

ITEM II

**MINUTES OF A PUBLIC MEETING OF THE PACE BOARD OF DIRECTORS
SUBURBAN BUS DIVISION OF THE REGIONAL TRANSPORTATION AUTHORITY**

Pace, the Suburban Bus Division of the Regional Transportation Authority, Board of Directors met in public session on Wednesday, August 12, 2009, at 3:40 p.m. at Pace corporate headquarters, 550 West Algonquin Road, Arlington Heights, Illinois, pursuant to notice.

The Chairman led the assembly in the Pledge of Allegiance.

ROLL CALL

Present:

Al Larson
Thomas D. Marcucci
Frank Mitchell
Jeffery D. Schielke
Richard Kwasneski, Chairman

Absent:

Kyle Hastings
Anna Montana
Richard F. Pellegrino
Richard Welton

APPROVAL OF MINUTES

Director Schielke moved, and Director Larson seconded, a motion to approve **Resolution SBD #09-82**, the minutes of the July 1, 2009 Open Session. The motion carried on the following roll call vote:

9 Ayes Directors Larson, Marcucci, Mitchell, Schielke, Shepley, Squires, Tamley, Wells, Chairman Kwasneski

0 Nays

PUBLIC COMMENT

Ms. Anne Bochnovic stated that since the June 3rd meeting when she mentioned the letters of complaint that she had written the Board, she has still not received any response. She handed out a folder containing the complaints and asked for the Board to respond within the next 30 days.

Ms. Brenda Trotter asked how soon Pace's new plan would go into effect. She said she still hears people saying they are still getting to work late going from the south suburbs to the city. She also asked why the fare is going up 75 cents since Pace received a stimulus check.

Ms. Sharon Lamp said she was representing the Pace ADA Advisory Committee, Paratransit advocates committed to equality established in 1999. She said calls have been received from Pace paratransit riders who, after attending Pace budget presentations at accessibility meetings, are convinced Pace plans to violate federal law and end paratransit service after October. Access Living said Chicago riders also feel the same way based on Pace remarks and media reports.

Ms. Lamp said the Dept. of Justice communicated with Pace saying they cannot eliminate paratransit service. Her group believes Pace has produced fear and anxiety among the riders and is using scare tactics. She said it is irresponsible, a disservice to the riders and poor use of Pace dollars. She asked Pace to stop putting out misleading information.

The Chairman said he would address some of the paratransit issues in his report.

Ms. Darlene Hale said the fare increase is seriously unfair. She said paratransit riders helped Pace to get \$100 million in funding and then Pace raised the cost of a pass. An increase in the paratransit fare would also be difficult and the service is no better. She said the zoning should be eliminated and is glad to see the RTA may do something about that. Ms. Hale said she would have had to call four carriers to make a trip earlier today. The computer system is not accommodating the disabled. She asked that Pace allow same day changes.

Finally, Ms. Hale said that the Board only knows what staff tells them and that the ADA Committee is not open. She has asked for agendas and minutes of the meetings and has still not received them.

Ms. Alva Rodriguez said she would like better communication between riders and contractors when it comes to rearranging schedules. She said everyone should work together for efficiencies.

CHAIRMAN'S REPORT

Chairman Kwasneski congratulated the suburban Cook County appointed Board members who were recently reappointed to the Pace Board.

He addressed earlier comments by the public and said that the letter that was received was not from the Department of Justice but the Federal Transit Administration. The Chairman said Pace has every intention to provide paratransit service as federal law mandates. However, funding will run out in October. This has been explained to the RTA Board and staff is working with the RTA to work this out. He encouraged the paratransit advocates to attend talk to the RTA Board of Directors. They are the ones that control the money. Chairman Kwasneski said Pace's hands are tied. Pace Board and staff are very supportive of paratransit service and are doing everything they can to keep it going.

In addition, the Chairman said paratransit funding dollars should be taken off the top before disbursement is made to any of the three service boards. Pace has received good audits and the RTA has said Pace is doing a good job of running the service. He confirmed that Pace will continue to provide the service until the money runs out. He said that if contractors cannot be paid, they will probably not continue to provide service for very long. No one wants to get to that point.

DIRECTORS' REPORTS

Director Larson had no report.

Director Marcucci agreed with the Chairman's comments and sentiments.

