

Suburban Service & Regional ADA Paratransit Budget

*2018 Operating & Capital Program
2018–2020 Business Plan for Operations
2018–2022 Capital Business Plan*

*Final Program
November 2017*

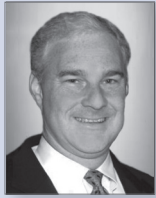
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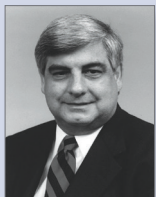
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Dear Riders, Interested Citizens & Public Officials:

On behalf of Pace, I present our 2018 budget. While this budget is balanced, the measures taken to balance revenues and expenses are less than ideal. With the adoption of a long-awaited State budget came unfortunate news that the RTA system in our region would lose, in total, \$77.0 million in funding, including a \$3.9 million loss for Pace. Coupled with less-than-expected sales tax revenue, these State funding cuts have resulted in the need to plug a nearly \$11.0 million hole through a corporate hiring freeze, a 6% increase in the non-bargained employee insurance contribution, the movement of eligible capital expenses previously paid from operating budget to the capital budget, and, as a last resort, a \$0.25 fare increase to both fixed route fares and ADA paratransit fares.



These budget balancing actions are not suggested lightly. This is Pace's first fare increase since 2009. To keep this increase at a minimum, the Board has asked administrative staff to share the burden with our customers and ensure that the service which gets people to work, school, medical appointments, and other important destinations continues to run uninterrupted. The hiring freeze will save approximately \$3 million and does not impact service operations.

We understand that a fare increase may be difficult to manage for many of our riders. To help provide options for those with limited income, we will not raise pass prices, Dial-a-Ride fares, or the price of our Taxi Access Program (TAP) fare. Additionally, beginning January 1, 2018, ADA paratransit customers will be reimbursed for trips in which they are picked up more than one hour and twenty minutes after their scheduled pick up time. We continue to be diligent in our cost-containment efforts and work to provide the best possible service for the lowest possible price.

Pace continues to move forward with a number of projects that benefit the entire region, including:

- The installation of electronic Bus Tracker signage showing real-time bus arrival information for customers
- Addressing overcrowding on I-55 Bus on Shoulder service
- Pulse Milwaukee Line
- I-90 Park-n-Ride Stations (at Barrington Road and IL-25)
- Plainfield Park-n-Ride
- Employer services to UPS, FedEx & Amazon
- Pace South Division fully operational with compressed natural gas (CNG) facilities and buses
- I-94 (Edens) Bus on Shoulder
- Toyota Park Transit Center
- Wi-Fi on all fixed route buses

These budget balancing actions protect the long-term stability of our system and prevent the unraveling of the transit network our region is working to build. I am confident that, together, we can keep moving forward to bring our vision of a world-class, fully funded transit system for our region to life. An accessible, reliable and convenient transit system is essential for the well-being of residents of northeastern Illinois and the strength of our regional economy. To that end, we continue to advocate for sustainable funding sources, including a much-needed capital budget for our region's transit infrastructure. Join us by voicing your support for a long-term funding solution for public transportation.

A handwritten signature in black ink that reads "Richard A. Kwasneski". The signature is written in a cursive, flowing style.

Richard A. Kwasneski,
Chairman

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Budget Highlights

FOR the fourth year in a row, RTA, along with Pace, CTA, and Metra, were able to reach consensus on the key budget parameters for the coming year (2018). On August 24, 2017, RTA officially adopted 2018 funding levels for Pace which provide operational stability and allow for the continuation of significant new services implemented in 2017. To offset the revenue loss from a reduction in state funding, a \$0.25 fare increase is proposed on Ventra® and cash fares for Suburban Service. A \$0.25 fare increase is also proposed on ADA Paratransit fares. This is the first fare increase on Suburban Service and ADA Paratransit Service since 2009.

Suburban Service

The 2018 Pace Suburban Service budget is balanced to available funding. Several service enhancements are incorporated into the 2018 budget described below:

- Public funding for Pace Suburban Service will grow by 1.7% as compared to the 2017 budget, the recovery ratio requirement remains at 30.3%. Pace will rely on RTA allowed credits to raise its base recovery rate from 26.34% to meet the RTA requirement.
- The 2018 budget is balanced to the RTA funding level with a \$0.25 increase on single ride Ventra tickets and cash fares. The fare on premium routes will increase \$0.50. Full details of the fare adjustments are available in Appendix B. There is no change to pass prices. This increase is intended to offset reductions in funding from the State of Illinois. Pace is expected to lose approximately \$3.4

million in state funding in 2018. In addition to a fare increase, the 2018 budget is balanced by implementing a corporate hiring freeze.

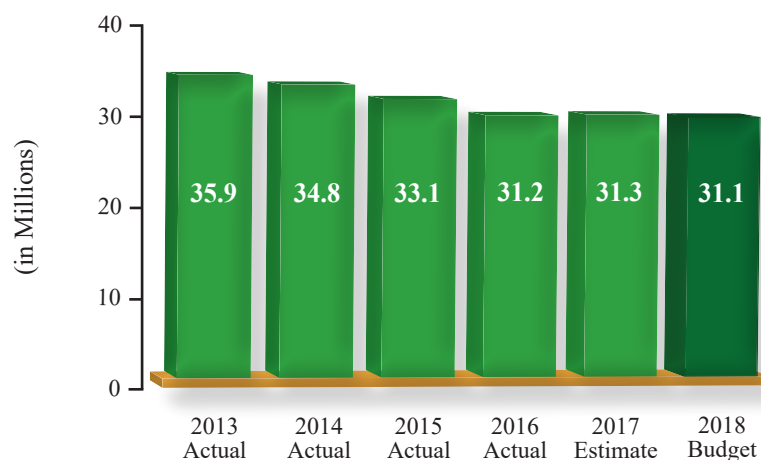
- Pace projects to finish 2017 \$4.2 million favorable to budget largely due to holding the line on expenses and receiving more federal CMAQ and JARC funding than anticipated. This favorable performance will contribute to Pace's fund balance and will be used for capital projects. From 2010-2017 Pace has converted over \$100 million of operating funds to support the capital program. Given the severity of the recent State of Illinois funding cuts to operations, it is highly unlikely that Pace will be able to convert operating funds in 2018 for capital projects.
- The 2018 Capital Program totals \$61.9 million primarily for rolling stock and support facilities and equipment. The budget calls for \$15.5 million of Pace issued bonds for Northwest Division garage land acquisition.

Regional ADA Paratransit

The 2018 Regional ADA Paratransit budget is balanced based on RTA's funding level of \$165.3 million. This funding level will support ridership growth of 1% for the ADA program. In 2018 the program will provide over four million passenger trips. Fares are projected to remain stable at current levels in 2017 based on continued support from the State of Illinois.

A \$0.25 fare increase is proposed for 2018 to partially offset the increasing cost of providing service.

Chart A. Pace Suburban Service Ridership



Executive Summary

2018 Combined Operating Budget Summary

THE 2018 budgets for Suburban Service and the Regional ADA Paratransit program are balanced to the funding levels and recovery ratio requirements established by the RTA on August 24, 2017.

The expense budget for Suburban Service in 2018 is \$232.082 million. Suburban Service's operating revenues are budgeted at \$60.862 million. The operating revenue estimate includes a \$0.25 fare adjustment on single-ride cash and transit value fares. Total public funding for Suburban Service is estimated at \$171.220 million, which will cover the operating deficit. Pace has implemented

cost-saving measures to minimize expense growth without cuts to service, and will meet the 30.3% recovery ratio set by RTA.

The expense budget for the Regional ADA Paratransit program in 2018 is \$178.587 million.

A \$0.25 fare adjustment is also included for City and Suburban ADA fares, resulting in an ADA operating income of \$13.295 million and a funding requirement of \$165.292 million.

The 2018 budgets for Suburban Service and Regional ADA Paratransit are balanced to RTA established funding levels.

Table 1. 2018 Combined Pace Services Operating Budget Summary (000s)

	Suburban Service	Regional ADA Paratransit	Combined Pace Services
Total Operating Expenses	\$232,082	\$178,587	\$410,669
Less: Total Operating Revenue	60,862	13,295	74,157
Funding Requirement	\$171,220	\$165,292	\$336,512
Less:			
Sales Tax (Part I)	\$95,466	\$0	\$95,466
Sales Tax & PTF (Part II)	33,797	156,792	190,589
Suburban Community Mobility Funds (SCMF)	25,154	0	25,154
South Suburban Job Access Funds	7,500	0	7,500
PTF (Part I)	4,318	0	4,318
RTA Sales Tax (Part I)	0	0	0
Federal CMAQ/JARC/New Freedom Funds	4,985	0	4,985
Transfer to Capital	0	0	0
State ADA Funds	0	8,500	8,500
Net Funding Available	\$0	\$0	\$0
Recovery Ratio	30.30%	10.00%	N/A

2018 Capital Budget Summary

THE RTA Board passed the required funding marks on August 24, 2017 before the statutory deadline of September 15. 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 2018 Capital Budget.

Suburban Service

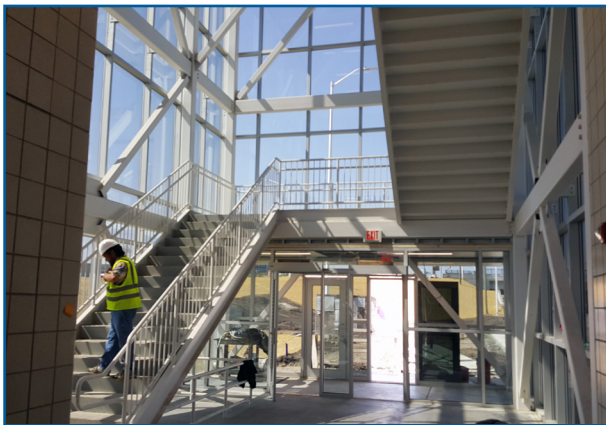
The 2018 Suburban Capital Program totals \$61.873 million. The program contains \$27.760 million for the purchase of 31 fixed route buses, 71 paratransit vehicles, 39 community vehicles, 102 vanpool vehicles, and engine/transmission retrofits for fixed route buses.

The program contains \$1.635 million for the Intelligent Bus System (IBS) equipment replacement.

The program contains \$31.728 million for improvements to facilities, computer systems/hardware & software, support equipment/non-revenue vehicles, associated capital, and land acquisition for a new Northwest Division garage.

The program contains \$0.500 million for bus stop shelters.

Finally, the program contains \$0.250 million for unanticipated capital items.



Pace partnered with Hoffman Estates and the Illinois Tollway to construct a pedestrian bridge at the new Barrington Road and I-90 park-n-ride, scheduled to open in December 2017.

Table 2. 2018 Suburban Service Capital Budget (000s)

	<u>Amount</u>
Rolling Stock	
31 Fixed Route Buses	\$11,625
71 Paratransit Vehicles	4,615
39 Community Vehicles	2,955
102 Vanpool Vehicles	4,096
Engine/Transmission Retrofit	4,469
Subtotal	\$27,760
Electrical/Signal/Communications	
IBS Equipment Replacement	\$1,635
Subtotal	\$1,635
Support Facilities and Equipment	
Improve Facilities	\$4,102
Computer Systems/Hardware & Software	1,350
Support Equipment/Non-Revenue Vehicles	2,576
Associated Capital	8,200
New Northwest Division Garage	15,500
Subtotal	\$31,728
Stations and Passenger Facilities	
Bus Stop Shelters	\$500
Subtotal	\$500
Miscellaneous	
Unanticipated Capital	\$250
Subtotal	\$250
Total Suburban Capital Program	\$61,873
Total Funding	
Federal 5307/5339	\$40,392
Federal CMAQ	4,096
RTA ICE	1,635
Pace Bond	15,500
Pace PBV	250
Total Suburban Funding	\$61,873



2018 Suburban Service Operating Budget

Summary

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

- Pace will incur \$232.082 million in operating expenses in 2018 for the provision of transit services in the region.
- A total of \$60.862 million in revenue will be generated from operations.
- An initial deficit or funding requirement of \$171.220 million will occur from operations prior to funding.
- A total of \$166.235 million in funding generated from Regional Sales Tax is projected to be available for 2018 including \$4.318 million in PTF (Part I).
- A total of \$4.985 million in Federal Congestion Mitigation/Air Quality (CMAQ), Job Access and Reverse Commute (JARC), and New Freedom funds will also be used next year.

The budget for 2018 maintains existing Pace services while providing for a small number of enhancements, including \$0.522 million for the expansion of I-55 Bus on Shoulder service and the implementation of Pulse Milwaukee Line;

the first corridor in Pace's Arterial Rapid Transit (ART) network. The budget also includes funds for the bond issuance and interest expense related to the real estate purchase for a new Northwest Division garage.

The 2018 Suburban Service budget is balanced to both the funding and recovery marks identified for Pace by the RTA. It does so with a \$0.25 fare adjustment for single-ride cash and transit value fares (\$0.50 for premium routes). The adjustment is intended to counteract the public funding lost due to the implementation of a 2% administrative surcharge on RTA sales tax receipts by the state. Full details of the revised fare structure are available in Appendix B.

The RTA recovery requirement remains steady at 30.30% for 2018. Pace will rely on RTA-allowed credits to raise the base recovery rate from 26.34% to meet the RTA requirement.

Ridership is projected to fall 0.9% in 2018 to 31.1 million trips. This decline is expected due to both the impact of the fare adjustment and continuing decrease in demand for Dial-a-Ride services.

A detailed review of the 2018 Suburban Service operating program is presented in this section.

Table 3. 2018 Suburban Service Operating Budget Summary (000s)

	2016 Actual	2017 Estimate	2018 Budget
Total Operating Expenses	\$217,830	\$224,384	\$232,082
Less: Total Operating Revenue	55,553	55,971	60,862
Funding Requirement	\$162,277	\$168,413	\$171,220
Less:			
Sales Tax (Part I)	\$91,560	\$92,851	\$95,466
Sales Tax & PTF (Part II)	34,002	34,108	33,797
Suburban Community Mobility Fund (SCMF)	24,124	24,491	25,154
South Suburban Job Access Fund	7,500	7,500	7,500
PTF (Part I)	4,432	4,384	4,318
RTA Sales Tax (Part I)	469	171	0
RTA ICE Funds	1,632	0	0
Federal CMAQ/JARC/New Freedom Funds	4,174	9,149	4,985
Federal 5307-Capital Cost of Contracting Funds	0	0	0
Transfer to Capital	0	0	0
Net Funding Available	\$5,616	\$4,241	\$0
Recovery Ratio	29.70%	29.30%	30.30%

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 derived from 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.

To put the public funding environment in perspective, the following information segregates the elements into two main categories—Part I, or old funding (pre-2008 funding reform) and Part II, or the new funding element, resulting from the January 2008 legislative funding reform. The main sources of funding for both the old and new funding packages are the same—a regional sales tax and a state sales tax matching grant from the Public Transportation Fund (PTF). It is important to understand that the new funding is in addition to the old funding basis,

and the two taken together comprise the total public funding available.

With adoption of the Illinois 2018 budget, the state imposed a permanent 2% administrative surcharge on RTA sales tax, and a 10% reduction in PTF for state fiscal year 2018, reducing funds available to the Service Boards for operations.

By September 15, 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%	(100%	0%	0% of remaining 85%)
Suburban Cook	15%	(30%	55%	15% of remaining 85%)
Collar Counties	15%	(0%	70%	30% of remaining 85%)

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

	<u>2014 Actual</u>	<u>2015 Actual</u>	<u>2016 Actual</u>	<u>2017 Estimate</u>	<u>2018 Budget</u>
Regional Funds					
Sales Tax - Part I	\$830,134	\$865,614	\$877,486	\$890,337	\$914,929
PTF Match to Part I Sales Tax (25%)	207,291	217,930	221,621	219,212	215,895
Sales Tax - Part II	293,863	303,654	307,697	312,327	320,826
PTF Match to Part II Sales Tax (+5% Part I)	147,698	158,967	161,127	155,043	152,515
Total Sales Tax and PTF	\$1,478,986	\$1,546,165	\$1,567,931	\$1,576,919	\$1,604,165
Pace Share of Regional Funds					
Sales Tax - Part I	\$87,298	\$90,273	\$91,559	\$92,851	\$95,466
PTF Match to Part I Sales Tax	3,978	4,359	4,432	4,384	4,318
Sales Tax II and PTF	55,836	57,295	58,126	58,591	58,951
Total Pace Share	\$147,112	\$151,927	\$154,117	\$155,826	\$158,735
Pace Funding As a Percent of Regional Funding					
PTF Match to Part I Sales Tax (RTA Discretionary)	1.9%	2.0%	2.0%	2.0%	2.0%
Sales Tax I and PTF I	8.8	8.7	8.7	8.8	8.8
Sales Tax II and PTF II	12.6	12.4	12.4	12.5	12.5
Total Receipts	9.9%	9.8%	9.8%	9.9%	9.9%

Funding Sources - Part I

Sales Tax

The Part I sales tax amount represents the pre-2008 sales tax imposed by the RTA. The effective sales tax rate for Part I is 1.0% in Cook County and 0.25% in Will, Lake, Kane, DuPage, and McHenry Counties. Part I sales tax is distributed to Pace, the RTA, and the other Service Boards (CTA and Metra) in accordance with the allocation shown on Table 4.

The estimated RTA sales tax funding mark for Pace is \$95.466 million for 2018. This represents approximately 10.4% of the total RTA region's estimate of \$914,959 million. The RTA estimate for Pace sales tax receipts is 2.8% greater than 2017 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 I

Section 4.09 of the RTA Act establishes a Public Transportation Fund in the State Treasury. The PTF is to be funded by transfers from the General Revenue Fund. All funds in the PTF are to be allocated and paid to the RTA, provided it meets the budgeting and financial requirements as set forth in the Act. The amount transferred to the fund under Part I equals 25% of the net revenue realized from the Part I sales tax.

For 2018, the RTA will provide Pace with 2.0% or \$4.318 million of the PTF match received for Part I Sales Tax revenue.

Federal Fund Programs

Congestion Mitigation/Air Quality (CMAQ) Program

Pace relies on funds from the CMAQ program to implement and maintain various new services that support program objectives. Funding from this source is included in 2018 to support the I-90 service initiative.

Job Access and Reverse Commute (JARC) Program

Funding is provided for transportation services designed to increase access to jobs and employment related activities.

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.

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 funds have 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 one-quarter 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 0.25% sales tax—is established.

The existing PTF match of 25% of sales tax is extended to the new 0.25% sales tax, bringing the total PTF match to 30%. 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 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 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 provide 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 2018 RTA budget.

Suburban Community Mobility Fund (SCMF)

In 2018, the SCMF will provide \$25.154 million 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 2018, 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 million for 2012 with future allocations based on program requirements. The 2018 requirement is \$156.792 million.

Operating Revenues

Pace projects \$60.862 million in Suburban Service operating revenue for 2018, an 8.7% increase over 2017. Fare revenue will account for 5.4% of the growth, due primarily to the \$0.25 fare adjustment. The assumption that the state will resume full half-fare reimbursement funding will add 2.3% to revenue. Other miscellaneous income and advertising revenue will also contribute 1.0% of the remaining revenue growth in 2018.

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

	2018 Plan
New Sales Tax	\$320,826
Public Transportation Funds (PTF) II	152,515
Total Sales Tax II & PTF II	\$473,341
Distribution	
Regional ADA Paratransit Fund - Pace/RTA	\$158,970
Suburban Community Mobility Fund - Pace	25,154
RTA ICE	12,577
25% PTF Match on RETT - CTA	16,658
Balance Available for Allocation	\$259,982
Service Board Distribution	
CTA - 48%	\$124,792
Metra - 39%	101,393
Pace - 13%	33,797
Total to Service Boards	\$259,982

Uses of Funds

ALL funds received in 2018 will be used to support Pace services. The components of the 2018 Suburban Service operating program are fixed route services (i.e., Pace-operated, public/municipal-contracted, and private-contracted); dial-a-ride services; the vanpool program; centralized support expenses; and costs for administration.

Pace-Operated 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 86% of the total suburban service ridership. Pace expects to expend \$105.227 million for these services in 2018. 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 \$3.516 million in 2018. Further information can be found on page 13.

Private Contract Services

Pace provides service to more than 48 communities by directly contracting with two private transit companies. The total cost for privately contracted service in 2017 is \$5.697 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 for these services based on a formula applied to the total service cost. The local government is also required to provide a portion of the service cost. Additionally, Pace oversees the Community Transit Program. The total cost for dial-a-ride services in 2018 is \$16.744 million. Further information can be found on pages 15 and 16.

Vanpool Services

The 2018 budget for vanpool services is \$3.277 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 584 vans in service by the end of 2018. Further information can be found on pages 17 and 18.

Centralized Support

Pace provides a variety of direct operational support services through a centralized support program allowing Pace to save money by buying in bulk and consolidating services. In total, Pace will spend \$65.982 million to provide fuel, insurance, healthcare, and other support items in 2018. Further information can be found 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 2018 administrative budget, including debt service, is set at \$39.228 million. Further information can be found on page 20.

Regional ADA Paratransit Credit

In July 2006, Pace assumed responsibility for providing all ADA paratransit service in the northeastern Illinois six county region. Pace has applied a credit to the Suburban Service budget of \$7.589 million which has been allocated to the Regional ADA Paratransit Service budget. This credit represents the administrative support provided by Pace's IT, Accounting, Purchasing, and other departments for the ADA program.

Suburban Service

Table 7. 2018 Suburban Service Revenue Summary (000s)

	2016 <u>Actual</u>	2017 <u>Estimate</u>	2018 <u>Budget</u>
Operating Revenues			
Pace-Operated Services	\$32,313	\$33,891	\$34,474
Public/Municipal Contracted Services	1,476	1,442	1,456
Private Contracted Services	1,875	1,740	1,756
Dial-a-Ride Services	11,261	10,726	10,792
Vanpool Program	3,268	2,819	2,819
Half-Fare Reimbursement	1,346	1,346	2,610
Investment/Other Income	1,248	1,255	1,787
Advertising Revenue	2,766	2,752	2,833
Fare Adjustment	0	0	2,335
Total Operating Revenue	\$55,553	\$55,971	\$60,862
Public Funding			
Sales Tax (Part I)	\$91,560	\$92,851	\$95,466
Sales Tax and PTF (Part II)	34,002	34,108	33,797
Suburban Community Mobility Fund (SCMF)	24,124	24,491	25,154
PTF (Part I)	4,432	4,384	4,318
South Cook Job Access Fund	7,500	7,500	7,500
RTA Sales Tax (Part I)	469	171	0
RTA ICE Funding	1,632	0	0
Federal CMAQ/JARC/New Freedom Funds	4,174	9,149	4,985
Total Public Funding	\$167,893	\$172,654	\$171,220
Total Source of Funds	\$223,446	\$228,625	\$232,082

Chart B. Sources of Funds (000s) - Total \$232,082

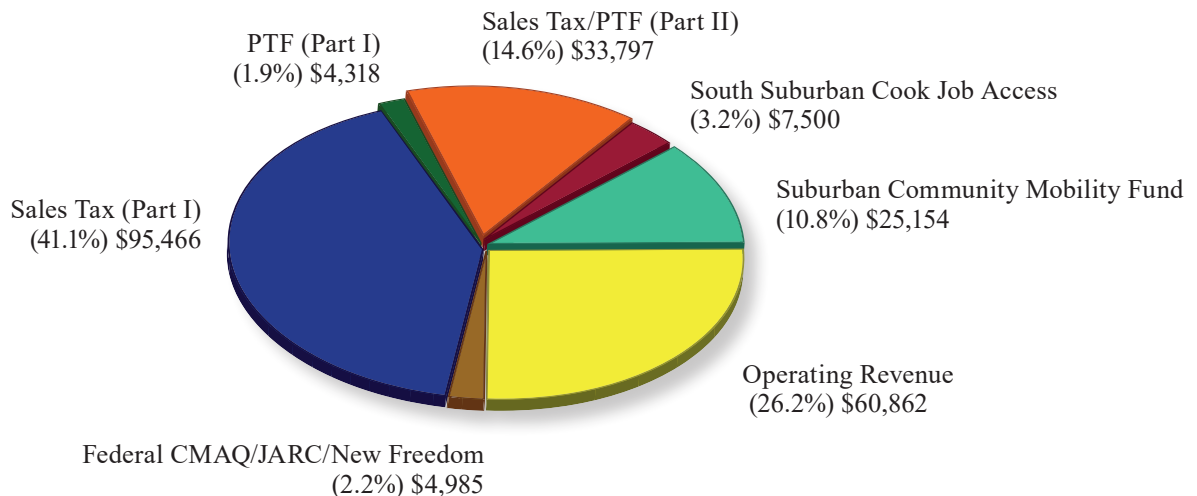
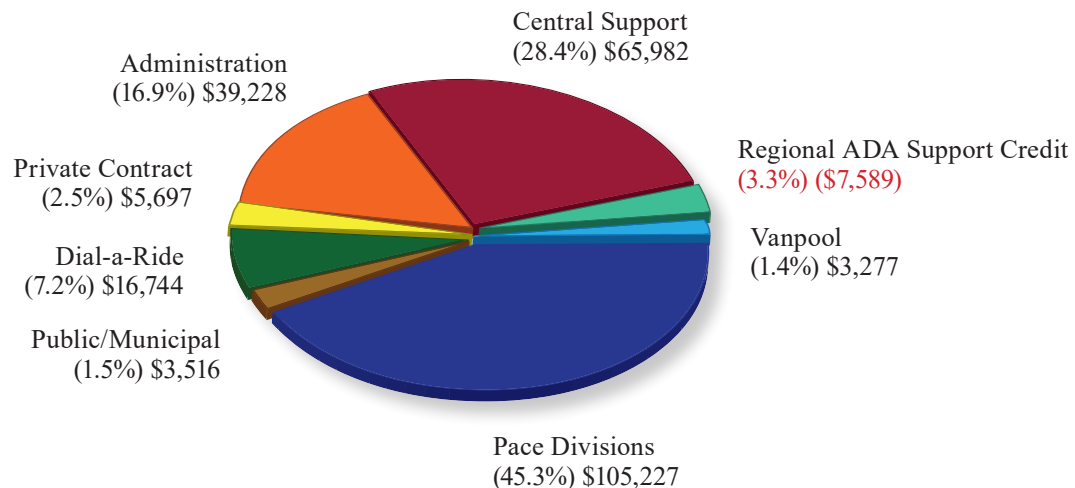


Table 8. 2018 Suburban Service Expense Summary (000s)

	2016 <u>Actual</u>	2017 <u>Estimate</u>	2018 <u>Budget</u>
Expenses			
Pace-Operated Services	\$95,758	\$103,555	\$105,227
Public/Municipal Contracted Services	3,191	3,332	3,516
Private Contracted Services	6,765	5,646	5,697
Dial-a-Ride Services	18,200	17,086	16,744
Vanpool Program	3,037	3,046	3,277
Centralized Operations	62,928	62,979	65,982
Administration*	32,525	36,100	39,228
Regional ADA Support Credit	(4,574)	(7,360)	(7,589)
Total Expenses	\$217,830	\$224,384	\$232,082
Net Funding Available	\$5,616	\$4,241	\$0
Recovery Rate	30.00%	29.30%	30.30%

* Includes Debt Service beginning in 2015.

Chart C. Uses of Funds (000s) - Total \$232,082



Suburban Service

2018 Pace-Operated Service Budget

PACE operates fixed route service from nine facilities located throughout the six county region: Fox Valley in North Aurora, Southwest in Bridgeview, Northwest in Des Plaines, River in Elgin, North Shore in Evanston, Heritage in Joliet, South in Markham, West in Melrose Park, and North in Waukegan. Combined, these carriers account for 86% of the system's suburban ridership.

In 2018, Pace will spend \$68.5 million to provide service in these areas; this represents a 1.7% decrease over estimated 2017 levels.

