



Suburban Service Budget and Regional ADA Paratransit Budget

2008 Operating and Capital Program

2008 - 2010 Financial Plan for Operations

2008 - 2012 Capital Program



Final Program • November 2007

SERVING NORTHEASTERN ILLINOIS SINCE 1984



BOARD OF DIRECTORS

Richard A. Kwasneski, *Chairman*

Kyle R. Hastings, *Director*
Southwest Suburban Cook County

Al Larson, *Director*
Northwest Suburban Cook County

Thomas D. Marcucci, *Director*
DuPage County

Frank C. Mitchell, *Director*
Will County

Anna Montana, *Director*
North Central Suburban Cook County

Richard F. Pellegrino, *Director*
Central Suburban Cook County

Jeffery D. Schielke, *Director*
Kane County

Aaron T. Shepley, *Director*
McHenry County

Vernon T. Squires, *Director*
North Shore Suburban Cook County

Terry R. Wells, *Director*
South Suburban Cook County

Richard Welton, *Director*
Lake County

T.J. Ross, *Executive Director*

Chairman's Message

To our stakeholders—the riders, residents and officials of Northeastern Illinois:

In March, 2007, the Illinois Auditor General released the performance audit report on the RTA, CTA, Metra and Pace. The 500-plus page report examined every aspect of RTA and Service Board performance and concluded that “Revenues for mass transit are not sufficient to pay the cost of current operations and capital renewal programs, nor provide new services.” This professional, independent assessment confirmed without a doubt that additional financial resources are needed for our region's transit system.

The region's transit funding crisis has reached the breaking point as I write this letter. Pace and the CTA are on the verge of implementing the most devastating cutbacks to transit service that the region has ever experienced. By year end, over 10 million (annual) Pace riders and by all reports over 50 million CTA passengers will potentially lose their transit options. Where will they go? Those fortunate enough to own a vehicle will drive, adding to our region's traffic congestion—recently rated as second worst in the nation. Those less fortunate may lose their jobs. In the case of seniors, students or individuals with disabilities, they may lose their access to employment, health care, shopping, educational opportunities, and their independence.

These adverse impacts could be avoided by the State Legislature's passage of Senate Bill 572. The bill represents the culmination of efforts by Pace, RTA, CTA and Metra, local and regional stakeholders and the general public to put forth a plan to implement the reforms called for in the Auditor General's report and adequately fund our transit system for the future. We applaud the work of the House Mass Transit Committee for developing this comprehensive, long-term solution.

The chief funding elements of the bill are a one-quarter percent increase in the region's sales tax for transit and a real estate transfer tax in the City of Chicago to aid the CTA. The sales tax increase amounts to 25 cents on a \$100 purchase. There is substantial support for its passage by our region's legislators, elected officials, civic groups, major newspapers, and of course, our transit customers—however, it remains stalled in Springfield.

The State Legislature will hold an earlier than usual veto session in October to address the many issues facing the State. We are hopeful that they will pass Senate Bill 572, averting the certain catastrophic service reductions and fare increases that loom in our immediate future.

Whether this financial aid is received or not, Pace will do as it always has—provide the safest, best and most efficient transit services as allowed by available resources. Our Board and staff are dedicated to this mission and, as confirmed by the Auditor General's report, Pace is doing an excellent job when compared to its peers.

Please understand that we are doing everything possible to avert the impending crisis. Our final budget, to be adopted in November, will reflect the final outcome of the funding package in Springfield.

Sincerely,

Richard A. Kwasneski
Chairman

Table of Contents

EXECUTIVE SUMMARY	
Budget Issues	1
2008 Operating Budget Summary	3
2008 Capital Budget Summary	4
Pace Ridership	5
GFOA Award	6
2008 SUBURBAN SERVICE OPERATING BUDGET	
Summary	7
Source/Use of Funds	8
Summary Table	12
Pace-Owned Carrier Budget	14
Public/Municipal Contracted Service	15
Private Contract Carrier	16
Dial-a-Ride Services Budget	17
Vanpool Program	18
Centralized Support Budget	20
Administration Budget	21
SUBURBAN SERVICE THREE YEAR PLAN AND TEN YEAR FORECAST	
General & Assumptions	22
Three Year Plan and Ten Year Forecast	24
Suburban Service Financial Plan Variance	26
Cash Flow	28
2008 REGIONAL ADA PARATRANSIT OPERATING BUDGET	
Summary	29
ADA Source/Use of Funds	30
Regional ADA Paratransit Service Budget—City/Suburban Detail	32
Pace Operation of City ADA Paratransit	33
REGIONAL ADA THREE YEAR PLAN AND TEN YEAR FORECAST	
General	35
Three Year Plan and Ten Year Forecast	36
Regional ADA Paratransit Financial Plan Variance	38
Cash Flow	40
SUBURBAN SERVICE CAPITAL BUDGET	
2008 Summary	41
Capital Funding Sources	42
2008 Capital Program Project Descriptions	45
Sources/Uses of Funds	47
2008-2012 Five Year Capital Program Description—Constrained	48
Sources/Uses of Funds	50
2008-2017 Suburban Service Ten Year Capital Plan—Constrained	51
2008-2017 Suburban Service Ten Year Capital Alternative Plan	53
2008-2012 Regional ADA Capital Plan Information	54
COMBINED THREE YEAR PLAN/TEN YEAR FORECAST WITH CASH FLOW	56
APPENDIX A: PACE OVERVIEW	59
APPENDIX B: PLANNING INITIATIVES	86
APPENDIX C: 2006–2008 OPERATING BUDGET DETAIL	98
APPENDIX D: BUDGET PROCESS	104
APPENDIX E: FINANCIAL POLICES	106
APPENDIX F: GLOSSARY	110
APPENDIX G: CONTINGENCY ACTION PLAN	115

Executive Summary

Budget Issues

Suburban Service Operating Funding

The public transportation funding crisis that has been developing since 2003 comes to a head with the 2008 Budget. The RTA has called 2007 the “year of decision” with regard to transit’s financial future, but as of this writing there has been no decision by Springfield. Although a broad consensus of community support exists for the Senate Bill 572 which addresses key RTA reforms and provides adequate funding to Pace, CTA, Metra and ADA paratransit services, the bill still remains in legislative limbo.

The RTA has adopted budget funding levels for 2008 that assume no new funding will be provided. Because Pace is required to balance its budget in accordance with the RTA funding marks, the result is catastrophic in its impact on the Pace system and our customers.

The amount of funding needed to maintain current service and fare levels for the Pace Suburban Services budget in 2008 is \$119.6 million. The RTA funding level is \$86.7 million, leaving a staggering shortfall of \$32.9 million.

The magnitude of the funding shortfall will mandate a substantial reduction in the level of services, ridership, and employment provided by Pace. Pace has established a contingency action plan to be put in place in the event a new funding package does not come from Springfield. The plan relies on fare adjustments in all categories—service reductions, layoffs, administrative cutbacks, and the transfer of capital funds. The total \$32.9 million contingency plan actions are summarized on the following chart.

Details of the contingency plan actions are provided in Appendix G.

Action	Value (Millions)	Ridership Impact (Millions)	Position Impact
Fare Increases	\$ 5.8	5.5	N/A
Service Reductions	21.8	5.2	197
Administrative Cuts	2.8	N/A	27
Federal Capital Funds	2.5	N/A	N/A
Total	\$ 32.9	10.7	224

Anticipating the severity and acute nature of the financial crisis in the region, Pace and CTA had coordinated plans to begin implementation of fare increases and service reductions on September 16, 2007. Based on a last minute appeal from the Governor, the RTA has asked that CTA and Pace delay these plans until November 4th so that the State Legislature and the Governor have another opportunity to address the transit funding crisis in October.

Pace and CTA have agreed and as of this writing the plan is to defer the fare increases and service reductions until November 4th.

Chart A. 2008 Suburban Service Funding Requirement

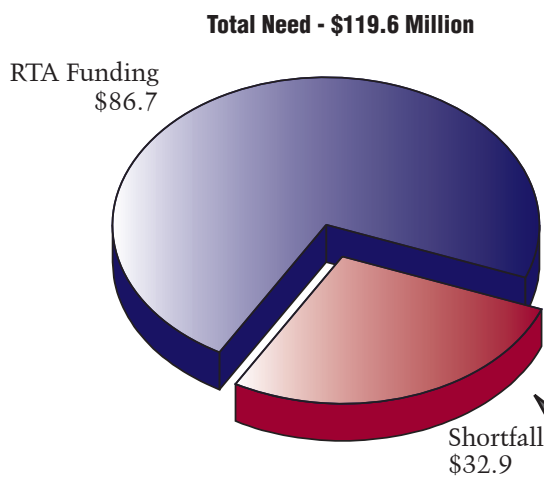
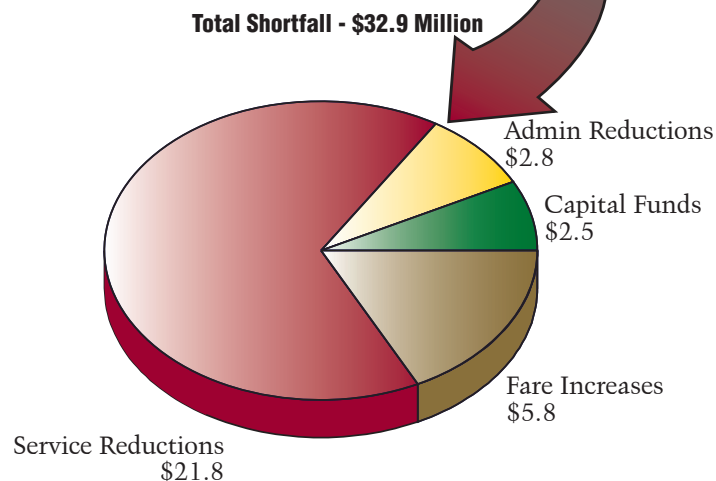


Chart B. 2008 Contingency Plan Components



Other Suburban Service Issues

Another issue which is eclipsed by the overall crisis, but contributes to its depth, is the withdrawal of RTA funding of Pace's acceptance of CTA 7-Day, U-Pass and Visitor passes. These passes are sold by the CTA, but the CTA does not share any of the revenue from these passes with Pace. When CTA riders using these passes transfer to a Pace bus, Pace effectively carries the riders for free. To alleviate the problem, RTA has provided \$4.0 million to Pace in 2007 for the acceptance of these CTA passes. While this subsidy fell short of the \$6.1 million resulting revenue loss to Pace, it did enable Pace to accept the passes in 2007. However, the RTA marks for 2008 did not provide any funds for the passes, and without support from the RTA, Pace cannot continue to accept these passes. This will have an adverse impact on ridership at Pace, estimated at a 4.3 million loss and a revenue loss to CTA in excess of \$2.0 million. Pace plans to work with the RTA to restore the subsidy for 2008 so that this key fare integration effort can continue.

Regional ADA Paratransit Funding

Pace projects the Regional ADA Paratransit Service will require \$85.6 million in funding in 2008. The 2008 funding level established by RTA totals \$68.4 million, leaving a \$17.2 million shortfall that needs to be addressed.

The RTA funding level of \$68.4 million is based on the assumption that the State will provide \$54.2 million in funding (from the State FY 09) with RTA providing the balance of \$14.2 million by redirecting funding from CTA, Metra, RTA and Pace Suburban Services in order to meet their reduced ADA funding level for 2008.

Pace will close \$5.0 million of the funding gap in the ADA budget through the implementation of fare adjustments and service reductions coordinated with the implementation of the Suburban Services contingency plan actions. However, this will still leave an estimated unfunded shortfall of \$12.2 million which is a major issue.

Details on the Regional ADA contingency plan actions are contained in Appendix G.



The RTA and the Service Boards have made extensive efforts to secure funding from the General Assembly. Without additional funding, the region's transit system is facing a major reduction in services and corresponding increases in fares.

Pace Combined Financial Position

If RTA does not provide additional resources, the shortfall in ADA paratransit funding in 2008 will essentially eliminate Pace's consolidated fund balance. This will leave the Agency in a precarious financial position with negative net assets. Pace will take steps to prevent this from occurring.

The transit reform legislation embodied in Senate Bill 572 would provide \$100 million annually for the provision of ADA paratransit services in the region. Passage of the legislation would delay the need for fares to increase to the federally allowed maximum of twice the fixed route fare until 2009. Further, by funding and maintaining fixed route services, passage of the legislation would prevent the reduction of the ADA paratransit coverage area.

2008 Operating Budget Summary

On September 14, 2007, the RTA established funding and recovery rate marks for Pace's traditional Suburban Services budget and the Regional ADA Paratransit program operated by Pace. The amended RTA Act established Pace as the provider of all ADA paratransit service throughout the six county region in northeastern Illinois, including the City of Chicago as of July 1, 2006.

The status quo expense budget for Suburban Services in 2008 is \$175.577 million. This figure will be reduced by \$30.367 million in expense reductions if all elements of the contingency plan are implemented by January 1, 2008. The resultant net expense is \$145.210 million. Suburban Services operating revenues are budgeted at \$55.910 million prior to the impact of the contingency plan actions. Contingency plan actions call for fare adjustments which yield \$5.757 million, however, the increase yield is essentially offset by the revenue loss (\$5.717 million) associated with the service reductions. Essentially the contingency plan reduces expenses by \$30.367 million while maintaining revenues at \$59.950 million. By doing so we reduce the funding requirement very close to the available funding level of \$86.742 million. The remaining gap of \$2.518 million is closed via the redirection of Pace 5307 federal funds from the Capital Program budget to the Suburban Service Operating Budget.

The status quo expense budget for the Regional ADA Paratransit program in 2008 is \$92.220 million. This includes cost reductions of \$1.740 million based on the reduction of ADA paratransit services due to corresponding reductions in fixed route services as well as the strict adherence to the ADA minimum service requirement.

At current levels, ADA paratransit fare revenues do not achieve the 10% farebox recovery ratio requirement established by the RTA Act. In order to reach the 10% recovery ratio, Pace is budgeting for \$3.260 million in additional revenue to come from fare increases in 2008. The increases and service reductions are part of the contingency plan action items which will be necessary should Springfield fail to provide financial support for the region's transit agencies.

Based on RTA funding for the ADA services in 2008, Pace expects to incur a shortfall of \$12.225 million.

Combined total Pace services expenditures will total \$269.537 million for 2008. A shortfall of \$12.225 million exists in the Regional ADA Budget. It is RTA's responsibility to fully fund ADA paratransit services. This presents a major issue for Pace in 2008.

Table 2. 2008 Operating Budget Summary (000's)

	Suburban Service	Regional ADA Paratransit	Combined Pace Services
Total Operating Expenses	\$ 175,577	\$ 93,960	\$ 269,537
Less: Service/Expense Reductions	(30,367)	(1,740)	(32,107)
Net Operating Expenses	\$ 145,210	\$ 92,220	\$ 237,430
Total Operating Revenue	\$ 55,910	\$ 8,334	\$ 64,244
Less: Revenue Loss from Service Reductions	(5,717)	0	(5,717)
Add: Revenue Gain from Fare Increases	5,757	3,260	9,017
Net Operating Revenue	\$ 55,950	\$ 11,594	\$ 67,544
Funding Requirement	\$ 89,260	\$ 80,626	\$ 169,886
Less: RTA Funding and Fed. CMAQ/JARC/New Freedom Funds	86,742	68,401	155,143
Federal 5307 Funding	2,518	0	2,518
Net Funding Available	\$ 0	\$ (12,225)	\$ (12,225)
Recovery Ratio	36.00%	12.57%	N/A

2008 Capital Budget Summary

The 2008 Capital Program totals \$43.5 million. The program contains \$29.8 million for the purchase of 28 fixed route buses, 80 suburban dial-a-ride paratransit buses, 48 community vehicles, 75 vanpool vehicles, and a federal earmark for the third year of bus funding for Oak Park. Additionally, we have programmed funds for Associated Capital, which is used to purchase bus components, such as engines and transmissions, and funds to help pay for Bus Overhaul Maintenance expenses and Preventive Maintenance.

The program contains \$.8 million for the purchase of various Traffic Signal Priority projects receiving special federal earmarked funding from the Federal Transit Administration.

Additionally, the program contains \$12.2 million for the purchase of computer systems including Phase 3 of the HPe3000 system replacement and a new bus safety system. Also, funds are needed to replace miscellaneous equipment such as office, maintenance and garage equipment, non-revenue cars and trucks, etc. Improvement to facilities include much needed repairs and equipment upgrades to Pace's fixed facility garages and an emergency generator for headquarters.

Lastly, \$.7 million are programmed to cover Alternative Analysis study work for Cermak Road Arterial Rapid Transit (ART) and Project Administration.

Table 3 details the projects by asset category and anticipated Federal funding sources. Additionally, the RTA is anticipating that some IDOT funding will be available.

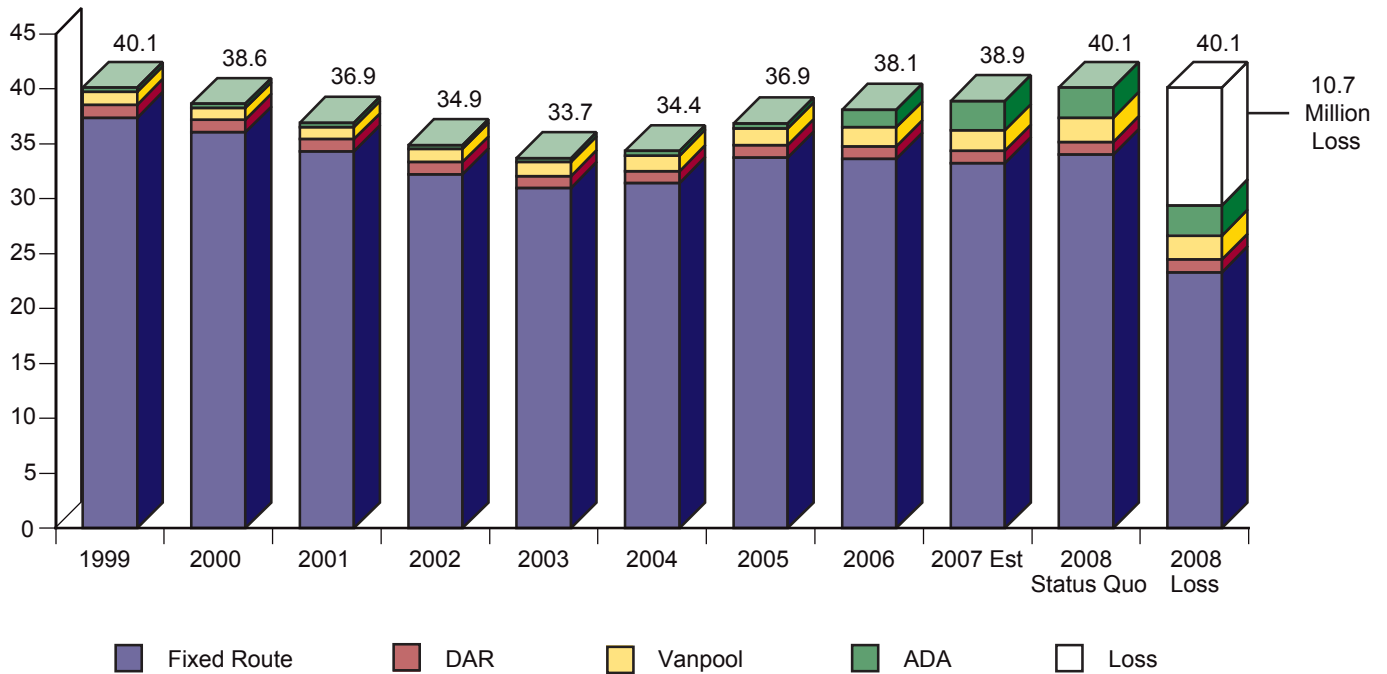
Table 3. 2008 Suburban Capital Budget (000's)

Project Description	Amount
ROLLING STOCK	
28 Fixed Route Buses	\$ 8,540
80 Paratransit Dial-a-Ride Buses	6,400
48 Community Vehicles	4,150
75 Vanpool Vehicles	2,850
Buses for Oak Park	217
Associated Capital	3,100
Bus Overhaul Maintenance Expense	2,000
Preventive Maintenance	2,518
Subtotal - Rolling Stock	\$ 29,775
ELECTRICAL/SIGNAL/COMMUNICATIONS	
Transit Signal Priority Projects	\$ 800
Subtotal - Electrical/Signal/Communications	\$ 800
SUPPORT FACILITIES/EQUIPMENT	
Computer Systems	\$ 7,042
Improvements to Garages/Facilities	4,000
Maintenance/Support Equipment	1,150
Subtotal - Support Facilities/Equipment	\$ 12,192
PROJECT ADMINISTRATION/MISCELLANEOUS	
Alternative Analysis-Cermak Road	280
Project Administration	450
Subtotal - Project Administration/Misc.	730
Total Capital Program	\$ 43,497
TOTAL FUNDING	
Federal 5307	\$ 31,200
Federal 5309/5339	1,297
Federal Flexible	7,000
IDOT	4,000
Total Funding	\$ 43,497

Pace Ridership

Chart C. Pace Ridership—1999 to 2008 (All Services)

(In Millions)



After declining from back to back fare increases implemented in 2000 and 2001, Pace fixed route ridership has steadily recovered and is projected to reach 34.0 million by 2008 based on the status quo service levels.

The contingency action plan to balance the 2008 budget is based on fare increases and service reductions which are likely to have a substantial negative impact on fixed route ridership. Current estimates indicate that Pace will lose 10.7 million (over 30%) of its fixed route passengers as a result of the cutbacks. This would mirror ridership losses experienced during the 1981 financial crisis when 10.8 million suburban transit riders were lost due to service eliminations and suspension of operations. The financial crisis of 1981/82 was the genesis for the RTA Amendment of 1983 which created Pace. The RTA funding package included in the 1983 legislation has not been revised since that time. The current financial crisis which is vastly greater than the 1981/82 crisis will necessitate a new stable source of funding for transit if we are to avoid the catastrophic impact currently projected.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

PACE

Illinois

For the Fiscal Year Beginning

January 1, 2007

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Budget Presentation to Pace Suburban Bus for its annual budget for the fiscal year beginning January 1, 2007.

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.

2008 Suburban Service Operating Budget

Summary

The 2008 Suburban Service program summarized below and detailed throughout this section reflects a status quo budget which has been adjusted to meet the marks set by the RTA. The table below shows total operating expenses of \$175.577 million before the application of adjustments. Since uncertainty exists that the Illinois General Assembly will provide needed funding for transit in the region, Pace has identified a list of actions that will be necessary to balance expenditures within the funding and recovery marks set by the RTA. These actions include fare increases, service reductions, and reductions in administrative costs. Full details of these actions are included in the Appendix G.

Pace's contingency action plan reduces expenses by \$30.367 million in service and administrative reductions. The net expense level of \$145.210 million is funded by operating revenues of \$55.950 million, RTA funding of \$84.596 million and federal funding for CMAQ/JARC/New Freedom of \$2.146 million. The balance \$2.518 million is comprised of federal 5307 funds transferred from Pace's Capital program.

The Suburban Service budget, as presented, achieves the 36.0% recovery ratio set by the RTA for 2008. This level of recovery performance is maintained throughout all three years of the plan.

Pace's goal for the Suburban Service component of the operating budget is to continue to make every effort to maximize revenue and control expense growth to whatever extent possible in order to achieve RTA funding and recovery requirements. Many of the risks remain the same; volatile operating expenditures, including liability claim costs; rising health and pension costs; and rising fuel costs for operations which will continue to place added pressures on cost controls for all years of this plan.

Pace will continue to work with the RTA in order to secure needed funding to maintain and expand the levels of mass transit that the people in Northeastern Illinois have come to expect.

A detailed review of the 2008 Suburban Service operating program is presented in this section.

Table 4. 2008 Suburban Service Operating Budget Summary (000's)

	2006 Actual	2007 Estimate	2008 Budget
Total Operating Expenses	\$ 155,190	\$ 164,757	\$ 175,577
Less: Service / Expense Reductions	0	0	(30,367)
Net Operating Expenses	\$ 155,190	\$ 164,757	\$ 145,210
Total Operating Revenue	\$ 53,242	\$ 56,435	\$ 55,910
Less: Revenue Loss From Service Reductions	0	0	(5,717)
Add: Revenue Gain From Fare Increases	0	0	5,757
Net Operating Revenue	\$ 53,242	\$ 56,435	\$ 55,950
Funding Requirement	\$ 101,948	\$ 108,322	\$ 89,260
Less: RTA Funding	\$ 81,582	\$ 84,192	\$ 84,596
Federal CMAQ/JARC/New Freedom Funds	753	1,830	2,146
Federal 5307 Funding	20,252	22,876	2,518
Net Funding Available	\$ 639	\$ 576	\$ 0
Recovery Ratio	34.20%	36.00%	36.00%

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

Sales Tax

Section 4.03(e) of the Amended RTA Act allows the RTA to impose a 1% sales tax in Cook County and a 1/4% sales tax in Will, Kane, Lake, DuPage and McHenry Counties. Section 4.01(d) of the Act specifies the distribution of sales tax receipts to the Service Boards and RTA as shown on Table 5.

The RTA has established a sales tax funding mark of \$83,728,000 for Pace for 2008. This represents approximately 10.9% of the total RTA region’s estimate of \$766,077,000. The RTA estimate for sales tax growth is 2.7% for next year. The proposed 2.7% sales tax growth for next year remains down from the long term historical average of 4.2%. Table 6 highlights recent and upcoming estimates for sales tax revenues for both the region and Pace.

Public Transportation Fund (PTF)

Section 4.09 of the Amended 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 equals 25% of the net revenue realized from the sales tax.

The RTA is required by law to allocate all PTF revenues to the Service Boards on the basis of need for both capital and operating purposes. However, unlike the

Table 5. Allocation of Sales Tax Receipts

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

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

	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Plan
TOTAL REGIONAL FUNDS					
Sales Tax	\$ 675,629	\$ 700,395	\$ 746,829	\$ 745,937	\$ 766,077
PTF	168,907	175,099	186,707	186,484	191,519
Total Regional Receipts	\$ 844,536	\$ 875,494	\$ 933,536	\$ 932,421	\$ 957,596
PACE SHARE OF REGIONAL FUNDS					
Sales Tax	\$ 73,536	\$ 76,399	\$ 81,012	\$ 81,573	\$ 83,728
PTF	5,516	2,653	570	2,619	868
Total Pace Receipts	\$ 79,052	\$ 79,052	\$ 81,582	\$ 84,192	\$ 84,596
PACE FUNDING AS PERCENT OF REGIONAL FUNDS					
Sales Tax	10.9%	10.9%	10.8%	10.9%	10.9%
PTF	3.3%	1.5%	0.3%	1.4%	0.5%
Total Receipts	9.4%	9.0%	8.7%	9.0%	8.8%

sales tax allocation which is established by the RTA Act, PTF is allocated at the discretion of the RTA. In Pace's first full fiscal year (1985), the RTA's allocation of PTF funds to Pace was approximately 16% but over the ensuing years, the RTA has reduced PTF allocations to Pace. Since 2004, RTA has cut Pace from 3.3% of Regional PTF to 0.5% for 2008, a funding loss of \$17.7 million.

For 2008, the RTA will allocate an estimated \$868,000 in PTF funds to Pace, which represents 0.5% of total PTF. The remaining 99.5% of PTF funds is being allocated elsewhere. As noted in Table 6, Pace's percentage share of regional PTF will decline in 2008 by \$1.8 million.

Federal Funds

Pace is eligible for federal funding from several programs in 2008.

Congestion Mitigation/Air Quality (CMAQ) Program

Since 1996, Pace has benefited from the federal Congestion Mitigation/Air Quality (CMAQ) program which awards funds to implement and maintain various new services that support program objectives. Continued funding from this source is included in 2008.

Job Access and Reverse Commute (JARC) Program

Since 2001, Pace has qualified for funds under the JARC program. Funding is provided for transportation services designed to increase access to jobs and employment-related activities. Pace has programmed the use of JARC funds in 2008.

New Freedom Program

The Federal Transit Authority has created a new program to encourage services and facility improvements to address the transportation needs of persons with disabilities that go beyond those required by the Americans with Disabilities Act. This new program provides a formula grant for associated capital and operating costs. Pace has programmed use of New Freedom funds in 2008.

Federal 5307 Funding

Pace has been using Federal 5307 funds to fund operating needs over the past several years. These funds include Capital Cost of Contracting (CCC); Bus Overhaul/Main-

tenance; and ADA Complementary Paratransit. While the 2008 budget has been essentially balanced using fare increases and service reductions, a small portion of Federal 5307 funding was needed to balance the budget. For 2008, \$2,518,000 of Federal 5307 funds have been applied.

Operating Revenues

Pace is budgeting for \$55.950 million in Suburban Service operating revenue in 2008, a \$485,000 or -0.9% decrease from estimated 2007 levels. Total operating revenues reflect a \$5.757 million increase coming from a fare increase offset by a \$5.717 million loss resulting from planned service reductions and elimination of 7-day pass reimbursement by the RTA next year. For the past two years the RTA has reimbursed Pace \$2.0 million and \$4.0 million respectively for accepting the CTA 7-day pass on the Pace system, and each year these levels have fallen significantly below actual pass usage levels. For 2008, Pace requested that the RTA raise reimbursement levels to \$6.1 million, based on actual current demand. The RTA has changed their view on this program, thereby removing all reimbursement for these riders for 2008. Given these changes, Pace is left with little choice but to terminate acceptance of these passes once again. The good news about revenue is that the vanpool program is expected to continue to grow and advertising and investment income will also continue to grow for 2008.

Further trends for operating revenues are discussed in the three year plan and ten year forecast section of this document.

For full details on the proposed fare changes and service reductions required to balance the budget, see the section in the back of this document.

Use of Funds

All funds received in 2008 will be used to provide, expand and support Pace services. The components of the 2008 Suburban Service operating program are fixed route carriers (Pace-owned, public/municipal contract and private contract carriers); dial-a-ride services; the vanpool program; centralized support expenses and costs for administration.

Pace-Owned Services

Pace is responsible for the direct operation of nine carriers in the six county region. Together, these divisions—North, North Shore, Northwest, South, Southwest, West, Fox Valley, River, and Heritage—carry 83% of the total suburban service ridership. Pace expects to provide \$68,236,000 for expenses to these carriers in 2008. Pace carriers will also provide a portion of the Federal Congestion Mitigation/Air Quality (CMAQ) program services in 2008 totaling \$2,408,000. The combined total cost for the Pace-owned carriers in 2008 is \$70,644,000. Further information on the Pace-owned services budget can be found on page 14.

Public/Municipal Contracted Services

Pace will contract directly with two municipalities (Niles and Highland Park) and maintain agreements with other municipalities/providers for additional fixed route services. These services are expected to cost an estimated \$3,906,000 in 2008. Further information on the public/municipal contracted services budget can be found on page 15.

Private Contract Services

Pace provides service to more than 31 communities by directly contracting with four private transit companies. New, in 2008, Pace will contract for Job Access Reverse Commute (JARC) service. The combined total cost for privately contracted service in 2008 is \$10,689,000. Further information on the private contract services can be found on page 16.

Dial-a-Ride Services

Pace participates in 62 dial-a-ride service projects throughout the six county region. Services are operated by townships or local municipalities under contract with Pace or directly by private carriers. Pace provides partial funding to these services, requiring the local government to support a portion of the net service cost based upon a formula applied to the total service cost. Pace also coordinates paratransit operations in DuPage County and will begin a similar coordination of service in Kane County. The total cost for Dial-a-Ride Services in 2008 is \$17,309,000. Further information on the dial-a-ride services budget can be found on page 17.

Vanpool

The 2008 budget for vanpool services contains \$3,911,000. This program is targeted specifically at the short and intermediate range work-trip market where the majority of peak period travel occurs. The program has been expanded several times since inception. In 1994, the Advantage element was added with the intent to provide a transit alternative to individuals with disabilities who commute on a regular basis to work sites or rehabilitative workshops. In 1997, the Corporate Shuttle element was created to allow suburban employers to shuttle employees to and from nearby transit connections. And, most recently (2001), the Municipal Vehicle Lease element was introduced. The formation of vanpools have been very popular and the demand continues to grow. Pace expects continued expansion of this program to 855 vans in service by the end of 2008. Further information on the vanpool services budget can be found on page 18.

Centralized Support

Pace provides a variety of direct operational support items through a centralized support program. Pace has been able to save money by buying in bulk and consolidating services. In total, Pace will spend \$53,591,000 to provide fuel, insurance, health care and other support items in 2008. Further detail on the centralized support program budget is contained on page 20.



Pace bus transfer facility at the Metra train station in Highland Park. Pace has made bus improvements at multiple Metra Stations.



*(Artist rendering of Pace's new headquarters facility.)
Pace's administrative headquarters building is over 40 years old and in need of replacement. Pace is currently under construction and is building a new 60,000 sf building immediately east of our current location in Arlington Heights. (Designed by Muller & Muller Architects)*

Administration

In order to accomplish the duties of direct operational support, service planning, capital planning, financial control and MIS support, Pace's 2008 administrative budget is set at \$18,182,000. Further information on the administration budget can be found on page 21.

Regional ADA Support Credit

Beginning in July, 2006, Pace assumed responsibility for providing all ADA paratransit trips in the Northeastern Illinois Six County Region. In order to properly account for the ADA program, Pace began reporting all costs associated with providing ADA service separately from the other services they provided. In addition to the identifiable direct costs, Pace developed a cost allocation model to accurately identify and separate ADA support costs incurred by the agency. These costs are from Pace's MIS, accounting, purchasing and other departments which support the ADA program. Pace has applied a credit to the Suburban Service budget of \$2,655,000 which has been allocated to the Regional ADA Paratransit Services budget.

Unrestricted Net Assets/Fund Balance

Pace defines available fund balance to be equal to unrestricted net assets. These assets are typically used for capital expenditures not covered by grants. In 2006, a net operating loss of \$4.768 million was incurred from ADA Paratransit service operations. This loss was transferred to the ADA fund which was established January 1, 2007.

Table 7. 2008 Suburban Service Revenue Summary (000's)

	2006 Actual	2007 Estimate	2008 Budget
OPERATING REVENUES			
Pace-Owned Services	\$ 22,926	\$ 22,708	\$ 23,236
Public/Municipal Contracted Services	2,071	2,210	2,295
Private Contracted Services	2,611	2,598	2,996
Dial-A-Ride Services	10,166	10,574	11,800
Vanpool Program	3,192	3,735	4,382
Half-Fare Reimbursement	3,027	3,153	3,207
Investment/Other Revenue	2,915	2,969	3,281
Advertising Revenue	4,334	4,488	4,713
RTA 7-Day Pass Reimbursement	2,000	4,000	0
Sub-Total Operating Revenue	\$ 53,242	\$ 56,435	\$ 55,910
Impact of Fare Increases	\$ 0	\$ 0	\$ 5,757
Impact of Service Reductions	\$ 0	\$ 0	\$ (5,717)
Total Operating Revenue	\$ 53,242	\$ 56,435	\$ 55,950
PUBLIC FUNDING			
Sales Tax	\$ 81,012	\$ 81,573	\$ 83,728
Public Transportation Fund	570	2,619	868
Federal CMAQ/JARC/New Freedom Funding	753	1,830	2,146
Federal 5307 Funding	16,479	15,789	2,518
Capital Cost of Contracting	3,773	7,087	0
Total Public Funding	\$ 102,587	\$ 108,898	\$ 89,260
Total Source of Funds	\$ 155,829	\$ 165,333	\$ 145,210

Chart D. Sources of Funds

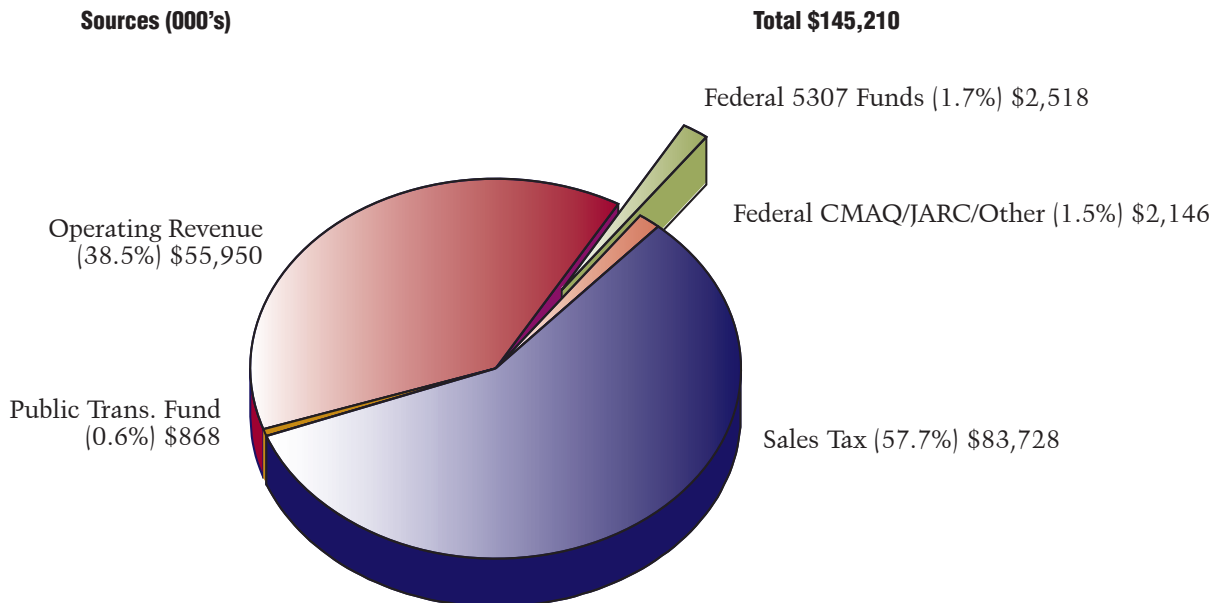
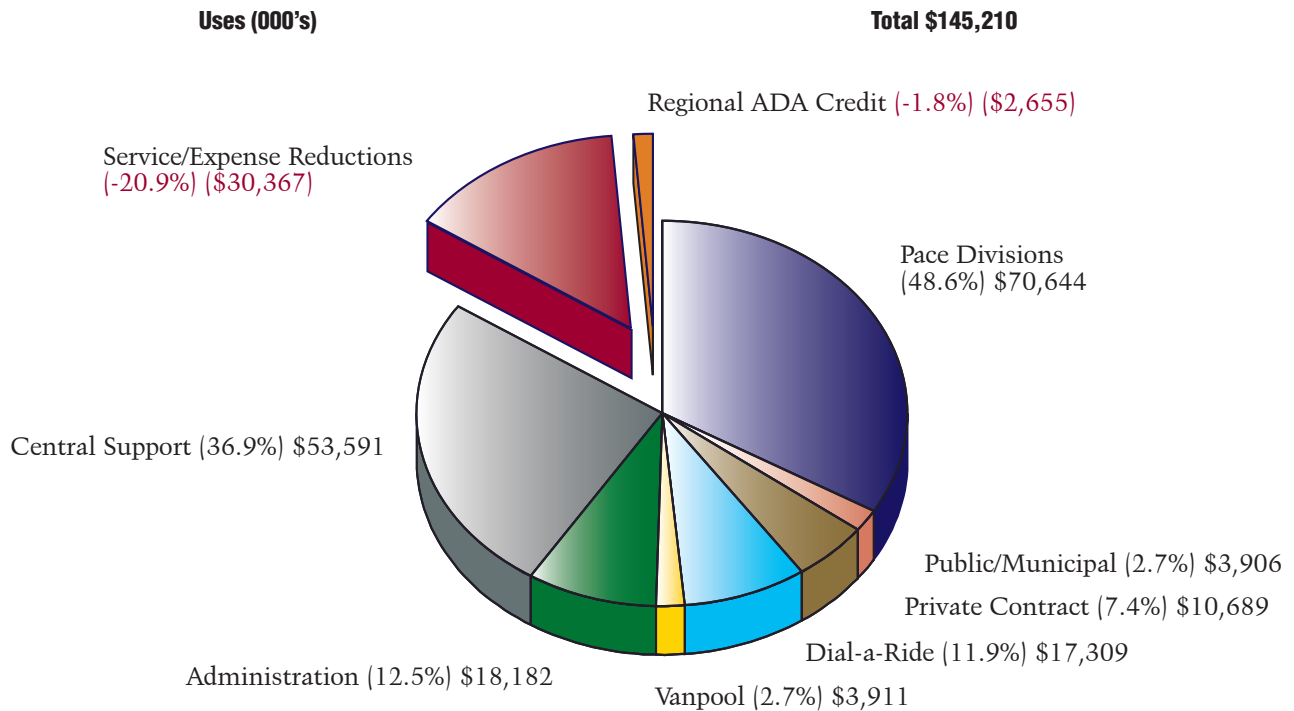


Table 8. 2008 Suburban Service Expense Summary (000's)

	2006 Actual	2007 Estimate	2008 Budget
EXPENSES			
Pace-Owned Services	\$ 63,703	\$ 67,992	\$ 70,644
Public/Municipal Contracted Services	3,540	3,781	3,906
Private Contracted Services	8,405	9,096	10,689
Dial-A-Ride Services	14,400	15,589	17,309
Vanpool Program	2,761	3,379	3,911
Centralized Operations	46,444	48,359	53,591
Administration	15,936	17,953	18,182
Regional ADA Support Credit	0	(1,392)	(2,655)
Sub-Total Expenses	\$ 155,190	\$ 164,757	\$ 175,577
Service/Expense Reductions	\$ 0	\$ 0	\$ (30,367)
Total Expenses	\$ 155,190	\$ 164,757	\$ 145,210
Net Funding Available	\$ 639	\$ 576	\$ 0
Recovery Rate	34.20%	36.00%	36.00%
UNRESTRICTED NET ASSETS (FUND BALANCE)			
Beginning Balance	\$ 18,561	\$ 13,920	\$ 18,664
Net Funding Available	639	576	0
Capital Use	(512)	(600)	(2,901)
Interfund Transaction*	(4,768)	4,768	0
Ending Balance	\$ 13,920	\$ 18,664	\$ 15,763

*The ADA program operating loss of \$4,768,000 in 2006 was transferred to the ADA fund which was established on January 1, 2007.

