

Appendix J: Budget Balancing Actions

Budget Balancing Actions

Suburban Services Budget

The gap between the projected funding need for 2010 and the amount available from RTA sales taxes and PTF is \$6.498 million. This shortfall is significant and will require Pace to reduce expenses in order to balance the Suburban Services budget for 2010. As mentioned in the Executive Summary, Pace, like all governmental agencies supported by sales taxes, has seen a serious drop in public funding due to the economic recession. In 2009, Pace lost \$23.3 million in public funding, over 15% of total public funding. We were fortunate that falling fuel prices, increased operating income and the deferral of service improvements allowed us to balance the 2009 budget without having to reduce services. However, the economy continues to languish and public funding to Pace for 2010 remains flat to 2009. As a result, Pace will need to trim expenses in order to achieve a balanced budget in 2010. Due to the fact that a major fare increase (of 16% to 40% based on fare category) was implemented in January 2009, we do not believe Suburban Services fares can be increased further in 2010; therefore, we will rely on expense reductions to balance the Suburban Services Budget.

The proposed 2010 Budget assumes reductions to both direct service and non-service costs. While every activity Pace engages in is ultimately service related, we are segregating the reduction into these categories so as to better identify those reductions which directly impact services from those that do not.

The budget is balanced by \$2.708 million in reductions to non-service related expenses and \$3.790 million in direct service related expenses. These figures are summarized on the following table

Table 44. Summary Budget Balancing Actions

Action	Savings (Millions)	Ridership Impact (Millions)
Service Reductions	\$ 3.790	.750
Non-Service Reductions	2.708	—
Total	\$ 6.498	.750

Non-Service Reductions

The non-service reduction amount of \$2.708 million is comprised of two categories—non-union labor and fringe benefits and other non-service costs. The non-service reduction amount is further broken down as follows.

	Amount (Millions)
Non-Union Labor and Fringe Benefits	\$ 1.131
Other Non-Service Expenses	\$ 1.577
Total	\$ 2.708

The non-union labor savings will be achieved via a five day unpaid furlough of all non-union personnel along with increased contributions to non-union employee healthcare costs and health and welfare benefits savings. The other non-service savings will be achieved by reductions in marketing related expenditures, risk management claim related expenses and a further savings in fuel.

Service Related Reductions

After the identification of all potential non-service related savings opportunities, we are still left with a \$3.790 million shortfall that will require us to trim services. To that end, Pace's Planning Department has identified the services that will be reduced in order to achieve these savings. These services are primarily our less utilized services where the negative impact on ridership will be minimized. They are identified on the following table.

Proposed Service Reductions

Table 45. Proposed Service Reductions—Weekday Service**

Route	Name	Days	Annual Ridership	Annual Net Savings
*210	Lincoln Avenue	Weekday	20,000	\$ 37,171
326	West Irving Park	Weekday	64,139	286,425
*362	Park Forest	Weekday	5,100	47,634
451	Southeast Homewood	Weekday	5,712	18,268
452	Northeast Homewood	Weekday	12,244	7,880
460	Hazel Crest	Weekday	9,422	15,563
535	Fox Valley Shuttle	Weekday	13,973	43,936
616	The Chancellory Connection	Weekday	55,876	314,958
*626	Skokie Valley Limited	Weekday	No impact	27,617
637	Wood Dale - Rosemont CTA	Weekday	23,968	41,569
654	South Glen Ellyn	Weekday	5,736	72,109
657	Bloomingtondale/Glendale Heights	Weekday	15,090	87,166
661	Southwest Westmont	Weekday	8,477	52,300
668	Burr Ridge-Hinsdale	Weekday	12,086	47,482
669	Western Spring-Indian Head Pk.	Weekday	11,622	62,373
676	Naperville-Cress Creek	Weekday	21,736	145,517
685	Naperville-West Wind Estates	Weekday	17,705	87,861
687	Naperville-Farmstead	Weekday	17,311	67,872
689	Naperville-Hobson Village	Weekday	15,074	70,313
690	Arlington Heights Road	Weekday	20,524	44,849
696	Woodfield-Arlington Hts-Randhurst	Weekday	66,814	550,964
699	Palatine-Woodfield-Elk Grove	Weekday	72,234	611,124
711	Wheaton-Addison	Weekday	44,459	297,741
*747	DuPage Connection	Weekday	12,000	84,458
750	Country Club Hills	Weekday	10,095	17,163
753	Matteson	Weekday	9,882	25,891
*757	Northwest Connection	Weekday	5,100	18,839
767	Congress/Douglas-Prairie Stone	Weekday	11,430	24,895
781	North Naperville Office Complex	Weekday	5,416	84,719
821	Woodridge-Belmont	Weekday	15,235	133,572
822	Woodridge Lisle	Weekday	20,045	106,325
1012	Evergreen Park-Prairie Stone	Weekday	7,590	113,388
643/645	NW Elmhurst-Elmhurst Industrial	Weekday	7,880	21,932