Total revenues will increase 8.4% in 2018 as a result of the \$0.25 fare increase.

Total operating expenses will grow 1.6% over 2017 levels. Labor and fringe benefit costs are the primary factors affecting the rising costs in 2018.

Recovery performance will improve slightly at the divisions for 2018 due to the growth in operating revenue.

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

2018 Goals
Pace's efforts for 2018 include providing 26.8 million rides with a minimum recovery ratio of 34.91%.

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

	2016 Actual	2017 Estimate	2018 Budget
Revenue			
Pace Divisions	\$31,936	\$33,704	\$36,518
CMAQ/JARC/ICE	377	187	213
Total Revenue	\$32,313	\$33,891	\$36,731
Expenses			
Operations	\$65,008	\$68,904	\$72,129
CMAQ/JARC/ICE	2,952	4,483	4,602
Maintenance	14,935	16,381	14,425
Bus Parts/Supplies	4,920	5,070	5,077
Non-Vehicle Maintenance	2,575	2,949	3,073
General Administration	5,368	5,768	5,921
Total Expenses	\$95,758	\$103,555	\$105,227
Funding Requirement	\$63,445	\$69,664	\$68,496
Recovery Ratio	33.74%	32.73%	34.91%
Ridership	26,554	26,993	26,753
Vehicle Miles	25,689	29,350	29,544
Vehicle Hours	1,657	1,911	1,920
Full Time Equivalent (FTEs)	1,312	1,418	1,441

2018 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 2018. The budget for Public/Municipal contracted services is summarized in the table below. Detailed information is provided in Appendix F.

Municipal Fixed Route Services

The City of Highland Park and the Village of Niles will continue to contract with Pace in order to provide fixed route services in 2018. Combined, these services will provide 0.613 million rides and generate \$1.237 million in farebox and local share revenue. Total service expenditures will reach \$3.080 million in 2018, and net required funding will be \$1.843 million.

Schaumburg

A trolley service was implemented in the Woodfield area in 2001 and will continue in 2018. The 2018 estimated cost of this service is \$0.436 million which will be partially funded by the Village of Schaumburg.



Pace provides trolley bus service to Woodfield Mall, IKEA, and the Streets of Woodfield in Schaumburg.

2018 Goals

Pace's efforts for 2018 include providing 0.633 million rides with an overall recovery ratio of 41.58%.

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

	2016 Actual	2017 Estimate	2018 Budget
Revenue			
Highland Park	\$667	\$671	\$683
Niles	533	546	554
Schaumburg	276	225	225
Total Revenue	\$1,476	\$1,442	\$1,462
Expenses			
Highland Park	\$1,343	\$1,402	\$1,542
Niles	1,481	1,517	1,538
Schaumburg	367	413	436
Total Expenses	\$3,191	\$3,332	\$3,516
Funding Requirement	\$1,715	\$1,890	\$2,054
Recovery Ratio	46.26%	43.28%	41.58%
Ridership	621	626	633
Vehicle Miles	568	554	554
Vehicle Hours	51	52	52

2018 Private Contract Carrier Budget

IN 2018, Pace will contract directly with two private transit providers for fixed route service in 48 different communities.

Private contractors doing business with Pace include:

- First Group
- MV Transportation

The cost of providing fixed route contracted service will increase by \$51,000 in 2018 or 0.9% over estimated 2017 levels. The increase is due to normal growth in contract costs in 2018.

Operating revenues are projected to increase by 5.1% next year aided by the \$0.25 fare adjustment.

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

2018 Goals

2018 goals include providing service to 1.1 million riders while achieving a minimum recovery ratio of 32.10%.

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

	2016 Actual	2017 Estimate	2018 Budget
Revenue			
Private Contract	\$1,875	\$1,740	\$1,829
Total Revenue	\$1,875	\$1,740	\$1,829
Expenses			
Private Contract	\$6,765	\$5,646	\$5,697
Total Expenses	\$6,765	\$5,646	\$5,697
Funding Requirement	\$4,890	\$3,906	\$3,868
Recovery Ratio	27.72%	30.82%	32.10%
Ridership	1,224	1,120	1,117
Vehicle Miles	1,851	2,081	2,081
Vehicle Hours	112	115	115

2018 Dial-a-Ride Service Budget

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

Pace has service agreements with villages and townships for the operation of 18 dial-a-ride projects. In most cases, the local community operates the service referred to as Municipal Provided Service. For 2018, 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 2018.

Pace contracts directly with private providers for the operation of 50 dial-a-ride projects referred to as Contractor Provided Service. The communities served provide financial support to Pace for these projects through local share agreements.

Coordinated Dial-a-Ride Projects

Pace works closely with elected officials, local level staff, and human service agencies to coordinate funding and service delivery of paratransit services through a myriad of innovative coordinated projects in Cook, DuPage, Kane, Lake, McHenry, and Will Counties. These projects are designed by local coordinating councils to meet local needs. In addition, DuPage, Kane, Will, Lake, and McHenry Counties are managed by central mobility call centers. Pace has been nationally recognized for these innovative services. The coordinated projects are listed below:

- Ride DuPage - Implemented 2004
- TRIP (Cook County) - Implemented 2005
- Ride in Kane - Implemented 2008
- MCRide (McHenry County) - Implemented 2010
- Ride Lake West - Implemented 2011
- Will Ride - Implemented 2013
- Ride Lake Central - Implemented 2016

Call-n-Ride (CNR)

In 2008, Pace launched its first Call-n-Ride program in West Joliet. Call-n-ride service is a reservation-based, curb-to-curb demand response service that picks up rid-

ers 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. The CNRs are designed to supplement the fixed route service by providing the first and/or last mile to connect people to the routes in the area. Fares for the service are the same as the local Pace fixed route fare and vehicles are equipped with the Ventra® fare system. Pace currently operates the following ten Call-n-Rides throughout the region:

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

Community Transit Program

The Community Transit program allows local municipalities to provide flexible public transportation in their communities. Revenues for this program are projected at \$104,015 with 92 vehicles in service by year-end 2018. The 2018 budgeted recovery rate for this program is 145.49%.

The budget shown in Table 12 will provide \$16.744 million for all dial-a-ride service throughout the six county region.

2018 Goals

Combined Dial-a-Ride efforts in 2018 will include carrying approximately 1.0 million riders while maintaining recovery performance at a level of 64.45%.

Suburban Service

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

	2016 Actual	2017 Estimate	2018 Budget
Revenue			
Municipal Provided Service	\$3,804	\$3,530	\$3,459
Contractor Provided Service	1,629	1,672	1,715
Call-n-Ride	116	105	101
MCRide	1,317	1,285	1,322
Ride DuPage	2,097	1,880	1,918
Ride in Kane	2,191	2,144	2,173
Community Transit	107	108	104
Total Revenue	\$11,261	\$10,724	\$10,792
Expense			
Municipal Provided Service	\$4,608	\$4,087	\$3,947
Contractor Provided Service	3,772	3,567	3,548
Call-n-Ride	1,487	1,509	1,470
MCRide	2,408	2,468	2,433
Ride DuPage	3,051	2,750	2,709
Ride in Kane	2,792	2,638	2,566
Community Transit	82	67	71
Total Expense	\$18,200	\$17,086	\$16,744
Recovery Rate			
Municipal Provided Service	82.56%	86.36%	87.64%
Contractor Provided Service	43.19%	46.87%	48.34%
Call-n-Ride	7.80%	6.95%	6.87%
MCRide	54.69%	52.04%	54.34%
Ride DuPage	68.74%	68.37%	70.80%
Ride in Kane	78.48%	81.29%	84.68%
Community Transit	130.57%	160.03%	145.49%
Total Recovery Rate	61.88%	62.76%	64.45%
Ridership			
Municipal Provided Service	272	236	221
Contractor Provided Service	174	161	159
Call-n-Ride	91	93	90
MCRide	138	134	130
Ride DuPage	108	104	107
Ride in Kane	89	87	90
Community Transit	216	217	209
Total Ridership	1,109	1,052	1,007

2018 Vanpool Budget

THE Vanpool program is a commuting option which provides passenger vans to groups of four to 14 people, allowing them to commute to and from work together. Pace estimates to have 584 vans in service by year-end 2018 providing 1.548 million rides. Revenues remain stable in 2018 due to consistent participation in all programs.

Expenses are projected to grow 7.6% over 2017 levels and reflect an anticipated increase in fuel costs as well as added costs for a safety monitoring system for the Advantage program.

Pace's Vanpool program is comprised of three elements: Vanpool Incentive Program (VIP), Employer Shuttle, and Advantage program.

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

Vanpool Incentive Program

VIP is the core element of the program and is projected to achieve a ridership level of nearly 0.689 million rides with 224 vans in service by the end of 2018. The 2018 budgeted revenue is anticipated to remain stable to 2017 revenues due to the total van count remaining equal for both years. Total expenses are projected to grow 3.4%, with most of the increase coming from anticipated higher fuel expense. Recovery performance is budgeted at 140.43% for 2018.

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 will have 15 shuttle vans in service at the end of 2018, no change from 2017 levels. The 2018 budgeted recovery rate for this program is 170.48%.

Advantage Program

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

The Advantage program revenue for 2018 will remain stable, while the 10.40% growth in expense reflects the planned addition of a safety monitoring system. Pace estimates to have 345 vans in service at year-end. The recovery rate for the Advantage program is budgeted at 50.78% for 2018.

2018 Goals

Pace's efforts for the entire Vanpool program in 2018 will include providing 1.548 million passenger trips and maintaining a recovery ratio of 86.02%. Pace projects to have 584 vans in service by the end of 2018.



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

Suburban Service

Table 13. Vanpool Budget (000s)

	<u>2016 Actual</u>	<u>2017 Estimate</u>	<u>2018 Budget</u>
Revenue			
VIP	\$1,786	\$1,661	\$1,661
Employer Shuttle	137	135	135
Advantage	1,345	1,023	1,023
Total Revenue	\$3,268	\$2,819	\$2,819
Expenses			
VIP	\$1,217	\$1,144	\$1,183
Employer Shuttle	87	76	79
Advantage	1,733	1,826	2,015
Total Expenses	\$3,037	\$3,046	\$3,277
Funding Requirement	(\$231)	\$227	\$458
Recovery Rate			
VIP	146.77%	145.18%	140.43%
Employer Shuttle	157.28	176.25	170.48
Advantage	77.59	56.05	50.78
Total Recovery Rate	107.59%	92.54%	86.02%
Ridership			
VIP	746	689	689
Employer Shuttle	89	88	88
Advantage	829	771	771
Total Ridership	1,664	1,548	1,548
Vehicle Miles			
VIP	5,918	5,341	5,341
Employer Shuttle	457	466	466
Advantage	4,286	4,017	4,017
Total Vehicle Miles	10,661	9,824	9,824
Vehicles in Service (year-end) - VIP	236	224	224
Vehicles in Service (year-end) - Employer Shuttle	16	15	15
Vehicles in Service (year-end) - Advantage	354	345	345
Total Vehicles in Service (year-end)	606	584	584

2018 Centralized Support Budget

PACE centrally manages numerous functions and expenditures on behalf of the entire agency, including expenses for fuel, liability insurance, healthcare, and the Ventra® fare system. The centralized support budget will reach \$66.0 million in 2018.

In 2017, Pace’s centralized support expense is estimated to end the year essentially flat to 2016 levels with a decrease in liability insurance costs, offsetting an increase in healthcare and fuel costs.

The 2018 centralized support budget will grow 4.8% over estimated 2017 levels.

The operations component is comprised of 37 positions that provide support to all operations areas of Pace. Total operations expense will increase 3.7% from 2017 levels, mostly associated with labor and fringe expenses.

Total fuel costs are projected to grow 3.5% in 2018. Fuel consumption, measured in gallons, will fall to 6.8 million, 1% below expected 2017 consumption. The price for fuel is forecasted to rise 4.5% in 2018. For Pace, this represents a \$0.07 increase to \$1.62 per gallon. The price per gallon reflects a net savings coming from the use of CNG fuel at the South Division facility that is expected to be fully operational next year.

The maintenance component is comprised of 51 positions and includes both maintenance and materials manage-

ment personnel. Total maintenance expense is projected to increase 4.9% from 2017 levels largely due to parts and labor and fringe expenses.

The non-vehicle maintenance component consists of eleven positions which provide support to all building maintenance and bus shelter functions. This area is expected to grow 3.3% in 2018 mostly due to labor and fringe expenses.

The administration component of the central support budget is comprised of various expenses including marketing, Ventra fare system, liability insurance, and healthcare. In 2018, both healthcare and liability insurance costs are projected to increase 6.2% and 9.1%, respectively. Ventra fare system costs will decline 11.3% due to one-time costs incurred in 2017.

2018 Goals

Pace’s 2018 budgetary efforts for centralized support will include constraining non-labor expenditures wherever possible while maintaining a maximum staffing level of 99 positions.

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

Table 14. Centralized Support Budget (000s)

	2016 Actual	2017 Estimate	2018 Budget
Operations	\$5,514	\$5,675	\$5,883
Fuel	8,673	10,695	11,065
Maintenance	5,816	5,520	5,789
Non-Vehicle Maintenance	1,594	1,645	1,699
Administration	4,444	4,700	4,874
Liability Insurance	13,522	8,520	9,296
Healthcare	20,676	23,519	24,977
Ventra Fare System	2,689	2,705	2,399
Total	\$62,928	\$62,979	\$65,982
Full-Time Equivalents (FTEs)	98	98	99

2018 Administrative Budget

THE 2018 administrative budget is estimated to reach \$39.2 million. Pace will use 199 positions to manage the Agency’s administrative responsibilities including accounting, financial and capital assistance programs, marketing, information systems, legal services, purchasing, and strategic planning.

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

In 2017, administrative expenses are estimated to end the year up 11.0% from 2016 levels. Increases in labor and fringe benefits along with increases in legal, consulting, and other IT costs associated with the update to Pace’s Oracle system are contributing to the year-over-year growth in expense.

The 2018 administrative budget will increase 8.7% over 2017 levels. Costs associated with the purchase of land for a new Northwest Division garage, combined with an increase in consulting expense, account for the majority of next year’s growth.

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

2018 Goals

Pace’s 2018 budgetary efforts for the administrative budget include constraining non-labor expense growth while maintaining a staffing level of 199 positions.

Table 15. Administrative Budget (000s)

	2016 Actual	2017 Estimate	2018 Budget
Non-Vehicle Maintenance	\$323	\$361	\$349
General Administration			
Labor/Fringe Benefits	\$19,915	\$21,016	\$21,444
Parts/Supplies	283	241	243
Utilities	328	336	345
Bond Interest	283	264	991
Other	11,393	13,882	15,856
Total Expenses	\$32,525	\$36,100	\$39,228
Full Time Equivalent (FTEs)	198	198	199

2018 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 2018 through 2020. 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 and the anticipated costs of providing services. Pace’s plan for 2018–2020 achieves this balance. The assumptions and highlights for the three years in review are provided in this section.

The plan presented for review includes several improvements for 2017. Services along the I-55 corridor are being enhanced to relieve overcrowding. Implementation of the Milwaukee Avenue Pulse ART is planned for spring 2018.

The outlook for ridership is mixed. Existing base ridership has been declining since 2015. For 2018, ridership is forecasted to decline 0.9%. The projected growth of 1.4% is offset by the estimated impact of the fare adjustment. A projected decline in dial-a-ride riders is negatively impacting overall growth. The outlook over the three-year plan is that ridership is expected to improve slightly.

RTA has acknowledged that sales tax will finish below original estimates for the current year; however, public

funding is forecasted to grow throughout the three-year planning horizon. The growth in sales tax is mitigated by the impact of reductions in the RTA sales tax and PTF imposed by the state in its 2018 budget.

Federal funds have been programmed for use throughout all three years of this plan. The use of these funds is consistent with the prior multi-year plan.

As noted, the budget and three-year financial plan are balanced and Pace will achieve the recovery ratio of 30.30% set by the RTA for the Suburban Service program for 2018. Pace will use credits authorized by RTA to achieve the recovery ratio.

The three-year plan includes a \$0.25 fare increase on cash and Ventra® fare riders in 2018; budget balancing actions are forecasted in both 2019 and 2020. Future budget balancing actions may include service and or expense reductions. It also may include an additional fare adjustment.

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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Change in Demand (Based on Total Ridership) (1)	0.5%	-0.9%	0.8%	0.8%
T-Bill Rates (90 Day) (2)	1.0%	1.1%	1.3%	1.5%
CPI-U (National) (3)	2.4%	2.3%	2.3%	2.3%
Ultra-Low Sulfur Diesel Fuel (Price Growth)	14.0%	10.0%	4.6%	4.6%
Pace Public Funds (Sales Tax I) (4)	3.9%	3.8%	3.6%	3.5%

(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 revenues.

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

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

(4) Reflects RTA sales tax estimates for Pace for the budget and three year plan cycle. Does not include reduction for state administrative surcharge.

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

	2018	2019	2020
Fare Revenue	7.4%	0.8%	0.8%
Total Revenue	8.7%	0.9%	1.0%
Labor/Fringes	2.7%	2.8%	3.4%
Healthcare	6.2%	6.2%	6.2%
Parts/Supplies	-9.8%	6.7%	6.7%
Purchased Transportation	-0.4%	1.4%	1.4%
Utilities	4.0%	5.6%	5.6%
Insurance/Claims	9.1%	6.7%	6.7%
Fuel (Costs)	3.6%	3.2%	6.0%
<hr/>			
Fuel Costs - Suburban Service*	\$11.065 mil	\$11.574 mil	\$12.106 mil
Number of Gallons - Suburban Service	6.842 mil	6.842 mil	6.842 mil
Price per Gallon*	\$1.62	\$1.69	\$1.77
<hr/>			
Fuel Costs - Gasoline - Vanpool	\$1.298 mil	\$1.358 mil	\$1.420 mil
Number of Gallons - Vanpool	0.663 mil	0.663 mil	0.663 mil
Price per Gallon - Gasoline	\$1.96	\$2.05	\$2.14

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

Highlights - 2018 Budget & Three Year Business Plan

PACE'S 2018 budget presented in Table 18 is balanced using RTA Sales Tax funding and Federal CMAQ funds. For 2019 and 2020, the plan is balanced with continued use of these funding sources. For all three years, Pace will achieve a recovery ratio of 30.30% using the credits approved by the RTA.

Some of the highlights for the three years include operating revenues which will grow at an annual compound rate of 3.5%. The growth in revenue reflects ridership growth in the out-years, along with associated growth from the \$0.25 fare adjustment. Continued growth is also expected for non-service revenue. An assumption that the state will provide funding for reduced fare riders, at the traditional level, has also been built into this three-year plan.

Expenses will grow at an annual compound rate of 2.9% over the three-year period. Expense growth has been constrained over the three-year planning horizon, however the need for budget balancing actions has been identified for the second and third year of the plan. Actions may include, but are not limited to, modifying service, adjusting fares, implementing efficiencies, reducing operating costs, and identifying additional revenues.

Total public funding will grow at an annual compound rate of 1.8% over the three-year plan cycle and includes both sales tax and federal revenue sources. This rate illustrates the effect of the state-imposed funding reductions on Pace's funding outlook, given that RTA projects sales tax receipts to grow 3.8% in 2018 and 3.0% in both 2019 and 2020.



The public has access to real-time Pace bus arrival information via the web-based Bus Tracker, a text messaging service.

Suburban Service

Suburban Service Budget & Three Year Business Plan

Table 18. 2018-2020 Suburban Service Operating Budget and Three Year Business Plan (000s)

	<u>2016 Actual</u>	<u>2017 Estimate</u>	<u>2018 Budget</u>	<u>2019 Plan</u>	<u>2020 Plan</u>
Operating Revenue					
Farebox Revenue	\$38,031	\$38,977	\$39,509	\$39,819	\$40,133
Reduced Fare Reimbursement	1,346	1,346	2,610	2,610	2,610
Advertising	2,766	2,752	2,833	3,029	3,080
L-Share/Invest/Other/New Initiatives	13,410	12,896	13,575	13,572	13,797
Fare Adjustment	0	0	2,335	2,358	2,382
Total Revenue	\$55,553	\$55,971	\$60,862	\$61,388	\$62,002
Operating Expenses					
Labor/Fringes	\$118,250	\$126,727	\$130,179	\$133,826	\$138,357
Healthcare	20,676	23,519	24,977	26,526	28,170
Parts/Supplies	8,418	8,408	7,577	8,083	8,629
Purchased Transportation	27,156	24,956	24,855	25,190	25,539
Fuel	9,886	11,931	12,363	12,760	13,526
Utilities	1,932	2,199	2,287	2,415	2,550
Insurance	13,522	8,520	9,296	9,914	10,576
Other*	22,564	25,484	28,137	29,259	30,802
Regional ADA Support Credit	(4,574)	(7,360)	(7,589)	(7,534)	(7,469)
Budget Balancing Actions	0	0	0	(1,501)	(6,327)
Total Expenses	\$217,830	\$224,384	\$232,082	\$238,938	\$244,353
Funding Requirement	\$162,277	\$168,413	\$171,220	\$177,550	\$182,351
Public Funding					
Sales Tax (Part I)	\$91,560	\$92,851	\$95,466	\$98,330	\$101,280
Sales Tax and PTF - (Part II)	34,002	34,108	33,797	35,870	36,108
Suburban Community Mobility Funds (SCMF)	24,124	24,491	25,154	25,908	26,685
South Suburban Job Access Funds	7,500	7,500	7,500	7,500	7,500
PTF (Part I)	4,432	4,384	4,318	4,808	4,952
RTA Sales Tax (Part I)	469	171	0	0	538
RTA ICE Funds	1,632	0	0	0	0
Federal CMAQ/JARC/New Freedom/5307	4,174	9,149	4,985	5,134	5,288
Total Public Funding	\$167,893	\$172,654	\$171,220	\$177,550	\$182,351
Net Funding Available	\$5,616	\$4,241	\$0	\$0	\$0
Recovery Ratio	29.70%	29.30%	30.30%	30.30%	30.30%

*Other includes Debt Service.

Pace Suburban Service Cash Flow - 2018

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 2018.

Table 19. Pace Suburban Service Projected Cash Flow Summary - 2018 (000s)

	<u>Beginning Balance</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Net Results</u>	<u>Ending Balance</u>
January	\$49,153	\$17,868	\$18,429	(\$561)	\$48,592
February	48,592	18,055	18,429	(375)	48,217
March	48,217	35,526	41,925	(6,398)	41,819
April	41,819	17,324	18,429	(1,105)	40,714
May	40,714	17,158	18,429	(1,272)	39,442
June	39,442	18,661	22,394	(3,733)	35,709
July	35,709	18,396	18,429	(33)	35,676
August	35,676	18,695	18,429	266	35,942
September	35,942	19,282	20,882	(1,599)	34,343
October	34,343	21,337	18,429	2,908	37,251
November	37,251	18,940	18,429	510	37,761
December	37,761	26,340	24,777	1,563	39,324





2018 Regional ADA Paratransit Operating Budget

Summary

THE 2018 Regional ADA Paratransit program is summarized below and detailed throughout this section. The table below shows total operating expenses will reach \$178.587 million in 2018—up 2.8% or \$4.851 million over estimated 2017 levels. Revenues will increase by 9.4% or \$1.145 million to \$13.295 million. The ADA program will receive \$165.292 million in funding, the amount identified as available by RTA for 2018 at this time.

The estimate for 2017 shows the ADA program will finish favorable to budget. A favorable decrease in purchased

transportation expenses, as well as savings in multiple administrative line items will cause total expense to end the year under budget by \$1.234 million.

In 2018, total ridership is expected to grow by 0.9% over the 2017 estimate, reaching 4.279 million trips. This growth is accommodated by the projected funding level of \$165.292 million.

The 2018 Regional ADA Paratransit program as presented in this section is balanced to the \$165.292 million funding mark and will achieve a 10.00% recovery ratio using credits allowed by the RTA.

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

	2016 Actual	2017 Estimate	2018 Budget
Total Operating Expenses	\$160,820	\$173,736	\$178,587
Less: Total Operating Revenue	16,071	12,150	13,295
Funding Requirement	\$144,749	\$161,586	\$165,292
Less:			
Sales Tax (Part II)	140,924	152,086	156,792
State Funds	3,825	3,825	8,500
ADA Reserve	0	5,675	0
Net Funding Available	\$0	\$0	\$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 ADA paratransit services. The RTA can carry over positive fund balances should they exist from one year to the next and use those proceeds to fund future year ADA paratransit services.

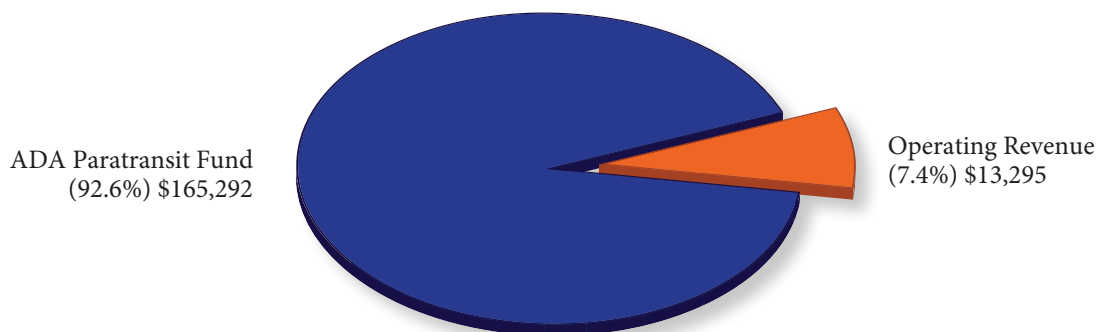
In 2012, the RTA Act was amended to increase the ADA Fund level to \$115 million. The amendment also states that for each year thereafter, an amount equal to the final

budget funding for ADA paratransit services for the current year shall be provided. Based on this amendment, the RTA has established the amount of \$165.292 million for 2018, which includes \$8.500 million in state funding. This level of funding will represent 92.6% of the total available source of funds for the ADA Paratransit program next year.

Operating Revenue

The second source of funding available for ADA paratransit service 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 investment income, and reimbursement for certification and recertification trips. For 2018, operating revenues will represent \$13.295 million, or 7.4% of the total sources of funds available to the Regional ADA Paratransit program.

Chart D. ADA Sources of Funds (000s) - Total \$178,587



Regional ADA Paratransit Uses of Funds

ALL funds received in 2018 will be used to provide and support ADA paratransit services. The major components of the ADA program consist of city ADA services and suburban ADA services. Service delivery under both programs is contracted to private service operators. Another service element offered in the City of Chicago is a Taxi Access Program (TAP). This program provides subsidized taxi service to ADA eligible riders. In addition to the city and suburban cost elements, there are regional support costs which represent the indirect overhead costs of supporting the Regional ADA Paratransit Program overseen by Pace. Details on city ADA services, suburban ADA services, and TAP are included in Table 21.

City ADA Services

Pace provides all ADA service within the City of Chicago. For 2018, Pace expects to spend \$140.135 million for City ADA service. The majority of these expenditures (93.6%) 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 \$1.322 million for TAP in 2018.

