(\$278)	\$460
Recovery Rate			
VIP	143.62%	154.42%	144.68%
Employer Shuttle	148.69	140.60	131.74
Advantage	92.57	74.96	48.92
Total Recovery Rate	115.74%	108.59%	87.41%
Ridership			
VIP	873	815	815
Employer Shuttle	92	97	97
Advantage	886	858	858
Total Ridership	1,851	1,770	1,770
Vehicle Miles			
VIP	6,732	6,440	6,440
Employer Shuttle	482	461	461
Advantage	4,503	4,307	4,307
Total Vehicle Miles	11,717	11,208	11,208
Vehicles in Service (year-end) - VIP	271	253	253
Vehicles in Service (year-end) - Employer Shuttle	18	19	19
Vehicles in Service (year-end) - Advantage	375	363	363
Total Vehicles in Service (year-end)	664	635	635

2017 Centralized Support Budget

PACE centrally manages numerous functions and expenditures on behalf of the entire agency, including expenses for fuel, liability insurance, healthcare, and the Ventra® fare system. The centralized support budget will reach \$61.0 million in 2017.

In 2016, Pace's centralized support expense is estimated to end the year \$6.3 million or 12.4% over 2015 levels with the majority of the increase occurring in healthcare costs.

The 2017 centralized support budget will grow 5.7% over estimated 2016 levels.

The operations component is comprised of 36 positions that provide support to all operations areas of Pace. Total operations expense will decline 2% from 2016 levels. A reduction in pension costs is contributing to the decline in operational costs next year.

Total fuel costs are projected to grow 15.5% in 2017. Fuel consumption, measured in gallons, will rise to 6.8 million and will account for 3.1% of the total cost growth. The price for fuel is forecasted to rise 12.0% in 2017. For Pace, this represents a 17 cent increase to \$1.53 per gallon. The price per gallon reflects a net discount coming from the use of CNG fuel for the South Division facility that is expected to be fully operational next year.

The maintenance component is comprised of 50 positions and includes both maintenance and materials management personnel. Total maintenance expense is projected to decline 3.3% from 2016 levels due largely to the reduced pension contribution rate for 2017.

The non-vehicle maintenance component consists of eleven positions which provide support to all building maintenance and bus shelter functions. This area is expected to grow 19.4% in 2017 due to facility expansion associated with the new I-90 service.

The administration component of the central support budget is comprised of various expenses including marketing, Ventra fare system, liability insurance, and healthcare. In 2017, both healthcare and liability insurance costs are projected to increase 9.7% and 4.3%, respectively. Ventra fare system costs will decline 20.3% due to one-time costs incurred in 2016.

2017 Goals

Pace's 2017 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)

	2015 Actual	2016 Estimate	2017 Budget
Operations	\$5,125	\$5,276	\$5,172
Fuel	10,929	8,953	10,341
Maintenance	5,294	5,337	5,163
Non-Vehicle Maintenance	1,500	1,689	2,017
Administration	3,740	4,550	4,725
Liability Insurance	7,643	8,021	8,365
Healthcare	14,638	20,634	22,635
Ventra Fare System	2,434	3,205	2,554
Total	\$51,303	\$57,665	\$60,970
Full-Time Equivalents (FTEs)	97	97	97

2017 Administrative Budget

THE 2017 administrative budget is estimated to reach \$35.3 million. Pace will utilize 196 positions to manage the Agency's administrative responsibilities including accounting, financial and capital assistance programs, marketing, information systems, legal services, purchasing, 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 2016, administrative expenses are estimated to end the year up 12.3% from 2015 levels. Increases in labor and fringe benefits along with increases in service studies, legal, and consulting costs are contributing to the year-over-year growth in expense.

The 2017 administrative budget will increase 5.1% over 2016 levels. Budgeted growth in labor costs, as well as the full-year impact of an update to Pace's Oracle IT system, account for next year's growth.

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

2017 Goals



Pace's 2017 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)

	2015 Actual	2016 Estimate	2017 Budget
Non-Vehicle Maintenance	\$396	\$373	\$377
General Administration			
Labor/Fringe Benefits	\$18,102	\$19,811	\$19,349
Parts/Supplies	252	260	268
Utilities	303	338	338
Debt Service	243	1,483	1,464
Other	10,586	11,295	13,488
Total Expenses	\$29,882	\$33,561	\$35,284
Full-Time Equivalents (FTEs)	196	196	196

2017 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 2017 through 2019. 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 2017–2019 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 2017. New service is currently being implemented throughout 2016, and the full year impact from this new service is reflected in 2017. There is also new service being added on I-90 and the Milwaukee Avenue Pulse ART which is also impacting 2017. Enhancements to the Oracle IT system are also reflected in the 2017 budget. Lastly, \$7.0 million of operating funds will be transferred to the Capital program to buy buses in 2017.

The outlook for ridership is mixed. Existing base ridership has been in declining since 2015. For 2017, ridership is forecasted to grow 3.9%. The projected growth is coming entirely from over \$11.0 million in added new service. The outlook over the three-year plan is that ridership is

expected to grow from the added new services as well as a return to growth for base ridership.

RTA is forecasting public funding will continue to grow throughout the three-year planning horizon. 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 slightly higher recovery ratio of 30.30% set by the RTA for the Suburban Service program for 2017. Pace will have to continue to use credits authorized by RTA in order to achieve the recovery ratio.

The three-year plan does not contain a fare increase; however, budget balancing actions are forecasted in the out year (2019). Given continued recovery rate pressure, future budget balancing actions will strongly need to consider the inclusion of adjusting fares.

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

	2016	2017	2018	2019
Change in Demand (Based on Total Ridership) (1)	-2.2%	3.9%	1.1%	1.1%
T-Bill Rates (90 Day) (2)	0.5%	0.7%	0.9%	1.1%
CPI-U (National) (3)	1.4%	2.2%	2.4%	2.4%
Ultra-Low Sulfur Diesel Fuel (Price Growth) (4)	-45.5%	12.0%	10.2%	12.2%
Pace Public Funds (Sales Tax I) (5)	3.9%	3.3%	3.6%	3.5%

(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 revenues.

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

(3) While numerous sources are referenced for consumer price index (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.

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

	2017	2018	2019
Fare Revenue	2.9%	1.1%	1.1%
Total Revenue	4.5%	1.8%	1.4%
Labor/Fringes	5.4%	4.0%	4.0%
Healthcare	9.7%	8.6%	8.6%
Parts/Supplies	5.3%	7.0%	7.0%
Purchased Transportation	3.3%	3.2%	3.2%
Utilities	4.7%	5.6%	5.6%
Insurance/Claims	4.3%	6.9%	6.9%
Fuel (Costs)	15.4%	10.6%	12.6%
<hr/>			
Fuel Costs - Diesel - Suburban Service	\$10.341 mil	\$11.403 mil	\$12.805 mil
Number of Gallons - Suburban Service	6.781 mil	6.785 mil	6.790 mil
Price per Gallon - Diesel*	\$1.53	\$1.68	\$1.89
<hr/>			
Fuel Costs - Gasoline - Vanpool	\$1.337 mil	\$1.510 mil	\$1.738 mil
Number of Gallons - Vanpool	.755 mil	.774 mil	.793 mil
Price per Gallon - Gasoline	\$1.77	\$1.95	\$2.19

*Fuel Cost and Price per Gallon forecasts reflect the introduction of CNG vehicles beginning in 2017.

Highlights - 2017 Budget and Three Year Plan

PACE'S 2017 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 2018–2019, the plan is balanced with continued use of these funding sources. For all three years, Pace achieves a slightly higher recovery ratio of 30.30% 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 2.4%. The growth in revenue reflects continued ridership growth over the three-year horizon, along with associated growth projected in non-service revenues. Ridership growth from added new service will drive the growth in fare revenue. An assumption that the state will continue to reimburse for reduced fare riders has also been built into this three-year plan.

Expenses will grow at an annual compound rate of 5.9% over the three-year period. Expense growth over the plan

years is directly influenced by introduction of planned new services in 2016 and 2017. 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. Given the pressure from increasing the recovery ratio, future budget balancing actions will strongly need to consider the inclusion of adjusting fares.

Total public funding will grow at an annual compound rate of 3.3% over the three-year plan cycle and will include sales tax revenues and federal sources of funds. A one-time occurrence of transferring operating funds to the Capital Program is planned for 2017. The \$7.0 million transfer will fund the purchase of 53 new buses. 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 with the use of a Flex Lane.

Suburban Service Budget and Three Year Plan

Table 18. 2017-2019 Suburban Service Operating Budget and Three Year Business Plan (000's)

	2015 Actual	2016 Estimate	2017 Budget	2018 Plan	2019 Plan
Operating Revenue					
Farebox Revenue	\$39,423	\$39,190	\$40,308	\$40,766	\$41,229
Reduced Fare Reimbursement	162	1,346	2,610	2,610	2,610
Advertising	3,105	2,666	2,747	2,848	3,024
L-Share/Invest/Other/New Initiatives	13,226	13,769	13,886	14,426	14,620
Total Revenue	\$55,916	\$56,971	\$59,551	\$60,650	\$61,483
Operating Expenses					
Labor/Fringes	\$109,143	\$117,837	\$124,181	\$129,195	\$134,359
Healthcare	14,638	20,634	22,635	24,581	26,695
Parts/Supplies	7,599	8,333	8,772	9,382	10,035
Purchased Transportation	27,937	27,985	28,911	29,838	30,797
Fuel	12,548	10,116	11,678	12,913	14,543
Utilities	1,960	2,154	2,255	2,382	2,516
Insurance	7,643	8,021	8,365	8,944	9,564
Other*	21,149	25,219	27,786	30,279	30,778
New Initiatives	0	0	551	1,537	1,537
Regional ADA Support Credit	(4,476)	(4,815)	(6,515)	(6,781)	(7,057)
Budget Balancing Actions	0	0	0	0	(4,446)
Total Expenses	\$198,141	\$215,484	\$228,619	\$242,270	\$249,321
Funding Requirement	\$142,225	\$158,513	\$169,068	\$181,620	\$187,838
Public Funding					
Sales Tax (Part I)	\$90,273	\$93,814	\$96,868	\$100,356	\$103,868
Sales Tax and PTF - (Part II)	33,495	34,894	36,774	37,450	38,053
Suburban Community Mobility Funds (SCMF)	23,800	24,557	25,539	26,459	27,385
South Suburban Job Access Funds	7,500	7,500	7,500	7,500	7,500
PTF (Part I)	4,358	4,460	4,644	4,811	4,980
RTA Sales Tax (Part I)	244	469	171	192	442
RTA ICE Funds	1,848	1,123	0	0	0
Federal CMAQ/JARC/New Freedom/5307	3,540	2,456	4,615	4,852	5,610
Transfer to Capital	0	0	(7,043)	0	0
Total Public Funding	\$165,058	\$169,273	\$169,068	\$181,620	\$187,838
Net Funding Available	\$22,833	\$10,760	\$0	\$0	\$0
Recovery Ratio	30.00%	30.00%	30.30%	30.30%	30.30%

*Other includes Debt Service

Pace Suburban Service Cash Flow - 2017

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 2017.

Table 19. Pace Suburban Service Projected Cash Flow Summary - 2017 (000’s)

	<u>Beginning Balance</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Net Results</u>	<u>Ending Balance</u>
January	\$49,041	\$17,694	\$19,870	(\$2,176)	\$46,865
February	46,865	17,889	19,870	(1,981)	44,883
March	44,883	19,930	21,939	(2,009)	42,874
April	42,874	16,946	19,870	(2,924)	39,950
May	39,950	16,775	19,870	(3,095)	36,855
June	36,855	18,346	20,682	(2,336)	34,518
July	34,518	18,050	19,870	(1,820)	32,698
August	32,698	18,358	19,870	(1,512)	31,186
September	31,186	18,975	20,550	(1,575)	29,611
October	29,611	21,011	19,870	1,141	30,751
November	30,751	18,623	19,870	(1,247)	29,504
December	29,504	26,023	20,682	5,341	34,845





2017 Regional ADA Paratransit Operating Budget

Summary

THE 2017 Regional ADA Service program is summarized below and detailed throughout this section. The table below shows total operating expenses will reach \$174.970 million in 2017—up 7.3% or \$11.946 million over estimated 2016 levels. Revenues will increase by 3.2% or \$0.450 million to \$14.384 million. The ADA program will receive \$160.586 million in funding, the amount identified as available by RTA for 2017.

The estimate for 2016 shows the ADA program will finish favorable to budget. Budget savings will occur in purchased

transportation expenses, as well as fuel, causing total expense to end the year below budget by \$11.775 million and offsetting the shortfall in operating revenue.

In 2017, total ridership is expected to grow by 3.4% over the 2016 estimate, reaching 4.517 million trips. This growth is accommodated by the projected funding level of \$160.586 million.

The 2017 Regional ADA Paratransit program as presented in this section is balanced to the \$160.586 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>2015 Actual</u>	<u>2016 Estimate</u>	<u>2017 Budget</u>
Total Operating Expenses	\$154,816	\$163,024	\$174,970
Less: Total Operating Revenue	16,559	13,934	14,384
Funding Requirement	\$138,257	\$149,090	\$160,586
Less:			
Sales Tax & PTF (Part II)	130,981	151,487	152,086
State Funds	8,395	7,600	8,500
Net Funding Available	\$1,119	\$9,997	\$0
Recovery Ratio*	10.00%	10.00%	10.00%

*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.

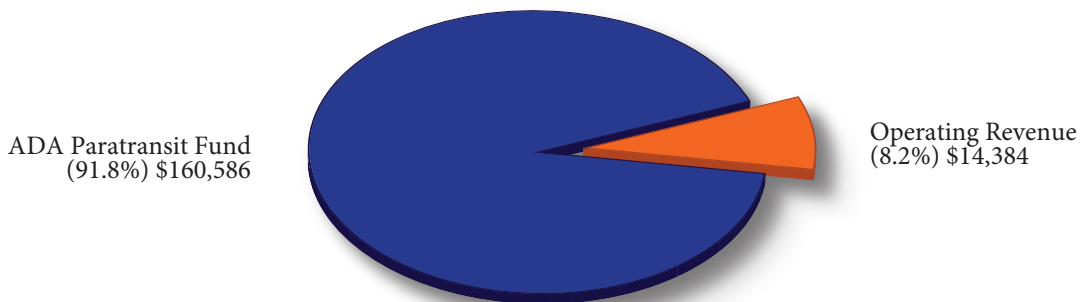
In 2012, the RTA Act was amended to increase the ADA Fund level to \$115 million. The amendment also states that for each year thereafter, an amount equal to the final budget funding for ADA paratransit service for the cur-

rent year shall be provided. Based on this amendment, the RTA has established the amount of \$160.586 million for 2017, which includes \$8.500 million in additional state funding. This level of funding will represent 91.8% 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 2017, 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 2017, operating revenues will represent \$14.384 million, or 8.2% of the total sources of funds available to the Regional ADA Paratransit Program.

Chart D. ADA Sources of Funds (000's) - Total \$174,970



Regional ADA Paratransit Uses of Funds

ALL funds received in 2017 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.

City ADA Services

Pace will continue to provide all ADA service within the City of Chicago. For 2017, Pace expects to spend \$136.148 million for City ADA service. The majority of these expenditures (94.8%) 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 \$0.974 million for TAP in 2017.

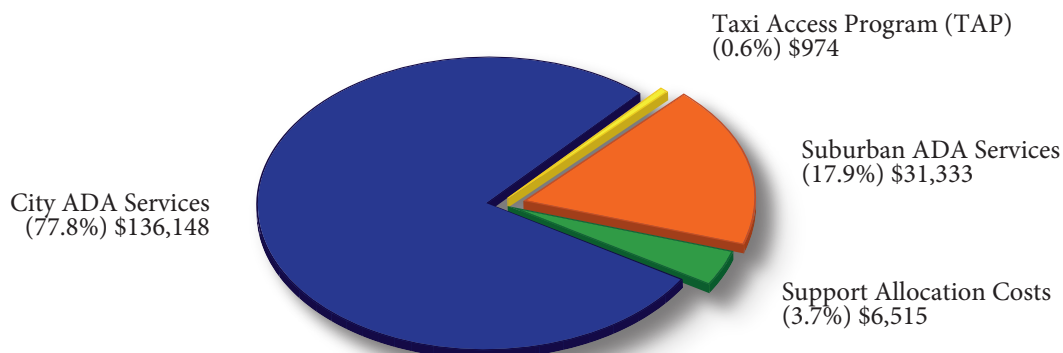
Suburban ADA Services

Pace provides ADA service in the suburbs. For 2017 Pace will spend \$31.333 million for Suburban ADA service. Costs for contracted service in the suburbs will account for 95.3% of the total cost, including fuel. Similar to the City service, the balance includes costs for insurance, administration, as well as 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 2017, Pace will incur \$6.515 million in overhead support costs that will be allocated to the Regional ADA program.

Chart E. ADA Uses of Funds (000's) - Total \$174,970



2017 Regional ADA Paratransit Service Budget - City/Suburban Detail

PACE'S 2017 revenue, expense, and funding requirements for the Regional ADA Paratransit services are presented in Table 21 below. The estimates for 2016 and the budget for 2017 are broken down into City, TAP, and Suburban components.

The 2017 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. 2017 Regional ADA Paratransit Service Budget - City/Suburban Details (000's)

	2016 Estimate			2017 Budget			Net Change 2016-2017
	City	Suburban	Region Total	City	Suburban	Region Total	
Revenue							
Fares—Contract	\$8,410	\$2,498	\$10,908	\$8,662	\$2,623	\$11,285	\$377
Fares—TAP	198	0	198	198	0	198	0
RTA Certification	831	357	1,188	884	377	1,261	73
Medicaid	1,485	0	1,485	1,485	0	1,485	0
Investment Income	155	0	155	155	0	155	0
Total Revenue	\$11,080	\$2,855	\$13,934	\$11,384	\$3,000	\$14,384	\$450
Expenses							
Contract Services	\$121,040	\$26,113	\$147,152	\$129,103	\$27,599	\$156,702	\$9,550
TAP Services	974	0	974	974	0	974	0
Fuel	0	1,904	1,904	0	2,262	2,262	358
Insurance	317	0	317	317	0	317	0
Administration	5,558	1,141	6,700	5,845	1,126	6,971	271
RTA Certification	763	327	1,090	811	346	1,157	67
Other	72	0	72	72	0	72	0
ADA Support Allocation	0	0	4,815	0	0	6,515	1,700
Total Expenses	\$128,724	\$29,485	\$163,024	\$137,122	\$31,333	\$174,970	\$11,946
Funding Requirement	\$117,644	\$26,630	\$149,090	\$125,738	\$28,333	\$160,586	\$11,496
Public Funding	\$0	\$0	\$159,087	\$0	\$0	\$160,586	\$1,499
Net Funding Available	\$0	\$0	\$9,997	\$0	\$0	\$0	(\$9,997)
Recovery Ratio	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	0.00%
Base Ridership—Contract	2,821	875	3,696	2,906	919	3,824	128
Total Ridership—Contract	3,312	999	4,311	3,411	1,049	4,460	149
Ridership—TAP	57	0	57	57	0	57	0
Ridership—Total	3,369	999	4,367	3,468	1,049	4,517	149

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 2017 through 2019.

In summary, the 2017 ADA Paratransit budget is balanced to the \$160.586 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 – 2017 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 3.5%. Fare revenue grows consistent with the annual compound growth rate for ridership—3.5%.

Expenses will grow at an annual compound rate of 6.6% during the three year period, consistent with demand as well as price increases.

