Pace Suburban Service Budget & Regional ADA Paratransit Budget

2014 Operating & Capital Program

2014-2016 Business Plan for Operations

2014-2018 Capital Business Plan

Final Program
November 2013

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Dear Riders, Interested Citizens & Public Officials:

The past year has been a busy one at Pace as we worked to continue past progress, implement major projects and lay the groundwork for other initiatives on the horizon. Once again, we can proudly say that we worked hard to control costs and maximize efficiency while providing safe, effective service throughout northeastern Illinois. Our austerity, combined with a growing, robust local economy, leads to a very stable budget outlook for 2014. The budget is balanced and does not contain fare increases or service reductions.

Looking back at 2013, Pace and CTA launched the Ventra™ open fare payment system, replacing the existing nearly 20 year old magnetic stripe and smart card systems. Ventra™ provides customers with a number of benefits, including online and telephone access to account management, greater security in the event of a lost or stolen card and the ability to pay with contactless debit and credit cards. Ventra™ offers a number of conveniences, including increasing the number of suburban locations at which one can buy Pace passes tenfold, from 50 to a network that will eventually reach 500 in the suburbs and over 2,000 throughout the region. In May, Pace significantly expanded service levels on routes 755 and 855—the two routes comprising the Bus On Shoulder Pilot Project. The additional service included new trips during the morning and evening rush hours along with all-new midday and later evening service to offer more convenience and travel flexibility to riders. The later evening service included a Route 755 trip to augment service to some Metra Heritage Corridor Line stations. In August, the first phase of a multiyear project to develop a federally-funded express service corridor on Interstate 90—the Jane Addams Tollway—began with expanded service on existing routes traveling between Rosemont, Schaumburg and the Prairie Stone development in Hoffman Estates, including an all-new park-n-ride lot near the Sears Centre. Service restructuring projects modified existing bus routes, continuing the agency's multiyear effort to realign service to meet the growing and changing needs of the region while improving efficiency. Pace worked collaboratively with CTA on the Red Line South reconstruction project in an effort to minimize inconvenience for customers. These included ensuring direct connections to shuttle buses at the 95th/Dan Ryan Terminal and the development of two temporary Pace express routes providing direct service from Harvey and Blue Island to the CTA Roosevelt station to bypass the area of construction.

The stability we project on our Suburban Services budget also extends to the Regional ADA Paratransit operating budget. No fare increases or service changes are proposed at this time to balance the budget.

Ridership continues to grow, with an estimated total ridership on all Pace service in excess of 39 million in 2014. We project continued success in this area, with 2.7% growth on fixed route, vanpool and dial-a-ride services, and 4.9% ridership growth for regional ADA paratransit.

Pace's capital program totals $57.3 million for 2014, with over $32 million of that dedicated to the purchase of new buses. In addition, Pace will issue $12 million in capital bond funds to convert the South Division Garage to a compressed natural gas (CNG) facility. We anticipate lower operating costs and are excited to take this step forward in implementing green technology. Other capital funds are dedicated to upgrading fixed facilities and continued investment in technology.

As we've often said in the past, we actively encourage all stakeholders to participate in the public hearing process to offer thoughts and suggestions for areas of improvement. We remain committed to being a good steward of the public funding we receive and a responsive, proactive asset to the region we serve.

Sincerely,

Richard A. Kwasneski,
Chairman

CONTENTS

Executive Summary

EXECUTIVE SUMMARY

Budget Highlights

Suburban Services

THE 2014 Pace Suburban Services budget is balanced without the need for a general fare increase or any reduction in services. A number of new program investments made in 2013 will continue into 2014 and are expected to contribute to continued ridership growth. In particular, the 2013 expansion of the I-55 corridor "Bus On Shoulder" service, the new services scheduled for the I-90 corridor, and the restructured services in Lake County are all contributing to ridership growth in 2014.

In addition to these initiatives, the Ventra™ fare collection system, which was launched in cooperation with the CTA in September 2013, will be fully transitioned to by December 2013. For 2014, all fare media (other than cash) will be processed via the Ventra™ system. While the 2014 budget does not assume specific ridership growth from the Ventra™ implementation, it is our hope that the convenience and flexibility of fare payment options made possible by Ventra™ will encourage additional transit ridership on Pace.

For 2014, Pace also expects to continue growth of the Vanpool program, reaching 722 vans in service by year end.

Ridership growth in 2014 is projected at 2.7% over the 2013 level of 36 million, reaching just shy of 37 million riders in 2014.

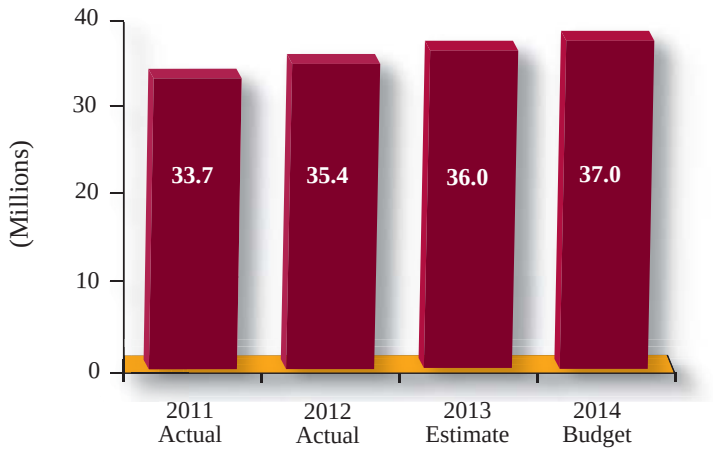
The Suburban Service capital program for 2014 totals $57.3 million and provides for 43 new fixed route buses, 80 paratransit buses, and 166 vanpool vans. In addition, Pace will issue bonds to fund the renovation of the South Division garage in Markham to convert it to a compressed natural gas (CNG) facility. Pace anticipates a State grant to purchase 91 CNG buses to operate from the converted facility.

Regional ADA Paratransit

The 2014 Regional ADA Paratransit budget is balanced based on RTA's proposed funding level of $147.166 million. This funding level will support ridership growth of 4.9% for the ADA program. In 2014 the program will provide over 4 million passenger trips. Fares are projected to remain stable at current levels in 2014.

Major service contracts for the provision of ADA services in the City of Chicago will be renewed in 2014. The budget assumes these new contract costs will not exceed historical cost trends.

Chart A. Pace Suburban Service Ridership



2014 Combined Operating Budget Summary

THE 2014 budgets for Suburban Services and the Regional ADA Paratransit Program are balanced to the funding levels and recovery ratio requirements established by the RTA on October 16, 2013.

The expense budget for Suburban Services in 2014 is $214.760 million. Suburban Services operating revenues are budgeted at $59.230 million. Total public funding for Suburban Services will reach an estimated $155.530 million, which will cover the operating deficit. There are no fare increases or service reductions included in the 2014 budget for Suburban Services.

The status quo expense budget for the Regional ADA Paratransit program in 2014 is $160.085 million.

At current fare levels, ADA operating income will be $12.919 million, resulting in a funding requirement of $147.166 million.

There are no fare adjustments proposed for ADA Paratransit services in 2014 at this time.

There are no fare adjustments proposed for Pace suburban services or ADA paratransit services in 2014.

Table 1. 2014 Combined Pace Services Operating Budget Summary (000's)

	Suburban Service	Regional ADA Paratransit	Combined Pace Services
Total Operating Expenses	$214,760	$160,085	$374,845
Less: Total Operating Revenue	59,230	12,919	$72,149
Funding Requirement	**$155,530**	**$147,166**	**$302,696**
Less:			
Sales Tax (Part I)	$85,388	$0	$85,388
Sales Tax & PTF (Part II)	31,757	138,666	170,423
Suburban Community Mobility Funds (SCMF)	22,376	0	22,376
South Suburban Job Access Funds	7,500	0	7,500
Federal CMAQ/JARC/New Freedom Funds	1,820	0	1,820
RTA Discretionary (PTF - Part I)	3,838	0	3,838
Federal Capital Cost of Contracting	2,851	0	2,851
State ADA Funds	0	8,500	8,500
Net Funding Available	**$0**	**$0**	**$0**
Recovery Ratio	**30.00%**	**10.00%**	**N/A**

2014 Capital Budget Summary

THE RTA passed the required funding marks on October 16, 2013, after the statutory deadline of September 15th. The capital program marks provide estimated federal and other funds that might be available to the region for capital investment purposes.

Suburban Services

The 2014 Suburban Capital Program totals $57.260 million. The program contains $32.230 million for the purchase of 43, 40' fixed route replacement buses; 80 paratransit buses, 166 vanpool vans and $2.280 million for a diesel engine retrofit project.

The program contains $20.289 million for support facilities and equipment including improvements to garages for $6.779 million; renovation, design and construction of improvements to Pace's South Division garage in Markham including adding compressed natural gas fueling capability for $12.000 million; computer hardware and software for $1.300 million and support equipment for the garages for $.210 million.

The program also contains $1.200 million for passenger shelters and amenities; and unanticipated capital for $.250 million, capital cost of contracting for $2.851million and project administration for $.440 million.

Suburban Services – State IDOT Bond Funding

The 2014 Suburban Capital Program using IDOT Bond funding totals $68.400 million. The program contains funding for 40 fixed route buses, improvements to garages, facilities and equipment and project administration.

Please refer to Appendix I for further details on the State IDOT Bond Program.

Regional ADA Paratransit – State IDOT Bond Funding

The proposed 2014 Capital Budget totals $45.000 million for Regional ADA Paratransit needs. It includes the purchase of 339 paratransit buses, purchase of radio, computer and farebox systems, Regional Call Center Project and construction of support facilities.

Please refer to Appendix I for further details on the State IDOT Bond Program.

Table 2. 2014 Suburban Services Capital Budget (000's)

	Amount
Rolling Stock	
43 Fixed Route Buses	$18,370
80 Paratransit Buses	4,960
166 Vanpool Vans	6,620
Diesel Engine Retrofit	2,280
Subtotal	**$32,230**
Support Facilities and Equipment	
Improve Facilities - Systemwide	$6,779
South Division CNG - Renovation	12,000
Computer Systems/Hardware & Software	1,300
Support Equipment	210
Subtotal	**$20,289**
Stations and Passenger Facilities	
Bus Stop Infrastructure	$1,200
Subtotal	**$1,200**
Miscellaneous	
Unanticipated Capital	$250
Capital Cost of Contracting	2,851
Project Administration	440
Subtotal	**$3,541**
Total Suburban Capital Program	**$57,260**
Total Funding	
Federal 5307/5339	$36,530
Federal CMAQ	3,480
RTA Bond	5,000
Pace Bonds	12,000
Pace Funds	250
Total Suburban Funding	**$57,260**

Ventra™

Summer 2013 saw the launch of a new way to pay for fares on Pace—the Ventra™ card. You can now tap and board Pace and CTA buses and trains with a single fare card to get around Chicagoland. Customers can pay with the following contactless payment methods:

- Ventra™ card, a reusable transit card;
- Ventra™ tickets, for single-ride and 1-day passes; and
- Personal bank-issued credit or debit cards (if they contain a contactless chip).

Riders simply "tap" their payment card to the Ventra™ reader to board any bus or train on Pace and CTA. Products such as the 7-Day Pass, 30-Day Pass and stored transit value are still available and can easily be loaded onto Ventra™ cards.

During fall 2013, Pace and CTA embarked upon an extensive marketing campaign to encourage customers to transition to the Ventra™ system and to educate Pace riders on the fare policy changes that accompany the new system.

THE Ventra™ fare system has many advantages over the legacy fare collection system, which Pace is phasing out during the fall of 2013. For one, a technological upgrade in some form was necessary because Pace's existing farebox equipment is nearly 20 years old and is no longer produced nor supported by its manufacturer. Furthermore, while Pace's magnetic stripe passes and punch card tickets were offered for sale at a few dozen places around the suburbs, the new Ventra™ cards can be purchased and reloaded at 2,500 regional locations by the end of 2013. Ventra™ also allows customers the flexibility of loading multi-day passes or transit value over the telephone or via the convenient, web-based account management feature. Ventra™ users also enjoy the security of balance protection. Those who register their Ventra™ accounts don't lose any passes or value if the card is lost or stolen. Customers will also eventually be able to use their compatible mobile phones to pay for rides on Pace and CTA.

During the transition to the Ventra™ system, Pace's "legacy" fare collection and the new Ventra™ system run in parallel, giving customers several months to familiarize themselves with the new system and make the change at a convenient time. Ventra™ was available to all users on September 9, 2013. By November 18, 2013, Pace and CTA will stop selling magnetic stripe fare cards, and then on December 15, 2013, Pace and CTA will cease acceptance of those legacy fare media. Other Pace fare policy changes, detailed on www.pacebus.com/ventra, include the discontinuation of issuing transfers to cash-paying customers and elimination of the 10-Ride Plus tickets. Those policy changes are subject to approval of the Pace Board of Directors, and will be the subject of public hearings in October 2013, but were incorporated into the Ventra™ system at its launch.

Pace's fall 2013 marketing campaign also encouraged all customers to spend down their balances on their current stored value transit cards and use any magnetic stripe multi-day passes before transitioning to Ventra™. However, customers are able to transfer stored value balances to Ventra™ cards at nearly 30 events around the region this fall and winter.

As part of the transition to Ventra™, the Regional Transportation Authority (RTA) will be issuing new Reduced Fare, Ride Free and ADA Paratransit permits to more than 550,000 seniors and people with disabilities currently enrolled in its Reduced Fare, Ride Free and ADA Paratransit programs. New permits are being distributed by mail between September and November.


Suburban Service

SUBURBAN SERVICE

2014 Suburban Service Operating Budget

Summary

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

- Pace will incur $214.760 million in operating expenses for 2014 in the provision of transit services in the Region.
- A total of $59.230 million in revenue will be generated from operations.
- An initial deficit or funding requirement of $155.530 million will occur from operations prior to funding.
- A total of $150.859 million in funding generated from Regional Sales Tax is proposed to be available for 2014 including $3.838 million in RTA Discretionary Funds.
- A total of $4.671 million in Federal Congestion Mitigation/Air Quality (CMAQ), Job Access and Reverse Commute (JARC), New Freedom, and Federal 5307 funds are expected to be used next year.

The budget for 2014 will continue to maintain all existing Pace services while providing for a number of key changes. A number of new items being introduced throughout 2013 will have a full year impact next year. Items like service expansion for the I-55 Bus On Shoulder service; new service for the I-90 corridor and Rosemont Circulator; service expansion in Lake County; along with continued growth of call-n-ride services and the vanpool program will all contribute to the growth in the 2014 budget.

Also new in 2014 will be the first full year of operations utilizing the new Ventra™ fare system. Pace will also issue a revenue bond to cover the costs of implementing a new CNG facility. The first year of bond debt service is reflected in the 2014 budget.

The 2014 Suburban Service budget is balanced to both the funding and recovery marks identified for Pace by the RTA. The program will achieve a 30.0% recovery ratio next year using credits and allowances authorized by the RTA.

A detailed review of the 2014 Suburban Service operating program is presented in this section.

Table 3. 2014 Suburban Service Operating Budget Summary (000's)

	2012 Actual	2013 Estimate	2014 Budget
Total Operating Expenses	$190,322	$201,354	$214,760
Less: Total Operating Revenue	$56,485	$56,970	$59,230
Funding Requirement	**$133,836**	**$144,384**	**$155,530**
Less:			
Sales Tax (Part I)	$79,327	$81,508	$85,388
Sales Tax & PTF (Part II)	31,429	30,912	31,757
Suburban Community Mobility Fund (SCMF)	20,796	21,360	22,376
South Suburban Job Access Fund	7,500	7,500	7,500
Federal CMAQ/JARC/New Freedom Funds	1,703	2,076	1,820
RTA Discretionary (PTF - Part I)	3,000	3,694	3,838
Federal 5307 Funds	0	2,778	2,851
Net Funding Available	**$9,919**	**$5,444**	**$0**
Recovery Ratio	**30.00%**	**30.00%**	**30.00%**

Sources of Funds

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

As a result, Pace's public funding mix has been significantly revamped. In order to put the public funding environment in perspective, Pace will segregate the elements into two main categories—Part I or old funding (pre-2008 funding reform) and Part II or the new funding element, resulting from the January 2008 legislative funding reform. The main sources of funding for both the old and new funding packages are the same—a regional sales tax and a state sales tax matching grant from the Public Transportation Fund (PTF). It is important to understand that the new funding is in addition to the old funding basis and the two taken together comprise the total public funding available.

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

Table 4. Part I. Allocation of Sales Tax Receipts

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

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

	2010 Actual	2011 Actual	2012 Actual	2013 Estimate	2014 Plan
Regional Funds					
Sales Tax - Part I	$687,785	$719,849	$754,348	$775,093	$811,985
PTF Match to Part I Sales Tax (25%)	171,169	181,428	189,523	193,773	202,996
Sales Tax - Part II	243,650	255,822	267,338	274,270	287,325
PTF Match to Part II Sales Tax (+5% Part I)	116,235	123,967	130,369	134,739	141,155
Total Sales Tax and PTF	**$1,218,839**	**$1,281,066**	**$1,341,578**	**$1,377,875**	**$1,443,461**
Pace Share of Regional Funds					
Sales Tax - Part I	$73,054	$76,085	$79,327	$81,508	$85,388
PTF Match to Part I Sales Tax	0	535	3,000	3,694	3,838
Sales Tax II and PTF	48,744	51,309	52,225	52,272	54,133
Total Pace Share	**$121,798**	**$127,929**	**$134,552**	**$137,474**	**$143,359**
Pace Funding As a Percent of Regional Funding					
PTF Match to Part I Sales Tax (RTA Discretionary)	0.0%	0.3%	1.6%	1.9%	1.9%
Sales Tax I and PTF I	8.5%	8.5%	8.7%	8.8%	8.8%
Sales Tax II and PTF II	13.5%	13.5%	13.1%	12.8%	12.6%
Total Receipts	**10.0%**	**10.0%**	**10.0%**	**10.0%**	**9.9%**

Funding Sources - Part 1

Sales Tax

The Part I sales tax amount represents the pre-2008 sales tax imposed by the RTA. The effective sales tax rate for Part I is 1% in Cook County and .25% in Will, Lake, Kane, DuPage and McHenry Counties. Part I sales tax is distributed to Pace, the RTA, and the other Service Boards (CTA and Metra) in accordance with the allocation shown on Table 4.

The estimated RTA sales tax funding mark for Pace is $85.388 million for 2014. This represents approximately 10.5% of the total RTA region's estimate of $811.985 million. The RTA estimate for Pace sales tax receipts is 4.8% greater than 2013 levels. The RTA estimate is based on a projection of current sales tax trends which continue to rise over prior year levels. Table 5 highlights recent and upcoming estimates for Part I sales tax revenues for both the region and Pace.

Public Transportation Fund (PTF) - Part 1

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

The RTA has, over time, reduced the level of PTF Part I sales tax funds to Pace. For 2014, they will provide Pace with $3.838 million of these funds.

Federal Funds

Pace is eligible for federal funding from several programs in 2014.

Congestion Mitigation/Air Quality (CMAQ) Program

Pace relies on funds from the (CMAQ) program to implement and maintain various new services that support program objectives. Continued funding from this source is included in 2014.

Job Access and Reverse Commute (JARC) Program

Funding is provided for transportation services designed to increase access to jobs and employment related activities. Pace has programmed the use of JARC funds in 2014.

New Freedom Program

This program encourages service and facility improvements to address the transportation needs of persons with disabilities that go beyond those required by the Americans with Disabilities Act. Pace has programmed use of New Freedom funds in 2014.

Capital Cost of Contracting (CCC)

Federal funds are available under this program to reimburse the cost of capital consumed by private service contractors doing business with Pace. Pace has programmed the use of CCC funds in 2014.

Funding Sources - Part II Sales Tax & PTF

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

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

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

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

- $100 million was allocated to Pace for the provision of the Regional ADA Paratransit Service. This amount was increased by legislation to $115.000 million for 2012 with allocations based on program requirements.
- $20 million was allocated to Pace under the Suburban Community Mobility Fund (SCMF).

- $10 million was allocated to the RTA for an Innovation, Coordination and Enhancement (ICE) fund.

The SCMF and RTA/ICE amounts are adjusted annually for sales tax performance which is expected to recover to 2008 levels in 2014 (Table 6).

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

Table 6 shows the allocation of the new funding sources for the 2014 RTA budget.

Suburban Community Mobility Fund (SCMF)

The SCMF provides $22.376 million (2014) 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 2014, Pace will use these funds to support existing services.

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

South Suburban Cook Job Access Fund

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

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

ADA Paratransit Fund

In 2011, the RTA Act was amended to establish the ADA Fund at a level of $115.000 million for 2012 with future allocations based on program requirements. The 2014 requirement is $138.666 million.

Operating Revenues

Pace is budgeting for $59.230 million in Suburban Service operating revenue for 2014, a $2.260 million or 4.0% increase from estimated 2013 levels. Contributing to next year's revenue increase is continual growth in ridership, along with the restoration of reduced fare reimbursement revenues being provided by the RTA.

The revenue growth at the Pace Divisions, Public and Private Contract operators is based on projected fixed route ridership growth of 2.7% for 2014. Ridership growth of 3.8% for the Vanpool program and 2.6% for the Dial-a-Ride program contribute to the projected revenue growth for 2014.

There is some growth in other revenue which is based on grant reimbursements for study efforts.

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

	2014 Plan
New Sales Tax	**$287,325**
Public Transportation Funds (PTF) II	141,155
Total Sales Tax II & PTF II	**$428,480**
Distribution	
Regional ADA Paratransit Fund - Pace/RTA	$138,666
Suburban Community Mobility Fund - Pace	22,376
RTA Innovation, Coord/Enhancement Fund	11,189
25% PTF MATCH ON RETT - CTA	11,965
Balance Available for Allocation	**$244,284**
Service Board Distribution	
CTA-48%	$117,256
Metra-39%	95,271
Pace-13%	31,757
Total to Service Boards	**$244,284**
South Suburban Cook Job Access*	**$7,500**

**Not sourced from new sales tax/PTF*

Uses of Funds

ALL funds received in 2014 will be used to support Pace services. The components of the 2014 Suburban Service operating program are fixed route services (Pace operated, public/municipal contract and privately contracted); dial-a-ride services; the vanpool program; centralized support expenses and costs for administration.

Pace-Owned Services

Pace is responsible for the direct operation of service from nine facilities in the six county region. Together, these divisions—North, North Shore, Northwest, South, Southwest, West, Fox Valley, River, and Heritage—carry 85% of the total suburban service ridership. Pace expects to expend $86.518 million for these services in 2014. Pace will also provide a portion of the Federal Congestion Mitigation/Air Quality (CMAQ) and the Job Access Reverse Commute (JARC) program services in 2014 totaling $1.791 million. The combined cost for Pace service in 2014 is $88.309 million. Further information can be found on page 12.

Public/Municipal Contracted Services

Pace will contract directly with three municipalities (Niles, Downers Grove and Highland Park) and maintains an agreement with the Village of Schaumburg for fixed route services. These services are expected to cost an estimated $3.629 million in 2014. Further information can be found on page 13.

Private Contract Services

Pace provides service to more than 28 communities by directly contracting with three private transit companies. In 2014, Pace will contract for Job Access Reverse Commute (JARC) service. The total cost for privately contracted service in 2014 is $7.600 million. Further information can be found on page 14.

Dial-a-Ride Services

Pace partners in 68 dial-a-ride service projects throughout the six county region. Services are operated by townships or local municipalities under contract with Pace or directly by private providers. Pace provides funding to these services based upon a formula applied to the total service cost. The local government is required to provide a portion of the service cost. Pace also oversees the Community Transit Program. The total cost for dial-a-ride services in 2014 is $19.993 million. Further information can be found on pages 15 and 16.

Vanpool Services

The 2014 budget for vanpool services is $5.248 million. This program is targeted specifically at the short and intermediate range work-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 722 vans in service by the end of 2014. Further information can be found on pages 17 and 18.

Centralized Support

Pace provides a variety of direct operational support services through a centralized support program. Pace has been able to save money by buying in bulk and consolidating services. In total, Pace will spend $66.900 million to provide fuel, insurance, healthcare, Ventra™ services and other support items in 2014. Further detail is provided on page 19.

Administration

In order to accomplish the duties of direct operational support, service planning, capital planning, financial control and MIS support, Pace's 2014 administrative budget, including debt service, is set at $28.441 million. Further information can be found on page 20.

Regional ADA Paratransit Credit

Beginning in July 2006, Pace assumed responsibility for providing all ADA Paratransit service in the northeastern Illinois six county region. These costs represent the administrative support provided by Pace's MIS, Accounting, Purchasing and other departments for the ADA program. Pace has applied a credit to the Suburban Service budget of $5.360 million which has been allocated to the Regional ADA Paratransit Services budget.

Table 7. 2014 Suburban Service Revenue Summary (000's)

	2012 Actual	2013 Estimate	2014 Budget
Operating Revenues			
Pace-Owned Services	$28,781	$29,121	$29,780
Public/Municipal Contracted Services	1,509	1,370	1,398
Private Contracted Services	1,536	1,764	1,952
Dial-A-Ride Services	12,450	12,712	13,161
Vanpool Program	3,927	4,070	4,229
Half-Fare Reimbursement*	2,629	1,978	2,731
Investment/Other Income	1,169	1,408	1,325
Advertising Revenue	4,484	4,547	4,654
Total Operating Revenue	**$56,485**	**$56,970**	**$59,230**
Public Funding			
Sales Tax (Part I)	$79,327	$81,508	$85,388
RTA Discretionary (PTF - Part I)	3,000	3,694	3,838
Sales Tax and PTF (Part II)	31,429	30,912	31,757
Suburban Community Mobility Fund (SCMF)	20,796	21,360	22,376
South Cook Job Access Fund	7,500	7,500	7,500
Federal CMAQ/JARC/New Freedom Funds	1,703	2,076	1,820
Federal 5307 - Capital Cost of Contracting	0	2,778	2,851
Total Public Funding	**$143,755**	**$149,828**	**$155,530**
Total Source of Funds	**$200,240**	**$206,798**	**$214,760**

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

Chart B. Sources of Funds (000's) - Total $214,760

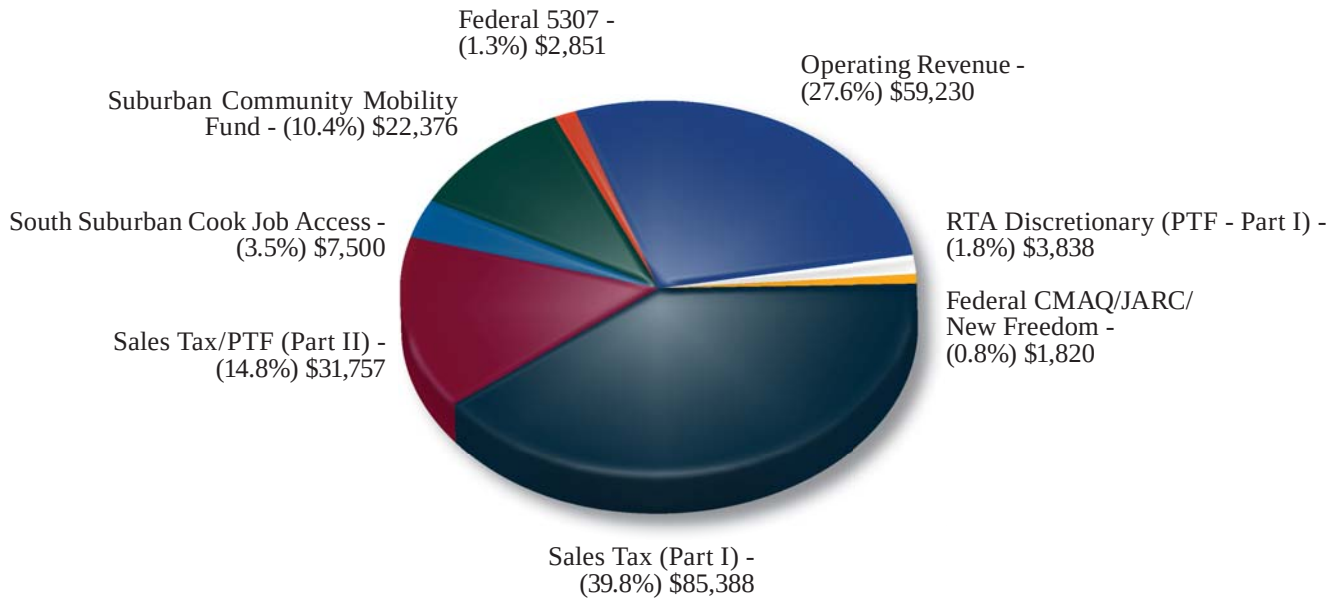
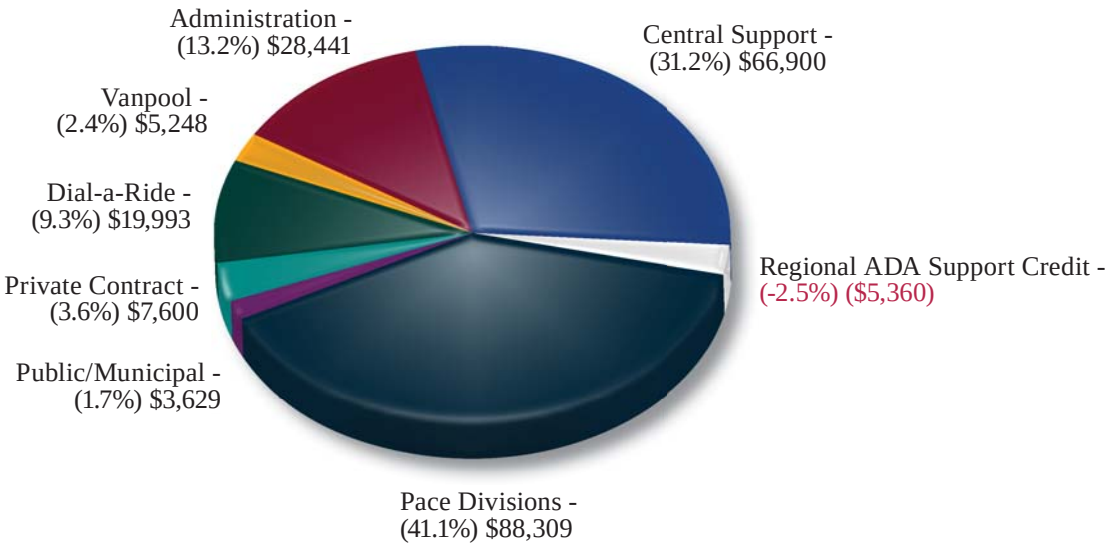


Table 8. 2014 Suburban Service Expense Summary (000's)

	2012 Actual	2013 Estimate	2014 Budget
Expenses			
Pace-Owned Services	$78,426	$83,809	$88,309
Public/Municipal Contracted Services	3,365	3,522	3,629
Private Contracted Services	6,459	6,866	7,600
Dial-A-Ride Services	18,540	19,221	19,993
Vanpool Program	4,745	4,905	5,248
Centralized Operations*	58,417	62,481	66,900
Administration **	24,329	25,729	28,441
Regional ADA Support Credit	(3,959)	(5,179)	(5,360)
Total Expenses	**$190,322**	**$201,354**	**$214,760**
Net Funding Available	**$9,919**	**$5,444**	**$0**
Recovery Rate	**30.00%**	**30.00%**	**30.00%**

** Includes Ventra™ Fare System*
*** Includes Debt Service in 2014*

Chart C. Uses of Funds (000's) - Total $214,760



2014 Pace-Owned Carrier Budget

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

In 2014, Pace will spend $58.5 million to provide service in these areas. This represents a 7.0% increase over estimated 2013 levels.

Total revenues will increase in 2014 due to a projected growth in base ridership, combined with the annualized impact of service implemented in 2013 along the I-90 Corridor, as well as expansion of the Bus On Shoulder program on I-55.

Total operating expenses will grow 5.4% over 2013 levels. Service improvements and labor and fringe benefit costs are the primary factors affecting the rising costs in 2014.

Recovery performance will decline slightly at the divisions for 2014 due to the growth in operating expenses.

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

2014 Goals

Pace's efforts for 2014 include providing 31.6 million rides with a minimum recovery ratio of 33.7%.

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

	2012 Actual	2013 Estimate	2014 Budget
Revenue			
Pace Divisions	$28,726	$29,075	$29,690
CMAQ/JARC	55	46	90
Total Revenue	**$28,781**	**$29,121**	**$29,780**
Expenses			
Operations	$54,307	$56,560	$58,744
CMAQ/JARC	148	918	1,791
Maintenance	12,452	14,006	15,026
Bus Parts/Supplies	3,219	3,224	3,447
Non-Vehicle Maintenance	2,188	2,336	2,408
General Administration	6,111	6,765	6,893
Total Expenses	**$78,426**	**$83,809**	**$88,309**
Funding Requirement	**$49,644**	**$54,688**	**$58,529**
Recovery Ratio	**36.70%**	**34.75%**	**33.72%**
Ridership	**30,374**	**30,791**	**31,631**
Vehicle Miles	**22,342**	**22,420**	**22,700**
Vehicle Hours	**1,470**	**1,485**	**1,516**
Full Time Equivalents (FTE's)	**1,195**	**1,226**	**1,241**

2014 Public/Municipal Contracted Service Budget

PACE will contract with three municipalities—Highland Park, Downers Grove and Niles—to provide fixed route bus service in these communities, and maintains an agreement with the Village of Schaumburg for fixed route service in 2014. The services included in this category are identified below with detailed information provided in Appendix F.

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

Municipal Fixed Route Services

The City of Highland Park and the Village of Niles will continue to contract with Pace in order to provide fixed route services in their areas in 2014. Combined, these services will provide .765 million rides, and generate $1.167 million in revenue via the farebox or local share contributions. Total service expenditures will reach $3.029 million in 2014, and net required funding will increase to $1.862 million. The goal for these two providers in 2014 includes increasing ridership by 1.0% and maintaining a minimum recovery ratio of 3.6%.

Downers Grove

The Village of Downers Grove operates the Grove Commuter Shuttle, transporting passengers to the Metra/Burlington Northern rail station in Downers Grove. This service is included in Pace's 2014 budget at a cost of $300,000, offset by revenue of $111,000. The goal for Downers Grove in 2014 is to achieve a minimum recovery ratio of 3.6%.