Table 46. Proposed Service Reductions—Weekend Service**

Route	Name	Days	Annual Ridership	Annual Net Savings
234	Wheeling-Des Plaines	Saturday	5,330	\$ 5,157
*302	Ogden/Stanley	Saturday	2,100	3,996
304	Cicero-LaGrange	Saturday	6,199	6,081
*315	Austin/Ridgeland	Saturday	3,000	1,332
320	Madison Street	Saturday	3,383	2,129
348	138th St. Riverdale Connector	Saturday	3,393	19,342
367	University Park	Saturday	3,632	7,950
422	Linden CTA-Glenview-Northbrook Ct.	Saturday	13,355	25,904
423	Linden CTA-The Glen-Harlem CTA	Saturday	11,799	27,209
528	Aurora Trans. Ctr.-Rush Copley Medical	Saturday	3,275	6,399
529	Randell Road-5th Street	Saturday	10,650	22,283
535	Fox Valley Shuttle	Saturday	2,507	9,295
715	Central DuPage	Saturday	8,500	75,192
747	DuPage Connection	Saturday	1,560	20,184
*208	Golf Road	Sunday	No impact	3,579
209	Busse Highway	Sunday	7,838	6,222
223	Elk Grove-Rosemont CTA	Sunday	12,331	12,925
304	Cicero-LaGrange	Sunday	4,987	4,176
366	Park Forest-Chicago Heights	Sunday	3,957	3,525

* Routes marked with an asterisk are proposed for a reduction in service hours.

** These routes were taken to public hearings and actual service reductions implemented may be revised from the above based on results of the public hearings.

ADA Paratransit Budget

The ADA Paratransit Program is in a state of financial crisis as we approach 2010. The RTA ADA fund, which was established by PA 95-0708, has declined in value based on the decline in sales tax income while program expenses have grown due to increasing demand for services.

In order to understand the financial situation facing the ADA program for 2010, it is important to take a closer look at the position the program is in for 2009.

2009 ADA Budget Overview

Based on declining sales tax projections, the RTA reduced the ADA fund level from \$100 million in 2008 to an initial 2009 budget level of \$99 million. The \$99 million fund level initially set for 2009 was then reduced further on two separate occasions to the \$89 million level as it currently stands. While the fund level was reduced by \$11 million from 2008, the funding needed grew from the \$100 million in 2008 to a projected \$108 million in 2009. The 2008 to 2009 funding requirement increased primarily to an 8% growth in demand for services during 2009.

