

Suburban Service Budget & Regional ADA Paratransit Budget



2015 Operating & Capital Program

2015-2017 Business Plan for Operations

2015-2019 Capital Business Plan

**Final Program
November 2014**

Board of Directors



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Dear Riders, Interested Citizens & Public Officials:

We are pleased to once again submit a budget that is balanced without negatively impacting our customers through fare increases or service reductions. Our continued efforts toward efficiency have helped to reduce costs while public funding for transit is expected to grow as the local economy improves. Pace is in a strong financial position heading into 2015 and we're grateful to all of our stakeholders for their support.

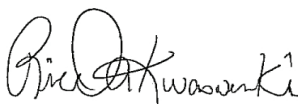
2014 began with one of the most brutal winters in memory. On more than one occasion in January, temperatures plunged below zero due to a polar vortex, prompting emergency management officials to caution against exposure to the dangerously cold weather. All Pace routes were operational through the extreme conditions thanks to the preparedness and dedication of our operations personnel.

Nevertheless, the year was highly successful for Pace in a number of ways in terms of projects that were implemented along with new initiatives that will benefit riders in future years:

- Pace and CTA completed the transition to the Ventra™ fare collection system on July 1. Pace launched one of the most comprehensive public outreach campaigns in the agency's history to prepare riders for the transition.
- The Bus-on-Shoulder program had multiple noteworthy developments, including legislation to make the program permanent and permit expansion to other highways and tollways in the region. Governor Quinn signed the bill at a special ceremony hailing Bus-on-Shoulder in August. Later in August, Pace used customer feedback to expand service on I-55, included adding new trips and simplifying the routing to and from suburban park-n-rides and on Michigan Avenue in Chicago. Pace and the Illinois Tollway also reached agreement on plans to develop three new Park-n-Rides along I-90 as part of a federally funded project to significantly enhance and expand express bus service along the corridor beginning in 2016. Discussions are underway with IDOT about bringing Bus-on-Shoulder to I-94 on the Edens and Bishop Ford expressways.
- Pace received a perfect score on its Triennial Review, an intensive audit process conducted by the Federal Transit Administration on every transit agency in the country covering numerous business and operational functions. Pace is one of a very small number of agencies to score this highly in the review process, which included an enhanced review of Pace's ADA paratransit operations.
- We were very proud to receive the American Public Transportation Association's Gold Award for Safety for our program of coaching bus operators against driving behaviors that could potentially cause accidents.
- The conversion of our fleet to buses powered by compressed natural gas (CNG) moved forward as we began construction to retrofit Pace South Division in Markham to fuel and operate CNG-powered buses. The Pace Board also began the purchasing process for the new buses, which are expected to enter the fleet by mid-2015.
- Progress continues on developing Arterial Rapid Transit (ART) service on Milwaukee Avenue in Niles and the far northwest side of Chicago. The brand name 'Pulse' was announced at the August Pace board meeting and collaboration continues with the Village of Niles, IDOT and CDOT. ART features increased speed of service through a number of enhancements including limited stops and use of transit signal priority (TSP).

We are very proud to present a budget that does not increase fares for customers for the sixth consecutive year. At the same time, we have increased our combined Suburban Services and Regional ADA Paratransit operating budgets between 2009 and the 2015 budget by approximately 27%, or nearly \$84 million. We accomplished this through a commitment to efficiency along with strategic deployment of new and restructured service as public funding rebounded.


Thank you for taking the time to review our budget materials. We welcome your participation in the budget process, whether you choose to attend one of our budget public hearings or contact us by post or e-mail.



Richard A. Kwasneski,
Chairman



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EXECUTIVE SUMMARY



Budget Highlights

THE budget outlook for 2015 is positive. On September 12, 2014, RTA officially adopted 2015 funding levels for Pace which allow us to maintain stable fares while implementing a number of service improvements.

RTA projects a 4.0% increase in sales tax income for 2015 over this year's result. In addition, RTA will distribute additional funding for initiatives under the Innovation, Coordination, and Enhancement (ICE) program.

Suburban Services

The 2015 Pace Suburban Services budget is balanced to available funding. Highlights include a host of service enhancements such as the late 2014 expansion of services on Routes 855, 352, 364, 307, and 322 which will add \$3.3 million to the 2015 budget. In addition, two new call-and-rides are being implemented in Tinley Park and Batavia. Pace will also assume continued financial support for Route 895 as federal grant funding expired in 2014. RTA ICE funds will be used to expand off-peak and weekend services throughout the service area. Further initiatives are being planned for the RTA ICE funds in 2015 as well.

Pace's vanpool program is expected to grow to 730 vans in service by 2015 making it one of the largest vanpool programs in the nation.

The Ventra™ fare collection system has been successfully implemented in 2014, and as of July 2014 over 75% of Pace fixed route riders are using the new fare media for payment.

After a slight decline in ridership in 2014 due to the extremely harsh weather in the first quarter of the year, Pace ridership is expected to recover—growing by 1.4% in 2015 as shown on Chart A.

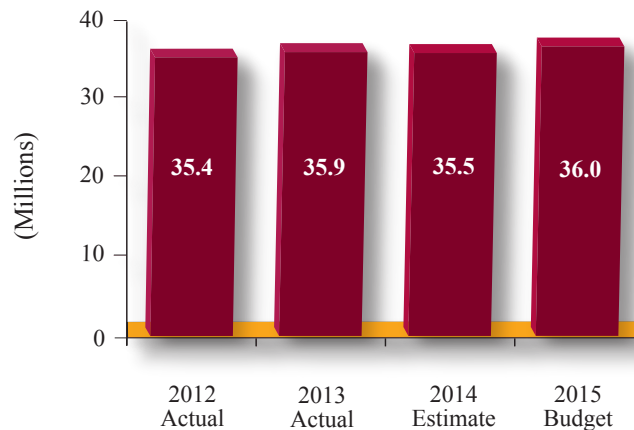
The Suburban Service capital program for 2015 totals \$68.7 million and provides for 75 new fixed route buses and 190 vanpool vans. In addition, Pace is budgeting \$10.4 million for improvements on Milwaukee Avenue in support of the Arterial Rapid Transit (ART) express bus service project.

Regional ADA Paratransit

The 2015 Regional ADA Paratransit budget is balanced based on RTA's funding level of \$158.203 million. This funding level will support ridership growth of 4.9% for the ADA program. In 2015 the program will provide over four million passenger trips. Fares are projected to remain stable at current levels in 2015.

Major service contracts for the provision of ADA services in the City of Chicago were successfully renewed in 2014 for five year contract terms.

Chart A. Pace Suburban Service Ridership



2015 Combined Operating Budget Summary

THE 2015 budgets for Suburban Services and the Regional ADA Paratransit Program are balanced to the funding levels and recovery ratio requirements established by the RTA on September 12, 2014.

The expense budget for Suburban Services in 2015 is \$223.209 million. Suburban Services operating revenues are budgeted at \$61.066 million. Total public funding for Suburban Services will reach an estimated \$162.143 million, which will cover the operating deficit. There are no fare increases or service reductions included in the 2015

budget for Suburban Services.

The status quo expense budget for the Regional ADA Paratransit program in 2015 is \$172.216 million.

At current fare levels, ADA operating income will be \$14.013 million, resulting in a funding requirement of \$158.203 million.

There are no fare adjustments proposed for ADA Paratransit services in 2015 at this time.

*There are no fare adjustments
proposed for Pace Suburban Services or
ADA Paratransit Services in 2015.*

Table 1. 2015 Combined Pace Services Operating Budget Summary (000's)

	Suburban Service	Regional ADA Paratransit	Combined Pace Services
Total Operating Expenses	\$223,209	\$172,216	\$395,425
Less: Total Operating Revenue	61,066	14,013	75,079
Funding Requirement	\$162,143	\$158,203	\$320,346
Less:			
Sales Tax (Part I)	\$88,813	\$0	\$88,813
Sales Tax & PTF (Part II)	32,252	149,703	181,955
Suburban Community Mobility Funds (SCMF)	23,271	0	23,271
South Suburban Job Access Funds	7,500	0	7,500
PTF (Part I)	4,227	0	4,227
RTA Sales Tax (Part I)	244	0	244
RTA - ICE Funds	4,443	0	4,443
Federal CMAQ/JARC/New Freedom Funds	1,143	0	1,143
Federal 5307-Capital Cost of Contracting Funds	250	0	250
State ADA Funds	0	8,500	8,500
Net Funding Available	\$0	\$0	\$0
Recovery Ratio	30.00%	10.00%	N/A

2015 Capital Budget Summary

THE RTA Board passed the required funding marks on September 12, 2014, before the statutory deadline of September 15th. The preliminary Capital Program marks prepared by RTA provide estimated federal and other funds that are expected to be available to the region for capital investment purposes.

Listed below are the highlights of the 2015 Capital Budget.

Suburban Services

The 2015 Suburban Capital Program totals \$68.7 million. The program contains \$41.3 million for the purchase of 75 fixed route buses including seven replacement trolley buses and 190 vanpool vans.

The program contains \$25.2 million for support facilities and equipment including I-90 Corridor Infrastructure engineering, Milwaukee Avenue ART Infrastructure improvements, improvements to garages, land for a new Northwest Cook garage, improvements to the garage security systems, computer hardware and software, and support equipment/non-revenue vehicles.

Finally, the program contains \$1.2 million for the expansion of the Burr Ridge Park-n-Ride facility and \$1.0 million for unanticipated capital items, capital cost of contracting, and project administration.



Pace will receive delivery of 91 CNG buses in 2015-2016.

Table 2. 2015 Suburban Services Capital Budget (000's)

	Amount
Rolling Stock	
75 Fixed Route Buses	\$32,750
190 Vanpool Vans	8,550
Subtotal	\$41,300
Support Facilities and Equipment	
I-90 Corridor Infrastructure A/E	\$1,160
Milwaukee Avenue ART Infrastructure	10,400
Improve Garages/Facilities	3,050
Northwest Cook Garage	6,000
Improve Security Systems	3,300
Computer Hardware/Software	1,000
Support Equipment/Non Revenue Vehicles	250
Subtotal	\$25,160
Stations and Passenger Facilities	
Burr Ridge Park-n-Ride Expansion	\$1,165
Subtotal	\$1,165
Miscellaneous	
Unanticipated Capital	\$250
Capital Cost of Contracting	250
Project Administration	535
Subtotal	\$1,035
Total Suburban Capital Program	\$68,660
Total Funding	
Federal 5307/5339	\$36,835
Federal CMAQ	18,150
RTA Bond	5,000
Pace Bonds	6,000
Pace Funds	2,675
Total Suburban Funding	\$68,660

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SUBURBAN SERVICE



2015 Suburban Service Operating Budget

Summary

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

- Pace will incur \$223.209 million in operating expenses for 2015 in the provision of transit services in the Region.
- A total of \$61.066 million in revenue will be generated from operations.
- An initial deficit or funding requirement of \$162.143 million will occur from operations prior to funding.
- A total of \$160.750 million in funding generated from Regional Sales Tax is proposed to be available for 2015 including \$4.471 million in PTF (Part I) and RTA (Part I) funds, as well as \$4.443 million in RTA ICE funds.
- A total of \$1.393 million in Federal Congestion Mitigation/Air Quality (CMAQ), Job Access and Reverse Commute (JARC), New Freedom, and Federal 5307 funds are expected to be used next year.

The budget for 2015 will continue to maintain all existing

Pace services while providing for a number of key changes. A number of new service expansions are being introduced in 2014 and will have a full year impact next year. Items such as revisions to the popular I-55 Bus-on-Shoulder routes, whereby Route 855 is being split into three routes to provide faster travel times, as well as added service to Route 755. There are also service revisions to more than two dozen routes throughout the system attempting to improve on-time performance. Pace will also add new call-n-rides serving Tinley Park and Batavia this year, contributing to the growth in the 2015 budget.

There are new initiatives next year such as bus decal work, Drive Cam for Advantage vanpool vehicles, and a full year of operations utilizing the new Ventra™ fare system. The first year of bond debt service for a new CNG facility is also reflected in the 2015 budget.

The 2015 Suburban Service budget is balanced to both the funding and recovery marks identified for Pace by the RTA. The program will achieve a 30.0% recovery ratio next year using credits and allowances authorized by the RTA.

A detailed review of the 2015 Suburban Service operating program is presented in this section.

Table 3. 2015 Suburban Service Operating Budget Summary (000's)

	2013 <u>Actual</u>	2014 <u>Estimate</u>	2015 <u>Budget</u>
Total Operating Expenses	\$195,833	\$206,960	\$223,209
Less: Total Operating Revenue	57,221	59,775	61,066
Funding Requirement	\$138,612	\$147,185	\$162,143
Less:			
Sales Tax (Part I)	\$83,215	\$85,388	\$88,813
Sales Tax & PTF (Part II)	31,871	31,834	32,252
Suburban Community Mobility Fund (SCMF)	21,805	22,376	23,271
South Suburban Job Access Fund	7,500	7,500	7,500
PTF (Part I)	3,694	3,838	4,227
RTA Sales Tax (Part I)	0	0	244
RTA - ICE Funds	0	0	4,443
Federal CMAQ/JARC/New Freedom Funds	2,822	2,131	1,143
Federal 5307-Capital Cost of Contracting Funds	2,778	2,851	250
Net Funding Available	\$15,073	\$8,733	\$0
Recovery Ratio	30.00%	30.00%	30.00%

Sources of Funds

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

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

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

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

Table 4. Part I. Allocation of Sales Tax Receipts

	<u>RTA</u>	<u>CTA</u>	<u>Metra</u>	<u>Pace</u>
Chicago	15%	85%	-	-
Suburban Cook	15%	(30%	55.00%	15% of remaining 85%)
Collar Counties	15%	(-	70.00%	30% of remaining 85%)

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

	<u>2011 Actual</u>	<u>2012 Actual</u>	<u>2013 Actual</u>	<u>2014 Estimate</u>	<u>2015 Plan</u>
Regional Funds					
Sales Tax - Part I	\$719,849	\$754,348	\$792,112	\$811,985	\$845,394
PTF Match to Part I Sales Tax (25%)	181,428	189,523	198,640	202,996	211,348
Sales Tax - Part II	255,822	267,338	279,114	287,325	297,889
PTF Match to Part II Sales Tax (+5% Part I)	123,967	130,369	140,548	144,964	150,718
Total Sales Tax and PTF	\$1,281,066	\$1,341,578	\$1,410,414	\$1,447,270	\$1,505,349
Pace Share of Regional Funds					
Sales Tax - Part I	\$76,085	\$79,327	\$83,215	\$85,388	\$88,813
PTF Match to Part I Sales Tax	535	3,000	3,694	3,838	4,227
Sales Tax II and PTF	51,309	52,225	53,676	54,210	55,523
Total Pace Share	\$127,929	\$134,552	\$140,585	\$143,436	\$148,563
Pace Funding As a Percent of Regional Funding					
PTF Match to Part I Sales Tax (RTA Discretionary)	0.3%	1.6%	1.9%	1.9%	2.0%
Sales Tax I and PTF I	8.5%	8.7%	8.8%	8.8%	8.8%
Sales Tax II and PTF II	13.5%	13.1%	12.8%	12.5%	12.4%
Total Receipts	10.0%	10.0%	10.0%	9.9%	9.9%

Funding Sources - Part 1

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% in Cook County and .25% in Will, Lake, Kane, DuPage, and McHenry Counties. Part I sales tax is distributed to Pace, the RTA, and the other Service Boards (CTA and Metra) in accordance with the allocation shown on Table 4.

The estimated RTA sales tax funding mark for Pace is \$88.813 million for 2015. This represents approximately 10.5% of the total RTA region's estimate of \$845.394 million. The RTA estimate for Pace sales tax receipts is 4.0% greater than 2014 levels. The RTA estimate is based on a projection of current sales tax trends which continue to rise over prior year levels. Table 5 highlights recent and upcoming estimates for Part I sales tax revenues for both the region and Pace.

Public Transportation Fund (PTF) - Part 1

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 2015, the RTA will provide Pace with 2.0% or \$4.227 million of the PTF match received for Part I Sales Tax revenue.

Federal Funds

Pace is eligible for federal funding from several programs in 2015.

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. Continued funding from this source is included in 2015.

Job Access and Reverse Commute (JARC) Program

Funding is provided for transportation services designed to increase access to jobs and employment related activities. Pace has programmed the use of JARC funds in 2015.

New Freedom Program

This program encourages service and facility improvements to address the transportation needs of persons with disabilities that go beyond those required by the Americans with Disabilities Act. Pace has programmed use of New Freedom funds in 2015.

Capital Cost of Contracting (CCC)

Federal funds are available under this program to reimburse the cost of capital consumed by private service contractors doing business with Pace. Pace has programmed the use of CCC funds in 2015.

Funding Sources - Part II Sales Tax & PTF

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

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

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

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

- \$100 million was allocated to Pace for the provision of the Regional ADA Paratransit Service. This amount was increased by legislation to \$115.000

million for 2012 with allocations based on program requirements.

- \$20 million was allocated to Pace under the Suburban Community Mobility Fund (SCMF).
- \$10 million was allocated to the RTA for an Innovation, Coordination and Enhancement (ICE) fund.

The SCMF and RTA/ICE amounts are adjusted annually for sales tax performance (Table 6).

The remaining balance is allocated to the CTA (48%), Metra (39%) and Pace (13%). In addition to these funds, the RTA is required to fund Pace an additional \$7.5 million annually for services in South Cook County.

Table 6 shows the allocation of the new funding sources for the 2015 RTA budget.

Suburban Community Mobility Fund (SCMF)

The SCMF provides \$23.271 million (2015) to Pace for the provision of non-traditional transit services. Services such as dial-a-ride, vanpool, ridesharing, reverse commute, bus rapid transit, and other innovative services that enhance suburban mobility are eligible. Both new and existing services are eligible for SCMF funding. Pace is already providing in excess of \$60 million in qualifying services; however, the decision as to whether these funds are used for new or existing services will be made annually via the budget process. For 2015, Pace will use these funds to support existing services.

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

South Suburban Cook Job Access Fund

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

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

ADA Paratransit Fund

In 2011, the RTA Act was amended to establish the ADA Fund at a level of \$115.000 million for 2012 with future allocations based on program requirements. The 2015 requirement is \$158.203 million.

RTA ICE Fund

RTA will provide \$4.443 million from the Innovation, Coordination, and Enhancement Fund in 2015.

Operating Revenues

Pace is budgeting for \$61.066 million in Suburban Service operating revenue for 2015, a \$1.291 million or 2.2% increase from estimated 2014 levels. Fare revenue will account for 1.1% of the growth and reflects the impact of ridership growth coming from new and expanded services. Increases in local share related to the service growth and expansions will account for most of the balance of the revenue growth. There is a small increase coming in other revenue which is based on grant reimbursements for study efforts.

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

	<u>2015 Plan</u>
New Sales Tax	\$297,889
Public Transportation Funds (PTF) II	150,718
Total Sales Tax II & PTF II	\$448,607
Distribution	
Regional ADA Paratransit Fund - Pace/RTA	\$149,703
Suburban Community Mobility Fund - Pace	23,271
RTA Innovation, Coord/Enhancement Fund	11,636
25% PTF Match on RETT - CTA	15,902
Balance Available for Allocation	\$248,095
Service Board Distribution	
CTA-48%	\$119,086
Metra-39%	96,757
Pace-13%	32,252
Total to Service Boards	\$248,095

Uses of Funds

ALL funds received in 2015 will be used to support Pace services. The components of the 2015 Suburban Service operating program are fixed route services (Pace operated, public/municipal contract, and privately contracted); dial-a-ride services; the vanpool program; centralized support expenses, and costs for administration.

Pace-Owned Services

Pace is responsible for the direct operation of service from nine facilities in the six county region. Together, these divisions—North, North Shore, Northwest, South, Southwest, West, Fox Valley, River, and Heritage—carry 85% of the total suburban service ridership. Pace expects to expend \$90.638 million for these services in 2015. 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 \$3.556 million in 2015. Further information can be found on page 13.

Private Contract Services

Pace provides service to more than 28 communities by directly contracting with two private transit companies. The total cost for privately contracted service in 2015 is \$7.799 million. Further information can be found on page 14.

Dial-a-Ride Services

Pace partners in 68 dial-a-ride service projects throughout the six county region. Services are operated by townships or local municipalities under contract with Pace or directly by private providers. Pace provides funding to these services based upon a formula applied to the total service cost. The local government is required to provide a portion of the service cost. Pace also oversees the Community Transit Program. The total cost for dial-a-ride services in 2015 is \$19.752 million. Further information can be found on pages 15 and 16.

Vanpool Services

The 2015 budget for vanpool services is \$5.208 million. This program is targeted specifically at the intermediate and long range trip market where the majority of peak period travel occurs. In 1994, the Advantage element was added providing a transit alternative to individuals who commute on a regular basis to work sites or rehabilitative workshops. In 1997, the Employer Shuttle element was created to allow suburban employers to shuttle employees to and from nearby transit connections. Pace expects this program to have 730 vans in service by the end of 2015. 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. Pace has been able to save money by buying in bulk and consolidating services. In total, Pace will spend \$68.773 million to provide fuel, insurance, healthcare, Ventra™ services, and other support items in 2015. Further detail is provided on page 19.

Administration

In order to accomplish the duties of direct operational support, service planning, capital planning, financial control and IT support, Pace's 2015 administrative budget, including debt service, is set at \$30.822 million. Further information can be found on page 20.

Regional ADA Paratransit Credit

Beginning in July 2006, Pace assumed responsibility for providing all ADA Paratransit service in the northeastern Illinois six county region. These costs represent the administrative support provided by Pace's IT, Accounting, Purchasing, and other departments for the ADA program. Pace has applied a credit to the Suburban Service budget of \$5.107 million which has been allocated to the Regional ADA Paratransit Services budget.

Table 7. 2015 Suburban Service Revenue Summary (000's)

	2013 Actual	2014 Estimate	2015 Budget
Operating Revenues			
Pace-Owned Services	\$29,278	\$30,954	\$31,435
Public/Municipal Contracted Services	1,500	1,583	1,550
Private Contracted Services	1,842	2,273	2,332
Dial-a-Ride Services	12,434	12,140	12,738
Vanpool Program	4,159	4,242	4,356
Half-Fare Reimbursement*	1,978	2,731	2,610
Investment/Other Income	1,527	1,185	1,372
Advertising Revenue	4,503	4,667	4,673
Total Operating Revenue	\$57,221	\$59,775	\$61,066
Public Funding			
Sales Tax (Part I)	\$83,215	\$85,388	\$88,813
Sales Tax and PTF (Part II)	31,871	31,834	32,252
Suburban Community Mobility Fund (SCMF)	21,805	22,376	23,271
PTF (Part I)	3,694	3,838	4,227
South Cook Job Access Fund	7,500	7,500	7,500
RTA Sales Tax (Part I)	0	0	244
RTA/ICE Funding	0	0	4,443
Federal CMAQ/JARC/New Freedom Funds	2,822	2,131	1,143
Federal 5307 - Capital Cost of Contracting	2,778	2,851	250
Total Public Funding	\$153,685	\$155,918	\$162,143
Total Source of Funds	\$210,906	\$215,693	\$223,209

* Includes RTA funds provided to make up lost State funding.

Chart B. Sources of Funds (000's) - Total \$223,209

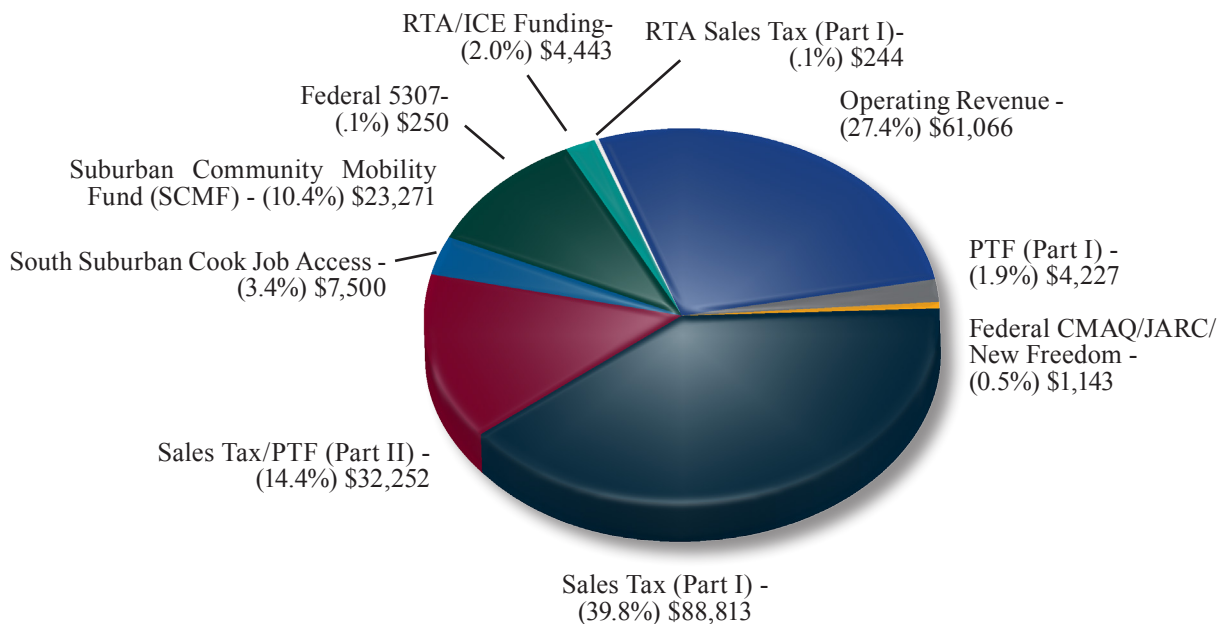


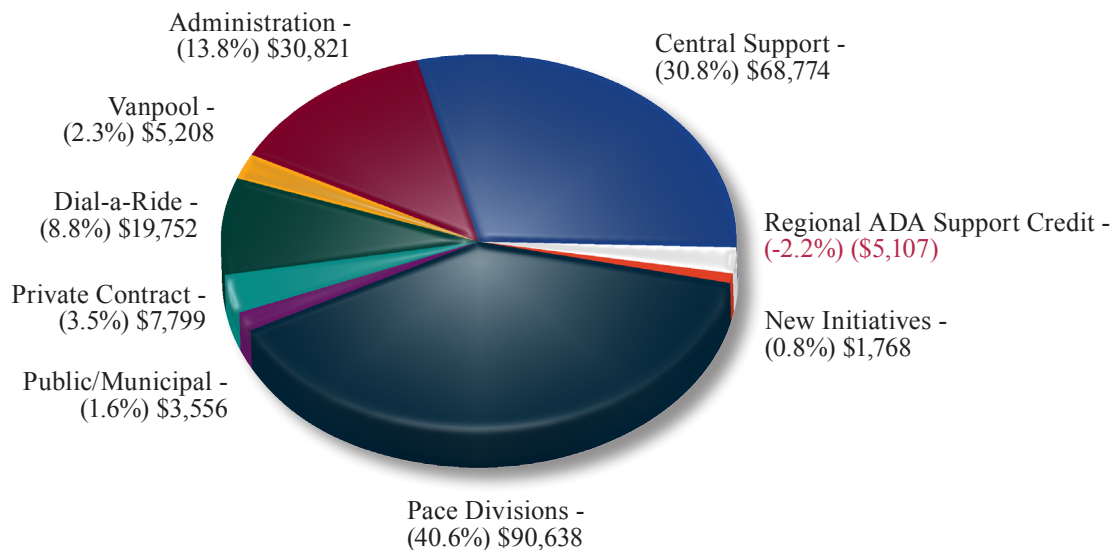
Table 8. 2015 Suburban Service Expense Summary (000's)

	<u>2013 Actual</u>	<u>2014 Estimate</u>	<u>2015 Budget</u>
Expenses			
Pace-Owned Services	\$80,979	\$86,324	\$90,638
Public/Municipal Contracted Services	3,424	3,626	3,556
Private Contracted Services	6,811	7,428	7,799
Dial-a-Ride Services	18,554	18,718	19,752
Vanpool Program	4,670	4,806	5,208
Centralized Operations*	60,154	64,852	68,774
Administration **	26,357	27,036	30,821
New Initiatives	0	0	1,768
Regional ADA Support Credit	(5,116)	(5,830)	(5,107)
Total Expenses	\$195,833	\$206,960	\$223,209
Net Funding Available	\$15,073	\$8,733	\$0
Recovery Rate	30.00%	30.00%	30.00%

* Includes Ventra™ Fare System

** Includes Debt Service in 2015

Chart C. Uses of Funds (000's) - Total \$223,209



2015 Pace-Owned Carrier Budget

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

In 2015 Pace will spend \$59.2 million to provide service in these areas; this represents a 6.9% increase over estimated 2014 levels.

