

Suburban Service Budget and Regional ADA Paratransit Budget

2012 Operating and Capital Program
2012-2014 Business Plan for Operations
2012-2016 Capital Business Plan



Final Program • November 2011
Serving Northeastern Illinois since 1984





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Pace 2012 Budget - November 2011

Chairman's Message

Dear Riders, Interested Citizens and Public Officials:

I am very pleased to propose a balanced budget for 2012, one that contains no fare increases or service reductions. On top of this stability, we anticipate adding service in certain corridors. Despite the continued bleak national economic outlook, Pace maximized its resources and has lived within its means. We've mitigated the impacts the economy has had on both funding and ridership to reverse the regional and national trend of financial problems faced by many public agencies.

Efficiency and containment of costs are a source of pride at Pace, and we are able to achieve these goals without sacrificing safety or passenger comfort and convenience. The amount of funding Pace receives through sales tax collections fell by tens of millions of dollars over the past three years versus what was projected as the economy slipped into recession. At the same time, fuel prices increased and regional unemployment led to a loss of ridership. These challenges were met through careful planning and strategic use of resources. At the beginning of 2010, we made the very difficult decision to cut \$1.2 million of bus service to reduce expenses as we faced a budget shortfall. At the same time, we instituted a series of administrative cost reductions to mitigate the impact on riders which included furlough days and increased benefit contributions for employees, a 33% reduction of the marketing budget, and other belt tightening. Those actions were difficult but have paved the way to this positive budget message. As of this writing, ridership has grown by nearly five percent in 2011 versus 2010 and overall, we are operating within budget.

We've continued to aggressively restructure service, completing projects during 2011 in west Cook County and the Elgin area to improve service efficiency and respond to changing patterns of demand. We've also reduced or eliminated service that carried very few riders. These processes will continue throughout this fall with the launch of the Bus on Shoulders pilot project for our I-55 express service to improve travel times and on-time performance. Also scheduled are the realignment of local service in Highland Park, and more restructuring of service in the western suburbs.

We also plan to add service over the coming year, with two new Call-n-Ride services launching in late 2011, express service connecting the south suburbs and northwest suburbs via the Tri-State Tollway, and increased express service on I-55 are in our plans for 2012.

The proposed 2012 Capital Budget is the largest in Pace's history at nearly \$100 million. We plan to replace older buses with new models that use less fuel and emit cleaner exhaust, and continue our efforts toward overhauling engines in the existing fleet to ensure they're operating at peak efficiency. We're vigilantly studying hybrid and alternative fuel vehicles for future purchases.

Our ADA Paratransit system remains the largest in the country, with numerous enhancements making the system easier to use and improving mobility. Ridership has grown dramatically since Pace took responsibility for regional ADA paratransit operations just over five years ago. These ridership gains, however, come at a cost due to the specialized nature of this service type. We will continue our work with the RTA, our advisory committees and the disability community to improve efficiency while maintaining the quality of service that the community has come to expect from us.

I welcome your input and feedback throughout our budget process and beyond. Despite a very positive budget message marked by stability, we want to aggressively make progress in all areas to remain austere, efficient, and effective.

Sincerely,



Chairman

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Executive Summary

Budget Highlights and Issues

The budget outlook for 2012 is once again stable. The budget is balanced without the need for fare or service adjustments.

Pace had taken proactive steps early in the economic downturn, implementing a fare increase in 2009 followed by expense reductions in 2010; these actions positioned us well for a balanced budget in 2011. Due to better than expected sales tax growth in 2011 (4.2%), we expect to perform within budget in 2011. We anticipate another stable budget year in 2012 based on the most recent estimates of funding available from the RTA.

RTA funding estimates for 2012 indicate growth in overall sales tax revenue of 2.8%. Further, changes to the ADA Fund will result in some reduction to the suburban sales tax funding formula resulting in overall funding growth for the suburban program of only 1.3%. Despite this limited growth, we have prepared a 2012 budget that maintains all existing services and funds modest new service opportunities.

Suburban Services Operating Funding

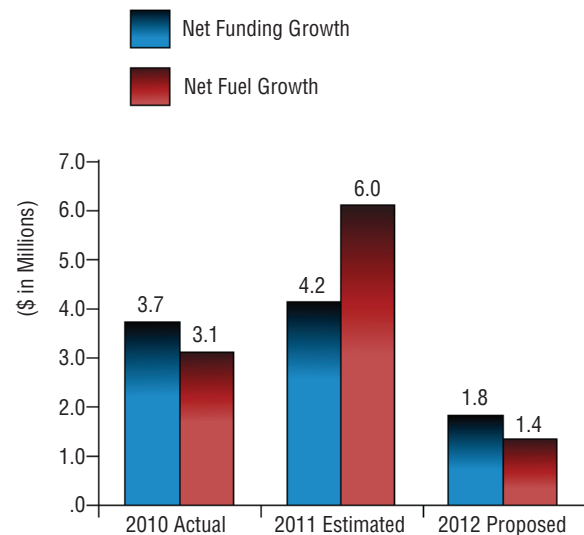
Based on the most recent estimates from RTA, Pace expects total public funding to increase in 2011 by \$4.2 million or 3.1% over 2010 actual levels. While this increase is a welcome sign that the economy is recovering as evidenced by strong sales tax growth, it is not enough to cover the increased cost of fuel in 2011. Pace spent \$15.1 million on fuel in 2010 and expects to spend \$21.1 million on fuel in 2011. For 2012, fuel costs are expected to reach \$22.5 million or 11.5% of the total Pace budget.

The volatility of fuel prices presents a challenge for Pace and public transit systems nationally. A recent survey by the American Public Transportation Association indicated that 74% of transit agencies in the nation considered rising fuel prices to be one of the leading budget problems they had to face in 2011. Nearly 80% of the transit agencies responding indicated they would be raising fares or reducing services as a result.

Pace is fortunate to be in a better position than most public transit systems due to our conservative management of expenditures while making every effort to maximize operating income. As a result, we have the financial capacity to balance the 2012 budget within available funding.

The following chart depicts the relationship between Pace Suburban Services funding growth and rising fuel costs since 2010.

Chart A. Pace Funding and Fuel Cost Growth—2010 to 2012



ADA Paratransit Funding

The original ADA Fund level was set at \$100 million in 2008 but quickly fell to a low of \$91 million by 2009 due to the economic recession and the decline in sales tax receipts. While costs grew due to ridership demands, the ADA Program became underfunded and relied on additional financial support from the RTA and the State to adequately fund the program.

In 2011 Pace was successful in securing a legislative amendment to the RTA Act which addressed the ongoing shortfall in the RTA ADA Fund. The legislation increases the RTA ADA Fund level to \$115 million for 2012; further it provides that additional funding as may be needed to support the approved budget will be provided by RTA. This change establishes significant financial security for the ADA Program.

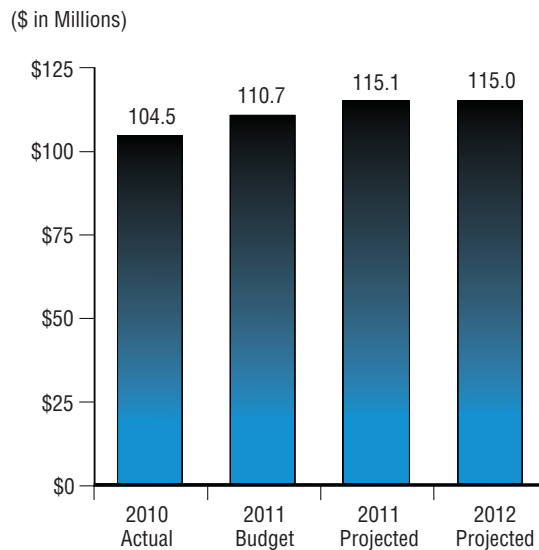
In spite of this security, the ADA Program faces significant challenges for 2012. It is estimated that the program will need \$115 million in funding in 2011 to adequately meet current demand; this means that there is no allowance for ridership growth provided by the fund level of \$115 million for 2012. Ridership is projected to grow by 5.0% in 2012 placing considerable stress on the ADA Fund.

Pace is taking steps to provide for the expected increase in demand while limiting spending to the \$115 million available. First we are negotiating with our contract vendors to freeze prices at 2011 levels, second, we are proposing to implement the RTA directive to limit reservation hours to normal business hours; lastly, we will move forward with deployment of the interactive voice response system (IVR). The IVR system is an automated system that will call riders in advance of their trip arrival allowing them time to prepare for their trip.

These initiatives as well as continued management of the program by Pace staff are expected to improve productivity – as measured by trips per hour – in 2012 thereby allowing Pace to serve more riders with the same level of funding.

The following chart summarizes ADA paratransit funding results for 2010 to 2012.

Chart B. Regional ADA Paratransit—Funding 2010-2012



2012 Combined Operating Budget Summary

On September 14, 2011, 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 RTA Act as amended in 2005 established Pace as the provider of all ADA paratransit service throughout the six county region in northeastern Illinois, including the City of Chicago.

The status quo expense budget for Suburban Services in 2012 is \$195.017 million. Suburban Services operating revenues are budgeted at \$54.469 million. Total public funding for Suburban Services will reach an estimated \$140.548 million. This amount will cover the status quo operating deficit. There are no fare increases or service reductions included in the 2012 budget for Suburban Services.

The status quo expense budget for the Regional ADA Paratransit program in 2012 is \$126.576 million.

At current fare levels, ADA operating income will be \$11.576 million, resulting in a funding requirement of \$115.000 million. The ADA fund for 2012 is projected at \$115.000 million based on a recent amendment to the RTA Act.

There are no fare adjustments proposed for ADA paratransit services in 2012 at this time.



Pace opened its new Administrative Headquarters building in spring of 2009.

Table 1. 2012 Combined Pace Services Operating Budget Summary (000's)

	Suburban Service	Regional ADA Paratransit	Combined Pace Services
Total Operating Expenses	\$ 195,017	\$ 126,576	\$ 321,593
Less: Total Operating Revenue	54,469	11,576	66,045
Funding Requirement	\$ 140,548	\$ 115,000	\$ 255,548
Less: Sales Tax (Part I)	\$ 78,234	\$ 0	\$ 78,234
Sales Tax & PTF (Part II)	30,197	115,000	145,197
Suburban Community Mobility Funds (SCMF)	20,319	0	20,319
South Suburban Job Access Funds	7,500	0	7,500
Federal CMAQ/JARC/New Freedom Funds	1,298	0	1,298
RTA Discretionary (PTF - Part I)	3,000	0	3,000
Net Funding Available	\$ 0	0	\$ 0
Recovery Ratio	30.00%	10.00%	N/A

2012 Capital Budget Summary

Suburban Services

The 2012 Suburban Capital Program totals \$100.230 million. The program contains \$80.130 million for the purchase of 172, 40' fixed route replacement buses and \$6.160 million for bus overhaul/maintenance expenses, associated capital which is used to purchase bus components such as engines and transmissions, and a diesel engine retrofit project.

The program also contains \$11.812 million for improvements to garages and facilities, replacement of existing emergency generators at seven garages, computer systems, hardware and software, purchase of support equipment and non-revenue vehicles, and the purchase of office equipment and furniture. The program also contains \$2.128 million for the purchase of shelters and other passenger amenities, project administration and Pace funded unanticipated capital.

Regional ADA Paratransit

Pace leases office space at Metra's office building in downtown Chicago to house its ADA staff. In light of the fact that there is no predictable level of capital funding for ADA, Pace is asking the RTA for discretionary funding in order to make interior improvements to a space that has been offered to Pace from RTA. If RTA declines the funding, then Pace cannot use the space as it is unimproved and needs interior work. The cost of these improvements is estimated at \$75,000.

In summary, the total combined 2012 Capital Budget equals \$100.305 million for Suburban Service and Regional ADA Paratransit needs.

Table 2. 2012 Suburban Services Capital Budget (000's)

Project Description	Amount
ROLLING STOCK	
172 Fixed Route Buses - 40 Foot Replacements	\$ 80,130
Bus Overhaul Maintenance Expense	1,500
Associated Capital	1,600
Diesel Engine Retrofit	3,060
Subtotal - Rolling Stock	\$ 86,290
SUPPORT FACILITIES AND EQUIPMENT	
Improvements to Garages/Facilities	\$ 1,000
Purchase Emergency Generators	6,025
Computer Systems/Hardware & Software	3,787
Support Equipment/Non-Revenue Vehicles	800
Office Equipment/Furniture	200
Subtotal - Support Facilities and Equipment	\$ 11,812
STATIONS AND PASSENGER FACILITIES	
Purchase Passenger Shelters and Amenities	\$ 800
Subtotal - Stations and Passenger Facilities	\$ 800
MISCELLANEOUS	
Unanticipated Capital	\$ 250
Project Administration	1,078
Subtotal - Miscellaneous	\$ 1,328
TOTAL SUBURBAN CAPITAL PROGRAM	\$ 100,230
TOTAL FUNDING	
Federal 5307	\$ 32,070
Federal CMAQ	\$ 3,060
Federal State of Good Repair	\$ 22,000
State Bond Program	\$ 42,850
Pace Funds	\$ 250
TOTAL SUBURBAN FUNDING	\$ 100,230

Table 3. 2012 Regional ADA Capital Budget (000's)

Project Description	Amount
SUPPORT FACILITIES	
Improvements to Metra Space	\$ 75
Total ADA Capital Program	\$ 75
TOTAL FUNDING	
RTA Discretionary Request	\$ 75
Combined Capital Budget	\$ 100,305

2012 Suburban Service Operating Budget

Summary

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

- Pace will incur \$195.017 million in operating expenses for 2012 in the provision of transit services in the Region.
- A total of \$54.469 million in revenue will be generated from operations.
- An initial deficit or funding requirement of \$140.548 million will occur from operations prior to funding.
- A total of \$139.250 million in funding generated from Regional Sales Tax is proposed to be available for 2012 including \$3.0 million in RTA Discretionary Funds.
- A total of \$1.298 million in Federal Congestion Mitigation/Air Quality (CMAQ), Job Access and Reverse Commute (JARC) and New Freedom funds are expected for next year.

The budget for 2012 largely reflects a status quo operation. Operating revenue is projected to grow 3.6% next year. Farebox revenues increase by 2.0% in step with the modest growth expected for ridership; however, the new fare agreement with the CTA will also help improve farebox yields. Continued growth will also occur in advertising revenue based on the terms of the new contract. Local share revenues will also rise next year as reimbursement for the Ride in Kane program shifts from RTA grant funds

to a local share from the community partners, given that they have become the new grant recipient for 2012.

Total expenses will rise 5.1%. Items contributing to next year's growth include labor and fringe benefit costs, health care, fuel and expanding services. These items carry a premium above the standard 1.7% rate of inflation forecasted for next year.

The 2012 Suburban Service budget is balanced to both the funding and recovery marks identified for Pace by the RTA. The program will achieve a 30.0% recovery ratio next year using credits and allowances authorized by the RTA.

A detailed review of the 2012 Suburban Service operating program is presented in this section.

Table 4. 2012 Suburban Service Operating Budget Summary (000's)

	2010 Actual	2011 Estimate	2012 Budget
Total Operating Expenses	\$ 176,249	\$ 185,624	\$ 195,017
Less: Total Operating Revenue	51,578	52,580	54,469
Funding Requirement	\$ 124,670	\$ 133,044	\$ 140,548
Less:			
Sales Tax (Part I)	\$ 73,054	\$ 76,122	\$ 78,234
Sales Tax & PTF (Part II)	29,785	31,036	30,197
Suburban Community Mobility Fund (SCMF)	18,959	19,755	20,319
South Suburban Job Access Fund	7,500	7,500	7,500
Federal CMAQ/JARC/New Freedom Funds	2,738	2,211	1,298
RTA Discretionary (PTF - Part I)	0	0	3,000
RTA ICE Funds	207	100	0
Federal 5307 Funds	2,300	2,000	0
Net Funding Available	\$ 9,873	\$ 5,681	\$ 0
Recovery Ratio	36.00%	36.00%	30.00%

Sources of Funds

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

As a result, Pace’s public funding mix has been significantly revamped. In order to put the public funding environment in perspective, we will segregate the elements into two main categories—Part I or old funding (pre-2008 funding reform) and Part II or the new funding element resulting from the January 2008 legislative funding reform. The main sources of funding for both the old and new funding packages are the same—a regional sales tax and a state sales tax matching grant from the Public Transpor-

tation Fund (PTF). It is important to understand that the new funding is in addition to the old funding basis and the two taken together comprise total public funding available.

By September 15th, the RTA is required to advise Pace and the other Service Boards of the amounts and timing of public funds that will be provided for the coming and 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 G. A detailed look at the funding sources is provided as follows.

Table 5. Part I. Allocation of Sales Tax Receipts

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

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

	2008 Actual	2009 Actual	2010 Actual	2011 Budget	2012 Plan
REGIONAL FUNDS					
Sales Tax - Part I	\$ 729,773	\$ 660,183	\$ 687,785	\$ 675,012	\$ 737,061
PTF Match to Part I Sales Tax (25%)	182,443	169,353	171,169	168,753	184,265
Sales Tax - Part II	222,928	234,055	243,650	241,287	261,158
PTF Match to Part II Sales Tax (+5% Part I)	44,758	113,188	116,235	113,337	123,609
Total Sales Tax and PTF	\$ 1,179,902	\$ 1,176,779	\$ 1,218,839	\$ 1,198,389	\$ 1,306,093
PACE SHARE OF REGIONAL FUNDS					
Sales Tax - Part I	\$ 78,240	\$ 70,439	\$ 73,054	\$ 72,617	\$ 78,234
PTF Match to Part I Sales Tax	—	2,267	—	535	3,000
Sales Tax II and PTF	37,130	54,668	56,244	55,702	58,016
Total Pace Share	\$ 115,370	\$ 127,374	\$ 129,298	\$ 128,854	\$ 139,250
PACE FUNDING AS A PERCENT OF REGIONAL FUNDING					
Sales Tax I and PTF I	8.6%	8.5%	8.5%	8.6%	8.5%
Sales Tax II and PTF II	13.9%	15.7%	15.6%	15.7%	15.1%
Total Receipts	9.8%	10.8%	10.6%	10.8%	10.7%

Funding Sources—Part I

Sales Tax

The Part I sales tax amount represents the pre-2008 sales tax imposed by the RTA. The effective sales tax rate for Part I is 1% in Cook County and .25% in Will, Lake, Kane, DuPage and McHenry Counties. Part I sales taxes are distributed to Pace, the RTA, and the other Service Boards (CTA and Metra) in accordance with the allocation shown on Table 5.

The RTA has established a preliminary sales tax funding mark of \$78.234 million for Pace for 2012. This represents approximately 10.6% of the total RTA region's estimate of \$737.061 million. The RTA projects Pace sales tax will increase by 2.8% over estimated 2011 sales tax receipts. The RTA estimate is based on a projection of current sales tax trends which continue to rise over prior year levels. Table 6 highlights recent and upcoming estimates for Part I sales tax revenues for both the region and Pace.

Public Transportation Fund (PTF)—Part I

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

The RTA has, over time, reduced the level of PTF Part I sales tax funds to Pace. For 2012, they will provide Pace with \$3.0 million of these funds.

Federal Funds

Pace is eligible for federal funding from several programs in 2012.

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 2012.

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 2012.

New Freedom Program

The Federal Transit Administration provides for a program which encourages service and facility improvements to address the transportation needs of persons with disabilities that go beyond those required by the Americans with Disabilities Act. Pace has programmed use of New Freedom funds in 2012.

New Funding Sources—Part II

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

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

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

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

- \$100 million was allocated to Pace for the provision of the Regional ADA Paratransit Service, this amount is increased by legislation to \$115.000 million for 2012.
- \$20 million was allocated to Pace under the Suburban Community Mobility Fund (SCMF).
- \$10 million was allocated to the RTA for an Innovation, Coordination and Enhancement (ICE) fund.

These amounts are adjusted annually for sales tax performance which is expected to recover to 2008 levels in 2012 (Table 7).

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

Table 7 shows the allocation of the new funding sources for the 2012 RTA budget.

Suburban Community Mobility Fund (SCMF)

The SCMF provides \$20.3 million (2012) to Pace for the provision of non-traditional transit services. Services such as dial-a-ride, vanpool, ridesharing, reverse commute, bus rapid transit and other innovative services that enhance suburban mobility are eligible. Both new and existing services are eligible for SCMF funding. Pace is already providing in excess of \$50 million in qualifying services; however, the decision as to whether these funds are used for new or existing services will be made annually via the budget process. For 2012, Pace will use these funds to support existing services.

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

South Cook County Job Access

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

The \$7.5 million does not grow with sales tax growth. These funds can be used for new or existing services that focus on employment opportunities. Pace currently expends in excess of \$32.0 million for services in South Cook County for two of its operating divisions—Pace South and Pace Southwest.

ADA Paratransit Fund

In 2011, the RTA Act was amended to establish the ADA Fund at a level of \$115 million for 2012. Further discussion of the ADA Paratransit Fund is included in the ADA section of this document.

Table 7. Part II. Regional Public Funding Distribution—RTA New Funding (000's)

	2012 Plan
NEW SALES TAX	\$ 261,158
Public Transportation Funds	
5% Match—New Sales Tax & Old Sales Tax	\$ 49,911
5% Match—Chicago RETT	1,401
Total 5% PTF Match	\$ 51,312
25% PTF Match—New Sales Tax	65,289
Total New Sales Tax & PTF	\$ 377,759
DISTRIBUTION	
Regional ADA Paratransit Fund - Pace/RTA	\$ 115,000
Suburban Community Mobility Fund - Pace	20,319
RTA Innovation, Coordination/Enhancement Fund	10,159
Balance Available for Allocation to Service Boards	\$ 232,281
SERVICE BOARD DISTRIBUTION	
CTA—48%	\$ 111,495
Metra—39%	90,589
Pace—13%	30,197
Total to Service Boards	\$ 232,281
South Cook Job Access*	\$ 7,500

*Not sourced from new sales tax/PTF

Operating Revenues

Pace is budgeting for \$54.469 million in Suburban Service operating revenue for 2012, a \$1.889 million or 3.6% increase from estimated 2011 levels. Farebox revenue will account for \$0.666 million or 1.3% of total revenue growth and will increase in-step with ridership growth and benefit from the new fare agreement with the CTA. Advertising revenue will increase by 2.3% and will contribute \$99,000 or 0.2% of the total revenue growth. The new advertising contract has helped to return ad revenues to historical levels. Local share revenue will grow by 8.8% and will account for \$1.124 million or 2.1% of total revenue growth in 2012. Pace cost reimbursement for the Ride in Kane program shifts from a form of RTA grant funds to a local share from the community partners, given they have now become the grant recipient for 2012.

Additional analyses of operating revenues are discussed throughout the remaining sections of this document.



Pace's wrapped buses are an excellent source of revenue.



Ad shelter advertising is also a good source of revenue to Pace.

Uses of Funds

All funds received in 2012 will be used to support Pace services. The components of the 2012 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 84% of the total suburban service ridership. Pace expects to provide \$78.697 million for expenses to these carriers in 2012. Further information on the Pace-owned services budget can be found on page 14.

Public/Municipal Contracted Services

Pace will contract directly with three municipalities (Niles, Downers Grove and Highland Park) and maintains an agreement with the Village of Schaumburg for additional fixed route services. These services are expected to cost an estimated \$3.315 million in 2012. Further information on the public/municipal contracted services budget can be found on page 15.

Private Contract Services

Pace provides service to more than 25 communities by directly contracting with three private transit companies. In 2012, Pace will contract for Job Access Reverse Commute (JARC) service. The combined total cost for privately contracted service in 2012 is \$8.018 million. Further information on the private contract services can be found on page 16.

Dial-a-Ride Services

Pace participates in 68 dial-a-ride service projects throughout the six county region. Services are operated by townships or local municipalities under contract with Pace or directly by private 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 oversees the Community Transit Program. The total cost for dial-a-ride services in

2012 is \$18.953 million. Further information on the dial-a-ride services budget can be found on page 17.

Vanpool Services

The 2012 budget for vanpool services is \$4.834 million. 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 Employer Shuttle element was created to allow suburban employers to shuttle employees to and from nearby transit connections. The formation of vanpools has been very popular. Pace expects this program to have 640 vans in service by the end of 2012. Further information on the vanpool services budget can be found on page 19.

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 \$61.508 million to provide fuel, insurance, health care and other support items in 2012. Further detail on the centralized support program budget is contained on page 21.



The Pace Board of Directors develop policies on the use of Pace funds.



Pace's Administrative Office Building is located in Arlington Heights.



Pace sells bus passes to riders from the main lobby of Pace's Administrative Office Building.

Administration

In order to accomplish the duties of direct operational support, service planning, capital planning, financial control and MIS support, Pace's 2012 administrative budget is set at \$23.684 million. Further information on the administration budget can be found on page 22.

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 provided. In addition to the 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 \$3.992 million which has been allocated to the Regional ADA Paratransit Services budget.

