



Suburban Service & Regional ADA Paratransit Budget

*2019 Operating & Capital Program
2019–2021 Business Plan for Operations
2019–2023 Capital Business Plan*

Connecting Communities • Connecting Communities • Connecting Communities • Connecting Communities • Connecting Communities



Connecting Communities • Connecting Communities • Connecting Communities • Connecting Communities • Connecting Communities

*Proposed Program
October 2018*

Board of Directors



Richard A. Kwasneski,
Chairman



Thomas D. Marcucci, Director
DuPage County



Christopher S. Canning,
Director
North Shore Suburban
Cook County



Jeffery D. Schielke, Director
Kane County



Terrance M. Carr, Director
Central Suburban
Cook County



Aaron T. Shepley, Director
McHenry County



Roger C. Claar, Director
Will County



Linda Soto, Director
Lake County



David B. Guerin, Director
North Central Suburban
Cook County



Karen Tamley, Director
Commissioner, Mayor's Office
for People with Disabilities
City of Chicago



Kyle R. Hastings, Director
Southwest Suburban
Cook County



Terry R. Wells, Director
South Suburban Cook County



Al Larson, Director
Northwest Suburban
Cook County



Thomas J. Ross,
Executive Director

Dear Riders, Interested Citizens & Public Officials:

I am pleased to report that the budget presented here is balanced with no proposed fare increase. Despite diminishing financial resources, Pace made major steps in 2018 to improve our regional transit network and provide increased opportunities for our passengers to safely and conveniently access employment, education, healthcare, and all that Northeastern Illinois has to offer. This year, in partnership with the Illinois Tollway, we celebrated the completion of the I-90 Market Expansion Project with the opening of the State's first in-line (on highway) stop at the I-90/Barrington Road Park-n-Ride Station. Buses traveling in both directions on I-90 won't have to exit to pick up and drop off passengers at this location, allowing passengers to travel quickly and reliably.



This year also saw the completion of an all-new Compressed Natural Gas bus garage and fleet in Markham at Pace's South Division. As one of only three Illinois public transit agencies to operate CNG fleets, lower fuel and maintenance costs allow Pace to save and reinvest the taxpayers' money into service across the region. Lower emissions mean better air quality for the communities we serve. Other 2018 achievements include the opening of a new Pace Park-n-Ride in Plainfield to accommodate market demand and expanded service along the I-55 corridor; progress on Pace's regional Pulse program including Milwaukee Line station construction and research and planning work for the Dempster, Halsted and Harlem lines; the replacement of Pace's North Division fleet with new, clean-diesel buses; and the addition of service to Lewis University.

These successes are tempered by the fact that this is the second year in a row Pace was required to make tough decisions to maintain a strong and stable system and achieve a balanced budget. To avoid a fare increase and continue progress on long-range, regional transit improvements, staff recommends the implementation of administrative expense reductions including increased insurance contributions from employees and a reduction in marketing and out-of-region travel budgets. The budget challenges we face are the result of many factors, including the State of Illinois's reduction in funding for Pace by approximately \$13 million over state fiscal years 2018 and 2019 and declining sales tax and farebox revenues.

Despite these budget challenges, Pace continues to build the modern, responsive transit network that our region needs and deserves. Pace plans to add a half-million dollars of net service overall by reinvesting \$1.2 million of identified service reductions on poor-performing routes into \$1.7 million of service enhancements. This move to responsibly reinvest Pace's very limited resources allows us to launch modern services like the Pulse Milwaukee Line. We continue to seek alternative funding sources, including grants and partnerships, and advocate for a sustainable, long-term revenue stream from the State of Illinois. Above all, we are committed to providing access and opportunity for our passengers and operating safe and reliable public transportation service throughout Northeastern Illinois.

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

Richard A. Kwasneski,
Chairman

This page intentionally left blank.

CONTENTS

Executive Summary	1
Suburban Service Operating Budget	5
Suburban Service Budget & Three-Year Business Plan	21
Regional ADA Paratransit Operating Budget	27
Regional ADA Budget & Three-Year Business Plan	31
Suburban Service Capital Budget & Five-Year Business Plan	35
Regional ADA Paratransit Five-Year Unconstrained Program	47
Combined Suburban Service/ADA Budget & Three-Year Business Plan	49
Appendix A: Pace Overview	51
Appendix B: Ridership & Suburban Service Fares	64
Appendix C: Community Profile	69
Appendix D: Performance Measures	75
Appendix E: Planning Initiatives	82
Appendix F: 2016-2018 Operating Budget Detail	88
Appendix G: Budget Process	94
Appendix H: Financial Policies	96
Appendix I: Debt Overview	100
Appendix J: Glossary	103
Legal Notice and Public Hearings	115
Pace Quick Facts	118

This page intentionally left blank.

