

2012 Suburban Service Operating Budget

Summary

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

- Pace will incur \$195.017 million in operating expenses for 2012 in the provision of transit services in the Region.
- A total of \$54.469 million in revenue will be generated from operations.
- An initial deficit or funding requirement of \$140.548 million will occur from operations prior to funding.
- A total of \$139.250 million in funding generated from Regional Sales Tax is proposed to be available for 2012 including \$3.0 million in RTA Discretionary Funds.
- A total of \$1.298 million in Federal Congestion Mitigation/Air Quality (CMAQ), Job Access and Reverse Commute (JARC) and New Freedom funds are expected for next year.

The budget for 2012 largely reflects a status quo operation. Operating revenue is projected to grow 3.6% next year. Farebox revenues increase by 2.0% in step with the modest growth expected for ridership; however, the new fare agreement with the CTA will also help improve farebox yields. Continued growth will also occur in advertising revenue based on the terms of the new contract. Local share revenues will also rise next year as reimbursement for the Ride in Kane program shifts from RTA grant funds

to a local share from the community partners, given that they have become the new grant recipient for 2012.

Total expenses will rise 5.1%. Items contributing to next year's growth include labor and fringe benefit costs, health care, fuel and expanding services. These items carry a premium above the standard 1.7% rate of inflation forecasted for next year.

The 2012 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 2012 Suburban Service operating program is presented in this section.

Table 4. 2012 Suburban Service Operating Budget Summary (000's)

	2010 Actual	2011 Estimate	2012 Budget
Total Operating Expenses	\$ 176,249	\$ 185,624	\$ 195,017
Less: Total Operating Revenue	51,578	52,580	54,469
Funding Requirement	\$ 124,670	\$ 133,044	\$ 140,548
Less:			
Sales Tax (Part I)	\$ 73,054	\$ 76,122	\$ 78,234
Sales Tax & PTF (Part II)	29,785	31,036	30,197
Suburban Community Mobility Fund (SCMF)	18,959	19,755	20,319
South Suburban Job Access Fund	7,500	7,500	7,500
Federal CMAQ/JARC/New Freedom Funds	2,738	2,211	1,298
RTA Discretionary (PTF - Part I)	0	0	3,000
RTA ICE Funds	207	100	0
Federal 5307 Funds	2,300	2,000	0
Net Funding Available	\$ 9,873	\$ 5,681	\$ 0
Recovery Ratio	36.00%	36.00%	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.

As a result, Pace’s public funding mix has been significantly revamped. In order to put the public funding environment in perspective, we 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 Transpor-

tation 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 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 two following 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 5. Part I. Allocation of Sales Tax Receipts

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

Table 6. Regional Sales Tax and Public Transportation Fund (PTF) Trends (000’s)

	2008 Actual	2009 Actual	2010 Actual	2011 Budget	2012 Plan
REGIONAL FUNDS					
Sales Tax - Part I	\$ 729,773	\$ 660,183	\$ 687,785	\$ 675,012	\$ 737,061
PTF Match to Part I Sales Tax (25%)	182,443	169,353	171,169	168,753	184,265
Sales Tax - Part II	222,928	234,055	243,650	241,287	261,158
PTF Match to Part II Sales Tax (+5% Part I)	44,758	113,188	116,235	113,337	123,609
Total Sales Tax and PTF	\$ 1,179,902	\$ 1,176,779	\$ 1,218,839	\$ 1,198,389	\$ 1,306,093
PACE SHARE OF REGIONAL FUNDS					
Sales Tax - Part I	\$ 78,240	\$ 70,439	\$ 73,054	\$ 72,617	\$ 78,234
PTF Match to Part I Sales Tax	—	2,267	—	535	3,000
Sales Tax II and PTF	37,130	54,668	56,244	55,702	58,016
Total Pace Share	\$ 115,370	\$ 127,374	\$ 129,298	\$ 128,854	\$ 139,250
PACE FUNDING AS A PERCENT OF REGIONAL FUNDING					
Sales Tax I and PTF I	8.6%	8.5%	8.5%	8.6%	8.5%
Sales Tax II and PTF II	13.9%	15.7%	15.6%	15.7%	15.1%
Total Receipts	9.8%	10.8%	10.6%	10.8%	10.7%

Funding Sources—Part I

Sales Tax

The Part I sales tax amount represents the pre-2008 sales tax imposed by the RTA. The effective sales tax rate for Part I is 1% in Cook County and .25% in Will, Lake, Kane, DuPage and McHenry Counties. Part I sales taxes are distributed to Pace, the RTA, and the other Service Boards (CTA and Metra) in accordance with the allocation shown on Table 5.