Total ADA funding is growing at an annual compound rate of 4.7% 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>2017</u>	<u>2018</u>	<u>2019</u>
Contractor Costs - City	3.7%	3.4%	3.3%
Contractor Costs - Suburban	0.7%	1.1%	1.3%
Demand - City	3.0%	3.0%	3.0%
Demand - Suburban	5.0%	5.0%	5.0%
<hr/>			
Fuel Costs - ADA	\$2.262 mil	\$2.623 mil	\$3.102 mil
Number of Gallons - ADA	1.315 mil	1.381 mil	1.450 mil
Price per Gallon - ADA	\$1.72	\$1.90	\$2.14

Regional ADA Paratransit Budget and Three Year Business Plan

Table 23. 2017-2019 Regional ADA Paratransit Budget and Three Year Business Plan (000's)

	<u>2015 Actual</u>	<u>2016 Estimate</u>	<u>2017 Budget</u>	<u>2018 Plan</u>	<u>2019 Plan</u>
Operating Revenue					
Fares	\$10,809	\$11,106	\$11,483	\$11,874	\$12,280
Certification Revenue	1,838	1,188	1,261	1,341	1,423
Medicaid	3,822	1,485	1,485	1,485	1,485
Investment Income	90	155	155	155	155
Total Revenue	\$16,559	\$13,934	\$14,384	\$14,855	\$15,343
Operating Expense					
Labor/Fringes	\$2,409	\$3,053	\$3,113	\$3,223	\$3,338
Health Care	237	492	533	579	629
Administrative Expense	2,918	3,226	3,397	3,479	3,563
Fuel	2,384	1,904	2,262	2,623	3,102
Insurance/Claims	267	317	317	325	333
RTA Certification Trips	1,476	1,090	1,157	1,230	1,306
Suburban ADA Purchased Transportation	24,048	26,113	27,599	29,291	31,130
City ADA Purchased Transportation	115,627	121,040	129,103	137,374	146,052
TAP & Mobility Direct Services	974	974	974	974	974
Regional ADA Support Allocation	4,476	4,815	6,515	6,781	7,057
Total Expenses	\$154,816	\$163,024	\$174,970	\$185,879	\$197,484
Funding Requirement	\$138,257	\$149,090	\$160,586	\$171,024	\$182,141
Public Funding					
Sales Tax and PTF (Part II)	\$130,981	\$151,487	\$152,086	\$162,524	\$173,641
State Funds	8,395	7,600	8,500	8,500	8,500
Total Public Funding	\$139,376	\$159,087	\$160,586	\$171,024	\$182,141
Net Funding Available	\$1,119	\$9,997	\$0	\$0	\$0
Recovery Ratio With Credits	10.00%	10.00%	10.00%	10.00%	10.00%

Pace Regional ADA Paratransit Cash Flow - 2017

THE following provides an estimate of Pace's 2017 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 - 2017 (000's)

	Beginning Balance	Revenues	Expenses	Net Results	Ending Balance
January	\$0	\$13,873	\$14,581	(\$708)	(\$708)
February	(708)	13,873	14,581	(\$708)	(1,417)
March	(1,417)	13,873	14,581	(\$708)	(2,125)
April	(2,125)	13,873	14,581	(\$708)	(2,833)
May	(2,833)	13,873	14,581	(\$708)	(3,542)
June	(3,542)	13,873	14,581	(\$708)	(4,250)
July	(4,250)	13,873	14,581	(\$708)	(4,958)
August	(4,958)	13,873	14,581	(\$708)	(5,666)
September	(5,666)	13,873	14,581	(\$708)	(6,375)
October	(6,375)	13,873	14,581	(\$708)	(7,083)
November	(7,083)	13,873	14,581	(\$708)	(7,791)
December	(7,791)	22,373	14,581	\$7,791	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. At this time, the RTA has not yet published any updates to the 2014 report. 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 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. The report accumulates an inventory of all assets in the region and places 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 (Millions of 2013\$)

	Normal Reinvestment				Subtotal	Total	% of Total
	SGR Backlog	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%
Total	\$19,540	\$11,048	\$4,849	\$703	\$16,600	\$36,140	100.0%
% 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

2017 Suburban Service Capital Program/Project Descriptions

Capital Budget Mark Assumptions

THE RTA passed the preliminary funding marks on August 25, 2016 which provide estimated federal and other funds that are anticipated to be available to the region for capital investment purposes. The 2017 Capital Program marks provide to Pace \$40.275 million in Federal 5307 and 5339 formula funding from the Federal Transit Administration (FTA), \$7.500 million in RTA bond funds, and \$1.660 million in RTA ICE funds. Pace also budgeted \$4.500 million of its own positive budget variance (PBV) funds. In addition, this year for the first time Pace is using funds from the 2017 operating budget to help fund the bus replacement program in the amount of \$7.043 million. This element is being referred to as “Transfer Capital”, consistent with similar transfers from operations to capital by CTA and Metra in prior years.

Table 26. Pace 2017 Capital Program Marks (000’s)

	<u>Amount</u>
Federal 5307/5339 Formula	\$40,275
RTA Bond Funds	7,500
RTA ICE Funds	1,660
Pace PBV Funds	4,500
Pace Transfer Capital	7,043
Total	\$60,978

Funding Summary

The 2017 Suburban Capital Program totals \$60.978 million. Almost all of the funding will be used for projects needed to bring the Pace system to a State of Good Repair. Only \$1.950 million will be used to partially fund the construction of a new park-n-ride lot in Plainfield. There is a tremendous need for more capital funding to bring the system to a State of Good Repair, as Pace does not have adequate funding for upgrades and maintenance of its facilities and infrastructure. The capital program which is constrained to the funding available, includes the following:

Rolling Stock (\$50.518 Million)

- 76 Fixed route buses (\$34.300 million): This project funds 76 35’ and 40’ transit buses.

- 53 Fixed route small buses (\$7.043 million): This project funds 53 small buses that will be put into Pace’s contract operated services with peak demand of less than 23 passengers. The full size buses being replaced will be added to Pace-operated fixed route service.
- 108 Paratransit vehicles (\$6.719 million): This project funds 108 11-15 passenger replacement vehicles.
- 21 Community vehicles (\$1.556 million): This project funds 21 replacement vehicles for the Community Vehicle and Call-n-Ride programs.
- Associated Capital (\$0.300 million): This project funds engines, transmissions, and turbochargers for paratransit vehicles.
- Engine/Transmission replacement (\$0.600 million): This project funds engines and transmissions for fixed route buses.

Operating Cost Impacts

Pace’s average fleet age is 8.4 years for fixed route and 4.0 years for paratransit, vanpool, and community vehicles. The typical life expectancy is 12 years for fixed route buses and four years for paratransit, vanpool, and community vehicles. For fixed route buses, mid-life expenses begin increasing at the six to eight-year mark. Vehicle and engine/transmission replacements will lower maintenance costs, improve fuel economy, and reduce overall operating expenses. Additionally, the use of smaller buses in contracted services will result in approximately 50,000 gallons of fuel saved annually. The amount of fuel paid by Pace to contractors is currently capped, and the reduction in fuel usage is not projected to lower the amount under the cap; therefore, there is no expected operational impact to Pace in 2017. Future contracts could factor in these savings and the reduction in emissions will benefit the air quality of communities where these services operate.

Electrical/Signal/Communications (\$1.660 Million)

- IBS Equipment Replacement (\$1.660 million): This represents the second year of RTA ICE funding for the replacement of Pace’s Intelligent Bus System (IBS). This project will continue to be funded over

a three-year period for a total of \$5.200 million. 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.

Operating Cost Impacts

Replacement of Pace's IBS equipment will allow for improved and more reliable bus tracking, passenger counts, driver communications, data transfer speeds, and decreased data loss. These improvements will allow for better route optimization to improve ridership and increase operating revenues.

Support Facilities & Equipment (\$6.100 Million)

- Improve Facilities (\$2.045 million): Projects include bus washers for South, River, and Northwest Divisions; underground storage tank improvements to comply with new EPA regulations which take effect in 2018; a make-up air handling unit; a heavy duty air compressor, and a building boiler.
- Computer Hardware/Software and Systems (\$3.400 million): Projects include the Phase 2 implementation of Pace's Enterprise Asset Management (EAM) Oracle System for \$2.300 million and other hardware and software upgrades for \$1.100 million.
- Support Equipment/Non-Revenue Vehicles (\$0.655 million): Projects include purchase of vehicle lifts, riding floor scrubbers, and an electric skyjack scissor lift for the East Dundee garage rental facility. In addition, funding will be used for the purchase of ten non-revenue vehicles.

Operating Cost Impacts

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. Replacement fleet cars will result in lower vehicle maintenance costs.

Stations & Passenger Facilities (\$2.450 Million)

- Plainfield Park-n-Ride (\$1.950 million): Pace is working with the Village of Plainfield to finalize a long-term exclusive License Agreement which will allow Pace to construct a park-n-ride lot located at Van Dyke Street south of 143rd Street. The current plan calls for up to 400 parking spaces, bus shelters, a traffic signal and a drivers' washroom, with a total estimated project cost of \$5.800 million. \$1.0 million for the design and engineering has been funded with Pace PBV in 2016 and \$4.800 million for construction is expected to take place in 2017. Only \$1.950 million is available currently; the remaining \$2.850 million will be programmed in the first quarter of 2017 when additional PBV is expected to be available.
- Bus Stop Shelters/Signs (\$0.500 million): Projects include the replacement of bus stop shelters and signs.

Operating Cost Impacts

The Plainfield Park-n-Ride will further alleviate parking congestion in downtown Plainfield. Pace is currently addressing this through lease agreements with local businesses that have spare parking lot spaces. Not having to lease 400 spaces through existing and future agreements is projected to save Pace approximately \$100,000 annually. For shelters, a large majority will contain advertisements where maintenance and utility costs are incurred by the ad agency and not Pace. In addition, improving passenger waiting conditions encourages increased ridership, which in turn generates additional farebox revenue.

Miscellaneous (\$0.250 Million)

- Unanticipated Capital (\$0.250 million): This will fund capital eligible projects not anticipated in the budget process.

Capital Budget Suburban Service

Table 27. Suburban Service 2017 Capital Program - (000's)

	AC	EC	Total Budget	Federal Section 5307/5339	RTA ICE	RTA Bond	Pace Funds	Trans. Capital
Rolling Stock								
76 Fixed Route Buses	B	M3	\$34,300	\$29,250	\$0	\$5,050	\$0	\$0
53 Fixed Route Small Buses	B	M3	7,043	0	0	0	0	7,043
108 Paratransit Vehicles	B	M3	6,719	6,719	0	0	0	0
21 Community Vehicles	B	M3	1,556	1,556	0	0	0	0
Associated Capital	R	M3	300	300	0	0	0	0
Engine/Transmission Replacement	R	M3	600	600	0	0	0	0
Subtotal			\$50,518	\$38,425	\$0	\$5,050	\$0	\$7,043
Electrical/Signal/Communications								
IBS Equipment Replacement	B	M3	\$1,660	\$0	\$1,660	\$0	\$0	\$0
Subtotal			\$1,660	\$0	\$1,660	\$0	\$0	\$0
Support Facilities & Equipment								
Improve Facilities - Systemwide	B	M3	\$2,045	\$0	\$0	\$2,045	\$0	\$0
Computer Systems/Hardware & Software	NR	M3	3,400	1,100	0	0	2,300	0
Support Equipment/Non-Revenue Vehicles	NR	M3	655	250	0	405	0	0
Subtotal			\$6,100	\$1,350	\$0	\$2,450	\$2,300	\$0
Stations & Passenger Facilities								
Plainfield Park-n-Ride - Partial funding	NR	EN-1	\$1,950	\$0	\$0	\$0	\$1,950	\$0
Bus Stop Shelters/Signs	NR	M3	500	500	0	0	0	0
Subtotal			\$2,450	\$500	\$0	\$0	\$1,950	\$0
Miscellaneous								
Unanticipated Capital	N/A	N/A	\$250	\$0	\$0	\$0	\$250	\$0
Subtotal			\$250	\$0	\$0	\$0	\$250	\$0
Total 2017 Suburban Capital Program			\$60,978	\$40,275	\$1,660	\$7,500	\$4,500	\$7,043
2017 Marks				\$40,275	\$1,660	\$7,500	\$4,500	\$7,043

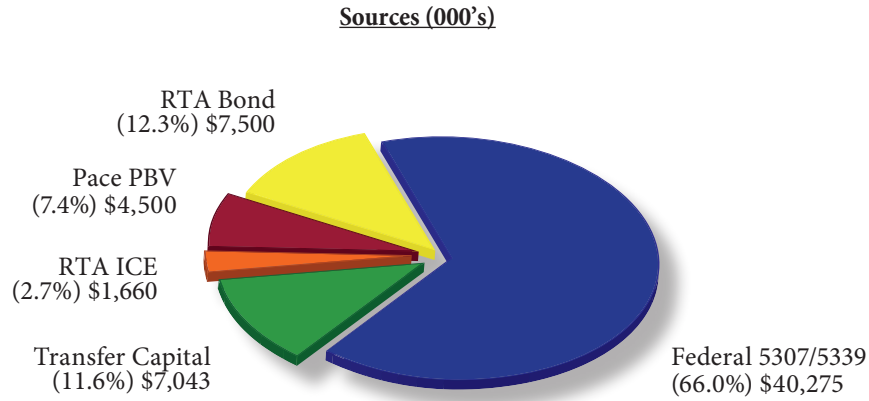
LEGEND

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

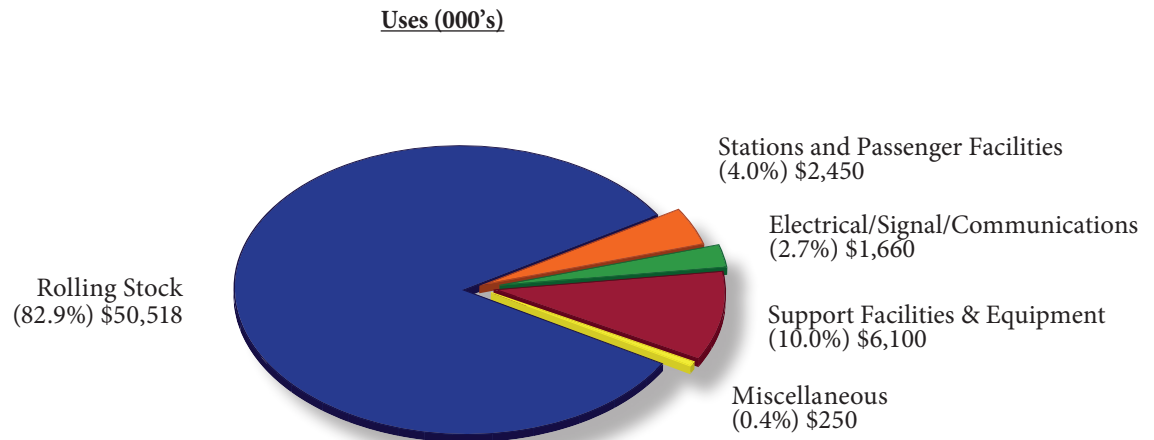
EC = EVALUATION CRITERIA
M = MAINTAIN
 M1 - SAFETY/SECURITY
 M2 - REGULATORY
 M3 - STATE OF GOOD REPAIR
EN=ENHANCE
 EN-1 - CAPACITY IMPRVM
 EN-2 - OPERATIONAL EFFIC
 EN-3 - NEW TECHNOLOGIES
EX=EXPAND
 EX-1 - CONGESTION RELIEF
 EX-2 - TRANSIT ALTERNATIVES

Capital Budget Suburban Service

Chart F. 2017 Suburban Services Capital Program - Sources/Uses of Funds (000's) - Total \$60,978



66% of the Pace program is expected to be derived from Federal sources.



Over 82% of the Pace program will be spent on the replacement of rolling stock.

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 including any state funding in their marks due to the lack of a new state capital program. If a capital program is approved by the state, funding amounts for the Service Boards will be revised and amended.

Federal Formula and Discretionary Funding

On December 4, 2015, President Obama signed into law the Fixing America's Surface Transportation Act or the "FAST Act". The FAST Act authorizes funding certainty for surface transportation programs for five federal fiscal years (FY16-FY20) through September 30, 2020, with transit funding increases of 7% in 2016 and followed thereafter by about 2% annually; this results in a 15.5% increase over 2016 by 2020. For 2021, the RTA assumed a 2% rate of growth consistent with the funding provisions of the FAST Act.

This assumption applies to the following 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. The total federal funding for the 2017-2021 Capital Program amounts to \$2.6 billion. 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.

Funds from limited federal discretionary programs are made available on a competitive basis nationally and awarded on a project specific basis. Some of these Federal Transit Administration (FTA) programs are the Core Capacity; the Bus and Bus Facilities; the Low or No Emission Competitive Grant program; and Positive Train Control. Competitive grant programs include the Federal Highway Administration (FHWA) Flexible, Homeland Security, and Federal Emergency Management Agency (FEMA) grants. Each Service Board must apply individually to the FTA or FEMA for these funds. The FAST Act continues the flexible use of highway apportioned funds such as the Surface Transportation Grant Program (STP) and Congestion Mitigation and Air Quality (CMAQ) funds to be transferred from the FHWA to the FTA for transit purposes. The Service Boards can also apply for loans through the federal Transportation Infrastructure Finance and Innovation Act (TIFIA).



In 2016, Pace will complete a major mid-life renovation to the Pace Transportation Center in Elgin including the construction of a new passenger building.

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.

The RTA provides capital funding to the Service Boards through the Innovative Coordination and Enhancement (ICE) program and RTA issued bonds. 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. ICE funding, as in the past years, will be distributed monthly to each Service Board with the understanding that the Service Boards can apply these funds to either ICE operating or ICE capital projects. The RTA plans to issue \$308 million in bonds to support the 2017-2021 capital program with \$150 million in bonds programmed in 2017 and \$158 million in 2020. These bond proceed 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 the RTA.

Service Board Funding

Service Board funds from Positive Budget Variance (PBV) and operating funds transferred to capital represent additional funds available; This is referred to as “Transfer Capital” to be consistent with similar transfers from operations to capital by CTA and Metra. In 2017, Pace plans to use Positive Budget Variance money and Transfer Capital for needed capital improvements.

Lastly, Public Act 97-0770 gave Pace authority to issue bonds for eligible capital projects. This Public Act was effective January 1, 2013 and totaled \$100 million for four specific construction projects. Public Act 99-0665, effective July 29, 2016, amended Public Act 97-0770 to now allow Pace to issue bonds for the purchase of transit buses in addition to the previously authorized projects. Pace’s total bonding authority remains at \$100 million.



Pace is completing the expansion of Bolingbrook Park-n-Ride at I-55 and Route 53 to accommodate increases in ridership from the Bus on Shoulder service. This expansion will add 71 additional spaces for a total of 219 spaces.



Pace is replacing the fire loop at its West Division garage.

Capital Budget Suburban Service



2017-2021 Five Year Suburban Service Capital Business Plan - Constrained

THE RTA Board passed the required funding marks on August 25, 2016. Pace's 2017-2021 Five Year Capital Plan is based on the preliminary funding marks provided by RTA. The five year constrained needs total \$263.545 million for critical state of good repair projects.

The 2017-2021 Capital Business Plan heavily relies on the receipt of federal 5307/5339 formula funds (totaling \$209.826 million) and CMAQ which is discretionary (\$11.616 million). Additionally, this program assumes \$15.400 million in RTA Bond funds; \$5.160 million in RTA ICE funds; \$9.000 million in Pace bonds for garages; and assumes \$5.500 million in Pace PBV funds. Lastly, for the first time this year Pace is also using funds from the 2017 operating budget to help fund our bus replacements in the amount of \$7.043 million. This is referred to as "Transfer Capital".

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 nearly \$700 million to achieve a State of Good Repair, by purchasing buses and constructing infrastructure for Dempster, 95th Street, Cermak and Halsted Pulse ART services; to construct up to three satellite bus garages and enhance passenger stations. The primary shortfall is in facility upgrades.