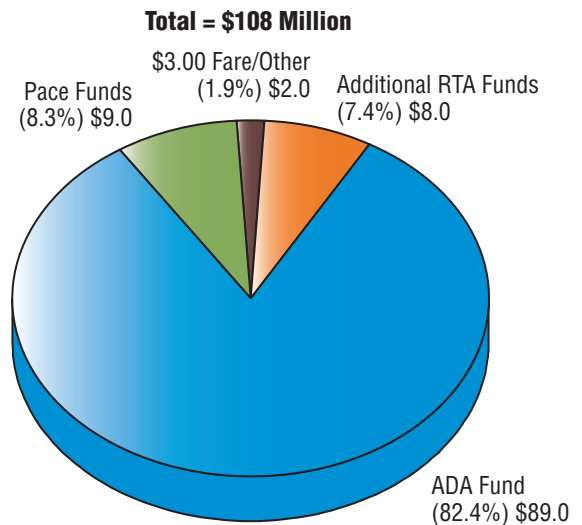
The RTA has identified \$8 million in additional funding for ADA in 2009. They are also requiring Pace to commit \$9 million from our 2010 federal capital funding, raise ADA fares to \$3.00 and reduce call taking hours to close the remaining gap for 2009. While these actions are designed to address the 2009 shortfall they do not represent a solution for 2010 or beyond.

2010 ADA Budget Situation

For 2010, Pace projects that based on 6% ridership growth and known increases in contractor costs the funding required for the ADA program will reach \$119.2 million.

The RTA projects \$90.3 million to be available from the ADA fund in 2010, leaving a shortfall of \$28.9 million.

Chart EE. 2009 ADA Paratransit Funding



RTA ADA 2010 Budget Solution

The RTA has identified the need for budget balancing actions of up to \$17.2 million in 2010. These actions include the future availability of \$9.0 million in RTA/ICE funds contingent on the compliance with the requirements of their ordinances 2009-67 and 2009-74. In addition, they include the commitment by Pace of \$3.4 million of its Suburban Service operating or capital funds in the \$17.2 million.

This proposed solution is problematic from several standpoints—first and foremost, it does not balance the ADA budget for 2010. Second, it presumes that Pace is responsible for funding the ADA paratransit program from its Suburban Services operating or capital funds. This is a position that Pace rejects.

While the RTA required Pace to use \$9.0 million of its capital funds to balance the ADA shortfall for 2009, it was accepted by the Pace Board as a crisis resolution action and it does not represent the view that Pace bears any responsibility for future funding of the ADA program. To that end, the Pace Board will not approve further use of Pace funds to balance the ADA budget in 2010.

Pace ADA 2010 Budget Solution

Under the present circumstances indicating inadequate funding from RTA for 2010, the Pace Board will consider what actions they can take to close the 2010 budget shortfall. The RTA ordinance (2009-74) identifies that further actions will be required to balance the 2010 ADA budget, including but not limited to:

- adjusting service and/or fares,
- implementing efficiencies,
- reducing operating costs, and
- identifying additional funds or revenues including 2010 RTA ICE funds and Pace funds.

With the exception to the use of Pace funds, Pace intends to pursue implementation of the RTA's recommended actions.

- Pace implemented the ADA fare increase to \$3.00 in November 2009, as required by RTA.
- Pace intends to fully implement the cost savings opportunities identified by the RTA's study of the ADA paratransit system completed in 2009.

- Pace is working with State and RTA officials to secure \$8.5 million of additional funding for the ADA program.

In the event and to the extent these efforts are unsuccessful, and only as a last resort, Pace will need to consider a further fare increase for the ADA program.

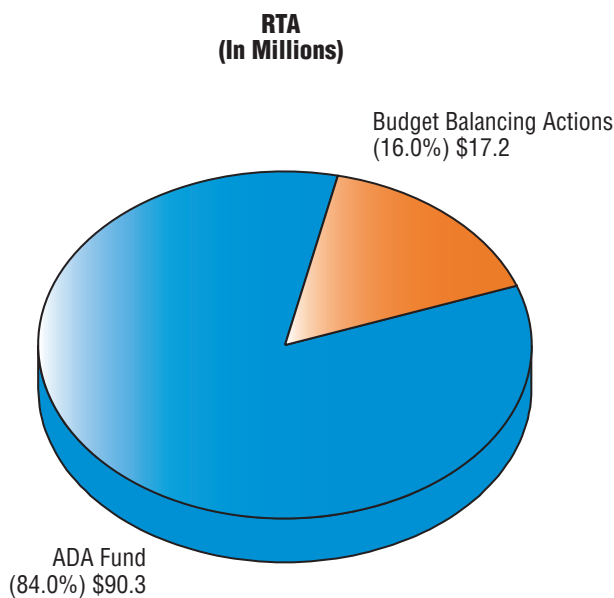
The total result stemming from the above actions is being considered the "budget balancing actions" which closes the gap between the RTA/ADA fund level and the projected deficit for 2010.