Chart E. Uses of Funds



2008 Pace-Owned Carrier Budget

Pace directly operates fixed route service from nine facilities located throughout the six county region. Pace facilities include: Pace Fox Valley in North Aurora, Pace Southwest in Bridgeview, Pace Northwest in Des Plaines, Pace River in Elgin, Pace North Shore in Evanston, Pace Heritage in Joliet, Pace South in Markham, Pace West in Melrose Park and Pace North in Waukegan. Pace also operates CMAQ and/or JARC services out of several facilities. CMAQ/JARC program information is included in the table below. Combined, these carriers provide service to approximately 91% of the system's fixed route riders and account for 83% of the system's suburban ridership.

In 2008, Pace will spend \$47.4 million to provide service at these locations. This represents a 4.7% increase over estimated 2007 levels.

Total revenues are projected to rise 2.3% or \$.528 million over the 2007 estimate, consistent with the growth in ridership.

Total operating expenses will grow 3.9% over 2007 levels. Labor, fringe benefit costs, bus parts and supplies are the primary factors affecting the rising costs in 2008. (Note: Health care expenses are included in the centralized support budget.)

A significant increase in bus parts and supplies occurred in 2005 and continues in 2007 and 2008. It reflects an aging fleet and the effects of a reduced capital program due to transfer of Federal 5307 funds to the operating budget.

Recovery performance will decline slightly at the divisions for 2008 as expenses are growing at a faster rate than revenues.

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

2008 Goals

Pace's efforts for 2008 include providing 30.9 million rides with a minimum recovery ratio of 32.89%.

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

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

	2006 Actual	2007 Estimate	2008 Budget
REVENUE			
Pace Divisions	\$ 22,803	\$ 22,374	\$ 22,822
CMAQ/JARC Service Revenue	123	334	414
Total Revenue	\$ 22,926	\$ 22,708	\$ 23,236
EXPENSES			
Operations	\$ 44,382	\$ 46,092	\$ 47,851
CMAQ/JARC	529	1,798	2,408
Maintenance	10,171	10,695	10,784
Bus Parts/Supplies	2,928	3,305	3,318
Non-Vehicle Maintenance	1,787	1,867	1,728
General Administration	3,906	4,235	4,556
Total Expenses	\$ 63,703	\$ 67,992	\$ 70,644
Funding Requirement	\$ 40,777	\$ 45,284	\$ 47,408
Recovery Ratio	35.99%	33.40%	32.89%
Ridership	30,689	30,231	30,888
Vehicle Miles	21,348	22,191	22,334
Vehicle Hours	1,426	1,445	1,462
Full Time Equivalents (FTE's)	1,165	1,165	1,165

2008 Public/Municipal Contracted Service Budget

Pace will contract with two municipalities—Highland Park and Niles to provide fixed route bus service in these communities in 2008. Pace will also continue to maintain other ongoing service initiatives as detailed below. The services included in this category are identified below with detailed information provided in Table 10.

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 2008. Combined, these services will provide .829 million rides, and generate \$1.030 million in revenue via the farebox or through local share contributions. Service expenditures will reach \$2.562 million, in total, in 2008, and net required funding will rise to \$1.532 million. The goal for these two providers in 2008 includes increasing ridership by 2.0% and achieving a minimum 40% recovery ratio.

Downers Grove

The Village of Downers Grove operates the Grove Commuter Shuttle, transporting passengers to the Metra/Burlington Northern rail station in Downers Grove. This service is included in Pace's budget for 2008 at a cost of \$672,000, offset by revenue of \$605,000 which includes local subsidy.

Schaumburg

A trolley service was implemented in the Woodfield area in 2001 and continues in 2008. The cost of this service is estimated at \$545,000 and is funded 100% by the Village of Schaumburg.

Northwestern University Shuttle

Northwestern University offers shuttle service between the Evanston campus and several transit stops throughout Evanston. This service operates during the academic school year. This service is included in Pace's budget for 2008 at a cost of \$127,000 with offsetting revenue of \$115,000 which includes local subsidy.

Pace's subsidies for Northwestern and Downers Grove services will be eliminated as part of Pace's contingency plan actions.



Champion Crusaders are coming off the assembly line and will soon be operated in local/municipal based services.

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

	2006 Actual	2007 Estimate	2008 Budget
REVENUE			
Highland Park	420	447	462
Niles	496	548	568
Schaumburg	493	521	545
Downers Grove	561	583	605
Northwestern	101	111	115
Total Revenue	2,071	2,210	2,295
EXPENSES			
Highland Park	1,063	1,118	1,154
Niles	1,243	1,371	1,408
Schaumburg	498	521	545
Downers Grove	624	648	672
Northwestern	112	123	127
Total Expenses	3,540	3,781	3,906
Funding Requirement	1,469	1,571	1,611
Recovery Ratio	58.5%	58.5%	58.8%
Ridership	1,009	1,068	1,089
Vehicle Miles	691	728	728
Vehicle Hours	63	67	67

2008 Private Contract Carrier Budget

In 2008, Pace will contract directly with four private transit providers for fixed route service in 31 different communities.

Private contractors doing business with Pace include:

- Academy Coach Lines
- Colonial Coach Lines
- Laidlaw
- M.V. Transportation

The net cost of providing fixed route contracted service will rise \$1,195,000 in 2008. This represents an 18.4% increase from estimated 2007 levels and is directly attributed to rising costs. In 2008, two significant changes occur. The fixed route portion of McHenry County service has been reclassified to the contract carrier budget. It was previously reported as part of the Dial-a-Ride services. Secondly, the contracted portion of CMAQ/JARC services has also been added to the contract carrier budget.

Contractors' renewal rates have been growing significantly over the past several years as labor and fringe benefit costs, specifically health care, have been rising at rates well above the standard CPI-rate of inflation.

Naperville service was enhanced during 2007 with the addition of 29 new Eldorado coaches. Service had been provided with school buses.

Operating revenues are projected to increase \$.398 or 15.3% in 2008. Of this amount, \$.229 million or 8.8% is due to the JARC service added in 2008. The remaining \$.169 million or 6.5% is in conjunction with the estimated increase in riders.

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

2008 Goals

2008 goals include reaching just over 2.0 million riders while achieving a minimum recovery ratio of 28.0%.



In 2007, Pace provided 29 new Eldorado buses valued at over \$10 million to the private contractor operating service in Naperville.

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

	2006 Actual	2007 Estimate	2008 Budget
Revenue			
Private Contract	\$ 2,611	\$ 2,598	2,767
CMAQ/JARC	0	0	229
Total Revenue	\$ 2,611	\$ 2,598	2,996
Expenses			
Private Contract	8,401	9,084	10,109
CMAQ/JARC	4	12	580
Total Expenses	\$ 8,405	\$ 9,096	10,689
Funding Requirement	5,794	6,498	7,693
Recovery Ratio	31.08%	28.56%	28.03%
Ridership	1,944	1,945	2,034
Vehicle Miles	2,259	2,235	2,485
Vehicle Hours	134	134	143

2008 Dial-a-Ride Services Budget

Dial-a-ride service is available in a large portion of the Pace service area. Nearly all service is provided with Pace-owned paratransit vehicles.

Pace contracts directly with private providers for the operation of 32 dial-a-ride projects. The communities served continue to partner with Pace to provide financial support for these projects through “local share agreements” with Pace. Pace continues to receive funding to help cover a portion of dial-a-ride service costs through 42 local share agreements.

Pace has service agreements with villages and townships for the operation of 30 other dial-a-ride projects. In most cases, the local community operates the service. For 2008, Pace’s funding formula for service agreements is based on providing a subsidy of \$2.25 per trip or 75% of deficit, whichever is less (\$2.25/75%). As in past years, individual project funding will also be limited to the inflationary growth rate for 2008.

The budget shown in Table 12 is based on the \$2.25/75% subsidy formula for local dial-a-ride and will provide \$17.3 million for service throughout the six county region including the Ride DuPage and Ride in Kane programs.

2008 Goals

Combined dial-a-ride efforts in 2008 will include carrying 1.1 million riders while maintaining recovery performance to a level of 68.2%. The contingency action plan calls for dial-a-ride fares to increase from \$1.60 to \$2.00 in 2008.

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 service dispatching and provides service through a mix of transportation providers. This service is included in Pace’s 2008 budget at a cost of \$1,738,484, offset by revenue of \$1,738,484 which includes local subsidy coordinated through DuPage County.

Ride in Kane

The new Ride in Kane program will coordinate paratransit operations through a centralized call center and provide service through a mix of transportation providers. The cost of this service is estimated at \$1,842,056. The funding for this program is a combination of federal grant funding and local share agreements.

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

	2006 Actual	2007 Estimate	2008 Budget
REVENUE			
Dial-A-Ride	\$ 8,557	\$ 8,744	\$ 8,944
Ride DuPage	1,609	1,702	1,738
Ride In Kane	0	128	1,118
Total Revenue	\$ 10,166	\$ 10,574	\$ 11,800
EXPENSES			
Operations	\$ 11,710	\$ 12,338	\$ 12,366
Maintenance	441	434	445
Non-Vehicle Maintenance	32	41	43
Administration	807	852	875
Ride DuPage	1,410	1,702	1,738
Ride In Kane	0	222	1,842
Total Expenses	\$ 14,400	\$ 15,589	\$ 17,309
Funding Requirement	\$ 4,234	\$ 5,015	\$ 5,509
Recovery Ratio	70.60%	67.83%	68.17%
Ridership	1,145	1,122	1,142
Vehicle Miles	4,051	4,089	4,458
Vehicle Hours	281	275	301

2008 Vanpool Program

The Vanpool program is a commuting option which provides passenger vans to small groups, 5 to 15 people, allowing them to commute to and from work together. The program continues to grow and Pace estimates to have 855 vans in service by year-end 2008, carrying 2.2 million riders. Revenue and expenses are projected to increase 17.3% and 15.7%, respectively, over 2007 levels, and provides for the projected growth in the number of vans at year-end, as well as higher fuel costs.

Pace's Vanpool program is comprised of four elements: the Vanpool Incentive Program (VIP), the Corporate Shuttle, the Advantage program and the Municipal Vehicle Lease program, all of which are detailed on Table 13. The budget for the total Vanpool program is also summarized in the table.

If additional state funding is not received, Pace proposes to raise fares for all four elements of the Vanpool program. Reference Appendix G of this document for the proposed changes in fares.

Vanpool Incentive Program (VIP)

The VIP service is the core element of the program and is projected to achieve a ridership level of 993,513 with 310 vans in service by the end of 2008. The 2008 budgeted revenue and expenses are projected to increase 13.4% and 16.3%, respectively, over 2007 levels. Recovery performance is budgeted at 108.2% for 2008.

Corporate Shuttle Program

The Corporate 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 25 shuttle vans in service by the end of 2008. The 2008 budgeted recovery rate for this program is 181.8%.

Advantage Program

In 1994, Pace expanded the Vanpool program to include the Advantage element. Advantage is intended to provide a transit alternative to individuals with disabilities that commute on a regular basis to work sites or rehabilitative workshops. It is an alternative to those unable to use the regular ADA paratransit service or those living outside the 3/4 mile service area.

In 2008, this program reflects a respective 13.4% and 15.3% increase in revenue and expense. Pace projects to have 360 vans in service by 2008 year-end. The recovery rate for the Advantage program is budgeted at 84.9% in 2008.

Municipal Program

The Municipal program was initiated in the middle of 2001 and allows local municipalities to provide public transportation in their communities. This program will provide \$508,500 in operating revenue with 160 vans in service in 2008.

2008 Goals

Pace's efforts for the entire Vanpool program in 2008 will include growing the overall program by 17.9%, carrying 2,202,400 passengers, maintaining a recovery ratio of 112.0%, and increasing the number of vans in service to 855 by the end of 2008.



Pace VIP service van.

Table 13. Vanpool Budget (000's)

	2006 Actual	2007 Estimate	2008 Budget
REVENUE			
VIP	\$ 1,471	\$ 1,676	\$ 1,900
Corporate Shuttle	199	238	270
Advantage	1,243	1,503	1,703
Municipal	279	318	509
Total Revenue	\$ 3,192	\$ 3,735	\$ 4,382
EXPENSE			
VIP	\$ 1,222	\$ 1,510	\$ 1,757
Corporate Shuttle	109	129	148
Advantage	1,430	1,740	2,006
Total Expenses	\$ 2,761	\$ 3,379	\$ 3,911
Funding Requirement	\$ (431)	\$ (356)	\$ (471)
RECOVERY RATE			
VIP	120.39%	111.00%	108.15%
Corporate Shuttle	182.56%	185.23%	181.84%
Advantage	86.88%	86.36%	84.94%
Total Recovery Rate	115.60%	110.54%	112.04%
RIDERSHIP			
VIP	810	877	994
Corporate Shuttle	55	63	71
Advantage	700	748	848
Municipal	153	181	289
Total Ridership	1,718	1,869	2,202
VEHICLE MILES			
VIP	5,781	6,546	7,241
Corporate Shuttle	340	516	380
Advantage	3,729	4,277	4,396
Municipal	781	868	945
Total Vehicle Miles	10,631	12,207	12,962
Vans in Service (year-end) - VIP	243	270	310
Vans in Service (year-end) - Corporate Shuttle	20	23	25
Vans in Service (year-end) - Advantage	287	332	360
Vans in Service (year-end) - Municipal	92	100	160
Total Vans in Service	642	725	855

2008 Centralized Support Budget

Pace manages numerous functions and expenditures “centrally” on behalf of the entire Agency. The centralized support budget will reach \$53.6 million in 2008. The budget also includes expenses for fuel, liability insurance and health care.

In 2007, Pace’s centralized support expense is estimated to end the year up \$1.9 million or 4.1% over 2006 levels. A majority of the growth will come from the two components—fuel and health care.

The 2008 centralized support budget will grow 10.8% over estimated 2007 levels.

Operations expense is expected to grow 4% over 2007 levels. The operations component is comprised of labor and fringe benefits expenses for 35 positions that provide support to all operating areas at Pace. Contributing to the growth in this area are rising costs for labor and fringe benefits.

Fuel expenses are projected to grow 17.2% in 2008. Fuel consumption is budgeted for 6.1 million gallons for Suburban Service only. An additional 656,000 gallons are budgeted for in the Regional ADA budget. The budget assumes an average price of \$2.59 per gallon, a thirty-four cent increase from estimated 2007 levels. Fuel is one of the most volatile components of our budget that continues to affect total operating costs.

The maintenance area is comprised of 37 positions and includes both maintenance and materials management personnel. Total maintenance expense is projected to grow 14.8% over 2007 levels with most of this growth attributed to increased vehicle repair and tire lease costs.

The non-vehicle maintenance area consists of eight positions which provide support to all building maintenance and bus shelter functions. This area is expected to grow 12.4% over 2007 due to expansion of the facility and passenger shelter maintenance and repair costs.

The administration portion of the central support budget is comprised of numerous items, including liability insurance and health care. In 2008, health care expenses are forecasted to rise 6.8%. Liability insurance is anticipated to grow 8.3% in 2008 with a significant increase in workers’ compensation and premium costs.

2008 Goals

Pace’s 2008 budgetary efforts for centralized support will include holding non-labor expenditures to a minimum while maintaining a staffing level of 80 positions.

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

Table 14. Centralized Support Budget (000’s)

	2006 Actual	2007 Estimate	2008 Budget
Operations	\$ 2,470	\$ 2,576	\$ 2,679
Fuel	12,088	13,391	15,695
Maintenance	4,233	4,206	4,828
Non-Vehicle Maintenance	861	941	1,058
Administration	3,233	3,277	3,581
Liability Insurance	10,457	9,891	10,715
Health Care	13,102	14,077	15,034
Total	\$ 46,444	\$ 48,359	\$ 53,591
Fuel			
# of Gallons (Suburban Service only)	5.996 mil	5,949 mil	6.067 mil
\$/Gallon	\$ 2.02	\$ 2.25	\$ 2.59

2008 Administrative Budget

The 2008 administrative budget is estimated to reach \$18.2 million. Pace will utilize 167 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. This support level will be reduced should the contingency action plan be implemented for 2008. Details are contained in Appendix G.

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 Administration category. Administration costs include labor, parts and supplies, utilities and other expenses.

In 2007, administrative expenses are estimated to end the year up \$2.0 million or 12.7% over 2006 levels. A large part of the growth is attributed to Pace’s service studies efforts. Also contributing to the growth are rising pension and costs associated with the implementation of a new computer system.

The 2008 administrative budget will increase 1.3% over 2007 estimated levels. Projected increases in pension and data processing costs for 2008 have been mitigated by a reduction in service restructuring initiative expenses.

Looking at the individual components of the administrative budget—non-vehicle maintenance expenses are projected to remain essentially at 2007 year-end levels. Pace continues to maximize cost saving efforts wherever possible.

Labor and fringe benefit costs will grow 3.6% in 2008 due, in part, to rising pension costs.

Parts and supplies, as well as utility costs, are expected to grow a respective 2.6% and 17.1% from prior year levels. The projected rise in electricity and natural gas costs are the cause of the sizable increase in utility costs next year.

The expense category “Other” will rise 7.9% next year with added expenses associated with planning studies and the new data processing system. Additional information on Pace’s planning studies are provided in the planning section in this document.

2008 Goals

Pace’s 2008 budgetary efforts for administration include constraining non-labor expense growth while maintaining a staffing level of 167 positions.

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

Table 15. Administrative Budget (000's)

	2006 Actual	2007 Estimate	2008 Budget
Non-Vehicle Maintenance	\$ 150	\$ 147	\$ 147
General Administration			
Labor/Fringe benefits	10,961	12,110	12,549
Parts/Supplies	192	245	251
Utilities	183	177	208
Other	3,349	4,474	4,827
Restructuring Initiatives	1,102	800	200
Total Expenses	\$ 15,936	\$ 17,953	\$ 18,182
Full Time Equivalents (FTE's)	159	167	167

Suburban Service Three Year Plan and Ten Year Forecast

General

The following section presents Pace’s Suburban Service three year financial plan and fund balance for 2008 through 2010. The amended RTA Act requires the Service Boards to submit such a plan in addition to their annual programs and budgets. The final plan is required to show a balance between the funding estimates provided by the RTA and the anticipated cost of providing services for the forthcoming and two following fiscal years. Pace’s plan for 2008-2010 achieves this balance.

New to this year’s budget process, the RTA is requiring the Service Boards to prepare a ten year forecast (an additional seven years beyond the three year plan) as well as a balance sheet for each year. Included in this section is the information required by the RTA.

Assumptions

Numerous sources were referenced in order to identify appropriate economic assumptions to be used in developing the budget. Several key sources referenced for information included: The Blue Chip Economic Indicator Report (provides a consensus outlook by 52 economists on the trends of several key economic indicators—in-

cluding inflation as measured by the consumer price index—CPI); The Congressional Budget Office—CBO (a source for outlying year inflation forecasts); The Blue Chip Financial Forecast (a report on the trend for interest rates); The Wall Street Journal (source for indicators for PPI, Oil Futures, Interest Rates and general economic information); Bureau of Labor Statistics-BLS (source of key inflation indicators); Bloomberg Financial (a web site providing numerous indicators including energy trends) and The Oil Daily (an oil industry newsletter providing up-to-the-minute activities in the oil market).

The baseline economic assumptions used to develop the Pace three year plan are summarized on Table 16.

Individual projections and assumptions are made in order to develop the annual budget and outlying year forecasts. In general, these estimates are based on the economic data shown on Table 16. The outcome of applying these assumptions to known or anticipated conditions for major expense categories is reflected on Table 17.

Table 16. Baseline Economic Assumptions

	2007	2008	2009	2010	2011-2017
CPI-U (National) (1)	2.5%	2.5%	2.2%	2.2%	2.2%
T-Bill Rate (3 Month) (2)	5.0%	4.9%	4.4%	4.4%	4.4%
Ultra-Low Sulfur (Price Growth) (3)	10.8%	17.2%	12.0%	11.6%	9.4%

(1) The Blue Chip Economic Indicator Report was the source for CPI data for years 2007 and 2008. The Congressional Budget Office (CBO) was the source for outlying years (2009 and 2010) CPI data. The general inflation rate was used in all cases where a more specific rate of growth was not known or available. These rates were used more in the out years 2009 and 2010 as they are beyond the range of most current labor agreements.

(2) Applied to investment income.

(3) We used current year prices and oil futures contract pricing to develop the fuel price estimates provided below:

	2007	2008	2009	2010
Ultra-Low Sulfur Price (Estimate)	\$2.25	\$2.59	\$2.84	\$3.11
Number of Gallons (Estimate)	6.592 mil	6.723 mil	6.858 mil	6.995 mil
Fuel Costs - Suburban Service	\$13.391 mil	\$15.695 mil	\$17.576 mil	\$19.612 mil
Fuel Costs - Regional ADA	\$1.451 mil	\$1.697 mil	\$1.900 mil	\$2.122 mil

Highlights–Three Year Plan

Pace’s three year plan (2008-2010) presented in Table 18 in balanced and meets the 2008 recovery mark. The proposed plan requires service/expense reductions and fare increases in order to balance to RTA funding marks.

Over the three years, total revenue will actually grow at an annual compound rate of 1.8% after taking into consideration service reductions. Ridership is forecasted to grow an average of 1.6% over this time period due largely to the expanding vanpool program and the addition of a new Ride in Kane program. Expenses are lowered by an annual compound rate of 26.9% over the three years due to the service/expense reductions included in the first year (2008) of the three year plan. Specific items like fuel, insurance, utilities and health care continue to present volatile uncertainties throughout the three year horizon.

Pace’s balance sheet remains constant over the three year horizon with assets and liabilities balanced, and growing at an annual compound rate of nearly 4.0%. Net assets invested in capital are growing based on the assumption that Pace will be using federal funds to maintain capital. Unrestricted net assets remain relatively stable (a slight decline) due to a balanced operating budget, coming from expense reductions. The slight year-over-year decline in unrestricted net assets reflects the spend-out of positive budget variance for capital projects previously approved by the Pace Board.

Highlights–Ten Year Forecast

The ten year forecast required by the RTA is presented in Table 18. Revenues grow at an annual compound rate of 1.9% over the ten year horizon including the 2008 fare increase and service reduction. Expenses grow at a compound rate of 4.1% with continued growth of the volatile items like fuel, insurance, and health care contributing to the growth. Pace’s balance sheet remains relatively constant until 2016 when the lease-leaseback transaction is scheduled to terminate.

Table 17. Major Expense Category Growth Over Prior Year

	2008	2009	2010	2011-2017*
Labor/Fringes	4.2%	3.1%	3.1%	3.7%
Health Care	6.8%	11.3%	11.3%	9.2%
Parts/Supplies	6.7%	2.2%	2.2%	2.2%
Utilities	7.8%	7.4%	6.1%	2.2%
Fuel	17.2%	12.0%	11.6%	9.4%
Insurance	8.3%	2.2%	2.2%	7.6%

**Annual Compound Rates*

Suburban Service Three Year Plan and Ten Year Forecast

Table 18. 2008–2010 Suburban Service Three Year Plan and Ten Year Forecast (000's)

	2006 Actual	2007 Estimate	2008 Budget	2009 Plan	2010 Plan
OPERATING REVENUE					
Farebox	\$ 28,179	\$ 28,408	\$ 30,179	\$ 30,930	\$ 31,709
Local Share/Other	14,100	14,799	16,254	16,714	17,971
Advertising / Investment	5,936	6,075	6,269	6,444	6,651
Reduced Fare Reimbursement	3,027	3,153	3,207	3,207	3,207
RTA Pass Reimbursement	2,000	4,000	0	0	0
Sub-Total Revenue	\$ 53,242	\$ 56,435	\$ 55,910	\$ 57,295	\$ 59,538
Fare Increases	0	0	5,757	5,815	5,873
Service Reductions	0	0	(5,717)	(5,774)	(5,832)
Total Revenue	\$ 53,242	\$ 56,435	\$ 55,950	\$ 57,335	\$ 59,579
OPERATING EXPENSES					
Labor /Fringes	\$ 76,557	\$ 81,315	\$ 84,718	\$ 87,366	\$ 90,066
Health Insurance	13,102	14,077	15,034	16,733	18,624
Parts/Supplies	4,701	5,470	5,839	5,968	6,099
Utilities	1,786	2,154	2,323	2,494	2,645
Fuel	12,089	13,391	15,695	17,575	19,612
Insurance	10,457	9,891	10,715	10,951	11,192
Other	9,699	10,496	10,654	10,697	10,949
Public / Private Contract	9,639	10,387	12,034	12,614	13,165
Dial-A-Ride Services	14,399	15,589	17,309	18,264	19,280
Vanpool	2,761	3,379	3,911	4,634	5,506
ADA Indirect Overhead Credit	0	(1,392)	(2,655)	(2,761)	(2,871)
Sub-Total Expenses	\$ 155,190	\$ 164,757	\$ 175,577	\$ 184,535	\$ 194,267
Service / Expense Reductions	0	0	(30,367)	(31,703)	(33,098)
Total Expenses	\$ 155,190	\$ 164,757	\$ 145,210	\$ 152,832	\$ 161,169
Funding Requirement	\$ 101,948	\$ 108,322	\$ 89,260	\$ 95,497	\$ 101,590
Recovery Ratio	34.20%	36.00%	36.00%	36.00%	36.00%
PUBLIC FUNDING					
Sales Tax	\$ 81,012	\$ 81,573	\$ 83,728	\$ 85,939	\$ 88,209
Public Transportation Fund	570	2,619	868	960	1,062
CMAQ/JARC/New Freedom	753	1,830	2,146	1,326	553
Fed 5307 Funding	16,479	15,789	2,518	7,272	11,766
Capital Cost of Contracting	3,773	7,087	0	0	0
Total Public Funding	\$ 102,587	\$ 108,898	\$ 89,260	\$ 95,497	\$ 101,590
Net Funding Available	\$ 639	\$ 576	\$ 0	\$ 0	\$ 0
PACE BALANCE SHEET					
Total Assets	\$ 374,650	\$ 346,374	\$ 358,212	\$ 374,405	\$ 389,355
Total Liabilities	167,398	135,110	139,620	145,813	150,383
Invested Net Assets	193,332	192,600	202,829	213,428	224,409
Unrestricted Net Assets (Fund Bal.)	13,920	18,664	15,763	15,164	14,563
Total Liabilities & Net Assets	\$ 374,650	\$ 346,374	\$ 358,212	\$ 374,405	\$ 389,355

	2011 Forecast	2012 Forecast	2013 Forecast	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast
\$	32,238	\$ 32,783	\$ 33,345	\$ 33,924	\$ 34,521	\$ 35,137	\$ 35,772
	18,151	18,332	18,516	18,701	18,888	19,077	19,267
	6,844	7,042	7,247	7,457	7,673	7,895	8,124
	3,239	3,271	3,304	3,337	3,371	3,404	3,438
	0	0	0	0	0	0	0
\$	60,472	\$ 61,429	\$ 62,411	\$ 63,418	\$ 64,452	\$ 65,513	\$ 66,602
	5,932	5,991	6,051	6,111	6,173	6,234	6,297
	(5,890)	(5,949)	(6,009)	(6,069)	(6,129)	(6,191)	(6,253)
\$	60,513	\$ 61,471	\$ 62,453	\$ 63,461	\$ 64,495	\$ 65,557	\$ 66,646
\$	93,302	\$ 96,669	\$ 100,172	\$ 103,816	\$ 107,610	\$ 111,559	\$ 115,671
	20,337	22,208	24,252	26,483	28,919	31,580	34,485
	6,233	6,370	6,510	6,654	6,800	6,950	7,103
	2,703	2,763	2,823	2,886	2,949	3,014	3,080
	21,452	23,464	25,665	28,072	30,705	33,585	36,736
	12,038	12,948	13,927	14,980	16,112	17,331	18,641
	11,190	11,436	11,688	11,945	12,208	12,476	12,751
	13,876	14,625	15,415	16,247	17,125	18,049	19,024
	20,321	21,418	22,575	23,794	25,079	26,433	27,861
	6,024	6,590	7,209	7,887	8,628	9,439	10,327
	(2,997)	(3,129)	(3,267)	(3,411)	(3,561)	(3,717)	(3,881)
\$	204,479	\$ 215,363	\$ 226,969	\$ 239,353	\$ 252,575	\$ 266,699	\$ 281,796
	(34,554)	(36,075)	(37,662)	(39,319)	(41,049)	(42,855)	(44,741)
\$	169,925	\$ 179,288	\$ 189,307	\$ 200,034	\$ 211,525	\$ 223,844	\$ 237,055
\$	109,412	\$ 117,817	\$ 126,853	\$ 136,573	\$ 147,030	\$ 158,287	\$ 170,409
	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%
\$	90,590	\$ 93,036	\$ 95,548	\$ 98,128	\$ 100,777	\$ 103,498	\$ 106,293
	18,822	24,781	31,305	38,445	46,253	54,789	64,116
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
\$	109,412	\$ 117,817	\$ 126,853	\$ 136,573	\$ 147,030	\$ 158,287	\$ 170,409
\$	0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
\$	406,231	\$ 424,546	\$ 446,131	\$ 464,325	\$ 484,712	\$ 375,842	\$ 391,915
	156,483	163,614	173,595	179,624	186,922	64,499	66,540
	235,784	247,568	259,773	272,414	285,503	299,056	313,088
	13,964	13,364	12,763	12,287	12,287	12,287	12,287
\$	406,231	\$ 424,546	\$ 446,131	\$ 464,325	\$ 484,712	\$ 375,842	\$ 391,915

Suburban Service Financial Plan Variance

Pace is required (by statute) to perform a comparison of the proposed budget and three year plan to the existing RTA Three Year Plan. Table 19 highlights the differences between the two plans, and explanations to the variances in the table are discussed below.

Pace's Suburban Service funding requirements in the proposed plan (2008-2010) have been significantly reduced due to the lack of new funding coming from the State Legislature at this time. Total funding requirements are reduced 21.9% or \$25 million. The plan established by the RTA last year assumed new transit funding would be coming to the region to maintain status quo service levels. The new marks and plan recognize that new funding may not come and therefore Service Boards have been left with no choice but to prepare "Dooms Day" plans which call for fare increases and service reductions.

Table 19 highlights all of the changes between plan years, however, service/expense reductions account for most of the change in funding needs. The new plan includes \$30.367 million in expense reductions in 2008. Details of the planned reductions are found in Appendix G.

Revenue levels in the new plan are down \$2.4 million for 2008. However, the largest factor impacting revenue is RTA's decision to stop funding Pace for the acceptance for the CTA 7-day pass. The RTA provided Pace with \$2.0 million and \$4.0 million in 2006 and 2007 respectively. However, when Pace requested \$6.1 million for 2008 to adequately fund actual usage levels, the RTA reversed their position and has elected to stop reimbursing Pace entirely. This action reduces plan revenues by \$4.0 million for 2008.

Other changes in revenue include \$5.7 million from fare increases offset by an equal \$5.7 million loss coming from needed service reductions. The largest change occurring to status quo revenue is the addition of the Ride in Kane program which contains a large level of local share revenue.

In addition to the \$30 million service/expense reductions, there are several note worthy changes occurring in status quo expenses. Growth continues to occur in the volatile items like fuel, liability insurance and utilities.

Service expansion continues to occur in vanpool and new service starts funded with CMAQ/JARC and the new service called Ride in Kane. One positive note, health care costs are down \$2.1 million due to better than forecasted cost growth for this expenditure.

The changes in funding for 2009 are attributed to the same factors noted for 2008.

The RTA has established a recovery ratio of 36% for Suburban Service for 2008.

The RTA does not establish outlying year recovery ratios (2009 and 2010). The new three year plan maintains a 36% recovery ratio for all three years.



Pace generates nearly \$100,000 annually in advertising revenue for each ad wrapped bus in service.

Table 19. 2008-2010 Suburban Service Three Year Financial Plan Variance From Existing RTA Plan (000's)

	2008	2009	2010
FUNDING REQUIREMENT (ALL SOURCES)			
RTA Plan (2007–2009)	\$ 114,277	\$ 120,677	*
Pace Plan (2008–2010)	89,260	95,497	101,590
Variance	\$ (25,017)	\$ (25,180)	N/A
FACTORS CONTRIBUTING TO THE CHANGE			
REVENUE			
Farebox Changes	\$ 150	\$ 133	
Local Share/Investment Income	1,400	1,792	
RTA Pass Reimbursement	(4,000)	(4,000)	
Fare Increases	5,757	5,815	
Service Reductions	(5,717)	(5,774)	
Total Change in System Revenue	\$ (2,410)	\$ (2,034)	
EXPENSE			
Labor/Fringe Benefits (Including Pension)	\$ 1,848	\$ 2,519	
Health Care	(2,170)	(2,607)	
Insurance	1,027	1,049	
Fuel	278	1,551	
Service Expansion (Vanpool, CMAQ, Ride in Kane)	1,696	1,873	
Utilities/Parts - Supplies	261	104	
Service/Expense Reductions	(30,367)	(31,703)	
Total Changes in Expenses	\$ (27,427)	\$ (27,214)	
Total Change in Required Funding	\$ (25,017)	\$ (25,180)	N/A
RECOVERY RATIO			
RTA Plan (2007–2009)	N/A	N/A	*
Pace Plan (2008–2010)	36.00%	36.00%	36.00%

**Note: The current RTA plan does not contain projected funding levels for FY 2010, thereby, eliminating comparability between plans. The current RTA plan (issued December, 2006) identified funding estimates for only 2007–2009.*

Pace Suburban Service Cash Flow—2008

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 Services public operating 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. However, this assumes Pace will implement the necessary revenue and expense adjustments by January, 2008 to reduce net operating costs.

Table 20. Pace Suburban Service Projected Cash Flow Summary—2008 (000’s)

	Beginning Balance	Revenues	Expenses	Net Results	Ending Balance
January	\$ 32,068	\$ 11,397	\$ 12,193	\$ (796)	\$ 31,271
February	31,271	10,778	12,232	(1,454)	\$ 29,818
March	29,818	12,598	12,193	405	\$ 30,222
April	30,222	16,931	13,042	3,889	\$ 34,112
May	34,112	10,376	12,042	(1,666)	\$ 32,445
June	32,445	10,562	11,975	(1,413)	\$ 31,032
July	31,032	11,972	11,569	403	\$ 31,435
August	31,435	11,514	11,569	(55)	\$ 31,380
September	31,380	13,226	11,569	1,657	\$ 33,037
October	33,037	12,468	11,979	489	\$ 33,526
November	33,526	11,515	11,569	(54)	\$ 33,472
December	33,472	11,472	18,029	(6,558)	\$ 26,914

2008 Regional ADA Paratransit Operating Budget

Summary

The 2008 Regional ADA Service program summarized below and detailed throughout this section represents Pace's second year of operating consolidated City and Suburban ADA service in the region. The table below shows total 2008 operating expenses of \$93.960 million before the application of adjustments. Uncertainty remains around the Illinois State Legislature's intent to provide needed funding for transit in the region, therefore Pace has identified a list of actions that will be necessary to reduce expenditures in an effort to achieve the revised funding and recovery marks set by the RTA. These actions include fare increases and service reductions. Full details of these actions are included in Appendix G.

Pace's contingency action plan reduces expenses by \$1.740 million through service reductions. The net expense level of \$92.220 million is funded by operating revenue of \$11.594 million which includes income from proposed fare increases, State of Illinois funding of \$54.252 million, \$11.670 million in RTA funding coming from multiple sources, and the transfer of funds, \$2.479 million from Metra's capital program. Based on this funding level, Pace projects the program will be underfunded in 2008 by \$12.225 million. This presents a serious issue which needs to be resolved.

The RTA's assumptions behind the funding sources for the Regional ADA program include the continuation of State funding of \$54.252 million that has been

provided for ADA funding for the past several years.

The RTA then provides \$11.670 million in discretionary funding made up of funds redirected from their own budget as well as from CTA and Pace discretionary funding. As Metra does not receive RTA discretionary funds, RTA redirected \$2.479 million from Metra's capital program to help share in funding the ADA deficit.

The ADA budget as presented meets the 10% recovery rate set by the RTA. The increased recovery performance is only achievable through implementation of the contingency action plan. Without identified fare increases and service reductions, the ADA program's status quo recovery rate is 8.9%.

Pace's goal for the Regional ADA Service component of the operating budget is to continue to make every effort to maximize revenue and control expense growth to whatever extent possible in order to achieve RTA funding and recovery requirements. The risk to this program is the difficulty of assessing the true level of unmet demand.

Pace will continue to work with the RTA in order to secure needed funding to maintain and expand the levels of mass transit that the people in Northeastern Illinois have come to expect.

A detailed review of the 2008 Regional ADA Service operating program is presented in this section.

Table 21. Regional ADA Paratransit Budget Summary (000's)

	2007 Estimate	2008 Budget
Total Operating Expenses	\$ 83,719	\$ 93,960
Less: Service / Expense Adjustments	0	(1,740)
Net Operating Expenses	\$ 83,719	\$ 92,220
Total Operating Revenue	\$ 7,345	\$ 8,334
Add: Revenue Gain From Fare Increases	0	3,260
Net Operating Revenue	\$ 7,345	\$ 11,594
Funding Requirement	\$ 76,374	\$ 80,626
Less: State ADA Funding	\$ 54,252	\$ 54,252
RTA Funding	19,758	11,670
Metra Transfer Capital	0	2,479
Net Surplus/(Shortfall)	\$ (2,364)	\$ (12,225)
Recovery Ratio	8.77%	12.57%

Regional ADA Source of Funds

The Regional ADA paratransit budget is funded from two sources—public funding and revenues generated from operations. By September 15th, the RTA is required to advise Pace and the other Service Boards of the amounts and timing of public funds that will be provided for the coming and two following fiscal years. The RTA is also required to establish a recovery ratio at this time which indirectly sets the levels of operating revenues that each of the Service Boards will need to achieve in order to meet the RTA “marks.” Further discussion of the RTA “marks” and the budget process can be found in Appendix D. The assumptions of the funding sources for the Regional Paratransit program follows. The RTA funding mark for ADA for 2008 is \$68,401,000.