The RTA has established a preliminary sales tax funding mark of \$78.234 million for Pace for 2012. This represents approximately 10.6% of the total RTA region's estimate of \$737.061 million. The RTA projects Pace sales tax will increase by 2.8% over estimated 2011 sales tax receipts. The RTA estimate is based on a projection of current sales tax trends which continue to rise over prior year levels. Table 6 highlights recent and upcoming estimates for Part I sales tax revenues for both the region and Pace.

Public Transportation Fund (PTF)—Part I

Section 4.09 of the RTA Act establishes a Public Transportation Fund in the State Treasury. The PTF is to be funded by transfers from the General Revenue Fund, and 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.

The RTA has, over time, reduced the level of PTF Part I sales tax funds to Pace. For 2012, they will provide Pace with \$3.0 million of these funds.

Federal Funds

Pace is eligible for federal funding from several programs in 2012.

Congestion Mitigation/Air Quality (CMAQ) Program

Since 1996, Pace has benefited from the Federal Congestion Mitigation/Air Quality (CMAQ) program which awards funds to implement and maintain various new services that support program objectives. Continued funding from this source is included in 2012.

Job Access and Reverse Commute (JARC) Program

Since 2001, Pace has qualified for funds under the 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 2012.

New Freedom Program

The Federal Transit Administration provides for a program which 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 2012.

New Funding Sources—Part II

The passage of Public Act 95-0708 in January 2008 re-structured 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 is increased by legislation to \$115.000 million for 2012.
- \$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.

These amounts are adjusted annually for sales tax performance which is expected to recover to 2008 levels in 2012 (Table 7).

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 7 shows the allocation of the new funding sources for the 2012 RTA budget.

Suburban Community Mobility Fund (SCMF)

The SCMF provides \$20.3 million (2012) 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 \$50 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 2012, Pace will use these funds to support existing services.

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

South Cook County Job Access

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 \$32.0 million for services in South Cook County for two of its operating divisions—Pace South and Pace Southwest.

ADA Paratransit Fund

In 2011, the RTA Act was amended to establish the ADA Fund at a level of \$115 million for 2012. Further discussion of the ADA Paratransit Fund is included in the ADA section of this document.

Table 7. Part II. Regional Public Funding Distribution—RTA New Funding (000's)

	2012 Plan
NEW SALES TAX	\$ 261,158
Public Transportation Funds	
5% Match—New Sales Tax & Old Sales Tax	\$ 49,911
5% Match—Chicago RETT	1,401
Total 5% PTF Match	\$ 51,312
25% PTF Match—New Sales Tax	65,289
Total New Sales Tax & PTF	\$ 377,759
DISTRIBUTION	
Regional ADA Paratransit Fund - Pace/RTA	\$ 115,000
Suburban Community Mobility Fund - Pace	20,319
RTA Innovation, Coordination/Enhancement Fund	10,159
Balance Available for Allocation to Service Boards	\$ 232,281
SERVICE BOARD DISTRIBUTION	
CTA—48%	\$ 111,495
Metra—39%	90,589
Pace—13%	30,197
Total to Service Boards	\$ 232,281
South Cook Job Access*	\$ 7,500

*Not sourced from new sales tax/PTF

Operating Revenues

Pace is budgeting for \$54.469 million in Suburban Service operating revenue for 2012, a \$1.889 million or 3.6% increase from estimated 2011 levels. Farebox revenue will account for \$0.666 million or 1.3% of total revenue growth and will increase in-step with ridership growth and benefit from the new fare agreement with the CTA. Advertising revenue will increase by 2.3% and will contribute \$99,000 or 0.2% of the total revenue growth. The new advertising contract has helped to return ad revenues to historical levels. Local share revenue will grow by 8.8% and will account for \$1.124 million or 2.1% of total revenue growth in 2012. Pace cost reimbursement for the Ride in Kane program shifts from a form of RTA grant funds to a local share from the community partners, given they have now become the grant recipient for 2012.

Additional analyses of operating revenues are discussed throughout the remaining sections of this document.



Pace's wrapped buses are an excellent source of revenue.



Ad shelter advertising is also a good source of revenue to Pace.

Uses of Funds

All funds received in 2012 will be used to support Pace services. The components of the 2012 Suburban Service operating program are fixed route carriers (Pace-owned, public/municipal contract and private contract carriers); 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 nine carriers in the six county region. Together, these divisions—North, North Shore, Northwest, South, Southwest, West, Fox Valley, River, and Heritage—carry 84% of the total suburban service ridership. Pace expects to provide \$78.697 million for expenses to these carriers in 2012. Further information on the Pace-owned services budget can be found on page 14.

