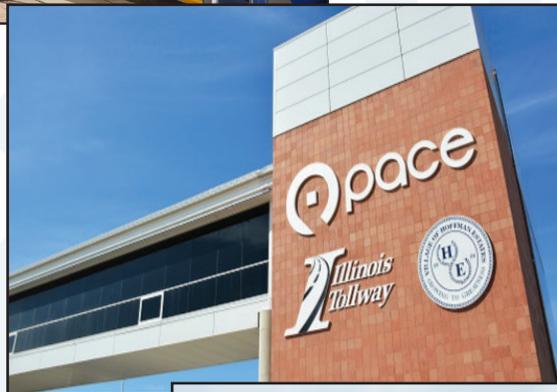




Suburban Service & Regional ADA Paratransit Budget



2020 Operating & Capital Program
2020–2022 Business Plan for Operations
2020–2024 Capital Business Plan



Final Program
November 2019

Board of Directors



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Rocky Donahue,
Executive Director

Dear Riders, Interested Citizens & Public Officials:

I am pleased to report that the budget presented here is once again balanced with no proposed fare increase. Facing some challenges and some historic opportunities, Pace has continued to improve Illinoisans' access to employment, education, healthcare, and all the other amenities our region has to offer.

Pace continues to face challenges funding our operating budget; the agency depends primarily on declining farebox revenue and slowly-growing sales tax revenue to cover its operating expenses. Among many factors, a shrinking brick-and-mortar retail sector, competition from ride-hailing companies, increasingly irregular work schedules, and changing state demographics have chipped away at these important funding sources.



This year, we were able to save over \$1 million by making cuts to underperforming routes; that money was then reinvested in growth markets. Pace launched Pulse Milwaukee Line, the first piece of its rapid transit system, in August; significantly retooled service in western Cook County; and continued to improve I-55 Bus on Shoulder service to alleviate overcrowding on the popular routes. Plans are already underway to enhance service in the North Shore and South suburbs in 2020. To expand our system, we will need to continue making it more efficient, more responsive to our riders' needs, and more vital to our region.

Despite these challenges—and perhaps in part because of how well we have responded to them—the State of Illinois entrusted Pace this year with the largest infusion of capital funds the agency has ever received. Our capital budget is therefore very robust.

Rebuild Illinois, the state's first capital program in a decade, grants Pace \$228 million in earmarks that will allow us to rehabilitate aging garages and transit centers, improve ADA Paratransit technology, and prepare for new expressway and rapid transit service opportunities. Additional funding—including the state's first sustainable, ongoing fund for transportation capital projects—will likewise help us reshape our system.

This comes at a fortuitous time, as Pace just now places the finishing touches on Driving Innovation, a strategic vision plan that will help guide us toward a future of sustainable growth. We are grateful the Governor and General Assembly have given us the opportunity to build a transit system for the next generation.

Our ADA budget is also balanced. While expenses are projected to grow in 2020, we continue to find ways to make paratransit service better and more efficient, such as the Taxi Access Program (TAP)—a program for subsidizing cab rides in the City of Chicago. Ridership on TAP is up 25% providing riders with more flexibility.

I am fortunate to be Pace's Chairman at this exciting time. In my years on Pace's Board of Directors, our agency's future—and our state's future—has never looked so bright!

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 sixth year in a row, the RTA, along with Pace, CTA, and Metra, reached consensus on the key budget parameters for the coming year (2020). On September 12, 2019, the RTA officially adopted 2020 funding levels for Pace which allow for the continuation of significant new services implemented in 2019 and planned for 2020.

Suburban Service

The 2020 Pace Suburban Service budget is balanced to available funding. Several service enhancements are incorporated into the 2020 budget described below:

- Public funding for Pace Suburban Service grows by 3.2% as compared to the 2019 budget due to projected growth in sales tax receipts. The recovery ratio requirement remains at 30.30%. Pace relies on RTA allowed credits to raise its base recovery rate from 23.60% to meet the RTA requirement.
- The 2020 budget is balanced to the RTA funding level with no fare increases. This is achieved through administrative expense reductions and the restructuring of poor performing service.
- Service reductions in 2020 partially offset service enhancements planned through 2019 and 2020. In addition to multiple adjustments to improve on-time performance, these enhancements include the implementation of Pulse Milwaukee Line service

in 2019 and additional trips to ease overcrowding on I-55 Bus on Shoulder routes in both years.

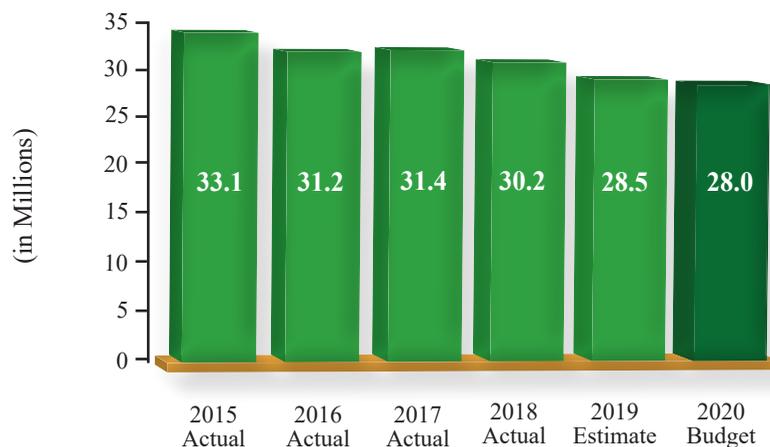
- Pace projects to finish 2019 \$1.4 million unfavorable to budget due to state-imposed reductions to public funding as well as underperforming farebox revenue, and despite estimated expense underruns of \$2.7 million.
- The 2020 Suburban Service Capital Program totals \$108.3 million, primarily for rolling stock and support facilities and equipment. The budget includes \$64.1 million of state funding from “Rebuild Illinois,” the recently passed state capital funding legislation.

Regional ADA Paratransit

The 2020 Regional ADA Paratransit budget is balanced to RTA’s funding level of \$181.3 million. This funding level supports ridership growth of 0.9% for the ADA program. In 2020, the program will provide nearly 4.3 million passenger trips. Fares are projected to remain stable at current levels in 2020 based on continued support from the State of Illinois.

“Rebuild Illinois” has allowed Pace to apply \$4.0 million to ADA-specific capital projects in 2020. This funding will be used to improve customer experience through upgrades to Pace’s scheduling software and trip booking interfaces.

Chart A. Pace Suburban Service Ridership



Executive Summary

2020 Combined Operating Budget Summary

THE 2020 budgets for Suburban Service and the Regional ADA Paratransit program are balanced to the funding levels and recovery ratio requirements established by the RTA on September 12, 2019.

The expense budget for Suburban Service in 2020 is \$239.941 million. Suburban Service operating revenue is budgeted at \$56.581 million. Total public funding for Suburban Service is estimated at \$183.360 million, which covers the operating deficit. Pace has implemented cost-

saving measures to minimize expense growth and meet the 30.3% recovery ratio set by the RTA.

The expense budget for the Regional ADA Paratransit program in 2020 is \$195.315 million. ADA operating income is expected to reach \$14.058 million resulting in a funding requirement of \$181.257 million.

There are no fare adjustments for Suburban Service or ADA Paratransit service in 2020.

The 2020 Suburban Service and Regional ADA Paratransit budgets are balanced to RTA established funding levels.

Table 1. 2020 Combined Pace Service Operating Budget Summary (000s)

	<u>Suburban Service</u>	<u>Regional ADA Paratransit</u>	<u>Combined Pace Services</u>
Total Operating Expenses	\$239,941	\$195,315	\$435,256
Less: Total Operating Revenue	56,581	14,058	70,639
Funding Requirement	\$183,360	\$181,257	\$364,617
Less:			
Sales Tax (Part I)	\$100,141	\$0	\$100,141
Sales Tax (Part II)	16,217	172,862	189,079
Suburban Community Mobility Funds (SCMF)	26,658	0	26,658
South Suburban Job Access Funds	7,500	0	7,500
PTF (Part I)	4,811	0	4,811
PTF (Part II)	19,722	0	19,722
RTA Sales Tax (Part I)	1,479	0	1,089
Federal CMAQ/Enhanced Mobility Funds	5,099	0	5,099
RTA ICE Funds	1,733	0	1,733
State ADA Funds	0	8,395	8,395
Net Funding Available	\$0	\$0	\$0
Recovery Ratio	30.30%	10.00%	N/A

2020 Capital Budget Summary

THE RTA passed the required funding marks on September 12, 2019 before the statutory deadline of September 15. The preliminary Capital Program marks prepared by the RTA include estimated federal, state, and other funds that are expected to be available to the region for capital investment purposes. Listed below are the highlights of the 2020 Capital Budget.

Suburban Service

The 2020 Suburban Capital Program totals \$108.274 million.

The program contains:

- \$24.302 million for rolling stock, including the purchase of 28 fixed route buses, 30 paratransit vehicles, 18 community transit vehicles, and engine/transmission retrofits.
- \$0.625 million for electrical/signal/communications, including upgrades to the Intelligent Bus System.
- \$71.547 million for support facilities and equipment, including improvements to facilities, computer systems, equipment, non-revenue vehicles, farebox system replacement, capital cost of contracting, preventive maintenance, construction of a new Northwest Division garage, and design of a new I-55 garage.
- \$10.050 million for stations and passenger facilities, including bus stop shelters, bus tracker sign deployment, posted-stops-only conversion, construction of a Joliet transit center, and design of the Harvey Transportation Center renovation.
- \$1.750 million for miscellaneous items, including a Vision Plan implementation study and unanticipated capital items.

Table 2. 2020 Suburban Service Capital Budget (000s)

	Amount
Rolling Stock	
28 Fixed Route Buses	\$14,000
30 Paratransit Vehicles	1,954
18 Community Transit/On Demand Vehicles	1,350
Engine/Transmission Retrofits	6,998
Subtotal	\$24,302
Electrical/Signal/Communications	
Intelligent Bus System Upgrades	\$625
Subtotal	\$625
Support Facilities and Equipment	
Improve Support Facilities	\$1,500
Computer Systems/Hardware & Software	900
Support Equipment/Non-Revenue Vehicles	1,000
Farebox System Replacement	7,500
Capital Cost of Contracting	6,195
Preventive Maintenance	9,000
New Northwest Div. Garage Construction	41,952
New I-55 Garage Design	3,500
Subtotal	\$71,547
Stations and Passenger Facilities	
Bus Stop Shelters	\$1,550
Bus Tracker Sign Deployment	750
Posted-Stops-Only Conversion	450
Joliet Transit Center Construction	6,300
Harvey TC Renovation Design	1,000
Subtotal	\$10,050
Miscellaneous	
Vision Plan Implementation Study	\$1,500
Unanticipated Capital	250
Subtotal	\$1,750
Total Suburban Capital Program	\$108,274
Total Funding	
Federal 5307/5339	\$43,922
State Bonds	52,752
State Renewal Fund	11,350
Pace PBV	250
Total Suburban Funding	\$108,274



2020 Suburban Service Operating Budget

Summary

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

- Pace projects \$239.941 million in operating expenses in 2020 for the provision of transit services in the region.
- A total of \$56.581 million in revenue is generated from operations.
- An initial deficit or funding requirement of \$183.360 million occurs from operations prior to funding.
- A total of \$178.261 million in funding generated from Regional Sales Tax will be used including \$4.811 million in PTF (Part I) and \$1.733 million in RTA ICE funds.
- A total of \$5.099 million in Federal Congestion Mitigation/Air Quality (CMAQ) and Enhanced Mobility funds will be used.

The budget for 2020 includes service reductions to partially offset service added in 2019 and 2020, including the implementation of the Pulse Milwaukee Line and additional service to ease overcrowding on I-55.

The 2020 Suburban Service budget is balanced to both the funding and recovery marks identified for Pace by the RTA. The budget does not include any fare increases despite funding lost to the State of Illinois administrative surcharge on sales tax receipts and reduction to PTF.

The RTA recovery requirement remains steady at 30.30% for 2020. Pace relies on credits allowed by the RTA to raise the base recovery rate from 23.60% to meet the RTA requirement.

Ridership is projected to fall 1.7% in 2020 to 28.0 million trips as the ridership from additional service is not expected to completely offset the continuing decline in fixed route and demand response ridership.

A detailed review of the 2020 Suburban Service operating program is presented in this section.

Table 3. 2020 Suburban Service Operating Budget Summary (000s)

	2018 Actual	2019 Estimate	2020 Budget
Total Operating Expenses	\$218,921	\$233,343	\$239,941
Less: Total Operating Revenue	57,560	55,536	56,581
Funding Requirement	\$161,361	\$177,807	\$183,360
Less:			
Sales Tax (Part I)	\$95,683	\$97,185	\$100,141
Sales Tax (Part II)	16,013	16,357	16,217
Suburban Community Mobility Fund (SCMF)	25,077	25,856	26,658
South Suburban Job Access Fund	7,500	7,500	7,500
PTF (Part I)	4,315	4,538	4,811
PTF (Part II)	17,745	18,695	19,722
RTA Sales Tax (Part I)	0	0	1,479
RTA ICE Funds	0	446	1,733
Federal CMAQ/Enhanced Mobility	6,470	5,860	5,099
Net Funding Available	\$11,442	(\$1,370)	\$0
Recovery Ratio	31.11%	30.30%	30.30%

Suburban Service

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 revenue derived from operations. In January 2008, the public funding package for transit in northeastern Illinois was revised to increase the amount and sources of funds and established a new allocation basis for the new funding provided.

To put the public funding environment in perspective, the following information segregates 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.

With adoption of the Illinois Fiscal Year 2018 budget, the state imposed a 2% administrative surcharge on RTA sales tax, and a 10% reduction in PTF for ILFY18, reducing funds available for operations. For ILFY19, the administrative surcharge was reduced to 1.5%. The reduction to PTF was continued but reduced to 5% for ILFY19. These state-imposed reductions continue for ILFY20.

By September 15, the RTA is required to advise Pace and the other service boards of the amounts and timing of public funds 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 revenue that each of the service boards need to achieve in order to meet the RTA marks. Further discussion of the RTA marks and the budget process can be found in Appendix G. A detailed look at the funding sources is provided as follows.

Table 4. Part I. Allocation of Sales Tax Receipts

	RTA	CTA	Metra	Pace
Chicago	15%	85%	0%	0%
Suburban Cook	15%	(30%)	55%	15% of remaining 85%)
Collar Counties	15%	(0%)	70%	30% of remaining 85%)

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

	2016 Actual	2017 Actual	2018 Actual	2019 Estimate	2020 Budget
Regional Funds					
Sales Tax - Part I	\$877,486	\$878,594	\$914,427	\$941,033	\$972,052
PTF Match to Part I Sales Tax (25%)	221,621	212,644	215,739	226,899	240,546
Sales Tax - Part II	307,697	307,393	317,584	329,238	337,957
PTF Match to Part II Sales Tax (+5% Part I)	161,127	150,004	152,628	159,632	168,434
Total Sales Tax and PTF	\$1,567,931	\$1,548,635	\$1,600,378	\$1,656,802	\$1,718,989
Pace Share of Regional Funds					
Sales Tax - Part I	\$91,559	\$92,119	\$95,683	\$97,185	\$100,141
PTF Match to Part I Sales Tax	4,432	4,253	4,315	4,538	4,811
Sales Tax II and PTF	58,126	57,163	58,835	60,908	62,597
Total Pace Share	\$154,117	\$153,535	\$158,833	\$162,631	\$167,549
Pace Funding as a Percent of Regional Funding					
PTF Match to Part I Sales Tax (RTA Discretionary)	2.0%	2.0%	2.0%	2.0%	2.0%
Sales Tax I and PTF I	8.7	8.8	8.8	8.7	8.7
Sales Tax II and PTF II	12.4	12.5	12.5	12.5	12.4
Total Receipts	9.8%	9.9%	9.9%	9.8%	9.7%

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 in Table 4.

The estimated RTA sales tax funding mark for Pace is \$100.141 million for 2020. This represents approximately 10.3% of the total RTA region's estimate of \$972.052 million. The RTA estimate for Pace sales tax receipts is 3.0% greater than 2019 estimated 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 revenue 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 2020, the RTA will provide Pace with 2.0% or \$4.811 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 2020 to support the I-90 service initiative.

Enhanced Mobility of Seniors and Individuals with Disabilities (\$5310)

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. Funding from this source is included in 2020 to support the Regional Mobility Management Call Center (RMMCC).

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 was 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. An 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—was established.

The existing PTF match of 25% of sales tax was extended to the new 1/4% sales tax, bringing the total PTF match to 30%. Recent State of Illinois budgets have reduced the PTF contribution by 10% in ILFY18 and 5% in ILFY19, which continues into ILFY20. 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 2020 is as follows:

- \$172.862 million was allocated to Pace for the provision of the Regional ADA Paratransit Service, based on program requirements.
- \$26.658 million was allocated to Pace under the Suburban Community Mobility Fund (SCMF).
- \$13.329 million was allocated to the RTA for an Innovation, Coordination and Enhancement (ICE) fund, of which Pace expects to expend \$1.733 million.
- \$16.729 million was allocated to CTA for the 25% PTF match on RETT.

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 2020 RTA budget.

Suburban Community Mobility Fund (SCMF)

In 2020, the SCMF provides \$26.658 million to Pace for the provision of non-traditional transit services. Services such as demand response, 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 providing in excess of \$60 million in qualifying services; however, the decision as to whether these funds are used for new or existing services is made annually via the budget process. For 2020, 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 \$26.0 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 2020 requirement is \$172.862 million.

Table 6. Part II Regional Public Funding Distribution (000s)

	2020 Plan
New Sales Tax	\$337,597
Public Transportation Funds (PTF) II	168,435
Total Sales Tax II & PTF II	\$506,032
Distribution	
Regional ADA Paratransit Fund - Pace/RTA	\$172,862
Suburban Community Mobility Fund - Pace	26,658
RTA ICE Funds	13,329
25% PTF Match on RETT - CTA	16,729
Balance Available for Allocation	\$276,454
Service Board Distribution	
CTA - 48%	\$132,698
Metra - 39%	107,817
Pace - 13%	35,939
Total to Service Boards	\$276,454

Operating Revenue

Pace is budgeting \$56.581 million in Suburban Service operating revenue for 2020, a 1.9% increase over 2019. Fare revenue is expected to decline \$0.464 million from 2019 levels; however, other miscellaneous income and advertising revenue will grow \$1.510 million, offsetting the expected decline in fare revenue.

Uses of Funds

ALL funds received in 2020 will be used to support Pace services. The components of the 2020 Suburban Service operating program are fixed route services (i.e., Pace divisions, public/municipal-contracted, and private-contracted); demand response services; the Vanpool program; centralized support expenses; and costs for administration.

Pace Divisions

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 86% of the total suburban service ridership. Pace expects to expend \$109.523 million for these services in 2020. 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 \$3.636 million in 2020. 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 2020 is \$7.698 million. Further information can be found on page 14.

Demand Response Services

Pace partners in 71 demand response projects throughout the six-county region. Services are operated by townships and 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 demand response services in 2020 is \$13.164 million. Further information can be found on pages 15 and 16.

Vanpool Services

The 2020 budget for vanpool services is \$2.593 million. This program is comprised of three elements—the Vanpool Incentive Program (VIP) provides traditional commute vanpools, Advantage provides a transit alternative to individuals who commute on a regular basis to work sites or rehabilitative workshops, and the Employer Shuttle element allows suburban employers to shuttle employees to and from nearby transit connections. Pace expects this program to have 538 vans in service in 2020. 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 \$73.630 million to provide fuel, insurance, healthcare, and other support items in 2020. Further detail is provided on page 19.

Administration

To accomplish the duties of direct operational support, service planning, capital planning, financial control and IT support, Pace's 2020 administrative budget, including debt service, is set at \$38.946 million. Further information can be found on page 20.

Regional ADA Paratransit Credit

In July 2006, Pace assumed responsibility for providing all ADA Paratransit Service in the northeastern Illinois six county region. To offset the cost of administrative support (i.e., Accounting, Purchasing, IT and other departments) a credit is applied to the Suburban Service budget and allocated to the Regional ADA Paratransit Services budget. For 2020, the allocation is \$9.249 million.

Suburban Service

Table 7. 2020 Suburban Service Revenue Summary (000s)

	2018 Actual	2019 Estimate	2020 Budget
Operating Revenue			
Pace Divisions	\$33,733	\$32,363	\$31,931
Public/Municipal Contracted Services	1,516	1,459	1,478
Private Contract Services	1,722	1,708	1,680
Demand Response Services	12,077	11,532	12,146
Vanpool Services	2,479	2,324	2,331
Half-Fare Reimbursement	1,279	1,346	1,346
Investment/Other Income	1,880	1,754	2,869
Advertising Revenue	2,874	3,050	2,800
Total Operating Revenue	\$57,560	\$55,536	\$56,581
Public Funding			
Sales Tax (Part I)	\$95,683	\$97,185	\$100,141
Sales Tax (Part II)	16,013	16,357	16,217
PTF (Part I)	4,315	4,538	4,811
PTF (Part II)	17,745	18,695	19,722
Suburban Community Mobility Fund (SCMF)	25,077	25,856	26,658
South Suburban Cook Job Access Fund	7,500	7,500	7,500
RTA Sales Tax (Part I)	0	0	1,479
RTA ICE Funds	0	446	1,733
Federal CMAQ/Enhanced Mobility Funds	6,470	5,860	5,099
Total Public Funding	\$172,803	\$176,437	\$183,360
Total Source of Funds	\$230,363	\$231,973	\$239,941

Chart B. Sources of Funds (000s) - Total \$239,941

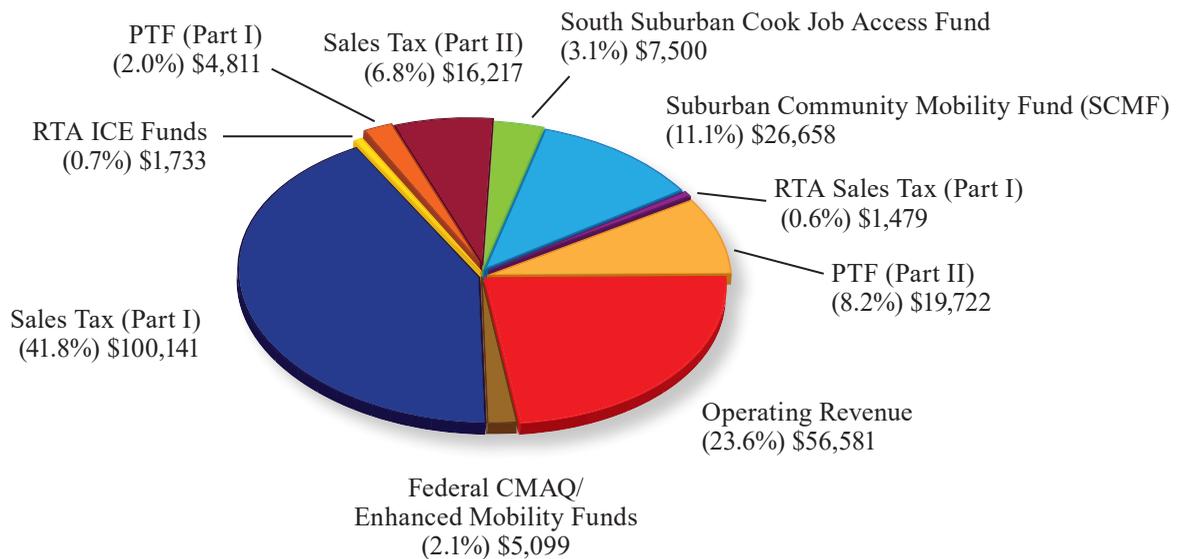


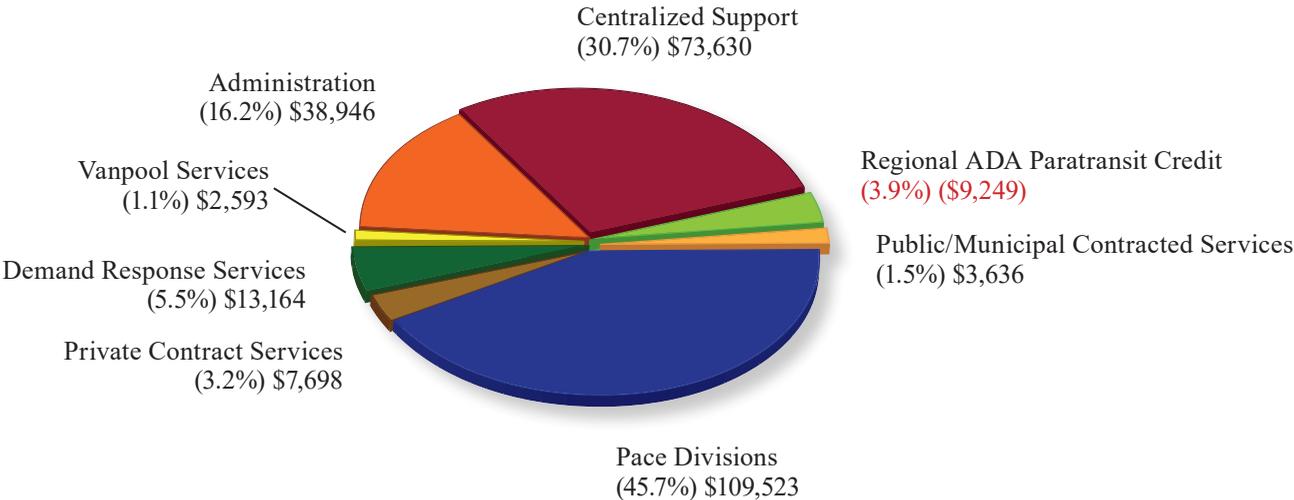
Table 8. 2020 Suburban Service Expense Summary (000s)

	<u>2018 Actual</u>	<u>2019 Estimate</u>	<u>2020 Budget</u>
Expenses			
Pace Divisions	\$105,408	\$104,113	\$109,523
Public/Municipal Contracted Services	3,357	3,562	3,636
Private Contract Services	5,740	7,162	7,698
Demand Response Services*	12,060	18,366	13,164
Vanpool Services	2,445	2,409	2,593
Centralized Support	65,308	70,865	73,630
Administration**	31,676	35,092	38,946
Regional ADA Support Credit	(7,073)	(8,226)	(9,249)
Total Expenses	\$218,921	\$233,343	\$239,941
Net Funding Available	\$11,442	(\$1,370)	\$0
Recovery Rate	31.11%	30.30%	30.30%

*Demand Response Services expenses reflect reclassification of capital-eligible expenses of \$6.917 million in 2018 and \$6.195 million in 2020.

**Includes Debt Service beginning in 2015.

Chart C. Uses of Funds (000s) - Total \$239,941



Suburban Service

2020 Pace Divisions 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 86% of the system's suburban ridership.

In 2020, Pace will spend \$77.592 million to provide service in these areas. This represents a 8.1% increase over estimated 2019 levels.

Total revenue is expected to decrease by 1.3% from 2019 to 2020 while total operating expenses will increase by 4.9%. This increase is due to a full year's impact of the new Pulse Milwaukee Line, contractual labor, and fringe growth.