Executive Summary

Executive Summary

Budget Highlights

FOR the fifth year in a row, RTA, along with Pace, CTA, and Metra reached consensus on the key budget parameters for the coming year (2019). On August 23, 2018, RTA officially adopted 2019 funding levels for Pace allowed for the continuation of significant new services implemented in 2018 and planned for 2019.

Suburban Service

The 2019 Pace Suburban Services budget is balanced to available funding. Several service enhancements are incorporated into the 2019 budget described below:

- Public funding for Pace Suburban Services grows by 3.6% as compared to the 2018 budget, due in part from the use of RTA ICE funding for operations. The recovery ratio requirement remains at 30.3%. Pace relies on RTA allowed credits to raise its base recovery rate from 24.97% to meet the RTA requirement.
- The proposed 2019 budget is balanced to the RTA funding level with no fare increases, despite losing \$3.1 million to the State of Illinois sales tax surcharge and reduction to Public Transportation Fund. This is achieved through administrative expense reductions and the restructuring/discontinuation of poor performing service.
- Service reductions of \$1.2 million proposed for 2019 partially offset \$3.0 million of service en-

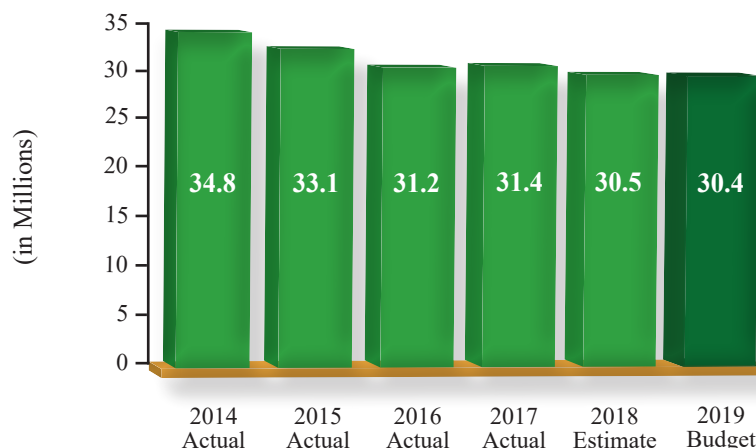
hancements planned through 2018 and 2019. In addition to multiple adjustments to improve on-time performance, these enhancements include the implementation of Milwaukee Avenue Pulse service in 2019 and additional trips to ease overcrowding on I-55 Bus on Shoulder routes.

- Pace projects to finish 2018 \$1.9 million unfavorable to budget due to the state-imposed reductions to public funding as well as underperforming fare-box revenue and despite estimated expense under-runs of \$5.6 million. From 2010 to 2017 Pace has converted nearly \$100 million of operating funds to support its capital program.
- The 2019 Capital Program totals \$96.0 million primarily for rolling stock and support facilities and equipment. The budget includes \$46.8 million of Pace issued bonds to fund the design and construction of a new northwest suburban garage.

Regional ADA Paratransit

The 2019 Regional ADA Paratransit budget is balanced based on RTA's funding level of \$173.0 million. This funding level supports ridership growth of 1.0% for the ADA program. In 2019, the program provides over 4.3 million passenger trips. Fares are projected to remain stable at current levels in 2019 based on continued support from the State of Illinois.

Chart A. Pace Suburban Service Ridership



Executive Summary

2019 Combined Operating Budget Summary

THE 2019 budgets for Suburban Services and the Regional ADA Paratransit program are balanced to the funding levels and recovery ratio requirements established by the RTA on August 23, 2018.

The expense budget for Suburban Services in 2019 is \$236.037 million. Suburban Services operating revenues are budgeted at \$59.729 million. Total public funding for Suburban Services is estimated at \$177.308 million, which covers the operating deficit. Pace has implemented cost-saving measures to minimize expense growth and meet the 30.3% recovery ratio set by the RTA.

The expense budget for the Regional ADA Paratransit program in 2019 is \$187.241 million.

At current fare levels, ADA operating income reaches \$14.215 million resulting in a funding requirement of \$173.026 million.

There are no fare adjustments proposed for ADA Paratransit services in 2019.

The 2019 budgets for Suburban Services and Regional ADA Paratransit are balanced to RTA established funding levels.