Public/Municipal Contracted Services

Pace will contract directly with three municipalities (Niles, Downers Grove and Highland Park) and maintains an agreement with the Village of Schaumburg for additional fixed route services. These services are expected to cost an estimated \$3.315 million in 2012. Further information on the public/municipal contracted services budget can be found on page 15.

Private Contract Services

Pace provides service to more than 25 communities by directly contracting with three private transit companies. In 2012, Pace will contract for Job Access Reverse Commute (JARC) service. The combined total cost for privately contracted service in 2012 is \$8.018 million. Further information on the private contract services can be found on page 16.

Dial-a-Ride Services

Pace participates 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 carriers. Pace provides partial funding to these services, requiring the local government to support a portion of the net service cost based upon a formula applied to the total service cost. Pace also oversees the Community Transit Program. The total cost for dial-a-ride services in

2012 is \$18.953 million. Further information on the dial-a-ride services budget can be found on page 17.

Vanpool Services

The 2012 budget for vanpool services is \$4.834 million. This program is targeted specifically at the short and intermediate range work-trip market where the majority of peak period travel occurs. The program has been expanded several times since inception. In 1994, the Advantage element was added with the intent to provide a transit alternative to individuals with disabilities 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. The formation of vanpools has been very popular. Pace expects this program to have 640 vans in service by the end of 2012. Further information on the vanpool services budget can be found on page 19.

Centralized Support

Pace provides a variety of direct operational support items through a centralized support program. Pace has been able to save money by buying in bulk and consolidating services. In total, Pace will spend \$61.508 million to provide fuel, insurance, health care and other support items in 2012. Further detail on the centralized support program budget is contained on page 21.



The Pace Board of Directors develop policies on the use of Pace funds.



Pace's Administrative Office Building is located in Arlington Heights.



Pace sells bus passes to riders from the main lobby of Pace's Administrative Office Building.

Administration

In order to accomplish the duties of direct operational support, service planning, capital planning, financial control and MIS support, Pace's 2012 administrative budget is set at \$23.684 million. Further information on the administration budget can be found on page 22.

Regional ADA Support Credit

Beginning in July 2006, Pace assumed responsibility for providing all ADA paratransit trips in the northeastern Illinois six county region. In order to properly account for the ADA program, Pace began reporting all costs associated with providing ADA service separately from the other services provided. In addition to the direct costs, Pace developed a cost allocation model to accurately identify and separate ADA support costs incurred by the agency. These costs are from Pace's MIS, Accounting, Purchasing and other departments which support the ADA program. Pace has applied a credit to the Suburban Service budget of \$3.992 million which has been allocated to the Regional ADA Paratransit Services budget.

Table 8. 2012 Suburban Service Revenue Summary (000's)

	2010 Actual	2011 Estimate	2012 Budget
OPERATING REVENUES			
Pace-Owned Services	\$ 26,173	\$ 26,427	\$ 27,140
Public/Municipal Contracted Services	1,639	1,456	1,337
Private Contracted Services	2,427	1,986	1,760
Dial-A-Ride Services	9,481	10,334	11,537
Vanpool Program	3,579	3,649	3,791
Half-Fare Reimbursement	2,416	2,571	2,571
Investment/Other Income	1,932	1,838	1,916
Advertising Revenue	3,931	4,319	4,417
Total Operating Revenue	\$ 51,578	\$ 52,580	\$ 54,469
PUBLIC FUNDING			
Sales Tax (Part I)	\$ 73,054	\$ 76,122	\$ 78,234
RTA Discretionary (PTF - Part I)	0	0	3,000
Sales Tax and PTF (Part II)	29,785	31,036	30,197
Suburban Community Mobility Fund (SCMF)	18,959	19,755	20,319
South Cook Job Access Fund	7,500	7,500	7,500
Federal CMAQ/JARC/New Freedom Funds	2,738	2,211	1,298
Federal 5307	2,300	2,000	0
RTA/ICE Funds	207	100	0
Total Public Funding	\$ 134,543	\$ 138,725	\$ 140,548
Total Source of Funds	\$ 186,122	\$ 191,305	\$ 195,017

Chart C. Sources of Funds

Sources (000's)