Total revenues will increase in 2015 due to a projected growth in base ridership, combined with the annualized

impact of service implemented in 2014 including expansion of the Bus-on-Shoulder program on I-55 and efforts to improve on-time performance.

Total operating expenses will grow 5.0% over 2014 levels. Service improvements and labor and fringe benefit costs are the primary factors affecting the rising costs in 2015.

In 2015 Pace plans to pilot additional midday and weekend service on up to 30 routes throughout the service area utilizing RTA ICE funds.

Recovery performance will decline slightly at the Divisions for 2015 due to the growth in operating expenses.

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

2015 Goals
Pace's efforts for 2015 include providing 30.6 million rides with a minimum recovery ratio of 34.7%.

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

	<u>2013 Actual</u>	<u>2014 Estimate</u>	<u>2015 Budget</u>
Revenue			
Pace Divisions	\$29,094	\$30,864	\$31,435
CMAQ/JARC	184	90	0
Total Revenue	\$29,278	\$30,954	\$31,435
Expenses			
Operations	\$55,554	\$58,112	\$62,304
CMAQ/JARC	1,270	1,879	0
Maintenance	13,248	14,232	15,204
Bus Parts/Supplies	2,594	3,759	3,987
Non-Vehicle Maintenance	2,180	2,375	2,446
General Administration	6,133	5,968	6,698
Total Expenses	\$80,979	\$86,324	\$90,638
Funding Requirement	\$51,701	\$55,370	\$59,203
Recovery Ratio	36.15%	35.86%	34.68%
Ridership	30,761	30,208	30,573
Vehicle Miles	22,999	23,257	23,097
Vehicle Hours	1,494	1,516	1,537
Full Time Equivalents (FTE's)	1,218	1,235	1,269

2015 Public/Municipal Contracted Service Budget

PACE will contract with two municipalities—Highland Park and Niles—to provide fixed route bus service in these communities and maintain an agreement with the Village of Schaumburg for fixed route service in 2015. The services included in this category are identified below with detailed information provided in Appendix F.

Municipal Fixed Route Services

The City of Highland Park and the Village of Niles will continue to contract with Pace in order to provide fixed route services in their areas in 2015. Combined, these services will provide 0.780 million rides and generate \$1.280 million in revenue via the farebox or local share contributions. Total service expenditures will reach \$3.091 million in 2015, and net required funding will increase to \$1.811 million.

Schaumburg

A trolley service was implemented in the Woodfield area in 2001 and continues in 2015. The cost of this service is estimated at \$465,000 and is partially funded by the Village of Schaumburg.



Pace provides trolley bus service to The Streets of Woodfield in Schaumburg with private contractor, First Group.

2015 Goals

Pace's efforts for 2015 include ensuring 0.807 million rides with an overall recovery ratio of 43.6%.

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

	2013 Actual	2014 Estimate	2015 Budget
Revenue			
Highland Park	\$715	\$699	\$714
Niles	518	546	566
Schaumburg	167	259	270
Downers Grove	100	79	0
Total Revenue	\$1,500	\$1,583	\$1,550
Expenses			
Highland Park	\$1,342	\$1,459	\$1,518
Niles	1,521	1,517	1,573
Schaumburg	278	438	465
Downers Grove	283	212	0
Total Expenses	\$3,424	\$3,626	\$3,556
Funding Requirement	\$1,924	\$2,043	\$2,006
Recovery Ratio	43.80%	43.60%	43.60%
Ridership	865	876	807
Vehicle Miles	641	661	580
Vehicle Hours	54	56	51

2015 Private Contract Carrier Budget

IN 2015, Pace will contract directly with two private transit providers for fixed route service in 33 different communities.

Private contractors doing business with Pace include:

- First Group
- MV Transportation

The cost of providing fixed route contracted service will increase by \$0.312 million in 2015 or 6.1% over estimated 2014 levels. The increase is due to the combination

of higher contract cost in 2015 along with the transfer of service to this line-item budget. The Downers Grove service is being transferred to the contracted services budget in October 2014.

Operating revenues are projected to increase by 2.6% next year and reflect growth in base ridership along with the increase associated with the transfer of service.

The budget for private contracted services is summarized on the following table.

2015 Goals

2015 goals include providing service to 1.241 million riders, while achieving a minimum recovery ratio of 29.9%.

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

	2013 <u>Actual</u>	2014 <u>Estimate</u>	2015 <u>Budget</u>
Revenue			
Private Contract	\$1,795	\$2,234	\$2,332
CMAQ/JARC	47	39	0
Total Revenue	\$1,842	\$2,273	\$2,332
Expenses			
Private Contract	\$6,047	\$6,647	\$7,799
CMAQ/JARC	764	781	0
Total Expenses	\$6,811	\$7,428	\$7,799
Funding Requirement	\$4,969	\$5,155	\$5,467
Recovery Ratio	27.04%	30.60%	29.90%
Ridership	1,019	1,140	1,241
Vehicle Miles	1,183	1,311	1,426
Vehicle Hours	88	97	105

2015 Dial-a-Ride Services Budget

DIAL-A-RIDE service is available in a large portion of the Pace service area through 68 dial-a-ride projects. Nearly all service is provided with Pace-owned paratransit vehicles.

Pace has service agreements with villages and townships for the operation of 23 dial-a-ride projects. In most cases, the local community operates the service referred to as Municipal Provided Service. For 2015, Pace's funding formula for service agreements is based on providing a subsidy of \$3.00 per trip or 75% of deficit, whichever is less (\$3.00/75%). As in past years, individual project funding will also be limited to the inflationary growth rate for 2015. Pace raised the subsidy from \$2.25 to \$3.00 at the beginning of 2009.

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

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

The budget shown in Table 12 is based on the \$3.00/75% subsidy formula for local dial-a-ride and will provide \$19.752 million for service throughout the six county region.

Call-n-Ride

In 2008 Pace launched its first Call-n-Ride program in West Joliet. Call-n-Ride service is a reservation-based, curb-to-curb service that picks up riders and takes them anywhere within a designated geographic service area. This service differs from other demand response services like Dial-a-Ride and ADA Paratransit service because it is designed to supplement fixed route service by

providing first and/or last mile to connect people to the routes in the area. Fares for the service are the same as the local Pace fixed route fare. Pace currently has six call-n-rides throughout the region with plans to add one in Tinley Park and Batavia in late 2014.

Community Transit Program

The Community Transit Program replaced the Municipal Vanpool Program. This program allows local municipalities to provide flexible public transportation in their communities. This program was reclassified to the dial-a-ride budget in 2009. Revenues for this program are projected at \$114,136 with 100 vehicles in service by year-end 2015. The 2015 budgeted recovery rate for this program is 201.72%.

Ride DuPage

In 2004 the Ride DuPage program was implemented. The program coordinates paratransit operations which were previously operated and dispatched by numerous private and public organizations. Pace coordinates dispatching and provides service through a mix of transportation providers. This service is included in Pace's 2015 budget at a cost of \$1.461 million. Program costs are offset by local subsidies and federal grant funding.

Ride in Kane

In 2008 the Ride in Kane program was implemented. The program coordinates paratransit operations through a centralized call center and provides service through a mix of transportation providers. The cost of this service is estimated at \$3.251 million. It is funded by a combination of federal grant funding and local share agreements.

2015 Goals

Combined dial-a-ride efforts in 2015 will include carrying approximately 1.3 million riders while maintaining recovery performance at a level of 64.48%.

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

	<u>2013 Actual</u>	<u>2014 Estimate</u>	<u>2015 Budget</u>
Revenue			
Municipal Provided Service	\$4,207	\$4,337	\$4,548
Contractor Provided Service	2,388	2,549	2,709
Call-n-Ride	66	76	91
Eastern McHenry/Ride McHenry	1,417	1,433	1,496
Ride DuPage	1,077	903	939
Ride in Kane	3,171	2,730	2,840
Community Transit	106	110	114
Total Revenue	\$12,434	\$12,140	\$12,738
Expense			
Municipal Provided Service	\$5,134	\$5,221	\$5,429
Contractor Provided Service	5,016	5,325	5,590
Call-n-Ride	929	1,144	1,471
Eastern McHenry/Ride McHenry	2,372	2,415	2,493
Ride DuPage	1,390	1,425	1,461
Ride in Kane	3,662	3,135	3,251
Community Transit	50	53	57
Total Expense	\$18,554	\$18,718	\$19,752
Recovery Rate			
Municipal Provided Service	81.94%	83.07%	83.77%
Contractor Provided Service	47.61%	47.87%	48.46%
Call-n-Ride	7.10%	6.64%	6.19%
Eastern McHenry/Ride McHenry	59.74%	59.34%	60.01%
Ride DuPage	77.48%	63.37%	64.27%
Ride in Kane	86.59%	87.08%	87.36%
Community Transit	212.00%	207.55%	200.00%
Total Recovery Rate	67.01%	64.86%	64.48%
Ridership			
Municipal Provided Service	317	309	309
Contractor Provided Service	271	274	274
Call-n-Ride	60	67	82
Eastern McHenry/Ride McHenry	187	188	188
Ride DuPage	45	45	45
Ride in Kane	159	113	115
Community Transit	236	249	259
Total Ridership	1,276	1,245	1,272

2015 Vanpool Budget

THE Vanpool Program is a commuting option which provides passenger vans to small groups of five to 14 people, allowing them to commute to and from work together. The program continues to grow and Pace estimates to have 730 vans in service by year-end 2015, providing 2.100 million rides. Revenue and expenses are projected to increase 2.7% and 8.4% respectively, over 2014 levels.

Pace's Vanpool Program is comprised of three elements: the Vanpool Incentive Program (VIP), Employer Shuttle, and the Advantage Program, all of which are detailed on Table 13. The budget for the total Vanpool program is also summarized in the table. There is no fare increase included in the budget at this time.

Vanpool Incentive Program (VIP)

The Vanpool Incentive Program (VIP) is the core element of the program and is projected to achieve a ridership level of 1.045 million rides with 334 vans in service by the end of 2015. The 2015 budgeted revenue is expected to grow 2.5%, in line with the growth in vans and ridership. Total expenses are projected to increase 4.3%. Recovery performance is budgeted at 105.67% for 2015.

Employer Shuttle Program

The Employer Shuttle Program provides vans to suburban employers to shuttle employees to and from nearby transit connections with CTA, Metra, and Pace facilities. Pace estimates to have 16 shuttle vans in service by the end of 2015, no change over 2014 year-end levels. The 2015 budgeted recovery rate for this program is 105.55%.

Advantage Program

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

The Advantage Program revenue and expense for 2015 will grow a respective 3.3% and 12.5%, also consistent with the growth in vans and ridership. The added growth in expense is attributed to costs associated solely with the Advantage Program. Pace estimates to have 380 vans in service at year-end 2015. The recovery rate for the Advantage Program is budgeted at 63.37% for 2015.

2015 Goals

Pace's efforts for the entire Vanpool Program in 2015 will include providing 2.100 million passengers and maintaining a recovery ratio of 83.65%. Pace projects to have 730 vans in service by the end of 2015.



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

Table 13. Vanpool Budget (000's)

	<u>2013 Actual</u>	<u>2014 Estimate</u>	<u>2015 Budget</u>
Revenue			
VIP	\$2,447	\$2,462	\$2,523
Employer Shuttle	116	116	116
Advantage	1,596	1,664	1,718
Total Revenue	\$4,159	\$4,242	\$4,356
Expense			
VIP	\$2,224	\$2,289	\$2,387
Employer Shuttle	103	106	110
Advantage	2,343	2,410	2,711
Total Expenses	\$4,670	\$4,806	\$5,208
Funding Requirement	\$511	\$564	\$852
Recovery Rate			
VIP	110.01%	107.56%	105.67%
Employer Shuttle	113.06%	109.09%	105.55%
Advantage	68.12%	69.02%	63.37%
Total Recovery Rate	89.06%	88.26%	83.65%
Ridership			
VIP	1,014	1,020	1,045
Employer Shuttle	82	82	82
Advantage	904	942	973
Total Ridership	2,000	2,044	2,100
Vehicle Miles			
VIP	7,840	7,889	8,082
Employer Shuttle	483	483	483
Advantage	4,844	5,050	5,214
Total Vehicle Miles	13,167	13,422	13,780
Vehicles in Service (year-end) - VIP	324	326	334
Vehicles in Service (year-end) - Employer Shuttle	16	16	16
Vehicles in Service (year-end) - Advantage	353	368	380
Total Vehicles in Service (year-end)	693	710	730

2015 Centralized Support Budget

PACE manages numerous functions and expenditures “centrally” on behalf of the entire Agency. The centralized support budget will reach \$68.8 million in 2015. This budget includes expenses for fuel, liability insurance, healthcare, and the new Ventra™ Fare System.

In 2014 Pace’s centralized support expense is estimated to end the year \$4.7 million or 7.8% over 2013 levels.

The majority of this growth will come from fuel, liability insurance and costs associated with the new Ventra™ Fare System.

The 2015 centralized support budget will grow 6.0% over estimated 2014 levels.

The operations component is comprised of 34 positions that provide support to all operation areas of Pace. Total operations expense is projected to grow 2.4% over 2014 levels. Most of this growth is attributed to rising labor and fringe benefit costs.

Fuel expenses are projected to grow 4.9% in 2015. Suburban Service fuel consumption is budgeted at 6.2 million gallons at \$3.21 per gallon next year. Fuel is one of the most volatile components of our budget that has negatively affected total operating costs.

The maintenance area is comprised of 49 positions and includes both maintenance and materials management personnel. Total maintenance expense is projected to grow 5.9% over 2014 levels with most of the growth attributed to costs associated with a bus wrapping decal campaign.

The non-vehicle maintenance area consists of 11 positions which provide support to all building maintenance and bus shelter functions. This area is expected to grow 2.0% over 2014 levels.

The administration portion of the central support budget is comprised of numerous items including marketing, liability insurance, and healthcare. In 2015 healthcare and liability insurance expenses are forecasted to rise a respective 4.1% and 5.8% over 2014 levels. In 2015 \$2.542 million is projected for the Ventra™ Fare System.

2015 Goals

Pace’s 2015 budgetary efforts for centralized support will include constraining non-labor expenditures wherever possible while maintaining a staffing level of 94 positions.

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

Table 14. Centralized Support Budget (000's)

	2013 Actual	2014 Estimate	2015 Budget
Expenses			
Operations	\$4,972	\$4,994	\$5,112
Fuel	18,158	18,957	19,889
Maintenance	4,535	5,296	5,606
Non-Vehicle Maintenance	1,457	1,602	1,634
Administration	5,337	4,876	4,875
Liability Insurance	7,059	7,881	8,341
Health Care	18,468	19,964	20,773
Ventra™ Fare System	168	1,280	2,542
Total	\$60,154	\$64,852	\$68,774
Full-Time Equivalents (FTE's)	83	94	94

2015 Administrative Budget

THE 2015 administrative budget is estimated to reach \$30.8 million. Pace will utilize 204 positions to manage all of the Agency’s administrative responsibilities including accounting, financial and capital assistance programs, marketing, information systems, legal services, purchasing, risk management, and strategic planning.

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

In 2014 administrative expenses are estimated to end the year 2.7% greater than 2013 levels.

The 2015 administrative budget will increase 14.0% over 2014 estimated levels and includes projected increases in labor and data processing costs. Also included in the 2015 expense budget are bond issuance and debt management costs.

Looking at the individual areas of the administrative budget, non-vehicle maintenance expenses are estimated to grow 2.3% over 2014 year-end levels and are projected for the upkeep of Pace’s facilities.

Labor and fringe benefit costs will grow 6.0% in 2015 and reflects wage adjustments as well as an increase in staff. Administrative staffing will rise by ten Full-Time Equivalents (FTE’s) to administer new initiatives; however, the increase is partially offset by an increase in the vacancy factor.

A new expense line, “Debt Service,” has been added which reflects the cost of debt related to a new bond scheduled for issuance early in 2015. The expense category “Other” will rise 13.9% next year and reflects cost growth for data processing and space rent. Additional information on Pace’s planning initiatives is contained in Appendix E.

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

2015 Goals

Pace’s 2015 budgetary efforts for administration include constraining non-labor expense growth while maintaining a staffing level of 204 positions.

Table 15. Administrative Budget (000’s)

	2013 <u>Actual</u>	2014 <u>Estimate</u>	2015 <u>Budget</u>
Non-Vehicle Maintenance	\$254	\$333	\$341
General Administration			
Labor/Fringe Benefits	17,766	17,786	18,849
Parts/Supplies	258	265	265
Utilities	294	343	367
Debt Service	0	0	1,535
Other	7,785	8,310	9,465
Total Expenses	\$26,357	\$27,036	\$30,821
Full Time Equivalents (FTE’s)	197	204	204

2015 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 2015 through 2017. The RTA Act requires that the Service Boards submit a budget and three year financial plan. The plan is required to show a balance between the funding estimates provided by the RTA (known as the “marks”) and the anticipated costs of providing services. Pace’s plan for 2015–2017 achieves this balance. The assumptions and highlights for the three years in review are provided in this section.

The plan presented for review includes several new items for 2015, as well as the full year impact from new services that are being implemented in 2014. Service enhancements implemented in 2014 that will have full year impacts in 2015 include expansion of the I-55 Bus-on-Shoulder service and new Call-n-Rides serving Tinley Park and Batavia. New items include the beginning of debt service payments as Pace will issue bonds in 2015 and the full year cost impact from the new Ventra™ Fare System.

The outlook for ridership remains positive. For 2015 ridership is forecasted to grow 1.4%. The outlook shows ridership is expected to grow annually for all three years of the plan.

RTA is forecasting public funding to grow 4.0% for 2015, and 3.5% and 3.0% in the two out-years. They have also acknowledged that sales tax will finish better than budget for the current year. This is a positive outlook.

Pace will also use Federal 5307 funds to help balance funding needs in each year of the plan. The use of Federal 5307 Capital Cost of Contracting funds is warranted to help fund contracted service costs. The use of these funds is consistent with the prior multi-year plan. The use of Federal funds will also help achieve annual recovery ratio requirements.

As noted, the budget and three year financial plan are balanced and Pace will achieve the 30% recovery ratio set by the RTA for the Suburban Service program for 2015. No fare increases are planned for 2015-2017 at this time. A discussion of the assumptions used in developing the multi-year plan and a review of the highlights of the plan are provided in the following pages, along with Table 18 showing the full details of the plan.

Table 16. Baseline Economic Assumptions

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Change in Demand (Based on Total Ridership) (1)	-1.2%	1.4%	1.1%	1.1%
T-Bill Rates (90 Day) (2)	0.3%	0.3%	0.4%	0.8%
CPI-U (National) (3)	1.7%	2.0%	2.1%	2.2%
Ultra-Low Sulfur (Price Growth) (4)	2.4%	1.3%	0.0%	0.0%
Pace Public Funds (Sales Tax) (5)	2.6%	4.0%	3.5%	3.0%

(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 increases.

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

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

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

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

Assumptions

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

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

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

Table 17. Multi-Year Category Growth

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Fare Revenue	1.6%	1.2%	1.2%
Total Revenue	2.2%	1.3%	3.3%
Labor/Fringes	4.2%	3.7%	3.7%
Health Care	4.1%	7.9%	7.8%
Parts/Supplies	4.1%	6.1%	6.4%
Purchased Transportation	6.1%	4.2%	4.4%
Utilities	-9.3%	5.2%	5.4%
Insurance/Claims	5.8%	6.2%	6.5%
Fuel (Costs)	4.6%	-3.1%	0.3%
<hr/>			
Fuel Costs - Diesel - Suburban Service	\$19.889 mil	\$19.109 mil	\$19.109 mil
Number of Gallons - Suburban Service	6.196 mil	5.953 mil	5.953 mil
Price per Gallon - Diesel	\$3.21	\$3.21	\$3.21
<hr/>			
Fuel Costs - Gasoline - Vanpool	\$2.959 mil	\$3.032 mil	\$3.106 mil
Number of Gallons - Vanpool	.934 mil	.956 mil	.980 mil
Price per Gallon - Gasoline	\$3.17	\$3.17	\$3.17

Highlights - 2015 Budget and Three Year Plan

PACE'S 2015 Budget presented in Table 18 is balanced using RTA Sales Tax funding; Federal CMAQ, JARC, and New Freedom funds; and Federal 5307 Capital Cost of Contracting funds. For the two out-years (2016–2017) the plan is balanced with continued use of all three sources of funding. Pace continues to maintain a program of privately contracted services which are eligible (under the Federal Capital Cost of Contracting program) for reimbursement of the private capital consumed in the delivery of public transit services. For all three years, Pace achieves a 30% recovery ratio due in part to the allowed use of credits approved by the RTA when calculating the ratio.

Some of the highlights for the three years include operating revenues which will grow at an annual compound

rate of 2.8%. The growth in revenue reflects continued ridership growth over the three year horizon, along with associated growth projected in local share revenues.

Expenses will grow at an annual compound rate of 5.6% over the three year period. Expense growth over the plan years reflects service enhancements and new initiatives, plus new items like the Ventra™ Fare System and costs associated with new bond issuances.

Total public funding will grow at an annual compound rate of 4.0% over the three year plan cycle and will include sales tax revenues and federal sources of funds. A robust increase in Federal CMAQ funds are included in the third year of the plan reflecting funds to be used for the new I-90 Corridor service.



Pace celebrated its 30th Anniversary in 2014.

Suburban Service Budget and Three Year Plan

Table 18. 2015-2017 Suburban Service Operating Budget and Three Year Business Plan (000's)

	2013 Actual	2014 Estimate	2015 Budget	2016 Plan	2017 Plan
Operating Revenue					
Farebox Revenue	\$36,290	\$38,093	\$38,701	\$39,176	\$39,658
Reduced Fare Reimbursement	1,978	2,731	2,610	2,610	2,610
Investment Income	235	274	242	262	582
Advertising	4,503	4,667	4,673	4,694	4,699
Local Share /Other/New Initiatives	14,214	14,008	14,840	15,114	16,319
Total Revenue	\$57,221	\$59,775	\$61,066	\$61,856	\$63,869
Operating Expenses					
Labor/Fringes	\$102,048	\$106,730	\$111,255	\$115,316	\$119,565
Health Care	18,468	19,964	20,773	22,414	24,163
Parts/Supplies	5,617	7,015	7,304	7,749	8,244
Purchased Transportation	27,545	28,512	30,265	31,543	32,937
Fuel	20,925	21,836	22,849	22,141	22,216
Utilities	1,788	2,440	2,214	2,329	2,455
Insurance	7,059	7,881	8,341	8,859	9,435
Debt Service	0	0	1,535	2,244	2,182
New Initiatives	0	0	1,768	1,805	5,622
Other	17,498	18,415	22,012	22,047	22,535
Regional ADA Support Credit	(5,116)	(5,830)	(5,107)	(5,289)	(5,487)
Total Expenses	\$195,833	\$206,960	\$223,209	\$231,158	\$243,868
Funding Requirement	\$138,612	\$147,185	\$162,143	\$169,302	\$179,999
Public Funding					
Sales Tax (Part I)	\$83,215	\$85,388	\$88,813	\$91,921	\$94,679
Sales Tax and PTF - (Part II)	31,871	31,834	32,252	32,524	32,476
Suburban Community Mobility Funds (SCMF)	21,805	22,376	23,271	24,086	24,808
South Suburban Job Access Funds	7,500	7,500	7,500	7,500	7,500
PTF (Part I)	3,694	3,838	4,227	4,375	4,506
RTA Sales Tax (Part I)	0	0	244	1,279	1,678
RTA - ICE Funds	0	0	4,443	1,566	1,613
Federal CMAQ/JARC/New Freedom/5307	5,600	4,982	1,393	6,051	12,739
Total Public Funding	\$153,685	\$155,918	\$162,143	\$169,302	\$179,999
Net Funding Available	\$15,073	\$8,733	\$0	\$0	\$0
Recovery Ratio	30.00%	30.00%	30.00%	30.00%	30.00%

Pace Suburban Service Cash Flow - 2015

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

The projected cash flow for Pace’s Suburban Service operations shows sufficient funds for Pace to maintain operations during 2015.

Table 19. Pace Suburban Service Projected Cash Flow Summary - 2015 (000’s)

	<u>Beginning Balance</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Net Results</u>	<u>Ending Balance</u>
January	\$62,039	\$16,953	\$19,821	(\$2,868)	\$59,171
February	59,171	17,131	19,821	(2,691)	56,480
March	56,480	19,021	22,646	(3,626)	52,854
April	52,854	16,181	19,821	(3,640)	49,215
May	49,215	16,021	19,821	(3,801)	45,414
June	45,414	17,442	21,312	(3,871)	41,543
July	41,543	18,524	19,821	(1,298)	40,246
August	40,246	17,673	19,821	(2,148)	38,098
September	38,098	18,078	21,312	(3,234)	34,863
October	34,863	17,545	19,821	(2,276)	32,587
November	32,587	17,745	19,821	(2,076)	30,511
December	30,511	30,894	21,312	9,582	40,093



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ADA PARATRANSIT



2015 Regional ADA Paratransit Operating Budget

Summary

THE 2015 Regional ADA Service program is summarized below and detailed throughout this section. The table below shows total operating expenses will reach \$172.216 million in 2015—up 7.0% or \$11.232 million over estimated 2014 levels. Revenues will decrease by 11.1% or \$1.754 million to \$14.013 million. The ADA program will receive \$158.203 million in funding, the amount identified as available by RTA for 2015 at this time.

The estimate for 2014 shows the ADA program will actually finish favorable to budget despite a slight overrun in operating expenses. A very favorable increase in Medicaid reimbursement revenues will cause total revenue to exceed budget by \$2.848 million and offset the \$0.899 million

expense budget overrun. The end result will be a positive \$1.949 million in net funds available.

For 2015 total ridership is expected to grow by 4.9% over the 2014 estimate, reaching 4.373 million trips. This growth is accommodated by the projected funding level of \$158.203 million.

The 2015 Regional ADA Paratransit program as presented in this section is balanced to the \$158.203 million funding mark and will achieve a 10.00% recovery ratio next year using capital cost exemption credits allowed by the RTA.

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

	2013 Actual	2014 Estimate	2015 Budget
Total Operating Expenses	\$148,129	\$160,984	\$172,216
Less: Total Operating Revenue	13,634	15,767	14,013
Funding Requirement	\$134,495	\$145,217	\$158,203
Less:			
Sales Tax & PTF (Part II)	125,995	138,666	149,703
State Funds	8,500	8,500	8,500
Net Funding Available	\$0	\$1,949	\$0
Recovery Ratio*	10.00%	10.00%	10.00%

*Capital cost exemption credits applied for all years.

Regional ADA Paratransit Sources of Funds

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

ADA Fund

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

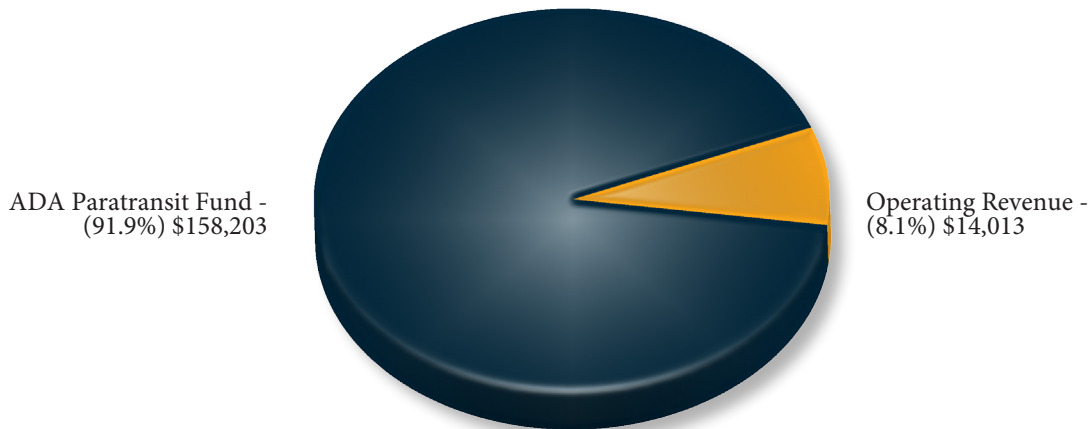
In 2012 the RTA Act was amended to increase the ADA Fund level to \$115.000 million. The amendment also states that for each year thereafter, an amount equal to the final budget funding for ADA paratransit service for

the current year shall be provided. Based on this amendment, the RTA has established the amount of \$158.203 million for 2015, which includes \$8.500 million in additional State funding. This level of funding will represent 91.9% of the total available source of funds for the ADA Paratransit Program next year.