Schaumburg

A trolley service was implemented in the Woodfield area in 2001 and continues in 2014. The cost of this service is estimated at $300,000 and is partially funded by the Village of Schaumburg.

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

	2012 Actual	2013 Estimate	2014 Budget
Revenue			
Highland Park	$602	$607	$612
Niles	529	537	555
Schaumburg	271	116	120
Downers Grove	107	110	111
Total Revenue	**$1,509**	**$1,370**	**$1,398**
Expenses			
Highland Park	$1,316	$1,451	$1,488
Niles	1,515	1,493	1,541
Schaumburg	281	291	300
Downers Grove	253	287	300
Total Expenses	**$3,365**	**$3,522**	**$3,629**
Funding Requirement	**$1,856**	**$2,152**	**$2,231**
Recovery Ratio	**44.80%**	**38.90%**	**38.50%**
Ridership	**867**	**872**	**877**
Vehicle Miles	**620**	**617**	**617**
Vehicle Hours	**53**	**53**	**53**

2014 Private Contract Carrier Budget

IN 2014, Pace will contract directly with three private transit providers for fixed route service in 33 different communities.

Private contractors doing business with Pace include:

- Coach USA
- First Group
- MV Transportation

The cost of providing fixed route contracted service will increase by $0.733 million in 2014 or 10.7% over estimated 2013 levels. The increase is due primarily to new service in Rosemont along with increased contract cost in 2014. Included in the contracted services budget is the South Suburban Express Service.

Operating revenues are projected to increase by 10.8% next year due primarily to a projected increase in local subsidies associated with the new service.

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

2014 Goals

2014 goals include providing service to 0.974 million riders, while achieving a minimum recovery ratio of 25.7%.

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

	2012 Actual	2013 Estimate	2014 Budget
Revenue			
Private Contract	$1,505	$1,726	$1,913
CMAQ/JARC	31	38	39
Total Revenue	**$1,536**	**$1,764**	**$1,952**
Expenses			
Private Contract	$5,695	$6,102	$6,819
CMAQ/JARC	764	764	781
Total Expenses	**$6,459**	**$6,866**	**$7,600**
Funding Requirement	**$4,923**	**$5,103**	**$5,648**
Recovery Ratio	**23.78%**	**25.67%**	**25.68%**
Ridership	**879**	**945**	**974**
Vehicle Miles	**1,181**	**1,293**	**1,448**
Vehicle Hours	**79**	**86**	**96**

2014 Dial-a-Ride Services Budget

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

Pace has service agreements with villages and townships for the operation of 23 dial-a-ride projects. In most cases, the local community operates the service referred to as Municipal Provided Service. For 2014, 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 2014. Pace raised the subsidy from $2.25 to $3.00 at the beginning of 2009.

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

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

The budget shown in Table 12 is based on the $3.00/75% subsidy formula for local dial-a-ride and will provide $19.993 million for service throughout the six county region.

Call-n-Ride

In 2008, Pace launched its first Call-n-Ride program in West Joliet. Call-n-Ride service is a reservation-based, curb-to-curb service that picks up riders and takes them anywhere within a designated geographic service area. This service differs from other demand response services like Dial-a-Ride and ADA Paratransit service because it is designed to supplement fixed route service by providing first and/or last mile to connect people to the routes in the area. Fares for the service are the same as the local Pace fixed route fare.

Community Transit Program

The Community Transit Program replaced the Municipal Vanpool Program. This program allows local municipalities to provide flexible public transportation in their communities. This program was reclassified to the dial-a-ride budget in 2009. Revenues for this program are projected at $110,639 with 110 vehicles in service by year-end 2014. The 2014 budgeted recovery rate for this program is 168.18%.

Ride DuPage

In 2004, the Ride DuPage program was implemented. The program coordinates paratransit operations which were previously operated and dispatched by numerous private and public organizations. Pace coordinates dispatching and provides service through a mix of transportation providers. This service is included in Pace's 2014 budget at a cost of $1.515 million. Program costs are offset by local subsidies and federal grant funding.

Ride in Kane

In 2008, the Ride in Kane program was implemented. The program coordinates paratransit operations through a centralized call center and provides service through a mix of transportation providers. The cost of this service is estimated at $4.259 million. It is funded by a combination of federal grant funding and local share agreements.

2014 Goals

Combined Dial-a-Ride efforts in 2014 will include carrying approximately 1.4 million riders while maintaining recovery performance at a level of 65.83%.

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

	2012 Actual	2013 Estimate	2014 Budget
Revenue			
Municipal Provided Service	$4,205	$4,239	$4,377
Contractor Provided Service	2,400	2,469	2,538
Call and Ride	48	65	66
Eastern McHenry/Ride McHenry	1,443	1,459	1,546
Ride DuPage	1,002	1,034	1,055
Ride in Kane	3,254	3,341	3,469
Community Transit	98	105	111
Total Revenue	**$12,450**	**$12,712**	**$13,161**
Expense			
Municipal Provided Service	$5,151	$5,159	$5,316
Contractor Provided Service	4,941	5,134	5,336
Call and Ride	706	971	1,027
Eastern McHenry/Ride McHenry	2,408	2,359	2,474
Ride DuPage	1,414	1,441	1,515
Ride in Kane	3,856	4,094	4,259
Community Transit	64	63	66
Total Expense	**$18,540**	**$19,221**	**$19,993**
Recovery Rate			
Municipal Provided Service	81.63%	82.17%	82.34%
Contractor Provided Service	48.57%	48.09%	47.56%
Call and Ride	6.82%	6.67%	6.43%
Eastern McHenry/Ride McHenry	59.91%	61.82%	62.50%
Ride DuPage	70.89%	71.76%	69.65%
Ride in Kane	84.39%	81.60%	81.44%
Community Transit	152.16%	168.26%	168.26%
Total Recovery Rate	**67.15%**	**66.13%**	**65.83%**
Ridership			
Municipal Provided Service	319	322	328
Contractor Provided Service	283	289	295
Call and Ride	47	61	62
Eastern McHenry/Ride McHenry	196	188	192
Ride DuPage	42	45	46
Ride in Kane	166	170	173
Community Transit	226	239	251
Total Ridership	**1,280**	**1,313**	**1,347**

2014 Vanpool Budget

THE Vanpool Program is a commuting option which provides passenger vans to small groups of 5 to 14 people, allowing them to commute to and from work together. The program continues to grow and Pace estimates to have 722 vans in service by year-end 2014, providing 2.106 million rides. Revenue and expenses are projected to increase 3.9% and 7.0%, respectively, over 2013 levels.

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

Vanpool Incentive Program (VIP)

The Vanpool Incentive Program (VIP) is the core element of the program and is projected to achieve a ridership level of 1.100 million rides with 357 vans in service by the end of 2014. The 2014 budgeted revenue is expected to grow 5.0%, in line with the growth in vans and ridership. Total expenses are projected to increase 6.5%. Recovery performance is budgeted at 98.13% for 2014.

Employer Shuttle Program

The Employer Shuttle Program provides vans to suburban employers to shuttle employees to and from nearby transit connections with CTA, Metra and Pace facilities. Pace estimates to have 16 shuttle vans in service by the end of 2014, an increase of one van over 2013 year-end levels. The 2014 budgeted recovery rate for this program is 112.40%.

Advantage Program

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

The Advantage Program revenue and expense for 2014 will grow a respective 2.0% and 7.4%, also consistent with the growth in vans and ridership. Pace estimates to have 349 vans in service at year-end 2014. The recovery rate for the Advantage Program is budgeted at 61.87% for 2014.

2014 Goals

Pace's efforts for the entire Vanpool Program in 2014 will include providing 2.106 million passengers and maintaining a recovery ratio of 80.58%. Pace projects to have 722 vans in service by the end of 2014.

Table 13. Vanpool Budget (000's)

	2012 Actual	2013 Estimate	2014 Budget
Revenue			
VIP	2,270	2,382	2,501
Employer Shuttle	112	120	128
Advantage	1,545	1,567	1,600
Total Revenue	**3,927**	**4,070**	**4,229**
Expense			
VIP	2,256	2,392	2,549
Employer Shuttle	100	106	114
Advantage	2,390	2,407	2,585
Total Expenses	**4,745**	**4,905**	**5,248**
Funding Requirement	**819**	**835**	**1,019**
Recovery Rate			
VIP	100.63%	99.55%	98.13%
Employer Shuttle	112.38%	114.03%	112.40%
Advantage	64.64%	65.13%	61.87%
Total Recovery Rate	**82.75%**	**82.98%**	**80.58%**
Ridership			
VIP	999	1,048	1,100
Employer Shuttle	74	79	84
Advantage	889	903	921
Total Ridership	**1,962**	**2,029**	**2,106**
Vehicle Miles			
VIP	7,562	7,936	8,333
Employer Shuttle	309	331	353
Advantage	4,791	4,862	4,961
Total Vehicle Miles	**12,662**	**13,129**	**13,647**
Vehicles in Service (year-end) - VIP	**324**	**340**	**357**
Vehicles in Service (year-end) - Employer Shuttle	**14**	**15**	**16**
Vehicles in Service (year-end) - Advantage	**337**	**342**	**349**
Total Vehicles in Service (year-end)	**675**	**697**	**722**

2014 Centralized Support Budget

PACE manages numerous functions and expenditures "centrally" on behalf of the entire Agency. The centralized support budget will reach $66.9 million in 2014. This budget includes expenses for fuel, liability insurance, healthcare, and the new Ventra™ Fare System.

In 2013, Pace's centralized support expense is estimated to end the year $4.1 million or 7.0% over 2012 levels.

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

The 2014 centralized support budget will grow 7.1% over estimated 2013 levels.

The operations component is comprised of 34 positions that provide support to all operation areas of Pace. Total operations expense is projected to grow 4.6% over 2013 levels. Most of this growth is attributed to rising labor and fringe benefit costs.

Fuel expenses are projected to grow 2.1% in 2014. Suburban Service fuel consumption is budgeted at 5.98 million gallons at $3.21 per gallon next year. Fuel is one of the most volatile components of our budget that has negatively affected total operating costs.

The maintenance area is comprised of 43 positions and includes both maintenance and materials management personnel. Total maintenance expense is projected to grow 10.9% over 2013 levels with most of the growth attributed to costs associated with a bus wrapping decal campaign.

The non-vehicle maintenance area consists of 11 positions which provide support to all building maintenance and bus shelter functions. This area will grow 12.2% over 2013 levels due to added facility and shelter expenses, as well as labor and fringe benefit costs for one additional position that will handle expanded initiatives.

The administration portion of the central support budget is comprised of numerous items including marketing, liability insurance, and healthcare. In 2014, healthcare and liability insurance expenses are forecasted to rise a respective 5.8% and 2.3% over 2013 levels. In 2014, $3.128 million in costs is projected for the Ventra™ Fare System.

2014 Goals

Pace's 2014 budgetary efforts for centralized support will include constraining non-labor expenditures wherever possible while maintaining a staffing level of 88 positions.

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

Table 14. Centralized Support Budget (000's)

	2012 Actual	2013 Estimate	2014 Budget
Expenses			
Operations	$4,723	$4,809	$5,028
Fuel	17,926	18,791	19,178
Maintenance	4,510	4,790	5,310
Non-Vehicle Maintenance	1,217	1,448	1,626
Administration	4,081	4,771	4,487
Liability Insurance	7,572	8,144	8,327
Health Care	18,389	18,724	19,816
Ventra™ Fare System	0	1,004	3,128
Total	**$58,417**	**$62,481**	**$66,900**
Full-Time Equivalents (FTE's)	**80**	**87**	**88**

2014 Administrative Budget

THE 2014 administrative budget is estimated to reach $28.4 million. Pace will utilize 204 positions to manage all of the Agency's administrative responsibilities including accounting, financial and capital assistance programs, marketing, information systems, legal services, purchasing, risk management, and strategic planning.

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

In 2013, administrative expenses are estimated to end the year $1.4 million or 5.8% over 2012 levels. Contributing to the growth is increased consulting costs for service studies; increased MIS operating costs; and on-going cost growth for software maintenance.

The 2014 administrative budget will increase 10.5% over 2013 estimated levels and includes projected increases in labor, data processing costs and space rental costs. Also included in the 2014 expense budget are debt management and bond issuance costs.

Looking at the individual areas of the administrative budget, non-vehicle maintenance expenses are estimated to grow 8.1% over 2013 year-end levels. Additional expenses are projected in 2014 for the upkeep of Pace's facilities.

Labor and fringe benefit costs will grow 11.2% in 2014 due largely to additional staffing needs. Administrative staffing will rise by eight Full-Time Equivalents (FTE's) to administer capital program projects and new initiatives.

A new expense line, "Debt Service," has been added which reflects the first year cost of debt related to a new bond scheduled for issuance early in 2014. The expense category "Other" will rise 3.0% next year and reflects cost growth for data processing and space rent. Additional information on Pace's planning initiatives is contained in Appendix E of the document.

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

2014 Goals

Pace's 2014 budgetary efforts for administration include constraining non-labor expense growth while maintaining a staffing level of 204 positions.

Table 15. Administrative Budget (000's)

	2012 Actual	2013 Estimate	2014 Budget
Non-Vehicle Maintenance	**$237**	**$294**	**$318**
General Administration			
Labor/Fringe Benefits	16,684	16,588	18,446
Parts/Supplies	223	235	259
Utilities	258	256	258
Debt Service	0	0	550
Other	6,927	8,357	8,611
Total Expenses	**$24,329**	**$25,729**	**$28,441**
Full Time Equivalents (FTE's)	**185**	**196**	**204**

2014 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 2014 through 2016. The RTA Act requires that the Service Boards submit a budget and three year financial plan. The plan is required to show a balance between the funding estimates provided by the RTA (known as "the marks") and the anticipated costs of providing services. Pace's plan for 2014–2016 achieves this balance. The assumptions and highlights for the three years in review are provided in this section.

The plan presented for your review includes several new items planned for 2014, as well as the full year impact from new items that were included in the 2013 budget. New items include several new initiatives such as additional staffing requirements and the beginning of debt service payments as Pace plans to issue bonds in 2014. The full year cost impact from the new Ventra™ Fare System will be evident in 2014. Service enhancements implemented in 2013 that will have full year impacts in 2014 include new service on the I-90 Corridor; expansion of the I-55 Bus On Shoulder service; and restructured service in Lake County.

The outlook for ridership remains positive. For 2013, ridership is expected to finish up 1.7%, and for 2014 ridership is forecasted to grow another 2.7%. The outlook shows ridership is expected to grow annually for all three years of the plan.

The RTA's public funding outlook for the current three year plan has become less conservative compared to the prior multi-year plan. RTA is forecasting public funding to grow 4.8% for 2014, and 4.0% and 4.5% in the two out years. They have also acknowledged that sales tax will finish better than budget for the current year. This is positive news, and will allow Pace to finish with a net surplus of $5.444 million for 2013.

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

As noted, the budget and three year financial plan are balanced, and Pace will achieve the 30% recovery ratio set by the RTA for the Suburban Service program for 2014. No fare increases are planned for 2014 at this time. A discussion of the assumptions used in developing the multi-year plan and a review of the highlights of the plan are provided in the following pages, along with Table 18 showing the full details of the plan.

Table 16. Baseline Economic Assumptions

	2013	2014	2015	2016
Change in Demand (Based on Total Ridership) (1)	1.7%	2.7%	1.5%	1.5%
T-Bill Rates (90 Day) (2)	0.3%	0.3%	0.6%	1.0%
CPI-U (National) (3)	1.9%	2.0%	2.1%	2.1%
Ultra-Low Sulfur (Price Growth) (4)	2.4%	1.0%	0.0%	0.0%
Pace Public Funds (Sales Tax) (5)	2.7%	4.8%	4.0%	4.5%

(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 increases.

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

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

(4) Reflects fuel price estimates for the current and future years for diesel. Oil futures contract prices were used for budget and plan years 2014-2016.

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

Assumptions

NUMEROUS factors are considered in order to develop an annual budget and multi-year plan. The amount of demand has to be evaluated and identified for both the short and long term. The demand is measured by estimates for ridership and these estimates translate into the forecasts for farebox revenues. Economic assumptions related to the costs of providing transit services must be identified. Estimates for the consumer price index (CPI) and estimates for fuel are assumptions of significant importance. The outlook for public funding growth as verified by the RTA's estimates for state sales tax revenues is highly important as it provides between 60% and 70% of annual funding for operations. A list of baseline assumptions used to develop the Pace three year plan is summarized in Table 16. The following list of key sources were also referenced for information/outlooks on the industry/economy: the Congressional Budget Office – CBO (the primary source used for inflation indices); The Kiplinger Letter (referenced for general economic information including outlooks for inflation, interest rates, etc.); The Bureau of Labor Statistics – BLS (a source for key indicators including the Producer Price Index – PPI, Utilities, Inflation, etc.); EIA – The U.S. Energy Information Administration (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

	2014	2015	2016
Fare Revenue	2.7%	1.6%	1.6%
Total Revenue	4.0%	2.0%	2.3%
Labor/Fringes	6.6%	3.6%	3.5%
Health Care	5.8%	6.0%	6.0%
Parts/Supplies	4.6%	6.1%	6.1%
Purchased Transportation	6.1%	4.2%	4.2%
Utilities	0.9%	5.2%	5.2%
Insurance/Claims	2.2%	6.3%	6.3%
Fuel (Costs)	2.4%	0.3%	0.3%
Fuel Costs - Diesel - Suburban Service	$19.178 mil	$19.178 mil	$19.178 mil
Numbr of Gallons - Suburban Service	5.980 mil	5.980 mil	5.980 mil
Price per Gallon - Diesel	$3.21	$3.21	$3.21
Fuel Costs - Gasoline - Vanpool	$3.109 mil	$3.168 mil	$3.233 mil
Number of Gallons - Vanpool	.938 mil	.956 mil	.975 mil
Price per Gallon - Gasoline	$3.31	$3.31	$3.31

Highlights - 2014 Budget and Three Year Plan

PACE'S 2014 Budget presented in Table 18 is balanced using RTA Sales Tax funding marks; Federal CMAQ, JARC, and New Freedom funds; and Federal 5307 Capital Cost of Contracting funds. For the two out-years (2015–2016) the plan is balanced with continued use of Federal 5307 and Pace funds in the third year of the plan. Pace continues to maintain a robust program of privately contracted services which are eligible (under the Federal Capital Cost of Contracting program) for reimbursement of the private capital consumed in the delivery of public transit services. We will rely on this source of funds, along with RTA discretionary funding and use of Pace funds to balance the three year plan. For all three years, Pace achieves a 30% recovery ratio due in part to the allowed use of credits approved by the RTA when calculating the ratio.

Some of the highlights for the three years include operating revenues which will grow at an annual compound rate of 2.8%. The growth in revenue reflects continued ridership growth over the three year horizon.

Expenses will grow at an annual compound rate of 5.2% over the three year period. Expense growth over the plan years reflects service enhancements plus new items like the Ventra™ Fare System and costs associated with new bond issuances.

Total public funding will grow at an annual compound rate of 4.8% over the three year plan cycle and will include sales tax revenues; federal sources of funds, and the use of Pace funds.

Suburban Service Budget and Three Year Plan

Table 18. 2014-2016 Suburban Service Operating Budget and Three Year Business Plan (000's)

	2012 Actual	2013 Estimate	2014 Budget	2015 Plan	2016 Plan
Operating Revenue					
Farebox Revenue	$35,211	$36,022	$36,987	$37,567	$38,157
Reduced Fare Reimbursement	2,629	1,978	2,731	2,610	2,610
Investment Income	188	217	231	406	630
Advertising	4,484	4,547	4,654	4,658	4,664
Local Share / Other	13,974	14,205	14,626	15,196	15,785
Total Revenue	**$56,485**	**$56,970**	**$59,230**	**$60,437**	**$61,847**
Operating Expenses					
Labor/Fringes	$97,620	$102,027	$108,749	$112,698	$116,642
Health Care	18,389	18,724	19,816	21,005	22,265
Parts/Supplies	6,348	6,527	6,826	7,242	7,683
Purchased Transportation	27,181	28,316	30,032	31,289	32,598
Fuel	20,770	21,759	22,288	22,346	22,411
Utilities	1,563	1,606	1,621	1,705	1,794
Insurance	7,572	8,144	8,327	8,852	9,410
Ventra™ Fare System	0	1,004	3,128	2,990	3,053
Debt Service	0	0	550	1,520	5,455
Other	14,838	18,427	18,782	18,642	18,913
Regional ADA Support Credit	(3,959)	(5,179)	(5,360)	(5,551)	(5,750)
Total Expenses	**$190,322**	**$201,354**	**$214,760**	**$222,738**	**$234,474**
Funding Requirement	**$133,836**	**$144,384**	**$155,530**	**$162,301**	**$172,627**
Public Funding					
Sales Tax (Part I)	$79,327	$81,508	$85,388	$88,803	$92,799
RTA Sales Tax and PTF - (Part II)	31,429	30,912	31,757	32,412	33,309
Suburban Community Mobility Funds (SCMF)	20,796	21,360	22,376	23,271	24,319
South Suburban Job Access Funds	7,500	7,500	7,500	7,500	7,500
RTA Discretionary (PTF - Part I)	3,000	3,694	3,838	3,839	4,011
Federal CMAQ/JARC/New Freedom	1,703	2,076	1,820	1,063	1,107
Federal 5307/Capital Cost of Contracting	0	2,778	2,851	5,413	5,842
Pace Funds	0	0	0	0	3,740
Total Public Funding	**$143,755**	**$149,828**	**$155,530**	**$162,301**	**$172,627**
Net Funding Available	**$9,919**	**$5,444**	**$0**	**$0**	**$0**
Recovery Ratio	**30.00%**	**30.00%**	**30.00%**	**30.00%**	**30.00%**

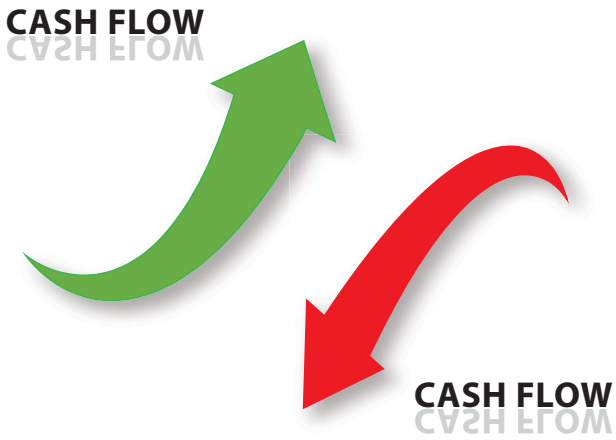
Pace Suburban Service Cash Flow - 2014

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 2014.

Table 19. Pace Suburban Service Projected Cash Flow Summary - 2014 (000's)

	Beginning Balance	Revenues	Expenses	Net Results	Ending Balance
January	$52,292	$16,340	$23,613	($7,273)	$45,019
February	45,019	16,510	18,313	(1,803)	43,216
March	43,216	18,314	21,393	(3,079)	40,137
April	40,137	15,584	18,313	(2,729)	37,408
May	37,408	15,431	18,313	(2,882)	34,526
June	34,526	16,793	19,723	(2,929)	31,596
July	31,596	16,571	18,313	(1,742)	29,854
August	29,854	19,933	18,313	1,620	31,474
September	31,474	17,760	19,723	(1,962)	29,512
October	29,512	19,230	18,313	917	30,428
November	30,428	17,444	18,313	(869)	29,559
December	29,559	24,851	19,723	5,128	34,687



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ADA Paratransit

ADA PARATRANSIT

2014 Regional ADA Paratransit Operating Budget

Summary

THE 2014 Regional ADA Service program is summarized below and detailed throughout this section. The table below shows total operating expenses will reach $160.085 million in 2014 – up 7.6% or $11.323 million over estimated 2013 levels. Revenues will increase by 3.4% or $0.424 million to $12.919 million. The ADA program will receive $147.166 million in funding—the amount identified as available by RTA for 2014 at this time.

The outlook for 2013 shows the ADA program finishing the year at budget as both demand and service costs are expected to reach planned levels. For 2014, total ridership is expected to grow by 4.9% over the 2013 estimate, reaching 4.204 million trips. This growth is accommodated by the projected funding level of $147.166 million. An important note -- the 2014 budget includes an assumption that contractor costs will increase in a range of 3.0%; given a major new contract change is currently underway and the cost impacts are not final at this time.

The 2014 Regional ADA Paratransit program, as presented in this section, is balanced to the $147.166 million funding mark and will achieve a 10.00% recovery ratio next year using capital cost exemption credits allowed by the RTA.

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

	2012 Actual	2013 Estimate	2014 Budget
Total Operating Expenses	**$137,013**	**$148,762**	**$160,085**
Less: Total Operating Revenue	12,840	12,495	12,919
Funding Requirement	**$124,173**	**$136,267**	**$147,166**
Less: Sales Tax & PTF (Part II)	$113,233	$127,767	$138,666
State Funds	8,500	8,500	8,500
RTA Funding / Budget Balancing Actions	2,440	0	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

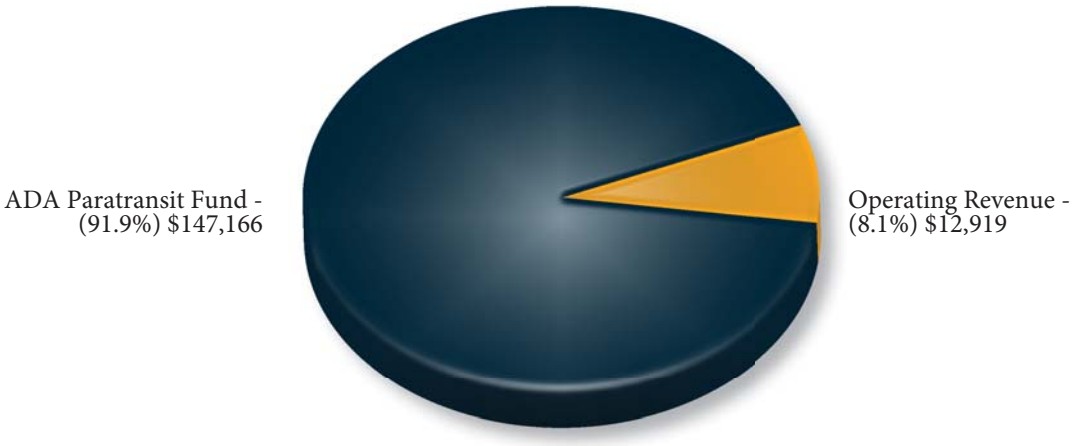
In January 2008, the amended RTA Act dedicated a new source of funding for the Regional ADA Paratransit Program. Section 2.01(d) required that the RTA establish an ADA Paratransit Fund and each year, amounts, as specified in Section 4.03.3, were to be deposited into the fund, including any additional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

For 2012, the RTA Act was amended to increase the ADA Fund level to $115.000 million. The amendment also states that for each year thereafter, an amount equal to the final budget funding for ADA paratransit service for the current year shall be provided. Based on this amendment, the RTA has established the amount of $147.166 million for 2014, which includes $8.500 million in additional State funding. This level of funding will represent 91.9% of the total available source of funds for the ADA Paratransit Program next year.

Operating Revenue

The second source of funding available to fund the ADA Paratransit Program comes from operations. Operating revenues are generated largely from passenger fares. As ridership/demand grows, passenger fare revenues also move in the same direction. Operating revenues also include income generated from reimbursements for services provided. In the case for 2014, Pace will be reimbursed for certification and recertification trips. Pace will also receive reimbursement from Medicaid for trips determined to be eligible under their guidelines. For 2014, Operating revenues will represent $12.919 million or 8.1% of the total sources of funds available to fund the Regional ADA Paratransit Program.

Chart D. ADA Sources of Funds (000's) - Total $160,085



Regional ADA Paratransit Uses of Funds

ALL funds received in 2014 will be used to provide and support ADA Paratransit services. The major components of the ADA program consist of City ADA services and Suburban ADA services. Service delivery under both of these programs is contracted to private service operators. Another service element offered in the City of Chicago is a Taxi Access Program (TAP). This program provides subsidized taxi service to ADA eligible riders. In addition to the City and Suburban cost elements, there are regional support costs which represent the indirect overhead costs of supporting the Regional ADA Paratransit service overseen by Pace. Details on the City, Suburban ADA services, and TAP are included on Table 21, page 30.

City ADA Services

Pace will continue to provide all ADA service within the City of Chicago. For 2014, Pace expects to spend $123.161 million for City ADA service. The majority of these expenditures (95.0%) 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 $1.804 million for TAP in 2014.

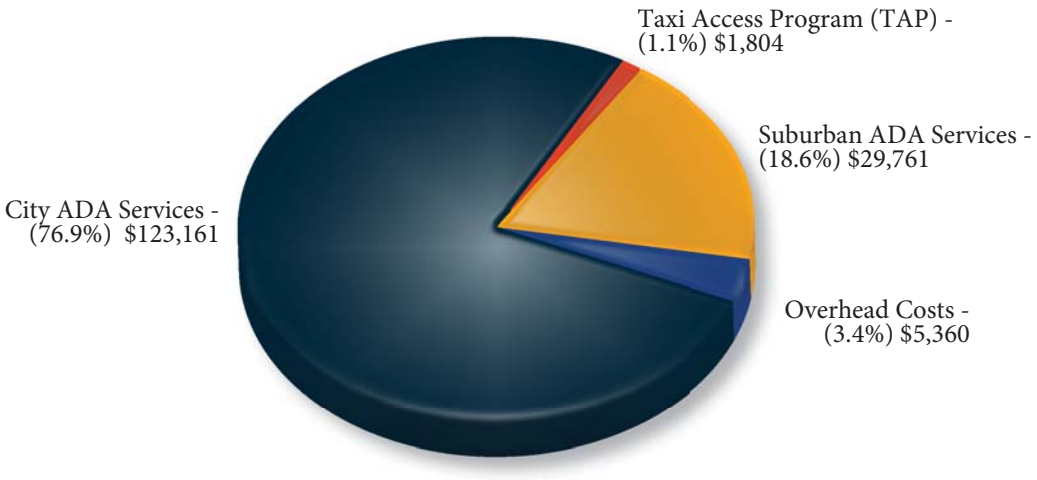
Suburban ADA Services

Pace provides ADA service in the suburbs. For 2014, Pace will spend $29.761 million for Suburban ADA service. Costs for contracted service in the suburbs will account for 96.5% of the total cost, including fuel. Similar to the City service, the balance of the costs are also for insurance, administration and the costs for certifying ADA eligible participants.

Indirect Overhead Costs

There are regional support costs that Pace incurs on behalf of managing and operating the ADA program. For 2014, Pace will incur $5.360 million in overhead costs that will be allocated to the Regional ADA program.

Chart E. Uses of Funds (000's) - Total $160,085



2014 Regional ADA Paratransit Service Budget - City/Suburban Detail

PACE'S 2014 proposed revenue, expense and funding requirements for the Regional ADA Paratransit services are presented in Table 21 below. The estimates for 2013 and the proposed budget for 2014 are broken down into City, TAP and Suburban components.

The 2014 program is balanced to both the funding and recovery marks set by the RTA.

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

Table 21. 2014 Regional ADA Paratransit Service Budget - City/Suburban Details (000's)

	2013 Estimate			2014 Budget			
Revenue	**City**	**Suburban**	**Region Total**	**City**	**Suburban**	**Region Total**	**Net Change 2013-2014**
Fares—Contract	$7,565	$2,082	$9,647	$7,943	$2,186	$10,129	$482
Fares—TAP	285	0	285	285	0	285	0
RTA Certification	2,169	394	2,563	2,095	410	2,505	(58)
Total Revenue	**$10,019**	**$2,476**	**$12,495**	**$10,323**	**$2,596**	**$12,919**	**$424**
Expenses							
Contract Services	$108,348	$23,806	$132,154	$117,016	$25,711	$142,727	$10,573
TAP Services	1,751	-	1,751	1,804	-	1,804	53
Fuel	-	2,815	2,815	-	3,009	3,009	194
Insurance	252	-	252	255	-	255	3
Administration	4,631	640	5,271	4,852	665	5,518	247
RTA Certification	944	361	1,305	982	376	1,357	52
Other	35	-	35	56	-	56	21
ADA Support Allocation	-	-	5,179	-	-	5,360	181
Total Expenses	**$115,961**	**$27,622**	**$148,762**	**$124,965**	**$29,761**	**$160,085**	**$11,323**
Funding Requirement	**$105,942**	**$25,146**	**$136,267**	**$114,641**	**$27,165**	**$147,166**	**$10,899**
Public Funding	-	-	**$136,267**	-	-	**$147,166**	**$10,899**
Net Funding Available	-	-	0	-	-	0	0
Recovery Ratio	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	-
Base Ridership—Contract	2,522	718	3,240	2,648	754	3,402	162
Total Ridership—Contract	3,082	819	3,901	3,236	860	4,096	195
Ridership—TAP	108	-	108	108	-	108	0
Ridership—Total	**3,191**	**819**	**4,009**	**3,345**	**860**	**4,204**	**195**

Regional ADA Budget & Three Year Business Plan

General

The following section presents Pace's Regional ADA Paratransit Budget and Three Year Business Plan for the period 2014 through 2016.

In summary, the 2014 ADA Paratransit Budget is balanced to the $147.166 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.

In order to reach the funding marks in the two out-years of the plan, additional RTA funds and/or budget balancing actions have been applied. As specified in the amended RTA Act, the RTA is responsible for ensuring that adequate resources are budgeted each year for the ADA program; therefore, we provide this information to the RTA for their consideration.

Assumptions

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

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

Highlights – 2014 Budget and Three Year Plan

The budget and two out-years presented in Table 23 shows the ADA program balanced using additional RTA funds and/or budget balancing actions. Some of the highlights for the three years include fare revenues which will grow at an annual compound rate of 5.0%. Fare revenue grows consistent with the annual compound growth rate for ridership – 5.0%.

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

Total ADA funding is growing at an annual compound rate of 8.0% over the three years of this plan. Given the outlook for the continued growth rate for demand and associated costs, the conservative outlook for funding will continue to require additional funding and/or identification of budget balancing actions.

