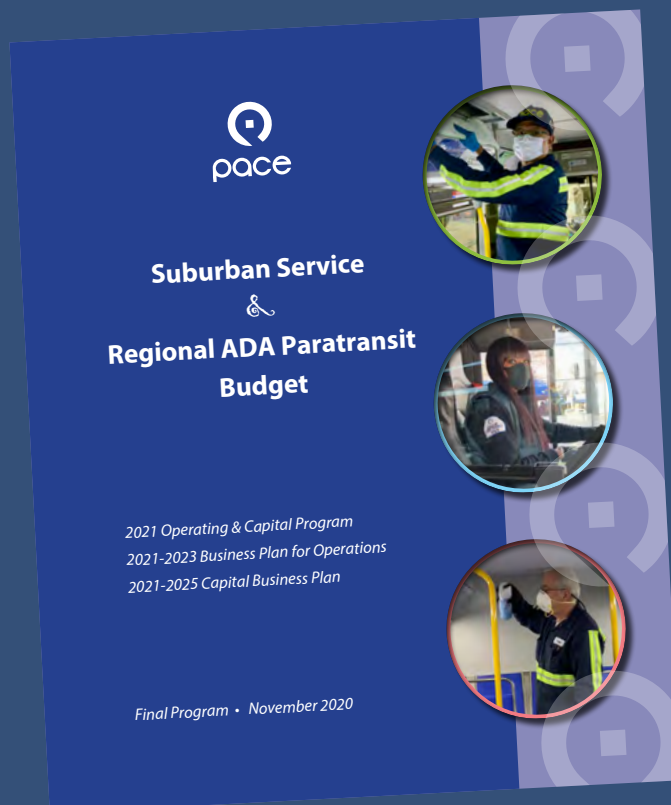


A Track Record of Balanced Budgets

Pace's 2021 Suburban Service & Regional ADA Paratransit Budget achieved a budget with no proposed fare increases. The document, developed on an annual basis, includes the 2021 Operating & Capital Program, 2021-2023 Business Plan for Operations and the 2021-2025 Capital Business Plan.

In spite of dealing with farebox and sale tax funding streams that were devastated by the COVID-19 pandemic and associated loss of more than half of Pace's passenger trips, the 2021 Budget was balanced, thanks in large part to receiving Coronavirus Aid, Relief, and Economic Security (CARES) Act funding from the federal government, a variety of state, local, and federal grant funds that allowed important projects to advance, and the support of the State of Illinois and RTA through the Rebuild Illinois state capital plan.

Pace continues on in its tradition of receiving the Distinguished Budget Presentation Award from the Government Finance Officers Association of the United States and Canada (GFOA) for its annual budget in 2021, and hopes to receive another award for the forthcoming 2022 Budget.



P-5 Funding & Finance

Initiative: Consistent with Pace's annual budgeting process, develop strategic financial goals and refocused spending priorities, as well as develop a financial investment plan for new strategic initiatives.

**IMPLEMENT
NOW**

implement
later

further
investigate

Supports Goals:

Equity, Productivity, Responsiveness, Adaptability, Collaboration, Environmental Stewardship, and Fiscal Solvency

ACTION ITEM 1 Strategic Financial Goals

Pace has developed the following set of objectives for meeting the *Driving Innovation* goal of deploying financial resources in a fiscally responsible way:

- Advocate for additional resources in Springfield and Washington D.C. that prioritize continued capital funding and ensure support for operating resources to address critical revenue losses due to COVID-19.
- Make service investments and align budget and staff resources based on the priorities and strategy laid out in the *Driving Innovation* plan, including battery electric bus (BEB) technology.
- Implement Pace's transit asset management (TAM) plan and performance-based allocations of capital funding, in coordination with partner agencies.
- Continue to maintain a budget that optimizes the resources available.

COVID-19
Impact



Pace Corporate Headquarters Division in Arlington Heights, Illinois.

ACTION ITEM 2 Refocused Spending Priorities

Coverage-oriented services ensure that everyone has access to some transit service, no matter where they live. Ridership-oriented services focus on corridors and locations with the highest potential to attract more customers, and thus serve more people with the same resources.