Table 1. 2019 Combined Pace Services Operating Budget Summary (000s)

	Suburban Service	Regional ADA Paratransit	Combined Pace Services
Total Operating Expenses	\$236,037	\$187,241	\$423,278
Less: Total Operating Revenue	58,729	14,215	72,944
Funding Requirement	\$177,308	\$173,026	\$350,334
Less:			
Sales Tax (Part I)	\$97,185	\$0	\$97,185
Sales Tax & PTF (Part II)	35,490	164,631	200,121
Suburban Community Mobility Funds (SCMF)	25,856	0	25,856
South Suburban Job Access Funds	7,500	0	7,500
PTF (Part I)	4,657	0	4,657
RTA Sales Tax (Part I)	0	0	0
Federal CMAQ/JARC/New Freedom Funds	4,939	0	4,939
RTA ICE Funding	1,681	0	1,681
State ADA Funds	0	8,395	8,395
Net Funding Available	\$0	\$0	\$0
Recovery Ratio	30.30%	10.00%	N/A

2019 Capital Budget Summary

THE RTA Board passed the required funding marks on August 23, 2018 before the statutory deadline of September 15. The preliminary Capital Program marks prepared by the RTA provide estimated federal and other funds that are expected to be available to the region for capital investment purposes.

Listed below are the highlights of the 2019 Capital Budget.

Suburban Service

The 2019 Suburban Capital Program totals \$96.015 million. The program contains \$26.352 million for the purchase of 35 fixed route buses, 74 paratransit vehicles, and 187 vanpool vehicles.

The program contains \$59.313 million for improvements to support facilities, computer systems/hardware and software, support equipment/non-revenue vehicles, fare-box system, associated capital, preventive maintenance, office equipment/furniture, and design and construction of a new Northwest Division garage.

The program contains \$10.100 million for bus stop shelters, bus tracker sign deployment, posted-stops-only conversion, a Joliet transit center, and an Orland Square Mall passenger facility.

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



Pace's 2019 capital program includes \$1.750 million for bus shelters.

Table 2. 2019 Suburban Service Capital Budget (000s)

	Amount
Rolling Stock	
35 Fixed Route Buses	\$14,000
74 Paratransit Vehicles	4,832
187 Vanpool Vehicles	7,520
Subtotal	\$26,352
Support Facilities and Equipment	
Improve Support Facilities	\$2,063
Computer Systems/Hardware & Software	500
Support Equipment/Non-Revenue Vehicles	600
Farebox System	250
Associated Capital	6,000
Preventive Maintenance	3,000
Office Equipment/Furniture	100
New Northwest Division Garage	46,800
Subtotal	\$59,313
Stations and Passenger Facilities	
Bus Stop Shelters	\$750
Bus Tracker Sign Deployment	500
Posted-Stops-Only Conversion	750
Joliet Transit Center	7,500
Orland Square Mall Passenger Facility	600
Subtotal	\$10,100
Miscellaneous	
Unanticipated Capital	\$250
Subtotal	\$250
Total Suburban Capital Program	\$96,015
Total Funding	
Federal 5307/5339	\$40,845
Federal CMAQ	7,520
Pace Bond	46,800
Pace PBV	850
Total Suburban Funding	\$96,015

Executive Summary



Suburban Service

2019 Suburban Service Operating Budget

Summary

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

- Pace projects \$236.037 million in operating expenses in 2019 for the provision of transit services in the region.
- A total of \$58.729 million in revenue is generated from operations.
- An initial deficit or funding requirement of \$177.308 million occurs from operations prior to funding.
- A total of \$172.369 million in funding generated from Regional Sales Tax is projected available for 2019 including \$4.657 million in PTF (Part I) and \$1.681 million in RTA ICE funding.
- A total of \$4.939 million in Federal Congestion Mitigation/Air Quality (CMAQ), Job Access and Reverse Commute (JARC), and New Freedom funds is used next year.

The budget for 2019 includes proposed service reductions of \$1.2 million to partially offset \$3.0 million of service added in 2018 and 2019, including the implementation of Milwaukee Avenue Pulse ART. The budget also includes funds for the bond issuance and interest expense related to the design and construction of a new Northwest Division garage facility.

The 2019 Suburban Service budget is balanced to both the funding and recovery marks identified for Pace by the RTA. The proposed budget does not include any fare increases despite funding lost to the State of Illinois administrative surcharge on sales tax receipts and reduction to PTF.