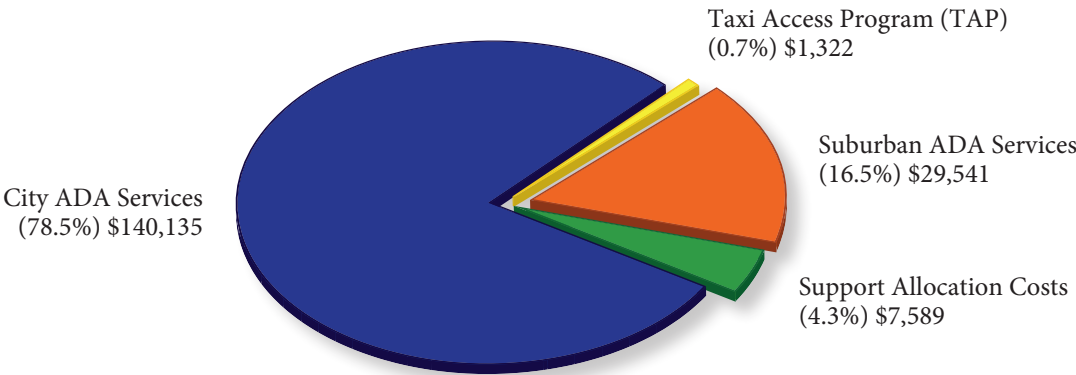
Suburban ADA Services

Pace also provides ADA service in the suburbs. For 2018, Pace will spend \$29.541 million for suburban ADA service. Costs for contracted service in the suburbs will account for 96.7% of the total cost, including fuel. Similar to the City service, the balance includes costs for insurance, administration, as well as 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 2018, Pace will incur \$7.589 million in overhead support costs that will be allocated to the Regional ADA program.

Chart E. ADA Uses of Funds (000s) - Total \$178,587



2018 Regional ADA Paratransit Program Budget - City/Suburban Detail

PACE'S 2018 revenue, expense, and funding requirements for the Regional ADA Paratransit program are presented in Table 21 below. The estimates for 2017 and the budget for 2018 are broken down into City, TAP, and Suburban components.

The 2018 program is balanced to both the funding and recovery marks set by the RTA.

The recovery ratio for Regional ADA Paratransit program is established at 10% by the RTA Act. In determining compliance with the 10% requirement, the RTA allows the use of capital credits to expense, consistent with 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. 2018 Regional ADA Paratransit Program Budget - City/Suburban Detail (000s)

Revenue	2017 Estimate			2018 Budget			Net Change 2017-2018
	City	Suburban	Region Total	City	Suburban	Region Total	
Fares—Contract	\$7,807	\$2,537	\$10,344	\$8,508	\$2,931	\$11,439	\$1,095
Fares—TAP	242	0	242	248	0	248	6
RTA Certification	914	245	1,159	947	257	1,203	44
Medicaid	0	0	250	0	0	250	0
Investment Income	0	0	155	0	0	155	0
Total Revenue	\$8,963	\$2,782	\$12,150	\$9,703	\$3,188	\$13,295	\$1,145
Expenses							
Contract Services	\$129,001	\$25,299	\$154,300	\$131,229	\$26,286	\$157,515	\$3,215
TAP Services	1,290	0	1,290	1,322	0	1,322	32
Fuel	0	2,090	2,090	0	2,274	2,274	184
Insurance	304	0	304	371	0	371	67
Administration	6,529	729	7,258	7,595	745	8,340	1,082
RTA Certification	839	225	1,064	868	236	1,104	40
Other	70	0	70	72	0	72	2
ADA Support Allocation	0	0	7,360	0	0	7,589	229
Total Expenses	\$138,033	\$28,343	\$173,736	\$141,457	\$29,541	\$178,587	\$4,851
Funding Requirement	\$129,070	\$25,561	\$161,586	\$131,754	\$26,353	\$165,292	\$3,706
Public Funding	\$0	\$0	\$161,586	\$0	\$0	\$165,292	\$3,706
Net Funding Available	0	0	0	0	0	0	0
Recovery Ratio	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	0.00%
Base Ridership—Contract	2,693	895	3,588	2,711	910	3,621	33
Total Ridership—Contract	3,143	1,015	4,159	3,164	1,032	4,196	37
Ridership—TAP	81	0	81	83	0	83	2
Ridership—Total	3,224	1,015	4,240	3,247	1,032	4,279	39

Regional ADA Budget & Three Year Business Plan

THE following section presents Pace’s Regional ADA Paratransit Budget and Three Year Business Plan for the period 2018 through 2020.

In summary, the 2018 ADA Paratransit budget is balanced to the \$165.292 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 Business Plan, specifically service related elements such as contractor costs, demand, and fuel, are shown in Table 22.

Highlights – 2018 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 4.8% while ridership grows at an annual compound rate of 1.5%.

Expenses will grow at an annual compound rate of 4.8% during the three year period, consistent with demand as well as price increases.

Total ADA funding is growing at an annual compound rate of 4.8% 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>2018</u>	<u>2019</u>	<u>2020</u>
Contractor Costs - City	1.7%	6.2%	7.5%
Contractor Costs - Suburban	3.9%	4.1%	3.1%
Demand - City	0.7%	1.5%	1.5%
Demand - Suburban	1.7%	2.5%	2.5%
<hr/>			
Fuel Costs - ADA	\$2.274 mil	\$2.438 mil	\$2.613 mil
Number of Gallons - ADA	1.191 mil	1.221 mil	1.251 mil
Price per Gallon - ADA	\$1.91	\$2.00	\$2.09

Regional ADA Paratransit Budget & Three Year Business Plan

Table 23. 2018-2020 Regional ADA Paratransit Budget and Three Year Business Plan (000s)

	2016 <u>Actual</u>	2017 <u>Estimate</u>	2018 <u>Budget</u>	2019 <u>Plan</u>	2020 <u>Plan</u>
Operating Revenue					
Fares	\$11,167	\$10,586	\$11,687	\$11,892	\$12,100
Certification Revenue	1,750	1,159	1,203	1,255	1,312
Medicaid	3,017	250	250	250	250
Investment Income	137	155	155	155	155
Total Revenue	\$16,071	\$12,150	\$13,295	\$13,552	\$13,817
Operating Expense					
Labor/Fringes	\$3,103	\$3,597	\$3,828	\$3,813	\$3,783
Health Care	532	740	817	836	855
Administrative Expense	2,857	2,991	3,767	3,854	3,942
Fuel	1,858	2,090	2,274	2,438	2,613
Insurance/Claims	337	304	371	380	388
RTA Certification Trips	1,430	1,064	1,104	1,152	1,203
Suburban ADA Purchased Transportation	24,106	25,299	26,286	27,366	28,212
City ADA Purchased Transportation	121,044	129,001	131,229	139,373	149,884
TAP & Mobility Direct Services	978	1,290	1,322	1,368	1,417
Regional ADA Support Allocation	4,574	7,360	7,589	7,534	7,469
Total Expenses	\$160,820	\$173,736	\$178,587	\$188,113	\$199,767
Funding Requirement	\$144,749	\$161,586	\$165,292	\$174,561	\$185,950
Public Funding					
Sales Tax and PTF (Part II)	\$140,924	\$152,086	\$156,792	\$166,061	\$177,450
State Funds	3,825	3,825	8,500	8,500	8,500
ADA Reserve	0	5,675	0	0	0
Total Public Funding	\$144,749	\$161,586	\$165,292	\$174,561	\$185,950
Net Funding Available	\$0	\$0	\$0	\$0	\$0
Recovery Ratio With Credits	10.00%	10.00%	10.00%	10.00%	10.00%

Pace Regional ADA Paratransit Cash Flow - 2018

THE following provides an estimate of Pace's 2018 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 - 2018 (000s)

	<u>Beginning Balance</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Net Results</u>	<u>Ending Balance</u>
January	\$0	\$14,153	\$14,882	(\$729)	(\$729)
February	(729)	14,153	14,882	(729)	(1,458)
March	(1,458)	14,153	14,882	(729)	(2,187)
April	(2,187)	14,153	14,882	(729)	(2,917)
May	(2,917)	14,153	14,882	(729)	(3,646)
June	(3,646)	18,403	14,882	3,521	(125)
July	(125)	14,153	14,882	(729)	(854)
August	(854)	14,153	14,882	(729)	(1,583)
September	(1,583)	14,153	14,882	(729)	(2,312)
October	(2,312)	14,153	14,882	(729)	(3,042)
November	(3,042)	14,153	14,882	(729)	(3,771)
December	(3,771)	18,653	14,882	3,771	0

ADA Paratransit



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, 2015. It has been determined that an estimated \$38 billion is needed over the ten year period of 2016-2025 to address backlog and normal capital reinvestment to maintain the system in a State of Good Repair (SGR). This includes \$19.4 billion to address the existing investment backlog (51% of total needs), and an additional \$18.3 billion to address normal replacement, rehabilitation, and annual capital maintenance.

Per the 2018 RTA Business Plan Call, the evaluation criteria places projects into one of three categories:

- Maintenance – Protecting the existing regional transit services and keeping the system in good repair to maintain current service levels.
- Enhancement – Improvements to the existing system, such as additional rail or bus routes, and paratransit services resulting in a more efficient, responsive, and user-friendly system.
- Expansion – Major new capital investments of regional impact, including upgrades and expansions of the rail network and Bus Rapid Transit.

The Capital Asset Condition Assessment Report accumulates an inventory of all assets in the region 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 – Investment to replace all assets that currently exceed their useful life.

- Normal Replacement – Ongoing replacement of existing assets as they reach the end of their expected useful life. Normal replacement does not include deferred replacement needs, only those needs for assets that will reach the end of their useful life over the next ten-year period.
- 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 – Ongoing minor capital investments as required to maintain a state of good repair over the next ten-year period.

Summary

For the ten-year period, Pace is estimated to have \$2.6 billion in unconstrained reinvestment needs including a backlog of \$755 million (investment to attain SGR) and normal reinvestment needs of \$1.8 billion (to maintain SGR). The \$1.8 billion to maintain SGR over the period equates to \$183 million per year on average; this means that over four 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 2015\$)

	SGR		Normal Reinvestment			Subtotal	Total	% of Total
	Backlog	Replace	Rehab.	Capital Maint.				
CTA	\$12,456	\$5,729	\$4,199	\$698	\$10,626	\$23,082	61.3%	
Metra	6,139	4,260	1,282	323	5,865	12,004	31.8%	
Pace	755	1,150	561	120	1,831	2,586	6.9%	
Total	\$19,350	\$11,139	\$6,043	\$1,140	\$18,322	\$37,672	100.0%	
% of Total	51.4%	29.6%	16.0%	3.0%	48.6%	100.0%		

Source: RTA Capital Asset Condition Assessment Update - Report for Calendar Year 2016.

Capital Budget Suburban Service

2018 Suburban Service Capital Program/Project Descriptions

Capital Budget Mark Assumptions

THE RTA passed the preliminary funding marks on August 24, 2017 which provide estimated federal and other funds that are anticipated to be available to the region for capital investment purposes. The 2018 Capital Program marks provide to Pace \$40.392 million in 5307 and 5339 formula funding and \$4.096 million in CMAQ discretionary funding from the Federal Transit Administration (FTA). In addition, Pace is expected to receive \$1.635 million in RTA ICE funds and \$15.500 million from the issuance of a Pace bond. Pace also budgeted \$0.250 million of its own positive budget variance (PBV) funds.

Table 26. Pace 2018 Capital Program Marks (000s)

	<u>Amount</u>
Federal 5307/5339	\$40,392
Federal CMAQ	4,096
RTA ICE	1,635
Pace Bond	15,500
Pace PBV	250
Total	\$61,873

Funding Summary

The 2018 Suburban Capital Program totals \$61.873 million. Almost all the funding will be used for projects needed to bring the Pace system toward a “State of Good Repair”. There is a tremendous need for additional capital funding to bring the system up to a State of Good Repair, as Pace does not have adequate funding for upgrades and maintenance of its facilities and infrastructure. The capital program which is constrained to the funding available, includes the following:

Rolling Stock (\$27.760 Million)

- Fixed Route Buses (\$11.625 million): This project funds up to 31 replacement 30’ buses.
- Paratransit Vehicles (\$4.615 million): This project funds up to 71 11-15 passenger replacement vehicles.
- Community Vehicles (\$2.955 million): This project funds up to 39 replacement vehicles for the Community Vehicle and Call-n-Ride programs.
- Vanpool Vehicles (\$4.096 million): This project funds up to 102 replacement vans.

- Engine/Transmission Retrofit (\$4.469 million): This project funds up to 36 ElDorado Power Packs for 30’ buses.

Operating Cost Impacts

Pace’s average fleet age is 7.2 years for fixed route, 4.5 years for paratransit, 4.1 years for vanpool, and 4.0 years for the community vehicles. The typical life expectancy is 12 years for fixed route buses and four years for paratransit, vanpool, and community vehicles. For fixed route buses, maintenance expenses begin increasing at the six to eight-year mark. Vehicle replacements and engine/transmission retrofits will lower maintenance costs, improve fuel economy, and reduce overall operating expenses.

Electrical/Signal/Communications (\$1.635 Million)

- IBS Equipment Replacement (\$1.635 million): This represents the third year of RTA ICE funding for the replacement of Pace’s Intelligent Bus System (IBS). IBS is a satellite-based communications technology used to improve the tracking of buses, collection of data, and communications with Pace and its drivers and passengers. Replacement will include the purchase of Intelligent Vehicle Logic Units, Mobile Data Terminals, and dispatch radios.

Operating Cost Impacts

Replacement of Pace’s IBS equipment will allow for improved and more reliable bus tracking, passenger counts, driver communications, data transfer speeds, and decreased data loss. These improvements will allow for better route optimization to grow ridership and increase operating revenue.

Support Facilities & Equipment (\$31.728 Million)

- Improve Facilities (\$4.102 million): Projects include bus washers at South, River, and Northwest Divisions; underground storage tank testing to comply with EPA regulations; fire alarm panel replacement at River Division; post indicator valve replacement for the fire suppression system at South Division; LED interior lighting improvements and replacement of sidewalk, curbs and gutters at various loca-

tions; and window replacement and tuckpointing at Northwest Division.

- Computer Systems/Hardware & Software (\$1.350 million): Projects include hardware refresh and software applications with professional services.
- Support Equipment/Non-Revenue Vehicles (\$2.576 million): Projects include purchase of wireless mobile column lifts; riding and walk behind floor scrubbers; a training trailer for mechanic CDL testing; a safety net for the in-ground floor pit at Southwest Division; a 20-ton floor jack at Northwest Division; an engine EGR system cleaner and an antifreeze extractor/injection tank system for all Divisions. In addition, funding will be used for the purchase of non-revenue cars, vans, and trucks.
- Associated Capital (\$8.200 million): Eligible capital expenses from contracted services.
- New Northwest Division Garage (\$15.500 million): This project will use Pace bond funds for land acquisition.

Miscellaneous (\$0.250 Million)

- Unanticipated Capital (\$0.250 million): This project funds capital eligible projects not anticipated in the budget process.

Operating Cost Impacts

Building system replacements will lower utility costs due to increased energy efficiency, and replacement of non-revenue vehicles will result in lower maintenance costs. For the new Northwest Division garage, the estimated cost to issue the Pace bond is \$265,000. The interest portion of the debt service is approximately \$750,000 for 2018, assuming a 20-year bond issued in March. The total interest expense over the life of the bond is estimated to be approximately \$8.0 million.

Stations & Passenger Facilities (\$0.500 Million)

- Bus Stop Shelters (\$0.500 million): This project funds the manufacture of up to 50 advertising shelters for Pace bus stops.

Operating Cost Impacts

Maintenance and utility costs of these shelters will be incurred by Pace's ad agency, and therefore are cost neutral. Improving passenger waiting conditions encourages more ridership, which increases operating revenue from the collection of additional fares.

Capital Budget Suburban Service

Table 27. Suburban Service 2018 Capital Program - (000s)

	<u>AC</u>	<u>EC</u>	<u>Total Budget</u>	<u>Federal 5307/5339</u>	<u>Federal CMAQ</u>	<u>RTA ICE</u>	<u>Pace Bond</u>	<u>Pace PBV</u>
Rolling Stock								
31 Fixed Route Buses	B	M3	\$11,625	\$11,625	\$0	\$0	\$0	\$0
71 Paratransit Vehicles	B	M3	4,615	4,615	0	0	0	0
39 Community Vehicles	B	M3	2,955	2,955	0	0	0	0
102 Vanpool Vehicles	B	M3	4,096	0	4,096	0	0	0
Engine/Transmission Retrofit	R	M3	4,469	4,469	0	0	0	0
Subtotal			\$27,760	\$23,664	\$4,096	\$0	\$0	\$0
Electrical/Signal/Communications								
IBS Equipment Replacement	B	M3	\$1,635	\$0	\$0	\$1,635	\$0	\$0
Subtotal			\$1,635	\$0	\$0	\$1,635	\$0	\$0
Support Facilities & Equipment								
Improvements to Facilities	B	M3	\$4,102	\$4,102	\$0	\$0	\$0	\$0
Computer Systems/Hardware & Software	NR	M3	1,350	1,350	0	0	0	0
Support Equipment/Non-Revenue Vehicles	NR	M3	2,576	2,576	0	0	0	0
Associated Capital	N/A	N/A	8,200	8,200	0	0	0	0
New Northwest Division Garage	B	EN-1	15,500	0	0	0	15,500	0
Subtotal			\$31,728	\$16,228	\$0	\$0	\$15,500	\$0
Stations & Passenger Facilities								
Bus Stop Shelters	B	EN-1	\$500	\$500	\$0	\$0	\$0	\$0
Subtotal			\$500	\$500	\$0	\$0	\$0	\$0
Miscellaneous								
Unanticipated Capital	N/A	N/A	\$250	\$0	\$0	\$0	\$0	\$250
Subtotal			\$250	\$0	\$0	\$0	\$0	\$250
Total 2018 Suburban Capital Program			\$61,873	\$40,392	\$4,096	\$1,635	\$15,500	\$250
2018 Marks				\$40,392	\$4,096	\$1,635	\$15,500	\$250

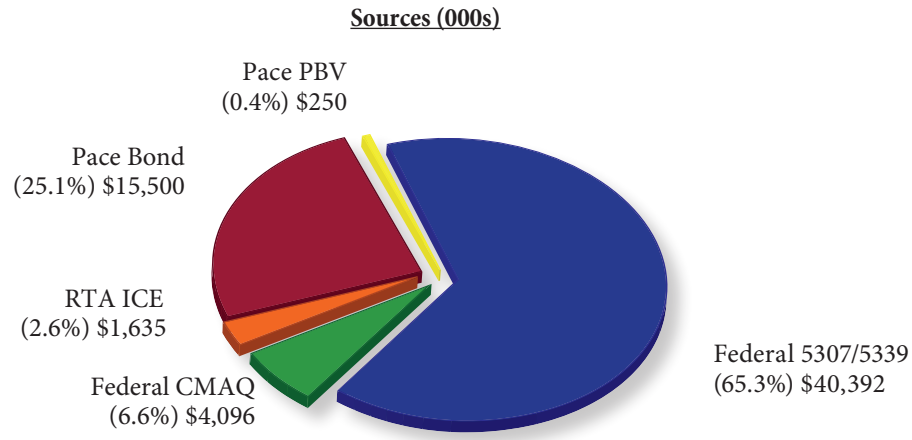
LEGEND

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

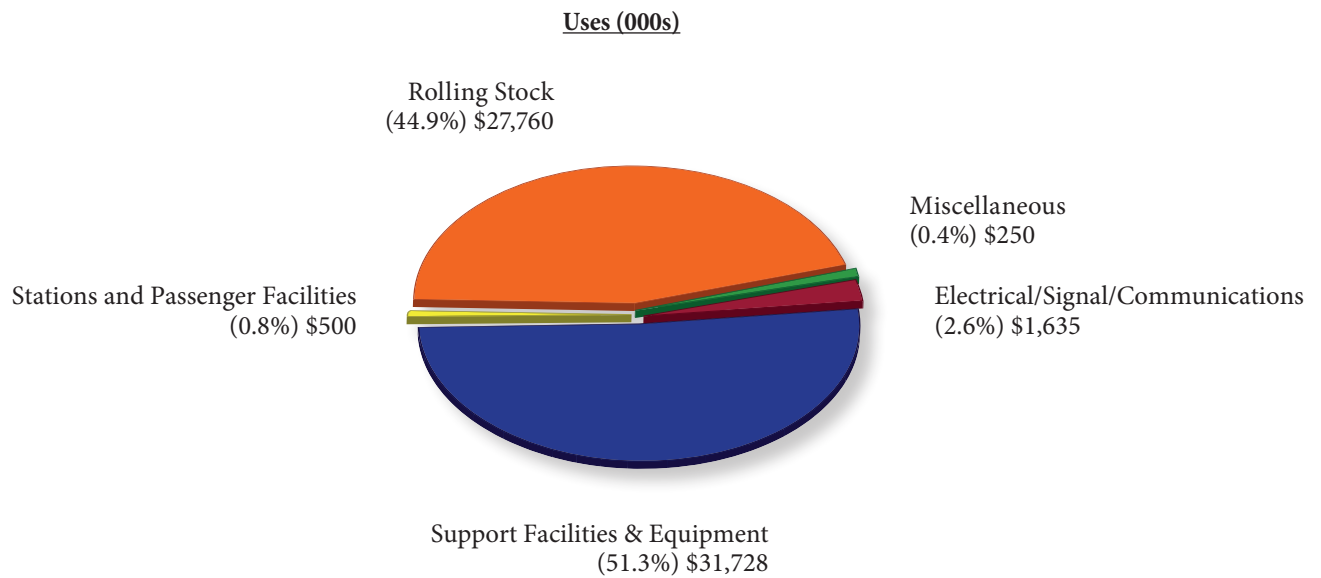
<u>EC = EVALUATION CRITERIA</u>		
<u>M = MAINTAIN</u>	<u>EN=ENHANCE</u>	<u>EX=EXPAND</u>
M1 - SAFETY/SECURITY	EN-1 - CAPACITY IMPRVM	EX-1 - CONGESTION RELIEF
M2 - REGULATORY	EN-2 - OPERATIONAL EFFIC	EX-2 - TRANSIT ALTERNATIVES
M3 - STATE OF GOOD REPAIR	EN-3 - NEW TECHNOLOGIES	

Capital Budget Suburban Service

Chart F. 2018 Suburban Service Capital Program - Sources/Uses of Funds (000s) - Total \$61,873



72% of the Pace program is expected to be derived from all Federal sources.



Over half of the funding will be spent on Support Facilities & Equipment.

Capital Funding Sources

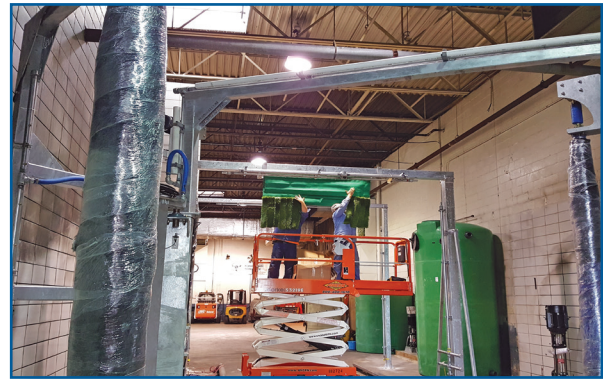
THE pages that follow explain the typical capital funding sources that are available to Pace. It is important to note the RTA is not including any state funding in their marks due to the lack of a new state capital program. If a capital program is approved by the state, funding amounts for the Service Boards will be revised and amended.

Federal Formula and Discretionary Funding

On December 4, 2015, President Obama signed into law the Fixing America's Surface Transportation Act or the "FAST Act". The FAST Act authorizes funding certainty for surface transportation programs for five federal fiscal years (FFY16-FFY20) through September 30, 2020. The RTA has assumed a growth rate of federal formula funds of 1.12% for years 2018-2022, based on less than estimated full year apportionments for 2016 and 2017.

This assumption applies to the following 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. The total federal funding for the 2018-2022 Capital Program amounts to \$2.6 billion. 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.

Funds from limited federal discretionary programs are made available on a competitive basis nationally and awarded on a project specific basis. Some of these Federal Transit Administration (FTA) programs are the Core Capacity; the Bus and Bus Facilities; the Low or No Emission Vehicle Programs; and Positive Train Control. Competitive grant programs include the Federal Highway Administration (FHWA) Flexible, Homeland Security, and Federal Emergency Management Agency (FEMA) grants. Each Service Board must apply individually to the FTA or FEMA for these funds. The FAST Act continues the flexible use of highway apportioned funds such as the Surface Transportation Block Grant Program (STP) and Congestion Mitigation and Air Quality (CMAQ) funds to be transferred from the FHWA to the FTA for eligible transit projects. The Service Boards can also apply for loans through the Federal Transportation Infrastructure Finance and Innovation Act (TIFIA).



In 2017, Pace replaced the bus washers at North Division in Waukegan, North Shore Division in Evanston, and Southwest Division in Bridgeview.

RTA Funding

The RTA's 2016 Capital Asset Condition Assessment determined that an estimated \$38 billion in capital funding is needed over the next ten years to address backlog and normal capital reinvestment to maintain the system in a State of Good Repair.

The RTA provides capital funding to the Service Boards through the Innovative Coordination and Enhancement (ICE) program and RTA issued bonds. ICE funding, as in the past years, will be distributed monthly to each Service Board with the understanding that the Service Boards can apply these funds to either ICE operating or ICE capital projects. In order to provide the Service Boards with additional funding, the RTA is expected to continue to issue bonds up to its current legislative capacity as existing long-term debt is retired. The RTA plans to issue \$158 million in bonds to support the 2018-2022 capital program with \$158 million in bonds programmed in 2020. These bond proceed funds will be allocated 50% to CTA, 45% to Metra, and 5% to Pace. Debt service for these bonds will be sourced from non-statutory Sales Tax I, though all sales tax revenue will be pledged and have priority over other uses of these funds, according to the RTA.

Service Board Funding

Service Board Positive Budget Variance (PBV) represents additional funds available for capital expenses. In 2018, Pace plans to use PBV money for unanticipated capital expenditures.

Lastly, Public Act 97-0770 gave Pace authority to issue bonds for eligible capital projects. This Public Act was effective January 1, 2013 and totaled \$100 million for four specific construction projects. Public Act 99-0665, effective July 29, 2016, amended Public Act 97-0770 to allow Pace to issue bonds for the purchase of transit buses in addition to the previously authorized projects. Pace's total bonding authority remains at \$100 million.



This outdated fuel pump at Southwest Division in Bridgeview is scheduled for replacement 2018.



A failed culvert pipe for the storm sewer was replaced at the North Division garage.

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2018-2022 Five Year Suburban Service Capital Business Plan - Constrained

THE RTA Board passed the required funding marks on August 24, 2017. Pace's 2018-2022 Five Year Capital Plan is based on the preliminary funding marks provided by RTA. The five year constrained needs total \$298.561 million for critical state of good repair projects.

The 2018-2022 Capital Business Plan heavily relies on the receipt of Federal 5307/5339 formula funds (\$206.541 million) and CMAQ discretionary funds (\$11.616 million). Additionally, this program assumes \$7.900 million in RTA bond funds, \$5.054 million in RTA ICE funds, \$66.200 million in Pace bond funds, and \$1.250 million in Pace PBV funds.

The following list is a summary of Pace's Five Year Capital Plan constrained to the funding Pace expects to receive. The table below summarizes the amount of funding.