Table 8. 2012 Suburban Service Revenue Summary (000's)

	2010 Actual	2011 Estimate	2012 Budget
OPERATING REVENUES			
Pace-Owned Services	\$ 26,173	\$ 26,427	\$ 27,140
Public/Municipal Contracted Services	1,639	1,456	1,337
Private Contracted Services	2,427	1,986	1,760
Dial-A-Ride Services	9,481	10,334	11,537
Vanpool Program	3,579	3,649	3,791
Half-Fare Reimbursement	2,416	2,571	2,571
Investment/Other Income	1,932	1,838	1,916
Advertising Revenue	3,931	4,319	4,417
Total Operating Revenue	\$ 51,578	\$ 52,580	\$ 54,469
PUBLIC FUNDING			
Sales Tax (Part I)	\$ 73,054	\$ 76,122	\$ 78,234
RTA Discretionary (PTF - Part I)	0	0	3,000
Sales Tax and PTF (Part II)	29,785	31,036	30,197
Suburban Community Mobility Fund (SCMF)	18,959	19,755	20,319
South Cook Job Access Fund	7,500	7,500	7,500
Federal CMAQ/JARC/New Freedom Funds	2,738	2,211	1,298
Federal 5307	2,300	2,000	0
RTA/ICE Funds	207	100	0
Total Public Funding	\$ 134,543	\$ 138,725	\$ 140,548
Total Source of Funds	\$ 186,122	\$ 191,305	\$ 195,017

Chart C. Sources of Funds

Sources (000's)

Total \$195,017

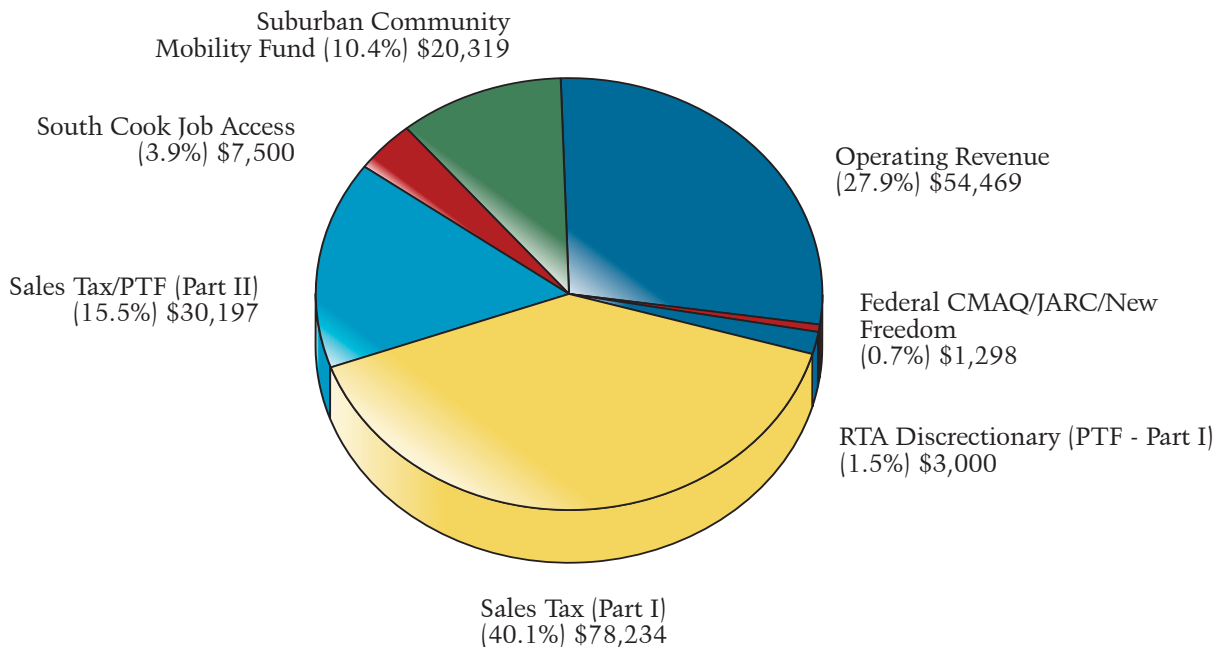


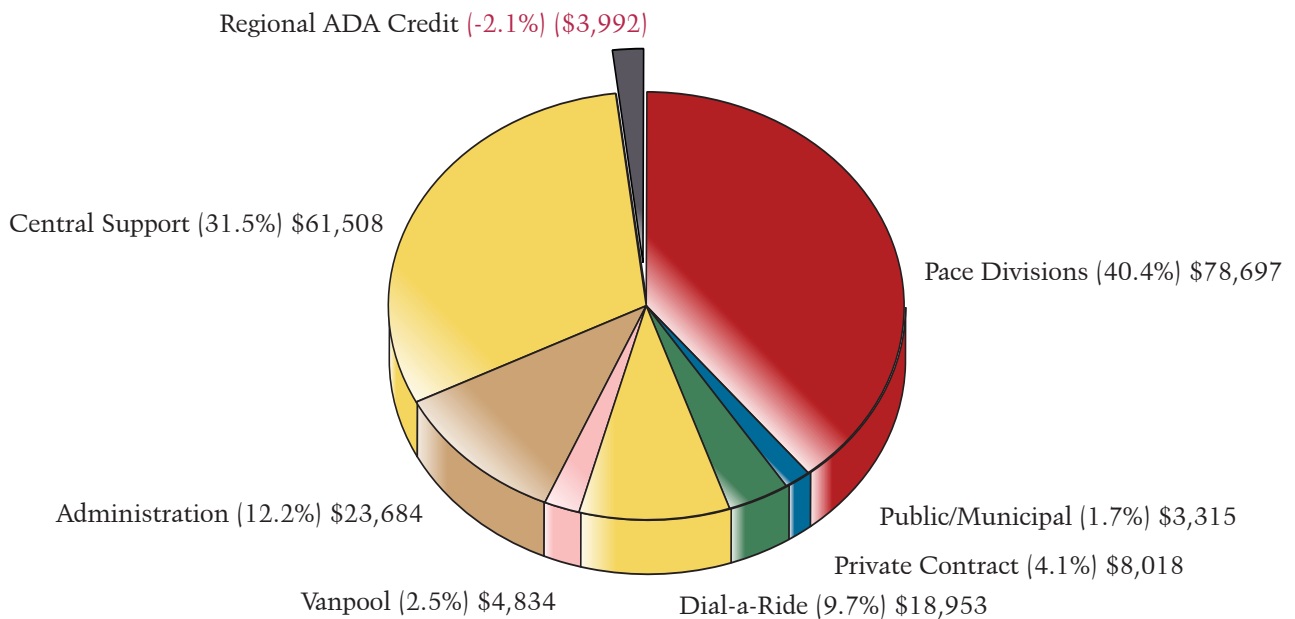
Table 9. 2012 Suburban Service Expense Summary (000's)

	2010 Actual	2011 Estimate	2012 Budget
EXPENSES			
Pace-Owned Services	\$ 73,318	\$ 75,821	\$ 78,697
Public/Municipal Contracted Services	3,238	3,275	3,315
Private Contracted Services	8,558	7,450	8,018
Dial-A-Ride Services	17,336	17,872	18,953
Vanpool Program	3,656	4,593	4,834
Centralized Operations	53,427	59,144	61,508
Administration	19,649	21,326	23,684
Regional ADA Support Credit	(2,933)	(3,857)	(3,992)
Total Expenses	\$176,249	\$ 185,624	\$195,017
Net Funding Available	\$ 9,873	\$ 5,681	\$ 0
Recovery Rate	36.00%	36.00%	30.00%

Chart D. Uses of Funds

Sources (000's)

Total \$195,017



2012 Pace-Owned Carrier Budget

Pace directly operates fixed route service from nine facilities located throughout the six county region: Fox Valley in North Aurora, Southwest in Bridgeview, Northwest in Des Plaines, River in Elgin, North Shore in Evanston, Heritage in Joliet, South in Markham, West in Melrose Park and North in Waukegan. Combined, these carriers account for 84% of the system's suburban ridership.

In 2012, Pace will spend \$51.6 million to provide service in these areas. This represents a 4.4% increase over estimated 2011 levels.

Total revenues will increase in 2012 due to a projected growth in base ridership and the transfer of service from the contracted service budget.

Total operating expenses will grow 3.8% over 2011 levels. Labor and fringe benefit costs are the primary factors affecting the rising costs in 2012.

Recovery performance will decline slightly at the divisions for 2012 due to the growth in operating expenses.

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

2012 Goals

Pace's efforts for 2012 include providing 27.7 million rides with a minimum recovery ratio of 34.5%.

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



Pace Fox Valley Division in North Aurora was constructed in 1994.

Table 10. Budget Summary—Pace Owned Carriers (000's)

	2010 Actual	2011 Estimate	2012 Budget
REVENUE			
Pace Divisions	\$ 26,163	\$ 26,387	\$ 27,140
CMAQ/JARC	10	40	0
Total Revenue	\$ 26,173	\$ 26,427	\$ 27,140
EXPENSES			
Operations	\$ 50,936	\$ 53,208	\$ 55,197
CMAQ/JARC	45	189	0
Maintenance	11,708	12,088	12,745
Bus Parts/Supplies	3,418	3,257	3,338
Non-Vehicle Maintenance	1,944	2,254	2,325
General Administration	5,267	4,824	5,091
Total Expenses	\$ 73,318	\$ 75,820	\$ 78,697
Funding Requirement	\$ 47,145	\$ 49,393	\$ 51,556
Recovery Ratio	35.70%	34.85%	34.49%
Ridership	26,954	27,397	27,706
Vehicle Miles	21,361	20,961	21,320
Vehicle Hours	1,430	1,433	1,449
Full Time Equivalents (FTE's)	1,160	1,160	1,183

2012 Public/Municipal Contracted Service Budget

Pace will contract with three municipalities—Highland Park, Downers Grove and Niles—to provide fixed route bus service in these communities, and maintain an agreement with the Village of Schaumburg for additional fixed route service in 2012. The services included in this category are identified below with detailed information provided in Appendix F.

Municipal Fixed Route Services

The City of Highland Park and the Village of Niles will continue to contract with Pace in order to provide fixed route services in their areas in 2012. Combined, these services will provide .796 million rides, and generate \$1.054 million in revenue via the farebox or local share contributions. Total service expenditures will reach \$2.809 million in 2012, and net required funding will increase slightly to \$1.755 million. The goal for these two providers in 2012 includes increasing ridership by 2.8% and achieving a minimum 36% 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 2012 budget at a cost of \$262,000, offset by revenue of \$113,000. The goal for Downers Grove in 2012 is to achieve a minimum 36% recovery ratio.

Schaumburg

A trolley service was implemented in the Woodfield area in 2001 and continues in 2012. The cost of this service is estimated at \$244,000 and is partially funded by the Village of Schaumburg.



Bus service is provided by the City of Highland Park to Ravinia events.

Table 11. Budget Summary—Public/Municipal (000's)

	2010 Actual	2011 Estimate	2012 Budget
REVENUE			
Highland Park	\$ 494	\$ 483	\$ 499
Niles	608	538	555
Schaumburg	295	225	171
Downers Grove	242	210	113
Total Revenue	\$ 1,639	\$ 1,456	\$ 1,337
EXPENSES			
Highland Park	\$ 1,162	\$ 1,210	\$ 1,267
Niles	1,457	1,494	1,542
Schaumburg	349	322	244
Downers Grove	269	249	262
Total Expenses	\$ 3,237	\$ 3,275	\$ 3,315
Funding Requirement	\$ 1,598	\$ 1,819	\$ 1,977
Recovery Ratio	50.63%	44.47%	40.38%
Ridership	885	880	901
Vehicle Miles	623	619	615
Vehicle Hours	54	54	53

2012 Private Contract Carrier Budget

In 2012, Pace will contract directly with three private transit providers for fixed route service in 25 different communities.

Private contractors doing business with Pace include:

- Coach USA
- First Group
- MV Transportation

The net cost of providing fixed route contracted service will increase by \$0.794 million in 2012. This represents a 14.5% increase over estimated 2011 levels. The implementation of Southwest Suburban Express service scheduled for the latter half of 2011, accounts for the increase. Cost of the express service will be offset with funds from a JARC grant in 2012.

Operating revenues are projected to decline by 13.7% next year, as service was transferred from the contract services budget to the Pace Divisions in July of 2011.

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

2012 Goals

2012 goals include providing service to 0.979 million riders, while achieving a minimum recovery ratio of 21.95%.



Round Lake Area Call-n-Ride service is provided by one of our private contractors.

Table 12. Budget Summary—Private Contract Carriers (000's)

	2010 Actual	2011 Estimate	2012 Budget
REVENUE			
Private Contract	\$ 2,427	\$ 1,986	\$ 1,715
CMAQ/JARC	0	0	45
Total Revenue	\$ 2,427	\$ 1,986	\$ 1,760
EXPENSES			
Private Contract	\$ 8,404	\$ 7,450	\$ 7,113
CMAQ/JARC	154	0	905
Total Expenses	\$ 8,558	\$ 7,450	\$ 8,018
Funding Requirement	\$ 6,131	\$ 5,464	\$ 6,258
Recovery Ratio	28.36%	26.65%	21.95%
Ridership	1,451	1,164	979
Vehicle Miles	2,173	1,510	1,258
Vehicle Hours	129	89	75

2012 Dial-a-Ride Services Budget

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

Pace has service agreements with villages and townships for the operation of 22 dial-a-ride projects. In most cases, the local community operates the service referred to as Municipal Provided Service. For 2012, Pace's funding formula for service agreements is based on providing a subsidy of \$3.00 per trip or 75% of deficit, whichever is less (\$3.00/75%). As in past years, individual project funding will also be limited to the inflationary growth rate for 2012. Pace raised the subsidy from \$2.25 to \$3.00 at the beginning of 2009 as part of a planned new initiative program.

Pace contracts directly with private providers for the operation of 46 dial-a-ride projects referred to as Contractor Provided Service. The communities served continue to partner with Pace to provide financial support for these projects through "local share agreements." Pace continues to receive funding to help cover a portion of dial-a-ride service costs through 45 local share agreements. A large group of contracted services are provided in the Eastern McHenry area.

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

The budget shown in Table 13 is based on the \$3.00/75% subsidy formula for local dial-a-ride and will provide \$18.953 million for service throughout the six county region including the Ride DuPage, Ride in Kane and Community Transit programs.

Call-n-Ride

In 2008, Pace launched its first Call-n-Ride program in West Joliet and its second, Round Lake Area at the end of 2009. Call-n-Ride service is a reservation-based, curbside service that picks up riders and takes them anywhere within a designated geographic service area. This service differs

from other curbside services like Dial-a-Ride and ADA Paratransit service because it is open to the general public and reservations can be made on the same day. Fares for the service are the same as the local Pace fixed route fare.

Community Transit Program

The Community Transit Program, new in 2007, replaced the Municipal Vanpool Program. This program allows local municipalities to provide flexible public transportation in their communities. This program was reclassified to the dial-a-ride budget in 2009 and is now administered by Paratransit Department staff. Pace will cover maintenance expenses on qualifying vehicles in 2012 at a cost of \$80,065. Revenues for this program are projected at \$114,957, with 93 vehicles in service by year-end 2012. The 2012 budgeted recovery rate for this program is 143.58%.

Ride DuPage

In 2004, the Ride DuPage program was implemented. The program coordinates paratransit operations which were previously operated and dispatched by numerous private and public organizations. Pace coordinates dispatching and provides service through a mix of transportation providers. This service is included in Pace's 2012 budget at a cost of \$1.665 million. Program costs are offset by local subsidies and grant funding.

Ride in Kane

In 2008, the Ride in Kane program was implemented. The program coordinates paratransit operations through a centralized call center and provides service through a mix of transportation providers. The cost of this service is estimated at \$3.192 million. The funding for this program is a combination of federal grant funding and local share agreements.

2012 Goals

Combined dial-a-ride efforts in 2012 will include carrying 1.4 million riders while maintaining recovery performance to a level of 60.86%.

Table 13. Budget Summary - Dial-a-Ride Services (000's)

	2010 Actual	2011 Estimate	2012 Budget
REVENUE			
Municipal Provided Service	\$ 4,213	\$ 4,354	\$ 4,561
Contractor Provided Service	1,994	2,258	2,324
Call and Ride	18	17	34
Eastern McHenry/Ride McHenry	1,057	1,168	1,222
Ride DuPage	966	992	1,026
Ride Kane	1,126	1,442	2,255
Community Transit	107	105	115
Total Revenue	\$ 9,481	\$ 10,334	\$ 11,537
EXPENSE			
Municipal Provided Service	\$ 5,236	\$ 5,425	\$ 5,731
Contractor Provided Service	4,929	5,029	5,276
Call and Ride	313	302	452
Eastern McHenry/Ride McHenry	2,242	2,409	2,557
Ride DuPage	1,560	1,607	1,665
Ride Kane	2,991	3,027	3,192
Community Transit	66	73	80
Total Expense	\$ 17,336	\$ 17,872	\$ 18,953
RECOVERY RATE			
Municipal Provided Service	80.47%	80.25%	79.59%
Contractor Provided Service	40.46%	44.89%	44.04%
Call and Ride	5.60%	5.57%	7.46%
Eastern McHenry/Ride McHenry	47.15%	48.47%	47.78%
Ride DuPage	61.96%	61.76%	61.58%
Ride Kane	37.64%	47.63%	70.63%
Community Transit	162.23%	143.58%	143.58%
Total Recovery Rate	54.69%	57.82%	60.86%
RIDERSHIP			
Municipal Provided Service	373	373	377
Contractor Provided Service	267	295	301
Call and Ride	15	15	28
Eastern McHenry/Ride McHenry	221	225	230
Ride DuPage	49	49	50
Ride Kane	124	143	146
Community Transit	224	231	245
Total Ridership	1,273	1,332	1,377

2012 Vanpool Budget

The Vanpool Program is a commuting option which provides passenger vans to small groups of 5 to 14 people, allowing them to commute to and from work together. Pace estimates to have 640 vans in service by year-end 2012, carrying 1.890 million riders. Growth of the Vanpool Program has been sluggish due largely to the poor economy and high unemployment. The program has also been impacted by high gas prices. Fuel costs will cause the program to finish nearly \$1.0 million over budget in 2011, and will reduce recovery performance by 18.5 percentage points to 79.44% at year end.

Pace's Vanpool Program is comprised of three elements: the Vanpool Incentive Program (VIP), Employer Shuttle and the Advantage Program, all of which are detailed on Table 14. The budget for the total Vanpool Program is also summarized in the table. There is no fare increase included in the budget at this time.

Vanpool Incentive Program (VIP)

The Vanpool Incentive Program (VIP) is the core element of the program and is projected to achieve a ridership level of 953,968 with 290 vans in service by the end of 2012. The 2012 budgeted revenue is expected to grow 3.6%, in line with the growth in vans and ridership. Total expenses are projected to increase 5.3%. Recovery performance is budgeted at 93.23% for 2012.

Employer Shuttle Program

The Employer Shuttle Program provides vans to suburban employers to shuttle employees to and from nearby transit connections with CTA, Metra and Pace facilities. Pace estimates to have 23 shuttle vans in service by the end of 2012, an increase of six vans over 2011 year-end levels. As part of a fare demonstration to attract new participants, Pace reduced the fares for the employer shuttle program in June, 2011. The 2012 budgeted recovery rate for this program is 113.05%.

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 for those unable to use the regular ADA paratransit service or those living outside the 3/4 mile service area.

In 2012, revenue will grow 2.8% while expenses will increase 3.4% over 2011 levels. Pace projects to have 327 vans in service at year-end 2012. The recovery rate for the Advantage Program is budgeted at 61.62% in 2012.

2012 Goals

Pace's efforts for the entire Vanpool Program in 2012 will include carrying 1.890 million passengers and maintaining a recovery ratio of 78.43%. Pace projects to have 640 vans in service by the end of 2012.



Pace's Vanpool/RideShare Programs offers a variety of different service options.

Table 14. Vanpool Budget (000's)

	2010 Actual	2011 Estimate	2012 Budget
REVENUE			
VIP	\$ 1,985	\$ 2,058	\$ 2,132
Employer Shuttle	194	168	197
Advantage	1,400	1,422	1,463
Total Revenue	\$ 3,579	\$ 3,649	\$ 3,791
EXPENSE			
VIP	\$ 1,713	\$ 2,173	\$ 2,287
Employer Shuttle	102	124	174
Advantage	1,841	2,297	2,374
Total Expenses	\$ 3,656	\$ 4,593	\$ 4,834
Funding Requirement	\$ 77	\$ 944	\$ 1,043
RECOVERY RATE			
VIP	115.89%	94.75%	93.23%
Employer Shuttle	189.54%	135.40%	113.05%
Advantage	76.07%	61.94%	61.62%
Total Recovery Rate	97.90%	79.44%	78.43%
RIDERSHIP			
VIP	888	921	954
Employer Shuttle	57	70	94
Advantage	806	819	842
Total Ridership	1,751	1,810	1,890
VEHICLE MILES			
VIP	6,729	6,978	7,228
Employer Shuttle	266	323	436
Advantage	4,300	4,369	4,493
Total Vehicle Miles	11,295	11,670	12,157
Vehicles in Service (year-end) - VIP	270	280	290
Vehicles in Service (year-end) - Employer Shuttle	14	17	23
Vehicles in Service (year-end) - Advantage	313	318	327
Total Vehicles in Service (year-end)	597	615	640

2012 Centralized Support Budget

Pace manages numerous functions and expenditures “centrally” on behalf of the entire Agency. The centralized support budget will reach \$61.5 million in 2012. This budget includes expenses for fuel, liability insurance and health care.

In 2011, Pace’s centralized support expense is estimated to end the year \$5.7 million or 10.7% over prior year levels. A majority of this growth will come from fuel and health care.

The 2012 centralized support budget will grow 4.0% over estimated 2011 levels.

The operations component is comprised of 36 positions that provide support to all operation areas of Pace. Total operations expense is projected to grow 3.8% over 2011 levels with most of this growth attributed to rising labor and fringe benefit costs.

Fuel expenses are projected to grow 6.7% in 2012. Suburban Service fuel consumption is budgeted at 5.8 million gallons, and \$3.39 per gallon next year. Fuel is one of the most volatile components of our budget that has negatively affected total operating costs.

The maintenance area is comprised of 39 positions and includes both maintenance and materials management personnel. Total maintenance expense is projected to grow

3.5% over 2011 levels with most of this growth attributed to rising labor and fringe benefit costs.

The non-vehicle maintenance area consists of eight positions which provide support to all building maintenance and bus shelter functions. This area will grow 7.5% over 2011 due to expansion of facility and passenger shelter maintenance and repair expenses.

The administration portion of the central support budget is comprised of numerous items, including marketing, liability insurance, and health care. In 2012, health care expenses are forecasted to rise 5.9%, while liability insurance costs are estimated to be 7.6% lower than 2011 levels as we anticipate the continuation of favorable claims experience in 2012. Also, added costs associated with advertising and farebox/radio warranty contracts are contributing to the overall growth in administration expenses.

2012 Goals

Pace’s 2012 budgetary efforts for centralized support will include constraining non-labor expenditures wherever possible while maintaining a staffing level of 83 positions.

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

	2010 Actual	2011 Estimate	2012 Budget
Operations	\$ 4,318	\$ 4,627	\$ 4,803
Fuel	13,096	18,422	19,657
Maintenance	4,078	4,248	4,396
Non-Vehicle Maintenance	1,171	1,329	1,429
Administration	3,743	4,047	4,478
Liability Insurance	11,546	9,549	8,825
Health Care	15,474	16,922	17,920
Total	\$ 53,427	\$ 59,144	\$ 61,508
Full-Time Equivalent (FTE's)	83	83	83

2012 Administrative Budget

The 2012 administrative budget is estimated to reach \$23.7 million. Pace will utilize 179 positions to manage all of the agency's administrative responsibilities including accounting, financial and capital assistance programs, marketing, information systems, legal services, purchasing, risk management, and strategic planning.

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

In 2011, administrative expenses are estimated to end the year \$1.7 million or 8.5% over 2010 levels. A large part of this growth is attributed to higher data processing communications and software maintenance costs associated with the Trapeze Intelligent Bus System (IBS) and other ongoing or new projects.

The 2012 administrative budget will increase 11.1% over 2011 estimated levels and includes projected increases in data processing, service studies and consulting costs. The addition of four new positions along with two fewer vacancies has also contributed to the growth in administration costs.

Looking at the individual areas of the administrative budget non-vehicle maintenance expenses are projected to grow 17.5% over 2011 year-end levels. Contributing to this large increase in next year's budget is the new administrative building which will be out of warranty at the end of 2011.

Labor and fringe benefit costs will grow 7.7% in 2012. Administrative staffing will rise by four Full Time Equivalents (FTE's) and includes a Ride Share coordinator and

three positions for the new Office of the Inspector General. Also, two less vacancies have been budgeted.

The expense category "Other" will rise 19.4% next year with continued cost growth for data processing, consulting and planning studies. Additional information on Pace's planning initiatives are contained in Appendix E of the document.

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

2012 Goals

Pace's 2012 budgetary efforts for administration include constraining non-labor expense growth while maintaining a staffing level of 179 positions.

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



Pace's Administrative Office Building was built with many energy efficient features including a lighting system utilizing automatic dimming and occupancy sensor controls.

Table 16. Administrative Budget (000's)

	2010 Actual	2011 Estimate	2012 Budget
Non-Vehicle Maintenance	\$ 200	\$ 247	\$ 290
General Administration			
Labor/Fringe Benefits	13,434	14,313	15,417
Parts/Supplies	188	230	230
Utilities	318	315	319
Other	5,508	6,222	7,429
Total Expenses	\$ 19,649	\$ 21,326	\$ 23,684
Full Time Equivalents (FTE's)	173	173	179

2012 Suburban Service Budget and Three Year Business Plan

General

The following section presents Pace’s Suburban Service budget and three year financial business plan for the period 2012 through 2014. The RTA Act requires that the Service Boards submit a budget and a three year financial plan. The plan is required to show a balance between the funding estimates provided by the RTA (known as “the marks”) and the anticipated costs of providing services. Pace’s plan for 2012 – 2014 achieves this balance. The assumptions and highlights for the three years in review are provided in this section.

The plan presented for review is based largely on status quo operations. The status quo assumption is derived from current year (2011) estimates that show service and ridership levels essentially constant with prior year 2010 levels. The good news is that 2011 shows a modest growth in ridership—up 0.9% over 2010 levels. The outlook for 2012 sees little change. Demand is forecasted to grow at a modest rate of 0.8% next year as the outlook for high unemployment is expected to continue to have a negative affect on ridership growth. A slow recovery is seen for ridership over the three year planning cycle.

The RTA also suggests a slow economic recovery as supported by their conservative outlook for sales tax growth for 2012 and the out-years. They are forecasting public funding to grow by a conservative 2.8% annually for the three years of the plan. However, despite the projection for conservative growth, they have raised their estimates for public funding growth for the current year (2011). They

are projecting that state public funding will finish the year up 4.2% over 2010 levels and will exceed the 2011 budgeted funding marks that they set for the Service Boards back in September 2010. This is positive news, and will allow Pace to finish with a net surplus of \$5.681 million for 2011.

The conservative outlook for funding growth over the three year plan will require Pace to use a modest amount of Federal 5307 funds to help balance funding needs for the two out-years. The use of these funds is consistent with Pace’s prior multi-year plan. The use of Federal funds can also help achieve annual recovery ratio requirements.

As noted, the budget and three year financial plan are balanced, and Pace will achieve a 30% recovery ratio set by the RTA for the Suburban Service program for 2012. No fare increases or service reductions are planned for 2012 at this time. For plan years 2013 and 2014, we have applied a use of federal capital funds to a maximum level of \$3.4 million. The capital funds help balance the funding gap and achieve the recovery ratio; however, some additional budget balancing actions will be required in 2014. A discussion of the assumptions used in developing the multi-year plan and a review of the highlights of the plan are provided in the following pages, along with Table 19 showing the full details of the plan.

Table 17. Baseline Economic Assumptions

	2011	2012	2013	2014
Change in Demand (Based on Total Ridership) (1)	0.9%	0.8%	1.1%	1.1%
T-Bill Rates (90 Day) (2)	0.2%	0.2%	0.4%	0.7%
CPI-U (National) (3)	1.6%	1.7%	1.5%	1.8%
Ultra-Low Sulfur (Price Growth) (4)	45.3%	6.7%	0.0%	0.0%
Pace Public Funds (Sales Tax) (5)	4.2%	2.8%	2.8%	2.8%

(1) Assumptions for demand, as measured by estimates for total ridership, are generated by Pace’s planning staff. Demand estimates are used to forecast fare revenues.

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

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

(4) Reflects fuel price estimates for the current and future years for diesel. Oil futures contract pricing was used for budget and plan years 2012-2014.

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

Assumptions

Numerous factors are considered in order to develop an annual budget and multi-year plan. The amount of demand has to be evaluated and identified for both the short and long term. The demand is measured by estimates for ridership and these estimates translate into the forecasts for farebox revenues. Economic assumptions related to the costs of providing transit services must be identified. Estimates for the consumer price index (CPI) and estimates for fuel are assumptions of significant importance. The outlook for public funding growth as verified by the RTA's estimates for state sales tax revenues is highly important as it provides between 60% and 70% of annual funding for operations. A list of baseline assumptions used to develop the Pace three year plan is summarized in Table 17. The following list of key sources were also referenced for information/outlooks on the industry/economy: the Congressional Budget Office

– CBO (the primary source used for inflation indices); The Kiplinger Letter (referenced for general economic information including outlooks for inflation, interest rates, etc.); The Bureau of Labor Statistics – BLS (a source for key indicators including the Producer Price Index – PPI, Utilities, Inflation, etc.); EIA – The U.S. Energy Information Administration (a source for energy price growth for fuel); The Oil Daily (an oil industry newsletter providing up-to-the-minute activities in the oil market); Moody's Economic Projections (a list of selected indices provided by the RTA to assist the Service Boards in developing forecasts); and the Wall Street Journal, which was referenced for general economic trends.

The outcome of applying the assumptions identified in Table 17 to known or anticipated conditions is reflected in Table 18.

Table 18. Multi-Year Category Growth

	2012	2013	2014
Fare Revenue	2.0%	1.2%	1.2%
Total Revenue	3.6%	1.5%	1.6%
Labor/Fringes	4.4%	2.8%	3.3%
Health Care	5.9%	9.0%	9.0%
Parts/Supplies	3.0%	4.3%	5.2%
Purchased Transportation	6.2%	3.5%	4.1%
Utilities	1.4%	4.0%	4.6%
Insurance/Claims	-7.6%	4.5%	5.4%
Fuel (Costs)	6.7%	0.0%	0.0%
Fuel Costs—Diesel - Suburban Service	\$ 19.657 mil	\$ 19.657 mil	\$ 19.657 mil
Number of Gallons - Suburban Service	5.805 mil	5.805 mil	5.805 mil
Price per Gallon — Diesel	\$ 3.39	\$ 3.39	\$ 3.39
Fuel Costs—Gasoline - Vanpool	\$ 2.801 mil	\$ 2.860 mil	\$ 2.855 mil
Number of Gallons - Vanpool	.832 mil	.849 mil	.866 mil
Price per Gallon - Gasoline	\$ 3.36	\$ 3.37	\$ 3.30

Highlights–2012 Budget and Three Year Plan

Pace’s 2012 Budget presented in Table 19 is balanced using RTA Sales Tax funding marks and Federal CMAQ, JARC, and New Freedom funds. For the two out-years (2013 – 2014) the plan is balanced with continued use of a small amount of Federal 5307 funds; however, in addition to the use of funds, the plan assumes budget balancing actions will be needed in 2014. Actions may include, but are not limited to, adjusting service, adjusting fares, implementing efficiencies, reducing operating costs, and identifying additional funds or revenues. For all three years, Pace achieves a 30% recovery ratio, due, in part, to the allowed use of credits approved by the RTA when calculating the ratio.