Table 22. Expense Growth Factors

	2014	2015	2016
Contractor Costs - City	3.00%	3.00%	3.00%
Contractor Costs - Suburban	3.00%	3.00%	3.00%
Demand - City	5.00%	5.00%	5.00%
Demand - Suburban	5.00%	5.00%	5.00%
Fuel Costs - ADA	$3.009 mil	$3.159 mil	$3.317 mil
Number of Gallons - ADA	.906 mil	.952 mil	.999 mil
Price per Gallon - ADA	$3.32	$3.32	$3.32

Regional ADA Paratransit Budget and Three Year Business Plan

Table 23. 2014-2016 Regional ADA Paratransit Budget and Three Year Business Plan (000's)

	2012 Actual	2013 Estimate	2014 Budget	2015 Plan	2016 Plan
Operating Revenue					
Fares	$9,289	$9,932	$10,414	$10,921	$11,453
Other/Certification Revenue	3,551	2,563	2,505	2,579	2,656
Total Revenue	**$12,840**	**$12,495**	**$12,919**	**$13,500**	**$14,109**
Operating Expense					
Labor/Fringes	$2,697	$2,712	$2,800	$2,901	$2,990
Health Care	531	415	438	465	492
Administrative Expense	1,746	2,179	2,335	2,384	2,435
Fuel	2,578	2,815	3,009	3,159	3,317
Insurance/Claims	147	252	255	266	280
RTA Certification Trips	1,252	1,305	1,357	1,425	1,497
Suburban ADA Purchased Transportation	22,564	23,806	25,711	27,768	29,989
City ADA Purchased Transportation	99,689	108,348	117,016	126,377	136,487
TAP & Mobility Direct Services	1,851	1,751	1,804	1,858	1,914
Regional ADA Support Allocation	3,959	5,179	5,360	5,552	5,750
Total Expenses	**$137,013**	**$148,762**	**$160,085**	**$172,155**	**$185,151**
Funding Requirement	**$124,173**	**$136,267**	**$147,166**	**$158,655**	**$171,042**
Public Funding					
Sales Tax and PTF (Part II)	$113,233	$127,767	$138,666	$148,968	$159,990
State Funds	8,500	8,500	8,500	8,500	8,500
RTA Funds/Budget Balancing Actions	2,440	0	0	1,187	2,552
Total Public Funding	**$124,173**	**$136,267**	**$147,166**	**$158,655**	**$171,042**
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 - 2014

THE following provides an estimate of Pace's 2014 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.

The projected cash flow presented below for Pace's Regional ADA Paratransit service shows sufficient funds for Pace to maintain operations during 2014.

Table 24. Pace Regional ADA Projected Cash Flow Summary - 2014 (000's)

	Beginning Balance	Revenues	Expenses	Net Results	Ending Balance
January	($5,137)	$13,341	$13,341	$0	($5,137)
February	(5,137)	13,341	13,341	0	(5,137)
March	(5,137)	13,341	13,341	0	(5,137)
April	(5,137)	13,341	13,341	0	(5,137)
May	(5,137)	13,341	13,341	0	(5,137)
June	(5,137)	13,341	13,341	0	(5,137)
July	(5,137)	13,341	13,341	0	(5,137)
August	(5,137)	13,341	13,341	0	(5,137)
September	(5,137)	13,341	13,341	0	(5,137)
October	(5,137)	13,341	13,341	0	(5,137)
November	(5,137)	13,341	13,341	0	(5,137)
December	(5,137)	13,341	13,341	0	(5,137)

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Capital Budget
Suburban Service

CAPITAL BUDGET

SUBURBAN SERVICE

Suburban Service Capital Budget & Five Year Business Plan

Overview

The most recent RTA Capital Asset Condition Assessment Report reflects the condition and reinvestment needs of the region's transit assets as of December 31, 2011. It has been determined that an estimated $31 billion is needed over the ten year period (2012 to 2021) to address backlog and normal capital reinvestment to maintain the system in a State of Good Repair (SGR). This includes $18.7 billion to address the existing investment backlog (60.2% of total needs) and an additional $12.4 billion to address normal replacement, rehabilitation and capital maintenance.

The RTA, in concert with the Service Boards, continues to work toward developing a set of performance measures; and the Service Boards now use the "Capital Optimization Support Tool" (COST) to assess and prioritize transit capital investment needs within the parameters of regional funding and long term strategic objectives.

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

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

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

- Backlog - Replacement Costs for assets characterized by an age greater than their useful life. These assets are still in service and have not been replaced due to the lack of sufficient funding.
- Normal Replacement - Replacement Cost for assets that will reach the end of their useful life during the five year program.
- Capital Maintenance - Cost associated with keeping an asset in a state of good repair. Capital Maintenance is typically significant, and is the cost associated with keeping the asset in service for the full term of its useful life.

Summary

As for Pace, our SGR backlog alone is $432 million and as funding levels continue to fall short, this amount will increase annually. The Regional backlog and ten year capital needs have grown by 22% since the 2009 Baseline Assessment. See Table 25 for Regional Ten Year Program Needs.

Table 25. Regional Ten Year Program Needs (in Billions)

	CTA	Metra	Pace	Total	% of Total
State of Good Repair - Backlog	$11.70	$6.55	$0.43	$18.69	60%
Normal Replacement	4.49	2.24	1.22	7.94	26%
Rehabilitation	2.42	0.61	0.44	3.47	11%
Capital Maintenance	0.54	0.26	0.15	0.95	3%
Total Ten Year Needs	$19.15	$9.66	$2.24	$31.05	100.00%
% of Program Needs	61.68%	31.11%	7.21%	100.00%	

Source: RTA Capital Asset Condition Up-date - Report for Calendar Year 2011

2014 Suburban Service Capital Program/Project Descriptions

Capital Budget Mark Assumptions

The RTA passed the required funding marks on October 16, 2013, after the statutory deadline of September 15th. The Capital Program marks provide estimated federal and other funds that might be available to the region for capital investment purposes. The 2014 Capital Program marks provide $36.530 million in Federal 5307 and 5339 formula funding, and $3.480 million in Federal CMAQ discretionary funding from the Federal Transit Administration (FTA). In addition, Pace is expected to receive $5.000 million from RTA bonds for State of Good Repair projects. Pace also budgeted $12.000 million of Pace Bond funding and $.250 million of its own PBV funds for capital projects.

Additionally, RTA is assuming the State Jump Start bond funding will be available and will be programmed for projects in 2014. A revenue increase has not been developed by the Illinois State Legislature at this time to generate the necessary funds to allow the state to issue such bonds. The absence of new state revenue sources makes this funding uncertain. If these funds would become available, Pace would receive $68.400 million for suburban capital needs and $45 million for Regional ADA capital needs. Please refer to Appendix I for further information on the State Bond funded projects.

Table 26. Pace 2014 Capital Program Marks

(000's)	Amount
Federal 5307/5339 Formula	$36,530
Federal CMAQ Funds	3,480
RTA Bonds	5,000
Pace Bonds	12,000
Pace Funds	250
Total	$57,260

Funding Summary

The 2014 Suburban Capital Program totals $57.260 million. Most of the funding will be used for projects needed to return the Pace system to a "State of Good Repair". The capital program includes the following:

Rolling Stock ($32.230 Million)

- 43 fixed route buses ($18.370 million): Project includes 43 replacement 40' buses.
- 80 paratransit vehicles ($4.960 million): These vehicles will be used for replacement of vehicles which have exceeded their useful life and for minor expansion.
- 166 vanpool vans ($6.620 million): 166 vans to replace vans which have exceeded their useful life and some for expansion.
- Diesel Engine Retrofit ($2.280 million): This project involves the overhaul of aging Eldorado 30' buses with upgraded newer model year engines. This change will reduce NOx exhaust emissions and increase fuel economy.

Operating Cost Impacts

Pace's average fleet age is 6.2 years for fixed route, 3.9 years for paratransit, 4.6 years for vanpool and 2.8 years for community based service. The typical life expectancy is 12 years, four years, and four to five years respectively. For fixed route buses, mid-life expenses begin increasing at the six to eight year mark. Many of the vanpool vans are past their useful life and out of warranty; the paratransit buses are reaching the end of their lives as well. These vehicles will incur additional annual operating costs of approximately $3,000 each.

Support Facilities & Equipment ($20.289 Million)

- Improvement to Garages/Facilities ($6.779 million): Projects include the construction of a new South Holland Acceptance Facility, a new bus wash for North Division, replacement of driveway, sewer manholes and parking lot at Northwest Division, replacement of a fire loop water main system at West Division and other miscellaneous improvements.
- South Division Renovation, Design and Construction ($12.000 million): Project involves the mid-life renovation of this 25 year old facility and adding CNG fueling capability. Pace received bond authority which was effective on January 1, 2013, from the State legislature to undertake this project.
- Computer Hardware/Software and Systems ($1.300 million): Project includes the purchase of miscellaneous hardware and software replace-

ments/upgrades to existing systems.

- Support Equipment ($.210 million): Project includes the purchase of miscellaneous maintenance/support equipment for the garages and headquarters.

Operating Cost Impacts

- It is important to recognize that individual projects in this category cannot be analyzed from an operating cost impact vantage point in isolation of their overall system impact. In general, the replacement of equipment and other improvements to garages covered in this program will result in cost avoidance which would otherwise impact the operating budget.

Stations and Passenger Facilities ($1.200 Million)

- Bus Stop Infrastructure ($1.200 million): This project includes the purchase and installation of bus shelter pads and construction of sidewalks leading to the bus shelters.

Operating Cost Impacts

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

Miscellaneous ($3.541 Million)

- Unanticipated Capital ($.250 million): Project includes funds for capital eligible projects not anticipated in the budget process.
- Capital Cost of Contracting ($2.851 million): Project contains funds to cover capital private contractor capital cost of contracting expenses incurred in suburban service.
- Project Administration/Force Account ($.440 million): Project includes staff time spent on the administration of various grants as well as force account work for inspection services, design and construction management activities. This reduces operating expenses by an equal amount.

Project Funding

Most of the funding for the Capital Program will be used for projects needed to return the Pace system to a "State of Good Repair".

Table 27. Suburban Service 2014 Capital Program - (000's)

	AC	EC	Total Budget	Federal Section 5307/5339	Federal CMAQ	RTA Bond	Pace Bond	Pace Funds
Rolling Stock								
43 Fixed Route Buses Replacements	NR	M3	$18,370	$18,370	$0	$0	$0	$0
80 Paratransit Buses	NR	M3	4,960	4,960	0	0	0	0
166 Vanpool Vans	B	M3	6,620	6,620	0	0	0	0
Diesel Engine Retrofit	CM	M3	2,280	0	2,280	0	0	0
Subtotal			$32,230	$29,950	$2,280	$0	$0	$0
Support Facilities & Equipment								
Improve Facilities - Systemwide	B	M3	$6,779	$1,779	$0	$5,000	$0	$0
South Div. CNG/Renovation	B	M3	12,000	0	0	0	12,000	0
Computer Syst./Hardware & Software	NR	M3	1,300	1,300	0	0	0	0
Support Equipment	B	M3	210	210	0	0	0	0
Subtotal			$20,289	$3,289	$0	$5,000	$12,000	$0
Stations & Passenger Facilities								
Bus Stop Infrastructure	NR	EN2	$1,200	$0	$1,200	$0	$0	$0
Subtotal			$1,200	$0	$1,200	$0	$0	$0
Miscellaneous								
Unanticipated Capital	N/A	N/A	$250	$0	$0	$0	$0	$250
Capital Cost of Contracting	N/A	N/A	2,851	2,851	0	0	0	0
Project Administration/Force Account	N/A	N/A	440	440	0	0	0	0
Subtotal			$3,541	$3,291	$0	$0	$0	$250
Total 2014 Capital Program Suburban			**$57,260**	**$36,530**	**$3,480**	**$5,000**	**$12,000**	**$250**
2014 Marks				**$36,530**	**$3,480**	**$5,000**	**$12,000**	**$250**

LEGEND

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

EC =EVALUATION CRITERIA

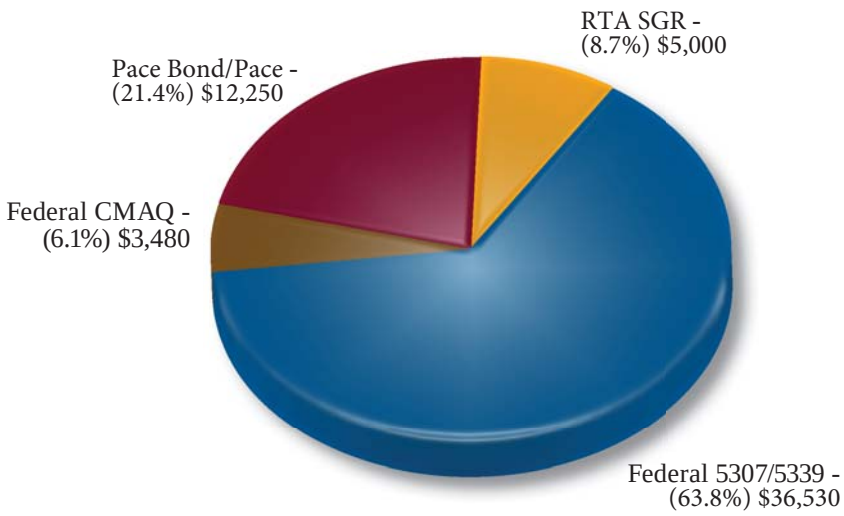
M = MAINTAIN
M1 - SAFETY/SECURITY
M2 - REGULATORY
M3 - STATE OF GOOD REPAIR

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

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

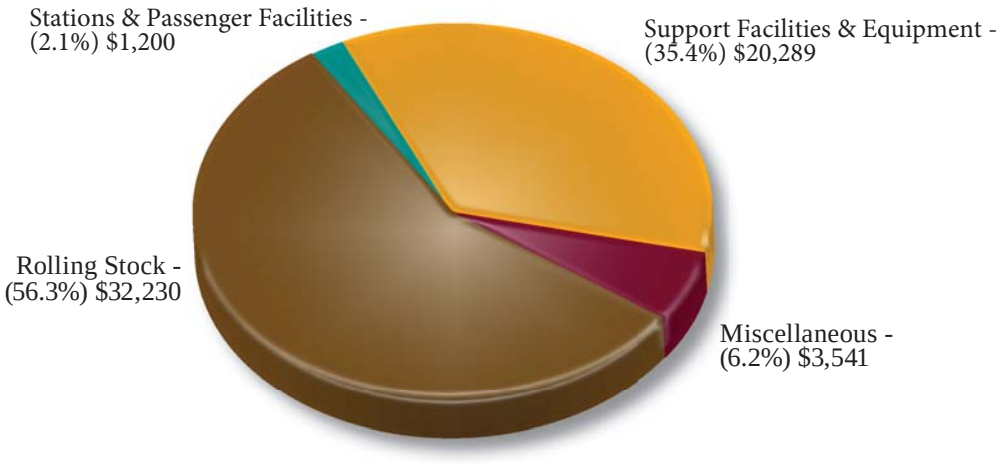
Chart F. 2014 Suburban Services Capital Program - Sources/Uses of Funds - Total $57,260

Sources (000's)



Nearly 70% of the Pace program is expected to be derived from Federal sources

Uses (000's)



Over 56% of the Pace program will be spent on the replacement of Rolling Stock

Capital Funding Sources

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

Federal Funding

Federal funding for public transportation projects was authorized through federal fiscal year 2014 in "Moving Ahead for Progress in the 21st Century" (MAP-21), passed on July 6, 2012. The bill provided more stable funding and also eliminated earmarks and most of the discretionary programs. The RTA is assuming current 2013 federal levels of funding that include the 0.2% rescission for 2014 and 2015. Additionally, in light of the current state of the economy and the national focus on reducing federal budget deficits, the RTA believes it is prudent for the out-years 2016-2018, to assume a growth rate equal to the estimated inflation rate. These assumptions would be applied to Sections 5307/5340 Urbanized Area Formula Program, Section 5337 State of Good Repair Program and Section 5339 Bus and Bus Facilities Formula Grants Program. However, it is expected that formula funded programs may be revised by the RTA upon publication of the Federal Register later this year, at which time these funding amounts will be changed to reflect the most recent data.

In 2014, urbanized areas will receive apportionments from four programs:

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

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

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

Pace will be performing structural steel rehab to its Northwest Transportation Center in Schaumburg in 2013.

State Funding

The 2009 "Jump Start" capital bill intended to provide $900 million for grants to fund public transportation projects in Northeastern Illinois. $45 million of the funding was allocated to Pace for Regional ADA capital projects and $68.4 million was allocation to Pace for suburban capital projects. "Jump Start" was to be funded with bond proceeds where debt service cost would be paid out of the State's General Revenue Fund; however, a revenue increase has not been developed at this time to generate the necessary funds to allow the State to issue such bonds.

In contrast, the "Illinois Jobs Now" capital bill that provided $1.8 billion for regional transit projects has been funded with bond proceeds and the debt service is being paid from the State's Capital Projects Fund. That fund includes revenues from increases in sales taxes, liquor taxes, motor vehicle fees and other taxes passed by the General Assembly. The legislation allocated 50% of these funds to CTA, 45% to Metra and 5% to Pace. Pace has received $32 million from this program to date and has another $58 million pending grant approval from the Illinois Department of Transportation. This would represent the entire 5% or $90 million for Pace.

RTA Funding

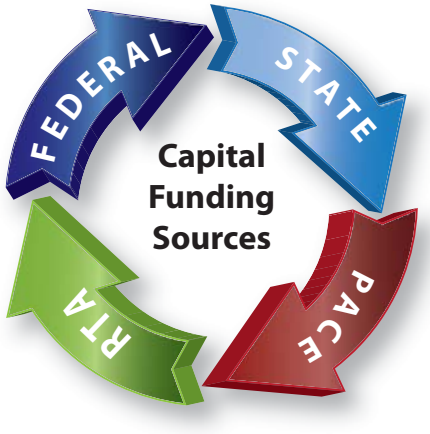
The RTA staff has recommended the RTA issue $100 million in bond funds to the Service Boards for State of Good Repair capital projects for 2014. Pace would receive $5.0 million from this funding source.

Service Board Bonds

All three Service Boards now have authority to issue bonds for funding capital projects. CTA has had this authority for years, Metra received authority in 2008 and Pace received authority effective January 1, 2013. Specifically for Pace, House Bill 4036 was enacted as P.A. 97-0770 and, effective January 1, 2013, grants Pace $100 million in bond authority for construction of four projects: 1) a new Northwest Cook garage for $60 million, 2) renovation of Pace's South Division garage in Markham including the conversion to a CNG facility for $12 million, 3) a new paratransit garage in DuPage for $25 million, and 4) expansion of Pace's North Shore garage in Evanston for $3 million. The Pace South Division renovation project is included in the 2014 program for bond issuance as engineering work is currently underway. The design and construction of a new Northwest Cook Garage is included in the out-year capital program.

Service Board Funding

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



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2014-2018 Five Year Suburban Service Capital Business Plan - Constrained

THE RTA passed the required funding marks on October 16, 2013, after the statutory deadline of September 15th. The marks established for Pace by the RTA for the five year period 2014-2018 totals $291.292 million.

The 2014-2018 program heavily relies on the receipt of federal funding (totaling $212.042 million) and some of this funding is discretionary which Pace must compete for nationally and regionally. If Pace receives all the funding expected for the next five years, it is still grossly inadequate. Our unconstrained needs for the five year period are $728.9 million in order to achieve a State of Good Repair. This means Pace has a shortfall of more than $437.6 million. The primary shortfall is in rolling stock replacements and facility upgrades. With a significant backlog of capital needs, coupled with insufficient funding, the RTA has directed the Service Boards to develop their capital programs by concentrating on the maintenance and preservation ("State of Good Repair") of existing facilities and equipment.

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

Rolling Stock ($126.544 million)

- Fixed route buses–135 replacement buses
- Paratransit buses–356 replacement buses and minor expansion
- Community vehicles–55 replacement/expansion
- Vanpool vans–691 replacement/expansion
- Engine retrofit and associated capital

Electrical/Signal/Communications ($5.500 million)

- Arterial Rapid Transit (ART) Program Initiatives
- Intelligent Bus System (IBS)/MDT Replacement

Support Facilities/Equipment ($117.626 million)

- Improvements to garage facilities
- Engineering and construction/renovation to South Division garage and the addition of CNG fueling
- Construction of a new Northwest Cook garage
- Security systems upgrades at our garages
- I-90 corridor infrastructure
- Farebox overhaul-existing system
- Computer systems/hardware and software
- Support equipment/non-revenue vehicles
- Office equipment and furniture

Stations & Passenger Facilities ($9.950 million)

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

Miscellaneous ($31.672 million)

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

Table 28. Pace FY2014–2018 Capital Program - Constrained (000)

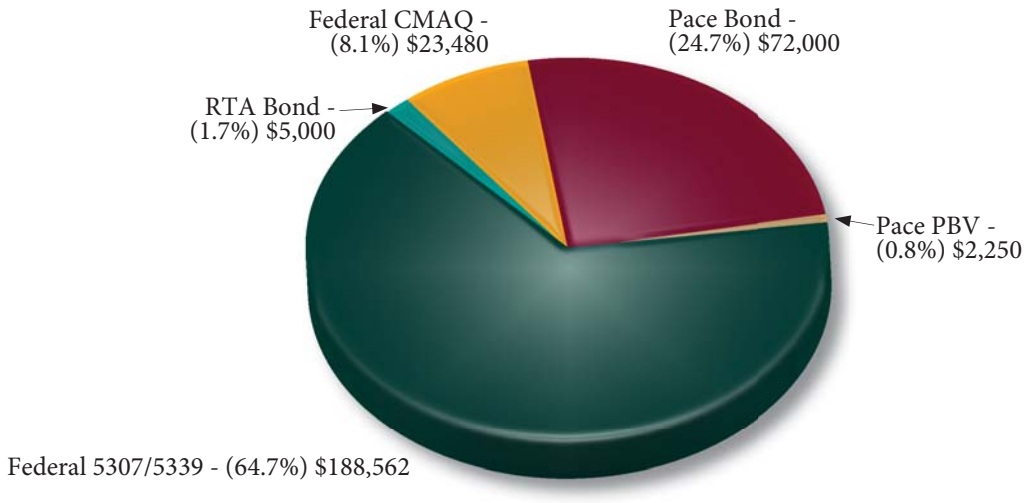
Funding Source	Amount
Federal 5307/5339 Formula	$188,562
Federal CMAQ	23,480
RTA Bond	5,000
Pace Bond Program	72,000
Pace Funding	2,250
Total	**$291,292**

Table 29. 2014-2018 Suburban Service Capital Business Plan (000's) - Constrained

	2014	2015	2016	2017	2018	5 YEAR 2014-2018
Rolling Stock Quantities						
Fixed Route Buses	43	15	17	30	30	135
Dial-a-Ride - Paratransit Buses	80	70	59	67	80	356
Community Vehicles	0	25	10	10	10	55
Vanpool Vehicles	166	125	100	130	170	691
Rolling Stock						
Fixed Route Buses - Replacement	$18,370	$6,680	$7,718	$13,708	$13,978	$60,454
Dial-a-Ride Buses - Replacement	4,960	4,480	3,894	4,556	5,600	23,490
Community Vehicles - Replacement/Expansion	0	2,000	800	800	800	4,400
Vanpool Vehicles - Replacement/Expansion	6,620	5,000	4,000	5,200	6,800	27,620
Engine Retrofit Project	2,280	2,300	5,000	0	0	9,580
Associated Capital	0	250	250	250	250	1,000
Subtotal	**$32,230**	**$20,710**	**$21,662**	**$24,514**	**$27,428**	**$126,544**
Electrical/Signal/Communications						
ART Program	$0	$0	$0	$1,000	$0	$1,000
IBS/MDT Replacement	0	0	1,000	2,000	1,500	4,500
Subtotal	**$0**	**$0**	**$1,000**	**$3,000**	**$1,500**	**$5,500**
Support Facilities & Equipment						
Improve Facilities - Systemwide	$6,779	$5,337	$3,000	$3,500	$4,000	$22,616
Northwest Cook Garage	0	15,000	45,000	0	0	60,000
South Division Renovation - CNG	12,000	0	0	0	0	12,000
Security Projects	0	900	900	0	0	1,800
I-90 Corridor Infrastructure	0	0	1,000	1,000	1,000	3,000
Farebox Overhaul - Existing System	0	2,500	2,500	0	0	5,000
Computer Systems - Hardware and Software	1,300	2,000	2,000	3,000	2,000	10,300
Support Equipment/Non-Revenue Vehicles	210	500	500	500	800	2,510
Office Equipment/Furniture	0	100	100	100	100	400
Subtotal	**$20,289**	**$26,337**	**$55,000**	**$8,100**	**$7,900**	**$117,626**
Stations & Passenger Facilities						
Passenger Facilities - Mid Life Renovation	$0	$550	$900	$900	$1,000	$3,350
Posted Stops Only Conversion	0	1,700	1,700	0	0	3,400
Bus Stop Infrastructure/Shelters/Signage	1,200	500	500	500	500	3,200
Subtotal	**$1,200**	**$2,750**	**$3,100**	**$1,400**	**$1,500**	**$9,950**
Miscellaneous						
Unanticipated Capital	$250	$500	$500	$500	$500	$2,250
Capital Cost of Contracting	2,851	5,413	5,842	5,842	5,842	25,790
Project Administration/Force Account	440	860	728	783	821	3,632
Subtotal	**$3,541**	**$6,773**	**$7,070**	**$7,125**	**$7,163**	**$31,672**
Grand Total - Constrained	**$57,260**	**$56,570**	**$87,832**	**$44,139**	**$45,491**	**$291,292**

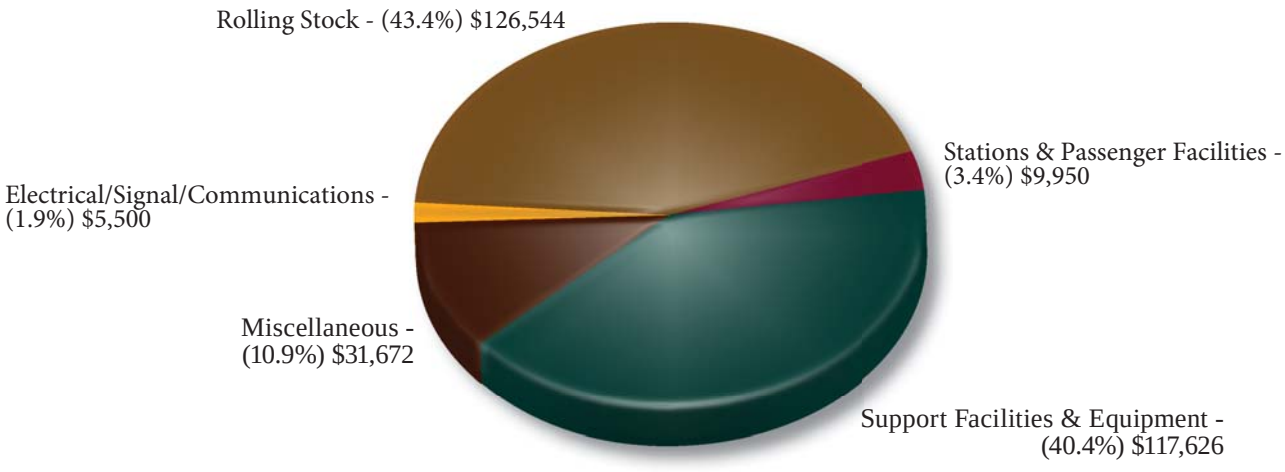
Chart G. 2014 -2018 Suburban Service Capital Business Plan - Sources/Uses of Funds - Constrained - Total $291,292

Sources (000's)



73% of Pace's entire program would be funded with federal sources

Uses (000's)



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

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Capital Budget
ADA Paratransit

CAPITAL BUDGET

ADA PARATRANSIT

Regional ADA Paratransit Capital Budget & Five Year Business Plan

Overview

The RTA is assuming that the 2009 Illinois Jump Start capital bill will be available in 2014. If these funds are made available, $45 million would be granted to Pace for Regional ADA capital needs. The RTA assumes that the entire $45 million will be available in 2014 and would provide one time funding with no subsequent long term funding in the out-years.

At the present time, the private contractors own the vehicles they operate in ADA service in the City of Chicago and the cost of the vehicles is charged through the hourly rates covered in the operating contracts. If we purchased vehicles with Illinois Jump Start funding, we could purchase up to 339 vehicles and save operating cost for up to four years if we could negotiate these savings through the operating contracts. However, since there would be no future funding source to replace the vehicles in four years when their useful life is met, we might negate any operating savings, as we would have to revert back to requiring the private contract carriers to purchase their own buses in the future. A long term capital plan for Regional ADA needs to be addressed by the RTA.

The Five Year Regional ADA Program is an unconstrained budget as it does not have any capital funding tied to it beyond 2014. The 2014 funding is not considered certain and unless the Illinois State Legislature identifies state revenue sources for this program, it will not be forthcoming.

The Unconstrained Regional ADA Five Year Capital Program needs a total of $132 million for the five years. If Pace receives the $45 million from the state in 2014, it still leaves Pace with an unfunded program totaling $87 million for the five year period.

Highlights of the Five Year Regional ADA Program include:

- 1,404 replacement buses
- Radio and farebox systems
- Construction of two garage facilities
- Construction of an ADA administrative/dispatch/customer service facility
- Regional call centers and related equipment
- Transfer centers

Table 30. 2014-2018 Regional ADA Paratransit - Unconstrained Capital Budget (000's)

Project Description	2014	2015	2016	2017	2018	5 YEAR 2014-2018
Regional ADA Vehicle Needs						
City	250	150	150	150	398	1,098
Suburban	89	50	29	50	88	306
Total Regional ADA Vehicle Needs	**339**	**200**	**179**	**200**	**486**	**1,404**
Rolling Stock						
City Bus Replacement	$12,500	$7,500	$7,500	$7,500	$19,900	$54,900
Suburban Bus Replacement	5,300	3,000	1,740	3,000	5,280	18,320
Subtotal	**$17,800**	**$10,500**	**$9,240**	**$10,500**	**$25,180**	**$73,220**
Electrical/Signal/Communications						
Radio System	$3,000	$0	$0	$0	$0	$3,000
Subtotal	**$3,000**	**$0**	**$0**	**$0**	**$0**	**$3,000**
Support Facilities And Equipment						
Construct Two Garage Facilities	$0	$1,000	$9,000	$1,000	$9,000	$20,000
Construct ADA Facility	6,000	0	0	0	0	6,000
Regional Call Centers-Turnkey	7,200	0	0	0	0	7,200
Regional Call Center - Telephone Equipment	3,000	0	0	0	0	3,000
Regional Call Center - Furniture and Equip.	3,000	0	0	0	0	3,000
Computers and Systems	3,000	2,000	1,000	1,000	1,000	8,000
Farebox System-Ventra™	2,000	2,000	2,000	0	0	6,000
Subtotal	**$24,200**	**$5,000**	**$12,000**	**$2,000**	**$10,000**	**$53,200**
Stations And Passenger Facilities						
Construct Transfer Facilities	$0	$250	$1,000	$250	$1,000	$2,500
Subtotal	**$0**	**$250**	**$1,000**	**$250**	**$1,000**	**$2,500**
GRAND TOTAL NEEDS	**$45,000**	**$15,750**	**$22,240**	**$12,750**	**$36,180**	**$131,920**
Regional ADA State Jump Start Estimate	**$45,000**	**$0**	**$0**	**$0**	**$0**	**$45,000**
SHORTFALL	**$0**	**($15,750)**	**($22,240)**	**($12,750)**	**($36,180)**	**($86,920)**


Combined Plan

COMBINED PLAN

Combined Suburban Service/ADA Budget & Three Year Plan

PACE'S Combined Budget and Three Year Business Plans are included in the table below. A table presenting anticipated cash flows for 2014 has also been provided on the following page.

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

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

	2012 Actual	2013 Estimate	2014 Budget	2015 Projected	2016 Projected
Suburban Service					
Revenue	$56,485	$56,970	$59,230	$60,437	$61,847
Expense	190,322	201,354	214,760	222,738	234,474
Funding Requirement	**133,836**	**144,384**	**155,530**	**162,301**	**172,627**
Public Funding	143,755	149,828	155,530	162,301	172,627
Net Funding Available	**$9,919**	**$5,444**	**$0**	**$0**	**$0**
Fund Balance - Unrestricted Net Assets					
Beginning Balance	$48,294	$57,298	$52,292	$34,687	$29,788
Net Operating Results	9,919	5,444	0	0	0
Less: Capital Expended from Fund Balance	915	10,450	17,605	4,899	3,990
Ending Balance	$57,298	$52,292	$34,687	$29,788	$25,798
Regional ADA Paratransit Service					
Revenue	$12,840	$12,495	$12,919	$13,500	$14,109
Expense	137,014	148,762	160,085	172,155	185,151
Funding Requirement	**124,173**	**136,267**	**147,166**	**158,655**	**171,042**
Public Funding*	124,173	136,267	147,166	158,655	171,042
Net Funding Available	**$0**	**$0**	**$0**	**$0**	**$0**
Fund Balance - Unrestricted Net Assets					
Beginning Balance	($5,137)	($5,137)	($5,137)	($5,137)	($5,137)
Net Operating Results	0	0	0	0	0
Less: Capital Expended from Fund Balance	0	0	0	0	0
Ending Balance	($5,137)	($5,137)	($5,137)	($5,137)	($5,137)
Combined Service					
Revenue	$69,325	$69,465	$72,149	$73,937	$75,956
Expense	327,335	350,116	374,846	394,893	419,625
Funding Requirement	**258,010**	**280,651**	**302,697**	**320,956**	**343,669**
Public Funding*	267,929	286,095	302,697	320,956	343,669
Net Funding Available	**$9,919**	**$5,444**	**$0**	**$0**	**$0**
Fund Balance - Unrestricted Net Assets					
Beginning Balance	$43,157	$52,161	$47,155	$29,550	$24,651
Net Operating Results	9,919	5,444	0	0	0
Less: Capital Expended from Fund Balance	915	10,450	17,605	4,899	3,990
Ending Balance	$52,161	$47,155	$29,550	$24,651	$20,661

**Regional ADA Public Funding reflects Budget Balancing Actions beginning in 2015.*

Combined Suburban Service/ADA Cash Flow

The following table provides an estimate of 2014 revenues, expenses and the cash position for Pace's combined operations—Suburban Service and Regional ADA Service.