Operating Revenue

The second source of funding available to fund the ADA Paratransit Program comes from operations. Operating revenues are generated largely from passenger fares. As ridership/demand grows, passenger fare revenues also move in the same direction. Operating revenues also include income generated from reimbursements for services provided. In the case for 2015, Pace will be reimbursed for certification and recertification trips. Pace will also receive reimbursement from Medicaid for trips determined to be eligible under their guidelines. For 2015 Operating revenues will represent \$14.013 million or 8.1% of the total sources of funds available to the Regional ADA Paratransit Program.

Chart D. ADA Sources of Funds (000's) - Total \$172,216



Regional ADA Paratransit Uses of Funds

ALL funds received in 2015 will be used to provide and support ADA Paratransit services. The major components of the ADA program consist of City ADA services and Suburban ADA services. Service delivery under both of these programs is contracted to private service operators. Another service element offered in the City of Chicago is a Taxi Access Program (TAP). This program provides subsidized taxi service to ADA eligible riders. In addition to the City and Suburban cost elements, there are regional support costs which represent the indirect overhead costs of supporting the Regional ADA Paratransit service overseen by Pace. Details on the City, Suburban ADA services, and TAP are included on Table 21, page 30.

City ADA Services

Pace will continue to provide all ADA service within the City of Chicago. For 2015 Pace expects to spend \$133.706 million for City ADA service. The majority of these expenditures (94.6%) will be spent on service delivery through private contractors. The balance includes costs for insurance, administration and costs related to trips for certifying ADA eligible participants.

Taxi Access Program (TAP)

Pace is also responsible for the provision of subsidized taxi service to ADA eligible riders in the City of Chicago. Pace will spend \$1.220 million for TAP in 2015.

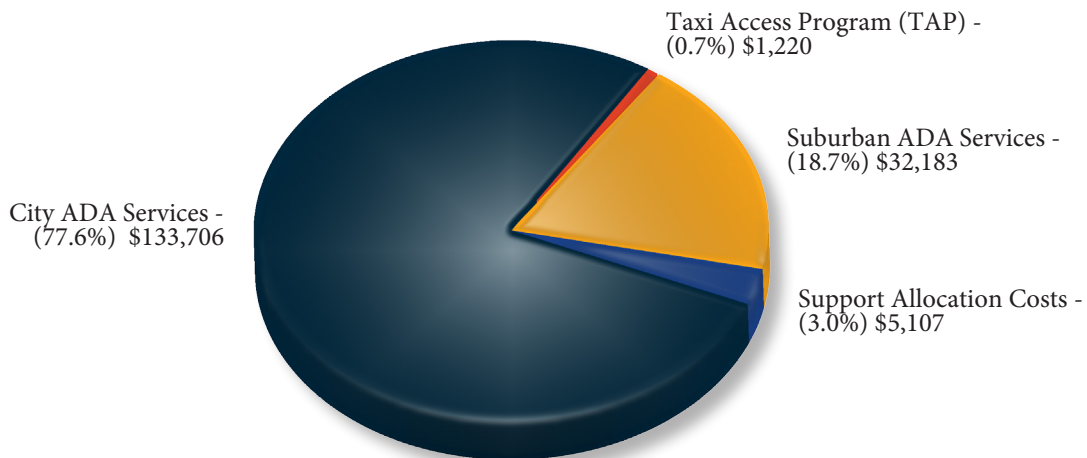
Suburban ADA Services

Pace provides ADA service in the suburbs. For 2015 Pace will spend \$32.183 million for Suburban ADA service. Costs for contracted service in the suburbs will account for 96.6% of the total cost, including fuel. Similar to the City service, the balance of the costs are also for insurance, administration, and the costs for certifying ADA eligible participants.

Support Allocation Costs

There are regional support costs that Pace incurs on behalf of managing and operating the ADA program. For 2015 Pace will incur \$5.107 million in overhead support costs that will be allocated to the Regional ADA program.

Chart E. ADA Uses of Funds (000's) - Total \$172,216



2015 Regional ADA Paratransit Service Budget - City/Suburban Detail

PACE'S 2015 revenue, expense, and funding requirements for the Regional ADA Paratransit services are presented in Table 21 below. The estimates for 2014 and the budget for 2015 are broken down into City, TAP, and Suburban components.

The 2015 program is balanced to both the funding and recovery marks set by the RTA.

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

Table 21. 2015 Regional ADA Paratransit Service Budget - City/Suburban Details (000's)

Revenue	2014 Estimate			2015 Budget			Net Change 2014-2015
	City	Suburban	Region Total	City	Suburban	Region Total	
Fares—Contract	\$7,960	\$2,186	\$10,146	\$8,402	\$2,296	\$10,697	\$551
Fares—TAP	211	0	211	211	0	211	0
RTA Certification	1,174	380	1,554	1,226	394	1,620	66
Medicaid	3,856	0	3,856	1,485	0	1,485	(2,371)
Total Revenue	\$13,201	\$2,566	\$15,767	\$11,324	\$2,690	\$14,013	(\$1,754)
Expenses							
Contract Services	\$117,109	\$25,711	\$142,820	\$126,444	\$27,806	\$154,250	\$11,430
TAP Services	1,220	0	1,220	1,220	0	1,220	0
Fuel	0	3,108	3,108	0	3,293	3,293	185
Insurance	308	0	308	313	0	313	5
Administration	5,566	660	6,224	5,775	723	6,498	274
RTA Certification	1,077	349	1,426	1,125	361	1,486	60
Other	48	0	48	49	0	49	1
ADA Support Allocation	0	0	5,830	0	0	5,107	(723)
Total Expenses	\$125,328	\$29,828	\$160,984	\$134,926	\$32,183	\$172,216	\$11,232
Funding Requirement	\$112,127	\$27,262	\$145,217	\$123,602	\$29,493	\$158,203	\$12,986
Public Funding	\$0	\$0	\$147,166	\$0	\$0	\$158,203	\$11,037
Net Funding Available	0	0	1,949	0	0	0	(1,949)
Recovery Ratio	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	0
Base Ridership—Contract	2,667	754	3,421	2,801	792	3,592	171
Total Ridership—Contract	3,230	860	4,090	3,391	903	4,294	204
Ridership—TAP	79	0	79	79	0	79	0
Ridership—Total	3,309	860	4,169	3,470	903	4,373	204

Regional ADA Budget & Three Year Business Plan

General

The following section presents Pace’s Regional ADA Paratransit Budget and Three Year Business Plan for the period 2015 through 2017.

In summary, the 2015 ADA Paratransit Budget is balanced to the \$158.203 million funding mark set by the RTA. The two out-years of the plan achieve the funding marks presented by the RTA and the 10% recovery requirement for the ADA program.

Assumptions

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

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

Highlights – 2015 Budget and Three Year Plan

The budget and two out-years presented in Table 23 shows that the ADA program is balanced. Some of the highlights for the three years include fare revenues which will grow at an annual compound rate of 5.0%. Fare revenue grows consistent with the annual compound growth rate for ridership—5.0%.

Expenses will grow at an annual compound rate of 7.5% during the three year period, consistent with demand as well as price increases.

Total ADA funding is growing at an annual compound rate of 7.6% 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>2015</u>	<u>2016</u>	<u>2017</u>
Contractor Costs - City	3.0%	2.4%	2.4%
Contractor Costs - Suburban	3.0%	3.0%	3.0%
Demand - City	5.0%	5.0%	5.0%
Demand - Suburban	5.0%	5.0%	5.0%
<hr/>			
Fuel Costs - ADA	\$3.293 mil	\$3.458 mil	\$3.631 mil
Number of Gallons - ADA	.992 mil	1.041 mil	1.094 mil
Price per Gallon - ADA	\$3.32	\$3.32	\$3.32

Regional ADA Paratransit Budget and Three Year Business Plan

Table 23. 2015-2017 Regional ADA Paratransit Budget and Three Year Business Plan (000's)

	2013 Actual	2014 Estimate	2015 Budget	2016 Plan	2017 Plan
Operating Revenue					
Fares	\$9,978	\$10,357	\$10,908	\$11,443	\$12,004
Other/Certification Revenue	1,749	1,554	1,620	1,700	1,786
Medicaid	1,907	3,856	1,485	1,486	1,485
Total Revenue	\$13,634	\$15,767	\$14,013	\$14,629	\$15,275
Operating Expense					
Labor/Fringes	\$3,007	\$2,822	\$3,227	\$3,576	\$3,697
Health Care	485	488	517	558	601
Administrative Expense	2,476	2,962	2,803	2,860	2,920
Fuel	2,863	3,108	3,293	3,458	3,631
Insurance/Claims	246	308	313	333	355
RTA Certification Trips	1,394	1,426	1,486	1,560	1,638
Suburban ADA Purchased Transportation	23,974	25,711	27,806	30,073	32,523
City ADA Purchased Transportation	107,100	117,109	126,444	135,771	146,027
TAP & Mobility Direct Services	1,468	1,220	1,220	1,220	1,220
Regional ADA Support Allocation	5,116	5,830	5,107	5,289	5,487
Total Expenses	\$148,129	\$160,984	\$172,216	\$184,698	\$198,099
Funding Requirement	\$134,495	\$145,217	\$158,203	\$170,069	\$182,824
Public Funding					
Sales Tax and PTF (Part II)	\$125,995	\$138,666	\$149,703	\$161,569	\$174,324
State Funds	8,500	8,500	8,500	8,500	8,500
Total Public Funding	\$134,495	\$147,166	\$158,203	\$170,069	\$182,824
Net Funding Available	\$0	\$1,949	\$0	\$0	\$0
Recovery Ratio With Credits	10.00%	10.00%	10.00%	10.00%	10.00%

Pace Regional ADA Paratransit Cash Flow - 2015

THE following provides an estimate of Pace's 2015 revenues, expenses, and cash position for Regional ADA Paratransit service operations on a monthly basis.

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



Table 24. Pace Regional ADA Projected Cash Flow Summary - 2015 (000's)

	<u>Beginning Balance</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Net Results</u>	<u>Ending Balance</u>
January	(\$3,188)	\$13,643	\$14,351	(\$708)	(\$3,896)
February	(3,896)	13,643	14,351	(708)	(4,605)
March	(4,605)	13,643	14,351	(708)	(5,313)
April	(5,313)	13,643	14,351	(708)	(6,021)
May	(6,021)	13,643	14,351	(708)	(6,730)
June	(6,730)	13,643	14,351	(708)	(7,438)
July	(7,438)	13,643	14,351	(708)	(8,146)
August	(8,146)	13,643	14,351	(708)	(8,855)
September	(8,855)	13,643	14,351	(708)	(9,563)
October	(9,563)	13,643	14,351	(708)	(10,271)
November	(10,271)	13,643	14,351	(708)	(10,980)
December	(10,980)	22,143	14,351	7,792	(3,188)

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CAPITAL BUDGET

SUBURBAN SERVICE



Suburban Service Capital Budget & Five Year Business Plan

Overview

THE most recent RTA Capital Asset Condition Assessment Report reflects the condition and reinvestment needs of the region’s transit assets as of December 31, 2012. It has been determined that an estimated \$34 billion is needed over the ten year period of 2013-2022 to address backlog and normal capital reinvestment to maintain the system in a State of Good Repair (SGR); this includes \$20 billion to address the existing investment backlog (60% of total needs), and an additional \$13.4 billion to address normal replacement, rehabilitation, and capital maintenance.

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

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

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

The RTA and the Service Boards have refined the Capital

Asset Condition Assessment Reports each year since 2009. These annual reports accumulate an inventory of all assets in the region, reviews the condition of the assets either by sampling or in conjunction with FTA decay curves, and places them into one of four categories: (1) Backlog, (2) Normal Replacement, (3) Rehabilitation, or (4) Annual Capital Maintenance. The definitions of each category are as follows:

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

Summary

Pace’s SGR backlog and normal reinvestment needs will continue to increase annually. Given annual average normal reinvestment needs of \$166 million and a SGR backlog of \$476 million, the value of the SGR backlog ratio for Pace is roughly 2.9 years; this means that nearly three years of normal reinvestment would be required to eliminate the backlog. See Table 25 for Backlog and Ten Year Normal Reinvestment Needs.

Table 25. Backlog and Ten Year Normal Reinvestment Needs Summary (Millions of 2012\$)

	SGR Backlog	Normal Reinvestment			Total	% of Total
		Replace	Rehab.	Capital Maint.		
CTA	\$12,923	\$4,692	\$3,209	\$639	\$21,463	64.1%
Metra	6,647	2,162	802	273	9,884	29.5%
Pace	476	1,160	389	113	2,139	6.4%
Total	\$20,046	\$8,014	\$4,400	\$1,025	\$33,485	100.0%
% of Total	59.9%	23.9%	13.1%	3.1%	100.0%	

Source: RTA Capital Asset Condition Assessment Update - Report for Calendar Year 2013

2015 Suburban Service Capital Program/Project Descriptions

Capital Budget Mark Assumptions

THE RTA Board passed the required funding marks on September 12, 2014 before the statutory deadline of September 15th. The preliminary Capital Program marks prepared by RTA staff provide estimated federal and other funds that might be available to the region for capital investment purposes. The 2015 Capital Program marks provide \$36.835 million in Federal 5307 and 5339 formula funding, and \$18.150 million in Federal CMAQ discretionary funding from the Federal Transit Administration (FTA); in addition, Pace is expected to receive \$5.000 million from RTA bonds for qualifying capital projects. Pace also budgeted \$6.0 million of Pace Bond funding and \$2.675 million of its own funds for unanticipated capital items and architectural/engineering services for programmed construction projects.

Table 26. Pace 2015 Capital Program Marks(000's)

	Amount
Federal 5307/5339 Formula	\$36,835
Federal CMAQ Funds	18,150
RTA Bonds	5,000
Pace Bonds	6,000
Pace Funds	2,675
Total	\$68,660

Funding Summary

The 2015 Suburban Capital Program totals \$68.660 million. Most of the funding will be used for projects needed to return the Pace system to a “State of Good Repair”, as well as some critical expansion projects. The capital program includes the following:

Rolling Stock (\$41.300 Million)

- 75 fixed route buses (\$32.750 million): Project funds a total of 75 buses including seven replacement trolley buses and some minor expansion buses.
- 190 vanpool vans (\$8.550 million): 170 vans to replace vans which have exceeded their useful life and 20 for expansion.

Operating Cost Impacts

Pace’s average fleet age is 6.9 years for fixed route and 3.8

years for vanpool. The typical life expectancy is 12 years for fixed route buses and four years for vans. For fixed route buses, mid-life expenses begin increasing at the six to eight year mark. Many of the vanpool vans are past their useful life. If not replaced, these vehicles will incur additional annual operating costs of approximately \$3,000 each.

Support Facilities & Equipment (\$25.160 Million)

- I-90 Corridor Infrastructure (\$1.160 million): Project includes architectural/engineering services for planned park-n-ride lots and other infrastructure work for the I-90 Market Expansion project. Pace has programmed Pace funds for architectural/engineering services while the actual construction of the three park-n-ride lots located at Randall Road, Barrington Road, and I-25 will be funded in a future grant with Federal CMAQ money in the amount of \$14.5 million.
- Milwaukee Avenue ART Infrastructure Improvements (\$10.400 million): Project includes architectural/engineering and construction services for infrastructure improvements along the Milwaukee Avenue Arterial Rapid Transit (ART) corridor between Jefferson Park CTA station in Chicago and the Golf Mill Shopping Center in Niles. Pace funds will be used for architectural/engineering services totaling \$.800 million. Pace will use \$9.6 million in Federal CMAQ funds for the construction of the infrastructure, such as stations for this corridor.
- Improvement to Garages/Facilities (\$3.050 million): Projects include upgrades to sumps, dispensers, motor oil piping at Southwest Division, replacement of catch basins and storm sewers at North and North Shore Divisions, replacement bus washer at Northwest Division, replacement of underground electrical piping at Southwest and North Shore Divisions, and replacement of the roof at Southwest Division.
- Northwest Cook garage (\$6.000 million): Project includes using Pace Bond Funds for the acquisition of land for the new Northwest Cook garage. Construction funding will be programmed in future years.

- **Improve Security System – Systemwide (\$3.300 million):** Project includes improvements to the garage security systems, door access systems, and gates at Pace garage facilities. Many of these systems are over 20 years old and do not function properly. A scope and condition assessment was initially developed nearly two years ago and the project has been on hold pending available funding.
- **Computer Hardware/Software and Systems (\$1.000 million):** Project includes the purchase of miscellaneous hardware and software replacements/upgrades and licenses for the existing systems.
- **Support Equipment/Non-Revenue Vehicles (\$.250 million):** Project includes the purchase of miscellaneous support equipment and non-revenue vehicles for the garages and headquarters.

Operating Cost Impacts

The design and construction of the I-90 Market Expansion project and the Milwaukee Avenue ART infrastructure projects will lead to the expansion of service and increased maintenance costs associated with the operation of the infrastructure. Cost increases for I-90 are included in Pace’s three year operating program. The Milwaukee Avenue ART service expansion costs are under development at this time. The other projects in this category cannot be analyzed from an operating cost impact vantage point in isolation of their overall system impact. The replacement of equipment and other improvements to garages will result in cost avoidance which would otherwise impact the operating budget.

Stations and Passenger Facilities (\$1.165 Million)

- **Burr Ridge Park-n-Ride (\$1.165 million):** The project involves architectural/engineering and construction services for expanding the existing Burr Ridge Park-n-Ride lot which is at capacity.

Operating Cost Impacts

Improving passenger waiting conditions will encourage more people to use public transit and increase ridership, which will generate more revenue.

Miscellaneous (\$1.035 Million)

- **Unanticipated Capital (\$.250 million):** Project includes funds for capital eligible projects not anticipated in the budget process.
- **Capital Cost of Contracting (\$.250 million):** Project contains funds to cover private contractor capital cost of contracting expenses incurred in suburban service.
- **Project Administration/Force Account (\$.535 million):** Project includes staff time spent on the administration of various grants as well as force account work for inspection services, and design and construction management activities. This reduces operating expenses by an equal amount.

RTA Regional Initiative – Estimating the Operating Cost Impacts of Capital Projects

Pace is currently participating in a regional project study to develop a standard methodology and a set of related models to estimate the operating and maintenance cost impacts of a broad range of capital investment actions that might be undertaken. Once fully developed, these models will focus on assets that potentially have the most impact on operation and maintenance cost; i.e. rolling stock and garage facilities.

The model’s benefits are as follows:

- Supports an internal asset life-cycle cost based project evaluation. The models will assist Pace in assessing long term changes in costs resulting from alternative reinvestment actions.
- Allows Pace, during the budget development process, to adopt project operation and maintenance model findings.
- Consistent with MAP-21 and Transit Assets Management (TAM) requirements this effort seeks to promote best practices in overall transit asset management.

Once the models are developed and tested, future Pace budgets will incorporate the output for proposed capital investments.

Table 27. Suburban Service 2015 Capital Program - (000's)

	<u>AC</u>	<u>EC</u>	<u>Total Budget</u>	<u>Federal Section 5307/5339</u>	<u>Federal CMAQ</u>	<u>RTA Bond</u>	<u>Pace Bond</u>	<u>Pace Funds</u>
Rolling Stock								
75 Fixed Route Buses	NR	M3	\$32,750	\$31,750	\$0	\$1,000	\$0	\$0
190 Vanpool Vans	B	M3	8,550	0	8,550	0	0	0
Subtotal			\$41,300	\$31,750	\$8,550	\$1,000	\$0	\$0
Support Facilities & Equipment								
I-90 Corridor Infrastructure - A/E	N/A	EX1	\$1,160	\$0	\$0	\$0	\$0	\$1,160
Milwaukee Ave Infrastructure - A/E & Const.	N/A	EN2	10,400	0	9,600	0	0	800
Improve Facilities - Systemwide	B	M3	3,050	3,050	0	0	0	0
Northwest Cook Garage - Land	B	M3	6,000	0	0	0	6,000	0
Improve Security System - Systemwide	NR	M1	3,300	0	0	3,000	0	300
Computer Syst./Hardware & Software	NR	M3	1,000	1,000	0	0	0	0
Support Equipment/Non Revenue Vehicles	B	M3	250	250	0	0	0	0
Subtotal			\$25,160	\$4,300	\$9,600	\$3,000	\$6,000	\$2,260
Stations & Passenger Facilities								
Burr Ridge Park-n-Ride - A/E & Const.	N/A	EN1	\$1,165	\$0	\$0	\$1,000	\$0	\$165
Subtotal			\$1,165	\$0	\$0	\$1,000	\$0	\$165
Miscellaneous								
Unanticipated Capital	N/A	N/A	\$250	\$0	\$0	\$0	\$0	\$250
Capital Cost of Contracting	N/A	N/A	250	250	0	0	0	0
Project Administration/Force Account	N/A	N/A	535	535	0	0	0	0
Subtotal			\$1,035	\$785	\$0	\$0	\$0	\$250
Total 2015 Suburban Capital Program			\$68,660	\$36,835	\$18,150	\$5,000	\$6,000	\$2,675
2015 Marks				\$36,835	\$18,150	\$5,000	\$6,000	\$2,675

LEGEND

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

M = MAINTAIN
M1 - SAFETY/SECURITY
M2 - REGULATORY
M3 - STATE OF GOOD REPAIR

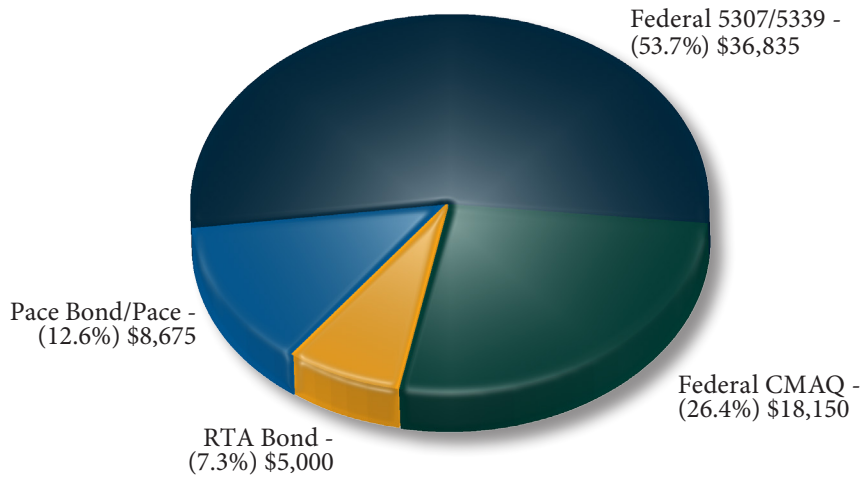
EC = EVALUATION CRITERIA

EN=ENHANCE
EN-1 - CAPACITY IMPRVM
EN-2 - OPERATIONAL EFFIC
EN-3 - NEW TECHNOLOGIES

EX=EXPAND
EX-1 - CONGESTION RELIEF
EX-2 - TRANSIT ALTERNATIVES

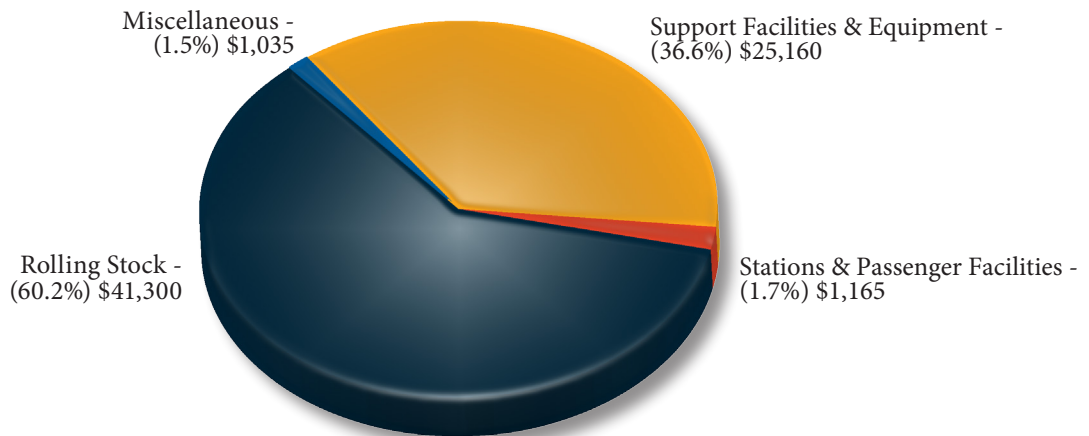
Chart F. 2015 Suburban Services Capital Program - Sources/Uses of Funds - Total \$68,660

Sources (000's)



80% of the Pace program is expected to be derived from Federal sources

Uses (000's)



Over 60% of the Pace program will be spent on the replacement of Rolling Stock

Capital Funding Sources

The pages that follow explain the typical capital funding sources that are available to Pace.

Federal Funding

Federal funding for public transportation projects was authorized through federal fiscal year 2014 in “Moving Ahead for Progress in the 21st Century” (MAP-21), passed on July 6, 2012, and is set to expire on September 30, 2014. The bill provided more stable funding and also eliminated earmarks and most of the discretionary programs. A federal authorization extension for transit, highway and highway safety programs through May 31, 2015, has been enacted. The RTA assumes current 2014 federal levels of funding for 2015 and 2016 due to current economic indicators; the out-years 2017-2019 assume an inflationary growth rate of 3%. RTA has assumed that this applies to the federal formula programs, Section 5307/5340 Urbanized Area Formula Programs, Section 5337 State of Good Repair Program, and Section 5339 Bus and Bus Facilities Formula Grants Program which provide the majority of federal capital funding to the RTA region. It is expected that formula funded programs may be revised by the RTA upon publication of the Federal Register notice, at which time these funding amounts will be changed to reflect the most recent data.

In 2015 urbanized areas will receive apportionments from four programs:

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

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

Flexible, Homeland Security (FEMA)/Other Federal Funds are competed for and awarded on a project specific basis. Each Service Board must apply individually to the FTA or FEMA for these funds. The Surface Transportation Program (STP) and Congestion Mitigation



Pace completed structural steel rehab to its Northwest Transportation Center in Schaumburg in 2014.

and Air Quality (CMAQ) funds are transferred from the Federal Highway Administration (FHWA) to the FTA for transit purposes.

State Funding

The “Illinois Jobs Now” capital bill that provided \$1.8 billion for regional transit projects has been funded with bond proceeds and the debt service is being paid from the State’s Capital Projects Fund. That fund included revenues from increases in sales taxes, liquor taxes, motor vehicle fees, and other taxes passed by the General Assembly. The legislation allocated 50% of these funds to CTA, 45% to Metra, and 5% to Pace. Pace has received a total of \$90 million from this program from the Illinois Department of Transportation and it represents the total 5% allocated to Pace.

In contrast, the 2009 “Jump Start” capital bill included \$900 million for grants to fund public transportation projects in Northeastern Illinois. \$68.4 million was allocated to Pace for suburban capital projects. “Jump Start” was to be funded with bond proceeds where debt service cost would be paid out of the State’s General Revenue Fund; however, a revenue increase has not been developed at this time to generate the necessary funds to allow the State to issue such bonds. Pace, however, has a pending grant request for \$45 million to build out its South Campus project in Markham, Illinois. These Pro-

gram funds were entirely “programmed” by the Service Boards through 2014; therefore, the RTA did not include any State of Illinois capital funds for the 2015-2019 capital program.

RTA Funding

The RTA staff has recommended the RTA issue \$100 million in bond funds to the Service Boards for capital projects in 2015. Pace would receive \$5.0 million from this funding source.

Service Board Bonds

All three Service Boards now have authority to issue bonds for funding capital projects. Since 2004, the CTA has issued over \$2.5 billion in such bonds to be repaid with future federal formula funds. Metra received authority in 2008 to issue up to \$1 billion in bonds and Pace received authority in 2013 to issue up to \$100 million for the construction of four projects: (1) a new Northwest Cook garage for \$60 million, (2) renovation of Pace’s South Division garage in Markham including the conversion to a CNG facility for \$12 million, (3) a new paratransit garage in DuPage for \$25 million, and (4) expansion of Pace’s North Shore garage in Evanston for \$3 million. The design for the Pace South Division renovation and CNG facility is underway with construction beginning in 2015. The land, design, and construction of a new Northwest Cook garage is included in the 2015-2019 capital programs.