Recovery performance will decrease 1.9% at the divisions for 2020 due to the increase in operating expenses and decrease in revenue.

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

2020 Goals
Pace's efforts for 2020 include providing 24.2 million rides with a minimum recovery ratio of 29.15%.

Table 9. Budget Summary - Pace Divisions (000s)

	2018 Actual	2019 Estimate	2020 Budget
Revenue			
Pace Divisions	\$33,424	\$31,760	\$30,982
CMAQ/ICE	309	603	949
Total Revenue	\$33,733	\$32,363	\$31,931
Expenses			
Operations	\$72,362	\$74,517	\$76,850
CMAQ/ICE	5,049	6,005	7,781
Maintenance	15,602	10,636	11,954
Bus Parts/Supplies	4,375	3,426	2,918
Non-Vehicle Maintenance	2,720	3,132	3,443
General Administration	5,300	6,397	6,577
Total Expenses	\$105,408	\$104,113	\$109,523
Funding Requirement	\$71,675	\$71,750	\$77,592
Recovery Ratio	32.00%	31.08%	29.15%
Ridership	26,040	24,586	24,161
Vehicle Miles	28,246	28,139	28,555
Vehicle Hours	1,514	1,812	1,845
Full Time Equivalents (FTEs)	1,447	1,457	1,471

2020 Public/Municipal Contracted Services Budget

PACE contracts with two municipalities—Highland Park and Niles—and maintains an agreement with the Village of Schaumburg for fixed route service. The budget for Public/Municipal contracted service 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 2020. Combined, these services will provide 0.509 million rides and generate \$1.232 million in farebox and local share revenue. Total service expenditures will reach \$3.166 million in 2020, and net required funding will be \$1.934 million.



Pace provides trolley bus service to several locations in Schaumburg including Woodfield Mall, IKEA, the Streets of Woodfield, and the Schaumburg Convention Center.

Schaumburg

Trolley service is provided in the Woodfield area of Schaumburg. The 2020 estimated cost of this service is \$0.470 million which will be partially funded by the Village of Schaumburg.

2020 Goals

Pace’s efforts for 2020 include providing 0.5 million rides with an overall recovery ratio of 40.65%.

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

	2018 Actual	2019 Estimate	2020 Budget
Revenue			
Highland Park	\$688	\$688	\$687
Niles	542	540	545
Schaumburg	286	231	246
Total Revenue	\$1,516	\$1,459	\$1,478
Expenses			
Highland Park	\$1,400	\$1,615	\$1,652
Niles	1,516	1,502	1,514
Schaumburg	441	445	470
Total Expenses	\$3,357	\$3,562	\$3,636
Funding Requirement	\$1,841	\$2,103	\$2,158
Recovery Ratio	45.16%	40.96%	40.65%
Ridership	563	538	526
Vehicle Miles	554	549	549
Vehicle Hours	51	50	50

Suburban Service

2020 Private Contract Services Budget

IN 2020, 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 \$0.536 million in 2020 or 7.5% over estimated 2019 levels. This is mostly due to increased vendor costs.

Operating revenue is projected to fall by 1.7% next year due to decreasing ridership.

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

2020 Goals
2020 goals include providing service to 1.0 million riders while achieving a minimum recovery ratio of 21.82%.

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

	<u>2018 Actual</u>	<u>2019 Estimate</u>	<u>2020 Budget</u>
Revenue			
Private Contract	\$1,722	\$1,708	\$1,680
Total Revenue	\$1,722	\$1,708	\$1,680
Expenses			
Private Contract	\$5,740	\$7,162	\$7,698
Total Expenses	\$5,740	\$7,162	\$7,698
Funding Requirement	\$4,018	\$5,454	\$6,018
Recovery Ratio	30.00%	23.85%	21.82%
Ridership	1,070	1,012	983
Vehicle Miles	1,750	1,697	1,697
Vehicle Hours	109	106	106

2020 Demand Response Services Budget

Demand Response

Demand Response is available in a large portion of the Pace service area through 71 projects. Nearly all services are provided with Pace paratransit vehicles.

Pace has service agreements with villages and townships for the operation of 14 projects. In most cases, the local community operates the service referred to as Municipal Provided Service. For 2020, Pace's funding formula for service agreements is based on providing a subsidy of \$3.00 per trip or 75% of deficit (direct expense minus fare revenue), whichever is less (\$3.00/75%). As in past years, individual project funding will also be limited to the inflationary growth rate for 2020.

Pace contracts directly with private providers for the operation of 29 projects referred to as Contractor Provided Service. The communities served collaborate with Pace to provide financial support for these projects through local share agreements.

Coordinated 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

On Demand Service

In 2008, Pace launched its first On Demand service in West Joliet. On Demand service is a reservation-based, curb-to-curb demand response service that picks up

riders and takes them anywhere within a designated geographic service area. This service differs from other demand response and ADA Paratransit services. On Demand services are designed to supplement the fixed route service by providing the first and/or last mile to connect people to the routes in the area. In addition to phone reservations, customers may book their reservation online through a link on the Pace website. Fares for the service are the same as the local fixed route service and vehicles are equipped with the Ventra® fare system. Pace currently operates the following 11 On Demand services throughout the region:

- Batavia
- Naperville/Aurora
- Round Lake Area
- Southeast Aurora
- St. Charles/Geneva
- Tinley Park
- Vernon Hill/Mundelein
- West Joliet
- Wheaton/Winfield
- Arlington Heights/Rolling Meadows
- Hoffman Estates

Community Transit Program

The Community Transit program allows local municipalities to provide flexible public transportation in their communities. Revenue for this program is projected at \$108,280 with 100 vehicles in service by year-end 2019. The 2020 budgeted recovery rate for this program is 171.50%.

The budget shown in Table 12 is based on the \$3.00/75% subsidy formula for local Demand Response and will provide \$19.359 million for all Demand Response service throughout the six-county region.

2020 Goals

Combined efforts in 2020 will include carrying approximately 1.0 million riders while maintaining recovery performance at a level of 62.74%.

Suburban Service

Table 12. Budget Summary - Demand Response Services (000s)

	2018 <u>Actual</u>	2019 <u>Estimate</u>	2020 <u>Budget</u>
Revenue			
Municipal Provided Service	\$3,699	\$2,945	\$3,075
Contractor Provided Service	2,259	2,192	2,228
On Demand	113	120	126
MCRide	1,257	1,258	1,296
Ride DuPage	2,280	2,442	2,452
Ride in Kane	2,356	2,465	2,861
Community Transit	113	110	108
Total Revenue	\$12,077	\$11,532	\$12,146
Expenses			
Municipal Provided Service	\$4,305	\$3,476	\$3,581
Contractor Provided Service	4,285	4,202	4,307
On Demand	1,709	1,834	1,975
MCRide	2,685	2,569	2,636
Ride DuPage	3,080	3,198	3,235
Ride in Kane	2,852	3,024	3,562
Community Transit	61	63	63
Total Expenses*	\$18,977	\$18,366	\$19,359
Recovery Rate			
Municipal Provided Service	85.24%	84.72%	85.89%
Contractor Provided Service	52.72%	53.44%	47.76%
On Demand	6.64%	6.56%	6.37%
MCRide	46.82%	48.97%	56.89%
Ride DuPage	74.03%	76.36%	75.81%
Ride in Kane	82.62%	81.51%	80.32%
Community Transit	184.82%	173.78%	171.50%
Total Recovery Rate	63.64%	62.79%	62.74%
Ridership			
Municipal Provided Service	213	177	167
Contractor Provided Service	204	195	187
On Demand	88	93	96
MCRide	104	98	101
Ride DuPage	109	110	111
Ride in Kane	97	98	100
Community Transit	212	207	204
Total Ridership	1,027	978	966

*Total expenses do not reflect reclassification of capital-eligible expenses of \$6.917 million in 2018 and \$6.195 million in 2020.

2020 Vanpool Services Budget

THE Vanpool program is a commuting option which provides passenger vans to small groups of four to 14 people, allowing them to commute to and from work together. Pace estimates to have 538 vans in service by year-end 2020 providing 1.375 million rides. Revenue remains stable in 2020 due to consistent participation in all programs.

Expenses are projected to grow 7.6% over 2019 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: Vanpool Incentive Program (VIP), Employer Shuttle, and Advantage program.

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

Vanpool Incentive Program

VIP is the core element of the program and is projected to achieve a ridership level of nearly 0.534 million rides with 179 vans in service by the end of 2020. The 2020 budgeted revenue is anticipated to remain stable to 2019 revenue due to the total van count remaining equal for both years. Total expenses are projected to grow 3.4%, with most of the increase coming from anticipated higher fuel expense. Recovery performance is budgeted at 163.47% for 2020.

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. Pace will have 18 shuttle vans in service at the end of 2020—no change to 2019 levels. The 2020 budgeted recovery rate for this program is 67.76%.

Advantage Program

The Advantage program provides a transit alternative to individuals that commute on a regular basis to worksites or rehabilitative workshops supported by qualifying not-for-profit human service organizations. It is an alternative for those unable to use the regular ADA Paratransit service or those living outside the 3/4 mile ADA service area.

The Advantage program revenue for 2020 will remain stable, while the 9.9% growth in expense reflects the planned addition of a safety monitoring system. Pace estimates to have 341 vans in service at year-end. The recovery rate for the Advantage program is budgeted at 57.07% for 2020.

2020 Goals

Pace's efforts for the entire Vanpool program in 2020 include providing 1.4 million passenger trips and maintaining a recovery ratio of 89.92%.



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

Suburban Service

Table 13. Vanpool Services Budget (000s)

	<u>2018 Actual</u>	<u>2019 Estimate</u>	<u>2020 Budget</u>
Revenue			
VIP	\$1,474	\$1,296	\$1,295
Employer Shuttle	47	54	54
Advantage	958	974	982
Total Revenue	\$2,479	\$2,324	\$2,331
Expense			
VIP	\$874	\$766	\$792
Employer Shuttle	69	77	80
Advantage	1,502	1,566	1,721
Total Expenses	\$2,445	\$2,409	\$2,593
Funding Requirement	(\$34)	\$85	\$262
Recovery Rate			
VIP	168.69%	169.02%	163.47%
Employer Shuttle	68.08%	70.06%	67.76%
Advantage	63.77%	62.24%	57.07%
Total Recovery Rate	101.40%	96.46%	89.92%
Ridership			
VIP	641	534	534
Employer Shuttle	65	58	58
Advantage	802	783	783
Total Ridership	1,508	1,375	1,375
Vehicle Miles			
VIP	4,563	3,956	3,956
Employer Shuttle	403	392	392
Advantage	3,793	3,731	3,731
Total Vehicle Miles	8,759	8,079	8,079
Vehicles in Service (year-end) - VIP	189	179	179
Vehicles in Service (year-end) - Employer Shuttle	18	18	18
Vehicles in Service (year-end) - Advantage	337	341	341
Total Vehicles in Service (year-end)	544	538	538

2020 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 is comprised of four activity areas: Operations, Maintenance, Non-Vehicle Maintenance, and Administration. The centralized support budget will reach \$73.630 million in 2020.

In 2019, Pace’s centralized support expense is estimated to end the year \$0.407 million below budgeted levels with savings in labor and fuel costs offsetting an increase in liability insurance.

The 2020 centralized support budget will grow 3.9% over estimated 2019 levels, mostly due to growth in labor and fuel expenses.

The Operations component is comprised of 37 positions that provide support to all operations areas of Pace. Total operations expense will increase 10.2% from 2019 levels, mostly associated with fuel expenses.

Total fuel costs are projected to grow 8.4% in 2020. Fuel consumption, measured in gallons, will reach 6.7 million, essentially flat to expected 2019 consumption. The price for fuel is forecasted to rise 8.4% in 2020. For Pace, this represents a \$0.16 increase to \$1.95 per gallon. The price per gallon reflects the combined price per gallon for diesel, CNG, and gasoline fuels used in providing suburban service.

The Maintenance component is comprised of 54 positions and includes both maintenance and materials management personnel. Total maintenance expense is projected to increase 8.2% from 2019 levels due largely to labor and fringe expenses.

The Non-Vehicle Maintenance component consists of 14 positions which provide support to all building maintenance and bus shelter functions. This area is expected to grow 18.5% in 2020 due to passenger facility maintenance expenses and labor and fringe expenses.

The Administration component of the central support budget is comprised of various expenses including marketing, Ventra fare system, liability insurance, and healthcare. This area is expected to increase 0.2% in 2020. This is mostly associated with liability insurance costs which are expected to decrease \$1.036 million, offsetting growth in other expenses.

2020 Goals

Pace’s 2020 budgetary efforts for centralized support will include constraining non-labor expenditures wherever possible while maintaining a maximum staffing level of 104 positions.

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

Table 14. Centralized Support Budget (000s)

	2018 Actual	2019 Estimate	2020 Budget
Operations	\$5,492	\$5,538	\$6,317
Fuel	12,693	11,998	13,005
Maintenance	5,283	5,828	6,306
Non-Vehicle Maintenance	1,875	2,277	2,697
Administration	6,537	7,067	7,133
Liability Insurance	7,247	11,973	10,937
Healthcare	26,181	26,184	27,235
Total	\$65,308	\$70,865	\$73,630
Full-Time Equivalents (FTEs)	103	104	104

2020 Administrative Budget

THE 2020 administrative budget is estimated to reach \$38.946 million. Pace will use 201.5 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 2019, administrative expenses are estimated to end the year 7.4% under the 2019 budget, but up 10.8% from 2018 levels. The growth is mostly driven by an increase to required non-union pension expense and operational support items such as software maintenance.

The 2020 administrative budget will increase 11.0% over 2019 levels. Labor and fringes, as well as planned service studies and external project management oversight of the Pulse network expansion, account for the majority of next year’s growth.

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

2020 Goals
Pace’s 2020 efforts for the administrative budget include constraining non-labor expense growth while maintaining a staffing level of 201.5 positions.

Table 15. Administrative Budget (000s)

	<u>2018 Actual</u>	<u>2019 Estimate</u>	<u>2020 Budget</u>
Non-Vehicle Maintenance	\$293	\$331	\$314
General Administration			
Labor/Fringe Benefits	\$19,870	\$22,675	\$24,048
Parts/Supplies	202	205	218
Utilities	354	354	641
Bond Interest	242	216	187
Other	10,715	11,311	13,538
Total Expenses	\$31,676	\$35,092	\$38,946
Full Time Equivalents (FTEs)	198.0	201.5	201.5

2020 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 2020 through 2022. The RTA Act requires that the service boards submit a budget and three-year financial plan which shows a balance between the funding estimates provided by the RTA and the anticipated costs of providing services. Pace’s plan for 2020–2022 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 improvements for 2019. Services along the I-55 corridor are being enhanced to relieve overcrowding and the Pulse Milwaukee Line began service in August. Additional service enhancements on I-55 and both north and south Cook County are planned for 2020.

The outlook for ridership is declining. Existing base ridership has been declining since 2015. For 2020, ridership is forecasted to fall 1.7%. Additional ridership expected from the service enhancements above is offset by the continued decline of baseline fixed route and demand response ridership. The outlook over the three-year plan is that baseline ridership is expected to stay flat to 2020 projections, with 2021 seeing a slight increase due to 2020 service enhancements.

While public funding is forecasted to grow throughout the three-year planning horizon, the growth in sales tax is minimal in 2021 and 2022 and is further mitigated by the impact of reductions in the RTA sales tax and PTF imposed by the state.

Federal funds have been programmed for use throughout all three years of this plan. CMAQ funding for I-90 service enhancements is expected to be exhausted before the end of 2022.

As noted, the budget and three-year financial plan are balanced and Pace will achieve the recovery ratio of 30.30% set by the RTA for the 2020 Suburban Service program. Pace will use credits authorized by the RTA to achieve the recovery ratio.

Due to the minimal growth in public funding, budget balancing actions are forecasted in both out-years, 2021 and 2022. Future budget balancing actions may include service reductions, expense reductions, and/or fare adjustments.

A discussion of the assumptions used in developing the multi-year plan and a review of the highlights of the plan are provided on the following pages, along with Table 18 showing the full details of the plan.

Table 16. Baseline Economic Assumptions

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Change in Demand (Based on Total Ridership) (1)	(5.7%)	(1.7%)	0.5%	0.0%
T-Bill Rates (90 Day) (2)	2.8%	3.2%	3.2%	3.2%
CPI-U (National) (3)	2.1%	2.6%	2.6%	2.5%
Ultra-Low Sulfur Diesel Fuel (Price Growth)	(6.6%)	9.3%	2.4%	2.4%
Pace Public Funds (Sales Tax I) (4)	1.6%	3.0%	2.0%	2.0%

(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 revenue.

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

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

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

Suburban Service

Assumptions

NUMEROUS factors must be considered when developing an annual budget and multi-year plan. Demand must be identified and evaluated for both the short and long term. Demand is measured by estimating ridership to forecast farebox revenue. Economic assumptions related to the costs of providing transit services must be identified. Estimates of inflation as measured by the consumer price index (CPI) and estimates for fuel are of significant importance. The outlook for public funding growth as identified by the RTA is extremely important as it provides between 70% and 75% 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; *Oil Daily*—an oil industry newsletter providing up-to-the-minute activities in the oil market; and *The Wall Street Journal*—referenced for general economic trends.

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

Table 17. Multi-Year Category Growth

	2020	2021	2022
Fare Revenue	(1.3%)	0.4%	(0.8%)
Total Revenue	1.9%	(1.3%)	0.6%
Labor/Fringes	6.0%	3.0%	3.0%
Healthcare	4.0%	8.8%	8.5%
Parts/Supplies	(0.8%)	7.0%	6.9%
Purchased Transportation	6.6%	2.7%	2.7%
Utilities	13.8%	5.1%	5.7%
Insurance/Claims	(8.6%)	7.1%	7.0%
Fuel (Costs)	8.1%	3.7%	3.2%
<hr/>			
Fuel Costs - Suburban Service*	\$13.005 mil	\$13.507 mil	\$13.861 mil
Number of Gallons - Suburban Service	6.686 mil	6.755 mil	6.755 mil
Price per Gallon*	\$1.95	\$2.00	\$2.05
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Fuel Costs - Gasoline - Vanpool	\$1.222 mil	\$1.251 mil	\$1.281 mil
Number of Gallons - Vanpool	0.523 mil	0.523 mil	0.523 mil
Price per Gallon - Gasoline	\$2.33	\$2.39	\$2.45

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

Highlights – 2020 Budget & Three-Year Business Plan

PACE’S 2020 budget presented in Table 18 is balanced using RTA Sales Tax funding and Federal CMAQ funds. For the two out-years, 2021 and 2022, the plan is balanced with continued use of these funding sources; however, CMAQ funds will be exhausted in 2022. For all three years, Pace will achieve a recovery ratio of 30.30% using credits approved by the RTA.

For the three years, operating revenue is only anticipated to grow at an annual compound rate of 0.41% without a fare increase. The growth in revenue reflects leveling ridership in 2021 and 2022, as well as slight growth for non-service revenue. With a \$0.25 fare increase in 2021, the annual compound growth rate climbs to 2.2%.

Expenses will grow at an annual compound rate of 2.1% over the three-year period. Expense growth has been constrained over the three-year planning horizon; how-

ever, the need for budget balancing actions has been identified for the second and third year of the plan. Actions may include, but are not limited to, modifying service, adjusting fares, implementing efficiencies, reducing operating costs, and identifying additional revenue.

Total public funding will grow at an annual compound rate of 2.4% over the three-year plan cycle and includes both sales tax and federal revenue sources. This rate reflects the addition of RTA ICE funds for operations in 2019, as well as the reduction of the state-imposed administrative surcharge from 2% to 1.5% in ILFY19 and the restoration of the PTF reduction in ILFY21. Growth in public funding is expected to slow significantly, with RTA funding to Pace only expected to grow 2.3% in 2021 and 1.5% in 2022.



Suburban Service

Suburban Service Budget & Three-Year Business Plan

Table 18. 2020-2022 Suburban Service Budget and Three-Year Business Plan (000s)

	2018 Actual	2019 Estimate	2020 Budget	2021 Plan	2022 Plan
Operating Revenue					
Farebox Revenue	\$38,054	\$36,297	\$35,833	\$35,986	\$35,967
Reduced Fare Reimbursement	1,279	1,346	1,346	1,346	1,346
Advertising	2,874	3,050	2,800	2,510	2,610
Local Share/Invest/Other/New Initiatives	15,353	14,843	16,602	16,027	16,304
Fare Adjustment				3,020	3,020
Total Revenue	\$57,560	\$55,536	\$56,581	\$58,889	\$59,247
Operating Expenses					
Labor/Fringes	\$128,345	\$131,057	\$138,981	\$143,205	\$147,491
Healthcare	26,181	26,184	27,235	29,632	32,150
Parts/Supplies	7,466	6,427	6,376	6,823	7,292
Purchased Transportation	18,241	25,973	21,332	21,998	22,681
Fuel	13,973	13,166	14,227	14,758	15,218
Utilities	2,238	2,680	3,051	3,205	3,389
Insurance	7,247	11,973	10,937	11,718	12,539
Other*	22,303	24,109	27,051	27,286	27,746
Regional ADA Support Credit	(7,073)	(8,226)	(9,249)	(9,358)	(9,639)
Budget Balancing Actions				(2,693)	(10,129)
Total Expenses	\$218,921	\$233,343	\$239,941	\$246,574	\$248,738
Funding Requirement	\$161,361	\$177,807	\$183,360	\$187,685	\$189,491
Public Funding					
Sales Tax (Part I)	\$95,683	\$97,185	\$100,141	\$102,144	\$104,186
Sales Tax (Part II)	16,013	16,357	16,217	15,426	14,819
Suburban Community Mobility Fund (SCMF)	25,077	25,856	26,658	27,191	27,735
South Suburban Job Access Fund	7,500	7,500	7,500	7,500	7,500
PTF (Part I)	4,315	4,538	4,811	5,033	5,134
PTF (Part II)	17,745	18,695	19,722	20,636	21,054
RTA Sales Tax (Part I)	0	0	1,479	2,719	2,974
RTA ICE Funds	0	446	1,733	1,767	1,803
Federal CMAQ/Enhanced Mobility	6,470	5,860	5,099	5,269	4,286
Total Public Funding	\$172,803	\$176,437	\$183,360	\$187,685	\$189,491
Net Funding Available	\$11,442	(\$1,370)	\$0	\$0	\$0
Recovery Ratio	31.11%	30.30%	30.30%	30.30%	30.30%

*Other includes Debt Service.

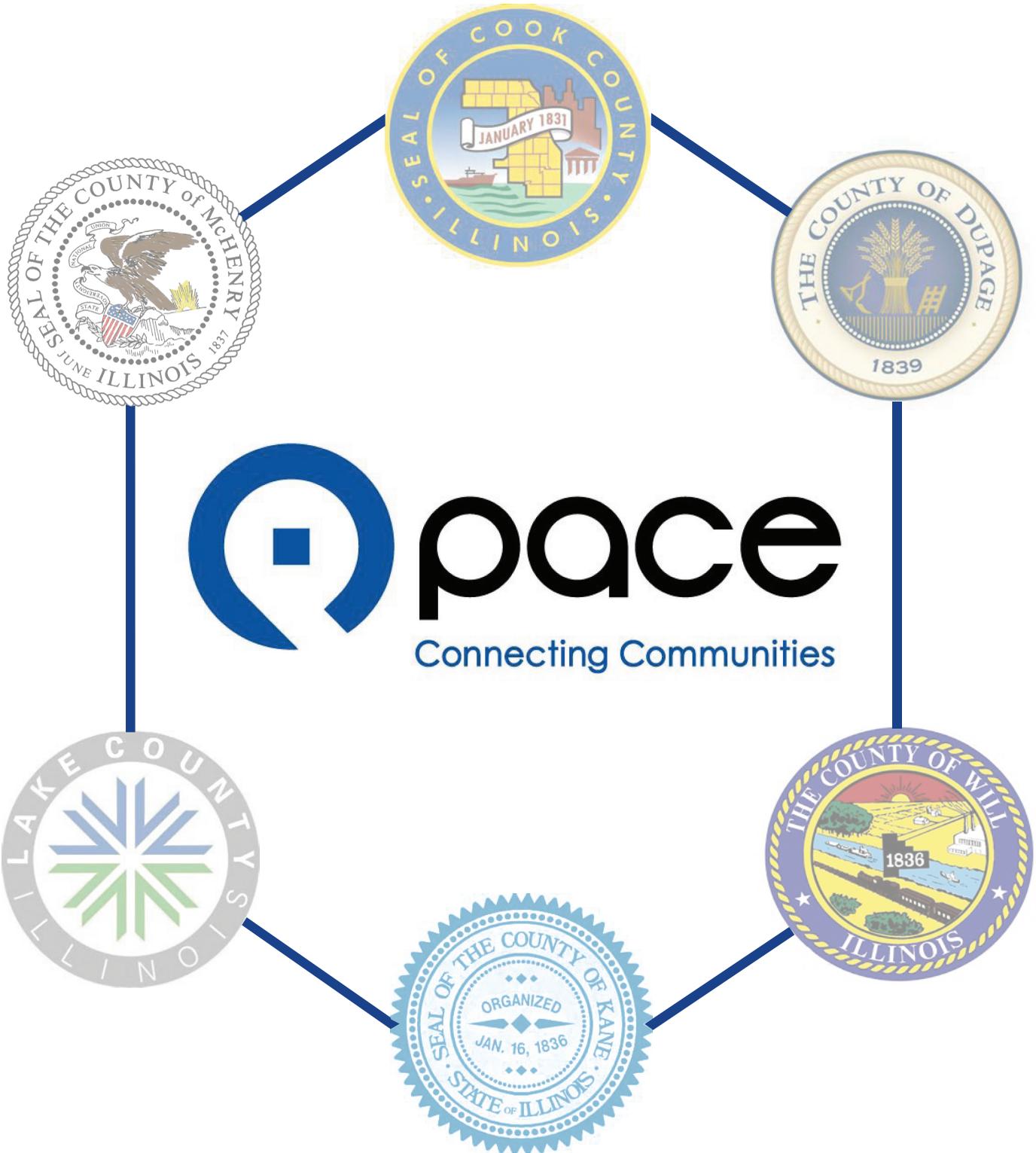
Pace Suburban Service Projected Cash Flow - 2020

THE following provides a monthly estimate of Pace's revenue, expense, and cash position for Suburban Service operations. Cash flow estimates for Suburban Service public funding are included in total revenue 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 2020.