Some of the highlights for the three years include operating revenues which will grow at an annual compound rate of 2.2%. The conservative growth in revenue reflects the modest outlook for ridership growth over the three year horizon. Also contributing to the revenue growth is advertising revenue which has returned to historic levels given the new contract that was recently executed.

Expenses will grow at an annual compound rate of 3.9% over the three year period. This is a relatively conservative rate which is driven by the continued outlook for low inflation over this time period.

Total public funding will grow at an annual compound rate of 2.8% as forecasted by the RTA. The RTA continues to maintain this conservative forecast given the current economic outlook. The conservative outlook for funding requires the continued use of federal funds in order to maintain a status quo program over the three year horizon and to achieve recovery rate compliance.



Pace recently received approval from the State to operate bus service on the shoulder of tollways. (Photo courtesy of MNDOT).



Pace rolled out a new advertising tag line in 2011, “Connecting Communities,” which will underscore Pace’s future marketing efforts.

Suburban Service Budget and Three Year Business Plan

Table 19. 2012-2014 Suburban Service Operating Budget and Three Year Business Plan (000's)

	2010 Actual	2011 Estimate	2012 Budget	2013 Plan	2014 Plan
OPERATING REVENUE					
Farebox	\$ 32,262	\$ 32,770	\$ 33,436	\$ 33,827	\$ 34,222
Local Share/Other	12,859	12,837	13,961	14,265	14,596
Advertising Revenue	3,931	4,319	4,417	4,440	4,446
Investment Income	111	81	84	177	311
Reduced Fare Reimbursement	2,416	2,571	2,571	2,571	2,571
Total Revenue	\$ 51,578	\$ 52,580	\$ 54,469	\$ 55,280	\$ 56,145
OPERATING EXPENSE					
Labor/Fringes	\$ 88,621	\$ 92,585	\$ 96,637	\$ 99,349	\$ 102,591
Health Care	15,474	16,922	17,920	19,533	21,291
Parts/Supplies	6,062	6,149	6,335	6,610	6,955
Purchased Transportation	28,201	27,537	29,250	30,265	31,499
Fuel	15,063	21,122	22,458	22,517	22,512
Utilities	1,939	1,910	1,937	2,015	2,107
Insurance	11,546	9,549	8,825	9,222	9,720
Other	12,271	13,708	15,649	15,885	16,173
Regional ADA Support Credit	(2,933)	(3,857)	(3,992)	(4,093)	(4,219)
Total Expenses	\$ 176,249	\$ 185,624	\$ 195,017	\$ 201,304	\$ 208,628
Deficit	\$ 124,670	\$ 133,044	\$ 140,548	\$ 146,024	\$ 152,484
Budget Balancing Actions	0	0	0	0	(1,755)
Funding Requirement	\$ 124,670	\$ 133,044	\$ 140,548	\$ 146,024	\$ 150,729
PUBLIC FUNDING					
Sales Tax (Part I)	\$ 73,054	\$ 76,122	\$ 78,234	\$ 80,425	\$ 82,677
RTA Sales Tax and PTF - (Part II)	29,785	31,036	30,197	30,712	31,225
Suburban Community Mobility Funds (SCMF)	18,959	19,755	20,319	20,888	21,472
South Suburban Job Access Funds	7,500	7,500	7,500	7,500	7,500
RTA Discretionary (PTF - Part I)	0	0	3,000	3,084	3,170
Federal CMAQ/JARC/New Freedom	2,738	2,211	1,298	1,237	1,287
RTA ICE Funding	207	100	0	0	0
Federal 5307	2,300	2,000	0	2,178	3,398
Total Public Funding	\$ 134,543	\$ 138,725	\$ 140,548	\$ 146,024	\$ 150,729
Net Funding Available	\$ 9,873	\$ 5,681	\$ 0	\$ 0	\$ 0
Recovery Ratio	36.00%	36.00%	30.00%	30.00%	30.00%

Pace Suburban Service Cash Flow—2012

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 funding are included in total revenues and are based on information provided by the RTA.

The projected cash flow for Pace’s Suburban Service operations shows sufficient funds for Pace to maintain operations during 2012.



Riding Pace saves fuel and cost to our passengers.

Table 20. Pace Suburban Service Projected Cash Flow Summary—2012 (000's)

	Beginning Balance	Revenues	Expenses	Net Results	Ending Balance
January	\$ 44,550	\$ 21,030	\$ 15,641	\$ 5,389	\$ 49,939
February	49,939	13,913	16,641	(2,728)	47,210
March	47,210	13,913	17,278	(3,365)	43,845
April	43,845	13,733	15,641	(1,909)	41,936
May	41,936	13,733	15,641	(1,909)	40,027
June	40,027	13,733	15,641	(1,909)	38,119
July	38,119	21,475	15,641	5,833	43,952
August	43,952	14,079	15,641	(1,563)	42,389
September	42,389	14,079	15,641	(1,563)	40,827
October	40,827	16,650	15,641	1,008	41,835
November	41,835	14,079	15,641	(1,563)	40,272
December	40,272	24,583	20,304	4,278	44,551

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2012 Regional ADA Paratransit Operating Budget

Summary

The 2012 Regional ADA Service program is summarized below and detailed throughout this section. The table below shows total operating expenses will reach \$126.576 million in 2012 – up 0.2% or \$0.214 million over estimated 2011 levels. Revenues will increase by 3.2% or \$0.363 million to \$11.576 million. The ADA program will be constrained to \$115.000 million in funding - the amount identified as available for 2012 at this time.

The outlook for 2011 shows the ADA program finishing the year \$4.5 million over budget due to city ridership growth projected to reach 8%. The 2011 budget had assumed a ridership growth of 2%. The 2% ridership growth was all that was allowed in order to balance the budget to the RTA's funding level for 2011. The outlook for ADA sales tax receipts is that they are expected to exceed 2011 budget levels by \$5.8 million, making it possible to fund the increased cost. This will require the RTA to amend the 2011 budget for the ADA program.

For 2012, the RTA Act was amended to increase the ADA Fund level to \$115.000 million. In order to constrain 2012 program spending to the available fund level, staff is

pursuing two initiatives: first, Pace is pursuing negotiations with City ADA vendors to freeze prices at 2011 levels; and second, Pace is putting forth efforts to improve City ADA productivity to 1.6 trips per hour. As part of this effort, Pace plans to adjust reservation hours/call-taking times, at RTA's direction, to 8:00 a.m. to 5:00 p.m. (regular business hours) which should allow for improved efficiencies in trip planning. In order to further enhance efficiencies, Paratransit staff plans to maximize use of the recently implemented Interactive Voice Recognition (IVR) system which calls riders prior to pick-up to alert them of vehicle arrival. This tool should help reduce vehicle wait times, allowing for improved productivity. To the extent that these efforts are successful, the 2012 program can be balanced to the \$115.000 million fund level.

The 2012 Regional ADA Paratransit program, as presented in this section, is balanced to the \$115.000 million funding mark and will achieve a 10.00% recovery ratio next year using capital cost exemption credits allowed by the RTA.

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

	2010 Actual	2011 Estimate	2012 Budget
Total Operating Expenses	\$ 115,063	\$ 126,363	\$ 126,576
Less: Total Operating Revenue	10,542	11,214	11,576
Funding Requirement	\$ 104,521	\$ 115,149	\$ 115,000
Less: Sales Tax & PTF (Part II)	\$ 94,796	\$ 98,777	\$ 115,000
State Funds	8,500	8,500	0
RTA ICE Funds	1,225	7,872	0
Total Funding	\$ 104,521	\$ 115,149	\$ 115,000
Net Funding Available	\$ 0	\$ 0	\$ 0
Recovery Ratio*	10.00%	10.00%	10.00%

*Capital cost exemption credits applied for all years.

Regional ADA Paratransit Sources of Funds

The Regional ADA Paratransit Budget is funded from two sources—public funds and revenues generated from operations.

ADA Fund

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

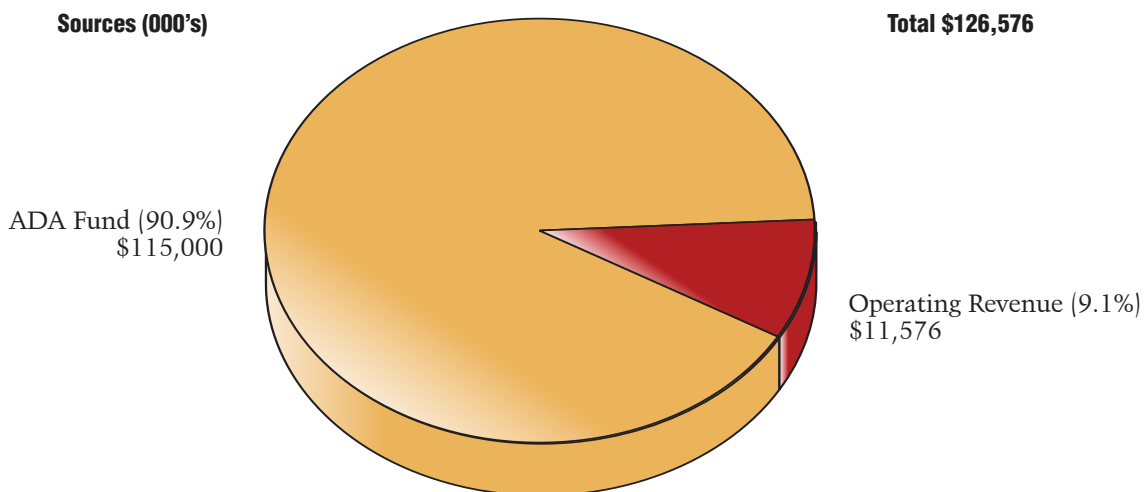
For 2012, the RTA Act has been amended to increase the ADA Fund level to \$115.000 million. The amendment also states that for each year thereafter, an amount equal to the final budget funding for ADA paratransit service for the current year shall be provided. Based on this amendment, the RTA will establish the amount specified in the Act for 2012. This level of funds will represent 90.9% of the total available source of funds for the ADA Paratransit Program next year.

Operating Revenue

The second source of funding available to fund the ADA Paratransit Program comes from operations. Operating revenues are generated largely from passenger fares. As ridership/demand grows, passenger fare revenues also move in the same direction. Operating revenues also include income generated from reimbursements for services provided. In the case for 2012, Pace will be reimbursed for certification and recertification trips. Pace will also receive reimbursement from Medicaid for trips determined to be eligible under their guidelines. For 2012, Operating revenues will represent \$11.576 million or 9.1% of the total sources of funds available to fund the Regional ADA Paratransit Program.

For 2012, Pace's plans to keep contractor prices flat and raise productivity are fundamental factors in ensuring that available sources of funds are adequate to balance next year's ADA Program needs.

Chart E. ADA Sources of Funds



Regional ADA Paratransit Uses of Funds

All funds received in 2012 will be used to provide and support ADA paratransit services. The major components of the ADA program consist of City ADA services and Suburban ADA services. Service delivery under both of these programs is contracted to private service operators. Another service element offered in the City of Chicago is a Taxi Access Program (TAP). This program provides subsidized taxi service to ADA eligible riders. In addition to the City and Suburban cost elements, there are regional support costs which represent the indirect overhead costs of supporting the Regional ADA Paratransit service overseen by Pace. Details on the City, Suburban ADA services, and TAP are included on Table 22, page 32.

City ADA Services

Pace will continue to provide all ADA service within the City of Chicago. For 2012, Pace expects to spend \$94.745 million for City ADA service. The majority of these expenditures (94.2%) will be spent on service delivery through private contractors. The balance includes costs for insurance, administration and costs related to trips for certifying ADA eligible participants.

Taxi Access Program (TAP)

Pace is also responsible for the provision of subsidized taxi service to ADA eligible riders in the City of Chicago. Pace will spend \$2.473 million for TAP in 2012.

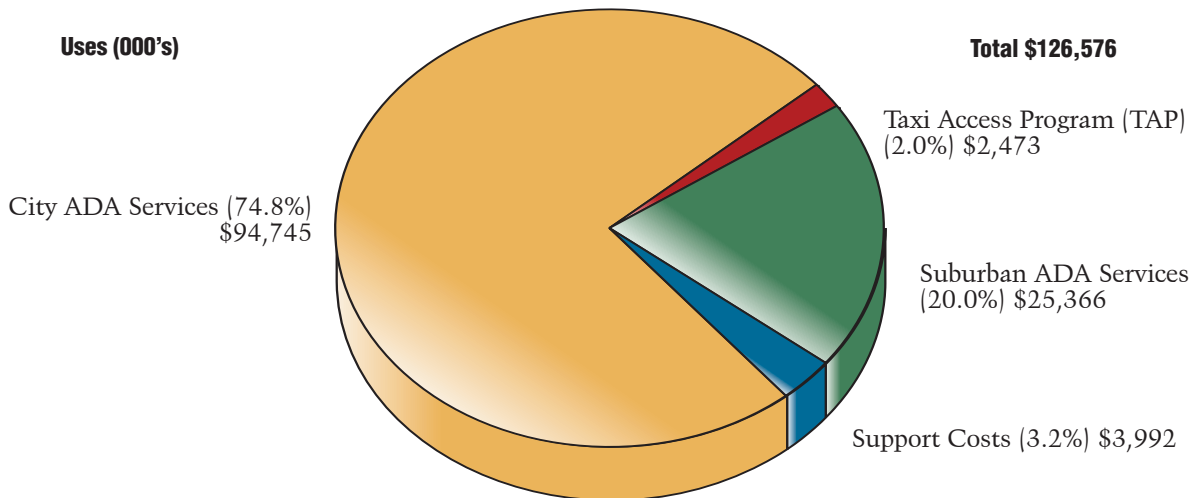
Suburban ADA Services

Pace provides ADA service in the suburbs. For 2012, Pace will spend \$25.366 million for Suburban ADA service. Costs for contracted service in the suburbs will account for 95.6% of the total cost, including fuel. Similar to the City service, the balance of the costs are also for insurance, administration and the costs for certifying ADA eligible participants.

Indirect Overhead Costs

There are regional support costs that Pace incurs on behalf of managing and operating the ADA program. For 2012, Pace will incur \$3.992 million in overhead costs that will be allocated to the Regional ADA program.

Chart F. ADA Uses of Funds



2012 Regional ADA Paratransit Service Budget—City/Suburban Detail

Pace's 2012 proposed revenue, expense and funding requirements for the Regional ADA Paratransit services are presented in Table 22 below. The estimates for 2011 and the proposed budget for 2012 are broken down into City, TAP and Suburban components.

The 2012 program is balanced to both the funding and recovery marks set by the RTA.

The recovery ratio for Regional ADA Paratransit services is established at 10% by the RTA Act. In determining compliance with the 10% requirement, the RTA can allow

the use of capital credits to expense, consistent with the federal capital cost of contracting provisions. The purpose of the capital expense exemption from the recovery rate calculation is to exclude those capital costs—similar to the exclusion of capital costs from the calculation of the regional recovery ratio.

Table 22. 2012 Regional ADA Paratransit Service Budget—City/Suburban Details (000's)

	2011 Estimate			2012 Budget			Net Change 2011-2012
	City	Suburban	Region Total	City	Suburban	Region Total	
REVENUE							
Fares—Contract	\$ 6,504	\$ 1,834	\$ 8,338	\$ 6,844	\$ 1,931	\$ 8,775	\$ 437
Fares—TAP	433	-	433	434	-	434	1
RTA Certification	1,815	628	2,443	1,774	593	2,367	(76)
Total Revenue	\$ 8,752	\$ 2,462	\$ 11,214	\$ 9,052	\$ 2,524	\$ 11,576	\$ 362
EXPENSES							
Contract Services	\$ 91,373	\$ 19,858	\$ 111,231	\$ 89,226	\$ 21,497	\$ 110,723	\$ (508)
TAP Services	2,392	-	2,392	2,473	-	2,473	81
Fuel	-	2,593	2,593	-	2,756	2,756	163
Insurance	327	10	337	335	10	345	8
Administration	3,860	721	4,581	4,125	750	4,875	294
RTA Certification	972	343	1,315	1,001	353	1,354	39
Other	57	-	57	58	-	58	1
ADA Support Allocation	-	-	3,857	-	-	3,992	135
Total Expenses	\$ 98,981	\$ 23,525	\$ 126,363	\$ 97,218	\$ 25,366	\$ 126,576	\$ 213
Funding Requirement	\$ 90,229	\$ 21,063	\$ 115,149	\$ 88,166	\$ 22,842	\$ 115,000	\$ (149)
PUBLIC FUNDING	\$ -	\$ -	\$ 115,149	\$ -	\$ -	\$ 115,000	\$ (149)
Net Funding Available	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recovery Ratio	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	-
Base Ridership—Contract	2,168	635	2,803	2,281	666	2,947	144
Total Ridership—Contract	2,639	711	3,350	2,776	746	3,522	172
Ridership—TAP	127	-	127	128	-	128	1
Ridership—Total	2,766	711	3,477	2,904	746	3,650	173

Regional ADA Budget and Three Year Business Plan

General

The following section presents Pace’s Regional ADA Paratransit Budget and Three Year Business Plan for the period 2012 through 2014.

In summary, the 2012 ADA Paratransit Budget is balanced to the \$115.000 million funding mark set in the revised RTA Act. The two out-years of the plan achieve the funding marks presented by the RTA and the 10% recovery requirement for the ADA program.

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

Assumptions

In order to prepare this plan and forecast, a number of assumptions have been made. The economic assumptions used in this plan are the same as those used for Pace’s Suburban Service budget and are described in detail on page 23 and 24 of this document.

The assumptions for specific expense growth items unique to this ADA Paratransit Financial Plan; specifically service related elements like contractor costs, demand and fuel, are shown in Table 23.

	2012	2013	2014
Contractor Costs—City	0.0%	2.1%	3.6%
Contractor Costs—Suburban	3.1%	2.9%	3.4%
Demand—City	5.2%	5.0%	5.0%
Demand—Suburban	5.0%	5.0%	5.0%
<i>Fuel Costs - ADA</i>	<i>\$ 2.756 mil</i>	<i>\$ 2.764 mil</i>	<i>\$ 2.764 mil</i>
<i>Number of Gallons - ADA</i>	<i>.756 mil</i>	<i>.756 mil</i>	<i>.756 mil</i>
<i>Price per Gallon - ADA</i>	<i>\$ 3.64</i>	<i>\$ 3.65</i>	<i>\$ 3.65</i>

Highlights – 2012 Budget and Three Year Plan

The budget and two-out years presented in Table 24 shows the ADA program balanced using additional RTA funds and/or budget balancing actions. Some of the highlights for the three years include fare revenues which will grow at an annual compound rate of 5.0%. Fare revenue grows consistent with the annual compound growth rate for ridership–5.0%.

Expenses will grow at an annual compound rate of 4.9% during the three year period, consistent with demand; however, the growth in expenses has been mitigated by the cost containment efforts planned for 2012. Without success of the containment efforts, cost growth would be more in the range of 7-8%.

Total ADA funding is growing at an annual compound rate of only 5.0% over the three years of this plan. Given the outlook for the continued growth rate for demand and associated costs, the conservative outlook for funding will continue to require additional funding and/or identification of budget balancing actions.



Regional ADA services are provided by private contractors in the suburbs.

Regional ADA Paratransit Budget and Three Year Business Plan

Table 24. 2012-2014 Regional ADA Paratransit Budget and Three Year Business Plan (000's)

	2010 Actual	2011 Estimate	2012 Budget	2013 Plan	2014 Plan
OPERATING REVENUE					
Fares	\$ 8,385	\$ 8,771	\$ 9,209	\$ 9,741	\$ 10,228
Other/Certification Revenue	2,157	2,443	2,367	2,086	2,118
Total Revenue	\$ 10,542	\$ 11,214	\$ 11,576	\$ 11,827	\$ 12,346
OPERATING EXPENSES					
Labor/Fringes	\$ 2,463	\$ 2,550	\$ 2,645	\$ 2,713	\$ 2,795
Health Care	336	291	307	335	365
Administrative Expense	1,870	1,797	1,981	2,011	2,049
Fuel	1,891	2,593	2,756	2,764	2,764
Insurance/Claims	114	337	345	360	380
RTA Certification Trips	1,282	1,315	1,354	1,374	1,399
Suburban ADA Purchased Transportation	18,981	19,858	21,497	23,218	25,214
City ADA Purchased Transportation	82,920	91,373	89,226	95,711	104,107
TAP & Mobility Direct Services	2,273	2,392	2,473	2,547	2,639
Regional ADA Support Allocation	2,933	3,857	3,992	4,094	4,219
Total Expenses	\$ 115,063	\$ 126,363	\$ 126,576	\$ 135,127	\$ 145,931
Funding Requirement	\$ 104,521	\$ 115,149	\$ 115,000	\$ 123,300	\$ 133,585
PUBLIC FUNDING					
Sales Tax and PTF (Part II)	\$ 94,796	\$ 98,777	\$ 115,000	\$ 120,750	\$ 126,788
State Funds	8,500	8,500	0	0	0
RTA ICE Funds	1,225	7,872	0	0	0
RTA Funds/Budget Balancing Actions	0	0	0	2,550	6,797
Total Public Funding	\$ 104,521	\$ 115,149	\$ 115,000	\$ 123,300	\$ 133,585
Net Funding Available	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Recovery Ratio With Credits	10.00%	10.00%	10.00%	10.00%	10.00%

Pace Regional ADA Paratransit Cash Flow—2012

The following provides an estimate of Pace’s 2012 revenues, expenses and cash position for Regional ADA Paratransit service operations on a monthly basis. Estimates for public funding are included in total revenues and are based on information provided by the RTA.

The projected cash flow presented below for Pace’s Regional ADA Paratransit service shows sufficient funds for Pace to maintain operations during 2012.



Regional ADA services are provided by private contractors in the City.

Table 25. Pace Regional ADA Projected Cash Flow Summary—2012 (000’s)

	Beginning Balance	Revenues	Expenses	Net Results	Ending Balance
January	\$ 9,240	\$ 10,548	\$ 10,548	\$ 0	\$ 9,240
February	9,240	10,548	10,548	0	9,240
March	9,240	10,548	10,548	0	9,240
April	9,240	10,548	10,548	0	9,240
May	9,240	10,548	10,548	0	9,240
June	9,240	10,548	10,548	0	9,240
July	9,240	10,548	10,548	0	9,240
August	9,240	10,548	10,548	0	9,240
September	9,240	10,548	10,548	0	9,240
October	9,240	10,548	10,548	0	9,240
November	9,240	10,548	10,548	0	9,240
December	9,240	10,548	10,548	0	9,240

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Suburban Service Capital Budget and Five Year Business Plan

Overview

The RTA established the preliminary capital program marks which estimated federal and other funds that might be available to the region for capital investment purposes. Additionally, the RTA is requiring the Service Boards to address how they will work toward returning the system to a “State of Good Repair.” The RTA, in concert with the Service Boards, continues to work towards developing a comprehensive set of performance measures. Also, Pace has had its own set of Capital investment criteria it uses to evaluate projects on an annual basis for the last 20 years.

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

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

Additionally, the RTA, in cooperation with the Service Boards, is updating the Capital Asset Condition Assessment which was last developed in 2010. This study accumulated an inventory of all assets in the region, reviewed the condition of the assets, and placed them into one of three categories: (1) Backlog, (2) Normal Replacement, or (3) Capital Maintenance. The definitions of each category are as follows:

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

Finally, the RTA, in cooperation with the Service Boards, is developing a prioritization tool which will eventually be used to ensure asset preservation, enhance quality and expand rider capacity.

The Ten Year Program Needs table below as contained in the RTA study, shows the amount of unmet capital needs by the categories of Backlog, Normal Replacement, and Capital Maintenance.

Table 26. Ten Year Program Needs (in Billions)

	CTA	METRA	PACE	TOTAL
Backlog	\$ 10.00	\$ 3.70	\$ 0.12	\$ 13.83
Normal Replacement	3.22	1.70	1.93	6.85
Capital Maintenance	1.78	1.97	0.20	3.94
Total Ten Year Needs	\$ 15.00	\$ 7.37	\$ 2.25	\$ 24.62
% of Program Needs	60.90%	29.94%	9.16%	100.00%

Source: RTA Capital Asset Condition Assessment Report, August 2010

Summary

While State Bond Funds are assumed to be available totaling \$2.7 billion, the assets of the region’s public transportation system will still not reach a State of Good Repair much less allow investment in capacity improvements to meet market demands. The Capital Asset Condition Assessment completed in 2010 concludes that the RTA region’s ten year capital program need is \$24.6 billion, with \$13.8 billion for backlog costs, \$6.9 billion for normal replacement costs, and \$3.9 billion for maintenance costs. The RTA estimates that the Service Boards will be \$17.0 billion short in meeting that need; \$2.25 billion or 9.16% are Pace’s share of the needs.

2012 Suburban Service Capital Program/Project Descriptions

Capital Budget Mark Assumptions

The 2012 Preliminary Capital Program marks from RTA provide \$32.070 million in Federal 5307 formula funding, \$22.000 million from Federal State of Good Repair discretionary funding and \$3.060 million in Federal CMAQ funding.

Additionally, \$42.850 million is expected to be available from the State of Illinois, Illinois Department of Transportation (IDOT). Lastly, Pace plans to use \$.250 million of its own funds for capital projects.

Table 27. Pace 2012 Proposed Capital Program Marks (000's)

Suburban	
Federal 5307 Formula	\$ 32,070
Federal State of Good Repair Funds	22,000
Federal CMAQ Funds	3,060
State IDOT Funding	42,850
Pace	250
Total	\$ 100,230

Summary

The 2012 Suburban Capital Program totals \$100.230 million and the entire program falls in the category of projects needed to return the Pace system to a "State of Good Repair".

Rolling Stock (\$86.290 Million)

- 172 Fixed Route Replacement Buses (\$80.130 million) – The program provides Federal 5307 funds for 45 fixed route buses, and Federal State of Good Repair (SOGR) funding for 35 fixed route buses. In addition, Pace will use State IDOT funds to purchase 92 buses.
- Bus Overhaul Maintenance Expenses (\$1.500 million) – The program contains funds to cover reimbursement for bus maintenance overhaul expenses which qualify as capital.
- Associated Capital (\$1.600 million) – The program contains funds for the purchase of engines, transmissions, and other bus component assemblies.
- Diesel Engine Retrofit (\$3.060 million) – The program contains funds to retrofit Cummins ISB engines in existing buses with improved mechanical components and



Pace demolished its old Headquarters building in 2010.

SyngasDPF that reduces engine exhaust emissions.

Operating Cost Impacts

Pace's average fleet age is 7.2 years for fixed route, 1.9 years for paratransit, 4.1 years for vanpool and 3.4 years for community based service. The typical life expectancy is 12 years, four years, and four to five years, respectively. For fixed route buses, mid-life expenses begin increasing at the six to eight year mark. Most of 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.