The agency budget is balanced to the funding levels and meets the recovery marks set by the RTA for 2014. Pace's combined cash position appears balanced and sufficient to meet next year's needs.

Table 32. Pace Combined Services Projected Cash Flow Summary - 2014 (000's)

	Beginning Balance	Revenues	Expenses	Net Results	Ending Balance
January	$47,155	$29,681	$36,954	($7,273)	$39,882
February	39,882	29,850	31,654	(1,803)	38,079
March	38,079	31,654	34,733	(3,079)	35,000
April	35,000	28,924	31,654	(2,729)	32,271
May	32,271	28,771	31,654	(2,882)	29,389
June	29,389	30,134	33,063	(2,929)	26,459
July	26,459	29,911	31,654	(1,742)	24,717
August	24,717	33,274	31,654	1,620	26,337
September	26,337	31,101	33,063	(1,962)	24,375
October	24,375	32,570	31,654	917	25,291
November	25,291	30,785	31,654	(869)	24,422
December	24,422	38,191	33,063	5,128	29,550

Appendices

APPENDIX A

PACE OVERVIEW

Organizational Overview

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

The administration category for 2014 is budgeted at 204 filled full-time equivalents (FTE's), and represents an increase of eight additional positions over 2013. The increase in FTE's is required to administer and maintain expanded service programs.

The central support category is budgeted at 88 filled FTE positions for 2014, and represents one position over 2013 levels. The increase in staffing requirements will provide additional support for new initiatives.

The Pace division element is comprised of nine Pace division garages and is budgeted at 1,241 filled FTE positions for 2014. The increase of 15 positions over prior year levels accommodates increased service levels at the divisions.

The Regional ADA Budget includes 35 FTE positions for 2014 and reflects no change from the previous year.

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

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

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

	Admin	Central Support	Pace Divisions	Total
2012 Actual				
Operations	0	33	938	971
Maintenance	0	39	208	247
Non-Vehicle Maintenance	0	8	15	23
Administration	185	0	34	219
Suburban Service Total	185	80	1,195	1,460
Regional ADA Paratransit	35	0	0	35
Total	**220**	**80**	**1,195**	**1,495**
2013 Estimated				
Operations	0	34	956	990
Maintenance	0	43	221	264
Non-Vehicle Maintenance	0	10	14	24
Administration	196	0	35	231
Suburban Service Total	196	87	1,226	1,509
Regional ADA Paratransit	35	0	0	35
Total	**231**	**87**	**1,226**	**1,544**
2014 Budget				
Operations	0	34	958	992
Maintenance	0	43	234	277
Non-Vehicle Maintenance	0	11	14	25
Administration	204	0	35	239
Suburban Service Total	204	88	1,241	1,533
Regional ADA Paratransit	35	0	0	35
Total	**239**	**88**	**1,241**	**1,568**

Chart H. Pace Organizational Chart

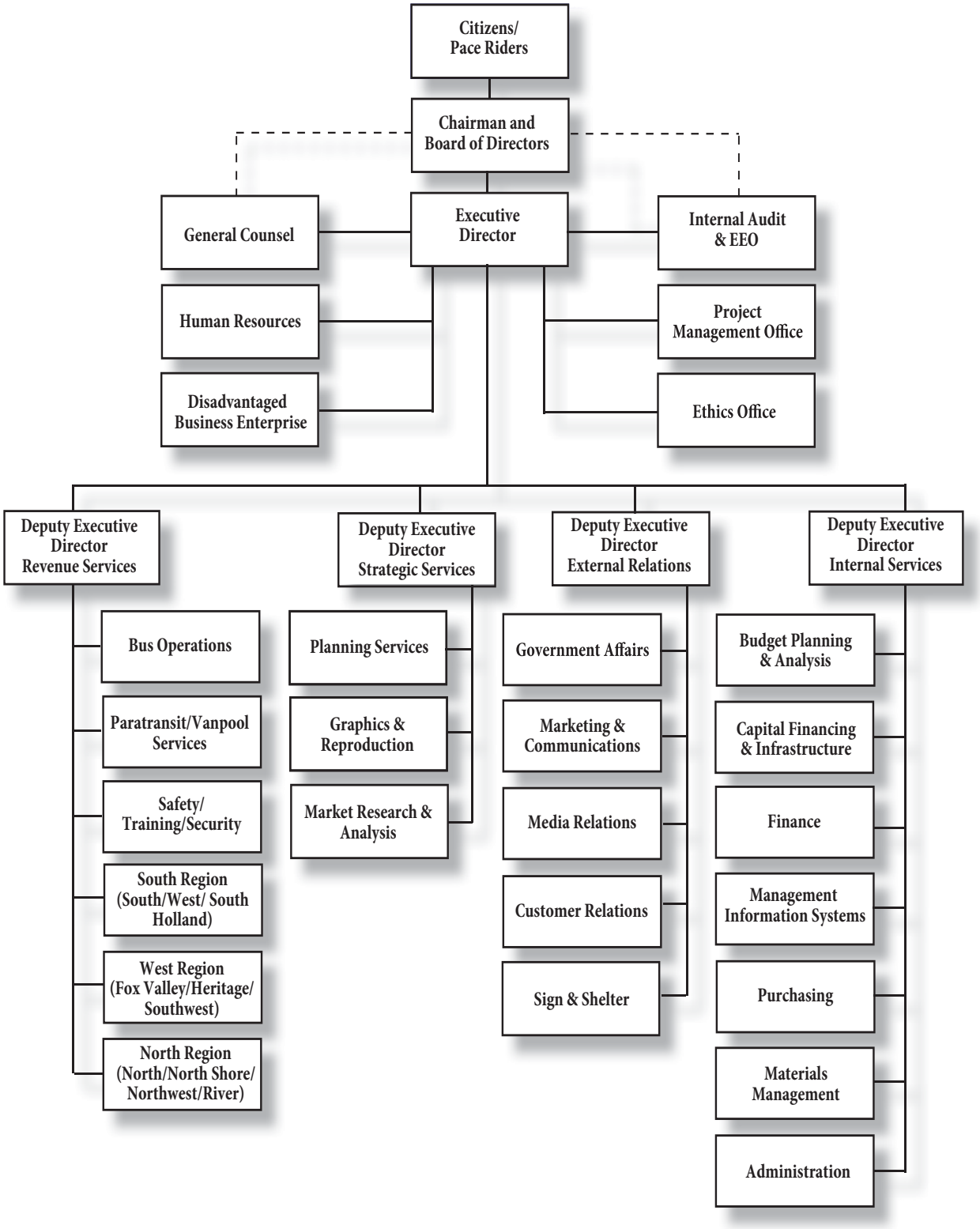


Table 34. Pace's 2014 Proposed Operating Budget - Department Budgeted Positions

Suburban Service	2012 Actual	2013 Budget	2014 Budget
Office of the Executive Director	3.0	4.0	2.0
General Counsel	9.0	8.0	9.0
Internal Audit	6.0	6.0	6.0
Human Resources	8.5	8.5	8.5
DBE	0.0	2.0	2.0
Project Management Office	2.0	0.0	2.0
Ethics Office	3.0	3.0	3.0
Total	**31.5**	**31.5**	**32.5**
Revenue Services			
DED, Revenue Services	5.0	5.0	5.0
Bus Operations	9.5	9.5	9.5
Maintenance/Tech Services	24.0	26.0	26.0
Vanpool	16.0	17.0	18.0
Paratransit	12.0	10.0	10.0
Safety	4.0	4.0	4.0
Pace Divisions:			
Bus Operators	871.0	887.0	887.0
Operations Supervisors	67.0	69.0	71.0
Maintenance	208.0	221.0	234.0
Non-Vehicle Maintenance	15.0	14.0	14.0
Administration	34.0	35.0	35.0
Total	**1,265.5**	**1,297.5**	**1,313.5**
Internal Services			
DED Internal Services	2.0	2.0	3.0
Capital Financing & Infstr	16.0	21.0	26.0
Budget Planning	6.0	6.0	6.0
Materials Management	16.0	18.0	18.0
Purchasing	9.0	11.0	11.0
Administration	4.0	4.0	4.0
Finance	25.0	27.0	27.0
MIS	30.0	34.0	34.0
Total	**108.0**	**123.0**	**129.0**
Strategic Services			
DED, Strategic Services	2.0	2.0	2.0
Graphic Services	7.0	7.0	7.0
Market Research/Analysis	14.5	14.5	14.5
Planning Services	20.0	21.0	21.0
Total	**43.5**	**44.5**	**44.5**
External Relations			
DED, External Relations	2.0	2.0	2.0
Government Affairs	11.5	11.5	12.5
Marketing & Communications	5.0	5.0	5.0
Media Relations	1.0	1.0	1.0
Customer Relations	4.0	4.0	4.0
Sign/Shelter	4.0	5.0	5.0
Total	**27.5**	**28.5**	**29.5**
Total Suburban Service	**1,476.0**	**1,525.0**	**1,549.0**

Regional ADA	2012 Actual	2013 Budget	2014 Budget
City ADA Paratransit	30.0	30.0	30.0
Suburban Service Allocation	5.0	5.0	5.0
Total Regional ADA	**35.0**	**35.0**	**35.0**
Total Suburban & Regional ADA	**1,511.0**	**1,560.0**	**1,584.0**
Suburban Svc Vacancy Factor	(11.0)	(11.0)	(11.0)
ADA Allocation	(5.0)	(5.0)	(5.0)
Total - With Vacancy Factors	**1,495.0**	**1,544.0**	**1,568.0**

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.

DBE: Responsible for agency DBE compliance with regulatory agencies. Sets DBE performance goals, assesses and reports on performance of the program. Reviews contract specifications for DBE participation.

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

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.

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

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

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

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

Strategic Services

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

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

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

Revenue Services

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

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

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

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

External Relations

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

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

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

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

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

Pace Headquarters is located in Arlington Heights.

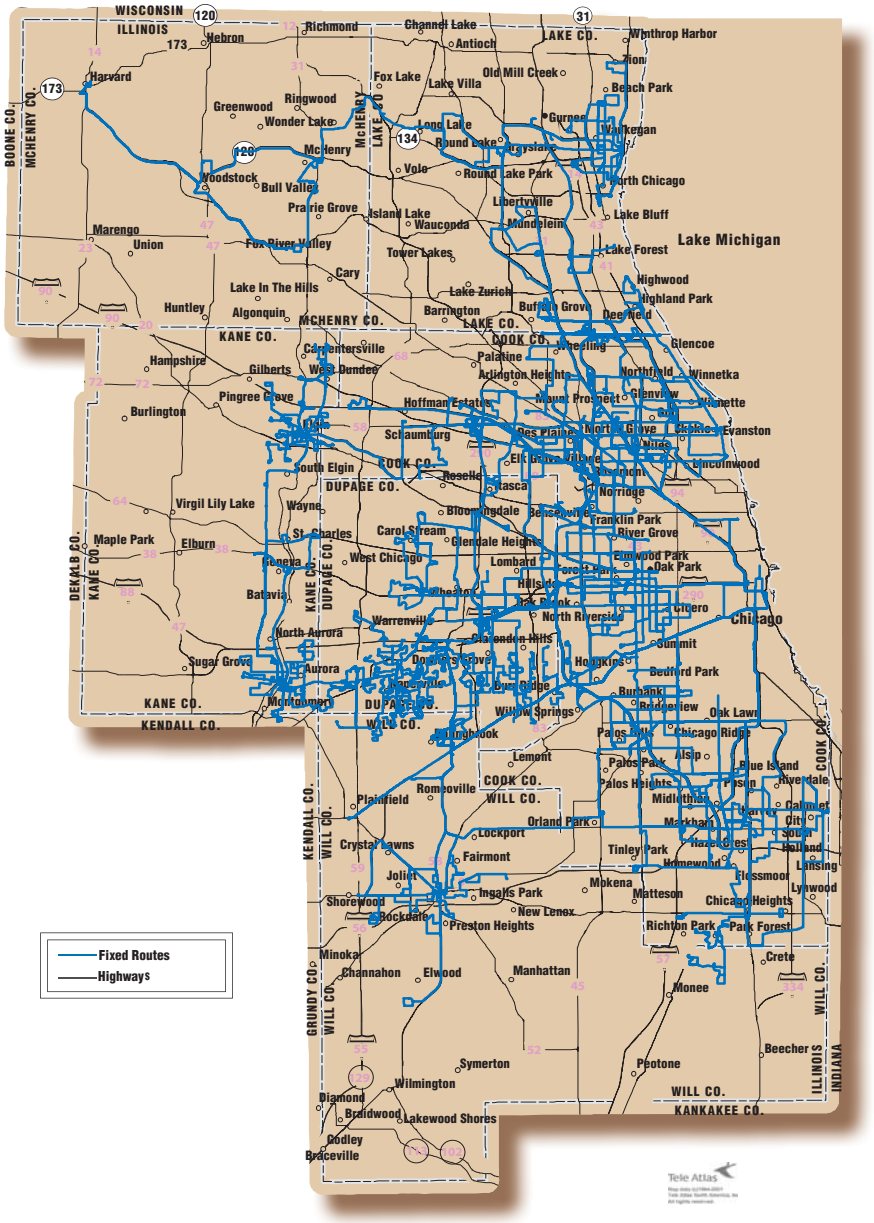
Fixed Route Service Characteristics

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

Fixed Route Service

134 regular, 37 feeder routes, 13 shuttle routes, numerous special event services, and 15 seasonal routes are operated by Pace. These routes serve 196 communities and carry over 2.721 million riders per month utilizing 600 vehicles during peak periods. All 199 routes are fully accessible.

Map 1. Fixed Route Service Characteristics



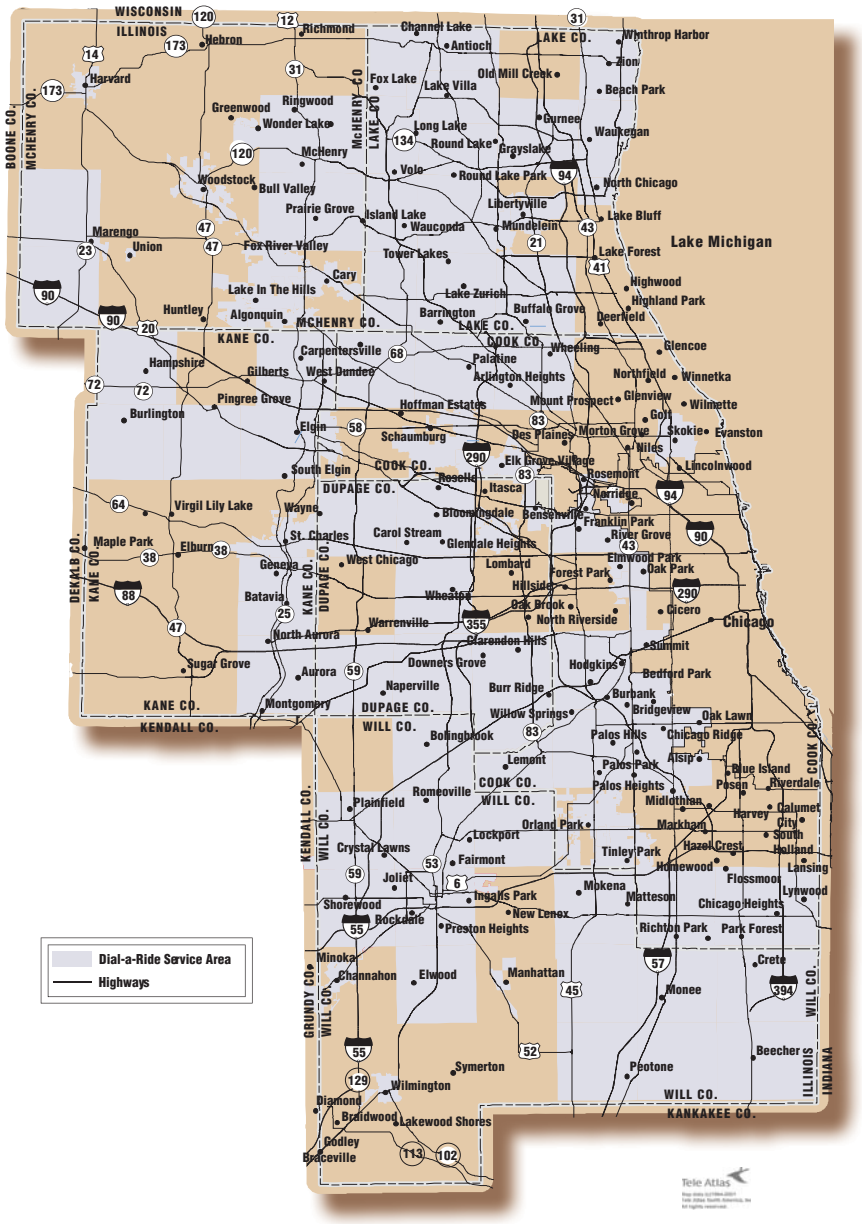
Dial-a-Ride Characteristics

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

Dial-a-Ride

154 Pace-owned lift-equipped vehicles are utilized to provide curb-to-curb service to approximately 109,000 riders each month. The majority are elderly and/or have disabilities. Pace contracts directly with private providers for the operation of 45 dial-a-ride projects and has agreements with villages and townships for the operation of 23 other dial-a-ride projects. Also, three other projects are operated by Pace River Division. These 68 projects provide services to over 210 communities throughout the six county area.

Map 2. Dial-a-Ride Service Characteristics



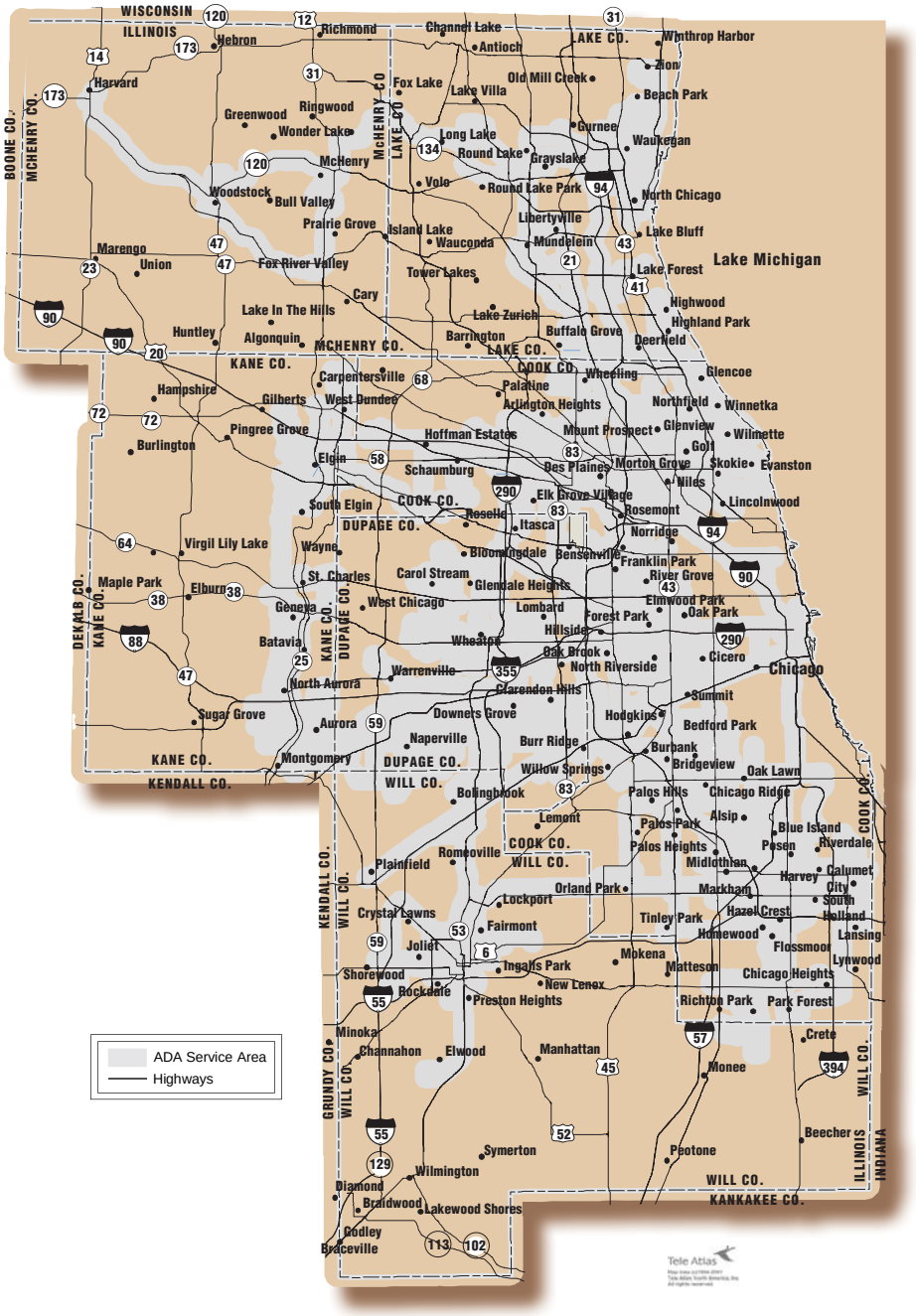
Suburban ADA Paratransit Service Characteristics

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

Suburban ADA Paratransit

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

Map 3. Pace Suburban ADA Paratransit Service Characteristics



City ADA Paratransit Service Characteristics

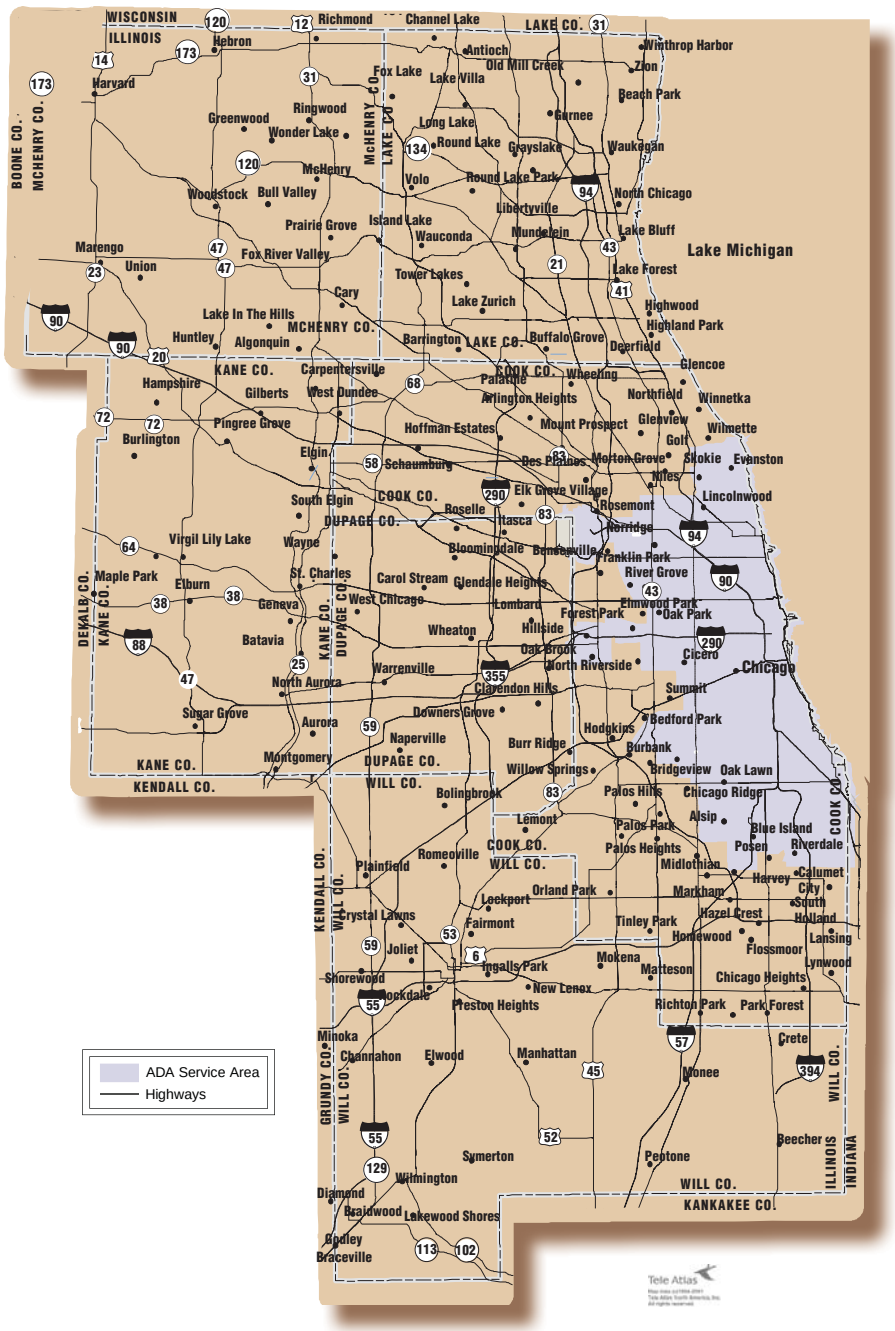
FOUR ADA Paratransit service contractors provide ADA Paratransit services to locations within 3/4 mile of CTA bus routes and up to a 3/4 mile radius of each CTA rail station.

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

In efforts to improve efficiency, a new system was implemented in spring 2008. SCR Transportation provides service primarily on the south side of Chicago, Cook-DuPage Transportation (CDT) in the central part of the city, and MV Transportation on the north side. Jay's Transportation also provides service throughout the city.

642 contractor-owned vehicles are used to provide service to approximately 334,000 riders each month.

Map 4. City ADA Paratransit Service Characteristics



Pace Rolling Stock - Active Fleet

Table 35. Pace Rolling Stock - Active Fleet

Fixed Route (Fully Accessible)

Manufacturer	Year	# of Vehicles	Age	Length
Chance Trolleys	2000	7	13	25’
Orion	2000	85	13	40’
Orion	2001	65	12	40’
MCI	2002	8	11	40’
NABI	2003	83	10	35’
NABI	2003	97	10	40’
Orion	2004	6	9	40’
NABI	2005	60	8	40’
Eldorado	2006	102	7	30’
Eldorado	2008	38	5	30’
Eldorado	2008	5	5	32’
Eldorado	2009	25	4	30’
Eldorado	2010	58	3	30’
Orion Hybrid	2011	2	2	30’
Eldorado	2011	4	2	30’
Eldorado	2013	69	0	40’
Total		**714**		
Average Age			6.2 years	

Vanpool

Manufacturer	Year	# of Vehicles	Age	Length
Vans	1998	2	15	Various
Vans	2000	4	13	Various
Vans	2001	7	12	Various
Vans	2002	15	11	Various
Vans	2003	45	10	Various
Vans	2004	16	9	Various
Vans	2005	60	8	Various
Vans	2006	110	7	Various
Vans	2007	65	6	Various
Vans	2008	50	5	Various
Vans	2009	85	4	Various
Vans	2010	87	3	Various
Vans	2011	60	2	Various
Vans	2012	113	1	Various
Vans*	2013	77	0	Various
Total		**796**		
Average Age			4.6 years	

**Pace received delivery of 188 vans recently and is in the process of replacing vans which have met their useful life.*

Paratransit (Fully Accessible)

Manufacturer	Year	# of Vehicles	Age	Length
Eldorado Buses	2008	145	5	23’
Eldorado Vans	2009	28	4	19’
Eldorado Buses	2009	69	4	23’
Eldorado Vans	2010	20	3	19’
Eldorado Buses	2010	170	3	23’
Startrans Hybrid	2010	10	3	23’
Total		**442**		
Average Age			3.9 years	

Community Transit

Manufacturer	Year	# of Vehicles	Age	Length
Champion Crusader	2007	28	6	22’
Champion Crusader	2009	25	4	22’
Vans	2012	8	1	Various
Vans	2013	36	0	Various
Total		**97**		
Average Age			2.8 years	

Fixed route 40' bus

Community Call-n-Ride bus

Vanpool vehicle

Paratransit bus

Pace System Infrastructure

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

Fixed Facilities Owned or Operated by Pace Garages/Administrative Headquarters

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
57,000 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 Industrial Dr., Bridgeview
81,471 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. Village of Downers Grove*
801 Burlington Ave.,
Downers Grove

J. City of Highland Park*
1150 Half Day Road,
Highland Park

K. Village of Niles*
7104 Touhy Ave., Niles

L. Pace North Shore Division
2330 Oakton St., Evanston
81,500 square feet, 1995

M. Pace Administrative Headquarters
550 W. Algonquin Rd.,
Arlington Heights
65,000 square feet, 2009

N. South Holland Acceptance Facility
405 W. Taft Dr., South Holland
44,700 square feet, 1984

O. Pace Paratransit Garage
5007 Prime Parkway, McHenry
28,097 square feet, 2001

P. Pace Print Shop
86 Lively Blvd., Elk Grove Village
3,500 square feet, 2010 (Leased Premises)

Q. Pace Vanpool
515 W. Algonquin Rd., Arlington Heights
6,785 square feet, 2013 (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, Aurora
- Buffalo Grove Transportation Center, Buffalo Grove
- Chicago Heights Transfer Center, Chicago Heights
- Elgin Transportation Center, Elgin
- Gurnee Mills Transfer Facility, Gurnee
- Harvey Transportation Center, Harvey
- Northwest Transportation Center/Charles Zettek Facility, Schaumburg
- Prairie Stone Transportation Center, Hoffman Estates
- United Parcel Service Transportation Center, Hodgkins

Boarding and Turnaround Facilities ●

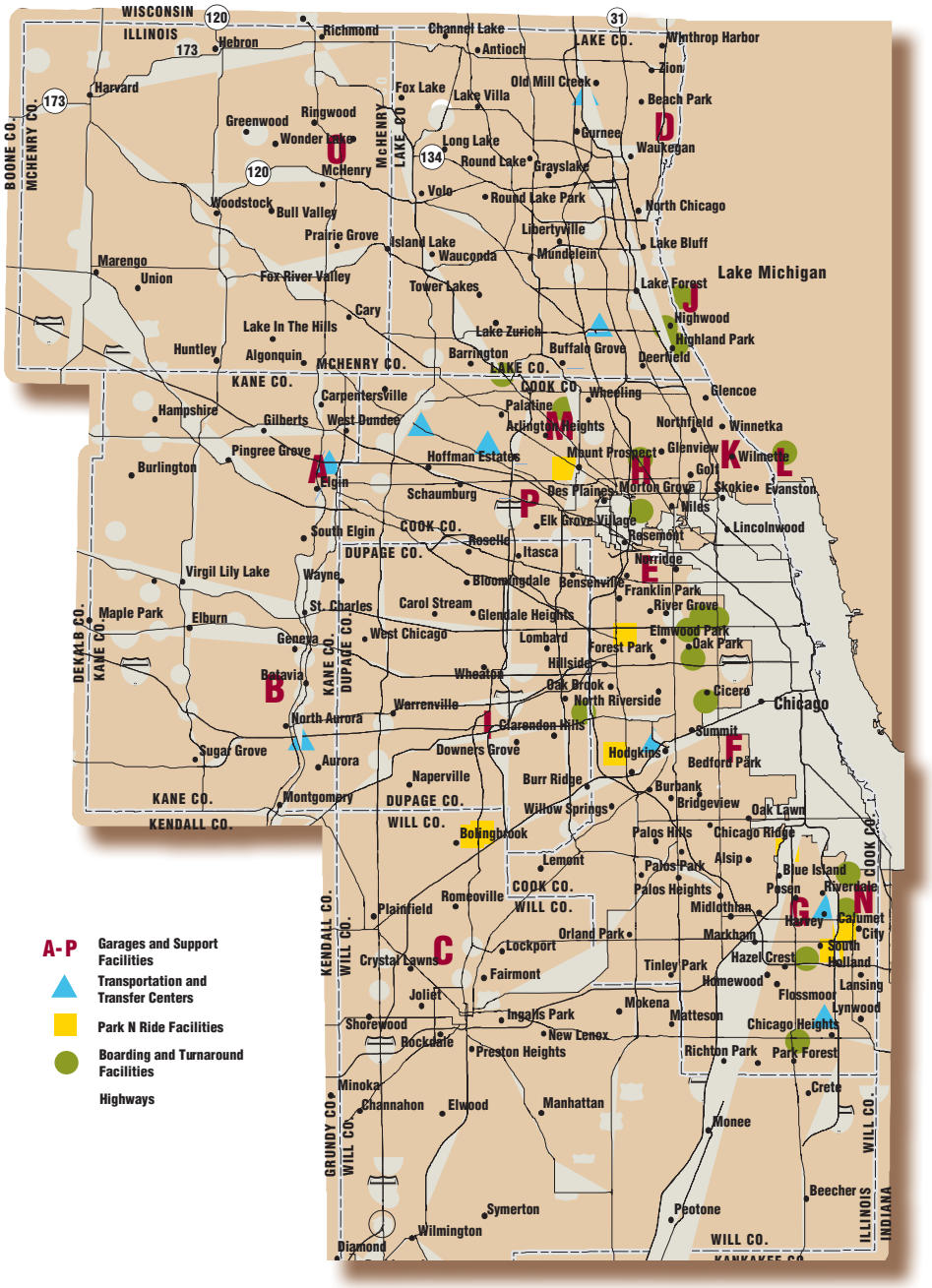
- Arlington Heights Metra
- Clarendon Hills Metra
- Deerfield Metra
- Des Plaines Metra
- Elmwood Park
- Evanston-CTA Davis Street
- Forest Park CTA Station
- Highland Park Metra
- Homewood Metra
- Lake Cook Road Metra
- North Riverside Park Mall Turnaround

- Oak Park CTA/Metra
- Palatine Metra
- Park Forest Bus Turn-around
- River Road CTA
- Riverdale Bus Turnaround
- South Suburban College (South Holland)
- Summit CTA/Pace

Park and Ride Facilities

- Blue Island Park-n-Ride
- Bolingbrook Park-n-Ride (Canterbury Lane)
- Bolingbrook Park-n-Ride (Old Chicago Road)
- Buffalo Grove Transportation Center (Park-n-Ride)
- Burr Ridge Park-n-Ride
- Elk Grove Village Park-n-Ride
- Hillside Park-n-Ride
- Homewood Park-n-Ride
- South Holland Park-n-Ride

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 2012 through 2016.