Service Board Funding

Operational savings achieved by the Service Boards also provides funds for capital investments. Service Board funds and “Transfer Capital” represent funds available for operations; however, cost containment efforts have enabled the use of these funds for capital investment.



Pace completed phase I construction in 2014 for a transportation center at Toyota Park in Bridgeview.

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2015-2019 Five Year Suburban Service Capital Business Plan - Constrained

THE RTA Board passed the required funding marks on September 12, 2014. Pace’s 2015-2019 Five Year Capital Plan is based on the preliminary funding marks provided by RTA. The five year constrained needs total \$339.163 million for critical state of good repair and expansion projects.

The 2015-2019 Capital Business Plan heavily relies on the receipt of federal funding (totaling \$239.488 million) and some of this funding is discretionary (CMAQ) which Pace must compete for nationally and regionally. Additionally, this plan assumes an \$88.0 million Pace bond authorization for the three remaining projects—Northwest Cook garage, DuPage Paratransit garage, North Shore Division garage expansion, and \$5 million from the RTA Bond program. Lastly, the program also assumes the use of Pace PBV funds for capital projects not eligible for federal funding.

If Pace receives all the funding expected for the next five years, it is still grossly inadequate. Our unconstrained needs for the five year period are \$654 million in order to achieve a State of Good Repair. This means Pace has a shortfall of more than \$315 million. The primary shortfall is in rolling stock replacements and facility upgrades. With a significant backlog of capital needs, coupled with insufficient funding, the RTA has directed the Service Boards to develop their capital programs by concentrating on the maintenance and preservation (“State of Good Repair”) of existing facilities and equipment.

Listed below is a summary description of Pace’s Five Year Capital Plan. It is constrained to the funding Pace expects to receive. Table 28 summarizes the amount of funding over the next five years that RTA has estimated Pace will receive.

Rolling Stock (\$151.623 million)

- Fixed route buses–196 buses

- Paratransit buses–203 buses
- Community vehicles–42 vehicles
- Vanpool vans– 803 replacement/expansion
- Engine retrofit and associated capital

Electrical/Signal/Communications (\$5.000 million)

- Intelligent Bus System (IBS) Replacement

Support Facilities/Equipment (\$141.550 million)

- I-90 Corridor Infrastructure – A/E
- Fare Box System
- Milwaukee Avenue ART Infrastructure
- Improvements to facilities
- Northwest Cook garage
- DuPage Paratransit garage
- North Shore garage expansion
- Security systems upgrades at Pace garages
- Computer systems/hardware and software
- Support equipment/non-revenue vehicles
- Office equipment and furniture

Stations & Passenger Facilities (\$12.865 million)

- Passenger facilities mid-life renovation
- Posted stops only conversion
- Bus stop infrastructure improvements

Miscellaneous (\$28.125 million)

- Unanticipated capital
- Capital Cost of Contracting
- Project Administration/Force Account

Table 28. Pace FY2015–2019 Capital Program - Constrained (000’s)

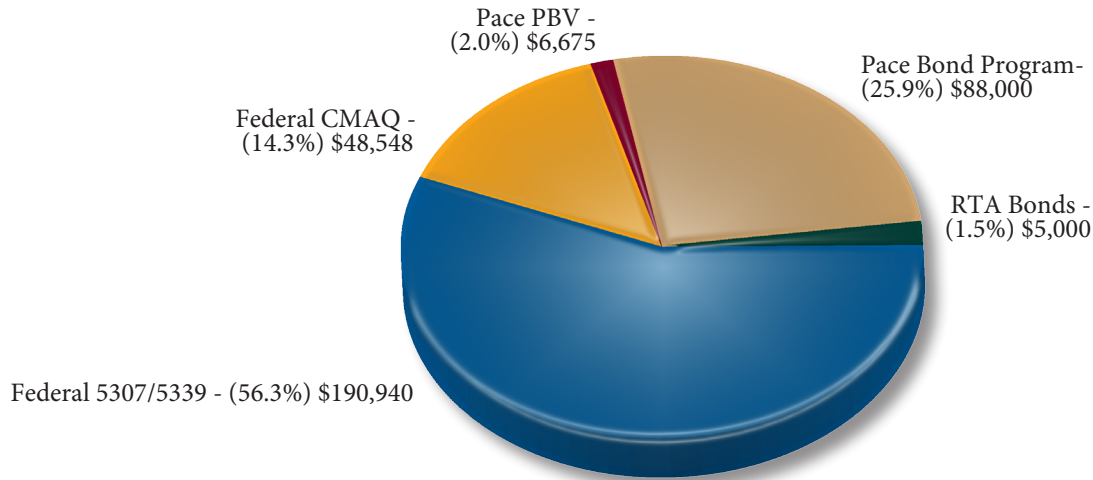
<u>Funding Source</u>	<u>Amount</u>
Federal 5307/5339 Formula	\$190,940
Federal CMAQ	48,548
RTA Bond	5,000
Pace Bond Program	88,000
Pace Funding	6,675
Total	\$339,163

Table 29. 2015-2019 Suburban Service Capital Business Plan (000's) - Constrained

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>5 YEAR 2015-2019</u>
Rolling Stock Quantities						
Fixed Route Buses	75	27	25	33	36	196
Dial-a-Ride - Paratransit Buses	0	53	50	48	52	203
Community Vehicles	0	6	12	12	12	42
Vanpool Vehicles	190	133	155	155	170	803
Rolling Stock						
Fixed Route Buses	\$32,750	\$12,150	\$12,000	\$15,840	\$17,280	\$90,020
Dial-a-Ride Paratransit Buses	0	3,445	3,250	3,360	3,640	13,695
Community/Call-n-Ride Vehicles	0	500	1,020	1,020	1,020	3,560
Vanpool Vehicles	8,550	5,985	6,975	6,975	7,650	36,135
Engine Retrofit Project	0	1,613	2,000	2,600	1,000	7,213
Associated Capital	0	250	250	250	250	1,000
Subtotal	\$41,300	\$23,943	\$25,495	\$30,045	\$30,840	\$151,623
Electrical/Signal/Communications						
IBS Replacement	\$0	\$0	\$2,000	\$2,000	\$1,000	\$5,000
Subtotal	\$0	\$0	\$2,000	\$2,000	\$1,000	\$5,000
Support Facilities & Equipment						
I-90 Corridor Infrastructure - A/E	\$1,160	\$0	\$0	\$0	\$0	\$1,160
Fare Box System	0	5,000	3,000	0	0	8,000
Milwaukee Avenue ART Infrastructure	10,400	0	0	0	0	10,400
Improve Facilities - Systemwide	3,050	4,090	2,250	3,250	3,850	16,490
Northwest Cook Garage	6,000	3,000	51,000	0	0	60,000
DuPage Paratransit Garage	0	0	6,000	2,000	17,000	25,000
North Shore Garage Expansion	0	0	0	3,000	1,350	4,350
Security Projects	3,300	0	0	0	0	3,300
Computer Systems/Hardware and Software	1,000	2,000	2,000	2,000	2,000	9,000
Support Equipment/Non-Revenue Vehicles	250	750	500	500	600	2,600
Office Equipment/Furniture	0	250	250	500	250	1,250
Subtotal	\$25,160	\$15,090	\$65,000	\$11,250	\$25,050	\$141,550
Stations & Passenger Facilities						
Passenger Facilities - Mid-Life Renovation	\$0	\$1,250	\$1,250	\$1,250	\$1,250	\$5,000
Burr Ridge Park-n-Ride Expansion	1,165	0	0	0	0	1,165
Posted Stops Only Conversion	0	1,700	1,700	0	0	3,400
Signs/Shelters/Pedestrian Infrastructure	0	1,600	500	500	700	3,300
Subtotal	\$1,165	\$4,550	\$3,450	\$1,750	\$1,950	\$12,865
Miscellaneous						
Unanticipated Capital	\$250	\$500	\$500	\$500	\$500	\$2,250
Capital Cost of Contracting	250	4,860	6,000	6,000	6,000	23,110
Project Administration/Force Account	535	690	470	509	561	2,765
Subtotal	\$1,035	\$6,050	\$6,970	\$7,009	\$7,061	\$28,125
Grand Total - Constrained	\$68,660	\$49,633	\$102,915	\$52,054	\$65,901	\$339,163

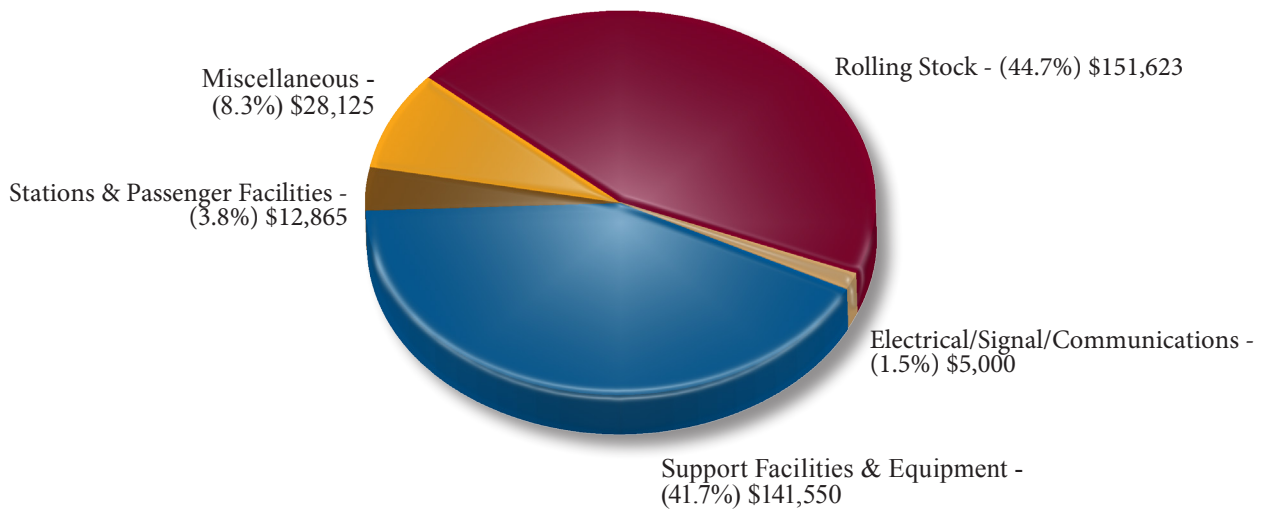
Chart G. 2015 -2019 Suburban Service Capital Business Plan - Sources/Uses of Funds - Constrained - Total \$339,163

Sources (000's)



70% of Pace's entire program would be funded with federal sources

Uses (000's)



The program is substantially split between Rolling Stock and Support Facilities and Equipment

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CAPITAL BUDGET

ADA PARATRANSIT



Regional ADA Paratransit Capital Budget & Five Year Business Plan

Overview

The RTA is not assuming that any capital funding will be available for Regional ADA capital needs in their five year program marks; however, a Five Year Unconstrained Capital Program has been developed in order to demonstrate to the RTA and Pace stakeholders that a predictable capital funding source is necessary to meet Regional ADA capital needs.

At the present time, the private contractors own the vehicles they operate in ADA service in the City of Chicago, and the cost of the vehicles is charged through the hourly rates covered in the operating contracts. The assumption in this program would be to replace these vehicles with Pace vehicles and reduce the hourly rates charged in the contracts. A long term funding solution is critical in order to replace these private contract carrier vehicles and to begin building facilities which support this service.

The Unconstrained Regional ADA Five Year Capital Program needs a total of \$95.8 million for the five year period 2015-2019.

Highlights of the Five Year Regional ADA Program include:

- 958 replacement buses
- Radio and farebox systems
- Construction of two garage facilities
- Construction of an ADA administrative facility
- Computer and systems
- Construction of two transfer center facilities



Pace owned paratransit vehicles are used throughout the suburbs, as pictured here at the Pace McHenry County paratransit garage.

Table 30. 2015-2019 Regional ADA Paratransit - Unconstrained Capital Budget (000's)

Project Description	2015	2016	2017	2018	2019	5 YEAR 2015-2019
Regional ADA Vehicle Needs						
City	5	120	110	194	284	713
Suburban	0	36	76	49	84	245
Total Regional ADA Vehicle Needs	5	156	186	243	368	958
Rolling Stock						
City Bus Replacement	\$250	\$6,000	\$5,500	\$9,700	\$14,200	\$35,650
Suburban Bus Replacement	0	2,160	4,560	2,940	5,040	14,700
Subtotal	\$250	\$8,160	\$10,060	\$12,640	\$19,240	\$50,350
Electrical/Signal/Communications						
Radio System	\$0	\$3,000	\$0	\$0	\$0	\$3,000
Subtotal	\$0	\$3,000	\$0	\$0	\$0	\$3,000
Support Facilities And Equipment						
Construct two garage facilities	\$1,000	\$1,000	\$9,000	\$1,000	\$9,000	\$21,000
Construct ADA administrative facility	0	0	5,000	0	0	5,000
Computers and Systems	3,000	2,000	1,000	1,000	1,000	8,000
Farebox System	2,000	2,000	2,000	0	0	6,000
Subtotal	\$6,000	\$5,000	\$17,000	\$2,000	\$10,000	\$40,000
Stations And Passenger Facilities						
Construct Two Transfer Facilities	\$0	\$250	\$1,000	\$250	\$1,000	\$2,500
Subtotal	\$0	\$250	\$1,000	\$250	\$1,000	\$2,500
Grand Total Needs	\$6,250	\$16,410	\$28,060	\$14,890	\$30,240	\$95,850

COMBINED

PLAN



Combined Suburban Service/ADA Budget & Three Year Plan

PACE'S Combined Budget and Three Year Business Plans are included in the table below. A table presenting anticipated cash flows for 2015 has also been provided on the following page.

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

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

	2013 Actual	2014 Estimate	2015 Budget	2016 Projected	2017 Projected
Suburban Service					
Revenue	\$57,221	\$59,775	\$61,066	\$61,856	\$63,869
Expense	195,833	206,960	223,209	231,158	243,868
Funding Requirement	\$138,612	\$147,185	\$162,143	\$169,302	\$179,999
Public Funding	153,685	155,918	162,143	169,302	179,999
Net Funding Available	\$15,073	\$8,733	\$0	\$0	\$0
Fund Balance - Unrestricted Net Assets					
Beginning Balance	\$57,299	\$66,829	\$62,039	\$40,093	\$37,004
Net Operating Results	15,073	8,733	0	0	0
Less: Capital Expended from Fund Balance	5,543	13,523	21,946	3,089	1,000
Ending Balance	\$66,829	\$62,039	\$40,093	\$37,004	\$36,004
Regional ADA Paratransit Service					
Revenue	\$13,634	\$15,767	\$14,013	\$14,629	\$15,275
Expense	148,129	160,984	172,216	184,698	198,099
Funding Requirement	\$134,495	\$145,217	\$158,203	\$170,069	\$182,824
Public Funding	\$134,495	\$147,166	\$158,203	\$170,069	\$182,824
Net Funding Available	\$0	\$1,949	\$0	\$0	\$0
Fund Balance - Unrestricted Net Assets					
Beginning Balance	(\$5,137)	(\$5,137)	(\$3,188)	(\$3,188)	(\$3,188)
Net Operating Results	0	1,949	0	0	0
Less: Capital Expended from Fund Balance	0	0	0	0	0
Ending Balance	(\$5,137)	(\$3,188)	(\$3,188)	(\$3,188)	(\$3,188)
Combined Service					
Revenue	\$70,855	\$75,542	\$75,079	\$76,485	\$79,144
Expense	343,962	367,944	395,425	415,856	441,967
Funding Requirement	\$273,107	\$292,402	\$320,346	\$339,371	\$362,823
Public Funding	\$288,180	\$303,084	\$320,346	\$339,371	\$362,823
Net Funding Available	\$15,073	\$10,682	\$0	\$0	\$0
Fund Balance - Unrestricted Net Assets					
Beginning Balance	\$52,162	\$61,692	\$58,851	\$36,905	\$33,816
Net Operating Results	15,073	10,682	0	0	0
Less: Capital Expended from Fund Balance	5,543	13,523	21,946	3,089	1,000
Ending Balance	\$61,692	\$58,851	\$36,905	\$33,816	\$32,816

Combined Suburban Service/ADA Cash Flow

The following table provides an estimate of 2015 revenues, expenses, and the cash position for Pace’s combined operations—Suburban Service and Regional ADA Service.

The agency budget is balanced to the funding levels and meets the recovery marks set by the RTA for 2015. Pace’s combined cash position appears balanced and sufficient to meet next year’s needs.



Table 32. Pace Combined Services Projected Cash Flow Summary - 2015 (000's)

	<u>Beginning Balance</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Net Results</u>	<u>Ending Balance</u>
January	\$58,851	\$30,596	\$34,173	(\$3,576)	\$55,275
February	55,275	30,774	34,173	(3,399)	51,876
March	51,876	32,664	36,998	(4,334)	47,541
April	47,541	29,824	34,173	(4,348)	43,193
May	43,193	29,664	34,173	(4,509)	38,684
June	38,684	31,085	35,664	(4,579)	34,105
July	34,105	32,167	34,173	(2,006)	32,099
August	32,099	31,316	34,173	(2,856)	29,243
September	29,243	31,721	35,664	(3,942)	25,300
October	25,300	31,188	34,173	(2,985)	22,316
November	22,316	31,388	34,173	(2,784)	19,531
December	19,531	53,037	35,664	17,373	36,905

APPENDIX A

PACE OVERVIEW



Organizational Overview

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

The administration category for 2015 is budgeted at 204 filled full-time equivalents (FTE's). There are ten additional positions authorized for 2015; however, they are offset by an increase in vacancies.

The central support category is budgeted at 94 filled FTE positions for 2015 and represents no change in position count over 2014 levels.

The Pace division element is comprised of nine Pace division garages and is budgeted at 1,269 filled FTE positions for 2015. The increase of 34 positions (all bus operators) over prior year levels accommodates increased service levels at the divisions.

The Regional ADA Budget includes 46 FTE positions for 2015 and reflects an increase of 11 positions over prior year levels, all related to maintaining and administering expanded services.

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

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

Table 33. Full-Time Equivalent Personnel (FTE's)

	Admin	Central Support	Pace Divisions	Total
2013 Actual				
Operations	0	34	960	994
Maintenance	0	39	209	248
Non-Vehicle Maintenance	0	10	15	25
Administration	197	0	34	231
Suburban Service	197	83	1,218	1,498
Regional ADA Paratransit	35	0	0	35
Total	232	83	1,218	1,533
2014 Estimated				
Operations	0	34	958	992
Maintenance	0	49	228	277
Non-Vehicle Maintenance	0	11	14	25
Administration	204	0	35	239
Suburban Service	204	94	1,235	1,533
Regional ADA Paratransit	35	0	0	35
Total	239	94	1,235	1,568
2015 Budget				
Operations	0	34	992	1,026
Maintenance	0	49	228	277
Non-Vehicle Maintenance	0	11	14	25
Administration	204	0	35	239
Suburban Service	204	94	1,269	1,567
Regional ADA Paratransit	46	0	0	46
Total	250	94	1,269	1,613

Chart H. Pace Organizational Chart

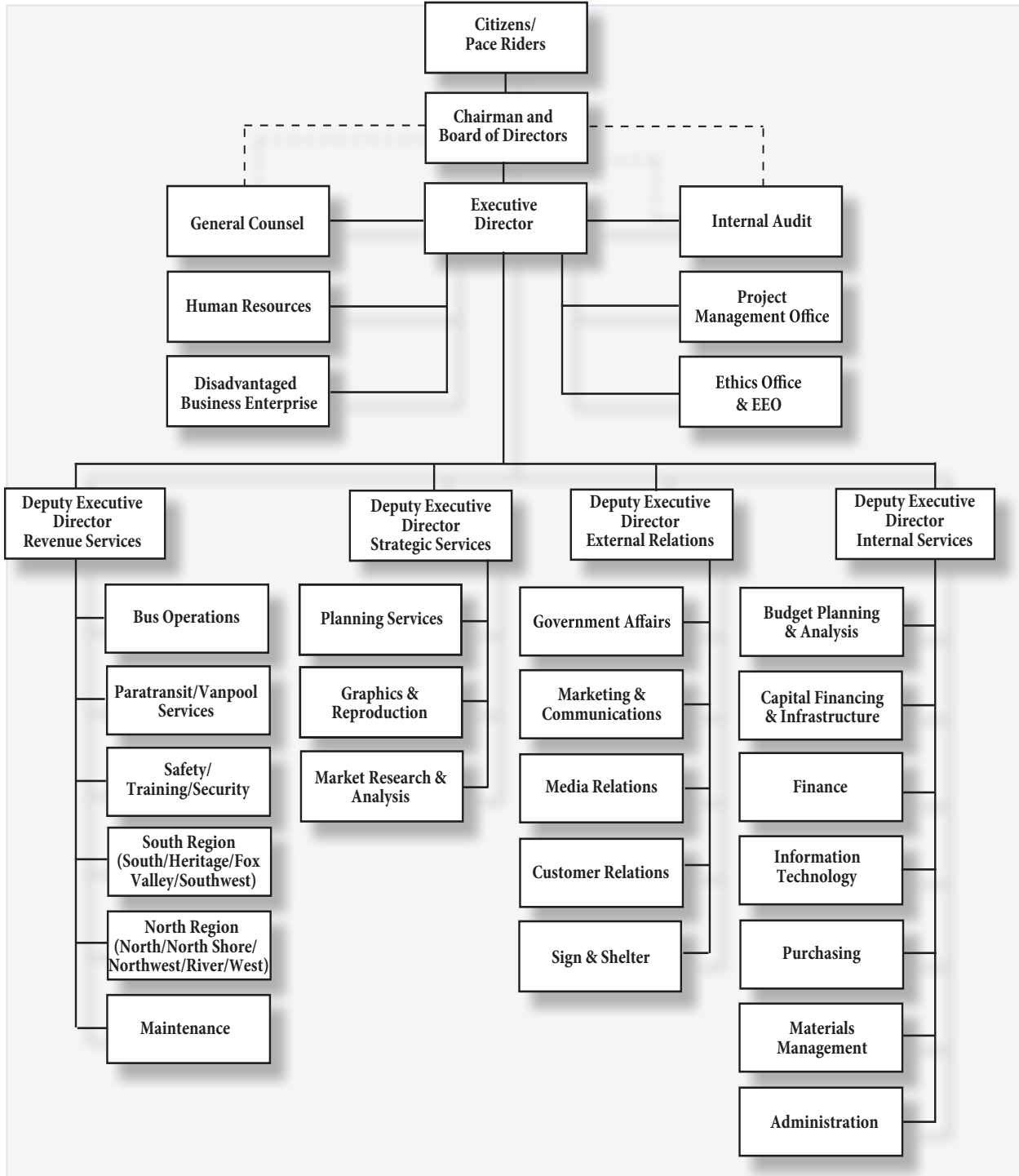


Table 34. Pace’s 2015 Operating Budget - Department Budgeted Positions

<u>Suburban Service</u>	<u>2013 Budget</u>	<u>2014 Budget</u>	<u>2015 Budget</u>	<u>Regional ADA</u>	<u>2013 Budget</u>	<u>2014 Budget</u>	<u>2015 Budget</u>
Office of the Executive Director	4.0	2.0	2.0	City ADA Paratransit	30.0	30.0	40.0
General Counsel	9.0	9.0	9.0	Suburban Service Allocation	5.0	5.0	6.0
Internal Audit	6.0	6.0	6.0	Total Regional ADA	35.0	35.0	46.0
Human Resources	8.5	8.5	8.5	Total Suburban & Regional ADA	1,549.0	1,584.0	1,639.0
DBE	0.0	2.0	2.0	Suburban Svc Vacancy Factor	(11.0)	(11.0)	(20.0)
Project Management Office	2.0	2.0	2.0	ADA Allocation	(5.0)	(5.0)	(6.0)
Ethics Office & EEO	2.0	3.0	3.0	Total - With Vacancy Factors	1,533.0	1,568.0	1,613.0
New Initiatives	0.0	0.0	10.0				
Total	31.5	32.5	42.5				
Revenue Services				<i>Departmental Overview</i>			
DED, Revenue Services	5.0	5.0	5.0	A detailed description of each department is provided as follows.			
Bus Operations	9.5	9.5	9.5	<i>Office of the Executive Director</i>			
Maintenance/Tech Services	24.0	26.0	26.0	Office of the Executive Director: The Executive Director is responsible for overall management of the agency including all staffing, employment, and contractual relationships necessary to carry out the powers of the Suburban Bus Board (Pace) in accordance with the RTA Act.			
Vanpool	18.0	18.0	18.0	General Counsel: Responsible for reviewing contracts, monitoring litigation, handling claim defense litigation, and assuring legal compliance with all required federal, state, and local regulations. General Counsel is also responsible for the claims handling for the entire agency.			
Paratransit	10.0	10.0	10.0	Internal Audit: Responsible for directing performance, financial, and compliance audits to ensure maintenance of organizational and professional ethical standards.			
Safety	4.0	4.0	4.0	Human Resources: Responsible for recruitment, compensation, benefit administration, employee relations, and development of the agency’s human resource policies/procedures.			
Pace Divisions:				Project Management Office: Responsible for providing centralized project management services including standardization of processes, tracking, reporting, and communication. Training & Development for the agency is also managed through this office.			
Bus Operators	887.0	887.0	921.0	DBE: Responsible for agency DBE compliance with regulatory agencies. Sets DBE performance goals, assesses and reports on performance of the program. Reviews contract specifications for DBE participation.			
Operations Supervisors	73.0	71.0	71.0				
Maintenance	209.0	228.0	228.0				
Non-Vehicle Maintenance	15.0	14.0	14.0				
Administration	34.0	35.0	35.0				
Total	1,288.5	1,307.5	1,341.5				
Internal Services							
DED Internal Services	2.0	3.0	3.0				
Capital Financing & Infstr	21.0	26.0	26.0				
Budget Planning	6.0	6.0	6.0				
Materials Management	16.0	24.0	24.0				
Purchasing	11.0	11.0	11.0				
Administration	4.0	4.0	4.0				
Finance	27.0	27.0	27.0				
IT	34.0	34.0	34.0				
Total	121.0	135.0	135.0				
Strategic Services							
DED, Strategic Services	2.0	2.0	2.0				
Graphic Services	7.0	7.0	7.0				
Market Research/Analysis	14.5	14.5	14.5				
Planning Services	21.0	21.0	21.0				
Total	44.5	44.5	44.5				
External Relations							
DED, External Relations	2.0	2.0	2.0				
Government Affairs	11.5	12.5	12.5				
Marketing & Communications	5.0	5.0	5.0				
Media Relations	1.0	1.0	1.0				
Customer Relations	4.0	4.0	4.0				
Sign/Shelter	5.0	5.0	5.0				
Total	28.5	29.5	29.5				
Total Suburban Service	1,514.0	1,549.0	1,593.0				

Ethics Office & EEO: Responsible for promoting and ensuring the accountability and integrity of the administration of programs and operations at Pace. Essential functions include audits, inspections, evaluations, and investigations of all official functions of Pace as well as EEO responsibilities.

New Initiatives: Ten positions have been earmarked for New Initiatives. The Executive Director will determine these new positions as the year progresses.

Internal Services

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

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

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

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

Purchasing: Responsible for directing and coordinating all purchasing and procurement activities and contracting services.

Materials Management: Responsible for all parts and supply inventories at Pace operating divisions. Procurement of non-routine bus maintenance components. Develops vehicle component contract specifications.

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

Strategic Services

Planning Services: Responsible for all fixed route planning, identification of new service opportunities, schedule modifications, and service reductions.

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

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

Revenue Services

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

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

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

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

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

External Relations

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

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

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

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

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



Pace Headquarters is located in Arlington Heights.