Support Facilities & Equipment (\$11.812 Million)

- Improvement to Garages/Facilities (\$1.000 million) – Projects include concrete replacement at North Division, bus wash system replacement at Fox Valley Division, replacement of fuel sensor systems at various locations, installation of emergency shut off equipment on our underground storage tanks as required by the State Fire Marshal, light poles at various garages and replacement of roof top mechanical equipment at South Division.
- Purchase Emergency Generators (\$6.025 million) – Project includes the replacement of emergency generators for up to seven Pace garages. The existing generators do not have adequate load to equip each garage with full garage back-up power and the generators can no longer support the most critical functions at the garages. In recent years

Pace has lost power at its garage facilities numerous times and this seriously impacts our ability to perform routine maintenance, dispatching and fueling. When power is lost in a community, we are often called upon as first responders to move people to safe locations. Without a fully functional garage, this is very difficult.

- Computer Hardware/Software and Systems (\$3.787 million) – Purchase of miscellaneous hardware and software replacements/upgrades to existing systems including implementation of Phase II Fuel Force upgrades.
- Support Equipment/Non-Revenue Vehicles (\$.800 million) – Purchase of miscellaneous maintenance/support equipment as well as replacement non-revenue vehicles for the garages. In addition, Pace will purchase up to five ticket vending machines which will be located at Pace’s transportation centers at the UPS’s site in Hodgkins, IL. These units will cost \$25,000 per unit and they will replace existing machines which have exceeded their useful life. Selling tickets to UPS employees using our two transportation centers is very popular.
- Office Equipment/Furniture (\$.200 million) – Purchase of miscellaneous office equipment/ furniture such as fax machines, file cabinets, desks, etc. for the various garage facilities and headquarters.

Operating Cost Impacts

Replacement of equipment and other improvements to garages covered in this year’s budget will result in cost avoidances which would otherwise impact the operating budget.

Stations and Passenger Facilities (\$.800 Million)

This project includes the purchase of passenger shelters and amenities.

Miscellaneous (\$1.328 Million)

- Pace Funded Capital/Unanticipated Capital (\$.250 million) – This project includes funds for capital eligible projects

not anticipated in the budget process.

- Project Administration (\$1.078 million) – Project includes funds for staff time spent on the administration of various grants. This reduces operating expense by an equal amount.



Due to aging equipment, Pace replaced a broken grease line at South Division in 2011.

Operating Cost Impacts of Non-Routine Capital Expenditures

The 2012 Suburban Service Capital Budget contains no non-routing capital expenditures; thereby eliminating the need to quantify operating budget cost impacts. The implementation of non-routine capital projects being in year two of the multi-year plan. The operating costs impacts associated with these new costs will be addressed in future operating budgets.

Table 28. Suburban Service 2012 Capital Program—(000's)

Project Description - Suburban Services	AC	EC	Funding Source	Total Budget	Federal Section 5307	Federal CMAQ	Federal SOGR	State IDOT	Pace
ROLLING STOCK									
Purchase Up to 92 Fixed Route Buses	NR	M3	State-Bond	\$ 42,850	\$ 0	\$ 0	\$ 0	\$ 42,850	\$ 0
Purchase Up to 35 Fixed Route Buses	NR	M3	SOGR	15,900	0	0	15,900	0	0
Purchase Up to 45 Fixed Route Buses	NR	M3	Fed 5307	21,380	21,380	0	0	0	0
Bus Overhaul Maintenance Expense	CM	M3	Fed 5307	1,500	1,500	0	0	0	0
Associated Capital	CM	M3	Fed 5307	1,600	1,600	0	0	0	0
Diesel Engine Retrofit	CM	M3	CMAQ	3,060	0	3,060	0	0	0
Subtotal - Rolling Stock				\$ 86,290	\$ 24,480	\$ 3,060	\$ 15,900	\$ 42,850	\$ 0
SUPPORT FACILITIES AND EQUIPMENT									
Improvements to Garages/Facilities	B	M2	Fed 5307	\$ 1,000	\$ 1,000	\$ 0	\$ 0	\$ 0	\$ 0
Purchase Emergency Generators	B	M1	SOGR	6,025	0	0	6,025	0	0
Computer Systems/Hardware & Software	NR	M3	Fed 5307	3,787	3,787	0	0	0	0
Support Equipment	NR	M3	Fed 5307	800	800	0	0	0	0
Office Equipment/Furniture	NR	M3	Fed 5307	200	200	0	0	0	0
Subtotal - Support Facilities & Equipment				\$ 11,812	\$ 5,787	\$ 0	\$ 6,025	\$ 0	\$ 0
STATIONS AND PASSENGER FACILITIES									
Purchase Passenger Shelters and Amenities	NR	M3	Fed 5307	\$ 800	\$ 800	\$ 0	\$ 0	\$ 0	\$ 0
Subtotal - Stations and Passenger Facilities				\$ 800	\$ 800	\$ 0	\$ 0	\$ 0	\$ 0
MISCELLANEOUS									
Unanticipated Capital	N/A	N/A	Pace	\$ 250	\$ 0	\$ 0	\$ 0	\$ 0	\$ 250
Project Administration	N/A	N/A	SOGR	75	0	0	75	0	0
Project Administration	N/A	N/A	Fed 5307	1,003	1,003	0	0	0	0
Subtotal - Miscellaneous				\$ 1,328	\$ 1,003	\$ 0	\$ 75	\$ 0	\$ 250
TOTAL 2012 CAPITAL PROGRAM SUBURBAN SERVICES				\$	\$ 32,070	\$ 3,060	\$ 22,000	\$ 42,850	\$ 250
2012 SUBURBAN MARKS				\$	\$ 32,070	\$ 3,060	\$ 22,000	\$ 42,850	\$ 250

AC – ASSET CONDITION

B - BACKLOG
 NR - NORMAL REPLACEMENT
 CM - CAPITAL MAINTENANCE

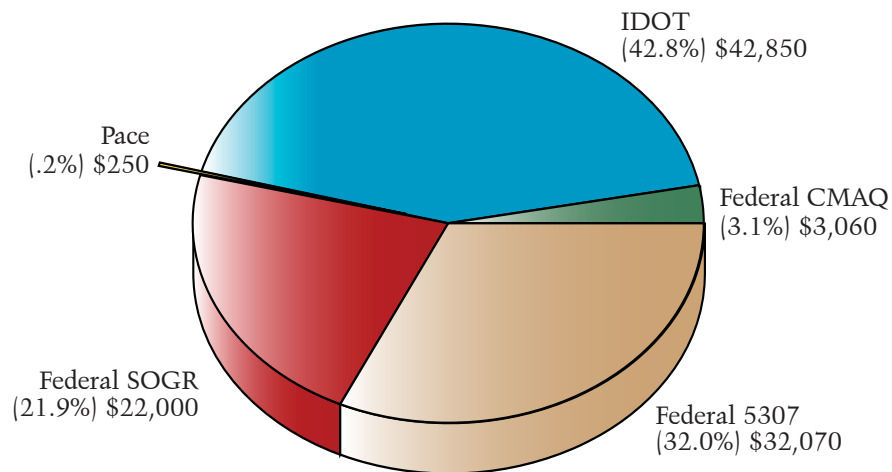
EC – EVALUATION CRITERIA

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

Chart G. 2012 Suburban Services Capital Program—Sources and Uses of Funds

Sources (000's)

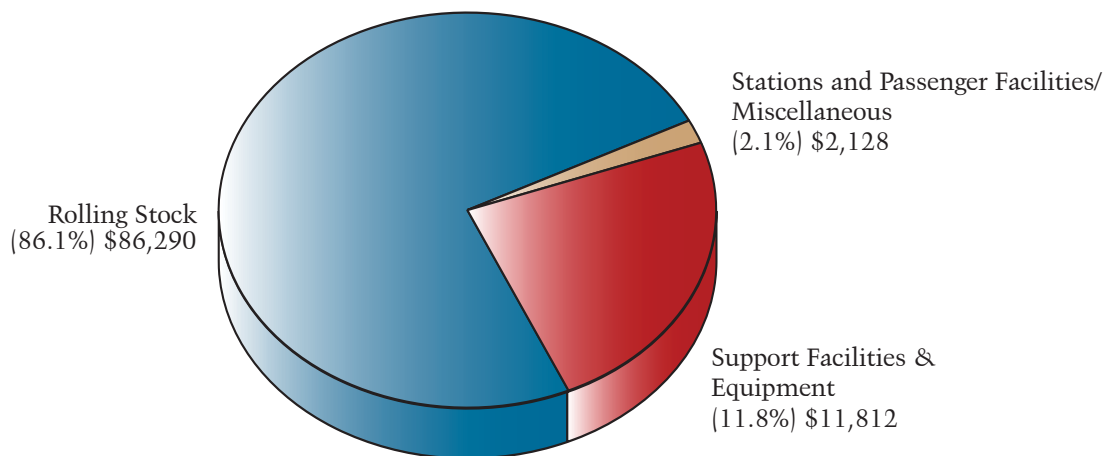
Total \$100,230



57% of Pace's program is expected to be derived from Federal sources

Uses (000's)

Total \$100,230



Over 86% of the 2012 program will be spent on the replacement of rolling stock

Capital Funding Sources

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

Federal Funding

The SAFETEA-LU expired on September 30, 2009. President Obama has signed two extensions of this authorization; the current extension expired on September 30, 2011 and Congress recently extended it to March 31, 2012. House Republicans have proposed a six year reauthorization that would result in cuts in transportation programs of as much as 30% below existing levels. Senate Democrats have proposed a two year authorization at current levels presumably followed by program increases. The administration has proposed dramatic increases in funding as part of the general economic stimulus efforts. With such conflicting proposals and general uncertainty regarding future federal budget levels, the RTA has set a course down the middle. Specifically, the RTA is assuming that federal formula funds will remain at 2011 levels for 2012 and will grow at the rate of inflation, currently estimated at 1.9% per year for 2013-2016.

There are four funding sources—Section 5307 formula funds, Congestion Mitigation and Air Quality (CMAQ), State of Good Repair (SOGR) and Homeland Security discretionary funds which Pace is expected to receive. 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 legislation. The Section 5309

(m) (2)(A) New Start and Section 5309 (m) (2)(C) Bus and Bus Facility capital funding is earmarked in the federal legislation. However 5309 earmark funds will not be available in 2012. 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 2012 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 the RTA.

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.

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, and State of Good Repair federal funding and Homeland Security funding are used for bus and bus related facilities projects as well as security projects. Federal 5309 (m) (2)(A) is for New Starts projects. Congestion Mitigation and Air Quality (CMAQ) funds are typically used for qualifying transit projects such as Pace's Vanpool Program and diesel engine retrofit projects.

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 the 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 the RTA's practice that these funds are considered to be outside the 58%-34%-8% allocation.



In 2011, Pace purchased ten hybrid buses with Federal TIGGER funds through the State of Illinois.

State Funding

State funds historically have been provided to the Service Boards through grants administered by the Illinois Department of Transportation (IDOT) on a discretionary basis. The primary use of the funds has been to satisfy the match requirements associated with federal funds for critical transit projects in the region. Additionally, in 1999, the State provided capital assistance to the RTA in the form of increased RTA bonding authority through the Strategic Capital Improvement Program (SCIP), with annual funding equal to the actual debt service paid by the State.

On April 3, 2009, Governor Pat Quinn signed into law the "Jump Start" capital bill, providing \$900 million to make grants to fund public transportation projects in northeastern Illinois. Of this amount, \$45 million of this funding was allocated to Pace for Regional ADA Paratransit rolling stock and support equipment. The balance of the funding was allocated 58% to the CTA, 34% to Metra and 8% to Pace. Additionally, on July 13, 2009, the Governor signed the "Illinois Jobs Now" capital bill that provided \$1.80 billion for regional transit projects. The legislation allocated 50% of these funds to the CTA, 45% to Metra and 5% to Pace. Pace understands that the \$45 million will likely not be available; therefore, there is no funding for Regional ADA capital needs.

On July 21, 2010, Governor Pat Quinn announced the State's intention to award more than \$500 million of the "Illinois Jobs Now" funds toward mass transit infrastructure statewide. This funding included \$442.70 million for the RTA for capital projects to be implemented by the CTA, Metra and Pace, and was included in the 2011 Capital Program. In addition, over \$889 million was awarded to CTA and Metra in 2011. Nevertheless, there is uncertainty regarding the timing of the availability of the balance of the \$2.70 billion originally appropriated in 2009. A portion of these funds are dependent on bond authorizations that have yet to pass the General Assembly. In addition, sources for debt service on some of the bond funds depend on the new revenues for the State's General Revenue Fund. Encouraged by the release of State Bond Funds this year, the RTA has

decided to include the balance of the full \$2.70 billion State Bond program to be distributed over the remaining three years, 2012-2014.

Service Board Funding

Operational savings achieved by the Service Boards also provide funds for capital investments.

RTA Funding

In 1999, the RTA Act was amended as part of Illinois FIRST legislation. All of these funds (SCIP and RTA bonds) have been programmed to the Service Boards and there has been no new funding since 2004.

The RTA's 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.

Illinois Transportation Development Credits (TDC)

The Service Boards may propose to exercise the toll revenue credit provision as provided 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 federal 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. These credits are now titled Transportation Development Credits (TDC).



Emergency concrete repairs were necessary at the Northwest Transportation Center in Schaumburg in 2011.



Overhead door replacements are a costly item. Pace completed a project which replaced South Division's overhead doors in 2011.

2012–2016 Five Year Suburban Service Capital Business Plan—Constrained To Marks

The preliminary funding marks released for Pace by the RTA, total \$404.548 million for the five year period 2012-2016.

The 2012-2016 program heavily relies on the receipt of federal funding and much of this funding is discretionary (totaling \$108.198 million) which Pace must compete nationally for. If Pace receives all the funding expected for the next five years, it is still grossly inadequate. Our unconstrained needs for the five year period is \$560 million in order to achieve a State of Good Repair. This means Pace has a shortfall of more than \$155 million. The primary shortfall is in mid-life facility upgrades which are necessary to keep garages and passenger facilities operational. With a significant backlog of capital needs, coupled with insufficient funding, the RTA has directed the Service Boards to develop their Capital Programs by concentrating on the maintenance and preservation (“State of Good Repair”) of existing facilities and equipment. This program reflects just that.

Listed below is a summary description of Pace’s Five Year Capital Plan. It is constrained to the marks established by the RTA, and it assumes a total of \$128.550 million in State, Illinois Department of Transportation funding for only a three year period between 2012 to 2014. Table 29 summarizes the amount of funding over the next five years that RTA has estimated Pace will receive.

Table 29. Pace FY2012–2016 Capital Program Marks (000)

Federal 5307 Formula	\$ 166,550
Federal Homeland Security	5,100
Federal CMAQ	29,280
Federal State of Good Repair	73,818
State IDOT Funding	128,550
Pace	1,250
Total	\$ 404,548

Rolling Stock (\$266.546 Million)

- Fixed route buses – 428 replacement buses
- Paratransit buses – 148 replacement buses
- Vanpool equipment – 195 replacement vehicles

Electrical/Signal/Communications (\$2.000 Million)

- Transit Signal Priority (TSP) Corridors

Support Facilities/Equipment (\$122.412 Million)

- Improvements to garages/Mid-Life renovation
- Engineering and construction of a new Northwest Cook Garage
- Replace emergency generators for up to seven (7) garages
- Computer systems/hardware and software
- Support equipment/non-revenue vehicles
- Office equipment and furniture
- Farebox system replacement
- I-90 corridor improvements
- I-55 corridor improvements

Stations & Passenger Facilities (\$4.800 Million)

- Mid-Life renovation to existing passenger facilities
- Shelters and amenities

Miscellaneous (\$8.790 Million)

- Purchase miscellaneous items under Pace funded unanticipated capital
- Project administration to cover staff time spent on the administration of capital projects

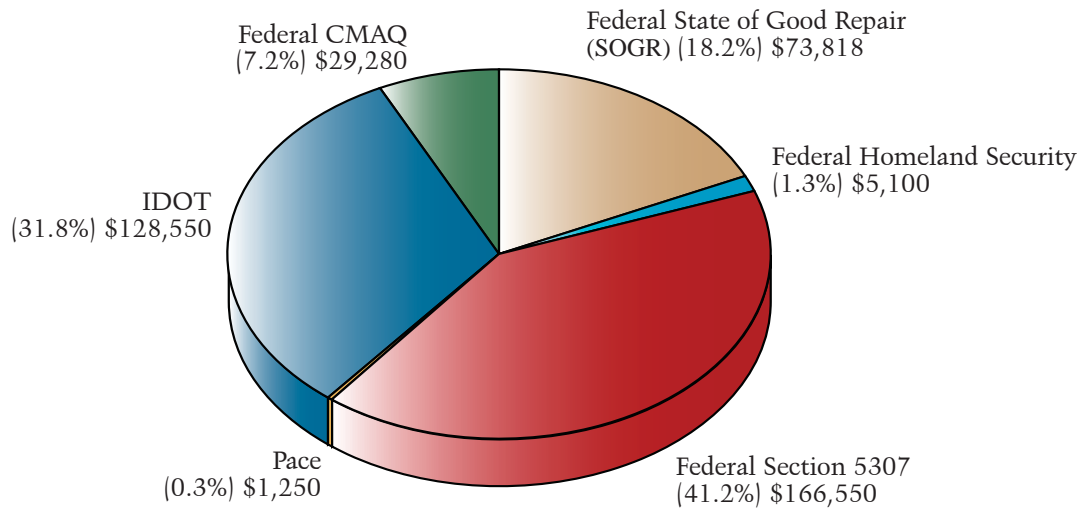
Table 30. 2012–2016 Suburban Service Capital Business Plan—State of Good Repair (000’s)—Constrained

Project Description	2012	2013	2014	2015	2016	5 YEAR 2012- 2016
ROLLING STOCK QUANTITIES						
Fixed Route Buses	172	91	91	14	60	428
Dial-a-Ride - Paratransit	0	48	33	33	34	148
Vanpool Vehicles	0	45	50	50	50	195
ROLLING STOCK						
Fixed Route Buses - Replacements	\$ 80,130	\$ 44,728	\$ 42,508	\$ 6,024	\$ 27,460	\$ 200,850
Dial-a-Ride Buses - Suburban Replacements	0	3,840	2,640	2,640	2,720	11,840
Vanpool Vehicles - Replacements	0	1,800	2,000	2,000	2,000	7,800
Engine Retrofits	3,060	3,060	2,280	1,500	3,480	13,380
Bus Overhaul/Maintenance Expense	1,500	2,000	2,000	2,000	2,000	9,500
Associated Capital	1,600	2,000	2,000	2,000	2,000	9,600
Capital Cost of Contracting	0	2,178	3,398	4,000	4,000	13,576
Subtotal - Rolling Stock	\$ 86,290	\$ 59,606	\$ 56,826	\$ 20,164	\$ 43,660	\$ 266,546
ELECTRICAL/SIGNAL/COMMUNICATIONS						
TSP Project Corridors	\$ 0	\$ 500	\$ 500	\$ 500	\$ 500	\$ 2,000
Subtotal - Electrical/Signal/Communications	\$ 0	\$ 500	\$ 500	\$ 500	\$ 500	\$ 2,000
SUPPORT FACILITIES AND EQUIPMENT						
Improvements to Garages/Mid-Life Renovation	\$ 1,000	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 7,000
Construct Northwest Cook Garage	0	10,000	16,000	16,000	16,000	58,000
Gate Access Security Project/Other Security Systems	0	3,600	500	500	500	5,100
Purchase Emergency Generators for up to 7 Garages	6,025	0	0	0	0	6,025
Computer Systems - Hardware and Software	3,787	3,000	2,500	2,500	2,000	13,787
Support Equipment/Non-Revenue Vehicles	800	500	500	1,000	1,000	3,800
Office Equipment/Furniture	200	100	100	100	100	600
Farebox System Replacement	0	5,000	10,000	5,000	0	20,000
I-90 Corridor	0	2,000	2,000	2,000	0	6,000
I-55 Corridor	0	700	700	700	0	2,100
Subtotal - Support Facilities and Equipment	\$ 11,812	\$ 26,400	\$ 33,800	\$ 29,300	\$ 21,100	\$ 122,412
STATIONS AND PASSENGER FACILITIES						
Passenger Facilities - Mid-Life Renovation	\$ 0	\$ 750	\$ 750	\$ 750	\$ 750	\$ 3,000
Shelters and Amenities	800	250	250	250	250	1,800
Subtotal - Stations and Passenger Facilities	\$ 800	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 4,800
MISCELLANEOUS						
Unanticipated Capital	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 1,250
Project Administration	1,078	2,000	1,462	2,000	1,000	7,540
Subtotal - Miscellaneous	\$ 1,328	\$ 2,250	\$ 1,712	\$ 2,250	\$ 1,250	\$ 8,790
GRAND TOTAL - CONSTRAINED	\$ 100,230	\$ 89,756	\$ 93,838	\$ 53,214	\$ 67,510	\$ 404,548

Chart H. 2012–2016 Suburban Service Capital Business Plan—Sources and Uses of Funds—Constrained

Sources (000's)

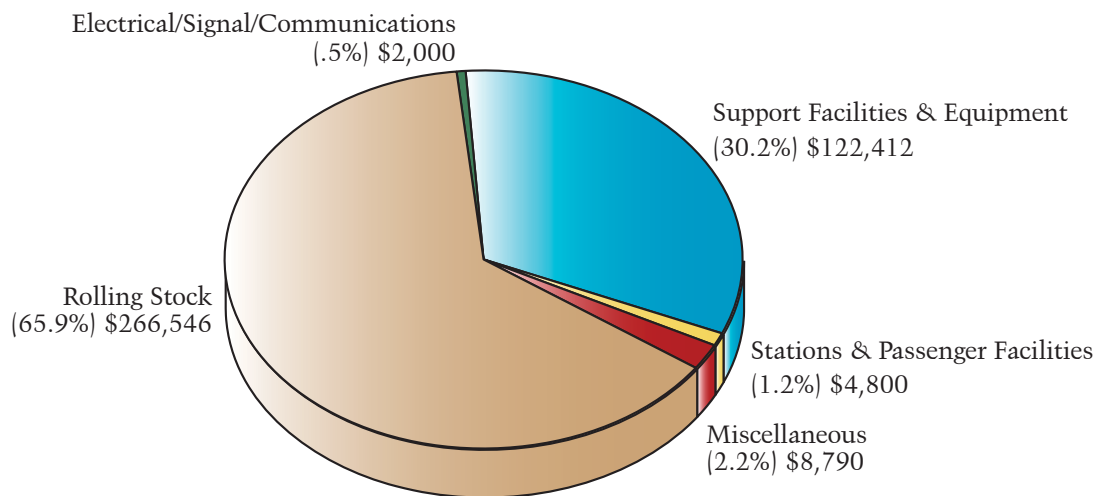
Total \$404,548



Nearly 68% of Pace's entire program would be funded with federal sources

Uses (000's)

Total \$404,548



Over 65% of Pace's program is for the purchase of rolling stock

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Regional ADA Paratransit Capital Budget – Five Year Plan

Overview

The Five Year Regional ADA Capital Program is considered Unconstrained as it does not have any capital funding at the present time. The \$45 million which was slated from the State to Pace to purchase the replacement of contractor owned ADA buses in the City and Pace ADA buses operated in the suburbs has not been appropriated by the State legislature.

Pace received a State Bond grant in 2010 which included \$14 million dollars - \$9 million for 113 suburban Dial-a-Ride buses and \$5 million for 62 Regional ADA buses. It is our understanding this grant did not commit funding from the \$45 million because it was not appropriated; rather it came from the Suburban “*Illinois Jobs Now*” funding. In the absence of any future funding from the State, the Regional ADA capital needs remain unfunded. If this funding does not materialize in the future, Pace will move the replacement of its suburban ADA buses back to the suburban capital program for funding, but the City buses will remain unfunded.

The 2012 Capital Budget only contains one project for Regional ADA. Pace will make a special request to RTA to fund this project from discretionary money in 2012. Pace currently rents approximately 11,000 square feet of office space at the Metra building located at 547 West Jackson Boulevard, Chicago, IL. This space is overcrowded and RTA offered an additional 1,500 square feet of space which they are currently renting, but cannot use. RTA would not charge any rent, but Pace would have to pay for the interior improvements. The space is completely unimproved - no carpeting, ceiling, or walls. Therefore, we plan to ask the RTA to pay for these improvements since there is no other funding alternative. This is estimated at \$75,000.

The Unconstrained Regional ADA Five Year Capital Program totals \$127.330 million for the five years. A detailed five year program is contained in Table 31.



Private contractor buses are used in the City of Chicago. Without a predictable funding source, Pace cannot replace them.

Highlights of the Five Year Regional ADA Program include:

- 1,004 replacement buses
- Radios and farebox systems
- Call recorder equipment
- Construction of two garage facilities in the City of Chicago
- Construction of an ADA administration facility
- Lease of three regional call centers and purchase of call center telephone equipment
- Improvements to the Metra office space which houses our Regional ADA administrative employees
- Construct two transfer centers in the City of Chicago

Table 31. 2012–2016 Regional ADA Paratransit—Unconstrained Capital Budget (000's)

Project Description	2012	2013	2014	2015	2016	5 YEAR 2012-2016
REGIONAL ADA VEHICLE NEEDS	241	143	245	56	319	1004
ROLLING STOCK						
Paratransit Buses	\$ 19,280	\$ 11,440	\$ 19,600	\$ 4,480	\$ 25,520	\$ 80,320
Associated Capital	1,000	1,000	1,000	1,000	1,000	5,000
Subtotal - Rolling Stock	\$ 20,280	\$ 12,440	\$ 20,600	\$ 5,480	\$ 26,520	\$ 85,320
ELECTRICAL/SIGNAL/COMMUNICATIONS						
Radio System	\$ 0	\$ 1,000	\$ 0	\$ 0	\$ 0	\$ 1,000
Call Recorder for Contractor Sites	0	0	125	0	0	125
Subtotal - Electrical/Signal/Communications	\$ 0	\$ 1,000	\$ 125	\$ 0	\$ 0	\$ 1,125
SUPPORT FACILITIES AND EQUIPMENT						
Construct two Garage Facilities	\$ 0	\$ 1,000	\$ 9,000	\$ 1,000	\$ 9,000	\$ 20,000
Construct ADA Administration Facility	0	0	1,100	225	4,275	5,600
Regional Call Centers - three leased facilities	0	250	250	250	0	750
Computers and Systems	950	300	135	1,000	300	2,685
Regional Call Center Telephone Equipment	0	2,000	2,000	2,000	0	6,000
Farebox System	0	1,000	975	1,200	0	3,175
Improvements to Metra Office Space	75	0	100	0	0	175
Subtotal - Support Facilities & Equipment	\$ 1,025	\$ 4,550	\$ 13,560	\$ 5,675	\$ 13,575	\$ 38,385
STATIONS AND PASSENGER FACILITIES						
Construct two Transfer Facilities	\$ 0	\$ 250	\$ 1,000	\$ 250	\$ 1,000	\$ 2,500
Subtotal Stations & Passenger Facilities	\$ 0	\$ 250	\$ 1,000	\$ 250	\$ 1,000	\$ 2,500
GRAND TOTAL NEEDS	\$ 21,305	\$ 18,240	\$ 35,285	\$ 11,405	\$ 41,095	\$ 127,330

Combined Suburban Service/Regional ADA Budget

Combined Suburban Service/ADA Budget and Three Year Plan

Pace's Combined Budget and Three Year Business Plans are included below in Table 32. A table presenting anticipated cash flows for 2012 has also been provided.