Rolling Stock (\$131.929 million)

- Fixed route buses – 203
- Paratransit vehicles – 350
- Community/Call-n-Ride vehicles – 132
- Vanpool vehicles – 289
- Engine/transmission retrofits

Electrical/Signal/Communications (\$5.054 million)

- Intelligent Bus System (IBS) equipment replacement

Support Facilities & Equipment (\$137.128 million)

- Improve facilities
- Computer systems/hardware & software
- Support equipment/non-revenue vehicles
- Farebox system
- Associated capital
- New Northwest Division garage
- Office equipment/furniture

Stations & Passenger Facilities (\$23.200 million)

- Improve passenger facilities
- Posted stops only conversion
- Bus stop shelters/signs

Miscellaneous (\$1.250 million)

- Unanticipated capital

Table 28. Pace FY2018–2022 Capital Program - Constrained (000s)

Funding Source	Amount
Federal 5307/5339	\$206,541
Federal CMAQ	11,616
RTA Bond	7,900
RTA ICE	5,054
Pace Bond Program	66,200
Pace PBV	1,250
Total	\$298,561

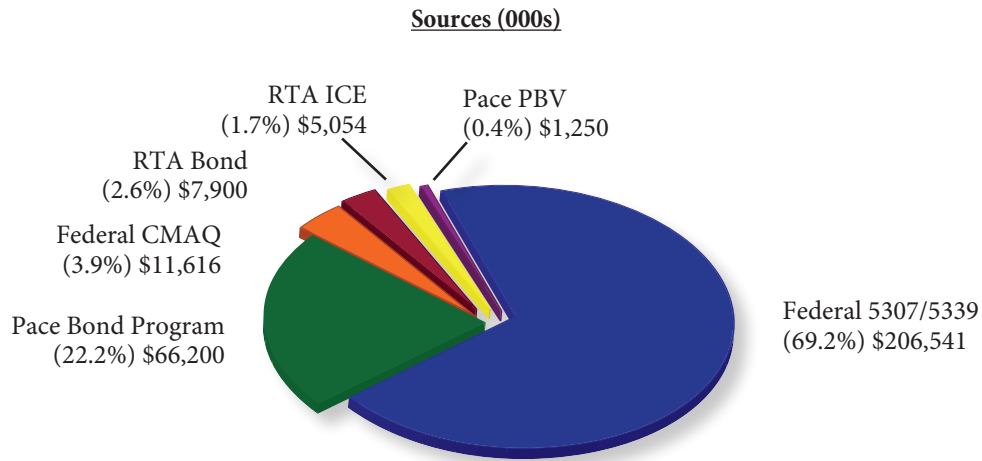
Capital Budget Suburban Service

Table 29. 2018-2022 Suburban Service Capital Business Plan (000s) - Constrained

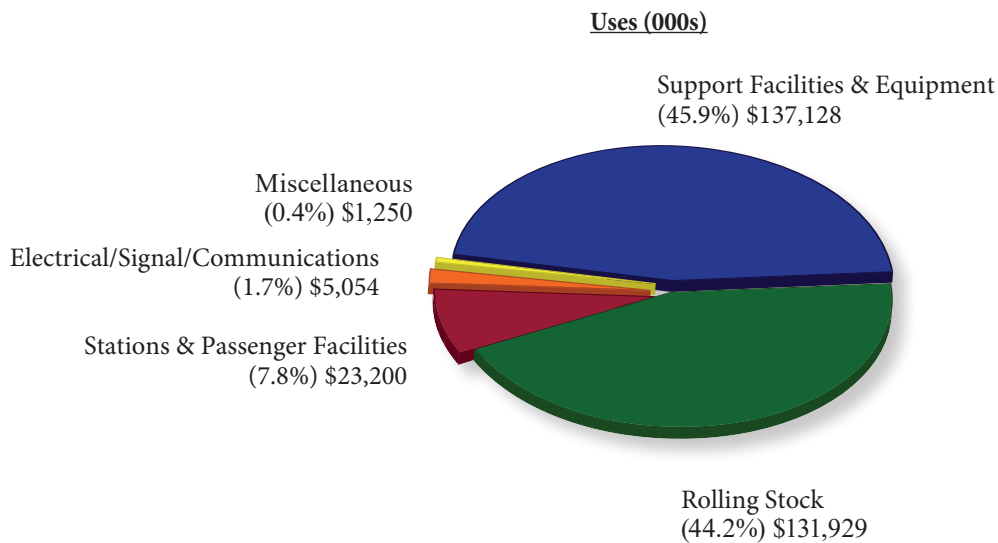
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>5 YEAR 2018-2022</u>
Rolling Stock Quantities						
Fixed Route Buses	31	45	44	44	39	203
Paratransit Vehicles	71	60	59	59	101	350
Community/Call-n-Ride Vehicles	39	19	18	28	28	132
Vanpool Vehicles	102	187	0	0	0	289
Rolling Stock						
Fixed Route Buses	\$11,625	\$16,875	\$16,500	\$16,500	\$14,625	\$76,125
Paratransit Vehicles	4,615	3,900	3,835	3,835	6,565	22,750
Community/Call-n-Ride Vehicles	2,955	1,425	1,350	2,100	2,100	9,930
Vanpool Vehicles	4,096	7,520	0	0	0	11,616
Engine/Transmission Retrofit	4,469	1,745	1,718	1,831	1,745	11,508
Subtotal	\$27,760	\$31,465	\$23,403	\$24,266	\$25,035	\$131,929
Electrical/Signal/Communications						
IBS Equipment Replacement	\$1,635	\$1,684	\$1,735	\$0	\$0	\$5,054
Subtotal	\$1,635	\$1,684	\$1,735	\$0	\$0	\$5,054
Support Facilities & Equipment						
Improve Facilities	\$4,102	\$6,000	\$11,300	\$7,000	\$3,700	\$32,102
Computer Systems/Hardware and Software	1,350	1,000	1,000	1,000	1,000	5,350
Support Equipment/Non-Revenue Vehicles	2,576	1,700	1,000	1,000	1,000	7,276
Farebox System	0	0	5,000	5,000	6,000	16,000
Associated Capital	8,200	0	0	0	0	8,200
New Northwest Division Garage	15,500	0	30,500	20,200	0	66,200
Office Equipment/Furniture	0	500	500	500	500	2,000
Subtotal	\$31,728	\$9,200	\$49,300	\$34,700	\$12,200	\$137,128
Stations & Passenger Facilities						
Improve Passenger Facilities	\$0	\$5,000	\$4,700	\$2,000	\$4,000	\$15,700
Posted Stops Only Conversion	0	1,700	1,300	0	0	3,000
Bus Stop Shelters/Signs	500	1,000	1,000	1,000	1,000	4,500
Subtotal	\$500	\$7,700	\$7,000	\$3,000	\$5,000	\$23,200
Miscellaneous						
Unanticipated Capital	\$250	\$250	\$250	\$250	\$250	\$1,250
Subtotal	\$250	\$250	\$250	\$250	\$250	\$1,250
Grand Total - Constrained	\$61,873	\$50,299	\$81,688	\$62,216	\$42,485	\$298,561

Capital Budget Suburban Service

Chart G. 2018-2022 Suburban Service Capital Business Plan-Sources/Uses of Funds (000s)-Constrained Total \$298,561



Over 73% of the Pace program is expected to be derived from all Federal sources.



Over 45% of the funding will be spent on Support Facilities & Equipment.

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2018-2022 Regional ADA Paratransit Five Year Unconstrained Program

Overview

THE RTA is assuming that no 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 growing Regional ADA capital needs.

At the present time for the ADA service in the City of Chicago, Pace utilizes private contractors who own the vehicles and rent or own the garages they operate from. The costs for the depreciation of the vehicles and buildings are built into the hourly rates charged in the service contracts. Pace's plan is to apply the same business model in the City of Chicago that it has in place in the suburbs; specifically, to own the fleet and facilities and to bid out services to the private contractors. This will reduce the hourly service rates substantially as contractors will not have to charge Pace for depreciation of their equipment and facilities. This is also expected to increase competition from private contractors as the bidding will be on a consistent basis of hourly service rates. A long-term funding solution is critical in order to replace these private contract carrier vehicles and to begin building facilities which support the service.

The Regional ADA Paratransit Five Year Unconstrained Capital Program requires a total of \$120.874 million for 2018-2022.

Highlights include:

- 1,001 replacement vehicles
- 50 expansion vehicles
- New radio system
- Design and construct up to four new garage facilities
- Computers and systems
- New farebox system
- Design and construct passenger transfer locations



Pace-owned paratransit vehicles are currently operated by private contractors throughout the suburbs.

Capital Budget ADA Paratransit

Table 30. 2018-2022 Regional ADA Paratransit - Unconstrained Capital Program (000s)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>5 YEAR 2018-2022</u>
City	31	398	113	200	19	761
Suburban	57	42	26	18	97	240
Regional ADA Expansion	10	10	10	10	10	50
Total Vehicle Needs	98	450	149	228	126	1,051
Rolling Stock						
City ADA Vehicle Replacement	\$2,015	\$25,870	\$7,345	\$13,000	\$1,235	\$49,465
Suburban ADA Vehicle Replacement	3,705	2,730	1,690	1,170	6,305	15,600
Regional ADA Expansion	650	650	650	650	650	3,250
Subtotal	\$6,370	\$29,250	\$9,685	\$14,820	\$8,190	\$68,315
Electrical/Signal/Communications						
Radio System	\$294	\$1,350	\$447	\$684	\$378	\$3,153
Subtotal	\$294	\$1,350	\$447	\$684	\$378	\$3,153
Support Facilities & Equipment						
Construct up to Four Garage Facilities	\$1,742	\$2,507	\$11,256	\$8,946	\$10,200	\$34,651
Computers and Systems	3,000	2,000	1,000	1,000	1,000	8,000
Farebox System	490	2,250	745	1,140	630	5,255
Subtotal	\$5,232	\$6,757	\$13,001	\$11,086	\$11,830	\$47,906
Stations & Passenger Facilities						
Construct Passenger Transfer Locations	\$0	\$0	\$500	\$500	\$500	\$1,500
Subtotal	\$0	\$0	\$500	\$500	\$500	\$1,500
Grand Total Needs	\$11,896	\$37,357	\$23,633	\$27,090	\$20,898	\$120,874

Combined Suburban Service/ADA Budget & Three Year Business Plan

PACE'S Combined Budget and Three Year Business Plan is shown in the table below. A table presenting anticipated cash flows for 2018 has also been provided on the following page.

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

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

	2016 <u>Actual</u>	2017 <u>Estimate</u>	2018 <u>Budget</u>	2019 <u>Projected</u>	2020 <u>Projected</u>
Suburban Service					
Revenue	\$55,553	\$55,971	\$60,862	\$61,388	\$62,002
Expenses	217,830	224,384	232,082	238,938	244,353
Funding Requirement	\$162,277	\$168,413	\$171,220	\$177,550	\$182,351
Public Funding	\$167,893	\$172,654	\$171,220	\$177,550	\$182,351
Net Funding Available	\$5,616	\$4,241	\$0	\$0	\$0
Fund Balance - Unrestricted Net Assets					
Beginning Balance	\$55,665	\$54,783	\$49,153	\$39,324	\$39,074
Net Operating Results	5,616	4,241	0	0	0
Less: Capital Expended from Fund Balance	6,498	9,871	9,829	250	250
Ending Balance	\$54,783	\$49,153	\$39,324	\$39,074	\$38,824
Regional ADA Paratransit Service					
Revenue	\$16,071	\$12,150	\$13,295	\$13,552	\$13,817
Expenses	160,820	173,736	178,587	188,113	199,767
Funding Requirement	\$144,749	\$161,586	\$165,292	\$174,561	\$185,950
Public Funding	\$144,749	\$155,911	\$165,292	\$174,561	\$185,950
ADA Paratransit Reserve	0	5,675	0	0	0
Net Funding Available	\$0	\$0	\$0	\$0	\$0
Fund Balance - Unrestricted Net Assets					
Beginning Balance	\$0	\$0	\$0	\$0	\$0
Net Operating Results	0	0	0	0	0
Less: Capital Expended from Fund Balance	0	0	0	0	0
Ending Balance	\$0	\$0	\$0	\$0	\$0
Combined Service					
Revenue	\$71,624	\$68,121	\$74,157	\$74,940	\$75,819
Expenses	378,650	398,120	410,669	427,051	444,120
Funding Requirement	\$307,026	\$329,999	\$336,512	\$352,111	\$368,301
Public Funding	\$312,642	\$328,565	\$336,512	\$352,111	\$368,301
ADA Paratransit Reserve	0	5,675	0	0	0
Net Funding Available	\$5,616	\$4,241	\$0	\$0	\$0
Fund Balance - Unrestricted Net Assets					
Beginning Balance	\$55,665	\$54,783	\$49,153	\$39,324	\$39,074
Net Operating Results	5,616	4,241	0	0	0
Less: Capital Expended from Fund Balance	6,498	9,871	9,829	250	250
Ending Balance	\$54,783	\$49,153	\$39,324	\$39,074	\$38,824

Combined Plan

Combined Suburban Service/ADA Cash Flow

THE following table provides an estimate of 2018 revenues, expenses, and the cash position for Pace’s combined operations—Suburban Service and Regional ADA Paratransit Service.

The agency budget is balanced to the funding levels and meets the recovery marks set by the RTA for 2018. Pace’s combined cash position appears balanced and sufficient to meet next year’s needs.

Pace’s combined cash position for Suburban Service and Regional ADA Paratransit Service is sufficient for 2018.

Table 32. Pace Combined Services Projected Cash Flow Summary - 2018 (000s)

	<u>Beginning Balance</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Net Results</u>	<u>Ending Balance</u>
January	\$49,153	\$32,021	\$33,311	(\$1,290)	\$47,863
February	47,863	32,208	33,311	(1,103)	46,759
March	46,759	49,680	56,807	(7,127)	39,632
April	39,632	31,477	33,311	(1,834)	37,797
May	37,797	31,311	33,311	(2,001)	35,796
June	35,796	37,064	37,276	(212)	35,584
July	35,584	32,549	33,311	(762)	34,822
August	34,822	32,848	33,311	(463)	34,359
September	34,359	33,435	35,764	(2,328)	32,031
October	32,031	35,490	33,311	2,179	34,210
November	34,210	33,093	33,311	(219)	33,992
December	33,992	44,993	39,659	5,334	39,324

Organizational Overview

PACE staffing requirements are classified into four primary categories: administration, centralized support, Pace-operated 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 reporting requirements which apply to all public transit operators.

The administration category for 2018 is budgeted at 199 filled full-time equivalent (FTEs) positions. There are no additional positions authorized for 2018.

The central support category for 2018 is budgeted at 99 filled FTE positions for 2018. There are no additional positions authorized for 2018.

The Pace divisions category is comprised of nine garages and is budgeted at 1,441 filled FTE positions for 2018. This is an increase of 23 positions over prior year levels, reflecting increased service levels for Milwaukee Avenue Pulse implementation and I-55 Bus on Shoulder expansion.

The Regional ADA category includes 46 FTE positions for 2018 and assumes full staffing.

Pace's administrative functions are 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, and Project Management Office report directly to the Executive Director.

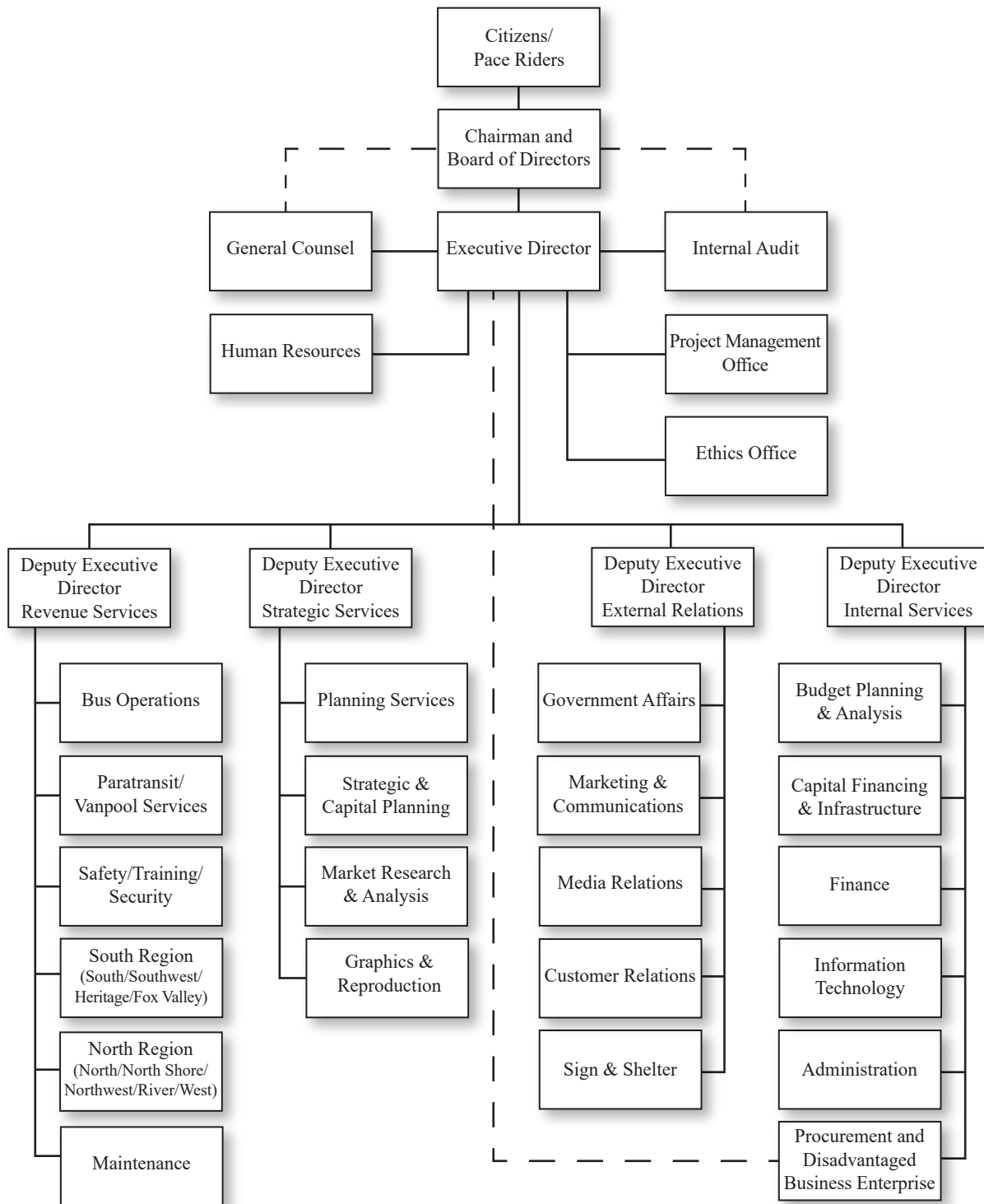
All areas of the organization are shown on Chart H. An overview of each department's duties and responsibilities is presented on the following pages.

Table 33. Full-Time Equivalent Personnel (FTEs)

	Admin	Central Support	Pace Divisions	Total
2016 Actual				
Operations	0	37	1,027	1,064
Maintenance	0	50	234	284
Non-Vehicle Maintenance	0	11	14	25
Administration	198	0	37	235
Suburban Service	198	98	1,312	1,608
Regional ADA Paratransit	38	0	0	38
Total	236	98	1,312	1,646
2017 Estimated				
Operations	0	37	1,108	1,145
Maintenance	0	50	257	308
Non-Vehicle Maintenance	0	11	16	27
Administration	198	0	37	235
Suburban Service	198	98	1,418	1,714
Regional ADA Paratransit	39	0	0	39
Total	237	98	1,418	1,753
2018 Budget				
Operations	0	37	1,129	1,166
Maintenance	0	51	259	310
Non-Vehicle Maintenance	0	11	16	27
Administration	199	0	37	236
Suburban Service	199	99	1,441	1,739
Regional ADA Paratransit	46	0	0	46
Total	245	99	1,441	1,785

Appendix A • Pace Overview

Chart H. Pace Organizational Chart



Appendix A • Pace Overview

Table 34. Pace's 2018 Operating Budget - Department Budgeted Positions (FTEs)

Suburban Service	2016 Budget	2017 Budget	2018 Budget	Regional ADA	2016 Budget	2017 Budget	2018 Budget
Office of the Executive Director	2.0	2.0	2.0	City ADA Paratransit	40.0	40.0	40.0
General Counsel	10.0	10.0	10.0	Suburban Service Allocation	6.0	6.0	6.0
Internal Audit	6.0	6.0	8.0	Total Regional ADA	46.0	46.0	46.0
Human Resources	9.5	10.0	10.0	Total Suburban & Regional ADA	1,685.0	1,803.0	1,827.0
DBE	3.0	0.0	0.0	Suburban Svc Vacancy Factor	(25.0)	(37.0)	(35.0)
Project Management Office	2.0	2.0	2.0	Regional ADA Vacancy Factor	(8.0)	(7.0)	0.0
Ethics Officer	1.0	1.0	1.0	ADA Allocation	(6.0)	(6.0)	(6.0)
New Initiatives	4.0	12.5	2.5	Total - With Vacancy Factors	1,646.0	1,753.0	1,785.0
Total	37.5	43.5	35.5				
Revenue Services							
DED, Revenue Services	5.0	5.0	5.0				
Bus Operations	9.5	9.5	9.5				
Maintenance/Tech Services	28.0	27.5	31.5				
Vanpool	18.0	18.5	19.5				
Paratransit	10.0	10.0	10.0				
Safety	5.0	6.0	6.0				
Pace Divisions:							
Bus Operators	958.0	1,033.0	1,054.0				
Operations Supervisors	69.0	75.0	75.0				
Maintenance	234.0	257.0	259.0				
Non-Vehicle Maintenance	14.0	16.0	16.0				
Administration	36.0	37.0	37.0				
Total	1,386.5	1,494.5	1,522.5				
Internal Services							
DED Internal Services	3.0	3.0	2.0				
Capital Financing & Infrastructure	26.0	26.0	27.0				
Budget Planning	6.0	6.0	6.0				
Procurement/DBE	38.0	41.0	42.0				
Administration	5.0	5.0	5.0				
Finance	27.0	27.0	27.0				
IT	37.0	37.0	38.0				
Total	142.0	145.0	147.0				
Strategic Services							
DED, Strategic Services	2.0	2.0	2.0				
Planning Services	20.0	20.0	15.5				
Strategic and Capital Planning	0.0	0.0	10.0				
Market Research/Analysis	15.5	16.5	12.0				
Graphic Services	7.0	7.0	8.0				
Total	44.5	45.5	47.5				
External Relations							
DED, External Relations	2.0	2.0	2.0				
Government Affairs	11.5	11.5	11.5				
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	28.5	28.5				
Total Suburban Service	1,639.0	1,757.0	1,781.0				

Departmental Overview

A detailed description of each department is provided as follows.

Office of the Executive Director

Office of the Executive Director: The Executive Director is responsible for overall management of the agency including all staffing, employment, and contractual relationships necessary to carry out the powers of the Suburban Bus Board (Pace) in accordance with the RTA Act.

General Counsel: Responsible for reviewing contracts, monitoring litigation, handling claim defense litigation, and assuring legal compliance with all required federal, state, and local regulations. General Counsel is also responsible for the claims handling for the entire agency.

Internal Audit: Responsible for directing performance, financial, and compliance audits to ensure maintenance of organizational and professional ethical standards.

Human Resources: Responsible for recruitment, compensation, benefit administration, employee relations, and development of the agency's human resource policies/procedures.

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.

Ethics Officer: Responsible to act as Ethics Officer pursuant to state law, conducts ethics training for employees, provides guidance to Board members and employees regarding the interpretation and implementation of state ethics laws.

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 IT administration, application services, client services, infrastructure services, and data services.

Procurement: Responsible for directing and coordinating all purchasing and procurement activities and contracting services including materials management of parts and supply inventories at Pace operating divisions. Also responsible for agency Disadvantaged Business Enterprise (DBE) compliance with regulatory agencies. Sets DBE performance goals, assesses and reports on performance of the program. Reviews contract specifications for DBE participation. The DBE office also reports to the Executive Director.

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 and community service planning and Scheduling, including adjustment of existing services to improve performance, evaluating new markets for service expansion and service reductions, and the creation of operator run-picks (work schedules).

Strategic and Capital Planning: Responsible for middle to long-range strategic planning. Programs include the Rapid Transit Network, Intelligent Transportation Systems, Transportation Engineering, Transit Supportive Guidelines, and Transportation Demand Management.

Market Research/Analysis: Responsible for the management of customer satisfaction measurement and reporting and special studies that support business objectives. Produces ridership reporting, performance measures, on-time performance measures, and other operational data.

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

Revenue Services

Bus Operations: Responsible for managing and controlling the provision of bus service contracts and direct operation of Pace-operated and subsidized fixed route service providers.

Paratransit/Vanpool: Responsible for the management and control of Pace's Suburban Dial-a-Ride Paratransit program, the VIP, Advantage and Employer Shuttle Vanpool programs as well as 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 provision of fixed route services from Pace's nine operational garages and support facilities. Two Regional Managers are responsible for day-to-day operations of fixed route services and all related activities including, but not limited to, employment, work assignment, collective bargaining, equipment and facility 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.



The Pace Headquarters is located in Arlington Heights.

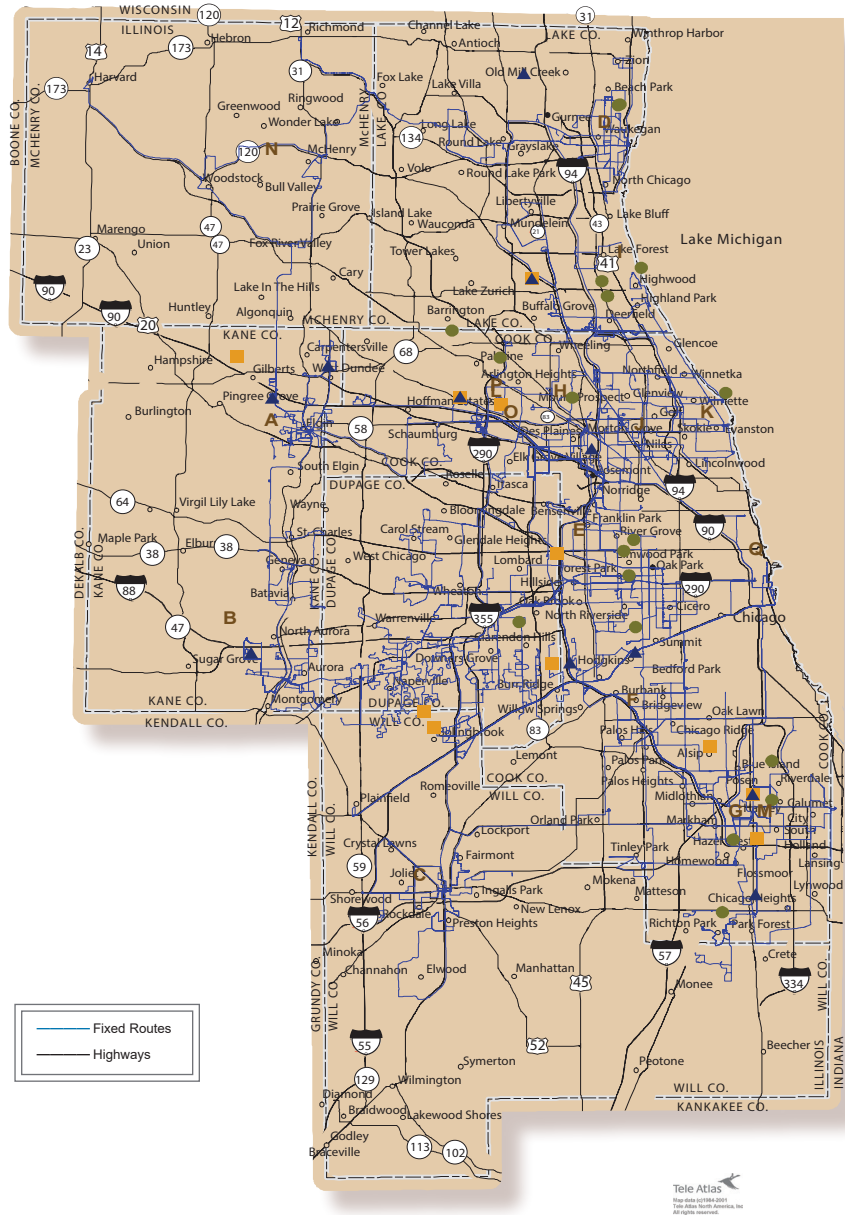
Fixed Route Service Characteristics

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

Fixed Route Service

162 Regular, 42 feeders, 20 shuttle, and numerous seasonal routes are operated by Pace. These routes serve 210 communities and carry over 2.44 million rides per month, utilizing 626 vehicles during peak periods. All routes are fully accessible.