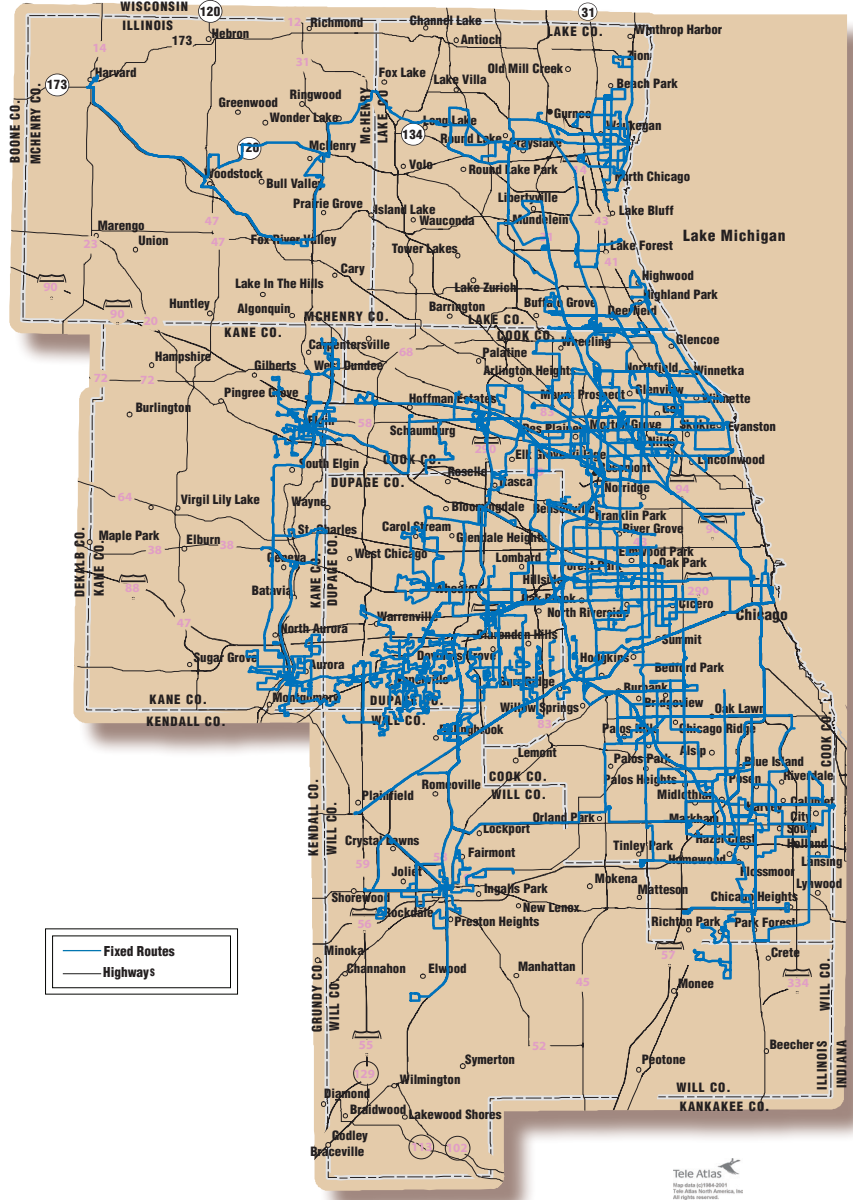
Fixed Route Service Characteristics

THE following map and description summarizes the operating characteristics of the Fixed Route system.

Fixed Route Service

144 regular, 38 feeder, 13 shuttle, and numerous seasonal routes are operated by Pace. These routes serve 202 communities and carry over 2.69 million riders per month utilizing 600 vehicles during peak periods. All routes are fully accessible.

Map 1. Fixed Route Service Characteristics



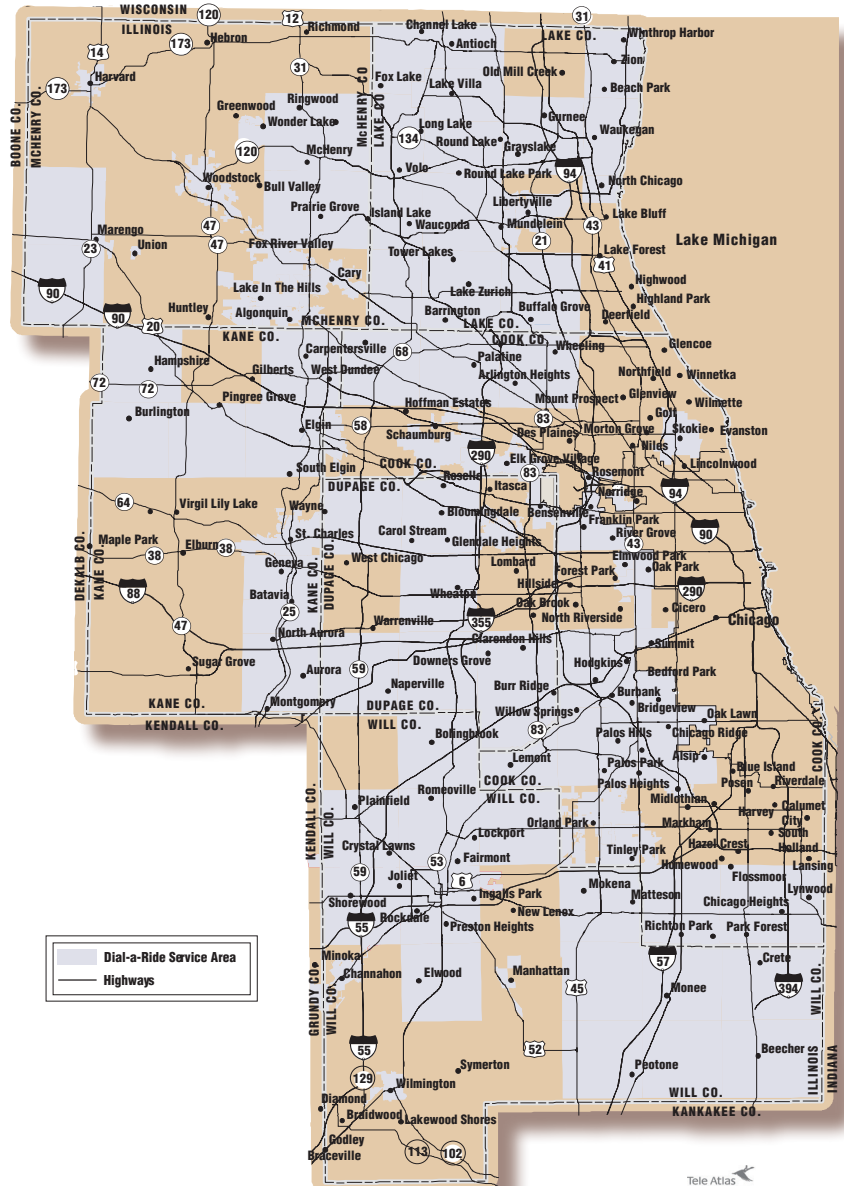
Dial-a-Ride Characteristics

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

Dial-a-Ride

154 Pace-owned lift-equipped vehicles are utilized to provide curb-to-curb service to approximately 104,000 riders each month. The majority are elderly and/or have disabilities. Pace contracts directly with private providers for the operation of 45 dial-a-ride projects and has agreements with villages and townships for the operation of 23 other dial-a-ride projects. Also, three other projects are operated by Pace River Division. These projects provide services to over 210 communities throughout the six county area.

Map 2. Dial-a-Ride Service Characteristics



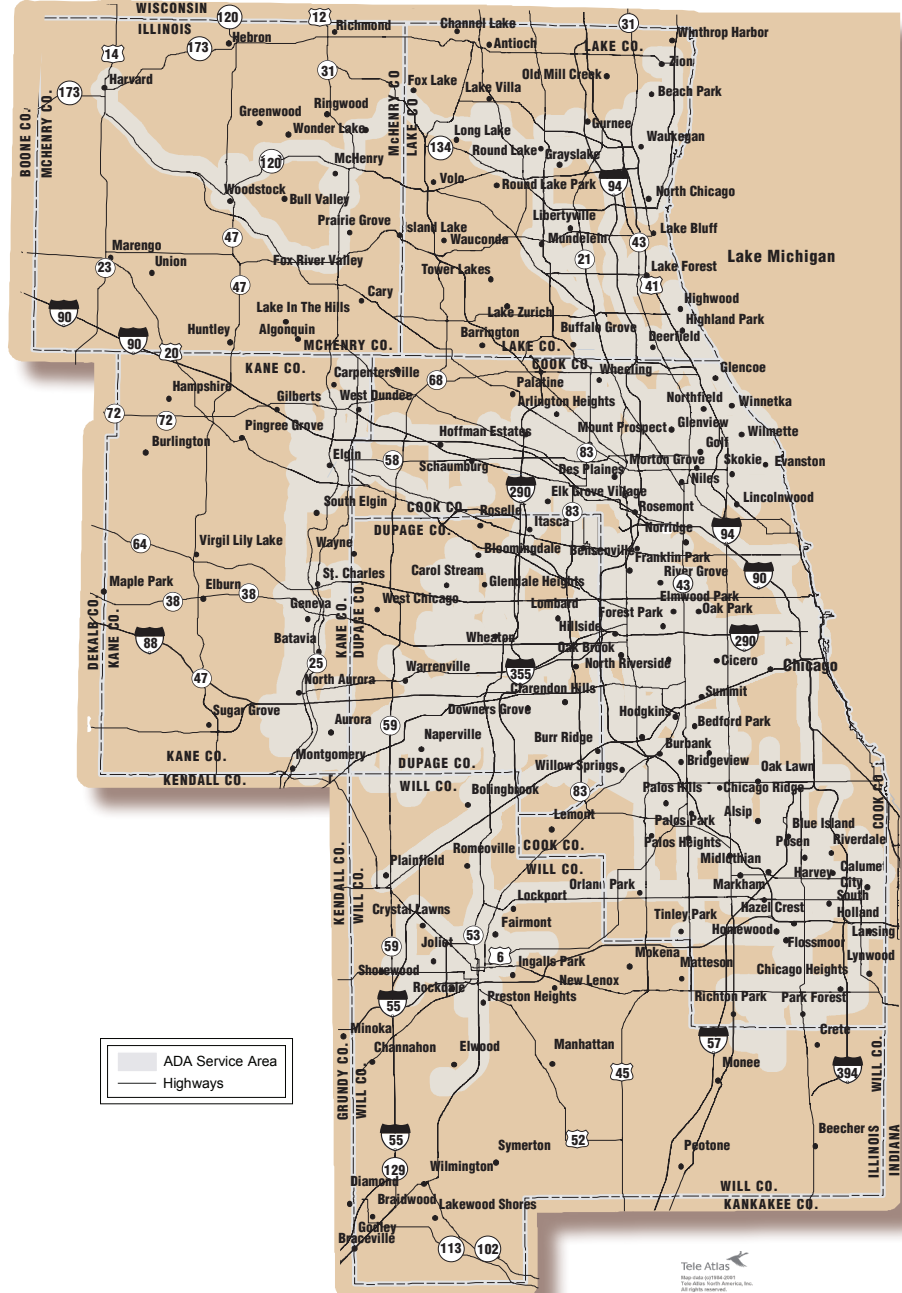
Suburban ADA Paratransit Service Characteristics

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

Suburban ADA Paratransit

301 Pace-owned lift-equipped vehicles are utilized to provide origin to destination service to approximately 72,000 riders each month. Individuals that are not able to use Pace's fixed routes can register to utilize Pace's ADA Paratransit Service. The RTA administers a regional certification program which determines eligibility for this service. Once eligible, passengers can make travel arrangements for trips within the shaded service area. This area represents a corridor of 3/4 mile to either side of Pace's regular fixed routes in the suburban areas as called for by federal regulations. Pace contracts with private operators strategically located throughout the service area to provide this service.

Map 3. Pace Suburban ADA Paratransit Service Characteristics



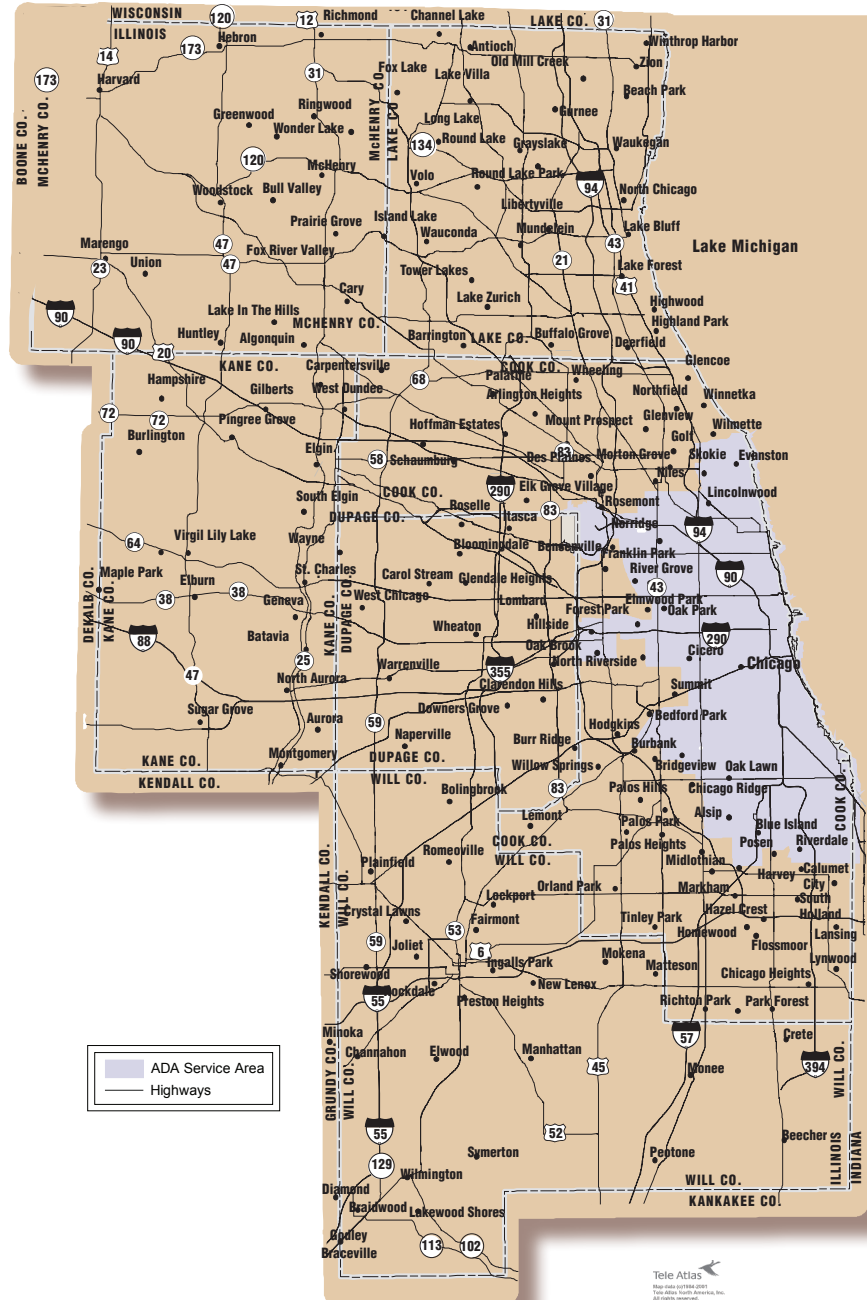
City ADA Paratransit Service Characteristics

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

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

733 contractor-owned vehicles are used to provide service to approximately 276,000 riders each month.

Map 4. City ADA Paratransit Service Characteristics



Pace Rolling Stock - Active Fleet

Table 35. Pace Rolling Stock - Active Fleet

<u>Fixed Route (Fully Accessible)</u>					<u>Vanpool</u>				
<u>Manufacturer</u>	<u>Year</u>	<u># of Vehicles</u>	<u>Age</u>	<u>Length</u>	<u>Manufacturer</u>	<u>Year</u>	<u># of Vehicles</u>	<u>Age</u>	<u>Length</u>
Chance Trolleys	2000	6	14	25'	Vans	1998	1	15	Various
Orion	2000	85	14	40'	Vans	2001	3	13	Various
Orion	2001	65	13	40'	Vans	2002	5	12	Various
MCI	2002	8	12	40'	Vans	2003	21	11	Various
NABI	2003	83	11	35'	Vans	2004	8	10	Various
NABI	2003	97	11	40'	Vans	2005	27	9	Various
Orion	2004	6	10	40'	Vans	2006	65	8	Various
NABI	2005	60	9	40'	Vans	2007	52	7	Various
Eldorado	2006	102	8	30'	Vans	2008	19	6	Various
Eldorado	2008	38	6	30'	Vans	2009	64	5	Various
Eldorado	2008	5	6	32'	Vans	2010	83	4	Various
Eldorado	2009	25	5	30'	Vans	2011	62	3	Various
Eldorado	2010	58	4	30'	Vans	2012	113	2	Various
Orion Hybrid	2011	2	3	30'	Vans	2013	270	1	Various
Eldorado	2012	4	2	30'	Total		793		
Eldorado	2013	77	1	40'	Average Age			3.8 years	
MCI	2014	13	0	40'					
Total		734							
Average Age			6.9 years						

<u>Paratransit (Fully Accessible)</u>					<u>Community Transit</u>				
<u>Manufacturer</u>	<u>Year</u>	<u># of Vehicles</u>	<u>Age</u>	<u>Length</u>	<u>Manufacturer</u>	<u>Year</u>	<u># of Vehicles</u>	<u>Age</u>	<u>Length</u>
Eldorado Buses	2008	49	5	23'	Champion Crusader	2007	28	7	22'
Eldorado Vans	2009	23	4	19'	Champion Crusader	2009	25	5	22'
Eldorado Buses	2009	58	4	23'	Vans	2012	8	2	Various
Eldorado Vans	2010	18	3	19'	Vans	2013	36	1	Various
Eldorado Buses	2010	160	3	23'	Total		97		
Eldorado Buses	2014	147	0	25'	Average Age			3.8 years	
Total		455							
Average Age			3.1 years						



Fixed route 40' bus



Call-n-Ride bus



Vanpool vehicle



Paratransit bus

Pace System Infrastructure

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

This represents the Fixed Facilities Owned or Operated by Pace. Additionally, Pace operates to a number of non-Pace owned park-n-ride lots throughout the region. A full list of the park-n-ride lots may be found on Pace's website at www.pacebus.com.

- | | |
|---|--|
| <p>A. Pace River Division
975 S. State, Elgin
63,235 square feet, 1989</p> <p>B. Pace Fox Valley Division
400 Overland Dr., North Aurora
56,833 square feet, 1994</p> <p>C. Pace Heritage Division
9 Osgood St., Joliet
57,000 square feet, 1926 and 1985</p> <p>D. Pace North Division
1400 W. Tenth St., Waukegan
57,754 square feet, 1987</p> <p>E. Pace West Division
3500 W. Lake St., Melrose Park
223,004 square feet, 1986</p> <p>F. Pace Southwest Division
9889 Industrial Dr., Bridgeview
81,471 square feet, 1994</p> <p>G. Pace South Division
2101 W. 163rd Place, Markham
191,182 square feet, 1988</p> <p>H. Pace Northwest Division
900 E. Northwest Hwy., Des Plaines
83,484 square feet, 1962</p> <p>I. City of Highland Park*
1150 Half Day Road, Highland Park</p> <p>J. Village of Niles*
7104 Touhy Ave., Niles</p> <p>K. Pace North Shore Division
2330 Oakton St., Evanston
81,500 square feet, 1995</p> <p>L. Pace Administrative
Headquarters
550 W. Algonquin Rd., Arlington Heights
65,000 square feet, 2009</p> | <p>M. South Holland
Acceptance Facility
405 W. Taft Dr., South Holland
44,700 square feet, 1984</p> <p>N. Pace Paratransit Garage
5007 Prime Parkway, McHenry
28,097 square feet, 2001</p> <p>O. Pace Print Shop
86 Lively Blvd., Elk Grove Village
8,500 square feet, 2010 (Leased Premises)</p> <p>P. Pace Vanpool
515 W. Algonquin Rd., Arlington Heights
6,482 square feet, 2013 (Leased Premises)</p> <p><i>*Municipal Garages</i></p> <p>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.</p> <p><i>Transportation and Transfer Centers ▲</i></p> <ul style="list-style-type: none"> • Aurora Transportation Center, Aurora • Buffalo Grove Transportation Center, Buffalo Grove • Chicago Heights Transfer Center, Chicago Heights • Elgin Transportation Center, Elgin • Gurnee Mills Transfer Facility, Gurnee • Harvey Transportation Center, Harvey • Northwest Transportation Center/Charles Zettek Facility, Schaumburg • Prairie Stone Transportation Center, Hoffman Estates • Toyota Park Transportation Center, Bridgeview • United Parcel Service Transportation Center, Hodgkins |
|---|--|

APPENDIX B

RIDERSHIP & SUBURBAN SERVICE FARES

Pace Ridership

The following table identifies projected ridership changes by operating element for years 2013 through 2017.

Table 36. Pace 2015-2017 Ridership Projections (000's)

	2013 Actual	2014 Estimated	% Change	2015 Projected	% Change	2016 Projected	% Change	2017 Projected	% Change
Pace Owned Carriers	30,761	30,208	-1.8%	30,573	1.2%	30,878	1.0%	31,187	1.0%
Public Carriers	865	876	1.3%	807	-7.9%	815	1.0%	823	1.0%
Private Carriers	1,019	1,140	11.9%	1,241	8.9%	1,253	1.0%	1,266	1.0%
Total Fixed Route	32,645	32,224	-1.3%	32,621	1.2%	32,946	1.0%	33,276	1.0%
Dial-a-Ride*	1,276	1,245	-2.4%	1,272	2.2%	1,298	2.0%	1,324	2.0%
Vanpool	2,000	2,044	2.2%	2,100	2.7%	2,151	2.4%	2,202	2.4%
Suburban Service Total	35,921	35,513	-1.1%	35,993	1.4%	36,395	1.1%	36,802	1.1%
Regional ADA Paratransit Service*	3,968	4,169	5.1%	4,373	4.9%	4,588	4.9%	4,814	4.9%
Combined Pace Service	39,889	39,682	-0.5%	40,366	1.7%	40,983	1.5%	41,616	1.5%

*Ridership includes companions and personal care attendants.



Pace and the Forest Preserves of Cook County partnered to create new express routes to the Brookfield Zoo.



Ridership & Fares

Suburban Service Ridership

Pace Suburban Service ridership is estimated to finish the year down 1.1% and will also fall 4.0% short to the 2014 budget. The 2014 budget called for a growth of 2.9% over 2013 levels. Harsh weather conditions throughout the first quarter of this year are being credited with the decline in ridership for 2014. Planned growth and expansion in the Dial-a-Ride and Vanpool programs will also fall short of budget for 2014. For 2015, total ridership is planned to grow by 1.4%. Fixed route ridership will account for 1.1% of the ridership growth and will come largely from new service initiatives that are being implemented in the last four months of 2014 and will be operating for the full year in 2015. The balance of the 2015 ridership growth—0.3% will occur in the Dial-a-Ride and Vanpool programs.

Suburban Service ridership is projected to grow at 1.1% annually for the outlying years—2016 and 2017 and reflects continued growth in base riders along with continued expansion occurring in Dial-a-Ride and Vanpool.

Regional ADA Paratransit Ridership

Regional ADA Paratransit ridership will finish 2014 up 5.1% over 2013 levels; however, ridership is estimated to finish the year slightly short to budget. The budget shortfall is occurring entirely in the TAP program where ridership is estimated to decline this year. Unlike Suburban Service's ridership which will finish the year down due to harsh winter weather in the first quarter of this year, ADA ridership has rebounded from the weather impact and is expected to finish at planned levels this year. For 2015, ridership is expected to grow 4.9% over 2014 levels. Ridership is projected to grow for both the City and Suburban services with TAP ridership to remain flat in 2015.

Regional ADA ridership is forecasted to grow at a rate of 4.9% in 2016 and 2017, and is consistent with historical growth levels. Demand continues to remain strong for ADA services throughout this region.

Pace Fares

Pace presents a balanced and stable budget for 2015 and no general fare increases or service reductions are proposed for Suburban Service or Regional ADA Paratransit service. Full implementation of the new Ventra™ Fare Payment System remains on-going so it remains too early to fully assess the success of the new system.

Tables 37 and 38 on the following pages identify the current fare structure for Pace Suburban Service—fixed route, dial-a-ride and vanpool, as well as the fare structure for the Regional ADA Paratransit Service.



Pace promoted the transition to the Ventra™ fare payment system during 2014.

Pace Fare Structure - Current

Table 37. Pace Fare Structure

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

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

Please visit www.pacebus.com for further information concerning Pace's current fares and other special programs.

Table 38. Monthly VIP & Other Vanpool Services Fare Schedule

Current Fare

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

*Mini van fare amounts. Maxi or Conversion vans in this range require a monthly surcharge per passenger of \$15.00.

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

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

Current Fare for 2014 (Monthly)

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

*Pace reduced the fares for these programs in June, 2011

Indiana Tollway Surcharge (Monthly \$27/Per Passenger)

As of 2013, there was a surcharge for vanpools using the Indiana Tollway and Chicago Skyway systems. Pace is exempt from tolls on the Illinois Tollway system; however, our vans are not exempt from tolls on these systems. In past years, Pace paid over \$100,000 in tolls for vanpools using these systems.



Pace's comprehensive system of bus routes, combined with the affordability of the Campus Connection pass, make travel to and from school less expensive and more convenient for students.

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

Table 39. User/Non-User Demographic Profiles

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

Data Source

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

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

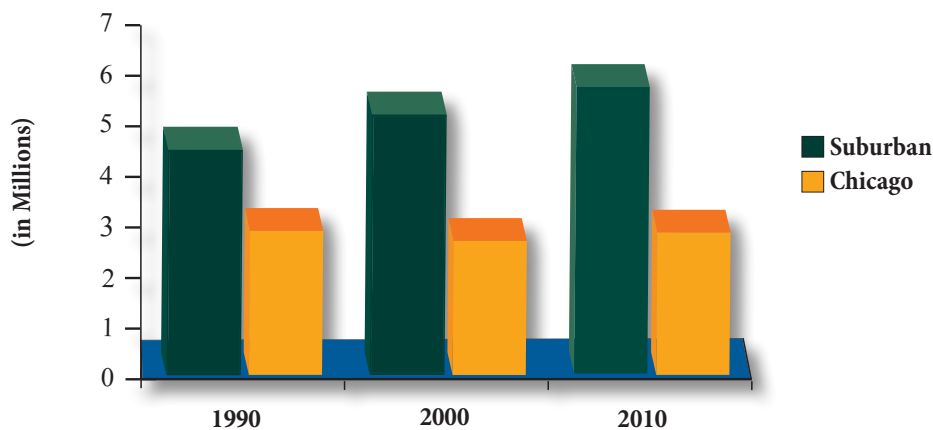
Research indicates that Pace customers earn significantly less than non-users and are much less likely to own an automobile. This underscores the critical role Pace plays in getting residents to jobs. Over 80% of Pace customers use the service to get to work. Without Pace services and without an automobile,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

Regional Population

Population

The suburban population increased by over .5 million between 2000 and 2010, from 5.2 million residents to 5.7 million residents. Chicago's population grew by nearly .2 million between 2000 and 2010 from approximately 2.7 million to 2.9 million. The following graphs depict the recent population trends in the metropolitan Chicago region from 1990 through 2010.

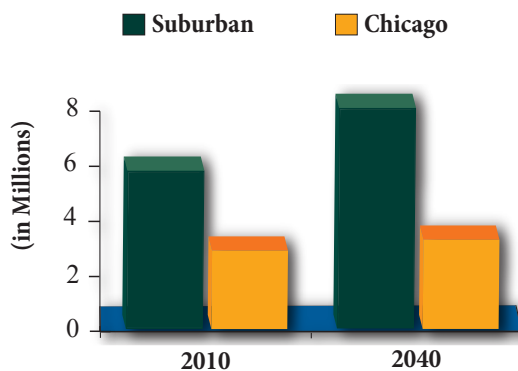
Chart I. 1990 to 2010 Regional Population



Regional Population Change 2010 to 2040

The Chicago Metropolitan Agency for Planning (CMAP) provides official 30 year population forecasts for the region. These forecasts project population growth rates and patterns. According to CMAP, the regional population is expected to increase by 2.4 million people between 2010 and 2040 to 11.0 million. CMAP projects the number of residents between 65 and 84 years of age will double between 2010 and 2040. Furthermore, they anticipate the number of residents in the region who are over 85 years old is projected to triple during the same time period. Between 2010 and 2040, 2.3 million new residents in households will accrue to Pace's service region while Chicago's population will increase by 0.4 million new residents in households.