Total \$195,017

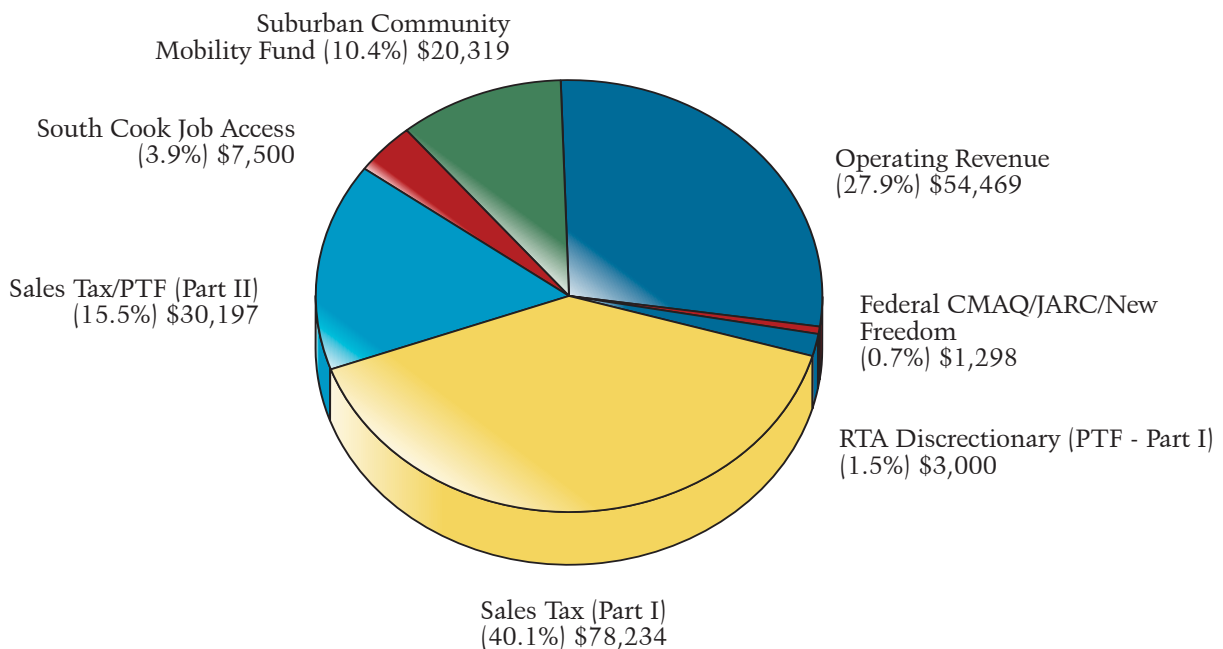


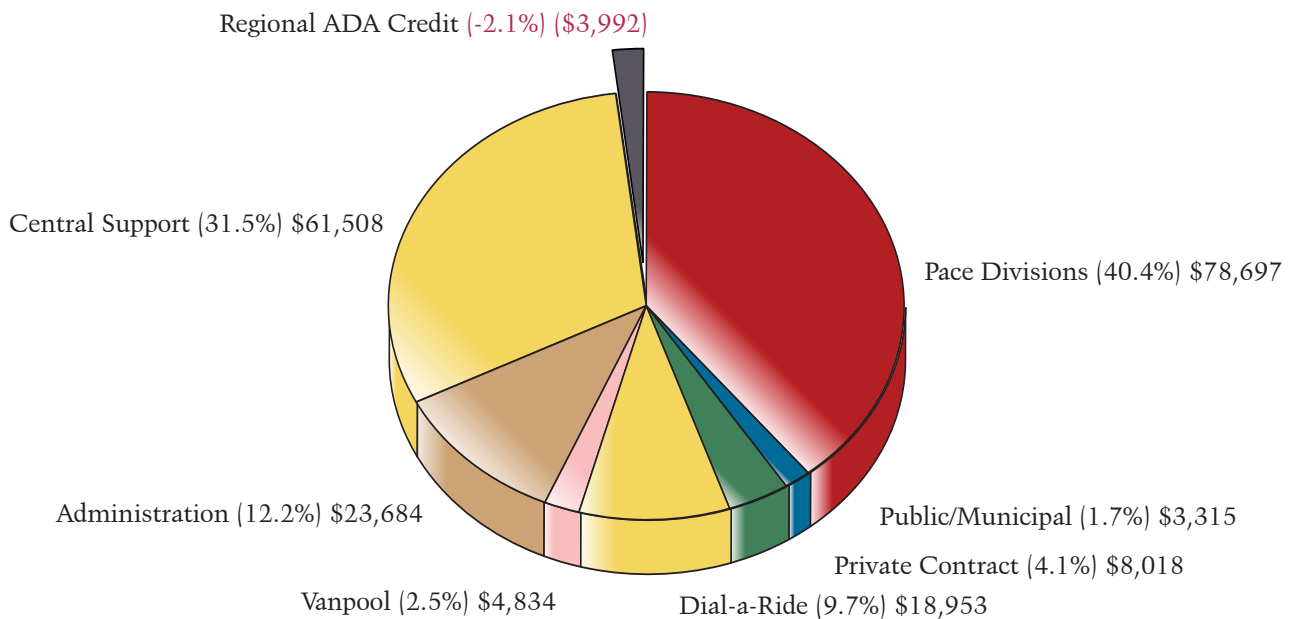
Table 9. 2012 Suburban Service Expense Summary (000's)