Table 36. Pace 2014-2016 Ridership Projections (000's)

	2012 Actual	2013 Estimated	% Change	2014 Projected	% Change	2015 Projected	% Change	2016 Projected	% Change
Pace Owned Carriers	30,374	30,791	1.4%	31,631	2.7%	32,105	1.5%	32,587	1.5%
Public Carriers	867	872	0.6%	877	0.6%	886	1.0%	895	1.0%
Private Carriers	910	992	9.0%	1,023	3.1%	1,038	1.5%	1,054	1.5%
Total Fixed Route	32,151	32,655	1.6%	33,531	2.7%	34,030	1.5%	34,536	1.5%
Dial-a-Ride*	1,280	1,313	2.6%	1,347	2.6%	1,374	2.0%	1,401	2.0%
Vanpool	1,962	2,029	3.4%	2,106	3.8%	2,148	2.0%	2,191	2.0%
Suburban Service Total	35,393	35,997	1.7%	36,984	2.7%	37,551	1.5%	38,128	1.5%
Regional ADA Paratransit Service*	3,776	4,009	6.2%	4,204	4.9%	4,415	5.0%	4,635	5.0%
Combined Pace Service	39,169	40,006	2.1%	41,188	3.0%	41,966	1.9%	42,763	1.9%

Ridership includes companions and personal care attendants.

Route 855 Express Bus Service operates from downtown Chicago to various suburban locations.

The Bus On Shoulder service on I-55 is very successful.

Ridership & Fares

Suburban Service Ridership

Ridership is projected to grow over all three years of the plan. For 2013, Pace Suburban Service ridership is estimated to increase by 1.7% over 2012 levels. For 2014, total Suburban Service ridership is projected to grow by 2.7%. Fixed route is projected to increase by 2.7%, while Dial-a-Ride and Vanpool ridership is projected to grow by 2.6% and 3.8% respectively during 2014.

Regional ADA Paratransit ridership is estimated to finish 2013 up 6.2% over prior year levels. For 2014, ADA ridership is expected to grow at 4.9%.

Suburban Service ridership is projected to grow at 1.5% annually for the outlying years—2015 and 2016; and Regional ADA ridership is forecasted to grow at a 5.0% rate in 2015 and 2016, which is consistent with historical growth levels in demand.

Pace Fares

Pace presents a balanced and stable budget for 2014 as no general fare increases or service reductions are proposed for Suburban Service or Regional ADA Paratransit service. Pace is implementing a new fare collection system in 2013 in conjunction with CTA. In a separate public hearing, Pace presented proposed changes to the fare policy resulting from implementation of the new Ventra™ Fare Payment System. The following changes have been identified:

- Discontinuation of the 10-Ride Plus Regular, 10-Ride Plus Regular Reduced, 10-Ride Plus Premium and 10-Ride Plus Premium Reduced Passes. These passes will no longer be sold as of November 18, 2013 and will no longer be accepted as of December 15, 2013.
- Replacement of the Student Haul Pass. This pass will no longer be sold as of November 18, 2013, and will no longer be accepted as of November 30, 2013. Students of high school age and younger are eligible to purchase a Pace Reduced Fare 30-day pass as of November 13, 2013.
- Discontinuation of issuing cash transfers. Riders who pay a fare in cash cannot pay cash for a transfer to the next bus. Cash payers will pay full fare each time they board a vehicle. Ventra™ users will continue to pay 25 cents for a transfer when using stored transit value. Effective December 15, 2013.
- Unregistered personal contactless credit card/debit card usage. Riders who pay with an unregistered personal contactless credit/debit card will be charged as if paying cash; including paying full fare each time they board a vehicle.
- Increase in cost of one-ride ticket. The cost of the one-ride ticket, sold only in bulk to approved organizations, will increase from $1.75 to $2.00, and does allow two transfers to other Pace services within two hours. Effective December 15, 2013.

Tables 37 and 38 on the following pages identify the current fare structure for Pace Suburban Service—fixed route, dial-a-ride and vanpool. Items affected by the new Ventra™ Fare Payment System have been marked.

Pace Fare Structure - Current

Table 37. Pace Fare Structure

	Full Fare	Reduced Fare
Regular Fares		
Full Fare	$1.75	$0.85
Transfer to Pace (Local transfers are free for Ventra™ users only)	0.25	0.15
Passes		
Pace/CTA (30-Day)	$100.00	$50.00
Pace/CTA 7-day Pass	33.00	N/A
Commuter Club Card (CCC) (Pace Only)	60.00	30.00
Link-Up Ticket	55.00	N/A
Plus Bus	30.00	N/A
Regular 10 Ride Plus Ticket *	17.50	8.50
Student (Haul Pass) *	N/A	30.00
Student Summer Pass	N/A	45.00
Pace Campus Connection (College Student Pass) - Valid for One Semester - 5 months		
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	75.00	N/A
Campus Connection - Summer Pass	140.00	N/A
Express/Other Fares		
Premium Routes (see below)**	$4.00	$2.00
Premium 10 Ride Plus Ticket (855) *	40.00	20.00
30-Day Premium Pace/CTA Pass	140.00	N/A
Dial-a-Ride	1.75	1.00
Call-n-Ride	1.75	N/A
ADA Paratransit		
ADA Paratransit	$3.00	N/A
Mobility Direct (Chicago Only)	3.00	N/A
TAP (Chicago Only)	5.00	N/A

** These items are affected by the changes to the fare policy resulting from implementation of the Ventra™ Fare System. Reference the preceding page discussing the proposed changes.*

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

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

Table 38. Monthly VIP & Other Vanpool Services Fare Schedule

Current Fare

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

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

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

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

Current Fare for 2013 (Monthly)

Program	Current Fare
Advantage	$401
Non-Profit*	$600
Shuttle*	$750
Non-Emergency Medical*	$750
Community Transit	$100
VIP Metra Feeder/Per Rider	$58

Pace reduced the fares for these programs in June, 2011

Indiana Tollway Surcharge (Monthly $27/Per Passenger)

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

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APPENDIX C

COMMUNITY PROFILE

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

Table 39. User/Non-User Demographic Profiles

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

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

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

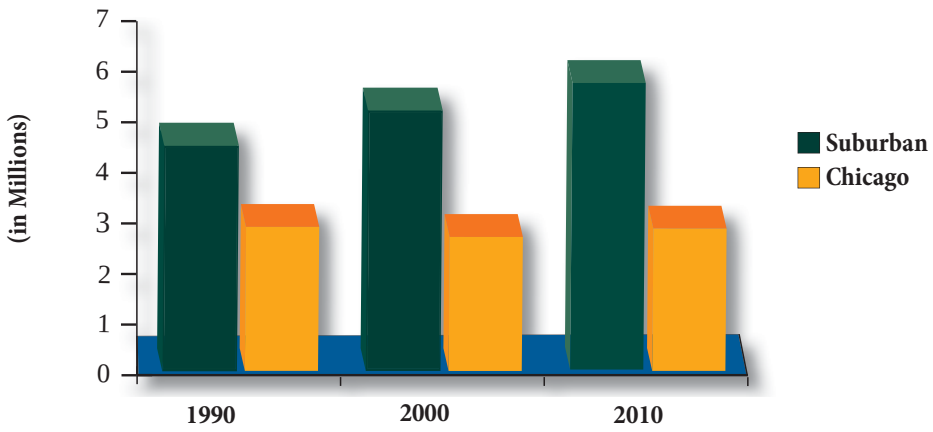
Research indicates that Pace customers earn significantly less than non-users and are much less likely to own an automobile. This underscores the critical role Pace plays in getting residents to jobs. Over 80% of Pace customers use the service to get to work—without Pace services and without an automobile,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

Regional Population

Population

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

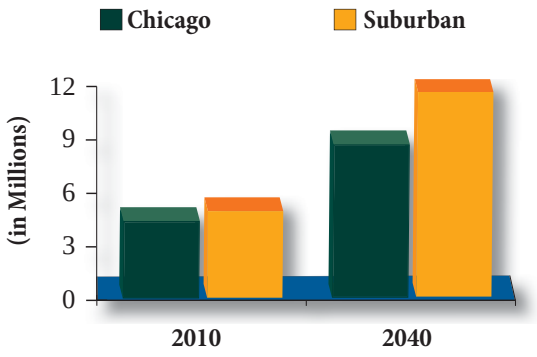
Chart I. 1990 to 2010 Regional Population



Regional Population Change 2010 to 2040

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

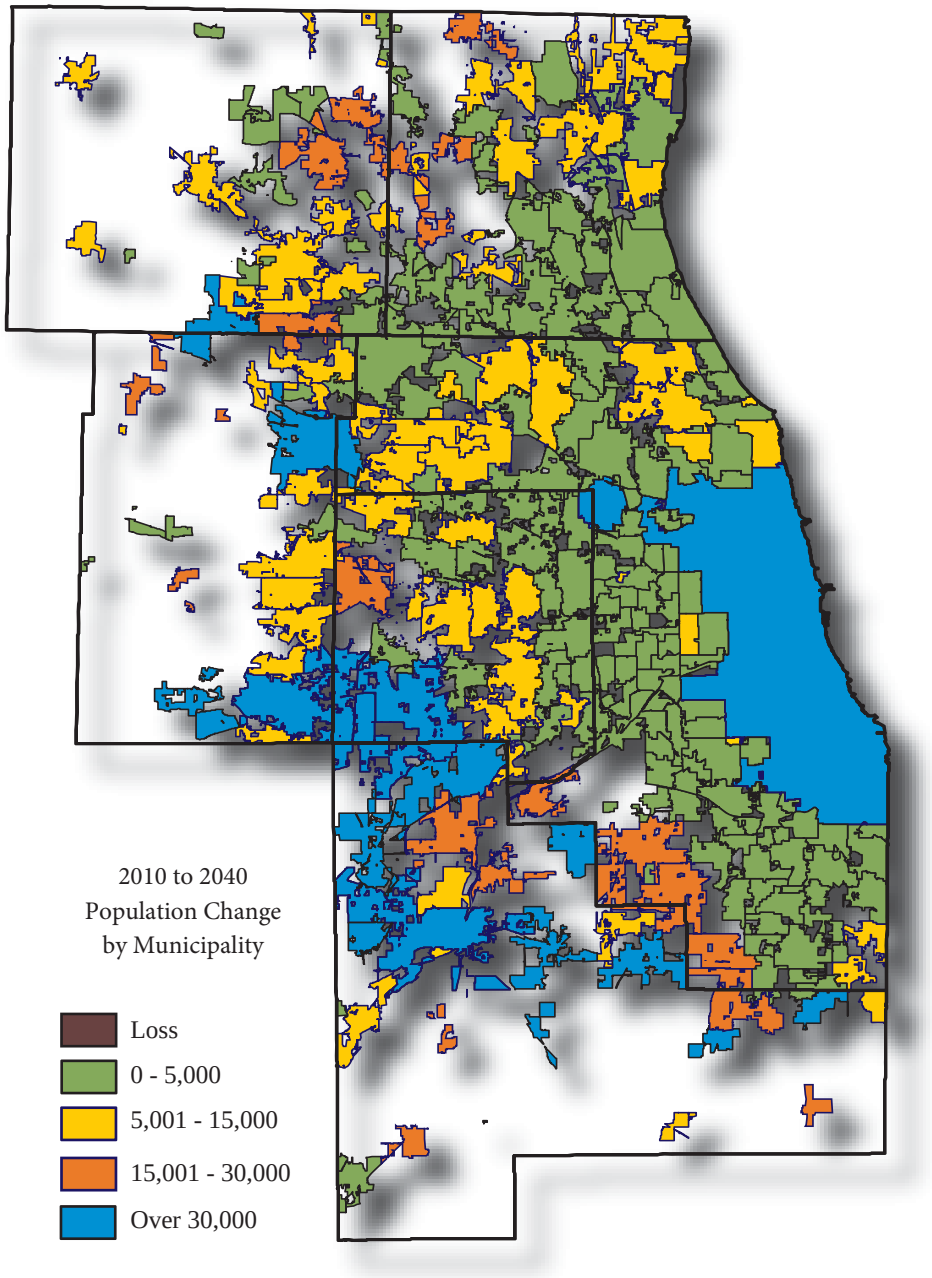
Chart J. 2010 to 2040 Regional Population Projection



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 380,000 residents by 2040.

Map 6. Regional Population Change

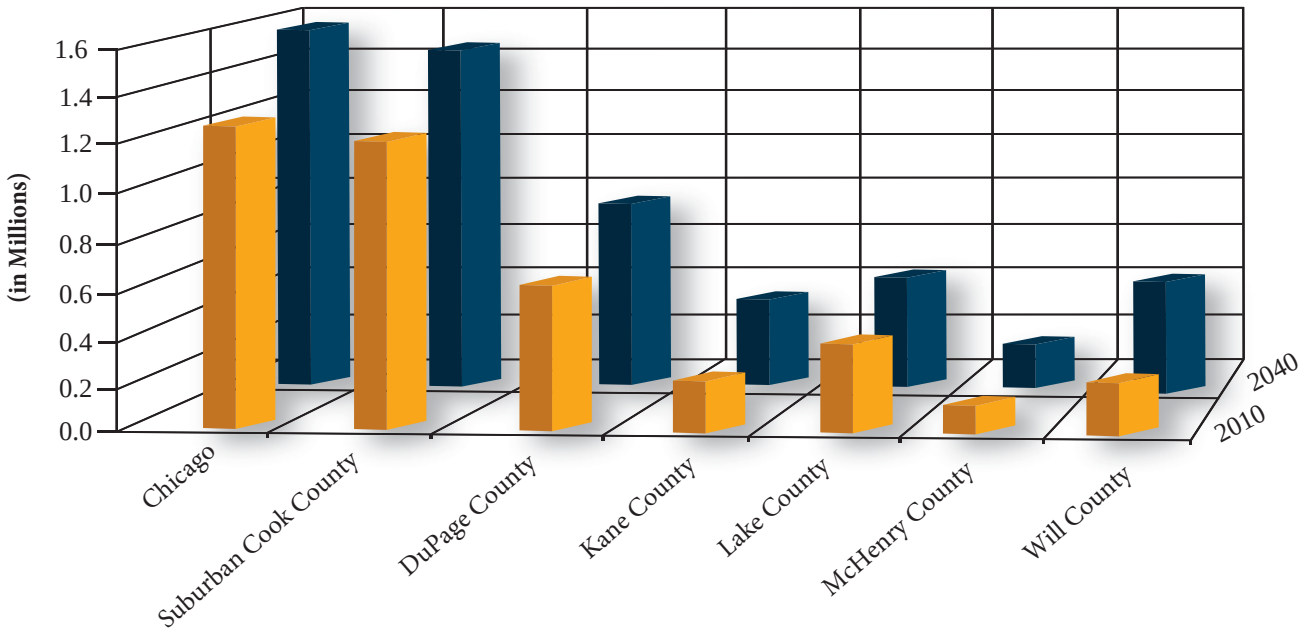


Regional Employment

Employment

CMAP's forecast anticipates an increase of 1.2 million jobs in the region by 2040, of which 1.0 million will accrue to the suburban areas. As a percentage of 2000 employment, Will County's increase is projected to be the greatest at 110%, followed by Kane County (64%) and McHenry County (52%), representing an increase of 252,000, 144,000 and 64,000 jobs, respectively. Will County's projected employment growth is also the largest in absolute terms followed by growth in Chicago (222,000), Suburban Cook County (205,000) and DuPage County (152,000).

Chart K. 2010 to 2040 Employment Projection



Travel & Congestion

Travel Patterns

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

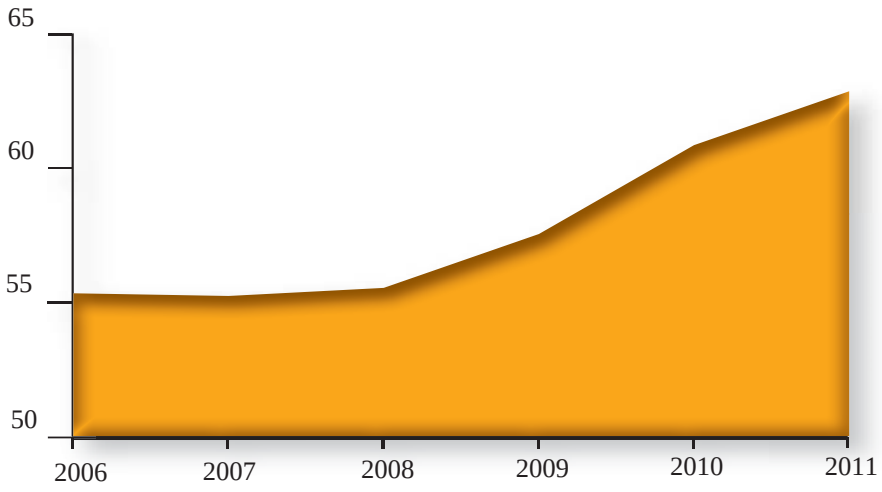
The regional cost of traffic congestion reaches $6.21 billion annually when you factor in lost time and wages, increased shipping costs and fuel wasted. Over 271 million hours of travel delay time are lost in the region annually according to the report. This loss takes into account that public transit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

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

Pace's Bus On Shoulder Service has reduced passenger travel times.

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

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



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APPENDIX D

PERFORMANCE MEASURES

Pace Goals & Performance Measures

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

- Safe
- Reliable
- Courteous
- Efficient
- Effective

Table 40 identifies the measures and performance standard that Pace has established for each goal. Actual performance for 2012, projected performance for 2013 and 2014 goals are identified. Performance standards marked with an asterisk (*) are in the process of being further evaluated and those shown are preliminary.

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

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

Pace provides an innovative approach to local public transportation by providing a reservation based Call-n-Ride service. Currently there are six such services.

Route 895 provides service between Chicago Ridge and the Pace Northwest Transportation Center in Schaumburg.

Table 40. Pace Goals & Performance Measures

		2012 Actual	2013 Estimate	2014 Projected
Safety				
Goal: Provide Safe Public Transportation Services				
Measure(s):	*Performance Standard*			
Accidents per 100,000 Revenue Miles	Less than 5	4.95	5.25	5.25
Reliability				
Goal: Provide Reliable Public Transportation Services				
Measure(s):	*Performance Standard*			
On-Time Performance	Greater than 85%	75.4%	75.9%	76.1%
Actual Vehicle Miles per Road Call	Greater than 14,000	14,642	14,500	14,500
Percent Missed Trips per Total Trip Miles	Less than .5%	0.10%	0.10%	0.10%
Courtesy				
Goal: Provide Courteous Public Transportation Services				
Measure(s):	*Performance Standard*			
Complaints per 100,000 Passenger Miles	Less than 4	3.96	4.40	3.96
Website Hits on Web Watch Site (000's)	Increase over prior period	18,898	32,353	35,588
Efficiency				
Goal: Provide Efficient Public Transportation Services				
Measure(s):	*Performance Standard*			
Revenue Miles per Revenue Hour	Greater than 17	16.89	16.99	16.99
Revenue Miles per Total Operator Pay Hours	Greater than 10*	9.54	9.65	9.75
Expense per Revenue Mile	Less than $6.50*	$6.17	$6.19	$6.21
Expense per Revenue Hour	Less than $125.00*	$104.29	$104.79	$104.85
Recovery Ratio	Greater than 18%	25.4%	25.4%	25.9%
Subsidy per Passenger	Less than $4.00	$2.90	$2.87	$2.87
Effectiveness				
Goal: Provide Effective Public Transportation Services				
Measure(s):	*Performance Standard*			
Ridership	Increase from prior period	4.97%	1.70%	2.70%
Passenger Miles per Revenue Miles	Greater than 9*	10.32	10.29	10.27
Productivity (Passengers per Revenue Hour)	Greater than 24*	27.15	27.25	27.50
Ridership per Revenue Mile	Greater than 1.5*	1.61	1.60	1.59
Vanpool Units in Service	Increase from prior period	763	801	841

** Performance Standard Under Evaluation*

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

Peer Performance Comparison

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

The RTA's peer group includes the following systems:

Long Island Bus (MTA) – New York, NY

Orange County Transportation Authority (OCTA) – Orange, CA

San Mateo County Transit District (SamTrans) – San Francisco, CA

Alameda-Contra Costa Transit District (AC Transit) – Oakland, CA

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 2011 National Transit Database (NTD) data for bus only, which is the latest data available at this writing.

Peer Performance Comparison

Service Efficiency

Chart M. Operating Expense per Revenue Hour

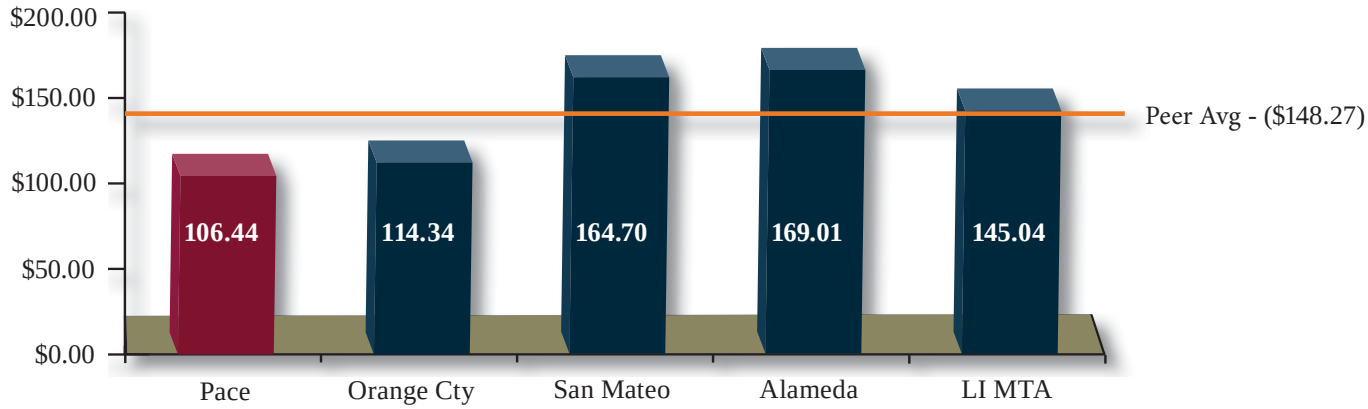


Chart N. Operating Expense per Revenue Mile

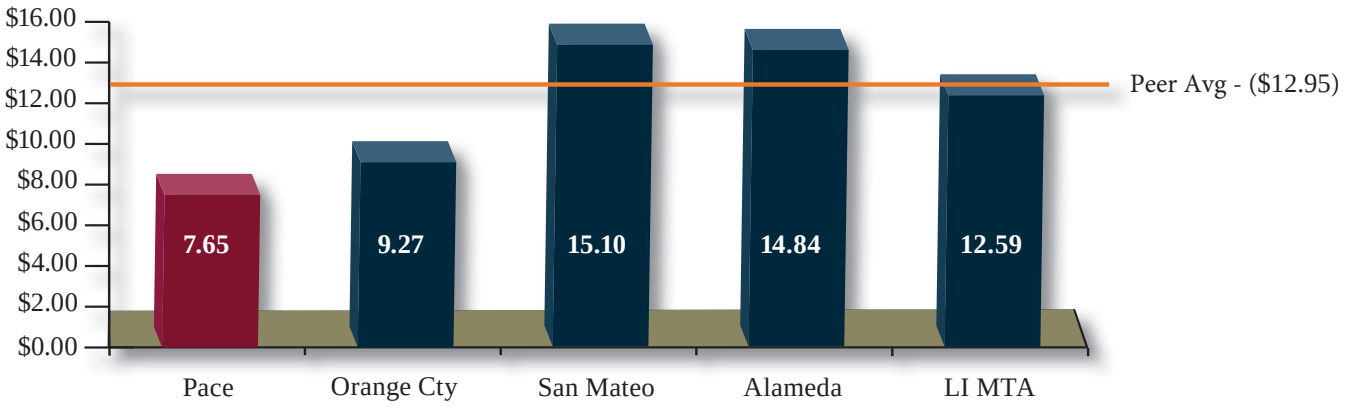


CHART M - Service efficiency, as measured by the performance ratios operating expense per total revenue hour and revenue mile, shows Pace to be the most efficient compared to all peers in this group. At $106.44, Pace's cost per hour is 6.9% less than the nearest peer—Orange County (CA). Pace's costs are also $41.83 per hour or 28.2% less than the peer average for this performance measuring category.

CHART N - Pace's operating expense per mile is also well below every transit provider in this peer group. At $7.65 per mile, Pace's cost is $1.62 per mile or 17.5% below the nearest peer, Orange County (CA), and $5.30 per mile or 40.9% below the peer average.

Cost Effectiveness

Chart O. Operating Expense per Passenger

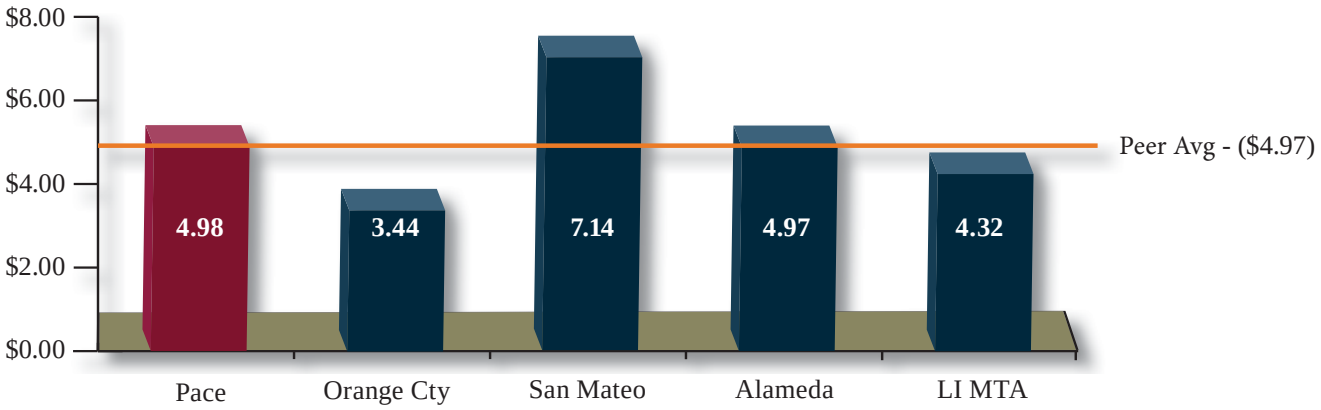


Chart P. Operating Expense per Passenger Mile

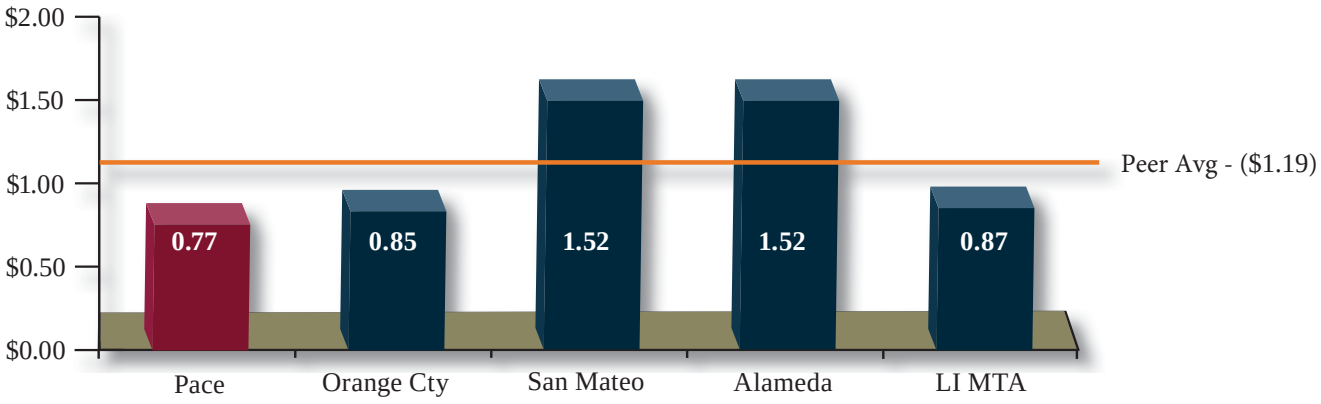


CHART O - Cost effectiveness, as measured by the performance ratios operating expense per passenger and passenger mile, shows Pace to be consistent with the agencies within this peer group. At $4.98, Pace's operating expense per passenger is essentially at the suburban bus peer average.

CHART P - At $0.77, Pace's expense per passenger mile is the lowest of all the suburban peers. Pace's low cost structure combined with high passenger miles contributes to this result.

Service Effectiveness

Chart Q. Passengers per Revenue Hour

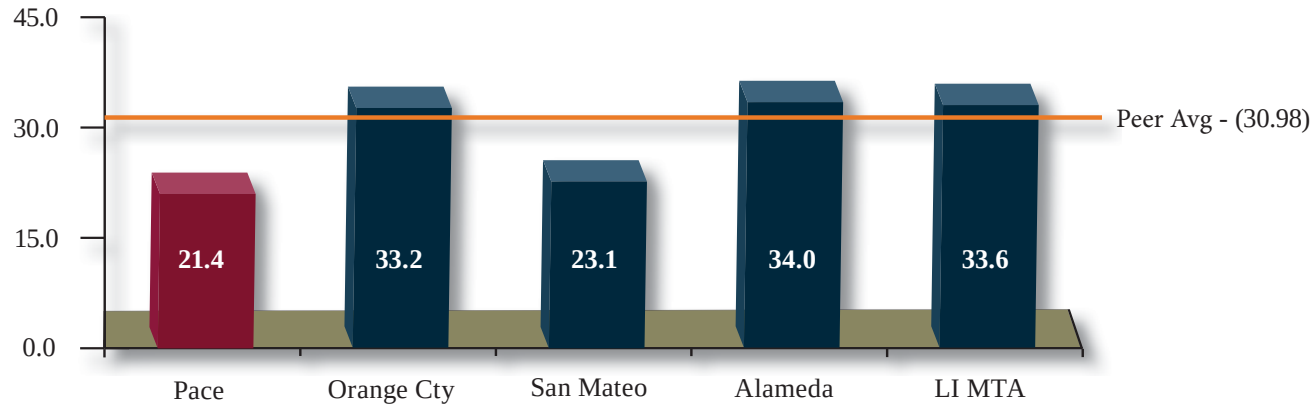


Chart R. Passengers per Revenue Mile

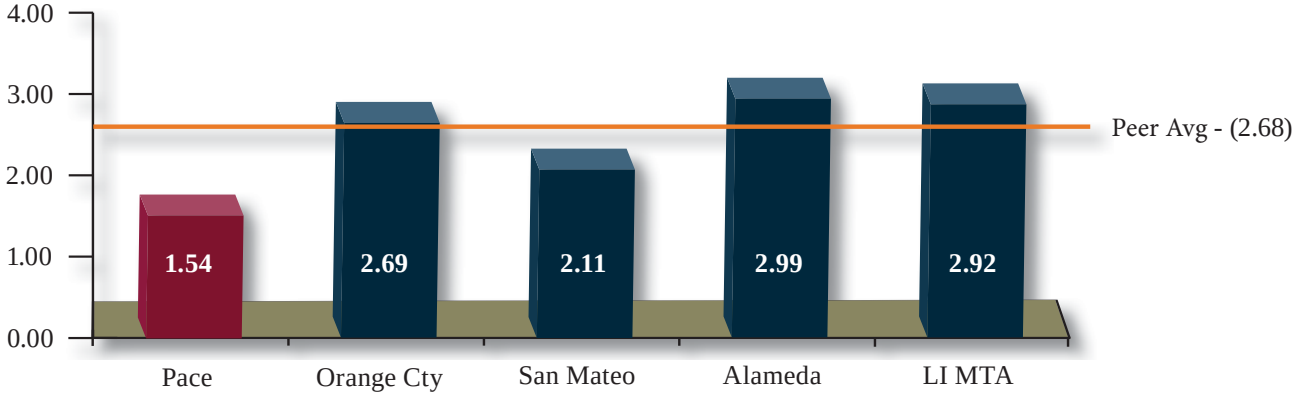


CHART Q - Service effectiveness, as measured by the performance ratios passengers per total revenue hour and passengers per total revenue mile, shows Pace to have the lowest performance ratio compared to all agencies in this group, and 9.58 below the peer average. The size of the service area directly affects this performance indicator and, at nearly 3,500 square miles, Pace serves the largest and lowest population density service area of all the peers in this group.

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

Farebox Recovery Ratio

Chart S. Farebox Recovery Ratio

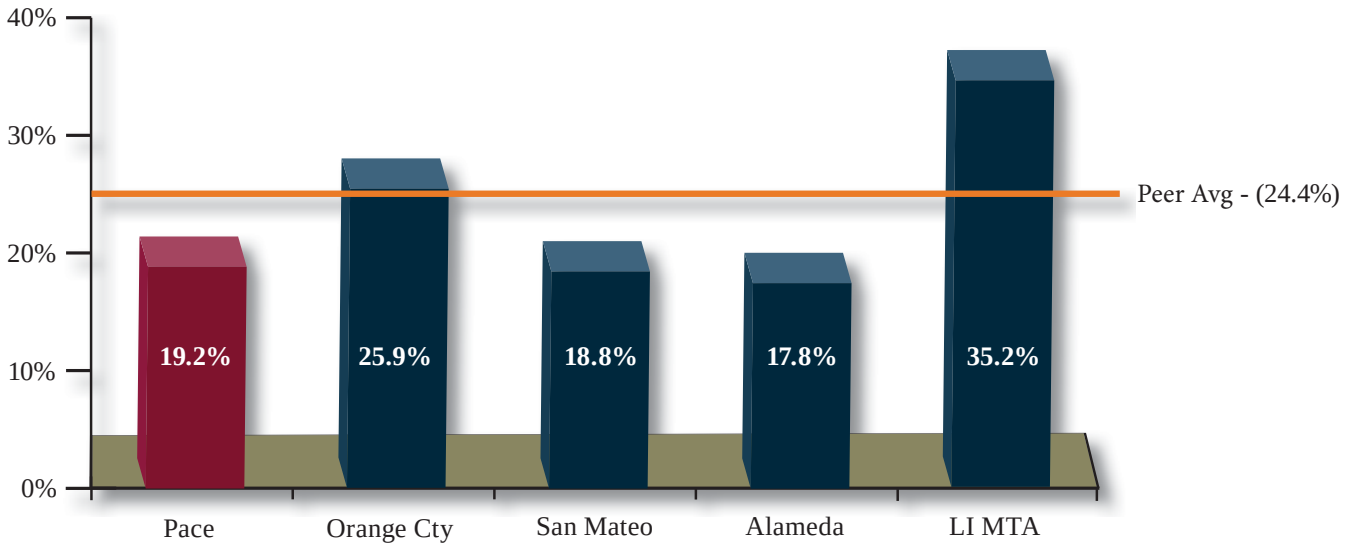


CHART S - Pace's bus only farebox recovery rate of 19.2% is lower than the peer average bus ratio of 24.4%, but exceeds San Mateo and Alameda; both are in California. Pace's recovery ratio for all service modes including vanpool and dial-a-ride services is 30%.