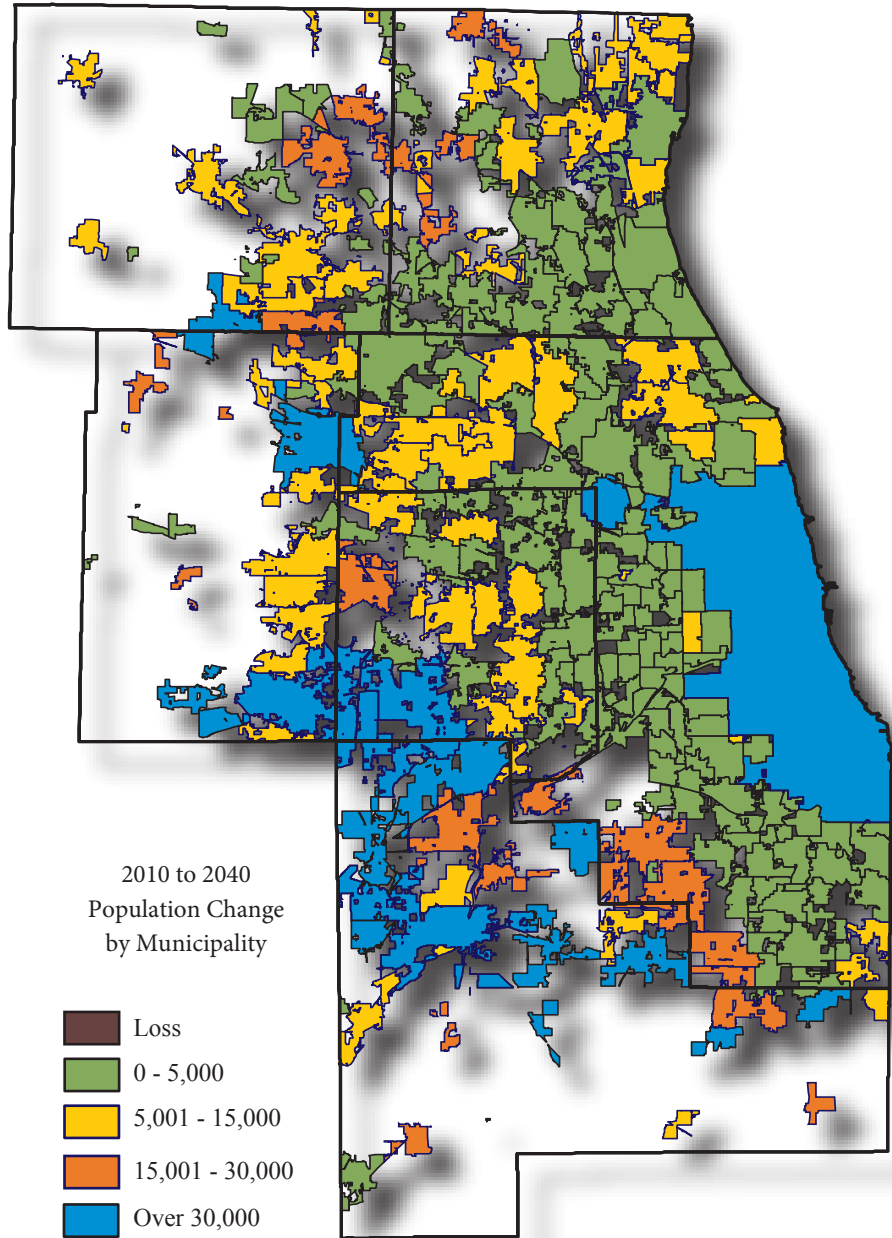
Chart J. 2010 to 2040 Regional Population Projection



Map 6. Regional Population Change

*Regional Population Change
2010 to 2040*

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



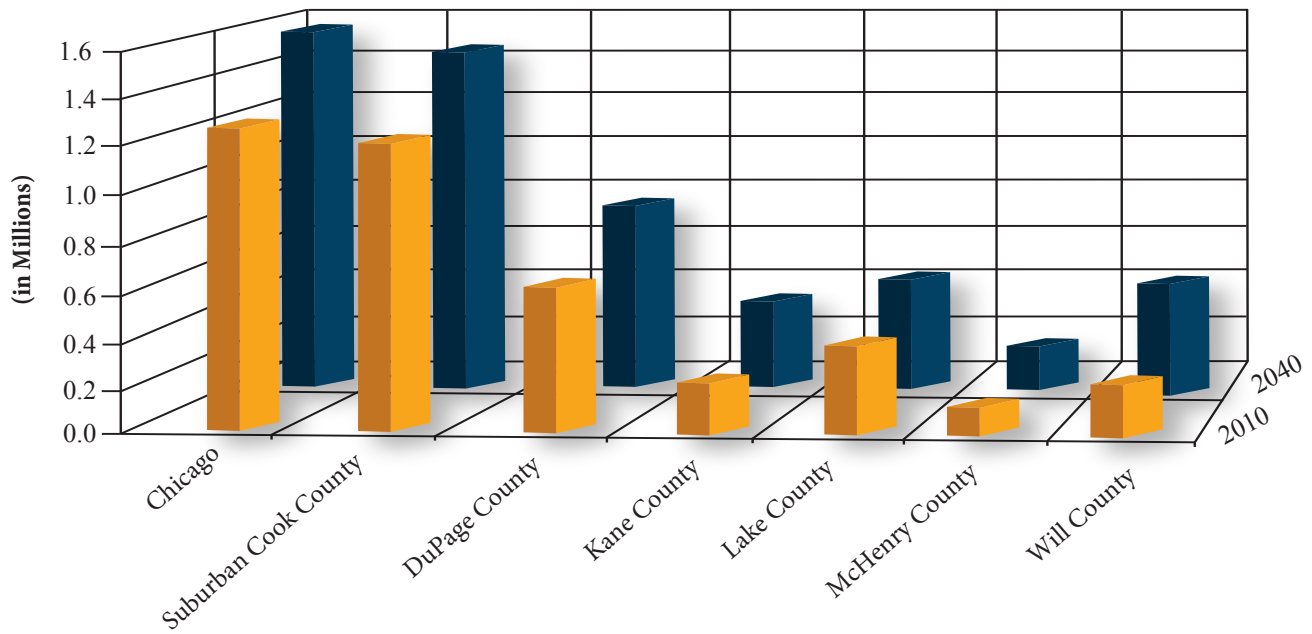
Regional Employment

Employment

CMAP’s forecast anticipates an increase of 1.2 million jobs in the region by 2040, of which 1.0 million will accrue to the suburban areas. As a percentage of 2000 employment, Will County’s increase is projected to be the greatest at 110%, followed by Kane County (64%) and McHenry County (52%), representing an increase of

252,000, 144,000 and 64,000 jobs, respectively. Will County’s projected employment growth is also the largest in absolute terms followed by growth in Chicago (222,000), Suburban Cook County (205,000), and DuPage County (152,000).

Chart K. 2010 to 2040 Employment Projection



Travel & Congestion

Travel Patterns

According to the Texas Transportation Institute's 2012 *Urban Mobility Report*, in 2011 the Chicagoland area was ranked third nationally behind New York (1) and Los Angeles (2) for the longest travel delay due to traffic congestion. As a result of traffic congestion during the peak periods, our residents consume an extra 127 million gallons of fuel, at a cost of \$1,153 per auto commuter annually, just sitting in traffic.

The regional cost of traffic congestion reaches \$6.21 billion annually when factoring in lost time and wages, increased shipping costs and fuel wasted. Over 271 million hours of travel delay time are lost in the region annually according to the report. This loss takes into account that public transit in the region reduces time lost by 67 million hours annually.

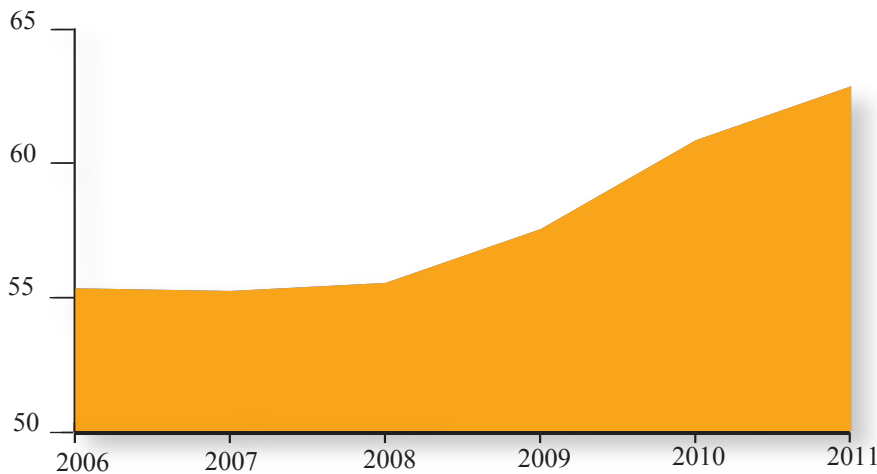
The impact congestion has on the regional economy underscores the need for increased public transportation. Without it, traffic congestion will continue to worsen as it has since 1982, and the cost in wasted time and fuel will continue to rise.



Pace's Bus-on-Shoulder service has reduced passenger travel times.

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

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



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APPENDIX D

PERFORMANCE MEASURES



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 standard that Pace has established for each goal. Actual performance for 2013, projected performance for 2014, and 2015 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 standard 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.



Each year Pace acknowledges its newest Million Mile bus operators.



Pace Chairman Kwasneski (left) with Governor Quinn (right). Governor Quinn signed legislation which gives Pace permanent authority to operate on the shoulder of regional expressways and tollways.

Table 40. Pace Goals & Performance Measures

		2013 Actual	2014 Estimate	2015 Projected
Safety				
Goal: Provide Safe Public Transportation Services				
Measure(s):	<i>Performance Standard</i>			
Accidents per 100,000 Revenue Miles	Less than 5	6.59	6.00	5.75
Reliability				
Goal: Provide Reliable Public Transportation Services				
Measure(s):	<i>Performance Standard</i>			
On-Time Performance	Greater than 85%	73.4%	71.5%	74.0%
Actual Vehicle Miles per Road Call	Greater than 14,000	13,575	13,600	13,800
Percent Missed Trips per Total Trip Miles	Less than .5%	0.11%	0.10%	0.10%
Courtesy				
Goal: Provide Courteous Public Transportation Services				
Measure(s):	<i>Performance Standard</i>			
Complaints per 100,000 Passenger Miles	Less than 4	3.85	3.85	3.85
Website Hits on Web Watch Site (000's)	Increase over prior period	10.0%	10.0%	10.0%
Efficiency				
Goal: Provide Efficient Public Transportation Services				
Measure(s):	<i>Performance Standard</i>			
Revenue Miles per Revenue Hour	Greater than 17	17.12	17.20	17.30
Revenue Miles per Total Operator Pay Hours	Greater than 10*	9.69	9.70	9.75
Expense per Revenue Mile	Less than \$6.50*	\$6.23	\$6.21	\$6.20
Expense per Revenue Hour	Less than \$125.00*	\$106.65	\$107.00	\$107.50
Recovery Ratio	Greater than 18%	25.5%	25.8%	26.0%
Subsidy per Passenger	Less than \$4.00	\$2.90	\$2.89	\$2.89
Effectiveness				
Goal: Provide Effective Public Transportation Services				
Measure(s):	<i>Performance Standard</i>			
Ridership	Increase from prior period	1.20%	-1.50%	2.00%
Passenger Miles per Revenue Miles	Greater than 9*	10.21	10.00	10.50
Productivity (Passengers per Revenue Hour)	Greater than 24*	27.25	26.25	27.50
Ridership per Revenue Mile	Greater than 1.5*	1.59	1.55	1.61
Vanpool Units in Service	Increase from prior period	5%	5%	5%

* Performance Standard Under Evaluation

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

Peer Performance Comparison

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

The RTA’s peer group includes the following systems:

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

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

Service Efficiency

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

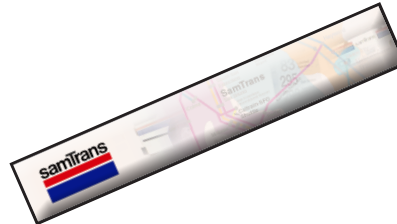
Cost Effectiveness

- Operating Expense per Passenger
- Operating Expense per Passenger Mile

Service Effectiveness

- Passengers per Revenue Hour
- Passengers per Revenue Mile

The following charts are prepared using 2012 National Transit Database (NTD) data for bus only, which is the latest data available at this writing.



Peer Performance Comparison

Service Efficiency

Chart M. Operating Expense per Revenue Hour

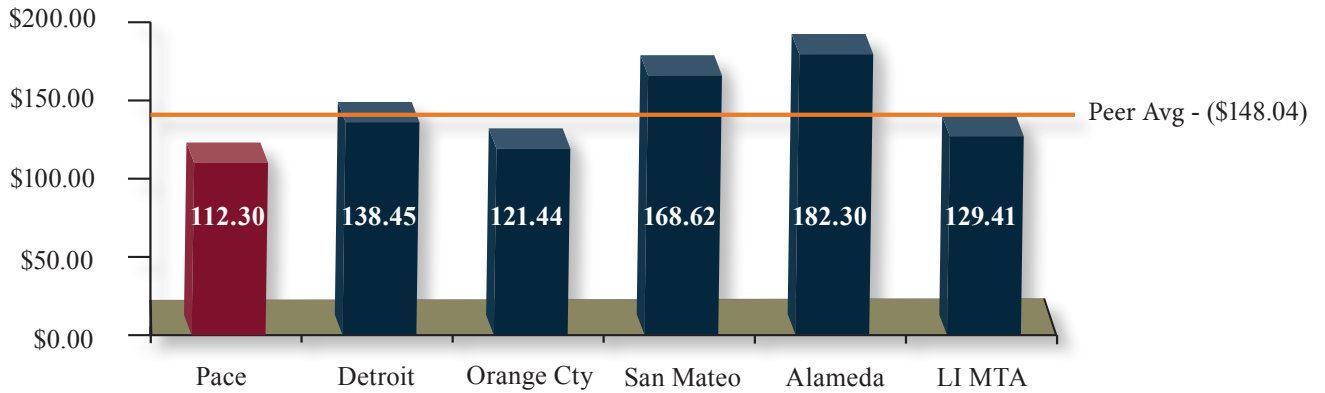


Chart N. Operating Expense per Revenue Mile

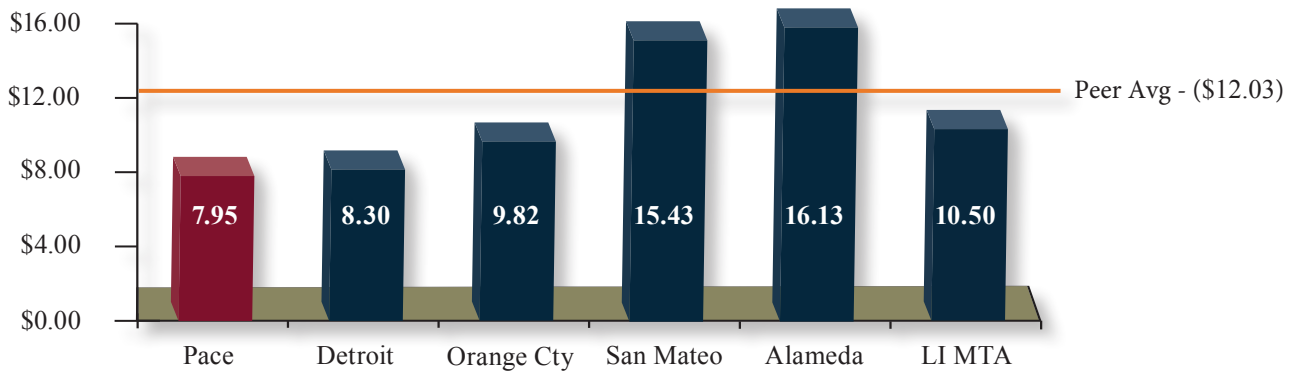


CHART M - Service efficiency, as measured by the performance ratios operating expense per total revenue hour and revenue mile, shows Pace to be the most efficient compared to all peers in this group. At \$112.30, Pace’s cost per hour is 7.5% less than the nearest peer—Orange County (CA). Pace’s costs are also \$35.74 per hour or 24.1% less than the peer average for this performance measuring category.

CHART N - Pace’s operating expense per mile is also well below every transit provider in this peer group. At \$7.95 per mile, Pace’s cost is \$0.35 per mile or 4.2% below the nearest peer, SMART, Detroit (MI), and \$4.08 per mile or 33.9% below the peer average.

Cost Effectiveness

Chart O. Operating Expense per Passenger

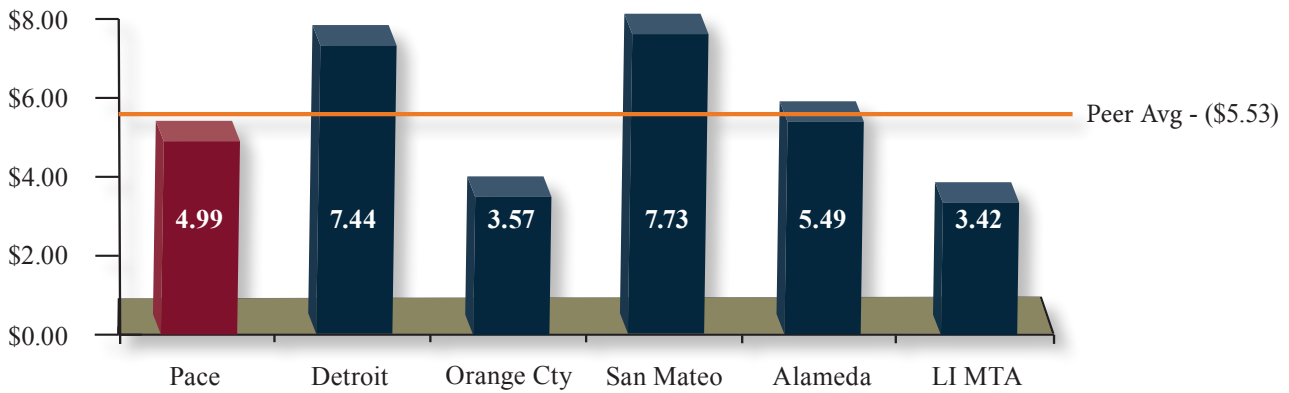


Chart P. Operating Expense per Passenger Mile

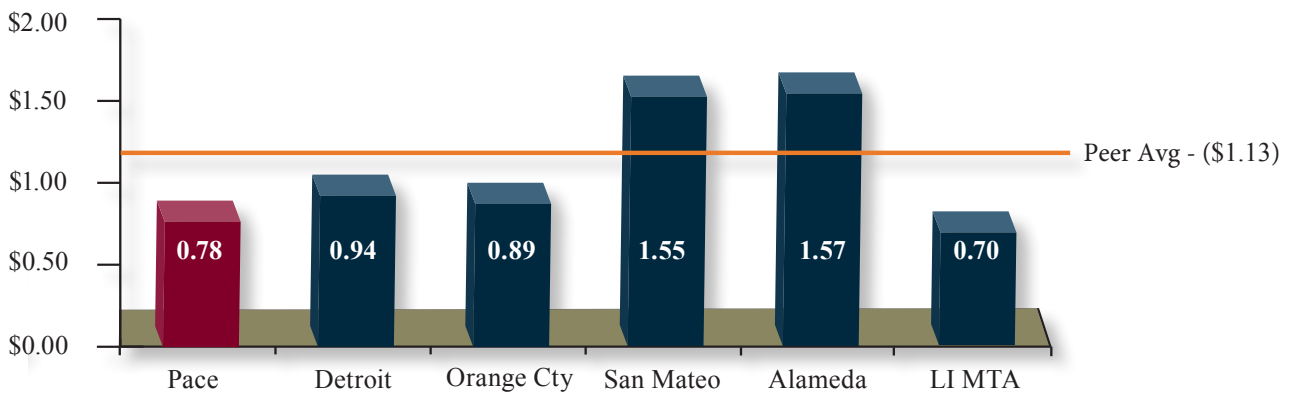


CHART O - Cost effectiveness, as measured by the performance ratios operating expense per passenger and passenger mile, shows Pace to be consistent with the agencies within this peer group. At \$4.99, Pace’s operating expense per passenger is \$0.54 or 9.8% lower than the peer average.

CHART P - At \$0.78, 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.

Service Effectiveness

Chart Q. Passengers per Revenue Hour

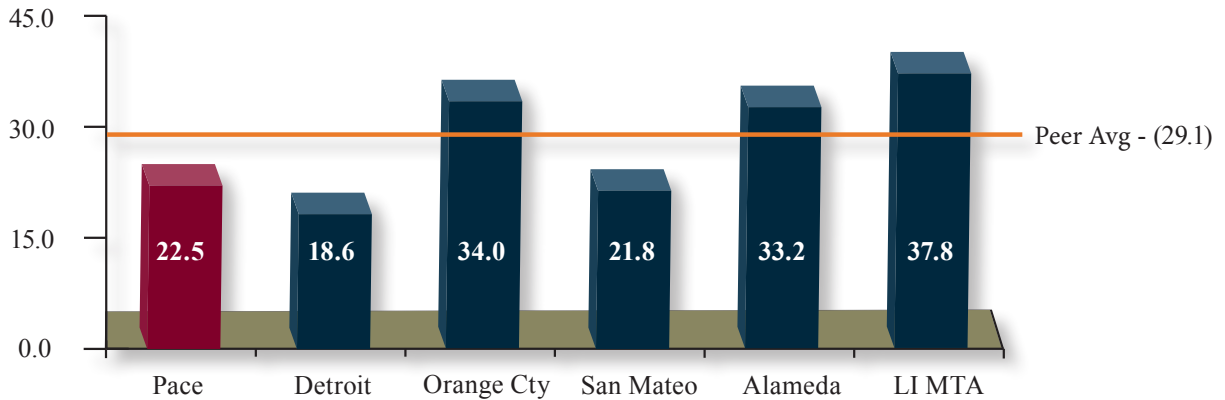


Chart R. Passengers per Revenue Mile

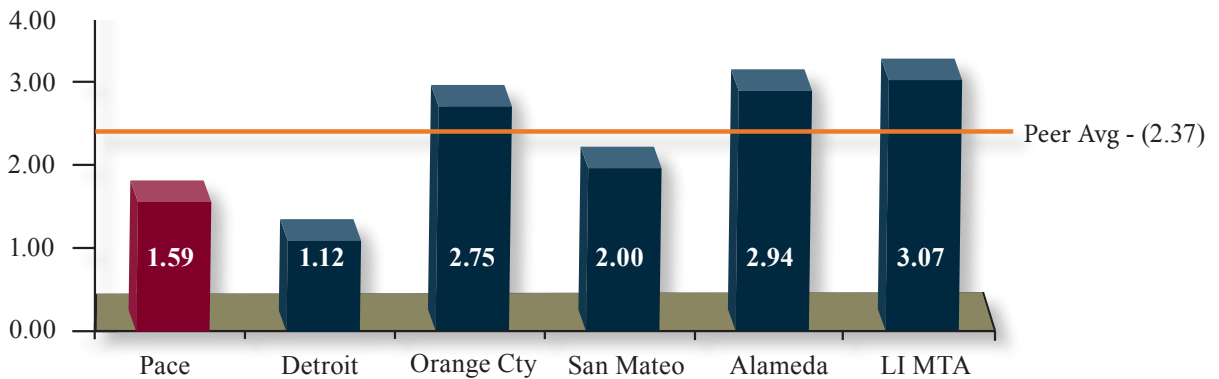


CHART Q - Service effectiveness, as measured by the performance ratios passengers per total revenue hour and passengers per total revenue mile, shows Pace to have the second lowest performance ratio compared to all agencies in this group and 6.60 below the peer average. The size of the service area directly affects this performance indicator and, at nearly 3,500 square miles, Pace serves the largest and lowest population density service area of all the peers in this group.

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

Farebox Recovery Ratio

Chart S. Farebox Recovery Ratio

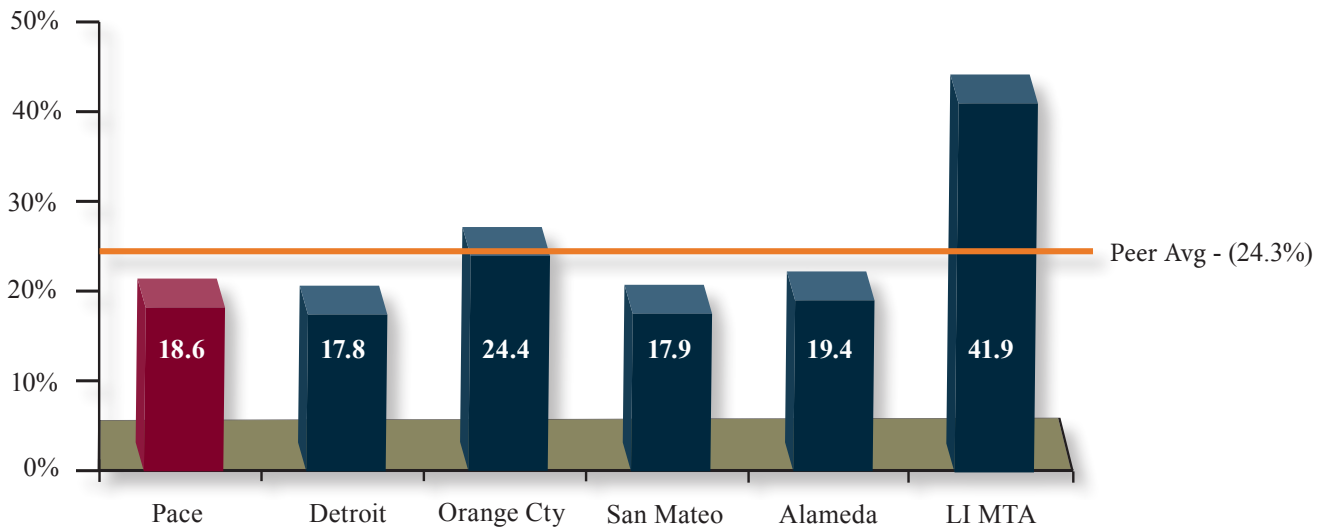


CHART S - Pace's bus only farebox recovery rate of 18.6% is lower than the peer average bus ratio of 24.3% but exceeds San Mateo and Detroit. Pace's recovery ratio for all service modes including vanpool and dial-a-ride services is 30%.

PLANNING INITIATIVES

Enhancing Customer Experience Now and for the Future

Overview

PACE is developing the framework to support sustainable markets while continuing to connect communities and build for the future. All of this is being done to maximize ridership and improve service efficiency as part of its efforts to achieve the goals in the Vision 2020 Plan.

For the upcoming year, Strategic Services plans to implement service improvements on a number of routes throughout the region. These improvements would include optimizing schedules to improve on-time performance, extending service to under-served areas, restructuring routes to match current travel patterns, and improving weekday off-peak and weekend service where there is significant demand. Essentially, Pace wants to increase capacity by running faster and on time.

Ongoing Initiatives to Improve the Customer Experience

Call-n-Ride

Call-n-Ride is an innovative approach to community transit. It is a curbside-to-curbside reservation-based service open to the general public utilizing small lift-equipped paratransit vehicles which take riders anywhere within the service boundaries, and often connects with other arterial Pace bus routes in the region to provide the first/last mile of the transit trip. Reservations are made by calling the published cell number of the bus operator directly during Call-n-Ride hours. Call-n-Rides are more efficient than fixed bus routes for areas of the Pace operating region where the demand for transportation is much less than in more populated areas.

Pace currently has eight call-n-rides throughout the region; St. Charles/Geneva, Wheaton/Winfield, West Joliet, Round Lake Area, Vernon Hills/Mundelein, Arlington Heights/Rolling Meadows, Tinley Park, Batavia, with more planned for the future. In order to make Call-n-Rides more user friendly and efficient, Pace is testing technology for a smart phone application that will allow riders to book reservations 24 hours/7 days a week.

Posted Stops

Pace is continuing to improve service, safety, speed, reliability, and visibility by converting routes from the current “flag stop” service where buses will stop anywhere along the route where it is safe to do so, to “posted stop” service where buses stop at fewer designated stops along a route. In addition to bus stop signs identifying the posted stops along a route, Pace is making an effort to increase the passenger amenities at those stops. Posted bus stops help speed up Pace service by establishing efficient stop patterns and by laying the groundwork for other strategic programs such as Transit Signal Priority (TSP) and Arterial Rapid Transit (ART), and help current and future passengers make reliable connections with other Pace service in their communities.

Schedule Optimization

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

Fox Valley Market Analysis and Restructuring

Pace is currently studying the travel needs of the Fox Valley area in order to design an improved public transit network. The communities around Aurora have changed significantly in the past decades, and this project will seek to adjust the public transit network accordingly. Pace will conduct a survey of travelers to understand travel patterns, demographic trends, and transit preferences. There will also be focus groups of Hispanic residents and extensive public engagement. A range of restructuring



ing concepts will be considered in early 2015, and the project will culminate with the implementation of a redesigned bus network in mid-2015. This process of evaluating market demand for transit service and then implementing service restructuring will be used on an ongoing basis throughout the Pace operating region in years to come.