Table 19. Pace Suburban Service Projected Cash Flow Summary - 2020 (000s)

	<u>Beginning Balance</u>	<u>Revenue</u>	<u>Expense</u>	<u>Net Results</u>	<u>Ending Balance</u>
January	\$48,698	\$20,759	\$20,918	(\$159)	\$48,539
February	48,539	20,800	20,918	(118)	48,421
March	48,421	22,905	24,526	(1,621)	46,800
April	46,800	17,694	20,918	(3,224)	43,576
May	43,576	17,996	20,918	(2,922)	40,654
June	40,654	19,065	22,721	(3,656)	36,998
July	36,998	17,867	20,918	(3,051)	33,946
August	33,946	18,631	20,918	(2,287)	31,659
September	31,659	19,014	21,998	(2,984)	28,675
October	28,675	19,819	20,918	(1,099)	27,576
November	27,576	18,874	20,921	(2,047)	25,529
December	25,529	41,711	23,291	18,420	43,949



2020 Regional ADA Paratransit Operating Budget

Summary

THE 2020 Regional ADA Service program is summarized below and detailed throughout this section. The table below shows total operating expenses will reach \$195.315 million in 2020—up 7.4% or \$13.538 million over estimated 2019 levels. Revenue will decrease by 2.6% or \$0.378 million to \$14.058 million. The ADA program will receive \$181.257 million in funding, the amount identified as available by the RTA for 2020.

The estimate for 2019 shows the ADA program will finish favorable to budget. A favorable decrease in purchased

transportation expenses, as well as savings in multiple administrative line items will cause total expense to end the year under budget by \$5.464 million.

In 2020, total ridership is expected to grow by 0.9% over the 2019 estimate, reaching 4.282 million trips. This growth is accommodated by the projected funding level of \$181.257 million.

The 2020 Regional ADA Paratransit program is balanced to the \$181.257 million funding mark and will achieve a 10.00% recovery ratio using capital cost exemption credits allowed by the RTA.

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

	2018 Actual	2019 Estimate	2020 Budget
Total Operating Expenses	\$172,669	\$181,777	\$195,315
Less: Total Operating Revenue	14,360	14,436	14,058
Funding Requirement	\$158,309	\$167,341	\$181,257
Less:			
Sales Tax & PTF (Part II)	\$150,334	\$164,631	\$172,862
State Funds	7,975	8,395	8,395
Net Funding Available	\$0	\$5,685	\$0
Recovery Ratio*	10.36%	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 revenue 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's 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 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.

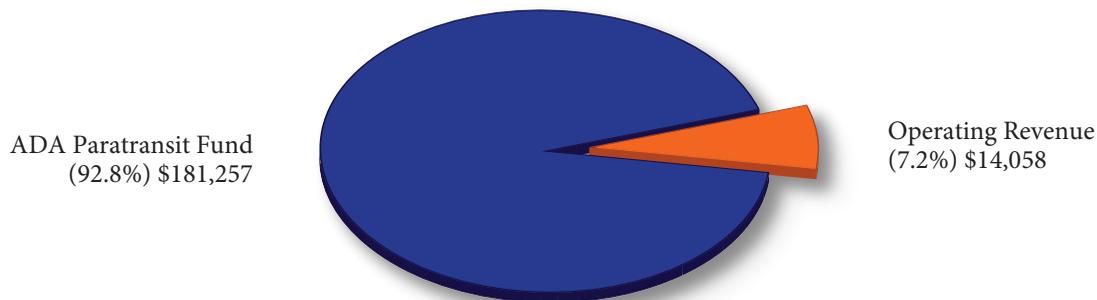
In 2012, the RTA Act was amended to increase the ADA Fund level to \$115 million. The amendment also states

that for each year thereafter, an amount equal to the final budget funding for ADA Paratransit service for the current year shall be provided. Based on this amendment, the RTA has established the amount of \$181.257 million for 2020, which includes \$8.395 million in state funding. This level of funding will represent 92.8% of the total available funds for the ADA Paratransit program.

Operating Revenue

The second source of funding available for ADA Paratransit service comes from operations. Operating revenue is generated largely from passenger fares. As ridership/demand grows, passenger fare revenue move in the same direction. Operating revenue also includes investment income. In 2020, Pace will continue to be reimbursed for certification and recertification trips by the RTA. In 2020, operating revenue will represent \$14.058 million, or 7.2% of the total funds available to the ADA Paratransit program.

Chart D. ADA Sources of Funds (000s) - Total \$195,315



Regional ADA Paratransit Uses of Funds

ALL funds received in 2020 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 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 program overseen by Pace. Details on the city ADA services, suburban ADA services, and TAP are included in Table 21.

City ADA Services

Pace provides all ADA service within the City of Chicago. For 2020, Pace expects to spend \$149.054 million for city ADA service. The majority of these expenditures (93.4%) will be spent on service delivery through private contractors. The balance includes costs for insurance, administration, and costs related to trips for certifying ADA-eligible participants.

Taxi Access Program

Pace is responsible for the provision of subsidized taxi service to ADA-eligible riders in the City of Chicago. Pace will spend \$5.352 million for TAP in 2020.

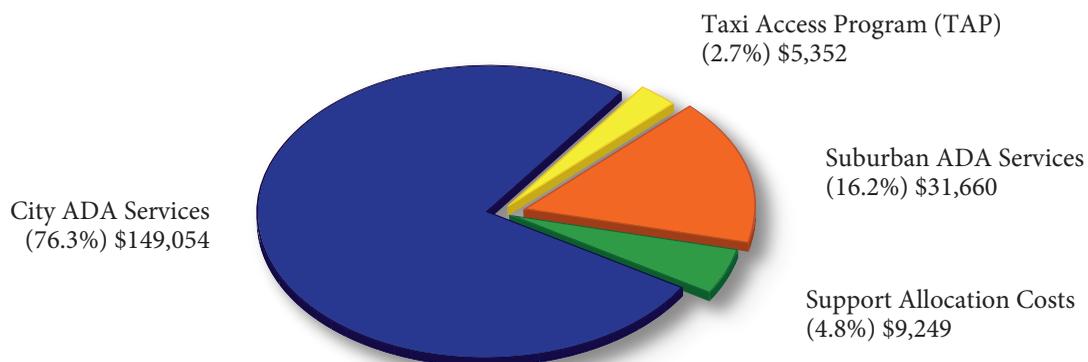
Suburban ADA Services

For 2020, Pace will spend \$31.660 million for suburban ADA service. Costs for contracted service in the suburbs will account for 95.6% of the total cost, including fuel. Similar to the city service, the balance includes costs for insurance, administration, and costs related to trips for certifying ADA-eligible participants.

Support Allocation Costs

There are administrative support costs that Pace incurs on behalf of managing and operating the ADA program. For 2020, Pace will incur \$9.249 million in overhead support costs that will be allocated to the Regional ADA program.

Chart E. ADA Uses of Funds (000s) - Total \$195,315



ADA Paratransit

2020 Regional ADA Paratransit Program Budget - City/Suburban Detail

PACE'S 2020 revenue, expense, and funding requirements for the Regional ADA Paratransit program are presented in Table 21 below. The estimates for 2019 and the budget for 2020 are broken down into city, TAP, and suburban components.

The 2020 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 allows the use of capital credits to expense, consistent with 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. 2020 Regional ADA Paratransit Program Budget - City/Suburban Detail (000s)

	2019 Estimate			2020 Budget			Net Change 2019-2020
	City	Suburban	Region Total	City	Suburban	Region Total	
Revenue							
Fares—Contract	\$8,431	\$2,783	\$11,214	\$8,172	\$2,811	\$10,983	(\$231)
Fares—TAP	592	0	592	945	0	945	353
RTA Certification	1,071	687	1,758	1,165	715	1,880	122
Investment Income/Other	0	0	872	0	0	250	(622)
Total Revenue	\$10,094	\$3,470	\$14,436	\$10,282	\$3,526	\$14,058	(\$378)
Expenses							
Contract Services	\$130,877	\$26,789	\$157,666	\$139,218	\$27,567	\$166,785	\$9,119
TAP Services	2,959	0	2,959	5,352	0	5,352	2,393
Fuel	0	2,539	2,539	0	2,694	2,694	155
Insurance	360	0	360	489	0	489	129
Administration	7,667	747	8,414	8,267	744	9,011	597
RTA Certification	982	631	1,613	1,080	655	1,735	122
ADA Support Allocation	0	0	8,226	0	0	9,249	1,023
Total Expenses	\$142,845	\$30,706	\$181,777	\$154,406	\$31,660	\$195,315	\$13,538
Funding Requirement	\$132,751	\$27,236	\$167,341	\$144,124	\$28,134	\$181,257	\$13,916
Public Funding	\$0	\$0	\$173,026	\$0	\$0	\$181,257	\$8,231
Net Funding Available	0	0	5,685	0	0	0	(5,685)
Recovery Ratio	10%	10%	10%	10%	10%	10%	0%
Base Ridership—Contract	2,614	864	3,478	2,534	872	3,406	(72)
Total Ridership—Contract	3,051	998	4,049	2,960	1,007	3,967	(82)
Ridership—TAP	197	0	197	315	0	315	118
Ridership—Total	3,248	998	4,246	3,275	1,007	4,282	36

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 2020 through 2022.

In summary, the 2020 ADA Paratransit budget is balanced to the \$181.257 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 in Tables 16 and 17.

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

Highlights – 2020 Budget and Three-Year Plan

The budget and two out-years presented in Table 23 show that the ADA program is balanced. Some of the highlights for the three years include fare revenue which will grow at an annual compound rate of 1.1%. Fare revenue grows consistent with the annual compound growth rate for ridership—1.1%.

Expenses will grow at an annual compound rate of 6.3% during the three-year period, consistent with demand as well as price increases.

Total ADA funding is growing at an annual compound rate of 5.7% 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>2020</u>	<u>2021</u>	<u>2022</u>
Contractor Costs - City	6.4%	7.9%	6.2%
Contractor Costs - Suburban	2.9%	2.4%	3.3%
Demand - City	0.8%	1.0%	1.0%
Demand - Suburban	1.0%	1.0%	1.0%
<hr/>			
Fuel Costs - ADA	\$2.694 mil	\$2.787 mil	\$2.881 mil
Number of Gallons - ADA	1.161 mil	1.172 mil	1.184 mil
Price per Gallon - ADA	\$2.32	\$2.38	\$2.43

Regional ADA Paratransit Budget & Three-Year Business Plan

Table 23. 2020-2022 Regional ADA Paratransit Budget and Three-Year Business Plan (000s)

	<u>2018 Actual</u>	<u>2019 Estimate</u>	<u>2020 Budget</u>	<u>2021 Plan</u>	<u>2022 Plan</u>
Operating Revenue					
Fares	\$11,922	\$11,806	\$11,928	\$12,048	\$12,168
Certification Revenue	1,861	1,758	1,880	1,995	2,105
Investment Income/Other	577	872	250	250	250
Total Revenue	\$14,360	\$14,436	\$14,058	\$14,293	\$14,523
Operating Expenses					
Labor/Fringes	\$3,503	\$4,074	\$4,148	\$4,293	\$4,443
Health Care	813	834	875	896	917
Administrative Expense	3,486	3,507	3,988	4,084	4,181
Fuel	2,644	2,539	2,694	2,787	2,881
Insurance/Claims	418	360	489	501	513
RTA Certification Trips	1,558	1,613	1,735	1,851	1,907
Suburban ADA Purchased Transportation	25,481	26,789	27,567	28,227	29,150
City ADA Purchased Transportation	124,885	130,877	139,218	150,191	159,465
TAP & Mobility Direct Services	2,807	2,959	5,352	5,406	5,460
Regional ADA Support Allocation	7,073	8,226	9,249	9,358	9,639
Total Expenses	\$172,669	\$181,777	\$195,315	\$207,593	\$218,555
Funding Requirement	\$158,309	\$167,341	\$181,257	\$193,300	\$204,032
Public Funding					
Sales Tax and PTF (Part II)	\$150,334	\$164,631	\$172,862	\$184,905	\$195,637
State Funds	7,975	8,395	8,395	8,395	8,395
Total Public Funding	\$158,309	\$173,026	\$181,257	\$193,300	\$204,032
Net Funding Available	\$0	\$5,685	\$0	\$0	\$0
Recovery Ratio With Credits	10.36%	10.00%	10.00%	10.00%	10.00%

Pace Regional ADA Paratransit Projected Cash Flow - 2020

THE following provides an estimate of Pace’s 2020 revenue, expenses, and cash position for Regional ADA Paratransit service operations on a monthly basis. Estimates for public funding are included in total revenue and are based on information provided by the RTA.



Table 24. Pace Regional ADA Paratransit Projected Cash Flow Summary - 2020 (000s)

	Beginning Balance	Revenue	Expenses	Net Results	Ending Balance
January	\$29,035	\$15,576	\$16,276	(\$700)	\$28,335
February	28,335	15,576	16,276	(700)	27,635
March	27,635	15,576	16,276	(700)	26,935
April	26,935	15,576	16,276	(700)	26,235
May	26,235	15,576	16,276	(700)	25,535
June	25,535	15,576	16,276	(700)	24,835
July	24,835	15,576	16,276	(700)	24,135
August	24,135	15,576	16,276	(700)	23,435
September	23,435	15,576	16,276	(700)	22,735
October	22,735	15,576	16,276	(700)	22,035
November	22,035	15,576	16,276	(700)	21,335
December	21,335	23,979	16,279	7,700	29,035

ADA Paratransit



Suburban Service Capital Budget & Five-Year Business Plan

Overview

INVEST IN TRANSIT is the 2018-2023 Regional Transit Strategic Plan for Chicago and northeastern Illinois that was developed by the RTA in collaboration with the service boards and stakeholders. This strategic plan outlines the region’s case for pursuing dependable funding streams that will enable its vision of public transit as the core of the region’s robust transportation mobility network.

A significant funding source was added in June 2019, when the Illinois General Assembly passed “Rebuild Illinois”, a package of legislation to fund a variety of capital infrastructure projects, including more than \$3.7 billion for the service boards. The funding components include \$228 million in earmarks for Pace to address priority capital projects and additional discretionary funds that will be distributed to the service boards by the RTA. Of the earmark funding, \$208 million is dedicated to Pace’s Suburban Service capital budget, while the remaining \$20 million is dedicated to the Regional ADA Paratransit capital budget. The bill also establishes a “Transportation Renewal Fund” as an ongoing, reliable funding source for future capital needs.

The RTA Budget and Capital Program Call (Budget Call) defines the items that the service boards should use to develop their Annual 2020 Operating Budget, Two-Year (2021-2022) Financial Plan, and Five-Year (2020-2024) Capital Program. These requirements focus on ensuring that the RTA has sufficient information to adequately evaluate the service boards’ budgets, coordinate resource allocation, and ultimately recommend adoption of the consolidated regional budget, as outlined in the RTA Act.

The RTA and service boards will continue to conduct analyses that review the capital program in relation to its ability to address the State of Good Repair (SGR) needs of the region. In addition, the service boards must articulate their methodology for analyzing priorities and selecting projects to be funded in the 2020-2024 Capital Program.

Transit Asset Management (TAM) is a business model that prioritizes funding based on the condition of transit assets to achieve or maintain transit networks in a state of good repair. On July 26, 2016, the FTA published the TAM Final Rule (49 CFR Parts 625 and 630), in accordance with section 20019 of the Moving Ahead for Progress in the 21st Century Act (MAP-21), to establish minimum Federal requirements for TAM that apply to all recipients and subrecipients of 5307/5339 funds that own, operate, or manage public transportation capital assets. This final rule required public transportation providers to have an initial TAM plan in place by October 1, 2018.

TAM plans must include an asset inventory, condition assessments of inventoried assets, and a prioritized list of investments to improve the SGR of their capital assets. This final rule also establishes SGR standards and performance measures. Transit providers are required to set performance targets for their capital assets based on the SGR measures and report their targets, as well as information related to the condition of their capital assets, to the National Transit Database (NTD). Per the 2020 RTA Budget Call, the service boards are required to submit their updated TAM Plan with their proposed Budget and Capital Program.

Table 25. Estimated Five-Year State Capital Funding (000s)

	2020	2021	2022	2023	2024	2020-2024 Total
Service Boards						
State Bond Funds	\$520,000	\$520,000	\$520,000	\$520,000	\$520,000	\$2,600,000
State Renewal Fund (Ongoing)	227,000	227,000	227,000	227,000	227,000	1,135,000
Total	\$747,000	\$747,000	\$747,000	\$747,000	\$747,000	\$3,735,000
Pace						
State Bond Funds	\$56,753	\$56,753	\$56,753	\$56,753	\$56,753	\$283,763
State Renewal Fund (Ongoing)	11,350	11,350	11,350	11,350	11,350	56,750
Total	\$68,103	\$68,103	\$68,103	\$68,103	\$68,103	\$340,513

Capital Budget Suburban Service

2020 Suburban Service Capital Program/Project Descriptions

Capital Budget Mark Assumptions

THE RTA passed the preliminary funding marks on September 12, 2019 which include estimated federal, state, and other funds that are anticipated to be available to the region for capital investment purposes. The 2020 Capital Program marks provide Pace \$43.922 million in 5307 and 5339 federal formula funding, \$52.752 million in state bond funding, and \$11.350 million in state renewal funds. In addition, Pace has budgeted \$0.250 million of its own positive budget variance (PBV) funds.

Table 26. Pace 2020 Capital Program Marks (000s)

	Amount
Federal 5307/5339	\$43,922
State Bonds	52,752
State Renewal Fund	11,350
Pace PBV	250
Total	\$108,274

Funding Summary

The 2020 Suburban Capital Program totals \$108.274 million. Most of this funding will be used for projects needed to bring the Pace system toward a state of good repair. The capital program which is constrained to the funding available, includes the following:

Rolling Stock (\$24.302 Million)

- Fixed Route Buses (\$14.000 million): 28 diesel replacement buses.
- Paratransit Vehicles (\$1.954 million): 30 replacement vehicles.
- Community Transit/On Demand Vehicles (\$1.350 million): 18 replacement vehicles.
- Engine/Transmission Retrofits (\$6.998 million)

Operating Cost Impacts

Pace's average fleet age is 5.7 years for fixed route, 3.4 years for paratransit, and 4.3 years for Community Transit/On Demand vehicles. The typical life expectancy is 12 years for fixed route buses and four years for paratransit and Community Transit/On Demand vehicles. For fixed route buses, maintenance expenses begin increasing at

the six to eight-year mark. Vehicle replacements and engine/transmission retrofits will lower maintenance costs, reducing operating expenses.

Electrical/Signal/Communications (\$0.625 Million)

- Intelligent Bus System (IBS) Upgrades (\$0.625 million): Project includes upgrades to the hardware and software of the IBS. Pace expects the IBS upgrades to be operating cost neutral.

Support Facilities & Equipment (\$71.547 Million)

- Improve Support Facilities (\$1.500 million): Projects include underground storage tank testing services at all Divisions and repairs as needed; trench drain repairs at North, South, North Shore, Southwest, and Fox Valley Divisions; an oil/water separator tank at Southwest Division; a water-pumping system at North Shore Division; parking lot repairs and exterior wall caulking at Headquarters; and construction of a salt shed at Headquarters.
- Computer Systems/Hardware & Software (\$0.900 million): Replacement of servers and disk arrays and other IT-related hardware, software, consulting services, training, and implementation. Procurement of a content management and data hosting service for bus tracker signs.
- Support Equipment/Non-Revenue Vehicles (\$1.000 million): Purchase of two road call service trucks for Southwest and Heritage Divisions, a variety of replacement vehicles, and a bus simulator for safety training.
- Farebox System Replacement (\$7.500 million): Procurement of replacement fareboxes and related equipment, software, and services.
- Capital Cost of Contracting (\$6.195 million): Eligible capital expenses from contracted services.
- Preventive Maintenance (\$9.000 million): Eligible maintenance expenses of capital items.
- New Northwest Division Garage (\$41.952 million): Construction of a facility in Wheeling to replace the existing Northwest Division garage in Des Plaines.

- New I-55 Garage Design (\$3.500 million): A/E services for a new garage to support Pace's growth of the Bus on Shoulder program in the I-55 corridor.

Operating Cost Impacts

Replacement of non-revenue vehicles will result in lower vehicle maintenance costs. Farebox system replacement will improve the reliability of cash collections and increase revenue. The buses at the new Northwest Division garage will be propelled by Compressed Natural Gas (CNG), which is projected to save Pace over \$1 million annually in fuel expenses once the fleet transition from diesel to CNG buses is completed. Lastly, using capital funds for capital eligible items will reduce operating costs by over \$15 million.

Stations & Passenger Facilities (\$10.050 Million)

- Bus Stop Shelters (\$1.550 million): Engineering drawings, manufacture, and installation of bus stop shelters, concrete pads, and benches.
- Bus Tracker Sign Deployment (\$0.750 million): Production of new electric signs and associated installation costs.
- Posted-Stops-Only Conversion (\$0.450 million): Continuation of a multi-year effort to convert all bus routes to a posted-stops-only operation which includes production and installation of signs at designated locations.

- Joliet Transit Center (\$6.300 million): Construction of a passenger facility, which will serve as the new boarding and transfer location for several Pace bus routes, along with connections to Metra, Amtrak, and intercity bus services.
- Harvey Transportation Center Renovation Design (\$1.000 million): A/E services for the renovation of the transportation center in Harvey.

Operating Cost Impacts

Maintenance and utility costs of shelters will be incurred by Pace's ad agency, and therefore are operating cost neutral. Bus Tracker signs funded in 2020 are estimated to have annual electrical and maintenance costs of approximately \$10,000 total. Lastly, increasing accessibility to services through new passenger facilities increases ridership, which increases farebox revenue.

Miscellaneous (\$1.750 Million)

- Vision Plan Implementation Study (\$1.500 million): Consulting services to include a system-wide market analysis and proposed service restructuring plan that will address the goals and objectives of the Driving Innovation Pace Strategic Vision Plan.
- Unanticipated Capital (\$0.250 million): Contingency funding for capital-eligible projects not anticipated in the budget process.



Pace's Harvey Transportation Center, located adjacent to the Harvey Metra Station, provides a key transfer point for Pace bus routes that serve the entire south suburban region.

Capital Budget Suburban Service

Table 27. Suburban Service 2020 Capital Program - (000s)

	<u>AC</u>	<u>EC</u>	<u>Total Budget</u>	<u>Federal 5307/5339</u>	<u>State Bonds</u>	<u>State Renewal Fund</u>	<u>Pace PBV</u>
Rolling Stock							
28 Fixed Route Diesel Buses	B	M3	\$14,000	\$14,000	\$0	\$0	\$0
30 Paratransit Vehicles	NR	M3	1,954	1,954	0	0	0
18 Community Transit/On Demand Vehicles	NR	M3	1,350	1,350	0	0	0
Engine/Transmission Retrofits	R	M3	6,998	6,998	0	0	0
Subtotal			\$24,302	\$24,302	\$0	\$0	\$0
Electrical/Signal/Communications							
Intelligent Bus System Upgrades	NR	M3	\$625	\$0	\$0	\$625	\$0
Subtotal			\$625	\$0	\$0	\$625	\$0
Support Facilities & Equipment							
Improve Support Facilities	B	M2	\$1,500	\$1,450	\$0	\$50	\$0
Computer Systems/Hardware & Software	NR	M3	900	475	0	425	0
Support Equipment/Non-Revenue Vehicles	NR	M3	1,000	1,000	0	0	0
Farebox System Replacement	B	M3	7,500	0	0	7,500	0
Capital Cost of Contracting	N/A	N/A	6,195	6,195	0	0	0
Preventive Maintenance	CM	M3	9,000	9,000	0	0	0
New Northwest Div. Garage Construction	B	EN-1	41,952	0	41,952	0	0
New I-55 Garage A/E	N/A	EX-1	3,500	0	3,500	0	0
Subtotal			\$71,547	\$18,120	\$45,452	\$7,975	\$0
Stations & Passenger Facilities							
Bus Stop Shelters	N/A	EX-2	\$1,550	\$0	\$0	\$1,550	\$0
Bus Tracker Sign Deployment	N/A	EN-3	750	0	0	750	0
Posted-Stops-Only Conversion	NR	EN-2	450	0	0	450	0
Joliet Transit Center	N/A	EX-2	6,300	0	6,300	0	0
Harvey Transportation Ctr Renovation A/E	B	M3	1,000	0	1,000	0	0
Subtotal			\$10,050	\$0	\$7,300	\$2,750	\$0
Miscellaneous							
Vision Plan Implementation Study	N/A	N/A	\$1,500	\$1,500	\$0	\$0	\$0
Unanticipated Capital	N/A	N/A	250	0	0	0	250
Subtotal			\$1,750	\$1,500	\$0	\$0	\$250
Total 2020 Suburban Capital Program			\$108,274	\$43,922	\$52,752	\$11,350	\$250
2020 Marks			\$108,274	\$43,922	\$52,752	\$11,350	\$250

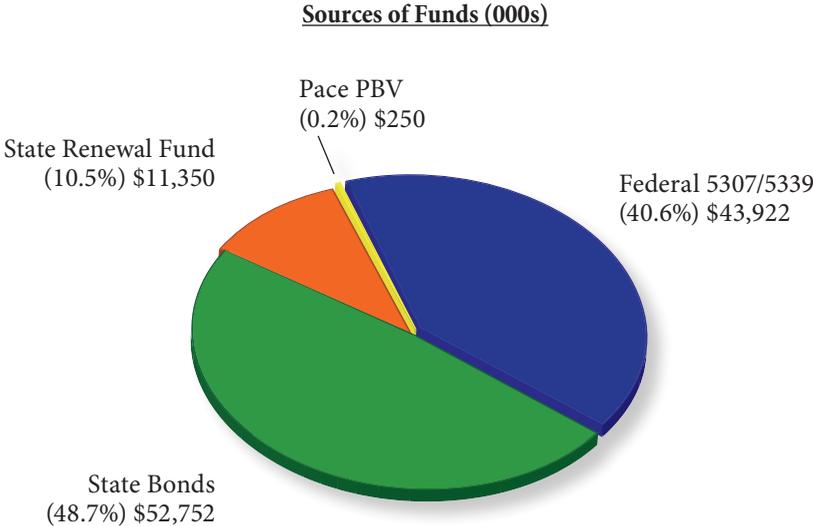
LEGEND

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

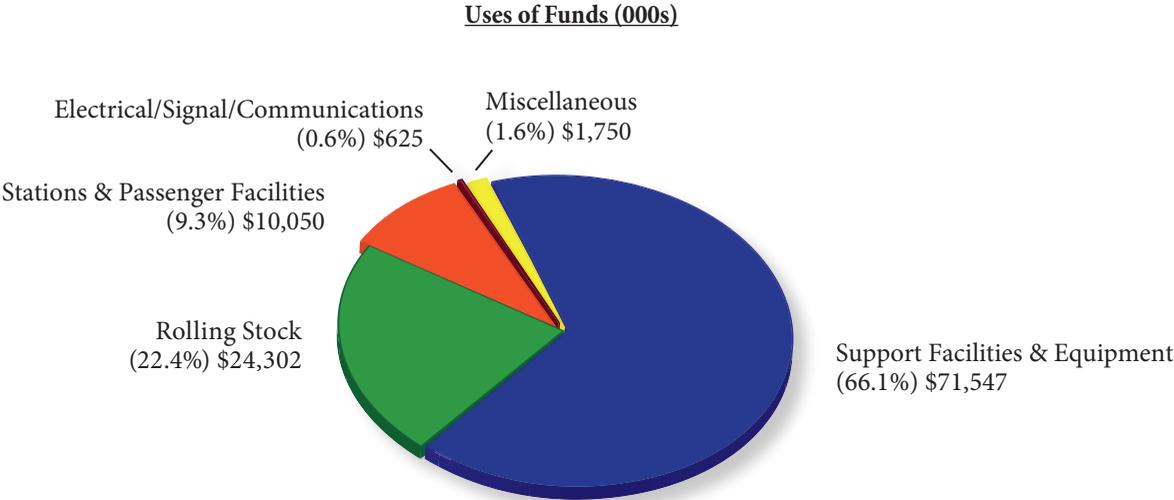
EC = EVALUATION CRITERIA
 M = MAINTAIN
 EN = ENHANCE
 EX = EXPAND
 M1 - SAFETY/SECURITY
 EN-1 - CAPACITY IMPRVM
 EX-1 - CONGESTION RELIEF
 M2 - REGULATORY
 EN-2 - OPERATIONAL EFFIC
 EX-2 - TRANSIT ALTERNATIVES
 M3 - STATE OF GOOD REPAIR
 EN-3 - NEW TECHNOLOGIES

Capital Budget Suburban Service

Chart F. 2020 Suburban Service Capital Program - Sources/Uses of Funds (000s) - Total \$108,274



Over 59% of Pace funding is expected to be derived from state sources.