	2010 Actual	2011 Estimate	2012 Budget
EXPENSES			
Pace-Owned Services	\$ 73,318	\$ 75,821	\$ 78,697
Public/Municipal Contracted Services	3,238	3,275	3,315
Private Contracted Services	8,558	7,450	8,018
Dial-A-Ride Services	17,336	17,872	18,953
Vanpool Program	3,656	4,593	4,834
Centralized Operations	53,427	59,144	61,508
Administration	19,649	21,326	23,684
Regional ADA Support Credit	(2,933)	(3,857)	(3,992)
Total Expenses	\$176,249	\$ 185,624	\$195,017
Net Funding Available	\$ 9,873	\$ 5,681	\$ 0
Recovery Rate	36.00%	36.00%	30.00%

Chart D. Uses of Funds

Sources (000's)

Total \$195,017



2012 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 84% of the system's suburban ridership.

In 2012, Pace will spend \$51.6 million to provide service in these areas. This represents a 4.4% increase over estimated 2011 levels.

Total revenues will increase in 2012 due to a projected growth in base ridership and the transfer of service from the contracted service budget.

Total operating expenses will grow 3.8% over 2011 levels. Labor and fringe benefit costs are the primary factors affecting the rising costs in 2012.

Recovery performance will decline slightly at the divisions for 2012 due to the growth in operating expenses.

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

2012 Goals

Pace's efforts for 2012 include providing 27.7 million rides with a minimum recovery ratio of 34.5%.

Additional information on the Pace Operating Division budget is provided in Appendix F.



Pace Fox Valley Division in North Aurora was constructed in 1994.

Table 10. Budget Summary—Pace Owned Carriers (000's)

	2010 Actual	2011 Estimate	2012 Budget
REVENUE			
Pace Divisions	\$ 26,163	\$ 26,387	\$ 27,140
CMAQ/JARC	10	40	0
Total Revenue	\$ 26,173	\$ 26,427	\$ 27,140
EXPENSES			
Operations	\$ 50,936	\$ 53,208	\$ 55,197
CMAQ/JARC	45	189	0
Maintenance	11,708	12,088	12,745
Bus Parts/Supplies	3,418	3,257	3,338
Non-Vehicle Maintenance	1,944	2,254	2,325
General Administration	5,267	4,824	5,091
Total Expenses	\$ 73,318	\$ 75,820	\$ 78,697
Funding Requirement	\$ 47,145	\$ 49,393	\$ 51,556
Recovery Ratio	35.70%	34.85%	34.49%
Ridership	26,954	27,397	27,706
Vehicle Miles	21,361	20,961	21,320
Vehicle Hours	1,430	1,433	1,449
Full Time Equivalent (FTE's)	1,160	1,160	1,183

2012 Public/Municipal Contracted Service Budget

Pace will contract with three municipalities—Highland Park, Downers Grove and Niles—to provide fixed route bus service in these communities, and maintain an agreement with the Village of Schaumburg for additional fixed route service in 2012. 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 2012. Combined, these services will provide .796 million rides, and generate \$1.054 million in revenue via the farebox or local share contributions. Total service expenditures will reach \$2.809 million in 2012, and net required funding will increase slightly to \$1.755 million. The goal for these two providers in 2012 includes increasing ridership by 2.8% and achieving a minimum 36% recovery ratio.

Downers Grove

The Village of Downers Grove operates the Grove Commuter Shuttle, transporting passengers to the Metra/Burlington Northern rail station in Downers Grove. This service is included in Pace’s 2012 budget at a cost of \$262,000, offset by revenue of \$113,000. The goal for Downers Grove in 2012 is to achieve a minimum 36% recovery ratio.

Schaumburg

A trolley service was implemented in the Woodfield area in 2001 and continues in 2012. The cost of this service is estimated at \$244,000 and is partially funded by the Village of Schaumburg.



Bus service is provided by the City of Highland Park to Ravinia events.