Director Mitchell said that he made five or six dial-a-ride subsidy check presentations in Will County over the last month. He said that our partners are very thankful for the help. He also attended a legislative reception at River Valley Metro and had a chance to talk to legislators there. He is confident that we should not look to Springfield for resolution on the funding problem.

Director Schielke commended staff for their outstanding preparation and presentation of the CMAQ grant which was submitted. He was on the Congestion Mitigation Air Quality committee and said that the engine retrofit grant application was reviewed by the committee. They believe it has widespread regional impact and it was therefore selected for funding.

He also congratulated Director Larson on moving into the position with the Illinois Municipal League where he is potentially the next president of the IML in a few years.

Director Shepley concurred with Director Marcucci's remarks and said he adopts the Chairman's remarks as his own. He said the Chairman did not need to apologize for getting emotional over the issue of paratransit funding because it is an emotional issue. Director Shepley said that the current funding issue is not a recent turn of events. There have been frustrating issues as long as he has been on the Board.

Director Shepley also responded to comments made by constituents. He said that Pace staff and the Pace Board do not work independently. He said the Board has full knowledge of what is going on at Pace. In addition, he commented that Pace staff has been through more difficult times than any other service board in the region and has done more with less in order to make ends meet. In conclusion, Director Shepley said that the administration and the Board are a team. Everyone worked collectively to receive funding from Springfield and it was funding for not just some but for all Pace users.

Director Squires mentioned that at the Chairman's request, he has sat in on a few meetings regarding the financial difficulties. He shares the Chairman's frustrations and said the system cannot go on the way it is.

At the Finance Committee the preliminary budget was reviewed and he will hold comments until that presentation.

Director Tamley said she has spent countless hours on the paratransit issue. She agrees with earlier comments by the Chairman and Board members hopes to see a resolution in the near future.

Director Wells shares the frustrations regarding the ADA issue. He asked the date of the next RTA Board meeting. It is August 20th. The Chairman said Pace representatives would be there. Outreach has also been made to others to attend. He encouraged anyone interested in paratransit funding to attend.

Director Wells thanked Melinda Metzger, Deputy Executive Director, Revenue Services, and Cecil Crum, Regional Manager, for coming out to school district #205. The school district is working on a diesel mechanic program and it is being sponsored by Navistar. Pace is a corporate partner and will serve on the advisory council.

In conclusion, Director Wells reported that he made some big check presentations to Park Forest and Rich Township. They were very appreciative. Illinois State Representative Al Riley is the Rich Township Supervisor and he sings Pace's praises. He knows our frustrations and is doing what he can in Springfield.

REPORT OF EXECUTIVE DIRECTOR

T. J. Ross, Executive Director, reported that ridership continues to run lower than 2008. On fixed route ridership, there is approximately a 20% drop between 2008 and 2009 year to date. The July 2009 ridership is down about 17% from July 2008. However Mr. Ross said that July of 2009 is still higher than July 2005.

Paratransit ridership in the suburbs has increased slightly while city paratransit ridership is down slightly. VIP vanpool ridership is down but ADA ADvAntage ridership which is used by people with disabilities to get to workshops. Mr. Ross said that ridership numbers are affected by unemployment, the fare increase and the discontinuance of accepting the CTA 7 Day Pass. There have also been drops in ridership numbers for free service to seniors and circuit breaker eligible riders.

Mr. Ross noted that in 2007, the CTA's cost to operate a bus one revenue mile was 90% higher than a Pace bus. The operating expense per hour was 34% higher for CTA than Pace. This is federal data. Pace has always had to keep costs as low as possible. He noted that the Aecom Study will point out some efficiencies that Pace can implement.

Mr. Ross asked Terry Brannon, Deputy Executive Director, Internal Services, to present the resolution for Basilio King who is retiring from Pace. Mr. Brannon read the resolution and asked the Board to adopt it. Director Mitchell moved, and Director Schielke seconded, a motion to approve **Resolution SBD #09-83** honoring Basilio King. The motion passed by acclamation.

9 Ayes Directors Larson, Marcucci, Mitchell, Schielke, Shepley, Squires, Tamley, Wells, Chairman Kwasneski

0 Nays

Mr. Brannon said a few words about Mr. King's contributions to Pace and said he would be sorely missed.

Mr. Ross then asked for approval of **Resolution SBD #09-84**, honoring Vernita McBride on her retirement from Pace West Division. Ms. McBride was not present at the meeting. Director Shepley moved, and Director Larson seconded, a motion to adopt the resolution. The motion passed by acclamation.