Map 1. Fixed Route Service Characteristics



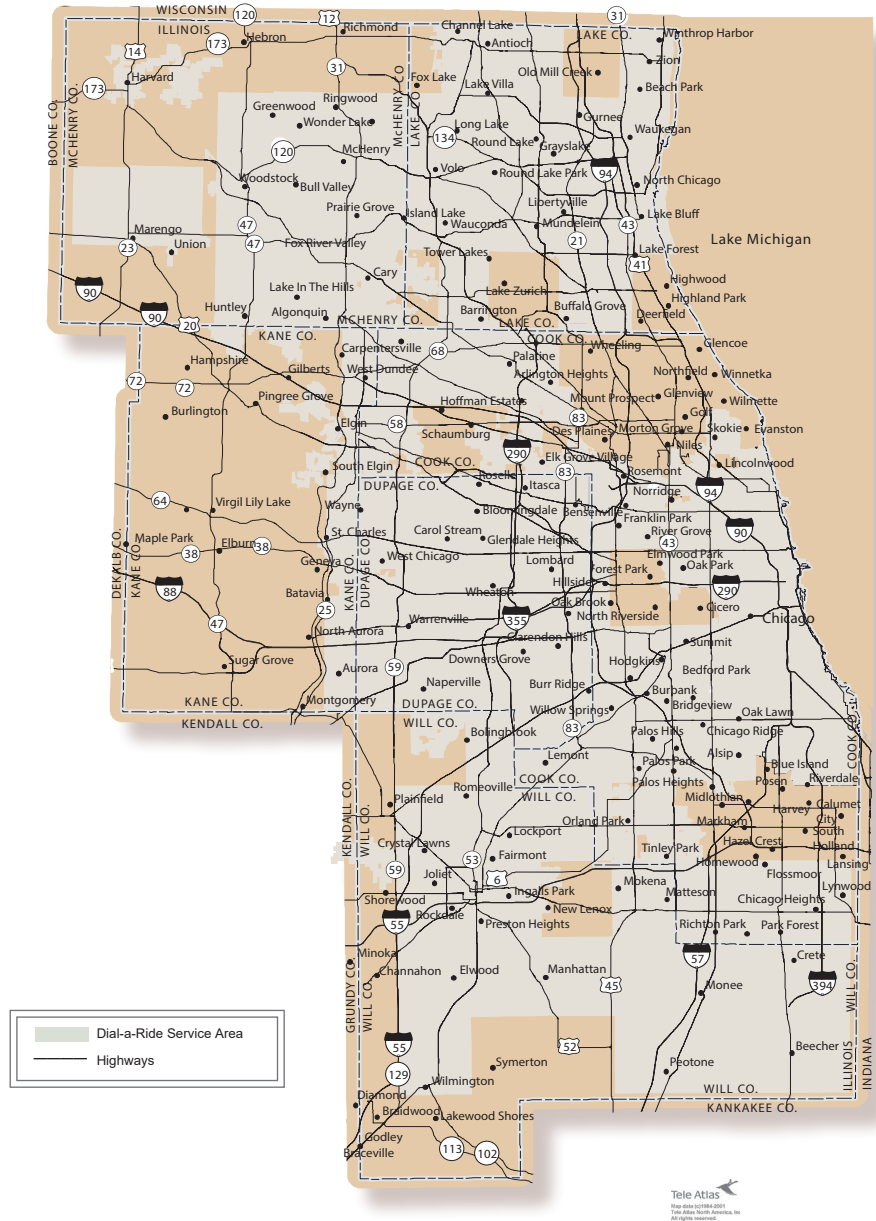
Dial-a-Ride Service Characteristics

THE following map and description summarizes the operating characteristics of the Dial-a-Ride service.

Dial-a-Ride Service

197 Pace-owned lift-equipped vehicles are utilized to provide curb-to-curb service to approximately 84,000 riders each month. The majority of the ridership are elderly and/or people with disabilities. Pace contracts directly with private service providers for the operation of 50 dial-a-ride projects, which include ten call-n-ride projects, and has agreements with villages and townships for the operation of 18 other dial-a-ride projects. In addition, Pace River Division operates three paratransit projects. These projects provide services to over 284 communities throughout the six county area.

Map 2. Dial-a-Ride Service Characteristics



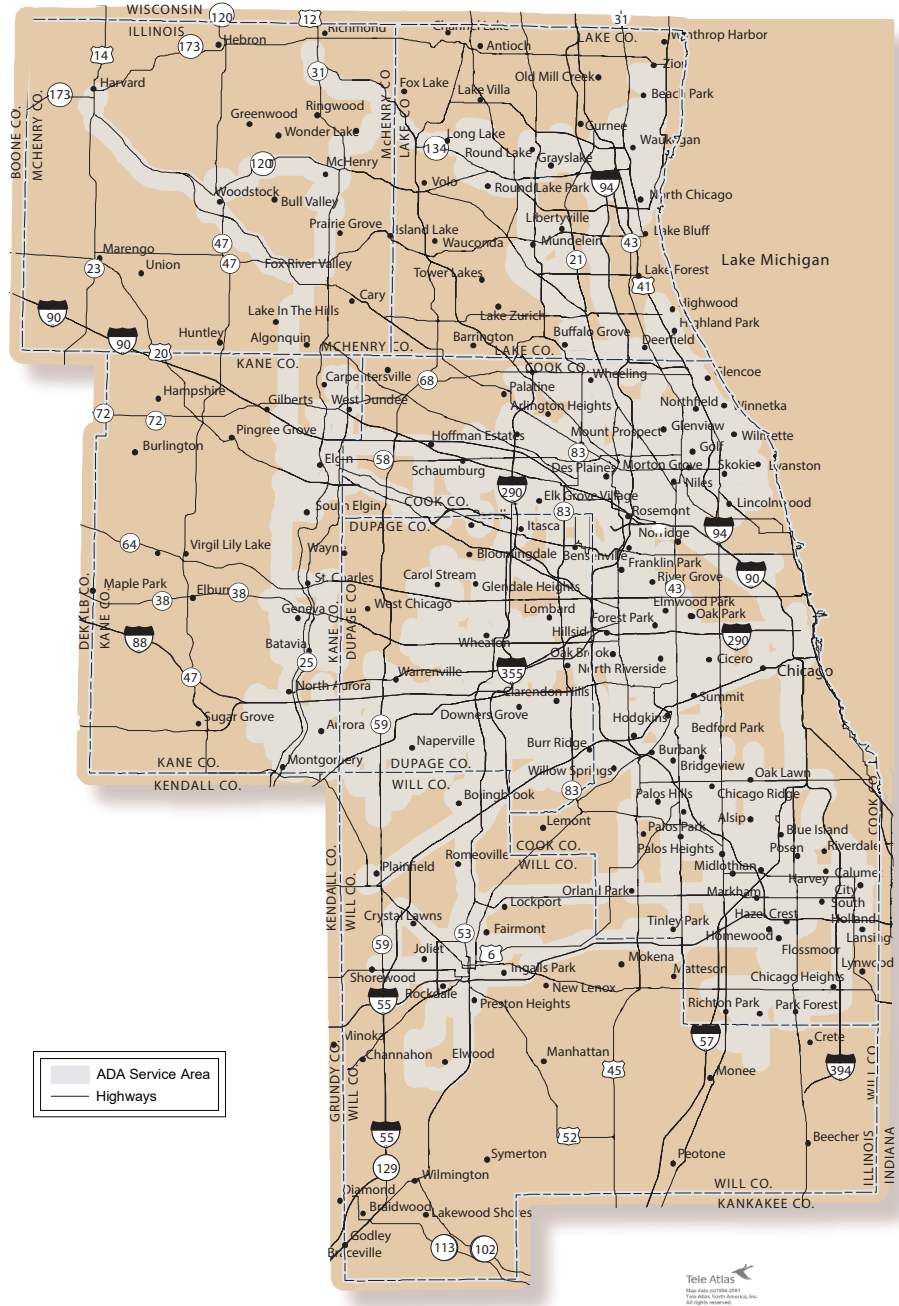
Suburban ADA Paratransit Service Characteristics

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

Suburban ADA Paratransit

353 Pace-owned lift-equipped vehicles are utilized to provide origin to destination service to approximately 76,000 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



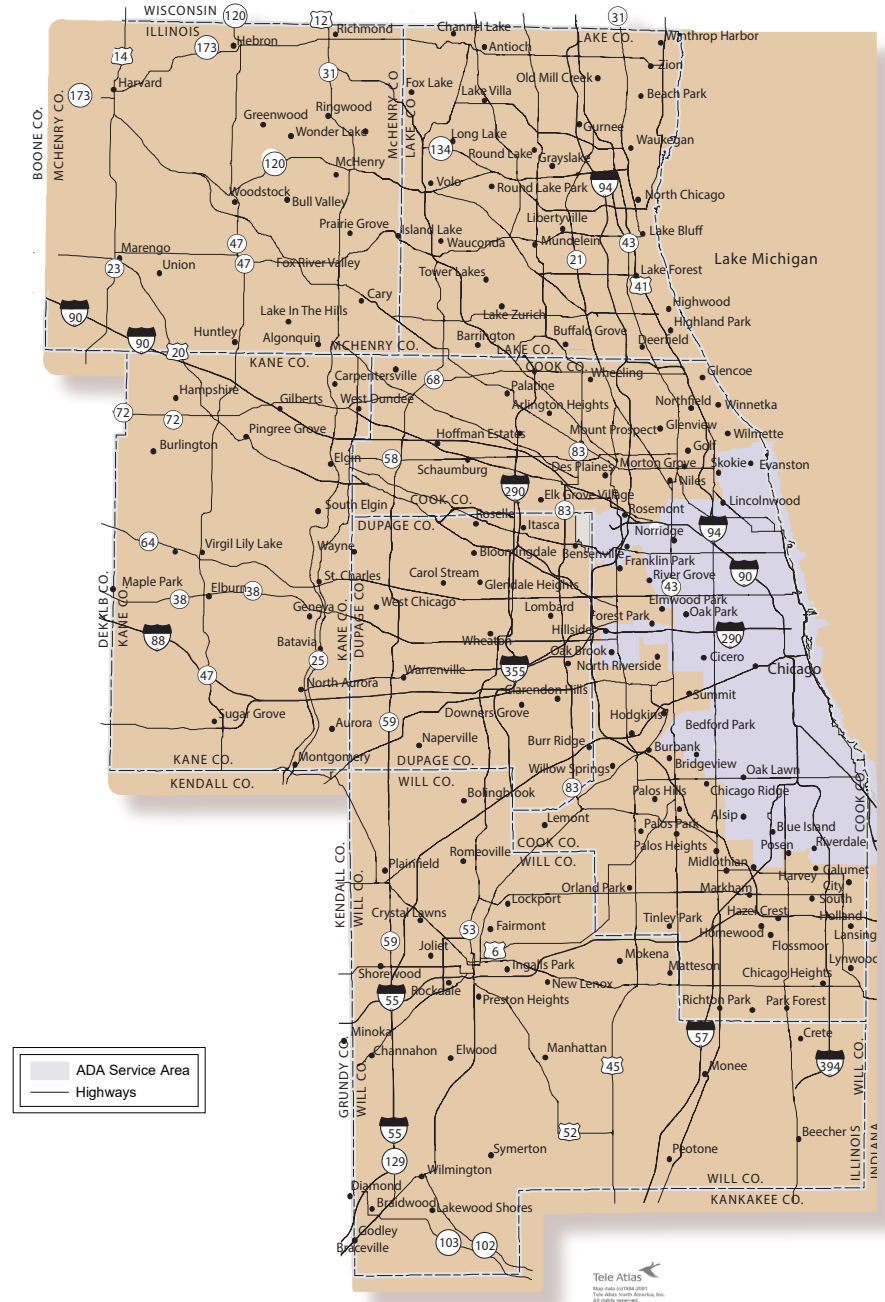
City ADA Paratransit Service Characteristics

FOUR ADA paratransit service contractors (SCR Transportation, Cook DuPage Transportation, 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.

807 contractor-owned vehicles are used to provide service to approximately 226,000 riders each month.

Map 4. City ADA Paratransit Service Characteristics



Appendix A • Pace Overview

Pace Rolling Stock - Active Fleet

Table 35. Pace Rolling Stock - Active Fleet

<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>Vehicle Type</u>	<u>Year</u>	<u># of Vehicles</u>	<u>Age</u>	<u>Length</u>
Orion	2001	23	16	40'	Vans	2003	2	14	Various
NABI	2002	20	15	35'	Vans	2005	7	12	Various
NABI	2003	38	14	35'	Vans	2006	18	11	Various
NABI	2003	70	14	40'	Vans	2007	24	10	Various
Orion	2004	6	13	40'	Vans	2008	7	9	Various
NABI	2005	58	12	40'	Vans	2009	24	8	Various
ElDorado	2006	31	11	30'	Vans	2010	43	7	Various
ElDorado	2007	77	10	30'	Vans	2011	50	6	Various
ElDorado	2008	32	9	30'	Vans	2012	82	5	Various
ElDorado	2009	24	8	30'	Vans	2013	252	4	Various
ElDorado	2010	59	7	30'	Vans	2016	90	1	Various
Orion Hybrid	2012	2	5	30'	Vans	2017	118	0	Various
ElDorado	2012	4	5	30'	Total		717		
ElDorado	2012	13	5	40'	Average Age			4.1 years	
ElDorado	2013	63	4	40'					
MCI	2014	13	3	40'					
ElDorado	2014	20	3	40'					
ElDorado	2015	65	2	40'					
MCI	2015	9	2	40'					
ElDorado CNG	2016	20	1	40'					
ElDorado	2016	62	1	40'					
ElDorado	2017	28	0	40'					
ElDorado Trolley	2017	7	0	30'					
ElDorado CNG	2017	28	0	40'					
MCI	2017	8	0	40'					
Total		780							
Average Age			7.2 years						

<u>Paratransit (Fully Accessible)</u>					<u>Community Vehicles</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	8	9	24'	Champion Crusader	2007	16	10	22'
ElDorado Vans	2009	7	8	23'	Champion Crusader	2009	19	8	22'
ElDorado Buses	2009	13	8	23'	Champion Crusader	2012	8	5	22'
ElDorado Vans	2010	31	7	22'	Vans	2013	34	4	Various
ElDorado Buses	2010	143	7	23'	Champion Crusader	2015	20	2	22'
ElDorado Buses	2014	156	3	25'	Champion Crusader	2017	35	0	22'
Champion Vans	2014	98	3	22'	Total		132		
ElDorado Buses	2016	50	1	25'	Average Age			4.0 years	
Total		506							
Average Age			4.5 years						



Fixed route 40' bus



Call-n-Ride bus



Paratransit bus



Vanpool vehicle

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 PaceBus.com.

- A. Pace River Division
975 S. State, Elgin
63,235 square feet, 1989
- B. Pace Fox Valley Division
400 Overland Dr., North Aurora
56,833 square feet, 1994
- C. Pace Heritage Division
9 Osgood St., Joliet
58,296 square feet, 1926 and 1985
- D. Pace North Division
1400 W. Tenth St., Waukegan
57,754 square feet, 1987
- E. Pace West Division
3500 W. Lake St., Melrose Park
223,004 square feet, 1986
- F. Pace Southwest Division
9889 S. Industrial Dr., Bridgeview
81,500 square feet, 1994
- G. Pace South Division
2101 W. 163rd Place, Markham
191,182 square feet, 1988
- H. Pace Northwest Division
900 E. Northwest Hwy., Des Plaines
83,484 square feet, 1962
- I. City of Highland Park*
1150 Half Day Road, Highland Park
- J. Village of Niles*
6859 Touhy Ave., Niles
- K. Pace North Shore Division
2330 Oakton St., Evanston
81,500 square feet, 1994
- L. Pace Administrative
Headquarters
550 W. Algonquin Rd., Arlington Heights
65,000 square feet, 2009
- M. South Holland
Acceptance Facility
405 W. Taft Dr., South Holland
44,700 square feet, 1984
- N. Pace Paratransit Garage
5007 Prime Parkway, McHenry
28,097 square feet, 2001

- O. Pace Print Shop
80-86 Lively Blvd., Elk Grove Village
8,500 square feet, 2010 (Leased Premises)
- P. Pace Vanpool Office
515 W. Algonquin Rd., Arlington Heights
6,482 square feet, 2013 (Leased Premises)
- Q. Pace ADA Paratransit Office
547 W. Jackson, Chicago
11,445 square feet, 2006 (Leased Premises)

*Municipal Garages

Pace has established numerous passenger facilities throughout the region. The facilities provide convenient transfers and connections between our services and those provided by CTA and Metra.

Transportation and Transfer Centers ▲

- Aurora Transportation Center
- Buffalo Grove Transportation Center
- Chicago Heights Transportation Center
- Elgin Transportation Center
- Gurnee Mills Transfer Facility
- Harvey Transportation Center
- Hodgkins UPS Bus Terminal
- Northwest Transportation Center/Charles Zettek Facility, Schaumburg
- Prairie Stone Transportation Center, Hoffman Estates
- Rosemont Transit Center
- Toyota Park Transportation Center, Bridgeview

Other Boarding and Transfer Locations ●

- Arlington Heights Metra
- Clarendon Hills Metra

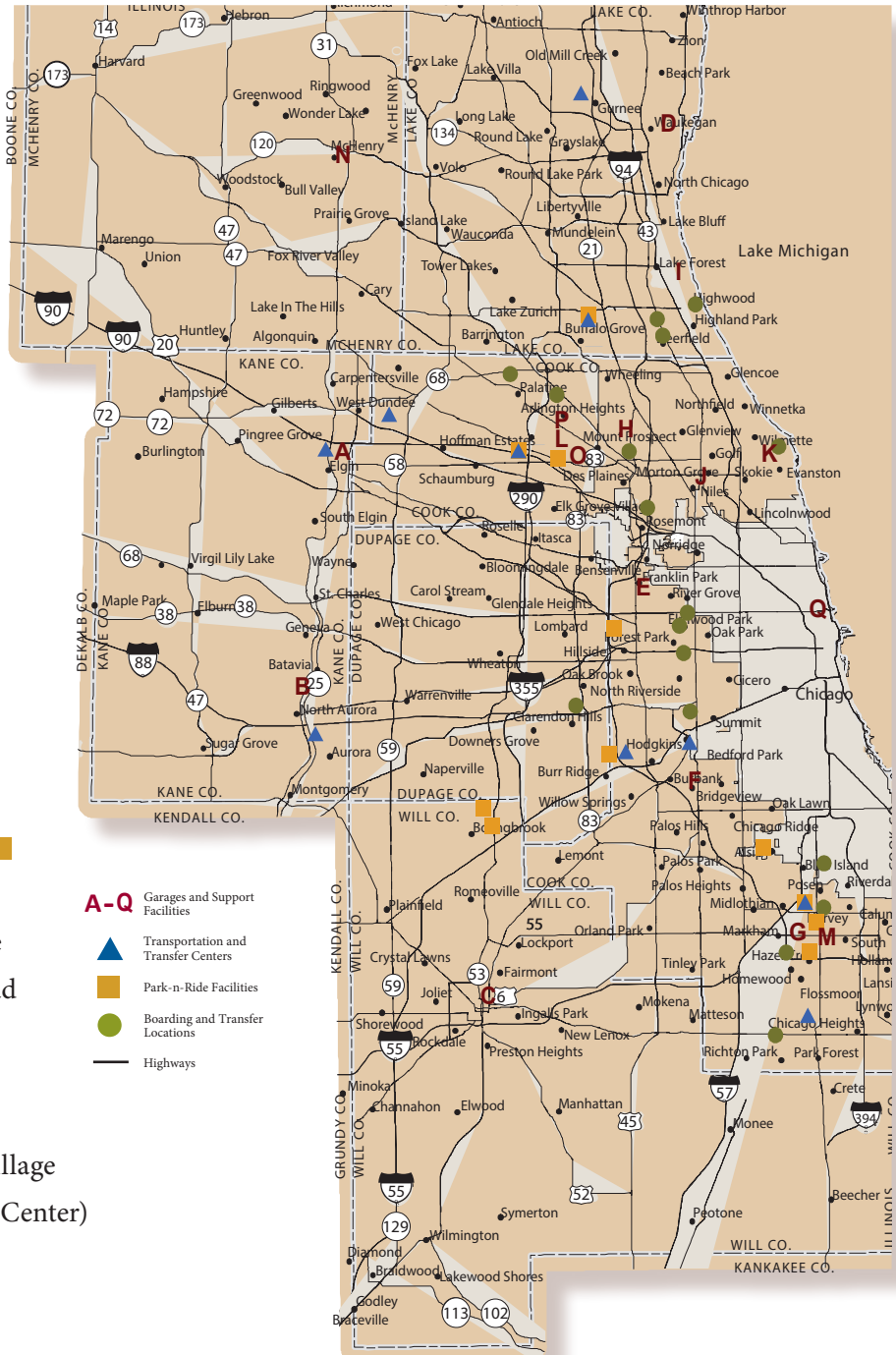
Other Boarding and Transfer Locations Continued ●

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

Pace Owned Park-n-Ride Facilities ■

- Blue Island
- Bolingbrook, Canterbury Lane
- Bolingbrook, Old Chicago Road
- Buffalo Grove (at the Transportation Center)
- Burr Ridge
- Northwest Point, Elk Grove Village
- Harvey (at the Transportation Center)
- Hillside
- Homewood
- I-90 Randall Road
- Northwest Transportation Center/ Charles Zettek Facility

Map 5. Pace System Garage and Support Facilities



Appendix B • Ridership & Suburban Service Fares

Pace Ridership

The following table identifies projected ridership changes by operating element for years 2016 through 2020.

Table 36. Pace 2018-2020 Ridership Projections (000s)

	2016 Actual	2017 Estimated	% Change	2018 Projected	% Change	2019 Projected	% Change	2020 Projected	% Change
Pace Divisions	26,555	26,993	1.7%	26,753	-0.9%	27,021	1.0%	27,291	1.0%
Public Carriers	621	626	0.8%	633	1.1%	639	1.0%	646	1.0%
Private Carriers	1,224	1,120	-8.5%	1,117	-0.3%	1,128	1.0%	1,139	1.0%
Total Fixed Route	28,399	28,739	1.2%	28,502	-0.8%	28,788	1.0%	29,076	1.0%
Dial-a-Ride*	1,109	1,052	-5.1%	1,007	-4.3%	984	-2.3%	962	-2.3%
Vanpool	1,664	1,548	-7.0%	1,548	0.0%	1,548	0.0%	1,548	0.0%
Suburban Service Total	31,172	31,339	0.5%	31,057	-0.9%	31,320	0.8%	31,586	0.8%
Regional ADA Paratransit Service*	4,178	4,240	1.5%	4,279	0.9%	4,354	1.7%	4,430	1.7%
Combined Pace Service	35,350	35,579	0.7%	35,336	-0.7%	35,674	1.0%	36,016	1.0%

*Ridership includes companions and personal care attendants.



Pace expects ridership to decrease slightly in 2018.

Ridership & Fares

Suburban Service Ridership

PACE Suburban Service ridership is estimated to finish the year up 0.5% from 2016 levels but will fall 6.9% short to the 2017 budget. Fixed route ridership has been steadily improving over 2016 levels and is expected to finish the year up 1.2%, however Dial-a-Ride and Vanpool ridership is expected to continue to decline. The decrease in dial-a-ride ridership is associated with an overall decline in program participation, while the Vanpool falloff is likely related to the decline in fuel prices.

For 2018, ridership is expected to decrease slightly from the 2017 estimate. Expected growth in fixed route ridership will be tempered by the effect of the \$0.25 fare adjustment, resulting in an overall decline of 0.9% from 2017 levels. Dial-a-Ride ridership is expected to continue to decline while Vanpool ridership is expected to remain flat in 2018, resulting in an overall suburban service ridership decline of 0.9%.

Fixed route ridership is projected to grow at 1.0% annually for the outlying years (2019 and 2020), while Dial-a-Ride is expected to continue to decline at 2.25% and Vanpool is expected to remain flat.

Regional ADA Paratransit Ridership

Regional ADA Paratransit ridership is expected to finish 2017 at 1.5% over 2016 levels but 5.5% under the 2017 budget as a result of slowing demand over the last two years. For 2018, ridership is expected to grow 0.9% over 2017 levels. Ridership is still projected to grow for both the City and Suburban services, despite the \$0.25 fare adjustment. The outlook for TAP ridership is expected to grow 2.5% in 2018.

Regional ADA ridership is forecasted to grow at a rate of 1.7% in 2019 and 2020. Demand has slowed, but continues to grow for ADA services throughout the region.

Pace Fares

A \$0.25 fare adjustment is proposed for fixed route single-ride cash and transit value fares. This translates to a \$0.50 fare adjustment for premium fixed route fares. There is no increase to passes. A \$0.25 fare adjustment is also proposed for city and suburban ADA. There is no increase to taxi fares.

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



The 2018 fare increase will not affect passes nor ADA taxi fares.

Appendix B • Ridership & Suburban Service Fares

Pace Fare Structure

Table 37. Pace Fare Structure

	Current Fares		Revised Fares	
	Full Fare	Reduced Fare	Full Fare	Reduced Fare
Regular Fares				
Cash Fare	\$2.00	\$1.00	\$2.25	\$1.10
Full Fare Ventra®	1.75	0.85	2.00	1.00
Transfer to Pace (With Ventra transit value only)	0.25	0.15	0.30	0.20
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 Pass	55.00	N/A		
PlusBus	30.00	N/A		
Student Summer Haul Pass	45.00	N/A		
Pace Campus Connection (College Student Pass) Valid for One Semester - 5 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*	\$4.00	\$2.00	\$4.50	\$2.25
Pace Transfer to Premium Routes	2.50	1.30	2.80	1.45
30-day Premium Pace/CTA Pass	140.00	70.00		
Call-n-Ride	1.75	0.85	2.00	1.00
Dial-a-Ride	Fares based on community policy			
ADA Paratransit				
ADA Paratransit	\$3.00	N/A	\$3.25	N/A
Mobility Direct (Chicago Only)	3.00	N/A		
TAP (Chicago Only)	3.00	N/A		

*Premium routes included: 237, 282, 284, 755, 768, 769, 773, 774, 775, 776, 779, 850, 851, 855, 856.

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

Appendix B • Ridership & Suburban Service Fares

Table 38. Monthly VIP & Other Vanpool Services Fare Schedule

VIP Fare Schedule

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

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

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

Vanpool groups with 4 or 5 passengers may request a conversion van for a monthly surcharge of \$15 per passenger.

Indiana Tollway/Chicago Skyway Monthly Surcharge is \$6/Per Passenger.

Other Vanpool Service Fares

Program	Current Fare
Advantage	\$250
Non-Profit	600
Shuttle	750
VIP Metra Feeder/Per Rider	58



Pace offers several vanpool options to people who commute to and from work together in a Pace-owned van.

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

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

Research indicates that Pace customers earn significantly less than non-users and are much less likely to own an automobile. This underscores the critical role Pace plays in getting residents to jobs. Over 70% of Pace customers use the service to get to work. Without Pace services and without an automobile, many of our residents would not be able to get to work.