APPENDIX E

PLANNING INITIATIVES

Vision 2020 - Initiatives To Improve Regional Mobility

Overview

PACE continues to implement key elements of the Vision 2020 Plan. For the past several years, Pace identified innovative tools to collect and analyze data to support region-wide initiatives within the Vision framework. Pace has launched a number of mobility initiatives which move toward the goals set in Pace's Vision 2020. Pace service offerings have grown significantly due in large part to the many markets that the Pace system serves. These key initiatives are the framework for Pace to enhance regional mobility:

- Corridor Development
- Transit and Land Use Coordination
- Technology
- Service Planning and Restructuring

Corridor Development

I-90 Corridor

Pace's I-90/Jane Addams Market Expansion Project is a long-term, comprehensive solution to ease the region's growing congestion and air quality concerns. The project's new and expanded bus routes will travel along I-90, the Jane Addams Memorial Tollway, between Elgin and Rosemont. The project will improve connections, reliability, and travel options for both traditional and reverse commuters.

Pace and the Illinois Toll Highway Authority are partnering to implement the project, which includes improved access at the Rosemont terminal, the expansion of two existing routes (600 and 610), construction of three permanent park-n-rides (Randall Road, IL-25, and Barrington Road), the establishment of four new express bus routes, and the creation of three new reservation-based routes open to the general public (Call-n-Rides) to connect passengers to major employment centers. The project will be developed over a five year period with full service beginning in 2016 utilizing CMAQ funding.

As the I-90 corridor undergoes major reconstruction over the next several years, Pace is committed to mitigating traffic congestion. Beginning in August 2013, Pace expanded service on its existing 600 and 610 routes and established a temporary park-n-ride at the Sears Centre in Hoffman Estates. With these expanded services, Pace hopes to alleviate congestion as construction delays increase on the Jane Addams. To advance the progress of the project, Pace is collaborating with the Illinois Tollway, Regional Transit Authority, Chicago Metropolitan Agency for Planning, IDOT, and the various communities along the corridor.

I-55 Stevenson Expressway Corridor

The Bus On Shoulder (BOS) demonstration project was implemented in November 2011 and is a collaborative project between Pace, IDOT, RTA, and the Illinois State Police which allows Pace express Routes 755 & 855 to operate on the I-55 shoulder between Kedzie Avenue and I-355 during congested conditions.

Routes 755 & 855 have seen a significant increase in on-time performance and ridership. The increase in ridership, improvements in on-time performance and perfect safety record have demonstrated success with the program. Pace increased service in May 2013 using CMAQ funds to provide additional trips on Routes 755 and 855 providing increased frequency and alleviate overcrowding. Pace continues to monitor the success of this service and is evaluating further service expansion as well as the establishment of additional park-n-ride facilities.

Pace, IDOT and the RTA submitted a CMAQ funding request to expand the Bus on Shoulder segment east of Kedzie to approximately the Dan Ryan Expressway in an area where severe congestion occurs. Buses continue in the general purpose travel lanes east of Kedzie Avenue and experience congestion which limits their on-time performance and often resulting in the buses arriving late to their final destinations. The funding request covers final engineering and construction of approximately 7 miles of additional BOS segments for eastbound and westbound service.

Arterial Rapid Transit Network

Pace's ART Network will serve as an innovative, high-

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

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

Milwaukee Avenue is the first corridor slated for implementation among Pace's 24 corridor regional network, and will span seven (7) miles in total, providing northwest/southeast service between the Jefferson Park CTA Station in Chicago and Golf Mill Mall in Niles. Currently, Pace's existing Route 270 operates along this corridor, and will be restructured to provide local service after the implementation of the Milwaukee Avenue ART. The Milwaukee Avenue ART (and subsequent ART routes within the long-term network) will include the following system characteristics:

- Running ways that operate in mixed flow traffic.
- Stations, vehicles, and driver uniforms will be branded, with a distinctive and modern appearance.
- Stations will include enhanced features such as: wider station spacing, weather protection, infrared heating, lighting, real time arrival information, service information, vicinity maps, specialty poles, signage, etc.
- ART routes will use a branded and dedicated subfleet of 40 foot low-floor vehicles. Vehicles will have a modern design and will receive maintenance priority.
- Transit Signal Priority and Intelligent Bus Systems will be used to decrease delays due to congestion and red light wait time. TSP and IBS will decrease greenhouse gas emissions by reducing dwell time in congested areas.
- ART routes will include other technology features, such as: next stop announcements, onboard Wi-Fi, on-board surveillance, etc.

Arterial Corridor Development Studies

The goal of the corridor development studies is to understand land use patterns and market conditions to provide congestion relief, improved regional mobility, sustainable employment access and economic development in preparation for Arterial Bus Rapid Transit (ART) Service. Pace is coordinating with local councils of government, municipalities, and counties for these studies. A Corridor plan study is underway for Cicero Avenue between Midway Station and 127th Street. This study will be completed in 2014. Pace is also partnering with the Southwest Conference of Mayors to create a transportation and economic development plan for the 95th Street Corridor between Western Avenue and LaGrange Road. The study will include input from a Steering Committee comprised of Stakeholders from the Southwest Conference of Mayors, IDOT, Metra, Pace, CTA, RTA, CMAP and the Communities of Bridgeview, Chicago Ridge, Evergreen Park, Hickory Hills, Hometown, Oak Lawn and Palos Hills. This study will be completed in mid-2014.

Elgin/O'Hare Western Bypass Corridor Service Plan

In May 2013, the Senate passed House Joint Resolution 9, allowing the Illinois Tollway to move forward with construction of the $3.4 billion Elgin O'Hare Western Access Project.

Pace is partnering with DuPage County to create an incremental transit plan to grow the transit market in relation to economic development and land use development along the proposed Elgin/O'Hare Western By-pass corridor. The market analysis will include detailed information on socioeconomic status, population and employment density, travel patterns, attitudes towards everyday

travel, and preferences for different types of transit service, walking shed and land use coordination analysis.

Transit and Land Use Coordination

Pace Community Transit Planning Program

During 2013, Pace established the Pace Community Transit Planning Program. Working towards the fulfillment of goals set forth in the Vision 2020 Plan, Pace is incrementally expanding its "family of services" throughout the service area to improve and maximize transit ridership, develop solutions to unmet transit needs, build local relationships, and enhance the image of transit as a viable alternative to the automobile by making transit faster, more effective and more efficient. Through this new program, Pace will work directly with communities on the analysis, design, and implementation of community transit services. Tasks covered under this program include: the review of existing Pace research and industry best practices and recommendations, the development of a survey instrument tool for Pace users/non-users in the study area, the development of a sampling and survey administration plan that includes an online approach.

The first proposed project under this new Pace program will be an Origin-Destination study and analysis of service of the Fox Valley Division. The project will include a review of existing Pace research in the area, the development of a survey, analysis of the data and report generation.

Guidelines for Transit Supportive Communities

Pace has updated its Development Guidelines which were last revised in 1999. The resulting document, Guidelines for Transit Supportive Communities, includes a robust, dynamic, and dramatically expanded scope, providing municipal planners and the development community with a thorough examination of why transit supportive development is important and beneficial, what it entails, and how it can and should be achieved.

The primary function of the guidelines is land use and site design practices and policies that support public bus use. The purpose and goals of the guidelines are directly related to Pace's Vision 2020, CMAP's GO TO 2040 Regional Plan, and RTA's Community Planning and Sub-regional Planning Programs.

Through its Development Review Assistance For Transit (DRAFT) program Pace offers complementary in-house technical review to developers and municipalities. These reviews are conducted by Pace's Transportation Engineer and are designed to promote the incorporation of public transportation features in suburban development. The provision of transit service also is analyzed during the plan review process.

Pace will be aggressively marketing the Guidelines and the new DRAFT program with an outreach plan that raises awareness and generates participation from municipalities, planners, developers and transit patrons alike.

Technology

Transit Signal Priority

The Transit Signal Priority (TSP) Program is geared toward providing a more reliable regional transit system with improved bus travel times, schedule adherence and customer satisfaction. Transit Signal Priority recognizes that most buses operate on the arterial system, where delay is largely related to congestion and traffic signal timings that have not been oriented to bus operations. TSP allows buses to adhere to their published schedule by giving priority at stoplights by extending green time to buses that are behind schedule.

Implementation of TSP on designated corridors is a multi-year program. Implementation of corridor segments and locations are determined, based on delay analysis, funding and coordination with the ART and posted stop programs.

The Harvey TSP Demonstration Project was successful both in terms of benefits to Pace riders and technology implementation. Some key evaluation benefits include: Bus Travel times were reduced up to 15%; Cumulative Daily Delay for buses was reduced by 27 minutes at TSP-equipped intersections during AM and PM Peak Periods; Average travel time for all traffic was reduced by as much as six minutes during peak hours.

Beginning in 2013, Phase 2 of this project extends the existing TSP System from the Harvey Transportation Center to Chicago Heights Terminal with ten addi-

tional TSP equipped signals. An additional 40 buses will be equipped with TSP system as part of this project .

As part of the regional TSP working group, Pace, CTA, City of Chicago, CDOT and IDOT are evaluating various technology integration options for TSP deployment along corridors operated by both Pace and CTA.

A regional $40 million five year Transit Signal Priority Program begins in 2013 to design and implement TSP on designated Pace and CTA corridors. This program is the result of a multi-agency CMAQ program application submitted by the RTA, Pace, CTA and supported through the regional signal operators including IDOT, CDOT and the counties. Initial implementation will focus on corridors with optimized and approved TSP signal timing plans.

RideShare Program

The Pace RideShare program offers a free, web-based carpool and vanpool matching service for area residents interested in alternatives to single-occupancy vehicle (SOV) trips. The pacerideshare.com website was upgraded and redesigned in 2013 and allows users to calculate their money and pollution savings compared to driving alone. Pace RideShare collects carpool data for the region, while supporting new formation and retention of Pace vanpools. In 2014, Pace will continue its marketing campaign to further increase participation.

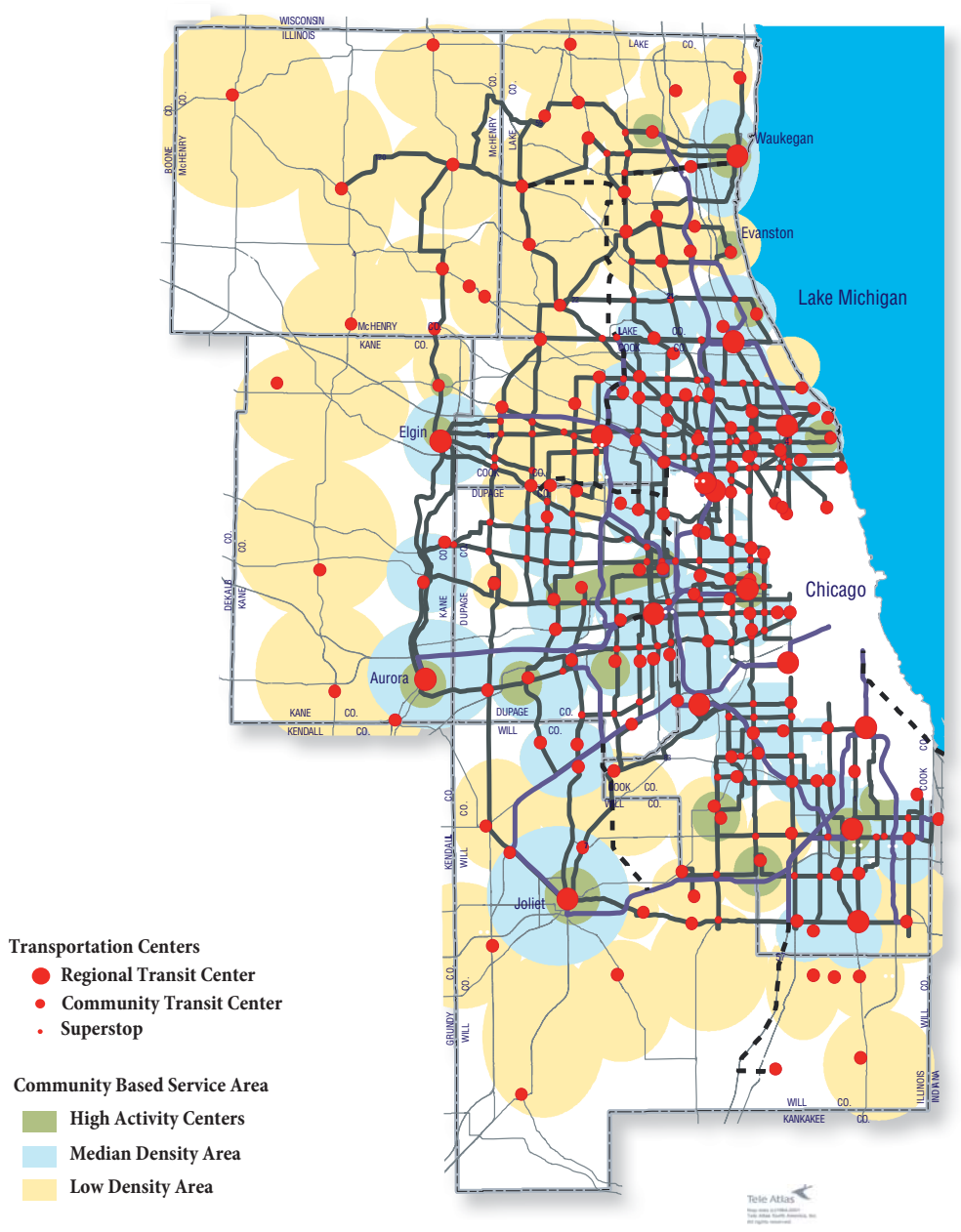
Service Planning and Restructuring

In order to make service more reliable and predictable for riders, Pace Strategic Services and Revenue Services are jointly working on a project to improve the on-time performance of Pace fixed routes throughout the six-county region. By analyzing the running times of existing trips and evaluating traffic patterns, the schedules for the selected routes are optimized to allow service to run on time which will allow for fewer delays and improved connections with other routes.

In select areas where the demand for fixed route service is low due to lower population densities, Pace is implementing an on-going program of demand-responsive service known as Call-n-Rides to serve as the first and last mile to connect with existing fixed routes. The Call-n-Ride driver has a cell phone whose number is published in the zone in which the service operates. Riders contact the bus operator directly to book a ride on this shared ride service.

As a way to continue to improve service to riders, Strategic Services staff periodically conducts service restructuring by region. The restructuring involves a thorough analysis of current ridership demand by stop, evaluates the on-time performance of each route, does a market analysis to find the areas of the region that might have greater ridership potential as well as areas without service and conducts public outreach which culminates in a service implementation plan.

Map 7. Vision 2020



Transportation Centers
- Regional Transit Center
- Community Transit Center
- Superstop

Community Based Service Area
- High Activity Centers
- Median Density Area
- Low Density Area

Line Haul Routes
- Line Haul Arterial Route
- Line Haul Express Route
- Line Haul Proposed Express Route

Marketing & Communications Plan

IN 2013, for the first time in many years, Pace had a significant presence on television. Resulting from the focus groups and rider surveying conducted in 2012, Pace produced several two-minute segments that aired on network TV and developed two efficiently-produced commercials that aired over a four-week period on major networks. Those TV spots were coordinated with a radio campaign, all of which promoted the Pace brand and stressed the themes of public transit allowing commuters the ability to relax and be productive.

Also for the first time, the Marketing Department conducted a benchmarking study of its advertising activities. This study tracks awareness of Pace and its advertising among the general public before, during and after the advertising runs. That data allow for an evaluation of the efficacy of the advertising, which can help Pace more effectively modify future advertising.

Once again this year, Pace invested heavily into reaching out to persons with disabilities. Pace sought to encourage existing ADA paratransit riders to ride fixed route buses and trains. Our new spokesperson, Bridget Brown, spoke on our behalf at many events and appeared in print and video advertisements directed towards people with disabilities. Our continued partnership with the advocacy organization JJ's List and our visits to high school and college training programs for students with disabilities enhanced our proficiency in communicating directly with this segment of our riding public. In 2013, Pace and JJ's List created a series of "how to ride Pace" videos, focused on helping people with developmental disabilities ride fixed route service. Statistics from 2011-13 convey tremendous success with this initiative, with Circuit Permit (formerly known as "People with Disabilities Ride Free") ridership on fixed route up 39% in 2012 and 12% in the first half of 2013, and use of wheelchair lifts on fixed route buses up 15% in 2012.

Ventra™, the Pace/CTA open standards fare system, launched to the general public on September 9, 2013, following a year of promotional activity in partnership with CTA. Pace and CTA educated customers on the advantages of the new fare media and Pace's fare policy changes. We hope to encourage Pace riders to adopt Ventra™ so as to diminish the amount of fare payments in cash. Pace customers had used cash for 40% of their transactions in 2012.

Pace's Bus On Shoulder operation has proven to be remarkably popular since its launch in 2011. Pace continued to advertise that service in 2013, while including messaging about the expansion of service that took place on routes 755 and 855. Route 755 saw a 43% ridership increase in the first half of 2013, while route 855 saw a 9% gain during that same period.

Building on a record-breaking vanpool recruitment effort in 2012, Pace invested heavily in promoting the vanpool program to employers. Pace also sought to capitalize on high gasoline prices by marketing the vanpool program directly to the general public. The number of vanpools in operation reached an all-time high in 2013 and Pace staff recruited 46 new vanpooling groups between January and July 2013.

The Pace Marketing Department also continued its pursuit of enhancing passenger amenities throughout the region. After installing an all-time high of 116 bus stop shelters in 2012, Pace has installed another 28 in the first seven months of 2013. The advertising contracts which grow Pace's non-farebox revenue performed well in 2013, as the advertising over the audio announcement system on fixed route buses and the sale of advertisements on the Pace website saw revenue increase by 55%.

APPENDIX F

OPERATING BUDGET DETAIL

2012 Actual Operating Results

2012 Actual Program, Activity and Object Matrix

	Pace[1] Operating Divisions	Public Carriers	Private[1] Carriers	Dial-a-Ride[2]
Revenue				
Farebox	$27,226,970	$997,852	$1,204,428	$1,823,728
Half-Fare Reimbursment	0	0	0	0
Advertising Revenue	0	0	0	0
Investment Income	0	0	0	0
Other	1,554,428	511,144	331,636	10,626,362
Total Revenue	**$28,781,398**	**$1,508,996**	**$1,536,064**	**$12,450,090**
Operating Expenses				
Operations				
Labor/Fringes	$54,347,691	$1,910,677	$0	$0
Parts/Supplies	6,519	45,490	0	0
Purchased Transportation	0	280,984	6,459,431	17,408,654
Fuel	0	0	0	0
Other	101,182	16,106	0	0
Total Operations	**$54,455,392**	**$2,253,257**	**$6,459,431**	**$17,408,654**
Vehicle Maintenance				
Labor/Fringes	$13,295,235	$470,477	$0	$0
Parts/Supplies	3,218,779	151,896	0	0
Other	(842,919)	68,500	0	441,658
Total Vehicle Maintenance	**$15,671,095**	**$690,873**	**$0**	**$441,658**
Non-Vehicle Maintenance				
Labor/Fringes	$754,792	$0	$0	$0
Parts/Supplies	608,084	0	0	0
Other	825,055	0	0	36,100
Total Non-Vehicle Maintenance	**$2,187,931**	**$0**	**$0**	**$36,100**
General Administration				
Labor/Fringes	$3,172,044	$363,959	$0	$0
Parts/Supplies	76,518	1,473	0	0
Utilities	1,303,993	702	0	0
Insurance	0	0	0	0
Health Insurance	0	0	0	0
Other	1,558,481	55,078	0	653,659
Indirect Overheard Allocation	0	0	0	0
Total Administration	**$6,111,036**	**$421,212**	**$0**	**$653,659**
Total Expenses	**$78,425,454**	**$3,365,342**	**$6,459,431**	**$18,540,071**
Funding Requirement	**$49,644,056**	**$1,856,346**	**$4,922,367**	**$6,089,981**
Recovery Ratio	**36.70%**	**44.84%**	**23.78%**	**67.15%**

(1) Includes CMAQ/JARC Service
(2) Includes Ride DuPage, Ride in Kane and Community Transit

Vanpool	Administration	Centralized Support	Total Suburban Svc	Total Regional ADA Paratransit	Combined Audited Results
$3,926,623	$0	$0	$35,179,601	$9,289,050	$44,468,651
0	2,628,912	0	2,628,912	0	2,628,912
0	4,483,746	0	4,483,746	0	4,483,746
0	187,728	0	187,728	0	187,728
0	981,537	0	14,005,107	3,551,057	17,556,164
$3,926,623	**$8,281,923**	**$0**	**$56,485,094**	**$12,840,107**	**$69,325,201**
$0	$0	$2,977,661	$59,236,029	$0	$59,236,029
0	0	1,744,919	1,796,925	0	1,796,928
0	0	0	24,149,069	124,101,376	148,250,445
2,844,497	0	17,925,832	20,770,329	2,578,197	23,348,526
1,900,638	0	0	2,017,926	0	2,017,926
$4,745,135	**$0**	**$22,648,412**	**$107,970,281**	**$126,679,573**	**$234,649,854**
$0	$0	$3,031,393	$16,797,105	$0	$16,797,105
0	0	271,457	3,642,132	0	3,642,132
0	0	1,207,183	874,422	0	874,422
$0	**$0**	**$4,510,033**	**$21,313,659**	**$0**	**$21,313,659**
$0	$0	$612,679	$1,367,471	$0	$1,367,471
0	0	0	608,084	0	608,084
0	236,985	604,079	1,702,219	0	1,702,219
$0	**$236,985**	**$1,216,758**	**$3,677,774**	**$0**	**$3,677,774**
$0	$16,683,395	$0	$20,219,398	$2,697,429	$22,916,827
0	223,235	0	301,226	7,939	309,165
0	258,323	0	1,563,018	31,091	1,594,109
0	0	7,571,910	7,571,910	147,405	7,719,315
0	0	18,388,731	18,388,731	530,968	18,919,699
0	6,926,919	4,080,890	13,275,027	2,959,164	16,234,191
0	0	0	(3,959,434)	3,959,434	0
$0	**$24,091,872**	**$30,041,531**	**$57,359,876**	**$10,333,430**	**$67,693,306**
$4,745,435	**$24,328,857**	**$58,416,734**	**$190,321,590**	**$137,013,003**	**$327,334,593**
$818,512	**$16,046,934**	**$58,416,734**	**$133,836,496**	**$124,172,896**	**$258,009,392**
82.75%	**34.04%**	**0.00%**	**36.00%**	**10.00%**	

2013 Estimated Operating Results

2013 Estimated Program, Activity and Object Matrix

	Pace[1] Operating Divisions	Public Carriers	Private[1] Carriers	Dial-a-Ride[2]
Revenue				
Farebox	$27,708,895	$1,000,406	$1,318,812	$1,925,552
Half-Fare Reimbursment	0	0	0	0
Advertising Revenue	0	0	0	0
Investment Income	0	0	0	0
Other	1,412,375	370,402	444,385	10,786,107
Total Revenue	**$29,121,270**	**$1,370,808**	**$1,763,197**	**$12,711,659**
Operating Expenses				
Operations				
Labor/Fringes	$57,334,718	$2,047,598	$0	$0
Parts/Supplies	25,253	50,950	0	0
Purchased Transportation	0	291,200	6,866,900	16,926,901
Fuel	0	0	0	0
Other	118,724	15,264	0	0
Total Operations	**$57,478,695**	**$2,405,012**	**$6,866,900**	**$16,926,901**
Vehicle Maintenance				
Labor/Fringes	$14,016,579	$530,713	$0	$0
Parts/Supplies	3,224,124	123,293	0	0
Other	(11,088)	70,863	0	444,295
Total Vehicle Maintenance	**$17,229,615**	**$724,869**	**$0**	**$444,295**
Non-Vehicle Maintenance				
Labor/Fringes	$858,790	$0	$0	$0
Parts/Supplies	554,233	0	0	0
Other	922,690	0	0	40,476
Total Non-Vehicle Maintenance	**$2,335,713**	**$0**	**$0**	**$40,476**
General Administration				
Labor/Fringes	$3,273,990	$385,346	$0	$0
Parts/Supplies	69,805	1,000	0	0
Utilities	1,348,656	1,188	0	0
Insurance	0	0	0	0
Health Insurance	0	0	0	0
Other	2,072,899	3,906	0	1,809,796
ADA Overhead	0	0	0	0
Total Administration	**$6,765,350**	**$391,440**	**$0**	**$1,809,796**
Total Expenses	**$83,809,373**	**$3,521,321**	**$6,866,900**	**$19,221,468**
Funding Requirement	**$54,688,103**	**$2,150,313**	**$5,103,703**	**$6,509,809**
Recovery Ratio	**34.75%**	**38.93%**	**25.68%**	**66.13%**

(1) Includes CMAQ/JARC Service
(2) Includes Ride DuPage, Ride in Kane and Community Transit

Vanpool	Administration	Centralized Support	Total Suburban Svc	Total Regional ADA Paratransit	Combined Estimate
$4,069,648	$0	$0	$36,023,313	$9,932,228	$45,955,541
0	1,978,000	0	1,978,000	0	1,978,000
0	4,546,658	0	4,546,658	0	4,546,658
0	216,781	0	216,781	0	216,781
0	1,191,500	0	14,204,769	2,562,516	16,767,285
$4,069,648	**$7,932,939**	**$0**	**$56,969,521**	**$12,494,744**	**$69,464,265**
$0	$0	$2,965,213	$62,347,529	$0	$62,347,529
0	0	1,843,610	1,919,813	0	1,919,813
0	0	0	24,085,001	133,905,397	157,990,398
2,967,937	0	18,791,409	21,759,346	2,814,950	24,574,296
1,936,609	0	0	2,070,597	0	2,070,597
$4,904,546	**$0**	**$23,600,232**	**$112,182,286**	**$136,720,347**	**$248,902,633**
$0	$0	$3,277,571	$17,824,863	$0	$17,824,863
0	0	400,000	3,747,417	0	3,747,417
0	0	1,112,000	1,616,070	0	1,616,070
$0	**$0**	**$4,789,571**	**$23,188,350**	**$0**	**$23,188,350**
$0	$0	$747,695	$1,606,485	$0	$1,606,485
0	0	0	554,233	0	554,233
0	293,905	700,400	1,957,471	0	1,957,471
$0	**$293,905**	**$1,448,095**	**$4,118,189**	**$0**	**$4,118,189**
$0	$16,588,076	$0	$20,247,412	$2,711,894	$22,959,306
0	234,541	0	305,346	0	305,346
0	255,796	0	1,605,640	0	1,605,640
0	0	8,143,757	8,143,757	251,582	8,395,339
0	0	18,724,220	18,724,220	414,987	19,139,207
0	8,356,574	5,775,056	18,018,231	3,484,085	21,502,316
0	0	0	(5,178,849)	5,178,849	0
$0	**$25,434,987**	**$32,643,033**	**$61,865,757**	**$1,204,139**	**$73,907,154**
$4,904,546	**$25,728,892**	**$62,480,931**	**$201,354,582**	**$148,761,744**	**$350,116,326**
$834,898	**$17,795,953**	**$62,480,931**	**$144,385,061**	**$138,267,000**	**$280,652,061**
82.98%	**30.83%**	**0.00%**	**30.00%**	**10.00%**	

2014 Operating Budget

2014 Program, Activity and Object Matrix

	Pace[1] Operating Divisions	Public Carriers	Private[1] Carriers	Dial-a-Ride[2]
Revenue				
Farebox	$28,416,804	$1,006,295	$1,358,376	$1,977,105
Half-Fare Reimbursment	0	0	0	0
Advertising Revenue	0	0	0	0
Investment Income	0	0	0	0
Other	1,363,499	391,082	593,745	11,184,316
Total Revenue	**$29,780,303**	**$1,397,377**	**$1,952,121**	**$13,161,421**
Operating Expenses				
Operations				
Labor/Fringes	$60,387,952	$2,116,552	$0	$0
Parts/Supplies	25,993	52,250	0	0
Purchased Transportation	0	299,500	7,600,300	17,643,968
Fuel	0	0	0	0
Other	120,616	15,383	0	0
Total Operations	**$60,534,561**	**$2,483,685**	**$7,600,300**	**$17,643,968**
Vehicle Maintenance				
Labor/Fringes	$15,042,206	$546,283	$0	$0
Parts/Supplies	3,447,029	120,344	0	0
Other	(16,841)	72,223	0	455,059
Total Vehicle Maintenance	**$18,472,394**	**$738,850**	**$0**	**$455,059**
Non-Vehicle Maintenance				
Labor/Fringes	$883,051	$0	$0	$0
Parts/Supplies	580,802	0	0	0
Other	944,064	0	0	42,014
Total Non-Vehicle Maintenance	**$2,407,917**	**$0**	**$0**	**$42,014**
General Administration				
Labor/Fringes	$3,406,500	$398,176	$0	$0
Parts/Supplies	74,602	1,550	0	0
Utilities	1,361,776	1,191	0	0
Insurance	0	0	0	0
Health Insurance	0	0	0	0
Other	2,050,418	4,880	0	1,851,692
ADA Overhead	0	0	0	0
Total Administration	**$6,893,296**	**$405,797**	**$0**	**$1,851,692**
Total Expenses	**$88,308,168**	**$3,628,332**	**$7,600,300**	**$19,992,733**
Funding Requirement	**$58,527,865**	**$2,230,955**	**$5,648,179**	**$6,831,312**
Recovery Ratio	**33.72%**	**38.51%**	**25.68%**	**65.83%**

(1) Includes CMAQ/JARC Service
(2) Includes Ride DuPage, Ride in Kane and Community Transit

Vanpool	Administration	Centralized Support	Total Suburban Svc	Total Regional ADA Paratransit	Combined Budget
$4,228,846	$0	$0	$36,987,426	$10,414,569	$47,401,995
0	1,978,000	0	2,731,000	0	2,731,000
0	4,654,325	0	4,654,325	0	4,654,325
0	231,139	0	231,139	0	231,139
0	1,093,500	0	14,626,142	2,504,726	17,130,868
$4,228,846	**$7,956,964**	**$0**	**$59,230,032**	**$12,919,295**	**$72,149,327**
$0	$0	$3,163,549	$65,668,053	$0	$65,668,053
0	0	1,864,970	1,943,213	0	1,943,213
0	0	0	25,543,768	144,530,822	170,074,590
3,109,413	0	19,178,225	22,287,638	3,008,860	25,296,498
2,139,060	0	0	2,275,059	0	2,275,059
$5,248,473	**$0**	**$24,206,744**	**$117,717,731**	**$147,539,682**	**$265,257,413**
$0	$0	$3,501,087	$19,089,576	$0	$19,089,576
0	0	400,000	3,967,373	0	3,967,373
0	0	1,408,620	1,919,061	0	1,919,061
$0	**$0**	**$5,309,707**	**$24,976,010**	**$0**	**$24,976,010**
$0	$0	$857,837	$1,740,888	$0	$1,740,888
0	0	0	580,802	0	580,802
0	317,720	766,830	2,070,628	0	2,070,628
$0	**$317,720**	**$1,624,667**	**$4,392,318**	**$0**	**$4,392,318**
$0	$18,445,895	$0	$22,250,571	$2,800,814	$25,051,385
0	258,647	0	334,799	0	334,799
0	257,878	0	1,620,845	0	1,620,845
0	0	8,327,444	8,327,444	254,831	8,582,275
0	0	19,816,106	19,816,106	438,136	20,254,242
0	9,160,586	7,615,593	20,683,169	3,692,201	24,375,370
0	0	0	(5,360,108)	5,360,108	0
$0	**$28,123,006**	**$35,759,143**	**$67,672,826**	**$12,546,090**	**$80,218,916**
$5,248,473	**$28,440,726**	**$66,900,261**	**$214,758,885**	**$160,085,772**	**$374,844,657**
$1,019,627	**$20,483,762**	**$66,900,261**	**$155,528,853**	**$147,166,477**	**$302,695,330**
80.57%	**27.98%**	**0.00%**	**30.00%**	**10.00%**	

APPENDIX G

BUDGET PROCESS

Budget Process & Calendar

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

The Budget Process

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

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

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

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

Prior to submitting a budget and financial plan to the RTA, Pace is required to prepare and publish a comprehensive budget and program document (as represented by this document), and hold at least one public hearing on the budget in each of the six counties. Due to its large size, Pace typically holds three public hearings in Cook County. In order to facilitate public comment on the ADA Paratransit program in the City of Chicago, Pace will hold four additional hearings in the City. Public notice of the hearings is run in several widely distributed newspapers throughout the service area. In addition, Pace is to meet with each of the six county boards to review the proposed budget and program. Above and beyond these required meetings, Pace participates in numerous meetings of local government organizations and councils such as CMAP (Chicago Metropolitan Agency for Planning) and various transportation committees (TMA's, business chambers) to inform the public of the proposed budget and program. Thousands of copies of this proposed budget document and supplemental brochure are printed and distributed to elected officials, local governments, transportation interests, public libraries and citizens. A copy is also available on Pace's website.