State of Illinois Funds

Unlike Pace’s Suburban Service program, the Regional ADA program has no guaranteed source of funds in the RTA Act. The RTA and Pace have had to rely on the State’s practice demonstrated in the past two annual budgets to continue to appropriate funding for the ADA program. The State provided \$54.252 million in additional funding for transit in the region in State Fiscal Years (SFY) 2006 and 2007. The RTA’s assumption is that this practice will continue into the future, and they have established three year funding marks which include the \$54.252 million source of funding.

RTA Discretionary Funds

The RTA is responsible for funding the Regional ADA program. Given the fact that the State Legislature has not provided new funding at this time, the RTA has identified only \$11.670 million of the \$26.374 million needed (after State funding) to fund the \$80.626 million funding requirement. This amount is inadequate based on current budget projections for 2008. The RTA is obligated by the RTA Act to fully fund the Regional ADA Paratransit program.

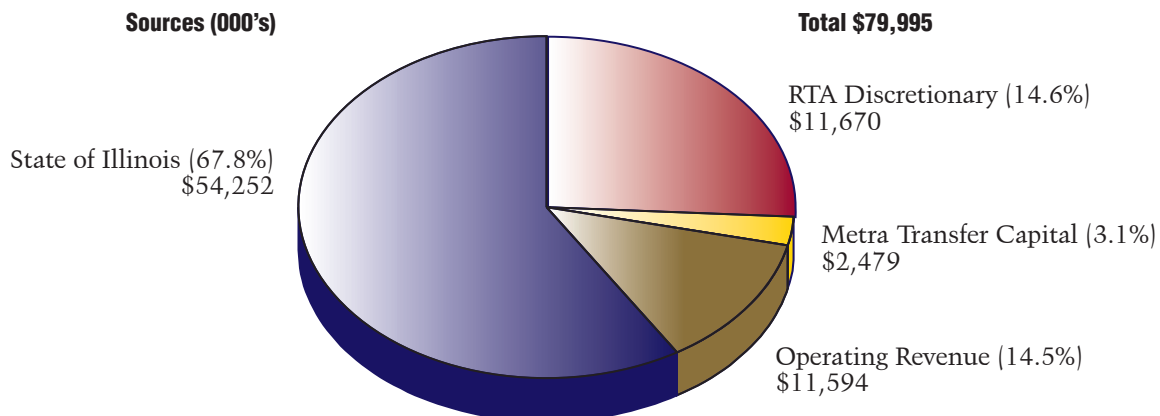
Metra Transfer Capital Funds

In RTA’s effort to make-up the shortfall in ADA funding with funds from each Service Board, the RTA identified \$2.479 million in Metra capital funds that they redirected to the Regional ADA Program.

Operating Revenue

The remaining revenue source is operating revenue which is generated from passenger fares. This source is estimated at \$11.594 million for 2008 and includes growth coming from a required fare increase in order to bring the program within RTA funding marks. The planned fare increases are estimated to yield \$3.260 million in additional revenue which will help to raise the recovery rate for ADA service to 12%.

Chart F. ADA Source of Funds



Regional ADA Use of Funds

All funds received in 2008 will be used to provide and support ADA paratransit services. However, in an effort to reduce the funding requirement for 2008, Pace will implement a contingency action plan which includes \$1,740,000 in service reductions.

The major components of the ADA program consist of City ADA services and Suburban ADA services. Service delivery under both of these programs are contracted to private service operators. 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 and Suburban ADA services are included on Table 22, page 33.

City ADA Services

Pace became responsible for the provision of all ADA service in the region in July, 2006, including the service within the City of Chicago. For 2008, Pace expects to spend \$72,927,000 for City ADA service. The majority of these expenditures (93.7%) will be spent on service

delivery through private contractors. The balance includes costs for insurance, administration and costs for certifying ADA eligible participants.

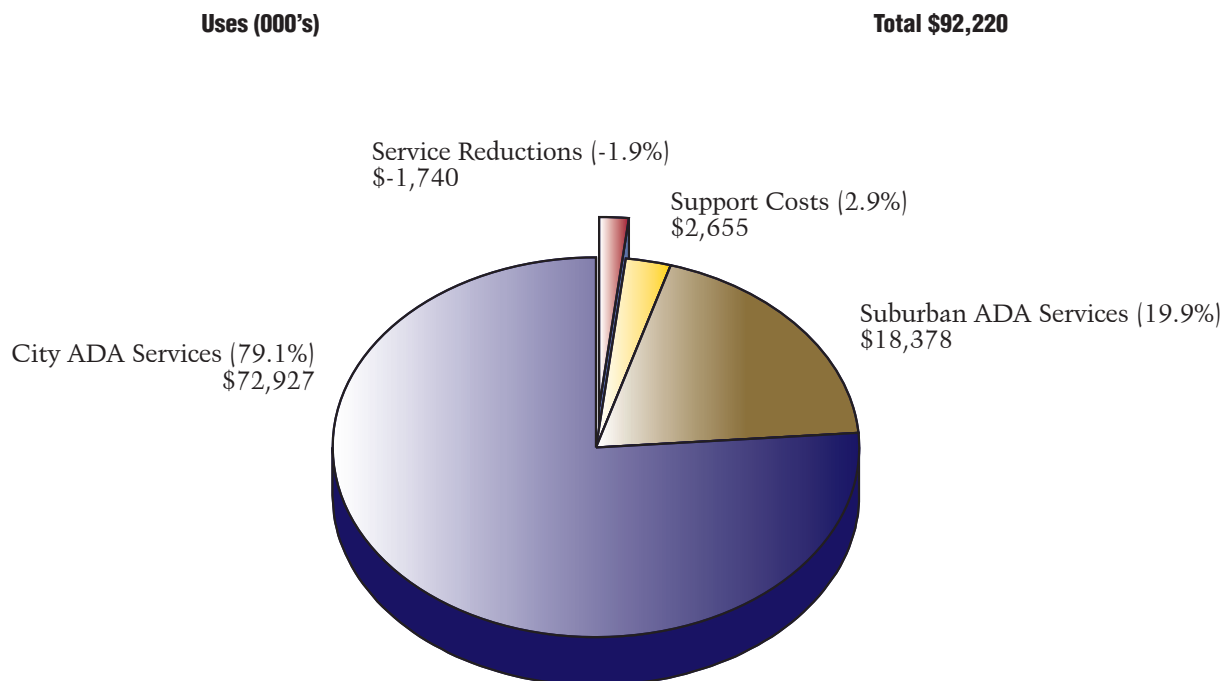
Suburban ADA Services

Pace has always provided ADA service in the suburbs. For 2008, Pace will spend \$18,378,000 for Suburban ADA service. Costs for contracted service in the suburbs will account for 95.7% of the total cost, including fuel. Like the City service, the balance of the costs are also for insurance, administration and the costs for certifying ADA eligible participants.

Indirect Overhead Costs

In addition to the City and Suburban cost elements, there are regional support costs that Pace incurs on behalf of managing and operating these programs. For 2008, Pace will incur \$2,655,000 in overhead costs that will be allocated to the Regional ADA program.

Chart G. ADA Use of Funds



2008 Regional ADA Paratransit Service Budget—City/Suburban Detail

Pace's 2008 proposed revenue, expense and funding requirements for the Regional ADA Paratransit services are detailed on Table 22 below. The estimates for 2007 and the proposed budget for 2008 are broken down into City and Suburban components.

At this time, without any new funding sources being committed to the Regional ADA program, planned fare increases and service reductions are included for 2008 and reflected on the table below.

The budget contains a projected unfunded deficit of \$12.225 million for 2008. The program has been underfunded by RTA since the service was regionalized under Pace in 2006. In 2006 the program incurred an unfunded deficit of \$4.768 million and is projected to incur an unfunded deficit of \$2.364 million in 2007.



Pace ADA paratransit bus operating in the suburbs.

Table 22. 2008 Regional ADA Paratransit Service Budget—City/Suburban Details (000's)

	2007			2008			Net Change 2007-2008
	City	Suburban	Region Total	City	Suburban	Region Total	
Revenue							
Fares	\$ 5,675	\$ 1,668	\$ 7,345	\$ 6,579	\$ 1,755	\$ 8,334	\$ 989
Fare Increases	0	0	0	2,787	472	3,260	3,260
Total Revenue	\$ 5,675	\$ 1,668	\$ 7,345	\$ 9,366	\$ 2,227	\$ 11,594	\$ 4,249
Expenses							
Contract Services	\$ 62,320	\$ 13,726	\$ 76,046	\$ 68,339	\$ 15,881	\$ 84,220	\$ 8,174
Fuel	-	1,451	1,451	-	1,697	1,697	246
Administration	3,065	486	3,551	3,494	542	4,036	485
Insurance	455	5	460	499	5	504	44
RTA Certification	578	241	818	595	253	848	30
Indirect Overhead Allocations	-	-	1,392	-	-	2,655	1,263
Sub-Total Expenses	\$ 66,418	\$ 15,908	\$ 83,719	\$ 72,927	\$ 18,378	\$ 93,960	\$ 10,242
Service Reductions	-	-	-	-	-	\$ (1,740)	\$ (1,740)
Total Expenses	\$ 66,418	\$ 15,908	\$ 83,719	\$ 72,927	\$ 18,378	\$ 92,220	\$ 8,501
Funding Requirement	\$ 60,743	\$ 14,240	\$ 76,374	\$ 63,561	\$ 16,151	\$ 80,626	\$ 4,252
Funding	\$ -	\$ -	\$ 74,010	-	-	\$ 68,401	\$ (5,609)
Net Funding Available			\$ (2,364)			\$(12,225)	
Recovery Ratio	8.54%	10.49%	8.77%	12.84%	12.12%	12.57%	3.8 pts
Unrestricted Net Assets (Fund Balance)							
Beginning Balance	\$ -	\$ -	\$ (4,768)	\$ -	\$ -	\$ (7,132)	\$ (2,364)
Net Funding Available	-	-	(2,364)	-	-	(12,225)	(9,861)
Ending Balance	\$ -	\$ -	\$ (7,132)	\$ -	\$ -	\$(19,357)	\$(12,225)
Ridership	2,170	489	2,658	2,236	514	2,750	92

Pace Operation of City ADA Paratransit

Pace inherited the current City of Chicago Americans with Disabilities (ADA) complementary paratransit service delivery model, and accompanying contracts, from Chicago Transit Authority (CTA) on July 1, 2006. After operating the system for a year, Pace has identified several problems which contribute to the inefficiencies with the current structure. First, the riders may have to make up to three calls with the three different carriers to secure a ride. Second, because there is fierce competition to get a ride with the carrier of choice, the phone lines first thing in the morning are overloaded and people are on hold for excessively long time periods. Third, because all three carriers cover the entire service area, three different vehicles can be sent to make pick-ups in the same neighborhood. And fourth, technologies were never implemented to properly monitor the service and generate efficiencies.

Pace worked closely with a sub-committee of the Pace ADA Advisory Committee to develop a model that will work better for the riders. The proposed service design is a departure from the current service delivery model which CTA employed in Chicago more than 20 years ago. The new model will more closely resemble the region based concept that Pace has successfully deployed in the suburbs and will allow for an evolution of better service coordination between the City and suburbs. Pace is proposing to divide the City service area into three regions: Zone 1 extending from Sibley Blvd. north to 71st Street; Zone 2 from 71st Street north to Fullerton Avenue; and Zone 3 from Fullerton Avenue north to Central Street. The service design allows more suburban travel options for City riders while allowing for transfers on extremely long, costly trips that are currently being provided directly.

The new design will allow people to travel to adjacent zones without having to transfer. Individuals will only transfer if they are going from Zone 1 to Zone 3 or Zone 3 to Zone 1. Based on current ridership patterns this would only affect about 1% of the trips. If a rider would have to transfer for a long trip there would be no charge for that transfer. In addition, riders will have more flexibility to travel to suburban destinations without having

to transfer. Lutheran General Hospital, Chicago Ridge Mall, River Oaks Shopping Center, Brookfield Zoo, and Golf Mill Shopping Center, all preferred travel sites identified by riders, are examples of locations riders will be able to travel without having to transfer.

Riders and Pace will enjoy many advantages with the new service design. Riders will have one number to call and will be assured a guaranteed trip, per ADA guidelines. Pace feels that this approach will eventually allow people to spread reservation requests across the day, greatly reducing the current phone crunch. This is based on our experience with the suburban services. Also, riders will enjoy better on-time performance and more realistic ride times because the vehicles will be more centrally based for the operation.

The design will also allow Pace to hold the contractors accountable for service delivery. The current structure, and the lack of technology, makes it difficult to hold the carriers to Pace standards. On-time performance and passenger ride time are not up to Pace standards. Finally, the design will allow for greater efficiencies. Service duplication will be eliminated and costly transfers on short distance trips will be reduced and expensive longer trips will be accommodated by transfers.

Pace is performing a Request for Proposal (RFP) process to hire firms to operate the new ADA service design in the City of Chicago. Evaluations of the proposals have started and interviews are being conducted. Contract awards will be made based on a combination of price and service quality. New service contracts will start as soon as possible after Board approval.

Pace is in the process of implementing computerized scheduling/dispatching, along with Mobile Data Terminal (MDT) and Automatic Vehicle Locator (AVL) technologies, to assist in implementing this service design and provide for greater system efficiency and oversight. Pace has successfully used Trapeze computerized scheduling and dispatching in the larger suburban services since 1996. Trapeze was installed with the first Chicago carrier on August 17, 2007. The remaining carriers are being phased in over three to four months.

Pace is also planning to implement interactive phone and web based trip reservation technologies, which will operate in conjunction with Trapeze, for both the City and suburban services. These technologies will give the riders greater flexibility and access to request, cancel and modify trips. An implementation schedule for these projects will be finalized as work on the Trapeze system progresses.

Pace is also proceeding with replacing the current paper voucher system in the Taxi Access Program (TAP) with card swipe technology. This card swipe technology will allow Pace to eliminate the 400,000 plus paper vouchers which are currently sold and processed for TAP, eliminating the need for consumers to purchase the vouchers and giving Pace greater control over the program. A demonstration program for the card technology is being conducted in September and October, 2007. If the demonstration is successful, the system will be installed starting the fourth quarter of 2007.

While Pace has focused on developing a new service design and implementing computerization oversight and efficiency generating technologies, a number of other steps have been taken to improve service delivery. Some of these steps include:

- A fourth carrier was added in the City of Chicago to handle overflow trips and to insure improved service quality.
 - On-time performance has steadily improved since Pace took over the Chicago service in July, 2006. On-time performance, which was 83% when Pace inherited the service, was 90% for July and August of 2007.
 - Pace has worked with the carriers in the City of Chicago to add 118 additional vehicles into service. This is an increase of 28% in service capacity.
 - Pace has established a regional complaint process for all ADA service, along with a new complaint software system to achieve better turn-around responding to consumer complaints.
 - Pace has on street supervision seven days a week to monitor service delivery and assist the providers in emergency situations.
- Pace has implemented a manned twenty-four hour, seven day a week dispatch center to assist customers with service issues, providing a safety and quality assurance net for riders.
 - Two of the three Chicago carriers purchased new phone systems as part of the overall effort to improve phone access for customers.
 - Pace also performed an analysis of the phone system in an effort to improve access, and is doubling the number of call takers in conjunction with the implementation of computerized scheduling and dispatching.
 - Pace added voice logger technology at each of the carriers to better monitor call takers.
 - Pace provides the carriers with traffic information such as street closures to improve operator service.
 - Pace has identified over 20 common destinations where there has been historical confusion as to which entrance or entrances can be used for pick-ups and drop-offs. Pace is working with each of these sites to post signage for the designated pick-up point(s).

Regional ADA Three Year Plan and Ten Year Forecast

General

The following section presents Pace’s Regional ADA Paratransit three year financial plan and fund balance for 2008 through 2010. The required RTA ten year forecast is also included. The three year plan is required to show a balance between the funding estimate provided by the RTA, and the anticipated cost of providing services for the forthcoming and two following fiscal years. Pace’s plan is not able to achieve this balance for 2008 based on RTA’s revised, reduced funding level. The following years 2009 and 2010 are balanced to RTA’s mark.

Assumptions

In order to prepare this plan and forecast, a number of assumptions have been made. The economic assumptions used in this plan for items such as fuel, labor/fringes, etc., are the same as those used for Pace’s Suburban Service budget and are described in detail on page 22 of this document.

The assumptions for service related expense growth unique to this ADA Paratransit Financial Plan are shown on the table below.

Table 23. Expense Growth Factors

	2008	2009	2010	2011-2017*
Contractor Costs—City	9.7%	10.8%	11.0%	9.4%
Contractor Costs—Suburban	15.7%	9.6%	9.6%	9.4%
Demand—City	3.1%	6.0%	6.0%	5.0%
Demand—Suburban	5.2%	5.0%	5.0%	5.0%

*Annual Compound Rates

In 2007, Pace is estimated to finish with a \$2.364 million funding shortfall due to underfunding by the RTA. This will be the second year for insufficient funding for Regional ADA service. In 2006, Pace incurred a loss of \$4.768 million from operation of these services. RTA is responsible for ensuring adequate funding for ADA services in the region. As noted in the balance sheet for 2007, (page 34) year-end unrestricted net assets (fund balance) is a negative \$7.1 million, which grows to \$19.3 million by year end 2008 due to the projected shortfall in State/RTA funding for 2008.

A fare increase and service reductions have been assumed for 2008, however the impact of these actions falls far short of balancing the budget to RTA’s funding level. Full details of the contingency action plan are provided in Appendix G. Implementation of this contingency plan would bring the ADA’s recovery performance to 12.57% in 2008, one year earlier than the level required in the RTA Act by 2009.

Full details on funding are provided in the summary and ADA source of funds discussions on pages 29 and 30. However, moving beyond 2010, the assumptions for funding include a constant growth rate for Metra transfer capital, while RTA discretionary funds are growing at the same level needed to balance required funding.

The table on the following pages presents Pace’s Regional ADA Paratransit three year plan and ten year forecast.

Regional ADA Three Year Plan and Ten Year Forecast

Table 24. 2008–2010 Regional ADA Paratransit Three Year Plan and Ten Year Forecast and Fund Balance (000's)

	2007 Estimate	2008 Budget	2009 Plan	2010 Plan
OPERATING REVENUE				
Fares	\$ 6,526	\$ 7,485	\$ 7,919	\$ 8,379
Local Share/Reimbursement	819	849	897	948
Sub-Total Revenue	7,345	8,334	8,816	9,327
Fare Increases	0	3,260	3,450	3,653
Total Revenue	\$ 7,345	\$ 11,594	\$ 12,266	\$ 12,980
OPERATING EXPENSES				
Labor/Fringe	\$ 2,050	\$ 2,237	\$ 2,326	\$ 2,419
Health Care	232	244	272	302
Administrative Expenses	1,269	1,556	1,689	1,727
Fuel	1,451	1,697	1,900	2,122
Insurance/Claims	460	504	515	526
RTA Certification	819	848	897	948
Suburban ADA Purchased Transportation	13,726	15,881	17,406	19,076
City ADA Purchased Transportation	62,320	68,339	75,719	84,048
Indirect Overhead Allocation	1,392	2,655	2,761	2,871
Sub-Total Expenses	83,719	93,960	103,484	114,038
Service Reductions	0	(1,740)	(2,076)	(2,459)
Total Expenses	\$ 83,719	\$ 92,220	\$ 101,408	\$ 111,579
Funding Requirement	\$ 76,374	\$ 80,626	\$ 89,142	\$ 98,599
PUBLIC FUNDING				
State ADA Paratransit Funding	\$ 54,252	\$ 54,252	\$ 54,252	\$ 54,252
RTA Discretionary Funds	19,758	11,670	31,576	40,105
METRA Transfer Capital	0	2,479	3,314	4,242
Total Public Funding	\$ 74,010	\$ 68,401	\$ 89,142	\$ 98,599
Net Funding Available	\$ (2,364)	\$ (12,225)	\$ 0	\$ 0
Recovery Ratio	8.77%	12.57%	12.10%	11.63%
PACE ADA FUND BALANCE SHEET				
Total Assets	\$ 11,961	\$ 8,868	\$ 9,477	\$ 10,107
Total Liabilities	\$ 15,559	\$ 24,347	\$ 24,604	\$ 24,868
Invested in Capital Assets	3,534	3,878	4,230	4,596
Unrestricted Net Assets (Fund Balance)	(7,132)	(19,357)	(19,357)	(19,357)
Total Liabilities & Net Assets	\$ 11,961	\$ 8,868	\$ 9,477	\$ 10,107

2011 Forecast	2012 Forecast	2013 Forecast	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast
\$ 8,798	\$ 9,238	\$ 9,700	\$ 10,185	\$ 10,694	\$ 11,229	\$ 11,790
995	1,045	1,097	1,152	1,210	1,270	1,334
\$ 9,793	\$ 10,283	\$ 10,797	\$ 11,337	\$ 11,904	\$ 12,499	\$ 13,124
3,836	4,027	4,229	4,440	4,662	4,895	5,140
\$ 13,629	\$ 14,310	\$ 15,026	\$ 15,777	\$ 16,566	\$ 17,394	\$ 18,264
\$ 2,516	\$ 2,616	\$ 2,721	\$ 2,830	\$ 2,943	\$ 3,061	\$ 3,183
330	360	393	429	469	512	559
1,765	1,804	1,844	1,884	1,926	1,968	2,011
2,321	2,539	2,777	3,037	3,322	3,634	3,975
566	609	655	704	757	814	876
995	1,045	1,097	1,152	1,210	1,270	1,334
20,869	22,831	24,977	27,325	29,893	32,703	35,777
91,949	100,592	110,047	120,392	131,709	144,089	157,634
2,997	3,129	3,267	3,411	3,561	3,717	3,881
\$ 124,307	\$ 135,524	\$ 147,777	\$ 161,163	\$ 175,789	\$ 191,768	\$ 209,229
(2,567)	(2,680)	(2,798)	(2,921)	(3,049)	(3,184)	(3,324)
\$ 121,740	\$ 132,844	\$ 144,979	\$ 158,242	\$ 172,739	\$ 188,585	\$ 205,905
\$ 108,111	\$ 118,533	\$ 129,953	\$ 142,465	\$ 156,173	\$ 171,190	\$ 187,641
\$ 54,252	\$ 54,252	\$ 54,252	\$ 54,252	\$ 54,252	\$ 54,252	\$ 54,252
49,405	59,604	70,790	83,057	96,507	111,254	127,420
4,454	4,677	4,911	5,156	5,414	5,685	5,969
\$ 108,111	\$ 118,533	\$ 129,953	\$ 142,465	\$ 156,173	\$ 171,190	\$ 187,641
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
11.20%	10.77%	10.36%	9.97%	9.59%	9.22%	8.87%
\$ 10,758	\$ 11,432	\$ 12,128	\$ 12,849	\$ 13,595	\$ 14,367	\$ 15,165
\$ 25,139	\$ 25,418	\$ 25,704	\$ 25,999	\$ 26,302	\$ 26,615	\$ 26,937
4,976	5,371	5,781	6,207	6,650	7,109	7,585
(19,357)	(19,357)	(19,357)	(19,357)	(19,357)	(19,357)	(19,357)
\$ 10,758	\$ 11,432	\$ 12,128	\$ 12,849	\$ 13,595	\$ 14,367	\$ 15,165

Regional ADA Paratransit Financial Plan Variance

Consistent with statute requirements to perform a comparison of the proposed budget and three year plan to the existing RTA three year, the following table highlights the differences between the two plans, and explanations to the variances in the table are discussed below. Pace's 2008-2010 ADA Budget and Plan is consistent with the marks set by the RTA on September 14, 2007. In an unprecedented action, the RTA reduced 2008 funding for the ADA program at a subsequent meeting on October 4, 2007, leaving the program underfunded by \$12.225 million. As the RTA is responsible for funding ADA, they will be required to address all funding shortfalls.

Pace's Regional ADA funding requirements in the proposed plan (2008-2010) reflect a significant reduction due to the lack of new funding coming from the State Legislature and the fact that demand is not expected to reach prior plan levels. The fare increase implemented at the beginning of 2007 may have had a greater impact than originally expected. Total funding requirements are down 12% or \$11.0 million. The plan established by the RTA last year assumed new transit funding would be coming to the region to maintain status quo service levels. The new marks and plan recognize that new funding may not come and therefore, Service Boards have been left with no choice but to prepare contingency action plans which call for fare increases and service reductions.

Table 25 highlights all of the changes between plan years. Revenue levels in the new plan are up \$1.0 million for 2008. The increase is coming from planned fare increases. The fare increase is expected to offset reduced ridership levels.

Total expenses are 9.7% or nearly \$10.0 million less than last years plan due to the combination of service reductions (\$-1.740 million) and \$9.8 million from reduced demand. The ridership levels in the current plan are down 22.7% from estimates included in last year's plan.

The changes in funding for 2009 are attributed to the same factors noted for 2008.

The RTA has established a recovery ratio of 10% for Regional ADA service for 2008. The 2008 recovery rate in the new plan reaches 12.57%, however, only through implementation of fare increases and service reductions. The status quo recovery rate without these changes is 8.9%. With the implementation of the fare/service changes in 2008, the Regional ADA program is also forecasted to reach 12.1%, in 2009, which also satisfies the statutory requirement for the program in 2009.

Table 25. 2008-2010 Regional ADA Paratransit Three Year Financial Plan Variance From Existing RTA Plan (000's)

	2008	2009	2010
FUNDING REQUIREMENT (ALL SOURCES)			
RTA Plan (2007–2009)	\$ 91,627	\$ 99,893	*
Pace Plan (2008–2010)	80,626	89,142	99,599
Variance	\$ (11,001)	\$ (10,751)	N/A
FACTORS CONTRIBUTING TO THE CHANGE			
REVENUE			
Regional ADA Service	\$ (2,213)	\$ (5,688)	
Fare Increases	3,260	3,450	
Total Change in System Revenue	\$ 1,047	\$ (2,238)	
EXPENSE			
Labor/Fringe Benefits (Including Health Care)	\$ (158)	\$ (179)	
Administrative/Other	532	643	
Insurance	(134)	(136)	
Fuel	155	312	
RTA Certification	133	120	
Suburban ADA Service	(396)	(563)	
City of Chicago Service	(9,410)	(12,216)	
Indirect Overhead Allocation	1,065	1,107	
Service Reductions	(1,740)	(2,076)	
Total Changes in Expenses	\$ (9,953)	\$ (12,988)	
Total Change in Required Funding	\$ (11,001)	\$ (10,751)	
RECOVERY RATIO			
RTA Plan (2007–2009)	10.00%	12.00%	N/A
Pace Plan (2008–2010)	12.57%	12.10%	11.63%

**Note: The current RTA plan does not contain projected funding levels for FY 2010, thereby, eliminating comparability between plans. The current RTA plan (issued December, 2006) identified funding estimates for only 2007–2009.*

Pace Regional ADA Paratransit Cash Flow—2008

One of the most serious issues facing the Regional ADA Paratransit program is the timing of subsidy payments and the need to pay service contractors in a timely manner. The cash flow shown below has been prepared based on the RTA's assumptions as to the amounts and timing of expected subsidies.

Given the funding shortfall, cash flow shortages will place a severe strain on the program as early as April of next year. The projected cash flow has been modified to show the level of unpaid expenses that will begin to occur in April, 2008. We recognize that the RTA is responsible for adequately funding the Regional ADA program.



ADA paratransit services are provided in the City of Chicago with contractor owned equipment.

Table 26. Pace Regional ADA Projected Cash Flow Summary—2008 (000's)

	Beginning Balance	Revenues	Total Expenses	Paid Expenses	Ending Balance	Unpaid Expenses
January	\$ 3,714	\$ 6,666	\$ 7,643	\$ 7,643	\$ 2,737	\$ 0
February	2,737	6,666	7,643	7,643	1,760	0
March	1,760	6,666	7,643	7,643	783	0
April	783	6,666	7,643	7,449	0	194
May	0	6,666	7,643	6,666	0	977
June	0	6,666	7,643	6,666	0	977
July	0	6,666	7,643	6,666	0	977
August	0	6,666	7,643	6,666	0	977
September	0	6,667	7,643	6,667	0	976
October	0	6,666	7,643	6,666	0	977
November	0	6,667	7,643	6,667	0	976
December	0	6,667	8,143	6,667	0	1,476
						<u>\$ 8,507</u>

Suburban Service Capital Budget

Summary

The 2008 Capital Program totals \$43.5 million. The program contains \$29.8 million for the purchase of 28 fixed route buses, 80 suburban dial-a-ride paratransit buses, 48 community vehicles, 75 vanpool vehicles, and a federal earmark for the third year of bus funding for Oak Park. Additionally, we have programmed funds for Associated Capital, which is used to purchase bus components, such as engines and transmissions, and funds to help pay for Bus Overhaul Maintenance expenses and Preventive Maintenance.

The program contains \$.8 million for the purchase of various Traffic Signal Priority projects receiving special federal earmarked funding from the Federal Transit Administration.

Additionally, the program contains \$12.2 million for the purchase of computer systems including Phase 3 of the HPe3000 system replacement and a new bus safety system. Also, funds are needed to replace miscellaneous equipment such as office, maintenance and garage equipment, non-revenue cars and trucks, etc. Improvement to facilities include much needed repairs and equipment upgrades to Pace's fixed facility garages and an emergency generator for headquarters.

Lastly, \$.7 million are programmed to cover Alternative Analysis study work for Cermak Road Arterial Rapid Transit (ART) and Project Administration.

Table 27 details the projects by asset category and anticipated Federal funding sources. Additionally, the RTA is anticipating that some IDOT funding will be available.

Table 27. 2008 Suburban Capital Budget (000's)

Project Description	Amount
ROLLING STOCK	
28 Fixed Route Buses	\$ 8,540
80 Paratransit Dial-a-Ride Buses	6,400
48 Community Vehicles	4,150
75 Vanpool Vehicles	2,850
Buses for Oak Park	217
Associated Capital	3,100
Bus Overhaul Maintenance Expense	2,000
Preventive Maintenance	2,518
Subtotal - Rolling Stock	\$ 29,775
ELECTRICAL/SIGNAL/COMMUNICATIONS	
Transit Signal Priority Projects	\$ 800
Subtotal - Electrical/Signal/Communications	\$ 800
SUPPORT FACILITIES/EQUIPMENT	
Computer Systems	\$ 7,042
Improvements to Garages/Facilities	4,000
Maintenance/Support Equipment	1,150
Subtotal - Support Facilities/Equipment	\$ 12,192
PROJECT ADMINISTRATION/MISCELLANEOUS	
Alternative Analysis-Cermak Road	280
Project Administration	450
Subtotal - Project Administration/Misc.	730
Total Capital Program	\$ 43,497
TOTAL FUNDING	
Federal 5307	\$ 31,200
Federal 5309/5339	1,297
Federal Flexible	7,000
IDOT	4,000
Total Funding	\$ 43,497

Capital Funding Sources

Federal Funding

The SAFETEA-LU authorized transit funding through Federal Fiscal Year (FFY) 2009. For planning purposes, the RTA marks assume the continued availability of federal funds in the 2010 thru 2017 marks. On July 12, 2007, the Senate Committee on Appropriations approved its version of the FFY 2008 Transportation and Housing and Urban Development and Related Agencies Appropriations (THUD) bill. On July 24, 2007, the House passed its version of the FFY 2008 Transportation Appropriations bill. The House bill funds the Federal Transit Administration (FTA) at a \$9.731 billion level authorized in SAFETEA-LU, an 8.4% increase over the final amount appropriated for FFY 2007. The Senate bill funds FTA programs at a \$9.597 billion level. The lower funding level in the Senate appropriation bill is because the Senate Appropriations Committee froze funding for New Starts and Small Starts programs at the FFY 2007 level of \$1.566 billion. It is likely that Congress will not pass the THUD bill before the new federal fiscal year begins on October 1, 2007, and therefore, this measure may become a part of a larger omnibus spending package.

There are three funding sources—Section 5307, Section 5309 and Flexible Funds—carried over from the previous authorization, TEA-21. In addition, SAFETEA-LU added three new sources of funding. These are Section 5339, Alternative Analysis; Section 5340, Growing and High Density States; and Section 5317, New Freedom Program. Lastly, SAFETEA-LU also continues two transit programs: Clean Fuels Program, which was changed from a formula to a discretionary program; and JARC (Job Access and Reverse Commute Program), which was changed from a discretionary to a formula program.

Certain federal funding programs are allocated to urbanized areas based on statutorily defined formulas. The RTA region receives Section 5307 Urbanized Area Formula funds and Section 5309 (m)(2)(B) Fixed Guideway Modernization funds in this fashion. SAFETEA-LU includes a program, Section 5340 Growing and High Density States, also distributed by formula that will

provide monies to Northeastern Illinois. All of these formula-based funds are allocated by the RTA to the Service Boards according to the historical distribution of 58% to the CTA, 34% to Metra, and 8% to Pace.

Other federal funds are available to the region on a competitive basis. The RTA, with substantial input from the Service Boards, estimates annual funding levels based on staff analysis of national funding levels, past performance, project readiness and existing legislative or contractual commitments. The Section 5309 (m)(2)(A) New Start and Section 5309 (m)(2)(C) Bus and Bus Facility capital funding is earmarked for 2008 and 2009 in the federal legislation. Federal Flexible funds, such as the Congestion Mitigation and Air Quality (CMAQ) and Surface Transportation Program (STP) funds, are also sought by the Service Boards through a regional competitive process.

Finally, other federal funds will be made available to the region by formula but may be allocated among a variety of agencies, including but not limited to transit operators, on a competitive basis. These programs include the Section 5316 Job Access and Reverse Commute (JARC) Program and Section 5317 New Freedom Program (for services supplemental to ADA requirements). Since projects using funds for these programs will be selected in 2008 based on a competitive selection process being led by the RTA, in cooperation with the Chicago Metropolitan Agency for Planning (CMAP), no funding marks have been proposed at this time by RTA.



Pace completed concrete replacement at its Southwest Division in Bridgeview in 2007.

The Section 5339 Alternatives Analysis Program will pay for studies conducted as part of the transportation planning process for the New Starts projects; the funds allocated for the Section 5340 Growing States and High Density States are combined with the Section 5307 formula apportionment for urbanized areas; and finally, the Section 5317 New Freedom Program will pay for public transit service alternatives beyond those currently required by ADA.

Section 5307 Apportionment funds are typically used for Pace's overall capital needs (Section 5340 funds are now combined with the Section 5307 funds). Section 5309 (m)(2)(c) Discretionary funds are used for bus and bus related facilities projects and 5309 (m)(2)(a) is for New Starts projects. Congestion Mitigation and Air Quality (CMAQ) funds are typically used for qualifying transit projects like Pace's Vanpool and Community Vehicle Programs.

The Clean Fuels Program will finance the purchase or lease of clean fuel buses and facilities, as well as the improvement to existing facilities to accommodate clean fuel buses. The Job Access and Reverse Commute (JARC) Program is designed to transport welfare recipients and eligible low-income individuals to and from jobs. Many projects to be funded under the 5309 Bus, 5339 Alternative Analysis and Clean Fuel Programs are earmarked by congressional sponsors.

The Section 5307 and the Section 5309 Fixed Guideway Modernization funds are allocated to the Service Boards on a percentage basis allocation by the RTA. Presently, the allocation is 58% to CTA, 34% to Metra, and 8% to Pace. This percentage basis allocation has been in place since 1985. The Section 5309 Bus Funds are discretionary and reflect the levels of funding for projects identified in SAFETEA-LU earmarks. Additionally, the Section 5309 New Starts funding is also discretionary and dependent on Pace's ability to secure congressional earmarks for its projects. It has been RTA's practice that these funds are considered to be outside the 58%-34%-8% allocation.

State Funding

Illinois Department of Transportation (IDOT) Funds are historically awarded to the Service Boards by IDOT on a discretionary basis and are used for federal match purposes to ensure that sufficient local funds are made available for critical transit projects in the region. The State of Illinois has historically provided capital support of public transportation in Northeastern Illinois. However, there has been no State capital program since 1999. This year the RTA has assumed that the State will provide funds to match available federal formula funds. Without an adequate State capital program the region will have insufficient funds to maintain, let alone enhance and expand the transit system.



Pace installed an emergency generator at its McHenry County Paratransit Garage. This equipment helps avoid service disruptions due to power outages.

RTA Funding

In 1999, the RTA Act was amended as part of Illinois FIRST legislation. The legislation increased the RTA borrowing authority by \$1.6 billion for capital infrastructure improvements. This amount included \$1.3 billion in authorization for Strategic Capital Improvement Program (SCIP) bonds. The State of Illinois reimburses the RTA for the principal and interest expense on these bonds. The remaining \$300 million represented RTA bonds for which the RTA does not receive State reimbursement. All of these funds (SCIP and RTA bonds) have been programmed to the Service Boards since 2004. However, since the RTA bond authorization represents a cap on outstanding bonds, additional bond funds can be programmed when existing bonds are retired.

However, the RTA's Ten-Year Capital Marks contain no additional SCIP or RTA Bond funds since there has been no legislation passed to extend the RTA's SCIP or RTA bond programs. Note that any additional bonding authority would require State legislation, as well as a funding source to pay debt service on any additional bonds that were authorized to be issued.

Tollway Revenue Credits

The Service Boards may propose to exercise the toll revenue credit provision that was established in the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), incorporated in TEA-21 and continued in SAFETEA-LU. The toll revenue credit provision permits states to use certain expenditures of toll revenue as a "credit" toward the required local match for certain highway and transit programs. These credits are not actually funds that can be used; rather they are a mechanism to count toll revenues already spent for tollway capital projects as local matching dollars for federal capital funds for transit.



Pace owns and operates two park-n-ride lots in the Village of Bolingbrook. This photo features the facility on Canterbury Lane.



The Pace transportation facility in Harvey continues to be the heaviest used facility in our system.

2008 Suburban Service Capital Program Project Descriptions

Table 28 summarizes the capital projects which we expect to receive funding for.

Table 28. 2008 Suburban Capital Program (000's)	
Project Description	Amount
ROLLING STOCK	
28 Fixed Route Buses	\$ 8,540
80 Paratransit Dial-a-Ride Buses	6,400
48 Community Vehicles	4,150
75 Vanpool Vehicles	2,850
Buses for Oak Park	217
Associated Capital	3,100
Bus Overhaul Maintenance Expense	2,000
Preventive Maintenance	2,518
Subtotal - Rolling Stock	\$ 29,775
ELECTRICAL/SIGNAL/COMMUNICATIONS	
Transit Signal Priority Projects	\$ 800
Subtotal - Electrical/Signal/Communications	\$ 800
SUPPORT FACILITIES & EQUIPMENT	
Computer Systems	\$ 7,042
Maintenance/Support Equipment	1,150
Improvements to Garages/Facilities	4,000
Subtotal - Support Facilities and Equipment	\$ 12,192
PROJECT ADMINISTRATION/MISCELLANEOUS	
Alternative Analysis - Cermak Road	\$ 280
Project Administration	450
Subtotal - Project Administration/Misc.	\$ 730
TOTAL CAPITAL PROGRAM	\$ 43,497

Rolling Stock (\$29.8 Million)

- 28 Fixed Route Replacement Buses (\$8.5 million) - The program contains funds for the replacement of 28 fixed route buses which have exceeded their useful life. All vehicles will be 30 feet in length.
- 80 Paratransit Replacement Buses (\$6.4 million) - The program contains funds for the replacement of paratransit buses operated in Pace's suburban dial-a-ride services which have exceeded their useful life. These vehicles will be a combination of buses and vans.
- 48 Community Vehicles (\$4.1 million) - The program contains funds for the expansion of Pace's community

vehicle lease program. Small vehicles are leased to local communities who provide locally based transit services.

- 75 Vanpool Vehicles (\$2.9 million) - The program contains funds for the replacement and expansion of our existing vanpool program.
- Buses for Oak Park (\$.2 million) - Federal money has been earmarked to purchase buses for the Village of Oak Park's local municipal service. The four year earmark would total \$.8 million if all funds are secured each year.
- Associated Capital (\$3.1 million) - The program contains funds for the purchase of engines, transmissions, axle assemblies, etc. for fixed route and paratransit buses.
- Bus Overhaul Maintenance Expenses (\$2.0 million) - Covers reimbursement for maintenance overhaul expenses which qualify as capital.
- Preventive Maintenance Expense (\$2.5 million) - Preventive maintenance expenses are eligible under the Federal 5307 program but are not considered eligible under accounting standards (GAAP).