Table 39. User/Non-User Demographic Profiles

	Non-Users	Users (weekday only)
Age in Years		
Group Median	47.0	41.5
Sex:		
Male	48%	50%
Female	52%	50%
Education		
Some high school or less	2%	10%
High school graduate	12%	25%
Some college or technical school	20%	32%
College graduate	37%	24%
Graduate or Professional Degree	29%	9%
Total Annual Household Income		
Group Median	\$74,800	\$38,000
Auto Ownership		
None	5%	36%
One	26%	33%
Two or more	69%	31%
Ethnic Background		
African American	7%	44%
Asian	3%	6%
Hispanic	10%	16%
Caucasian	79%	34%
Other	1%	5%

Data Source

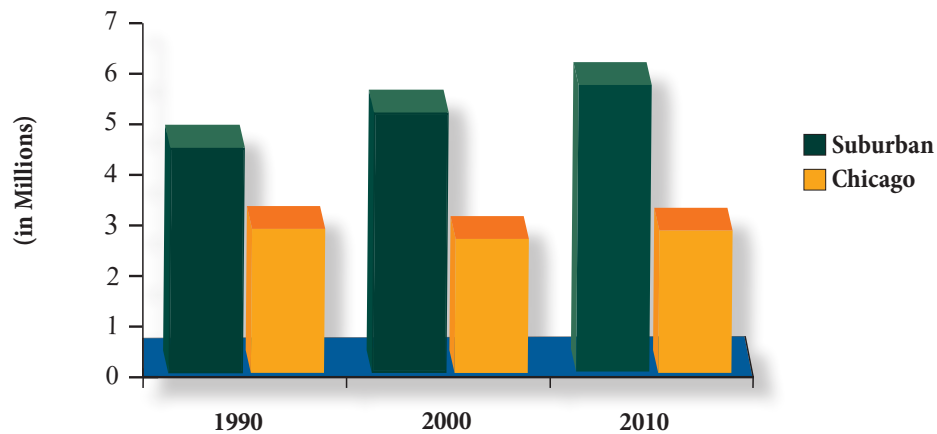
Non-user: South Cook County-Will County Service Restructuring Initiative, 2006, regional sample size = 1,195
 User: 2013 CS Survey, regional sample size = 7,275

Regional Population

Population

THE suburban population increased by over 0.5 million between 2000 and 2010, from 5.2 million residents to 5.7 million residents. Chicago's population declined by 0.2 million between 2000 and 2010 from approximately 2.9 million to 2.7 million. The following graphs depict the recent population trends in the metropolitan Chicago region from 1990 through 2010.

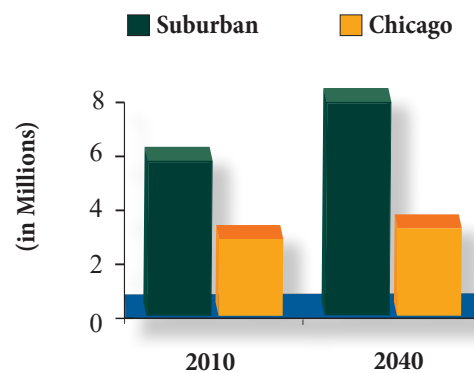
Chart I. 1990 to 2010 Regional Population



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 10.7 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 will accrue to Pace's service region while Chicago's population will increase by 0.4 million new residents.

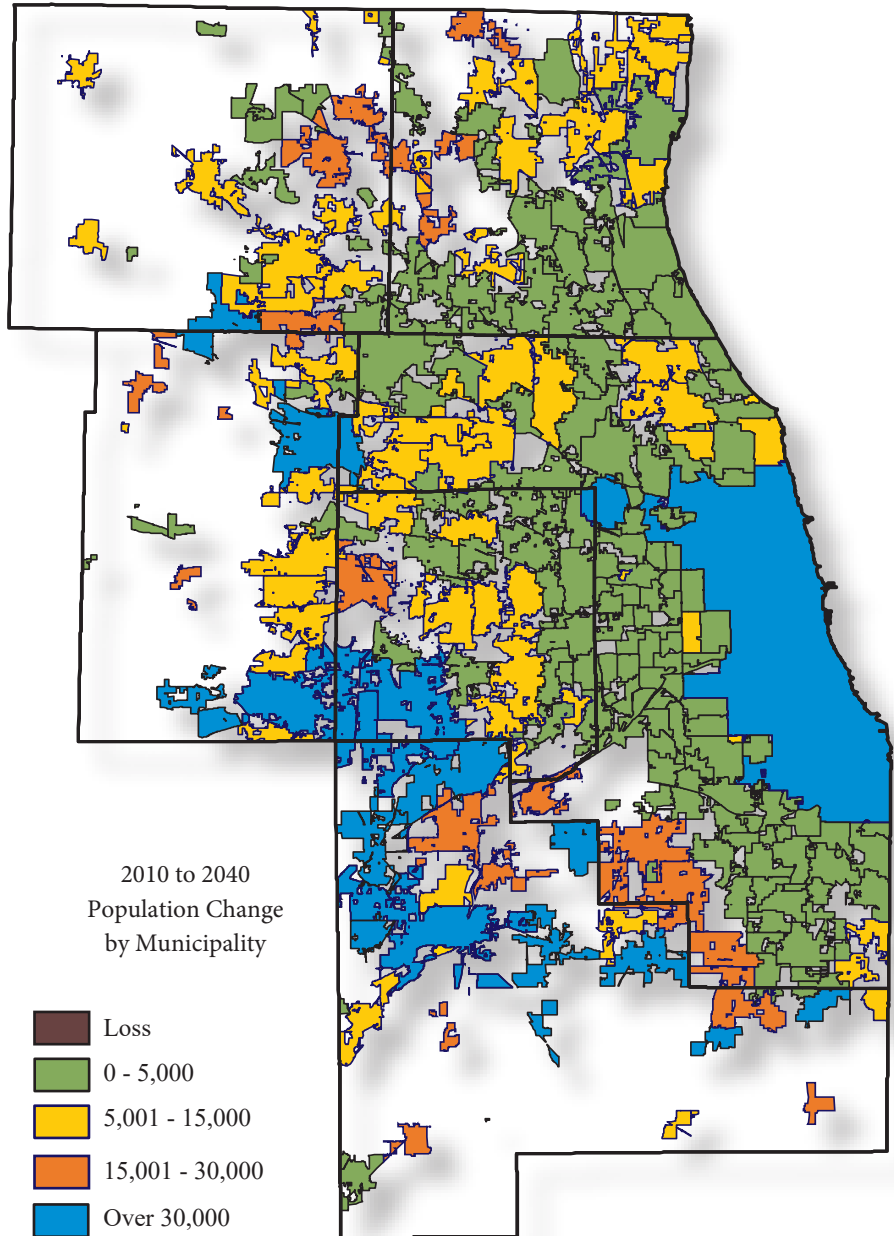
Chart J. 2010 to 2040 Regional Population Projection



Regional Population Change 2010 to 2040

CMAP 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 0.4 million residents by 2040.

Map 6. Regional Population Change



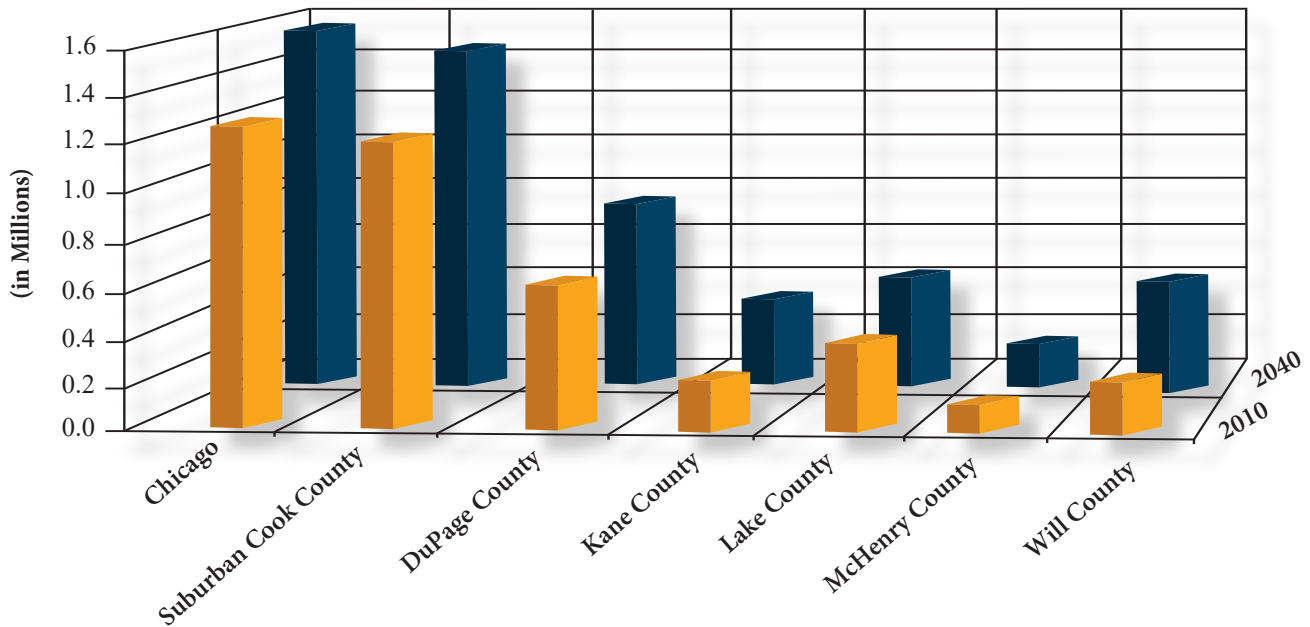
Regional Employment

Employment

C MAP’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 116%, followed by Kane County (82%) and

McHenry County (72%), representing an increase of 235,000, 153,000 and 64,000 jobs, respectively. Will County’s projected employment growth is also the largest in absolute terms followed by growth in Chicago (236,000), Suburban Cook County (198,000), and DuPage County (159,000).

Chart K. 2010 to 2040 Employment Projection



Travel & Congestion

Travel Patterns

ACCORDING to the Texas Transportation Institute's *2015 Urban Mobility Report*, in 2014 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 147 million gallons of fuel, at a cost of \$1,445 per auto commuter annually, just sitting in traffic.

The regional cost of traffic congestion reaches \$7.22 billion annually when factoring in lost time and wages, increased shipping costs, and fuel wasted. Over 302 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.

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.



Nationally the Chicagoland area is ranked third for the longest travel delays due to traffic congestion.

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Pace Goals & Performance Measures

PACE has established agency-wide performance goals which support the core business purpose of providing excellent public transportation service. The goals are to provide public transportation that is:

- Safe
- Reliable
- Courteous
- Efficient
- Effective

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

performance for 2016, projected performance for 2017, and 2018 goals are identified. Performance standards marked with an asterisk (*) are in the process of being further evaluated and those shown are preliminary.

Results that exceed the performance standards are shown in green; those that fall within 10% of meeting the standard are shown in yellow. Performance more than 10% below the standard is indicated in red.

In addition to these goals and performance standards, this appendix provides comparative performance data for Pace's peer groups.



The pedestrian bridge over I-90 at the I-90 - Barrington Road Park-n-Ride is scheduled to open in December 2017.

Appendix D • Performance Measures

Table 40. Pace Goals & Performance Measures

		2016 <u>Actual</u>	2017 <u>Estimate</u>	2018 <u>Projected</u>
Safety				
Goal: Provide Safe Public Transportation Services				
Measure(s):	<i>Performance Standard</i>			
Accidents per 100,000 Revenue Miles	Less than 5	5.65	5.90	5.80
Reliability				
Goal: Provide Reliable Public Transportation Services				
Measure(s):	<i>Performance Standard</i>			
On-Time Performance	Greater than 85%	70.0%	71.4%	72.00%
Actual Vehicle Miles per Road Call	Greater than 14,000	8,800	8,682	8,600
Percent Missed Trips per Total Trip Miles	Less than .5%	0.18%	0.18%	0.17%
Courtesy				
Goal: Provide Courteous Public Transportation Services				
Measure(s):	<i>Performance Standard</i>			
Complaints per 100,000 Passenger Miles	Less than 4	3.02	3.42	3.40
Website Hits on Web Watch Site	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	17.80	17.06	17.40
Revenue Miles per Total Operator Pay Hours	Greater than 10*	12.56	10.98	12.54
Expense per Revenue Mile	Less than \$6.50*	\$5.98	\$6.45	\$6.50
Expense per Revenue Hour	Less than \$125.00*	\$102.89	\$109.98	\$108.00
Recovery Ratio	Greater than 18%	26.9%	26.0%	25.1%
Subsidy per Passenger	Less than \$4.00	\$3.12	\$3.74	\$3.50
Effectiveness				
Goal: Provide Effective Public Transportation Services				
Measure(s):	<i>Performance Standard</i>			
Ridership	Increase from prior period	-5.71%	1.20%	-0.83%
Passenger Miles per Revenue Miles	Greater than 9*	9.34	8.28	9.20
Productivity (Passengers per Revenue Hour)	Greater than 24*	21.74	19.34	19.14
Ridership per Revenue Mile	Greater than 1.5*	1.28	1.11	1.10
Vanpool Units in Service	Increase from prior period	-8.74%	-3.63%	0.00%

* *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:

- Alameda-Contra Costa Transit District (AC Transit) Oakland, CA
- Nassau Inter-County Express (NICE) Garden City, NY
- Orange County Transportation Authority (OCTA) Orange, CA
- San Mateo County Transit District (SamTrans) San Francisco, 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

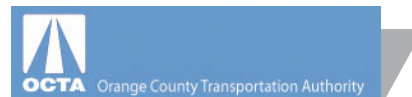
Cost Effectiveness

- 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 2015 National Transit Database (NTD) data for bus only, which is the latest data available as of this writing.



Appendix D • Performance Measures

Peer Performance Comparison

Service Efficiency

Chart L. Operating Expense per Revenue Hour

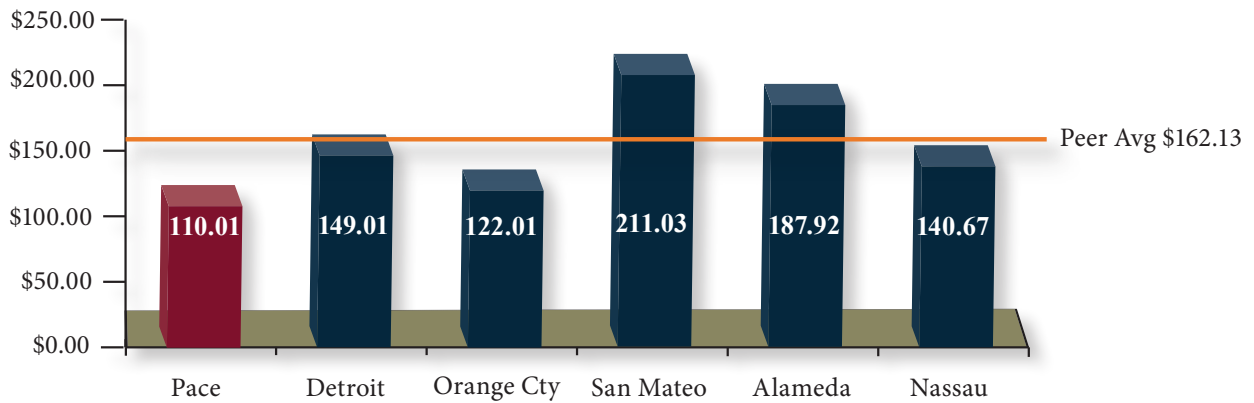


Chart M. Operating Expense per Revenue Mile

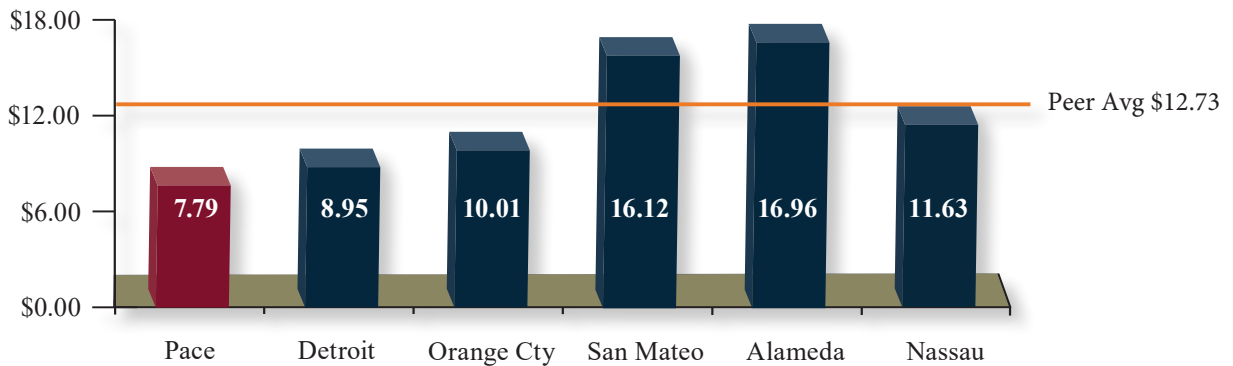


CHART L - Service efficiency, as measured by the performance ratios operating expense per total revenue hour and revenue mile, shows Pace to be the most efficient compared to all peers in this group. At \$110.01, Pace's cost per hour is just less than 10% less than the nearest peer—Orange County (CA). Pace's costs are also \$52.12 per hour or 32.0% less than the peer average for this performance measuring category.

CHART M - At \$7.79 per mile, Pace's cost is \$1.16 per mile, or less than 13% lower than the nearest peer. Pace is \$4.94 per mile, or 38.8% below the peer average.

Appendix D • Performance Measures

Cost Effectiveness

Chart N. Operating Expense per Passenger

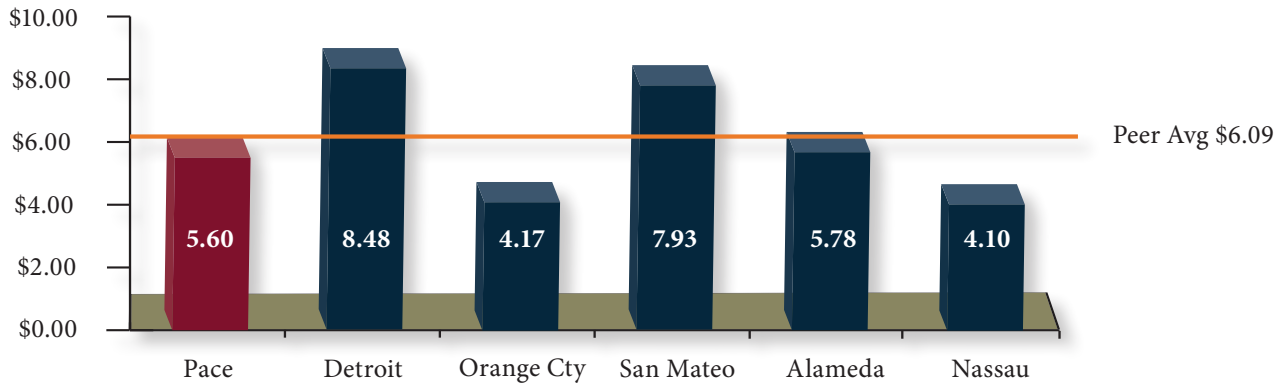


Chart O. Operating Expense per Passenger Mile

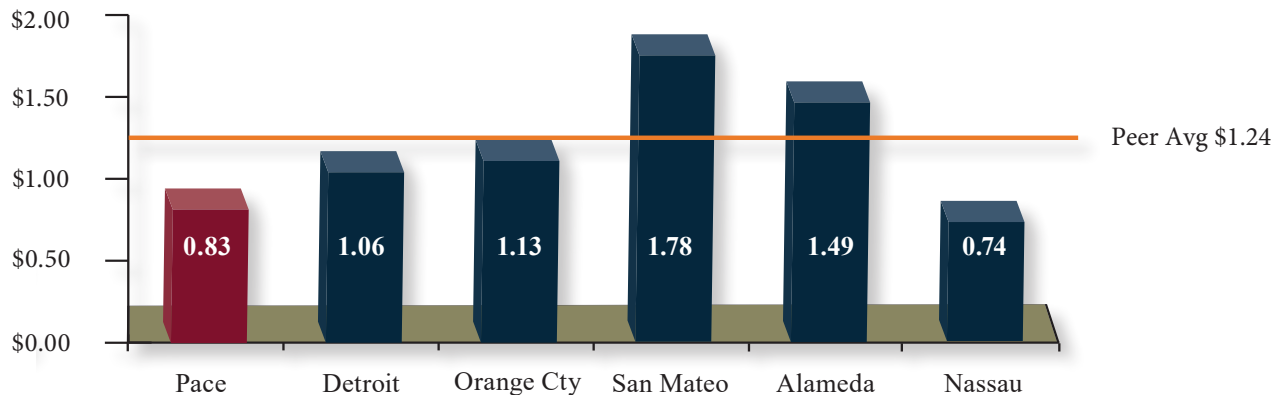


CHART N - Cost effectiveness, as measured by the performance ratios operating expense per passenger and passenger mile, shows Pace to be consistent with the agencies within this peer group.

CHART O - At \$0.83, Pace's expense per passenger mile is the second lowest of all the suburban peers. Pace's low cost structure combined with high passenger miles contributes to this result.

Appendix D • Performance Measures

Service Effectiveness

Chart P. Passengers per Revenue Hour

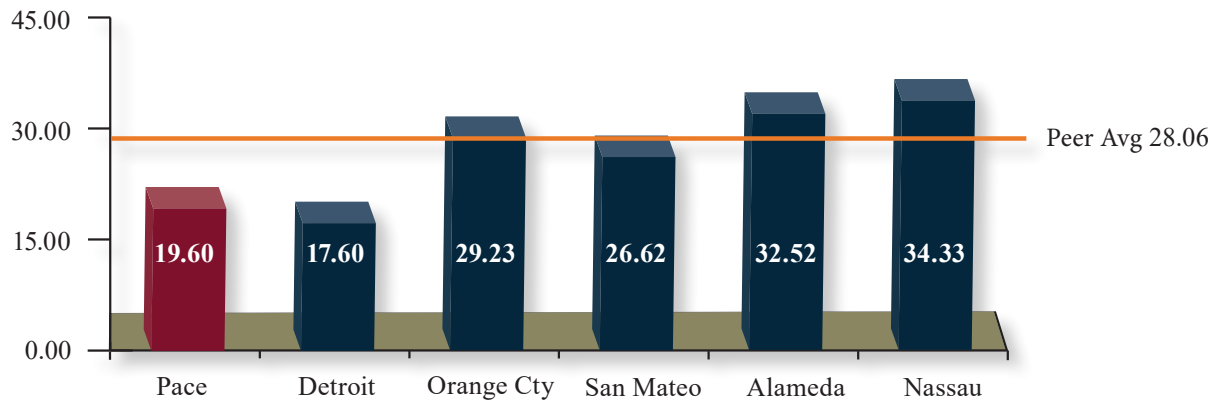


Chart Q. Passengers per Revenue Mile

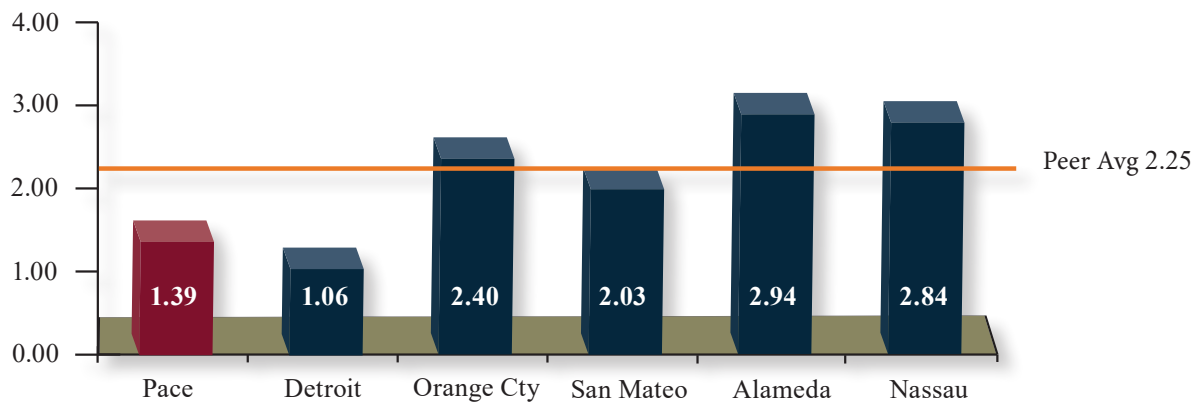


CHART P - Service effectiveness, as measured by the performance ratios passengers per total revenue hour and passengers per total revenue mile, shows Pace to have the second lowest performance ratio compared to all agencies in this group and nearly 30% below the peer average. The size of the service 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 Q - Pace ranks below average in the number of passengers per total revenue mile compared to the peer group. Pace's large service area, combined with lower population densities (than our peers) contributes to this result.

Farebox Recovery Ratio

Chart R. Farebox Recovery Ratio

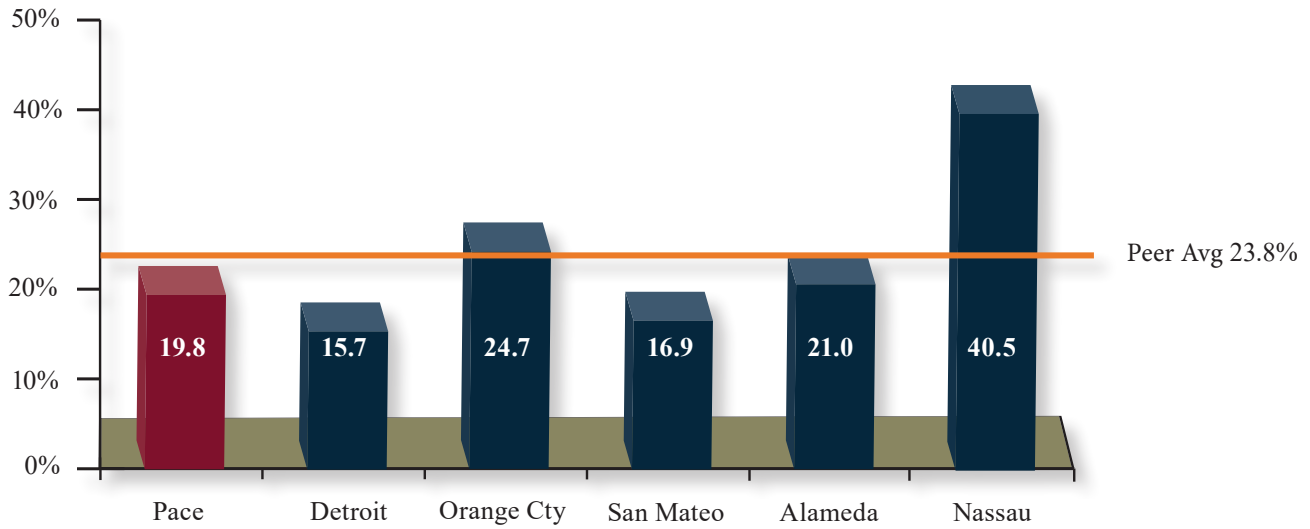


CHART R - Pace's bus only farebox recovery rate of 19.8% is lower than the peer average bus ratio of 23.8%.

Setting the Pace for Transit Innovation

Overview

As the year 2020 draws closer, Pace continuously shows progress toward implementation of the long-range plan, Vision 2020. Implementation priorities from the plan develop largely from feedback from our customers. In turn, Pace pays great attention to its customer's satisfaction with projects implemented from the plan. In 2017, Pace rated the highest in customer satisfaction amongst the three regional agencies under the RTA, receiving an 88% customer satisfaction rating, a slight improvement over 2013.

Building upon the strengths identified in the Customer Satisfaction Survey as well as the wants of our customers, the agency is forging ahead with initiatives to improve speed, reliability, and passenger comfort. Pace is currently constructing the first Pulse Arterial Rapid Transit line along Milwaukee Avenue, between the Jefferson Park Transportation Center in Chicago and the Golf Mill Shopping Center in Niles. Service is expected to launch following construction in 2018.

Pace is also improving the speed and reliability of service on the Region's expressways. As the first year of operations of expanded express service along the I-90 Tollway comes to an end, ridership has grown by 27% on the corridor supported by a new park-n-ride station at Randall Road and an upgraded Rosemont Transportation Center. Pace expects ridership to keep gaining momentum as the customers see the time saving benefits of the Tollway's bus-only Flex Lane that launched this summer and the winter completions of the IL-25 and Barrington Road park-n-ride stations.

Rapid Transit Program: Expressway-Based Service

At the end of 2016, Pace launched the largest service expansion in agency history with the addition of three new expressway-based and connecting services on the Jane Addams Memorial Tollway, as well as the opening of the first Pace park-n-ride on the Illinois Tollway at Randall Road. Since the launch, as ridership continues to grow on the corridor, staff is working to expand infrastructure to support these services. Many key partnerships contributed to these efforts.