The following list 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 (\$182.083 million)

- Fixed route buses – 293
- Paratransit buses – 530

- Community/Call-n-Ride vehicles – 107
- Vanpool vans – 451
- Associated capital
- Engine/transmission replacement and retrofit

Electrical/Signal/Communications (\$5.160 million)

- Intelligent Bus System (IBS) Equipment Replacement

Support Facilities & Equipment (\$57.052 million)

- Improve facilities – systemwide
- Computer systems/hardware and software
- Support equipment/non-revenue vehicles
- Farebox system
- Land and engineering services for a new Northwest Cook garage
- Office equipment and furniture

Stations & Passenger Facilities (\$18.000 million)

- Passenger facilities – mid-life renovation
- Plainfield Park-n-Ride
- Posted stops only conversion
- Bus stop shelters/signs

Miscellaneous (\$1.250 million)

- Unanticipated Capital

Table 28. Pace FY2017–2021 Capital Program - Constrained (000's)

Funding Source	Amount
Federal 5307/5339 Formula Funds	\$209,826
Federal CMAQ	11,616
RTA Bond	15,400
RTA ICE	5,160
Pace Bond Program - Garages	9,000
Pace PBV Funds	5,500
Pace Transfer Capital	7,043
Total	\$263,545

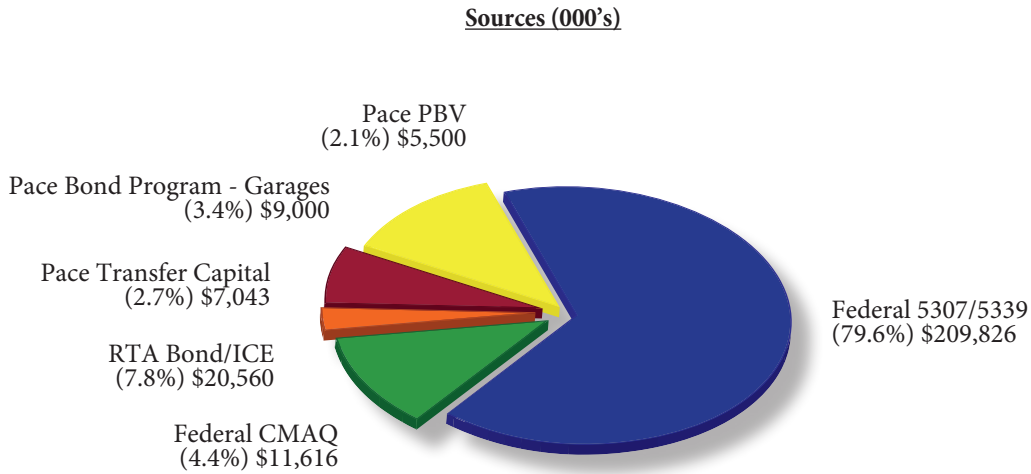
Capital Budget Suburban Service

Table 29. 2017-2021 Suburban Service Capital Business Plan (000's) - Constrained

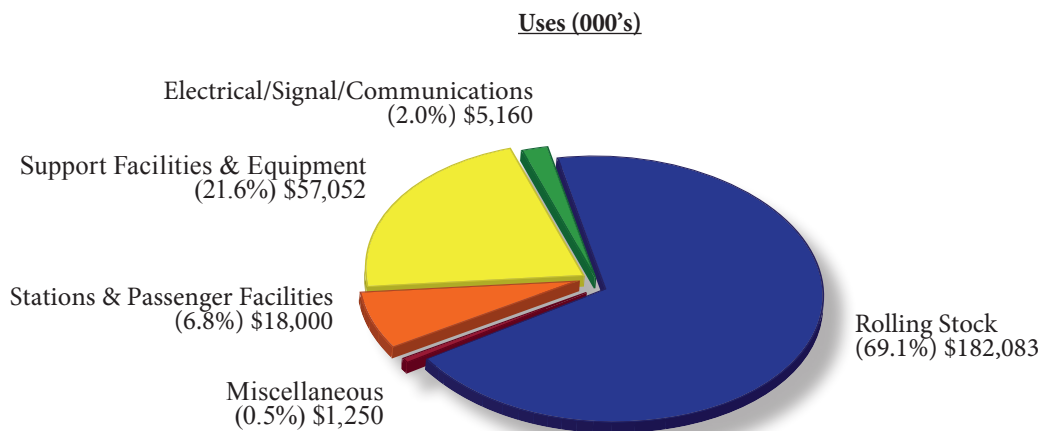
	2017	2018	2019	2020	2021	5 YEAR 2017-2021
Rolling Stock Quantities						
Fixed Route Buses	76	31	44	65	24	240
Fixed Route Small Buses	53	0	0	0	0	53
Paratransit Buses	108	140	75	83	124	530
Community/Call-n-Ride Vehicles	21	26	15	25	20	107
Vanpool Vehicles	0	102	187	0	162	451
Rolling Stock						
Fixed Route Buses	\$34,300	\$13,950	\$19,800	\$29,250	\$10,800	\$108,100
Fixed Route Small Buses	7,043	0	0	0	0	7,043
Paratransit Buses	6,719	8,695	4,650	5,162	7,688	32,914
Community/Call-n-Ride Vehicles	1,556	1,950	1,125	1,875	1,500	8,006
Vanpool Vehicles	0	4,096	7,520	0	6,504	18,120
Associated Capital	300	250	250	250	250	1,300
Engine/Transmission Replacement and Retrofit	600	1,500	1,500	1,500	1,500	6,600
Subtotal	\$50,518	\$30,441	\$34,845	\$38,037	\$28,242	\$182,083
Electrical/Signal/Communications						
IBS Equipment Replacement	\$1,660	\$1,720	\$1,780	\$0	\$0	\$5,160
Subtotal	\$1,660	\$1,720	\$1,780	\$0	\$0	\$5,160
Support Facilities & Equipment						
Improve Facilities - Systemwide	\$2,045	\$3,955	\$7,973	\$7,029	\$9,895	\$30,897
Computer Systems/Hardware and Software	3,400	1,000	1,000	1,100	1,000	7,500
Support Equipment/Non-Revenue Vehicles	655	1,000	900	800	800	4,155
Farebox System	0	3,500	0	0	0	3,500
Northwest Cook Garage	0	0	0	6,000	3,000	9,000
Office Equipment/Furniture	0	500	500	500	500	2,000
Subtotal	\$6,100	\$9,955	\$10,373	\$15,429	\$15,195	\$57,052
Stations & Passenger Facilities						
Passenger Facilities - Mid-Life Renovation	\$0	\$1,850	\$2,250	\$2,250	\$2,250	\$8,600
Plainfield Park-n-Ride - Partial Funding	1,950	0	0	0	0	1,950
Posted Stops Only Conversion	0	1,700	1,000	0	0	2,700
Bus Stop Shelters/Signs	500	1,250	1,000	1,000	1,000	4,750
Subtotal	\$2,450	\$4,800	\$4,250	\$3,250	\$3,250	\$18,000
Miscellaneous						
Unanticipated Capital	\$250	\$250	\$250	\$250	\$250	\$1,250
Subtotal	\$250	\$250	\$250	\$250	\$250	\$1,250
Grand Total - Constrained	\$60,978	\$47,166	\$51,498	\$56,966	\$46,937	\$263,545

Capital Budget Suburban Service

Chart G. 2017-2021 Suburban Service Capital Business Plan-Sources/Uses of Funds - Constrained Total \$263,545 (000's)



84% of Pace's program is expected to be derived from Federal sources.



Nearly 70% of the funding will be spent on rolling stock.

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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 growing 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 the service.

The Unconstrained Regional ADA Five Year Capital Program requires a total of \$120.2 million for the five-year period 2017-2021.

Highlights of the Five Year Regional ADA Program include:

- 1,086 replacement vehicles
- Purchase of a new systemwide radio system
- Construct up to four new garages
- Computers and systems
- Purchase a new farebox system
- Construct passenger transfer locations

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 or ramp equipped. The 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 their garages where their vehicles 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 design and construct passenger transfer locations 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. 2017-2021 Regional ADA Paratransit - Unconstrained Capital Budget (000's)

Project Description	2017	2018	2019	2020	2021	5 YEAR 2017-2021
City	20	142	431	118	59	770
Suburban	95	64	64	25	18	266
Regional ADA Expansion	10	10	10	10	10	50
Total Regional ADA Vehicle Needs	125	216	505	153	87	1,086
Rolling Stock						
City ADA Bus Replacement	\$1,240	\$8,804	\$26,722	\$7,316	\$3,658	\$47,740
Suburban ADA Bus Replacement	5,890	3,968	3,968	1,550	1,116	16,492
Regional ADA Expansion	620	620	620	620	620	3,100
Subtotal	\$7,750	\$13,392	\$31,310	\$9,486	\$5,394	\$67,332
Electrical/Signal/Communications						
Systemwide Radio System	\$375	\$648	\$1,515	\$459	\$261	\$3,258
Subtotal	\$375	\$648	\$1,515	\$459	\$261	\$3,258
Support Facilities And Equipment						
Construct up to Four Garage Facilities	\$1,742	\$2,507	\$11,256	\$8,946	\$10,200	\$34,651
Computers and Systems	3,000	2,000	1,000	1,000	1,000	8,000
Farebox System	625	1,080	2,525	765	435	5,430
Subtotal	\$5,367	\$5,587	\$14,781	\$10,711	\$11,635	\$48,081
Stations And Passenger Facilities						
Passenger Transfer Locations	\$0	\$0	\$500	\$500	\$500	\$1,500
Subtotal	\$0	\$0	\$500	\$500	\$500	\$1,500
Grand Total Needs	\$13,492	\$19,627	\$48,106	\$21,156	\$17,790	\$120,171
Funding	\$0	\$0	\$0	\$0	\$0	\$0
Shortfall	(\$13,492)	(\$19,627)	(\$48,106)	(\$21,156)	(\$17,790)	(\$120,171)

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 2017 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)

	2015 Actual	2016 Estimate	2017 Budget	2018 Projected	2019 Projected
Suburban Service					
Revenue	\$55,916	\$56,971	\$59,551	\$60,650	\$61,483
Expenses	198,141	215,484	228,619	242,270	249,321
Funding Requirement	\$142,225	\$158,513	\$169,068	\$181,620	\$187,838
Public Funding	165,058	169,273	169,068	181,620	187,838
Net Funding Available	\$22,833	\$10,760	\$0	\$0	\$0
Fund Balance - Unrestricted Net Assets					
Beginning Balance	\$64,924	\$55,665	\$49,041	\$34,845	\$29,593
Net Operating Results	22,833	10,760	0	0	0
Less: Other Obligations	25,405	0	0	0	0
Less: Capital Expended from Fund Balance	6,687	17,384	14,196	5,252	250
Ending Balance	\$55,665	\$49,041	\$34,845	\$29,593	\$29,343
Regional ADA Paratransit Service					
Revenue	\$16,559	\$13,934	\$14,384	\$14,855	\$15,343
Expenses	154,816	163,024	174,970	185,879	197,484
Funding Requirement	\$138,257	\$149,090	\$160,586	\$171,024	\$182,141
Public Funding	139,376	149,090	160,586	171,024	182,141
Net Funding Available	\$1,119	\$0	\$0	\$0	\$0
Fund Balance - Unrestricted Net Assets					
Beginning Balance	(\$1,119)	\$0	\$0	\$0	\$0
Net Operating Results	1,119	0	0	0	0
Less: Other Obligations	0	0	0	0	0
Less: Capital Expended from Fund Balance	0	0	0	0	0
Ending Balance	\$0	\$0	\$0	\$0	\$0
Combined Service					
Revenue	\$72,475	\$70,905	\$73,935	\$75,505	\$76,826
Expenses	352,957	378,508	403,589	428,149	446,805
Funding Requirement	\$280,482	\$307,603	\$329,654	\$352,644	\$369,979
Public Funding	304,434	318,363	329,654	352,644	369,979
Net Funding Available	\$23,952	\$10,760	\$0	\$0	\$0
Fund Balance - Unrestricted Net Assets					
Beginning Balance	\$63,805	\$55,665	\$49,041	\$34,845	\$29,593
Net Operating Results	23,952	10,760	0	0	0
Less: Other Obligations	25,405	0	0	0	0
Less: Capital Expended from Fund Balance	6,687	17,384	14,196	5,252	250
Ending Balance	\$55,665	\$49,041	\$34,845	\$29,593	\$29,343

Combined Suburban Service/ADA Cash Flow

THE following table provides an estimate of 2017 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 2017. 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 2017.

Table 32. Pace Combined Services Projected Cash Flow Summary - 2017 (000's)

	<u>Beginning Balance</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Net Results</u>	<u>Ending Balance</u>
January	\$49,041	\$31,567	\$34,451	(\$2,884)	\$46,157
February	46,157	31,761	34,451	(2,690)	43,467
March	43,467	33,803	36,520	(2,718)	40,749
April	40,749	30,818	34,451	(3,633)	37,117
May	37,117	30,648	34,451	(3,803)	33,313
June	33,313	32,218	35,263	(3,045)	30,268
July	30,268	31,922	34,451	(2,529)	27,740
August	27,740	32,231	34,451	(2,220)	25,519
September	25,519	32,847	35,131	(2,284)	23,236
October	23,236	34,883	34,451	432	23,668
November	23,668	32,496	34,451	(1,955)	21,713
December	21,713	48,395	35,263	13,132	34,845

Organizational Overview

PACE staffing requirements are classified into four primary categories: administration, centralized support, Pace-operated 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 2017 is budgeted at 196 filled full-time equivalents (FTEs). There are six additional positions authorized for 2017 which are offset by an increase in vacancies.

The central support category is budgeted at 97 filled FTE positions for 2017. This also includes an additional six positions which are offset by an increase in vacancies.

The Pace-operated division category is comprised of nine garages and is budgeted at 1,417 filled FTE positions for 2017. This is an increase of 106 positions over prior year levels, 59 of which are attributed to new and increased CMAQ-funded I-90 service. The remaining 47 positions reflect increased service levels throughout the Pace service area.

The Regional ADA category includes 39 FTE positions for 2017 and reflects one less vacancy from the prior year.

Pace's administrative functions are 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, and Project Management Office report directly to the Executive Director.

All areas of the organization are shown on Chart H. An overview of each department's duties and responsibilities is presented on the following pages.

Table 33. Full-Time Equivalent Personnel (FTEs)

	Admin	Central Support	Pace Divisions	Total
2015 Actual				
Operations	0	36	992	1,026
Maintenance	0	50	228	277
Non-Vehicle Maintenance	0	11	14	25
Administration	196	0	35	239
Suburban Service	196	97	1,269	1,562
Regional ADA Paratransit	34	0	0	34
Total	230	97	1,269	1,596
2016 Estimated				
Operations	0	36	1,027	1,063
Maintenance	0	50	234	284
Non-Vehicle Maintenance	0	11	14	25
Administration	196	0	36	232
Suburban Service	196	97	1,311	1,604
Regional ADA Paratransit	38	0	0	38
Total	234	97	1,311	1,642
2017 Budget				
Operations	0	36	1,108	1,144
Maintenance	0	50	257	307
Non-Vehicle Maintenance	0	11	16	27
Administration	196	0	36	232
Suburban Service	196	97	1,417	1,710
Regional ADA Paratransit	39	0	0	39
Total	235	97	1,417	1,749

Chart H. Pace Organizational Chart

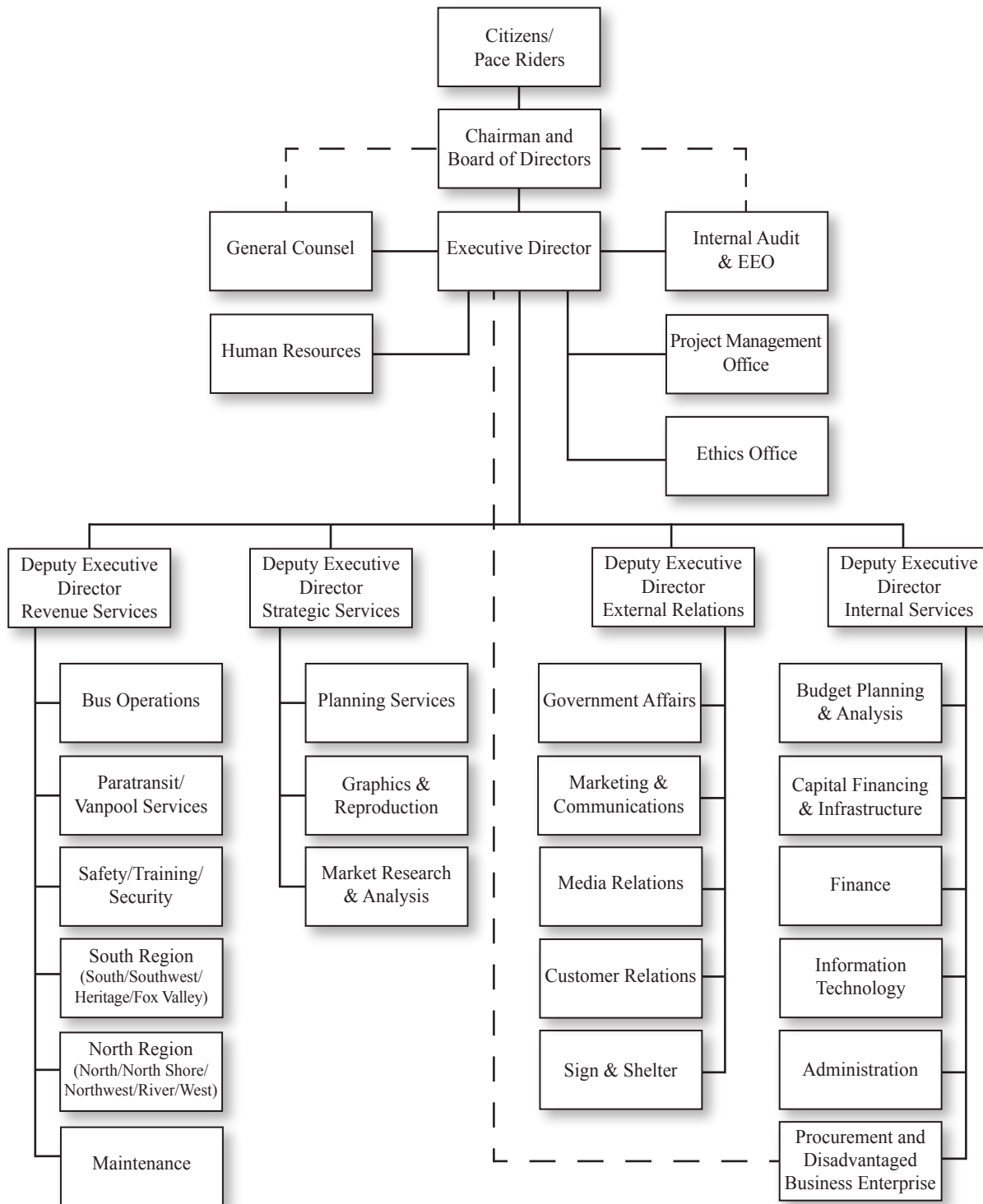


Table 34. Pace's 2017 Operating Budget - Department Budgeted Positions (FTEs)

<u>Suburban Service</u>	<u>2015 Budget</u>	<u>2016 Budget</u>	<u>2017 Budget</u>	<u>Regional ADA</u>	<u>2015 Budget</u>	<u>2016 Budget</u>	<u>2017 Budget</u>
Office of the Executive Director	2.0	2.0	2.0	City ADA Paratransit	40.0	40.0	40.0
General Counsel	10.0	10.0	10.0	Suburban Service Allocation	6.0	6.0	6.0
Internal Audit	6.0	6.0	6.0	Total Regional ADA	46.0	46.0	46.0
Human Resources	8.5	9.5	9.5	Total Suburban & Regional ADA	1,639.0	1,681.0	1,799.0
DBE	2.0	3.0	0.0	Suburban Svc Vacancy Factor	(25.0)	(25.0)	(37.0)
Project Management Office	2.0	2.0	2.0	Regional ADA Vacancy Factor	(12.0)	(8.0)	(7.0)
Ethics Officer	3.0	1.0	1.0	ADA Allocation	(6.0)	(6.0)	(6.0)
New Initiatives	0.0	0.0	12.0	Total - With Vacancy Factors	1,596.0	1,642.0	1,749.0
Total	33.5	33.5	42.5				
Revenue Services							
DED, Revenue Services	5.0	5.0	5.0				
Bus Operations	9.5	9.5	9.5				
Maintenance/Tech Services	28.0	28.0	28.0				
Vanpool	18.0	18.0	18.0				
Paratransit	10.0	10.0	10.0				
Safety	5.0	5.0	5.0				
Pace Divisions:							
Bus Operators	921.0	958.0	1,033.0				
Operations Supervisors	71.0	69.0	75.0				
Maintenance	228.0	234.0	257.0				
Non-Vehicle Maintenance	14.0	14.0	16.0				
Administration	35.0	36.0	36.0				
Total	1,344.5	1,386.5	1,492.5				
Internal Services							
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/DBE	38.0	38.0	41.0				
Administration	5.0	5.0	5.0				
Finance	27.0	27.0	27.0				
IT	37.0	37.0	37.0				
Total	142.0	142.0	145.0				
Strategic Services							
DED, Strategic Services	2.0	2.0	2.0				
Graphic Services	7.0	7.0	7.0				
Market Research/Analysis	15.5	15.5	15.5				
Planning Services	20.0	20.0	20.0				
Total	44.5	44.5	44.5				
External Relations							
DED, External Relations	2.0	2.0	2.0				
Government Affairs	11.5	11.5	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				
Total	28.5	28.5	28.5				
Total Suburban Service	1,593.0	1,635.0	1,753.0				

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.