Operating Cost Impacts

Pace's average fleet age is 6.0 years for fixed route, 5.1 years for paratransit, and 2.8 years for vanpool. The typical life expectancy is 12 years, 4-7 years and 5 years respectively. For fixed route buses, mid-life expenses begin increasing at the 6-8 year mark. In 2007 for example, Pace will spend more than \$1.5 million replacing engines and transmissions and other major components. The paratransit buses have exceeded their useful life and will require extensive maintenance estimated at \$10,000 per unit. The vanpool vans are past their mid-life and out of warranty. These units will incur additional annual operating costs of approximately \$3,000 each.

Electrical, Signal & Communications (\$.8 Million)

- Transit Signal Priority (\$.8 million) - The program contains continuation funding for the development and purchase of transit signal priority (TSP) systems in major corridors. It is important to note that most of the Federal 5309 Bus and Bus Related Facilities Projects were set out in the SAFETEA-LU by congressional earmark but subject to annual appropriation.

Table 29 depicts the TSP projects as currently contained in the FFY 2008 House Transportation Appropriations Bill.

Operating Cost Impacts

Transit Signal Priority (TSP) is an operational strategy that facilitates the movement of in-service transit vehicles through traffic signal controlled intersections. Transit vehicles spend an average of 15% of their trip waiting at traffic signals. Reducing the wait on average, would reduce a 60 minute round trip to 55 minutes, providing a more competitive service. For example, if a route requires a 5 minute headway, only 11 buses are required to support the interval compared to 12 under a 60 minute trip. Pace has federal earmarks for four TSP corridors where we believe we can save the most money and become more efficient and cost effective. Benefits include 7-20% reduction in transit travel time, more reliable schedules, reduction in the number of buses needed to operate the service and increased passenger satisfaction.

Support Facilities & Equipment (\$12.2 Million)

- Computer Equipment/Systems (\$7.0 million) - The program contains continuation funding for the HPe3000 replacement project. Additionally, funds are programmed for miscellaneous computer hardware and software and a new Bus Safety System.
- Maintenance/Support Equipment (\$.9 million) - The program contains funds to purchase miscellaneous garage and office equipment and replacement of non-revenue trucks and cars. Pace has not programmed funds in this category for a number of years and it is imperative that we replace certain garage tools, and office furniture at our

facilities. Many of these items are over ten years old and in desperate need of replacement.

- Office Equipment (\$.3 million) - The Program contains funding for office copiers and other related equipment for our garages.
- Improvements to Garages/Facilities (\$4.0 million)-The program contains funds to make critical improvements to our facilities. Projects include concrete replacement, fire sprinkler replacements, replacement of overhead doors, and other facility equipment replacements including an emergency generator for our headquarters building.

Operating Cost Impacts

The HPe3000 project will require an operating labor investment estimated at \$1.1 million in 2008. These costs are primarily for staff time associated with the implementation of Phase II which is the ERP system element. These costs are covered within existing labor accounts and do not represent a net increase in overall costs. Additionally, replacement of facility systems and equipment must be addressed based on a life cycle cost approach, otherwise system failures will result in using operating funds for these repairs, which will have a negative impact on our operating budget.

Miscellaneous (\$.7 Million)

The program contains funds for Alternative Analysis study work for Cermak Road ART and Project Administration.

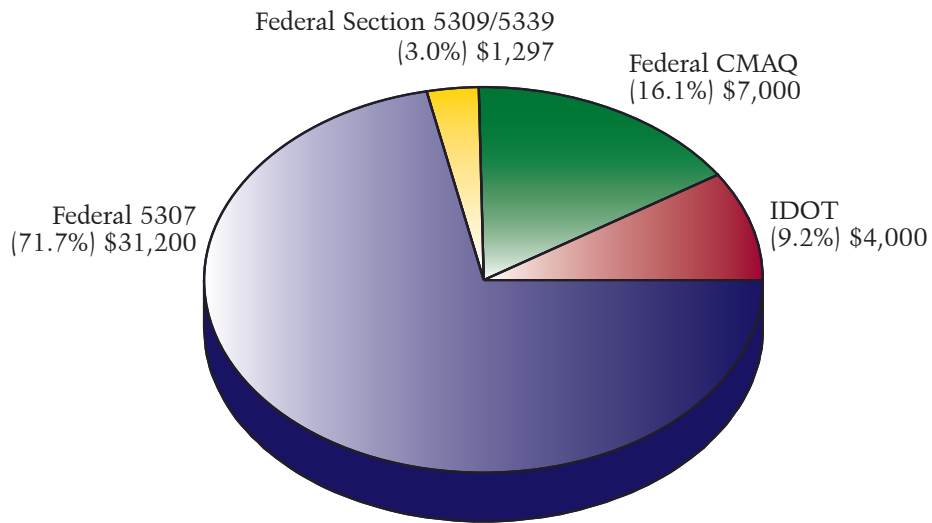
Table 29. SAFETEA-LU Federal 5309 Earmarks for Electrical, Signal & Communications Projects

4 Year Earmarks	SAFETEA Number	2007	2008	2009	2010	Total
Cermak Road TSP	491	\$ 198,000	\$ 250,000	\$ 300,000	\$ 500,000	\$ 1,248,000
Cicero Avenue TSP	358	190,357	200,640	217,360	225,720	834,077
Rand Road TSP	4	152,286	160,512	173,888	180,576	667,262
So. Suburban TSP	365	95,179	100,320	108,680	112,860	417,039
Total of 4 Year Earmarks		\$ 635,822	\$ 711,472	\$ 799,928	\$ 1,019,156	\$ 3,166,378

Chart H. 2008 Suburban Service Capital Program—Sources and Uses of Funds

Sources (000's)

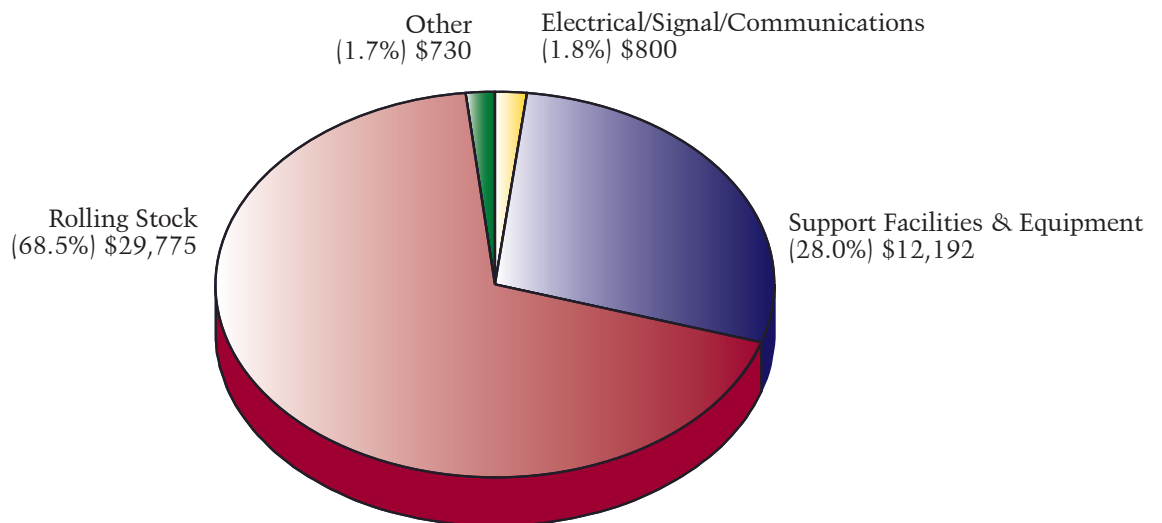
Total \$43,497



90% of Pace's program is derived from Federal sources

Uses (000's)

Total \$43,497



Major focus of the 2008 program will be on the replacement of rolling stock

2008–2012 Five Year Capital Program Description—Constrained Budget

Pace's capital needs for the five year period 2008-2012 are depicted by asset category on Table 30. This totals \$215.9 million and represents a budget constrained to the RTA funding marks.

The marks released by RTA on September 14, 2007, calls this five year program the baseline Capital Budget to fulfill the needs of our existing transit system. Additionally they are requiring that each project be classified in one of three categories: *Maintain* defined as protecting the existing system; *Enhancement* defined as improvements to provide moderate increases in service and new technology projects and *Expansion* defined as major new capital investments such as Arterial Rapid Transit (ART).

This five year program assumes we will redirect to preventive maintenance \$21.6 million in Federal 5307 based on the contingency plan to balance the operating budget.

Rolling Stock

In total Pace needs to invest \$119.8 million to purchase adequate rolling stock and pay for associated vehicle maintenance costs for its existing system. The program contains funding to replace 103 fixed route buses, 300 paratransit buses for suburban dial-a-ride, and 234 vanpool vehicles. Additionally, we need to purchase equipment to enhance our existing system by purchasing 100 expansion vehicles for Pace's new community vehicle lease program, expand the traditional VIP vanpool program by purchasing up to 181 vehicles and we will purchase buses for Oak Park, as Pace has received a special four year congressional earmark to pay for these vehicles. Associated Capital is necessary to replace engine and transmissions and other bus components in order to keep the fleet in good operating condition and bus overhaul/maintenance expenses and preventive maintenance aid in the continual repair of the fleet.

Electrical/Signal/Communications

Pace needs to invest \$21.8 million to replace a system-wide radio system that has exceeded its useful life, and to continue funding for our traffic signal priority network. These investments will deploy signal priority treatments in multiple corridors.

Support Facilities and Equipment

Pace needs to invest \$66.8 million in a replacement fare-box system, technology enhancements (computer system replacements and software/hardware enhancements), maintenance and support equipment (cars and trucks) and office equipment for its garages and improvements to Pace facilities. Pace needs to make major improvements to its 11 operating divisions. Six of our facilities are over 20 years old and in need of major equipment replacement (i.e., bus washers, HVAC systems, garage lifts, etc.) and four of these facilities will need roof replacements totaling in the millions. All of the facilities are in need of pavement replacement. Pace also needs to purchase an emergency generator for its administrative office building. These are all critical investments that need to be made in order to keep our system efficient.

Stations and Passenger Facilities

Pace needs to invest \$4.8 million in the upgrade of its existing passenger facilities. Pace owns 16 transportation centers and park and ride lots and these facilities are also in need of pavement replacement based on condition and life cycle costing. Additionally Pace has a very strong commitment to providing funds to purchase shelters, signs and other passenger amenities.

Project Administration/Miscellaneous

Pace needs \$2.7 million for Alternative Analysis study work and project administration. The federal government allows grantees to receive reimbursement for administrative costs associated with administering capital projects. Additionally, Pace received a special discretionary grant from FTA to initiate an Alternative Analysis study for the Cermak Road Arterial Rapid Transit.

Table 30. 2008–2012 Suburban Service Capital Five Year Program (000's)—Constrained

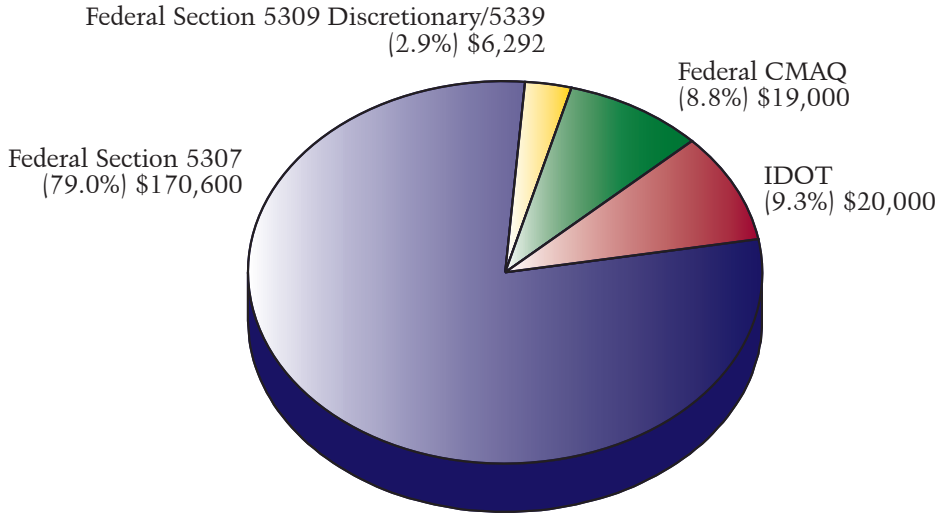
Project Description	Class	2008 Amount	# Quantity	2009–2012 Total	# Quantity	2008-2012 Total
ROLLING STOCK						
103 Fixed Route Replacement Buses	M	\$ 8,540	28	\$ 25,162	75	\$ 33,702
300 Dial-A-Ride Replacement Paratransit Buses	M	6,400	80	17,600	220	24,000
100 Community Vehicles	EX	4,150	48	4,000	52	8,150
234 Vanpool Replacement Vehicles	M	1,140	30	7,200	204	8,340
181 Vanpool Expansion Vehicles	EX	1,710	45	4,800	136	6,510
Oak Park Federal Earmarked buses	EN	217		226		443
Associated Capital	M	3,100		4,000		7,100
Bus Overhaul Maintenance Expense	M	2,000		8,000		10,000
Preventive Maintenance	M	2,518		19,038		21,556
Subtotal - Rolling Stock		\$ 29,775		\$ 90,026		\$ 119,801
ELECTRICAL/SIGNAL/COMMUNICATIONS						
Replace Systemwide Radio System	M	\$ 0		\$ 20,000		\$ 20,000
Cermak Road Transit Sign Priority	EN	300		500		800
Rand Road Transit Signal Priority	EN	174		180		354
Cicero Avenue Transit Signal Priority	EN	217		226		443
South Suburban Transit Signal Priority	EN	109		113		222
Subtotal - Electrical/Signal/Communications		\$ 800		\$ 21,019		\$ 21,819
SUPPORT FACILITIES & EQUIPMENT						
Systemwide Farebox System	M	\$ 0		\$ 20,000		\$ 20,000
Maintenance/Support Equipment/Vehicles	M	900		2,600		3,500
Bus Safety System	EN	1,200		0		1,200
Computers/Databases/Computer Systems	M	1,642		3,100		4,742
HPe3000 Computer System	EN/M	4,200		10,200		14,400
Office Equipment	M	250		1,650		1,900
Improvements to Garages and Facilities	M/EN	4,000		17,010		21,010
Subtotal - Support Facilities & Equipment		\$ 12,192		\$ 54,560		\$ 66,752
STATIONS & PASSENGER FACILITIES						
Improvements to Passenger Facilities	M	\$ 0		\$ 3,000		\$ 3,000
Shelters/Signs/Passenger Amenities	M	0		1,800		1,800
Subtotal - Stations & Passenger Facilities		\$ 0		\$ 4,800		\$ 4,800
PROJECT ADMINISTRATION/MISCELLANEOUS						
Alternative Analysis	EX	\$ 280		\$ 0		\$ 280
Project Administration	M	450		1,990		2,440
Subtotal - Project Administration/Misc.		\$ 730		\$ 1,990		\$ 2,720
Total Capital—Constrained		\$ 43,497		\$ 172,395		\$ 215,892

Project Classification: M=Maintain EN=Enhancement EX=Expansion

Chart I. 2008–2012 Suburban Service Five Year Capital Program—Sources and Uses of Funds—Constrained

Sources (000's)

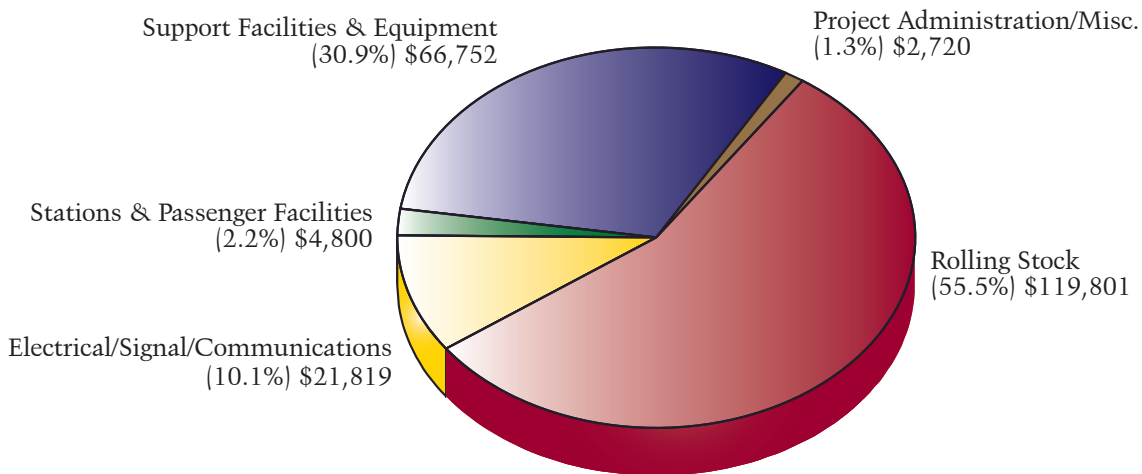
Total \$215,892



90% of Pace's entire program is funded with federal sources

Uses (000's)

Total \$215,892



Over half of Pace's program is for the purchase of rolling stock

2008-2017 Suburban Service Ten Year Capital Plan - Constrained

The marks released by the RTA on September 14, 2007 contain a requirement that the Service Boards must now provide to the RTA a five year Capital Program and a ten year Capital Plan. This new requirement of providing a ten year plan is a result of the audit recently completed by the Illinois Auditor General in March, 2007. Table 31 on the following page provides a list of projects that Pace needs to invest in but it is important to point out that this list is constrained by the RTA marks.

Highlights of the ten year Suburban Capital Plan include:

- 301 Fixed Route replacement buses
- 575 Suburban Dial-a-Ride replacement paratransit buses
- 160 Community Vehicles for the expansion of Pace's Vehicle Lease Program
- 882 Vanpool replacement vehicles
- 431 Expansion vehicles for the VIP Vanpool Program
- Implementation of four transit signal priority projects
- Replacement of system wide radio and farebox systems
- Replacement of major computer systems such as the HPe3000 project and other routine software/hardware replacements
- Improvements to garages including replacement of roofs, HVAC systems, pavement replacement, fire systems, bus washers and other infrastructure upgrades.
- Upgrades to our existing transportation centers/park-n-ride lots and enhancements to our passenger shelters and other passenger amenities.

As stated earlier, this plan is constrained by the RTA marks and since there is no long term State capital funding, the plan's focus is only on the preservation of existing facilities and equipment.

Lastly, the ten year constrained budget assumes that some 5307 funds will be redirected to preventive maintenance expenses based on a contingency plan to balance the operating budget. These funds are returned to the capital budget after 2011.



Pace replaced 7 out of 8 boilers at its Heritage Division. These boilers were beyond their useful life.



In 2007, Pace completed repairs to its underground storage tank in Bridgeview in Spring, 2007.

Table 31. 2008-2017 Suburban Service Ten Year Capital Plan (000's)—Constrained

Project Description	Class	2008-2012 Total	# Quantity	2013-2017 Total	# Quantity	10 Year Total
ROLLING STOCK						
301 Fixed Route Replacement Buses	M	\$ 33,702	103	\$ 69,300	198	\$ 103,002
575 Dial-A-Ride Replacement Paratransit Buses	M	24,000	300	23,375	275	47,375
160 Community Expansion Vehicles	EX	8,150	100	5,000	60	13,150
882 Vanpool Replacement Vehicles	M	8,340	234	29,160	648	37,500
431 Vanpool Expansion Vehicles	EX	6,510	181	11,250	250	17,760
Oak Park Federal Earmarked buses	EN	443		0		443
Associated Capital	M	7,100		10,000		17,100
Bus Overhaul Maintenance Expense	M	10,000		0		10,000
Preventive Maintenance	M	21,556		0		21,556
Subtotal - Rolling Stock		\$ 119,801		\$ 148,085		\$ 267,886
ELECTRICAL/SIGNAL/COMMUNICATIONS						
Replace Systemwide Radio System	M	\$ 20,000		0		\$ 20,000
Cermak Road Transit Sign Priority	EN	800		900		\$ 1,700
Rand Road Transit Signal Priority	EN	354		900		\$ 1,254
Cicero Avenue Transit Signal Priority	EN	443		800		1,243
South Suburban Transit Signal Priority	EN	222		0		222
Subtotal - Electrical/Signal/Communications		\$ 21,819		\$ 2,600		\$ 24,419
SUPPORT FACILITIES & EQUIPMENT						
Replace Systemwide Farebox System	M	\$ 20,000		\$ 0		\$ 20,000
Maintenance/Support Equipment/Vehicles	M	3,500		1,415		4,915
Bus Safety System	EN	1,200		0		1,200
Computers/Databases/Computer Systems	M	4,742		5,000		9,742
Replace HPe3000 Computer System	M/EN	14,400		0		14,400
Office Equipment	M	1,900		1,000		2,900
Improvements to Garages and Facilities	M/EN	21,010		79,350		100,360
Subtotal - Support Facilities & Equipment		\$ 66,752		\$ 86,765		\$ 153,517
STATIONS & PASSENGER FACILITIES						
Improvements to Passenger Facilities	M/EN	\$ 3,000		\$ 3,000		\$ 6,000
Shelters/Signs/Passenger Amenities	M/EN	1,800		2,000		3,800
Subtotal - Stations & Passenger Facilities		\$ 4,800		\$ 5,000		\$ 9,800
PROJECT ADMINISTRATION/MISCELLANEOUS						
Alternative Analysis	EX	\$ 280		\$ 0		\$ 280
Project Administration	N/A	2,440		5,000		7,440
Subtotal - Project Administration/Misc.		\$ 2,720		\$ 5,000		\$ 7,720
Total Capital—Constrained		\$ 215,892		\$ 247,450		\$ 463,342

Project Classification: M=Maintain EN=Enhancement EX=Expansion

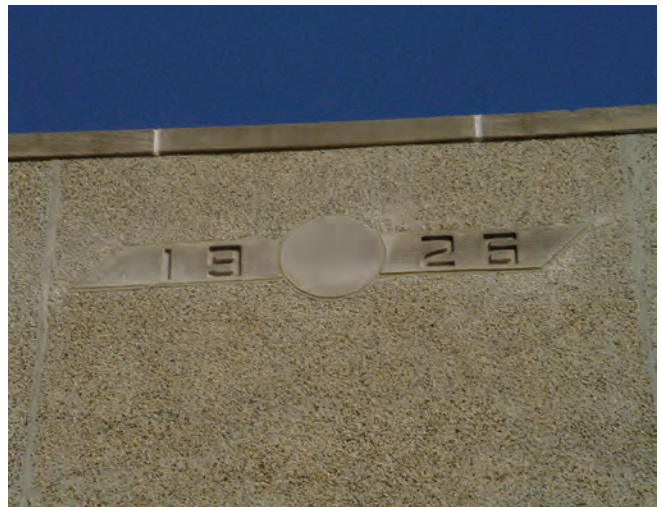
2008-2017 Suburban Service Ten Year Capital Alternative Plan

As part of this ten year plan, RTA is also requiring an alternative plan “. . . that is unconstrained with regard to the availability of funds so that it reflects the budgetary needs to achieve a state of good repair for existing assets. . .” Table 32 compares the constrained plan against the Pace need.

Pace’s ten year Capital Plan is seriously lacking in adequate funding to replace its rolling stock and to keep its facilities in good order. For example, while 568 fixed route buses are due for replacement during this period, only 301 are assumed to be replaced because of the competing need to repair and replace our fixed facilities. Without substantial increases in capital funding, Pace will need to extend the life of its fixed route buses, which will put a significant strain on our operating expenses and it will need to defer the repair/replace-ment of its fixed facilities. During this period, the average age of our garages will be nearly 30 years old and our park-n-ride/transportation centers will be nearly 25 years old. Two garages, Heritage and Northwest Division, were built in 1926 and 1962 respectively and will need to be completely replaced as Heritage will be over 90 years old and Northwest Division will be nearly 60 years old.

In summary, the \$463.3 million identified in Pace’s ten year capital plan is constrained to the RTA marks and is seriously inadequate to simply keep pace with the replacement of rolling stock and facilities. In order to repair/replace Pace’s existing system, it needs additional funding as detailed by asset category in the table below.

It is important to understand that the \$629.4 million we need is only for projects that help us to “achieve a state of good repair for existing assets.” This does not include any major enhancements or expansions identified in the RTA’s Regional Transportation Strategic Plan, Moving Beyond Congestion.



The original portion of the Pace Heritage Division Facility in Joliet is currently 81 years old. Some building renovation and tuckpointing was necessary to keep the walls in a stable condition. Due to its age and condition, this facility should be replaced within the next ten years provided funding becomes available.

Table 32. 2008-2017 Suburban Ten Year Alternative Capital Plan (000’s)

	Plan Mark	Pace Need	Shortfall
Rolling Stock	\$ 267,886	\$ 358,046	\$ (90,160)
Electrical/Signal/Communications	24,419	34,419	(10,000)
Support Facilities/Equipment	153,517	190,413	(36,896)
Stations and Passenger Facilities	9,800	29,800	(20,000)
Project Administration/Misc.	7,720	16,720	(9,000)
Totals	\$ 463,342	\$ 629,398	\$(166,056)

2008–2012 Regional ADA Paratransit Five Year Plan Information

Pace has developed a very tentative Regional ADA Paratransit Capital Budget for 2008-2012. The five year capital plan included on Table 33 has no specific funding identified and therefore unless the State Legislature provides capital funding, the plan cannot be undertaken.

Pace has identified the cost to replace all vehicles currently operated by the City’s private contractors. This is based on Pace’s business model and how it operates paratransit services in the suburbs. The CTA, on the other hand, has relied on private contractor owned vehicles.



ADA Paratransit in the City of Chicago is being provided with private contractor equipment.

**Table 33. 2008-2012 Capital Plan
Regional ADA Capital Needs—Unfunded (000's)**

Project Description	Amount
ROLLING STOCK	
Service Vehicles (500)	\$ 15,000
Subtotal Rolling Stock	\$ 15,000
ELECTRICAL/SIGNAL/COMMUNICATIONS	
Systemwide Radio System - Chicago ADA	\$ 3,000
Schedule/Dispatch System	3,400
Real Time Passenger System	1,700
Subtotal Electrical/Signal/Communications	\$ 8,100
SUPPORT FACILITIES AND EQUIPMENT	
Systemwide Farebox System - Chicago ADA	\$ 3,000
MDT - Chicago ADA	1,530
3 Paratransit Garages	33,000
ADA Stop Up-Grades	6,000
Subtotal Support Facilities and Equipment	\$ 43,530
Total ADA Capital Program	\$ 66,630

The program contains \$15.0 million for the replacement of 500 private contractor vehicles for services operated in the City of Chicago. The program contains \$8.1 million to purchase a new systemwide radio system, a new schedule/dispatch system and a real time passenger information system. The program contains \$43.5 million for the purchase of a systemwide fare collection system, and mobile data terminals (MDT). Additionally, following Pace’s suburban business model we plan to build 3 paratransit garages in the City of Chicago for the private contractors to operate from. Lastly, we have programmed funds to improve passenger waiting areas.

This page left intentionally blank.

Combined Suburban Service/Regional ADA Three Year Plan

Combined Suburban Service/ADA Three Year Plan and Ten Year Forecast

Pace's Combined Three Year Plan and Ten Year Forecast are summarized below and details are included in the accompanying table. A table presenting anticipated cash flows for 2008 has also been provided.

Highlights of the multi-year plan show combined total system revenues will grow at an annual compound rate of 3.2%.

The growth in revenue reflects a fare increase for FY 2008 as well as the impact of lost riders from service reductions. The multi-year forecast also includes the impact of lost reimbursement from the RTA for CTA 7-Day pass users.

Total expenses will grow at an annual compound rate of 6.6% over the ten years. The growth in expenses also

Table 34. Combined Three Year Plan and Ten Year Forecast (000's)

	2007 Estimate	2008 Budget	2009 Plan	2010 Plan
SUBURBAN SERVICE				
Revenue	\$ 56,435	\$ 55,950	\$ 57,335	\$ 59,579
Expense	164,757	145,210	152,832	161,169
Funding Requirement	\$ 108,322	\$ 89,260	\$ 95,497	\$ 101,590
Public Funding	108,898	89,260	95,497	101,590
Net Funding Available	\$ 576	\$ 0	\$ 0	\$ 0
Total Assets	\$ 346,374	\$ 358,212	\$ 374,405	\$ 389,355
Total Liabilities	135,110	139,620	145,813	150,383
Invested in Capital Assets	192,600	202,829	213,428	224,409
Unrestricted Net Assets	18,664	15,763	15,164	14,563
Total Liabilities & Net Assets	\$ 346,374	\$ 358,212	\$ 374,405	\$ 389,355
REGIONAL ADA PARATRANSIT SERVICE				
Revenue	\$ 7,345	\$ 11,594	\$ 12,266	\$ 12,980
Expense	83,719	92,220	101,408	111,579
Funding Requirement	\$ 76,374	\$ 80,626	\$ 89,142	\$ 98,599
Public Funding	74,010	68,401	89,142	98,599
Net Funding Available	\$ (2,364)	\$ (12,225)	\$ 0	\$ 0
Total Assets	\$ 11,961	\$ 8,868	\$ 9,477	\$ 10,107
Total Liabilities	15,559	24,347	24,604	24,868
Invested in Capital Assets	3,534	3,878	4,230	4,596
Unrestricted Net Assets	(7,132)	(19,357)	(19,357)	(19,357)
Total Liabilities & Net Assets	\$ 11,961	\$ 8,868	\$ 9,477	\$ 10,107
COMBINED SERVICE				
Revenue	\$ 63,780	\$ 67,544	\$ 69,601	\$ 72,559
Expense	248,476	237,430	254,240	272,748
Funding Requirement	\$ 184,696	\$ 169,886	\$ 184,639	\$ 200,189
Public Funding	182,908	157,661	184,639	200,189
Net Funding Available	\$ (1,788)	\$ (12,225)	\$ 0	\$ 0
Total Assets	\$ 358,336	\$ 367,080	\$ 383,882	\$ 399,462
Total Liabilities	150,669	163,967	170,417	175,251
Invested in Capital Assets	196,135	206,707	217,658	229,005
Unrestricted Net Assets (Fund Balance)	11,532	(3,594)	(4,193)	(4,794)
Total Liabilities & Net Assets	\$ 358,336	\$ 367,080	\$ 383,882	\$ 399,462

and Ten Year Forecast with Cash Flow

reflects reductions in service levels planned for 2008. An additional note—ADA costs grow at twice the Suburban Service rate, as this service is more expensive to operate, and forecasted demand is also greater.

Funding requirements are growing at a compound rate of 5.1% with ADA needs leading the way.

With the exception of 2007 and 2008, the combined Ten Year Forecast is balanced as presented and will require \$2.7 billion in total funding. Underfunding of the ADA program accounts for the unbalanced position in 2007 and 2008.

2011 Forecast	2012 Forecast	2013 Forecast	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast
\$ 60,513	\$ 61,471	\$ 62,453	\$ 63,461	\$ 64,495	\$ 65,557	\$ 66,646
169,925	179,288	189,307	200,034	211,525	223,844	237,055
\$ 109,412	\$ 117,817	\$ 126,853	\$ 136,573	\$ 147,030	\$ 158,287	\$ 170,409
109,412	117,817	126,853	136,573	147,030	158,287	170,409
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
\$ 406,231	\$ 424,546	\$ 446,131	\$ 464,325	\$ 484,712	\$ 375,842	\$ 391,915
156,483	163,614	173,595	179,624	186,922	64,499	66,540
235,784	247,568	259,773	272,414	285,503	299,056	313,088
13,964	13,364	12,763	12,287	12,287	12,287	12,287
\$ 406,231	\$ 424,546	\$ 446,131	\$ 464,325	\$ 484,712	\$ 375,842	\$ 391,915
\$ 13,629	\$ 14,310	\$ 15,026	\$ 15,777	\$ 16,566	\$ 17,394	\$ 18,264
121,740	132,844	144,979	158,242	172,739	188,585	205,905
\$ 108,111	\$ 118,533	\$ 129,953	\$ 142,465	\$ 156,173	\$ 171,190	\$ 187,641
108,111	118,533	129,953	142,465	156,173	171,190	187,641
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
\$ 10,758	\$ 11,432	\$ 12,128	\$ 12,849	\$ 13,595	\$ 14,367	\$ 15,165
25,139	25,418	25,704	25,999	26,302	26,615	26,937
4,976	5,371	5,781	6,207	6,650	7,109	7,585
(19,357)	(19,357)	(19,357)	(19,357)	(19,357)	(19,357)	(19,357)
\$ 10,758	\$ 11,432	\$ 12,128	\$ 12,849	\$ 13,595	\$ 14,367	\$ 15,165
\$ 74,142	\$ 75,781	\$ 77,479	\$ 79,238	\$ 81,061	\$ 82,951	\$ 84,910
291,665	312,132	334,286	358,276	384,264	412,428	442,960
\$ 217,522	\$ 236,350	\$ 256,807	\$ 279,038	\$ 303,203	\$ 329,477	\$ 358,050
217,522	236,350	256,807	279,038	303,203	329,477	358,050
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
\$ 416,989	\$ 435,978	\$ 458,259	\$ 477,174	\$ 498,307	\$ 390,209	\$ 407,080
181,622	189,032	199,299	205,623	213,224	91,114	93,477
240,760	252,939	265,554	278,621	292,153	306,165	320,673
(5,393)	(5,993)	(6,594)	(7,070)	(7,070)	(7,070)	(7,070)
\$ 416,989	\$ 435,978	\$ 458,259	\$ 477,174	\$ 498,307	\$ 390,209	\$ 407,080

Combined Suburban Service/ADA Cash Flow

The following provides an estimate of 2008 revenues, expenses and the cash position for Pace's combined operations—Suburban Service and Regional ADA Service.

The consolidated cash flow includes the assumption that the RTA shortfall in projected ADA funding will result in a growing balance of unpaid ADA expenses.

The RTA is responsible for adequately funding the ADA paratransit services. Based on RTA's revised cash flow for the ADA program, it does not appear adequate cash will be provided to pay ADA paratransit contractors in a timely manner.

Table 35. Pace Combined Cash Flow—2008 (000's)

	Beginning Balance	Revenues	Total Expenses	Paid Expenses	Net Results	Ending Balance	ADA Unpaid Expenses
January	\$ 35,782	\$ 18,063	\$ 19,836	\$ 19,836	\$ (1,773)	\$ 34,009	\$ 0
February	34,009	17,444	19,875	19,875	(2,431)	31,578	0
March	31,578	19,264	19,836	19,836	(572)	31,006	0
April	31,006	23,597	20,685	20,491	3,106	34,112	194
May	34,112	17,042	19,685	18,708	(1,666)	32,446	977
June	32,446	17,228	19,618	18,641	(1,413)	31,033	977
July	31,033	18,638	19,212	18,235	403	31,436	977
August	31,436	18,180	19,212	18,235	(55)	31,381	977
September	31,381	19,893	19,212	18,236	1,657	33,038	976
October	33,038	19,134	19,622	18,645	489	33,527	977
November	33,527	18,182	19,212	18,236	(54)	33,473	976
December	33,473	18,139	26,172	24,696	(6,557)	26,916	1,476
							<u>\$ 8,507</u>

Appendix A: Pace Overview

Introduction

Pace's legal name is the Suburban Bus Division of the Regional Transportation Authority (RTA). Created in 1983 with the amendment of the RTA Act, the Pace Board held its first meeting on June 1, 1984. Pace is charged with responsibilities for the operations, planning and fiscal oversight of all public transit services provided in the six counties of Northeastern Illinois, excluding those provided by the CTA and Metra.

Pace provides an efficient, integrated and broad family of public transportation services that meet the diverse needs of our region. By providing fixed route, demand responsive, vanpool and ADA paratransit services, Pace creates key linkages for our residents to get to work, school, healthcare and social activities.

Pace's service area measures 3,446 square miles. The suburban area is divided among six counties and incorporates 284 municipalities. The population of the Chicago suburban area served by Pace is 5.5 million. In 2006, the RTA Act was further amended giving Pace operational responsibilities for the ADA paratransit services provided by the CTA. This expanded Pace's ADA paratransit service coverage area to include the 2.7 million residents of the City of Chicago.

The following section contains a description of the organization, the services it provides and the resources utilized to deliver services on a daily basis.



Pace South Division in Markham is one of our largest facilities, with 191,000 square feet.

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 reporting requirements which apply to all public transit operators. The following staffing level discussion applies only to Suburban Service requirements.

The administration category for 2008 is budgeted at 167 filled full-time equivalents (FTE's).

The central support category is budgeted at 80 filled FTE positions for 2008.

The Pace division category is comprised of nine garages and is budgeted at 1,165 filled FTE positions for 2008. There is no change from 2007 estimated levels.

The Regional ADA Budget includes 37 FTE positions for 2008.

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. General Counsel, Internal Audit, Human Resources and Organization Development also report directly to the Executive Director.

Internal Services encompasses all functional areas of administration, risk management, capital financing and construction, budget planning, finance, information technology, as well as purchasing and materials management.

Revenue Services oversees the operational, maintenance, safety and security functions of Pace. These functions include the Pace divisions, contracted services, safety, vehicle maintenance, vanpool and paratransit service areas. Operational administration of the Regional ADA Program is also the responsibility of the Revenue Service area.

Strategic Services is responsible for all service planning, research and strategic planning for the agency.

External Relations is responsible for governmental affairs, marketing, communications, customer and media relations as well as bus signs and shelters.

These areas are indicated in detail on the organization chart on page 59.