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

Table 32. Combined Suburban Service/ADA Budget and Three Year Business Plan (000's)

	2010 Actual	2011 Estimate	2012 Budget	2013 Projected	2014 Projected
SUBURBAN SERVICE					
Revenue	\$ 51,578	\$ 52,580	\$ 54,469	\$ 55,280	\$ 56,145
Expense	176,249	185,624	195,017	201,304	208,628
Funding Requirement*	124,670	133,044	140,548	146,024	150,729
Public Funding	134,543	138,725	140,548	146,024	150,729
Net Funding Available	\$ 9,873	\$ 5,681	\$ 0	\$ 0	\$ 0
Fund Balance - Unrestricted Net Assets					
Beginning Balance	\$ 26,076	\$ 34,574	\$ 38,402	\$ 38,152	\$ 37,902
Net Operating Results	9,873	5,681	0	0	0
Less: Capital Expended from Fund Balance	1,375	1,853	250	250	250
Ending Balance	\$ 34,574	\$ 38,402	\$ 38,152	\$ 37,902	\$ 37,652
REGIONAL ADA PARATRANSIT SERVICE					
Revenue	\$ 10,542	\$ 11,214	\$ 11,576	\$ 11,827	\$ 12,346
Expense	115,063	126,363	126,576	135,127	145,931
Funding Requirement	104,521	115,149	115,000	123,300	133,585
Public Funding**	104,521	115,149	115,000	123,300	133,585
Net Funding Available	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance - Unrestricted Net Assets					
Beginning Balance	\$ (5,137)	\$ (5,137)	\$ (5,137)	\$ (5,137)	\$ (5,137)
Net Operating Results	0	0	0	0	0
Less: Capital Expended from Fund Balance	0	0	0	0	0
Ending Balance	\$ (5,137)	\$ (5,137)	\$ (5,137)	\$ (5,137)	\$ (5,137)
COMBINED SERVICE					
Revenue	\$ 62,120	\$ 63,793	\$ 66,045	\$ 67,106	\$ 68,490
Expense	291,312	311,986	321,594	336,430	354,559
Funding Requirement*	229,192	248,194	255,548	269,324	284,314
Public Funding**	239,064	253,874	255,548	269,324	284,314
Net Funding Available	\$ 9,873	\$ 5,681	\$ 0	\$ 0	\$ 0
Fund Balance - Unrestricted Net Assets					
Beginning Balance	\$ 20,939	\$ 29,437	\$ 33,265	\$ 33,015	\$ 32,765
Net Operating Results	9,873	5,681	0	0	0
Less: Capital Expended from Fund Balance	1,375	1,853	250	250	250
Ending Balance	\$ 29,437	\$ 33,265	\$ 33,015	\$ 32,765	\$ 32,515

*Suburban Service Funding Requirement reflects Budget Balancing Actions beginning in 2014.

**Regional ADA Public Funding reflects Budget Balancing Actions beginning in 2013.

Combined Suburban Service/ADA Cash Flow

The following table provides an estimate of 2012 revenues, expenses and the cash position for Pace's combined operations—Suburban Service and Regional ADA Service.

The agency budget is balanced to the funding levels and meets the recovery marks set by the RTA for 2012. Pace's combined cash position appears balanced and sufficient to meet next year's needs.



This fare drop box is installed on all paratransit vehicles in the suburbs.

Table 33. Pace Combined Services Projected Cash Flow Summary - 2012 (000's)

	Beginning Balance	Revenues	Expenses	Net Results	Ending Balance
January	\$ 53,790	\$ 31,578	\$ 26,189	\$ 5,389	\$ 59,179
February	59,179	24,461	27,189	(2,728)	56,450
March	56,450	24,461	27,826	(3,365)	53,085
April	53,085	24,281	26,189	(1,909)	51,176
May	51,176	24,281	26,189	(1,909)	49,267
June	49,267	24,281	26,189	(1,909)	47,359
July	47,359	32,023	26,189	5,833	53,192
August	53,192	24,627	26,189	(1,563)	51,629
September	51,629	24,627	26,189	(1,563)	50,067
October	50,067	27,198	26,189	1,008	51,075
November	51,075	24,627	26,189	(1,563)	49,512
December	49,512	35,131	30,852	4,278	53,791

Appendix A: Pace Overview

Organizational Overview

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

The administration category for 2012 is budgeted at 179 filled full-time equivalents (FTEs), an increase of six positions over 2011 estimated levels. The growth in FTE's is attributed to one added position in Strategic Planning, three positions under the newly created Office of the Inspector General, and two less vacancies in administration for 2012.

The central support category for 2012 is budgeted at 83 filled FTE positions and reflects no change from the previous year.

The Pace division element is comprised of nine Pace division garages and is budgeted at 1,183 filled FTE positions for 2012. The increase of 23 positions over prior year levels accommodates increased service levels that have resulted from the transfer of service from a private contract provider.

The Regional ADA Budget includes 36 FTE positions for 2012 and reflects no change from the previous year.

Pace's administrative function is organized into four main units: Internal Services, Revenue Services, External Relations and Strategic Services. Each area is headed by a Deputy Executive Director who reports to the Executive Director. General Counsel, Internal Audit, Human Resources, DBE and Organization Development also report directly to the Executive Director. New for this year is the addition of the Office of the Inspector General which will report to the Board of Directors.

All areas of the organization are shown on the organization chart on page 54. An overview of each department's duties and responsibilities is presented on pages 55 and 56.

Table 34. Full-Time Equivalent Personnel (FTE's)

2010 ACTUAL				
Area:	Admin	Central Support	Pace Divisions	Total
Activity				
Operations	0	36	907	943
Maintenance	0	39	205	244
Non-Vehicle Maintenance	0	8	15	23
Administration	173	0	33	206
Suburban Service Total	173	83	1,160	1,416
Regional ADA Paratransit	36	0	0	36
Total	209	83	1,160	1,452
2011 ESTIMATED				
Area:	Admin	Central Support	Pace Divisions	Total
Activity				
Operations	0	36	907	943
Maintenance	0	39	205	244
Non-Vehicle Maintenance	0	8	15	23
Administration	173	0	33	206
Suburban Service Total	173	83	1,160	1,416
Regional ADA Paratransit	36	0	0	36
Total	209	83	1,160	1,452
2012 BUDGET				
Area:	Admin	Central Support	Pace Divisions	Total
Activity				
Operations	0	36	930	966
Maintenance	0	39	205	244
Non-Vehicle Maintenance	0	8	15	23
Administration	179	0	33	212
Suburban Service Total	179	83	1,183	1,445
Regional ADA Paratransit	36	0	0	36
Total	215	83	1,183	1,481

Chart I. Pace Organizational Chart

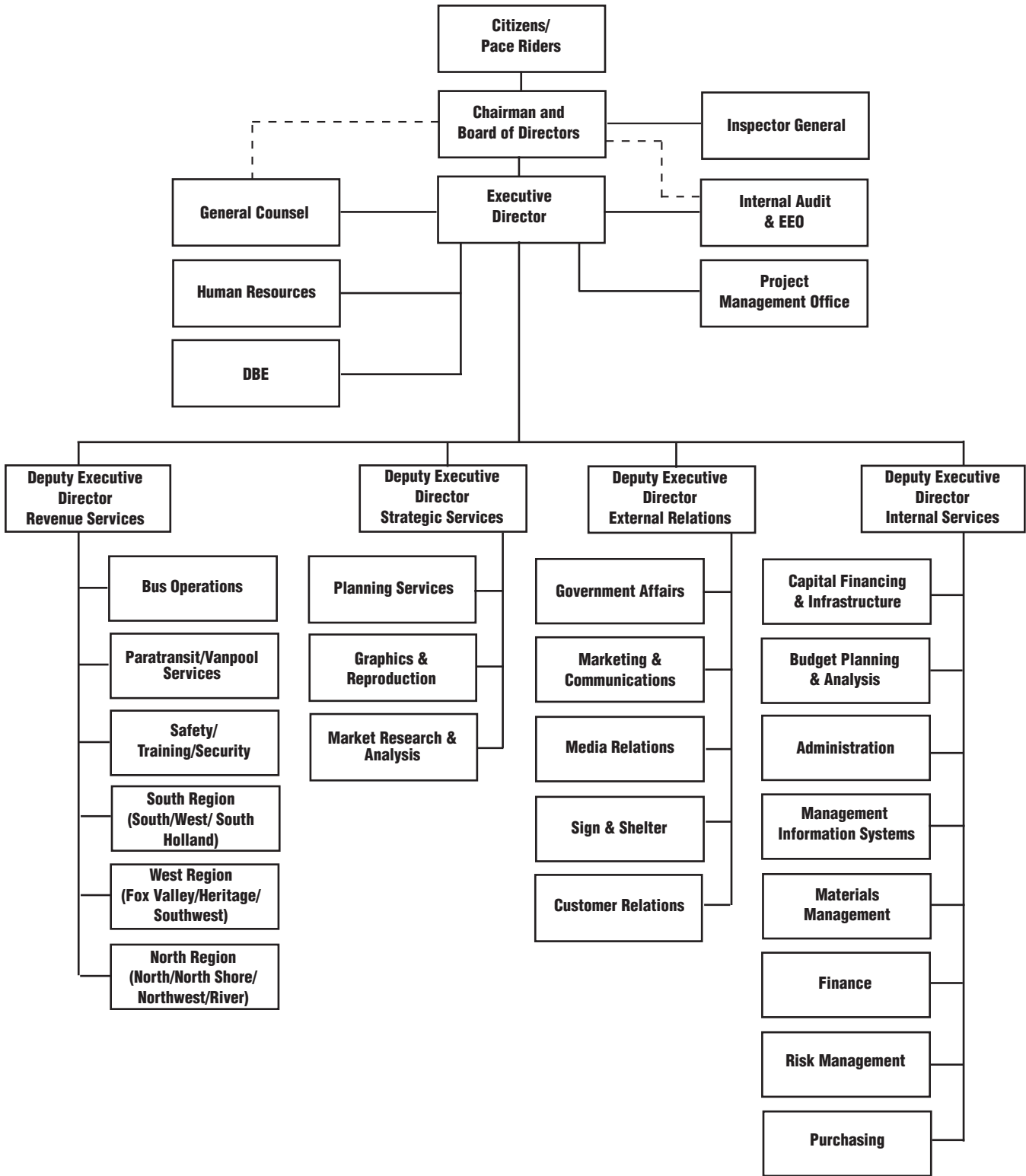


Table 35. Pace's 2012 Operating Budget - Department Budgeted Positions

	2010 Actual	2011 Budget	2012 Budget
Office of the Inspector General	0.0	0.0	3.0
Office of the Executive Director	3.0	3.0	3.0
General Counsel	6.0	6.0	6.0
Internal Audit	6.0	6.0	6.0
Human Resources	8.5	8.5	8.5
Project Management Office	2.0	2.0	2.0
TOTAL	25.5	25.5	25.5
Revenue Services			
Deputy Executive Director, Revenue Services	5.0	5.0	5.0
Bus Operations	9.5	9.5	9.5
Maintenance/Technical Services	24.0	24.0	24.0
Vanpool	16.0	16.0	16.0
Paratransit	12.0	12.0	12.0
Safety	4.0	4.0	4.0
Pace Divisions:			
Bus Operators	840.0	840.0	863.0
Operations Supervisors	67.0	67.0	67.0
Maintenance	205.0	205.0	205.0
Non-Vehicle Maintenance	15.0	15.0	15.0
Administration	33.0	33.0	33.0
TOTAL	1,230.5	1,230.5	1,253.5
Internal Services			
Deputy Executive Director, Internal Services	2.0	2.0	2.0
Capital Financing & Infrastructure	16.0	16.0	16.0
Budget Planning	6.0	6.0	6.0
Materials Management	16.0	16.0	16.0
Purchasing	8.0	8.0	9.0
Risk Management	4.0	4.0	3.0
Administration	4.0	4.0	4.0
Finance	25.0	25.0	25.0
MIS	30.0	30.0	30.0
TOTAL	111.0	111.0	111.0
Strategic Services			
Deputy Executive Director, Strategic Services	2.0	2.0	2.0
Graphic Services	7.0	7.0	7.0
Market Research/Analysis	3.0	3.0	3.0
Planning Services	32.5	28.5	29.5
TOTAL	44.5	40.5	41.5
External Relations			
Deputy Executive Director, External Relations	2.0	2.0	2.0
Government Affairs	7.5	11.5	11.5
Marketing & Communications	5.0	5.0	5.0
Media Relations	1.0	1.0	1.0
Customer Relations	4.0	4.0	4.0
Sign/Shelter	4.0	4.0	4.0
TOTAL	23.5	27.5	27.5
Total Suburban Service	1,435.0	1,435.0	1,462.0

	2010 Actual	2011 Budget	2012 Budget
Regional ADA			
City ADA Paratransit	30.0	30.0	30.0
Suburban Service Allocation	6.0	6.0	6.0
Total Regional ADA	36.0	36.0	36.0
TOTAL Suburban Service and Regional ADA	1,471.0	1,471.0	1,498.0
Suburban Service Vacancy Factor	(13.0)	(13.0)	(11.0)
ADA Allocation	(6.0)	(6.0)	(6.0)
TOTAL - With Vacancy Factors	1,452.0	1,452.0	1,481.0

Departmental Overview

A detailed description of each department is provided as follows.

Office of the Inspector General

Office of the Inspector General: Responsible for promoting and ensuring the accountability and integrity of the administration of programs and operations at Pace. Essential functions include audits, inspections, evaluations and investigations of all official functions of Pace.

Office of the Executive Director

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

General Counsel: Responsible for reviewing contracts, monitoring litigation, handling claim defense litigation and assuring legal compliance with all required federal, state and local regulations.

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

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

Project Management Office: Responsible for providing centralized project management services including standardization of processes, tracking, reporting and communication. Training & Development for the agency is also managed through this office.

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

Departmental Overview

Internal Services

Budget Planning: Responsible for budget planning, analysis and management reporting. Performs special analysis and reporting on financial impact topics. Produces quarterly reports to RTA. Prepares annual budget document and materials for public hearings.

Capital Financing and Infrastructure: Responsible for capital budgeting and grants administration, real estate management, design, engineering and construction of all fixed facilities, environmental management and facility maintenance management.

Finance: Responsible for managing Pace's financial activities including all accounting and treasury & revenue services. Produces monthly and annual financial statements, national transit database reporting and all regulatory financial compliance reporting. Oversees the 401(k) plan and pension plan performance.

Management Information Systems: Responsible for direction and provision of all information technology systems for the agency. The department includes client services, systems and procedures, telecommunications, internet services and GIS.

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

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

Risk Management: Responsible for managing risk exposures, protecting assets, securing insurance coverages, claim handling and risk transfer functions.

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

Strategic Services

Planning Services: Responsible for all fixed route planning and scheduling including, but not limited to, the creation of operator run-picks (work schedules) and bus schedules. Also includes identification of new service opportunities, schedule modifications and service reductions. Produces ridership reporting, performance measures, on-time performance measures and other operational data.

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

Market Research/Analysis: Responsible for managing customer satisfaction measurement and reporting as well as special studies that support business objectives.

Revenue Services

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

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

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

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

External Relations

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

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

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

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

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

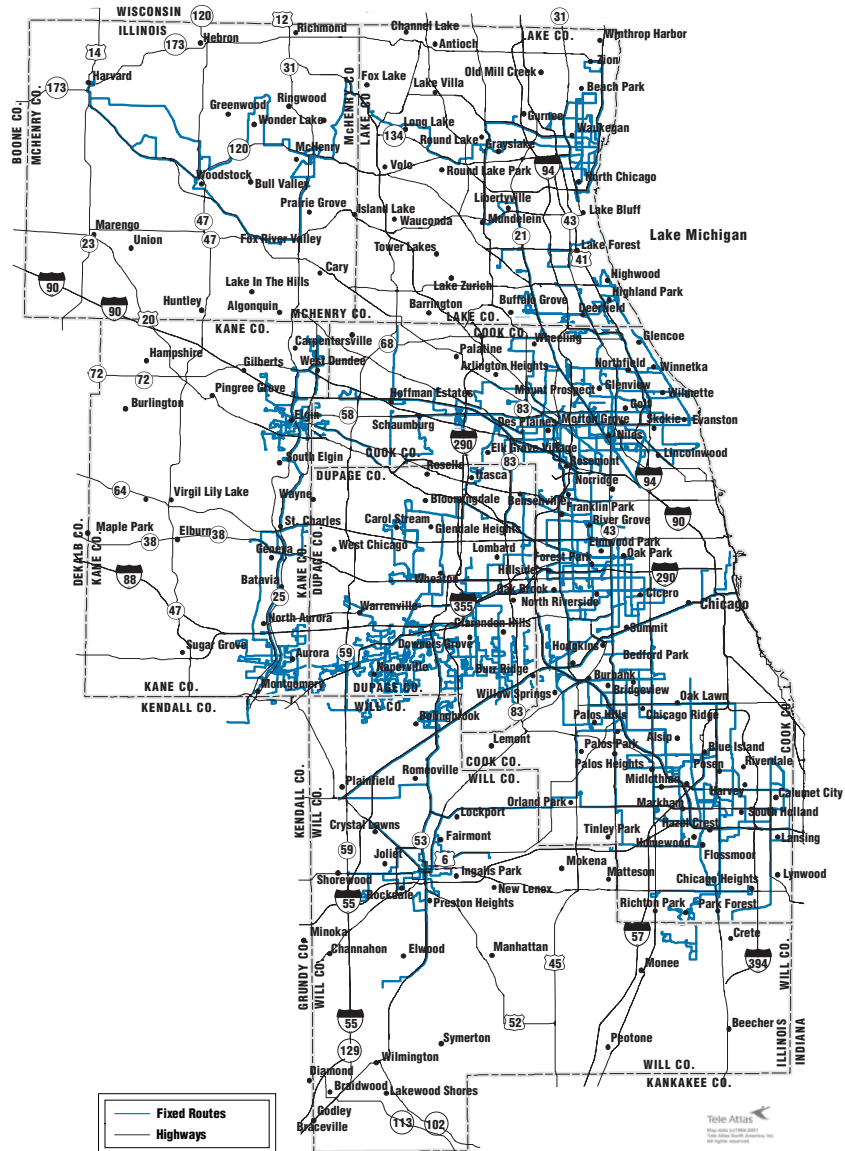
Fixed Route Service Characteristics

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

Fixed Route Service

137 regular, 35 feeder routes, 15 shuttle routes, numerous special event services, and 7 seasonal routes are operated by Pace. These routes serve 220 communities and carry over 2.440 million riders per month utilizing 579 vehicles during peak periods.

Map 1. Fixed Route Service Characteristics



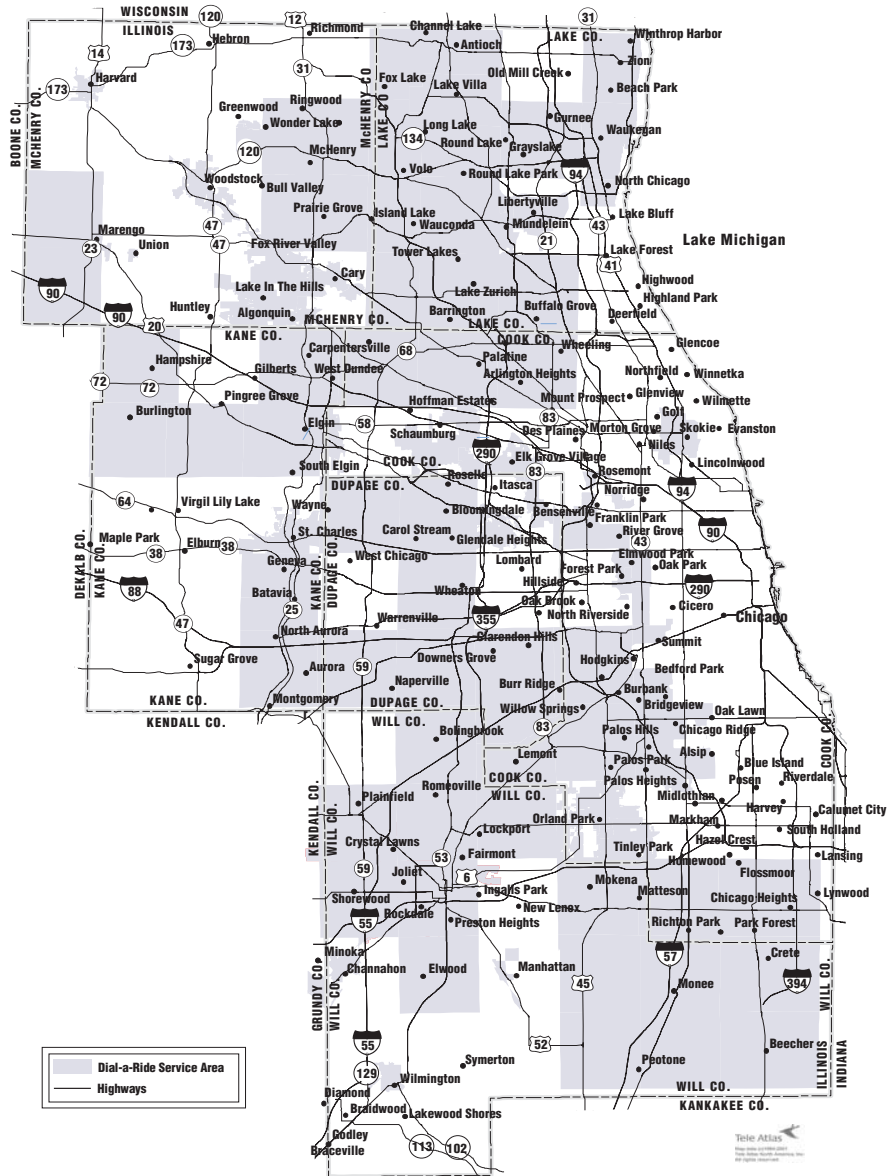
Dial-A-Ride Service Characteristics

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

Dial-a-Ride

157 Pace-owned lift-equipped vehicles are utilized to provide curb-to-curb service to approximately 106,070 riders each month. The majority are elderly and/or have disabilities. Pace contracts directly with private providers for the operation of 46 dial-a-ride projects and has grant agreements with villages and townships for the operation of 22 other dial-a-ride projects. Also, three other projects are operated by Pace River Division. These 68 projects provide services to over 210 communities throughout the six county area.

Map 2. Dial-A-Ride Service Characteristics



Pace Rolling Stock—Active Fleet

**Table 36. Pace Rolling Stock - Active Fleet
Fixed Route (Fully Accessible)**

Manufacturer	Year	# of Vehicles	Age	Length
NABI	1999	30	12	35'
NABI	1999	16	12	40'
Chance Trolleys	2000	7	11	25'
Orion	2000	85	11	40'
Orion	2001	66	10	40'
MCI	2002	8	9	40'
NABI	2003	84	8	35'
NABI	2003	98	8	40'
Orion	2004	6	7	40'
NABI	2005	60	6	40'
Eldorado	2006	102	5	30'
Eldorado	2007	38	4	30'
Eldorado	2008	5	3	32'
Eldorado	2009	25	2	30'
Eldorado	2010	58	1	30'
Total		688		

Average Age 7.2 years

Paratransit (Fully Accessible)

Manufacturer	Year	# of Vehicles	Age	Length
Eldorado Buses	2008	145	3	23'
Eldorado Vans	2009	28	2	19'
Eldorado Buses	2009	69	2	23'
Eldorado Vans	2010	20	1	19'
Eldorado Buses	2010	170	1	23'
Startrans Hybrid	2010	10	1	23'
Total		442		

Average Age 1.9 years

Vanpool

Manufacturer	Year	# of Vehicles	Age	Length
Vans	1998	4	13	Various
Vans	2000	5	11	Various
Vans	2001	10	10	Various
Vans	2002	16	9	Various
Vans	2003	53	8	Various
Vans	2004	16	7	Various
Vans	2005	82	6	Various
Vans	2006	147	5	Various
Vans	2007	78	4	Various
Vans	2008	58	3	Various
Vans	2009	86	2	Various
Vans	2010	84	1	Various
Vans	2011	59	0	Various
Total		698		

Average Age 4.1 years

Community Based Service

Manufacturer	Year	# of Vehicles	Age	Length
Vans	2002	1	9	Various
Vans	2006	13	5	Various
Champion Crusader	2007	28	4	22'
Vans	2007	20	4	Various
Sedans	2007	2	4	Various
Vans	2008	2	3	Various
Vans	2009	5	2	Various
Champion Crusader	2009	25	2	22'
Vans	2010	3	1	Various
Vans 2011	2011	3	0	Various
Total		102		

Average Age 3.4 years



Pace System Infrastructure

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

Fixed Facilities Owned or Operated by Pace

Garages/Administrative Headquarters

- A. Pace River Division
975 S. State, Elgin
63,000 square feet, 1989
- B. Pace Fox Valley Division
400 Overland Dr., North Aurora
56,800 square feet, 1994
- C. Pace Heritage Division
9 Osgood St., Joliet
57,000 square feet, 1926 and 1985
- D. Pace North Division
1400 W. Tenth St., Waukegan
57,800 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
83,700 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
65,000 square feet, 2009

- N. South Holland
Acceptance Facility
405 W. Taft Dr., South Holland
44,700 square feet, 1984
- O. Pace Paratransit Garage
5007 Prime Parkway, McHenry
28,097 square feet, 2001
- P. Pace Print Shop
86 Lively Blvd., Elk Grove Village
3,500 square feet, 2010 (Leased Premises)

*Municipal Garages

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

▲ Transportation and Transfer Centers

Aurora Transportation Center

Aurora

Buffalo Grove Transportation Center

Buffalo Grove

Chicago Heights Transfer Center

Chicago Heights

Elgin Transportation Center

Elgin

Gurnee Mills Transfer Facility

Gurnee

Harvey Transportation Center

Harvey

Northwest Transportation Center/Charles Zettek Facility

Schaumburg

Prairie Stone Transportation Center

Hoffman Estates

United Parcel Service Transportation Center

Hodgkins

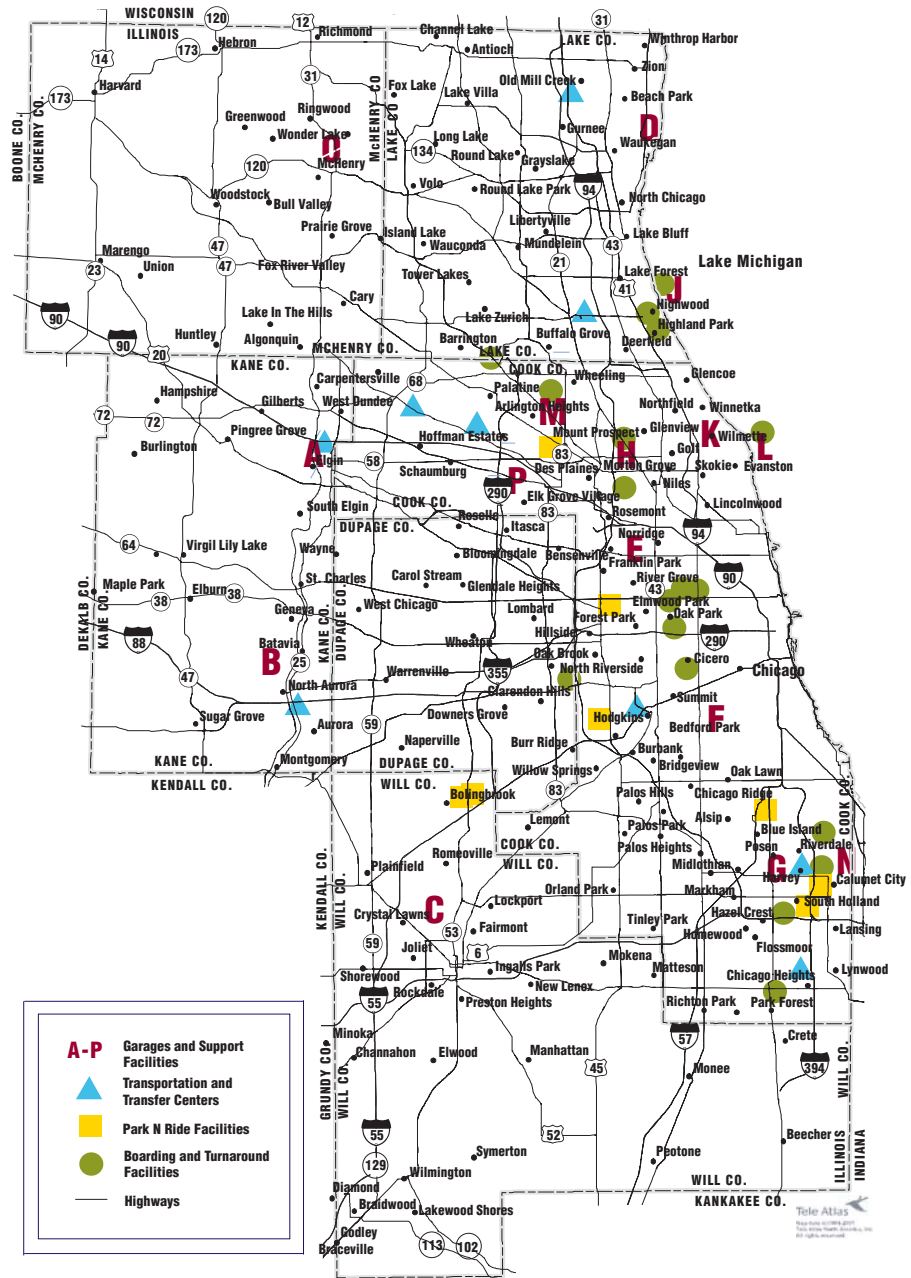
Boarding and Turnaround Facilities

- Arlington Heights Metra
- Clarendon Hills Metra
- Deerfield Metra
- Des Plaines Metra
- Elmwood Park
- Evanston-CTA Davis Street
- Forest Park CTA Station
- Highland Park Metra
- Homewood Metra
- Lake Cook Road Metra
- North Riverside Park 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 (Canterbury Lane)
- Bolingbrook Park-n-Ride (Old Chicago Road)
- Buffalo Grove Transportation Center (Park-n-Ride)
- Burr Ridge Park-n-Ride
- Elk Grove Village Park-n-Ride
- Hillside Park-n-Ride
- Homewood Park-n-Ride
- South Holland Park-n-Ride

Map 5. Pace System Garage and Support Facilities



Appendix B: 2012 Ridership and Suburban Service Fares

Pace Ridership

The following table identifies projected ridership changes by operating element for years 2010 through 2014.