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 IT administration, application services, client services, infrastructure services, and data services.

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. Also responsible for agency Disadvantaged Business Enterprise (DBE) compliance with regulatory agencies. Sets DBE performance goals, assesses and reports on performance of the program. Reviews contract specifications for DBE participation. The DBE office also reports to the Executive Director.

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 operation of Pace-operated 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 Employer Shuttle Vanpool programs as well as 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 provision of fixed route services from Pace's nine operational garages and support facilities. Two Regional Managers are responsible for 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 Headquarters is located in Arlington Heights.

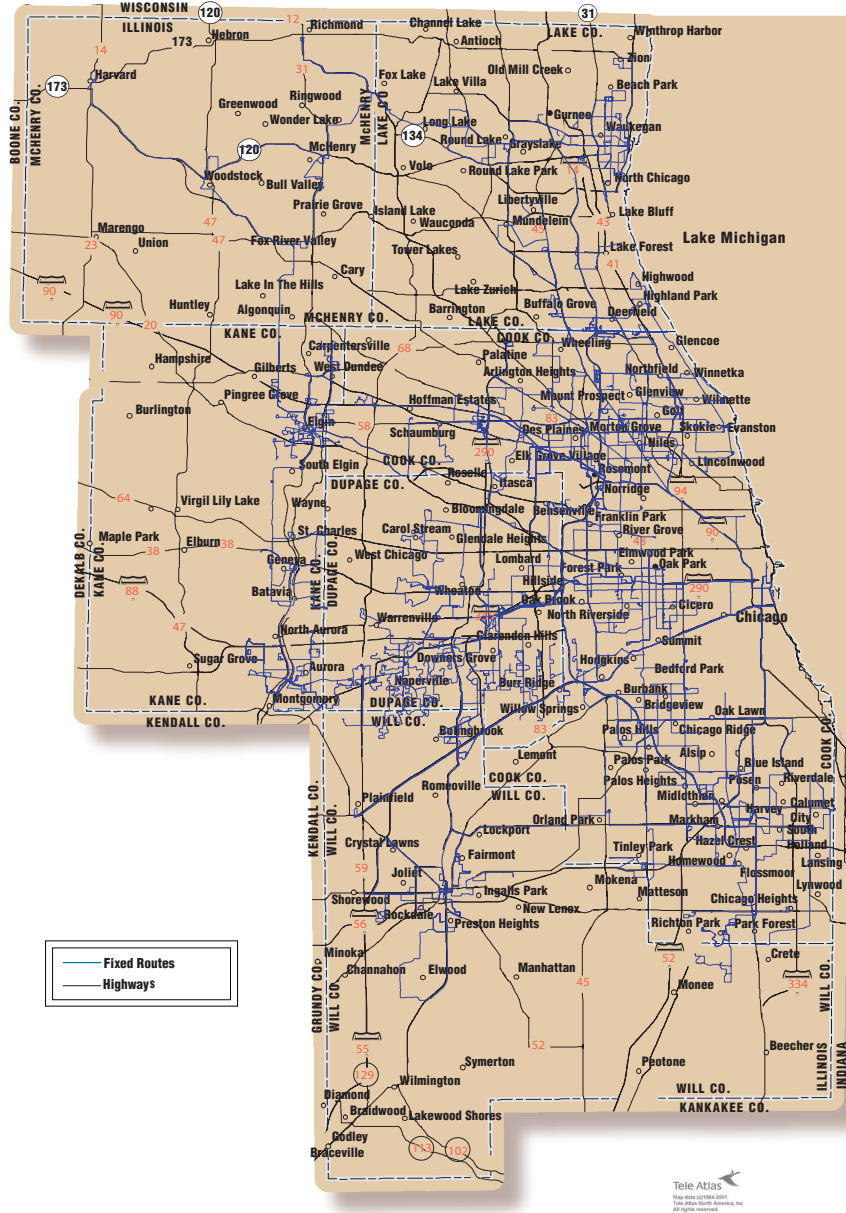
Fixed Route Service Characteristics

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

Fixed Route Service

155 regular, 42 feeder, 15 shuttle, and numerous seasonal routes are operated by Pace. These routes serve 210 communities and carry over 2.56 million riders per month utilizing 613 vehicles during peak periods. All routes are fully accessible.

Map 1. Fixed Route Service Characteristics



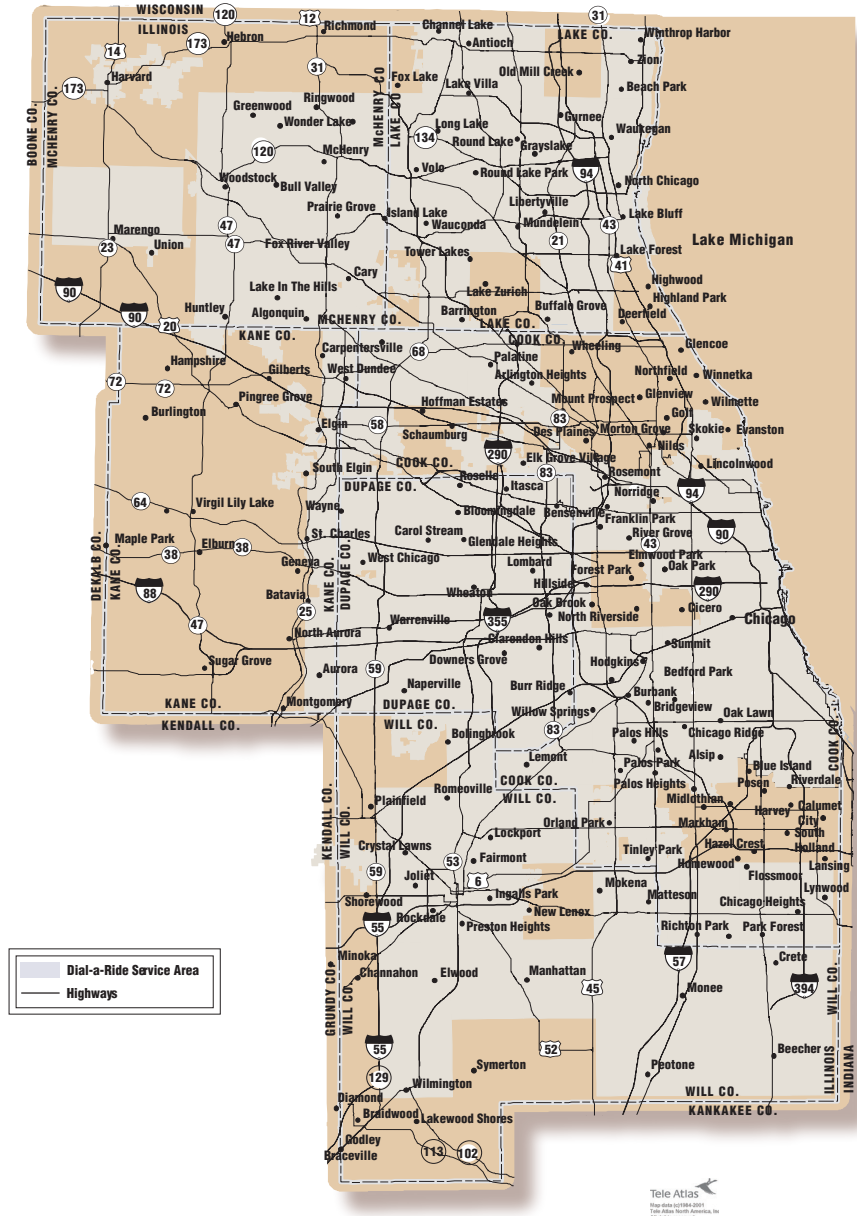
Dial-a-Ride Characteristics

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 98,000 riders each month. The majority are elderly and/or have disabilities. Pace contracts directly with private providers for the operation of 47 dial-a-ride projects and has agreements with villages and townships for the operation of 18 other dial-a-ride projects. These projects provide services to over 210 communities throughout the six county area.

Map 2. Dial-a-Ride Service Characteristics



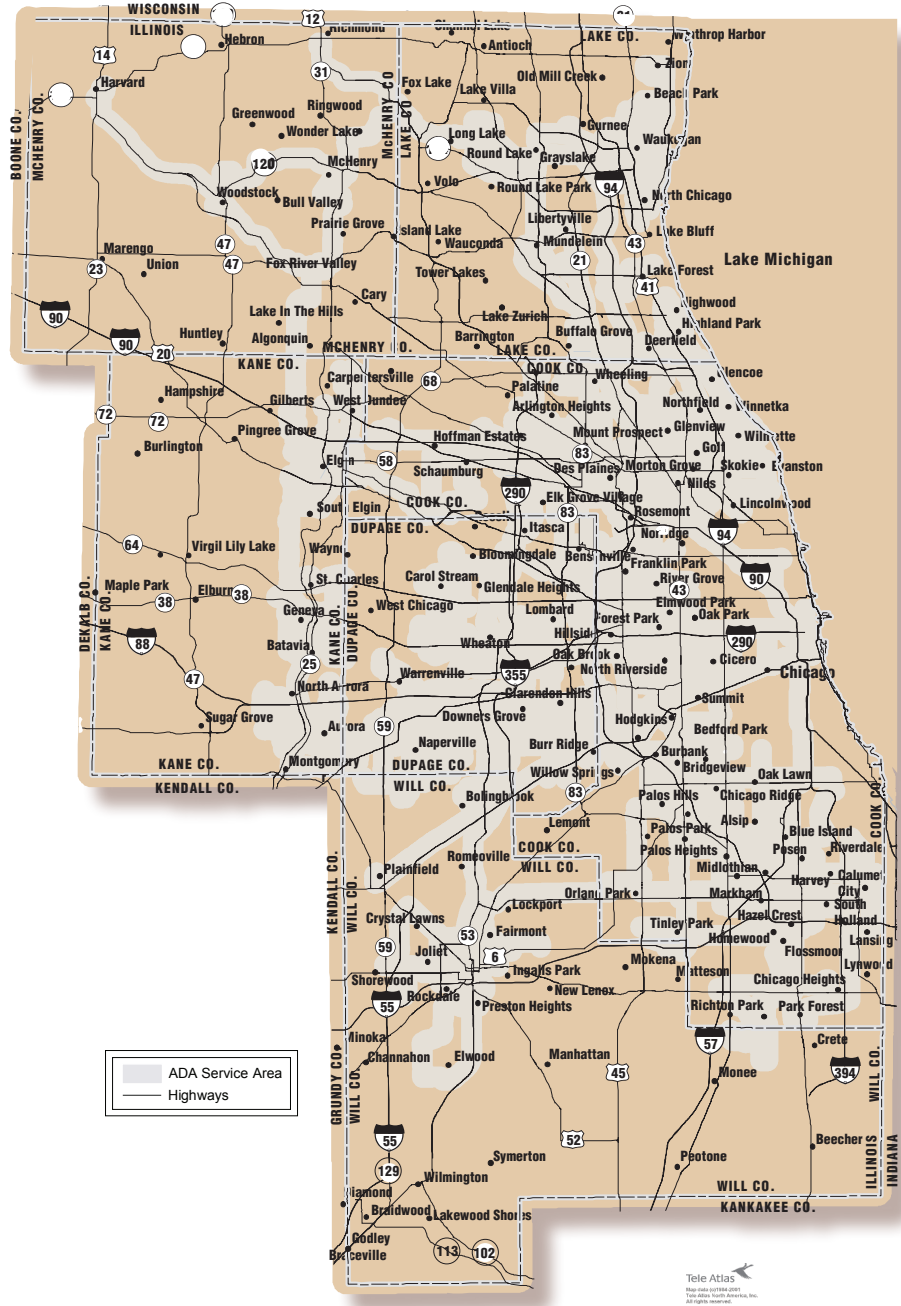
Suburban ADA Paratransit Service Characteristics

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

Suburban ADA Paratransit

341 Pace-owned lift-equipped vehicles are utilized to provide origin to destination service to approximately 77,000 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



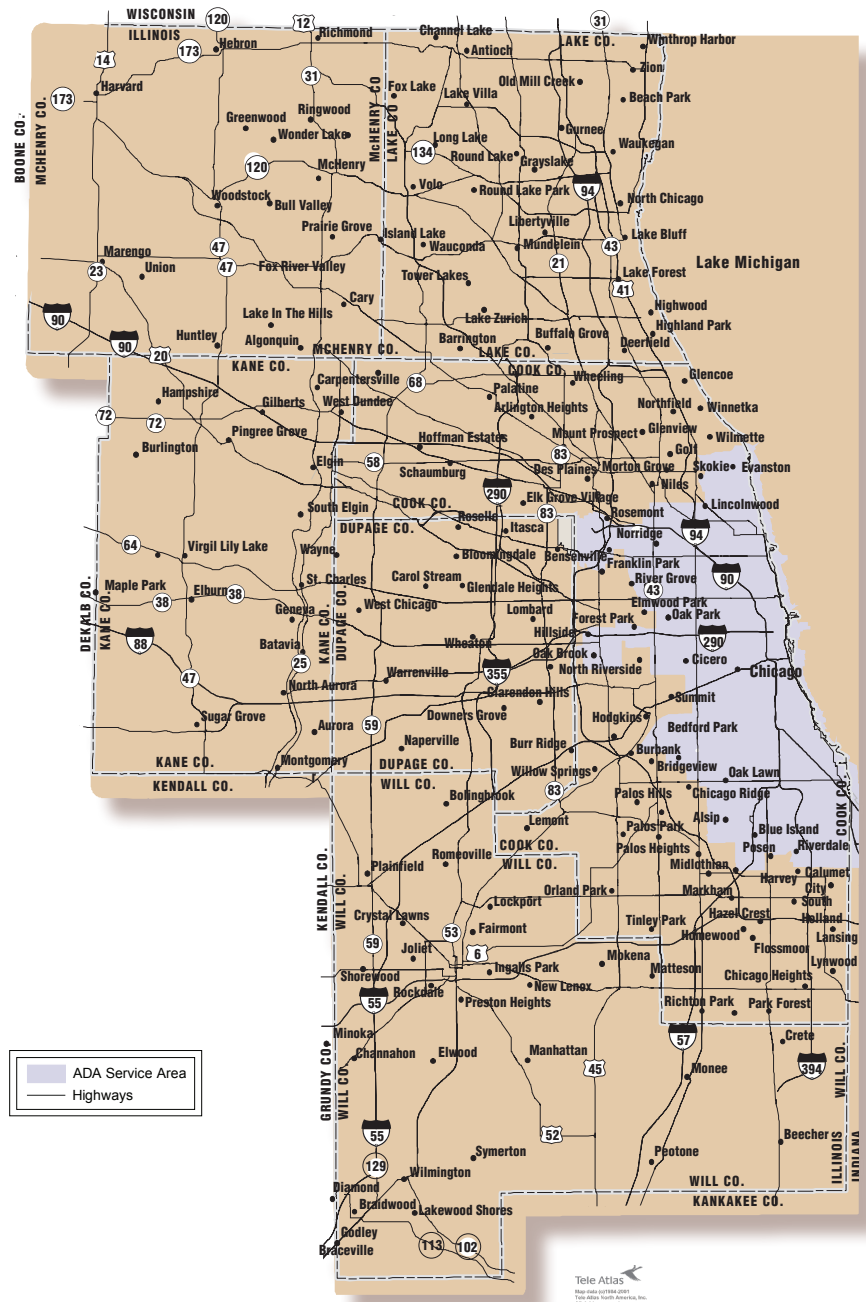
City ADA Paratransit Service Characteristics

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.