Table 36. Full-Time Equivalent Personnel (FTE's)

2006 ACTUAL					
Area:	Admini- stration	Central Support	Pace- Divisions	Total	
Activity					
Operations	0	35	903	938	
Maintenance	0	45	211	256	
Non-Vehicle Maintenance	0	8	16	24	
Administration	159	0	35	194	
Suburban Service Total	159	88	1,165	1,412	
Regional ADA Paratransit	10	0	0	10	
Grand Total	169	88	1,165	1,422	
2007 ESTIMATED					
Area:	Admini- stration	Central Support	Pace Divisions	Total	
Activity					
Operations	0	35	910	945	
Maintenance	0	37	204	241	
Non-Vehicle Maintenance	0	8	15	23	
Administration	167	0	36	203	
Suburban Service Total	167	80	1,165	1,412	
Regional ADA Paratransit	37	0	0	37	
Grand Total	204	80	1,165	1,449	
2008 BUDGET					
Area:	Admini- stration	Central Support	Pace Divisions	Total	
Activity					
Operations	0	35	912	947	
Maintenance	0	37	205	242	
Non-Vehicle Maintenance	0	8	15	23	
Administration	167	0	33	200	
Suburban Service Total	167	80	1,165	1,412	
Regional ADA Paratransit	37	0	0	37	
Grand Total	204	80	1,165	1,449	

Chart J. Pace Organizational Chart

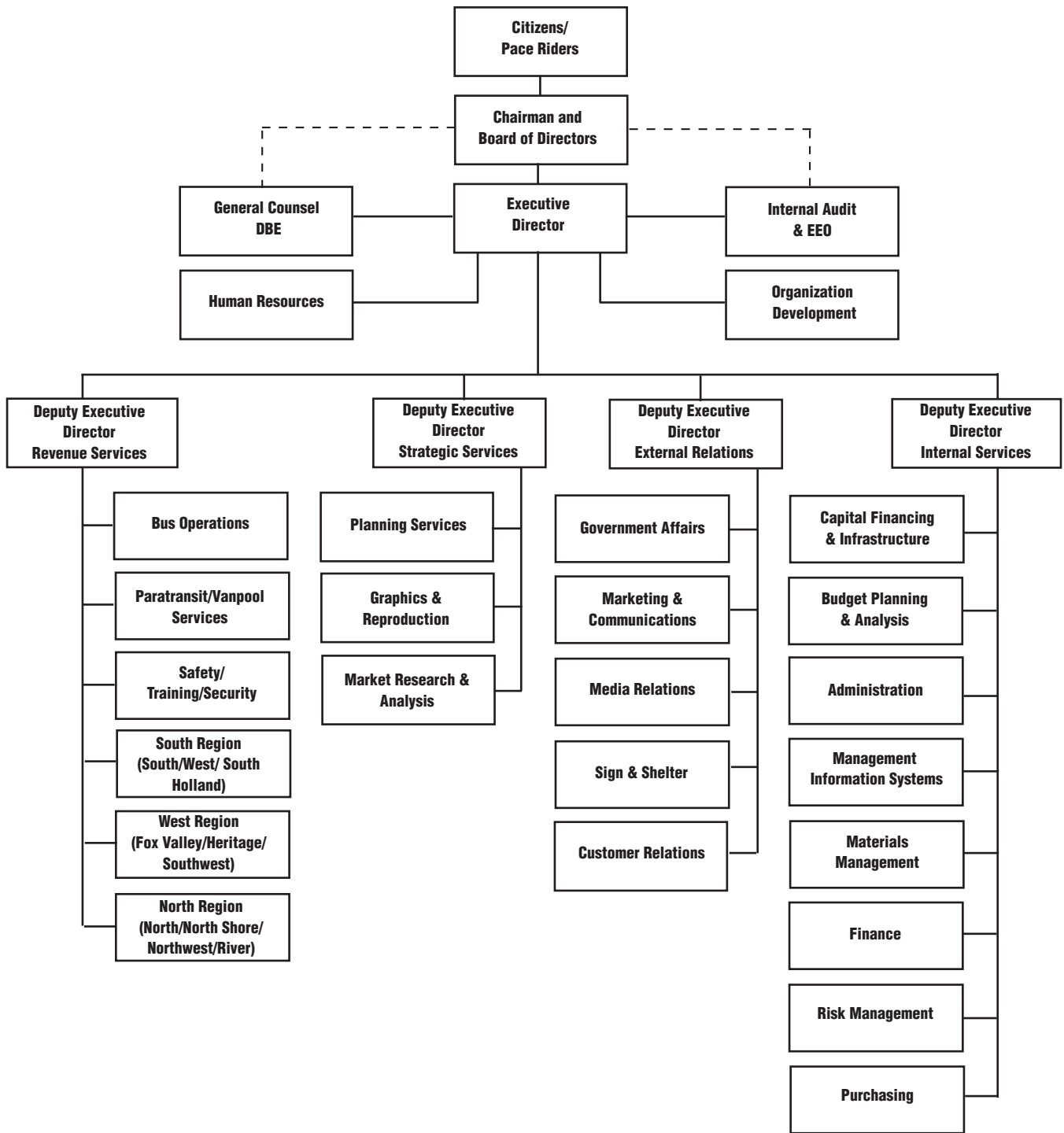


Table 37. Pace's 2008 Proposed Operating Budget—Department Budgeted Positions

	2007 Budget	2008 Budget		2007 Budget	2008 Budget
Office the Executive Director	2.0	2.0	Regional ADA		
General Counsel	5.0	5.0	City ADA Paratransit	31.0	31.0
Internal Audit	6.0	6.0	Suburban Service Allocation	6.0	6.0
Human Resources	7.5	7.5	Total Regional ADA	37.0	37.0
Organizational Development	2.0	2.0	TOTAL Suburban Service and Regional ADA	1468.0	1468.0
TOTAL	22.5	22.5	Suburban Service Vacancy Factor	(13.0)	(13.0)
Revenue Services			ADA Allocation	(6.0)	(6.0)
Deputy Executive Director, Revenue Services	5.0	5.0	GRAND TOTAL - With Vacancy Factors	1449.0	1449.0
Bus Operations	9.0	9.0			
Maintenance/Technical Services	24.0	24.0			
Vanpool	13.0	13.0			
Paratransit	12.0	12.0			
Safety	4.0	4.0			
Pace Divisions:					
Bus Operators	844.0	846.0			
Operations Supervisors	66.0	66.0			
Maintenance	204.0	205.0			
Non-Vehicle Maintenance	15.0	15.0			
Administration	36.0	33.0			
TOTAL	1232.0	1232.0			
Internal Services					
Deputy Executive Director, Internal Services	2.0	2.0			
Capital Financing & Infrastructure	16.0	16.0			
Budget Planning	6.0	6.0			
Materials Management	14.0	14.0			
Purchasing	8.0	8.0			
Risk Management	4.0	4.0			
Administration	4.0	4.0			
Finance	24.0	24.0			
MIS	30.0	30.0			
TOTAL	108.0	108.0			
Strategic Services					
Deputy Executive Director, Strategic Services	2.0	2.0			
Graphic Services	9.0	9.0			
Market Research/Analysis	3.0	3.0			
Planning Services	30.0	30.0			
TOTAL	44.0	44.0			
External Relations					
Deputy Executive Director, External Relations	2.0	2.0			
Government Affairs	5.0	5.0			
Marketing & Communications	6.0	6.0			
Media/P.R.	2.5	2.5			
Customer Relations	5.0	5.0			
Sign/Shelter	4.0	4.0			
TOTAL	24.5	24.5			
Total Suburban Service	1431.0	1431.0			

Pace's contingency action plan to balance the 2008 budget in the event new transit funding is not provided, calls for the reduction of up to 224 positions. Details are included in Appendix G.

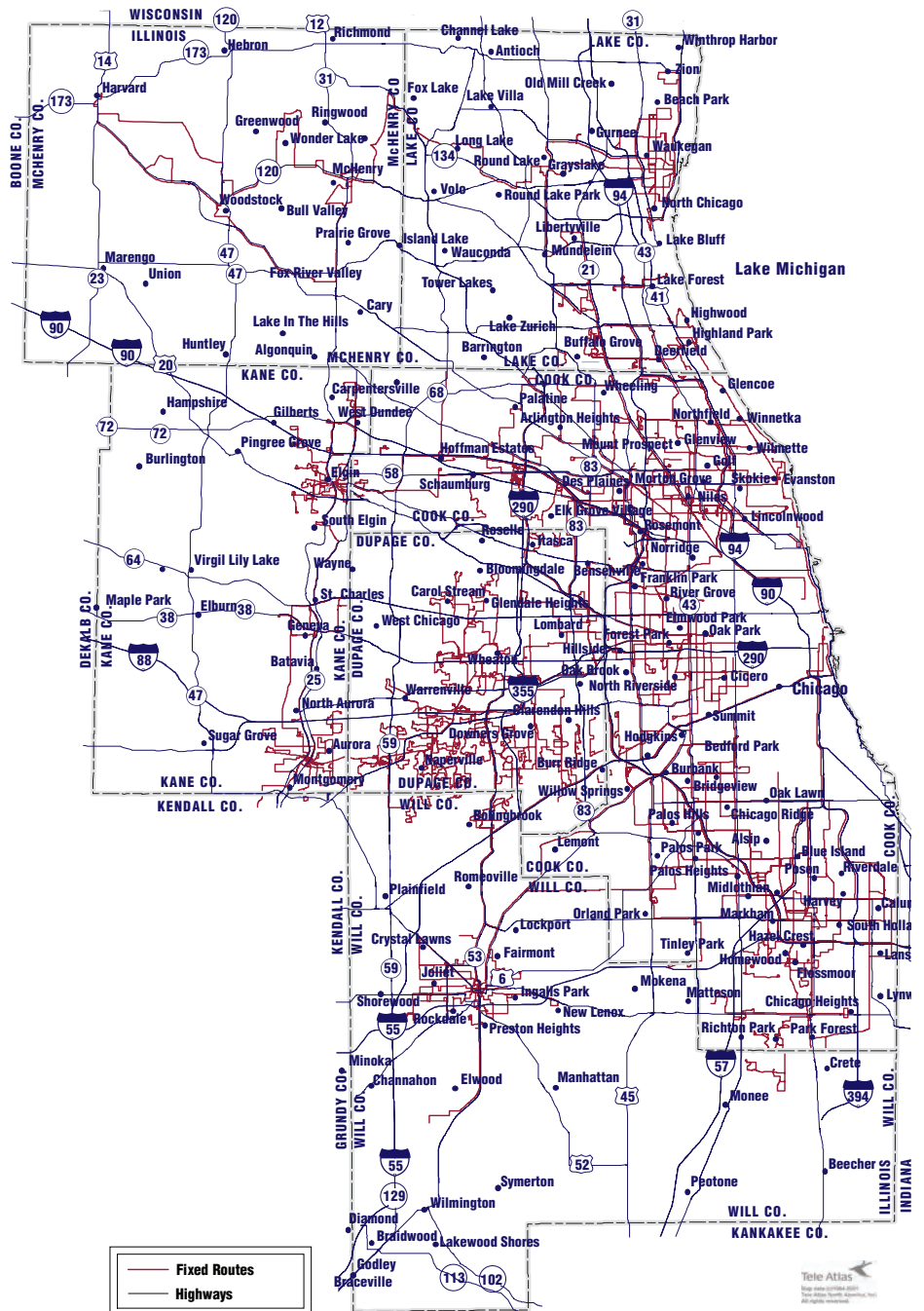
Fixed Route Service Characteristics

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

Fixed Route Service

143 regular, 65 feeder routes, 23 shuttle routes, 1 subscription service, numerous special event services, and 3 seasonal routes are operated by Pace. These routes service 184 communities and carry over 2.77 million riders per month utilizing 607 vehicles during peak periods.

Map 1. Fixed Route Service Characteristics



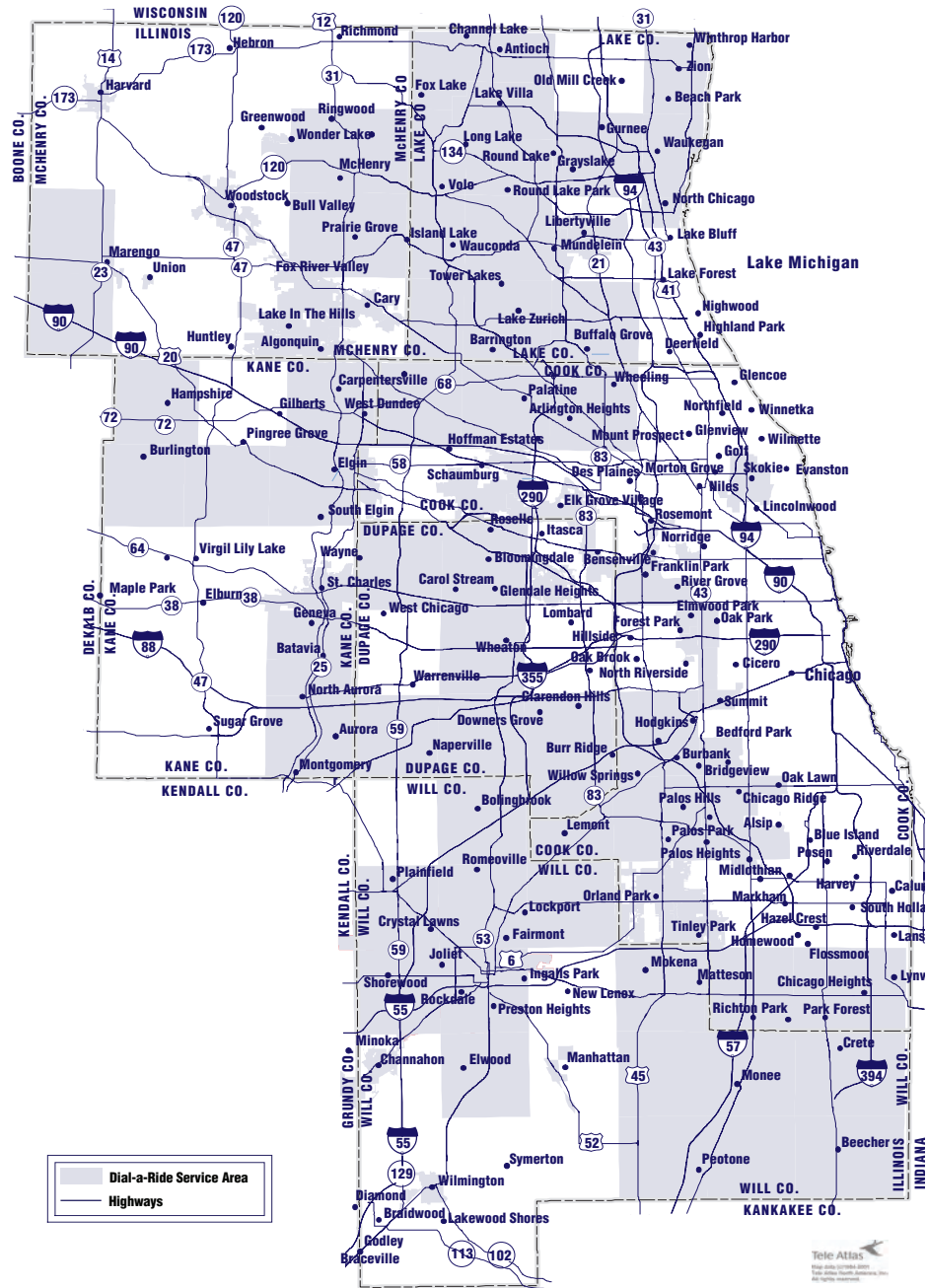
Dial-A-Ride Service Characteristics

The following map and description summarizes the operating characteristics of the Dial-a-Ride system.

Dial-a-Ride

191 Pace-owned lift-equipped vehicles are utilized to provide curb-to-curb service to approximately 83,058 riders each month. The majority are elderly and/or have disabilities. Pace contracts directly with private providers for the operation of 38 dial-a-ride projects and has grant agreements with villages and townships for the operation of 28 other dial-a-ride projects. Also, three other projects are operated by Pace River Division. These 66 projects provide services to over 210 communities throughout the six county area.

Map 2. Dial-A-Ride Service Characteristics



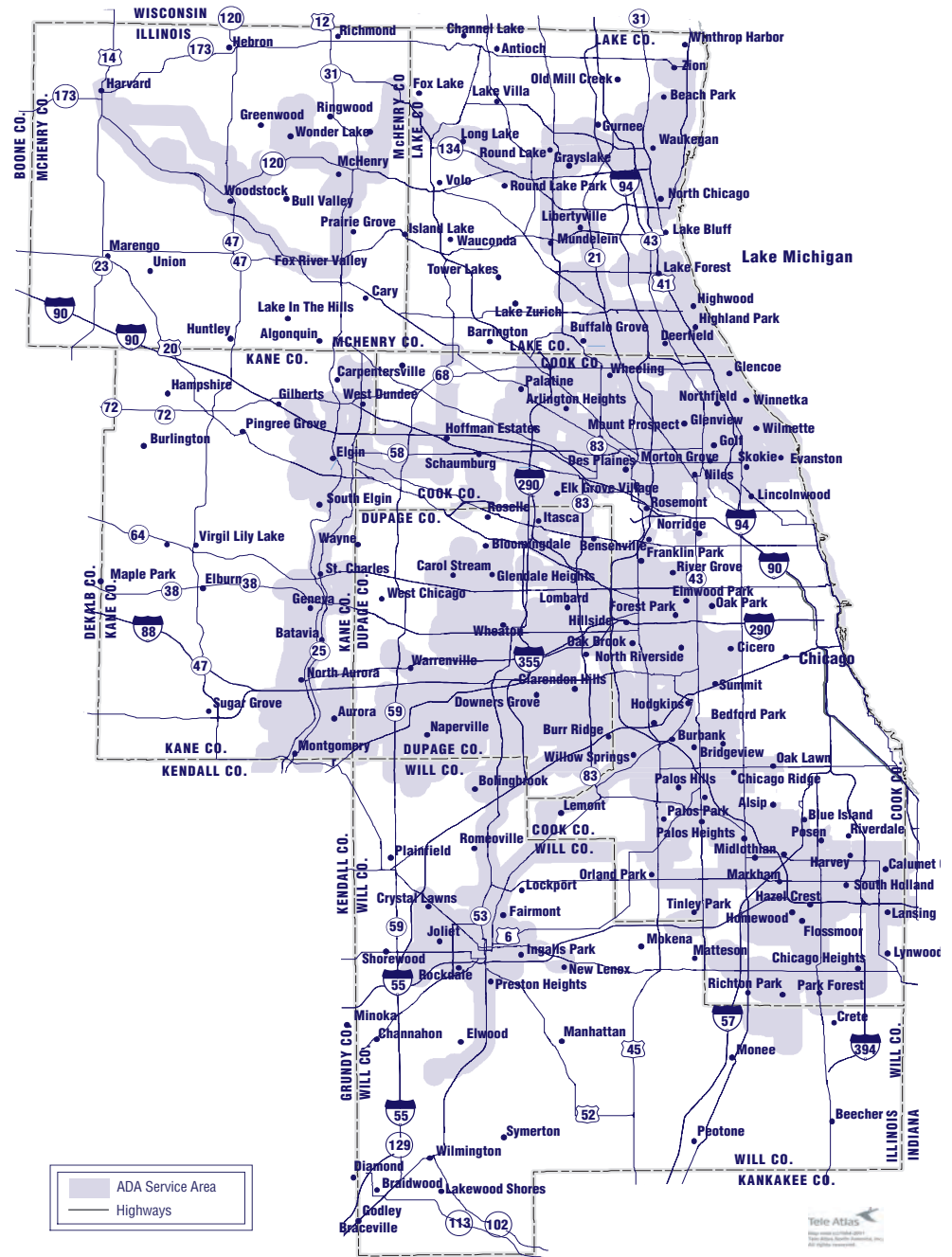
Suburban ADA Paratransit Service Characteristics

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

Suburban ADA Paratransit

175 Pace-owned lift-equipped vehicles are utilized to provide curb-to-curb service to approximately 42,000 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 is administering 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

City ADA Paratransit

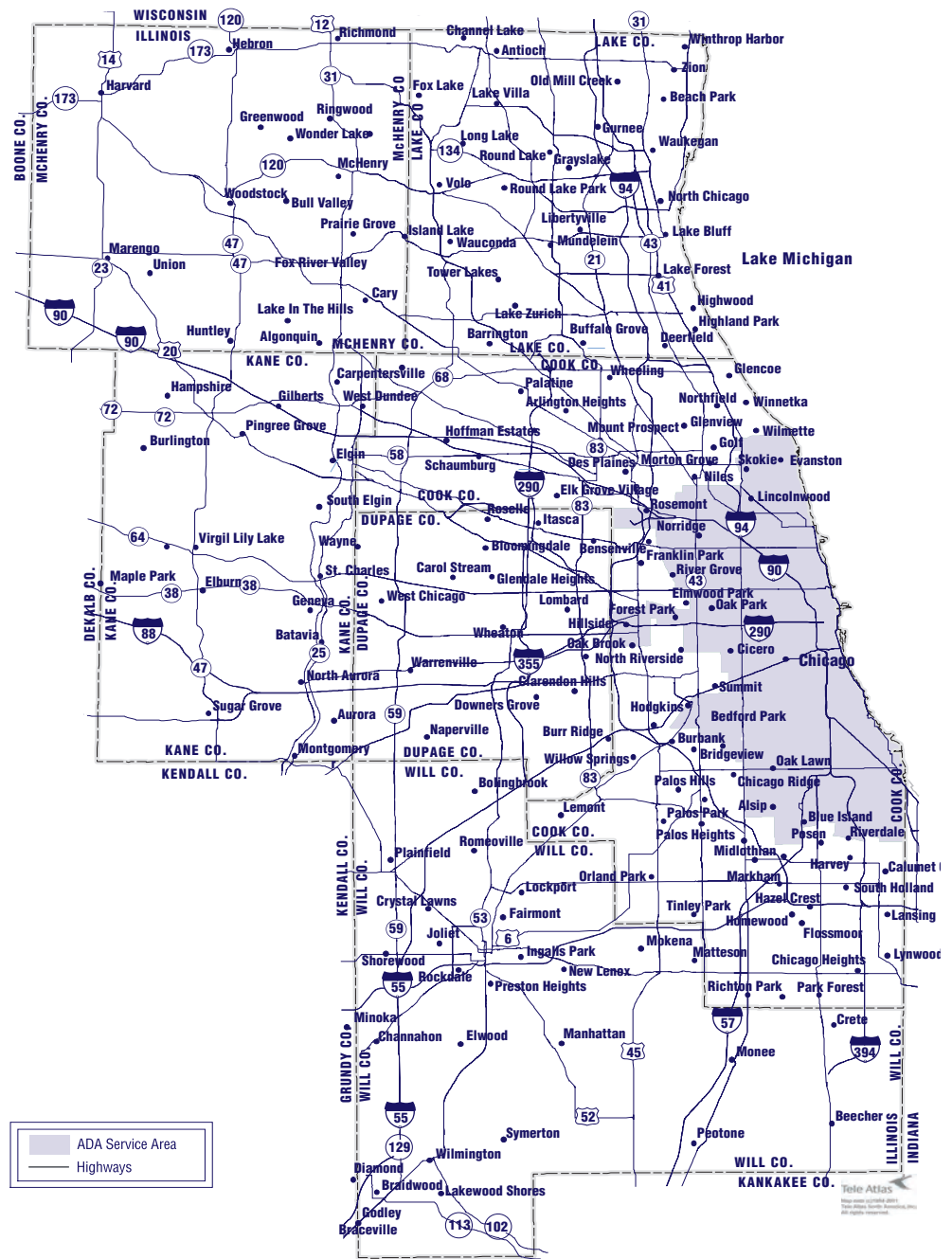
Three ADA Paratransit service contractors provide ADA Paratransit services to locations within 3/4 mile of CTA bus routes and up to a 3/4 mile radius of each CTA rail station.

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

The three contract service providers utilized in 2007 are Cook-DuPage Transportation (CDT), SCR Transportation and Art's Transportation.

421 contractor-owned vehicles are used to provide service to over 150,000 riders each month. Each contractor can provide service anywhere within the City ADA service area.

Map 4. City ADA Paratransit Service Characteristics



Pace Rolling Stock—Active Fleet

Table 38. Pace Rolling Stock Active Fleet

Fixed Route (Fully Accessible)

Manufacturer	Year	No. of Vehicles	Age	Length
Ikarus	1992	13	15	40'
Orion	1992	21	15	35'
Orion	1993	83	14	40'
Nova	1996	22	11	40'
NABI	1999	30	8	35'
NABI	1999	21	8	40'
Chance Trolleys	2000	7	7	25'
Orion	2000	32	7	40'
Orion	2001	121	6	40'
MCI	2002	8	5	40'
NABI	2003	84	4	35'
NABI	2003	98	4	40'
Orion	2004	6	3	40'
NABI	2005	60	2	40'
Eldorado	2006	31	1	30'
Eldorado	2007	68	0	30'
Total		705		
Average Age			6.0 years	

Paratransit (Fully Accessible)

Manufacturer	Year	No. of Vehicles	Age	Length
Eldorado Vans	2000	2	7	19'
Eldorado Vans	2001	81	6	19'
Eldorado Buses	2001	114	6	23'
Eldorado Buses	2002	50	5	23'
Eldorado Vans	2002	18	5	19'
Eldorado Buses	2003	31	4	23'
Eldorado Vans	2003	15	4	19'
Eldorado Buses	2004	36	3	23'
Eldorado Vans	2004	8	3	19'
Eldorado Buses	2007	3	0	30'
Total		358		
Average Age			5.1 years	

Vanpool

Manufacturer	Year	No. of Vehicles	Age	Length
Vans	1998	9	9	Various
Vans	1999	4	8	Various
Vans	2000	37	7	Various
Vans	2001	30	6	Various
Vans	2002	73	5	Various
Vans	2003	158	4	Various
Vans	2004	30	3	Various
Vans	2005	158	2	Various
Vans	2006	191	1	Various
Vans	2007	75	0	Various
Sedans	2007	2	0	Various
Total		767		
Average Age			2.8 years	



Pace Eldorado fixed route bus with bike rack.



Pace Eldorado paratransit vehicle.



Pace full sized vanpool vehicle.

Pace System Infrastructure

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

Fixed Facilities Owned or Operated by Pace

Pace Garages

- A. Pace River Division
975 S. State, Elgin
63,000 square feet, 1989
- B. Pace Fox Valley Division
400 Overland Dr., N. Aurora
56,800 square feet, 1994
- C. Pace Heritage Division
9 Osgood St., Joliet
57,000 square feet, 1985
- D. Pace North Division
1400 W. Tenth St., Waukegan
57,800 square feet, 1987
- E. Pace West Division
3500 W. Lake St., Melrose Park
221,570 square feet, 1986
- F. Pace Southwest Division
9889 Industrial Dr., Bridgeview
81,500 square feet, 1994
- G. Pace South Division
2101 W. 163rd Place, Markham
191,000 square feet, 1988
- H. Pace Northwest Division
900 E. Northwest Hwy.,
Des Plaines
82,700 square feet, 1962
- 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
43,275 square feet, 1962
- 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

**Municipal Garages*

Pace has established numerous passenger service 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

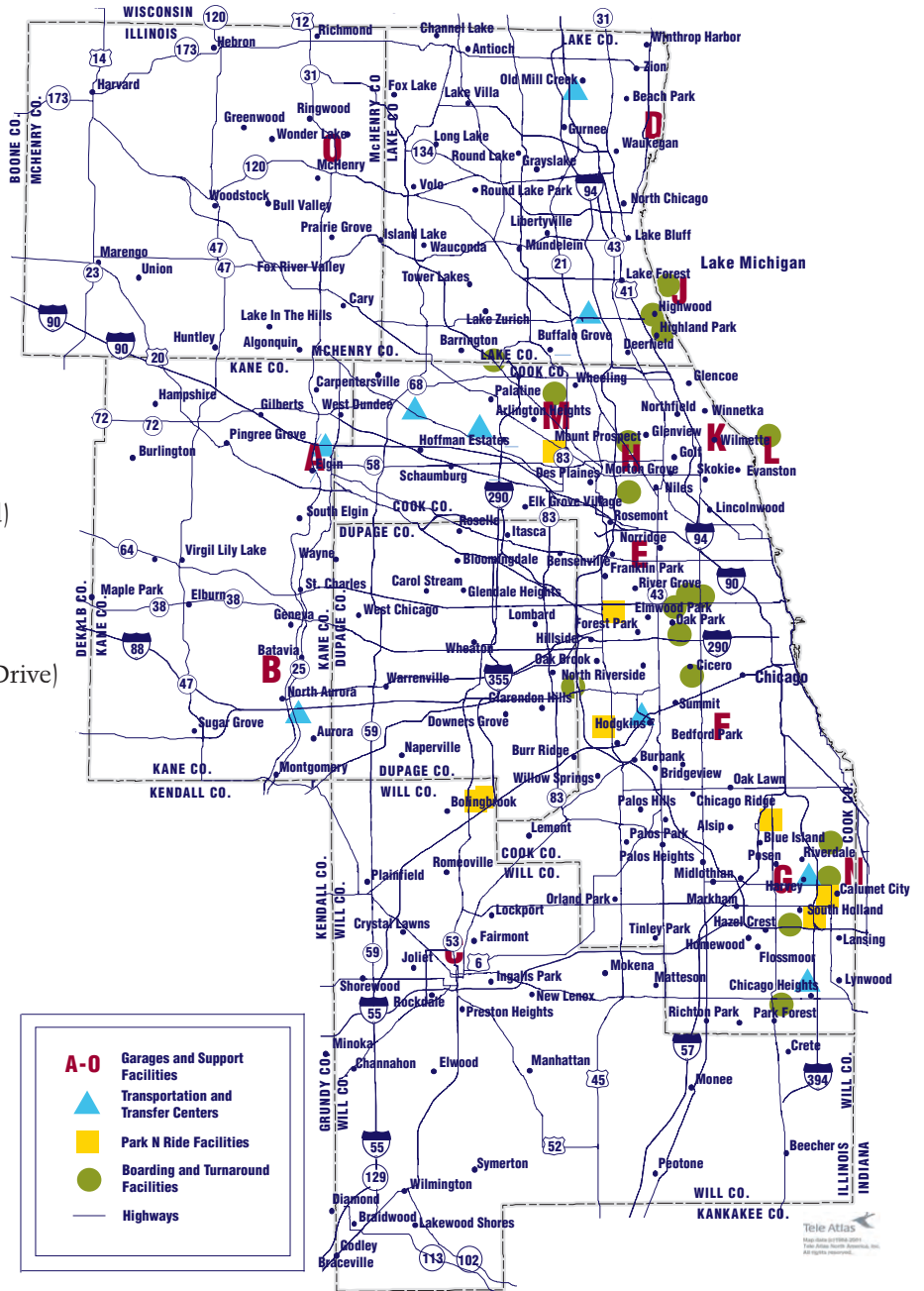
● Boarding and Turnaround Facilities

- 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 Turnaround
- Oak Park CTA/Metra
- Palatine Metra
- Park Forest Bus Turnaround
- 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 (Old Chicago Drive)
- Bolingbrook Park-n-Ride (Town Center)
- 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



Pace Ridership

The following table identifies projected ridership changes by operating element for years 2006 through 2010.

Table 39. Pace 2008-2010 Status Quo Ridership Projections

(000's)	2006 Actual	2007 Estimated	% Change	2008 Projected	% Change	2009 Projected	% Change	2010 Projected	% Change
Pace Owned Carriers	30,689	30,230	-1.5%	30,888	2.2%	31,197	1.0%	31,508	1.0%
Public Carriers	1,009	1,068	5.8%	1,089	2.0%	1,097	0.7%	1,107	0.9%
Private Carriers	1,944	1,945	0.1%	2,034	4.6%	2,054	1.0%	2,075	1.0%
Total Fixed Route	33,642	33,243	-1.2%	34,011	2.3%	34,348	1.0%	34,690	1.0%
Dial-a-Ride	1,145	1,123	-1.9%	1,142	1.7%	1,172	2.6%	1,195	2.0%
Vanpool	1,719	1,869	8.7%	2,202	17.8%	2,423	10.0%	2,665	10.0%
Suburban Service Total	36,506	36,235	-0.7%	37,355	3.1%	37,943	1.6%	38,550	1.6%
Regional ADA Paratransit Service	1,598	2,658	66.3%	2,750	3.5%	2,910	5.8%	3,079	5.8%
Combined Pace Service	38,103	38,893	2.1%	40,105	3.1%	40,853	1.9%	41,629	1.9%

The ridership projections shown on the above table are based on current status quo service levels. Implementation of the contingency action plan will result in substantial ridership losses. The estimated ridership impact of the contingency action plan is shown in Appendix G. For 2007, Pace Suburban Service ridership is estimated to be slightly down from 2006 levels by 0.7%. The Regional ADA ridership is forecasted to grow substantially, over 2006. Pace estimates to provide a total of 2,658,000 ADA trips with 489,000 suburban trips and 2,170,000 trips in the City of Chicago. The increase is due to the fact that the City ADA Paratransit services were operated by Pace for a partial year (July through December) of 2006.

For 2008, Suburban Service ridership is projected to grow by 1.121 million riders or 3.1%. Fixed route is projected to continue to grow at 2.3% and will account for 768,000 or 2.1% of the total growth for Suburban Service ridership. Continued expansion of the vanpool program is planned with ridership growth forecasted at 17.8% or 334,000 trips. This growth will account for the majority of the total growth in Suburban Service ridership. In 2008, Regional ADA Paratransit service ridership will increase 3.5%, with Suburban ADA increasing 5.2% and City ADA increasing 3.1%.

Ridership is projected to grow at a more temperate rate for outlying years—2009 and 2010. Annual growth rates of 1.6% in Suburban Service ridership reflect continued expansion of the vanpool program for 2009 and 2010, averaging an increase of 232,000 rides annually. Regional ADA ridership is forecasted to grow at 5.8%, based on the anticipated strong growth in demand.

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

The summary demographic profile of Pace users (customers) and non-users as based on our research is presented on the following table.

Our 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.



Passenger shelters such as this one are very important to Pace customers.

Table 40. User/Non-User Demographic Profiles

	Non-Users	Users (wkday only)
Age in Years		
Group Median	47.0	44.8
Sex:		
Male	48%	44%
Female	52%	56%
Education		
Some high school or less	2%	8%
High school graduate	12%	25%
Some college or technical school	20%	34%
College graduate	37%	23%
Graduate or Professional Degree	29%	10%
Total Annual Household Income		
Group Median (000)	\$74.80	\$38.00
Auto Ownership		
None	5%	29%
One	26%	37%
Two or more	69%	34%
Ethnic Background		
African American	7%	40%
Asian	3%	7%
Hispanic	10%	11%
Caucasian	79%	37%
Other	1%	5%

Data Source

Non-user: South Cook County-Will County Service Restructuring Initiative, 2006, regional sample size = 1,195

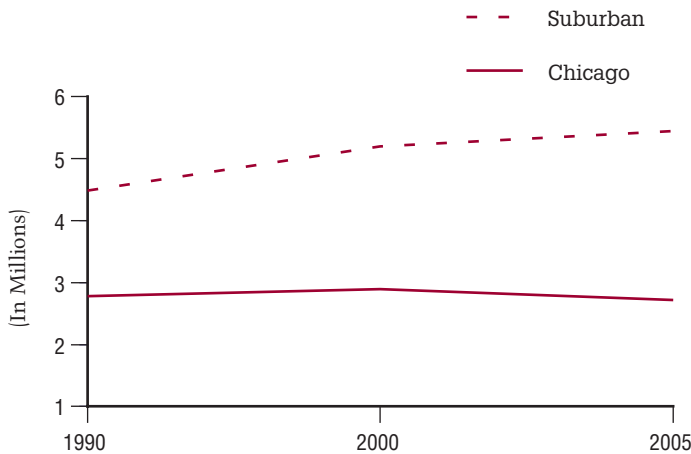
User: 2007 CSI/User Survey, regional sample size = 4,919

Regional Population

Population

The suburban population increased 16% between 1990 and 2000, from 4.5 million residents to 5.2 million residents. In the years since the 2000 census, the suburban population continued to grow, reaching an estimated 5.5 million in 2005. By contrast, Chicago's population reversed a 40 year decline between 1990 and 2000, increasing approximately 4% to 2.9 million. Chicago's population decreased to 2.7 million by 2005, a loss of 6%, leaving Chicago with fewer people in 2004 than in 1990 (or any time since 1920). The following graphs depict the recent population trends in the metropolitan Chicago region from 1990 through 2005.

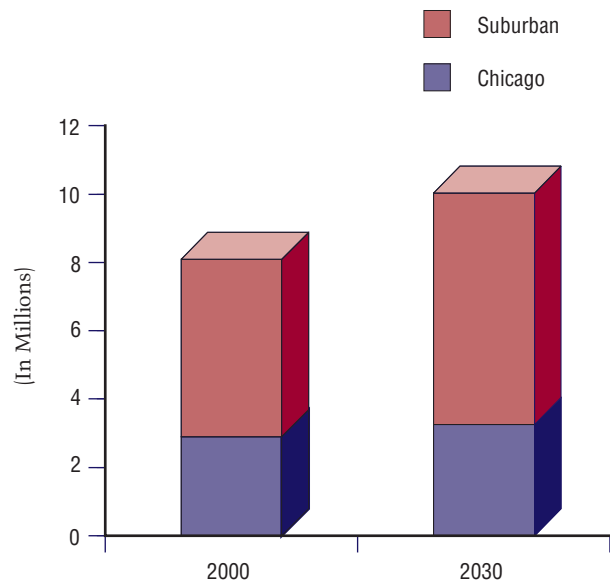
Chart K. 1990 to 2005 Regional Population



Regional Population Change 2000 to 2030

The Northeastern Illinois Planning Commission (NIPC) provides official 30 year population forecasts for the region. These forecasts project population growth rates and patterns. According to NIPC, the regional population is expected to increase by 1.9 million people between 2000 and 2030 to 10 million. Subsequently, 1.6 million new residents will accrue to Pace's service region while Chicago's population will increase by 0.4 million new residents.

Chart L. 2000 to 2030 Regional Population Projection

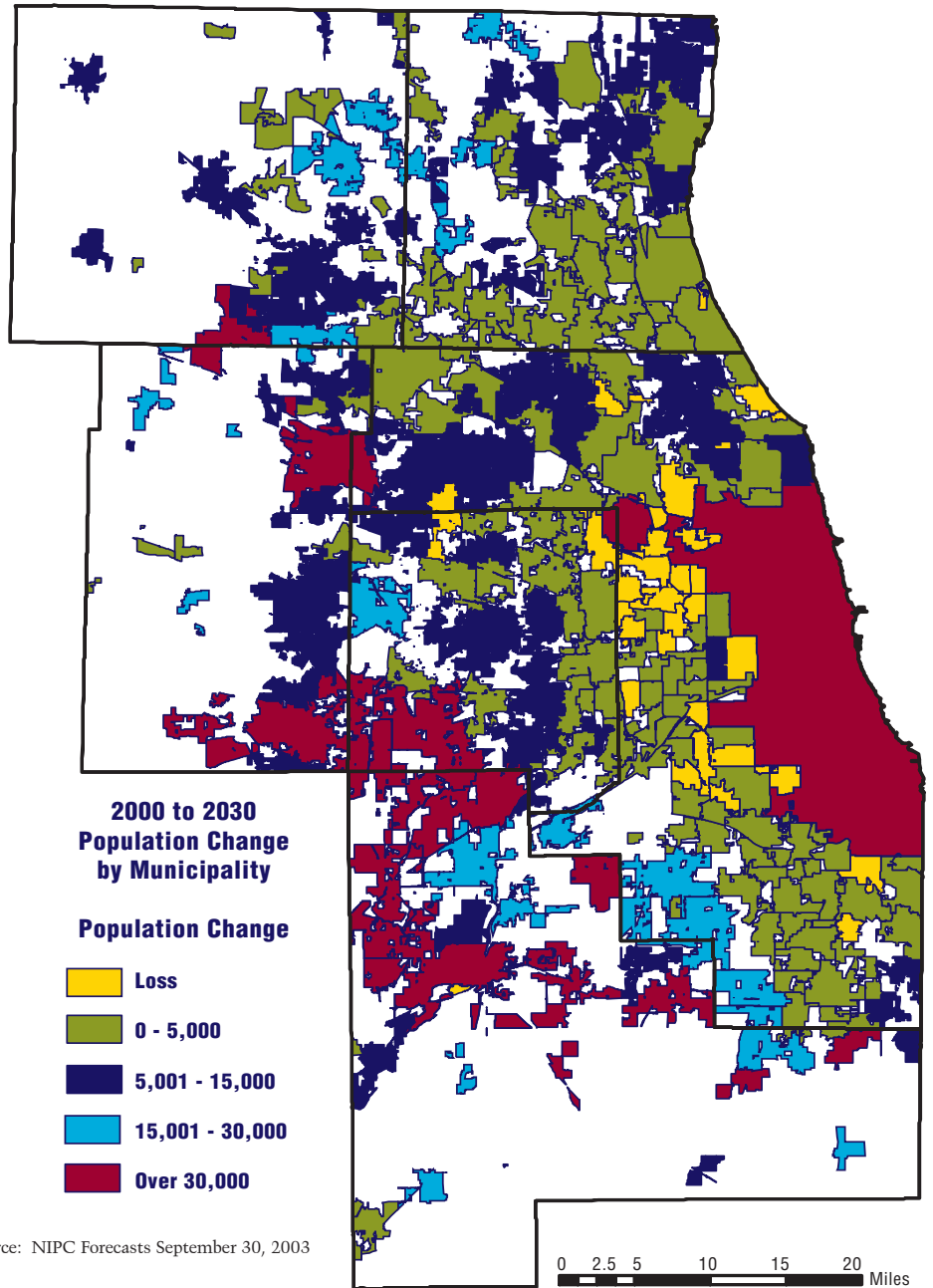


Regional Population Change 2000 to 2030

Almost half of the suburban population increase (43%) will be concentrated in the 14 fastest growing suburban municipalities. Most of these municipalities are located to the southwest of Chicago, in Will, DuPage and Kane counties.

Additionally, NIPC forecasts population losses for a number of communities to the northwest and west of Chicago, in the vicinity of O'Hare airport, and in a smaller number of communities to the south and southwest of Chicago.