9 Ayes Directors Larson, Marcucci, Mitchell, Schielke, Shepley, Squires, Tamley, Wells, Chairman Kwasneski

0 Nays

APPROVAL OF CONSENT AGENDA

Chairman Kwasneski asked for a motion to approve the consent agenda. Director Schielke moved, and Director Wells seconded, a motion to approve the consent agenda. The motion carried on the following roll call vote:

9 Ayes Directors Larson, Marcucci, Mitchell, Schielke, Shepley, Squires, Tamley, Wells, Chairman Kwasneski

0 Nays

Ordinance SBD #09-85 - Ordinance authorizing a sole source contract for Trapeze software maintenance and support service

Ordinance SBD #09-85 authorizes the award of a sole source contract to Trapeze Software Group., Inc. for Trapeze software maintenance and support service, in an amount not to exceed \$310,416.00.

Ordinance SBD #09-86 – Ordinance authorizing a contract for purchase of various pumps and motors

Ordinance SBD #09-86 authorizes the award of a contract to North American Bus Industries (NABI) for the purchase of various pumps and motors in an amount not to exceed \$141,842.30.

Ordinance SBD #09-87 – Ordinance authorizing a contract for purchase of engine starters and voltage regulators

Ordinance SBD #09-87 authorizes the award of a contract to Daimler Buses North America, Inc. and P & G Keene Electrical, for the purchase of engine starters and voltage regulators in an amount not to exceed \$113,266.06.

Ordinance SBD #09-88 - Ordinance authorizing a change order to the contract for Intelligent Wide Area Network (IWAN) support

Ordinance SBDS #09-88 authorizes a change order to the contract with Reliable Data Communications, Inc. for Intelligent Wide Area Network (IWAN) support. This action raises the contract total from \$95,710.00 to \$145,710.00, an increase of \$50,000.00.

Ordinance SBD #09-89 - Ordinance authorizing a sole source contract for the Pace Trapeze software system upgrade to Version 8

Ordinance SBD #09-89 authorizes the award of a sole source contract to Trapeze Software Group, Inc. for the Pace Trapeze software system upgrade to Version 8 in an amount not to exceed \$197,500.00.

Ordinance SBD #09-90 - Ordinance authorizing a change order to the joint procurement contract for Hewlett Packard hardware and software support

Ordinance SD #09-90 authorizes a change order to the joint procurement contract with Hewlett Packard Company for Hewlett Packard hardware and software support. This action raises the contract total from \$676,500.00 to \$695,500.00, an increase of \$19,000.00.

Ordinance SBD #09-91 - Ordinance authorizing a sole source contract for technical support services

Ordinance SD #09-91 authorizes the award of a sole source contract to Oracle Corporation for technical support services in an amount not to exceed \$466,340.48.

Ordinance SBD #09-92 - Ordinance authorizing a contract for radio equipment preventative maintenance and repair service

Ordinance SBD #09-92 authorizes the award of a contract to Motorola, Inc. for radio equipment preventative maintenance and repair service, in an amount not to exceed \$796,606.16.

Ordinance SBD #09-93 - Ordinance authorizing a sole source contract for the HASTUS software upgrade to Version 2009

Ordinance SBD #09-93 authorizes the award of a sole source contract to GIRO, Inc. for the HASTUS software upgrade to Version 2009, in an amount not to exceed \$238,823.00.

Ordinance SBD #09-94 - Ordinance authorizing a change order to the sole source contract for the installation of Pace MDT equipment in new Pace paratransit vehicles

Ordinance SBD #09-94 authorizes a change order to the sole source contract with Mentor Engineering, Inc. for the installation of Pace MDT equipment in new Pace paratransit vehicles. This action raises the contract total from \$198,115.00 to \$220,715.00, an increase of \$22,600.00.

Ordinance SBD #09-95 - Ordinance authorizing sole source contracts for taxi services for the Ride DuPage and Ride in Kane programs

Ordinance SBD #09-95 authorizes the award of sole source contracts to 303 Taxi, LLC and Alliance Taxi, for taxi services for the Ride DuPage and Ride in Kane programs, in an amount not to exceed \$3,797,120.00.