750 contractor-owned vehicles are used to provide service to approximately 242,000 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	Vehicle Type	Year	# of Vehicles	Age	Length
Chance Trolleys	2000	6	16	25'	Van	2002	1	14	17'
Orion	2001	75	15	40'	Vans	2003	9	13	Various
NABI	2002	19	14	35'	Vans	2004	5	12	Various
NABI	2003	58	13	35'	Vans	2005	16	11	Various
NABI	2003	75	13	40'	Vans	2006	40	10	Various
Orion	2004	6	12	40'	Vans	2007	43	9	Various
NABI	2005	59	11	40'	Vans	2008	14	8	Various
Eldorado	2006	31	10	30'	Vans	2009	52	7	Various
Eldorado	2007	77	9	30'	Vans	2010	61	6	Various
Eldorado	2008	32	8	30'	Vans	2011	59	5	Various
Eldorado	2009	24	7	30'	Vans	2012	112	4	Various
Eldorado	2010	59	6	30'	Vans	2013	268	3	Various
Orion Hybrid	2012	2	4	30'	Vans	2016	90	0	Various
Eldorado	2012	4	4	30'	Total		770		
Eldorado	2012	13	4	40'	Average Age			4.6 years	
Eldorado	2013	63	3	40'					
MCI	2014	13	2	40'					
Eldorado	2014	20	2	40'					
Eldorado	2015	65	1	40'					
MCI	2015	9	1	40'					
Eldorado CNG	2016	20	0	40'					
Total		730							
Average Age			8.4 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	14	8	24'	Champion Crusader	2008	22	8	22'
Eldorado Vans	2009	9	7	23'	Champion Crusader	2009	23	7	22'
Eldorado Buses	2009	12	7	23'	Champion Crusader	2012	8	4	22'
Eldorado Vans	2010	34	6	22'	Vans	2013	34	3	Various
Eldorado Buses	2010	170	6	23'	Champion Crusader	2015	20	1	22'
Eldorado Buses	2014	157	2	25'	Total		107		
Champion Vans	2014	98	2	22'	Average Age			4.6 years	
Total		494							
Average Age			4.0 years						



Fixed route 40' bus



Call-n-Ride bus



Paratransit bus



Vanpool vehicle

Pace System Infrastructure

Pace's 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*
6859 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 Office
515 W. Algonquin Rd., Arlington Heights
6,482 square feet, 2013 (Leased Premises)
- Q. Pace ADA Paratransit Office
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

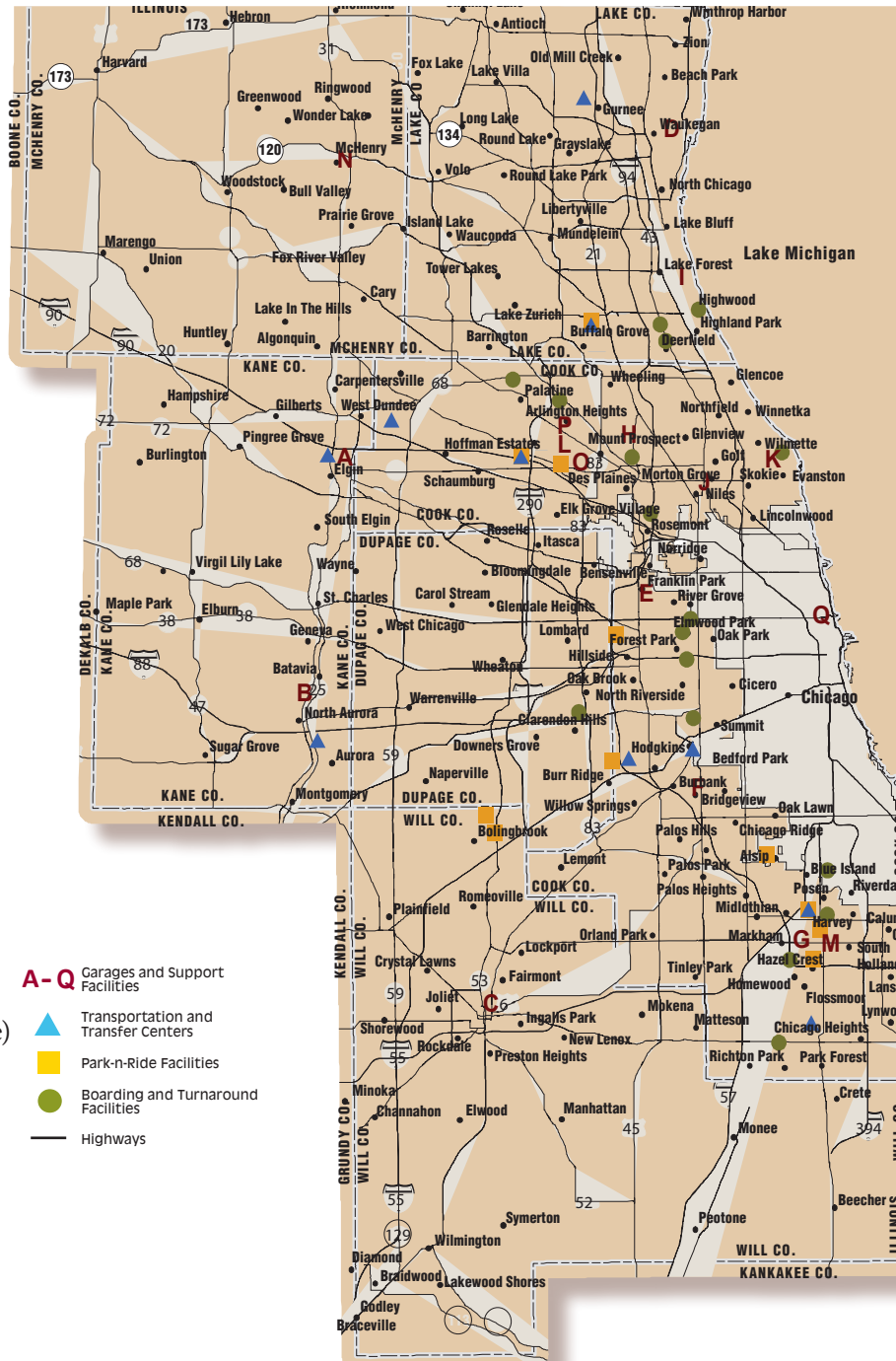
Boarding and Turnaround Facilities ●

- 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
- Harvey Transportation Center
- Hillside
- Homewood
- Northwest Transportation Center/Charles Zettek Facility
- 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 2015 through 2019.

Table 36. Pace 2017-2019 Ridership Projections (000's)

	2015 Actual	2016 Estimated	% Change	2017 Projected	% Change	2018 Projected	% Change	2019 Projected	% Change
Pace Divisions	28,127	27,552	-2.0%	28,742	4.3%	29,029	1.0%	29,319	1.0%
Public Carriers	672	635	-5.5%	635	0.0%	642	1.0%	648	1.0%
Private Carriers	1,321	1,284	-2.8%	1,350	5.2%	1,364	1.0%	1,378	1.0%
Total Fixed Route	30,120	29,471	-2.2%	30,727	4.3%	31,035	1.0%	31,345	1.0%
Dial-a-Ride*	1,148	1,157	0.8%	1,169	1.0%	1,180	1.0%	1,192	1.0%
Vanpool	1,851	1,770	-4.4%	1,770	0.0%	1,814	2.5%	1,859	2.5%
Suburban Service Total	33,119	32,398	-2.2%	33,666	3.9%	34,029	1.1%	34,396	1.1%
Regional ADA Paratransit Service*	4,227	4,367	3.3%	4,517	3.4%	4,671	3.4%	4,832	3.4%
Combined Pace Service	37,346	36,765	-1.6%	38,183	3.9%	38,700	1.4%	39,228	1.4%

*Ridership includes companions and personal care attendants.



Pace expects to increase ridership by 3.9% in 2017.

Ridership & Fares

Suburban Service Ridership

Pace Suburban Service ridership is estimated to finish the year down 2.2% from 2015 levels and will also fall 2.4% short to the 2016 budget. Ridership falloff is estimated for nearly all programs in 2016. While 2016 fixed route ridership for existing service is expected to fall 3.9% from 2015 levels, the implementation of new planned service is expected to mitigate the loss to a 2.2% decline. While a portion of the ridership decline can likely be attributed to the drop in fuel prices, Pace also increased cash fares from \$1.75 to \$2.00 in January 2016 which has resulted in a significant decline in cash trips. The entire falloff in the Vanpool program is very likely related to the decline in fuel prices.

For 2017, ridership is planned to grow by 3.9%. The growth will come largely from new services that are being implemented throughout 2016 and will be operated for the full year in 2017. New service initiatives for 2017 include I-90 Bus on Shoulder service and the implementation of the Milwaukee Pulse ART service. A small amount of ridership growth will occur in the Dial-a-Ride program, while Vanpool ridership is expected to remain flat in 2017.

Suburban Service ridership is projected to grow at 1.1% annually for the outlying years (2018 and 2019) and reflects moderate growth across all programs.

Regional ADA Paratransit Ridership

Regional ADA Paratransit ridership is expected to finish 2016 at 3.3% over 2015 levels but 3.3% under the 2016 budget. For 2017, ridership is expected to grow 3.4% over 2016 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 2017.

Regional ADA ridership is forecasted to continue to grow at a rate of 3.4% in 2018 and 2019. Demand continues to grow for ADA services throughout the region.

Pace Fares

There are no fare adjustments proposed for Fixed Route, Dial-a-Ride, or Vanpool in 2017. Fares will also remain unchanged for the Regional ADA program next year.

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



There are no fare adjustments proposed for 2017.

Appendix B • Ridership & Suburban Service Fares

Pace Fare Structure

Table 37. Pace Fare Structure

	<u>Full Fare</u>	<u>Reduced Fare</u>
Regular Fares		
Cash Fare	\$2.00	\$1.00
Full Fare Ventra®	1.75	0.85
Transfer to Pace (With Ventra transit value only)	0.25	0.15
Passes		
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
Express/Other Fares		
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	
ADA Paratransit		
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, 755, 768, 769, 773, 774, 775, 776, 779, 850, 851, 855, 856.

Please visit 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

VIP Fare Schedule

Daily Round	4	5	6	7-8	9-10	11-12	13-14
<u>Trip Van Miles</u>	<u>Pass*</u>	<u>Pass*</u>	<u>Pass*</u>	<u>Pass*</u>	<u>Pass*</u>	<u>Pass*</u>	<u>Pass*</u>
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

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

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.

Indiana Tollway Surcharge (Monthly \$6.00 per Passenger)

Other Vanpool Service Fares

<u>Program</u>	<u>Fare</u>
Advantage	\$250
Non-Profit	600
Shuttle	750
VIP Metra Feeder per rider	58



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 70% 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)
Age in Years		
Group Median	47.0	41.5
Sex:		
Male	48%	50%
Female	52%	50%
Education		
Some high school or less	2%	10%
High school graduate	12%	25%
Some college or technical school	20%	32%
College graduate	37%	24%
Graduate or Professional Degree	29%	9%
Total Annual Household Income		
Group Median	\$74,800	\$38,000
Auto Ownership		
None	5%	36%
One	26%	33%
Two or more	69%	31%
Ethnic Background		
African American	7%	44%
Asian	3%	6%
Hispanic	10%	16%
Caucasian	79%	34%
Other	1%	5%

Data Source

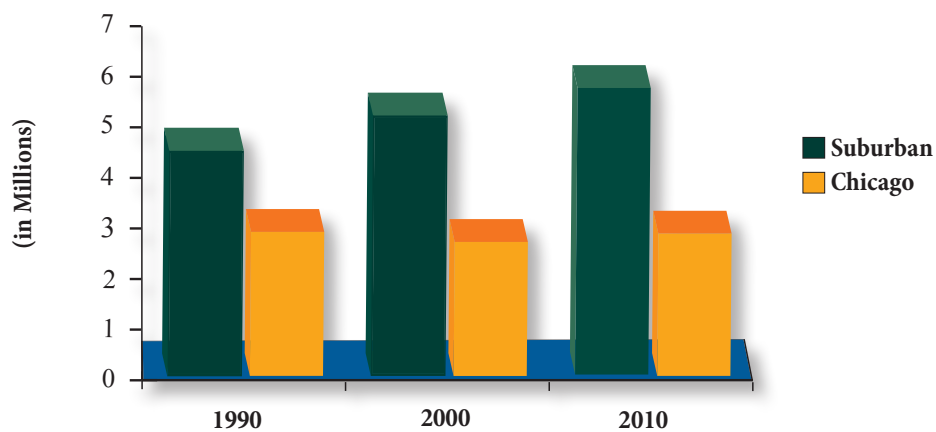
Non-user: South Cook County-Will County Service Restructuring Initiative, 2006, regional sample size = 1,195
 User: 2013 CS Survey, regional sample size = 5,568

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.

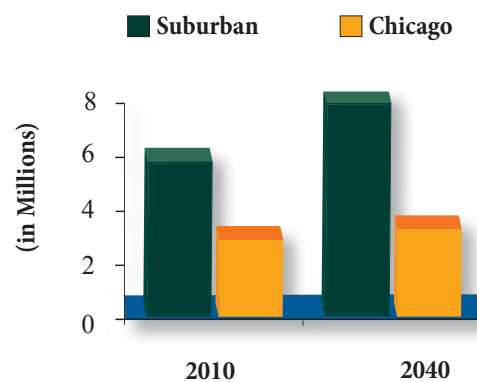
Chart I. 1990 to 2010 Regional Population



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.

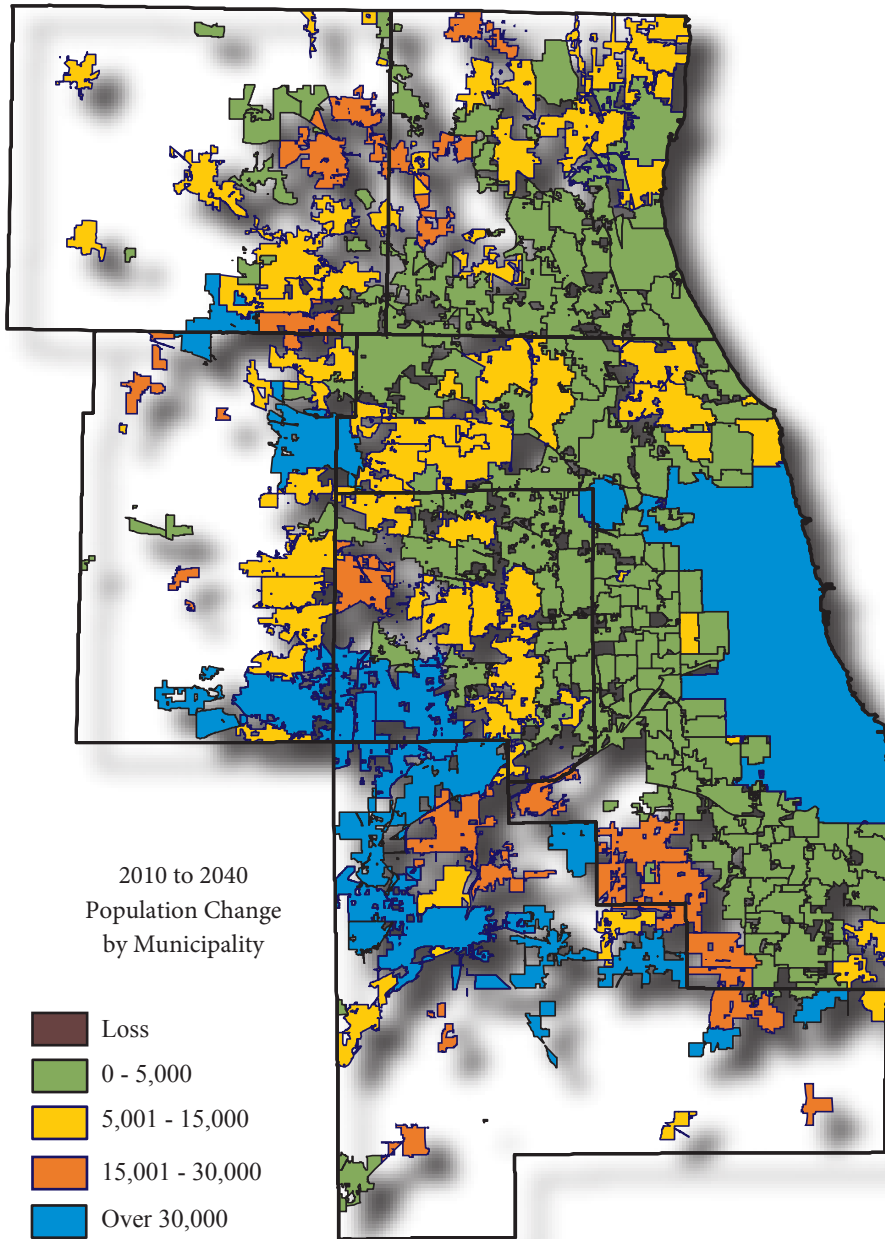
Chart J. 2010 to 2040 Regional Population Projection



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



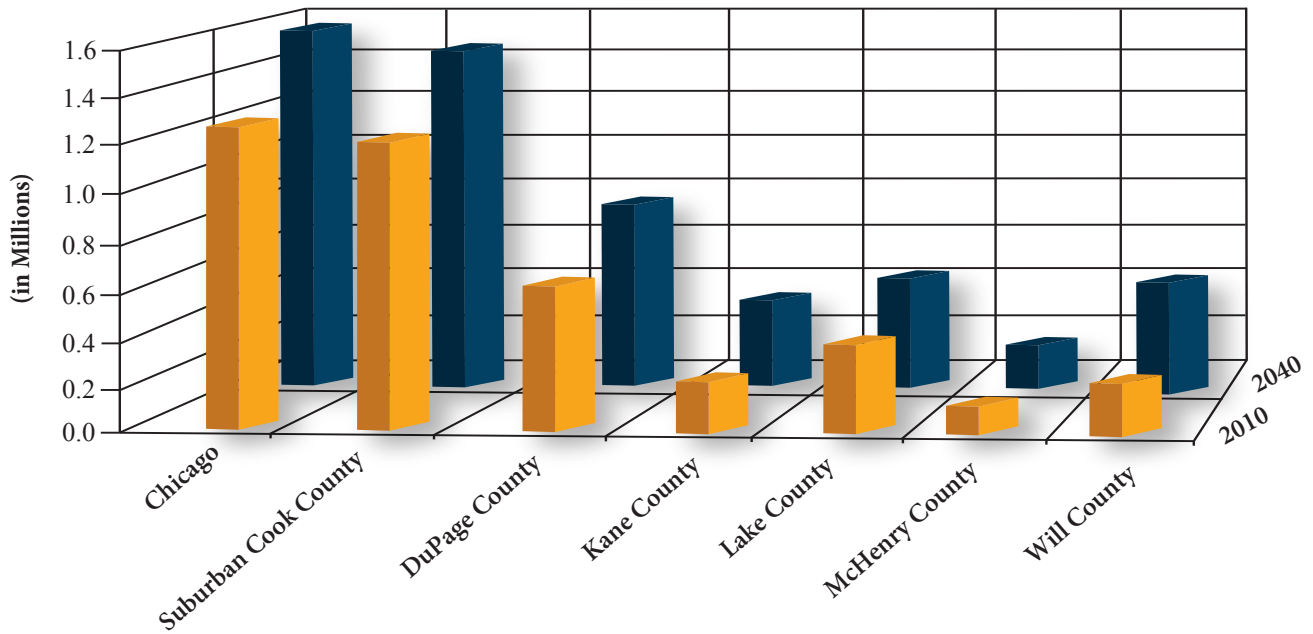
Regional Employment

Employment

CMAP'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.

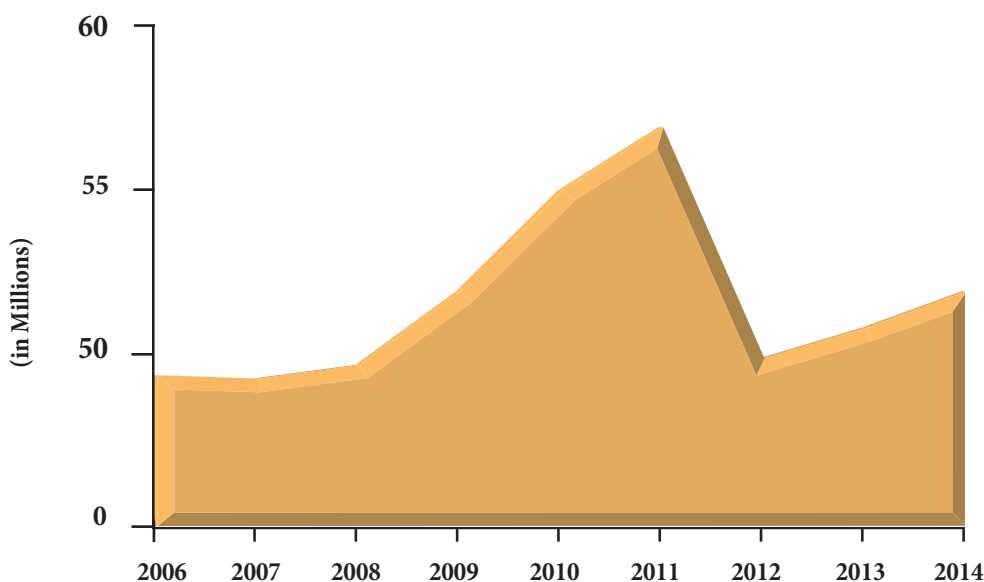
The impact congestion has on the regional economy underscores the need for increased public transportation. Without it, traffic congestion will continue to worsen as it has since 1982, and the cost in wasted time and fuel will continue to rise.