Map 6. Regional Population Change



Source: NIPC Forecasts September 30, 2003

Regional Employment

Employment

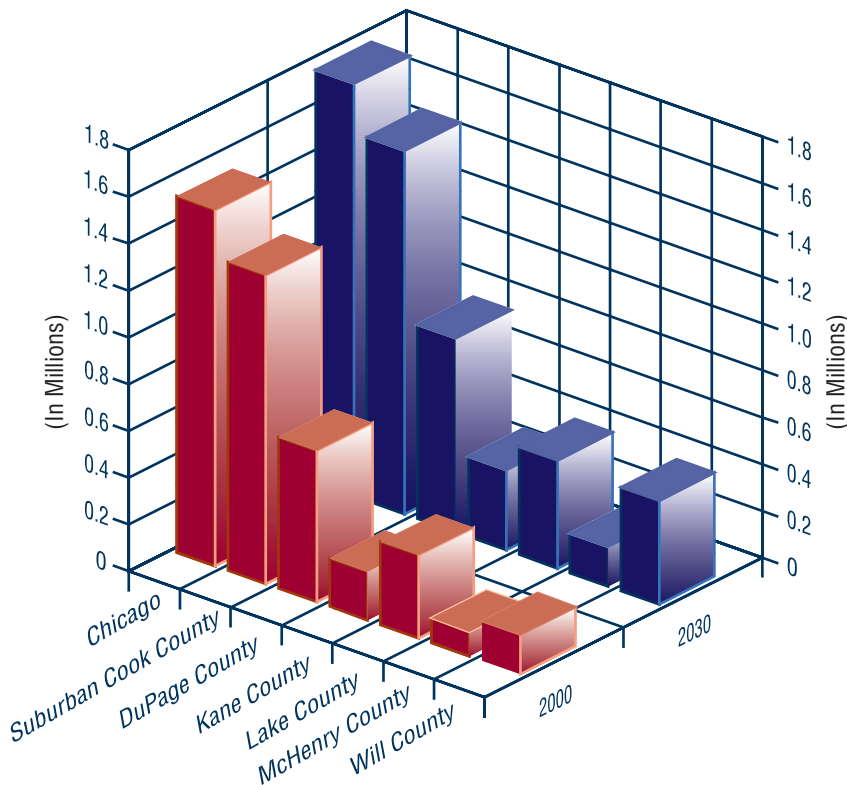
In the decade between 1990 and 2000, the Chicago region gained over 836,000 jobs, over a half million of those jobs (59%) occurred in the suburbs. It is anticipated that future job growth will continue to concentrate in the suburban portion of the region.

NIPC's forecast anticipates an increase of 1.2 million jobs in the region by 2030, of which one million will accrue to the suburban areas. As a percentage of 2000 employment, Will County's increase is projected to be the greatest (162%), followed by Kane County (66%) and McHenry County (60%), representing an increase of 274,000, 137,000 and 63,000 jobs, respectively. Will County's projected employment growth is also the largest in absolute terms, followed by growth in Chicago (241,000), Suburban Cook County (236,000) and DuPage County (184,000).



Pace constructed two transportation centers at the UPS facility in Hodgkins in 2003. This facility continues to carry over 2,000 employees to the location each day.

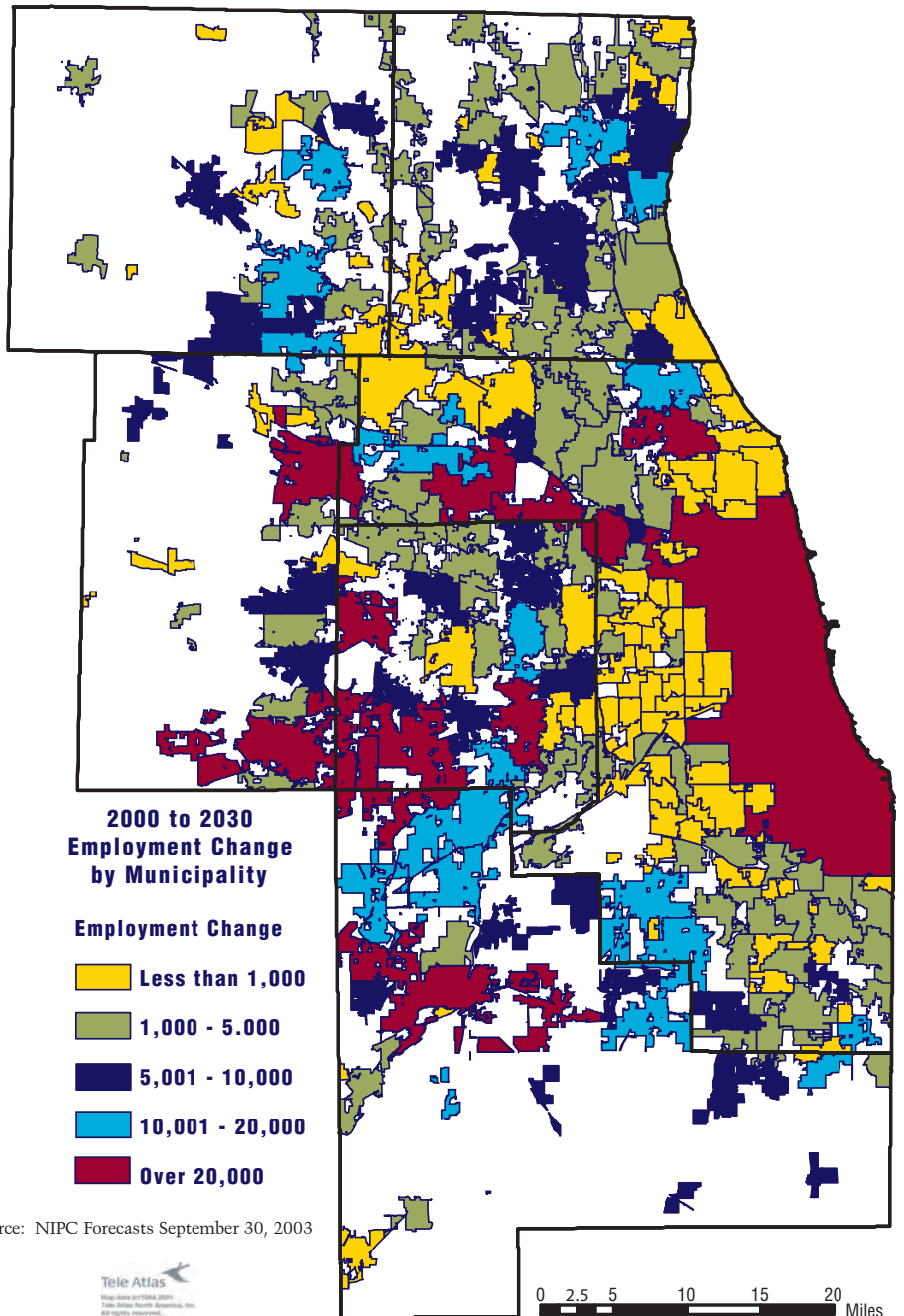
Chart M. 2000 to 2030 Employment Projection



Regional Employment Change 2000 to 2030

Similar to the trends observed in population growth, increases in employment growth are projected to be concentrated in a number of areas southwest of the City. The 14 municipalities projected to experience the largest employment growth are expected to gain 42% of the total new suburban employment. Employment growth is expected to be concentrated in the vicinity of Joliet, Aurora/Naperville, Elgin, and along the Interstate 90 corridor from O'Hare Airport to Schaumburg.

Map 7. Regional Employment Change



Suburban Office Space

Suburban Office Space

In 1979, 35 million square feet of office space, 28% of office space in the metropolitan area, was located in the suburbs, the remaining 90 million square feet, (72%), was located in Chicago. The increased suburbanization of office employment during the 1980's and 1990's led to an increase of suburban office space. Suburban office space more than doubled between 1979 and 1989 to 86 million square feet, or 40% of the total available office space in the region. During the 1990's, another 20 million square feet of suburban office space was constructed, making over 106 million square feet of suburban office space available for business; this represents 43% of all office space in the region. The total amount of suburban office space more than tripled in the past 20 years.

The majority of these new office buildings are not accessible to traditional transit patrons. Large building setbacks and a lack of sidewalks and pedestrian crossings are typical of the suburban environment.

To ensure that future development is transit accessible, Pace works closely with interested municipalities and developers to assist them in incorporating transit planning into their projects. By becoming part of the plan review process, transit amenities can be incorporated into the development from the outset.

In 2007, Pace conducted numerous technical reviews of proposed developments and road projects and provided input as needed. Cooperatively working with village and city municipal planning entities and development in the region, Pace has been able to highlight the need for transit and pedestrian friendly suburban sprawl in the design and planning stage. By working with IDOT, Pace has been able to incorporate transit needs, such as bus turn-outs, shelters, turn lanes and signal modifications into the road improvement needed to provide faster, more effective service.



Travel and Congestion

Travel Patterns

According to the Texas Transportation Institute's 2005 Urban Mobility Report, the Chicagoland area is second only to Los Angeles in peak period travel delay due to traffic congestion. As a result of traffic congestion during the peak periods, our residents consume an extra 142 million gallons of fuel annually just sitting in traffic.

The regional cost of traffic congestion reaches \$3.98 billion annually when you factor in lost time and wages, increased shipping costs and fuel wasted. Over 202 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 39 million hours annually.

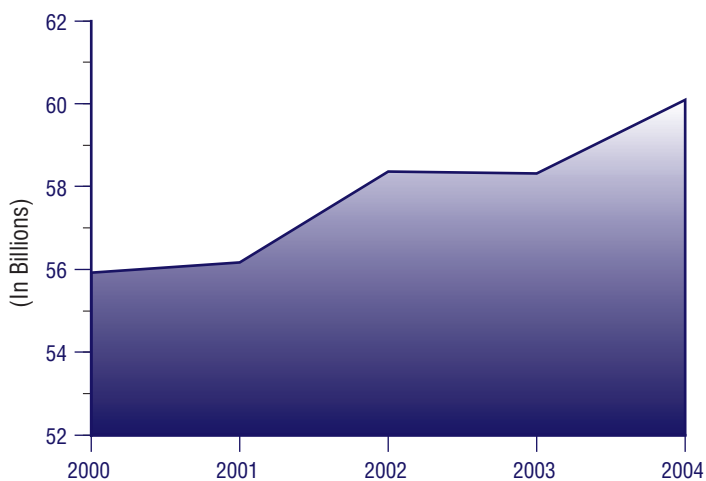
The impact congestion has on the regional economy underscores the need for increased public transportation. Without it, traffic congestion will continue to worsen as it has since 1982, and the cost in wasted time and fuel will continue to rise.

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



Chicago area traffic congestion is the second worst in the nation, over 142 million gallons of fuel were wasted by vehicles due to traffic congestion in the region.

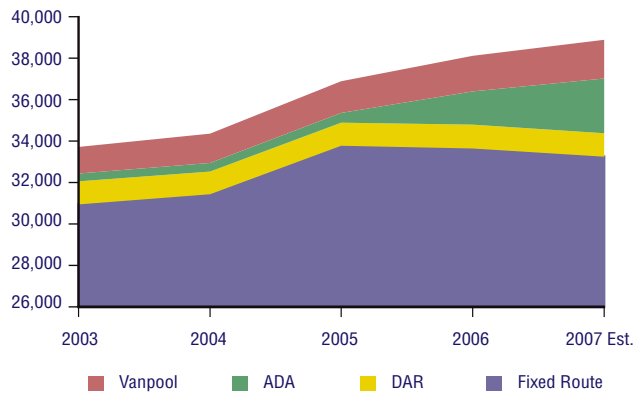
Chart N. Annual Vehicle Miles



Pace Performance Trends

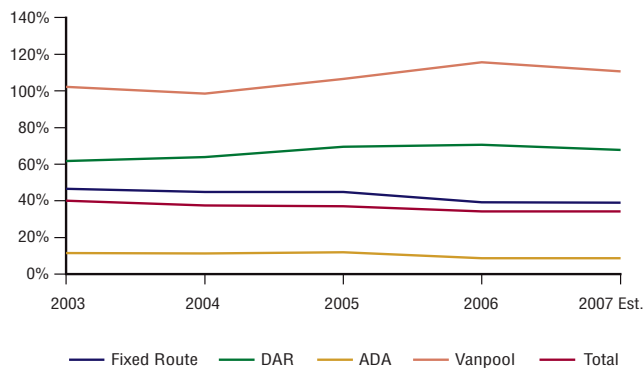
The following describes the operational performance of Pace's various services for the last five years.

Chart O. Ridership



Pace ridership is expected to reach 38.9 million riders in 2007, or 2.1% over levels achieved in 2006. Ridership has been on a steady rise since 2003. The transition of CTA's ADA Paratransit service to Pace in 2006 is the leading growth factor.

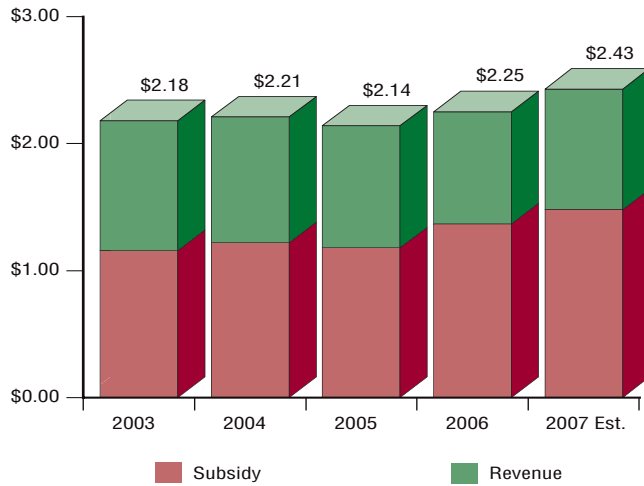
Chart P. Recovery Ratio



The Suburban Service recovery rate for 2007 is estimated at 34.25% (without allowances). Pace's recovery rate for fixed route services has declined since 2002 as expenses have grown faster than revenues. Pace has not increased fixed route fares since 2002. The status quo ADA recovery rate is projected at 8.77% for 2007 which is below the statutory requirement of 10%.

Pace Performance Trends

Chart Q. Fixed Route Services

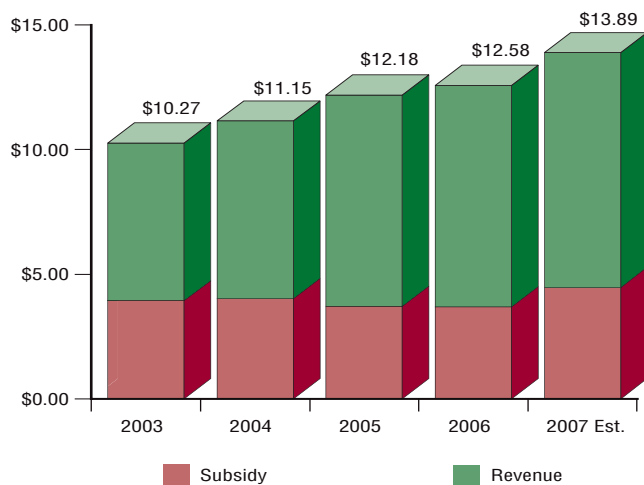


Fixed Route Services

	Revenue per Passenger	Subsidy per Passenger	Total Cost per Passenger
2003	\$1.02	\$1.16	\$2.18
2004	\$0.99	\$1.22	\$2.21
2005	\$0.96	\$1.18	\$2.14
2006	\$0.88	\$1.37	\$2.25
2007 Est.	\$0.95	\$1.48	\$2.43

Fixed route services total cost per passenger has increased since 2003 primarily due to rising fuel costs. The figures shown are direct service costs and exclude allocated overhead and support costs.

Chart R. Dial-a-Ride Services



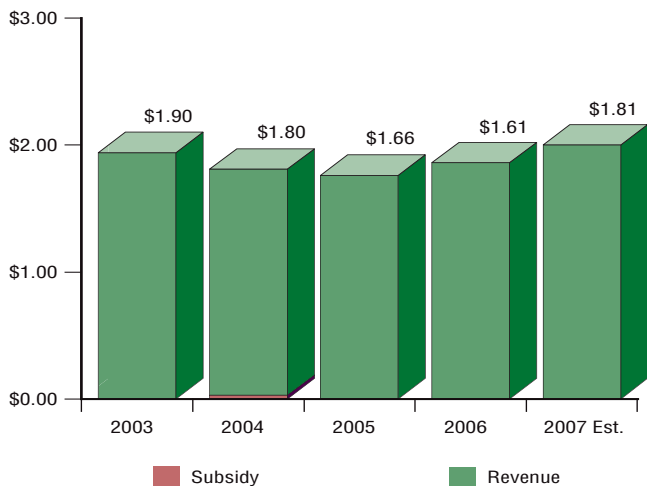
Dial-a-Ride Services

	Revenue per Passenger	Subsidy per Passenger	Total Cost per Passenger
2003	\$6.33	\$3.94	\$10.27
2004	\$7.12	\$4.03	\$11.15
2005	\$8.48	\$3.71	\$12.18
2006	\$8.88	\$3.70	\$12.58
2007 Est.	\$9.42	\$4.47	\$13.89

Dial-a-Ride passenger revenue includes local community financial support for the program.

Pace Performance Trends

Chart S. Vanpool

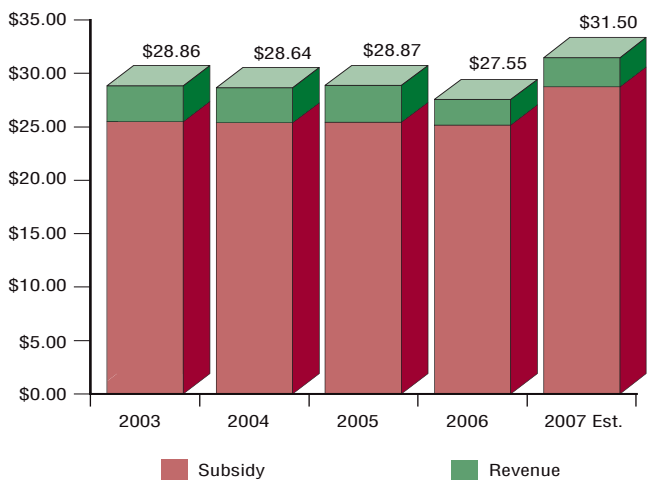


Vanpool

	Revenue per Passenger	Subsidy per Passenger	Total Cost per Passenger
2003	\$1.94	(\$0.04)	\$1.90
2004	\$1.78	\$0.03	\$1.80
2005	\$1.76	(\$0.11)	\$1.66
2006	\$1.86	(\$0.25)	\$1.61
2007 Est.	\$2.00	(\$0.19)	\$1.81

Vanpool services revenues exceed service costs so there is no direct subsidy of operating costs.

Chart T. Regional ADA Paratransit



Regional ADA Paratransit

	Revenue per Passenger	Subsidy per Passenger	Total Cost per Passenger
2003	\$3.35	\$25.50	\$28.86
2004	\$3.27	\$25.38	\$28.64
2005	\$3.45	\$25.42	\$28.87
2006	\$2.37	\$25.18	\$27.55
2007 Est.	\$2.76	\$28.73	\$31.50

Regional ADA Paratransit services are by far the most expensive services on a per trip basis. Passenger revenues cover a small portion of trip costs.

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 and a set of statistics representing the national average for transit bus service. 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.

RTA's peer group includes the following systems:

Long Island Bus (MTA) – New York, NY

Orange County Transportation Authority (OCTA) – Los Angeles, CA

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

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

The State of Illinois Auditor General released a performance audit of Pace, CTA and Metra in March, 2007. The Auditor General also used Long Island Bus (MTA) and San Mateo County Transit (SamTrans) in their peer comparisons for Pace. The complete report is available on the Illinois Auditor General's website at <http://www.auditor.illinois.gov>.

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

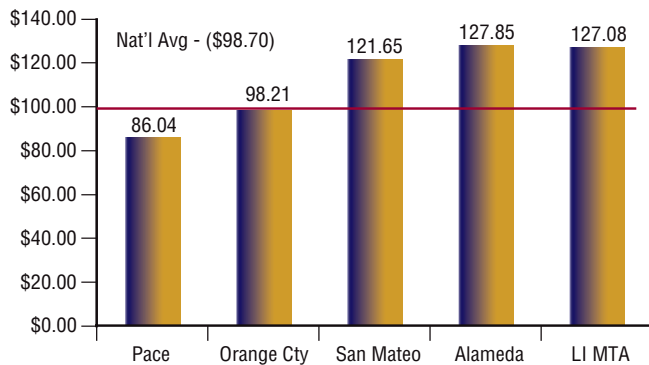
Passengers per Revenue Mile

The following charts are prepared using 2005 National Transit Database (NTD) data for bus only, which is the latest year data available at this writing.

Peer Performance Comparison

Service Efficiency

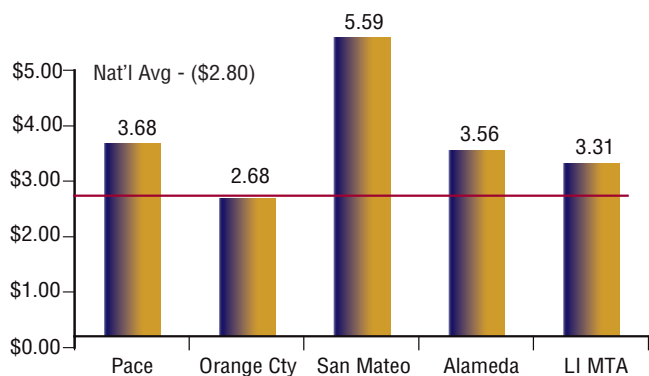
Chart U. Operating Expense per Revenue Hour



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. Pace is also outperforming the marks for the national average. At \$86.04, Pace's cost per hour is 12.39% less than the nearest peer—Orange County (CA). Pace's costs are also \$12.66 per hour or 13.0% less than the national average for this performance measuring category.

Cost Effectiveness

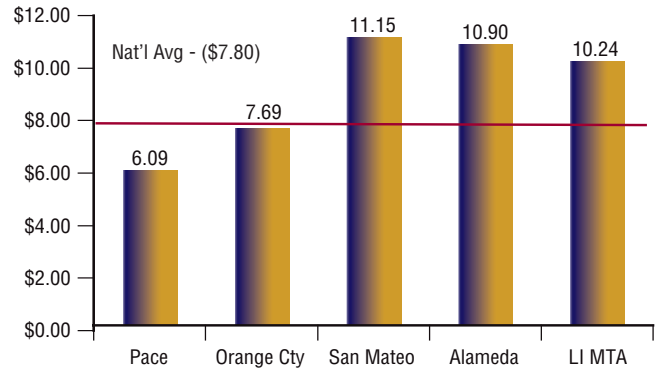
Chart W. Operating Expense per Passenger



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.

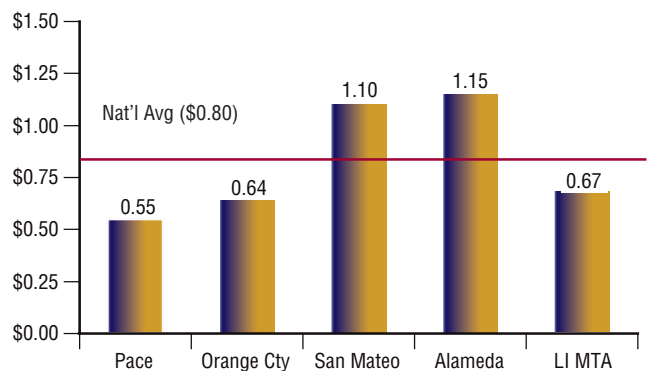
At \$3.68, Pace's operating expense per passenger is the second highest next to San Mateo (CA). Excluding

Chart V. Operating Expense per Revenue Mile



Pace's operating expense per mile is also well below everyone in this peer group. At \$6.09 per mile, Pace's cost is \$1.60 per mile or 20% below the nearest peer, Orange County (CA), and \$1.71 per mile or 22% below the national average.

Chart X. Operating Expense per Passenger Mile

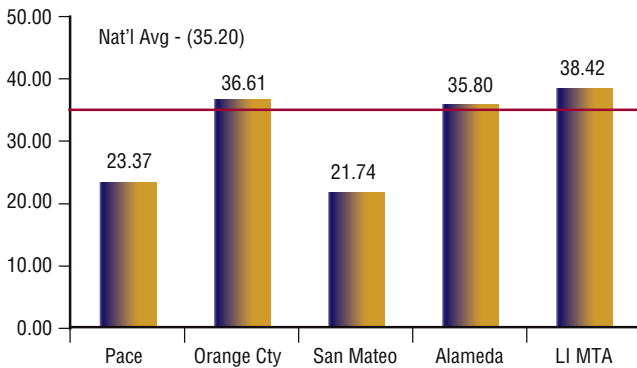


Orange County (CA), Pace and all suburban bus peers exceeded the 2005 average national expense per passenger of \$2.80.

At \$0.55, Pace's expense per passenger mile is consistent with two other suburban peers, Orange County (CA) and LI MTA (NY), and considerably lower than the national transit average of \$0.80.

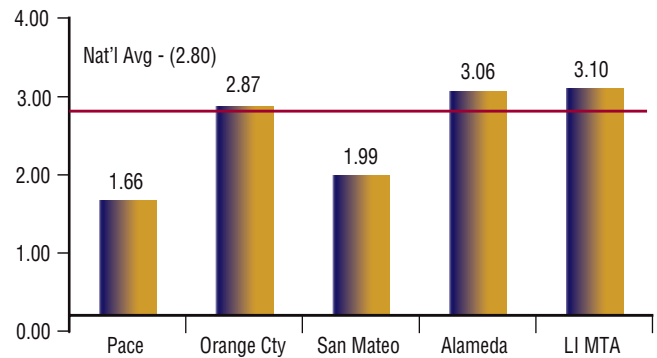
Service Effectiveness

Chart Y. Passengers per Revenue Hour



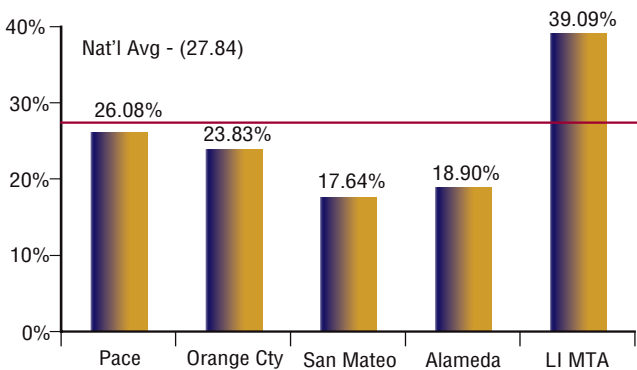
Service effectiveness, as measured by the performance ratios passengers per total revenue hour and passenger miles per total revenue mile, show Pace to have the second lowest performance ratio compared to everyone in this group, and 11.83 below the national average. The size of the service area directly affects this performance indicator and, at nearly 3500 square miles, Pace has the largest service area of all the suburban bus peers in this group.

Chart Z. Passengers per Revenue Mile



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.

Chart AA. Farebox Recovery Ratio

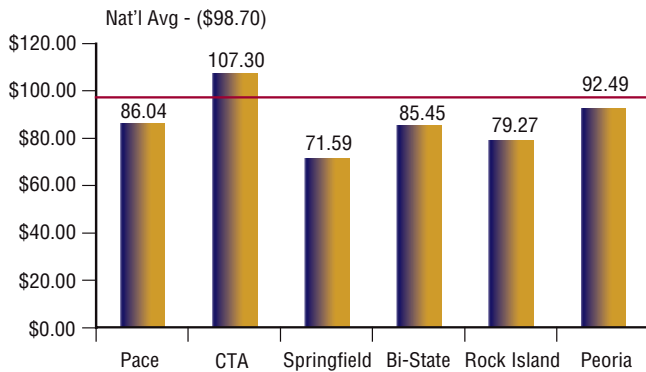


Pace's bus only farebox recovery rate of 26.08% is slightly lower than the national average bus ratio of 27.84%. However, Pace outperformed Orange County, San Mateo and Alameda (AC Transit/Oakland).

State/Local Government Performance Comparison

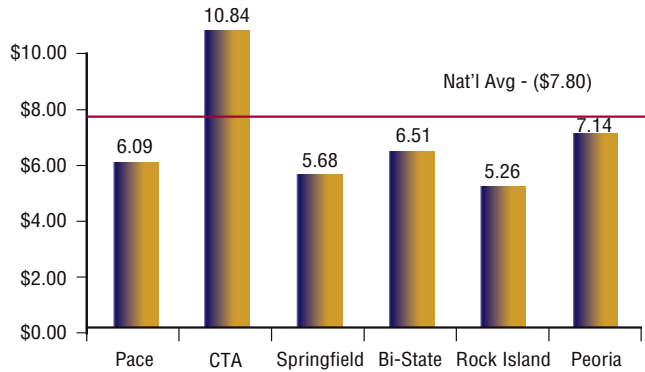
Service Efficiency

Chart BB. Operating Expense per Revenue Hour



Pace's service efficiency, as measured by operating expense per revenue hour and mile, compares favorably to CTA, Bi-State Development Agency (St. Louis), Peoria and the national average.

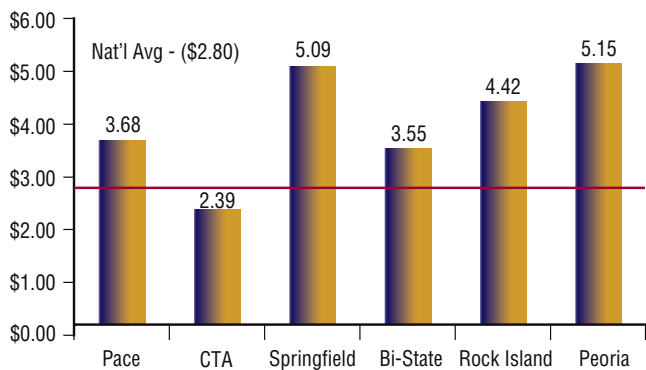
Chart CC. Operating Expense per Revenue Mile



At \$6.09, Pace's expense per revenue mile is \$1.71 below the national average. CTA's cost per revenue mile exceeds Pace's by \$4.75 per mile.

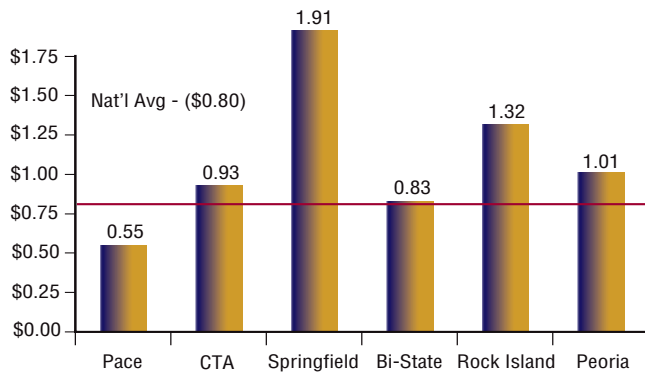
Cost Effectiveness

Chart DD. Operating Expense per Passenger



Pace's cost effectiveness, as measured by operating expense per passenger, compares favorably to Springfield, Rock Island and Peoria.

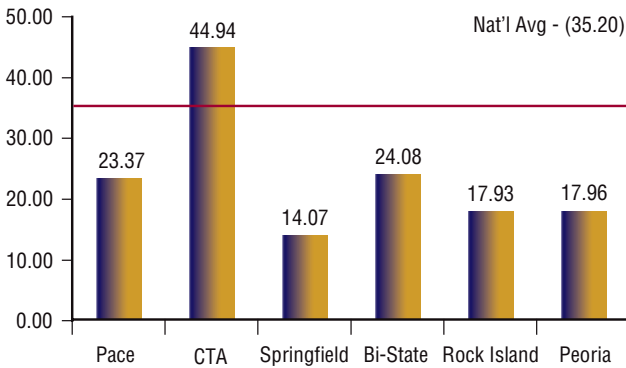
Chart EE. Operating Expense per Passenger Mile



Pace's operating expense per passenger mile is well below everyone in this peer group. In addition, Pace's cost is 31.0% lower than the national bus average.

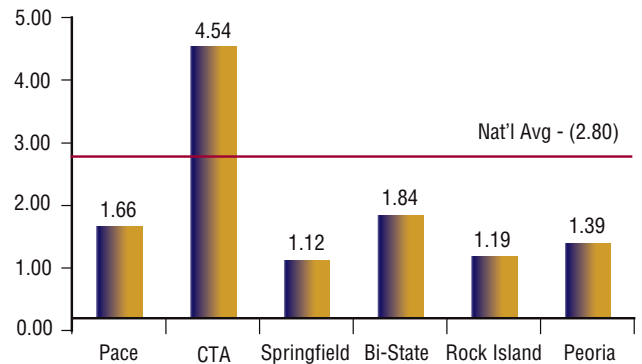
Service Effectiveness

Chart FF. Passengers per Revenue Hour



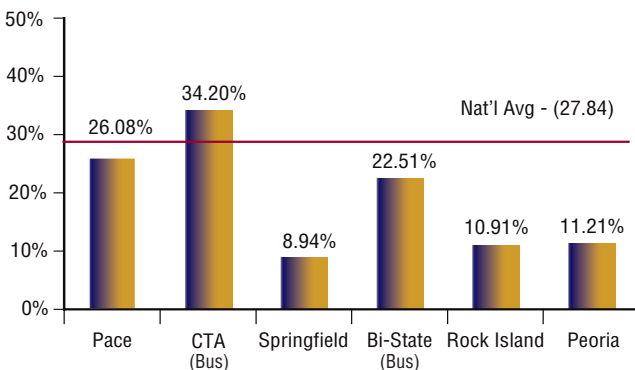
When compared to other Illinois transit operators, Pace’s service effectiveness, as measured by passengers per revenue hour and per revenue mile, is comparable. At approximately 23.4 passengers per revenue hour, Pace service outperforms Springfield, Rock Island and Peoria. Higher density markets, such as St. Louis (Bi-State) and Chicago (CTA) performed better.

Chart GG. Passengers per Revenue Mile



At 1.66 passengers per revenue mile, Pace surpasses Springfield, Rock Island and Peoria, however, the higher population density markets, St. Louis (Bi-State) and Chicago (CTA), have performed better.

Chart HH. Farebox Recovery Ratio



Only CTA outperformed Pace in terms of recovery rate among the Illinois operators. It is interesting to note that CTA’s bus recovery rate is 34.20%—it is CTA’s rail system and RTA allowances which put CTA’s overall recovery rate above 50%. The reason rail recovery rates are higher than bus recovery rates is that much of the rail system cost is capital in nature and capital costs are excluded from the recovery rate calculation.

Appendix B: Planning Initiatives

Vision 2020—The Blueprint for the Future

Purpose of Vision 2020

Pace's vision for the future is to provide a publicly acceptable level of efficient suburban mobility. The Vision 2020 plan represents the blueprint for Pace's future, and describes how Pace intends to achieve this objective. It calls for a network of new services, infrastructure improvements, and a decrease in travel times. Although challenging, this plan will bring Pace into the future, making viable public transportation available to the region.

The Chicago Metropolitan Agency for Planning (CMAP), formerly the Northeastern Illinois Planning Commission (NIPC) estimates the population of Pace's service area to be approximately 5.2 million and expects it to grow to more than 6.2 million by 2020. As jobs and housing have increasingly relocated to the suburbs in the last several decades, the physical separation of residential and employment locations has increased. Commuters experience this as longer work trips. Growing population and longer trips lead to more traffic congestion. The Chicago Area Transportation Study (CATS) estimates that traffic congestion in the Chicago region has increased by more than 100% in the past two decades. The percent of lane-miles congested in the Chicago region grew from 32% in 1982 to 65% in 1999. Miles traveled on congested roadways are forecasted to grow by 60% between 1996 and 2020, and time spent traveling is forecasted to jump 44% between 1996 and 2020.

Likewise, the growing suburban job market and the national welfare-to-work initiative have created demand for transit services that connect locations in the City of Chicago with widely distributed suburban employers. The last two decades have seen a shift in employment to the suburbs and more various work hours. Pace's success depends on how effectively it serves these changing travel needs.

The region's growth in population and jobs has mostly been occurring in the suburban "ring," rather than the Chicago central area. The net result of these factors has been an increase in single-occupant automobile use and a decline in air quality. At the same time, there has been less public support of new, large highway improvement projects, and more support for the concept of "smart

growth" concepts. These concepts include environmentally sensitive land development, minimizing dependence on private automobile transportation, reducing air pollution, and making infrastructure investments more efficient. In light of these factors, Pace must enhance its transit services to meet the needs of suburban economic development and travel markets.

Enhanced mobility requires services that are cost- and time-competitive with the private automobile, and that contribute to the community development objectives of each county and municipality. One objective is to provide the all important "last mile" of service which makes public transportation available to most of the region. These objectives, combined with an analysis of the current Pace routes, services, markets, and the future land use and population projections have led to the preparation of a long-range plan for Pace. Building the kind of suburban transit system needed to meet the long-range needs of Northeastern Illinois will take both considerable time and resources. The program is called "Vision 2020—The Blueprint for the Future."

The Proposed Suburban Mobility Network

In the future, Pace must be a well-integrated system of public transportation services designed and operated to serve the suburban and urban travel needs of a growing and changing metropolitan region. Effectively providing suburban mobility means providing access to widely distributed trip origins and destinations while providing a time-competitive, long-distance line-haul service between suburban centers. This includes an evaluation of the present fixed-route structure, the creation of community-based services, the implementation of line-haul routes, and the development of transportation centers and other passenger facilities.

Community-Based Services

Pace's success depends on how well it brings customers to its network: the "first and last mile" of the passenger trip. Pace's service area includes a range of conditions from walkable neighborhoods in the inner-ring suburbs and satellite cities to dispersed, automobile-oriented development in the outer suburbs. Pace currently operates

a variety of fixed route, commuter rail feeder, employer shuttle, route-deviation, and other services to provide access to widespread trip origins and destinations. The plan envisions a continuation and expansion of delivering flexible services tailored to the travel patterns of the local community.

Community-based services include a full gamut of service types from demand-response in some markets to fixed routes in others, with a customized mix of service types in each community. Current connections such as fixed-routes, employer shuttles, historic trolleys, and community circulators will expand. New community services will provide short-distance mobility within communities and include: flexible routes that can deviate to provide curb-to-curb service within a defined corridor; van services that provide curb-to-curb service on request within a defined service area; and subscription routes that allow customers to make arrangements for rides on a regular basis.

These services will use recent advances in communications technology to ensure connections with other services, respond to real-time customer requests for service, and communicate service status with customers. The specific mix of service types, service levels, and other parameters will be based on detailed studies of travel markets and local interests and conditions in each community-based service area.

The plan identifies more than 90 such service areas for further study in partnership with communities. Three service levels are envisioned, based on the primary types of services most likely to be provided, as determined by expected ridership: (1) “Low” service areas have the least population and employment density and are best served by vanpools, subscription services, demand-response vans and flexible bus routes; (2) “Medium” service areas have higher population and employment densities and represent the majority of the region in terms of activity centers. A wide range of services may be considered in these areas including vanpools, subscription services, demand response vans, flexible bus routes, and traditional fixed bus routes; (3) “High” service areas contain dense urban centers that may be

suitable for historic trolley and/or circulator services, in addition to other services under consideration for “Medium” service areas.

Passenger Facilities

Community-based services originate from transportation centers. These facilities provide comfortable, convenient locations for customers to make connections between various transit services. Transportation centers are typically located at and integrated with rail stations, community downtowns, shopping centers, and other major activity centers, and offer community transit-oriented development opportunities. The design of these facilities typically includes: off-street bus bays, sheltered boarding areas and heated waiting areas, electronic passenger information systems, facilities for driver breaks and layover facilities, access enhancements such as improved sidewalks, bikeways, bicycle storage, kiss-and-ride areas, and park-and-ride lots.

The plan identifies 16 regional transportation centers and 150 community transportation centers. Regional transportation centers typically serve more routes than community transportation centers, and are located at activity centers of greatest regional significance.