Over 66% of the Pace program will be spent on support facilities and equipment.

Capital Funding Sources

THE following section explains capital funding sources available to Pace.

State Funding

In June 2019, the Illinois General Assembly passed “Rebuild Illinois”, a package of legislation to fund a variety of capital infrastructure projects, including approximately \$340 million for Pace over the next five years. The legislation includes \$228 million in earmarks for Pace, additional discretionary funds, and establishes a “Transportation Renewal Fund” as an ongoing, reliable funding source for future capital needs. Specific pieces of legislation include Senate Bill 1939 related primarily to revenue for transportation projects, Senate Bill 690 related primarily to revenue sources for other construction, House Bill 62 containing capital appropriations and specific projects, as well as House Bill 142 authorizing bonding.

Federal Formula and Discretionary Funding

On December 4, 2015, the Fixing America’s Surface Transportation (FAST) Act was signed into law. The FAST Act authorizes funding certainty for surface transportation programs through September 30, 2020.

The RTA has assumed a growth rate of 1.5% for years 2020-2024 for the following federal formula programs: Section 5307/5340 Urbanized Area, Section 5337 State of Good Repair, and Section 5339 Bus and Bus Facilities. The total federal formula funding for the Regional 2020-2024 Capital Program amounts to \$2.8 billion. Historically, federal formula capital funds have been allocated among the service boards at the following percentages: 58% to the CTA, 34% to Metra, and 8% to Pace.

Funds from federal discretionary programs are made available on a competitive basis nationally and awarded on a project-specific basis. Some of these programs include:

- Better Utilizing Investments to Leverage Development (BUILD) – funds investments in surface transportation infrastructure such as roads, bridges, transit, rail, ports, or intermodal transportation.
- Bus and Bus Facilities Discretionary Program (5339 (b)) – funds capital projects to replace, rehabilitate and purchase buses, vans, and related equipment, and to construct bus-related facilities.



Work on the Bridgeview Transit Center was completed in 2019.

- Capital Investment Grants (5309) – funds major transit capital investments, including heavy rail, commuter rail, light rail, streetcars, and bus rapid transit. Projects are categorized as either New Starts, Core Capacity, or Small Starts.
- Congestion Mitigation and Air Quality (CMAQ) – funds transportation projects that reduce traffic congestion and improve air quality in nonattainment and maintenance areas to help meet the requirements of the Clean Air Act.
- Enhanced Mobility of Seniors and Individuals with Disabilities (5310) – Section 3006(b) of the FAST Act created a discretionary program for coordinated access and mobility to assist in financing innovative projects for the transportation disadvantaged.
- Federal Emergency Management Agency (FEMA) grants – funds programs to prevent, protect against, respond to, recover from, and mitigate terrorism and other disasters and emergencies.
- Low or No-Emission Vehicle (5339(c)) – provides funding to purchase or lease low or no emission buses or to lease, construct, or rehabilitate facilities to support low or no emission buses.
- Transportation Infrastructure Finance and Innovation Act (TIFIA) – provides credit assistance for large-scale, surface transportation projects.

RTA Funding

The RTA provides funding to the service boards through the Innovation, Coordination, and Enhancement (ICE) program, which can be applied to either operating or capital projects. Pace has elected to use 2020 ICE funds of \$1.7 million toward operating expenses. The RTA is expected to issue \$130 million in bonds to support the 2020-2024 regional capital program. Although these bond funds have historically been allocated 50% to CTA, 45% to Metra, and 5% to Pace, all of these bond funds will be allocated to Metra in 2023 as part of the service boards' negotiations related to the state capital funding.

Service Board Funding

Positive Budget Variance (PBV) represents the amount by which a service board is favorable to its operating budget and then retained in an unrestricted fund balance which can be used for capital projects.

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 allow Pace to issue bonds for the purchase of transit buses, in addition to the previously authorized projects, while maintaining total bonding authority at \$100 million.



The parking lot at the new Plainfield Park-n-Ride is now operational, providing additional parking for the I-55 Bus on Shoulder service.



Heated bus shelters were installed at the new I-25 Park-n-Ride, which supports the flex lane operation on I-90.

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2020-2024 Five-Year Suburban Service Capital Business Plan - Constrained

THE RTA passed the required funding marks on September 12, 2019. Pace’s 2020-2024 Five-Year Capital Plan totals \$548.058 million, based on these preliminary marks.

The 2020-2024 Capital Business Plan heavily relies on the receipt of state (\$320.512 million) and federal (\$226.296 million) funds. Additionally, this program assumes \$1.250 million of Pace PBV funds.

The following list is a summary of Pace’s Five-Year Capital Plan constrained to the funding Pace expects to receive.

Rolling Stock (\$208.406 Million)

- Fixed route diesel replacement buses – 60
- Fixed route CNG replacement buses – 115
- Fixed route CNG expansion buses – 18
- Paratransit vehicles – 403
- Community Transit/On Demand vehicles – 127
- Vanpool vehicles – 325
- Engine/transmission retrofits

Electrical/Signal/Communications (\$5.125 Million)

- Intelligent Bus System upgrades

Support Facilities & Equipment (\$256.125 Million)

- Improve support facilities
- Computer systems/hardware & software

- Support equipment/non-revenue vehicles
- Farebox system replacement
- Capital cost of contracting
- Preventive maintenance
- New Northwest Division garage
- New I-55 garage
- River Division expansion
- North Shore Division expansion
- Southwest Division expansion
- Office equipment/furniture

Stations & Passenger Facilities (\$74.653 Million)

- Improve passenger facilities
- Bus stop shelters/signs
- Bus tracker sign deployment
- Posted-stops-only conversion
- Joliet transit center
- Harvey Transportation Center renovation
- I-55 park-n-rides
- I-294 stations and park-n-rides

Miscellaneous (\$3.750 Million)

- Vision plan implementation study
- Unanticipated capital

Table 28. Pace 2020–2024 Capital Program - Constrained (000s)

Funding Source	Amount
Federal 5307/5339	\$226,296
State Bonds	263,762
State Renewal Fund	56,750
Pace PBV	1,250
Total	\$548,058

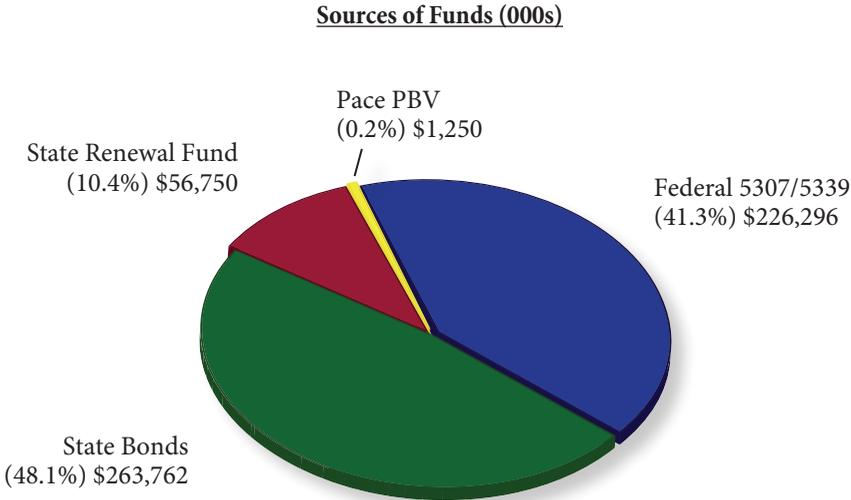
Capital Budget Suburban Service

Table 29. 2020-2024 Suburban Service Capital Business Plan (000s) - Constrained

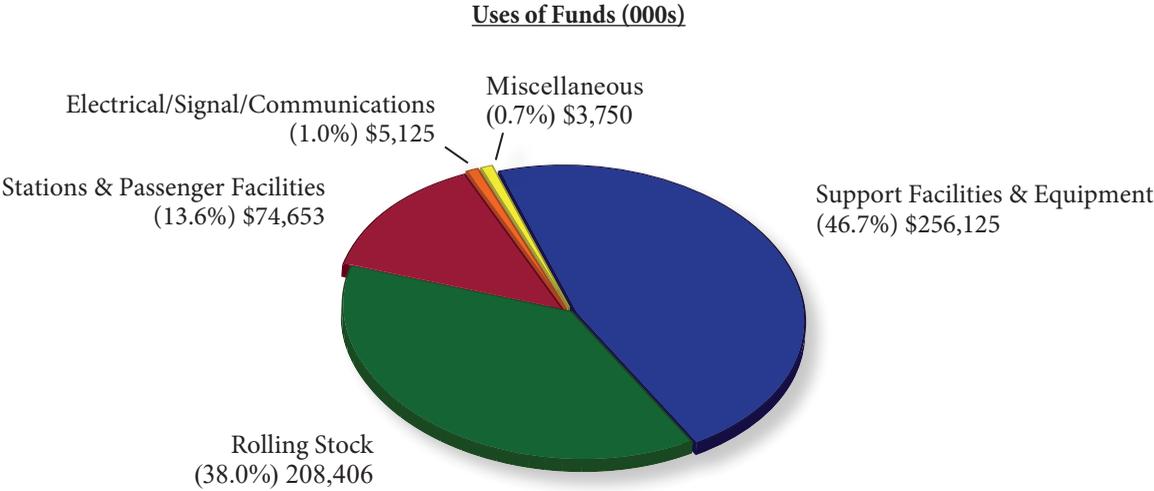
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>5 YEAR 2020-2024</u>
Rolling Stock Quantities						
Fixed Route Replacement Diesel Buses	28	0	0	0	32	60
Fixed Route Replacement CNG Buses	0	33	16	66	0	115
Fixed Route Expansion CNG Buses	0	0	18	0	0	18
Paratransit Vehicles	30	24	40	106	203	403
Community Transit/On Demand Vehicles	18	15	15	32	47	127
Vanpool Vehicles	0	0	0	283	42	325
Rolling Stock						
Fixed Route Replacement Diesel Buses	\$14,000	\$0	\$0	\$0	\$16,000	\$30,000
Fixed Route Replacement CNG Buses	0	18,150	8,800	36,300	0	63,250
Fixed Route Expansion CNG Buses	0	0	9,900	0	0	9,900
Paratransit Vehicles	1,954	1,560	2,600	6,890	13,195	26,199
Community Transit/On Demand Vehicles	1,350	1,125	1,125	2,400	3,525	9,525
Vanpool Vehicles	0	0	0	9,905	1,470	11,375
Engine/Transmission Retrofits	6,998	7,423	7,371	18,185	18,179	58,157
Subtotal	\$24,302	\$28,258	\$29,796	\$73,680	\$52,369	\$208,406
Electrical/Signal/Communications						
Intelligent Bus System Upgrades	\$625	\$500	\$1,000	\$1,500	\$1,500	\$5,125
Subtotal	\$625	\$500	\$1,000	\$1,500	\$1,500	\$5,125
Support Facilities & Equipment						
Improve Support Facilities	\$1,500	\$500	\$1,000	\$1,500	\$1,500	\$6,000
Computer Systems/Hardware & Software	900	500	1,000	1,500	1,500	5,400
Support Equipment/Non-Revenue Vehicles	1,000	350	1,000	1,500	1,500	5,350
Farebox System Replacement	7,500	5,000	5,000	0	0	17,500
Capital Cost of Contracting	6,195	6,322	6,453	6,500	6,500	31,970
Preventive Maintenance	9,000	9,000	9,000	9,000	9,000	45,000
New Northwest Division Garage	41,952	0	0	0	0	41,952
New I-55 Garage	3,500	39,753	0	0	0	43,253
River Division Expansion	0	2,000	18,000	0	0	20,000
North Shore Division Expansion	0	2,000	18,000	0	0	20,000
Southwest Division Expansion	0	2,000	16,000	0	0	18,000
Office Equipment/Furniture	0	0	0	850	850	1,700
Subtotal	\$71,547	\$67,425	\$75,453	\$20,850	\$20,850	\$256,125
Stations & Passenger Facilities						
Improve Passenger Facilities	\$0	\$3,500	\$350	\$1,500	\$1,500	\$6,850
Bus Stop Shelters/Signs	1,550	500	1,000	1,500	1,500	6,050
Bus Tracker Sign Deployment	750	500	1,000	1,500	1,500	5,250
Posted-Stops-Only Conversion	450	0	0	0	0	450
Joliet Transit Center	6,300	0	0	0	0	6,300
Harvey Transportation Center	1,000	7,000	0	0	0	8,000
I-55 Park-n-Rides	0	0	753	6,000	0	6,753
I-294 Stations & Park-n-Rides	0	0	0	3,500	31,500	35,000
Subtotal	\$10,050	\$11,500	\$3,103	\$14,000	\$36,000	\$74,653
Miscellaneous						
Vision Plan Implementation Study	\$1,500	\$1,000	\$0	\$0	\$0	\$2,500
Unanticipated Capital	250	250	250	250	250	1,250
Subtotal	\$1,750	\$1,250	\$250	\$250	\$250	\$3,750
Grand Total - Constrained	\$108,274	\$108,933	\$109,602	\$110,280	\$110,969	\$548,058

Capital Budget Suburban Service

Chart G. 2020-2024 Suburban Service Capital Business Plan-Sources/Uses of Funds (000s)-Constrained Total \$548,058



Over 58% of Pace funding is expected to be derived from state sources.



Over 46% of the Pace program will be spent on support facilities and equipment.

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2020-2024 Regional ADA Paratransit Five-Year Capital Program

Overview

IN June 2019, the Illinois General Assembly passed “Rebuild Illinois”, a package of legislation to fund a variety of capital infrastructure projects, including mass transit. This legislation includes a Multi-Modal Transportation Bond Fund to the Department of Transportation for Pace capital projects. Pace is designating \$20 million of this funding toward the Regional ADA program in the 2020-2024 Five-Year Regional ADA Paratransit Capital Program.

Based on input from the riding public, Pace’s two ADA Advisory Committees, and disability advocacy groups, Pace is developing several upgrades to improve the customer experience, including:

- Trapeze Software: The scheduling and database system will be upgraded to the newest version (18), paired with new servers and other hardware to improve service. Drivers will be provided tablets for better communication of trip information and GPS location. Additionally, billing software interfacing with Trapeze is planned to automate cost allocation and invoices for paratransit services.
- TripCheck: This tool, which allows riders to view or cancel trips online, will be improved with the ability to also book trips (which currently must be done via phone). Enhancements to the “Where’s my Bus” feature will allow riders to track vehicle location on a map. In addition, a TripCheck smart-phone app will be developed to make the process more user-friendly.
- TripCheck IVR: For customers without online access or who prefer to use the phone, the TripCheck Interactive Voice Response system will allow riders to schedule, review, and cancel trips, eliminating the need to call the carrier directly.
- Notifications: Riders will be able to receive text or email notifications such as trip booking confirmation, cancellation, vehicle arrival, next day itinerary, and rider no-show alerts.
- Payments: While current customers must pay with cash or coupons, soon Ventra® cards will be able to be used to pay for paratransit fares. In addition, Taxi Access Program (TAP) card upgrades will include an improved user portal.
- Transfer Locations: In areas with frequent transfers, funding will be used to purchase land, build facilities, and provide amenities for riders. These locations are planned to have security features, such as cameras, for improved customer safety.

Table 30. Regional ADA Paratransit Five-Year Capital Program (000s)

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total</u>
\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$20,000

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Combined Suburban Service/ADA Budget & Three-Year Business Plan

PACE'S Combined Budget and Three-Year Business Plans are included in the table below. A table presenting anticipated cash flows for 2020 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 & Three-Year Business Plan (000s)

	2018 Actual	2019 Estimate	2020 Budget	2021 Projected	2022 Projected
Suburban Service					
Revenue	\$57,560	\$55,536	\$56,581	\$58,889	\$59,247
Expenses	218,921	233,343	239,941	246,574	248,738
Funding Requirement	\$161,361	\$177,807	\$183,360	\$187,685	\$189,491
Public Funding	172,803	176,437	183,360	187,685	189,491
Net Funding Available	\$11,442	(\$1,370)	\$0	\$0	\$0
Fund Balance - Unrestricted Net Assets					
Beginning Balance	\$28,187	\$9,975	\$3,283	(\$1,466)	(\$3,738)
Net Operating Results	11,442	(1,370)	0	0	0
Less: Change in Capital-Related Borrowing	1,040	1,200	1,200	1,200	1,200
Less: Capital Expended from Fund Balance	28,614	4,122	3,549	1,072	546
Ending Balance	\$9,975	\$3,283	(\$1,466)	(\$3,738)	(\$5,484)
Regional ADA Paratransit Service					
Revenue	\$14,360	\$14,436	\$14,058	\$14,293	\$14,523
Expenses	172,669	181,777	195,315	207,593	218,555
Funding Requirement	\$158,309	\$167,341	\$181,257	\$193,300	\$204,032
Public Funding	158,309	173,026	181,257	193,300	204,032
Net Funding Available	\$0	\$5,685	\$0	\$0	\$0
Fund Balance - Unrestricted Net Assets					
Beginning Balance	\$0	\$0	\$0	\$0	\$0
Net Operating Results	0	5,685	0	0	0
Less: Capital Expended from Fund Balance	0	0	0	0	0
Ending Balance*	\$0	\$5,685	\$0	\$0	\$0
Combined Service					
Revenue	\$71,920	\$69,972	\$70,639	\$73,182	\$73,770
Expenses	391,590	415,120	435,256	454,167	467,293
Funding Requirement	\$319,670	\$345,148	\$364,617	\$380,985	\$393,523
Public Funding	331,112	349,463	364,617	380,985	393,523
Net Funding Available	\$11,442	\$4,315	\$0	\$0	\$0
Fund Balance - Unrestricted Net Assets					
Beginning Balance	\$28,187	\$9,975	\$3,283	(\$1,466)	(\$3,738)
Net Operating Results	11,442	4,315	0	0	0
Less: Change in Capital-Related Borrowing	1,040	1,200	1,200	1,200	1,200
Less: Capital Expended from Fund Balance	28,614	4,122	3,549	1,072	546
Ending Balance	\$9,975	\$8,968	(\$1,466)	(\$3,738)	(\$5,484)

*Ending Balance will be deposited to RTA ADA Paratransit Fund.

Combined Plan

Combined Suburban Service/ADA Cash Flow

THE following table provides an estimate of 2020 revenue, expense, and the cash position for Pace’s combined operations—Suburban Service and Regional ADA Paratransit Service.

The agency budget is balanced to the funding levels and meets the recovery marks set by the RTA for 2020. 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 Paratransit Service is sufficient for 2020.

Table 32. Pace Combined Services Projected Cash Flow Summary - 2020 (000s)

	<u>Beginning Balance</u>	<u>Revenue</u>	<u>Expense</u>	<u>Net Result</u>	<u>Ending Balance</u>
January	\$77,733	\$36,335	\$37,194	(\$859)	\$76,874
February	76,874	36,376	37,194	(818)	76,056
March	76,056	38,481	40,802	(2,321)	73,735
April	73,735	33,270	37,194	(3,924)	69,811
May	69,811	33,572	37,194	(3,622)	66,189
June	66,189	34,641	38,997	(4,356)	61,833
July	61,833	33,443	37,194	(3,751)	58,082
August	58,082	34,207	37,194	(2,987)	55,094
September	55,094	34,590	38,274	(3,684)	51,411
October	51,411	35,395	37,194	(1,799)	49,612
November	49,612	34,450	37,197	(2,747)	46,864
December	46,864	65,690	39,570	26,120	72,985

Organizational Overview

PACE staffing requirements are classified into four primary categories: administration, centralized support, Pace divisions, and Regional ADA Paratransit 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.

For 2020, the administration category is budgeted at 201.5 filled full-time equivalent (FTEs) positions. The central support category is budgeted at 104 filled FTE positions. No additional positions are authorized in either category.

The Pace divisions category is comprised of nine garages and is budgeted at 1,471 filled FTE positions for 2020. This is an increase of 14 positions over prior year levels, reflecting increased service levels for Pulse Milwaukee Line implementation and additional service on I-55.

The Regional ADA Paratransit category includes 45 filled FTE positions for 2020.

Pace's administrative functions are organized into four main units: Internal Services, Revenue Services, and External Relations, which report to the General Manager/Chief Operating Officer, and Strategic Services, which report to the Chief Planning Officer/Chief of Staff. The General Manager and Chief Planning Officer report to the Executive Director. The Compliance Office, General Counsel, Internal Audit, Human Resources, Project Management Office, and Communications Office also report directly to the Executive Director.

All areas of the organization are shown in 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
2018 Actual				
Operations	0	36	1,132	1,168
Maintenance	0	53	262	315
Non-Vehicle Maintenance	0	14	16	30
Administration	198	0	37	235
Suburban Service	198	103	1,447	1,748
Regional ADA Paratransit	47	0	0	47
Total	244	103	1,447	1,794
2019 Estimated				
Operations	0	37	1,138	1,175
Maintenance	0	54	266	320
Non-Vehicle Maintenance	0	14	16	30
Administration	202	0	37	239
Suburban Service	202	104	1,457	1,763
Regional ADA Paratransit	45	0	0	45
Total	247	104	1,457	1,808
2020 Budget				
Operations	0	37	1,152	1,189
Maintenance	0	54	266	320
Non-Vehicle Maintenance	0	14	16	30
Administration	202	0	37	239
Suburban Service	202	104	1,471	1,777
Regional ADA Paratransit	45	0	0	45
Total	247	104	1,471	1,822

Appendix A • Pace Overview

Chart H. Pace Organizational Chart

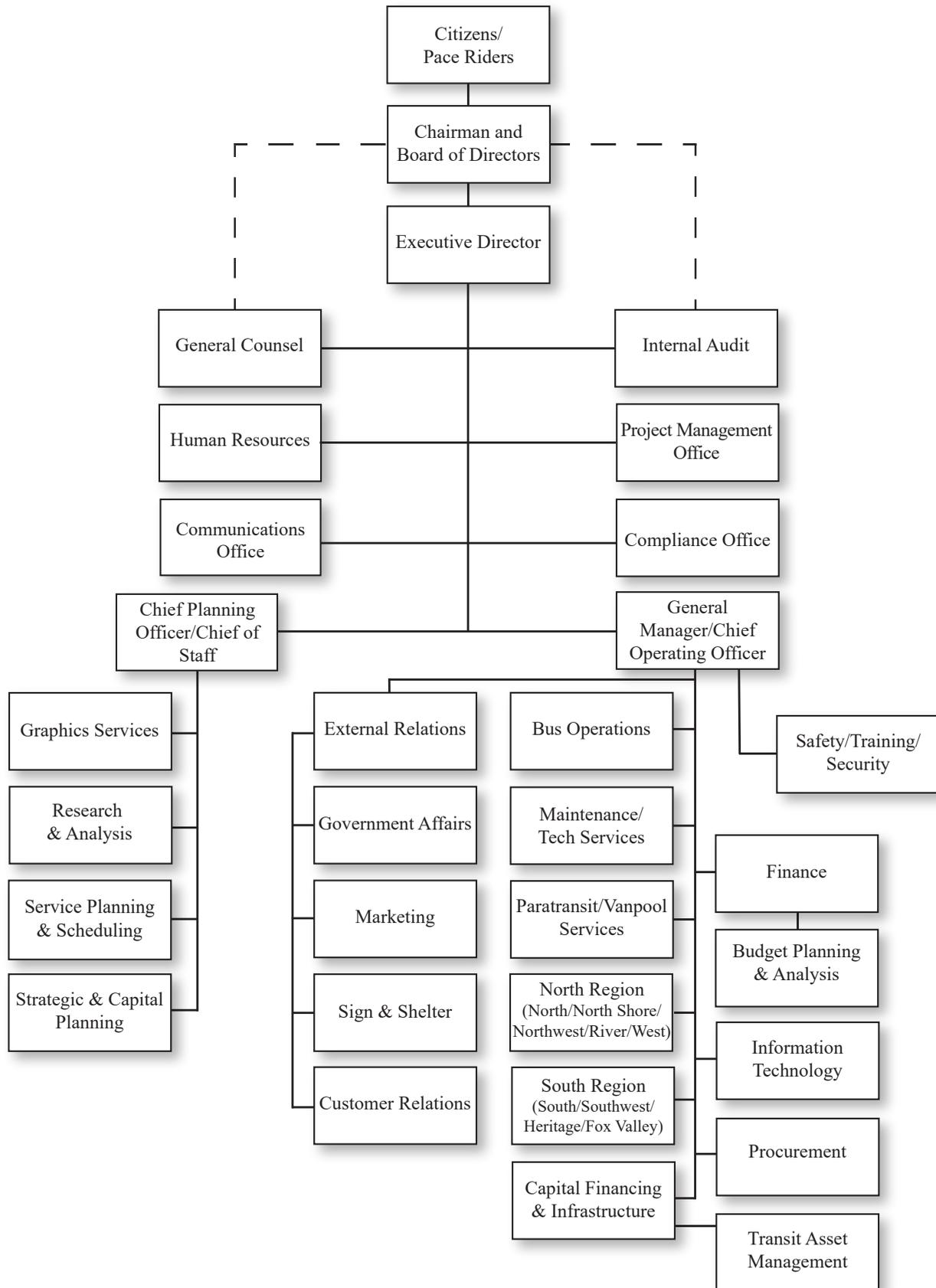


Table 34. Pace's 2020 Operating Budget - Department Budgeted Positions (FTEs)

Suburban Service	2018 Actual	2019 Estimate	2020 Budget	Regional ADA	2018 Actual	2019 Estimate	2020 Budget
Office of the Executive Director	2.0	3.0	3.0	City ADA Paratransit	41.5	42.5	42.5
General Counsel	12.0	12.0	12.0	Suburban Service Allocation	5.0	6.0	6.0
Internal Audit	8.0	8.0	8.0	Total Regional ADA	46.5	48.5	48.5
Human Resources	10.0	10.0	10.0	Total Suburban & Regional ADA	1,836.0	1,847.0	1,861.0
Project Management Office	2.0	2.0	2.0	Suburban Svc Vacancy Factor	(37.0)	(30.0)	(30.0)
Compliance Office & DBE	1.0	3.0	3.0	Regional ADA Vacancy Factor	0.0	(3.5)	(3.5)
Communications Office	0.0	2.0	2.0	ADA Allocation	(5.0)	(6.0)	(6.0)
New Initiatives	0.5	0.5	0.5	Total - With Vacancy Factors	1,794.0	1,807.5	1,821.5
Total	35.5	40.5	40.5				
General Manager/ Chief Operating Officer	5.0	5.0	5.0				
Bus Operations	9.5	10.5	10.5				
Maintenance/Tech Services	32.5	32.5	32.5				
Vanpool	19.5	19.5	19.5				
Paratransit	10.0	10.0	10.0				
Safety/Training/Security	6.0	6.0	6.0				
Pace Divisions:							
Bus Operators	1,056.0	1,061.0	1,075.0				
Operations Supervisors	76.0	77.0	77.0				
Maintenance	262.0	266.0	266.0				
Non-Vehicle Maintenance	16.0	16.0	16.0				
Administration	37.0	37.0	37.0				
Internal Services	3.0	3.0	3.0				
Capital Financing & Infrastructure	30.0	26.0	26.0				
Budget Planning	6.0	5.0	5.0				
Procurement	41.0	39.0	39.0				
Finance	26.0	30.0	30.0				
Information Technology	42.0	42.0	42.0				
External Relations	3.0	2.0	2.0				
Government Affairs	11.0	10.0	10.0				
Marketing	5.0	4.0	4.0				
Media Relations	1.0	0.0	0.0				
Customer Relations	4.0	4.0	4.0				
Sign & Shelter	5.0	5.0	5.0				
Total	1,706.5	1,710.5	1,724.5				
Chief Planning Officer/ Chief of Staff	2.0	2.0	2.0				
Service Planning & Scheduling	15.0	15.0	15.0				
Strategic & Capital Planning	10.0	10.0	10.0				
Research & Analysis	12.5	12.5	12.5				
Graphics Services	8.0	8.0	8.0				
Total	47.5	47.5	47.5				
Total Suburban Service	1,789.5	1,798.5	1,812.5				

Department 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 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 insurance and 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.