ACTIONS

UPS Routes 393/394

Michael Bolton, Deputy Executive Director, Strategic Services, reported that public hearings were held regarding UPS service on Routes 383 and 394. UPS has decided that they no longer wish to subsidize the routes. Without the subsidy, the routes will not meet any Pace performance standards. Transportation options were given to those who currently ride these routes.

Director Mitchell moved, and Director Marcucci seconded, a motion to approve **Ordinance SBD #09-96**, the discontinuance of UPS Routes 393 and 394.

Director Marcucci noted that UPS very important to the region and he is very happy with the way staff handled the hearings.

The motion carried on the following roll call vote:

9 Ayes Directors Larson, Marcucci, Mitchell, Schielke, Shepley, Squires, Tamley, Wells, Chairman Kwasneski

0 Nays

2009 Budget Amendment – Suburban Services & ADA Paratransit Services

Mr. Brannon noted that the RTA adopted a second amendment to the 2009 Operating Budget on June 25th due to the continued decline in sales tax. They are requiring Pace to amend its budget on both the suburban services and ADA paratransit services sides of the budget. In addition there is a capital clean-up amendment included in this request.

The suburban services budget will lose \$7.3 million. This will be covered by a further reduction in the fuel budget and foregoing some service expansion in the budget. Mr. Brannon said it has been helpful that fuel prices have remained lower than budget. The suburban services budget has been cut by \$23.3 million this year due to the decline in sales tax.

On the ADA paratransit services side, the RTA has reduced the budget by \$6.1 million. This increases the shortfall for the ADA program in 2009. Mr. Brannon said that the RTA amendment on June 25th was reflective of Pace's earlier budget submittal which indicated a \$30.5 million shortfall. Pace will amend its marks to mirror the RTA budget marks.

Finally, Mr. Brannon said there is an amendment to the capital budget to adjust to the final federal marks and include a federal grant that Pace received from Homeland Security.

Director Mitchell asked if Mr. Brannon would expand on the ADA budget difference. Mr. Brannon noted that the original budget for ADA required \$98.6 million in funding. Shortly after the budget was transmitted, staff realized there was a large problem with the city ADA service. The budget was revised to require \$119.5 million in funding, due to the cost of the city ADA service. The numbers were submitted in December of 2008 and staff met with the RTA in March of 2009. The RTA's consultant also evaluated the budget in terms of its cost increase. In the RTA's June marks, they adopted a \$119.5 million funding budget, and then identified a \$30.5 million for deficit reduction actions. They then appropriated the \$89 million. Pace updated its estimate for the 2010 budget as to what would be needed for 2009. It has improved and Pace

now estimates that the shortfall for 2009 will be \$19.7 million. The question came up at the Finance Committee as to which number should be submitted to the RTA, \$30.5 million or \$19.7 million, the latest number. Mr. Brannon explained that the RTA's budget reflected the \$30.5 million shortfall and should be what Pace's amendment is based on. The RTA will not see the \$19.7 million estimated shortfall until it is submitted next week. If the RTA comes up with a funding solution, Pace will once again amend the budget to reflect their new numbers. The Finance Committee was in agreement that the budget submittal should reflect the \$30.5 million shortfall but explain the revised estimate in the cover letter.

Mr. Brannon pointed out that at one point there was talk of using the positive fuel budget numbers as a reserve. However this will not be possible now since the under budget amount will be used to help balance the suburban services side of the budget.

Director Mitchell moved, and Director Squires seconded, a motion to approve **Ordinance SBD #09-97**, the 2009 budget amendment for suburban and ADA paratransit services. The motion carried on the following roll call vote:

9 Ayes Directors Larson, Marcucci, Mitchell, Schielke, Shepley, Squires, Tamley, Wells, Chairman Kwasneski

0 Nays

Public Hearing – ADA Fare Increase

Mr. Ross asked for Board authorization to take a proposed ADA fare increase to public hearing. This fare increase could result in fares being raised and transfer fares being instituted for ADA paratransit but no higher than the maximum levels allowed by law. The hearings would be scheduled for the 3rd week of September and the results of the hearings would be brought to the Board in October. According to the law, Pace would have to give 21 days notice in order to hold a hearing for a fare increase. Ten days after the public hearing, Pace could take action. Mr. Ross noted that no specific fare increase number would be taken to public hearing. That number would be determined by the amount of funding Pace receives for 2009 and possibly 2010.