Line-Haul Bus Routes

Line-haul routes provide a backbone of high-speed inter-suburban transit service connecting transportation centers. Bus Rapid Transit (BRT) techniques will be used to achieve a high service level at a low cost. Pace’s BRT routes will feature: limited stops, simple routes typically associated with a single street, frequent service, off-board fare payment, electronic next-stop announcements, traffic signal priority to provide green lights at intersections, and bus lanes where appropriate to avoid congestion. Upgraded bus stops will offer raised platforms with level boarding, heated waiting areas and sheltered boarding areas, countdown signs displaying how long until the next bus arrives, bike racks, and improved pedestrian access.

The plan identifies two types of line-haul routes based on their primary operating environment: Expressway/Tollway Routes and Arterial Routes. Expressway/tollway services use comfortable over-the-road coaches, provide frequent service, connect major regional activity centers

with few stops in between, and operate in a high-occupancy vehicle lane or dedicated right-of-way where appropriate to avoid traffic delays. Line-Haul Arterial Routes use specially marked low-floor transit buses to enhance system identity and increase boarding speed. They will also use Pace's new Intelligent Bus System to improve on-time performance, communicate with customers, coordinate transfers with other bus services, and reduce operating costs.

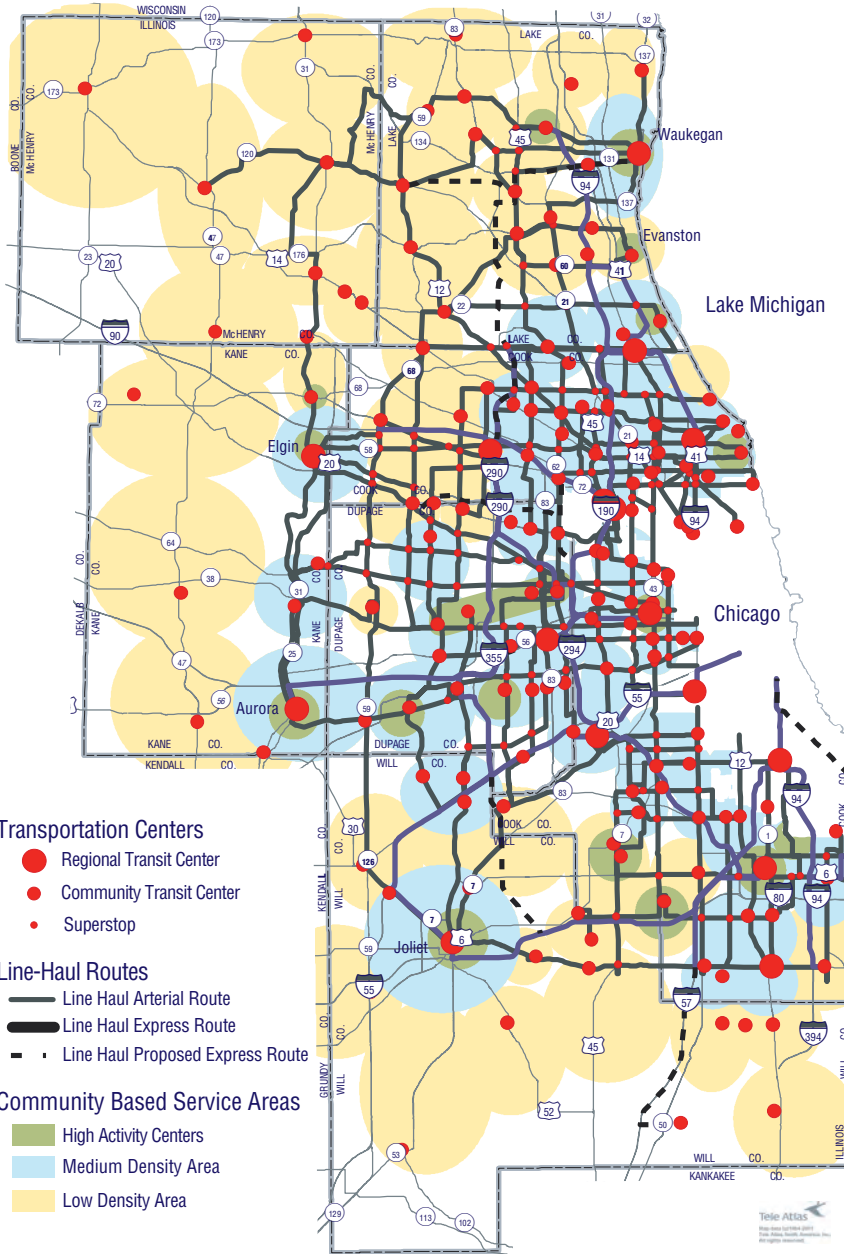
Implementing the Vision

Implementing Vision 2020 will require considerable resources, community participation, and cooperation among public agencies.

Community Transit Partnerships

The most effective local transit services are created through a working partnership of the affected community and the transit provider(s). Pace already works with 210 communities on the planning, design, and delivery of services. Pace envisions a broad and comprehensive program that involves a joint determination of local needs, goals, and objectives—all translated into tailored service plans. Pace will work with these community partners to develop the strongest funding possible through innovative financing and leveraging traditional transit funding.

Map 8. Vision 2020



The success of a transit service in attracting riders, especially in a traditional automobile-oriented suburban context, requires coordination of infrastructure, service, information, and travel demand. Pace will need to focus efforts on: (1) gaining consensus among the many stakeholders, communities, and organizations with interests in transportation and smart growth; (2) creating viable community and regional partnerships; (3) developing service plans for specific communities and groups of communities; and (4) gaining funding approvals from local, regional, state, and federal agencies. There are three main types of initiatives, each involving outreach activities: Community Transit Needs Assessment Initiatives, Line-Haul Corridor Initiatives, and Transportation Center Design Initiatives.

Benefits of Vision 2020

Suburban transportation has lagged behind the shifts in population and employment throughout the region. Service enhancements are needed to address the growth and new travel patterns that have emerged in the past and will be prevalent in the future. Between 1970 and 1990, the region's population and employment grew by 4% and 21% respectively. Older communities experienced declines in population and jobs, while new suburban areas grew rapidly. The 2020 forecasts show renewed growth in the City of Chicago and many of the older suburbs. Substantial new suburban development will be sustained not by abandonment of mature areas but by area-wide expansion in which all parts of the region share.

Over the next 20 years, this plan will provide Pace with the strategy to reshape its system by using new technology and methods to meet market needs and demands.

By providing time and access competitive transit services throughout Pace's suburban service area, this plan is expected to substantially improve mobility for all segments of the suburban population, assist communities in their pursuit of improved quality of life, and promote regional smart growth goals. Implementation of Vision 2020 will provide customers with a high level of suburban mobility, pedestrian and bicycle facilities, improved passenger facilities, community based service,

greater public safety, faster service and improved service connections. Vision 2020 also benefits the environment through improved air quality, livable communities, reduced reliance on the automobile. In addition, the Region will experience a positive effect on development patterns, less congestion, roadway improvements, and strong economic development. Vision 2020 provides access to a wealth of opportunities including employment, affordable housing and recreation.

Vision 2020 is the blueprint for the future of suburban transit.

In order to realize Vision 2020, Pace staff has engaged in the first of a series of strategic planning efforts. Pace staff has developed the following future picture:

As of January, 2011, Pace is a diversified and market leading public transportation provider offering a flexible family of transit and transit supportive services in North-eastern Illinois. Pace has stable and reliable public and private investments to enable provision of an innovative family of services which meet the full range of community transit needs. Our strong culture, values, and beliefs guide our talented and committed employees. We develop the best understanding of our customers' transportation needs and deliver innovative and reliable solutions.

As this budget document points out Pace is clearly at a strategic inflection point in time, funding and politics; we now have opportunities that previously did not exist and, conversely, processes that worked for years are no longer of value. We have identified internal and external elements that are key to achieving this future picture and systematically divided them into three phases that build on each other so that the future picture can be realized. The first phase which focuses on our legislative effort and our communications program is scheduled for completion during fiscal year 2007. Future phases are dependent on the successful achievement of these campaigns and will be defined more clearly in future budget documents.

Restructuring Initiatives

Pace began restructuring service incrementally throughout its six-county service area in 2000. The goals of these restructuring initiatives echo those of Pace's Vision 2020 plan: by developing a regional arterial route network augmented by locally-based services, Pace will create a faster, more effective, and more efficient transit system that will provide a viable alternative to the automobile. Pace is reaching these goals by building relationships with communities and stakeholders and developing and utilizing advanced market research, service analysis and service planning tools. Following are completed and in-progress initiatives:

159th Street (2000/2001)

Pace first restructured service along the busy 159th Street corridor (Routes 354 and 364) between Harvey and Orland Park. Results included on-time performance improvements, diversions around rail crossings to eliminate delays, additional service on weekdays and Saturdays, added shelters and passenger amenities and identification of transit signal priority locations.

Elgin Area Restructuring (2002/2003)

Pace worked with Elgin, South Elgin, Carpentersville, East Dundee, and West Dundee to redesign service to address current travel patterns. Results included adjusted service on 10 of the 15 existing routes, discontinuation of two under-utilized routes, addition of one new route, service to rapidly-growing areas such as portions of the Randall Road corridor, and added Saturday service on some routes.

South Halsted Restructuring (2002/2003)

Pace sought to improve service efficiency along South Halsted Street, one of its busiest corridors. Results included additional Route 352 weekday express trips and Sunday trips between Harvey and CTA 95th Street Station, improved transfer coordination between Routes 352 and 370 at the Harvey Transportation Center, a changed stopping pattern on Route 352 along Halsted within the Chicago city limits, the elimination of Route 352 segments with poor productivity, and streamlined routing for Route 352 through Chicago Heights.

North Shore Restructuring Initiative (2003/2005)

Pace revamped eleven routes in Evanston, Skokie, Lincolnwood, Wilmette and surrounding communities to serve new generators, reduce transfers, and eliminate unproductive segments and route duplication. Pace now serves the Glen of Glenview and offers direct service from Evanston to O'Hare and Woodfield Mall, for instance, while operating more efficiently in the area. Pace also expanded its community outreach process as part of this initiative by working closely with area communities and stakeholders through a Community Advisory Committee and numerous public forums.

Fox Valley/Southwest DuPage Initiative (2004/2007)

Pace analyzed current service, travel patterns and customer and stakeholder needs in Naperville, Aurora, Lisle, Bolingbrook, Warrenville and surrounding communities to restructure area service. Initial service changes took effect in the Aurora area in late 2005; enhancements included new service along the southern portion of the growing Randall Road retail corridor and a new circulator route to serve shopping centers located near Westfield Fox Valley Center. Subsequent improvements have included expanded express shuttle service to Metra stations in Naperville and a new route connecting the College of DuPage with Wheaton and Naperville. Pace will continue to expand service in the area as funding permits; ultimately, arterial, circulator and dial-a-ride services that meet at new transfer centers will provide convenient all-day transit options throughout the Fox Valley/Southwest DuPage area.

North Central Shuttle Service Initiative (2004/2006)

Pace, in cooperation with Metra and the Lake Cook Transportation Management Association, evaluated new shuttle service options for employment sites located near Metra's North Central Service stations. In early 2006, Metra increased service on the North Central Service line (including trips oriented toward city-to-suburb commuters) and later in the year, Pace implemented three new Shuttle Bug routes to provide a new commute option for employees of several area businesses. Additional routes could be added in the future based on employer interest.

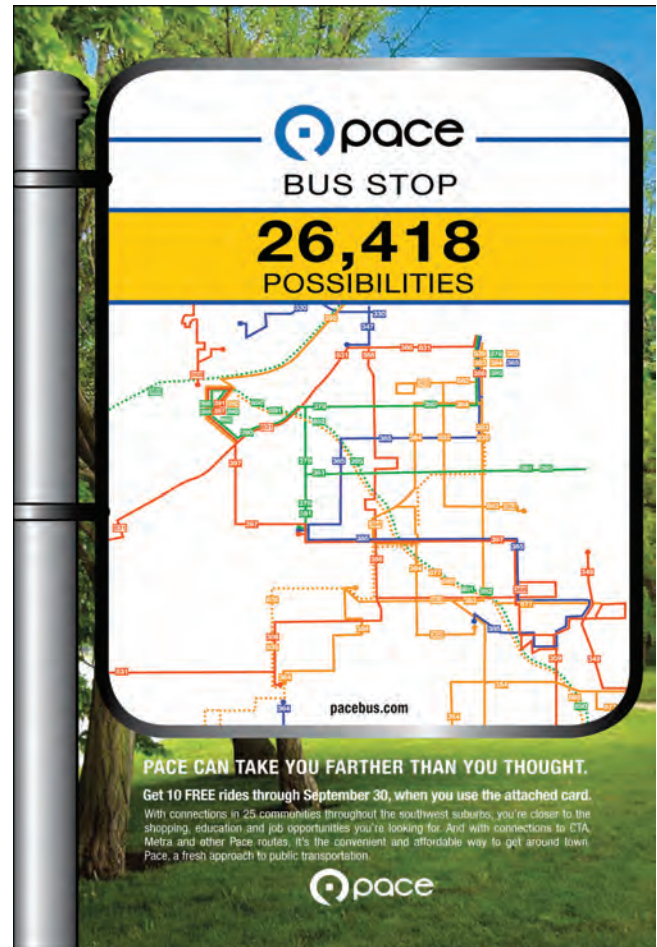
South Cook – Will County Initiative (2005/2008)

In the fall of 2005, Pace began to redesign service in 82 suburban communities in southern and southwestern Cook County and all of Will County. Project elements mirror those of the North Shore and Fox Valley/Southwest DuPage Initiatives with extensive public involvement and thorough service analysis; additionally, Pace has developed sophisticated market research tools for use in this and future restructuring initiatives. As of fall 2007, Pace has completed most planning work and will unveil a multi-phased service plan at public hearings in winter 2008. Service changes, which will begin to take effect in spring 2008, will focus on improving service coverage and reliability, strengthening connections between major destinations, introducing innovative types of service (such as flexible routings and other demand-responsive services) and expanding hours of service.

Future Restructuring Initiatives

The following initiatives are planned:

- Waukegan Area Initiative (2007/2009): Pace will update service based at its North Division garage to improve on-time performance, create new transfer points and meet travel demand.
- Elgin Area Initiative II (2008/2009): Pace will evaluate the success of service changes implemented in the Elgin area in 2003, expand service coverage and create new transfer points.
- West Cook Initiative (2009/2010): Pace will restructure service in one of the busiest portions of its service area to expand service in key corridors, improve service efficiency and reliability and reduce service duplication.



An example of the media created for the local campaigns. Media also included billboards, direct mail, door hangers, radio traffic sponsorships and web banners.

Future Support Initiatives

Several initiatives to improve Pace's operating efficiency through faster travel and to expand Pace's family of services – both goals of Pace's Vision 2020 plan – are also underway with further projects beginning soon.

Harvey Transportation Center Transit Signal Priority (TSP) (2005/2008)

Transit Signal Priority (TSP) improves bus travel speeds by prolonging green lights or shortening cross-traffic green lights so that buses can move through intersections more quickly with minimal impact to other traffic. This initiative will implement TSP (using wireless communication between buses and signals) in the vicinity of the Harvey Transportation Center; 25-31 existing traffic signals along 154th, 159th and Halsted Streets will be upgraded. Signal timing optimization and evaluation were completed in 2007 along these corridors; development of TSP strategies for each intersection is also complete and simulations to evaluate the impact of TSP on corridor traffic are being conducted. Signal hardware and software procurement is underway with deployment and evaluation to be completed by the end of 2008. Implementation of TSP in this vicinity will greatly improve the service reliability of Pace routes and enhance operation of routes serving the Harvey Transportation Center.

Regionwide Transit Signal Priority (TSP) (2005/2009)

Pace is aggressively developing a regional TSP program whereby TSP will be implemented along major arterial routes. The project includes collection of traffic characteristics data, prioritization of Pace routes/corridors for future TSP implementation, development of a regionwide TSP system architecture, developing cost estimates, and identifying performance measures and evaluation processes. Traffic characteristics data collection has been completed and other tasks are in progress. TSP implementation will begin at selected intersections along the following corridors:

- Cicero Avenue (Midway CTA Station, Chicago to Lincoln Highway, Matteson)
- Halsted Street (95th/Dan Ryan CTA Station, Chicago to Chicago Heights Transit Center)

- 95th Street (95th/Dan Ryan CTA Station, Chicago to 83rd Avenue, Hickory Hills)
- 159th Street (LaGrange Road, Orland Park to State Line Road, Calumet City)
- Harlem Avenue (North Avenue, Oak Park to 159th Street Tinley Park)

Express Bus Network (2007/2010)

The suburban express bus network provides express service connecting major regional activity centers and park-n-ride lots. An express route provides service between its dedicated terminals with few if any stops in-between. It travels on the minimum travel time routing including expressways, tollways and shoulders on such limited access facilities. The characteristics of this network will include comfortable over-the road coaches, frequent service levels, dedicated access to on-line park-n-ride lots, limited stops and expressway priority for buses (i.e., high-occupancy vehicle lanes, shoulder riding or dedicated right-of-way) where appropriate to avoid traffic delays. Objectives to continue this initiative include: support for suburban transit, create suburban to suburban solutions, address congestion and air quality, and improve mobility, safety and security. Implementation will focus initially on expansion of Pace's existing express bus service as well as the creation of a new express route between communities in southern Cook County and the Rosemont/O'Hare area.

Pace is also developing an Integrated Express Bus Corridor plan for Interstate 55 that will create a reliable, fast and safe transit-friendly corridor. Many of the components of this plan overlap with elements of Pace's planned Express Bus Network: added express service, a system of interconnected park and ride lots, transit centers along the corridor, operation of buses in shoulder lanes in congested areas and priority for buses on expressway ramps. This project will build upon the current studies such as the IDOT Shoulder riding feasibility study, TCRP Shoulder riding guidelines, CMAP/IDOT Park and Ride Share lot study and Pace's ongoing service restructuring initiatives.

Arterial Rapid Transit Corridor Selection and Funding Initiative (2006/2010)

Bus Rapid Transit (BRT) is a flexible rubber-tired rapid transit mode that combines stations, vehicles, services, running ways and intelligent transportation system elements into an integrated system with a strong positive identity and unique image. This initiative entails developing Pace's Arterial Rapid Transit Network for the Region (PARTNER). Pace's Arterial Rapid Transit Network will serve as the high-quality trunk-route frame for Pace's family of services, interface with Pace's Express Bus Network to provide regional connectivity and be supported by integrated community services that will provide local connections. The PARTNER Program's goals are to connect the region's suburban centers, serve growing suburb-to-suburb travel demand, reduce travel time, and improve service reliability and frequency. Arterial Rapid Transit routes will operate on major arterials, mostly in mixed traffic, employing queue jump lanes and TSP to increase travel speed. The routes will operate using a specially-branded fleet of low-floor buses while stations will offer improved passenger amenities such as real-time bus arrival information. As a first step in developing the Arterial Rapid Transit (ART) Network, Pace is undertaking a study to finalize its conceptual network, identify the most feasible corridor for successful ART service, finalize concepts for ART corridors and recommend funding structure for the most feasible corridor.

Cermak Road Arterial Rapid Transit Corridor Alternatives Analysis (2008/2009)

Pace will undertake an alternatives analysis to determine preferred transit improvements for each Arterial Rapid Transit corridor. As a first step in the alternatives analysis process, Pace will develop a simplified travel demand forecasting model and accompanying data collection method in order to evaluate the effects of transit improvements on travel demand. This project will focus on Cermak Road; however, the forecasting tools developed through this project will also support alternatives analyses for other corridors.

Queue Jump Initiative (2007/2008)

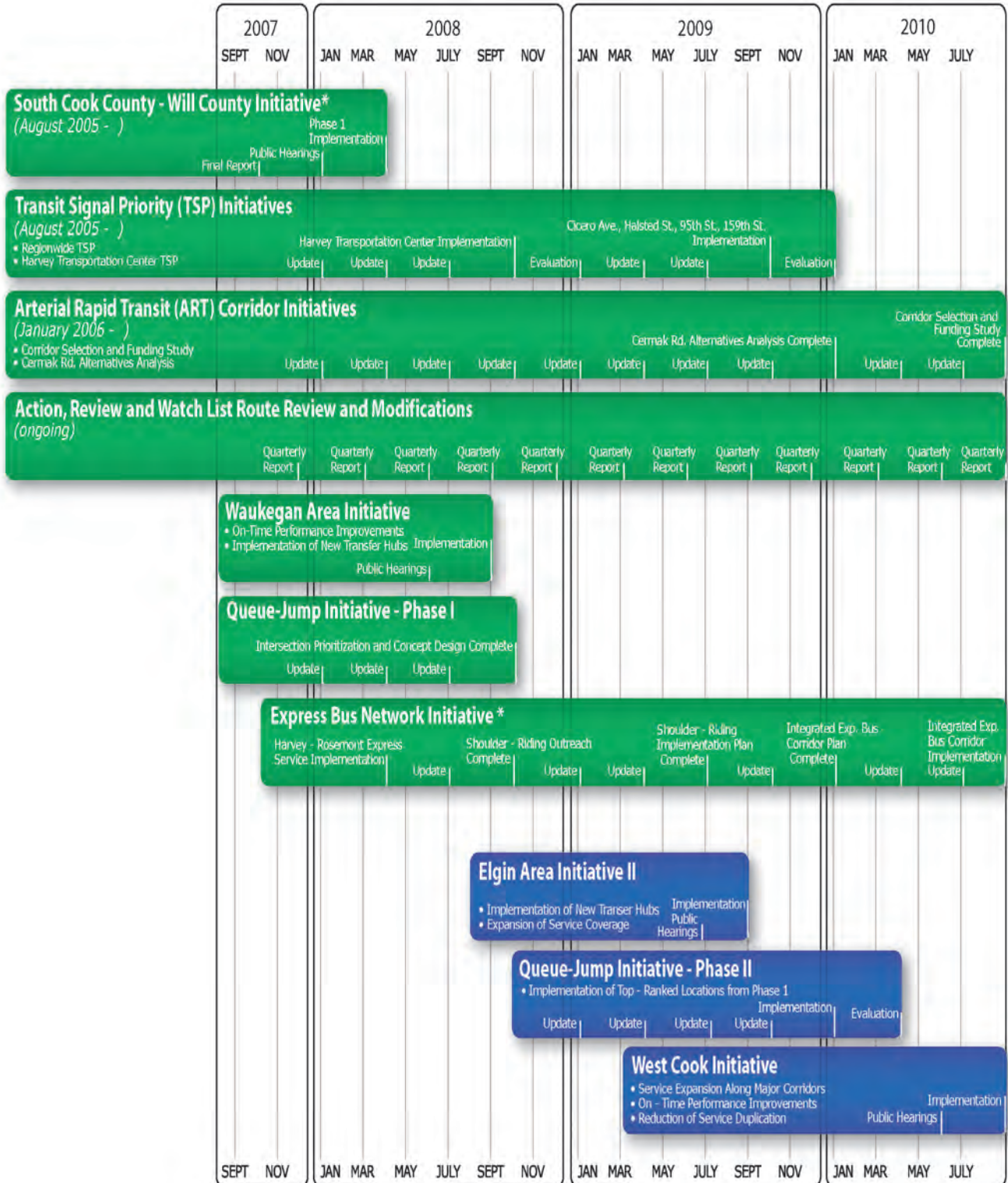
A queue jump lane is a short stretch of bus lane combined with TSP that enables buses to bypass traffic backups at intersections. Phase I of this project, which is underway, will identify intersections where buses experience significant delays due to traffic congestion, evaluate and determine concept designs for bus queue-jump lanes at such intersections and rank the intersections in terms of costs and benefits. Also, intersection geometric design and needs for signal modifications will be identified.

Phase II of this project will include detailed design and deployment of queue jump lanes at the three highest-priority intersections. Systemwide implementation of queue jump lanes will significantly increase the speed, reliability and efficiency of service.



Queue Jump Lane Concept

Chart II. Restructuring Initiatives Calendar



* Further service enhancements will be implemented as funding permits.

Marketing and Communications Plan

Pace's 2007 Marketing Plan represents our latest effort at preparing a comprehensive plan designed to achieve the identified ridership goals within each major commute market. The plan primarily focuses on work commute trips which comprise 76% of Pace's customer base. The three major commute markets in which Pace provides service are defined as being the suburb-to-city, suburb-to-suburb, and city-to-suburb (or reverse) commute markets. The following summarizes analyses and information contained in the plan.

The Market

Seventy-six percent of Pace's customers use the service to get to work. Population and employment trends in our region have seen large shifts toward job and housing growth in the suburbs compared to the city of Chicago. The shift in population and employment has resulted in changes in commute patterns which present challenges for Pace as our system has been primarily designed to transport employees from the suburbs toward the city. In order to meet the growing demand for suburb-to-suburb travel, Pace is undergoing several major restructuring initiatives designed to create a transportation system with a mix of community-based services, and non-traditional services to meet these needs.

The Customer

Recent market research reveals marketable differences between Pace customers in each major commute market. Customers in the suburb-to-city market are less transit dependent, earn higher incomes, are more likely to own a home and be married, and have been a Pace customer longer than customers in the suburb-to-suburb or city-to-suburb markets. Our customer base is 56% female, 44% male, with little variance by market. Our largest minority population market (39% African American) is in the city-to-suburb market. Our city-to-suburb customers commute the longest distances (20 miles) and have the longest travel times (55 minutes) of any Pace commuter group. A large proportion of our customers also use the CTA (48%) and Metra (21%) on a regular basis. A significant number (9%) also use autos or vans in addition to using Pace.

Our customers are very loyal with an average retention period of 5.5 years. The main reasons for leaving Pace are related to the purchase of a car and moving or switching jobs. Pace receives high overall marks for its service, with 80% of daily riders indicating they are satisfied or very satisfied with Pace service.

The Competition

Automobiles command 90% of the journey-to-work commute market. Auto commute costs are perceived to be about equal to transit costs by auto commuters. Auto commuters typically underestimate their commute costs considering only fuel and parking; they often view ownership costs as being fixed and independent of their commute cost. Auto travel times are significantly shorter (30%-40% less) than that of transit users. Ninety four percent (94%) of suburban households own at least one car, 78% two or more. Less than half (37%) of Pace customers do not have a car available (captive), while the remainder does have a car and chooses Pace for other reasons. Our highest transit reliant market relating to car ownership is in the city-to-suburb market where 45% cite having no car; our lowest transit reliant share is in the suburb-to-city market at 27%.

The Service

The majority (75%) of Pace's fixed route ridership is carried by our CTA Connector route service classification. The CTA Connector route group is our best performing with many routes serving all three markets. The CTA Connector group carries more passengers in each market than any other route category. Evaluated in terms of subsidy per trip and average daily ridership, our CTA Connector routes are Pace's best performers, while Metra feeders are our poorest performers. Our top 25 fixed routes carry 50% of our ridership.

Marketing Strategies

Pace's 2007 marketing focus will continue to be a tactical local awareness campaign. Marketing initiatives will focus upon educating the public about using Pace's services and the availability of Pace services. An emphasis will be made to identify and communicate the value of public transportation to both riders and non-riders.

The emphasis will be upon identifying sub-groups of riders and potential riders and their commute patterns while defining their demographic and psychographic characteristics. Marketing campaigns will address these sub-groups in localized areas of Pace's region, particularly at the county level.

Campaigns, including a variety of media and promotional elements, will be developed to promote services within these smaller geographic regions with a focus on features and benefits.

Broad general categories of activity which marketing will support or champion are:

- Restructuring Initiatives
- Arterial Rapid Transit
- Vanpool and Rideshare Programs
- Spanish-Language Outreach
- Student Outreach
- Event/Festival Participation
- Senior Outreach



MUCHOS DESTINOS. SERVICIO AMABLE.

Pace es el servicio de autobuses que transita a través de los suburbios con numerosas rutas y horarios para hacer que su viaje, de y para el trabajo, sea mucho más fácil. Usted puede hacer conexiones con la CTA, Metra y otras rutas de Pace, para encontrar trabajo, mejores oportunidades de educación, e ir de compras, a lo largo de todos los suburbios del área de Chicago, y más lejos. La tarifa regular por viaje es de solamente \$1.50. Para información en Español de las rutas en su área, por favor llame al 847-228-3575 o visite nuestra página de Internet en pacebus.com. Un nuevo enfoque para la transportación pública.

MANY DESTINATIONS. FRIENDLY SERVICE.

Pace is the bus service that goes through the suburbs with many routes and schedules to help make your commute easy. You can connect to CTA, Metra and other Pace routes, to find job, shopping and education opportunities throughout the suburbs, and beyond. One way regular fares are just \$1.50. For information on routes in your area, call 847-364-PACE (7223) or visit pacebus.com.

 **pace**
A fresh approach to public transportation

Pace's marketing efforts include extensive bilingual promotions.

This page left intentionally blank.

Appendix C: 2006-2008 Operating Budget Detail

2006 Actual Operating Results

2006 Actual Program, Activity and Object Matrix

	Pace (1) Operating Divisions	Public Carriers	(1) Private Carriers	(2) Dial-a-Ride
REVENUE				
Farebox	\$ 20,463,964	\$ 819,554	\$ 2,430,405	\$ 1,272,347
Half-Fare Reimbursement	0	0	0	0
RTA Pass Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Investment Income	0	0	0	0
Other	2,462,988	1,250,317	181,504	8,893,157
Total Revenue	\$ 22,926,952	\$ 2,069,871	\$ 2,611,909	\$10,165,504
OPERATING EXPENSES				
Operations				
Labor/Fringes	\$ 44,718,976	\$ 1,526,942	\$ 0	\$ 0
Parts/Supplies	34,909	0	0	0
Purchased Transportation	0	1,233,750	8,405,162	13,119,784
Fuel	0	0	0	0
Other	157,205	11,973	0	0
Total Operations	\$ 44,911,090	\$ 2,772,665	\$ 8,405,162	\$13,119,784
Vehicle Maintenance				
Labor/Fringes	\$ 10,167,148	\$ 333,735	\$ 0	\$ 0
Parts/Supplies	2,928,209	82,550	0	0
Other	3,447	47,519	0	441,040
Total Vehicle Maintenance	\$ 13,098,804	\$ 463,804	0	\$ 441,040
Non-Vehicle Maintenance				
Labor/Fringes	\$ 786,626	\$ 0	\$ 0	\$ 0
Parts/Supplies	378,964	0	0	0
Other	621,047	0	0	31,879
Total Non-Vehicle Maintenance	\$ 1,786,637	\$ 0	\$ 0	\$ 31,879
General Administration				
Labor/Fringes	\$ 2,054,295	\$ 265,673	\$ 0	\$ 0
Parts/Supplies	72,626	300	0	0
Utilities	1,602,731	388	0	0
Insurance	0	0	0	0
Health Insurance	0	0	0	0
Other	176,703	37,632	0	806,626
Total Administration	\$ 3,906,355	\$ 303,993	\$ 0	\$ 806,626
Total Expenses	\$ 63,702,886	\$ 3,540,462	\$ 8,405,162	\$14,399,329
Funding Requirement	\$ 40,775,934	\$ 1,470,591	\$ 5,793,253	\$ 4,233,825
Recovery Ratio	35.99%	59.05%	31.08%	70.60%

(1) Includes CMAQ/JARC Service

(2) Includes Ride DuPage and Ride in Kane

Vanpool	Administration	Centralized Support	Total Suburban Svc	Total Regional ADA Paratransit	Combined 2006 Actual
\$ 3,192,134	\$ 0	\$ 0	\$ 28,178,404	\$ 3,244,541	\$ 31,422,945
0	3,027,143	0	3,027,143	0	3,027,143
0	2,000,000	0	2,000,000	0	2,000,000
0	4,334,214	0	4,334,214	0	4,334,214
0	1,602,341	0	1,602,341	0	1,602,341
0	1,312,232	0	14,100,198	546,263	14,646,461
\$ 3,192,134	\$12,275,930	\$ 0	\$ 53,242,300	\$ 3,790,804	\$ 57,033,104
\$ 0	\$ 0	\$ 2,469,614	\$ 48,715,532	\$ 0	\$ 48,715,532
0	0	0	34,909	0	34,909
0	0	0	22,758,696	40,023,017	62,781,713
0	0	12,088,495	12,088,495	1,248,298	13,336,793
2,761,250	0	0	2,930,428	0	2,930,428
\$ 2,761,250	\$ 0	\$14,558,109	\$ 86,528,060	\$ 41,271,315	\$ 127,799,375
\$ 0	\$ 0	\$ 2,766,954	\$ 13,267,837	\$ 0	\$ 13,267,837
0	0	1,011,079	4,021,838	0	4,021,838
0	0	455,188	947,194	0	947,194
\$ 0	\$ 0	\$ 4,233,221	\$ 18,236,869	\$ 0	\$ 18,236,869
\$ 0	\$ 0	\$ 507,209	\$ 1,293,835	\$ 0	\$ 1,293,835
0	0	0	378,964	0	378,964
0	149,974	354,072	1,156,972	0	1,156,972
\$ 0	\$ 149,974	\$ 861,281	\$ 2,829,771	\$ 0	\$ 2,829,771
\$ 0	\$10,960,495	\$ 0	\$ 13,280,463	\$ 1,348,469	\$ 14,628,932
0	191,859	0	264,785	881	265,666
0	182,940	0	1,786,059	9,571	1,795,630
0	0	10,456,987	10,456,987	31,746	10,488,733
0	0	13,101,795	13,101,795	242,942	13,344,737
0	4,451,556	3,233,068	8,705,585	1,122,831	9,828,416
\$ 0	\$15,786,850	\$26,791,850	\$ 47,595,674	\$ 2,756,440	\$ 50,352,114
\$ 2,761,250	\$15,936,824	\$46,444,461	\$ 155,190,374	\$ 44,027,755	\$ 199,218,129
\$ (430,884)	\$ 3,660,894	\$46,444,461	\$ 101,948,074	\$ 40,236,951	\$ 142,185,025
115.60%	77.03%	0.00%	34.20%	8.61%	

2007 Estimated Operating Results

2007 Estimated Program, Activity and Object Matrix

	Pace (1) Operating Divisions	Public Carriers	(1) Private Carriers	(2) Dial-a-Ride
REVENUE				
Farebox	\$ 20,092,549	\$ 834,474	\$ 2,405,380	\$ 1,341,787
Half-Fare Reimbursement	0	0	0	0
RTA Pass Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Investment Income	0	0	0	0
Other	2,615,682	1,376,000	192,651	9,232,293
Total Revenue	\$ 22,708,231	\$ 2,210,474	\$ 2,598,031	\$10,574,080
OPERATING EXPENSES				
Operations				
Labor/Fringes	\$ 47,727,872	\$ 1,611,333	\$ 0	\$ 0
Parts/Supplies	25,500	1,300	0	0
Purchased Transportation	0	1,292,000	9,095,219	14,261,804
Fuel	0	0	0	0
Other	136,488	14,825	0	0
Total Operations	\$ 47,889,860	\$ 2,919,458	\$ 9,095,219	\$14,261,804
Vehicle Maintenance				
Labor/Fringes	\$ 10,658,495	\$ 388,468	\$ 0	\$ 0
Parts/Supplies	3,304,664	116,966	0	0
Other	36,710	40,062	0	434,084
Total Vehicle Maintenance	\$ 13,999,869	\$ 545,496	\$ 0	\$ 434,084
Non - Vehicle Maintenance				
Labor/Fringes	\$ 757,321	\$ 0	\$ 0	\$ 0
Parts/Supplies	378,125	0	0	0
Other	731,881	0	0	41,052
Total Non-Vehicle Maintenance	\$ 1,867,327	\$ 0	\$ 0	\$ 41,052
General Administration				
Labor/Fringes	\$ 2,268,455	\$ 313,535	\$ 0	\$ 0
Parts/Supplies	77,415	400	0	0
Utilities	1,976,375	50	0	0
Insurance	0	0	0	0
Health Insurance	0	0	0	0
Other	(87,465)	2,146	0	852,314
ADA Overhead	0	0	0	0
Total Administration	\$ 4,234,780	\$ 316,131	\$ 0	\$ 852,314
Total Expenses	\$ 67,991,836	\$ 3,781,085	\$ 9,095,219	\$15,589,254
Funding Requirement	\$ 45,283,605	\$ 1,570,611	\$ 6,497,188	\$ 5,015,174
Recovery Ratio	33.40%	58.46%	28.56%	67.83%

(1) Includes CMAQ/JARC Service

(2) Includes Ride DuPage and Ride in Kane

Vanpool	Administration	Centralized Support	Total Suburban Svc	Total Regional ADA Paratransit	Combined 2007 Estimate
\$ 3,734,784	\$ 0	\$ 0	\$ 28,408,974	\$ 6,525,374	\$ 34,934,348
0	3,153,000	0	3,153,000	0	3,153,000
0	4,000,000	0	4,000,000	0	4,000,000
0	4,487,500	0	4,487,500	0	4,487,500
0	1,587,000	0	1,587,000	0	1,587,000
0	1,382,400	0	14,799,026	818,047	15,617,073
\$ 3,734,784	\$14,609,900	\$ 0	\$ 56,435,500	\$ 7,343,421	\$ 63,778,921
\$ 0	\$ 0	\$ 2,575,353	\$ 51,914,558	\$ 0	\$ 51,914,558
0	0	0	26,800	0	26,800
0	0	0	24,649,023	76,046,049	100,695,072
0	0	13,391,234	13,391,234	1,450,516	14,841,750
3,378,821	0	0	3,530,134	0	3,530,134
\$ 3,378,821	\$ 0	\$15,966,587	\$ 93,511,749	\$ 77,496,565	\$ 171,008,314
\$ 0	\$ 0	\$ 2,372,350	\$ 13,419,313	\$ 0	\$ 13,419,313
0	0	1,320,266	4,741,896	0	4,741,896
0	0	512,996	1,023,852	0	1,023,852
\$ 0	\$ 0	\$ 4,205,612	\$ 19,185,061	\$ 0	\$ 19,185,061
\$ 0	\$ 0	\$ 531,442	\$ 1,288,763	\$ 0	\$ 1,288,763
0	0	0	378,125	0	378,125
0	147,005	409,933	1,329,871	0	1,329,871
\$ 0	\$ 147,005	\$ 941,375	\$ 2,996,759	\$ 0	\$ 2,996,759
\$ 0	\$12,110,092	\$ 0	\$ 14,692,082	\$ 2,050,125	\$ 16,742,207
0	244,939	0	322,754	0	322,754
0	177,300	0	2,153,725	0	2,153,725
0	0	9,891,228	9,891,228	460,157	10,351,385
0	0	14,076,745	14,076,745	232,557	14,309,302
0	5,273,916	3,277,293	9,318,204	2,086,732	11,404,936
0	0	0	(1,392,000)	1,392,000	0
\$ 0	\$17,806,247	\$27,245,266	\$ 49,062,738	\$ 6,221,571	\$ 55,284,309
\$ 3,378,821	\$17,953,252	\$48,358,840	\$ 164,756,307	\$ 83,718,136	\$ 248,474,443
\$ (355,963)	\$ 3,343,352	\$48,358,840	\$ 108,320,807	\$ 76,374,715	\$ 184,695,522
110.54%	\$ 81.38%	0.00%	34.25%	8.77%	

2008 Operating Budget

2008 Program, Activity and Object Matrix

	Pace Operating Divisions	Public Carriers	Private Carriers	Dial-a-Ride
	(1)		(1)	(2)
REVENUE				
Farebox	\$ 20,573,053	\$ 855,147	\$ 2,704,488	\$ 1,666,460
Half-Fare Reimbursement	0	0	0	0
RTA 7 Day Pass Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Investment Income	0	0	0	0
Other	2,663,097	1,440,000	291,628	10,134,124
Fare Adjustments	0	0	0	0
Service Adjustments	0	0	0	0
Total Revenue	\$ 23,236,150	\$ 2,295,147	\$ 2,996,116	\$11,800,584
OPERATING EXPENSES				
Operations				
Labor/Fringes	\$ 50,111,031	\$ 1,671,892	\$ 0	\$ 0
Parts/Supplies	4,866	1,350	0	0
Purchased Transportation	0	1,344,000	10,690,056	15,946,322
Fuel	0	0	0	0
Other	142,896	16,820	0	0
Total Operations	\$ 50,258,793	\$ 3,034,062	\$10,690,056	\$15,946,322
Vehicle Maintenance				
Labor/Fringes	\$ 10,837,981	\$ 395,400	\$ 0	\$ 0
Parts/Supplies	3,317,860	120,310	0	0
Other	(53,977)	43,290	0	444,936
Total Vehicle Maintenance	14,101,864	559,000	0	444,936
Non - Vehicle Maintenance				
Labor/Fringes	795,318	0	0	0
Parts/Supplies	315,750	0	0	0
Other	617,100	0	0	43,105
Total Non-Vehicle Maintenance	\$ 1,728,168	\$ 0	\$ 0	\$ 43,105
General Administration				
Labor/Fringes	\$ 2,347,535	\$ 310,409	\$ 0	\$ 0
Parts/Supplies	73,859	420	0	0
Utilities	2,115,406	55	0	0
Insurance	0	0	0	0
Health Insurance	0	0	0	0
Other	18,878	2,146	0	875,160
ADA Support Credit	0	0	0	0
Total Administration	\$ 4,555,678	\$ 313,030	\$ 0	\$ 875,160
Expense/Service Adjustments	\$ 0	\$ 0	\$ 0	\$ 0
Total Expenses	\$ 70,644,503	\$ 3,906,092	\$10,690,056	\$17,309,523
Funding Requirement	\$ 47,408,353	\$ 1,610,945	\$ 7,693,940	\$ 5,508,939
Recovery Ratio	32.89%	58.76%	28.03%	68.17%

(1) Includes CMAQ/JARC Service

(2) Includes Ride DuPage and Ride in Kane

Vanpool	Administration	Centralized Support	Total Suburban Svc	Total Regional ADA Paratransit	Combined 2008 Proposed Budget
\$ 4,381,630	\$ 0	\$ 0	\$ 30,180,778	\$ 7,485,356	\$ 37,666,134
0	3,207,000	0	3,207,000	0	3,207,000
0	0	0	0	0	0
0	4,713,250	0	4,713,250	0	4,713,250
0	1,556,000	0	1,556,000	0	1,556,000
0	1,725,100	0	16,253,949	848,458	17,102,407
0	0	0	5,757,000	3,259,000	9,016,000
0	0	0	(5,717,000)	0	(5,717,000)
\$ 4,381,630	\$11,201,350	\$ 0	\$ 55,950,977	\$ 11,592,814	\$ 67,543,791
\$ 0	\$ 0	\$ 2,679,094	\$ 54,462,017	\$ 0	\$ 54,462,017
0	0	0	6,216	0	6,216
0	0	0	27,980,378	84,219,688	112,200,066
0	0	15,694,885	15,694,885	1,697,049	17,391,934
3,910,729	0	0	4,070,445	0	4,070,445
\$ 3,910,729	\$ 0	\$18,373,979	\$ 102,213,941	\$ 85,916,737	\$ 188,130,678
\$ 0	\$ 0	\$ 2,467,886	\$ 13,701,267	\$ 0	\$ 13,701,267
0	0	1,753,731	5,191,901	0	5,191,901
0	0	606,500	1,040,749	0	1,040,749
0	0	4,828,117	19,933,917	0	19,933,917
0	0	552,838	1,348,156	0	1,348,156
0	0	0	315,750	0	315,750
0	147,150	505,000	1,312,355	0	1,312,355
\$ 0	\$ 147,150	\$ 1,057,838	\$ 2,976,261	\$ 0	\$ 2,976,261
\$ 0	\$12,548,832	\$ 0	\$ 15,206,776	\$ 2,236,594	\$ 17,443,370
0	251,428	0	325,707	0	325,707
0	207,600	0	2,323,061	0	2,323,061
0	0	10,715,541	10,715,541	503,673	11,219,214
0	0	15,033,906	15,033,906	244,074	15,277,980
0	5,026,930	3,580,873	9,503,987	2,403,836	11,907,823
0	0	0	(2,654,698)	2,654,698	0
\$ 0	\$18,034,790	\$29,330,320	\$ 50,454,280	\$ 8,042,875	\$ 58,497,155
\$ 0	\$ 0	\$ 0	\$ (30,367,000)	\$ (1,740,000)	\$ (32,107,000)
\$ 3,910,729	\$18,181,940	\$53,590,254	\$ 145,211,399	\$ 92,219,612	\$ 237,431,011
\$ (470,901)	\$ 6,980,590	\$53,590,254	\$ 89,260,422	\$ 80,626,798	\$ 169,887,220
112.04%	\$ 61.61%	0.00%	38.53%	12.57%	

Appendix D: Budget Process

Budget Process and Calendar

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

The Budget Process

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

With the amendment of the RTA Act in 2005 to address ADA paratransit, specific recovery ratios (10%-2007, 2008 and 12% 2009/beyond) were established for the ADA Paratransit program budget. These recovery ratios are independent of the ratios set by RTA for Pace's suburban service.