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

Compliance Office: 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. Also responsible for Disadvantaged

Business Enterprise (DBE) compliance with regulatory requirements. Sets DBE performance goals, assesses and reports on program performance.

Communications Office: Responsible for managing the organization's external communications with stakeholders. Serves as the organization's primary media contact.

General Manager/Chief Operating Officer

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, as well as non-revenue fleet management.

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

Paratransit/Vanpool: Responsible for the management of Pace's suburban paratransit program, vanpool program, and Regional ADA Paratransit program.

Safety, Training, and Security: Responsible for safety and training programs for all 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 maintenance, reporting, and employee safety oversight (in coordination with the Safety Department).

Capital Financing and Infrastructure: Responsible for real estate management, design, engineering and construction of all fixed facilities, environmental management, and facility maintenance management. Oversees Transit Asset Management activities.

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

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

Finance: Responsible for managing Pace's financial activities including accounting, treasury and revenue accounting, debt management, grants administration, and purchasing card program. 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.

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

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

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

Chief Planning Officer/Chief of Staff

Service Planning and Scheduling: Responsible for all fixed route and community service planning and scheduling, including adjustment of existing services to improve performance, evaluating new markets for service expansion and service reductions, and the creation of operator run-picks (work schedules).

Strategic and Capital Planning: 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.

Research and Analysis: Responsible for 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.

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



The Pace Headquarters is located in Arlington Heights.

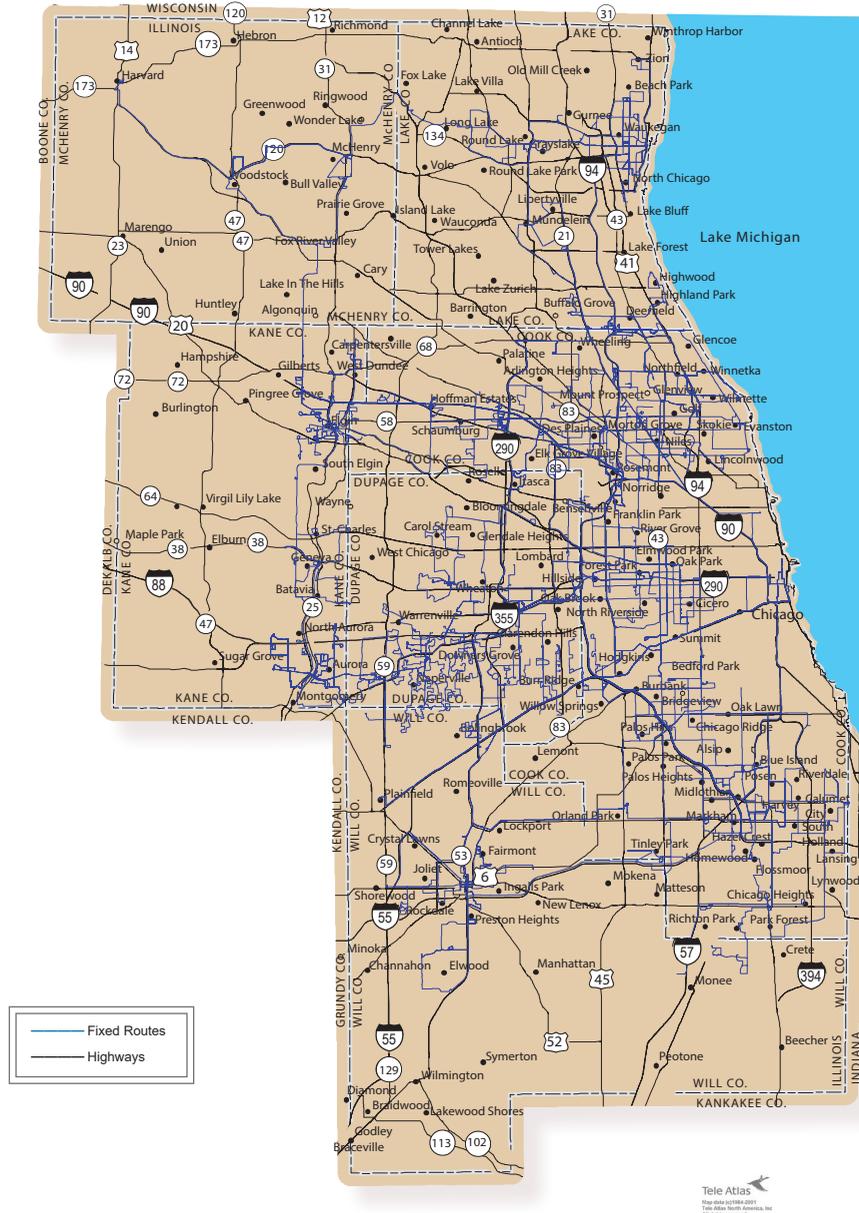
Fixed Route Service Characteristics

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

Fixed Route Service

159 regular, 42 feeder, 19 shuttle, and numerous seasonal routes are operated by Pace. These routes serve 203 communities and carry over 2.306 million rides per month utilizing 631 vehicles during peak periods. All routes are fully wheelchair accessible.

Map 1. Fixed Route Service Characteristics



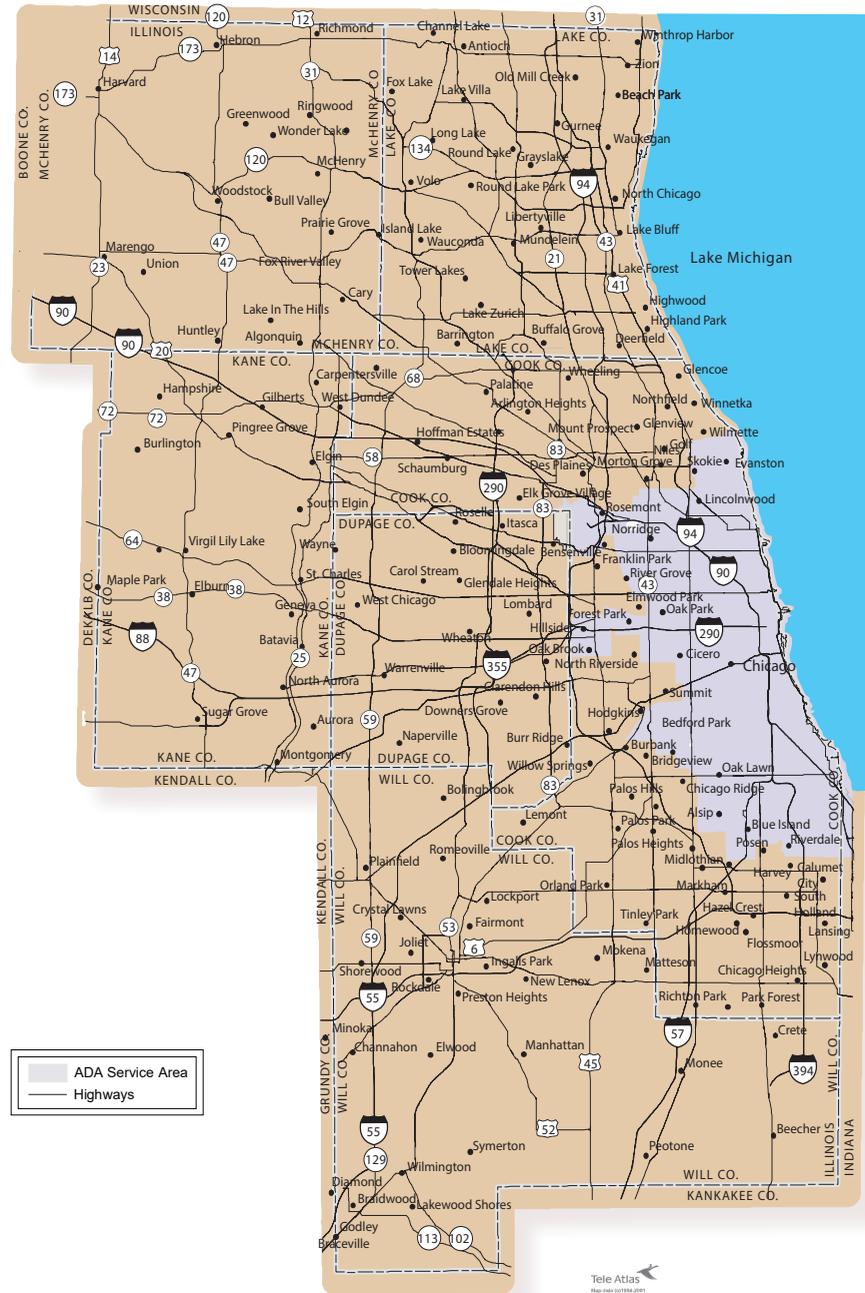
City ADA Paratransit Service Characteristics

FOUR contractors (SCR Transportation, CDT/National Express, 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 nearby suburban communities served by regular CTA services.

787 contractor-owned and 19 Pace-owned vehicles, as well as taxi providers, are used to provide service to approximately 237,500 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 on December 31, 2018

<u>Fixed Route (Fully Accessible)</u>					<u>Vanpool</u>				
<u>Manufacturer</u>	<u>Model Year</u>	<u># of Vehicles</u>	<u>Age</u>	<u>Length</u>	<u>Manufacturer</u>	<u>Model Year</u>	<u># of Vehicles</u>	<u>Age</u>	<u>Length</u>
NABI	2003	3	15	35'	Ford E350	2005	1	13	18'
NABI	2003	13	15	40'	Ford E350	2006	6	12	18'
NABI	2005	56	13	40'	Ford E350	2007	5	11	18'
ElDorado	2007	101	11	30'	Ford E350	2008	1	10	19'
ElDorado	2008	37	10	30'	Ford E350	2009	5	9	20'
ElDorado	2009	24	9	30'	Ford E350	2010	15	8	20'
ElDorado Aerolite	2009	2	9	24'	Dodge Caravan	2011	4	7	17'
ElDorado Aerolite	2010	1	8	24'	Ford E350	2011	26	7	19'
ElDorado	2010	57	8	30'	Dodge Caravan	2012	18	6	17'
Orion Hybrid	2011	2	7	30'	Dodge Caravan	2013	62	5	17'
ElDorado	2011	4	7	30'	Ford E350	2013	115	5	18'-20'
ElDorado	2013	77	5	40'	Dodge Caravan	2016	19	2	17'
MCI	2013	13	5	40'	Ford Transconnect	2016	19	2	20'
ElDorado	2014	37	4	40'	Ford Transit	2016	50	2	20'
ElDorado	2015	47	3	40'	Dodge Caravan	2017	183	1	17'
MCI	2015	9	3	40'	Ford Transit	2017	54	1	19'
ElDorado CNG	2015	20	3	40'	Ford Transit	2018	67	0	19'
ElDorado	2016	89	2	40'					
ElDorado	2017	86	1	40'	Total		650		
ElDorado Trolley	2017	7	1	30'	Average Age			3.0 years	
ElDorado CNG	2017	70	1	40'					
MCI	2017	8	1	40'					
ElDorado CNG	2018	8	0	40'					
Total		771							
Average Age			5.7 years						



Fixed route 40' bus



Vanpool vehicle

Appendix A • Pace Overview

Paratransit (Fully Accessible)

Manufacturer	Model Year	# of Vehicles	Age	Length
Champion Crusader	2007	1	11	21'
ElDorado Aerolite	2009	2	9	22'
ElDorado Aerotech	2009	14	9	23'
ElDorado Aerolite	2010	4	8	22'
ElDorado Aerotech	2010	38	8	23'
ElDorado Aerotech	2014	155	4	25'
Champion Challenger	2014	78	4	22'
Champion Crusader	2015	2	3	23'
ElDorado Aerotech	2016	49	2	25'
ElDorado Aerotech	2017	120	1	25'
ElDorado Aerotech	2018	28	0	25'
Total		491		
Average Age			3.4 years	

Community Transit & On Demand Vehicles

Manufacturer	Model Year	# of Vehicles	Age	Length
Champion Crusader	2007	8	11	21'
Chevy Uplander	2007	1	11	17'
Champion Crusader	2009	15	9	21'
Ford E350	2011	3	7	19'
Champion Crusader	2012	8	6	21'
Dodge Caravan	2012	1	6	17'
Dodge Caravan	2013	10	5	17'
Ford E350	2013	19	5	18'-19'
Champion Crusader	2015	18	3	23'
Ford Transit	2016	1	2	20'
Dodge Caravan	2017	3	1	17'
Champion Crusader	2017	35	1	23'
Ford Transit	2017	1	1	19'
Champion Crusader	2018	3	0	21'-23'
Ford Transit	2018	1	0	19'
Total		127		
Average Age			4.3 years	



Paratransit bus



On Demand vehicle

Appendix A • Pace Overview

Pace System Infrastructure

PACE'S Operating Divisions provide inside bus storage for approximately 600 buses with a total building size of over one million square feet at the locations provided below. Pace also leases some administrative and operating space. A full list of Park-n-Ride lots may be found on our website at PaceBus.com. Lastly, Pace contracts with regional municipal and private carriers to supplement fixed route and paratransit passenger services.

Operating Divisions

Administrative Headquarters
550 W. Algonquin Rd., Arlington Heights

Fox Valley Division
400 Overland Dr., North Aurora

Heritage Division
9 Osgood St., Joliet

North Division
1400 W. Tenth St., Waukegan

North Shore Division
2330 Oakton St., Evanston

Northwest Division
900 E. Northwest Hwy., Des Plaines

McHenry Paratransit Garage
5007 Prime Parkway, McHenry

River Division
975 S. State St., Elgin

South Division
2101 W. 163rd Place, Markham

Southwest Division
9889 S. Industrial Dr., Bridgeview

South Holland Acceptance Facility
405 W. Taft Dr., South Holland

West Division
3500 W. Lake St., Melrose Park

Municipal Garages

City of Highland Park
1150 Half Day Road, Highland Park

Village of Niles
6859 Touhy Ave., Niles

Leased Premises

ADA Paratransit Office
547 W. Jackson Blvd., Chicago

East Dundee Garage
401 Christina Dr., East Dundee

Print Shop
80-86 Lively Blvd., Elk Grove Village

Vanpool Office
515 W. Algonquin Rd., Arlington Heights

Passenger Facilities

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

Buffalo Grove Transportation Center

Chicago Heights Transportation Center

Elgin Transportation Center

Gurnee Mills Transfer Facility

Harvey Transportation Center

Hodgkins UPS Bus Terminals

Northwest Transportation Center, Schaumburg

Prairie Stone Transportation Center, Hoffman Estates

Rosemont Transit Center

SeatGeek Stadium Direct Transit Center, Bridgeview

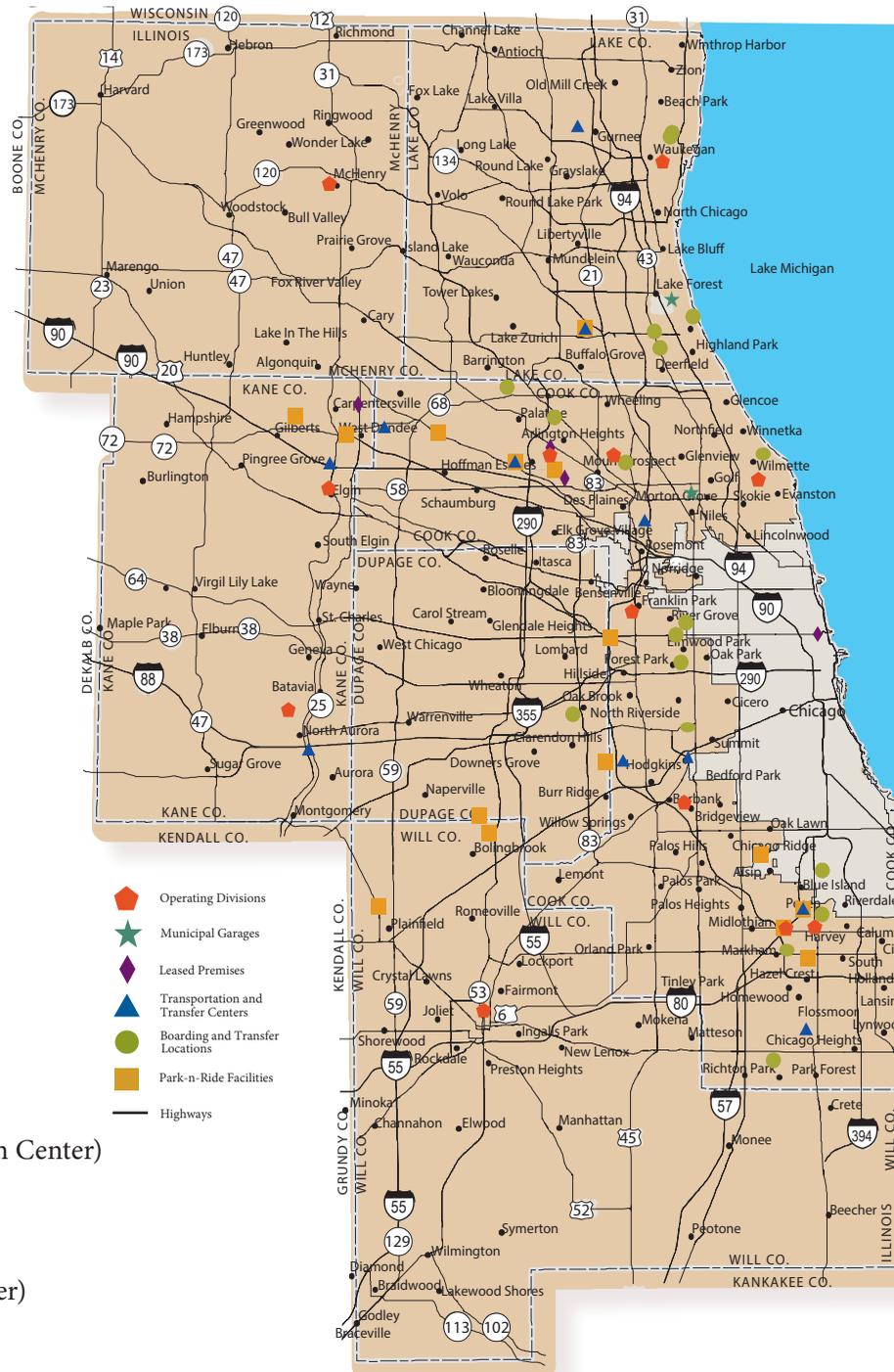
Other Boarding and Transfer Locations ●

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

Park-n-Ride Facilities ■

- Blue Island
- Bolingbrook, Canterbury Lane
- Bolingbrook, Old Chicago Road
- Buffalo Grove (at the Transportation Center)
- Burr Ridge
- Northwest Point, Elk Grove Village
- Harvey (at the Transportation Center)
- Hillside
- Homewood
- Plainfield
- I-90 Barrington Road
- I-90 & IL 25
- I-90 Randall Road
- Northwest Transportation Center, Schaumburg
- Pace South Division, Markham

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 2020 through 2022.

Table 36. Pace 2020-2022 Ridership Projections (000s)

	2018 Actual	2019 Estimated	% Change	2020 Projected	% Change	2021 Projected	% Change	2022 Projected	% Change
Pace Divisions	26,040	24,586	(5.6%)	24,161	(1.7%)	24,293	0.5%	24,293	0.0%
Public Carriers	563	538	(4.4%)	527	(2.2%)	527	0.0%	527	0.0%
Private Carriers	1,070	1,012	(5.4%)	983	(2.9%)	983	0.0%	983	0.0%
Total Fixed Route	27,673	26,136	(5.6%)	25,670	(1.8%)	25,802	0.5%	25,802	0.0%
Demand Response*	1,027	978	(4.7%)	966	(1.3%)	956	(1.0%)	947	(1.0%)
Vanpool	1,508	1,375	(8.9%)	1,375	0.0%	1,375	0.0%	1,375	0.0%
Suburban Service Total	30,209	28,489	(5.7%)	28,011	(1.7%)	28,133	0.4%	28,124	0.0%
Regional ADA Paratransit Service*	4,264	4,246	(0.4%)	4,282	0.9%	4,325	1.0%	4,368	1.0%
Combined Pace Service	34,472	32,735	(5.0%)	32,293	(1.4%)	32,457	0.5%	32,491	0.1%

*Ridership includes companions and personal care attendants.



The Campus Connection pass offers unlimited rides to students on Pace regular fixed route and is valid for an entire semester.

Ridership & Fares

Suburban Service Ridership

PACE Suburban Service ridership is estimated to finish the year down 5.7% from 2018 levels and will fall 6.2% short of the 2019 budget. Fixed route ridership has declined significantly over 2018 levels and is expected to finish the year down 5.6%. Demand Response and Vanpool are expected to end the year 4.7% and 8.9% below 2018 levels, respectively.

For 2020, ridership is expected to decrease slightly over the 2019 estimate. Baseline fixed route ridership is expected to continue to decline, but will be tempered by increased service levels, resulting in an overall decline of 1.8% from 2019 levels. Demand Response ridership is expected to decline 1.3% from 2019 levels and Vanpool ridership is expected to remain flat in 2020, resulting in an overall suburban service ridership decline of 1.7%.

Fixed route ridership is expected to increase 0.5% in 2021 and be flat in 2022. Demand Response ridership is expected to fall 1.0% in each outlying year and Vanpool ridership is expected to be flat to 2020 in both outlying years.

Regional ADA Paratransit Ridership

Regional ADA Paratransit ridership is expected to finish 2019 at 0.4% under 2018 levels and 2.1% under the 2019 budget. For 2020, ridership is expected to grow 0.9% over 2019 levels, driven by a 59.6% increase to TAP ridership which offsets a 2.0% decline in other ADA ridership.

Regional ADA ridership is forecasted to grow at a rate of 1.0% in 2021 and 2022.

Pace Fares

There are no increases to Suburban Service or ADA fares for 2020.

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



Pace was the first transit agency in northeastern Illinois to achieve a fully accessible fixed route bus fleet.

Appendix B • Ridership & Suburban Service Fares

Pace Fare Structure

Table 37. Pace Fare Structure

	Current Fares	
	Full Fare	Reduced Fare
Regular Fares		
Cash Fare	\$2.25	\$1.10
Full Fare Ventra®	2.00	1.00
Transfer to Pace (with Ventra transit value only)	0.30	0.20
Passes		
Pace/CTA 30-Day Pass	\$105.00	\$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 months		
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*	\$4.50	\$2.25
Pace Transfer to Premium Routes	2.80	1.45
30-Day Premium Pace/CTA Pass	140.00	70.00
On Demand	2.00	1.00
Demand Response	Fares based on community policy	
ADA Paratransit		
ADA Paratransit	\$3.25	N/A
Mobility Direct (Chicago Only)	3.00	N/A
TAP (Chicago Only)	3.00	N/A

*Premium routes include: 237, 282, 284, 755, 768, 769, 773, 774, 775, 776, 779, 850, 851, 855.

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

Fare Schedule

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

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

Fares are based on 21 work/commute days per month (approximately five 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.

Vanpool groups with four or five passengers may request a conversion van for a monthly surcharge of \$15 per passenger.

Indiana Tollway/Chicago Skyway monthly surcharge is \$6 per passenger.

Other Vanpool Service Monthly Fares

Program	Current Fare
Advantage	\$250
Non-Profit	250
Shuttle	250
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.

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Demographic Profiles of Pace Users/Non-Users

THE summary demographic profile of Pace users and non-users as based on our research is presented in 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. About 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	43.8
Sex:		
Male	48%	47%
Female	52%	53%
Education		
Some high school or less	2%	6%
High school graduate	12%	21%
Some college or technical school	20%	33%
College graduate	37%	26%
Graduate or Professional Degree	29%	12%
Total Annual Household Income		
Group Median	\$74,800	\$29,600
Auto Ownership		
None	5%	37%
One	26%	34%
Two or more	69%	29%
Ethnic Background		
African American	7%	46%
Asian	3%	11%
Hispanic	10%	14%
Caucasian	79%	28%
Other	1%	4%

Data Source

Non-user: South Cook County-Will County Service

Restructuring Initiative, 2006, sample size = 1,195

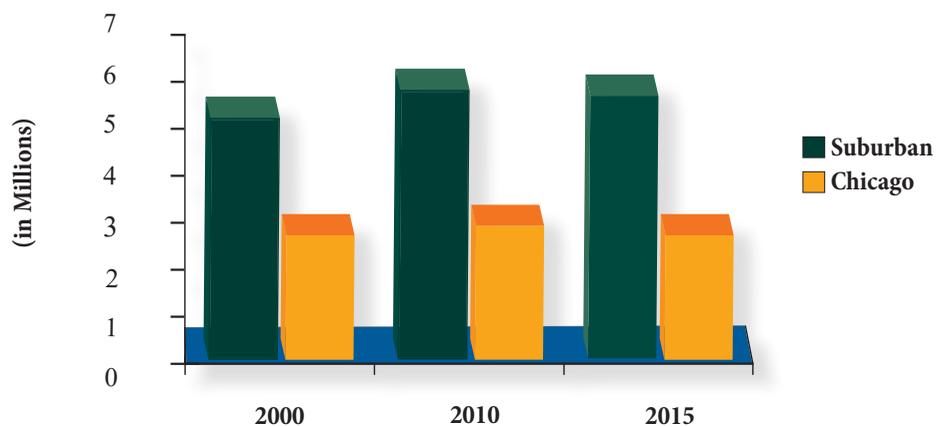
User: 2016 Customer Satisfaction Survey, sample size = 2,603

Regional Population

Population

THE suburban population decreased by about 0.1 million between 2010 and 2015, from 5.8 million residents to 5.7 million residents. Chicago’s population declined by 0.2 million between 2010 and 2015 from approximately 2.9 million to 2.7 million. The following graph depicts the recent population trend in the metropolitan Chicago region from 2000 through 2015.