Director Shepley reviewed that taking a fare increase to public hearing does not obligate Pace to make a fare increase, but that not holding a public hearing could be detrimental if the funding does not come through and we have not met the 21 day required notice. Mr. Ross confirmed that was correct. Director Shepley said no one wants a fare increase but that without options in place, Pace will be in a dire situation if funding runs out in October.

Mr. Ross also noted that a fare increase will not solve the problem for 2009. Chairman Kwasneski commented that if the RTA had decided a month or two ago what they were doing, we might not be in this position. But there may need to be an increase in rates and we need to be prepared for that possibility.

Director Tamley asked if the proposed increases were for both the city and the suburbs. Mr. Ross said it would affect both services. He explained that there is currently no cash transfer fare in the city of Chicago or between the city and the suburbs. Because each ride is a full fare, it could be a very expensive ride between the city and suburbs. Director Tamley asked how many public hearings will be held. Rocky Donahue, Deputy Executive Director, External Relations, said there would be thirteen hearings.

At the Chairman's request, Director Mitchell moved, and Director Shepley seconded, a motion to approve **Ordinance SBD #09-98**. This motion allows Pace to take an ADA fare increase to public hearing. The motion carried on the following roll call vote:

9 Ayes Directors Larson, Marcucci, Mitchell, Schielke, Shepley, Squires, Tamley, Wells, Chairman Kwasneski

0 Nays

ISSUES/DISCUSSIONS/REPORTS

Review of Reports

Chairman Kwasneski asked the Board to see staff after the meeting if they had any questions regarding the reports contained in their packet.

DBE Goal – 2010

The Chairman asked the Board to speak with Tom Ciecko, General Counsel, if they had any questions on the DBE Goal for 2010.

Public Hearings – TMA Routes

Mr. Bolton noted that the CMAQ funding for three TMA routes serving the North Central line will expire in November. Metro, Pace and the TMA also subsidize these routes. Mr. Bolton said that without the CMAQ funding the routes will not meet Pace performance standards. The TMA has asked for an extension on the CMAQ funding since money remains in the grant. However, Mr. Bolton said that it is not the FTA's practice to extend funding beyond the initial term. He said that Pace still needs to move forward on holding public hearings in the event that funding ends. Results will be given to the Board at the September meeting.

The Chairman asked if Pace has different performance standards for these routes. Mr. Bolton said that Pace generally works through the process for a few years while the route is growing. If the route is not going well, Pace will talk to the sponsors and try to promote the service.

2010 Budget Submittal to the RTA

Suburban Services

Mr. Brannon presented the 2010 proposed budget for the suburban services. In overview, Mr. Brannon said that Pace's financial outlook has significantly deteriorated due to the recession. 2009 funding is off \$23 million to budget and 2010 funding is estimated at \$27 million off of the plan. He added that if there is no RTA discretionary funding in 2010, as their plan currently shows, Pace projects a \$6.9 million shortfall. Pace will ask for discretionary funding to close this shortfall.

Director Shepley asked what the total amount of projected discretionary funds is for the RTA. Mr. Brannon said it was about \$156 million. In response to Director Shepley, Mr. Brannon said that Pace was due to receive no discretionary funds from this pool. In response to the Chairman's question, the RTA could use this discretionary fund to fund the ADA service although they have not done that in the past. 99% of the funds used to go to the CTA. However due to the recession, the RTA is using it to fund debt service and the CTA, consuming the available discretionary fund. Mr. Ross noted that they have converted operating funds that were traditionally PTF over to fund capital and 45% of that capital goes to Metra.

At this time the RTA is only asking for a three year outlook in August. The ten year plan will be due to the RTA in November.

The proposed 2010 budget summary shows that operating revenue is projected to be \$5.7 million unfavorable to budget. Most of this is due to a turn down in advertising revenue. There was also a reduction in investment income due to lower interest rates. On the plus side, firebox revenue

jumped due to the fare increase and the new 7 day pass that was implemented earlier in the year. On the operating expense side, Pace will come in \$4.7 million favorable for the 2009 budget.

Fixed route ridership for 2009 is expected to go down 13.1%. This was what was projected. There are some changes as to what categories fall under. Dial-a-ride is expected to increase 16.3% for the year and vanpool should be down about 2.7%. The projected changes for 2010 show fixed route ridership up 2.1%, dial-a-ride up 6.4% and vanpool up 7.3%.