To facilitate the RTA action by September 15th, Pace and the other Service Boards submit a draft budget and financial plan to the RTA for their review in August. The August submittal is not required by law but serves to improve the budget process by allowing the RTA to consider up-to-date forecasts and projections 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 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 nine of the RTA's thirteen directors. 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 2008 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 JJ. 2008 Budget Development Calendar

Date (2007)	Event
May 19	Release budget call to Agency management
June 19	Budget call requests due from management
July	Staff develops a preliminary budget
August 1	Review Preliminary 2008 Budget with Pace Board
August 17	Submit Preliminary 2008 Budget to RTA
September 14	RTA scheduled to set 2008 Funding and Recovery Marks
September 17	Staff develops Proposed 2008 Budget per Board directives
October 10	Pace Board releases Proposed 2008 Budget for Public Hearing
October 22 - November 1	Public Hearings on Pace's Proposed 2008 Budget
November 14	Pace Board adopts Final 2008 Budget
November 15	Submit Final 2008 Budget to RTA
November 16	RTA evaluates Pace budget for compliance
December 13	RTA scheduled to approve/adopt 2008 Budget for Pace

Appendix E: Financial Policies

Budget and Financial Policies

Budget Policies Overview

Pace is one of three Service Boards (Pace, CTA and Metra) subject to the budgetary control provisions of the Regional Transportation Authority Act which is an Illinois State statute. One of 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 six 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.

- 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 as determined by the Board.
- The budget and financial plan must meet such other financial, budgetary, or fiscal requirements that the Board may by rule or regulation establish.

If the RTA finds a Service Board budget submittal does not meet these criteria, it can withhold public funding (other than formula sales tax proceeds) from the Service Board. The RTA Act further requires that the RTA adopt a budget for the Service Board within five days of the start of the fiscal year should the Service Board fail to submit a budget which meets the criteria.

In addition to the six statutory criteria, 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 45 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 in excess of \$25,000 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 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 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. New for 2008, RTA has requested that ten year forecasts of both operating and capital needs be developed and published along with the annual budget, three year operating and five year capital program. Pace has included these ten year forecasts in the public budget document.

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 Unrestrict-

ed Net Assets in the amount of 8% of annual budgeted operating expenses be retained for working cash purposes. Based on the policy, \$11,600,000 of Unrestricted Net Assets is being retained for working cash purposes during 2008.

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 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 \$3,000,000 Self-Insured Retention (SIR) each occurrence for Automobile Liability exposures. Two insurance carriers provide \$12,000,000 in excess coverage above the SIR. For claims above \$15,000,000 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 \$100,000 each occurrence. Additionally, Pace may utilize the RTA Loss Financing Plan to finance recovery from General Liability losses that may exceed the \$15,000,000. 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 its Health and Welfare exposures. Pace maintains stop-loss coverage for any health claims exceeding \$125,000.

Debt Policy

Pace has no outstanding debt. Pace does not have statutory authority to independently issue debt, but may direct the RTA to issue up to \$5.0 million in working cash notes on its behalf. Pace has never exercised this option.

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 F: Glossary

Glossary

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 Half-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 workmen's 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).

Glossary (Continued)

program (verb) To commit funds, for a given capital purpose, without necessarily appropriating these funds for expenditure. When the RTA approves Pace's capital budget, certain funds will be "programmed" so that they may be obligated (i.e., contracts signed) during the upcoming year, these funds may be expended during future years, not necessarily in the upcoming year.

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

recovery ratio (recovery rate) In total, equals system generated revenues divided by total operating expenses or can be calculated for a particular program. This ratio is calculated for each of the Service Boards and for the RTA region as a whole. The RTA Act mandates that the RTA region must attain a recovery ratio of at least 50% for a given year.

services (purchased service) Services performed by outside organizations for a fee. Purchased transportation is considered a purchased service.

subsidy Funds received from another source which are used to cover the cost of a service or program that is not self-supporting.

system generated revenue (total operating revenue) The total revenue generated from operations includes farebox revenues, local subsidies, state fare subsidies, advertising, interest and all other income. Excludes RTA and Federal subsidies.

total operating expense The sum of "vehicle operations," "vehicle maintenance," "non-vehicle maintenance," and "general administration" expense categories.

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 An integrated high quality service providing regional connectivity.

BRT bus rapid transit A combination of technologies, design features, operating practices and marketing approaches that allow rubber-tired transit vehicles to approach the speed and service quality of light rail transit service.

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) New regional planning organization which merged Chicago Area Transportation Study (CATS) and the 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 pre-arranged trips to and from specific locations within the Dial-a-Ride service area to individuals deemed eligible based on local requirements.

Demand responsive 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.

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 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.

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, include all buses and vans.

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

small bus A bus 28 feet or less in length.

Special Service Another name for "Paratransit Service."

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.

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.

Glossary (Continued)

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.

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.

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 Grant) 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 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.

FTA (Federal Transit Administration) FTA provides capital assistance under Sections 5307 and 5309. Operating assistance is no longer available for urbanized areas over 200,000.

fund balance see "unrestricted net assets."

grants Monies received from local, Federal and State governments to provide capital or operating assistance.

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

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

JARC (Job Access and Reverse Commute Program) A federal program which provides funding for the provision of transportation services designed to increase access to jobs and employment-related activities.

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

New Freedom A federal program which provides funding for the provision of community-based alternatives for individuals with disabilities; these include services provided that exceed the mandated ADA 3/4 mile area and hours of service.

Positive Budget Variance (PBV) The amount by which a Service Board comes in favorable to available funding from 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 25% of the RTA sales tax collected. RTA is required to allocate these funds to the service boards, although the basis is at their discretion. (Also known along with 15% sales tax, as discretionary funds.)

RTA sales tax 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 Bond Funding Through the Illinois First Program, 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 \$300.0 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.

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.

Appendix G: Contingency Action Plan

Contingency Action Plan—Suburban Services

As identified in the Executive Summary/Budget Issues section, Pace faces a severe funding shortfall in 2008. A contingency action plan has been developed which identifies a host of actions Pace must move to implement in the event it does not receive adequate new transit funding.

The actions will have a severe impact on the level of services provided by Pace and the fares charged for those services. Public hearings have been held for the bulk of the identified actions and it is clear that reductions of this magnitude will place a severe hardship on our region's residents. Without new resources for transit, the

Pace Board must proceed to implement the changes described in this section by January, 2008.

The following table summarizes the financial ridership and employment impacts of the fare and service reduction actions under consideration for the Suburban Service budget. Taken at the maximum, Pace will lose 10.7 million riders, over 30% of its fixed route ridership base. Employment will be cut by 224 jobs.

In addition to making all identified reductions, Federal 5307 funding for capital projects will need to be transferred to the operating budget to close the remaining shortfall.

Table 41. 2008 Suburban Services Contingency Action Plan (000's)

STATUS QUO PROGRAM	Revenue	Expense	Deficit	Ridership Impact	Employment Impact (Actual)	
					Operations	Admin
Status Quo Operating Budget	\$ 55,910	\$ 175,577	\$ 119,667			
Funding			86,742			
Shortfall			\$ 32,925			
PROPOSED ACTIONS						
<i>Raise Fares</i>						
Local/Feeder - Fixed Route Fares - \$1.25 to \$1.50 (Nov 4, '07)	\$ 452	\$ 0	\$ (452)	(232)		
All - Fixed Route Fares - \$1.50 to \$2.00 base (Jan, '08)	2,602	0	(2,602)	(1,098)		
Discontinue acceptance of CTA passes* (Nov 4, '07)	2,105	0	(2,105)	(4,373)		
Vanpool fares/fees - 10% increase (Nov, '07)	270	0	(270)	0		
Dial-a-Ride fares - \$2.00 base fare (Jan, '08)	328	0	(328)	0		
Sub-Total Fare Adjustments	\$ 5,757	\$ 0	\$ (5,757)	(5,471)		
<i>Service Reductions</i>						
Eliminate Action List Routes (Nov 4, '07)	\$ (316)	\$ 2,680	\$ (2,364)	(340)	(20)	(3)
Eliminate Feeder Routes (Nov 4, '07)	(1,199)	3,714	(2,515)	(802)	(25)	(3)
Eliminate Weekend Routes (Below 25% Recovery Ratio) (Jan, '08)	(633)	3,173	(2,540)	(711)	(25)	(4)
Eliminate Review List Routes (Jan, '08)	(1,135)	7,790	(6,655)	(1,114)	(61)	(8)
Eliminate Evening Services (after 7 pm) (Jan, '08)	(2,059)	8,520	(6,461)	(2,123)	(66)	(9)
Eliminate Special Event Routes (Nov, '07)	(135)	235	(100)	(27)	0	0
Eliminate CMAQ/JARC Routes (as grants expire)	(240)	1,440	(1,200)	(111)	0	0
Sub-Total Service Reductions	\$ (5,717)	\$ 27,552	\$ (21,835)	(5,228)	(197)	(27)
<i>Administrative Reductions</i>						
Eliminate 27 positions (beginning Nov, '07)	\$ 0	\$ 1,836	\$ (1,836)	0		
Reduce Health Care Benefits - Non-Union (Jan, '08)	0	500	(500)	0		
Other Administrative Cost Reductions (Nov, '07)	\$ 0	\$ 479	\$ (479)	0		
Sub-Total Administrative Reductions	\$ 0	\$ 2,815	\$ (2,815)	0		
Total Suburban Services Budget Actions	\$ 40	\$ 30,367	\$ (30,407)	(10,699)		
Transfer Federal 5307 funds to Preventive Maintenance			\$ (2,518)			
Remaining (Shortfall)/Surplus			\$ 0			

*CTA passes affected include 7-Day Pass, U-Pass and Visitor/Fun Passes.

Pace Suburban Service Fare Structure

The following tables presents the major passenger fare categories for Pace Suburban Services. Details of the fare increases associated with the contingency action plan fare increases are also identified. The contingency agency plan fare increases are shown as by expected date of implementation. The first change is planned for November 4, 2007. The second increase will be needed by January,

2008, should there be no new funding for transit.

Vanpool fares are planned to increase 10% in November, 2007, as shown on the corresponding schedule.

Lastly, without RTA's continued reimbursement for the acceptance by Pace of CTA sold 7-day, U-Pass and Visitor Passes. Pace will no longer accept those fare instruments effective November, 2007.

Table 42. Pace Fare Structure

	Current Fares		Round 1		Round 2	
	Full Fare	Reduced Fare	Full Fare	Reduced Fare	Full Fare	Reduced Fare
REGULAR FARES						
Full Fare	\$ 1.50	\$.75	\$ 1.50	\$.75	\$ 2.00	\$ 1.00
Transfer to Pace*	\$.25	\$.10	\$.25	\$.10	\$.25	\$.10
Passes						
Pace/CTA (30-Day)	\$ 75.00	\$ 35.00	\$ 84.00	\$ 35.00	\$ 84.00	\$ 35.00
Commuter Club Card (CCC) (Pace Only)	\$ 50.00	\$ 25.00	\$ 50.00	\$ 25.00	\$ 55.00	\$ 25.00
Link-Up Ticket	\$ 36.00	\$ 0	\$ 36.00	\$ 0	\$ N/A	\$ 0
Plus Bus	\$ 30.00	\$ 0	\$ 30.00	\$ 0	\$ N/A	\$ 0
Regular 10 Ride Plus Ticket	\$ 15.00	\$ 7.50	\$ 15.00	\$ 7.50	\$ 20.00	\$ 10.00
Student (Haul Pass)	\$ 0	\$ 25.00	\$ 0	\$ 25.00	\$ 0	\$ 30.00
Student Summer Pass	\$ 0	\$ 40.00	\$ 0	\$ 40.00	\$ 0	\$ 45.00
Subscription Bus (Monthly)	\$ 110.00	\$ 0	\$ 110.00	\$ 0	\$ 110.00	\$ 0
Local Fares**						
Full Fare	\$ 1.25	\$.60	\$ 1.50	\$.75	\$ 2.00	\$ 1.00
Transfer to Pace*	\$.50	\$.25	\$.25	\$.10	\$.25	\$.10
Local 10 Ride Plus Ticket	\$ 12.50	\$ 6.00	Discontinued	\$ 0	Discontinued	\$ 0
Express Fares						
Premium (Routes 355 and 855)	\$ 3.00	\$ 1.50	\$ 3.00	\$ 1.50	\$ 3.50	\$ 1.75
Special Express Fare (891 and 892)	\$ 2.00	\$ 1.00	\$ 2.00	\$ 1.00	\$ 2.50	\$ 1.25
Premium 10 Ride Plus Ticket (355 and 855)	\$ 30.00	\$ 15.00	\$ 30.00	\$ 15.00	\$ 35.00	\$ 17.50
Other						
Dial-a-Ride	\$ 1.60	\$.80	\$ 2.00	\$ 1.00	\$ 2.00	\$ 1.00
Subscription Bus (1000 series)	\$ 3.00	\$ 0	\$ 3.00	\$ 0	\$ N/A	\$ 0
Shuttle Routes (No Reduced Fares)	\$ 1.00	\$ 0	\$ 1.00	\$ 0	\$ 1.50	\$ 0
Shuttle Routes 535 and 921	\$ 0.50	\$ 0	\$.50	\$ 0	\$.75	\$ 0
Shuttle Routes 205, 206, 207	\$ 0.25	\$ 0	\$.25	\$ 0	\$.50	\$ 0
Shuttle Transfer to Pace	\$ 1.75	\$ 0	\$ 1.75	\$ 0	\$ 2.25	\$ 0

*Effective January 1, 2006, CTA discontinued acceptance of transfers.

**Local transfers are free of charge.

Table 43. Monthly VIP and Other Vanpool Services Fare Schedule

Current

Daily Round Trip Van Miles	4 Pass*	5-6 Pass*	7-8 Pass*	9-10 Pass*	11-12 Pass*	13-14 Pass*
1-20 Miles	\$ 93	\$ 82	\$ 70	\$ 60	\$ 60	\$ 60
21-30 Miles	\$ 97	\$ 86	\$ 74	\$ 62	\$ 60	\$ 60
31-40 Miles	\$101	\$ 90	\$ 79	\$ 65	\$ 60	\$ 60
41-50 Miles	\$106	\$ 95	\$ 82	\$ 68	\$ 60	\$ 60
51-60 Miles	\$110	\$ 99	\$ 86	\$ 71	\$ 62	\$ 60
61-70 Miles	\$114	\$103	\$ 89	\$ 74	\$ 64	\$ 60
71-80 Miles	\$118	\$108	\$ 93	\$ 77	\$ 66	\$ 60
81-90 Miles	\$121	\$111	\$ 96	\$ 80	\$ 68	\$ 60
91-100 Miles	\$124	\$114	\$ 99	\$ 83	\$ 70	\$ 62
101-110 Miles	\$127	\$117	\$102	\$ 86	\$ 72	\$ 64
111-120 Miles	\$132	\$120	\$105	\$ 89	\$ 74	\$ 66
121-130 Miles	\$135	\$123	\$108	\$ 93	\$ 76	\$ 68
131-140 Miles	\$138	\$127	\$111	\$ 96	\$ 78	\$ 70
141-150 Miles	\$141	\$130	\$114	\$ 99	\$ 80	\$ 72
151-160 Miles	\$144	\$133	\$117	\$102	\$ 82	\$ 74

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

Proposed (Effective November, 2007)

Daily Round Trip Van Miles	4 Pass*	5-6 Pass*	7-8 Pass*	9-10 Pass*	11-12 Pass*	13-14 Pass*
1-20 Miles	\$102	\$ 90	\$ 77	\$ 66	\$ 66	\$ 66
21-30 Miles	\$106	\$ 94	\$ 81	\$ 68	\$ 66	\$ 66
31-40 Miles	\$111	\$ 99	\$ 86	\$ 71	\$ 66	\$ 66
41-50 Miles	\$116	\$104	\$ 90	\$ 74	\$ 66	\$ 66
51-60 Miles	\$121	\$108	\$ 94	\$ 78	\$ 68	\$ 66
61-70 Miles	\$125	\$113	\$ 97	\$ 81	\$ 70	\$ 66
71-80 Miles	\$129	\$118	\$102	\$ 84	\$ 72	\$ 66
81-90 Miles	\$133	\$122	\$105	\$ 88	\$ 74	\$ 66
91-100 Miles	\$136	\$125	\$108	\$ 91	\$ 77	\$ 68
101-110 Miles	\$139	\$128	\$112	\$ 94	\$ 79	\$ 70
111-120 Miles	\$145	\$132	\$115	\$ 97	\$ 81	\$ 72
121-130 Miles	\$148	\$135	\$118	\$102	\$ 83	\$ 74
131-140 Miles	\$151	\$139	\$122	\$105	\$ 85	\$ 77
141-150 Miles	\$155	\$143	\$125	\$108	\$ 88	\$ 79
151-160 Miles	\$158	\$146	\$128	\$112	\$ 90	\$ 81

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.

Proposed Fare increase to Vanpool Shuttle Programs for 2007

Program	Current Fare	Increase	Proposed Fare
Advantage	\$ 365	10%	\$ 401
Non-Profit	\$ 635	10%	\$ 698
Shuttle	\$ 850	10%	\$ 935
Non-Emergency Medical	\$ 850	10%	\$ 935
Municipal	\$ 280	10%	\$ 308
VIP Metra Feeder/Per Rider	\$ 48	10%	\$ 53

Proposed Service Reductions

The following tables detail the reductions proposed to Pace's fixed route services. Nearly all routes offered by Pace will be effected to some degree by the service reductions. Some routes will be eliminated completely while others will see reduced service levels with the elimination of weekend or evening service hours. The tables identify the services impacted, expected ridership loss and resulting cost savings.

Routes on the Action list are routes that fail to achieve three or four of Pace's four primary service standards.

The four minimal service performance standards are;

- Recovery Ratio 18%
- Subsidy per passenger \$4.00 for services connecting to CTA/\$5.00 all others
- Passengers per hour less than 50% of route class
- Cost per vehicle mile in excess of \$6.00

Routes on the review list fall below minimum performance standards in two of the four performance categories.

The remaining categories identified for reduction such as feeder routes, shuttle routes, weekend routes (that recover less than 25% of cost from fares) and late evening services, CMAQ/JARC funded routes and special events services are in general lower productivity/higher cost services as a category, albeit with some exceptions. These entire categories are targeted for elimination due to the magnitude of the funding shortfall.

Proposed Service Reductions

Table 44. Pace Routes on Action List

Route	Name	Days	Annual Ridership	Annual Net Cost
210	Lincoln Avenue	Weekday	104,040	\$ 651,217
304	Cicero-LaGrange	Saturday	5,200	45,527
304	Cicero-LaGrange	Sunday	2,968	32,692
320	Madison Street	Saturday	3,640	19,931
348	138th St. Riverdale Connector	Saturday	2,756	40,795
422	Linden CTA-Glenview-Northbrook Court	Saturday	11,804	67,052
423	Linden CTA-The Glen-Harlem CTA	Saturday	12,948	65,830
528	Aurora Tran. Ctr. - Rush-Copley Medical	Saturday	2,860	26,034
529	Randall Road - 5th Street	Saturday	9,672	94,966
616	The Chancellory Connection	Weekday	57,375	274,189
653	Bloomington-Glendale Heights	Weekday	15,300	89,556
654	South Glen Ellyn	Weekday	8,160	65,923
690	Arlington Heights Road	Weekday	18,870	195,490
706	College Av-SE Wheaton	Weekday	5,610	49,286
711	Wheaton - Carol Stream	Saturday	3,588	24,623
801	Elgin-Geneva	Saturday	3,016	24,233
822	Woodridge Lisle Feeder	Weekday	18,615	130,958
831	Joliet-Midway	Saturday	3,120	22,186
831	Joliet-Midway	Weekday	33,150	246,810
707/713	SW Wheaton/Wheaton/Naperville	Weekday	10,710	71,405
787/788	Naperville Midway	Weekday	11,220	125,297
	Total		344,622	\$ 2,364,000

Table 45. Pace Routes on Review List

Route	Name	Days	Annual Ridership	Annual Net Cost
209	Busse Hwy.	Saturday	15,912	\$ 80,581
209	Busse Hwy.	Sunday	7,714	46,191
223	Elk Grove-Rosemont CTA	Sunday	12,992	70,958
234	Wheeling-Des Plaines	Saturday	4,836	32,069
234	Wheeling-Des Plaines	Weekday	93,330	555,911
272	Golf Mill-Milwaukee Av. Corridor	Weekday	171,105	811,369
302	Ogden/Stanley	Saturday	10,296	48,501
313	St. Charles Road	Sunday	15,344	68,301
319	Grand Avenue	Saturday	9,152	44,601
319	Grand Avenue	Weekday	141,015	683,631
331	Cumberland - 5th Avenue	Saturday	14,716	61,839
362	Park Forest	Weekday	19,380	109,922
451	Southeast Homewood	Weekday	8,160	55,753
460	Hazel Crest	Weekday	11,985	68,570
502	Cass/Marquette Gardens	Saturday	7,852	55,543
506	East Washington	Weekday	38,505	230,410
529	Randall Road - 5th Street	Weekday	89,760	479,237
535	Fox Valley Shuttle	Weekday	14,790	44,355
544	Chicago Street	Saturday	5,512	32,523
550	Big Timber-North Randall	Weekday	37,740	234,914
572	Waukegan - Hawthorn Mall	Saturday	14,144	77,640
626	Skokie Valley Limited	Weekday	105,060	465,492
637	Wood Dale - Rosemont CTA	Weekday	31,110	147,676
657	W. Glendale Heights/Glen Ellyn	Weekday	14,025	75,225
715	Central DuPage	Saturday	10,192	52,193
747	DuPage Connection	Weekday	148,410	675,922
753	Matteson	Weekday	11,985	69,877
757	Northwest Connection	Weekday	54,315	307,904
767	Congress/Douglas - Prairie Stone	Weekday	11,985	77,732
801	Elgin-Geneva	Weekday	43,860	263,911
820	University Heights/Hobson Creek-Lisle	Weekday	19,380	132,029
834	Joliet-Yorktown	Saturday	13,884	77,230
877	South Suburban Oakbrook	Weekday	36,210	323,836
643/645	NW Elmhurst-Elmhurst Industrial	Weekday	11,475	92,325
	Total		1,256,131	\$6,654,170

Table 46. Pace Feeder/Shuttle Routes

Route	Name	Days	Annual Ridership	Annual Net Cost
452	Northeast Homewood	Weekday	14,280	\$ 64,863
534	Fox Valley Villages/Rt 59 Metra Station	Weekday	15,045	27,633
557	“The Hot Line” Barrington Road	Weekday	17,595	54,999
602	Higgins - Salem - Cedarcrest	Weekday	8,415	45,824
661	Southwest Westmont	Weekday	13,515	38,036
662	South Central Westmont	Weekday	37,740	5,763
663	Darien-Clarendon Hills	Weekday	19,890	48,180
664	Willowbrook-Clarendon Hills	Weekday	21,675	35,930
665	Darien-Westmont	Weekday	15,555	41,346
668	Burr Ridge-Hinsdale Feeder	Weekday	13,515	44,306
669	Western Springs-Ind, Head	Weekday	14,025	66,874
673	Fort Hill Express	Weekday	20,910	16,139
674	Southwest Lombard	Weekday	13,770	52,107
675	Route 59 Express	Weekday	38,505	37,674
676	Naperville-Cress Creek	Weekday	23,205	86,116
677	Naperville-West Glens	Weekday	15,810	56,850
678	Naperville-Carriage Hill	Weekday	28,815	53,453
680	Naperville-Knoch Knolls	Weekday	26,010	56,758
681	Naperville-Saybrook	Weekday	11,730	37,709
682	Naperville-Brookdale	Weekday	21,930	45,446
683	Naperville-Ashbury	Weekday	27,285	71,244
684	Naperville-Maplebrook	Weekday	20,145	49,172
685	Naperville-West Wind Estates	Weekday	19,125	57,885
686	Naperville-Old Farm	Weekday	24,735	44,816
687	Naperville-Farmstead	Weekday	14,025	56,444
688	Naperville-Huntington	Weekday	18,870	49,210
689	Naperville-Hobson Village	Weekday	14,025	53,843
694	Central Road - Mt Prospect Station	Weekday	13,515	61,684
709	Carol Stream-N. Wheaton	Weekday	15,555	50,638

Table 46. Pace Feeder/Shuttle Routes (continued)

Route	Name	Days	Annual Ridership	Annual Net Cost
750	Country Club Hills	Weekday	13,260	\$ 70,595
781	N. Naperville Office Complex	Weekday	8,160	33,849
821	Woodridge-Belmont Feeder	Weekday	16,830	97,196
824	East Bolingbrook-Lisle	Weekday	49,215	86,162
825	Central Bolingbrook - Lisle	Weekday	36,210	100,490
826	South Lisle	Weekday	22,440	76,847
827	Steeple Run - Green Trails	Weekday	30,600	73,338
828	North Lisle	Weekday	17,850	56,585
829	Lisle-Naperville Office	Weekday	16,320	75,638
576	Deerfield Metra/Buffalo Gr/Lincolnshire	Weekday	18,870	55,076
580	Vernon Hills Metra to Town Line Road	Weekday	3,570	103,121
581	Buffalo Grove Metra to Lincolnshire	Weekday	9,435	99,142
582	Buffalo Grove Metra to Discover/Baxter	Weekday	4,590	66,545
712	Wheaton Shuttle	Weekday	16,320	53,234
921	Mill Creek/Geneva Shuttle	Weekday	16,065	55,549
	Total		838,950	\$2,514,307

Additional Pace Shuttle Routes

Route	Name	Days	Annual Ridership	Annual Net Cost
574	North Conway Park Shuttle	Weekday	30,090	\$ 36,320
623	Glen/N. Glenview-Allstate Shuttle	Weekday	20,400	25,090
624	Glen/N. Glenview-Willow/Sanders	Weekday	15,045	20,849
625	South Conway Park Shuttle Bug	Weekday	10,200	35,017
628	Lake Cook - Shuttle Bug 8	Weekday	24,480	34,579
629	Lake Cook - Shuttle Bug 9	Weekday	13,260	28,542
631	Lake Cook - Shuttle Bug 1	Weekday	43,350	25,554
632	Lake Cook - Shuttle Bug 2	Weekday	39,525	26,692
633	Lake Cook - Shuttle Bug 3	Weekday	39,780	19,612
634	Lake Cook - Shuttle Bug 4	Weekday	20,655	15,343
635	Lake Cook - Shuttle Bug 5	Weekday	41,565	26,838
639	Lake Cook - Shuttle Bug 7	Weekday	11,730	37,429
	Total		310,080	\$ 331,867

Table 47. Pace Weekend Service

Route	Name	Days	Annual Ridership	Annual Net Cost
213	Green Bay Road	Saturday	26,988	\$ 73,996
223	Elk Grove-Rosemont CTA	Saturday	21,632	67,488
250	Dempster Street	Sunday	52,838	196,904
272	Golf Mill-Milwaukee Av. Corridor	Saturday	15,288	54,991
301	Roosevelt Road	Sunday	8,344	24,383
303	Madison Street-19th Avenue	Sunday	15,254	36,213
305	Cicero-River Forest	Sunday	7,728	21,652
308	Medical Center	Sunday	16,066	52,369
309	Lake Street	Sunday	11,088	39,690
311	Oak Park Avenue	Saturday	24,544	89,940
311	Oak Park Avenue	Sunday	9,396	34,838
315	Austin/Ridgeland	Saturday	12,896	46,458
317	Westchester	Saturday	19,968	51,870
317	Westchester	Sunday	20,242	50,335
322	Cermak Road -22nd St.	Sunday	36,232	98,464
330	Mannheim/LaGrange Roads	Saturday	22,672	87,308
332	River-York Roads	Saturday	9,776	32,273
332	River-York Roads	Sunday	10,092	32,597
354	Harvey - Tinley Park	Saturday	7,020	24,231
357	Lincoln Highway	Sunday	14,728	57,655
359	Robbins/South Kedzie Avenue	Sunday	26,208	70,828
366	Park Forest-Chicago Heights	Sunday	3,696	16,179
367	University Park	Saturday	3,016	13,804
383	South Cicero	Sunday	19,432	48,442
384	Narragansett/Ridgeland	Saturday	21,736	70,008
384	Narragansett/Ridgeland	Sunday	11,648	32,014
386	South Harlem	Saturday	17,888	58,667
411	Niles Local Service	Saturday	24,336	80,362
411	Niles Local Service	Sunday	16,218	79,207
471	Highland Park-Deerfield	Saturday	5,928	22,133

Table 47. Pace Weekend Service (continued)

Route	Name	Days	Annual Ridership	Annual Net Cost
472	Highland Park-Highwood	Saturday	5,564	\$ 25,486
473	Highland Pk-Northbrook Court	Saturday	6,864	24,912
501	Forest Park - West Jefferson	Saturday	16,900	58,483
505	Rockdale - Lidice	Saturday	12,324	52,210
521	East Circulator	Saturday	5,200	24,965
524	West Circulator	Saturday	3,848	11,693
530	Westfield Shoppingtown Fox Valley - Naperville	Saturday	32,240	144,316
532	Illinois Avenue	Saturday	3,016	11,228
533	Molitor	Saturday	5,824	24,432
535	Fox Valley Shuttle	Saturday	3,120	8,310
541	Northeast Elgin	Saturday	9,880	30,721
542	Grove	Saturday	11,856	28,519
546	Orange-Walnut	Saturday	8,892	29,842
547	Wing Park	Saturday	8,528	30,242
548	Highland Avenue	Saturday	8,216	29,709
549	South Randall	Saturday	10,140	31,643
552	North State - Spring Hill Mall	Saturday	17,316	63,164
561	Castlecrest via McAree	Saturday	6,604	23,873
564	Jackson/14th	Saturday	7,280	25,837
606	Northwest Limited	Sunday	21,112	56,806
747	DuPage Connection	Saturday	10,816	43,210
802	Aurora-St. Charles	Saturday	9,932	41,498
803	Carpentersville Local	Saturday	14,508	53,745
	Total		752,878	\$ 2,540,146

Table 48. Pace Weekday Services Running After 7:00 pm

Division/Contractor	Days	Annual Ridership	Annual Net Cost
Academy	Weekday	21,930	\$ 317,232
Fox Valley	Weekday	8,925	370,238
Heritage	Weekday	7,905	57,699
North	Weekday	43,095	249,450
North Shore	Weekday	70,890	334,529
Northwest	Weekday	306,000	1,495,620
River	Weekday	26,265	227,459
South	Weekday	917,490	1,120,973
Southwest	Weekday	182,070	499,175
West	Weekday	538,560	1,788,379
Total		2,123,130	\$6,460,754

Contingency Action Plan—Regional ADA Paratransit Services

The funding level for the Regional ADA Paratransit program is \$17.2 million short of projected needs for 2008. In an effort to address this gap, Pace identified a plan to generate \$5.0 million by increasing fares and restricting services to those minimally required by ADA regulations. However, even after these actions, Pace needs another \$12.225 million to fund the service. Another serious consideration is that the current City ADA fare level does not achieve the 10% recovery ratio mandated by the RTA Act for 2008. This required ratio rises to 12% in 2009.

While the contingency action plan reaches the 12% recovery level requirement based on a \$4.00 ADA paratransit fare region wide (City and suburbs), it does not close the funding gap.

Pace will work closely with the RTA to secure adequate funding for this program in 2008. The RTA is ultimately responsible for fully funding ADA paratransit services in the region.

The following table outlines the actions proposed for the ADA budget for 2008.

Table 49. 2008 Regional ADA Paratransit Services Contingency Action Plan (000's)

	Revenue	Expense	Deficit
STATUS QUO PROGRAM			
Status Operating Budget	\$ 8,334	\$ 93,960	\$ 85,626
Funding			80,626
Shortfall			\$ 5,000
PROPOSED ACTIONS			
<i>Raise Fares</i>			
City Fare to \$3.00 (from \$2.25)—(Nov, '07)	\$ 985	\$ 0	\$ (985)
City Fare to \$4.00 (from \$3.00)—(Jan, '08)	1,413	0	\$ (1,413)
Suburban Fare to \$3.00 (from \$2.50)—(Nov, '07)	0	0	0
Suburban Fare to \$4.00 (from \$3.00)—(Jan, '08)	472	0	\$ (472)
TAP Fares to \$5.50 (from \$5.00)—(Nov, '07)	130	0	\$ (130)
TAP Fares to \$6.50 (from \$5.50)—(Jan, '08)	260	0	\$ (260)
Sub-Total Fare Adjustments	\$ 3,260	\$ 0	\$ (3,260)
<i>Service Reductions</i>			
Limit Services to ADA minimum requirements	\$ 0	\$ 140	\$ (140)
Eliminate ADA services based on Fixed Route cuts	0	1,600	\$ (1,600)
Sub-Total Service Reductions	\$ 0	\$ 1,740	\$ (1,740)
Revised Regional ADA Budget with All Changes	\$ 11,594	\$ 92,220	\$ 80,626
Funding			68,401
Remaining (Shortfall)/Surplus			\$ (12,225)

Pace Quick Facts

Characteristics

Background data on the Pace service is provided below:

Fixed Route Service

Number of Fixed Routes (August, 2007)	232
• Regular Routes	143
• Feeder Routes	65
• Shuttle Routes	23
• Subscription Services	1
• Seasonal Routes	3
Number of Accessible Routes	233
Peak Period Vehicle Requirements	607
Pace-owned Fleet Size	705
Number Accessible	705
Average Vehicle Age	6.0 years
Contractor Owned Vehicles in Pace service	14
Number of Private Contractors	4
Number of Pace-owned Garages	11
Number of Pace Municipal Contractors	2

Paratransit

Number of Communities Served	210
Number of Local Dial-A-Ride Projects	62
Pace-owned Fleet Size (Includes Suburban ADA)	358
Average Vehicle Age	5.1 years
Contractor Owned Vehicles in Pace service	546

Vanpool

Vans in Service (August, 2007)—VIP	261
Vans in Service (August, 2007)—Corporate Shuttle	22
Vans in Service (August, 2007)—Advantage	295
Vans in Service (August, 2007)—Municipal	95
Total Vans in Service	673
Average Vehicle Age	2.8 years

Other

Number of Pace Employees (Includes ADA Staff)	1,449
---	-------

Ridership (000's)

	2006 Actual	2007 Estimate	2008 Budget
Fixed Route	33,642	33,243	34,011
DAR/Ride DuPage/Kane	1,145	1,123	1,142
Vanpool	1,719	1,869	2,202
Total Suburban Service	36,506	36,235	37,355
Regional ADA	1,598	2,658	2,750
Total System	38,103	38,893	40,105

Vehicle Miles (000's)

	2006 Actual	2007 Estimate	2008 Budget
Fixed Route	24,297	25,155	25,547
DAR/Ride DuPage/Kane	4,051	4,089	4,458
Vanpool	10,631	11,436	12,962
Total Suburban Service	38,979	40,680	42,967
Regional ADA*	4,477	4,598	4,837
Total System	43,456	45,278	47,804

*Excludes City ADA miles.

Vehicle Hours (000's)

	2006 Actual	2007 Estimate	2008 Budget
Fixed Route	1,623	1,646	1,673
DAR/Ride DuPage/Kane	281	287	301
Vanpool	N/A	N/A	N/A
Total Suburban Service	1,904	1,933	1,974
Regional ADA	308	317	1,593
Total System	2,212	2,250	3,567



pace

550 WEST ALGONQUIN ROAD
ARLINGTON HEIGHTS, IL 60005
(847) 364-7223
www.pacebus.com