Table 11. Budget Summary—Public/Municipal (000's)

	2010 Actual	2011 Estimate	2012 Budget
REVENUE			
Highland Park	\$ 494	\$ 483	\$ 499
Niles	608	538	555
Schaumburg	295	225	171
Downers Grove	242	210	113
Total Revenue	\$ 1,639	\$ 1,456	\$ 1,337
EXPENSES			
Highland Park	\$ 1,162	\$ 1,210	\$ 1,267
Niles	1,457	1,494	1,542
Schaumburg	349	322	244
Downers Grove	269	249	262
Total Expenses	\$ 3,237	\$ 3,275	\$ 3,315
Funding Requirement	\$ 1,598	\$ 1,819	\$ 1,977
Recovery Ratio	50.63%	44.47%	40.38%
Ridership	885	880	901
Vehicle Miles	623	619	615
Vehicle Hours	54	54	53

2012 Private Contract Carrier Budget

In 2012, Pace will contract directly with three private transit providers for fixed route service in 25 different communities.

Private contractors doing business with Pace include:

- Coach USA
- First Group
- MV Transportation

The net cost of providing fixed route contracted service will increase by \$0.794 million in 2012. This represents a 14.5% increase over estimated 2011 levels. The implementation of Southwest Suburban Express service scheduled for the latter half of 2011, accounts for the increase. Cost of the express service will be offset with funds from a JARC grant in 2012.

Operating revenues are projected to decline by 13.7% next year, as service was transferred from the contract services budget to the Pace Divisions in July of 2011.

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

2012 Goals

2012 goals include providing service to 0.979 million riders, while achieving a minimum recovery ratio of 21.95%.



Round Lake Area Call-n-Ride service is provided by one of our private contractors.

Table 12. Budget Summary—Private Contract Carriers (000's)

	2010 Actual	2011 Estimate	2012 Budget
REVENUE			
Private Contract	\$ 2,427	\$ 1,986	\$ 1,715
CMAQ/JARC	0	0	45
Total Revenue	\$ 2,427	\$ 1,986	\$ 1,760
EXPENSES			
Private Contract	\$ 8,404	\$ 7,450	\$ 7,113
CMAQ/JARC	154	0	905
Total Expenses	\$ 8,558	\$ 7,450	\$ 8,018
Funding Requirement	\$ 6,131	\$ 5,464	\$ 6,258
Recovery Ratio	28.36%	26.65%	21.95%
Ridership	1,451	1,164	979
Vehicle Miles	2,173	1,510	1,258
Vehicle Hours	129	89	75

2012 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 22 dial-a-ride projects. In most cases, the local community operates the service referred to as Municipal Provided Service. For 2012, 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 2012. Pace raised the subsidy from \$2.25 to \$3.00 at the beginning of 2009 as part of a planned new initiative program.

Pace contracts directly with private providers for the operation of 46 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 45 local share agreements. A large group of contracted services are provided in the Eastern McHenry area.

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

The budget shown in Table 13 is based on the \$3.00/75% subsidy formula for local dial-a-ride and will provide \$18.953 million for service throughout the six county region including the Ride DuPage, Ride in Kane and Community Transit programs.

Call-n-Ride

In 2008, Pace launched its first Call-n-Ride program in West Joliet and its second, Round Lake Area at the end of 2009. Call-n-Ride service is a reservation-based, curbside service that picks up riders and takes them anywhere within a designated geographic service area. This service differs

from other curbside services like Dial-a-Ride and ADA Paratransit service because it is open to the general public and reservations can be made on the same day. Fares for the service are the same as the local Pace fixed route fare.

Community Transit Program

The Community Transit Program, new in 2007, 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 and is now administered by Paratransit Department staff. Pace will cover maintenance expenses on qualifying vehicles in 2012 at a cost of \$80,065. Revenues for this program are projected at \$114,957, with 93 vehicles in service by year-end 2012. The 2012 budgeted recovery rate for this program is 143.58%.

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 2012 budget at a cost of \$1.665 million. Program costs are offset by local subsidies and 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 \$3.192 million. The funding for this program is a combination of federal grant funding and local share agreements.

2012 Goals

Combined dial-a-ride efforts in 2012 will include carrying 1.4 million riders while maintaining recovery performance to a level of 60.86%.