Nationally the Chicagoland area is ranked in the top ten for the longest travel delays 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



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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:

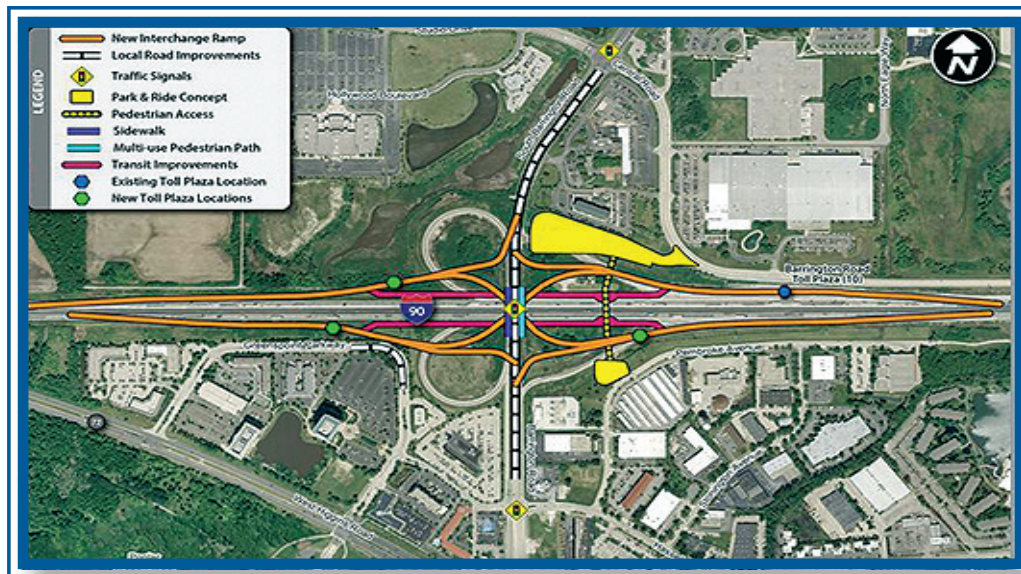
- Safe
- Reliable
- Courteous
- Efficient
- Effective

Table 40 identifies the measures and performance standards that Pace has established for each goal. Actual

performance for 2015, projected performance for 2016, and 2017 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.



Pace is expanding its bus service to the heavily congested I-90 corridor with the construction of three new park-n-ride facilities at Randall Road, IL-25, and Barrington Road.

Appendix D • Performance Measures

Table 40. Pace Goals & Performance Measures

		2015 Actual	2016 Estimate	2017 Projected
Safety				
Goal: Provide Safe Public Transportation Services				
Measure(s):	<i>Performance Standard</i>			
Accidents per 100,000 Revenue Miles	Less than 5	5.65	5.35	5.70
Reliability				
Goal: Provide Reliable Public Transportation Services				
Measure(s):	<i>Performance Standard</i>			
On-Time Performance	Greater than 85%	70.0%	70.0%	71.0%
Actual Vehicle Miles per Road Call	Greater than 14,000	8,800	8,500	10,000
Percent Missed Trips per Total Trip Miles	Less than .5%	0.18%	0.24%	0.20%
Courtesy				
Goal: Provide Courteous Public Transportation Services				
Measure(s):	<i>Performance Standard</i>			
Complaints per 100,000 Passenger Miles	Less than 4	3.02	3.10	3.10
Website Hits on Web Watch Site	Increase over prior period	10.0%	10.0%	10.0%
Efficiency				
Goal: Provide Efficient Public Transportation Services				
Measure(s):	<i>Performance Standard</i>			
Revenue Miles per Revenue Hour	Greater than 17	17.80	17.33	17.40
Revenue Miles per Total Operator Pay Hours	Greater than 10*	12.56	12.53	12.54
Expense per Revenue Mile	Less than \$6.50*	\$5.98	\$6.10	\$6.20
Expense per Revenue Hour	Less than \$125.00*	\$102.89	\$106.02	\$106.00
Recovery Ratio	Greater than 18%	26.9%	25.1%	25.1%
Subsidy per Passenger	Less than \$4.00	\$3.12	\$3.60	\$3.50
Effectiveness				
Goal: Provide Effective Public Transportation Services				
Measure(s):	<i>Performance Standard</i>			
Ridership	Increase from prior period	-4.50%	-2.20%	4.30%
Passenger Miles per Revenue Miles	Greater than 9*	9.34	9.50	9.50
Productivity (Passengers per Revenue Hour)	Greater than 24*	23.75	24.00	24.00
Ridership per Revenue Mile	Greater than 1.5*	1.39	1.4	1.45
Vanpool Units in Service	Increase from prior period	-5%	-5%	0%

* 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 2014 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

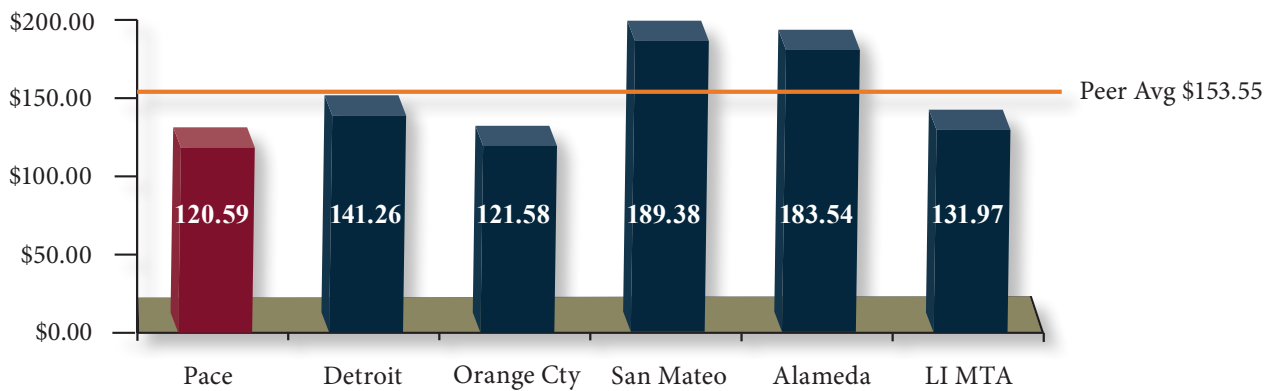


Chart N. Operating Expense per Revenue Mile

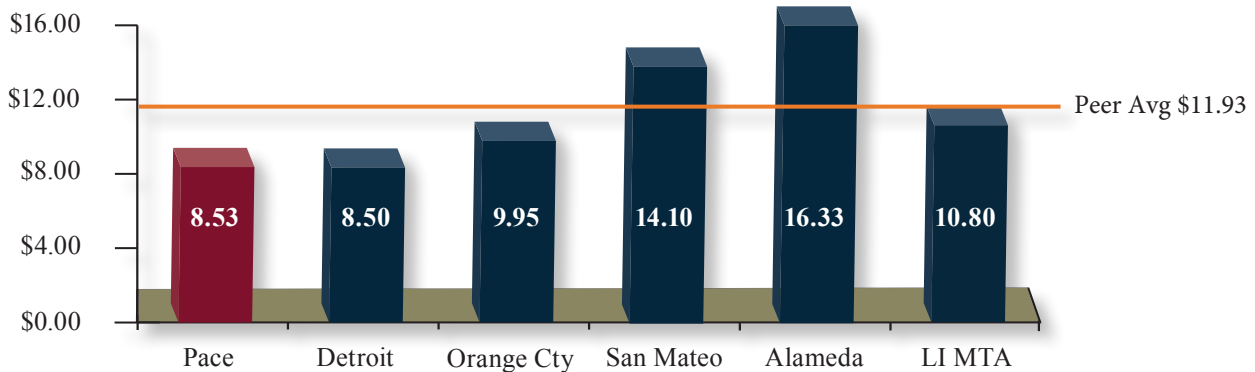


CHART M - Service efficiency, as measured by the performance ratios operating expense per total revenue hour and revenue mile, shows Pace to be the most efficient compared to all peers in this group. At \$120.59, Pace's cost per hour is just less than 1% less than the nearest peer—Orange County (CA). Pace's costs are also \$32.96 per hour or 21.5% less than the peer average for this performance measuring category.

CHART N - At 8.53 per mile, Pace's cost is \$0.03 per mile, or less than 1% higher than the nearest peer—Detroit (MI); however, Pace is \$3.40 per mile, or 28.5% below the peer average.

Appendix D • Performance Measures

Cost Effectiveness

Chart O. Operating Expense per Passenger

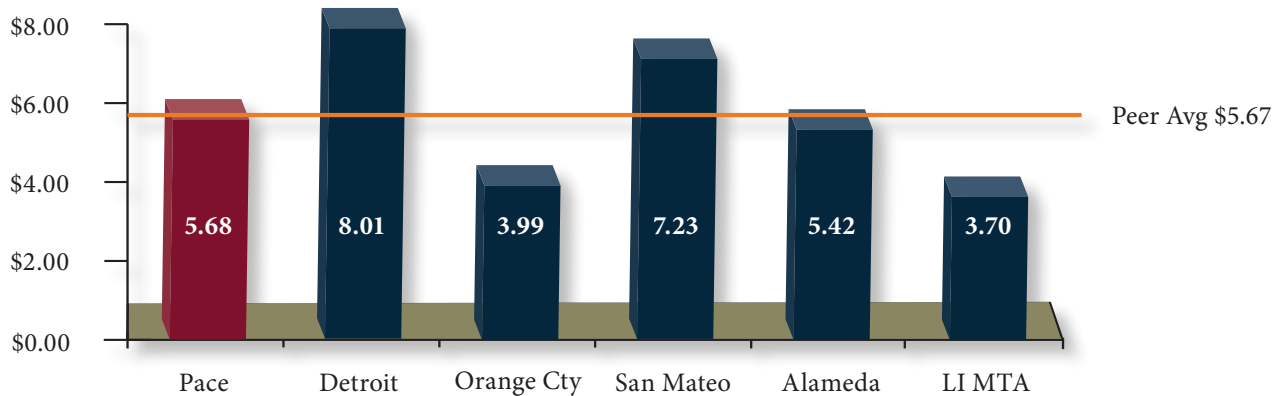


Chart P. Operating Expense per Passenger Mile

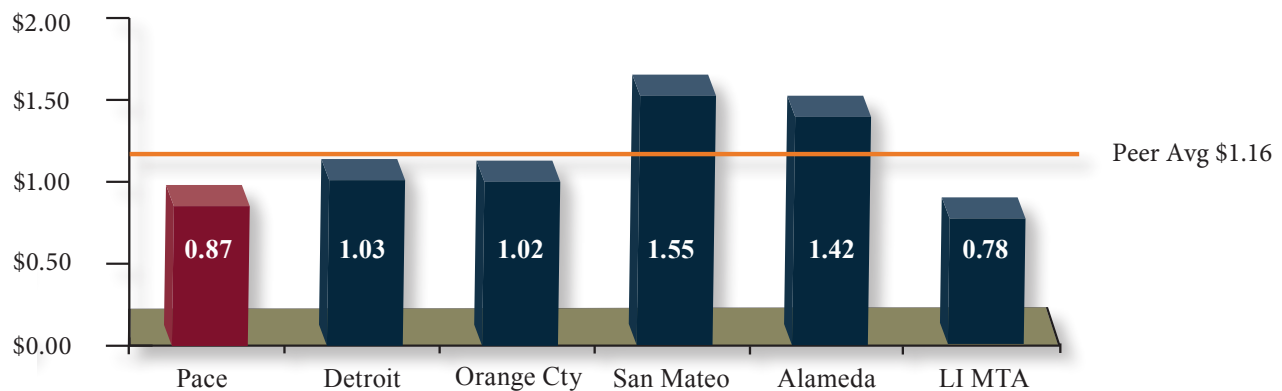


CHART O - Cost effectiveness, as measured by the performance ratios operating expense per passenger and passenger mile, shows Pace to be consistent with the agencies within this peer group.

CHART P - At \$0.87, 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

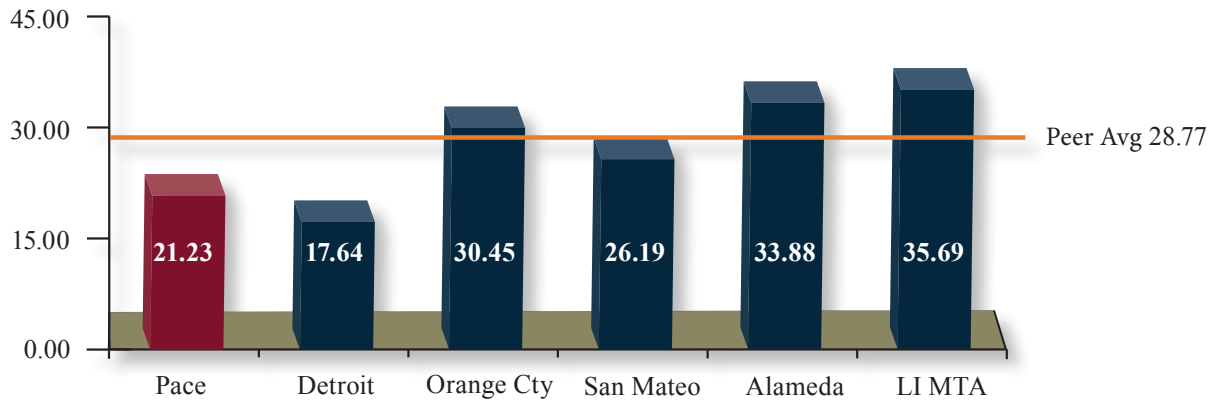


Chart R. Passengers per Revenue Mile

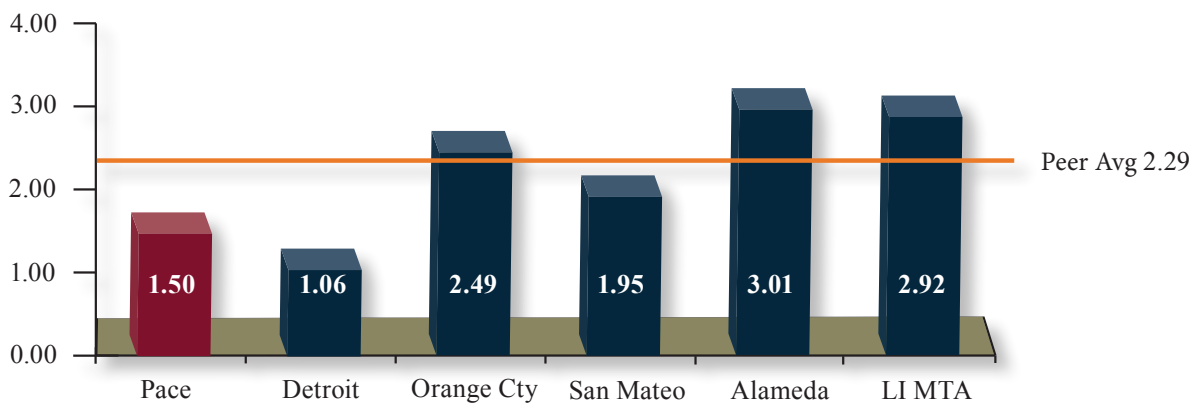


CHART Q - Service effectiveness, as measured by the performance ratios passengers per total revenue hour and passengers per total revenue mile, shows Pace to have the second lowest performance ratio compared to all agencies in this group and 7.543 below the peer average. The size of the service area 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

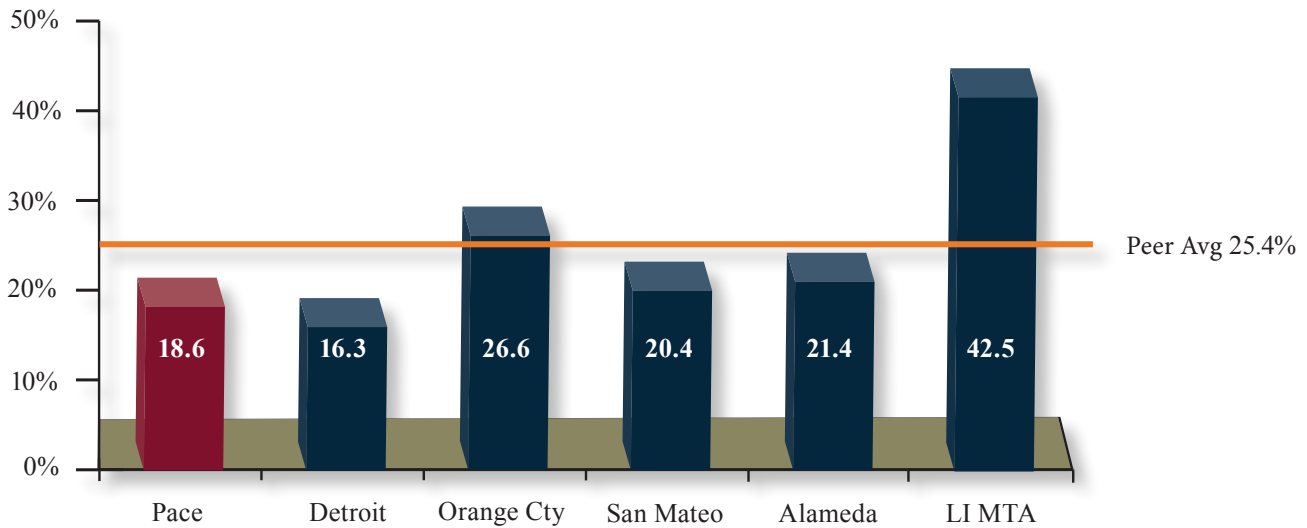


CHART S - Pace's bus only farebox recovery rate of 18.6% is lower than the peer average bus ratio of 25.4% but exceeds Detroit.

A Rapid Pace for the Suburbs

Overview

PACE will be significantly expanding and enhancing suburban bus service in 2017. New express routes along the Jane Addams Memorial Tollway (I-90) will launch at the end of 2016, thanks to funding from the Congestion Mitigation Air Quality (CMAQ) program. Pace will open three new park-n-rides and supporting transit facilities along I-90 including the region's first highway transit station with dedicated bus-only slip ramps, bus boarding facility, and pedestrian bridge at the Barrington Road Station. Pace will also operate in the region's first transit-only "Flex Lane" along the I-90 corridor. The plan is a realization of many years of collaboration with the Illinois Tollway, CMAP, FTA, RTA, Cook County, and communities along I-90.

Also in 2017 Pace will introduce its first arterial rapid transit service, the Pulse Milwaukee Line. Station construction is scheduled to begin at the start of 2017 with service to begin by the end of the year. In addition, Pace will continue expanding the successful express bus network along the Adlai Stevenson Expressway (I-55).

Pace is also pursuing strategies to improve suburban transit beyond 2017. The agency is continually working to implement transit signal priority, convert our routes to serve posted stops only, improve the reliability of our schedules, and provide improved transit center facilities throughout the region. Studies are underway to expand the Bus on Shoulder program to additional expressways, coordinate our services with the CTA in the North Shore area, and develop future corridors for Pulse service.

I-90 Market Expansion Program Planned for Late 2016 and Mid-2017 Launch

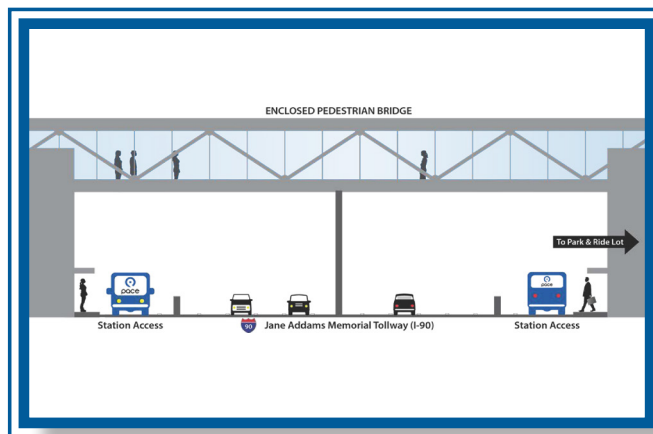
Pace and the Illinois State Toll Highway Authority are partnering to implement a multi-modal transit/highway project within the I-90 Corridor. This project serves new and expanded transportation markets between Rosemont and Elgin, and Elgin and Schaumburg, in conjunction with the Tollway's ongoing I-90 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 bi-directional service on Routes 600 and 610 in 2013. When the mainline rebuilding and widening is complete at the end of 2016, Pace will implement three new express routes and expand existing bus service on Route 600. Two new

connecting routes and two new local distributor services are planned to connect into the expressway based routes.