Mr. Brannon showed that operating revenue in 2009 is up \$1.8 million over 2008. The \$5.8 million gain in farebox revenue from 2008 and 2009 is offset by the loss in advertising revenue, investment income, and dial-a-ride local share. Total expenses for 2009 are estimated to finish \$10.4 under budget. 2010 is projected to grow 7.7%. This exceeds inflation and is due mostly to 2009 service expansion. He then showed a breakdown of the 7.7% projected growth. The total 2010 funding requirement is projected to increase 9.9%.

For the 2010 suburban services budget there are also a number of issues which Mr. Brannon reviewed. These include RTA operating funding, how Suburban Community Mobility Funds are used, the drop in advertising revenues, the possibility that the recovery ratio does not reach 36% and the risk that the fund balance will be depleted due to underfunded ADA services.

The Chairman asked if the RTA has ever reduced the recovery rate due to a downturn in the economy. Mr. Brannon noted that the rate has only been increased over time but never decreased.

Regional ADA Paratransit

On the ADA paratransit side, Mr. Brannon began with a budget overview. RTA funding declined from \$100 million in 2008 to \$89 million in 2009. While expenses increased, funding decreased. The latest estimate indicates 2009 will end \$19.7 million over budget. At present there is no funding source identified. In addition, appropriated funding will run out by late October.

For 2010, there is a \$119.2 million funding requirement. The RTA estimate is to provide \$90 million. This leaves a projected \$29 million shortfall. Mr. Brannon then reviewed the 2010 preliminary budget summary. He pointed out that this compares the 2009 estimate to the amended 2009 budget, the higher number. It is favorable to budget by \$10.8 million dollars.

He said staff projects a 6% projected increase in ridership for both suburban and city ADA services. Suburban ADA expenses are projected at 14.5% higher and city ADA expenses are expected to increase 8.6%. He noted that the preliminary budget does not include any fare increase. If one occurs, the budget will have to be adjusted accordingly.

Mr. Brannon pointed out that the 2009 estimate in ADA paratransit operating revenue is below budget by \$.5 million. The 2010 budget projects a 6% increase in revenue due to ridership growth. On the expense side, 2009 expenses increase by 8.2% over 2008, due mainly to ridership growth. For 2010, the budget projects a 9.5% increase in expenses.

For 2009, the estimated total funding requirement is \$19.7 million over RTA funding. Mr. Brannon indicated that in 2010, the need exceeds RTA funds by \$29.4 million. Budget issues facing regional ADA paratransit in 2010 include a serious funding gap, a 6% ridership growth, the fact that no fare increase is currently factored into the budget and the projection that Pace will meet only a 9.9% recovery rate with credits. Productivity is expected to be constant.

The regional ADA capital plan for the next five years was briefly reviewed. For the five years, there will be a total shortfall of \$40.6 million. Mr. Brannon noted that there are currently 594

vehicles in the city and the capital program would fund about 544 vehicles. There is also not enough money to replace them when they come due. There is also not enough money over the five year plan to cover communications and passenger facilities.

Director Marcucci asked about the city owned vehicles. Mr. Brannon said that currently, the vehicles are owned by the contractors. If Pace owned them, it is projected that costs would be lower. Director Marcucci said this would be a substantial change and hopes that Pace has a high standard for vehicles. Mr. Brannon commented that Revenue Services maintenance staff has an excellent spec for ADA vehicles.

Director Marcucci pointed out that as funding is decreasing, ridership is increasing. Mr. Brannon said there is a long term trend of increased ridership. Statistics show that Pace is doing a pretty good job and people are looking to Pace more consistently for service. At the same time Pace is left with less funding.

Director Tamley asked what the savings would be if Pace owned the vehicles. Mr. Brannon said an estimate would be \$2.50 to \$5.00 per hour but it is unrealistic to put a number on it until contracts are rebid or negotiated. Mr. Ross said it would be possible to have one or two contracts where Pace supplies the vehicles and one or two contracts where the contractor supplies the vehicles to gain a true market difference. This is an option Pace will look at.

Suburban Services Proposed Capital Program

Mr. Brannon noted that this is the largest capital program that Pace has had in quite some time, due largely to state funding through two programs. Pace will receive \$90 million under one program and \$65.4 under a second program. This infusion of capital funds is reflected in the 2010 budget.