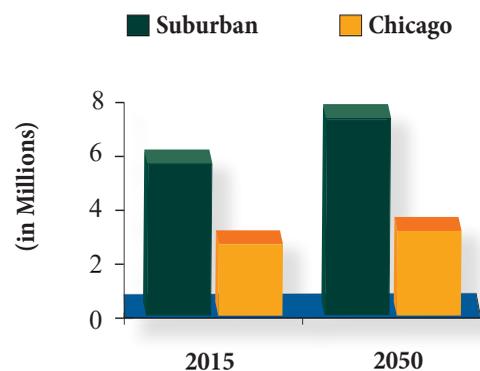
Chart I. 2000 to 2015 Regional Population



Regional Population Change 2015 to 2050

The Chicago Metropolitan Agency for Planning (CMAP) provides official 35-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 2.2 million people between 2015 and 2050 to 10.6 million. CMAP projects the number of residents between 65 and 84 years of age will increase over 63% between 2015 and 2050. Furthermore, they anticipate the number of residents in the region who are over 85 years old is projected to increase 186% during the same time period. Between 2015 and 2050, 1.7 million new residents will accrue to Pace’s service region while Chicago’s population will increase by 0.5 million new residents.

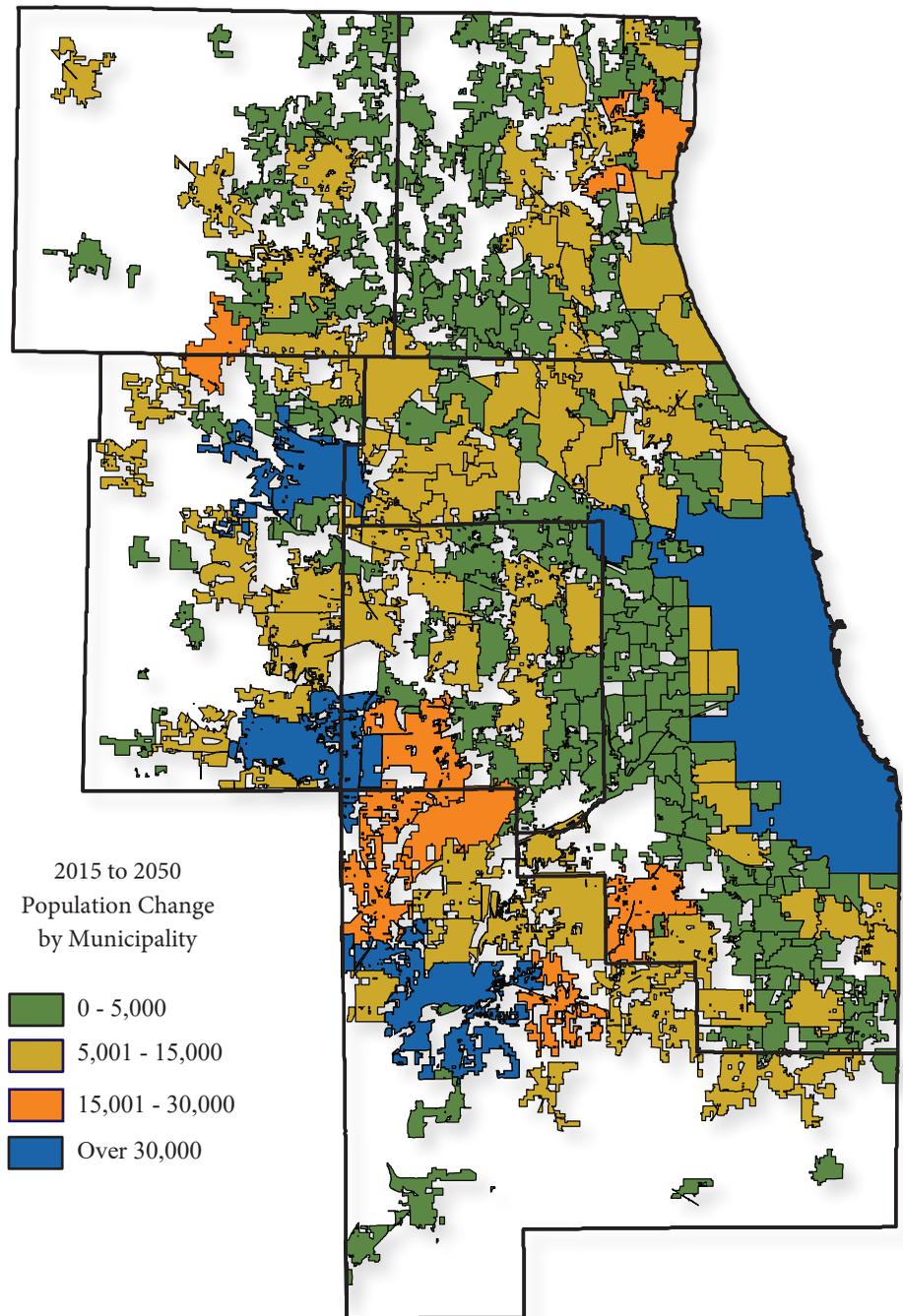
Chart J. 2015 to 2050 Regional Population Projection



Regional Population Change 2015 to 2050

CMAP population growth forecasts through 2050 are depicted on the adjacent map. Suburban Cook County is expected to experience population growth of nearly one-half million people between 2015 and 2050, followed by the City of Chicago which is expected to add 460,000 residents by 2050.

Map 6. Regional Population Change



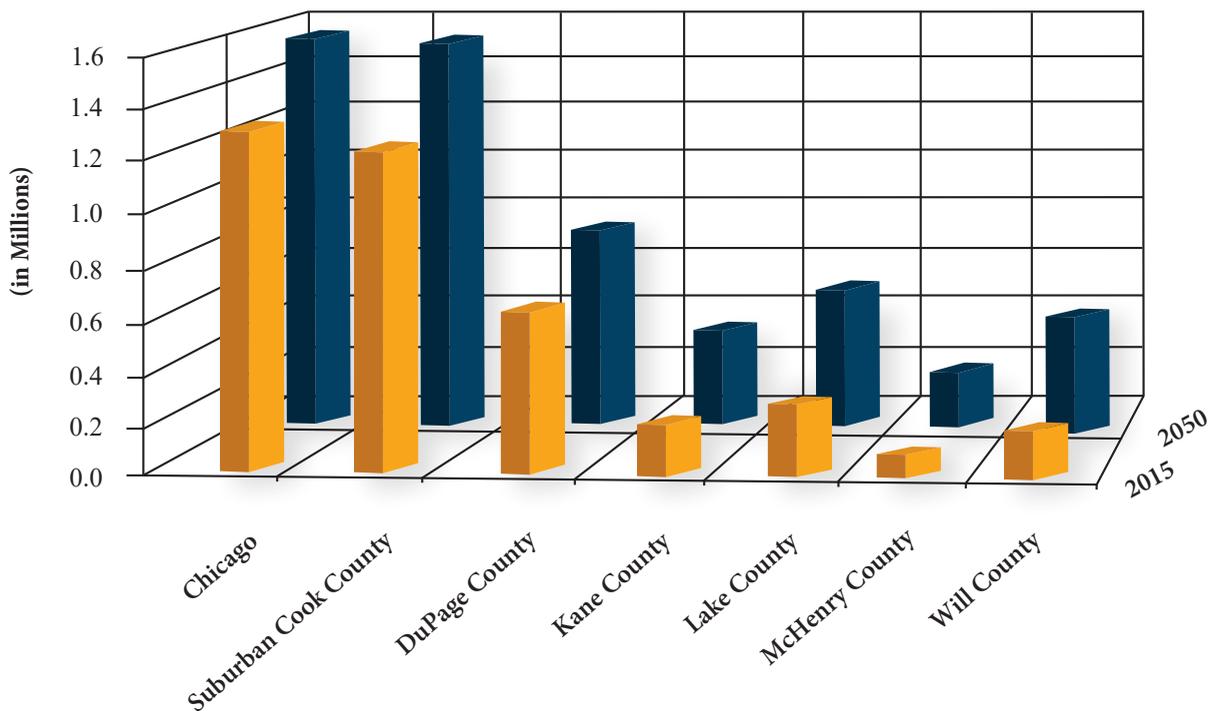
Regional Employment

Employment

C MAP’s forecast anticipates an increase of 0.9 million jobs in the region by 2050, of which 0.7 million will accrue to the suburban areas. As a percentage of 2015 employment, Will County’s increase is projected to be the greatest at 77%, followed by McHenry County (51%)

and Kane County (43%), representing an increase of 157,000, 50,000 and 90,000 jobs, respectively. Suburban Cook County’s projected employment growth (229,000) is also the largest in absolute terms followed by growth in Chicago (190,000), and Will County and DuPage County (93,000).

Chart K. 2015 to 2050 Employment Projection



Travel & Congestion

Travel Patterns

ACCORDING to the Texas Transportation Institute's *2019 Urban Mobility Report*, in 2017 the Chicagoland area was ranked third nationally behind Los Angeles (1) and New York (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 145 million gallons of fuel, at a cost of \$1,310 per auto commuter annually, just sitting in traffic.

The regional cost of traffic congestion reaches \$6.53 billion annually when factoring in lost time and wages, increased shipping costs, and fuel wasted. Over 353 million hours of travel delay time are lost in the region annually according to the report.

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.

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.



Pace's Bus on Shoulder service offers relief from rush hour congestion.

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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:

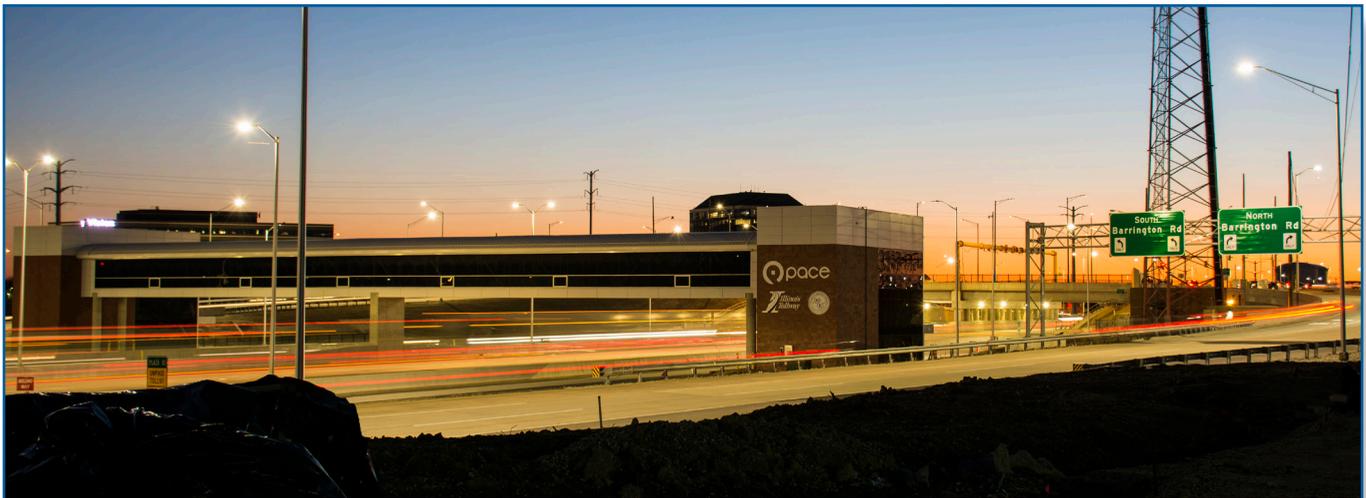
- Safe
- Reliable
- Courteous
- Efficient
- Effective

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

performance for 2018, projected performance for 2019, and 2020 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 partnered with the Illinois Tollway to construct a pedestrian bridge over I-90 to allow commuters access to both eastbound and westbound buses.

Appendix D • Performance Measures

Table 40. Pace Goals & Performance Measures

		2018 <u>Actual</u>	2019 <u>Estimate</u>	2020 <u>Projected</u>
Safety				
Goal: Provide Safe Public Transportation Services				
Measure(s):	<i>Performance Goal</i>			
Accidents per 100,000 Revenue Miles	Less than 5	6.50	5.50	5.20
Reliability				
Goal: Provide Reliable Public Transportation Services				
Measure(s):	<i>Performance Goal</i>			
On-Time Performance	Greater than 85%	72.0%	73.0%	74.1%
Actual Vehicle Miles per Road Call	Greater than 14,000	16,535	15,500	15,500
Percent Missed Trips per Total Trip Miles	Less than .5%	0.14%	0.25%	0.25%
Courtesy				
Goal: Provide Courteous Public Transportation Services				
Measure(s):	<i>Performance Goal</i>			
Complaints per 100,000 Passenger Miles	Less than 4	4.82	4.40	4.20
Website Hits on Web Watch Site	Increase over prior period	(10.3%)	(4.6%)	(2.1%)
Efficiency				
Goal: Provide Efficient Public Transportation Services				
Measure(s):	<i>Performance Goal</i>			
Revenue Miles per Revenue Hour	Greater than 17	17.23	17.33	17.35
Revenue Miles per Total Operator Pay Hours	Greater than 10*	9.34	9.20	9.25
Expense per Revenue Mile	Less than \$6.50*	\$6.18	\$5.44	\$5.75
Expense per Revenue Hour	Less than \$125.00*	\$105.45	\$101.50	\$102.00
Recovery Ratio	Greater than 18%	26.0%	24.5%	24.5%
Subsidy per Passenger	Less than \$4.00	\$3.70	\$3.67	\$3.75
Effectiveness				
Goal: Provide Effective Public Transportation Services				
Measure(s):	<i>Performance Goal</i>			
Ridership	Increase from prior period	(3.90%)	(6.40%)	(1.00%)
Passenger Miles per Revenue Miles	Greater than 9*	6.18	6.10	6.50
Productivity (Passengers per Revenue Hour)	Greater than 24*	19.66	19.42	19.55
Ridership per Revenue Mile	Greater than 1.5*	1.14	1.10	1.12
Vanpool Units in Service	Increase from prior period	(3.00%)	(1.00%)	(1.00%)

* Performance Goal Under Evaluation

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

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 the 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), Alameda & Contra Costa Counties, CA
- Broward County Transit (BCT), Broward County, FL
- Orange County Transportation Authority (OCTA), Orange County, CA
- Santa Clara Valley Transportation Authority (VTA), Santa Clara County, CA
- Montgomery County Transit Services (Ride On), Montgomery County, MD

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 2017 National Transit Database (NTD) data for bus only, which is the latest data available as of this writing.



Appendix D • Performance Measures

Peer Performance Comparison

Service Efficiency

Chart L. Operating Expense per Revenue Hour

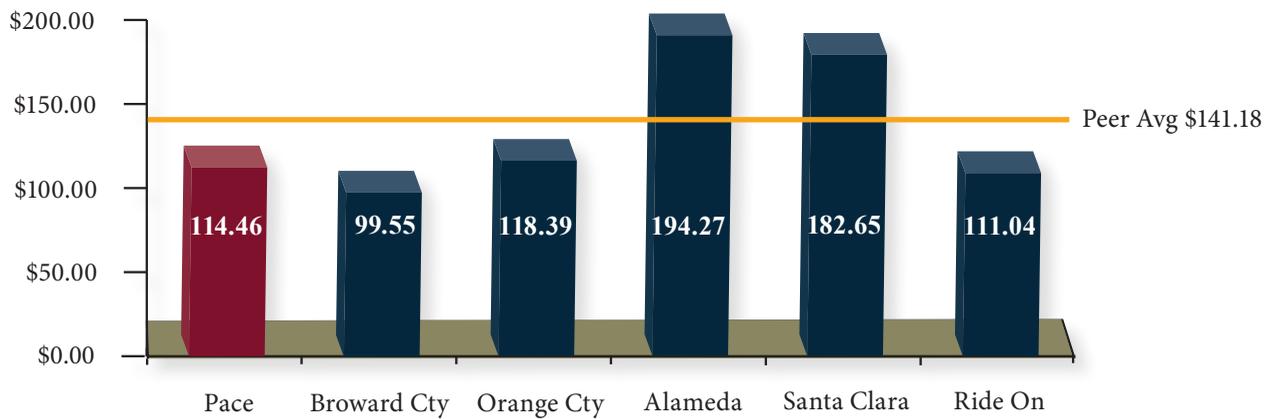


Chart M. Operating Expense per Revenue Mile

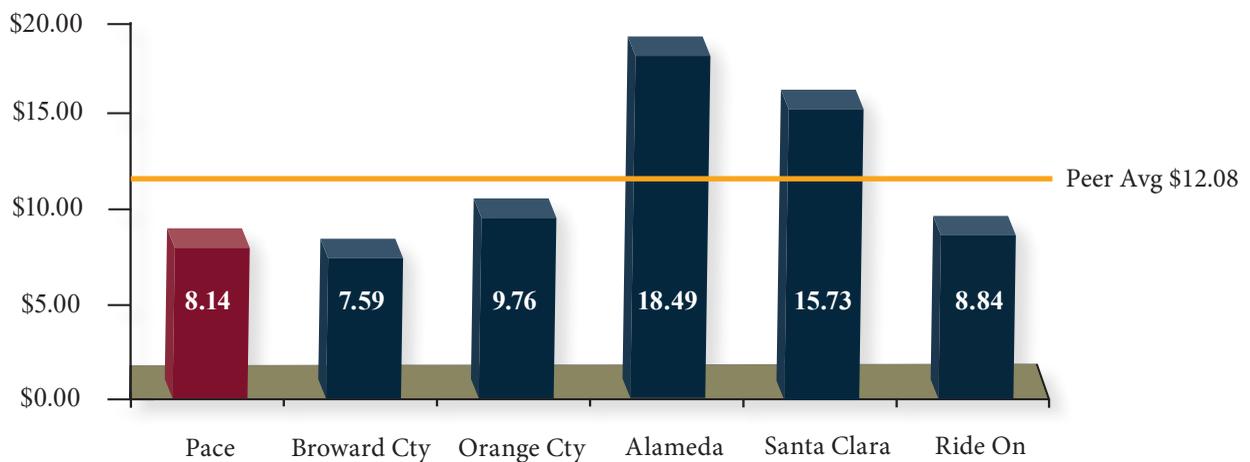


CHART L - Service efficiency, as measured by the performance ratios operating expense per total revenue hour and revenue mile, shows Pace to be more efficient than the peer average. At \$114.46, Pace's cost per hour is \$26.72 per hour or nearly 19% less than the peer average for this performance measuring category.

CHART M - At \$8.14 per mile, Pace is \$3.94 per mile or 32.6% below the peer average.

Cost Effectiveness

Chart N. Operating Expense per Passenger

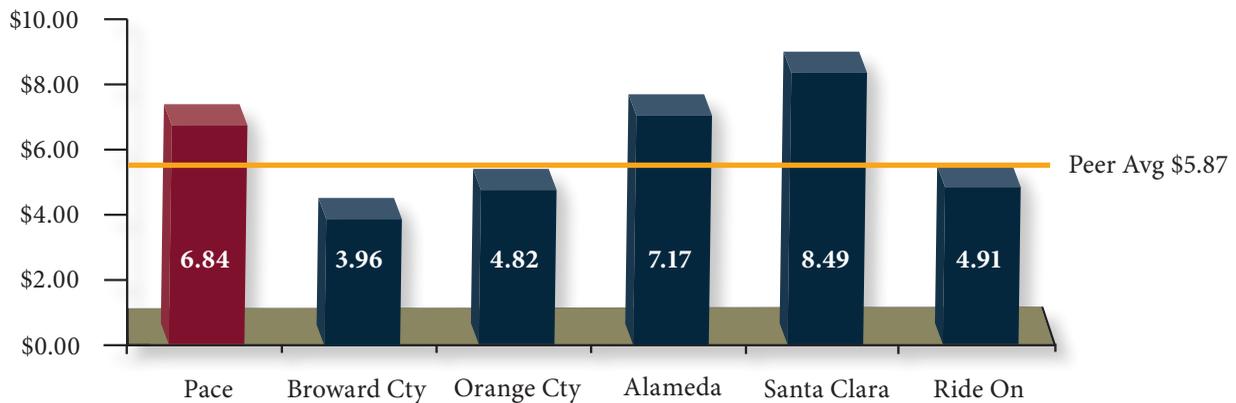


Chart O. Operating Expense per Passenger Mile

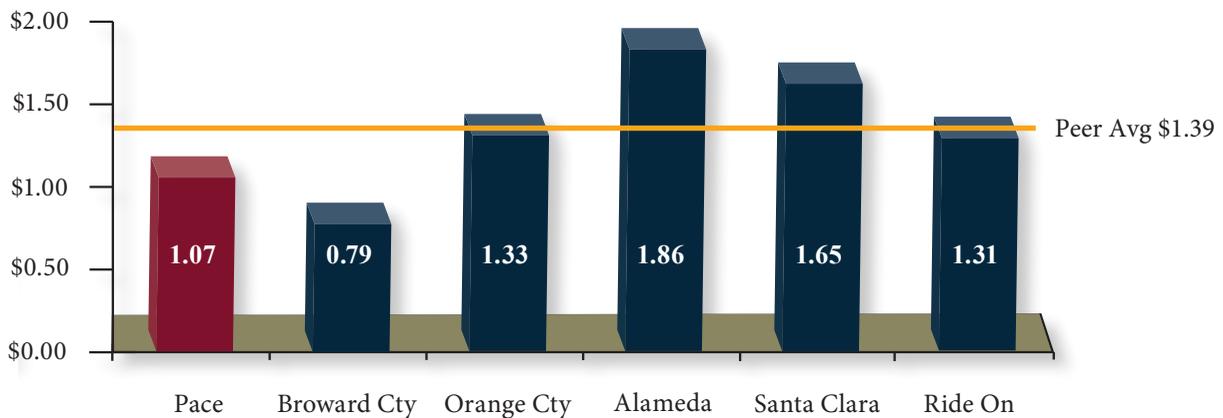


CHART N - Cost effectiveness, as measured by the performance ratios operating expense per passenger and passenger mile, shows Pace to be consistent with the agencies within this peer group.

CHART O - At \$1.07, 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 P. Passengers per Revenue Hour

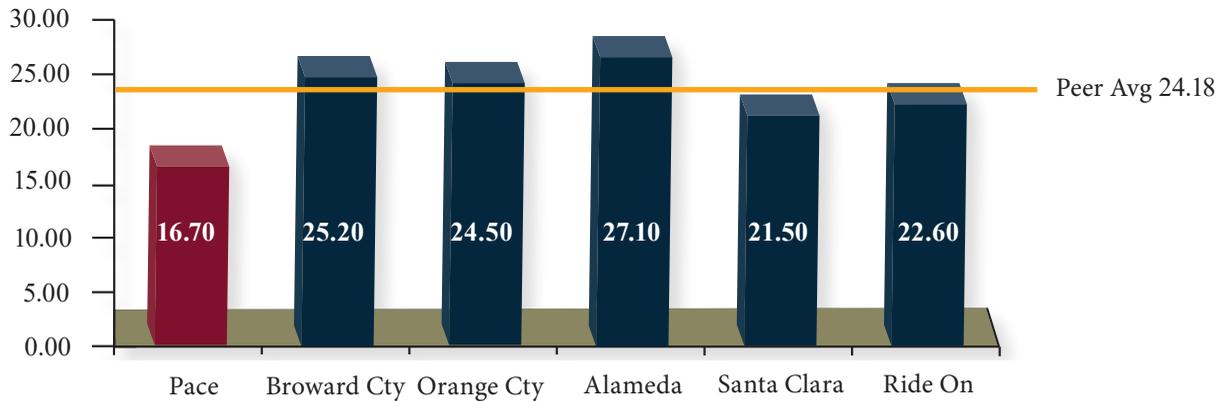


Chart Q. Passengers per Revenue Mile

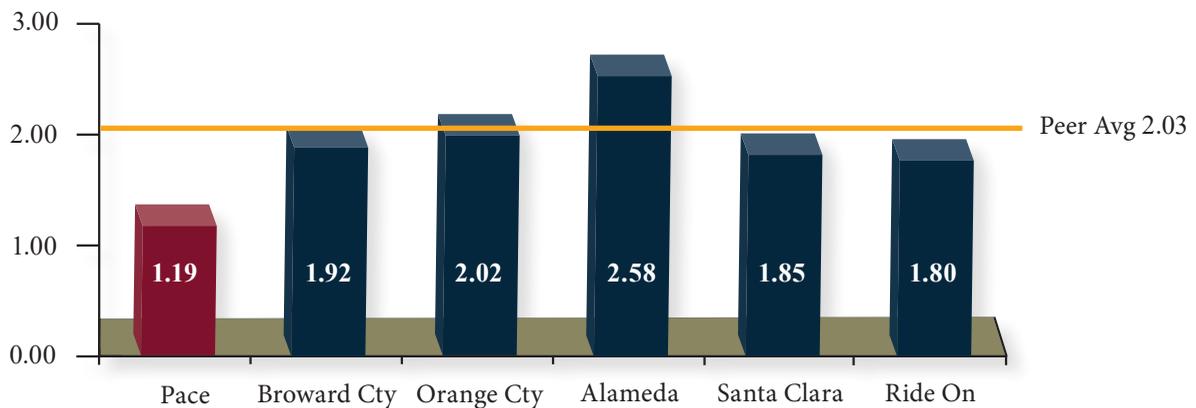


CHART P - Service effectiveness, as measured by the performance ratios passengers per total revenue hour and passengers per total revenue mile, shows Pace to have the lowest performance ratio compared to all agencies in this group at nearly 31% below the peer average. The size of the service area directly affects this performance indicator. At nearly 3,500 square miles, Pace serves the largest and lowest population density service area of all the peers in this group.