In 2017, Pace partnered with Cook County to overhaul the Rosemont Transportation Center to provide additional bus bays and enhanced pedestrian infrastructure supporting the growing needs at the facility related to the I-90 expansion. Pace also leveraged partnerships with

Hoffman Estates and the Illinois Tollway to construct the state's first inline bus rapid transit station at Barrington Road and I-90. This facility includes a pedestrian bridge, bus-only slip ramps, pedestrian tunnels, and a park-n-ride and kiss-n-ride facility scheduled to open in December of 2017. Another park-n-ride station at IL-25 and I-90 is scheduled to open at the same time.

Pace and the Illinois Department of Transportation (IDOT) are also partnering to expand the Bus on Shoulder Program on I-94 (Edens Expressway) from Foster to Lake Cook Road. IDOT is currently constructing the reinforced shoulder on the expressway and by the end of 2017, Routes 620 and 626 are authorized to use the shoulder to bypass traffic, speeding up commutes for Pace riders.

Rapid Transit Program: Pace's Pulse Network

In 2017, Pace began the construction of the agency's first arterial rapid transit line, the Pulse Milwaukee Line. The Milwaukee Line is the first of seven priority corridors in the Pulse network to be constructed over the next ten years. Pace's Pulse network serves as an innovative, high-quality arterial-based rapid transit solution that improves suburban connectivity, reduces congestion, and enhances the transit experience for new and existing riders. The Pulse network advances Pace's Vision 2020 plan and connects passengers to local and regional destinations.

Two terminal locations and eight intermediate station pairs are being constructed along the Milwaukee Line from the Jefferson Park Transit Center in Chicago to the Golf Mill Shopping Center in Niles. Stations include heated shelters, pavement snowmelt systems, raised near-level boarding platforms, and a vertical marker with real-time arrival information on state-of-the-art LCD signs. Service starts following the completion of construction in 2018 and will operate using new Pulse branded 40 foot Eldorado Axess buses equipped with LCD interior signage with next stop information, on-board WiFi, and USB charging ports to enhance customer experience.

In addition to advances on the Milwaukee Line, staff is currently working through the federally required National Environmental Protection Act (NEPA) analysis for the Pulse Dempster Line. During this study, the team is identifying potential environmental impacts of the project while developing advanced conceptual designs of locally preferred stations to be carried into design and engineering in 2018. The construction of the line has been

recommended for funding via a Congestion Mitigation Air Quality Grant (CMAQ) Committee at the Chicago Metropolitan Agency for Planning (CMAP).

Forging ahead with the Pulse program, staff is working with the CTA to advance planning work along the proposed Pulse Halsted Line which runs between the CTA Red Line 95th Street Station in Chicago and the Pace Harvey Transportation Center in Harvey. As part of this planning, the project team is studying the feasibility of dedicated running way on segments of the corridor. Following this study, staff will be undertaking the NEPA documentation phase of this project thanks to a grant from Cook County's "Invest in Cook" program in 2018. Additionally, staff will begin the project definition phase for the Pulse 95th Street line in the coming year.

First and Last Mile Initiatives

Pace is making strategic investments in high capacity transit corridors including Pulse, I-90 Express, and Bus on Shoulder routes operating on I-55 and the Edens Expressway. To achieve the benefits of these higher frequency and higher speed routes, Pace is also investing in improved first and last mile services.

Pace's Call-n-Ride program provides demand-response transit service in ten zones throughout the region, with the goal of enabling transfers to and from the fixed route network. To improve the customer experience, Pace is implementing software that will allow all customers to reserve trips online by the end of 2018.

Going forward, Pace will continue to explore and implement technology-based solutions to provide effective on-demand transit. Throughout the region, customers are already using transportation network companies (TNCs) to connect with transit service, as well as to substitute for some fixed route trips. Pace will seek to collaborate with these and other technology providers in ways that benefit the public interest.

Posted Stops Program

Pace continues working to convert all our fixed routes to posted-stops-only operation, in which passengers will board and alight only at signed bus stop locations. As of August 2017, the Posted Stops team has completed the field survey work for 120 all day fixed routes, which covers two thirds of the project's routes. The team is making steady progress on the review and implementation pro-

cesses for these routes. The evaluation of the project's remaining 57 peak-only routes, which mostly serve the traditional and reverse commute markets, is targeted to take place in 2018.

The project team continues to follow an intensive collaborative approach that focuses on traffic safety, bus operations, transportation engineering, and service planning elements. The project's ongoing outreach and engagement with local municipalities and property owners ensures that proposed bus stop locations reflect community input and concerns. After each route undergoes a thorough review process, internal implementation steps include signage/facilities installation, preparation of passenger information materials, and stop information updates to Pace's Intelligent Bus System (IBS). These processes ensure that passengers will easily find clearly marked stop locations on the streets and accurate stop location information online, whether they use Pace BusTracker or other third-party transit/mapping apps.

The team is also continuing to work on the development of an internal stops management system for record-keeping of stop locations and stop revisions. The goals of this work include facilitating future planning for bus stop upgrades and improvements, fine tuning the availability of stop lists, and simplifying the process of responding to stop change requests.



As the first year of operations of expanded express service along the I-90 Tollway comes to an end, ridership has grown by 27% on the corridor.

Corridor Development

Rapid Transit 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 future Pulse Arterial Bus Rapid Transit (ART) Lines. In 2017, Pace, in partnership with the Chicago Transit Authority (CTA), finalized the North Shore Transit Service Coordination Plan and Market Analysis. The primary goals of this project are to improve the coordination of Pace and CTA services in the North Shore on overlapping corridors, as well as investigating opportunities for new service. Pace also completed the North Avenue Corridor Study and the Illinois Route 390 Tollway Corridor Service Study in 2017. The North Avenue Corridor Study identified transit and development needs for future Pulse service along the portion of North Avenue between Harlem Avenue and York Road. The Illinois Route 390 Tollway Corridor Service Study examined existing and potential public transit markets in the Illinois Route 390 Tollway corridor and identified future service options to serve this growing area.

Updating our Vision

Pace is updating its Vision 2020 Long Range Plan to secure a more stable future for transit system maintenance and expansion in Chicagoland. The update will expand on the original concept of Vision 2020, including a network of new services, infrastructure improvements, a decrease in travel times, smart growth concepts, environmentally sensitive land development, minimizing dependence on private automobile usage, and reducing air pollution. Many of the goals of Vision 2020 have been realized including the implementation of community services, the development of the Pulse program, line-haul bus routes that include Transit Signal Priority (TSP), bus on shoulder operations, electronic next stop announcements, improved waiting facilities, as well as transit supportive infrastructure and Transit Oriented Development.

The vision update will provide a planning, policy, financial and operational framework for developing and delivering transit service, projects and programs over the next 20 years and will introduce potential service concepts implemented over the next 5-20 years.

The Vision update will specifically look at facilities planning, corridor development, intelligent transportation systems, financial investment, and will conclude with the recommendations and the Final Plan.

Transportation Innovation and ITS Program

Intelligent Transportation Systems (ITS) are techniques and methods for relieving congestion, reducing delay, improving schedule adherence and transit safety, and increasing economic productivity. Pace deployed a number of these different technologies in order to supplement or enhance the transportation services offered to the public. Pace's Intelligent Transportation Systems (ITS) Program encompass a variety of different technology based systems including Transit Signal Priority (TSP), potential Connected and Autonomous Vehicles (CAV) technologies to support the development of next generation transit systems.

Transit Signal Priority (TSP) uses vehicle location and wireless technologies to advance or extend green times at signalized intersections. This results in reduced delays at signalized intersections and increased speed and reliability. As part of Regional Interoperable TSP Software Solution, Pace developed regional Priority Request Generator (PRG) software and Priority Request Server (PRS) software for Advanced Transportation Signal Controllers which eliminates need for major TSP Bus and Intersection Hardware Equipment in the region. Currently there are several activities underway including:

- Design
- Engineering
- Permitting
- PRS product development
- Central TSP software development and
- Backhaul communications systems

Deployment of Regional Interoperable TSP systems is planned for 13 Pace corridors within next five years as part of Regional TSP Implementation Program (RTSPIP). At least 450 intersections are planned for TSP deployment along Milwaukee Avenue, 159th Street, Sibley Boulevard/147th Street, Roosevelt Road, Cicero Avenue, 95th Street, Grand Avenue, Dempster Street, Cermak Road, I-90 Transit Corridor Access Intersections, and Halsted Street. Pace completed implementation of Signal Timing Opti-

mization, TSP Timings Design, and received IDOT approval for TSP deployment along 415 signalized intersections along eleven Corridors in the region. Additionally, Pace is planning to develop Centralized Transit Signal Priority system using center to center (C2C) communication technologies with Lake, DuPage and other County DOTs.

Currently, Pace is exploring the deployment of Connected Vehicles (CV) technology including Multi Modal Intelligent Traffic Signal Systems (MMITS) and Integrated Dynamic Transit Ops (IDTO) as a pilot in partnership with regional stakeholders. IDTO with optional use of Autonomous Vehicle technology can address “First and Last Mile” as a building block for Pace’s long term plans to introduce Transportation as a Service (TaaS) model in the region.

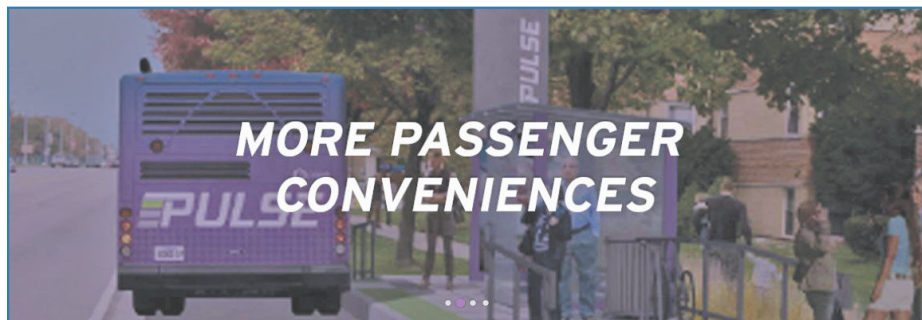
Research & Analysis

Pace, its passengers, and its partners, are all looking forward to the new software, power and vehicle options that will be making the mobility of the future vastly different than what we’ve seen in the past. Pace will continue to research and prepare for those systems that provide both the best service to our customers as well as the best return on investment to Pace and the taxpayers of the region. While preparing for the future, Pace will continue to efficiently provide the traditional fixed route service for which it has become known, as well as a wide range of first mile/last mile services.

Pace is looking forward to the evolution and continued development of the Ventra® fare system in 2018. ADA paratransit will be integrated into the Ventra System by the close of 2018, giving ADA riders the option for cashless journeys. The Ventra app continues to be a regional transit success story, with over two million users to date, with over 110,000 using the app for Metra ticketing, Pace/CTA account management and purchases, and tracking all buses and trains in the region with real-time data. A major rebuild and refresh of the mobile app in early 2018 will provide an integrated trip planner with real time information, Divvy® bike share integration, and better account management. While the technology to allow our number one customer request—using the phone to pay a fare rather than a card—remains unavailable, the Ventra team is committed to quickly making this technology available to customers.

In addition, the Ventra platform is evolving as technology marches on. During 2018 Pace will continue replacing expiring Ventra cards (cards expire after five years) with new, more advanced cards. In addition, CTA, Pace, and Cubic are working on a plan for “Bus 2.0,” the upgrade of all equipment on buses to 4G cellular data from 3G (with the ability to go to 5G when available). This allows faster tap times and better service for customers.

The department is also looking forward to continuing its program of data quality and data integration, with the objective of making more data and operating statistics available to the whole organization, through such methods as Tableau Server, MS Sharepoint, and online mapping.



Pulse branded 40' ElDorado buses will be equipped with LCD interior signage with next stop information, on-board WiFi, and USB charging ports to enhance customer experience.

Appendix E • Planning Initiatives

Map 7. Vision 2020

Implemented Projects

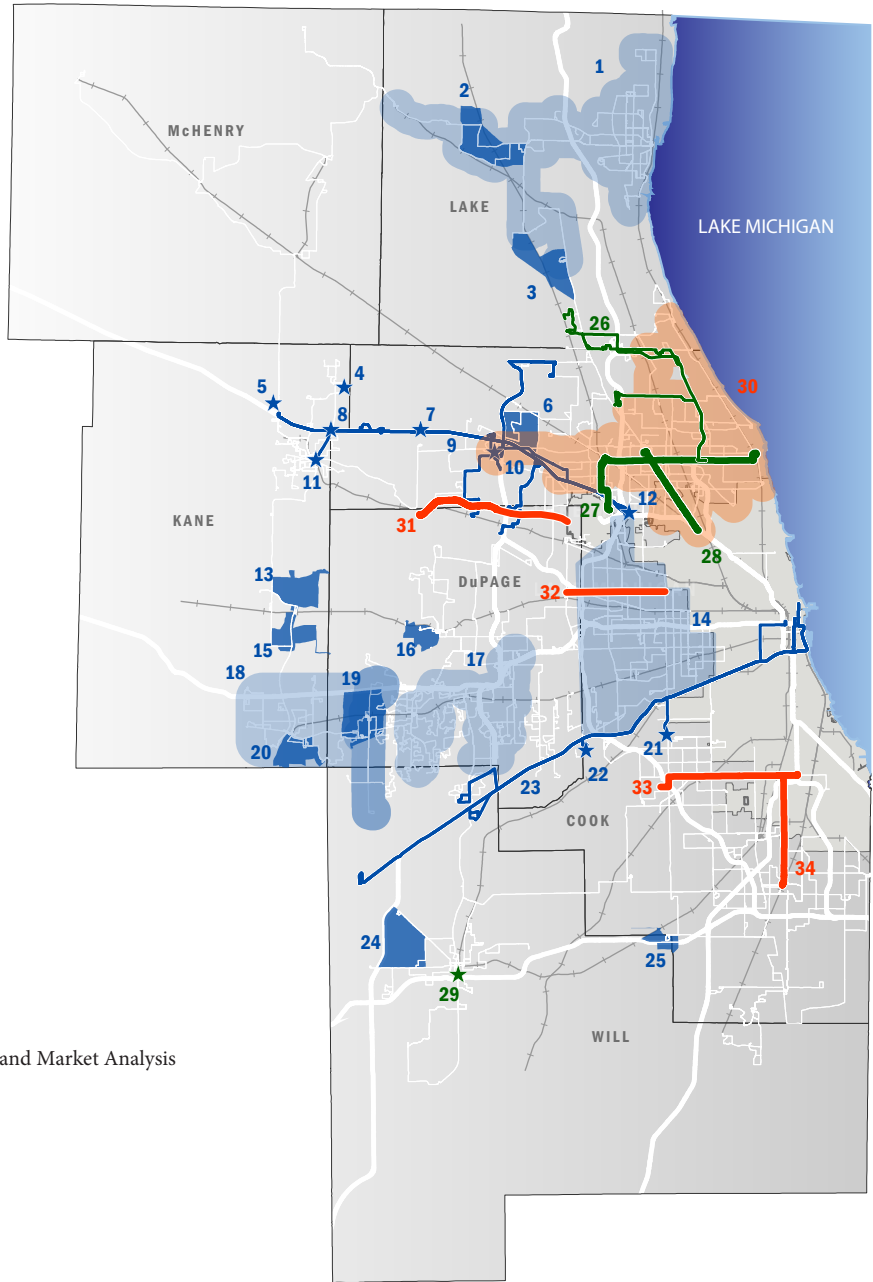
1. Lake County Restructuring
2. Round Lake Area Call-n-Ride
3. Vernon Hills-Mundelein Call-n-Ride
4. East Dundee Garage Facility
5. Randall Road Park-n-Ride
6. Arlington Heights-Rolling Meadows Call-n-Ride
7. Barrington Road Station
8. IL-25 Park-n-Ride
9. I-90 Expressway-Based Service
10. Northwest Transportation Center Improvements
11. Elgin Transportation Center Improvements
12. Rosemont Transportation Center Improvements
13. St. Charles-Geneva Call-n-Ride
14. West Division Restructuring
15. Batavia Call-n-Ride
16. Wheaton-Winfield Call-n-Ride
17. DuPage County Restructuring
18. Fox Valley Restructuring
19. Naperville-Aurora Call-n-Ride
20. Southeast Aurora Call-n-Ride
21. Toyota Park Park-n-Ride
22. Burr Ridge Park-n-Ride
23. I-55 Expressway-Based Service
24. West Joliet Call-n-Ride
25. Tinley Park Call-n-Ride

Projects in Progress

26. I-94 Expressway-Based Service
27. Pulse Dempster
28. Pulse Milwaukee
29. Plainfield Park-n-Ride

Projects in Planning

30. Pace/CTA North Shore Transit Coordination Study and Market Analysis
31. Illinois Route 390 Tollway Corridor Service Study
32. North Avenue Corridor Study
33. Pulse 95th Street
34. Pulse Halsted



LEGEND

Service restructuring implemented	New facility implemented	Expressway-based service implemented	Pulse service in progress	Call-n-Ride implemented
Service restructuring in planning	New facility in progress	Expressway-based service implemented	Pulse and other rapid transit service in planning	

Marketing & Communications Plan

AS Pace continues its effort to attract new riders and retain existing customers, the agency implemented several significant customer communication efforts and promotional activities in 2017 and looks forward to a number of new initiatives in 2018.

After Pace rolled out several new express routes and feeder services along the I-90 corridor in late 2016, Pace focused heavily on promoting those new services in 2017. In partnership with the Illinois State Toll Highway Authority, Pace implemented an advertising campaign including television, radio, billboards and newspaper ads. The wrapped buses bypassing traffic in the newly opened “flex lane” on I-90 act as an advertisement in and of themselves.

Pace also furthered its goal to make real-time bus information available to as many people as possible. In 2017, Pace expanded the deployment of Bus Tracker electronic signs at bus stop shelters. The signs provide real-time bus arrival (or departure) information using GPS tracking devices onboard buses for riders waiting at a bus stop. Pace plans for 20 signs to be installed by early 2018, and up to hundreds more thereafter. The public has had, for many years, access to real-time Pace bus arrival information via the web-based Bus Tracker, a text messaging service and the Ventra® app.

This past year, Pace has continued its outreach to people with disabilities, encouraging them to take advantage of fixed route bus service—which is more flexible and less expensive than paratransit. Pace’s partnership with JJ’s List, an advocacy and educational organization, has al-

lowed the agency to spread that message to hundreds of students with disabilities. That campaign will continue in 2018, as will Pace’s outreach to adults with disabilities.

Building on the phenomenal success of the I-55 Bus on Shoulder service, Pace will be operating buses on the shoulder of yet another suburban highway in 2018—the Edens Expressway (I-94). Pace’s 2018 marketing plan includes devoting resources to promote this new and exciting development in the North Shore.

With changes coming to the Ventra fare card system in late 2017 and 2018, Pace is taking the opportunity to communicate to riders the benefits of registering the card, as well as the benefits of downloading and using the Ventra app. The app allows a rider to manage their account, buy passes, and access real-time bus arrival times.

In 2018, Pace will launch its first bus rapid transit service, Pulse, on Milwaukee Avenue in Chicago and Niles. Pace is set to focus many of its marketing resources in 2018 on promoting the new Pulse Milwaukee Line, an enhanced bus service which is poised to be a much more visible and attractive transportation option. Having previously developed Pulse’s brand name, color scheme, website and social media platforms, Pace looks forward to a full-fledged marketing and advertising campaign in 2018 to announce the new Pulse service.

Pace also plans to unveil a revamped website in 2018 that will be easier to navigate, have greater functionality, and be more easily readable by mobile device users who make up the majority of PaceBus.com website visitors.



Pace looks forward to a full-fledged marketing and advertising campaign in 2018 to announce the new Pulse service.

Appendix F • Operating Budget Detail

2016 Actual Operating Results

2016 Actual Program, Activity and Object Matrix

	Pace Operating Divisions ⁽¹⁾	Public Carriers	Private Carriers	Dial-a-Ride ⁽²⁾
Revenue				
Farebox	\$30,782,337	\$833,872	\$1,202,771	\$1,945,281
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Investment Income	0	0	0	0
Other	1,530,362	641,674	672,389	9,316,139
Total Revenue	\$32,312,699	\$1,475,546	\$1,875,160	\$11,261,420
Operating Expenses				
Operations				
Labor/Fringes	\$67,790,203	\$1,732,205	\$0	\$0
Parts/Supplies	7,500	492	0	0
Purchased Transportation	0	366,819	6,764,757	17,160,468
Fuel	0	0	0	0
Other	162,917	18,381	0	0
Total Operations	\$67,960,620	\$2,117,897	\$6,764,757	\$17,160,468
Vehicle Maintenance				
Labor/Fringes	\$14,929,888	\$519,377	\$0	\$0
Parts/Supplies	4,919,687	126,572	0	0
Other	4,898	76,655	0	361,263
Total Vehicle Maintenance	\$19,854,473	\$722,604	\$0	\$361,263
Non-Vehicle Maintenance				
Labor/Fringes	\$882,834	\$0	\$0	\$0
Parts/Supplies	521,973	0	0	0
Other	1,170,224	0	0	59,049
Total Non-Vehicle Maintenance	\$2,575,031	\$0	\$0	\$59,049
General Administration				
Labor/Fringes	\$3,465,677	\$351,521	\$0	\$0
Parts/Supplies	89,312	360	0	0
Utilities	1,602,717	864	0	0
Insurance	0	0	0	0
Health Insurance	0	0	0	0
Other	210,621	(2,677)	0	619,395
Indirect Overhead Allocation	0	0	0	0
Total Administration	\$5,368,327	\$350,068	\$0	\$619,395
Total Expenses	\$95,758,451	\$3,190,569	\$6,764,757	\$18,200,175
Funding Requirement	\$63,445,752	\$1,715,023	\$4,889,597	\$6,938,755
Recovery Ratio	33.74%	46.25%	27.72%	61.88%

(1) Includes CMAQ/JARC/ICE Service.

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

Appendix F • Operating Budget Detail

<u>Vanpool</u>	<u>Administration</u>	<u>Centralized Support</u>	<u>Total Suburban Service</u>	<u>Total Regional ADA Paratransit</u>	<u>Combined 2016 Actual</u>
\$3,267,865	\$0	\$0	\$38,032,126	\$11,166,953	\$49,199,079
0	1,345,862	0	1,345,862	0	1,345,862
0	2,766,255	0	2,766,255	0	2,766,255
0	476,840	0	476,840	0	476,840
0	771,371	0	12,931,935	4,903,705	17,835,640
\$3,267,865	\$5,360,328	\$0	\$55,553,018	\$16,070,658	\$71,623,676
\$0	\$0	\$3,486,824	\$73,009,232	\$0	\$73,009,232
0	0	2,027,116	2,035,108	0	2,035,108
0	0	0	24,292,044	146,127,602	170,419,646
1,212,686	0	8,673,174	9,885,860	1,858,425	11,744,285
1,824,655	0	0	2,005,953	0	2,005,953
\$3,037,341	\$0	\$14,187,114	\$111,228,197	\$147,986,027	\$259,214,224
\$0	\$0	\$4,265,345	\$19,714,610	\$0	\$19,714,610
0	0	442,727	5,488,986	0	5,488,986
0	0	1,107,446	1,550,262	0	1,550,262
\$0	\$0	\$5,815,518	\$26,753,858	\$0	\$26,753,858
\$0	\$0	\$912,216	\$1,795,050	\$0	\$1,795,050
0	0	0	521,973	0	521,973
0	320,056	682,301	2,231,630	0	2,231,630
\$0	\$320,056	\$1,594,517	\$4,548,653	\$0	\$4,548,653
\$0	\$19,915,395	\$0	\$23,732,593	\$3,101,022	\$26,833,615
0	282,694	0	372,366	0	372,366
0	327,924	0	1,931,505	34,717	1,966,222
0	0	13,521,941	13,521,941	337,295	13,859,236
0	0	20,676,290	20,676,290	532,252	21,208,542
0	11,679,098	7,132,302	19,638,739	4,254,039	23,892,778
0	0	0	(4,574,309)	4,574,309	0
\$0	\$32,205,111	\$41,330,533	\$75,299,125	\$12,833,634	\$88,132,759
\$3,037,341	\$32,525,167	\$62,927,682	\$217,829,833	\$160,819,661	\$378,649,494
(\$230,524)	\$27,164,839	\$62,927,682	\$162,276,815	\$144,749,003	\$307,025,818
107.59%	16.48%	0.00%	30.00%	10.00%	

Appendix F • Operating Budget Detail

2017 Estimated Operating Results

2017 Estimated Program, Activity and Object Matrix

	Pace Operating Divisions ⁽¹⁾	Public Carriers	Private Carriers	Dial-a-Ride ⁽²⁾
Revenue				
Farebox	\$32,310,508	\$846,435	\$1,142,822	\$1,858,382
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Investment Income	0	0	0	0
Other	1,580,829	595,390	596,993	8,867,210
Total Revenue	\$33,891,337	\$1,441,825	\$1,739,815	\$10,725,592
Operating Expenses				
Operations				
Labor/Fringes	\$73,221,624	\$1,808,127	\$0	\$0
Parts/Supplies	8,448	500	0	0
Purchased Transportation	0	413,397	5,646,134	16,255,656
Fuel	0	0	0	0
Other	157,489	19,200	0	0
Total Operations	\$73,387,561	\$2,241,224	\$5,646,134	\$16,255,656
Vehicle Maintenance				
Labor/Fringes	\$16,145,587	\$512,940	\$0	\$0
Parts/Supplies	5,070,422	131,255	0	0
Other	234,947	80,927	0	314,098
Total Vehicle Maintenance	\$21,450,956	\$725,122	\$0	\$314,098
Non-Vehicle Maintenance				
Labor/Fringes	\$1,039,238	\$0	\$0	\$0
Parts/Supplies	617,963	0	0	0
Other	1,292,308	0	0	0
Total Non-Vehicle Maintenance	\$2,949,509	\$0	\$0	\$0
General Administration				
Labor/Fringes	\$3,616,235	\$363,389	\$0	\$0
Parts/Supplies	83,812	1,000	0	0
Utilities	1,861,586	1,200	0	0
Insurance	0	0	0	0
Health Insurance	0	0	0	0
Other	206,140	250	0	516,402
ADA Overhead	0	0	0	0
Total Administration	\$5,767,773	\$365,839	\$0	\$516,402
Total Expenses	\$103,555,799	\$3,332,185	\$5,646,134	\$17,086,156
Funding Requirement	\$69,664,462	\$1,890,360	\$3,906,319	\$6,360,564
Recovery Ratio	32.73%	43.27%	30.81%	62.77%

(1) Includes CMAQ/JARC/ICE Service.