Table 37. Pace 2012-2014 Ridership Projections (000's)

	2010 Actual	2011 Estimated	% Change	2012 Projected	% Change	2013 Projected	% Change	2014 Projected	% Change
Pace Owned Carriers	26,956	27,408	1.7%	27,717	1.1%	27,994	1.0%	28,274	1.0%
Public Carriers	885	880	-0.6%	901	2.4%	910	1.0%	919	1.0%
Private Carriers	1,451	1,164	-19.8%	979	-15.9%	989	1.0%	999	1.0%
Total Fixed Route	29,292	29,453	0.5%	29,597	0.5%	29,893	1.0%	30,192	1.0%
Dial-a-Ride*	1,273	1,332	4.6%	1,377	3.4%	1,405	2.0%	1,433	2.0%
Vanpool	1,751	1,809	3.3%	1,890	4.5%	1,928	2.0%	1,967	2.0%
Suburban Service Total	32,316	32,594	0.9%	32,864	0.8%	33,225	1.1%	33,591	1.1%
Regional ADA Paratransit Service*	3,310	3,477	5.0%	3,650	5.0%	3,833	5.0%	4,025	5.0%
Combined Pace Service	35,626	36,071	1.2%	36,514	1.2%	37,058	1.5%	37,616	1.5%

*Ridership includes companions and personal care attendants.



Congestion on arterial roads continues to be a problem for Pace.



Pace's Harvey Transportation Center is the most heavily used facility in our system.

Ridership and Fares

Suburban Service Ridership

The ridership projections shown on the previous page are based on current status quo levels.

For 2011, Pace Suburban Service ridership is estimated to increase over 2010 levels by 0.9%.

For 2012, Suburban Service ridership is projected to grow by 0.8%. Fixed route is projected to increase over 2011 levels by just 0.5%. The elimination of the Seniors Ride Free program and the continued sluggish economy and high unemployment are primary factors in ridership levels remaining nearly static for fixed route. Vanpool accounts for the majority of the increase for Suburban Service ridership, growing 4.5% over 2011. Contributing to next year's growth in Vanpool ridership is the fare reduction for two components of the program that were put in place in June, 2011.

Regional ADA Paratransit ridership is estimated to finish 2011 up 5.0% over prior year levels. For 2012, ADA ridership is expected to grow at the same rate.

Ridership is projected to grow at 1.1% for outlying years—2013 and 2014 in Suburban Service. Regional ADA ridership is forecasted to grow at 5.0% each year, comparable to the anticipated growth in demand for ADA Paratransit services in 2013 and 2014.

Pace Fares

There is no fare increase included in the 2012 budget for either Suburban Service or the Regional ADA Program. With regard to the Suburban Service Program, ridership/demand remains largely subdued. The continued outlook for a lackluster economy, and the continuing impact from the 2009 fare increase indicates that a fare increase for 2012 would not be a prudent business decision at this time.

Tables 38 and 39 on the following pages identify the current fare structure for Pace Suburban Service—fixed route, dial-a-ride and vanpool.



Pace's park-n-ride in Burr Ridge offers an excellent alternative to driving.



Service to special events continues to show ridership growth.

Pace Fare Structure—Current

Table 38. Pace Fare Structure

	<u>Full Fare</u>	<u>Current Fare</u>	<u>Reduced Fare</u>
REGULAR FARES			
Full Fare	\$ 1.75		\$ 0.85
Transfer to Pace	\$ 0.25		\$ 0.15
Local Transfer		Free Local Transfer	
PASSES			
Pace/CTA (30-Day)	\$ 86.00		\$ 35.00
Pace/CTA 7-day Pass	\$ 28.00		\$ N/A
Commuter Club Card (CCC) (Pace Only)	\$ 60.00		\$ 30.00
Link-Up Ticket	\$ 39.00		\$ N/A
Plus Bus	\$ 30.00		\$ N/A
Regular 10 Ride Plus Ticket	\$ 17.50		\$ 8.50
Student (Haul Pass)	\$ N/A		\$ 30.00
Student Summer Pass	\$ N/A		\$ 45.00
Pace Campus Connection (College Student Pass) - <i>Valid for One Semester - 5 months</i>			
Purchased in:			
August or January	\$ 175.00		
September or February	\$ 165.00		
October or March	\$ 145.00		
November or April	\$ 105.00		
December or May	\$ 75.00		
Campus Connection - Summer Pass	\$ 140.00		
EXPRESS/OTHER FARES			
Premium Routes (see below)*	\$ 4.00		\$ 2.00
Premium 10 Ride Plus Ticket (855)	\$ 40.00		\$ 20.00
Dial-a-Ride	\$ 1.75		\$ 1.00
Call-N-Ride	\$ 1.75		N/A
ADA PARATRANSIT			
ADA Paratransit	\$ 3.00		\$ N/A
Mobility Direct (Chicago Only)	\$ 3.00		\$ N/A
TAP (Chicago Only)	\$ 5.00		\$ N/A

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

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

Table 39. Monthly VIP and Other Vanpool Services Fare Schedule

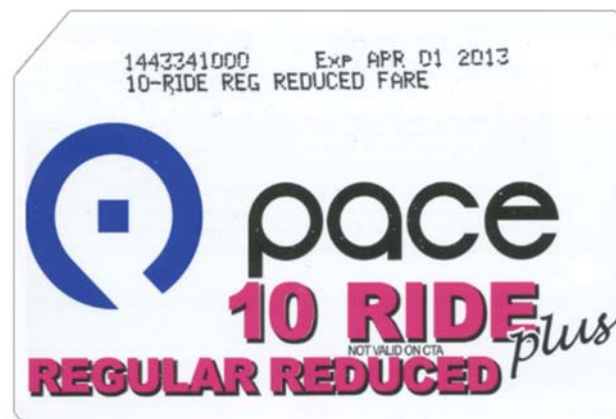
Current Fare

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

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.



Pace has many fare instruments riders can use - 10 Ride Pass.



Current Fare for 2012 (Monthly)

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

* Pace reduced the fares for these programs in June, 2011

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Appendix C: Community Profile

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 Table 40.

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.



New and comfortable buses are very important to Pace riders.



Convenient transferring is also a top concern for Pace riders.

Table 40. User/Non-User Demographic Profiles

	Non-Users	Users (weekday 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

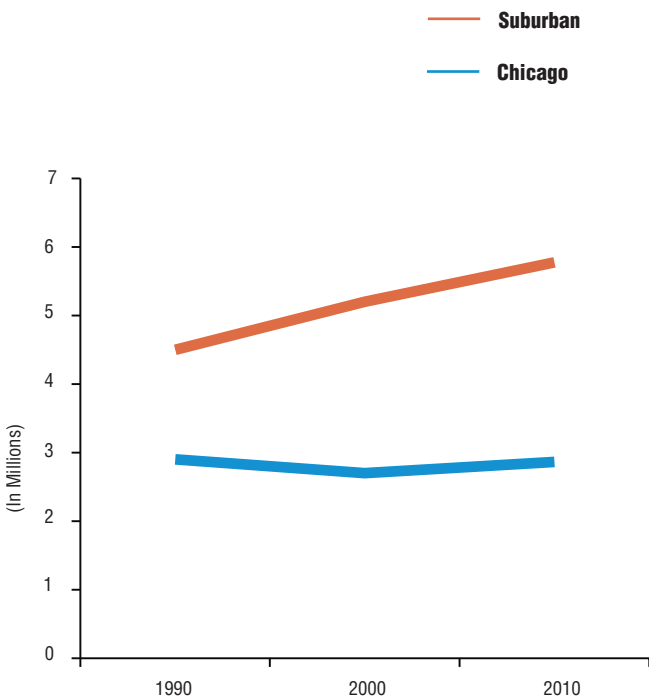
User: 2007 CSI/User Survey, regional sample size = 4,919

Regional Population

Population

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

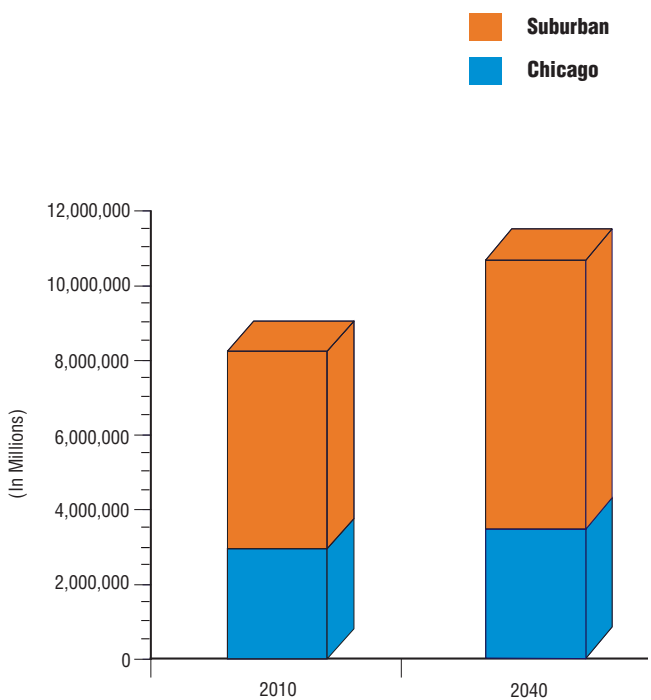
Chart J. 1990 to 2010 Regional Population



Regional Population Change 2010 to 2040

The Chicago Metropolitan Agency for Planning (CMAP) provides official 30 year population forecasts for the region. These forecasts project population growth rates and patterns. According to CMAP, the regional population is expected to increase by 2.4 million people between 2010 and 2040 to 11 million. CMAP projects the number of residents between 65 and 84 years of age will double between 2010 and 2040. Furthermore, they anticipate the number of residents in the region who are over 85 years old is projected to triple during the same time period. Between 2010 and 2040, 2.3 million new residents in households will accrue to Pace's service region while Chicago's population will increase by 0.4 million new residents in households.

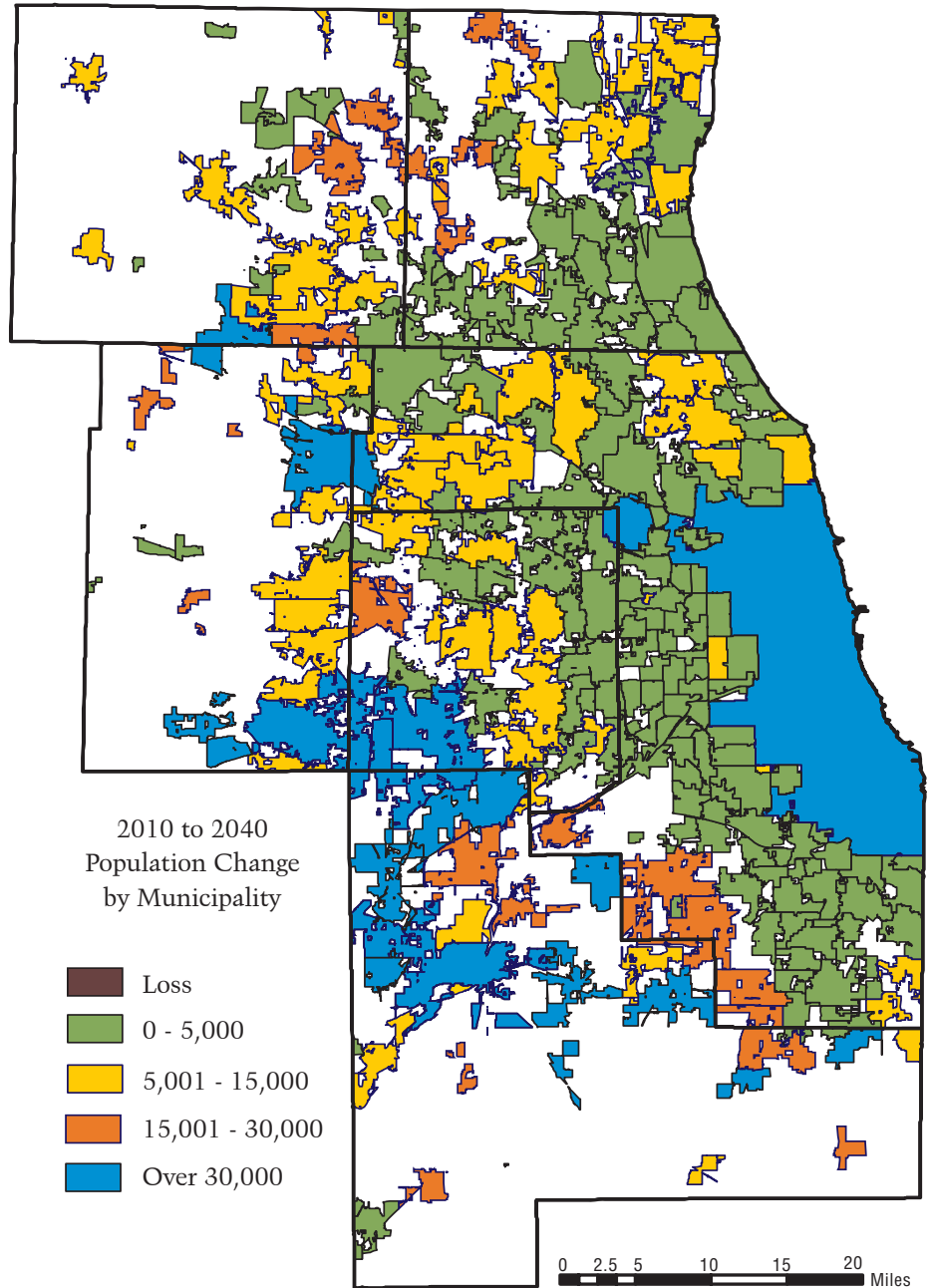
Chart K. 2010 to 2040 Regional Population Projection



Regional Population Change 2010 to 2040

CMAP population growth forecasts for 2040 are depicted on the adjacent map. Will County is expected to experience population growth of nearly one-half million people between 2010 and 2040 followed by the City of Chicago which is expected to add 380,000 residents by 2040.

Map 6. Regional Population Change



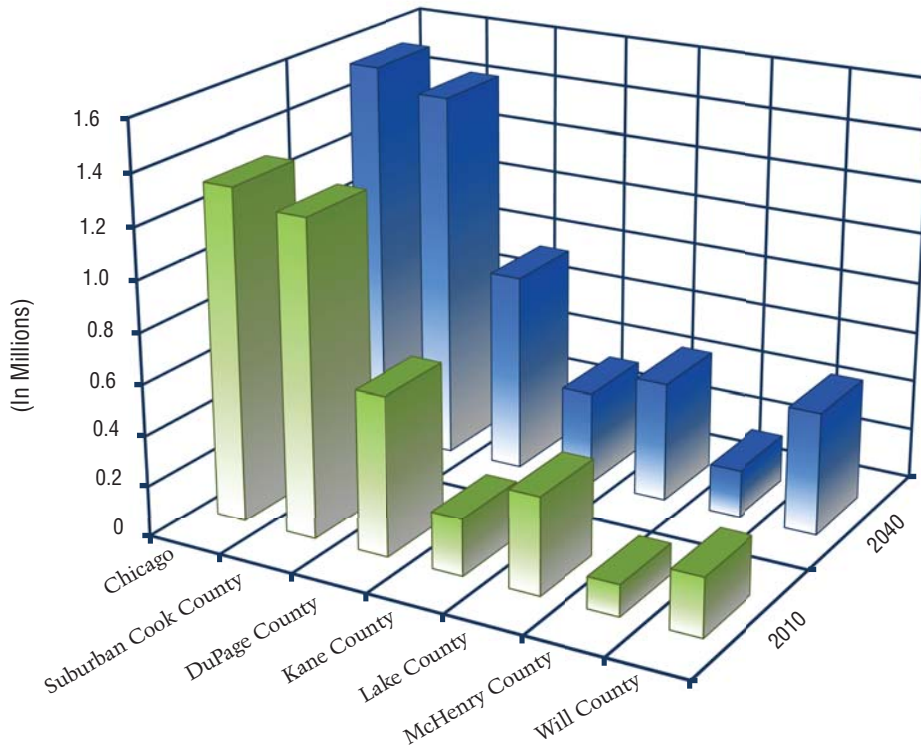
Regional Employment

Employment

CMAP's forecast anticipates an increase of 1.2 million jobs in the region by 2040, of which 1.0 million will accrue to the suburban areas. As a percentage of 2000 employment, Will County's increase is projected to be the greatest at 110%, followed by Kane County (64%) and McHenry County (52%), representing an increase of 252,000, 144,000 and

64,000 jobs, respectively. Will County's projected employment growth is also the largest in absolute terms followed by growth in Chicago (222,000), Suburban Cook County (205,000) and DuPage County (152,000).

Chart L. 2010 to 2040 Employment Projection



Travel and Congestion

Travel Patterns

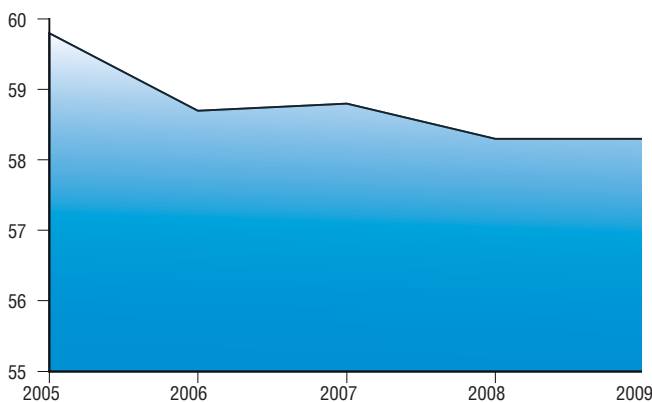
According to the Texas Transportation Institute's 2010 Urban Mobility Report, in 2009, the Chicagoland area was tied with Washington D.C. for the longest peak period travel delay due to traffic congestion. As a result of traffic congestion during the peak periods, our residents consume an extra 52 million gallons of fuel, at a cost of \$1,738 per auto commuter annually, just sitting in traffic.

The regional cost of traffic congestion reaches \$9.48 billion annually when you factor in lost time and wages, increased shipping costs and fuel wasted. Over 373 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 49 million hours annually.

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

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

Chart M. Annual Vehicle Miles—RTA Region—In Billions



Traffic congestion in the suburbs is extremely bad. Over 52 million gallons of fuel were wasted by vehicles due to traffic congestion in the region.



Traffic in the City affects on time performance of our ADA service in the downtown area as well.

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Appendix D: Performance Measures

Pace Goals and Performance Measures

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

- Safe
- Reliable
- Courteous
- Efficient
- Effective

Table 41 identifies the measures and performance standard that Pace has established for each goal. Actual performance for 2010, projected performance for 2011 and 2012 goals are identified. Performance standards marked with an asterisk (*) are in the process of being further evaluated and those shown are preliminary.

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

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



Pace transfers to Metra lines and moves passengers quickly from one destination to another.



Pace transfers passengers to CTA Rapid Transit lines as well.

Table 41. Pace Goals and Performance Measures

		2010 Actual	2011 Estimate	2012 Projected
Safety				
Goal: Provide Safe Public Transportation Services				
<i>Measure(s):</i>	Performance Standard			
Accidents per 100,000 Revenue Miles	Less than 5	5.35	5.87	5.60
Reliability				
Goal: Provide Reliable Public Transportation Services				
<i>Measure(s):</i>	Performance Standard			
On-Time Performance	Greater than 85%	70.90%	74.00%	75.00%
Actual Vehicle Miles per Road Call	Greater than 14,000	14,182	14,369	14,400
Percent Missed Trips per Total Trip Miles	Less than .5%	0.13%	0.17%	0.15%
Courtesy				
Goal: Provide Courteous Public Transportation Services				
<i>Measure(s):</i>	Performance Standard			
Complaints per 100,000 Passenger Miles	Less than 4	2.41	2.60	2.50
Website Hits on Web Watch Site (000's)	Increase over prior period	13,760	26,133	29,000
Efficiency				
Goal: Provide Efficient Public Transportation Services				
<i>Measure(s):</i>	Performance Standard			
Revenue Miles per Revenue Hour	Greater than 17	16.74	16.80	16.90
Revenue Miles per Total Operator Pay Hours	Greater than 10*	9.52	9.43	9.55
Expense per Revenue Mile	Less than \$6.50*	\$5.71	\$6.06	\$6.10
Expense per Revenue Hour	Less than \$125.00*	\$95.51	\$101.68	\$104.00
Recovery Ratio	Greater than 18%	26.30%	26.30%	26.30%
Subsidy per Passenger	Less than \$4.00	\$2.78	\$2.96	\$2.98
Effectiveness				
Goal: Provide Effective Public Transportation Services				
<i>Measure(s):</i>	Performance Standard			
Ridership	Increase from prior period	0.14%	1.50%	1.80%
Passenger Miles per Revenue Miles	Greater than 9*	10.10	9.18	10.00
Productivity (Passengers per Revenue Hour)	Greater than 24*	24.50	24.70	24.80
Ridership per Revenue Mile	Greater than 1.5*	1.46	1.47	1.48
Vanpool Units in Service	Increase from prior period	690	709	725

* Performance Standard Under Evaluation

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

Peer Performance Comparison

The following analysis compares Pace's performance to a select group of peers. Peers include a group of transit agencies selected by the RTA 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.

The RTA's peer group includes the following systems:

Long Island Bus (MTA) – New York, NY



Orange County Transportation Authority (OCTA) – Orange, CA

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

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

RTA is in the process of redeveloping its peer group performance reporting process and may identify additional or different peers for Pace in the future.

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

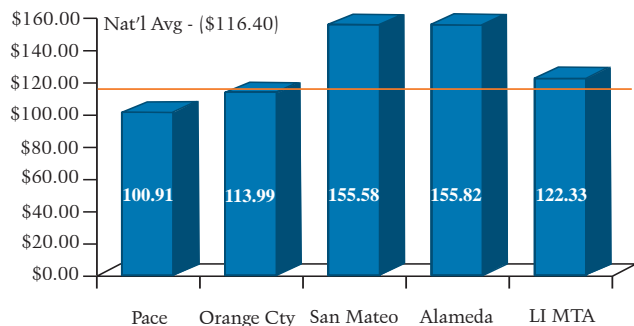
Passengers per Revenue Mile

The following charts are prepared using 2009 National Transit Database (NTD) data for bus only, which is the latest data available at this writing.

Peer Performance Comparison

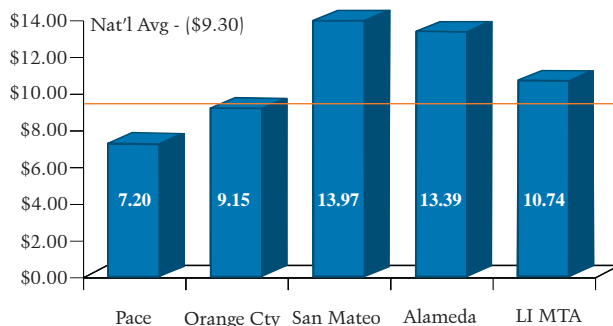
Service Efficiency

Chart N. 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 \$100.91, Pace's cost per hour is 11.5% less than the nearest peer—Orange County (CA).

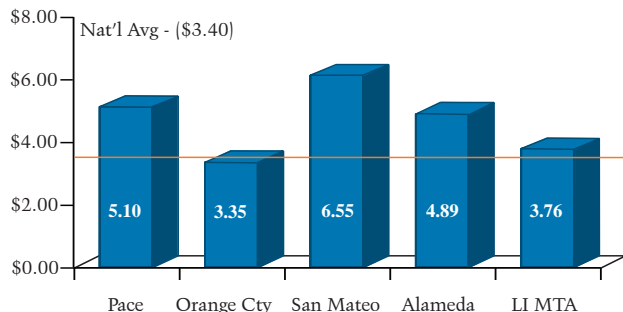
Chart O. Operating Expense per Revenue Mile



Pace's costs are also \$15.51 per hour or 13.3% less than the national average for this performance measuring category. Pace's operating expense per mile is also well below everyone in this peer group. At \$7.20 per mile, Pace's cost is \$1.94 per mile or 21.2% below the nearest peer, Orange County (CA), and \$2.10 per mile or 22.6% below the national average.

Cost Effectiveness

Chart P. 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 \$5.10, Pace's operating expense per passenger is the second highest next to San Mateo (CA). Pace and all

Chart Q. Operating Expense per Passenger Mile

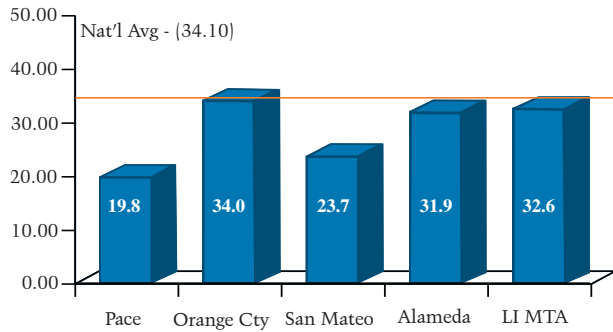


suburban bus peers except Orange County (CA), exceeded the 2009 average national expense per passenger of \$3.40.

At \$0.74, Pace's expense per passenger mile is the lowest of all the suburban peers as well as the national transit average of \$0.90.

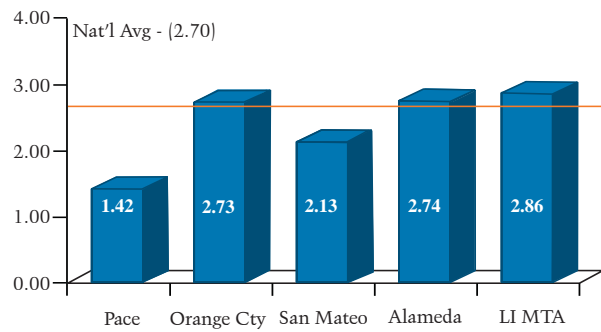
Service Effectiveness

Chart R. Passengers per Revenue Hour



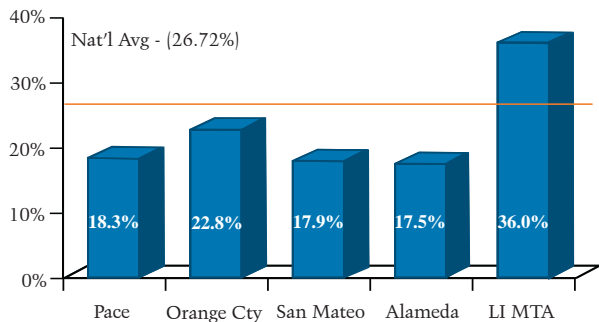
Service effectiveness, as measured by the performance ratios passengers per total revenue hour and passengers per total revenue mile, shows Pace to have the lowest performance ratio compared to all agencies in this group, and 14.3 below the national average. The size of the service area directly affects this performance indicator and, at nearly 3,500 square miles, Pace has the largest service area of all the suburban bus peers in this group.