CHART Q - 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 R. Farebox Recovery Ratio

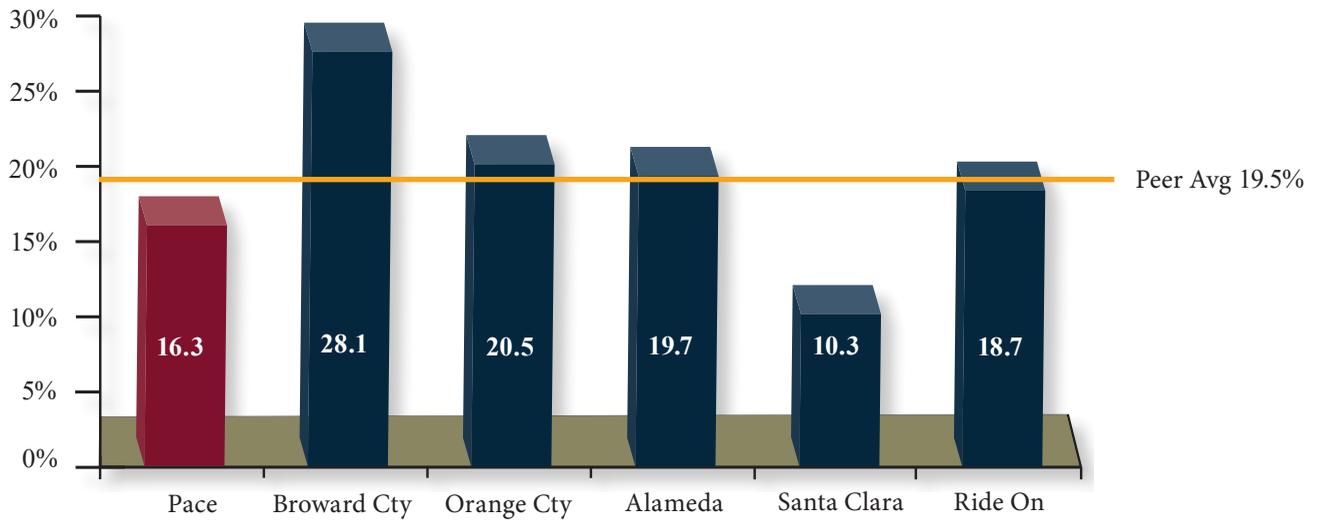


CHART R - Pace's bus only farebox recovery rate of 16.3% is lower than the peer average bus ratio of 19.5%.

Appendix E • Planning Initiatives

Driving Innovation

Overview

IN early 2020, Pace's long-standing Vision 2020 Plan will be succeeded by Driving Innovation: The Pace Strategic Vision Plan. The new plan will guide the development of service, intelligent technologies, corridor development, and financial planning for years to come. It will provide both a fiscally-constrained 3-5 year action plan and a long-term aspiration plan.

The goals and objectives of this plan have been established thanks to the comprehensive participation and interest of departments, staff, and management throughout the agency. While the consultant-assisted study for producing the draft plan will wrap up this year, the planning process for the strategic vision plan will continue in 2020 and beyond. External outreach to Pace's partners, stakeholders, and passengers will follow the conclusion of the study and inform major decisions for service reallocation and expansion. It is also envisioned that Pace's Strategic Vision Plan will be regularly updated every 3-5 years moving forward.

Driving Innovation will recognize key agency initiatives and propose new programs, policies, and frameworks for improving Pace's business functions. It will set the stage for the next generation of Rapid Transit Program corridors, regular fixed-route purposes and functions, and options for harnessing emerging shared-ride and micro-mobility concepts that are rapidly disrupting the transportation industry. Importantly, the plan will establish a Service Standards Framework which will provide clarity for Pace and external partners on the type and level of service that can be expected based on the characteristics of individual communities and corridors.

Each of these next steps will collectively support a holistic vision for an integrated public transit network, which will be buttressed by new technology platforms and business practices, as well as by strengthening Pace's existing community and external partnerships.

Finally, Driving Innovation recommendations will integrate upcoming major initiatives such as capital projects that will be funded through the "Rebuild Illinois" program, as well as focus areas described under the Service Planning and Scheduling, Research and Analysis, and Strategic and Capital Planning department sections below.

Service Planning and Scheduling

By the end of 2019, Service Planning and Scheduling is expected to have implemented approximately 130 service

changes ranging from additional service to reduce overcrowding; transitioning routes from flag stop to posted stop; optimizing schedules to improve schedule reliability; discontinuation of unproductive service; schedule adjustments due to Metra train schedule changes; and finalizing the schedule for the recent launch of the Pulse Milwaukee Line. Key projects in 2020 include:

Pace Network Revitalization

After numerous service restructuring efforts in the six-county service area during Pace's 35-year history, which resulted in small and large service improvements, Pace has made a decision to undertake a more comprehensive approach to update service in the entire network.

In view of the immense service area which includes over 280 communities, 230 bus routes, various On Demand and demand response services, and a very large ADA operation, Pace will hire a transportation consultant to assist in this revitalization program. The focus of the consultant and Pace team will be in the areas of market analysis, service analysis, developing a public involvement plan, establishing various advisory committees, proposing service concepts and infrastructure recommendations, completing a Title VI analysis, and developing an implementation timeline.

Pilot Projects with Transportation Network Companies (TNC)

Pace would like to assess how partnering with shared mobility service providers could benefit the riding public. Shared mobility partnerships may offer an opportunity to supplement existing Pace service or fill in the gaps of service. Pace is seeking potential partners for two pilot/demonstration projects. The projects would last up to one year or until funding runs out (whichever occurs first), and Pace will allocate a fixed amount of funding for each project. Funding is expected to cover a portion of user costs up to a maximum of \$7 per ride. The rider will be responsible for any cost over \$7.

Pace operates very limited transit service throughout its service area during overnight hours. Only one Pace route operates 24 hours per day, 7 days a week. Most routes do not operate between 12:00 a.m. and 5:00 a.m. Though demand for transit service is lower during these hours, this lack of overnight service presents a challenge for some shift workers as well as job seekers. A shared mobility service may be able to provide this missing late-night link.

The intent of this project is to provide enhanced service coverage and to ensure the availability of basic overnight service.

Two demonstration projects are being considered: overnight service between the Rosemont Blue Line station to specific businesses in the south cargo area of O'Hare Airport, and first and last mile overnight service either starting or ending at the Pace Harvey Transportation Center to connect to and from Pace Route 352. A vendor will be selected and the demonstration project will begin in late 2019 or early 2020.

Shared Mobility Initiative

In the new age of mobility, technology is enabling new shared modes of transportation like bike sharing, carsharing, ridesharing and ride hailing, which provide new alternatives to transit and the private automobile. Pace's Shared Mobility Initiative will focus on developing and implementing technology-driven innovative solutions by partnering with transportation network and shared mobility service providers, and local communities to increase access to Pace's regional bus network.

Through the Shared Mobility Initiative, Pace would like to assess opportunities to address the first and last mile connections to and from the regional bus routes, especially high-speed, high-frequency services like Bus on Shoulder, I-90 Express, and Pulse through alternative shared modes—increase efficiency, reduce costs, and improve the customer experience on its service through software enhancements, expansion of online booking and roll out of mobile app booking.

Capital Funding for I-55 Bus on Shoulder Garage

Since 1988, Pace Route 855 has operated weekday limited stop express service which connects certain southwest suburban communities with downtown Chicago via the Stevenson Expressway (I-55). Route 755 was added in 2009 due to the success of Route 855. In October 2011, through a partnership with Pace, Illinois State Police, Illinois Department of Transportation, RTA, and former Governor Quinn's office, Routes 755 and 855 were authorized to begin shoulder riding operations on a portion of I-55 as part of a two-year demonstration. Due to the resounding success of the program, in August 2014 the shoulder riding segment was expanded and Routes 850 and 851 were added to the program. Since the launch of Bus on Shoulder, service has been expanded many times to try to keep up with the demand.

In June 2019, the Illinois State Legislature passed the State Capital Bill which was signed by Governor Pritzker. This will provide needed funds for the construction of a new garage for I-55 buses. Currently, Pace has 30 over-the-road coaches and two suburban coaches assigned to Routes 755, 850, 851, and 855 to provide express service between six park-n-rides and downtown Chicago. Additional buses will be purchased in years to come to keep up with the ridership demand.

Research and Analysis

Pace, its passengers, and its partners, are all looking forward to the new software, power, and vehicle options that will make the mobility of the future vastly different than what Pace has seen over the past thirty-five years. Pace continues to research and prepare for those systems that provide both the best service to its customers, as well as the best return on investment to Pace and its constituents. While preparing for the future, Pace continues to provide the traditional fixed route service for which it has become known, as well as a wide range of first and last mile services.

Pace looks forward to the evolution and continued development of the Ventra® fare system in 2020. ADA paratransit and demand response services will be integrated into the Ventra system during 2020, giving these riders options for cashless journeys.

The Ventra app continues to be a regional transit success, with over 3.5 million downloads, and over 700,000 people monthly using the Metra ticketing function, the CTA/Pace account management tools, or the regional bus and train tracking. A new version of the Mobile App will be released in late 2019, making it easier and quicker to use, while adding a regional trip planner that includes real-time trip information and Divvy bike information. This trip planner will become the RTA's regional trip planner, giving consistent information across platforms and across the region.

Pace is working to introduce a "Virtual Ventra® Card" on smartphones to eliminate the need for plastic cards. This will allow the use of any kind of transit value or pass that is now available with the plastic cards. Chicago will be the second region in the country with this technology.

In addition, the Ventra platform is evolving with technology. CTA, Pace, Metra, and Cubic are developing "Ventra® 3.0," new software and hardware to replace and upgrade the original Cubic platform. While Ventra is still

a state-of-the-art fare system, six years after introduction, numerous upgrades are now being made to introduce it to other major cities and regions around the world, and Chicago stands to benefit from these changes. One significant change will be the ability to integrate other modes, systems, and services such as micro-transit and rideshare into the system more easily and quickly.

Pace and CTA will most likely begin purchasing new fareboxes for buses in 2020. Pace's current fareboxes are over 30-years old and obsolete.

Together, these initiatives will allow faster boarding times for customers and more reliable service across the region, as well as better data for planning and reporting.

The department will continue its program of data quality and data integration. It will continue to automate key processes and reports to provide more accurate and timely information, making more data available to the whole organization through such methods as Tableau Server, SharePoint, and online mapping.

Finally, 2020 marks the year for a new region-wide Fixed Route Customer Service Survey. Thousands of detailed surveys, both in person and online, will be collected to determine customers' opinions about Pace and the services it provides.

Strategic and Capital Planning

Rapid Transit Program: Expressway-Based Service

With the success of the I-90 Market Expansion, I-55 and I-94 Bus on Shoulder programs, Pace is looking to expand its presence on Chicagoland's expressways. To further these efforts, staff will be conducting a market study of the I-294 Corridor. As the Tollway is rebuilding and widening the Central Tri-State and including a Flex Lane for transit services, Pace hopes to realize some of the same successes as I-90 by providing services and new facilities that will bolster the Tollway's investment in the public transportation network. The market study will allow Pace to target investments in strategically located park-n-ride stations, the construction of which has been accounted for in "Rebuild Illinois".

Joliet Express Bus Study

In fall 2019, Pace initiated a market analysis and feasibility study focusing on service to the Joliet Multi-Modal

Regional Transportation Center and its integration into the region's transportation network including Pace, Metra, Amtrak and intercity bus.

This study will examine potential demand for express service to the Joliet Multi-Modal Regional Transportation Center and determine whether this service is operationally and financially feasible. The study will be used to make informed implementation decisions to create new transit markets, increase the transit market share, and provide for multi-modal service connections.

The study results should lead to recommendations that identify implementation and financial strategies which provide for multi-modal connections and transit options including service to regional employment centers.

Rapid Transit Program: Pace's Pulse Network

On August 11, 2019, Pace launched service on the Pulse Milwaukee Line. While construction continues on stations located in the City of Chicago, it is anticipated that all infrastructure improvements will be complete by the end of 2019. These improvements include 17 station sites along the line as well as transit signal priority. Stations 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. Service is currently being operated with new Pulse-branded 40-foot Eldorado Axxess buses equipped with LCD interior signage with next stop information, on-board Wi-Fi, and USB charging ports to enhance the customer experience.

The Pulse Milwaukee Line is the first of seven priority corridors in the Pulse network to be constructed over the next ten years. Pace's Pulse network serves 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.

In fall 2019, staff commenced the construction engineering work for the second Pulse project—the Pulse Dempster Line. The Pulse Dempster Line is a 15-mile corridor operating between the CTA Purple Line Davis Street Station in Evanston and the newly constructed multi-modal rental car center at O'Hare International Airport. It is anticipated that groundbreaking for this project's 28 Pulse stations will occur in 2021, which is being funded by a generous CMAQ grant provided by the Chicago

Metropolitan Agency for Planning. Staff also entered into the environmental review phase for the third Pulse line—the Pulse Halsted Line—which will operate between the CTA Red Line 95th/Dan Ryan Station and the Pace Harvey Transportation Center.

Transportation Innovation and Technology Program

The goal of the Transportation Innovation Program is to use latest technology to provide an advantage to transit by creating a connected and automated infrastructure with specific emphasis on increase in speed and reduction in delay to transit vehicles using communication to roadside infrastructure. Pace plans deployment of several projects that involve Vehicle to Infrastructure (V2I), such as Transit Signal Priority (TSP) and Pedestrian Detection safety application, using connected vehicle technology.

Pace developed an in-house non-proprietary regionally interoperable TSP system platform by engaging several technology companies and public stakeholders. This platform includes Priority Request Server (PRS) products, firmware, and central management software as well as in-vehicle and roadside communications systems that integrate legacy systems.

The developed TSP platform uses existing automated vehicle location and 5G wireless communications technologies to advance or extend green times at signalized intersections. This results in reduced delays at signalized intersections, increased speed, improved schedule adherence and reliability.

In 2019, Pace deployed the interoperable TSP system for the Pulse Milwaukee Line. This work involved signals operated by both the Chicago Department of Transportation (CDOT) and Illinois Department of Transportation (IDOT).

Beginning in late 2019, Pace plans to deploy the interoperable system on ten additional corridors at approximately 300 signalized intersections. The corridors include: 159th Street, Sibley Boulevard/147th Street, Roosevelt Road, Cicero Avenue, 95th Street, Grand Avenue (Lake County), Dempster Street, Cermak Road, I-90 Transit Corridor Access Intersections and Halsted Street.

Pace continues to explore the deployment of Connected Vehicles (CV) technology including Multi-Modal Intelligent Traffic Signal Systems (MMITS), Pedestrian Safety Applications and Integrated Dynamic Transit Ops (IDTO) in partnership with regional stakeholders.

Pace RideShare Program

The Pace RideShare Program is the designated public rideshare administrator for northeastern Illinois. The program provides commuter solutions for those seeking options beyond solo driving. Most of these commuters have no public transportation service, or the available train and/or bus commute is about 90 minutes or more. In 2019, Pace introduced an updated rideshare website. The site includes new customer features such as: a trip planner for public transportation, Pace Vanpool, carpooling and biking; incentive challenges to retain customer loyalty and change commuter behavior; online resource information for travel to and from the Pace service area between Wisconsin and Indiana; and an opportunity for Pace to enhance the traditional Pace Vanpool process and customer experience.

Office of Diversity and Inclusion

A new department of Diversity and Inclusion will be created to promote diversity and inclusion within Pace and its vendors. This department will include Disadvantage Business Enterprise, Minority Business Enterprise, Equal Employer Opportunity Commission and Title VI.



The Pulse Milwaukee Line began service on August 11, 2019.

Marketing & Communications Plan

AS Pace continues its effort to attract new riders and retain existing customers, the agency implemented several significant customer communication efforts and promotional activities in 2019 and looks forward to a number of new initiatives in 2020.

In 2019, Pace launched its first bus rapid transit service called “Pulse” on Milwaukee Avenue in Chicago and Niles. An advertising campaign focused on that corridor accompanied the launch of the new service, and initial reports show ridership on the new Pulse Milwaukee Line is strong and customer approval is high. Having previously developed Pulse’s brand name, color scheme, website and social media platforms, the launch campaign in 2019 included billboards, digital, print, and event-based promotions. Despite this early success, promotional work on Pulse has just begun. As soon as the Pulse Milwaukee Line launched in August, Pace was already underway with plans to implement the second Pulse line on Dempster Street.

The Marketing Department’s other major initiative in 2019 will only be visible to the public later in 2019—a refresh of Pace’s overall brand positioning in a way that aligns with the agency’s goals and “Driving Innovation”, its strategic vision plan. Focusing on the theme of “at Pace, we’re driven for you,” this behind-the-scenes work sets the stage for some creative advertising in the years ahead. Pace seeks to be poised to capture increased riders from the region’s changing demographics, commuting patterns, and environmental goals, as well as the improved bus service network it continues to implement.

In honor of Pace’s 35th anniversary, Pace wrapped one bus at each garage with the livery of the bus system which operated in the respective geographic region prior to Pace’s existence. These nostalgic Legacy Fleet wraps generated a lot of social media interest, including riders taking selfies for the chance to win prizes. Long time employees and riders had fun recollecting the old days but also enjoyed the convenience and comfort of a modern bus with automated next-stop announcements, the easy-to-use Ventra® system, and fewer pollutants. Pace also continued campaigns that promoted fixed route service to people with disabilities and its newly rebranded On Demand service. Riders of ADA paratransit and community stakeholders received educational materials about paratransit service as well as promotions about the TripCheck service and Chicago’s Taxi Access Program.

The On Demand marketing effort in 2019 included the launch of a new mobile app which allows customers to book and manage their reservations. Like riders of Uber and Lyft, On Demand riders can now book trips from their phones.

A major initiative for 2020 will be the outreach campaign to educate key stakeholders and the general public about Pace’s Driving Innovation plan. Pace will promote the plan throughout 2020, gathering input and making adjustments along the way. That outreach also sets the stage for ongoing updates to the plan in the years ahead. Pace prides itself on responsiveness to external stakeholders and intends to ensure that its service meets the needs of today’s commuters, while also being a good steward of taxpayer dollars.

With changes coming to the Ventra app in late 2019, Pace and its partner agencies are promoting the benefits of using this upgraded technology. The newest version of the Ventra app allows riders to manage their account, buy passes, get real-time bus tracking, and plan their trips.

Pace also plans to unveil a revamped website in 2020 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.

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Appendix F • Operating Budget Detail

2018 Actual Operating Results

2018 Actual Program, Activity, and Object Matrix

	Pace Operating Divisions ⁽¹⁾	Public Carriers	Private Carriers	Demand Response Services ^{(2) (3)}
Revenue				
Farebox	\$31,683,922	\$902,625	\$1,050,071	\$1,938,636
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Investment Income	0	0	0	0
Other	2,048,804	613,617	671,583	10,138,710
Total Revenue	\$33,732,726	\$1,516,242	\$1,721,654	\$12,077,346
Operating Expenses				
Operations				
Labor/Fringes	\$77,229,957	\$1,756,437	\$0	\$0
Parts/Supplies	2,865	787	0	0
Purchased Transportation	0	441,384	5,739,882	11,184,173
Fuel	0	0	0	0
Other	178,488	14,204	0	0
Total Operations	\$77,411,310	\$2,212,812	\$5,739,882	\$11,184,173
Vehicle Maintenance				
Labor/Fringes	\$15,412,503	\$568,433	\$0	\$0
Parts/Supplies	4,374,565	120,468	0	0
Other	189,305	96,696	0	310,101
Total Vehicle Maintenance	\$19,976,373	\$785,597	\$0	\$310,101
Non-Vehicle Maintenance				
Labor/Fringes	\$946,549	\$0	\$0	\$0
Parts/Supplies	521,866	0	0	0
Other	1,251,731	0	0	47,714
Total Non-Vehicle Maintenance	\$2,720,146	\$0	\$0	\$47,714
General Administration				
Labor/Fringes	\$3,176,327	\$363,906	\$0	\$0
Parts/Supplies	80,411	695	0	0
Utilities	1,882,581	1,059	0	0
Insurance	0	0	0	0
Health Insurance	0	0	0	0
Other	160,499	(6,470)	0	517,644
Indirect Overhead Allocation				
Total Administration	\$5,299,818	\$359,190	\$0	\$517,644
Total Expenses	\$105,407,647	\$3,357,599	\$5,739,882	\$12,059,632
Funding Requirement	\$71,674,921	\$1,841,357	\$4,018,228	(\$17,714)
Recovery Ratio	32.00%	45.16%	29.99%	100.15%

(1) Includes CMAQ/ICE Service.

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

(3) Demand Response Services expenses reflect reclassification of capital-eligible expenses of \$6.917 million.

Appendix F • Operating Budget Detail

<u>Vanpool</u>	<u>Administration</u>	<u>Centralized Support</u>	<u>Total Suburban Service</u>	<u>Total Regional ADA Paratransit</u>	<u>Combined 2018 Actual</u>
\$2,479,123	\$0	\$0	\$38,054,377	\$11,921,670	\$49,976,047
0	1,278,569	0	1,278,569	0	1,278,569
0	2,874,169	0	2,874,169	0	2,874,169
0	1,164,373	0	1,164,373	253,824	1,418,197
0	716,085	0	14,188,799	2,184,538	16,373,337
\$2,479,123	\$6,033,196	\$0	\$57,560,287	\$14,360,032	\$71,920,319
\$0	\$0	\$3,573,469	\$82,559,863	\$0	\$82,559,863
0	0	1,901,481	1,905,133	0	1,905,133
0	0	0	17,365,439	153,173,774	170,539,213
1,279,656	0	12,693,051	13,972,707	2,644,396	16,617,103
1,165,239	0	1,301	1,359,232	0	1,359,232
\$2,444,895	\$0	\$18,169,302	\$117,162,374	\$155,818,170	\$272,980,544
\$0	\$0	\$4,306,544	\$20,287,480	\$0	\$20,287,480
0	0	261,638	4,756,671	0	4,756,671
0	0	730,652	1,326,754	0	1,326,754
\$0	\$0	\$5,298,834	\$26,370,905	\$0	\$26,370,905
\$0	\$0	\$1,140,833	\$2,087,382	\$0	\$2,087,382
0	0	0	521,866	0	521,866
0	296,752	732,858	2,329,055	0	2,329,055
\$0	\$296,752	\$1,873,691	\$4,938,303	\$0	\$4,938,303
\$0	\$19,869,922	\$0	\$23,410,155	\$3,502,675	\$26,912,830
0	201,641	0	282,747	0	282,747
0	354,376	0	2,238,016	44,957	2,282,973
0	0	7,247,048	7,247,048	418,460	7,665,508
0	0	26,180,869	26,180,869	813,251	26,994,120
0	10,952,831	6,538,702	18,163,206	4,998,829	23,162,035
			(7,072,989)	7,072,989	0
\$0	\$31,378,770	\$39,966,619	\$70,449,052	\$16,851,161	\$87,300,213
\$2,444,895	\$31,675,522	\$65,308,446	\$218,920,634	\$172,669,331	\$391,589,965
(\$34,228)	\$25,642,326	\$65,308,446	\$161,360,347	\$158,309,299	\$319,669,646
101.40%	19.05%	0.00%	31.11%	10.36%	

Appendix F • Operating Budget Detail

2019 Estimated Operating Results

2019 Estimated Program, Activity, and Object Matrix

	Pace Operating Divisions ⁽¹⁾	Public Carriers	Private Carriers	Demand Response Services ⁽²⁾
Revenue				
Farebox	\$30,217,773	\$873,677	\$994,511	\$1,887,149
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Investment Income	0	0	0	0
Other	2,145,240	584,967	713,860	9,644,859
Total Revenue	\$32,363,013	\$1,458,644	\$1,708,371	\$11,532,008
Operating Expenses				
Operations				
Labor/Fringes	\$80,303,095	\$1,908,367	\$0	\$0
Parts/Supplies	10,243	1,000	0	0
Purchased Transportation	0	445,271	7,162,143	17,564,988
Fuel	0	0	0	0
Other	208,860	19,500		0
Total Operations	\$80,522,198	\$2,374,138	\$7,162,143	\$17,564,988
Vehicle Maintenance				
Labor/Fringes	\$10,384,175	\$570,929	\$0	\$0
Parts/Supplies	3,426,340	111,600	0	0
Other	251,780	107,717	0	293,843
Total Vehicle Maintenance	\$14,062,295	\$790,246	\$0	\$293,843
Non-Vehicle Maintenance				
Labor/Fringes	\$1,135,067	\$0	\$0	\$0
Parts/Supplies	574,363	0	0	0
Other	1,422,122	0	0	44,729
Total Non-Vehicle Maintenance	\$3,131,552	\$0	\$0	\$44,729
General Administration				
Labor/Fringes	\$3,767,972	\$394,645	\$0	\$0
Parts/Supplies	84,079	800	0	0
Utilities	2,324,498	1,432	0	0
Insurance	0	0	0	0
Health Insurance	0	0	0	0
Other	220,505	300	0	462,622
Indirect Overhead Allocation				
Total Administration	\$6,397,054	\$397,177	\$0	\$462,622
Total Expenses	\$104,113,099	\$3,561,561	\$7,162,143	\$18,366,182
Funding Requirement	\$71,750,086	\$2,102,917	\$5,453,772	\$6,834,174
Recovery Ratio	31.08%	40.96%	23.85%	62.79%

(1) Includes CMAQ/ICE Service.