Regional Transit Centers

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

In 2015, new transit centers are planned for Toyota Park and the Joliet Multi-modal Transportation Center. Service planned to the Toyota Park Transit Center includes the Toyota Park Express from Midway CTA station, and Routes 307 Harlem and 386 South Harlem. The Joliet Transit Center will provide all Pace connections on a new center transfer island for Routes 501, 504, 505, 507, 508, 509, 511, 832 and 834, along with connections to Metra, Amtrak, and inter-city bus services. In addition, a passenger waiting building is being constructed for Pace and inter-city bus passengers.

Corridor Development

Bus-on-Shoulder Program

In late 2011, through the collaboration of IDOT, the Illinois State Police, and RTA, Pace began a demonstration project to allow the operation of Routes 755 and 855 on portions of the inside shoulder of I-55/Stevenson Expressway to improve the speed of bus service when the roadway was congested. The project has been so successful in improving the speed of Pace buses and attracting new riders that Governor Quinn recently signed legislation to make shoulder riding on I-55 permanent. This allows expansion to other regional expressway and Tollway corridors.

Pace added a new park-n-ride at White Fence Farm in Romeoville and expanded service further, as well as split Route 855 into two additional routes; 850 and 851 to make service more efficient. In the fall of 2014, additional I-55/Stevenson

Expressway Bus-on-Shoulder segments were opened between Central Avenue and the Dan Ryan Expressway creating an approximately 20 mile segment along the I-55 corridor.

Additional service will be added to meet the increasing demand for service, and Pace is looking at new markets where shoulder riding might be feasible to operate in the future. IDOT, in cooperation with Pace, is conducting a design study for the I-94/Edens Expressway served by routes 620 and 626. In addition, preliminary feasibility studies are underway on other regional expressway corridors.

I-90 Jane Addams Tollway Corridor

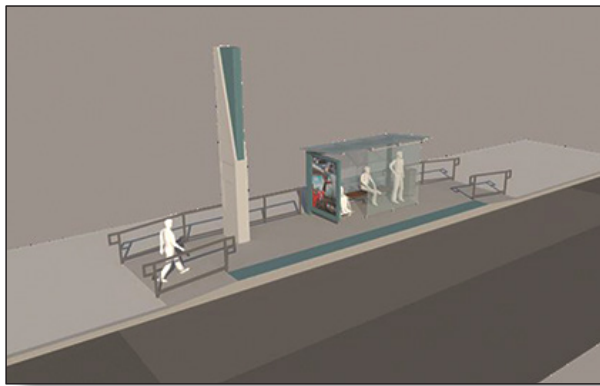
Pace and the Illinois Toll Highway Authority are partnering to implement a multi-modal transit/highway project within the Jane Addams I-90 Corridor. This project will serve new and expanded transportation markets between Rosemont and Elgin, and Elgin and Schaumburg in 2017 in conjunction with the Tollway's planned I-90 improvements. As the corridor continues to undergo major reconstruction over the next several years, Pace has already implemented enhanced service on Routes 600 and 610 in order to provide an alternative to driving in the corridor during the construction period, as well as establishing a new park-n-ride at the Sears Centre in Hoffman Estates. During the tollway construction, Pace will purchase new transit vehicles, construct new park-n-ride facilities at Randall Road/I-90, Il 25/I-90, and Barrington Road/I-90, and improve access at the Rosemont CTA Station. When the roadway project is finished, Pace will implement new and expanded express bus service, along with local distributor service (Call-n-Rides).

Arterial Rapid Transit Network (ART)

Pace's ART Network will serve as an innovative, high-quality transit solution that improves suburban connectivity, reduces congestion, and enhances the transit experience for new and existing riders. The ART network will advance Pace's long term vision and connect residents to employment generators, hospitals, schools, and other such regional destinations.

To accelerate the implementation of the ART program, in 2012 Pace secured a Program Management and Oversight (PMO) consultant to assist in the development of a master schedule, program budget, operations plan, and oversee the planning, design, construction, and implementation of the program. The PMO serves as an extension of Pace staff and ensures that all construction schedules, costs, quality control goals and federal contract requirements are met.

Milwaukee Avenue between the Jefferson Park CTA Station in Chicago and the Golf Mill Mall in Niles is the first corridor slated for implementation among Pace's 24 corridor regional networks. Currently, Pace's existing Route 270 operates along this corridor and will be restructured to provide local service after the implementation of the Milwaukee Avenue ART.



ART Conceptual Station Layout

The ART PMO is identifying a strategy for introducing arterial and/or expressway rapid transit to one or more corridors in western Cook County and DuPage County under the Cook-DuPage Transit Investment initiatives. This task shall cap the previous planning efforts in the Cermak Corridor, the Cook-DuPage Corridor Study, Elgin-O'Hare Corridor and the J-Route Corridor, and identify priorities for subsequent planning and project development activities by Pace or other agencies. Upon completion of this task, the consultants will refine the scope for the Elgin-O'Hare Transit Service Plan and begin conducting the study. The product will be an incremental transit plan to grow the market in relation to economic development and land use development.

Arterial Corridor Development Studies

The goal of the corridor development studies is to understand land use patterns and market conditions to provide congestion relief, improved regional mobility, sustainable employment access, and economic development in preparation for Arterial Rapid Transit (ART) Service. Pace is partnering with the West Central Municipal Conference and the DuPage Mayors and Managers Conference to create a transit and development plan for the North Avenue Corridor between Harlem Avenue and York Road. The study will include input from a Steering Committee comprised of communities, counties, CMAP, IDOT, Metra, CTA, and RTA. Additional corridor studies are planned to support the development of the ART network.

Market Analysis/Service Design Studies

Continuing the implementation of Vision 2020 requires new market analysis and service design in response to the changing travel patterns, employment, and housing growth in the suburbs. In 2015, Pace will be conducting new Market Analysis studies in the North Shore, Northwest Suburbs, South Suburbs, and Joliet.

Technology

Transit Signal Priority Program

The Transit Signal Priority (TSP) Program is geared towards providing a more reliable regional transit system with improved bus travel times, schedule adherence, and customer satisfaction. TSP recognizes that most buses operate on an arterial system, where delay is largely related to congestion and traffic signal timings that have not been oriented to bus operations. TSP allows bus transit vehicles to adhere to their published schedule by giving priority green time to buses that are behind schedule. Pace deployed the Harvey TSP Demonstration Project and it was successful both in terms of benefits to Pace riders and technology implementation.

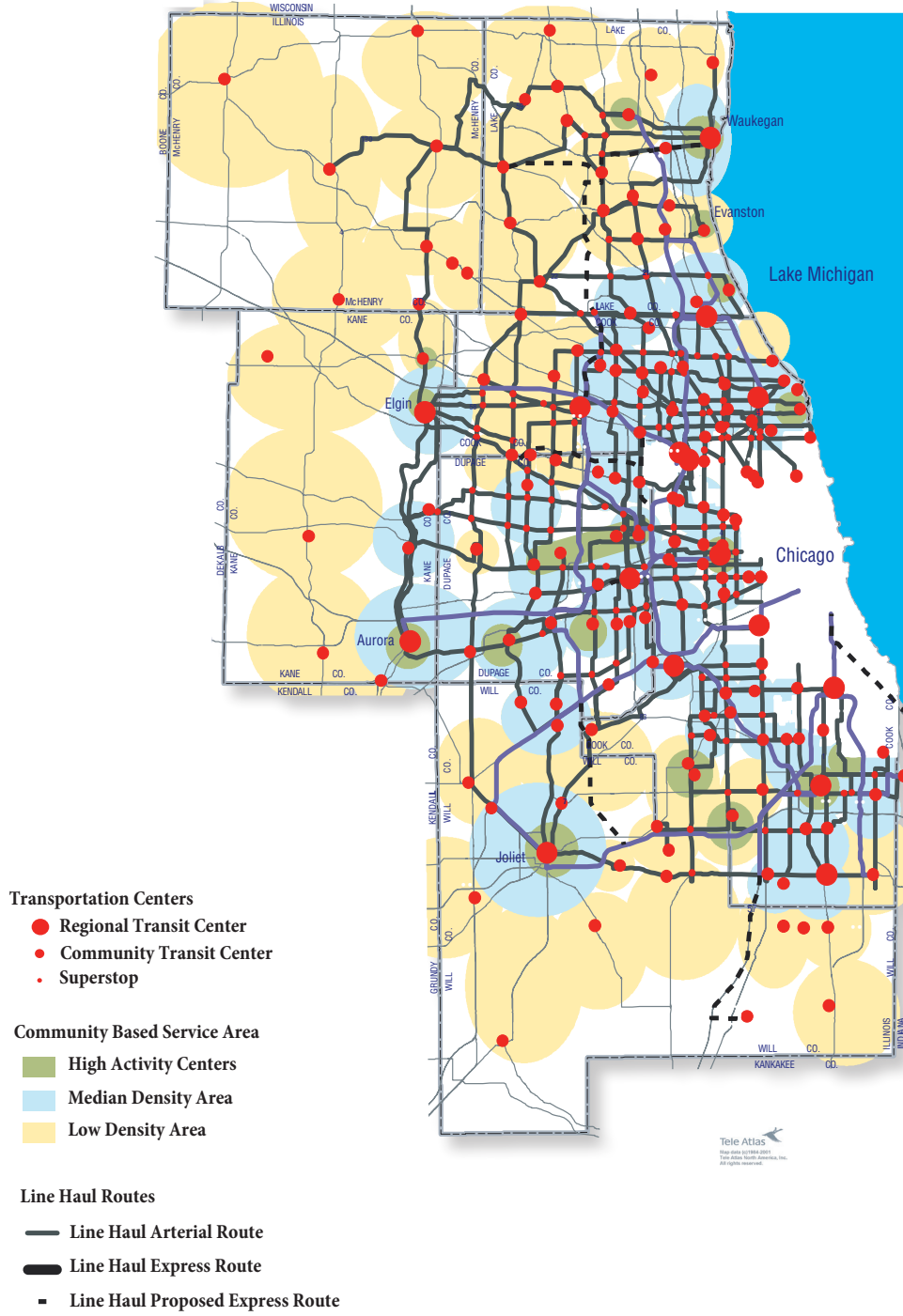
In addition, the Washington Street TSP Project in Lake County was successfully implemented for nine signalized intersections and 40 buses; the system became operational in summer, 2014. Pace is currently analyzing signal controller data to review the performance of the system.

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

As part of the regional TSP working group RTA, Pace, CTA, City of Chicago, CDOT and IDOT evaluated various technology integration options for TSP deployment along several corridors operated by both Pace and CTA. This group selected a regional interoperable TSP system that is a non-proprietary system using Wi-Fi (802.11n) and 5.0GHz spectrum with NTCIP message set. A proof of concept deployment for this system is planned to start in the year 2015 along Milwaukee Avenue. Pace has already optimized traffic signal timings and designed TSP timings strategies along the Milwaukee ART Corridor.



Map 7. Vision 2020



Marketing & Communications Plan

During 2014 Pace conducted what was perhaps the most extensive customer communications campaign in the Agency's 30-year history. After the Ventra™ fare payment system launched in late 2013, Pace phased out its "legacy" magnetic stripe and paper punch cards as of July 1, 2014. In the six weeks leading up to that date, Pace staff spent hundreds of hours interacting with customers on buses and at transit centers, educating them on the Ventra™-related changes, and the elimination of paper transfers to riders who pay cash. Those in-person efforts were supplemented with paid advertising, audio announcements, on-board advertising, social media, email blasts, and print materials. The final transition date in July proved extremely successful, with almost no customer complaints and an adoption rate of the Ventra™ system (80%) that is now greater than that of the former fare cards (60%).

Also in 2014, building on the investments made in television production during 2013, Pace continued its significant presence on television. Due partly to that major advertising effort, Pace was able in 2014 to maintain 2013's strong ridership figures, which were at the peak of five consecutive years of ridership growth. Those TV spots were coordinated with a radio campaign, all of which promoted the Pace brand and stressed the themes of public transit, allowing commuters the ability to relax and be productive.

Other communications efforts from the past year included informing customers about a large number of bus service improvements. New bus-on-shoulder routes launched on I-55 from the southwest suburbs and a new Call-n-Ride service in Tinley Park both began in August. Dozens of other bus routes saw modifications to improve their productivity over the course of the year and Pace's marketing efforts saw to it that the affected customers were aware of the changes.

Because commuters rely so heavily on knowing how long a trip will take or when a bus or train is coming, Pace is investing heavily in providing bus riders with real-time bus arrival information. In late 2014, Pace launched a service by which customers can send a text message with a code number that corresponds to the location at which they are waiting for a bus, and then receive a bounce-back text message with the next two arrival times for all buses that serve that location. Additionally, Pace is in the process of buying electronic signs for transit centers

and heavily used bus stops which will display that same real-time bus arrival information for all customers.

Once again this year Pace made a significant effort to reach out to persons with disabilities. Pace sought to encourage existing ADA paratransit riders to ride fixed route buses and trains. Pace expanded the ongoing partnership with the advocacy organization JJ's List, and visits to high school and college training programs for students with disabilities enhanced proficiency in communicating directly with this segment of Pace's riding public.

Looking forward to 2015, many exciting projects are on the horizon. Pace staff has been planning a new service (Chicagoland's version of "bus rapid transit" operating on arterial streets) to be launched on Milwaukee Avenue in 2016. Behind the scenes in 2014 and 2015, staff is developing the brand for this service, which differentiates it from other members of the Pace family of services. Pace is excited about unveiling this service concept to the public in the months ahead.

Building on the phenomenal success of the recently expanded Bus-on-Shoulder service on I-55, Pace staff is also planning for other Bus-on-Shoulder services on the soon-to-be-reconstructed Jane Addams Tollway (I-90), the Edens Expressway (I-94), the Eisenhower Expressway (I-290), and I-57, in partnership with the Illinois State Toll Highway Authority and IDOT. In 2015, staff will be creating the corresponding branding and marketing aspects of those new services, with some slated to begin in 2016.

Pace has also been working to increase revenue from sources other than taxpayers by enhancing our contracts with private firms who sell advertising space on Pace bus exteriors and interiors, in bus stop shelters, on the Pace website, and at Pace transit centers. Pace looks forward to those efforts paying off with revenue growth that can be used to maintain high-quality bus service for Pace customers.



APPENDIX F

OPERATING BUDGET DETAIL

2013 Actual Operating Results

2013 Actual Program, Activity and Object Matrix

	Pace ⁽¹⁾ Operating Divisions	Public Carriers	Private ⁽¹⁾ Carriers	Dial-a-Ride ⁽²⁾
Revenue				
Farebox	\$27,872,805	\$1,065,799	\$1,351,470	\$1,841,370
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Investment Income	0	0	0	0
Other	1,405,117	433,615	490,900	10,591,581
Total Revenue	\$29,277,922	\$1,499,414	\$1,842,370	\$12,432,951
Operating Expenses				
Operations				
Labor/Fringes	\$56,705,505	\$1,928,479	\$0	\$0
Parts/Supplies	4,166	50,787	0	0
Purchased Transportation	0	277,913	6,811,282	17,467,831
Fuel	0	0	0	0
Other	114,365	17,804	0	0
Total Operations	\$56,824,036	\$2,274,983	\$6,811,282	\$17,467,831
Vehicle Maintenance				
Labor/Fringes	\$13,381,646	\$550,916	\$0	\$0
Parts/Supplies	2,593,619	128,274	0	0
Other	(132,859)	87,567	0	409,015
Total Vehicle Maintenance	\$15,842,406	\$766,757	\$0	\$409,015
Non-Vehicle Maintenance				
Labor/Fringes	\$782,518	\$0	\$0	\$0
Parts/Supplies	509,051	0	0	0
Other	887,960	0	0	57,353
Total Non-Vehicle Maintenance	\$2,179,529	\$0	\$0	\$57,353
General Administration				
Labor/Fringes	\$3,253,125	\$383,820	\$0	\$0
Parts/Supplies	73,790	419	0	0
Utilities	1,493,877	650	0	0
Insurance	0	0	0	0
Health Insurance	0	0	0	0
Other	1,312,143	(2,857)	0	619,033
Indirect Overhead Allocation	0	0	0	0
Total Administration	\$6,132,935	\$382,032	\$0	\$619,033
Total Expenses	\$80,978,906	\$3,423,772	\$6,811,282	\$18,553,232
Funding Requirement	\$51,700,984	\$1,924,358	\$4,968,912	\$6,120,281
Recovery Ratio	36.15%	43.79%	27.05%	67.01%

(1) Includes CMAQ/JARC Service

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



<u>Vanpool</u>	<u>Administration</u>	<u>Centralized Support</u>	<u>Total Suburban Svc</u>	<u>Total Regional ADA Paratransit</u>	<u>2013 Actual</u>
\$4,158,850	\$0	\$0	\$36,290,294	\$9,976,913	\$46,267,207
0	1,977,876	0	1,977,876	0	1,977,876
0	4,503,458	0	4,503,458	0	4,503,458
0	234,506	0	234,506	0	234,506
0	1,292,953	0	14,214,166	3,656,012	17,870,178
\$4,158,850	\$8,008,793	\$0	\$57,220,300	\$13,632,925	\$70,853,225
\$0	\$0	\$3,189,107	\$61,823,091	\$0	\$61,823,091
0	0	1,782,500	1,837,453	0	1,837,453
0	0	0	24,557,026	132,733,995	157,291,021
2,766,907	0	18,157,820	20,924,727	2,862,647	23,787,374
1,902,844	0	0	2,035,013	0	2,035,013
\$4,669,751	\$0	\$23,129,427	\$111,177,310	\$135,596,642	\$246,773,952
\$0	\$0	\$3,408,923	\$17,341,485	\$0	\$17,341,485
0	0	217,139	2,939,032	0	2,939,032
0	0	909,079	1,272,802	0	1,272,802
\$0	\$0	\$4,535,141	\$21,553,319	\$0	\$21,553,319
\$0	\$0	\$698,177	\$1,480,695	\$0	\$1,480,695
0	0	0	509,051	0	509,051
0	253,722	758,906	1,957,941	0	1,957,941
\$0	\$253,722	\$1,457,083	\$3,947,687	\$0	\$3,947,687
\$0	\$17,765,517	\$0	\$21,402,462	\$3,006,844	\$24,409,306
0	257,517	0	331,726	6,578	338,304
0	293,610	0	1,788,137	35,726	1,823,863
0	0	7,058,730	7,058,730	245,701	7,304,431
0	0	18,467,780	18,467,780	485,190	18,952,970
0	7,786,773	5,505,529	15,220,621	3,635,247	18,855,868
0	0	0	(5,115,890)	5,115,890	0
\$0	\$26,103,417	\$31,032,039	\$59,153,566	\$12,531,176	\$71,684,742
\$4,669,751	\$26,357,139	\$60,153,690	\$195,831,882	\$148,127,818	\$343,959,700
\$510,901	\$18,348,346	\$60,153,690	\$138,611,582	\$134,494,893	\$273,106,475
89.06%	30.39%	0.00%	30.00%	10.00%	

2014 Estimated Operating Results

2014 Estimated Program, Activity and Object Matrix

	Pace ⁽¹⁾ Operating Divisions	Public Carriers	Private ⁽¹⁾ Carriers	Dial-a-Ride ⁽²⁾
Revenue				
Farebox	\$29,639,811	\$1,028,112	\$1,304,130	\$1,880,354
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Investment Income	0	0	0	0
Other	1,313,569	554,554	968,584	10,259,817
Total Revenue	\$30,953,380	\$1,582,666	\$2,272,714	\$12,140,171
Operating Expenses				
Operations				
Labor/Fringes	\$59,863,391	\$2,044,657	\$0	\$0
Parts/Supplies	7,541	37,541	0	0
Purchased Transportation	0	438,114	7,428,400	16,167,153
Fuel	0	0	0	0
Other	120,289	20,240	0	0
Total Operations	\$59,991,221	\$2,540,552	\$7,428,400	\$16,167,153
Vehicle Maintenance				
Labor/Fringes	\$14,309,848	\$501,289	\$0	\$0
Parts/Supplies	3,759,324	135,109	0	0
Other	(78,242)	68,695	0	475,856
Total Vehicle Maintenance	\$17,990,930	\$705,093	\$0	\$475,856
Non-Vehicle Maintenance				
Labor/Fringes	\$872,717	\$0	\$0	\$0
Parts/Supplies	546,903	0	0	0
Other	955,324	0	0	42,014
Total Non-Vehicle Maintenance	\$2,374,944	\$0	\$0	\$42,014
General Administration				
Labor/Fringes	\$3,276,636	\$370,111	\$0	\$0
Parts/Supplies	80,769	1,550	0	0
Utilities	2,095,770	896	0	0
Insurance	0	0	0	0
Health Insurance	0	0	0	0
Other	514,353	8,558	0	2,033,370
ADA Overhead	0	0	0	0
Total Administration	\$5,967,528	\$381,115	\$0	\$2,033,370
Total Expenses	\$86,324,623	\$3,626,760	\$7,428,400	\$18,718,393
Funding Requirement	\$55,371,243	\$2,044,094	\$5,155,686	\$6,578,222
Recovery Ratio	35.86%	43.64%	30.59%	64.86%

(1) Includes CMAQ/JARC Service

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

<u>Vanpool</u>	<u>Administration</u>	<u>Centralized Support</u>	<u>Total Suburban Svc</u>	<u>Total Regional ADA Paratransit</u>	<u>Combined 2014 Estimate</u>
\$4,241,763	\$0	\$0	\$38,094,170	\$10,356,814	\$48,450,984
0	2,731,000	0	2,731,000	0	2,731,000
0	4,666,825	0	4,666,825	0	4,666,825
0	274,316	0	274,316	0	274,316
0	911,157	0	14,007,681	5,410,520	19,418,201
\$4,241,763	\$8,583,298	\$0	\$59,773,992	\$15,767,334	\$75,541,326
\$0	\$0	\$3,137,788	\$65,045,836	\$0	\$65,045,836
0	0	1,856,690	1,901,772	0	1,901,772
0	0	0	24,033,667	144,039,688	168,073,355
2,878,645	0	18,957,434	21,836,079	3,108,230	24,944,309
1,927,237	0	0	2,067,766	0	2,067,766
\$4,805,882	\$0	\$23,951,912	\$114,885,120	\$147,147,918	\$262,033,038
\$0	\$0	\$3,731,208	\$18,542,345	\$0	\$18,542,345
0	0	325,000	4,219,433	0	4,219,433
0	0	1,240,000	1,706,309	0	1,706,309
\$0	\$0	\$5,296,208	\$24,468,087	\$0	\$24,468,087
\$0	\$0	\$835,994	\$1,708,711	\$0	\$1,708,711
0	0	0	546,903	0	546,903
0	333,220	765,947	2,096,505	0	2,096,505
\$0	\$333,220	\$1,601,941	\$4,352,119	\$0	\$4,352,119
\$0	\$17,785,652	\$0	\$21,432,399	\$2,822,496	\$24,254,895
0	264,700	0	347,019	0	347,019
0	342,890	0	2,439,556	40,556	2,480,112
0	0	7,881,372	7,881,372	307,589	8,188,961
0	0	19,964,274	19,964,274	488,001	20,452,275
0	8,310,348	6,156,041	17,022,670	4,347,700	21,370,370
0	0	0	(5,829,820)	5,829,820	0
\$0	\$26,703,590	\$34,001,687	\$63,257,470	\$13,836,162	\$77,093,632
\$4,805,882	\$27,036,810	\$64,851,748	\$206,962,796	\$160,984,080	\$367,946,876
\$564,119	\$18,453,512	\$64,851,748	\$147,188,804	\$145,216,746	\$292,405,550
88.26%	31.75%	0.00%	30.00%	10.00%	

2015 Operating Budget

2015 Program, Activity and Object Matrix

	Pace ⁽¹⁾ Operating Divisions	Public Carriers	Private ⁽¹⁾ Carriers	Dial-a-Ride ⁽²⁾
Revenue				
Farebox	\$30,108,155	\$966,803	\$1,361,512	\$1,907,799
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Investment Income	0	0	0	0
Other	1,326,705	582,946	970,486	10,829,825
Total Revenue	\$31,434,860	\$1,549,749	\$2,331,998	\$12,737,624
Operating Expenses				
Operations				
Labor/Fringes	\$62,174,068	\$1,988,207	\$0	\$0
Parts/Supplies	7,832	542	0	0
Purchased Transportation	0	465,238	7,798,700	17,142,743
Fuel	0	0	0	0
Other	121,951	19,824	0	0
New Initiatives	0	0	0	0
Total Operations	\$62,303,851	\$2,473,811	\$7,798,700	\$17,142,743
Vehicle Maintenance				
Labor/Fringes	\$15,281,981	\$500,198	\$0	\$0
Parts/Supplies	3,987,387	135,039	0	0
Other	(79,813)	80,174	0	496,084
Total Vehicle Maintenance	\$19,189,555	\$715,411	\$0	\$496,084
Non-Vehicle Maintenance				
Labor/Fringes	\$895,341	\$0	\$0	\$0
Parts/Supplies	576,123	0	0	0
Other	974,421	0	0	42,014
Total Non-Vehicle Maintenance	\$2,445,885	\$0	\$0	\$42,014
General Administration				
Labor/Fringes	\$3,326,169	\$361,263	\$0	\$0
Parts/Supplies	85,074	1,581	0	0
Utilities	1,847,184	192	0	0
Insurance	0	0	0	0
Health Insurance	0	0	0	0
Other	1,439,907	3,774	0	2,071,075
ADA Overhead	0	0	0	0
Total Administration	\$6,698,334	\$366,810	\$0	\$2,071,075
Total Expenses	\$90,637,625	\$3,556,032	\$7,798,700	\$19,751,916
Funding Requirement	\$59,202,765	\$2,006,283	\$5,466,702	\$7,014,292
Recovery Ratio	34.68%	43.58%	29.90%	64.49%

(1) Includes CMAQ/JARC Service

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

<u>Vanpool</u>	<u>Administration</u>	<u>Centralized Support</u>	<u>Total Suburban Svc</u>	<u>Total Regional ADA Paratransit</u>	<u>Combined 2015 Budget</u>
\$4,356,433	\$0	\$0	\$38,700,702	\$10,907,949	\$49,608,651
0	2,610,000	0	2,610,000	0	2,610,000
0	4,672,825	0	4,672,825	0	4,672,825
0	241,782	0	241,782	0	241,782
0	1,129,800	0	14,839,762	3,105,061	17,944,823
\$4,356,433	\$8,654,407	\$0	\$61,065,071	\$14,013,010	\$75,078,081
\$0	\$0	\$3,215,939	\$67,378,214	\$0	\$67,378,214
0	0	1,896,190	1,904,564	0	1,904,564
0	0	0	25,406,681	155,469,921	180,876,602
2,959,247	0	19,889,473	22,848,720	3,293,068	26,141,788
2,248,872	0	0	2,390,647	0	2,390,647
0	0	0	1,768,000	0	1,768,000
\$5,208,119	\$0	\$25,001,602	\$121,696,826	\$158,762,989	\$280,459,815
\$0	\$0	\$3,808,252	\$19,590,431	\$0	\$19,590,431
0	0	350,000	4,472,426	0	4,472,426
0	0	1,448,500	1,944,945	0	1,944,945
\$0	\$0	\$5,606,752	\$26,007,802	\$0	\$26,007,802
\$0	\$0	\$853,252	\$1,748,593	\$0	\$1,748,593
0	0	0	576,123	0	576,123
0	340,839	780,317	2,137,591	0	2,137,591
\$0	\$340,839	\$1,633,569	\$4,462,307	\$0	\$4,462,307
\$0	\$18,849,172	\$0	\$22,536,604	\$3,227,597	\$25,764,201
0	264,700	0	351,355	0	351,355
0	366,923	0	2,214,299	41,500	2,255,799
0	0	8,341,305	8,341,305	313,341	8,654,646
0	0	20,773,335	20,773,335	517,070	21,290,405
0	10,999,854	7,417,433	21,932,043	4,246,579	26,178,622
0	0	0	(5,106,936)	5,106,936	0
\$0	\$30,480,649	\$36,532,073	\$71,042,005	\$13,453,023	\$84,495,028
\$5,208,119	\$30,821,488	\$68,773,996	\$223,208,940	\$172,216,012	\$395,424,952
\$851,686	\$22,167,081	\$68,773,996	\$162,143,869	\$158,203,002	\$320,346,871
83.65%	28.08%	0.00%	30.00%	10.00%	

BUDGET PROCESS

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 15th, the RTA is to advise Pace and the other Service Boards (the 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, the 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 15th, Pace and the other Service Boards meet with the RTA in August. The August meetings and budget discussions serve to improve the budget process by allowing the RTA to consider up-to-date input on financial matters prior to making their September 15th decision on funding levels and recovery rate requirements.