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

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

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

Budget Amendment Process

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

Budget amendments which do not impact the RTA balanced budget determination basis are provided to the RTA for information purposes. The RTA may also initiate the need for a budget amendment by Pace or another Service Board if it determines such an amendment is necessary. Generally this would only occur if a Service Board failed to achieve its budgeted recovery ratio and/or exceeded its public funding allocation, in which case the RTA can direct the Service Board to submit an amended budget within a specified time frame. Additionally, the RTA may require the Service Boards to submit amended budgets to reflect a revision to public funding or the recovery ratio as deemed necessary by the RTA. The Service Boards have thirty days from date of notice to submit a revision. There are no public hearing requirements for budget amendments which do not affect fares or services.

Budget Calendar

Below are key dates and events in the Pace FY 2014 budget development cycle. The annual capital budget and five year program, as well as the three year financial plan for operations, are also developed in accordance with this schedule.

Chart T. 2014 Budget Development Calendar

Date (2013)	Event
May 17	Release budget call to Agency management
June 14	Budget call requests due from management
June - August	Staff develops a preliminary budget
August	Budget Discussions/Meetings with RTA and other Service Boards
September 11	Pace Board meets to discuss preliminary 2014 budget
September 13	RTA to set 2014 Funding and Recovery Marks
September 17 - 30	Staff develops Proposed 2014 Budget per Board directives
September 30	Staff submits Proposed 2014 Budget to RTA
October 9	Pace Board releases Proposed 2014 Budget for Public Hearing
October 21 - 30	Public Hearings on Pace's Proposed 2014 Budget
November 13	Pace Board adopts Final 2014 Budget
November 15	Submit Final 2014 Budget to RTA
November	RTA evaluates Pace budget for compliance
December 18	RTA scheduled to approve/adopt 2014 Budget for Pace

APPENDIX H

FINANCIAL POLICIES

Budget & Financial Policies

Budget Policies Overview

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

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

Balanced Budget Definition and Criteria

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

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

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

Line Item Budget Control

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

Authorized Head Count

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

Use of Positive Budget Variance (PBV)

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

Long Range Financial Planning

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

Stabilization Funds/Working Cash Policy

In order to allow for the payment of obligations in a timely manner, the Pace Board of Directors has adopted a Working Cash Policy. The policy requires that Unrestricted Net Assets in the amount of 8% of annual budgeted operating expenses be retained for working cash purposes. Based on the policy, $17,181,000 of Unrestricted Net Assets are being retained for working cash purposes during 2014.

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. In summary, the RTA policy is to fund the established budgeted deficit of Pace and not the actual results for the year. 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.

RTA Lease Financing Transactions Policy

This policy establishes the allowable uses and budgetary requirements for equipment and facility lease transactions. In summary, it restricts the use of the proceeds from such transactions to capital expenditures and finite operating uses. It further establishes budgetary guidelines for capital projects funded with such proceeds. The Pace policy is consistent with the RTA policy limitations for capital project use and finite operating expense.

Asset Inventory/Condition Assessment

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

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

Risk Management

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

Pace currently maintains a $3 million Self-Insured Retention (SIR) for each occurrence for Automobile Liability exposures. Insurance provides $12 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 $250,000 each occurrence. Additionally, Pace may utilize the RTA Loss Financing Plan to finance recovery from General Liability losses that may exceed the $15 million. Pace purchases other property/casualty excess policies including Workers Compensation, Pollution, Employment Practice Liability, Crime, 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 $5.0 million.

Debt Policy

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

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

level debt payments must be scheduled.

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

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

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

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

The 2014 Budget has included appropriation for issuing a bond for the South Division CNG project. Estimated bond issuance costs of $116,550, as well as an initial estimated interest payment of $550,000, have been included in the 2014 budget. Pace has awarded a contract for architectural and engineering services for the conversion of the garage at South Division to CNG. The current construction schedule is anticipating CNG equipment cost estimates to be available in early Spring 2014, with construction on the facility anticipated to begin in Fall 2014.

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

Basis of Accounting and Budgeting

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

Accounting

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

Budgeting

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

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

Reporting Entity

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

External Audit

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

APPENDIX I

STATE CAPITAL PLAN

State Jump Start Bond Program

Overview

This Appendix contains details regarding the State IDOT Bond Capital Plan. The RTA is the grant recipient of these funds and they are passed through to the Service Boards.

Illinois Jobs Now

The Illinois Jobs Now capital bill provided $1.8 billion for regional transit projects and has been funded with bond proceeds and debt service paid from the State Capital Projects Fund. That fund includes revenues from increases in sales taxes, liquor taxes, motor fuel fees, and other taxes passed by the General Assembly. Table 41 shows the Illinois Jobs Now allocation.

Table 41. Illinois Jobs Now - $1.8 Billion (000's)

	CTA	Metra	Pace
Total Allocation	$900.0	$810.0	$90.0
% Share	50%	45%	5%

Thus far Pace has received $32.0 million in grants which will be used to purchase:

- 13 fixed route buses
- Replace radio system - StarCom
- Construction of a transit center at Toyota Park
- 206 suburban paratransit buses

Additionally, a grant is pending from IDOT for an additional $58.0 million and will be used to purchase:

- 91 CNG fixed route buses
- 84 paratransit buses - suburban
- Transit improvements to the Joliet Multimodal Station

These two grants will obligate the entire $90.0 million for Pace from the Illinois Jobs Now program.

Jump Start

The 2009 Jump Start capital bill intended to provide $900 million for grants to fund public transportation projects

State Capitol Building - funding from the Illinois State Legislature is critical.

in northeastern Illinois. $45 million of the funding was allocated to Pace for Regional ADA rolling stock and support equipment. Jump Start was to be funded with bond proceeds where debt service costs would be paid out of the State's General Revenue Fund. However, a revenue increase has not been developed at this time to generate the necessary funds to allow the State of Illinois to issue such bonds. Table 42 shows the Jump Start allocation. This program takes the $45 million off the top for Regional ADA capital needs and then allocates the funds 58% to CTA, 34% to Metra, and 8% to Pace.

Table 42. Illinois Jump Start - $900 Million (000's)

	CTA	Metra	Pace
ADA Funding	–	–	$45.0
Remaining Funds	$495.9	$290.7	$68.4
Total	**$495.9**	**$290.7**	**$113.4**
Percentage Shares w/ADA	55.1%	32.3%	12.6%

The RTA is assuming the entire $900 million will be available in the 2014 budget. They acknowledge that there is no certainty regarding the availability of these funds; however, if Pace would receive the funds, they would pay for the following projects detailed on Tables 43 and 44.

Table 43. Suburban Services - Illinois Jump Start (000's)

	# of Vehicles	2014
Rolling Stock		
Alt. Fuel - Fixed Route Buses	40	$18,000
Subtotal		$18,000
Support Facilities and Equipment		
Facilities - South Suburbs		$45,500
Bolingbrook Park-N-Ride-Exp.		3,500
Subtotal		$49,000
Miscellaneous		
Project Admin./Force Account		$1,400
Subtotal		$1,400
Total		**$68,400**

Predictable state funding is critical to address State of Good Repair projects. West Division water main break in 2013.

Table 44. Regional ADA - Illinois Jump Start (000's)

	# of Vehicles	2014
Rolling Stock		
City ADA Bus Replacement	250	$12,500
Suburban ADA Bus Replacement	89	5,300
Subtotal	339	$17,800
Electrical/Signal/Communications		
Radio System		$3,000
Subtotal		$3,000
Support Facilities and Equipment		
Construct ADA Facility		$6,000
Regional Call Centers		13,200
Computers and Systems		3,000
Farebox System Ventra™		2,000
Subtotal		$24,200
Total		**$45,000**

In 2012, Pace replaced the bus wash system at Heritage Division. Portions of this building are nearly 90 years old and dates back to 1926.

APPENDIX J

DEBT OVERVIEW

Debt Administration - Bond Issue

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

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

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

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

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

2014 Budget

The 2014 Budget includes plans for issuing the $12 million South Division garage bond. An architectural and engineering firm was hired in May 2013, and construction is anticipated to be completed in 2014.

The 2014 Budget includes bond issuance expenses of $116,550. The bond's issuance expenses include the cost for a bond counsel (specialized tax attorney), bond rating (fee paid to a national bond rating agency), and financial advisor. A financial advisor will assist Pace on market conditions, the sizing of the bond issue, long range financial planning, scheduling, and help Pace determine if the bond issue should be sold competitively or negotiated.

The 2014 Three Year Business Plan includes plans in 2015 to issue the $60 million bond for building a new northwestern Cook County garage. Pace is currently in the process of determining a location for the new garage in northwestern Cook County, and a construction schedule has yet to be determined for this project. The other two projects have yet to have a timeline formulated; however, a reimbursement resolution has been adopted by the Board of Directors that covers all four projects. The reimbursement resolution (pursuant to IRS regulations) will allow Pace to strategically issue bonds based on its needs and financial planning.

2014 Bond Issue

The projected average annual debt service payment for the $12 million South Division garage, based on current bond market rates of 5% for a 20-year amortization schedule, is $965,000. Unlike a mortgage that has equal monthly payments, a governmental bond will have two semi-annual interest payments, and one annual principal payment. During the initial year of issuance, generally only one semi-annual interest payment is scheduled. Pace is planning on having the semi-annual interest payments occur each June 15 and December 15, with the annual principal payment scheduled for December 15.

	2014	2015	2016
Principal	$0	$320,000	$355,000
Interest	550,000	650,000	630,000
Total Annual	**$550,000**	**$970,000**	**$985,000**

The anticipated annual debt service payment for the $60 million northwestern Cook County suburban garage project is $4.47 million for a 25-year amortization schedule.

	2014	2015	2016
Principal	$0	$0	$1,100,000
Interest	0	550,000	3,370,000
Total Annual	**$0**	**$550,000**	**$4,470,000**

How The Bonds Will Be Paid:

State Statue limits Pace to issuing revenue bonds. As such, the Suburban Service Fund's farebox revenue will be used to pay the semi-annual bond interest payments and the annual principal payment. The total estimated annual debt service payment for the $12 million South Division garage and $60 million northwestern Cook County suburban garage is $5.4 million. Pace receives over $38 million annually in farebox revenue, leaving a coverage ratio (amount of revenue to debt payment) of greater than seven to one; a ratio considered to be excellent. This also means that amount of farebox revenue used for debt payments will not be available annually for operations or other projects for the ensuing 20 and 25 years.

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

Sales tax revenue, which Pace receives through the RTA, is considered a subordinate revenue source. Although State Statute guarantees a sales tax distribution to Pace, this revenue source would be considered a junior lien because the RTA has a senior lien on sales tax revenue. RTA is allowed to issue general obligation debt and uses sales tax revenue as the guarantee for those bond payments.

Steps In Issuing Bonds

Prior to issuing bonds, Pace will need to approve a debt management policy, contract a financial advisor, contract a bond counsel, and be rated by a nationally recognized bond rating agency. The 2014 Budget is based on Pace having selected a financial advisor, a bond counsel, and the Board having approved a debt management policy prior to January 1, 2014. Additional Pace policies may need to be updated and/or adopted as well. Finally, the actual structure of the bond issue will be determined with the assistance of the financial advisor, and could possibly be a bank qualified issue, dependent upon construction schedules and market conditions.

Bond Rating

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

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

Each rating agency uses a similar rating with each having a best rating of triple A, a middle rating of double A, and a lower rating of a single A (although ratings of B and C are also possible). Each rating level (AAA or AA or A) is further annotated with a 1, 2 or 3, or a plus or minus, stable or negative. Moody's uses a rating scale of

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

Estimated Debt Service Schedules:

The following exhibits show the estimated annual principal and interest payments for the $12 million, 20-year and $60 million, 25-year bond issues.

Schedule A. $12 million CNG Project - South Garage
Assumption: 20 year with a true interest cost of 5.0% (000)

Payment Year	Principal Payment	Interest Payment	Total Debt Service	Debt Outstanding
2014	$0	$550	$550	$12,000
2015	320	650	970	11,680
2016	355	630	985	11,325
2017	390	600	990	10,935
2018	425	570	995	10,510
2019	460	530	990	10,050
2020	495	500	995	9,555
2021	530	455	985	9,025
2022	565	425	990	8,460
2023	600	395	995	7,860
2024	635	355	990	7,225
2025	670	325	995	6,555
2026	705	285	990	5,850
2027	740	255	995	5,110
2028	775	215	990	4,335
2029	810	185	995	3,525
2030	845	145	990	2,680
2031	880	110	990	1,800
2032	915	75	990	885
2033	885	60	945	0
Total	**$12,000**	**$7,315**	**$19,315**	

Pace is authorized to issue $12 million in bonds for converting the garage in Markham to a compressed natural gas (CNG) facility. The annual debt service will be paid from Pace farebox revenue. The proposed bond is for 20 years, with level annual debt service payments.

Schedule B. $60 million NW Cook County Garage
Assumption: 25 year with a true interest cost of 5.5% (000)

Payment Year	Principal Payment	Interest Payment	Total Debt Service	Debt Outstanding
2015	$0	$550	$550	$60,000
2016	1,100	3,370	4,470	58,900
2017	1,050	3,420	4,470	57,850
2018	1,155	3,335	4,490	56,695
2019	1,260	3,220	4,480	55,435
2020	1,400	3,060	4,460	54,035
2021	1,505	2,970	4,475	52,530
2022	1,645	2,835	4,480	50,885
2023	1,820	2,655	4,475	49,065
2024	2,100	2,355	4,455	46,965
2025	2,170	2,285	4,455	44,795
2026	2,450	2,005	4,455	42,345
2027	2,730	1,725	4,455	39,615
2028	3,045	1,420	4,465	36,570
2029	3,080	1,380	4,460	33,490
2030	3,115	1,340	4,455	30,375
2031	3,150	1,315	4,465	27,225
2032	3,115	1,340	4,455	24,110
2033	3,080	1,375	4,455	21,030
2034	3,045	1,410	4,455	17,985
2035	3,010	1,445	4,455	14,975
2036	2,975	1,480	4,455	12,000
2037	2,940	1,485	4,425	9,060
2038	3,010	1,435	4,445	6,050
2039	3,045	1,430	4,475	3,005
2040	3,005	1,430	4,435	0
Total	**$60,000**	**$52,070**	**$112,070**	

Pace is authorized to issue $60 million in bonds to build a new garage in northwest Cook County. This bond issue pays for land, equipment and building. The bond will be a 25 year level annual debt bond paid from farebox revenue.

Schedule C. Combined Debt Schedule
$12 million and $60 million Bond Issues (000)

Payment Year	Principal Payment	Interest Payment	Total Debt Service	Debt Outstanding
2014	$0	$550	$550	$12,000
2015	320	1,200	1,520	71,680
2016	1,455	4,000	5,455	70,225
2017	1,440	4,020	5,460	68,785
2018	1,580	3,905	5,485	67,205
2019	1,720	3,750	5,470	65,485
2020	1,895	3,560	5,455	63,590
2021	2,035	3,425	5,460	61,555
2022	2,210	3,260	5,470	59,345
2023	2,420	3,050	5,470	56,925
2024	2,735	2,710	5,445	54,190
2025	2,840	2,610	5,450	51,350
2026	3,155	2,290	5,445	48,195
2027	3,470	1,980	5,450	44,725
2028	3,820	1,635	5,455	40,905
2029	3,890	1,565	5,455	37,015
2030	3,960	1,485	5,445	33,055
2031	4,030	1,425	5,455	29,025
2032	4,030	1,415	5,445	24,995
2033	3,965	1,435	5,400	21,030
2034	3,045	1,410	4,455	17,985
2035	3,010	1,445	4,455	14,975
2036	2,975	1,480	4,455	12,000
2037	2,940	1,485	4,425	9,060
2038	3,010	1,435	4,445	6,050
2039	3,045	1,430	4,475	3,005
2040	3,005	1,430	4,435	0
Total	**$72,000**	**$59,385**	**$131,385**	

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APPENDIX K

WHERE THE JOBS ARE

Where the Jobs Are: Employer Access to Labor by Transit

PACE receives an operating subsidy per capita of $25.27 (2012) whereas our RTA peer suburban agencies receive anywhere from two to seven times this level. We do not believe the current subsidy level allows Pace to provide adequate transit service to suburban markets that comprise 66% of the regions' job market and 68% of the regions' population. As a result, public transit in the region has less than a 2% journey-to-work market share in the suburb-to-suburb commute market, which is the largest commute market in the Chicago metropolitan area.

According to the Brookings Institute Report "Where the Jobs Are: Employer Access to Labor by Transit", less than 12% of Metro-Chicago suburban residents can reach a job via transit in less than 90 minutes. A reprint of the report is provided in this appendix.

Where the Jobs Are: Employer Access to Labor by Transit

Metropolitan Policy Program at BROOKINGS

Chicago-Naperville-Joliet, IL-IN-WI Metro Area

Why Transit Access Matters

The suburbanization of jobs obstructs transit's ability to connect workers to opportunity and jobs to local labor pools. As metro leaders continues to grapple with limited financial resources, it is critical for transit investment decisions to simultaneously address suburban coverage gaps as well as disconnected neighborhoods.

Transit Coverage in Chicago

The share of jobs in the metropolitan area that are in neighborhoods with public transit service.

ENTIRE METRO AREA 82.2% RANK 18

CITIES ONLY 97.4%

SUBURBS ONLY 74.8%

Labor Access Rate in Chicago

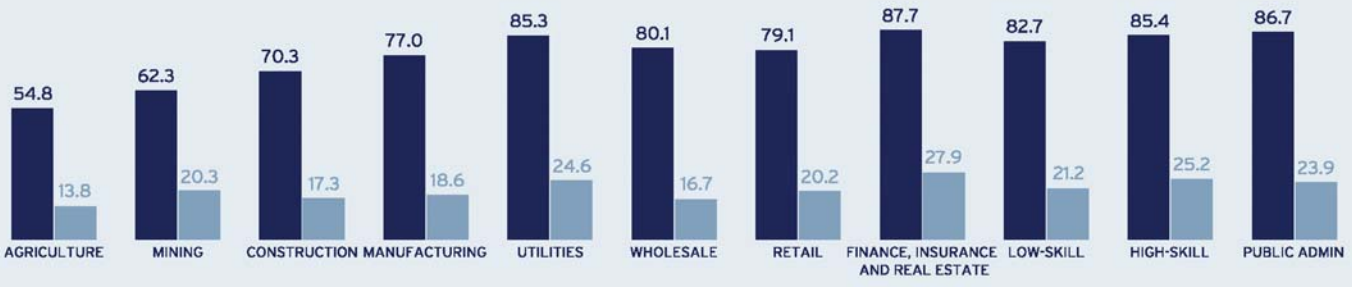
The share of the metropolitan population that the typical job can reach in 90 minutes via public transit.

ENTIRE METRO AREA 22.8% RANK 53

CITIES ONLY 38.7%

SUBURBS ONLY 11.7%

Transit Coverage and Labor Access, by Industry



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Metropolitan Policy Program at BROOKINGS

METROPOLITAN INFRASTRUCTURE INITIATIVE SERIES AND METROPOLITAN OPPORTUNITY SERIES

Where the Jobs Are: Employer Access to Labor by Transit

Adie Tomer

"The suburbanization of jobs obstructs transit's ability to connect workers to opportunity and jobs to local labor pools."

Findings

An analysis of data from 371 transit providers in the nation's 100 largest metropolitan areas reveals that:

- **Over three-quarters of all jobs in the 100 largest metropolitan areas are in neighborhoods with transit service.** Western metro areas like Los Angeles and Seattle exhibit the highest coverage rates, while rates are lowest in Southern metro areas like Atlanta and Greenville. Regardless of region, city jobs across every metro area and industry category have better access to transit than their suburban counterparts.
- **The typical job is accessible to only about 27 percent of its metropolitan workforce by transit in 90 minutes or less.** Labor access varies considerably from a high of 64 percent in metropolitan Salt Lake City to a low of 6 percent in metropolitan Palm Bay, reflecting differences in both transit provision, job concentration, and land use patterns. City jobs are consistently accessible to larger shares of metropolitan labor pools than suburban jobs, reinforcing cities' geographic advantage relative to transit routing.

The suburbanization of jobs obstructs transit's ability to connect workers to opportunity and jobs to local labor pools. Fortunately, some metro areas exhibit near ubiquitous transit coverage rates and enable their jobs to access over half of their local labor pools, proving that expanded transit networks and integrated land use decisions can improve transit's utility to employers. As metro leaders continue to grapple with limited financial resources, it is critical for transit investment decisions to simultaneously address suburban coverage gaps as well as disconnected neighborhoods. Those decisions should be made in concert with actors from other public agencies and the private sector.

Introduction

Three years since the onset of the Great Recession, national and metropolitan labor markets continue to show signs of weakness. The national unemployment rate is still percentage points higher than pre-recession levels, while many metropolitan labor markets face unemployment rates above the national average, some beyond fifteen percent.[1] Worryingly, economists admit the most commonly cited unemployment rates undersell American joblessness by ignoring those no longer seeking work and positively counting those involuntarily working shorter hours.[2]

Yet at the same time that many Americans cannot find full-time work, some employers cannot hire suitable workers for their vacancies. Media reports confirm a skills mismatch in highly technical work like advanced manufacturing to centuries-old work like mining.[3] Some of these mismatches involve professional training shortfalls, but others find origins in education deficits. Recent Brookings research found that metro areas with larger "education gaps"—shortages of educated workers relative to employer demand—had consistently higher unemployment rates than other metro areas from 2005 to 2011.[4]

But even if a metropolitan labor pool's skills do match current job openings, employers also need workers to have physical access to those jobs. Indeed, this is one of the primary purposes of metropolitan transportation networks, and the efficiency, quality, and cost of that network affects employers' ability to access broad pools of labor.[5] Fortunately, America's roadway network is robust and decades of investments mean essentially every job is accessible by the vehicles that use it.

While automobiles do provide broad job accessibility, there is no guarantee the trip is easy. The nation's average distance to work jumped from 9.9 miles in 1983 to 13.3 miles in 2009.[6] Meanwhile, as solo drivers topped 74 percent of all commuters, the average number of hours wasted in traffic increased from 14 hours in 1982 to 34 hours in 2010.[7] Just as importantly, there is still a sizable portion of Americans that confront longer commuting distances without a vehicle. The costs of owning and operating a vehicle are such that ten percent of American households in the nation's largest metro areas do not have access to a private vehicle. Compared to their car-owning counterparts, zero-vehicle households are more likely to earn low incomes, live in cities, and take public transportation to work.[8]

Problems with the daily commute don't just affect workers—they affect employers' bottom lines too. The lack of reliability caused by persistent traffic congestion reduces the size of labor catchment areas.[9] Other research finds that congestion geographically limits business markets, raises business-related transportation costs like logistics, and limits firm productivity through reduced employee productivity.[10] Employee commuting costs also force businesses to increase wages to compensate for the congestion burden, which then pass additional costs along to the end consumer.[11]

Public transit offers businesses a possible solution to some of these congestion-related expenses. First, firms' employees can elect for an alternative to automobile congestion, whether it means multi-tasking on a bus route or speedier travel on a subway. Second, switching commuters from private automobiles to public transportation takes cars off the road, theoretically freeing up roadway capacity for the remaining vehicles, whether personal travelers or freight.[12] But to actualize these benefits, a metro area must include a transit system that efficiently and equitably connects jobs to the broadest possible labor pool.

Unfortunately, little is known whether public transportation serves metropolitan jobs. Inconsistent data collection, organization, and publication between transit agencies, plus the lack of federal requirements regarding geographic data collection, mean employers and residents have little knowledge about how well transit serves their metro area.

This information gap comes at a considerable consequence to employers. First, research finds that workers prefer to take transit if it closely serves their job locations.[13] Thus, employers could attract additional transit-reliant or transit-preferred labor pools if they locate near well-connected transit stops—but determining those transit-rich locations is difficult. Second, with decades of decentralizing development, employers may have little understanding of to what extent sometimes-antiquated transit routing efficiently connects their job sites to prospective labor pools.[14] Finally, inconsistent transit information makes it difficult to judge the efficacy of public programs promoting transit usage for employment, such as the federal Job Access and Reverse Commute program or Partnership for Sustainable Communities discretionary grants.[15]

This brief attempts to fill that gap by explicitly measuring how well fixed route transit connects jobs to metropolitan labor pools. First, it explores what shares of jobs are located near transit networks. Next, it adds labor pools to the analysis and determines how much labor is within reach of those same job locations. It concludes with a discussion of the implications for public policy ranging from transportation investment criteria, to land use and tax reform, and finally to information upgrades.

Methodology

This brief combines detailed data on employment, transit systems, and household demographics to determine transit accessibility within and across the country's 100 largest metro areas.[16] The data provide a "supply side" model of how well transit connects employers to potential workers. It builds off the data, analyses, modeling, and nearly all of the same methodological specifications as Brookings' "Missed Opportunity" report.[17] The exceptions to those specifications are:

Origins: Census tracts, and their geographic centroids, serve as the origin units. The research classifies each census by total employment and job counts within eleven industrial categories.[18] Those industrial cat-

egories correspond with Standard Industry Classification (SIC) Divisions, including a subdivision of Services (Division I) into Low Skill and High Skill categories.[19] In addition, this research shortens Division A (Agriculture, Forestry, And Fishing) to 'Agriculture' and Division E (Transportation, Communications, Electric, Gas, And Sanitary Services) to 'Utilities.'

Destinations: Census block groups, and their population-weighted mean centroids, serve as the destination units. This research classifies each block group by either working-age population between 18 and 64 years old or the population at least 25 years old.

Coverage: The share of jobs in tracts that are considered "served" by transit (i.e., tracts with access to at least one transit stop within 3/4 mile of their geographic centroid).

Labor Access: The share of metropolitan population, either working-age or at least 25 years old, that can reach the typical job in 90 minutes via transit. This measure is only calculated for those census tracts that can reach at least one other block group within 90 minutes.

Education: This sub-analysis within the second finding examines labor access across three resident education categories (High School or Less, Some College or Associate's Degree, Bachelors Degree or More). The sub-analysis counts all residents at least 25 years old.

Findings

A. Over three-quarters of all jobs in the 100 largest metropolitan areas are in neighborhoods with transit service.

Mass transit can best support metropolitan economies when it serves both the neighborhoods where people live and the places where businesses locate. This section focuses on the second of those two functions by examining transit job coverage, or the share of metropolitan jobs in neighborhoods served by transit.

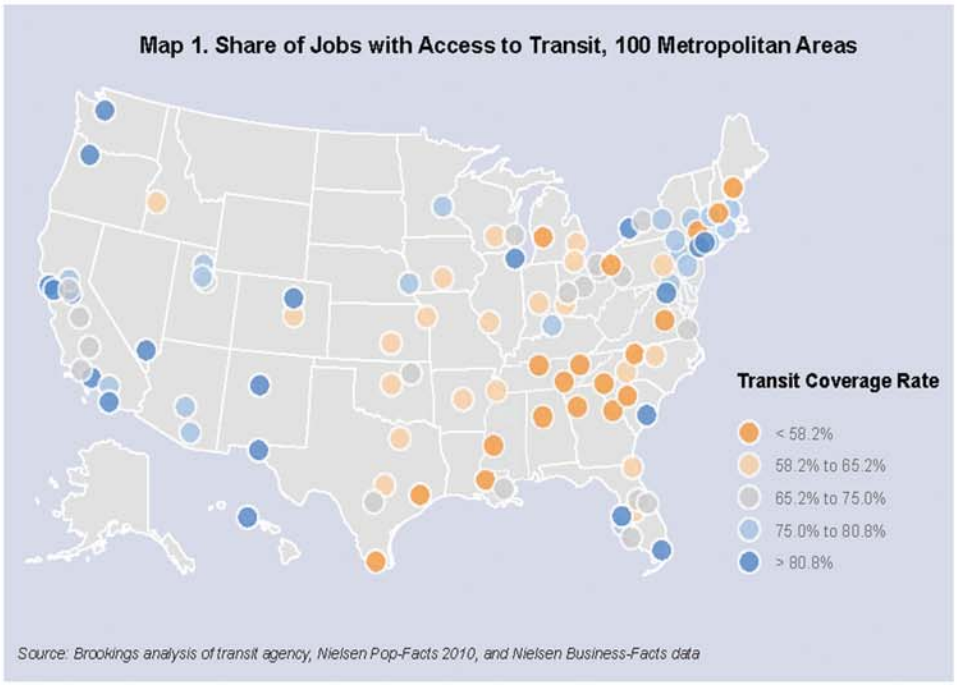
Across the country's 100 largest metro areas, over 75 percent of jobs are in neighborhoods with fixed route transit service. This coverage rate means transit serves 77.7 million jobs in those metro areas. This coverage rate exceeds working age residents' transit coverage rate (69.5 percent), suggesting transit better serves jobs than people.

Western and Northeastern metro areas offer transit service to the widest share of local employers, with a large drop-off for coverage rates in Midwestern and Southern metro areas (Table 1, below). If Midwestern and Southern metro areas offered their businesses the same coverage rates as their Western counterparts, then an additional 3.5 million Midwestern jobs and 6.5 million Southern jobs would have access to transit.

Table 1. Share of Jobs with Access to Transit, 100 Metropolitan Areas by Region

Geography	Metropolitan			City			Suburb		
	Total Jobs	Covered Jobs	Rate	Total Jobs	Covered Jobs	Rate	Total Jobs	Covered Jobs	Rate
All 100 Metro Areas	102,978,179	77,700,952	75.5%	38,344,050	36,308,908	94.7%	64,634,129	41,392,044	64.0%
Midwest	20,957,229	14,682,116	70.1%	7,046,221	6,817,863	96.8%	13,911,008	7,864,253	56.5%
Northeast	23,922,939	19,254,879	80.5%	7,684,947	7,672,237	99.8%	16,237,992	11,582,642	71.3%
South	33,320,610	22,309,295	67.0%	13,055,197	11,756,520	90.1%	20,265,413	10,552,775	52.1%
West	24,777,401	21,454,662	86.6%	10,557,685	10,062,288	95.3%	14,219,716	11,392,374	80.1%

Source: Brookings Institution analysis of transit agency, Nielsen Pop-Facts 2010, and Nielsen Business-Facts data



Source: Brookings analysis of transit agency, Nielsen Pop-Facts 2010, and Nielsen Business-Facts data

Large metropolitan areas—and their large quantities of jobs—drive the higher coverage rates in Western and Northeastern metro areas. Between the two regions, six metro areas rank in the top 20 of both transit job coverage and total metropolitan jobs: New York, Los Angeles, San Francisco, Seattle, San Diego, and Denver. Strong transit coverage for so many jobs lifts their region's overall coverage rate. Beyond just the largest metro areas, a large share of all Western and Northeastern metro areas exhibit coverage rates above average. Map 1 (above) illustrates this point via the blue circles in the associated regions.

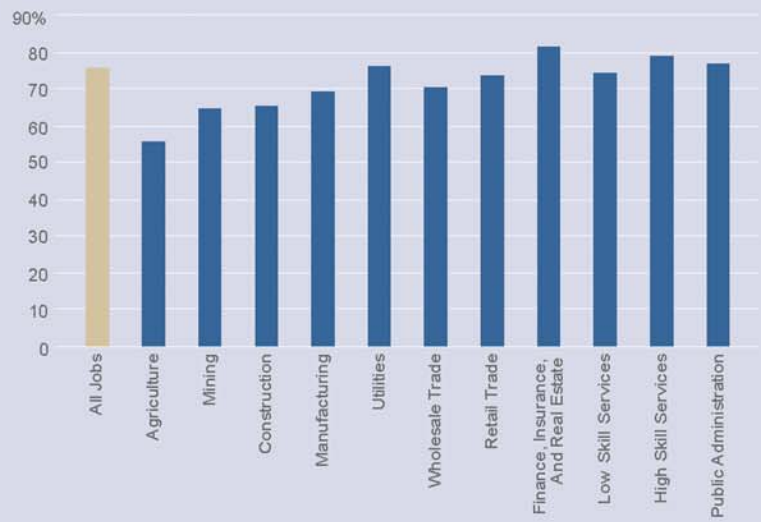
For the Midwest and South, the story is the inverse. First, some of their largest job centers do not offer broad transit coverage to their local businesses. These include metro areas like Dallas, Houston, Atlanta, Cincinnati, and St. Louis. The regions' metro areas also consistently exhibit sub-average coverage rates: 46 of 61 metro areas fall below the 100-metropolitan average.

The disparities are even larger between city and suburban coverage levels. Across all 100 metro areas, 94.7 percent of all jobs in city neighborhoods receive transit service of some kind, while only 64 percent of suburban jobs are in transit-covered neighborhoods. Since so many metro areas have high city coverage rates, suburban service is the more accurate barometer of overall metropolitan coverage levels.

For example, consider the cases of San Jose and Richmond. Both metropolitan areas offer transit service to over 97 percent of city jobs. But while San Jose's suburban transit routes extend well beyond the city core, offering service to 84 percent of its suburban jobs, Richmond's suburban routes stop close to the municipal borders, offering service to only 29 percent of suburban jobs. The end result is that San Jose's overall transit coverage rate ranks fourth and Richmond's ranks 94th. And Richmond isn't the only metro that registers this extreme city/suburban dichotomy. Atlanta, Grand Rapids, and McAllen all show near-ubiquitous transit coverage in their primary cities and limited suburban coverage, pushing their overall coverage rates to the bottom quintile.

The difference between city and suburban coverage rates is especially problematic because the majority of metropolitan jobs are now in the suburbs. Across the 100 metro areas, 64.6 million jobs are in the suburbs versus only 38.3 million jobs in cities, including 72 metros where more jobs are in the suburbs than their primary cities. This leaves metro areas' suburban jobs, such as the 2.2 million in suburban Atlanta, at a structural disadvantage. It is critical that metro areas with majority suburban jobs focus on suburban and suburb-to-suburb routing. Equally important, building and retrofitting suburban locations with higher density

Figure 1. Transit Job Coverage by Industry Category, 100 Metropolitan Areas



Source: Brookings analysis of transit agency, Nielsen Pop-Facts 2010, and Nielsen Business-Facts data

development and concentrated corridors can improve the suburban routes already in operation.