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

Appendix F • Operating Budget Detail

<u>Vanpool</u>	<u>Administration</u>	<u>Centralized Support</u>	<u>Total Suburban Service</u>	<u>Total Regional ADA Paratransit</u>	<u>Combined 2019 Estimate</u>
\$2,323,982	\$0	\$0	\$36,297,092	\$11,805,881	\$48,102,973
0	1,345,862	0	1,345,862	0	1,345,862
0	3,050,000	0	3,050,000	0	3,050,000
0	1,069,992	0	1,069,992	250,000	1,319,992
0	683,695	0	13,772,621	2,380,062	16,152,683
\$2,323,982	\$6,149,549	\$0	\$55,535,567	\$14,435,943	\$69,971,510
\$0	\$0	\$3,874,301	\$86,085,763	\$0	\$86,085,763
0	0	1,663,297	1,674,540	0	1,674,540
0	0	0	25,172,402	160,625,213	185,797,615
1,167,337	0	11,998,318	13,165,655	2,538,579	15,704,234
1,241,844	0		1,470,204	0	1,470,204
\$2,409,181	\$0	\$17,535,916	\$127,568,564	\$163,163,792	\$290,732,356
\$0	\$0	\$4,765,441	\$15,720,545	\$0	\$15,720,545
0	0	350,000	\$3,887,940	0	\$3,887,940
0	0	712,531	\$1,365,871	0	\$1,365,871
\$0	\$0	\$5,827,972	\$20,974,356	\$0	\$20,974,356
\$0	\$0	\$1,277,174	\$2,412,241	\$0	\$2,412,241
0	0	0	574,363	0	574,363
0	330,622	999,515	2,796,988	0	2,796,988
\$0	\$330,622	\$2,276,689	\$5,783,592	\$0	\$5,783,592
\$0	\$22,674,763	\$0	\$26,837,380	\$4,073,665	\$30,911,045
0	205,366	0	290,245	0	290,245
0	354,351	0	2,680,281	49,444	2,729,725
0	0	11,973,467	11,973,467	359,647	12,333,114
0	0	26,183,711	26,183,711	834,219	27,017,930
0	11,526,522	7,067,337	19,277,286	5,070,256	24,347,542
			(8,225,515)	8,225,515	0
\$0	\$34,761,002	\$45,224,515	\$79,016,855	\$18,612,746	\$97,629,601
\$2,409,181	\$35,091,624	\$70,865,092	\$233,343,367	\$181,776,538	\$415,119,905
\$85,199	\$28,942,075	\$70,865,092	\$177,807,800	\$167,340,595	\$345,148,395
96.46%	17.52%	0.00%	30.30%	10.00%	

Appendix F • Operating Budget Detail

2020 Operating Budget

2020 Program, Activity, and Object Matrix

	Pace Operating Divisions ⁽¹⁾	Public Carriers	Private Carriers	Demand Response Services ^{(2) (3)}
Revenue				
Farebox	\$29,785,821	\$858,455	\$966,013	\$1,891,092
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Investment Income	0	0	0	0
Other	2,145,240	619,612	713,860	10,254,517
Total Revenue	\$31,931,061	\$1,478,067	\$1,679,873	\$12,145,609
Operating Expenses				
Operations				
Labor/Fringes	\$84,395,880	\$1,948,166	\$0	\$0
Parts/Supplies	10,817	1,026	0	0
Purchased Transportation	0	470,167	7,698,017	12,340,737
Fuel	0	0	0	0
Other	223,425	18,577	0	0
Total Operations	\$84,630,122	\$2,437,936	\$7,698,017	\$12,340,737
Vehicle Maintenance				
Labor/Fringes	\$11,695,599	\$574,781	\$0	\$0
Parts/Supplies	2,918,324	116,661	0	0
Other	257,974	102,273	0	300,472
Total Vehicle Maintenance	\$14,871,897	\$793,715	\$0	\$300,472
Non-Vehicle Maintenance				
Labor/Fringes	\$1,149,525	\$0	\$0	\$0
Parts/Supplies	609,433	0	0	0
Other	1,683,826	0	0	46,071
Total Non-Vehicle Maintenance	\$3,442,784	\$0	\$0	\$46,071
General Administration				
Labor/Fringes	\$3,885,314	\$402,225	\$0	\$0
Parts/Supplies	88,230	400	0	0
Utilities	2,408,608	1,469	0	0
Insurance	0	0	0	0
Health Insurance	0	0	0	0
Other	195,136	300	0	476,500
Indirect Overhead Allocation				
Total Administration	\$6,577,288	\$404,394	\$0	\$476,500
Total Expenses	\$109,522,091	\$3,636,045	\$7,698,017	\$13,163,780
Funding Requirement	\$77,591,030	\$2,157,978	\$6,018,144	\$1,018,171
Recovery Ratio	29.15%	40.65%	21.82%	92.27%

(1) Includes CMAQ/ICE Service.

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

(3) Demand Response Services expenses reflect reclassification of capital-eligible expenses of \$6.195 million.

Appendix F • Operating Budget Detail

<u>Vanpool</u>	<u>Administration</u>	<u>Centralized Support</u>	<u>Total Suburban Service</u>	<u>Total Regional ADA Paratransit</u>	<u>Combined 2020 Budget</u>
\$2,331,588	\$0	\$0	\$35,832,969	\$11,927,859	\$47,760,828
0	1,345,862	0	1,345,862	0	1,345,862
0	2,800,000	0	2,800,000	0	2,800,000
0	1,233,521	0	1,233,521	250,000	1,483,521
0	1,635,896	0	15,369,125	1,879,854	17,248,979
\$2,331,588	\$7,015,279	\$0	\$56,581,477	\$14,057,713	\$70,639,190
\$0	\$0	\$4,254,207	\$90,598,253	\$0	\$90,598,253
0	0	2,062,771	2,074,614	0	2,074,614
0	0	0	20,508,921	172,137,610	192,646,531
1,221,517	0	13,005,529	14,227,046	2,693,828	16,920,874
1,371,377	0	0	1,613,379	0	1,613,379
\$2,592,894	\$0	\$19,322,507	\$129,022,213	\$174,831,438	\$303,853,651
\$0	\$0	\$5,225,208	\$17,495,588	\$0	\$17,495,588
0	0	350,000	3,384,985	0	3,384,985
0	0	730,672	1,391,391	0	1,391,391
\$0	\$0	\$6,305,880	\$22,271,964	\$0	\$22,271,964
\$0	\$0	\$1,401,673	\$2,551,198	\$0	\$2,551,198
0	0	0	609,433	0	609,433
0	313,963	1,295,390	3,339,250	0	3,339,250
\$0	\$313,963	\$2,697,063	\$6,499,881	\$0	\$6,499,881
\$0	\$24,048,137	\$0	\$28,335,676	\$4,147,891	\$32,483,567
0	218,141	0	306,771	0	306,771
0	640,679	0	3,050,756	51,966	3,102,722
0	0	10,937,215	10,937,215	489,115	11,036,330
0	0	27,235,098	27,235,098	874,646	28,109,744
0	13,724,640	7,133,500	21,530,076	5,671,064	27,201,140
			(9,248,671)	9,248,671	0
\$0	\$38,631,597	\$45,305,813	\$82,146,921	\$20,483,353	\$102,240,274
\$2,592,894	\$38,945,560	\$73,631,263	\$239,940,979	\$195,314,791	\$435,255,770
\$261,306	\$31,930,281	\$73,631,263	\$183,359,502	\$181,257,078	\$364,616,579
89.92%	18.01%	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. In addition to these required meetings, Pace participates in numerous meetings of local government organizations and councils such as Chicago Metropolitan Agency for Planning (CMAP) and various transportation committees (TMAs, 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 revenue. This is 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 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 30 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 2020 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 S. 2020 Budget Development Calendar

<u>Date (2019)</u>	<u>Event</u>
May 10	Release budget call to Agency management
May-August	Budget discussions/meetings with RTA and other Service Boards
June 10	Budget call requests due from management
June-August	Staff develops a preliminary budget
September 12	RTA to set 2020 Funding and Recovery Marks
September 18	Pace Board meets to discuss preliminary 2020 budget
September 19-30	Staff develops Proposed 2020 Budget per Board directives
October 11	Staff submits Proposed 2020 Budget to RTA
October 16	Pace Board releases Proposed 2020 Budget for Public Hearing
October 21-30	Public Hearings on Pace's Proposed 2020 Budget
November 13	Pace Board adopts Final 2020 Budget
November 15	Submit Final 2020 Budget to RTA
November	RTA evaluates Pace budget for compliance
November 21	RTA Finance Committee Review
December 19	RTA scheduled to approve/adopt 2020 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 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 revenue 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.

Working Capital Policy

In order to allow for the payment of obligations in a timely manner, the Pace Board of Directors has adopted a Working Capital Policy. The policy adopts best practices outlined by the Government Finance Officers Association (GFOA). Working capital is defined by GFOA as the difference between current assets and current liabilities. For Pace's policy, the unexpended, approved PBV capital projects balance is also deducted from current

assets. The policy requires working capital of between 45 and 90 days. Based on the policy, as of June 30, 2019, Pace has 94 days of working capital available.

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 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 Revenue

Pace's use of one time revenue is 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, the 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 capital 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.

Pace is also required by the FTA to develop and maintain a Transit Asset Management Plan (TAM). TAM plans include an asset inventory, condition assessments of inventoried assets, and a prioritized list of improvements to attain the state of good repair (SGR) of their capital assets. Transit providers are required to set performance targets for their capital assets based on SGR measures and report their targets, as well as other information related to the condition of capital assets, to the National Transit Database (NTD). 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 re-

ported 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 an 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.

Suburban Service operating revenue is expected to be the revenue source dedicated for debt service payments. Pace

generates over \$55 million annually in operating 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. This 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 2020 budget includes appropriations for the interest costs associated with Pace's bond debt program. Pace will pay \$1.387 million in principal and interest for the sixth year of the \$12.0 million South Division garage bond in 2020. With the passage of the "Rebuild Illinois" state capital funding legislation, Pace is no longer planning to issue bonds for construction of a new garage in the northwestern Cook County suburbs or for the expansion of the North Shore garage in Evanston. 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 the basis of an individual fund which is an accounting entity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations. Pace operates as an Enterprise Fund, a type of Proprietary Fund. Beginning January 1, 2007, Pace established a second Enterprise Fund to account for the financial activities of the Regional ADA Paratransit program. Revenue and expenses for these funds are recognized using the accrual basis of accounting.

Budgeting

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

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

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. This legislation did not change the total bonding authority, keeping it at \$100 million; however, eliminated the previous bonding limit for each purpose.

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

The Pace Board of Directors approved in 2013, a bond reimbursement resolution which allows Pace to strategically issue bonds for the authorized projects based on Pace's financial and capital planning. In December 2013, the Pace Board of Directors approved a Debt Management Policy establishing best practices staff must follow when administrating and issuing bonds.

Bond Payments

State statute limits Pace to issue only revenue bonds, which can only be repaid using Pace operating revenue. 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 future bond, may pursue a public offering which will require Pace to receive a bond rating. In this case the bond rating will analyze Pace's financial strength, management, condition of the local economy, and long term financial planning. The bond rating will state if Pace is stable, trending downward (negative), or upward (positive).

Bond Issues

Pace issued a \$12.0 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 level principal payments of \$1.2 million annually with a 2.87% average coupon interest rate. Interest is paid semi-annually each June and December 15, and principal is paid annually each December 15. A bond reserve fund with one year's principal payment was established at the financial institution winning the bid.

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

The estimated total debt service is shown below.

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Principal	\$1,200,000	\$1,200,000	\$1,200,000
Interest	186,600	154,200	119,400
Total Annual	\$1,386,600	\$1,354,200	\$1,319,400

2020 Budget

The 2020 Budget does not include plans for issuing a bond.

Actual Debt Service Schedules

The following schedule shows the actual and estimated annual principal and interest payments for the \$12.0 million ten-year South Division bond.

Schedule A. \$12.0 million South Division CNG
Project

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

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	

Pace issued a \$12.0 million direct placement 10-year bond in 2015. The bond was used for converting the garage in Markham to a compressed natural gas (CNG) facility. The annual debt service is paid from the Suburban Service Fund's operating revenue.

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Glossary

Budget Terms

administrative expense

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

capital budget

The appropriation of funds for the purchase of vehicles, land, equipment, and improvements/construction of facilities and infrastructure.

capital cost of contracting

The capital consumed during a transit service contract period, such as depreciation of vehicles, facilities, or equipment used by the contractor. Capital consumed may also include a proportionate share of the interest the contractor might pay out as the contractor purchases and makes available to the recipient of these capital assets.

cost per mile

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

cost per passenger

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

deficit

The excess of expense over revenue.

farebox revenue

Revenue from passenger fares and local, employer and other fare subsidies, exclusive of the State Reduced Fare Subsidy Program, interest income, and advertising revenue.

fares

The amount charged to passengers for use of various transit services.

fringe benefit expense (fringes)

Expense 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 (FTE) position

A position that totals 2,080 hours of annual service.

funding formula

A predetermined calculation used to determine a subsidy level or non-discretionary grant amount.

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 including all fuels for vehicle propulsion.

non-vehicle maintenance expense

Expense of labor, materials, services, and equipment used to repair and service 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 revenue 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 of performance or condition to assess progress toward meeting the established targets.

performance target

A quantifiable level of performance or condition that is projected to be achieved within a given time period.

private contract services

Transit service provided by companies or organizations under contract with 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, demand response, as well as capital programs).

recovery ratio

Operating revenue divided by operating expenses to calculate a percentage that measures efficiency.

Useful Life Benchmark (ULB)

The expected lifecycle of a capital asset, or the acceptable period of use in service for a particular transit provider's operating environment.

Transit Service Terms

accessible vehicle

A vehicle that a wheelchair bound person may enter either via an onboard retractable lift or ramp, or directly from a station platform reached by a lift or a ramp.

ADA paratransit service

Accessible transportation service required by the ADA for individuals with disabilities who may not be able to use fixed route transportation services.

Americans with Disabilities Act (ADA)

Civil rights legislation that was signed into law in 1990. Transit systems are required to offer accessible mainline services and complementary ADA paratransit services and were given until January 1997 to achieve full compliance.

Arterial Rapid Transit (ART)

Transit service along an arterial roadway that typically includes Transit Signal Priority (TSP) and queue jump lanes to improve travel times.

Bus on Shoulder (BOS)

Bus service that can use shoulder lanes on expressway corridors to bypass slow traffic, thus reducing travel times. In 2014, the Illinois General Assembly enacted legislation permanently allowing Bus on Shoulder service and expanding that permission to all the region's expressways and tollways.

Bus Rapid Transit (BRT)

Bus service that operates primarily in a separated right-of-way that emulates rail fixed guideway services including defined stations, level boarding platforms, TSP, and queue jump lanes.

Call-n-Ride

See 'On Demand.'

Chicago Metropolitan Agency for Planning (CMAP)

The regional planning organization for northeastern Illinois.

Chicago Transit Authority (CTA)

One of the three service boards overseen by the RTA. CTA operates bus and Rapid Transit (rail) service in the City and surrounding suburbs.

demand response service

Non-fixed route service dispatching vans or small buses based on origin and destination demand activation from passengers. Includes On Demand services.

express bus

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

feeder route

A route with the primary purpose of transporting riders from residential areas to a Metra station.

fixed route service

Transit 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

A seventeen-and-a-half foot inside lane on the Jane Addams Tollway (I-90) launched in 2017 and designated for Pace bus use only to route around traffic congestion.

full size bus

A bus 35 feet or greater 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 person whose family income is at or below 150% of the poverty line, as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

medium size bus

A bus 30 to 34 feet in length.

Metra (Commuter Rail Division)

One of the three service boards overseen by the RTA. Metra operates commuter rail service in northeastern Illinois.

National Transit Database (NTD)

FTA's primary national database for statistics on the transit industry.

On Demand

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

Pace (Suburban Bus Division)

One of the three service boards overseen by the RTA. Pace operates non-rail suburban public transit service as well as ADA Paratransit service in the City of Chicago.

Paratransit service

A generic term used to describe non-fixed route service utilizing vans or small buses to provide prearranged trips within the system service area to individuals deemed eligible based on local requirements.

Posted-Stops-Only

On select Pace routes, riders are required to get on or off the bus only at a designated bus stop, as opposed to a flag-stop in which passengers are allowed to board or alight a bus anywhere it is safe to do so.

public transportation

Regular, continuing shared-ride surface transportation services that are open to the general public or a segment of the general public defined by age, disability, or income.

Pulse

A branding name for Pace's Arterial Rapid Transit 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 combination of Suburban and the City of Chicago ADA paratransit services.

Regional Transportation Authority (RTA)

Agency charged with financial oversight, funding, and regional transit planning of the six-county Chicago metropolitan region's service boards (CTA, Metra, and Pace).

ridership (unlinked passenger trips)

The number of transit vehicle boardings in which each passenger is counted each time that person boards a vehicle.

rolling stock

Public transportation revenue vehicles, which for Pace includes 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

A public-private partnership between the TMA of Lake Cook, Pace, Metra, and area businesses to provide convenient bus service connections between participating businesses and Metra stations.

small bus

A bus 29 feet or less in length.

Suburban service

All Pace services and programs with the exception of ADA Paratransit services.

Taxi Access Program (TAP)

Program operated in the City of Chicago which 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.

Transit Signal Priority (TSP)

TSP utilizes vehicle location and wireless communication technology to advance or extend green times at signalized intersections to reduce bus travel times and improve schedule adherence.

Transportation Management Association (TMA)

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

urbanized area

An incorporated area with a population of 50,000 or more that is designated as such by the U.S. Department of Commerce, Bureau of the Census.

van

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

Vanpool

A group of 5-14 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 CTA, Metra, and Pace riders that has replaced the former Chicago Card and Transit Card automated fare collection system.

Funding Terms**Better Utilizing Investments to Leverage Development (BUILD)**

Discretionary grants program that funds investments in transportation infrastructure, including transit. The Consolidated Appropriations Act of 2018 made available \$1.5 billion for National Infrastructure Investments, through September 30, 2020. BUILD Transportation grants replace the Transportation Investment Generating Economic Recovery (TIGER) grant program.

Bus & Bus Facilities Infrastructure Investment Program (49 U.S.C. 5339)

Federal funding provided through formula allocations and competitive grants. Eligible activities include capital projects to replace, rehabilitate and purchase buses, vans, and related equipment, and to construct bus-related facilities, including technological changes or innovations to modify low or no emission vehicles or facilities.

Congestion Mitigation/Air Quality (CMAQ)

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

Discretionary operating funds

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

Enhanced Mobility of Seniors and Individuals with Disabilities

MAP-21 consolidated two former programs, the Elderly and Disabled Program (formerly Section 5310) and the New Freedom Program (Section 5316), into the Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities. The program provides capital funding to support capital projects that are planned, designed, and carried out to meet the special needs of seniors and individuals with disabilities when public transportation is insufficient, inappropriate, or unavailable. It is also used for public transportation projects that exceed the requirements of ADA that improve access to fixed-route service and decrease reliance by individuals with disabilities on complementary paratransit, and for alternatives to public transportation.

Federal Emergency Management Agency (FEMA)

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.

Federal Transit Administration (FTA)

An agency within the U.S. Department of Transportation (DOT) that provides financial and technical assistance to local public transit systems.

Fixing America's Surface Transportation (FAST) Act

Congress establishes the funding for FTA programs through authorizing legislation that amends Chapter 53 of Title 49 of the U.S. Code. On December 4, 2015, President Obama signed the FAST Act (Pub. L. No. 114-94), authorizing \$305 billion over fiscal years 2016 through 2020 for highway, highway and motor vehicle safety, public transportation, motor carrier safety, hazardous materials safety, rail, and research, technology, and statistics programs.

grants

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

Illinois Department of Transportation (IDOT)

Agency responsible for state-maintained public roadways in Illinois that provides capital and student reduced fare funding for public transit.

Illinois Emergency Management Agency (IEMA)

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.

Innovative, Coordination and Enhancement (ICE) Fund

Established by the RTA Act in 2008 at \$10 million, adjusting annually with changes in sales tax collected. Funds are used to enhance transit services through effective management, innovation, and technology.

marks

Level of funding provided by the RTA to the service boards.

Moving Ahead for Progress in the 21st Century Act (MAP-21)

MAP-21 (P.L. 112-141) was signed into law in 2012, funding surface transportation programs at over \$105 billion for fiscal years 2013 and 2014. The Surface Transportation Extension Act of 2015, Part II (P.L. 114-87) extended funding through December 4, 2015.

New Freedom Program

Under 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

An FTA discretionary grant program that funds capital investments including fixed guideway transit projects totaling \$300 million or more, or the funding sought equals or exceeds \$100 million.

Pace Bond Program

Public Act 97-0770 gave Pace authority to issue bonds for eligible capital projects, 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 the CTA.

Real Estate Transfer Tax (RETT)

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

Regional Transit Signal Priority Implementation Program (RTSPIP)

To ensure that an integrated TSP system is implemented across the different transit and highway jurisdictions in the six-county northeastern Illinois region, the RTA is providing funding and program management services for a comprehensive effort known as the RTSPIP, involving 13 priority transit corridors spanning about 100 miles of roadway and 400 signalized intersections.

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 (GOB). 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.

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. A portion of these funds may be distributed to the service boards at its discretion; also, known as discretionary funds.

RTA Sales Tax Part II

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 per a defined formula which is explained under the source of funds section.

Small Starts

An FTA discretionary grant program that funds capital investments including fixed and non-fixed guideway transit projects totaling less than \$300 million, or the total funding sought is less than \$100 million.

South Suburban 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.

Suburban Community Mobility Fund (SCMF)

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

State of Good Repair (SGR)

The condition in which a capital asset is able to operate at a full level of performance.

Transfer Capital

Budget year operating funds directed to capital projects.

Transit Asset Management (TAM)

A strategic and systematic process of operating, maintaining, and replacing public transportation capital assets effectively throughout the life cycle of such assets. 49 U.S.C. 5326 establishes minimum Federal requirements for TAM that apply to all recipients and subrecipients of Chapter 53 funds that own, operate, or manage public transportation capital assets.

Transit Asset Management Plan

A TAM plan is a tool that aides a transit provider in: (1) Assessing the current condition of its capital assets; (2) determining what the condition and performance of its assets should be; (3) identifying the unacceptable risks in continuing to use an asset that is not in a state of good repair; and (4) deciding how to best prioritize anticipated funds toward improving asset condition and achieving a sufficient level of performance within those means. The TAM Final Rule (49 CFR Parts 625 and 630) requires public transportation providers to have an initial TAM plan in place by October 1, 2018.

Unified Work Program (UWP)

The planning projects the CMAP and other agencies undertake each year to enhance transportation in northeastern Illinois. The Fiscal Year 2019 UWP awarded more than \$17.9 million in federal funding dedicated to transportation planning in the northeastern Illinois region.

Unrestricted net assets (fund balance)

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.

Urbanized Area Formula Funding Program (49 U.S.C. 5307)

Federal funding apportioned based on legislative formulas. Eligible activities include: planning, engineering, design and evaluation of transit projects and other technical transportation-related studies; capital investments in bus and bus-related activities such as replacement, overhaul and rebuilding of buses, crime prevention and security equipment and construction of maintenance and passenger facilities; and capital investments in new and existing fixed guideway systems including rolling stock, overhaul and rebuilding of vehicles, track, signals, communications, and computer hardware and software. In addition, associated transit improvements and certain expenses associated with mobility management programs are eligible under the program. All preventive maintenance and some ADA complimentary paratransit service costs are considered capital costs.

Pace Quick Facts

Service Characteristics

Background data on the Pace service is provided below.

			<u>2018 Actual</u>	<u>2019 Estimate</u>	<u>2020 Budget</u>
Fixed Route Service		Ridership (000s)			
Number of Fixed Routes (August 2019)	220	Fixed Route	27,673	23,136	25,670
• Regular Routes	159	Demand Response*	1,027	978	966
• Feeder Routes	42	Vanpool	1,508	1,375	1,375
• Shuttle Routes	19	Total Suburban Service	30,209	28,489	28,011
<i>(All Routes are Accessible)</i>		Regional ADA*	4,264	4,246	4,282
Peak Period Vehicle Requirements	631	Total System	34,472	32,735	32,293
Vehicles in Service	771	Vehicle Miles (000s)			
Number Accessible	771	Fixed Route	30,551	30,384	30,800
Average Vehicle Age	5.7 years	Demand Response	4,857	4,722	4,678
Contractor-Owned Vehicles in Pace Service	0	Vanpool	8,759	8,079	8,079
Number of Private Contractors	2	Total Suburban Service	44,167	43,186	43,557
Number of Pace Garages	11	Regional ADA	31,987	31,149	30,452
Number of Pace Municipal Contractors	2	Total System	76,154	74,335	74,009
Paratransit		Vehicle Hours (000s)			
Number of Communities Served	284	Fixed Route	1,674	1,968	2,001
Number of Local Demand Response Projects	71	Demand Response	270	256	253
Vehicles in Service	504	Vanpool	N/A	N/A	N/A
Average Vehicle Age	3.4 years	Total Suburban Service	1,944	2,223	2,254
Community Transit Vehicles in Svc (August 2019)	113	Regional ADA	2,301	2,260	2,203
Contractor-Owned Vehicles in City ADA Service	787	Total System	4,245	4,483	4,457
Vanpool		<i>*Ridership includes companions and personal care attendants.</i>			
Vans in Service (August 2019)—Traditional	177				
Vans in Service (August 2019)—Employer Shuttle	18				
Vans in Service (August 2019)—Advantage	341				
Total Vans in Service	536				
Average Vehicle Age	3.0 years				
Other					
Number of Pace Employees (Includes ADA Staff)	1,822				

Ridership

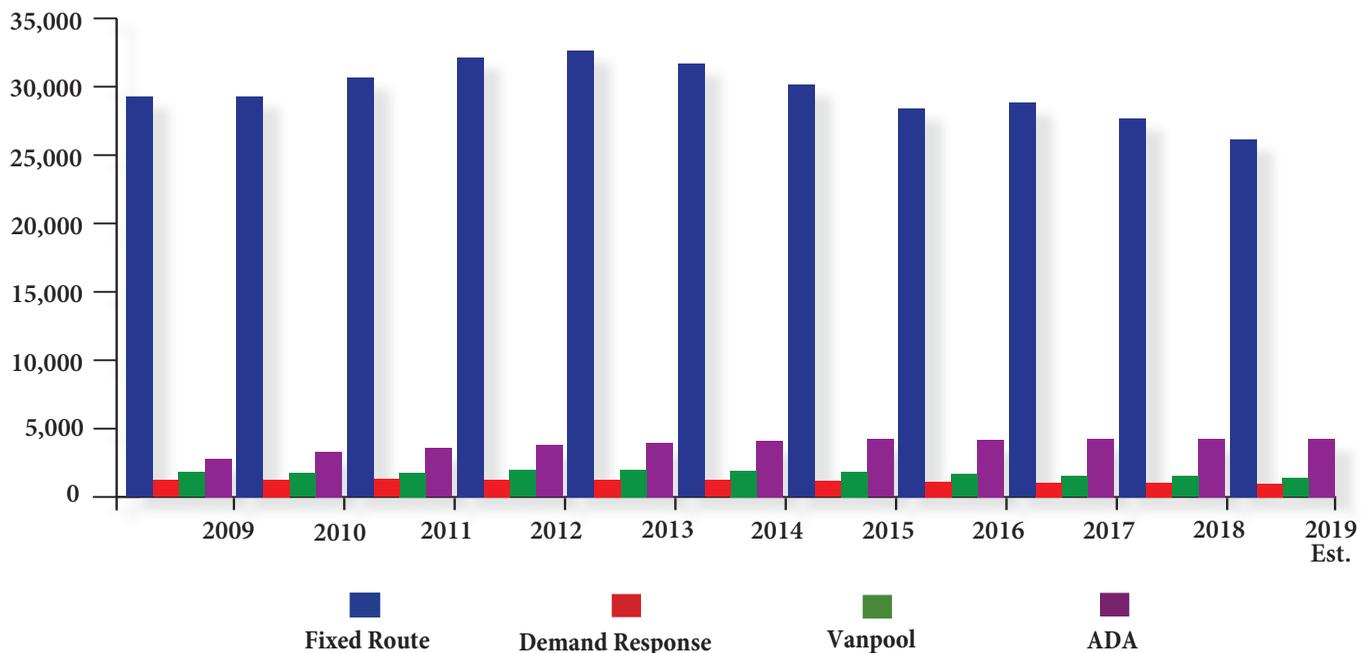
The following table details the ridership performance of Pace’s various services for the last ten years.

Table 41. Pace 2009–2019 Ridership Historical Summary (000s)

	<u>Fixed Route</u>	<u>Demand Response</u>	<u>Vanpool</u>	<u>Total Suburban Service</u>	<u>ADA</u>	<u>Total System</u>
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	1,147	1,851	33,119	4,227	37,346
2016	28,398	1,109	1,664	31,171	4,178	35,349
2017	28,804	1,048	1,518	31,370	4,256	35,626
2018	27,673	1,027	1,508	30,209	4,264	34,472
2019 Est.	26,136	978	1,375	28,489	4,246	32,735

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

Chart T. Pace 2009-2019 Historical Ridership (000s)



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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, 2019.

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. Pace believes its current budget continues to conform to program requirements, and will submit it to GFOA to determine its eligibility for another award.



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