Mr. Brannon reviewed the \$75.6 million 2010 budget which covers rolling stock (\$40.6 million), electrical/signal/communications (\$20 million), support facilities and equipment (\$10.9 million), stations and passenger facilities (\$3 million), unanticipated capital/project administration, and the J Route BRT Alternative Analysis (\$1.1 million), if federal discretionary earmarks are approved.

Director Wells had a question as to when the South Holland replacement garage might be completed. Mr. Brannon said that the project is expected to be completed in 2013.

Funding sources for the capital program include \$44.5 million from IDOT, \$19.6 million in Section 5307 funds, \$6.2 million from federal TIGGER/ARRA funds, and the balance from Section 5309 funds, CMAQ, and Pace's local share.

Mr. Brannon reviewed the five year capital plan. \$158.4 million from the state will pay for 42% of the program with the balance from the federal government. The five year constrained program totals \$380 million.

The next steps are to submit the 2009 budget and three year information to the RTA on Friday. The RTA sets 2010 funding and recovery ratio marks by September 15th. Pace will prepare its budget based on the RTA marks and bring it to the Board at the October meeting for approval to take the budget to public hearing. The Pace Board then adopts a final 2010 budget in November.

Director Shepley commended Mr. Brannon and his staff on the excellent job of trying to make ends meet. It reflects well on the entire staff. He further commented that he finds it offensive that Pace receives no RTA discretionary funds. Director Shepley said he would put the efficiencies of the Pace staff up against those of the CTA any day. He noted that the increased costs were a result of increase in demand. He believes the increase in demand is due to the

improvements that Pace has made since it took over the operations of the city service and the poor operations under the CTA.

Director Marcucci commended the budget review and said he feels that he has a better understanding of what goes on with the budget since he did when he was first appointed. He also asked about the projected vanpool van purchases. Ms. Metzger said there are replacement and expansion vehicles included in the budget. Mr. Brannon indicated that Pace has pending grants for the purchase of vehicles. Director Marcucci also asked about the per price cost. Mr. Brannon said there is a mix of vans in the program including mini vans, conversion vans, and conversion vans with lifts. He asked if the vans are scaled to the groups that require them and that was confirmed by both Ms. Metzger and Mr. Brannon.

ADDITIONS TO THE AGENDA

There were no additions to the agenda.

EXECUTIVE SESSION

Chairman Kwasneski requested a motion to adjourn to Executive Session for the purpose of discussing executive session minutes (Section 2-C-21), pending litigation (Section 2-C-11), collective bargaining (Section 2-C-2), Employee Compensation (Section 2-C-1), Salary Schedule (Section 2-C-2), Real Estate Purchase (Section 2-C-5), Real Estate Sale (Section 2-C-6), Security/Criminal Matters (Section 2-C-8), and Review & Discussion of Risk Management Information & Advice (Section 2-C-12) of the Open Meetings Act/Closed Sessions. Director Mitchell moved, and Director Larson seconded a motion to adjourn the Open Session. The motion carried on the following roll call vote:

9 Ayes Directors Larson, Marcucci, Mitchell, Schielke, Shepley, Squires, Tamley, Wells, Chairman Kwasneski

0 Nays

The meeting adjourned to Executive Session at 5:15 p.m.

RECONVENE

Chairman Kwasneski reconvened the Open Session of the Pace Board of Directors Meeting at p.m. on the following roll call vote:

8 Ayes Directors Larson, Marcucci, Mitchell, Schielke, Shepley, Squires, Wells, Chairman Kwasneski

0 Nays

Executive Session Minutes

Director Larson moved, and Director Schielke seconded, a motion to approve **Resolution SBD #09-99**, the minutes of the July 1, 2009 Executive Session meeting. The motion carried on the following roll call vote:

8 Ayes Directors Larson, Marcucci, Mitchell, Schielke, Shepley, Squires, Wells, Chairman Kwasneski

0 Nays

ADJOURNMENT

There being no further business to come before the Board, Director Mitchell moved, and Director Larson seconded, a motion to adjourn the Pace Board of Directors meeting at 6:37 p.m.

The motion carried by acclamation. The next regular meeting of the Pace Board of Directors is scheduled for Wednesday, September 2, 2009, at 4:30 p.m. at Pace Corporate Headquarters, 550 West Algonquin Road, Arlington Heights, Illinois.

Beth Kruse, Board Secretary