Table 13. Budget Summary - Dial-a-Ride Services (000's)

	2010 Actual	2011 Estimate	2012 Budget
REVENUE			
Municipal Provided Service	\$ 4,213	\$ 4,354	\$ 4,561
Contractor Provided Service	1,994	2,258	2,324
Call and Ride	18	17	34
Eastern McHenry/Ride McHenry	1,057	1,168	1,222
Ride DuPage	966	992	1,026
Ride Kane	1,126	1,442	2,255
Community Transit	107	105	115
Total Revenue	\$ 9,481	\$ 10,334	\$ 11,537
EXPENSE			
Municipal Provided Service	\$ 5,236	\$ 5,425	\$ 5,731
Contractor Provided Service	4,929	5,029	5,276
Call and Ride	313	302	452
Eastern McHenry/Ride McHenry	2,242	2,409	2,557
Ride DuPage	1,560	1,607	1,665
Ride Kane	2,991	3,027	3,192
Community Transit	66	73	80
Total Expense	\$ 17,336	\$ 17,872	\$ 18,953
RECOVERY RATE			
Municipal Provided Service	80.47%	80.25%	79.59%
Contractor Provided Service	40.46%	44.89%	44.04%
Call and Ride	5.60%	5.57%	7.46%
Eastern McHenry/Ride McHenry	47.15%	48.47%	47.78%
Ride DuPage	61.96%	61.76%	61.58%
Ride Kane	37.64%	47.63%	70.63%
Community Transit	162.23%	143.58%	143.58%
Total Recovery Rate	54.69%	57.82%	60.86%
RIDERSHIP			
Municipal Provided Service	373	373	377
Contractor Provided Service	267	295	301
Call and Ride	15	15	28
Eastern McHenry/Ride McHenry	221	225	230
Ride DuPage	49	49	50
Ride Kane	124	143	146
Community Transit	224	231	245
Total Ridership	1,273	1,332	1,377

2012 Vanpool Budget

The Vanpool Program is a commuting option which provides passenger vans to small groups of 5 to 14 people, allowing them to commute to and from work together. Pace estimates to have 640 vans in service by year-end 2012, carrying 1.890 million riders. Growth of the Vanpool Program has been sluggish due largely to the poor economy and high unemployment. The program has also been impacted by high gas prices. Fuel costs will cause the program to finish nearly \$1.0 million over budget in 2011, and will reduce recovery performance by 18.5 percentage points to 79.44% at year end.

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 14. 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 953,968 with 290 vans in service by the end of 2012. The 2012 budgeted revenue is expected to grow 3.6%, in line with the growth in vans and ridership. Total expenses are projected to increase 5.3%. Recovery performance is budgeted at 93.23% for 2012.

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 23 shuttle vans in service by the end of 2012, an increase of six vans over 2011 year-end levels. As part of a fare demonstration to attract new participants, Pace reduced the fares for the employer shuttle program in June, 2011. The 2012 budgeted recovery rate for this program is 113.05%.

Advantage Program

In 1994, Pace expanded the Vanpool Program to include the Advantage element. Advantage is intended to provide

a transit alternative to individuals with disabilities that commute on a regular basis to work sites or rehabilitative workshops. It is an alternative for those unable to use the regular ADA paratransit service or those living outside the 3/4 mile service area.

In 2012, revenue will grow 2.8% while expenses will increase 3.4% over 2011 levels. Pace projects to have 327 vans in service at year-end 2012. The recovery rate for the Advantage Program is budgeted at 61.62% in 2012.

2012 Goals

Pace's efforts for the entire Vanpool Program in 2012 will include carrying 1.890 million passengers and maintaining a recovery ratio of 78.43%. Pace projects to have 640 vans in service by the end of 2012.



Pace's Vanpool/RideShare Programs offers a variety of different service options.

Table 14. Vanpool Budget (000's)

	2010 Actual	2011 Estimate	2012 Budget
REVENUE			
VIP	\$ 1,985	\$ 2,058	\$ 2,132
Employer Shuttle	194	168	197
Advantage	1,400	1,422	1,463
Total Revenue	\$ 3,579	\$ 3,649	\$ 3,791
EXPENSE			
VIP	\$ 1,713	\$ 2,173	\$ 2,287
Employer Shuttle	102	124	174
Advantage	1,841	2,297	2,374
Total Expenses	\$ 3,656	\$ 4,593	\$ 4,834
Funding Requirement	\$ 77	\$ 944	\$ 1,043
RECOVERY RATE			
VIP	115.89%	94.75%	93.23%
Employer Shuttle	189.54%	135.40%	113.05%
Advantage	76.07%	61.94%	61.62%
Total Recovery Rate	97.90%	79.44%	78.43%
RIDERSHIP			
VIP	888	921	954
Employer Shuttle	57	70	94
Advantage	806	819	842
Total Ridership	1,751	1,810	1,890
VEHICLE MILES			
VIP	6,729	6,978	7,228
Employer Shuttle	266	323	436
Advantage	4,300	4,369	4,493
Total Vehicle Miles	11,295	11,670	12,157
Vehicles in Service (year-end) - VIP	270	280	290
Vehicles in Service (year-end) - Employer Shuttle	14	17	23
Vehicles in Service (year-end) - Advantage	313	318	327
Total Vehicles in Service (year-end)	597	615	640

2012 Centralized Support Budget

Pace manages numerous functions and expenditures “centrally” on behalf of the entire Agency. The centralized support budget will reach \$61.5 million in 2012. This budget includes expenses for fuel, liability insurance and health care.