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

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

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

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

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

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



Budget Amendment Process

The Pace Board may make additional appropriations, transfers between line items, and other changes to its budget at any time as long as the changes do not alter the basis upon which the RTA made its balanced budget determination. Budget amendments are made from time to time by the Pace Board and are generally accomplished by revision to the annual appropriations ordinance. In the event a budget revision results in a general fare increase or a significant reduction of service, the Pace Board will also conduct public hearings in the affected areas.

Budget amendments which do not impact the RTA balanced budget determination basis are provided to the RTA for information purposes. The RTA may also initiate the need for a budget amendment by Pace or another Service Board if it determines such an amendment is necessary. Generally this would only occur if a Service Board failed to achieve its

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

Budget Calendar

Below are key dates and events in the Pace FY2015 budget development cycle. The annual capital budget and five year program, as well as the three year financial plan for operations, are also developed in accordance with this schedule.

Chart T. 2015 Budget Development Calendar

<u>Date (2014)</u>	<u>Event</u>
May 16	Release budget call to Agency management
June 13	Budget call requests due from management
June - August	Staff develops a preliminary budget
August	Budget Discussions/Meetings with RTA and other Service Boards
September 10	Pace Board meets to discuss preliminary 2015 budget
September 12	RTA to set 2015 Funding and Recovery Marks
September 17 - 30	Staff develops Proposed 2015 Budget per Board directives
September 30	Staff submits Proposed 2015 Budget to RTA
October 8	Pace Board releases Proposed 2015 Budget for Public Hearing
October 20 - 30	Public Hearings on Pace's Proposed 2015 Budget
November 12	Pace Board adopts Final 2015 Budget
November 15	Submit Final 2015 Budget to RTA
November	RTA evaluates Pace budget for compliance
December 17	RTA scheduled to approve/adopt 2015 Budget for Pace

FINANCIAL POLICIES

Budget & Financial Policies**Budget Policies Overview**

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

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

Balanced Budget Definition and Criteria

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

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

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

ject 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 budget 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 (FTE's) and allows the Executive Director to make FTE changes between individual areas within the Board approved total.

Use of Positive Budget Variance (PBV)

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

Long Range Financial Planning

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

the plan narratives, charts, and tables.

Stabilization Funds/Working Cash Policy

In order to allow for the payment of obligations in a timely manner, the Pace Board of Directors has adopted a Working Cash Policy. The policy requires that Unrestricted Net Assets in the amount of 8% of annual budgeted operating expenses be retained for working cash purposes. Based on the policy, \$17.9 million of Unrestricted Net Assets are being retained for working cash purposes during 2015.

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

Investment Policy

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

Safety of Principal

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

Liquidity

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

Yield

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

An objective of Pace's investment policy is to maximize earnings. To facilitate in the evaluation of investments,

the 90 day Treasury Bill rate has been established as a performance benchmark.

Use of One Time Revenues

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

RTA Funding Policy

This policy establishes the basis for RTA funding of Pace and places restrictions on the use of Pace's retained earnings. RTA policy is to fund the established budgeted deficit of Pace and not the actual results for the year; however, RTA has suspended this policy for the past several years and will do so again for 2015. RTA policy during the suspension has been to pass through actual funding results based on the source. In addition, the policy restricts use of any funding provided as a result of a positive budget variance to capital projects or finite operating uses subject to RTA budgetary approval. The Pace policy is consistent with the RTA policy limitations for capital project use and finite operating expense.

Asset Inventory/Condition Assessment

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

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

Risk Management

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

Pace currently maintains a \$5 million Self-Insured Retention (SIR) for each occurrence for Automobile Liability exposures. Insurance provides \$10 million in excess coverage above the SIR. For claims above \$15 million, additional Risk Financing techniques are available including Excess Auto Liability coverage and the ability to borrow funds through the RTA Loss Financing Plan. Excess General Liability insurance is also purchased from an insurance carrier for coverage above a SIR of \$2.5 million each occurrence. Additionally, Pace may utilize the RTA Loss Financing Plan to finance recovery from General Liability losses that may exceed \$12.5 million. Pace purchases other property/casualty excess policies including Workers Compensation, Pollution, Employment Practice Liability, Directors and Officers, Crime, Cyber, Property, and Boiler & Machinery.

Pace also has elected to self-insure a portion of its Health and Welfare exposures. Pace maintains stop-loss coverage for any individual health claims exceeding \$150,000 with an aggregate stop-loss of \$4.3 million.

Debt Policy

Pace has no outstanding debt, has never issued debt, and subsequently does not have a bond rating. Pace was authorized by the State of Illinois effective January 2013, to issue up to \$100 million in bonds for capital improvements.

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

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

Farebox revenue is expected to be the revenue source dedicated for debt service payments. Pace receives over \$38 million annually in fare box revenue, leaving a coverage ratio of greater than five when considering the estimated bond payment schedules for the authorization limit of \$100 million.

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

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

The 2015 Budget has included appropriation for issuing a bond for the South Division CNG project. Estimated bond issuance costs of \$480,000, as well as an initial estimated interest payment of \$995,000, have been included in the 2015 budget. Pace has awarded a contract for architectural and engineering services for the conversion of the garage at South Division to CNG. The current construction schedule is anticipating construction of the facility will begin in spring 2015.

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

Basis of Accounting and Budgeting

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

Accounting

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

Budgeting

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

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

Reporting Entity

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

External Audit

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

APPENDIX I

DEBT OVERVIEW

Debt Administration - Bond Issue

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

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

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

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

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

2015 Budget

The 2015 Budget includes plans for issuing the \$12 million South Division garage bond. An architectural and engineering firm was hired in May 2013, and construction is anticipated to be completed in 2015.

The 2015 Budget includes bond interest expenses of \$480,00, and principal repayment of \$995,000.

The 2015 Three Year Business Plan includes plans in 2016 to issue \$9 million in bonds for land for a new northwestern Cook County garage. Pace is currently in the process of determining a location for the new garage in northwestern Cook County, and a construction schedule has yet to be determined for this project. At this time we project the remaining \$51 million for construction of the facility will be issued in 2018. This is not included in Pace's three year financial plan.

The other two projects have yet to have a timeline formulated; however, a reimbursement resolution has been adopted by the Board of Directors that covers all four projects. The reimbursement resolution (pursuant to IRS regulations) will allow Pace to strategically issue bonds based on its needs and financial planning.

2015 Bond Issue

The projected average annual debt service payment for the \$12 million South Division garage, based on current bond market rates of 3.5% for a 10 year amortization schedule, is \$1.48 million. Unlike a mortgage that has equal monthly payments, a governmental bond will have two semi-annual interest payments, and one annual principal payment. During the initial year of issuance, generally only one semi-annual interest payment is scheduled. However, for this issue it is anticipated that two semi-annual interest payments will be made. Pace is planning on having the semi-annual interest payments occur each June 15 and December 15, with the annual principal payment scheduled for December 15.

	2015	2016	2017
Principal	\$995,000	\$1,042,000	\$1,081,000
Interest	480,000	440,000	398,000
Total Annual	\$1,475,000	\$1,482,000	\$1,479,000



2016 Bond Issue

The anticipated annual debt service payments for the \$9 million northwestern Cook County suburban garage land requisition project averages \$700,000 for a 20-year amortization schedule.

	2015	2016	2017
Principal	\$0	\$283,000	\$297,000
Interest	0	419,000	406,000
Total Annual	\$0	\$702,000	\$703,000

How The Bonds Will Be Paid

State Statute limits Pace to issuing revenue bonds; as such, the Suburban Service Fund’s farebox revenue will be used to pay the semi-annual bond interest payments and the annual principal payment. The highest estimated annual debt service payment for the \$12 million South Division garage and \$60 million northwestern Cook County suburban garage is \$6.4 million when all three series are issued by 2018. Pace receives over \$38 million annually in farebox revenue, leaving a coverage ratio (amount of revenue to debt payment) of greater than five to one, a ratio considered to be excellent. This also means that amount of farebox revenue used for debt payments will not be available annually for operations or other projects for the ensuing 23 years.

Because Pace is only authorized to issue revenue bonds, a reserve bond account may be required to be established. This is something the financial advisor and bond counsel will advise Pace on. In the case Pace is required to have a bond reserve fund or account, the amount equal to at least one year’s future principal and interest payment would be set aside to ensure bond holders of Pace’s ability to make annual debt service payments.

Sales tax revenue, which Pace receives through the RTA, is considered a subordinate revenue source. Although State Statute guarantees a sales tax distribution to Pace, this revenue source would be considered a junior lien because the RTA has a senior lien on sales tax revenue. RTA is

allowed to issue general obligation debt and uses sales tax revenue as the guarantee for those bond payments.

Steps In Issuing Bonds

Prior to issuing bonds, Pace will need to contract with a financial advisor, bond counsel, and possibly be rated by a nationally recognized bond rating agency. The 2015 Budget is based on Pace having selected a financial advisor and bond counsel. The Pace Board approved a debt management policy in December 2013. Finally, the actual structure of the bond issue will be determined with the assistance of the financial advisor and could possibly be a bank qualified issue on direct placement offering to a financial institution, depending on construction schedules and market conditions.

Bond Rating

Each time a government agency issues a bond, a bond rating will be affixed to that bond issue and the governmental agency. A bond rating is an analysis by a nationally recognized bond rating agency of the financial strength and management of Pace. A bond rating will also take into account the strength of the local economy and Pace’s overall debt load (which is zero). The bond rating will state if the government agency is stable, trending downward (negative) or upward (positive). For instance, in June 2011 the RTA received a bond rating of “AA” from Standard and Poor’s, with the rating agency stating they viewed the RTA as financially stable, not likely to have its bond rating decreased in the near future.

There are three major bond rating agencies: Moody’s, Standard & Poor’s, and Fitch; however, for the bond issue size Pace is authorized to issue, Pace will most likely ask Moody’s or S & P for the rating rather than Fitch, as Fitch tends to rate only larger bond issues.

Each rating agency uses a similar rating with each having a best rating of triple A, a middle rating of double A, and a lower rating of a single A (although ratings of B and C are also possible). Each rating level (AAA or AA

or A) is further annotated with a 1, 2, or 3, or a plus or minus, stable or negative. Moody's uses a rating scale of Aaa (the best), Aa, A, with a 1, 2, 3 to designate the level of each. Standard and Poor's uses a rating scale of AAA, AA, A, with a plus (+) or minus (-) to designate the level of each category. For instance, a Moody's rating of Aa2 is the same as an S/P rating of AA, and a Moody's rating of Aa3 is the same as an S/P rating of AA-.

Estimated Debt Service Schedules:

The following exhibits show the estimated annual principal and interest payments for the \$12 million 10-year, the \$9 million 20-year, and \$51 million 20-year bond issues.

Schedule A. \$12 million CNG Project - South Garage
10-year with a true interest cost of 3.5% (000)

Payment Year	Principal Payment	Interest Payment	Total Debt Service	Debt Outstanding
2015	\$995	\$480	\$1,475	\$11,005
2016	1,042	440	1,482	9,963
2017	1,081	398	1,479	8,882
2018	1,125	355	1,480	7,757
2019	1,172	310	1,482	6,585
2020	1,220	263	1,483	5,365
2021	1,265	215	1,480	4,100
2022	1,320	164	1,484	2,780
2023	1,375	112	1,487	1,405
2024	1,405	57	1,462	0
Total	\$12,000	\$2,794	\$14,794	

Pace is authorized to issue \$12 million in bonds for converting the garage in Markham to a compressed natural gas (CNG) facility. The annual debt service will be paid from Pace farebox revenue. The proposed bond is for ten years, with level annual debt service payments.

Schedule B. \$9 million NW Cook County Garage
20-year with a true interest cost of 5.5% (000)

Payment Year	Principal Payment	Interest Payment	Total Debt Service	Debt Outstanding
2016	\$283	\$419	\$702	\$8,717
2017	297	406	703	8,420
2018	310	392	702	8,110
2019	325	377	702	7,785
2020	340	362	702	7,445
2021	355	346	701	7,090
2022	375	325	700	6,715
2023	390	313	703	6,325
2024	410	290	700	5,915
2025	425	275	700	5,490
2026	445	256	701	5,045
2027	465	236	701	4,580
2028	490	212	702	4,090
2029	510	191	701	3,580
2030	535	167	702	3,045
2031	560	142	702	2,485
2032	585	117	702	1,900
2033	615	87	702	1,285
2034	640	61	701	645
2035	645	44	689	0
Total	\$9,000	\$5,018	\$14,018	

Pace is authorized to issue \$60 million in bonds to build a new garage in Northwest Cook County. This first bond issue for \$9 million pays for land, architectural and engineering costs. The bond will be a 20-year level annual debt bond paid from farebox revenue.

Schedule C. \$51 million NW Cook County Garage
20-year with a true interest cost of 5.5% (000)

Payment Year	Principal Payment	Interest Payment	Total Debt Service	Debt Outstanding
2018	\$1,463	\$2,805	\$4,268	\$49,537
2019	1,543	2,725	4,268	47,994
2020	1,628	2,640	4,268	46,366
2021	1,718	2,550	4,268	44,648
2022	1,812	2,456	4,268	42,836
2023	1,912	2,356	4,268	40,924
2024	2,017	2,251	4,268	38,907
2025	2,128	2,140	4,268	36,779
2026	2,245	2,023	4,268	34,534
2027	2,368	1,900	4,268	32,166
2028	2,499	1,770	4,269	29,667
2029	2,636	1,632	4,268	27,031
2030	2,780	1,487	4,267	24,251
2031	2,934	1,334	4,268	21,317
2032	3,095	1,173	4,268	18,222
2033	3,265	1,002	4,267	14,957
2034	3,445	823	4,268	11,512
2035	3,634	633	4,267	7,878
2036	3,834	433	4,267	4,044
2037	4,044	223	4,267	0
Total	\$51,000	\$34,356	\$85,356	

The second bond issuance of \$51 million for the Northwest Cook County garage will cover the cost of engineering and construction. It will be a 20-year bond estimated to be issued in 2018.

Schedule D. Combined Debt Schedule
Schedule A, B and C issuances (000)

Payment Year	Principal Payment	Interest Payment	Total Debt Service	Debt Outstanding
2015	\$995	\$480	\$1,475	\$11,005
2016	1,325	859	2,184	18,680
2017	1,378	804	2,182	17,302
2018	2,898	3,552	6,450	65,404
2019	3,040	3,412	6,452	62,364
2020	3,188	3,265	6,453	59,176
2021	3,338	3,111	6,449	55,838
2022	3,507	2,945	6,452	52,331
2023	3,677	2,781	6,458	48,654
2024	3,832	2,598	6,430	44,822
2025	2,553	2,415	4,968	42,269
2026	2,690	2,279	4,969	39,579
2027	2,833	2,136	4,969	36,746
2028	2,989	1,982	4,971	33,757
2029	3,146	1,823	4,969	30,611
2030	3,315	1,654	4,969	27,296
2031	3,494	1,476	4,970	23,802
2032	3,680	1,290	4,970	20,122
2033	3,880	1,089	4,969	16,242
2034	4,085	884	4,969	12,157
2035	4,279	677	4,956	7,878
2036	3,834	433	4,267	4,044
2037	4,044	223	4,267	0
Total	\$72,000	\$42,168	\$141,168	

RTA ICE FUND PROJECTS

RTA ICE Fund Program

SECTION 2.01(c) of the RTA Act established an Innovation, Coordination and Enhancement (ICE) Fund at \$10 million dollars for 2008 with annual adjustments based on the growth in sales tax. For 2015 the RTA ICE fund is projected to reach \$11.626 million. In addition, RTA has incorporated the prior years 2013 and 2014 ICE fund amounts into the 2015 budgeted funding levels for the Service Boards.

Pace will receive \$1.476 million from 2013, \$1.454 million from 2014, and \$1.513 million for 2015. In total Pace expects to receive \$4.443 million from RTA for ICE program expenditures in 2015.

ICE funds are to be used for capital or operating purposes which advance the goals and objectives of the RTA Strategic Plan. Further, their use is restricted to projects that enhance the coordination and integration of public transit and develop and implement innovations to improve the quality and delivery of public transportation.

Pace has identified the following project uses which satisfy these criteria for the 2015 budget. They are described below.

Ventra™ Fare System

Pace implemented the Ventra™ fare payment system in conjunction with the CTA. The system provides full fare coordination and integration between Pace and CTA. It meets the objectives of RTA's strategic plan goals and satisfies the ICE fund criteria. Pace expects to expend \$2.542 million on Ventra™ system support costs in 2015.

Service Improvements

Pace has identified a number of service enhancements which will serve to improve coordination, schedule adherence, and on-time performance. These improvements were initially planned for the 2013 RTA ICE fund program which will now be implemented in 2015.

The service improvements are identified on Table 46.

Table 45. Pace 2015 ICE Program Funds - Budget (000's)

Project	Amount
Ventra™ Fare System	\$2,542
Service Improvements	2,537
Total	\$5,079
Available from ICE	\$4,443





Table 46. RTA ICE Fund - Service Improvement Detail

<u>Route</u>	<u>Day Type</u>	<u>Service Improvements</u>
472	Weekday	Schedule optimization, potential routing adjustment
472	Saturday	Schedule optimization, potential routing adjustment
356	Weekday	Schedule optimization
356	Saturday	Schedule optimization
356	Sunday	Schedule optimization
550	Weekday	Extension to Crystal Lake
386	Sunday	Add service on 386 and new segment to Toyota Park
386	Weekday	Restructure current service to Toyota Park via 74th/71st, remove segment via 63rd
386	Saturday	Restructure current service to Toyota Park via 74th/71st, remove segment via 63rd
309	Saturday	Add later afternoon service
309	Sunday	Add earlier morning and later afternoon service
313	Weekday	Add later afternoon service
313	Saturday	Add later afternoon service
313	Sunday	Add earlier morning and later afternoon service
322	Sunday	Increase the frequency of service
330	Weekday	Increase the frequency of mid-day service and add later afternoon service
330	Saturday	Increase the frequency of mid-day service
TBD	Weekday	Network restructuring; Multiple routes
307	Saturday	Increase the frequency of service
307	Sunday	Increase the frequency of service and add later afternoon service
834	Weekday	Schedule optimization
310	Sunday	Add service
305	Weekday	Restructure service
305	Saturday	Restructure service
305	Sunday	Restructure service
318	Weekday	Increase the frequency of service
318	Saturday	Increase the frequency of service
318	Sunday	Increase the frequency of service
330	Sunday	Add service

Glossary - Budget Terms

Budget Terms

administration expense

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

capital budget

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

cost per mile

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

cost per passenger

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

deficit

The excess of expense over revenue.

farebox revenue

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

fares

The amount charged to passengers for use of various services.

fringes (fringe benefit expense)

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

full-time equivalent position (FTE)

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

funding formula

A specific formula used to determine a subsidy level.



labor expense

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

maintenance expense

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

non-vehicle maintenance expense

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

operating assistance

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

operating budget

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

operations expense

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

performance measure

Information collected to determine how efficient a route is operating.

private contract services

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

program (noun)

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

Transit Service Terms**ADA**

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

ART (arterial rapid transit)

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

BRT (bus rapid transit)

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

ADA paratransit service

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

CTA

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

Chicago Metropolitan Agency for Planning (CMAP)

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

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

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

Demand response service

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

express bus (or route)

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

fixed route service

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

full size bus

A bus from 35 to 41 feet in length.

low-income individual

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

medium size bus

A bus from 29 to 34 feet in length.

Metra

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

Pace

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

paratransit service

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

public transportation

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

Regional ADA paratransit service

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

ridership (unlinked passenger trips)

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

rolling stock

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

senior

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

service board

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

small bus

A bus 28 feet or less in length.

subscription bus

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

Suburban Service

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

TAP (taxi access program)

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

total vehicle miles

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

TSP (Transit Signal Priority)

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

urban area

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

van

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

vanpool

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

Ventra™

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

wheelchair accessible vehicle (accessible vehicle)

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

Funding Terms**ADA Complementary Service**

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

Bus Overhaul/Maintenance Expense

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

Capital Cost of Contracting

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

CMAQ (Congestion Mitigation/Air Quality)

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

Discretionary funds/non statutory

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

Federal SAFETEA-LU Program

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

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

MAP-21 provides steady and predictable funds for the two years 2012-2014. This program consolidates certain transit programs from SAFETEA-LU to improve their efficiency and provides federal funding increases specifically for improving the State of Good Repair of the country's transit system. The Federal Authorization Extension for transit, highway, and highway safety programs through May 31, 2015, has been enacted.

FTA (Federal Transit Administration)

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

FEMA (Federal Emergency Management Agency)

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

fund balance

See "unrestricted net assets."

grants

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

ICE (Innovative, Coordination and Enhancement Fund)

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

IDOT (Illinois Department of Transportation)

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

IEMA (Illinois Emergency Management Agency)

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

Illinois FIRST

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

Illinois Jobs Now

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

Illinois Jump Start

A state program signed into law April 3, 2009. Approved \$900 million for transit.

JARC (Job Access and Reverse Commute Program)

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

Ladders of Opportunity Program

This federal discretionary grant program is to fund public transportation projects that support the development of communities, providing effective and reliable transportation options that increase access to jobs, recreation, health and social services, entertainment, educational opportunities, and other activities of daily life, while also improving mobility within and among these communities. One hundred million dollars was made available for FY2014 under SAFETEA-LU Section 5309 grant program.

marks

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

New Freedom

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

New Starts Program

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

Pace Bond Program

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

Positive Budget Variance (PBV)

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

Public Transportation Fund (PTF)

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

RETT (real estate transfer tax)

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

RTA Sales Tax Part I

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

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

RTA Sales Tax Part II (PA 95-0708)

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

RTA Bond Funding

Through the Illinois First Program the RTA was authorized to secure bonds for capital needs. The RTA authorized \$1.6 billion (\$1.3 billion for Strategic Capital Improvement Program (SCIP) and \$300 million for General Obligation Bonds (GO)). The State of Illinois reimburses the RTA for principal and interest expenses incurred on SCIP bonds. The funding for this program has now been exhausted.

RTSPIP (Regional Transit Signal Priority Implementation Program)

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

SCMF (Suburban Community Mobility Fund)

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

Small New Starts

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

SGR (State of Good Repair)

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

South Cook Job Access

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

Transit Asset Management

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

TIGER (Transportation Investment Generating Economic Recovery)

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

unrestricted net assets

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

PACE

QUICK FACTS

Service Characteristics

Background data on the Pace service is provided below:

Fixed Route Service		Ridership (000's)	2013 Actual	2014 Estimate	2015 Budget
Number of Fixed Routes (August, 2014)	195	Fixed Route	32,645	32,224	32,621
• Regular Routes	144	DAR/Ride DuPage/Kane*	1,276	1,245	1,272
• Feeder Routes	38	Vanpool	2,000	2,044	2,100
• Shuttle Routes	13	Total Suburban Service	35,921	35,513	35,993
<i>(All Routes are Accessible)</i>		Total System	39,889	39,682	40,366
Peak Period Vehicle Requirements	600				
Pace-owned Fleet Size	734	Vehicle Miles (000's)	2013 Actual	2014 Estimate	2015 Budget
Number Accessible	734	Fixed Route	24,822	25,229	25,103
Average Vehicle Age	6.9 years	DAR/Ride DuPage/Kane	5,807	5,790	5,895
Contractor-owned Vehicles in Pace service	0	Vanpool	13,167	13,422	13,780
Number of Private Contractors	2	Total Suburban Service	43,797	44,440	44,777
Number of Pace-owned Garages	11	Regional ADA	31,892	32,768	34,407
Number of Pace Municipal Contractors	2	Total System	75,689	77,209	79,184
			2013 Actual	2014 Estimate	2015 Budget
Paratransit		Vehicle Hours (000's)			
Number of Communities Served	210	Fixed Route	1,636	1,669	1,693
Number of Local Dial-a-Ride Projects	68	DAR/Ride DuPage/Kane	309	304	310
Pace-owned Fleet Size (Includes Suburban ADA)	455	Vanpool	N/A	N/A	N/A
Average Vehicle Age	3.1 years	Total Suburban Service	1,945	1,973	2,003
Community Trnst Vehicles in Svc (August, 2014)	90	Regional ADA	2,032	2,212	2,325
Contractor-owned Vehicles in City ADA service	733	Total System	3,977	4,185	4,329
Vanpool		<i>*Ridership includes companions and personal care attendants</i>			
Vans in Service (August, 2014)—VIP	320				
Vans in Service (August, 2014)—Employer Shuttle	15				
Vans in Service (August, 2014)—Advantage	360				
Total Vans in Service	695				
Average Vehicle Age	3.8 years				
Other					
Number of Pace Employees (Includes ADA Staff)	1,613				



Ridership

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

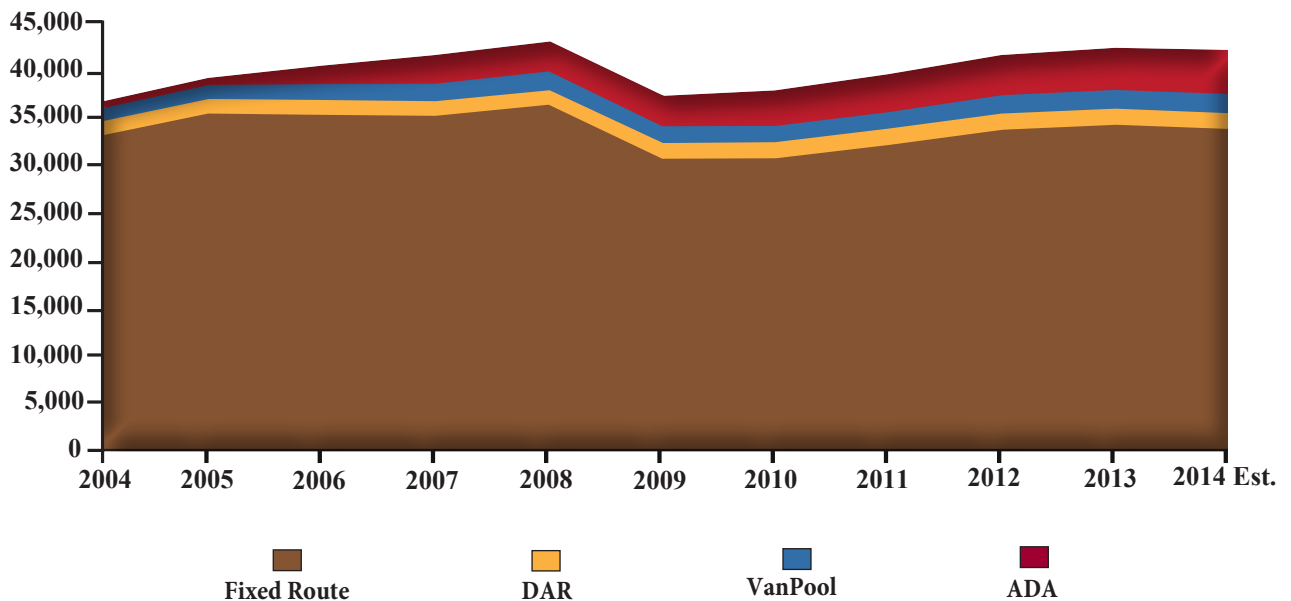
Table 47. Pace 2004–2014 Ridership Historical Summary (000's)

	<u>Fixed Route</u>	<u>DAR</u>	<u>Vanpool</u>	<u>Total Suburban Service</u>	<u>ADA</u>	<u>Total System</u>
2004	31,429	1,094	1,416	33,939	420	34,359
2005	33,770	1,122	1,529	36,421	459	36,880
2006	33,642	1,145*	1,718	36,505	1,598	38,103
2007	33,542	1,126	1,877	36,545	2,624	39,169
2008	34,655	1,103	2,021	37,779	2,727	40,507
2009	29,247	1,230	1,810	32,287	2,790	35,077
2010	29,292	1,273**	1,751	32,316	3,310	35,626
2011	30,630	1,293	1,778	33,701	3,546	37,247
2012	32,151	1,280	1,962	35,393	3,776	39,170
2013	32,645	1,276	2,000	35,921	3,968	39,889
2014 Est.	32,224	1,245	2,044	35,513	4,169	39,682

*Assumed City ADA service in July 2006

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

Chart U. Pace 2004-2014 Historical Ridership (000's)



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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, 2014.

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

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



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To view the full budget document,
visit Pace's website at:

www.pacebus.com