Coverage differences between cities and suburbs also affect specific industries' coverage rates. Simply put, the industries with higher city concentrations enjoy higher coverage rates.[20] FIRE jobs—Finance, Insurance, and Real Estate—exhibit the highest single industry coverage rate, followed by High Skill Services and Public Administration. Those industries with the largest suburban concentrations—Agriculture, Construction, Manufacturing, and Wholesale Trade—grapple with some of the lowest transit coverage rates. Although the coverage splits in Figure 1 (above) may seem small, even single percentage point differences leave thousands of jobs out of transit's reach. For example, if Low Skill Services' coverage rate equaled High Skill Services then transit would reach another 368,800 Low Skill Service jobs.

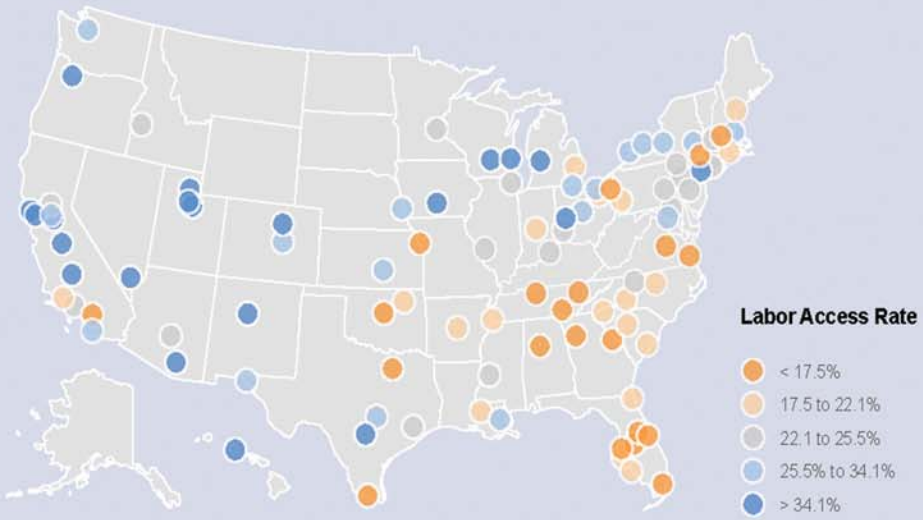
The basic implication of these coverage differences, whether across industries or particular metro areas, is that transit routing and land development policies will either expand or limit employees' transportation choices. An individual working in an industry well-served by transit or living in a metro area with a broad transit network will have a range of choices to get to work. On the other hand, working in an industry underserved by transit or living in a metro area with a limited transit network, especially in the suburbs, will leave a worker with fewer choices and potentially force them to take on the added expenses related to vehicle ownership.[21]

B. The typical job is accessible to only about 27 percent of its metropolitan workforce by transit in 90 minutes or less.

Transit's value to employers only begins with proximity to a local stop. Once a stop is within reach, the next consideration is whether transit provides employers with access to the broadest potential pool of labor and customers. This section addresses the employee portion of that equation by measuring the share of metropolitan labor accessible to the typical job via transit within 90 minutes of travel time.[22]

Across all neighborhoods served by some form of transit in the 100 largest metro areas, the typical metropolitan job can access 27.3 percent of all working-age labor by transit in 90 minutes. This is a few percentage points lower than working-age residents' access to metropolitan jobs (29.9 percent).[23] In both cases, the 90 minute commute threshold provides ample time for workers to walk to local stops, transfer routes if needed, and reach their final destination. It also reflects the majority of transit commuters that take longer than 45 minutes to reach work.

Map 2. Share of Working-Age Residents Reachable in 90 Minutes via Transit, 100 Metropolitan Areas



Source: Brookings analysis of transit agency, Nielsen Pop-Facts 2010, and Nielsen Business-Facts data

Taken together, these two accessibility shares provide a sobering account of the costs of continuous decentralization. While the majority of households and jobs are near transit stops—proving that metropolitan transit networks do reach most of our neighborhoods—the distances between people and their regional jobs are too great to generate higher accessibility rates. Thus, transit routing improvements must address coverage gaps in the suburbs and disconnects between population centers and job nodes.

Not all metro areas suffer from a disconnect between jobs and housing (Map 2, above). Jobs in Western metro areas are accessible to the largest shares of local labor, accounting for 14 of the 20 metro areas with the highest access rates. This includes the country's top four performers, all of which have access levels of at least half of their working-age residents. The single best access rate belongs to metropolitan Salt Lake City (64.1 percent), while its neighbors Provo (47.0) and Ogden (44.0) also achieve high access rates. The Wasatch Front metro areas' access rates reflect both the broad transit investments already made in Utah, as well as that state's commitment to denser development.[24]

Comparatively, Southern metro areas' labor access levels call attention to their overall levels of decentralization and limited transit investment: 15 of the 20 metros with the lowest labor access rates are in the South. This group includes the single worst metropolitan labor access rate, Palm Bay (6 percent), and some of the country's largest population and employment centers. Jobs in Dallas, Miami, and Atlanta all suffer from poor access to labor via transit. Dallas and Atlanta's poor labor access rates are especially challenging because many of their jobs aren't covered by transit in the first place.

In addition to these two groups of best and worst performers, some of the metro areas with the best coverage rates do not maintain their relative rankings when it comes to transit access. For example, Chicago achieves the 18th best coverage rate due to extensive city and suburban transit networks. The coverage is especially impressive considering that 67 percent of jobs are more than 10 miles from downtown Chicago.[25] However, those long distances between communities make it difficult for jobs to reach labor clear-across the metropolitan area, leading to an access ranking of 53rd. Tampa, Charleston, and Providence also fall into this category of broad transit coverage and bottom-50 access rates.

Figure 2. Share of Working Age Residents Reachable in 90 Minutes via Transit, 100 Metropolitan Areas by Region

Source: Brookings analysis of transit agency, Nielsen Pop-Facts 2010, and Nielsen Business-Facts data

City and suburban labor accessibility statistics reinforce the vital relationship between transit routes and land use decisions. The typical city job is accessible to 38.2 percent of metropolitan working age residents, whereas for suburban jobs the figure is only 17.3 percent of residents. This 20-plus percentage point difference reflects cities' central location within the country's hub-and-spoke transit designs, creating streamlined connections to the country's suburbs and easy access to city populations. The differential also reinforces how difficult it is for suburban jobs to reach labor pools living in other suburbs, especially those on geographically opposite sides.

The four metropolitan regions experience similar splits between city and suburban labor access rates (Figure 2, left). Northeastern cities generate the highest accessibility rates—their jobs can typically reach over half of metropolitan labor—but their suburban jobs can only reach around 15 percent of working-age residents, a nearly 31 percentage point difference. Poor suburban performance extends to Midwestern and Southern jobs, too. All told, those three regions' 30 million suburban jobs struggle to reach even 15 percent of their metropolitan labor pools.

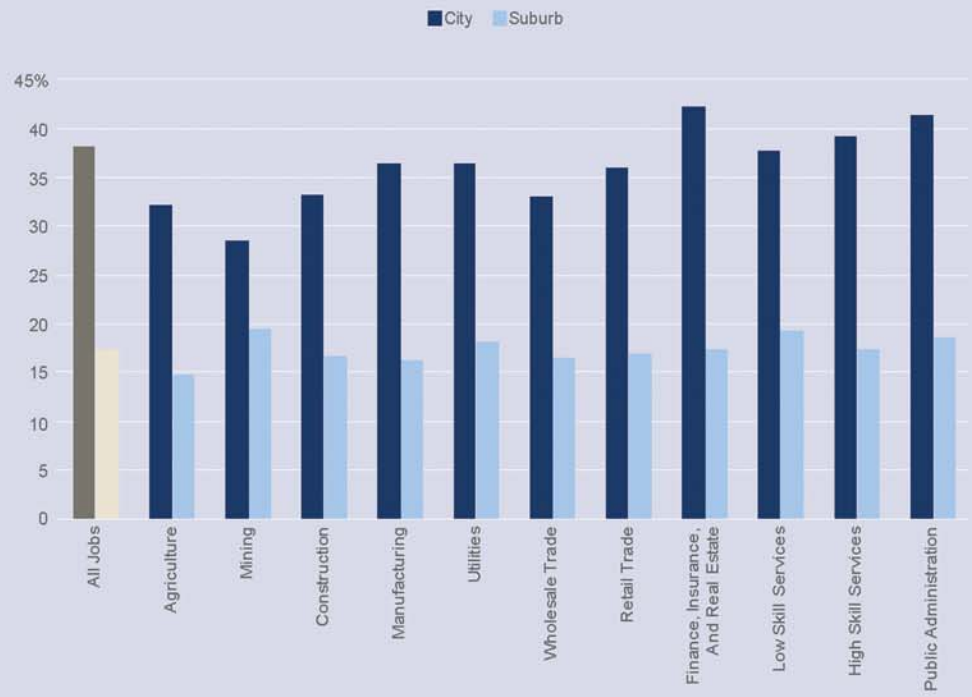
Many single metro areas also experience a wide gap between their city and suburban jobs' access to labor (Table 2, below). The largest gap belongs to the New York metro area. Serving as the nodal center of 24 commuter rail lines and many more express bus routes, New York's city jobs are accessible to nearly 60 percent of the region's working-age labor. The transit system's design simply works for firms in New York City's five boroughs and Newark. Comparatively, New York's suburban jobs are within reach of less than 15 percent of regional labor, underscoring the metro area's enormous land area and the challenges of transit

Table 2. Top Splits between City and Suburban Labor Access in 90 Minutes via Transit, 100 Metropolitan Areas

Metro Area	Labor Access Rates		
	City	Suburb	Difference
New York-Northern New Jersey-Long Island, NY-NJ-PA	58.1%	14.4%	43.7%
Des Moines-West Des Moines, IA	51.2%	8.7%	42.5%
Minneapolis-St. Paul-Bloomington, MN-WI	49.0%	13.1%	35.9%
Washington-Arlington-Alexandria, DC-VA-MD-WV	56.9%	22.4%	34.5%
Modesto, CA	53.7%	19.9%	33.7%
Buffalo-Niagara Falls, NY	51.9%	18.6%	33.4%
Syracuse, NY	45.6%	13.3%	32.3%
San Francisco-Oakland-Fremont, CA	52.6%	21.4%	31.2%
Boston-Cambridge-Quincy, MA-NH	46.9%	15.9%	31.0%
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	43.9%	13.8%	30.1%

Source: Brookings Institution analysis of transit agency, Nielsen Pop-Facts 2010, and Nielsen Business-Facts data

Figure 3. Share of Working Age Residents Reachable in 90 Minutes via Transit, by Industrial Category, 100 Metropolitan Areas



Source: Brookings analysis of transit agency, Nielsen Pop-Facts 2010, and Nielsen Business-Facts data

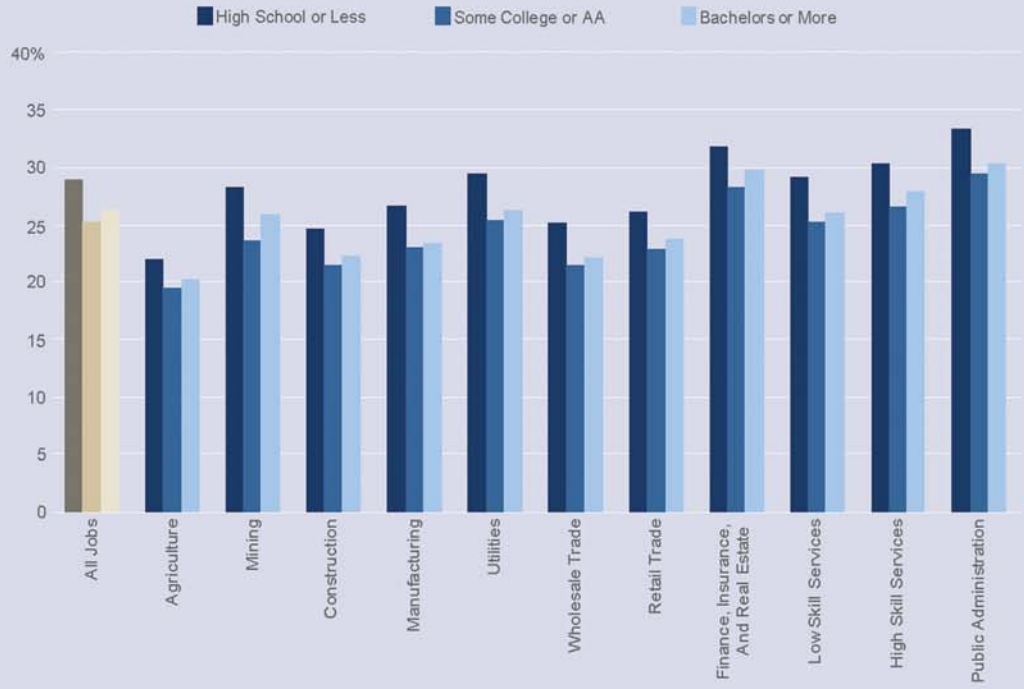
connections between suburban communities. Multiple other metro areas in Table 2 share New York's characteristics of regional rail service and large suburban land areas: Washington, San Francisco, Boston, and Philadelphia.

The eleven industry categories also confront labor access variability between their city and suburban jobs (Figure 3, above). Most industries' city jobs access labor at an impressive rate, with all but one industry having access to at least three out of 10 metropolitan workers. This includes the top industry, FIRE jobs, which typically access 42.2 percent of working-age residents in 90 minutes. The two other industries with the highest concentrations of city jobs—Public Administration and High Skill Services—also generate top labor access rates. The combination of relatively high concentrations of city jobs and higher labor access rates leave those industries in an ideal position to attract transit-based commuters.

Conversely, each industry experiences a huge drop-off in suburban labor access rates. All eleven industries hover between 14 and 20 percent access, reemphasizing the relative isolation of those suburban firms from their potential labor pools.

These access differences between city and suburban labor access—whether measured by single metro areas or separate industrial categories—stand as a stark reminder of the consequences of uncoordinated transportation investments and land use decisions. Even if fixed route transit reaches suburban job centers, too many job centers remain disconnected from the rest of their metropolitan environment.

Figure 4. Share of Working Age Residents Reachable in 90 Minutes via Transit, by Industrial Category and Educational Level, 100 Metropolitan Areas



Source: Brookings analysis of transit agency, Nielsen Pop-Facts 2010, and Nielsen Business-Facts data

Unlike the city/suburb splits, industries access labor pools at relatively equal rates irrespective of educational levels (Figure 4, above). The typical metropolitan job reaches 28.9 percent of individuals with a high school diploma or less, followed by 26.3 percent of individuals with a Bachelor's degree or more and 25.2 percent of individuals with either some college or an Associate's degree.

The 11 industrial categories share this lack of variation across the three education groups (Figure 4). City-concentrated industries like FIRE and Public Administration continue to access the most labor across all three education types, while suburban industries like agriculture and construction reach lower labor shares. But irrespective of city concentration level, the same tight ordering of educational access exists throughout all eleven industries: high school or less, bachelor's or more, and then some college or associate's. For those industries that favor certain education levels over another, the transit system does not align with those variations.

Implications

While Brookings' recent transit research focused on how well residents can access metropolitan jobs, this analysis flipped the perspective and analyzed how well jobs can reach labor. This perspective did not lead to a change in aggregate results: transit serves a majority of jobs, but those jobs can only reach a fraction of their local labor pools in a reasonable amount of time. In this case, the average transit-served job in the county's 100 largest metropolitan areas can access only 27 percent of its local labor pool. These accessibility metrics hamper transit's ability to generate more riders and leverage some of transit's advantages versus the automobile, especially congestion costs borne by employers.

Improving metro areas' transit access could be as simple as running more buses and trains. Yet a serious public funding crisis limits agencies' ability to expand their service and enhance connections between jobs and households. Instead, revenue declines are widespread and many agencies are already planning fare increases and operating cuts to close yawning budget gaps. A recent report found that, since January 2010, 79 percent of transit agencies cut service, raised fares, or considered either action.[26] Interestingly, the survey found the major reasons for those revenue gaps were gas prices, local revenue shortfalls, and state revenue shortfalls—not changes in ridership.[27]

It becomes critical then for the nation to focus on smart transit investments, specifically those that coordinate with other transportation and land use decisions. With the current environment in mind, the findings of this research point to three broad implications at the local, regional, state, and national levels.

Transportation: Include job locations in investment decisions
Certain metro areas exhibit strong transit performances, irrespective of their size, regional location, or development patterns. Los Angeles may cover 4,850 square miles, but its extensive transit network and top coverage ranking suggests even the largest metro areas can reach nearly all employers. Most Southern metro areas fall short on connecting their employers to broad labor pools, but San Antonio bucks that trend by providing targeted suburban routing alongside multiple express routes. And while Las Vegas may have one of the lowest shares of city jobs, its grid-like routing and recent bus rapid transit investments prove that suburban routing can generate relatively high metro-wide labor access.

Using the metropolitan leaders as a guidepost, the country needs a divergent transportation playbook to best connect employers and local households.

First, metro areas should continue to add transit service in a manner that best matches their current and future employment centers. Metro areas with few coverage gaps should continue to enhance connections between employment centers and multiple regional neighborhoods. Denver, Hartford, and Washington each have major fixed-route transit projects underway designed to do just that. Given the price tag of certain fixed-route investments, metro areas like Jacksonville and Grand Rapids are expanding their suburban job connections through lower-cost, flexible routing such as local community shuttles.

The private sector can also support their local transit system by providing financial support for capital upgrades. Businesses and researchers agree that transportation investments increase a location's accessibility and, in turn, create value for nearby landowners. Unlike many European and Asian counterparts, however, public agencies in the United States do not leverage land value increases for their own gain—known as value capture techniques. David Levinson and Emilia Istrate outlined many of the local policy options available to implement public value capture at locations with new infrastructure investments: impact fees and joint development at locations with new development; and special assessment districts and tax increment financing (TIF) in areas with pre-existing development.[28] The private sector's willingness to jointly develop infrastructure by sharing in their land-value gains will lead to more revenue, and infrastructure investments, for public transit agencies.

Finally, employers can support transit alternatives. First, employers can offer private transit services to augment public transit. Microsoft's and Google's private buses offer a model for other large firms and business consortiums.[29] The rise of one-way bike and car sharing networks, including Daimler's Car2Go service, offer an alternative to fixed-route transit and private automobile ownership. Bike sharing is especially promising for the so-called "last mile" connections between fixed transit stops and job locations, easing pressure on transit to offer stops at every corner. Bike usage is also nearly carbon neutral and facilitates street shopping, potentially helping other businesses along highly traveled corridors. Employers should consider funding these investments.

Beyond Transportation: Use policy levers and governance reforms to enhance suburban labor access

The discrepancy between coverage and accessibility is not shared equally across intrametropolitan geography. City-centered jobs are found closer to transit and can reach larger shares of metropolitan labor pools than suburban jobs. However, with 63 percent of jobs in the suburbs, bringing suburban performance closer to city levels would help transit systems match their metropolitan economies and development patterns. Normalizing performance levels may be easier said than done—if suburban routes fail to attract certain ridership levels they will create a drain on already-limited capital—but it is difficult to imagine transit ridership jumping without improved suburban service.

One method to address the discrepancy between city and suburban labor access is for employers to locate in more transit-friendly suburban locations. In some metro areas, denser communities may already exist and relocation will be a viable option. However, analyses suggest that there is pent-up demand for higher density commercial and residential communities, leading to higher prices for those areas in short supply.[30] As such, it may require employers to work with public land use planners and economic development officials to rezone and reconfigure select municipalities. The current redevelopment of automobile-focused Tysons Corner, VA into a multi-modal, walkable environment exemplifies the critical role employers can play in the process.[31] Public redevelopment officials should actively engage their private sector colleagues to collaborate and attract buy-in.

Municipalities and other governmental bodies can also institute specific policies that incentivize job development in denser suburban locations. Officials should start with amending decades-old planning documents by removing anti-density policies, such as mandatory parking minimums, to make high density construction an easier and more cost-effective proposition.[32] Enacting grouped tax incentives, often called Enterprise Zones, in transit-served districts is another method for policy to nudge private sector employers to the desired place.[33] The federal government already provides a model for this kind of policy activity via the U.S. General Services Administration's transit access targets.[34]

Beyond policy reforms, metropolitan leaders should consider governance reforms like redesigning transit service areas to more accurately reflect their metropolitan economies. Many metro areas include a regional transportation district that includes multiple jurisdictions and/or transit agencies in the planning process. Other municipalities suffer from parochial transit agencies or suburban communities uninvolved in the metro area's transit network, all of which leave a system that fails to encompass the metro area's geographic extent. Detroit is famously the largest metropolitan area in the country without a regional transportation authority. In other large metro areas like Dallas and Atlanta, core transit agencies cannot overcome suburban jurisdictions that elect to ignore transit service entirely. The results of both situations are clear: jobs in cities and suburbs fail to connect with labor pools in other parts of the metro area.

Fixing these regional transportation shortcomings is not solely a transportation problem—it's a governance issue. Fortunately, leaders in Detroit and Atlanta are attempting to establish more regional transit networks. Other metro areas with significant regional coverage gaps, like Birmingham, seem to be stuck in neutral. In either case, the private sector has a critical role in building support for regional governance enhancements.

Information: Invest in data systems to improve decision making

Brookings' transit accessibility research helped reveal the cavernous gaps in data quantity and quality from one metro area to another. Simply put, it's impossible to assess the efficiency and equity of a transportation network without data.

Upgrading local transportation, demographic, and economic data is a critical first step in actualizing the reforms listed in the previous two categories. Selecting preferred investment corridors, determining which suburbs exchange labor pools, assigning optimal locations for bike sharing stations: these all require geographically accurate data. The same situation applies to making the hard choices between competing Enterprise Zone locations. Many intelligent transportation systems utilize data improvements to enhance transit service itself. Popular examples already implemented across the country include digital arrival boards or microchip-embedded travel passes.

Employers also stand to benefit from data improvements. Combining demographic and transportation data will enable employers to determine the most accessible locations throughout a metro area. This data exercise may be particular valuable when evaluating the higher land costs often associated with denser developments versus peripheral, low density plots. If data improvements lead to smarter transit investments, those service improvements could lead to reduced congestion and lower costs for employers, too.

The need for data investment creates a particular role for national policymakers. U.S. DOT should implement the optimal policy levers to require geographic data provision from all transit agencies receiving federal support. Since this will require additional costs above the current financial and performance data supplied to the National Transit Database, U.S. DOT must be careful to avoid an unfunded mandate.[35] One possibility is to initiate a trial program through another federal discretionary grant program, such as New Starts, to measure the costs and benefits of a local data program. U.S. DOT could also work with their colleagues in GAO to measure the expected costs on transit agencies to upgrade their data equipment and personnel. The federal government is already moving in this direction, for example, by commissioning reports to study alternative data formats.[36]

Conclusion

The Great Recession offered a wake-up call to the country's leadership: It was time to fundamentally reconsider economic growth models. Many leaders and elected officials, understandably, chose to focus on bringing more and better jobs to the country's metro areas. Lost in this economic shuffle was the fundamental need to also add accessible jobs.

This particular research, and the two preceding pieces, proved that the country still has much to learn about the spatial relationships between where people live and where jobs are. A metro area's accessibility performance, whether by transit or alternative travel modes, is not a simple equation. Instead, complex interactions between firm behavior, household preferences, land use policies, and even natural geography determine the connectivity of a metro area's own micro economies.

Based on this complexity, it's critical that leaders in the public and private sector begin to shift policy in a direction that enhances accessibility. This will require new approaches to transportation investment, fundamental restructuring of associated economic policies, and expanded investments in the data infrastructure to support 21st century decision making. Leaders now know what is possible—it's time to start implementing these new approaches.

Endnotes

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19. This research divided Division I's Major Groups into two categories based on the Major Group's share of workers with and without a Bachelors degree: Low Skill Services (Major Groups 70, 72, 75, 76, 79, and 88) and High Skill Services (Major Groups 73, 78, 80, 81, 82, 83, 84, 86, 87, and 89). For more information, see Table A in Missed Opportunity's Appendix 1 (PDF).
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APPENDIX L

GLOSSARY

Glossary - Budget Terms

Budget Terms

administration expense

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

capital budget

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

cost per mile

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

cost per passenger

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

deficit

The excess of expense over revenue.

farebox revenue

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

fares

The amount charged to passengers for use of various services.

fringes (fringe benefit expense)

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

full-time equivalent position (FTE)

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

funding formula

A specific formula used to determine a subsidy level.

labor expense

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

maintenance expense

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

non-vehicle maintenance expense

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

operating assistance

Financial assistance for transit operations (not capital expenditures). Such aid may originate with federal, local or state governments.

operating budget

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

operations expense

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

performance measure

Information collected to determine how efficient a route is operating.

private contract services

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

program (noun)

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

Transit Service Terms

ADA

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

ART (arterial bus rapid transit service)

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

BRT (bus rapid transit)

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

ADA paratransit service

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

CTA

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

Chicago Metropolitan Agency for Planning (CMAP)

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

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

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

Demand response service

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

express bus (or route)

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

fixed route service

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

full size bus

A bus from 35 to 41 feet in length.

low-income individual

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

medium size bus

A bus from 29 to 34 feet in length.

Metra

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

Pace

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

paratransit service

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

public transportation

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

Regional ADA Paratransit Service

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

ridership (unlinked passenger trips)

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

rolling stock

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

senior

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

service board

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

small bus

A bus 28 feet or less in length.

subscription bus

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

Suburban Service

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

TAP

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.

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 to 15 people who commute to and from work together in a Pace owned van. Pace offers several vanpool options.

Ventra™

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

wheelchair accessible vehicle (accessible vehicle)

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

Funding Terms

ADA Complementary Service

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

ARRA (American Recovery and Reinvestment Act)

The American Recovery and Reinvestment Act was signed into law by President Barack Obama on February 17, 2009. ARRA includes appropriations and tax law changes totaling approximately $787 billion to support government wide efforts to stimulate the economy. Goals of the statute include the preservation or creation of jobs and the promotion of an economic recovery, as well as the investment in transportation, environmental protection and other infrastructure providing long-term economic benefits. Over $48 billion will be invested in transportation infrastructure, including $8.4 billion for transit capital improvements made available through three FTA programs—the Fixed Guideway Infrastructure Investment Program, Capital Investment Grants, and the Transit Capital Assistance Program.

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

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

Federal SAFETEA-LU Program

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

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

The new law will provide steady and predicable funds for the next two years starting October 1, 2012 and consolidates certain transit programs to improve their efficiency and provides federal funding increases specifically for improving the State of Good Repair of the country's transit system.

FTA (Federal Transit Administration)

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

FEMA (Federal Emergency Management Agency)

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

fund balance

See "unrestricted net assets."

grants

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

ICE (Innovative, Coordination and Enhancement Fund)

The RTA Act provides a special funding earmark to the RTA to pay for projects that support regional system development.

IDOT (Illinois Department of Transportation)

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

IEMA (Illinois Emergency Management Agency)

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

Illinois FIRST

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

Illinois Jobs Now

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

Illinois Jump Start

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

JARC (Job Access and Reverse Commute Program)

Under the new MAP-21 Program, this program has been eliminated and activities are now eligible under 5307 formula funding. JARC programs are intended to finance 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.

marks

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

New Freedom

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

New Starts Program

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

Pace Bond Program

House Bill 4036 was enacted by P.A. 97-0770 and gives Pace authority to issue bonds for eligible capital projects. This Public Act is effective January 1, 2013 and totals $100 million dollars.

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 RTA is required to allocate these funds to the service boards, the basis is at their discretion, with the exception of a 25% PTF match on the Chicago RETT which is directed to CTA. (Also known along with 15% sales tax, as discretionary funds).

RETT

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.

85% 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).

15% of the sales tax is retained by the RTA and distributed to the service boards at its discretion (also known as discretionary funds).

RTA Sales Tax Part II (PA 95-0708)

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

RTA Bond Funding

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

SCMF (Suburban Community Mobility Fund)

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

Small New Starts

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

SGR (State of Good Repair)

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

South Cook Job Access

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

Transit Asset Management

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

TIGER (Transportation Investment Generating Economic Recovery)

The U.S. Department appropriated over $3 billion for capital investments in surface transportation infrastructure 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.

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PACE

QUICK FACTS

Service Characteristics

Background data on the Pace service is provided below:

Fixed Route Service	
Number of Fixed Routes (August, 2013)	199
• Regular Routes	134
• Feeder Routes	37
• Shuttle Routes	13
• Seasonal Routes	15
Number of Accessible Routes	199
Peak Period Vehicle Requirements	600
Pace-owned Fleet Size	714
Number Accessible	714
Average Vehicle Age	6.2 years
Contractor-owned Vehicles in Pace service	0
Number of Private Contractors	3
Number of Pace-owned Garages	11
Number of Pace Municipal Contractors	3

Paratransit	
Number of Communities Served	210
Number of Local Dial-A-Ride Projects	68
Pace-owned Fleet Size (Includes Suburban ADA)	442
Average Vehicle Age	3.9 years
Community Trnst Vehicles in Svc (August, 2012)	90
Contractor-owned Vehicles in City ADA service	642

Vanpool	
Vans in Service (August, 2012)—VIP	329
Vans in Service (August, 2012)—Employer Shuttle	15
Vans in Service (August, 2012)—Advantage	347
Total Vans in Service	691
Average Vehicle Age	4.6 years

Other	
Number of Pace Employees (Includes ADA Staff)	1,568

Ridership (000's)	2012 Actual	2013 Estimate	2014 Budget
Fixed Route	32,151	32,655	33,531
DAR/Ride DuPage/Kane*	1,280	1,313	1,347
Vanpool	1,962	2,029	2,106
Total Suburban Service	35,393	35,997	36,984
Regional ADA*	3,776	4,009	4,204
Total System	**39,170**	**40,006**	**41,188**

Vehicle Miles (000's)	2012 Actual	2013 Estimate	2014 Budget
Fixed Route	24,144	24,330	24,765
DAR/Ride DuPage/Kane	5,579	5,863	5,998
Vanpool	12,662	13,129	13,647
Total Suburban Service	42,384	43,321	44,410
Regional ADA	29,779	30,815	32,356
Total System	**72,163**	**74,136**	**76,766**

Vehicle Hours (000's)	2012 Actual	2013 Estimate	2014 Budget
Fixed Route	1,602	1,623	1,665
DAR/Ride DuPage/Kane	299	307	313
Vanpool	N/A	N/A	N/A
Total Suburban Service	1,901	1,931	1,978
Regional ADA	1,900	1,998	2,098
Total System	**3,801**	**3,929**	**4,077**

**Ridership includes companions and personal care attendants*

Ridership

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

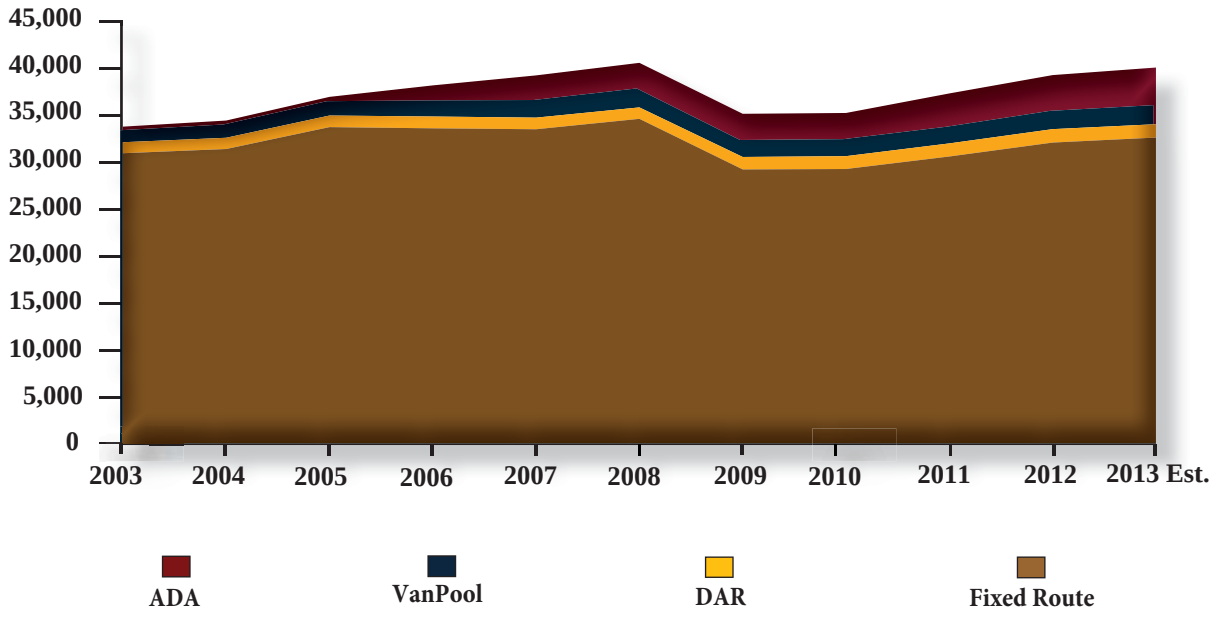
Table 45. Pace 2003–2013 Ridership Historical Summary (000's)

	Fixed Route	DAR	Vanpool	Total Suburban Service	ADA	Total System
2003	30,979	1,067	1,281	33,327	381	33,708
2004	31,429	1,094	1,416	33,939	420	34,359
2005	33,770	1,122	1,529	36,421	459	36,880
2006*	33,642	1,145	1,718	36,505	1,598	38,103
2007	33,542	1,126	1,877	36,545	2,624	39,169
2008	34,655	1,103	2,021	37,779	2,727	40,507
2009	29,247	1,230	1,810	32,287	2,790	35,077
2010**	29,292	1,273	1,751	32,316	3,310	35,626
2011	30,630	1,293	1,778	33,701	3,546	37,247
2012	32,151	1,280	1,962	35,393	3,776	39,170
2013 Est.	32,655	1,313	2,029	35,997	4,009	40,006

**Assumed City ADA service in July, 2006*

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

Chart U. Pace 2003-2013 Historical Ridership (000's)



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THE Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Budget Presentation to Pace Suburban Bus for its annual budget for the fiscal year beginning January 1, 2013.

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.


Connecting Communities

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To view the full budget document, visit Pace's website at:
www.pacebus.com