Driving Innovation proposes for Pace to investigate dedicating 80 percent of its resources to ridership-focused services and 20 percent to coverage-focused services. Currently 72 percent of this spending goes to ridership-focused services and 28 percent goes to coverage-focused services (Figure 6). This number includes both fixed-route and demand-response services.

The proposed percentages represent initial estimates based on the technical analyses conducted with the *Driving Innovation* planning process. While further analysis is needed to refine these percentages, the overall focus is greater spending on ridership-focused services.

It is anticipated that this shift will generate higher ridership and thus higher farebox recovery and overall higher productivity. Moreover, Pace would presumably be able to serve more passengers using the same resources.

As noted elsewhere in *Driving Innovation*, coordination with CTA will be imperative in areas where both agencies are currently operating fixed-route services. Equally important will be a consideration of equity implications to any service changes.

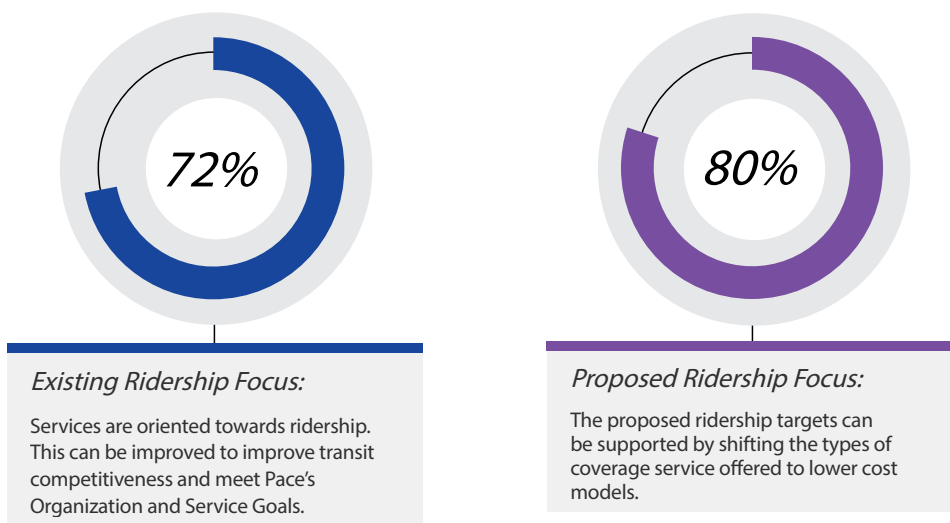


Figure 6: Share of Service Spending (Fixed-Route and Demand-Response Services)

ACTION ITEM 3 Financial Investment Plan

Pace anticipates a significant amount of new capital funding for at least the next five years, of which more than half is expected to come from state funding. As mentioned in the S-1 initiative in the following section of this document, the state capital program will fund various infrastructure projects. This program includes earmarks for Pace projects and established a Transportation Renewal Fund as an ongoing, reliable funding source for future capital needs. Additionally, federal funding for capital projects is expected to provide approximately \$44 million per year, from sources such as Section 5307/5340 Urbanized Area, Section 5339 Bus and Bus Facilities.

Most of the funding for Pace's capital program will be used for projects needed to bring the Pace system closer to a state of good repair. Major categories of expenditure include rolling stock, support facilities & equipment and stations and passenger facilities.

Although Pace faces near-term financial challenges such as flat growth in revenue and declining sales tax revenue, new capital resources and the opportunities described suggest the fiscal stability is possible in the long-term. The plan at this point can only estimate the revenue-producing or cost-saving potential of the initiatives. However, as the details are developed, it will be possible to establish more detailed five-year and long-term plans.

Cost-saving initiatives are being investigated that will free up funding for new initiatives that offer other benefits. Also, new initiatives may be matched to new funding sources, such as federal grants that support new mobility or technological advances.

P-7 | Potential COVID-19 Impacts

Pace's 2020 budget was severely impacted by COVID-19 and the associated loss of farebox revenue. The agency expects the duration of the pandemic and slow economic recovery to have long-lasting effects on subsequent budgets for 2021, 2022 and potentially beyond.

While emergency federal aid has helped offset some of this loss of revenue, additional measures may be needed in coming years which will affect many of the action items in this initiative.