The RTA and Pace have different assumptions with regard to the amount and composition of budget balancing actions required in 2010. These differences will be reconciled as more information from RTA becomes known. Last, but most important, RTA is expected to provide working cash to Pace in the event more than \$107.5 million is needed to fund the program in 2010.

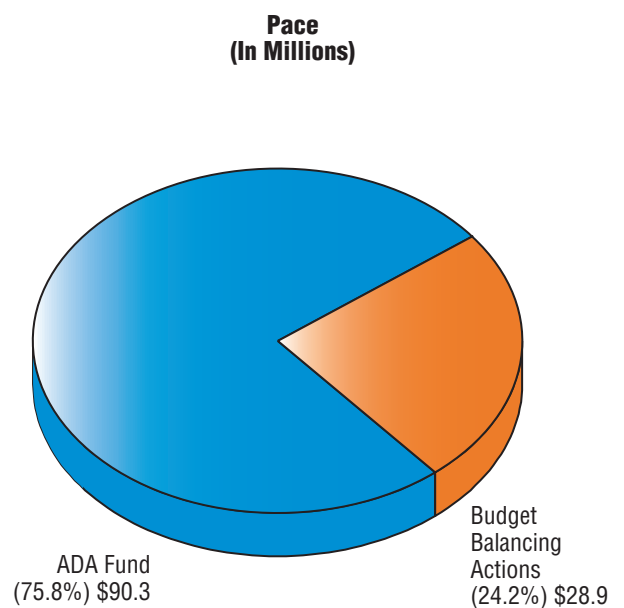
Chart FF identifies the RTA's proposed 2010 ADA budget solution and Chart GG identifies Pace's recommended 2010 ADA budget solution.

Additional detail on Pace's actions is provided on Table 48.

**Chart FF. 2010 RTA/ADA Paratransit Deficit—
\$107.5 Million**



**Chart GG. 2010 Pace/ADA Paratransit Deficit—
\$119.2 Million**



2010 ADA Fares

The following table identifies the ADA paratransit fare in effect as of November 2009.

Table 47. Pace Proposed ADA Fare Adjustments

	October 2009	RTA Required 2009 Action November 2009
City ADA Fare	\$ 2.25	\$ 3.00
Suburban ADA Fares		
Cook	\$ 3.00	\$ 3.00
Collar County	\$ 2.50	\$ 3.00
Other		
City Monthly Pass	\$ 150.00	Eliminated ¹

¹ This action is not required by RTA Ordinance 2009-67.

Regional ADA Paratransit Budget Balancing Actions

Table 48 identifies two options which achieve the budget balancing actions required. Pace is working to secure new funding for the ADA program and that is the preferred option. The alternative, in the event adequate new funding is not secured, is to increase fares.

**Table 48. Regional ADA Paratransit Budget—Potential Budget Balancing Actions
Estimated Impact Amount—Annual (Millions)**

Item	Option	
	New Funding	No New Funding
\$3.00 Fare (in effect as of November 2009)	\$ 6.2	\$ 6.2
Additional Funding		
RTA/ICE Funds	\$ 9.0	\$ -
Other New Funding	8.5	-
RTA Working Cash	5.2	-
Fare Increase to Federal Limit	\$ -	\$ 22.7
Total	\$ 28.9	\$ 28.9