Major transfer locations include the Rosemont Transit Center, Northwest Transportation Center, and three new park-n-ride facilities at Randall Road, IL-25, and Barrington Road. Pace staff advanced the Randall Road Park-n-Ride to construction, which began in August 2016. Engineering for the Barrington Rd and IL-25 Park-n-Rides is being finalized with expected ground breaking in summer of 2017 due to ongoing Tollway construction activities at these sites.

The construction of an \$8 million pedestrian bridge over I-90 at Barrington Road is underway with an expected completion date of summer 2017. Additionally, Pace will have access to the Tollway's "Flex Lane" that will be designated solely for Pace operations, following testing of the Automated Traffic Management system during the spring of 2017. Improvements at the Rosemont Transit Center and the Northwest Transportation Center are scheduled for completion at the end of 2016 and will also support the I-90 Market Expansion Program.



Rendering of Pace's proposed pedestrian bridge over I-90 at Barrington Road. All improvements at this station location account for over \$13.0 million in transit investment.

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 advances Pace's long-term vision and will connect passengers to local and regional destinations.

The first Pulse corridor to be implemented is Milwaukee Avenue between the CTA Jefferson Park Station in Chicago and the Golf Mill Shopping Center in Niles. Within the last year, Pace staff, with the assistance of the Rapid Transit Project Management Oversight (PMO) consulting team, completed the environmental review process required by the Federal Transit Administration (FTA) and advanced the project into engineering. Final engineering is anticipated to be complete at the end of 2016 with fabrication of station elements and construction starting the second quarter of 2017. Upon completion, the Pulse Milwaukee Line will be equipped with two terminal locations and eight intermediate station pairs that include heated shelters, pavement snowmelt systems, raised near-level boarding platforms, and a vertical marker with real-time arrival information on state-of-the-art LCD signs. The service, which is scheduled to begin in 2017, will operate using new Pulse-branded 40-foot Eldorado Axess buses equipped with LCD interior signage with next stop information, onboard Wi-Fi, and USB charging ports to enhance customer comfort.

Pace also plans to advance the Pulse program in the coming fiscal year by focusing resources on the Dempster Street corridor. The project team has completed conceptual station design and refined station locations by coordinating with local stakeholders. The team will advance the project into the environmental review phase during the 4th quarter of 2016. This process is necessary to seek federal funding for the construction of this project. Once FTA approval of the environmental documentation is granted, the project moves into design and engineering during the first quarter of 2018. Service is scheduled to begin in 2019.

In addition to advancing Milwaukee Avenue and Dempster Street, the project team plans to prepare project definition, conceptual design, and station locations for the 95th Street Line and the Cermak Line in the coming fiscal years.

Strategies to Improve Service to Riders in 2017

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 paratransit 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 service 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 nine 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; Southeast Aurora) with a tenth—Naperville/Aurora—planned to start in October as well as more planned for the future. In order to make Call-n-Rides more user friendly and efficient, Pace is currently implementing an interactive web-based reservation system in which riders can book reservations online 24 hours/7 days a week, and drivers can manage reservations for passengers who prefer to call. The system also uses dynamic trip planning software that provides drivers with real-time routing and scheduling assistance through an onboard tablet and captures trip-level and overall service data to facilitate the analysis of ridership and service patterns.

Posted Stops Only

Pace continues its systemwide effort to convert all fixed routes to posted stops only operation, where riders board and disembark only at designated signed locations. Through the summer of 2016, Pace staff have evaluated roughly 13,000 system stops and nearly two-thirds of all-day fixed routes. This evaluation process continues into 2017 as review and planning of implementation is ongoing for surveyed routes.

The project's stop planning process is composed of an intensive collaborative effort that encompasses functions like traffic safety, bus operations, transportation engineering, and transit service planning. Additionally, outreach and engagement to local municipalities and property owners enables Pace to ensure that proposed bus stop locations meet the needs of the community. After routes are passed through a thorough review process, internal implementation planning steps include signage/facilities installation and an update of system stops. Both of these processes ensure that riders can utilize clearly marked stop locations and also stop-level rider information via tools like BusTracker or other third-party transit/mapping apps.

The posted-stops-only conversion effort also allows Pace to develop an internal stops management system that will

aid record-keeping of stop locations and stop revisions. This system may provide future opportunities to facilitate stop planning efforts, publish publicly-available stop lists, and unify efforts to accommodate stop change requests.

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.

New transit centers are 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 will be constructed for Pace and intercity bus passengers.

Corridor Development

Bus on Shoulder Program

Since the launch of Bus on Shoulder operation on the I-55 corridors in late 2011, ridership in the corridor has grown dramatically. This growth continued over the past year and included the opening of a new park-n-ride at Larry's Diner in Plainfield in March 2016, serving Routes 755 and 855. The corridor as a whole saw a 26% increase in ridership in the second quarter of 2016 over the same period of 2015.

To meet the ever growing demand in the corridor, Pace is planning not only to add trips and increase parking availability on existing routes, but to expand the program by adding new routes to serve new park-n-rides as well. Design and engineering work is underway to develop a permanent Plainfield park-n-ride facility which consolidates current park-n-ride locations and expand parking availability for future growth.

New Bus on Shoulder service between the Toyota Park Transit Center and the East Loop is scheduled for a Fall 2016 implementation. The proposed new route provides three inbound and four outbound trips per weekday.

Feasibility studies and other planning work is well underway to identify further expansion opportunities in the I-55 corridor.

IDOT, in cooperation with Pace, continues to expand the Bus on Shoulder (BOS) program throughout the region. In 2017, construction and implementation of shoulder operations is planned for I-94/Edens Expressway. This heavily congested corridor is served by routes 620 and 626. Construction costs are funded through a CMAQ grant awarded to IDOT.

Preliminary studies are underway on I-290/IL-53, I-57, I-80, and IL-394/I-94 to develop design and operational criteria for BOS operations and evaluate the feasibility, opportunities, and challenges of providing BOS accommodations on IDOT expressways. The studies develop both short-term and long-term BOS implementation strategies.

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 kicked-off in the spring of 2016 and evaluates 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.

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 early 2016, Pace kicked 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 the Harlem Avenue corridor study between North Avenue and Toyota Park. This project will commence in the fall of 2016. The Elgin/O'Hare Corridor Study kicked off in the late winter of 2016. This study will look at service options and transit amenities for the Elgin/O'Hare corridor.



Pulse stations will provide an enhanced customer experience with heated shelters and real time information housed in prominent station vertical markers.

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 Boulevard/147th Street, Roosevelt Road, 95th Street and Grand Avenue are expected to be completed by March 2016.

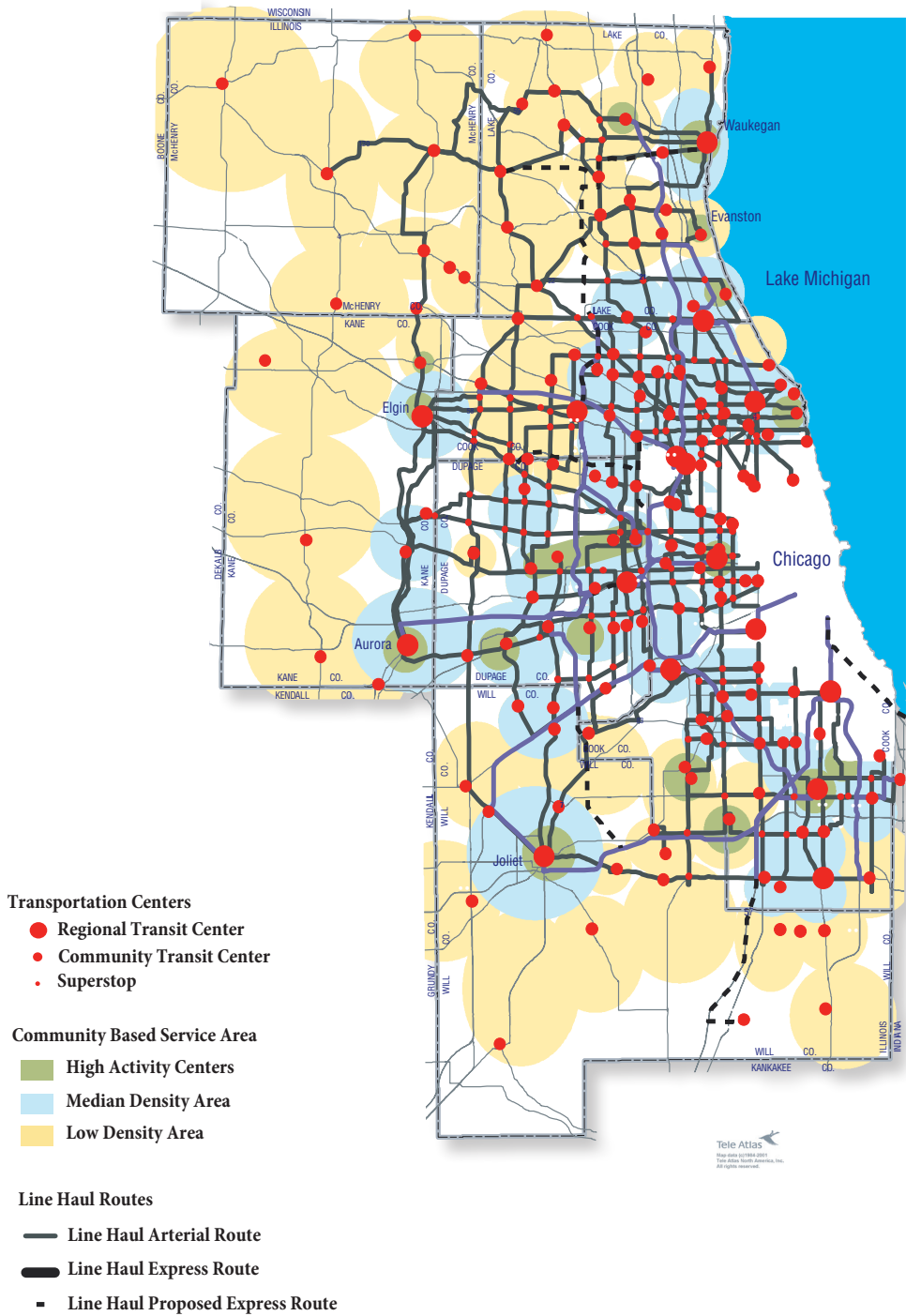
After successful completion of the proof of concept deployment of TSP along Milwaukee Avenue, Pace plans to start extensive TSP deployment along Cicero Avenue, 95th Street, 159th Street, Cermak Road/22nd Street, Grand Avenue, Sibley Boulevard/147th Street, Rand Road, Dempster Street and Roosevelt Road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

Research & Analysis

We are looking forward to the evolution and continued development of the Ventra® fare system in 2017. ADA paratransit could be accepting the Ventra card as 2017 comes to a close, integrating this major service with the ability to pay without cash and to manage your transit account. In addition, a major expansion of the Ventra mobile application includes a regional trip planner with real-time data and fare information. While the technology to allow our number one customer request—using the phone to pay a fare rather than a card—remains unavailable, the Ventra team is committed to quickly making this technology available to customers should there be movement by phone manufacturers to allow this.

In addition, the Ventra platform is evolving as technology marches on. During 2017, decisions will be made and implemented regarding the next generation Ventra card, as our oldest cards are nearing the end of their five-year life span. In addition, CTA, Pace, and Cubic are working on a plan for “Bus 2.0,” the upgrade of all equipment on buses to 4G cellular data from 3G (with the ability to go to 5G when available). This allows faster tap times and better service for customers.

Map 7. Vision 2020



Marketing & Communications Plan

AS Pace continues its effort to attract new riders and retain existing customers, a number of customer communication efforts and promotional activities occurred in 2016.

One of Pace's biggest projects in years culminates in late 2016 with the implementation of several new express routes and feeder services along the I-90 corridor. Pace, in partnership with the Illinois State Toll Highway Authority, created a promotional campaign including newly designed bus wraps and grassroots outreach. The opening of the "flex lane" in 2017 will include a major advertising effort to bring attention to a fast and reliable new service option in the northwest suburbs.

Pace also furthered its goal to make real-time bus information available to as many people as possible. In 2016, Pace purchased and installed its first electronic "count-down" signs at bus stop shelters. Those signs provide real-time bus arrival (or departure) information, using GPS tracking devices onboard buses for riders waiting at a bus stop. Pace plans for 20 signs to be installed by early 2017 and up to hundreds more thereafter. The public has had, for many years, access to real-time Pace bus arrival information via the web-based Bus Tracker and our text messaging service. The Ventra[®] app also provides real-time Pace bus arrival times, as well as Ventra account access on the go; that app (developed jointly by Pace, Metra, CTA and Cubic), won the American Public Transportation Association's 2016 Innovation Award.

The continued success of Pace's I-55 Bus on Shoulder service resulted in a number of operational changes with corresponding marketing efforts. In early 2016, Pace debuted a new park-n-ride lot in Plainfield, and then in October, instituted a new Bus on Shoulder route depart-

ing from Toyota Park in Bridgeview. Both service enhancements included advertising campaigns and grassroots outreach.

In order to promote services to a broader audience, Pace began investing in television media in 2015. Commercials included a spot for Pace fixed route service, one focused on accessibility, and one for Bus on Shoulder routes. These commercials aired on local and local cable television throughout 2016. In late 2016 a vanpool commercial was added to the mix and aired throughout the fall.

In 2017, Pace will launch its first Pulse—arterial bus rapid transit—service on Milwaukee Avenue in Chicago and Niles. Called the Pulse Milwaukee Line, the enhanced bus service aims to be a much more visible and attractive transportation option. After developing the brand name, color scheme, website and social media platforms in 2015, Pace looks forward to a full-fledged marketing and advertising campaign in mid-2017 to announce the new Pulse service.

Pace also plans to unveil a revamped website in 2017 that will be easier to navigate, have greater functionality, and be more easily readable by mobile device users, who now make up the majority of PaceBus.com website visitors.

Passenger amenities continue to be in high demand from Pace customers and in 2017, Pace will continue to install bus stop shelters with several attractive new designs from which our municipal partners can choose. Riders get the benefit of protection from the weather, and local units of government get to select a style of street furniture that fits with the aesthetics of their particular community. Furthermore, the revenue generated by the advertising on the shelter is shared between Pace and the unit of government to help keep bus fares low.



Pace looks forward to a full-fledged marketing and advertising campaign in mid-2017 to announce the new Pulse service.

Appendix F • Operating Budget Detail

2015 Actual Operating Results

2015 Actual Program, Activity and Object Matrix

	Pace Operating Divisions	Public Carriers	Private Carriers	Dial-a-Ride
Revenue				
Farebox	\$31,330,821	\$836,621	\$1,260,248	\$1,959,567
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Investment Income	0	0	0	0
Other	1,555,450	576,374	664,711	9,436,541
Total Revenue	\$32,886,271	\$1,412,995	\$1,924,959	\$11,396,108
Operating Expenses				
Operations				
Labor/Fringes	\$63,061,076	\$1,699,799	\$0	\$0
Parts/Supplies	5,411	254	0	0
Purchased Transportation	0	359,759	6,888,900	17,790,289
Fuel	0	0	0	0
Other	127,848	13,285	0	0
Total Operations	\$63,194,335	\$2,073,097	\$6,888,900	\$17,790,289
Vehicle Maintenance				
Labor/Fringes	\$13,585,628	\$518,535	\$0	\$0
Parts/Supplies	4,545,004	131,692	0	0
Other	(92,031)	71,194	0	347,502
Total Vehicle Maintenance	\$18,038,601	\$721,421	\$0	\$347,502
Non-Vehicle Maintenance				
Labor/Fringes	\$868,206	\$0	\$0	\$0
Parts/Supplies	575,977	0	0	0
Other	1,249,667	0	0	76,789
Total Non-Vehicle Maintenance	\$2,693,850	\$0	\$0	\$76,789
General Administration				
Labor/Fringes	\$3,163,582	\$344,863	\$0	\$0
Parts/Supplies	70,576	1,183	0	0
Utilities	1,656,616	769	0	0
Insurance		0	0	0
Health Insurance	0	0	0	0
Other	263,151	15,535	0	605,300
ADA Overhead	0	0	0	0
Total Administration	\$5,153,925	\$362,350	\$0	\$605,300
Total Expenses	\$89,080,711	\$3,156,868	\$6,888,900	\$18,819,880
Funding Requirement	\$56,194,440	\$1,743,873	\$4,963,941	\$7,423,772
Recovery Ratio	36.92%	44.76%	27.94%	60.55%

* Includes CMAQ/JARC/ICE Service

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 Actual</u>
\$4,035,025	\$0	\$0	\$39,422,282	\$10,809,567	\$50,231,849
0	162,469	0	162,469	0	162,469
0	3,105,226	0	3,105,226	0	3,105,226
0	345,577	0	345,577	0	345,577
0	646,551	0	12,879,627	5,749,842	18,629,469
\$4,035,025	\$4,259,823	\$0	\$55,915,181	\$16,559,409	\$72,474,590
\$0	\$0	\$3,318,311	\$68,079,186	\$0	\$68,079,186
0	0	1,811,131	1,816,796	0	1,816,796
0	0	0	25,038,948	140,648,485	165,687,433
1,618,072	0	10,929,448	12,547,520	2,383,685	14,931,205
1,868,282	0	0	2,009,415	0	2,009,415
\$3,486,354	\$0	\$16,058,890	\$109,491,865	\$143,032,170	\$252,524,035
\$0	\$0	\$3,693,166	\$17,797,329	\$0	\$17,797,329
0	0	206,219	4,882,915	0	4,882,915
0	0	1,337,540	1,664,205	0	1,664,205
\$0	\$0	\$5,236,925	\$24,344,449	\$0	\$24,344,449
\$0	\$0	\$788,364	\$1,656,570	\$0	\$1,656,570
0	0	0	575,977	0	575,977
0	342,522	720,889	2,389,867	0	2,389,867
\$0	\$342,522	\$1,509,253	\$4,622,414	\$0	\$4,622,414
\$0	\$18,102,302	\$0	\$21,610,747	\$2,408,648	\$24,019,395
0	251,731	0	323,490	5,830	329,320
0	302,794	0	1,960,179	27,909	1,988,088
0	0	7,643,104	7,643,104	236,562	7,879,666
0	0	14,638,301	14,638,301	267,154	14,905,455
0	10,882,329	6,216,964	17,983,279	4,362,336	22,345,615
0	0	0	(4,475,818)	4,475,818	0
\$0	\$29,539,156	\$28,498,369	\$59,683,282	\$11,784,257	\$71,467,539
\$3,486,354	\$29,881,678	\$51,303,437	\$198,142,010	\$154,816,427	\$352,958,437
(\$548,671)	\$25,621,855	\$51,303,437	\$142,226,829	\$138,257,018	\$280,483,847
115.74%	14.26%	0.00%	30.00%	10.00%	