Chart S. 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 T. Farebox Recovery Ratio



Pace's bus only farebox recovery rate of 18.3% is lower than the national average bus ratio of 26.72%, but exceeds San Mateo and Alameda; both are in California.

Appendix E: Planning Initiatives

Vision 2020—The Blueprint for the Future

Overview: Vision 2020

Pace continues to use its Vision 2020 as the guide into the future, to develop the 21st century transit system for this suburban environment. Pace is meeting the goals of the plan in a variety of ways, but chief among them is through the extensive use of market research to communicate with its customer base and other stakeholders. Through the market research efforts, Pace understands that a large part of its service is effectively connecting people and jobs. Making this “people-to-jobs connection” is a huge challenge in the suburban areas because the land use patterns tend to be more decentralized unlike the City of Chicago with a central business district.

Recognizing the value and importance to develop the transit system that benefits the customers needs, the Strategic Services unit has focused on four major areas to enhance Pace’s service delivery to make the “people-to-jobs connection”, and improve the rider experience:

- Market Research and Analysis
- Corridor Development
- Increase Network Speed
- Alternatives to Mass Transit

Market Research and Analysis

The Market Research group continues to focus their efforts on providing accurate, timely, insightful, and actionable market information to Pace decision-makers so service can be matched to customer needs and ridership can be maximized through fast, convenient and reliable services.

The Market Research team will primarily work on three projects in the year 2012:

- Pace ADA/Paratransit Customer Satisfaction Index (CSI) Survey
- Market Analysis Study for Harlem Avenue Corridor, West Cook and North Cook region
- Market Analysis Study for Lake County

Through the user and non-user surveys and analysis of market data, we can identify service planning opportunities

that meet the needs of commuters looking for faster and more reliable service. At the same time, Market Research efforts will continue to identify and serve the needs of riders seeking more traditional, localized or special-needs service through our core and community-based “family of services”.

Pace ADA/Paratransit Customer Satisfaction Index (CSI) Survey

In 2012, Pace will conduct the ADA/Paratransit Customer Satisfaction Index survey, a component of the 2010 Customer Satisfaction Index (CSI) studies which cover Pace’s Fixed-Route, Vanpool, and Paratransit “family of services.” The Paratransit survey will include customers being served by approximately sixty Dial-a-Ride projects and 800 ADA Paratransit vehicles both in the suburbs and City of Chicago. The overall goal of the study is to provide continued evaluations of service performance through the eye of Pace customers so transportation needs can be met, loyalty strengthened, and ridership increased.

Pace has worked with NuStats, a consulting firm specializing in transportation customer research, to conduct the Fixed-Route and Vanpool CSI survey since the execution of the contract in August 2010, and will complete the ADA/Paratransit study in 2012.

Market Analysis Study for Harlem Avenue Corridor, West Cook and North Cook Region

Pace will also conduct Market Analysis studies for West Cook and North Cook regions respectively. It is an extension of the Harlem Avenue Corridor Market Analysis Study. Pace has selected NuStats to conduct the studies. Since the execution of the project in February 2011, Pace has worked with NuStats to conduct the Harlem Corridor Avenue Study, and will complete the market analysis studies for West Cook and North Cook regions in 2012.

The overall goal of the study is to have a current understanding of the characteristics, needs, and perceptions of existing and potential Pace customers in these areas, and provide insights and recommendations that improve Pace operations, increase customer satisfaction and loyalty, and grow Pace’s customer base.

Market Analysis Study for Lake County

In addition, Pace has also partnered with Lake County to conduct a market analysis of transit markets and appropriate services throughout the county. These studies will assist Pace and our regional partners in understanding the demographics, travel patterns, origins and destinations and the characteristics of each study area.

Corridor Development

I-55 Corridor

Beginning in the fourth quarter 2011, Pace, IDOT, RTA, and the Illinois State Police will conduct a two-year demonstration of transit bus operations utilizing Pace routes 755 and 855 on the I-55/Stevenson Expressway shoulder as a priority treatment for transit under congested conditions. This demonstration will operate on I-55 between Kedzie Avenue and I-355. The purpose of this demonstration is to determine whether using the highway shoulder for transit can improve transit service and the customer experience while also maintaining the primary function of the shoulder and overall traffic safety, and to examine this new strategy to increase the capacity of the urban transportation system. The shoulder lane is being upgraded for transit usage as a component of IDOT's I-55 repaving project.

Additional service improvements are planned for the spring of 2012 utilizing regional CMAQ funding (pending CMAP approval). Increased frequencies are planned for routes 755 and 855 along with a new park -n-ride facility serving the Darien ridership markets. The CMAQ committee supports the I-55 corridor project as it is a component of the regional GO TO 2040 plan and for the coordination of a transit and a highway major capital project.

I-90 Corridor

Pace and the Illinois Toll Highway Authority are partnering to implement a multi-modal transit/highway project within the Jane Addams I-90 Corridor. This project will serve new and expanded markets between Rosemont and

Elgin in conjunction with the Tollway's planned managed lane improvements on I-90, as called for in the regional GO TO 2040 plan. The project will be developed over a five year period beginning in 2012 utilizing CMAQ funding (pending CMAP approval).

As the corridor continues to undergo major reconstruction over the next several years, Pace is committed to enhance existing service in order to mitigate some of the traffic congestion during the construction period starting next spring including the establishment of a new park-n-ride in the IL 59/I-90 area.

With the completion of the managed lanes, new, expanded express bus service will be implemented along with local distribution zones (Call-n-Ride service), purchase new transit vehicles, construction of new park -n-ride lots, improved access at the Rosemont terminal, and direct access to and from the west in Schaumburg.

Pace ART Network

The ART network will feature limited stops, stations with enhanced passenger amenities including lights and heat, smart card fare collection, information kiosks with system maps, real-time schedule information, upgraded signs and shelters and distinctive vehicles using TSP to improve schedule adherence.

Arterial Corridor Development Studies

The goal of the corridor development studies is to understand land use patterns and market conditions to provide congestion relief, improved regional mobility, sustainable employment access and economic development in preparation for Arterial Bus Rapid Transit (ART) Service. Pace continues to partner with the Southwest Conference of Mayors in completing the South Harlem Avenue corridor study between 63rd Street and 183rd Street. In 2012, similar corridor studies will be conducted for the Cicero Avenue Corridor between Midway Station and 127th Street followed by the 95th Street Corridor between Western Avenue and LaGrange.

Call-n-Ride

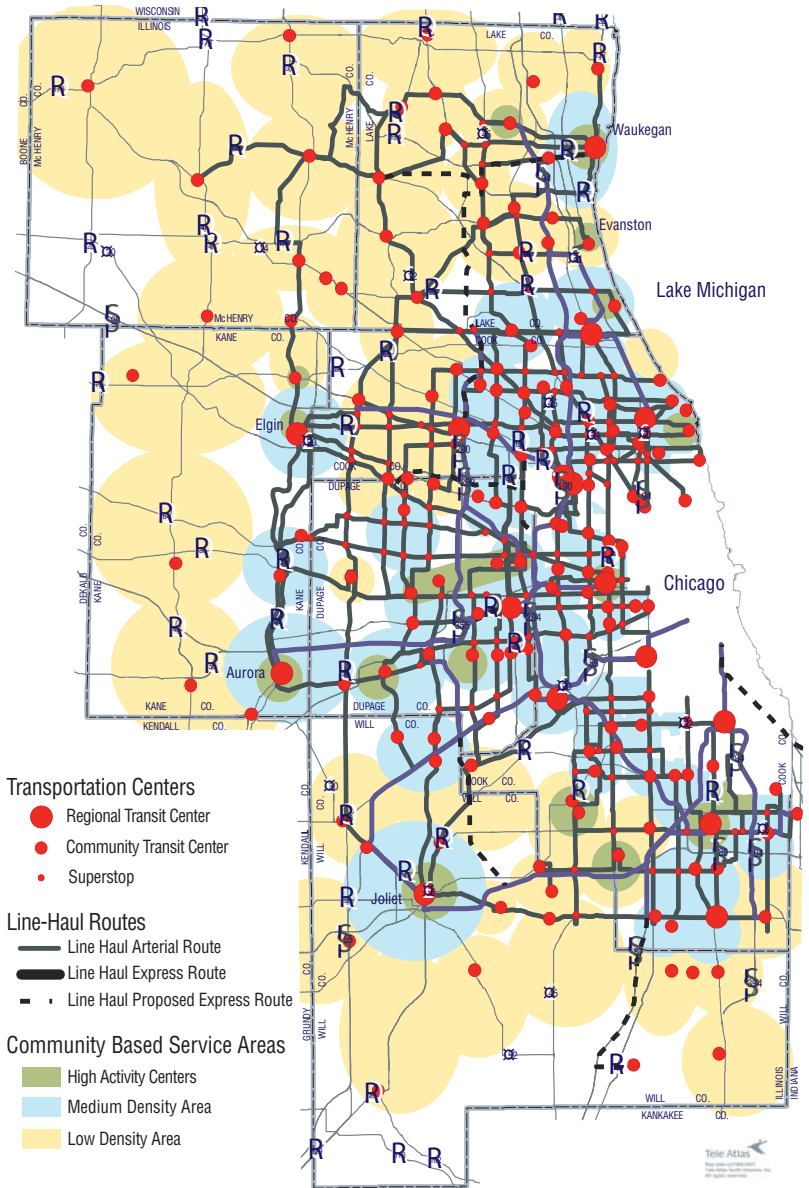
Call-n-Ride is an innovative approach to community transit. It is a curb to curb reservation-based service open to the general public utilizing small lift-equipped paratransit vehicles which take riders anywhere within the designated geographic service area and often connects with other arterial bus routes in the region to provide the first/last mile of the transit trip. Reservations are made by calling the published cell number of the bus operator directly who then books trips on the same day with at least an hour's notice.

Call-n-Ride is designed to operate in areas where ridership demand for fixed route services may be low or to serve as a distributor service to take riders to/from a transit connection to home or work. Call-n-Ride is valuable to Pace and its customers because it provides greater service coverage than would be possible with a fixed route.

Guidelines for Transit Supportive Communities

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

Map 7. Vision 2020



The primary function of the guidelines is land use and site design practices and policies that support public bus service. The guidelines purpose and goals will be directly related to Pace's Vision 2020, CMAP's GO TO 2040 Regional Plan, and RTA's Community Planning and Sub-regional Planning Programs. The guidelines will make the case for why public transportation is important and beneficial to municipalities and developers and why they should actively support them. They will be paramount in determining how land use policy has a central role in realizing transit supportive communities.

Transit supportive development practices and land use policies include Smart Growth including growth boundaries promoting infill and increasing density of established communities. Bus Transit Oriented Development including development around bus stops, stations, and park-n-ride facilities to support planned Arterial Rapid Transit services. Livable Communities that include human scale, mixed-use neighborhoods that encourage walking, bicycling and use of public transportation on complete streets. Physical design including street network, location, design, safety, and accessibility of transit infrastructure which include bus stops, stations, park-n-ride facilities, and passenger amenities.

Pedestrians and cyclists must be accommodated for through the use of best practices for new development and retrofits of existing development. In addition, policies and priority that include transit supportive zoning, land use, density regulations, Traffic Demand Management strategies, HOV and Queue jump lanes and Transit Signal Priorities must be accommodated for.

Increase Network Speed

Transit Signal Priority

The Transit Signal Priority (TSP) Program is geared to providing a more reliable regional transit system with improved bus travel times, schedule adherence and customer satisfaction. Transit Signal Priority recognizes that most buses operate on the arterial system, where delay is

largely related to congestion and traffic signal timings that have not been oriented to bus operations. TSP allows bus transit vehicles to adhere to their published schedule by giving priority green time to buses that are behind schedule.

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

In 2011, Pace took final acceptance of the 20 TSP equipped signals within the Harvey Transportation Center Transit Signal Priority Project and optimized traffic signal timings along Milwaukee ART Corridor. In addition, Pace implemented a TSP corridor design work contract including Washington Street and Grand Avenue in Lake County, Halsted Street and 159th Streets outside the Harvey Transportation Center project area, 95th Street and Harlem Avenue in South Cook County, and Cermak & Roosevelt Roads in West DuPage County.

Pending CMAP approval, a regional \$40 million five year Transit Signal Priority Program will begin in 2012 to design and implement TSP on designated Pace and CTA corridors. This program is the result of a multi-agency CMAQ program application submitted by the RTA, Pace, CTA and supported through the regional signal operators including IDOT, CDOT and the counties. RTA has committed to providing the local funding match for this program.

Improving On-Time Performance

In order to make service more reliable and predictable for riders, Pace Strategic Services and Revenue Services are jointly working on a project to improve the on-time performance of Pace fixed routes throughout the six-county region. By analyzing the running times of existing trips and evaluating traffic patterns, the schedules for the selected routes will be optimized to allow service to operate on time which will allow for improved connections with other routes and fewer delays. This is part of an ongoing program to make transit work better for existing riders and to encourage non-users to put their car aside and try public transit.

Posted Stops

Pace is continuing to improve service, safety, speed, reliability and visibility by converting routes from the current “flag stop” service where buses will stop anywhere along the route where it is safe to do so, to “posted stop” service where buses stop at fewer designated stops along a route. The posted stops project enhances Pace’s ability to operate safely by clearly communicating the location of each route’s bus stops to operators and passengers through marked bus stop locations with the goal of increasing passenger amenities at those stops. Posted bus stops help speed up Pace service by establishing efficient stop patterns and by laying the groundwork for other strategic programs such as Transit Signal Priority (TSP) and Arterial Rapid Transit (ART). The posted stops project helps current and future passengers make reliable connections with Pace service in their communities.

Alternatives to Mass Transit

Pace’s implementation of the RideShare Program in 2012-2014 will continue through www.PaceRideShare.com, a website that matches users who can share their commute by carpooling, and allows for tracking the region’s carpools. This website also facilitates the formation of new Pace vanpools and supports the retention of existing vanpools. In 2012, Pace will be upgrading its matching software to include more features and matching options. The software upgrades and marketing of the RideShare program are both funded by federal grant money.



Pace administers a RideShare Program which is a free, easy and a convenient matching service that connects commuters.

Marketing and Communications Plan

In 2011, Pace reinstated a region-wide promotion of the entire fixed route network. Through online advertisements, 90-second features on WCIU-TV, radio spots and ads on the sides of buses, we promoted the affordability of public transit and the ability of bus passengers to make better use of their time.

Early in the year, Pace took advantage of the opportunity presented by record-high gasoline prices. We promoted Pace as an affordable alternative for those whose budgets were stretched thin by \$4-per-gallon prices. We even earned media coverage of our vanpool program on several local TV stations during this period.

Once again this year, Pace invested heavily into reaching out to persons with disabilities. Pace sought to encourage existing ADA paratransit riders to ride fixed route buses and trains. Our partnership with the advocacy organization JJ's List and our visits to high school and college training programs for students with disabilities enhanced our ability to communicate directly with the disabled community. The first half of 2011 saw some success with this initiative, with Circuit Permit (a.k.a. "People with Disabilities Ride Free") ridership on fixed route up slightly, and use of wheelchair lifts on fixed route buses up 28% through June.

Based on a 2011 agency goal to increase vanpool participation by 10%, Pace invested heavily in promoting the vanpool program to employers. For the first time, Pace staff hosted webinars for human resource professionals, touting the program and the benefits to employees and employers' bottom lines.

A significant new program—"bus on shoulder" on I-55—was the focus of much promotional activity. Pace wrapped the buses used on routes 755 and 855 and, in partnership with IDOT, RTA and the Illinois State Police, we utilized a variety of channels to inform the motoring public and encourage people to take the more-reliably-on-time services. Pace also spent marketing resources on the major changes in West Cook County and on the start-up of several new Call-n-Rides.

Also in 2011, Pace delved more deeply into the realm of social media—an increasingly popular method of communication amongst people of all ages and income levels. Pace has dozens of videos about different bus routes on its



This campaign encourages people to take public transportation to the airport.

own YouTube channel. Pace's YouTube channel has been viewed more than 75,000 times since its launch in 2009. Furthermore, we monitor daily our Facebook page and send "tweets" via Twitter. The functionality of Pacebus.com was enhanced as well, with an improved WebWatch section and the addition of RSS feeds.

The agency also marketed its Express Services to Popular Destinations to attendees of sporting events and concerts, and attempted to increase awareness of Pace services among the Spanish-speaking population of the region. Pace staff also updated and printed a comprehensive Rider Guide, to teach potential riders about the system and how to ride public transit in northeastern Illinois.

The Pace Marketing Department also implemented several projects which aim to enhance Pace's non-farebox revenue in 2012 and beyond. In 2011, the program of advertising over the audio announcement system on fixed route buses was expanded, and Pace began the sale of advertisements on the Pace website.

Appendix F: 2010-2012 Operating Budget Detail

2010 Actual Operating Results

2010 Actual Program, Activity and Object Matrix

	(1)		(1)	(2)
	Pace Operating Divisions	Public Carriers	Private Carriers	Dial-a-Ride
REVENUE				
Farebox	\$ 23,868,557	\$ 1,024,798	\$ 2,122,112	\$ 1,667,170
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Investment Income	0	0	0	0
Other	2,304,634	614,444	305,294	7,814,402
Total Revenue	\$ 26,173,191	\$ 1,639,242	\$ 2,427,406	\$ 9,481,572
OPERATING EXPENSES				
Operations				
Labor/Fringes	\$ 50,852,675	\$ 1,755,137	\$ 0	\$ 0
Parts/Supplies	27,274	0	0	0
Purchased Transportation	0	617,149	8,557,923	14,882,388
Fuel	0	0	0	0
Other	100,381	11,855	0	0
Total Operations	\$ 50,980,330	\$ 2,384,141	\$ 8,557,923	\$ 14,882,388
Vehicle Maintenance				
Labor/Fringes	\$ 12,187,331	\$ 428,545	\$ 0	\$ 0
Parts/Supplies	3,418,446	118,821	0	0
Other	(479,749)	54,421	0	391,814
Total Vehicle Maintenance	\$ 15,126,028	\$ 601,787	\$ 0	\$ 391,814
Non-Vehicle Maintenance				
Labor/Fringes	\$ 725,287	\$ 0	\$ 0	\$ 0
Parts/Supplies	455,771	0	0	0
Other	763,295	0	0	42,707
Total Non-Vehicle Maintenance	\$ 1,944,353	\$ 0	\$ 0	\$ 42,707
General Administration				
Labor/Fringes	\$ 2,831,409	\$ 329,064	\$ 0	\$ 0
Parts/Supplies	56,408	599	0	0
Utilities	1,620,940	132	0	0
Insurance	0	0	0	0
Health Insurance	0	0	0	0
Other	758,191	(79,741)	0	2,019,975
Indirect Overheard Allocation	0	0	0	0
Total Administration	\$ 5,266,948	\$ 250,054	\$ 0	\$ 2,019,975
Total Expenses	\$ 73,317,659	\$ 3,235,982	\$ 8,557,923	\$ 17,336,884
Funding Requirement	\$ 47,144,468	\$ 1,596,740	\$ 6,130,517	\$ 7,855,312
Recovery Ratio	35.70%	50.66%	28.36%	54.69%

(1) Includes CMAQ/JARC Service

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

Vanpool	Administration	Centralized Support	Total Suburban Svc	Total Regional ADA Paratransit	2010 Actual
\$ 3,578,901	\$ 0	\$ 0	\$ 32,261,538	\$ 8,384,325	\$ 40,645,863
0	2,415,786	0	2,415,786	0	2,415,786
0	3,930,876	0	3,930,876	0	3,930,876
0	111,382	0	111,382	0	111,382
0	1,820,508	0	12,859,282	2,156,937	15,016,219
\$ 3,578,901	\$ 8,278,552	\$ 0	\$ 51,578,864	\$ 10,541,262	\$ 62,120,126
\$ 0	\$ 0	\$ 2,849,266	\$ 55,457,078	\$ 0	\$ 55,457,078
0	0	1,468,480	1,495,754	0	1,495,754
0	0	0	24,057,460	104,174,137	128,231,597
1,967,019	0	13,096,474	15,063,493	1,891,597	16,955,090
1,688,535	0	0	1,800,771	0	1,800,771
\$ 3,655,554	\$ 0	\$ 17,414,220	\$ 97,874,556	\$ 106,065,734	\$ 203,940,290
\$ 0	\$ 0	\$ 2,642,787	\$ 15,258,663	\$ 0	\$ 15,258,663
0	0	328,872	3,866,139	0	3,866,139
0	0	1,106,451	1,072,937	0	1,072,937
\$ 0	\$ 0	\$ 4,078,110	\$ 20,197,739	\$ 0	\$ 20,197,739
\$ 0	\$ 0	\$ 587,422	\$ 1,312,709	\$ 0	\$ 1,312,709
0	0	0	455,771	0	455,771
0	200,475	583,743	1,590,220	0	1,590,220
\$ 0	\$ 200,475	\$ 1,171,165	\$ 3,358,700	\$ 0	\$ 3,358,700
\$ 0	\$ 13,434,688	\$ 0	\$ 16,595,161	\$ 2,462,504	\$ 19,057,665
0	187,580	0	244,587	0	244,587
0	318,412	0	1,939,484	0	1,939,484
0	0	11,546,355	11,546,355	113,824	11,660,179
0	0	15,474,377	15,474,377	335,542	15,809,919
0	5,508,286	3,744,154	11,950,865	3,152,160	15,103,025
0	0	0	(2,932,609)	2,932,609	0
\$ 0	\$ 19,448,966	\$ 30,764,886	\$ 54,818,220	\$ 8,996,639	\$ 63,814,859
\$ 3,655,554	\$ 19,649,441	\$ 53,428,381	\$ 176,249,215	\$ 115,062,373	\$ 291,311,588
\$ 76,653	\$ 11,370,889	\$ 53,428,381	\$ 124,670,351	\$ 104,521,111	\$ 229,191,462
97.90%	42.13%	0.00%	36.00%	10.00%	

2011 Estimated Operating Results

2011 Estimated Program, Activity and Object Matrix

	Pace ⁽¹⁾ Operating Divisions	Public Carriers	Private Carriers ⁽¹⁾	Dial-a-Ride ⁽²⁾
REVENUE				
Farebox	\$ 24,657,609	\$ 1,014,733	\$ 1,700,123	\$ 1,749,468
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Investment Income	0	0	0	0
Other	1,769,495	441,253	285,579	8,584,723
Total Revenue	\$ 26,427,104	\$ 1,455,986	\$ 1,985,702	\$ 10,334,191
OPERATING EXPENSES				
Operations				
Labor/Fringes	\$ 53,255,701	\$ 1,864,314	\$ 0	\$ 0
Parts/Supplies	30,077	41,401	0	0
Purchased Transportation	0	321,900	7,450,000	15,510,014
Fuel	0	0	0	0
Other	111,362	12,403	0	0
Total Operations	\$ 53,397,140	\$ 2,240,018	\$ 7,450,000	\$ 15,510,014
Vehicle Maintenance				
Labor/Fringes	\$ 12,560,191	\$ 454,642	\$ 0	\$ 0
Parts/Supplies	3,257,289	143,533	0	0
Other	(472,236)	75,015	0	398,572
Total Vehicle Maintenance	\$ 15,345,244	\$ 673,190	\$ 0	\$ 398,572
Non-Vehicle Maintenance				
Labor/Fringes	\$ 861,339	\$ 0	\$ 0	\$ 0
Parts/Supplies	506,065	0	0	0
Other	886,497	0	0	38,558
Total Non-Vehicle Maintenance	\$ 2,253,901	\$ 0	\$ 0	\$ 38,558
General Administration				
Labor/Fringes	\$ 2,442,668	\$ 353,875	\$ 0	\$ 0
Parts/Supplies	51,727	469	0	0
Utilities	1,592,991	2,223	0	0
Insurance	0	0	0	0
Health Insurance	0	0	0	0
Other	737,075	4,642	0	1,924,959
ADA Overhead	0	0	0	0
Total Administration	\$ 4,824,461	\$ 361,209	\$ 0	\$ 1,924,959
Total Expenses	\$ 75,820,746	\$ 3,274,417	\$ 7,450,000	\$ 17,872,103
Funding Requirement	\$ 49,393,642	\$ 1,818,431	\$ 5,464,298	\$ 7,537,912
Recovery Ratio	34.85%	44.47%	26.65%	57.82%

(1) Includes CMAQ/JARC Service

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

Vanpool	Administration	Centralized Support	Total Suburban Svc	Total Regional ADA Paratransit	Combined 2011 Estimate
\$ 3,648,535	\$ 0	\$ 0	\$ 32,770,468	\$ 8,771,416	\$ 41,541,884
0	2,571,000	0	2,571,000	0	2,571,000
0	4,318,581	0	4,318,581	0	4,318,581
0	81,477	0	81,477	0	81,477
0	1,756,365	0	12,837,415	2,442,281	15,279,696
\$ 3,648,535	\$ 8,727,423	\$ 0	\$ 52,578,941	\$ 11,213,697	\$ 63,792,638
\$ 0	\$ 0	\$ 3,053,547	\$ 58,173,562	\$ 0	\$ 58,173,562
0	0	1,573,257	1,644,735	0	1,644,735
0	0	0	23,281,914	113,623,569	136,905,483
2,699,444	0	18,422,417	21,121,861	2,593,451	23,715,312
1,893,746	0	0	2,017,241	0	2,017,241
\$ 4,592,920	\$ 0	\$ 23,049,221	\$ 106,239,313	\$ 116,217,020	\$ 222,456,333
\$ 0	\$ 0	\$ 2,820,720	\$ 15,835,553	\$ 0	\$ 15,835,553
0	0	314,778	3,715,600	0	3,715,600
0	0	1,113,000	1,114,351	0	1,114,351
\$ 0	\$ 0	\$ 4,248,498	\$ 20,665,504	\$ 0	\$ 20,665,504
\$ 0	\$ 0	\$ 604,297	\$ 1,465,636	\$ 0	\$ 1,465,636
0	0	0	506,065	0	506,065
0	246,552	725,040	1,896,647	0	1,896,647
\$ 0	\$ 246,552	\$ 1,329,337	\$ 3,868,348	\$ 0	\$ 3,868,348
\$ 0	\$ 14,313,134	\$ 0	\$ 17,109,677	\$ 2,550,068	\$ 19,659,745
0	229,983	0	282,179	0	282,179
0	314,866	0	1,910,080	0	1,910,080
0	0	9,548,771	9,548,771	337,118	9,885,889
0	0	16,921,949	16,921,949	290,347	17,212,296
0	6,221,740	4,046,584	12,935,000	3,111,163	16,046,163
0	0	0	(3,856,720)	3,856,720	0
\$ 0	\$ 21,079,723	\$ 30,517,304	\$ 54,850,936	\$ 10,145,416	\$ 64,996,352
\$ 4,592,920	\$ 21,326,275	\$ 59,144,360	\$ 185,624,101	\$ 126,362,436	\$ 311,986,537
\$ 944,385	\$ 12,598,852	\$ 59,144,360	\$ 133,045,160	\$ 115,148,739	\$ 248,193,899
79.44%	40.92%	0.00%	36.00%	10.00%	