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

Appendix F • Operating Budget Detail

<u>Vanpool</u>	<u>Administration</u>	<u>Centralized Support</u>	<u>Total Suburban Service</u>	<u>Total Regional ADA Paratransit</u>	<u>Combined 2017 Estimate</u>
\$2,818,946	\$0	\$0	\$38,977,093	\$10,585,778	\$49,562,871
0	1,346,000	0	1,346,000	0	1,346,000
0	2,752,000	0	2,752,000	0	2,752,000
0	473,752	0	473,752	0	473,752
0	781,609	0	12,422,031	1,564,220	13,986,251
\$2,818,946	\$5,353,361	\$0	\$55,970,876	\$12,149,998	\$68,120,874
\$0	\$0	\$3,680,817	\$78,710,568	\$0	78,710,568
0	0	1,994,281	2,003,229	0	2,003,229
0	0	0	22,315,187	155,590,144	177,905,331
1,236,117	0	10,695,085	11,931,202	2,090,240	14,021,442
1,810,043	0	0	1,986,732	0	1,986,732
\$3,046,160	\$0	\$16,370,183	\$116,946,918	\$157,680,384	\$274,627,302
\$0	\$0	\$4,364,088	\$21,022,615	\$0	\$21,022,615
0	0	259,254	5,460,931	0	5,460,931
0	0	896,920	1,526,892	0	1,526,892
\$0	\$0	\$5,520,262	\$28,010,438	\$0	\$28,010,438
\$0	\$0	\$959,518	\$1,998,756	\$0	\$1,998,756
0	0	0	617,963	0	617,963
0	361,265	685,456	2,339,029	0	2,339,029
\$0	\$361,265	\$1,644,974	\$4,955,748	\$0	\$4,955,748
\$0	\$21,016,272	\$0	\$24,995,896	\$3,597,273	\$28,593,169
0	241,341	0	326,153	0	326,153
0	336,001	0	2,198,787	35,985	2,234,772
0	0	8,519,828	8,519,828	303,547	8,823,375
0	0	23,519,020	23,519,020	739,992	24,259,012
0	14,145,213	7,404,837	22,272,842	4,018,821	26,291,663
0	0	0	(7,360,087)	7,360,087	0
\$0	\$35,738,827	\$39,443,685	\$74,472,439	\$16,055,705	\$90,528,144
\$3,046,160	\$36,100,092	\$62,979,104	\$224,385,543	\$173,736,089	\$398,121,632
\$227,214	\$30,746,731	\$62,979,104	\$168,414,667	\$161,586,091	\$330,000,758
92.54%	14.83%	0.00%	29.28%	10.00%	

Appendix F • Operating Budget Detail

2018 Operating Budget

2018 Program, Activity and Object Matrix

	Pace Operating Divisions ⁽¹⁾	Public Carriers	Private Carriers	Dial-a-Ride ⁽²⁾
Revenue				
Farebox	\$32,892,677	\$855,777	\$1,159,393	\$1,782,898
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Investment Income	0	0	0	0
Other	1,580,829	600,568	596,993	9,009,301
Fare Adjustment	0	0	0	0
Total Revenue	\$34,473,506	\$1,456,345	\$1,756,386	\$10,792,199
Operating Expenses				
Operations				
Labor/Fringes	\$76,561,194	\$1,916,588	\$0	\$0
Parts/Supplies	8,651	500	0	0
Purchased Transportation	0	435,700	5,696,561	15,921,033
Fuel	0	0	0	0
Other	160,782	19,200	0	0
Total Operations	\$76,730,627	\$2,371,988	\$5,696,561	\$15,921,033
Vehicle Maintenance				
Labor/Fringes	\$15,145,585	\$553,657	\$0	\$0
Parts/Supplies	4,116,051	132,890	0	0
Other	240,044	82,656	0	315,043
Total Vehicle Maintenance	\$19,501,680	\$769,203	\$0	\$315,043
Non-Vehicle Maintenance				
Labor/Fringes	\$1,085,877	\$0	\$0	\$0
Parts/Supplies	641,415	0	0	0
Other	1,345,557	0	0	0
Total Non-Vehicle Maintenance	\$3,072,849	\$0	\$0	\$0
General Administration				
Labor/Fringes	\$3,683,779	\$372,561	\$0	\$0
Parts/Supplies	88,426	1,000	0	0
Utilities	1,939,778	1,200	0	0
Insurance	0	0	0	0
Health Insurance	0	0	0	0
Other	209,483	250	0	508,076
ADA Overhead	0	0	0	0
Total Administration	\$5,921,466	\$375,011	\$0	\$508,076
Total Expenses	\$105,226,622	\$3,516,202	\$5,696,561	\$16,744,152
Funding Requirement	\$70,753,116	\$2,059,857	\$3,940,175	\$5,951,953
Recovery Ratio	32.76%	41.42%	30.83%	64.45%

(1) Includes CMAQ/JARC/ICE Service.

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

Appendix F • Operating Budget Detail

<u>Vanpool</u>	<u>Administration</u>	<u>Centralized Support</u>	<u>Total Suburban Service</u>	<u>Total Regional ADA Paratransit</u>	<u>Combined 2018 Budget</u>
\$2,818,946	\$0	\$0	\$39,509,691	\$10,767,384	\$50,277,075
0	2,610,000	0	2,610,000	0	2,610,000
0	2,833,000	0	2,833,000	0	2,833,000
0	480,854	0	480,854	0	480,854
0	1,306,067	0	13,093,758	1,608,430	14,702,188
0	0	0	2,334,585	919,661	3,254,246
\$2,818,946	\$7,229,921	\$0	\$60,861,888	\$13,295,475	\$74,157,363
\$0	\$0	\$3,849,745	\$82,327,527	\$0	\$82,327,527
0	0	2,034,112	2,043,263	0	2,043,263
0	0	0	22,053,294	158,836,559	180,889,853
1,297,952	0	11,064,578	12,362,530	2,273,514	14,636,044
1,978,970	0	0	2,158,952	0	2,158,952
\$3,276,922	\$0	\$16,948,435	\$120,945,566	\$161,110,073	\$282,055,639
\$0	\$0	\$4,562,202	\$20,261,444	\$0	\$20,261,444
0	0	311,000	4,559,941	0	4,559,941
0	0	915,718	1,553,461	0	1,553,461
\$0	\$0	\$5,788,920	\$26,374,846	\$0	\$26,374,846
\$0	\$0	\$1,003,502	\$2,089,379	\$0	\$2,089,379
0	0	0	641,415	0	641,415
0	349,101	695,328	2,389,986	0	2,389,986
\$0	\$349,101	\$1,698,830	\$5,120,780	\$0	\$5,120,780
\$0	\$21,444,405	\$0	\$25,500,745	\$3,828,420	\$29,329,165
0	243,418	0	332,844	0	332,844
0	345,949	0	2,286,927	37,395	2,324,322
0	0	9,295,614	9,295,614	371,153	9,666,767
0	0	24,977,004	24,977,004	817,179	25,794,183
0	16,845,130	7,273,573	24,836,512	4,833,611	29,670,123
0	0	0	(7,589,366)	7,589,366	0
\$0	\$38,878,902	\$41,546,191	\$79,640,280	\$17,477,124	\$97,117,404
\$3,276,922	\$39,228,003	\$65,982,376	\$232,081,472	\$178,587,197	\$410,668,669
\$457,976	\$31,998,082	\$65,982,376	\$171,219,584	\$165,291,722	\$336,511,306
86.02%	18.43%	0.00%	30.30%	10.00%	

Budget Process & Calendar

THE RTA Act, which governs Pace's existence, contains specific language describing both the budget process and the RTA review criteria.

The Budget Process

By September 15, the RTA is to advise Pace and the other Service Boards (CTA and Metra) of the amounts and timing for the provision of public funding via the RTA for the coming and two following fiscal years. At the same time, the RTA is to advise Pace, CTA, and Metra of their required system generated recovery ratio for the coming fiscal year. In establishing the recovery ratio requirement, the RTA is to take into consideration the historical system generated recovery ratio for the services subject to each Service Board. The RTA is not to increase the recovery ratio for a Service Board disproportionately or prejudicially to increases in the ratio for the other Service Boards.

With the amendment of the RTA Act in 2008 to address ADA Paratransit, a specific recovery ratio of 10% was established for the ADA Paratransit program budget. The ADA recovery ratio is independent of the ratios set by the RTA for Pace's suburban service.

To facilitate the RTA action by September 15, Pace and the other Service Boards begin meetings with the RTA in May. The series of meetings and budget discussions serve to improve the budget process by allowing the RTA to consider up-to-date input on financial matters prior to making their September 15 decision on funding levels and recovery rate requirements.

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

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

four additional hearings in the City. Public notice of the hearings is run in several widely distributed newspapers throughout the service area. In addition, Pace is to meet with each of the six county boards to review the proposed budget and program. 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 15.

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

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

Budget Amendment Process

The Pace Board may make additional appropriations, transfers between line items, and other changes to its budget at any time as long as the changes do not alter the

basis upon which the RTA made its balanced budget determination. Budget amendments are made from time to time by the Pace Board and are generally accomplished by revision to the annual appropriations ordinance. In the event a budget revision results in a general fare increase or a significant reduction of service, the Pace Board will also conduct public hearings in the affected areas.

Budget amendments which do not impact the RTA balanced budget determination basis are provided to the RTA for information purposes. The RTA may also initiate the need for a budget amendment by Pace or another Service Board if it determines such an amendment is necessary. Generally this would only occur if a Service Board failed to achieve its budgeted recovery ratio and/or exceeded its public funding allocation, in which case the RTA can direct the Service Board to submit an

amended budget within a specified time frame. Additionally, the RTA may require the Service Boards to submit amended budgets to reflect a revision to public funding or the recovery ratio as deemed necessary by the RTA. The Service Boards have 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 2018 budget development cycle. The annual capital budget and five year program, as well as the three-year financial plan for operations, are also developed in accordance with this schedule.

Chart S. 2018 Budget Development Calendar

<u>Date (2017)</u>	<u>Event</u>
May 12	Release budget call to Agency management
May - August	Budget discussions/meetings with RTA and other Service Boards
June 9	Budget call requests due from management
June - August	Staff develops a preliminary budget
August 24	RTA to set 2018 Funding and Recovery Marks
September 13	Pace Board meets to discuss preliminary 2018 budget
September 13 - 30	Staff develops Proposed 2018 Budget per Board directives
October 11	Pace Board releases Proposed 2018 Budget for Public Hearing
October 12	Staff submits Proposed 2018 Budget to RTA
October 16 - 25	Public Hearings on Pace's Proposed 2018 Budget
November 8	Pace Board adopts Final 2018 Budget
November 15	Submit Final 2018 Budget to RTA
November	RTA evaluates Pace budget for compliance
December 14	RTA scheduled to approve/adopt 2018 Budget for Pace

Budget & Financial Policies

Budget Policies Overview

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

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

Balanced Budget Definition and Criteria

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

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

- The budget plan must show a balance between (a) anticipated 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 subject to, the jurisdiction of the Service Board, sufficient to allow the Service Board to meet its required system generated recovery ratio and ADA paratransit recovery ratio.

- The budget and plan are based upon, and employ, assumptions and projections which are reasonable and prudent.
- The budget and plan must have been prepared in accordance with sound financial practices and be in the form and format as determined by the RTA Board.
- The budget and financial plan must meet such other financial, budgetary, or fiscal requirements that the Board may, by rule or regulation, establish.
- The budget and plan is consistent with the goals and objectives adopted by the RTA Board in its strategic plan.

If the RTA finds a Service Board budget submittal does not meet these criteria, it can withhold 25% of the public funding from the Service Board. The RTA Act further requires that the RTA adopt a budget for the Service Board, should the Service Board fail to submit a budget which meets the criteria.

In addition to the seven statutory criteria, the RTA has adopted additional budgetary and financial policies which govern Pace. They are summarized as follows:

Budget Monitoring and Reporting

In order to ensure compliance with the RTA Act requirements for a balanced budget, Pace is required to report quarterly budget results to the RTA within 30 days after the quarter end. The RTA evaluates the results and formally adopts an ordinance which assesses compliance with budgetary funding levels and recovery ratio requirements. If found to be non-compliant with the budget, the RTA may direct Pace to provide a corrective action plan and corresponding budget for their approval.

Pace also produces a monthly budget report for its Board and management. Managers are also advised on a monthly basis as to significant budget variances which are further evaluated by the Budget Department and the respective manager. In addition, all procurement contracts submitted to the Board require the sign off of the Budget Department Manager who reviews the contract proposal for budget compliance.

Budget Control Policies

The Pace Board of Directors has adopted three key bud-

get policies which further govern the control of financial resources. They are summarized as follows:

Line Item Budget Control

This policy identifies the specific budgetary line items under control of the Pace Board as established via the annual appropriations ordinance. It further identifies that the Executive Director has control over the individual expense components and budgets which comprise the Board established line items.

Authorized Head Count

This policy establishes the Pace Board as controlling the total employee head count in full-time equivalents (FTEs) and allows the Executive Director to make FTE changes between individual areas within the Board approved total.

Use of Positive Budget Variance (PBV)

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

Long Range Financial Planning

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

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, \$18.6 million of Unrestricted Net Assets are being retained for working cash purposes during 2018.

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 was to fund the established budgeted deficit of Pace and not the actual results for the year; however, RTA has rescinded this policy. RTA policy now is to pass through actual funding results based on the source. In addition, the policy restricts use of any funding

provided as a result of a positive budget variance to capital projects or finite operating uses subject to RTA budgetary approval. The Pace policy is consistent with the RTA policy limitations for capital project use and finite operating expense. Lastly, the RTA Reserve Policy established in October 2015 requires the service boards to maintain adequate reserves in order to address funding and revenue shortfalls and expense overruns. Pace's working cash reserve policy satisfies this requirement.

Asset Inventory/Condition Assessment

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

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 \$4.9 million.

Debt Policy

Pace was authorized by the State of Illinois effective January 2013, to issue up to \$100 million in bonds for capital improvements.

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

The authorized projects are: (1) conversion of the South Division garage in Markham to a compressed natural gas (CNG) facility, (2) construction of a new garage in the northwestern Cook County suburbs, (3) construction of a new paratransit garage in DuPage County, (4) expansion of the North Shore garage in Evanston to accommodate additional indoor bus parking, and (5) acquisition of buses.

Farebox revenue is expected to be the revenue source dedicated for debt service payments. Pace receives over \$40 million annually in farebox 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 project schedules, market conditions, and long term financial planning.

The 2018 budget includes appropriations for the interest and issuance costs associated with Pace's bond debt program. Pace will pay \$1.442 million in interest and principal for the fourth year of the \$12.0 million South Division garage bond in 2018. The budget includes \$1.769 million for the cost of issuance plus principal and interest on a proposed bond for land acquisition for a Northwest Division garage. Pace is currently in the process of determining a location in northwestern Cook County. A construction schedule has yet to be determined for this project. The other projects have yet to have a timeline formulated; however, a reimbursement resolution has been adopted by the Board of Directors that covers all five 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.

*Pace's sound financial policies
ensure financial stability.*

Debt Administration - Bond Issues

PACE was authorized by the State of Illinois in 2013 to issue up to \$100 million in bonds for capital improvements. The legislation authorizing Pace to borrow money for capital improvements was restrictive in how Pace could issue the bonds, what projects could be financed, how much could be issued per project, and how the debt was to be repaid. Pace was authorized to issue bonds for converting the South Division garage in Markham to a compressed natural gas (CNG) facility, to construct a new garage in the northwestern Cook County suburbs, to construct a new paratransit garage in DuPage County, and to expand the North Shore garage in Evanston to accommodate additional indoor bus parking. On July 29, 2016, Pace's bonding authority was amended to allow Pace to purchase buses; however, the total amount authorized remained the same and bonding limits by project were eliminated.

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

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

Bond Payments

State statute limits Pace to issue only revenue bonds, which can only be repaid using Pace operating revenue. Pace is not allowed to pledge or use sales tax revenue for repayment of the authorized bonds.

Bond Rating

Pace does not have a bond rating; however, depending on the size and use of a future bond, may pursue a public offering which will require Pace to receive a bond rating. In this case the bond rating will analyze Pace's financial strength, management, condition of the local economy, and long term financial planning. The bond rating will

state if Pace is stable, trending downward (negative) or upward (positive).

Bond Issues

Pace issued a \$12.0 million revenue bond in 2015 for the South Division CNG facility project. Pace contracted with the Illinois Finance Authority (IFA) for issuing the 2015 Revenue Bond. The IFA selected a financial advisor and bond counsel for Pace through its competitive request for qualifications process.

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

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

	2018	2019	2020
Principal	\$1,975,000	\$1,975,000	\$4,510,000
Interest	990,967	952,250	3,062,322
Total Annual	\$2,965,967	\$2,927,250	\$7,572,322

2018 Budget

The 2018 Budget includes plans for issuing a bond to purchase land for a new Northwest Division garage. The 2018 Three Year Business Plan also includes issuing bonds to construct a new Northwest Division garage in 2020.

Actual and Estimated Debt Service Schedules

The following schedules show the actual and estimated annual principal and interest payments for the \$12.0 million ten-year bond, the proposed \$15.5 million, and \$50.7 million Northwest Division bonds.

Appendix I • Debt Overview

Schedule A. \$12.0 million South Division CNG Project

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

Payment Year	Principal Payment	Interest Payment	Total Debt Service	Debt Outstanding
2015	\$1,200	\$243	\$1,443	\$10,800
2016	1,200	283	1,483	9,600
2017	1,200	264	1,464	8,400
2018	1,200	242	1,442	7,200
2019	1,200	216	1,416	6,000
2020	1,200	187	1,387	4,800
2021	1,200	154	1,354	3,600
2022	1,200	119	1,319	2,400
2023	1,200	82	1,282	1,200
2024	1,200	42	1,242	0
Total	\$12,000	\$1,832	\$13,832	

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

Schedule B. \$15.5 million Northwest Division Garage Project

20-year with an average coupon interest rate of 5.00% (000s)

Payment Year	Principal Payment	Interest Payment	Total Debt Service	Debt Outstanding
2018	\$775	\$749	\$1,524	\$14,725
2019	775	736	1,511	13,950
2020	775	698	1,473	13,175
2021	775	659	1,434	12,400
2022	775	620	1,395	11,625
2023	775	581	1,356	10,850
2024	775	543	1,318	10,075
2025	775	504	1,279	9,300
2026	775	465	1,240	8,525
2027	775	426	1,201	7,750
2028	775	388	1,163	6,975
2029	775	349	1,124	6,200
2030	775	310	1,085	5,425
2031	775	271	1,046	4,650
2032	775	233	1,008	3,875
2033	775	193	968	3,100
2034	775	155	930	2,325
2035	775	116	891	1,550
2036	775	78	853	775
2037	775	39	814	0
Total	\$15,500	\$8,111	\$23,611	

Pace plans on issuing a \$15.5 million 20-year bond for buying land for a new Northwest Division garage. As required by Statute, equal annual principal payments will be made. The annual debt service will be paid from the Suburban Service Fund's operating revenue.

Appendix I • Debt Overview

Schedule C. \$50.7 million Northwest Division Garage Project

20-year with an average coupon interest rate of 5.00% (000s)

Payment Year	Principal Payment	Interest Payment	Total Debt Service	Debt Outstanding
2020	\$2,535	\$2,178	\$4,713	\$48,165
2021	2,535	2,408	4,943	45,630
2022	2,535	2,282	4,817	43,095
2023	2,535	2,155	4,690	40,560
2024	2,535	2,028	4,563	38,025
2025	2,535	1,901	4,436	35,490
2026	2,535	1,775	4,310	32,955
2027	2,535	1,648	4,183	30,420
2028	2,535	1,521	4,056	27,885
2029	2,535	1,394	3,929	25,350
2030	2,535	1,268	3,803	22,815
2031	2,535	1,141	3,676	20,280
2032	2,535	1,014	3,549	17,745
2033	2,535	887	3,422	15,210
2034	2,535	761	3,296	12,675
2035	2,535	634	3,169	10,140
2036	2,535	507	3,042	7,605
2037	2,535	380	2,915	5,070
2038	2,535	254	2,789	2,535
2039	2,535	127	2,662	0
Total	\$50,700	\$26,261	\$76,961	

Pace plans on issuing a \$50.7 million 20-year bond for constructing a new Northwest Division garage. The issuance of the bond will not take place until plans and a construction contract has been awarded. Based on the size and repayment period, a competitive bid will be used and a bond rating secured. The annual debt service will be paid from the Suburban Service Fund's operating revenue.

Glossary - 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 vehicles including all fuels for vehicle propulsion.

non-vehicle maintenance expense

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

operating assistance

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

operating budget

The planning of 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

A quantifiable indicator to assess 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, 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.

ADA paratransit service

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

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.

Bus on Shoulder (BOS)

Service that can use shoulder lanes on expressway corridors to bypass slow traffic, thus reducing travel time and staying on schedule.

Call-n-Ride

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

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 (DAR)

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.

feeder route

A route with a primary purpose of transporting riders to/from residential areas to a Metra Station.

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.

flex lane

The newly constructed seventeen and a half foot inside lane on I-90. The lane is designated for Pace bus use only, to route around congestion and provide reliable service.

full size bus

A bus from 35 to 41 feet in length.

Intelligent Bus System (IBS)

A satellite based communication technology used to improve the tracking of buses, collection of data, and communication between buses and its drivers and passengers.

low income individual

A 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 prearranged trips within the system service area.

Posted Stops Only

On select Pace routes, riders are required to get on or off the bus at a bus stop sign versus a flag-stop, meaning that a passenger is allowed to board or alight a bus anywhere it is safe to do so.

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.

Pulse

A branding name for Pace's ART network.

queue jump

The act of bypassing a line of vehicles at a signalized intersection through the use of a designated lane as part of a BRT system, thereby reducing travel times.

Regional ADA paratransit service

The 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.

Shuttle Bug route

The Shuttle Bug program is a public-private partnership between the Transit Management Association (TMA) of Lake Cook, Pace, Metra, and area businesses to provide convenient shuttle service connections between participating businesses and Metra stations.

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.

TMA (Transportation Management Association)

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

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.

Ventra®

The Open Standards Fare System (Ventra) is an electronic fare payment system used by the Chicago Transit Authority (CTA), Metra, 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.

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.

Enhanced Mobility of Seniors and Individuals with Disabilities

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

Federal FAST Act (Fixing America's Surface Transportation Act)

FAST Act provides steady and predictable funds for five years, 2016-2020. This program builds upon the developments of MAP-21 while also providing increased funding above and beyond the expected amounts enacted under MAP-21.

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 provided steady and predicible funds for the two years 2012-2014. This program consolidated certain transit programs from SAFETEA-LU to improve their efficiency and provided 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 remained in effect until the passage of FAST Act on December 4, 2015.

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 Transit 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 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 which approved \$1.8 billion for transit.

Illinois Jump Start

A state program signed into law April 3, 2009. Approved \$900 million for transit; pending appropriation by the State Legislature.

JARC (Job Access and Reverse Commute Program)

Under the new MAP-21 Program, JARC 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.

marks

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

National Transit Database

Federal Transit Administration's (FTA's) primary national database for statistics on the transit industry.

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 totaled \$100 million for four specific capital construction projects. P.A. 99-0665, effective July 29, 2016, amended P.A. 97-0770 to allow Pace to issue bonds for the purchase of transit buses in addition to the previously authorized projects. Pace's total bonding authority remains at \$100 million.

Positive Budget Variance (PBV)

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

Public Transportation Fund (PTF)

An operating subsidy from the State of Illinois equivalent to 30% of the RTA sales tax and Chicago real estate transfer tax (RETT) collected. The 25% PTF match on the Chicago RETT is directed to 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 per 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. However, the RTA from time to time uses the defeasance of bonds to reissue new bonds for capital purchases.

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 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.

Transfer Capital

Budget year operating funds directed to capital projects.

Transit Asset Management

A strategic and systematic process of operating, maintaining, and replacing 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 (000s)	2016 Actual	2017 Estimate	2018 Budget
Number of Fixed Routes (August 2017)	224	Fixed Route	28,398	28,740	28,502
• Regular Routes	162	Dial-a-Ride*	1,109	1,052	1,007
• Feeder Routes	42	Vanpool	1,664	1,548	1,548
• Shuttle Routes	20	Total Suburban Service	31,171	31,340	31,057
(All Routes are Accessible)		Regional ADA*	4,178	4,240	4,279
Peak Period Vehicle Requirements	650	Total System	35,349	35,580	35,336
Pace-Owned Fleet Size	780				
Number Accessible	780	Vehicle Miles (000's)	2016 Actual	2017 Estimate	2018 Budget
Average Vehicle Age	7.2 years	Fixed Route	28,107	31,985	32,179
Contractor-Owned Vehicles in Pace Service	0	Dial-a-Ride	5,264	5,136	4,934
Number of Private Contractors	2	Vanpool	10,661	9,824	9,824
Number of Pace Garages	11	Total Suburban Service	44,033	46,945	46,937
Number of Pace Municipal Contractors	2	Regional ADA	34,250	33,551	33,825
		Total System	78,283	80,496	80,762
Paratransit		Vehicle Hours (000's)	2016 Actual	2017 Estimate	2018 Budget
Number of Communities Served	284	Fixed Route	1,820	2,079	2,088
Number of Local Dial-a-Ride Projects	68	Dial-a-Ride	282	265	254
Pace-Owned Fleet Size (Includes Suburban ADA)	506	Vanpool	N/A	N/A	N/A
Average Vehicle Age	4.5 years	Total Suburban Service	2,101	2,344	2,341
Community Transit Vehicles in Svc (August 2017)	95	Regional ADA	2,361	2,325	2,309
Contractor-Owned Vehicles in City ADA Service	807	Total System	4,446	4,669	4,650
Vanpool					
Vans in Service (August 2017)—Traditional	211				
Vans in Service (August 2017)—Employer Shuttle	15				
Vans in Service (August 2017)—Advantage	347				
Total Vans in Service	573				
Average Vehicle Age	4.1 years				
Other					
Number of Pace Employees (Includes ADA Staff)	1,785				

*Ridership includes companions and personal care attendants.

Ridership

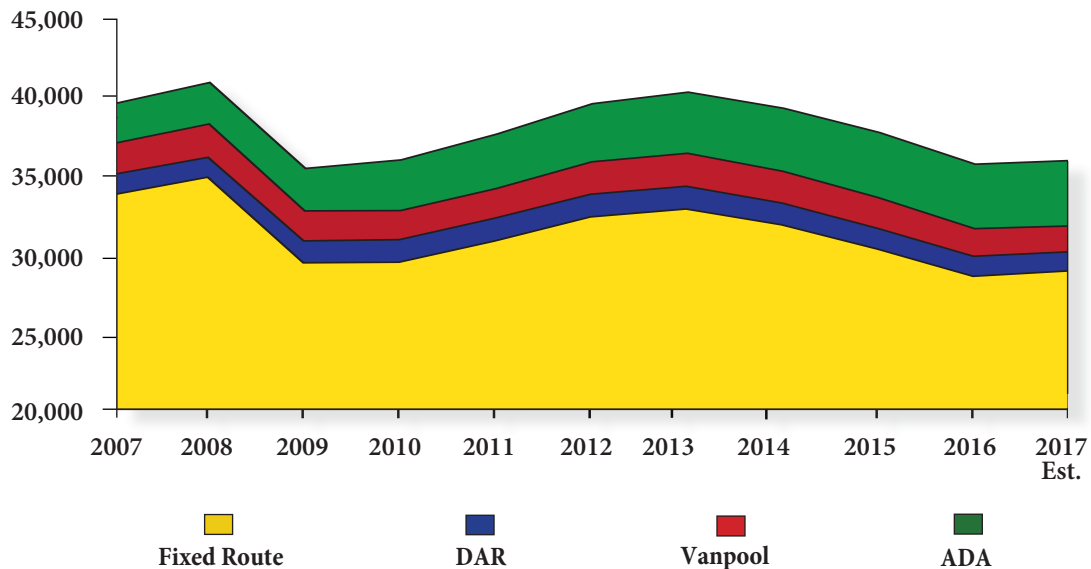
The following table details the ridership performance of Pace’s various services for the last ten years.

Table 47. Pace 2007–2017 Ridership Historical Summary (000s)

	<u>Fixed Route</u>	<u>DAR</u>	<u>Vanpool</u>	<u>Total Suburban Service</u>	<u>ADA</u>	<u>Total System</u>
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	31,650	1,223	1,923	34,796	4,088	38,883
2015	30,120	1,147	1,851	33,119	4,227	37,346
2016	28,398	1,109	1,664	31,171	4,178	35,349
2017 Est.	28,740	1,052	1,548	31,340	4,240	35,580

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

Chart T. Pace 2007-2017 Historical Ridership (000s)



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GOVERNMENT FINANCE OFFICERS ASSOCIATION

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A handwritten signature in black ink, appearing to read "Jeffrey R. Egan".

Executive Director

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, 2017.

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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