In 2011, Pace’s centralized support expense is estimated to end the year \$5.7 million or 10.7% over prior year levels. A majority of this growth will come from fuel and health care.

The 2012 centralized support budget will grow 4.0% over estimated 2011 levels.

The operations component is comprised of 36 positions that provide support to all operation areas of Pace. Total operations expense is projected to grow 3.8% over 2011 levels with most of this growth attributed to rising labor and fringe benefit costs.

Fuel expenses are projected to grow 6.7% in 2012. Suburban Service fuel consumption is budgeted at 5.8 million gallons, and \$3.39 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 39 positions and includes both maintenance and materials management personnel. Total maintenance expense is projected to grow

3.5% over 2011 levels with most of this growth attributed to rising labor and fringe benefit costs.

The non-vehicle maintenance area consists of eight positions which provide support to all building maintenance and bus shelter functions. This area will grow 7.5% over 2011 due to expansion of facility and passenger shelter maintenance and repair expenses.

The administration portion of the central support budget is comprised of numerous items, including marketing, liability insurance, and health care. In 2012, health care expenses are forecasted to rise 5.9%, while liability insurance costs are estimated to be 7.6% lower than 2011 levels as we anticipate the continuation of favorable claims experience in 2012. Also, added costs associated with advertising and farebox/radio warranty contracts are contributing to the overall growth in administration expenses.

2012 Goals

Pace’s 2012 budgetary efforts for centralized support will include constraining non-labor expenditures wherever possible while maintaining a staffing level of 83 positions.

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

	2010 Actual	2011 Estimate	2012 Budget
Operations	\$ 4,318	\$ 4,627	\$ 4,803
Fuel	13,096	18,422	19,657
Maintenance	4,078	4,248	4,396
Non-Vehicle Maintenance	1,171	1,329	1,429
Administration	3,743	4,047	4,478
Liability Insurance	11,546	9,549	8,825
Health Care	15,474	16,922	17,920
Total	\$ 53,427	\$ 59,144	\$ 61,508
Full-Time Equivalent (FTE's)	83	83	83

2012 Administrative Budget

The 2012 administrative budget is estimated to reach \$23.7 million. Pace will utilize 179 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 2011, administrative expenses are estimated to end the year \$1.7 million or 8.5% over 2010 levels. A large part of this growth is attributed to higher data processing communications and software maintenance costs associated with the Trapeze Intelligent Bus System (IBS) and other ongoing or new projects.

The 2012 administrative budget will increase 11.1% over 2011 estimated levels and includes projected increases in data processing, service studies and consulting costs. The addition of four new positions along with two fewer vacancies has also contributed to the growth in administration costs.

Looking at the individual areas of the administrative budget non-vehicle maintenance expenses are projected to grow 17.5% over 2011 year-end levels. Contributing to this large increase in next year's budget is the new administrative building which will be out of warranty at the end of 2011.

Labor and fringe benefit costs will grow 7.7% in 2012. Administrative staffing will rise by four Full Time Equivalents (FTE's) and includes a Ride Share coordinator and

three positions for the new Office of the Inspector General. Also, two less vacancies have been budgeted.

The expense category "Other" will rise 19.4% next year with continued cost growth for data processing, consulting and planning studies. Additional information on Pace's planning initiatives are contained in Appendix E of the document.

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

2012 Goals

Pace's 2012 budgetary efforts for administration include constraining non-labor expense growth while maintaining a staffing level of 179 positions.

Further detail on the administrative budget is provided in the following table.



Pace's Administrative Office Building was built with many energy efficient features including a lighting system utilizing automatic dimming and occupancy sensor controls.

Table 16. Administrative Budget (000's)

	2010 Actual	2011 Estimate	2012 Budget
Non-Vehicle Maintenance	\$ 200	\$ 247	\$ 290
General Administration			
Labor/Fringe Benefits	13,434	14,313	15,417
Parts/Supplies	188	230	230
Utilities	318	315	319
Other	5,508	6,222	7,429
Total Expenses	\$ 19,649	\$ 21,326	\$ 23,684
Full Time Equivalents (FTE's)	173	173	179