Appendix F • Operating Budget Detail

2016 Estimated Operating Results

2016 Estimated Program, Activity and Object Matrix

	Pace* Operating Divisions	Public Carriers	Private Carriers	Dial-a-Ride
Revenue				
Farebox	\$31,521,847	\$797,465	\$1,313,318	\$2,037,860
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Investment Income	0	0	0	0
Other	1,498,411	564,860	682,612	9,583,136
Total Revenue	\$33,020,258	\$1,362,325	\$1,995,930	\$11,620,996
Operating Expenses				
Operations				
Labor/Fringes	\$67,124,256	\$1,786,689	\$0	\$0
Parts/Supplies	5,920	500	0	0
Purchased Transportation	0	371,300	6,855,700	17,752,641
Fuel	0	0	0	0
Other	138,487	17,750	0	0
Total Operations	\$67,268,663	\$2,176,239	\$6,855,700	\$17,752,641
Vehicle Maintenance				
Labor/Fringes	\$15,199,448	\$541,154	\$0	\$0
Parts/Supplies	5,294,745	126,635	0	0
Other	85,490	79,700	0	346,530
Total Vehicle Maintenance	\$20,579,683	\$747,489	\$0	\$346,530
Non-Vehicle Maintenance				
Labor/Fringes	\$979,104	\$0	\$0	\$0
Parts/Supplies	603,927	0	0	0
Other	1,660,425	0	0	0
Total Non-Vehicle Maintenance	\$3,243,456	\$0	\$0	\$0
General Administration				
Labor/Fringes	\$3,395,119	\$360,886	\$0	\$0
Parts/Supplies	79,598	1,500	0	0
Utilities	1,815,621	730	0	0
Insurance	0	0	0	0
Health Insurance	0	0	0	0
Other	628,401	0	0	581,547
ADA Overhead	0	0	0	0
Total Administration	\$5,918,739	\$363,116	\$0	\$581,547
Total Expenses	\$97,010,541	\$3,286,844	\$6,855,700	\$18,680,718
Funding Requirement	\$63,990,283	\$1,924,519	\$4,859,770	\$7,059,722
Recovery Ratio	34.04%	41.45%	29.11%	62.21%

* Includes CMAQ/JARC/ICE Service

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 Estimate</u>
\$3,517,771	\$0	\$0	\$39,188,261	\$11,105,805	\$50,294,066
0	1,346,000	0	1,346,000	0	1,346,000
0	2,666,000	0	2,666,000	0	2,666,000
0	364,343	0	364,343	0	364,343
0	1,076,320	0	13,405,339	2,828,338	16,233,677
\$3,517,771	\$5,452,663	\$0	\$56,969,943	\$13,934,143	\$70,904,086
\$0	\$0	\$3,569,690	\$72,480,635	\$0	\$72,480,635
0	0	1,705,879	1,712,299	0	1,712,299
0	0	0	24,979,641	148,126,330	173,105,971
1,163,006	0	8,953,285	10,116,291	1,903,556	12,019,847
2,076,623	0	0	2,232,860	0	2,232,860
\$3,239,629	\$0	\$14,228,854	\$111,521,726	\$150,029,886	\$261,551,612
\$0	\$0	\$4,149,821	\$19,890,423	\$0	\$19,890,423
0	0	254,000	5,675,380	0	5,675,380
0	0	933,510	1,445,230	0	1,445,230
\$0	\$0	\$5,337,331	\$27,011,033	\$0	\$27,011,033
\$0	\$0	\$919,292	\$1,898,396	\$0	\$1,898,396
0	0	0	603,927	0	603,927
0	372,832	770,000	2,803,257	0	2,803,257
\$0	\$372,832	\$1,689,292	\$5,305,580	\$0	\$5,305,580
\$0	\$19,811,346	\$0	\$23,567,351	\$3,053,029	\$26,620,380
0	260,344	0	341,442	0	341,442
0	337,753	0	2,154,104	42,600	2,196,704
0	0	8,021,082	8,021,082	317,350	8,338,432
0	0	20,634,067	20,634,067	492,110	21,126,177
0	12,778,334	7,754,436	21,742,718	4,273,862	26,016,580
0	0	0	(4,815,075)	4,815,075	0
\$0	\$33,187,777	\$36,409,585	\$71,645,689	\$12,994,026	\$84,639,715
\$3,239,629	\$33,560,609	\$57,665,062	\$215,484,028	\$163,023,912	\$378,507,940
(\$278,142)	\$28,107,946	\$57,665,062	\$158,514,085	\$149,089,769	\$307,603,854
108.59%	16.25%	0.00%	30.00%	10.00%	

Appendix F • Operating Budget Detail

2017 Operating Budget

2017 Program, Activity and Object Matrix

	Pace* Operating Divisions	Public Carriers	Private Carriers	Dial-a-Ride
Revenue				
Farebox	\$32,882,989	\$797,465	\$1,381,165	\$2,056,146
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Investment Income	0	0	0	0
Other	1,498,411	629,941	652,612	9,732,579
New Initiatives	0	0	0	0
Total Revenue	\$34,381,400	\$1,427,406	\$2,033,777	\$11,788,725
Operating Expenses				
Operations				
Labor/Fringes	\$73,176,390	\$1,866,834	\$0	\$0
Parts/Supplies	6,291	500	0	0
Purchased Transportation	0	382,600	7,175,700	18,086,131
Fuel	0	0	0	0
Other	142,524	17,750	0	0
New Initiatives	0	0	0	0
Total Operations	\$73,325,205	\$2,267,684	\$7,175,700	\$18,086,131
Vehicle Maintenance				
Labor/Fringes	\$16,217,753	\$552,604	\$0	\$0
Parts/Supplies	5,646,665	131,255	0	0
Other	340,522	81,273	0	355,230
Total Vehicle Maintenance	\$22,204,940	\$765,132	\$0	\$355,230
Non-Vehicle Maintenance				
Labor/Fringes	\$1,087,923	\$0	\$0	\$0
Parts/Supplies	641,319	0	0	0
Other	1,785,001	0	0	0
Total Non-Vehicle Maintenance	\$3,514,243	\$0	\$0	\$0
General Administration				
Labor/Fringes	\$3,293,470	\$369,475	\$0	\$0
Parts/Supplies	82,300	1,500	0	0
Utilities	1,916,355	730	0	0
Insurance	0	0	0	0
Health Insurance	0	0	0	0
Other	722,353	0	0	598,762
ADA Overhead	0	0	0	0
Total Administration	\$6,014,478	\$371,705	\$0	\$598,762
Total Expenses	\$105,058,866	\$3,404,521	\$7,175,700	\$19,040,123
Funding Requirement	\$70,677,466	\$1,977,115	\$5,141,923	\$7,251,398
Recovery Ratio	32.73%	41.93%	28.34%	61.92%

* Includes CMAQ/JARC/ICE Service

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 2017 Budget</u>
\$3,190,321	\$0	\$0	\$40,308,086	\$11,483,004	\$51,791,090
0	2,610,000	0	2,610,000	0	2,610,000
0	2,747,000	0	2,747,000	0	2,747,000
0	413,551	0	413,551	0	413,551
0	917,545	0	13,431,088	2,901,022	16,332,110
0	0	0	41,000	0	41,000
\$3,190,321	\$6,688,096	\$0	\$59,550,725	\$14,384,026	\$73,934,751
\$0	\$0	\$3,431,356	\$78,474,580	\$0	\$78,474,580
0	0	1,740,279	1,747,070	0	1,747,070
0	0	0	25,644,431	157,676,014	183,320,445
1,336,701	0	10,341,172	11,677,873	2,261,726	13,939,599
2,313,000	0	0	2,473,274	0	2,473,274
0	0	0	551,000	0	551,000
\$3,649,701	\$0	\$15,512,807	\$120,568,228	\$159,937,740	\$280,505,968
\$0	\$0	\$3,956,538	\$20,726,895	\$0	\$20,726,895
0	0	254,000	6,031,920	0	6,031,920
0	0	952,420	1,729,445	0	1,729,445
\$0	\$0	\$5,162,958	\$28,488,260	\$0	\$28,488,260
\$0	\$0	\$880,286	\$1,968,209	\$0	\$1,968,209
0	0	0	641,319	0	641,319
0	377,122	1,136,250	3,298,373	0	3,298,373
\$0	\$377,122	\$2,016,536	\$5,907,901	\$0	\$5,907,901
\$0	\$19,349,150	\$0	\$23,012,095	\$3,113,060	\$26,125,155
0	267,571	0	351,371	0	351,371
0	337,570	0	2,254,655	44,048	2,298,703
0	0	8,365,462	8,365,462	317,350	8,682,812
0	0	22,634,767	22,634,767	532,955	23,167,722
0	14,952,251	7,278,355	23,551,721	4,510,130	28,061,851
0	0	0	(6,514,742)	6,514,742	0
\$0	\$34,906,542	\$38,278,584	\$73,655,329	\$15,032,285	\$88,687,614
\$3,649,701	\$35,283,664	\$60,970,885	\$228,619,718	\$174,970,025	\$403,589,743
\$459,380	\$28,595,568	\$60,970,885	\$169,068,993	\$160,585,999	\$329,654,992
87.41%	18.96%	0.00%	30.30%	10.00%	

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 15 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 31 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 2017 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. 2017 Budget Development Calendar

<u>Date (2016)</u>	<u>Event</u>
May 13	Release budget call to Agency management
June 10	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 25	RTA to set 2017 Funding and Recovery Marks
September 14	Pace Board meets to discuss preliminary 2017 budget
September 14 - 30	Staff develops Proposed 2017 Budget per Board directives
September 30	Staff submits Proposed 2017 Budget to RTA
October 12	Pace Board releases Proposed 2017 Budget for Public Hearing
October 17 - 26	Public Hearings on Pace's Proposed 2017 Budget
November 9	Pace Board adopts Final 2017 Budget
November 15	Submit Final 2017 Budget to RTA
November	RTA evaluates Pace budget for compliance
December 15	RTA scheduled to approve/adopt 2017 Budget for Pace

Budget & Financial Policies

Budget Policies Overview

PACE 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 15.

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, \$18.3 million of Unrestricted Net Assets are being retained for working cash purposes during 2017.

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 was to fund the established budgeted deficit of Pace and not the actual results for the year; however, RTA has rescinded this policy. RTA policy now is 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. Lastly, the RTA Reserve Policy established in October 2015 requires the service boards to maintain adequate reserves in order to address funding and revenue shortfalls and expense overruns. Pace's working cash reserve policy satisfies this requirement.

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 including 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 \$4.9 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 limits how Pace may issue the bonds, 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 authorized projects are: (1) conversion of the South Division garage in Markham to a compressed natural gas (CNG) facility, (2) construction of a new garage in the northwestern Cook County suburbs, (3) construction of a new paratransit garage in DuPage County, (4) expansion of the North Shore garage in Evanston to accommodate additional indoor bus parking, and (5) acquisition of buses.

Farebox revenue is expected to be the revenue source dedicated for debt service payments. Pace receives over \$40 million annually in farebox 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 Management 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 schedules, market conditions, and long term financial planning.

The 2017 budget includes appropriations for the interest and issuance costs associated with Pace's bond debt program. Pace will pay \$1.464 million in interest and principal for the third year of the \$12.0 million South Division garage bond in 2017. 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 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 (enter-

prise) 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

PACE was authorized by the State of Illinois in 2013 to issue up to \$100 million in bonds for capital improvements. The legislation authorizing Pace to borrow money for capital improvements was restrictive in how Pace could issue the bonds, what projects could be financed, how much could be issued per project, and how the debt was to be repaid. Pace was authorized to issue bonds for converting the South Division garage in Markham to a compressed natural gas (CNG) facility, to construct a new garage in the northwestern Cook County suburbs, to construct a new paratransit garage in DuPage County, and to expand the North Shore garage in Evanston to accommodate additional indoor bus parking. On July 29, 2016, Pace's bonding authority was amended to allow Pace to purchase buses; however, the total amount authorized remained the same and bonding limits by project were eliminated.

Prior to 2015, Pace did not have any outstanding debt, nor had ever issued debt. 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 originally 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.

Bond Payments

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. The Suburban Service Fund's annual operating revenue is more than \$60 million. Pace is not allowed to pledge or use sales tax revenue for repayment of the authorized bonds.

Bond Rating

Pace does not have a bond rating; however, depending on the size and use of a bond issue, may pursue a public offering which will require Pace to receive a bond rating. The other bond issue alternative is to use a bank direct

placement, which generally is a lesser bond amount and limited to around a ten-year amortization schedule.

A bond rating is an analysis by a nationally recognized bond rating agency of the financial strength, management, condition of the local economy, and long term financial planning of the bond issuer. 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, with a triple A rating representing the least risky bond issue, which should result in the lowest interest rate for a bond. Each rating level (AAA or AA or A) is further subdivided into three segments being annotated with a 1, 2, or 3, or a plus or minus. For instance, a Moody's rating of Aa2 is the same as a Standard and Poor's rating of AA; and a Moody's rating of Aa3 is the same as an S & P rating of AA-.

Bond Issue

Pace issued a \$12 million revenue bond in 2015 for the South Division CNG facility project. 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.

The bond was a ten-year bank direct placement with First Merit Bank, with level principal payments of \$1.2 million annually 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. A bond reserve fund with one year's principal payment was setup at the bond bid winning bank.

Operating revenue from the Suburban Services Fund is being used to make debt service payments. The 2015 Revenue Bond requires pledged revenues from operating revenues of up to \$1.48 million annually for ten years.

	2017	2018	2019
Principal	\$1,200,000	\$1,200,000	\$1,200,000
Interest	264,000	241,800	216,000
Total Annual	\$1,464,000	\$1,441,800	\$1,416,000

2017 Budget

The 2017 Budget does not include plans for issuing bonds. The 2017 Three Year Business Plan also does not include plans for issuing bonds. The 2017 Budget, as well as the Three Year Business Plan, include interest payments for the 2015 bond issue and account for the cash flow to pay the annual principal payment.

Actual and Estimated Debt Service Schedules

The following schedule shows the actual and estimated annual principal and interest payments for the \$12 million ten-year bond.

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
Total	\$12,000	\$1,832	\$13,832	



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 (BOS)

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 (DAR)

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.

flex lane

The newly constructed seventeen and a half foot inside lane on I-90. The lane is designated for Pace bus use only, to route around congestion and provide reliable service.

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 bypassing a line of vehicles at a signalized intersection through the use of a designated lane as part of a BRT system, thereby reducing 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.

Ventra[®]

The Open Standards Fare System (Ventra) is an electronic fare payment system used by the Chicago Transit Authority (CTA), Metra, 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.

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 FAST Act (Fixing America's Surface Transportation Act)

FAST Act provides steady and predictable funds for five years, 2016-2020. This program builds upon the developments of MAP-21 while also providing increased funding above and beyond the expected amounts enacted under MAP-21.

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 provided steady and predicible funds for the two years 2012-2014. This program consolidated certain transit programs from SAFETEA-LU to improve their efficiency and provided 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 remained in effect until the passage of FAST Act on December 4, 2015.

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 totaled \$100 million for four specific capital construction projects. P.A. 99-0665, effective July 29, 2016, amended P.A. 97-0770 to allow Pace to issue bonds for the purchase of transit buses in addition to the previously authorized projects. Pace's total bonding authority remains at \$100 million.

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 from time to time uses the defeasance of bonds to reissue new bonds for 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.

Transfer Capital

Budget year operating funds directed to capital projects.

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.

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Pace Quick Facts

Service Characteristics

Background data on the Pace service is provided below.

Fixed Route Service		Ridership (000's)	2015 Actual	2016 Estimate	2017 Budget
Number of Fixed Routes (August 2016)	212	Fixed Route	30,120	29,471	30,727
• Regular Routes	155	Dial-a-Ride*	1,148	1,157	1,169
• Feeder Routes	42	Vanpool	1,851	1,770	1,770
• Shuttle Routes	15	Total Suburban Service	33,119	32,398	33,666
(All Routes are Accessible)		Regional ADA*	4,227	4,367	4,517
Peak Period Vehicle Requirements	613	Total System	37,346	36,765	38,183
Pace-owned Fleet Size	730				
Number Accessible	730	Vehicle Miles (000's)	2015 Actual	2016 Estimate	2017 Budget
Average Vehicle Age	8.4 years	Fixed Route	27,048	27,837	30,032
Contractor-owned Vehicles in Pace service	0	Dial-a-Ride	5,372	5,391	5,409
Number of Private Contractors	2	Vanpool	11,717	11,208	11,208
Number of Pace-owned Garages	11	Total Suburban Service	44,137	44,436	46,649
Number of Pace Municipal Contractors	2	Regional ADA	34,603	35,554	36,766
		Total System	78,740	79,990	83,415
Paratransit					
Number of Communities Served	210	Vehicle Hours (000's)	2015 Actual	2016 Estimate	2017 Budget
Number of Local Dial-a-Ride Projects	65	Fixed Route	1,753	1,841	1,940
Pace-owned Fleet Size (Includes Suburban ADA)	494	Dial-a-Ride	295	288	289
Average Vehicle Age	4.0 years	Vanpool	N/A	N/A	N/A
Community Trnst Vehicles in Svc (August 2016)	92	Total Suburban Service	2,048	2,129	2,229
Contractor-owned Vehicles in City ADA service	750	Regional ADA	2,369	2,407	2,490
		Total System	4,417	4,536	4,719
Vanpool					
Vans in Service (August 2016)—Traditional	254				
Vans in Service (August 2016)—Employer Shuttle	19				
Vans in Service (August 2016)—Advantage	354				
Total Vans in Service	627				
Average Vehicle Age	4.6 years				
Other					
Number of Pace Employees (Includes ADA Staff)	1,749				

*Ridership includes companions and personal care attendants

Ridership

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

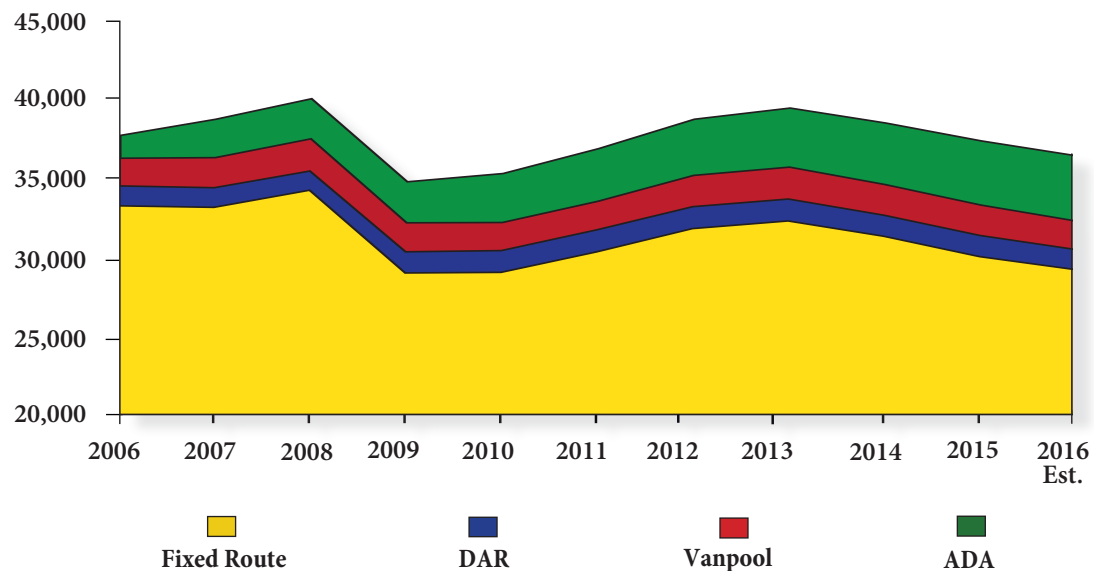
Table 47. Pace 2006–2016 Ridership Historical Summary (000's)

	<u>Fixed Route</u>	<u>DAR</u>	<u>Vanpool</u>	<u>Total Suburban Service</u>	<u>ADA</u>	<u>Total System</u>
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	30,120	1,148	1,851	33,119	4,227	37,346
2016 Est.	29,471	1,157	1,770	32,398	4,367	36,765

*Assumed City ADA service in July 2006

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

Chart U. Pace 2006-2016 Historical Ridership (000's)



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GOVERNMENT FINANCE OFFICERS ASSOCIATION

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PACE

Illinois

For the Fiscal Year Beginning

January 1, 2016

Executive Director

THE 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, 2016.

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.

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

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