2012 Operating Budget

2012 Program, Activity and Object Matrix

	Pace (1)	Public Carriers	Private Carriers (1)	Dial-a-Ride (2)
	Operating Divisions			
REVENUE				
Farebox	\$ 25,370,469	\$ 1,040,498	\$ 1,429,320	\$ 1,804,924
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Investment Income	0	0	0	0
Other	1,769,414	297,629	330,579	9,731,277
Total Revenue	\$ 27,139,883	\$ 1,338,127	\$ 1,759,899	\$ 11,536,201
OPERATING EXPENSES				
Operations				
Labor/Fringes	\$ 55,051,874	\$ 1,914,719	\$ 0	\$ 0
Parts/Supplies	31,554	43,459	0	0
Purchased Transportation	0	243,500	8,018,267	16,452,336
Fuel	0	0	0	0
Other	113,673	12,437	0	0
Total Operations	\$ 55,197,101	\$ 2,194,115	\$ 8,018,267	\$ 16,452,336
Vehicle Maintenance				
Labor/Fringes	\$ 13,212,732	\$ 484,093	\$ 0	\$ 0
Parts/Supplies	3,337,980	185,069	0	0
Other	(467,511)	64,028	0	442,387
Total Vehicle Maintenance	\$ 16,083,201	\$ 733,190	\$ 0	\$ 442,387
Non-Vehicle Maintenance				
Labor/Fringes	\$ 891,811	\$ 0	\$ 0	\$ 0
Parts/Supplies	514,855	0	0	0
Other	918,751	0	0	56,486
Total Non-Vehicle Maintenance	\$ 2,325,417	\$ 0	\$ 0	\$ 56,486
General Administration				
Labor/Fringes	\$ 2,543,442	\$ 359,812	\$ 0	\$ 0
Parts/Supplies	53,582	473	0	0
Utilities	1,615,947	2325	0	0
Insurance	0	0	0	0
Health Insurance	0	0	0	0
Other	877,898	3,801	0	2,002,916
ADA Overhead	0	0	0	0
Total Administration	\$ 5,090,869	\$ 366,411	\$ 0	\$ 2,002,916
Total Expenses	\$ 78,696,588	\$ 3,313,716	\$ 8,018,267	\$ 18,954,125
Funding Requirement	\$ 51,556,705	\$ 1,975,589	\$ 6,258,368	\$ 7,417,924
Recovery Ratio	34.49%	40.38%	21.95%	60.86%

(1) Includes CMAQ/JARC Service

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

Vanpool	Administration	Centralized Support	Total Suburban Svc	Total Regional ADA Paratransit	Combined 2012 Budget
\$ 3,791,281	\$ 0	\$ 0	\$ 33,436,492	\$ 9,208,880	\$ 42,645,372
0	2,571,000	0	2,571,000	0	2,571,000
0	4,417,304	0	4,417,304	0	4,417,304
0	83,507	0	83,507	0	83,507
0	1,832,500	0	13,961,399	2,367,304	16,328,703
\$ 3,791,281	\$ 8,904,311	\$ 0	\$ 54,469,702	\$ 11,576,184	\$ 66,045,886
\$ 0	\$ 0	\$ 3,185,572	\$ 60,152,165	\$ 0	\$ 60,152,165
0	0	1,617,712	1,692,725	0	1,692,725
0	0	0	24,714,103	113,196,746	137,910,849
2,800,585	0	19,656,931	22,457,516	2,755,696	25,213,212
2,033,593	0	0	2,159,703	0	2,159,703
\$ 4,834,178	\$ 0	\$ 24,460,215	\$ 111,176,212	\$ 115,952,442	\$ 227,128,654
\$ 0	\$ 0	\$ 2,944,642	\$ 16,641,467	\$ 0	\$ 16,641,467
0	0	320,129	3,843,178	0	3,843,178
0	0	1,131,000	1,169,904	0	1,169,904
\$ 0	\$ 0	\$ 4,395,771	\$ 21,654,549	\$ 0	\$ 21,654,549
\$ 0	\$ 0	\$ 630,634	\$ 1,522,445	\$ 0	\$ 1,522,445
0	0	0	514,855	0	514,855
0	289,731	798,719	2,063,687	0	2,063,687
\$ 0	\$ 289,731	\$ 1,429,353	\$ 4,100,987	\$ 0	\$ 4,100,987
\$ 0	\$ 15,416,967	\$ 0	\$ 18,320,221	\$ 2,644,935	\$ 20,965,156
0	230,000	0	284,055	0	284,055
0	318,773	0	1,937,045	0	1,937,045
0	0	8,824,993	8,824,993	344,980	9,169,973
0	0	17,920,436	17,920,436	307,386	18,227,822
0	7,428,507	4,477,878	14,791,000	3,334,736	18,125,736
0	0	0	(3,991,705)	3,991,705	0
\$ 0	\$ 23,394,247	\$ 31,223,307	\$ 58,086,045	\$ 10,623,742	\$ 68,709,787
\$ 4,834,178	\$ 23,683,978	\$ 61,508,646	\$ 195,017,793	\$ 126,576,184	\$ 321,593,977
\$ 1,042,897	\$ 14,779,667	\$ 61,508,646	\$ 140,548,091	\$ 115,000,000	\$ 255,548,091
78.43%	37.60%	0.00%	30.00%	10.00%	

Appendix G: Budget Process

Budget Process and Calendar

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

The Budget Process

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

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

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

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

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

order to facilitate public comment on the ADA paratransit program in the City of Chicago, Pace will hold four additional hearings in the City. Public notice of the hearings is run in several widely distributed newspapers throughout the service area. In addition, Pace is to meet with each of the six county boards to review the proposed budget and program. Above and beyond these required meetings, Pace participates in numerous meetings of local government organizations and councils such as CMAP (Chicago Metropolitan Agency for Planning) and various transportation committees (TMA's, business chambers) to inform the public of the proposed budget and program. Thousands of copies of this proposed budget document and supplemental brochure are printed and distributed to elected officials, local governments, transportation interests, public libraries and citizens. A copy is also available on Pace's website.

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

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

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

Budget Amendment Process

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

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

revision to public funding or the recovery ratio as deemed necessary by the RTA. The Service Boards have thirty days from date of notice to submit a revision. There are no public hearing requirements for budget amendments which do not affect fares or services.

Budget Calendar

Below are key dates and events in the Pace FY 2012 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 U. 2012 Budget Development Calendar

Date (2011)	Event
May 20	Release budget call to Agency management
June 17	Budget call requests due from management
July	Staff develops a preliminary budget
August	Budget Discussions/Meetings with RTA and other Service Boards
September 14	RTA to set 2012 Funding and Recovery Marks; Pace Board Meets
September 16 - 30	Staff develops Proposed 2012 Budget per Board directives
October 12	Pace Board releases Proposed 2012 Budget for Public Hearing
October 17 - 27	Public Hearings on Pace's Proposed 2012 Budget
November 9	Pace Board adopts Final 2012 Budget
November 15	Submit Final 2012 Budget to RTA
November 16	RTA evaluates Pace budget for compliance
December 15	RTA scheduled to approve/adopt 2012 Budget for Pace

Appendix H: Financial Policies

Budget and Financial Policies

Budget Policies Overview

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

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

Balanced Budget Definition and Criteria

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

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

- The budget plan must show a balance between (a) anticipated revenues from all sources including operating subsidies and (b) the costs of providing the services specified and of funding any operating deficits or encumbrances incurred in prior periods, including provision for payment when due of principal and interest on outstanding indebtedness.
- The budget and plan must show cash balances, including the proceeds of any anticipated cash flow borrowing, sufficient to pay with reasonable promptness all costs and expenses as incurred.
- The budget and plan must provide for a level of fares or charges and operating or administrative costs for the public transportation provided by, or subject to, the jurisdiction of the Service Board, sufficient to allow the Service Board to meet its required system generated

recovery ratio and ADA paratransit revenue recovery ratio.

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

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

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

Budget Monitoring and Reporting

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

Stabilization Funds/Working Cash Policy

In order to allow for the payment of obligations in a timely manner, the Pace Board of Directors has adopted a Working Cash Policy. The policy requires that Unrestricted Net Assets in the amount of 8% of annual budgeted operating

expenses be retained for working cash purposes. Based on the policy, \$15,600,000 of Unrestricted Net Assets are being retained for working cash purposes during 2012.

Due to unfunded deficits resulting in the ADA Fund and the volatile cash flow, the ADA paratransit service is excluded from this policy.

Investment Policy

The Pace Board of Directors has adopted an investment policy that governs the investment of public funds. The policy conforms to all applicable State statutes. The primary objectives, in priority order, of Pace's investment activities shall be:

Safety of Principal

Safety of principal is the foremost objective of Pace. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

Liquidity

The portfolio will be substantially liquid for the purpose of meeting all operating and capital requirements which might be reasonably anticipated.

Yield

The portfolio is designed with the objective of attaining a competitive rate of return throughout budgetary and economic cycles which is equivalent with the portfolio's investment risk constraints and the cash flow characteristics.

An objective of Pace's investment policy is to maximize earnings. To facilitate in the evaluation of investments, the 90 day Treasury Bill rate has been established as a performance benchmark.

Use of One Time Revenues

Pace's use of one time revenues are subject to policies established by both the Pace and RTA Boards.

RTA Funding Policy

This policy establishes the basis for RTA funding of Pace and places restrictions on the use of Pace's retained earnings. In summary, the RTA policy is to fund the established budgeted deficit of Pace and not the actual results for the year. In addition, the policy restricts use of any funding provided as a result of a positive budget variance to capital projects or finite operating uses subject to RTA budgetary approval. The Pace policy is consistent with the RTA policy limitations for capital project use and finite operating expense.

RTA Lease Financing Transactions Policy

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

Asset Inventory/Condition Assessment

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

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

Risk Management

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

Pace currently maintains a \$3 million Self-Insured Retention (SIR) for each occurrence for Automobile Liability exposures. Insurance provides \$12 million in excess coverage above the SIR. For claims above \$15 million, additional Risk Financing techniques are available including Excess Auto Liability coverage, and the ability to borrow funds through the RTA Loss Financing Plan. Excess General Liability insurance is also purchased from an insurance carrier for coverage above a SIR of \$250,000 each occurrence. Additionally, Pace may utilize the RTA Loss Financing Plan to finance recovery from General Liability losses that may exceed the \$15 million. Pace purchases other property/casualty excess policies including Workers Compensation, Pollution, Employment Practice Liability, Crime, Property and Boiler & Machinery.

Pace also has elected to self-insure a portion of its Health and Welfare exposures. Pace maintains stop-loss coverage for any individual health claims exceeding \$150,000 with an aggregate stop-loss of \$4.9 million.

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. The Suburban Services fund accounts for operating and capital financial information, for all activities other than those assigned to the Regional ADA Paratransit 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 two 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. All expenditures under the Suburban Service and Regional ADA Paratransit funds are included in this budget for appropriation by the Pace Board of Directors.

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.



Administrative functions are performed from Pace's offices in Arlington Heights.

Appendix I: Regional Transit Priorities

Regional Transit Priorities

In 2011 the RTA launched a series of initiatives designed to increase ridership, maximize cost efficiencies and improve strategic decision making. Pace, along with the CTA and Metra under RTA's aegis, is moving forward to identify and capitalize on opportunities of mutual benefit. As these projects come to fruition their impact will be incorporated into the operating and capital budgets of the Agencies. Due to the recent launch of this effort there is limited immediately identifiable impact on the 2012 budget for Pace, however as we move forward we expect the savings and benefits to accrue to our bottom line in 2012, resulting in our continued excellent budget performance.

RTA Priorities and Vision for Transit

The RTA's long-term objectives in the region are to increase mobility, provide more accessible transit, modernize technology and provide better customer service. However, the economic recession continues to challenge funding levels for public transit and the State's fiscal condition has delayed funding to the region's transit system by as much as \$380 million. The RTA, CTA, Metra and Pace have all taken measures to trim budgets while trying to minimize the impact to customers. In light of very real financial challenges, it remains critical that we maintain an interagency commitment to growing the role of transit in the region and achieving these long-term objectives.

In response to this, the RTA has launched a series of key priority initiatives with input from the Service Boards intended to advance a collective vision for the region's transit system and establish a strategic, coordinated means of identifying areas for cost savings and greater efficiency. Goals outlined in the priority initiatives include developing a strategic capital approach focused on reducing overall operating expenditures; harnessing the Authority's and Service Boards' purchasing power to achieve cost savings and improved efficiency; pursuing opportunities to maximize the use of the transit system; improving the customer experience; and creating a unified marketing, outreach and government affairs agenda.

The RTA and Service Boards commitment to these key initiatives act as an underlying yet driving theme of the 2012 budget. RTA is working closely with the Service Boards to ensure that the goals and standards outlined below are achieved.

Strategic Capital Investment

The goal of this initiative is to reduce operating costs by identifying capital projects that could result in reductions in operating costs to the transit system.

Projects include:

- *Evaluating the Impact of Capital Projects on Operating Costs* - Each Service Board has been asked to include a formal estimate of the operating cost impacts of 2012 capital projects in their 2012 budget as a means of identifying cost savings and efficiencies. Pace is developing these estimates and expects to incorporate them into the final budget for 2012.
- *Unexpended Capital Funds* - The RTA is working with the Service Boards to review grants with unexpended funds and determine if these funds can be reassigned to other, potentially higher priority projects within each agency's budget.
- *Traffic Corridor Optimization and Traffic Signal Priority Program* - The RTA is working with the Service Boards to implement a 5-year program starting in 2012 that allows buses to have longer, more frequent green lights. RTA secured \$32 million in Congestion Mitigation and Air Quality (CMAQ) funds for this purpose. Projects have been completed on Western, Harlem and Cicero Avenues. Future projects are slated to begin on Milwaukee Avenue and Dempster.
- *Capital Investment Decision Tool* - A task force comprised of RTA and Service Board members is working to test the Decision Tool, a computerized method used for planning yearly budgets and prioritizing projects. The computer software is expected to be fully implemented for use by all agencies in 2012.

Economies of Scale

The goal of this initiative is to identify areas where coordinated purchasing efforts on fuel, insurance or utilities could achieve cost savings and improve efficiency.

Projects include:

- *Joint Procurement of Energy Management System Software* - Track commodity consumption (electricity, natural gas and fuel) and make use of CTA's independent provider of renewable energy solutions to identify and evaluate potential savings for Metra and Pace (i.e., opportunities like fuel hedging).
- *Knowledge Database* - Enable agencies to benchmark pricing and compare contracts. Database will include a discussion forum to foster the exchange of methods, data and ideas. Procurement staff can use the forum to ask questions of the other Service Board/s and their staff. Launch date is set for Fall 2011.
- *Joint Contract to Provide Fuel* - Evaluate the potential for joint contracting to generate operating costs savings. CTA has included language in its 2012 invitation for bids to purchase diesel fuel that allows Metra and Pace to join the agreement if it is beneficial to their agencies.
- *Healthcare Coverage* - RTA, CTA, Metra and Pace are reviewing the healthcare coverage available through the healthcare consortium to determine if it offers savings compared to their current healthcare coverage.

Maximize Use of the Transit System

The goal of this initiative is to maximize the use of the existing system by presenting a system-wide approach to improving coordination among the service boards; likewise, improving access to reverse commute markets and weekend and evening services.

Projects include:

- *Improve the Transit Benefits Program* - Streamline the Transit Benefits Program and transition the transit voucher to a credit/debit card system. The RTA will solicit private vendor proposals to implement and administer the program in Fall 2011, with the intention of introduc-

ing the new program in 2012. The roll out of the new program will also be accompanied by a broad marketing effort to increase program visibility and participation.

- *Grow the Reverse Commute* - CTA, Metra and Pace have committed to reserving parking spots for vanpools at outlying rail stations when requested by vanpool participants. Vanpools are a cost effective way to provide last mile connections for the reverse commute.

Enhance the Customer Experience

The goal of this initiative is to increase focus on targeted capital and technology related projects, interagency and way-finding signage, e-signage service improvements, service information and fare payment coordination to best serve transit customers.

Projects include:

- *Improve Regional Real-time Travel Information* - Implement "one-stop shopping" web and mobile phone applications. Integrate Bus Traker, Train Traker and Pace travel information on goroo.com.
- *Downtown Connections* - Install interactive signage at downtown Metra stations that will provide coordinated interagency service and connection information. Installation is slated to begin in 2012 at Ogilvie and Union Stations.
- *Regional Open Standards Fare System* - Implement "account-based" regional fare payment system to provide fare acceptance via personal credit, debit and transit-only reloadable smartcards on all fixed-route services. RTA secured \$340,000 in CMAQ funds to develop a Regional Interagency Fare Model to evaluate interagency fare products. RTA is also awaiting the outcome of the CTA's Open Fare Payment Collection System procurement expected in Fall 2011. The Illinois legislature requires an open fare system be in place by 2015.

Coordinate Government Affairs, Marketing, Outreach

The goal of this initiative is to better coordinate with the Service Boards when providing customer information. It is also intended to increase coordination and leveraging of partners and other stake holders.

Projects include:

- *Determine Common Advocacy Goals* - The Government Affairs departments will meet and outline common advocacy goals to communicate to elected officials and work together to implement a legislative agenda on a local, state and federal scale.
- *Collaborate with Service Boards on Public Hearings* - Make it easier for citizens to attend public hearings by holding RTA hearings in conjunction with Service Board hearings.
- *Coordinate Marketing Events and Initiatives* - Partner with Service Boards and coordinate our efforts to educate citizens on the benefits of transit. Develop a unified marketing campaign for events like Green Fest or Fiesta at Arlington Park and the Transit Benefit Fare Program.
- *Coordinate Transit Map Production and Distribution* - Consolidate system maps; produce coordinated maps for CTA, Metra and Pace.
- *Centralize Customer Service* - Streamline the Customer Service experience and introduce a consolidated phone number customers can call to reach RTA, CTA, Metra and Pace. Develop a one-stop, centralized Customer Service Center for RTA, CTA, Metra and Pace.

Conclusion

The RTA, CTA, Metra and Pace are working together to advance these interagency projects. Some of the initiatives are new and their merits are still being assessed and some of these initiatives have already been in the works but are now being pursued with more vigor under this collaborative effort. It is important to note that it is unlikely that these efforts will result in cost savings that will significantly address the budget difficulties facing the region in 2012. However, as difficult decisions need to be made about balancing the regional budget, it is increasingly important that we demonstrate our commitment to improving the customer experience and to creating efficiencies within the regional transit system.

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Appendix J: 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 Reduced Fare Subsidy Program. Also excludes interest income and advertising revenues.

fares The amount charged to passengers for use of various services.

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

full-time equivalent position (FTE) A position (or positions) that total 2,080 hours of annual service.

funding formula A specific formula used to determine a subsidy level.

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

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

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

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

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

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

performance measure Information collected to determine how efficient a route is operating.

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

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

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

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

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

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

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

full size bus A bus from 35 to 41 feet in length.

medium size bus A bus from 29 to 34 feet in length.

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

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

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

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

ridership (unlinked passenger trips) The number of transit vehicle boardings. Each passenger counted each time that person boards a vehicle.

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

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

small bus A bus 28 feet or less in length.

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

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

TAP The taxi access program operated in the City of Chicago. The program provides subsidized taxi service to ADA eligible riders.

total vehicle miles Sum of all miles operated by passenger vehicles, including mileage when no passengers are carried.

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.

Alternate Analysis Program A federal program designed to pay for studies conducted as part of the transportation planning process for the New Starts Program. These studies address issues of costs, benefits, environmental, community impacts and financial feasibility.

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

Bus Overhaul/Maintenance Expense The Federal Transit Administration reimburses transit operators for operating expenses for bus maintenance under Section 5307.

Capital Cost of Contracting The Federal Transit Administration reimburses transit operators for capital consumed in the course of a private operated contractor service. The program is designed to encourage and support service privatization and is funded with Section 5307 urbanized area formula grant funds.

CMAQ (Congestion Mitigation/Air Quality) A federal grant program designed to support transportation projects which reduce traffic congestion and improve air quality.

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

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

FTA (Federal Transit Administration) The federal agency which provides financial and planning assistance to help build and operate transit systems through grant programs.

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

fund balance See “unrestricted net assets.”

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

ICE (Innovative, Coordination and Enhancement Fund) The RTA Act provides a special funding earmark to the RTA to pay for projects that support regional system development.

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

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

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

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

JARC (Job Access and Reverse Commute Program) 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.

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

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

Public Transportation Fund (PTF) An operating subsidy from the State of Illinois equivalent to 30% of the RTA sales tax and Chicago real estate transfer tax (RETT) collected. The RTA is required to allocate these funds to the service boards, the basis is at their discretion, with the exception of a 25% PTF match on the Chicago RETT which is directed to CTA. (Also known along with 15% sales tax, as discretionary funds).

RETT A real estate transfer tax in the City of Chicago implemented by Public Act 95-0708 in January 2008. The tax (of \$1.50 for every \$500 of sales price) went into effect April 2008. Proceeds are directed to the CTA.

Glossary (Continued)

RTA Sales Tax Part I A sales tax of 1% in Cook County and 1/4% in the collar counties of DuPage, Kane, Lake, McHenry and Will.

- 85% of the sales tax is fully distributed to the service boards by the RTA according to formulas established by the RTA Act (also known as formula funds or 85% funds).
- 15% of the sales tax is retained by the RTA and distributed to the service boards at its discretion (also known as discretionary funds).

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

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

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

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

SOGR (State of Good Repair) A Federal program which provides funding for capital asset replacements identified in a transit agency's backlog. A particular focus of the program is asset management and strategies to achieving a State of Good Repair and backlog reduction.

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

TIGER (Transportation Investment Generating Economic Recovery) Appropriated \$1.5 billion for obligation no later than September 30, 2011 for projects that have a significant impact on the Nation, a Metro Area or a Region. Projects eligible include highways/bridges, reconstruction of overpasses and interchanges, transit projects (investments in New Starts or Small Starts), passenger and freight rail transportation projects, and port infrastructure. Grants awarded will be no less than \$20 million and no more than \$300 million.

TIGGER (Transit Investment in Greenhouse Gas and Energy Reduction) The American Recovery and Reinvestment Act provides for a discretionary program to support transit capital projects that resulted in greenhouse gas reductions or reduced energy use. A total of \$6.9 billion was appropriated for the Transit Capital Assistance Program. Of that amount, \$100 million was reserved for TIGGER.

unrestricted net assets The portion of net assets that is neither restricted nor invested in capital assets net of related debt. These funds are considered by Pace to represent the available fund balance.

Pace Quick Facts

Service Characteristics

Background data on the Pace service is provided below:

Fixed Route Service

Number of Fixed Routes (August, 2011)	194
• Regular Routes	137
• Feeder Routes	35
• Shuttle Routes	15
• Seasonal Routes	7
Number of Accessible Routes	194
Peak Period Vehicle Requirements	579
Pace-owned Fleet Size	688
Number Accessible	688
Average Vehicle Age	7.2 years
Contractor-owned Vehicles in Pace service	8
Number of Private Contractors	3
Number of Pace-owned Garages	11
Number of Pace Municipal Contractors	3

Paratransit

Number of Communities Served	210
Number of Local Dial-A-Ride Projects	68
Pace-owned Fleet Size (Includes Suburban ADA)	442
Average Vehicle Age	1.9 years
Community Transit Vehicles in Service (August, 2011)	87
Contractor-owned Vehicles in City ADA service	614

Vanpool

Vans in Service (August, 2011)—VIP	288
Vans in Service (August, 2011)—Employer Shuttle	15
Vans in Service (August, 2011)—Advantage	318
Total Vans in Service	621
Average Vehicle Age	4.1 years

Other

Number of Pace Employees (Includes ADA Staff)	1,481
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	2010 Actual	2011 Estimate	2012 Budget
Ridership (000's)			
Fixed Route	29,292	29,453	29,597
DAR/Ride DuPage/Kane*	1,273	1,332	1,377
Vanpool	1,751	1,809	1,890
Total Suburban Service	32,316	32,594	32,864
Regional ADA*	3,310	3,477	3,650
Total System	35,626	36,071	36,514

	2010 Actual	2011 Estimate	2012 Budget
Vehicle Miles (000's)			
Fixed Route	24,167	23,144	23,248
DAR/Ride DuPage/Kane	5,225	5,473	5,632
Vanpool	11,295	11,670	12,157
Total Suburban Service	40,687	40,288	41,037
Regional ADA	23,298	24,953	21,577
Total System	63,985	65,240	62,614

	2010 Actual	2011 Estimate	2012 Budget
Vehicle Hours (000's)			
Fixed Route	1,614	1,579	1,580
DAR/Ride DuPage/Kane	278	291	298
Vanpool	N/A	N/A	N/A
Total Suburban Service	1,892	1,870	1,878
Regional ADA	1,634	1,759	1,739
Total System	3,526	3,629	3,618

*Ridership includes companions and personal care attendants

Ridership

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

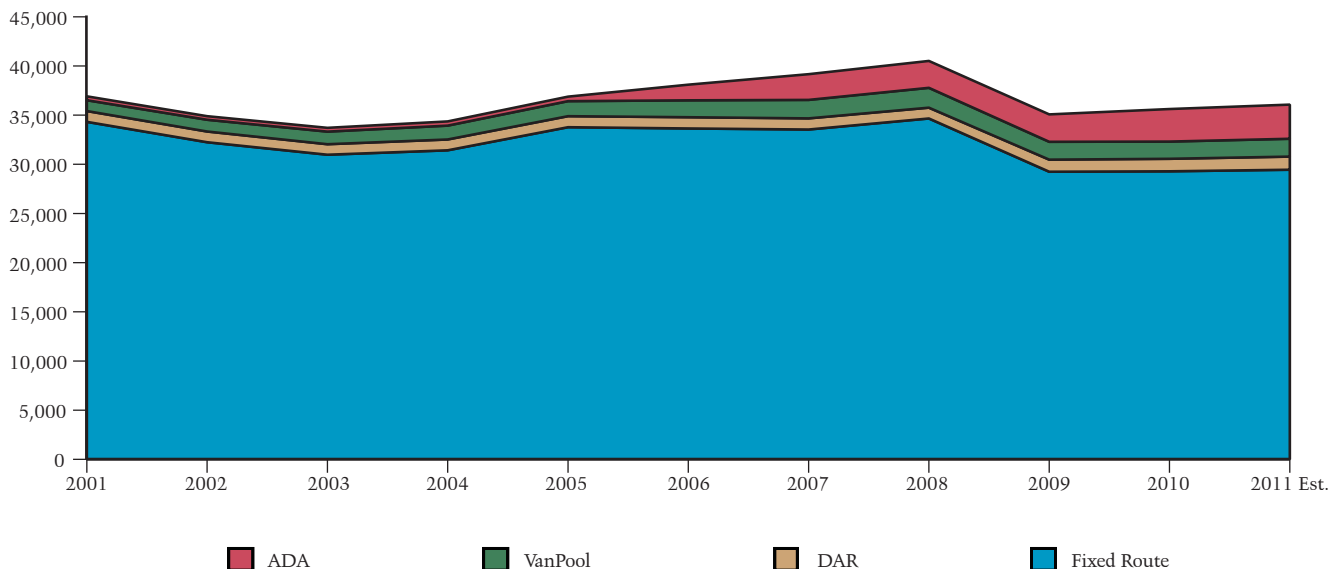
Table 42. Pace 2001–2011 Ridership Historical Summary (000's)

	Fixed Route	DAR	Vanpool	Total Suburban Service	ADA	Total System
2001	34,323	1,094	1,106	36,523	393	36,916
2002	32,245	1,095	1,193	34,533	366	34,899
2003	30,979	1,067	1,281	33,327	381	33,708
2004	31,429	1,094	1,416	33,939	420	34,359
2005	33,770	1,122	1,529	36,421	459	36,880
2006*	33,642	1,145	1,718	36,505	1,598	38,103
2007	33,542	1,126	1,877	36,545	2,624	39,169
2008	34,655	1,103	2,021	37,779	2,727	40,507
2009	29,247	1,230	1,810	32,287	2,790	35,077
2010**	29,292	1,273	1,751	32,316	3,310	35,626
2011 Est.	29,453	1,332	1,809	32,594	3,477	36,071

*Assumed City ADA service in July, 2006

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

Chart V. Pace 2001-2011 Historical Ridership (000's)



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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

PACE

Illinois

For the Fiscal Year Beginning

January 1, 2011

Linda C. Danson Jeffrey R. Enos

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, 2011.

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.



pace

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