The RTA recovery requirement remains steady at 30.30% for 2019. Pace relies on credits allowed by the RTA to raise the base recovery rate from 24.97% to meet the RTA requirement.

Ridership is projected to fall 0.4% in 2019 to 30.4 million trips as the ridership from additional service is not expected to completely offset the continuing decline in fixed route ridership.

A detailed review of the 2019 Suburban Service operating program is presented in this section.

Table 3. 2019 Suburban Service Operating Budget Summary (000s)

	2017 Actual	2018 Estimate	2019 Budget
Total Operating Expenses	\$226,466	\$226,488	\$236,037
Less: Total Operating Revenue	54,431	56,391	58,729
Funding Requirement	\$172,035	\$170,097	\$177,308
Less:			
Sales Tax (Part I)	\$92,119	\$93,454	\$97,185
Sales Tax & PTF (Part II)	33,022	33,421	35,490
Suburban Community Mobility Fund (SCMF)	24,141	24,878	25,856
South Suburban Job Access Fund	7,500	7,500	7,500
PTF (Part I)	4,253	4,254	4,657
RTA Sales Tax (Part I)	171	0	0
RTA ICE Funds	73	0	1,681
Federal CMAQ/JARC/New Freedom Funds	8,565	4,680	4,939
Federal 5307-Capital Cost of Contracting Funds	0	0	0
Transfer to Capital	0	0	0
Net Funding Available	(\$2,191)	(\$1,910)	\$0
Recovery Ratio	28.90%	30.30%	30.30%

Suburban Service

Sources of Funds

PACE relies on two sources to fund operations—funds classified as “public” which come from the State of Illinois and the federal government, and revenues derived from operations. In January 2008, the public funding package for transit in northeastern Illinois was revised to increase the amount and sources of funds, and established a new allocation basis for the new funding provided.

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

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

With adoption of the Illinois Fiscal Year 2018 budget, the state imposed a 2% administrative surcharge on RTA sales tax, and a 10% reduction in PTF for ILFY18, reducing funds available for operations. For ILFY19, the administrative surcharge was reduced to 1.5%. The reduction to PTF was continued, but reduced to 5% for ILFY19.

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

Table 4. Part I. Allocation of Sales Tax Receipts

	RTA	CTA	Metra	Pace
Chicago	15%	85%	0%	0%
Suburban Cook	15%	(30%	55%	15% of remaining 85%)
Collar Counties	15%	(0%	70%	30% of remaining 85%)

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

	2015 Actual	2016 Actual	2017 Actual	2018 Estimate	2019 Budget
Regional Funds					
Sales Tax - Part I	\$865,614	\$877,486	\$878,594	\$904,905	\$941,034
PTF Match to Part I Sales Tax (25%)	217,930	221,621	212,644	212,716	232,870
Sales Tax - Part II	303,654	307,697	307,393	317,311	329,239
PTF Match to Part II Sales Tax (+5% Part I)	158,967	161,127	150,004	150,542	163,832
Total Sales Tax and PTF	\$1,546,165	\$1,567,931	\$1,548,635	\$1,585,474	\$1,666,975
Pace Share of Regional Funds					
Sales Tax - Part I	\$90,273	\$91,559	\$92,119	\$93,454	\$97,185
PTF Match to Part I Sales Tax	4,359	4,432	4,253	4,254	4,657
Sales Tax II and PTF	57,295	58,126	57,163	58,299	61,346
Total Pace Share	\$151,927	\$154,117	\$153,535	\$156,007	\$163,188
Pace Funding As a Percent of Regional Funding					
PTF Match to Part I Sales Tax (RTA Discretionary)	2.0%	2.0%	2.0%	2.0%	2.0%
Sales Tax I and PTF I	8.7	8.7	8.8	8.7	8.7
Sales Tax II and PTF II	12.4	12.4	12.5	12.5	12.4
Total Receipts	9.8%	9.8%	9.9%	9.8%	9.8%

Funding Sources - Part I

Sales Tax

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

The estimated RTA sales tax funding mark for Pace is \$97.185 million for 2019. This represents approximately 10.3% of the total RTA region's estimate of \$941.034 million. The RTA estimate for Pace sales tax receipts is 4.0% greater than 2018 estimated levels. The RTA estimate is based on a projection of current sales tax trends which continue to rise over prior year levels. Table 5 highlights recent and upcoming estimates for Part I sales tax revenues for both the region and Pace.

Public Transportation Fund (PTF) - Part I

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

For 2019, the RTA will provide Pace with 2.0% or \$4.657 million of the PTF match received for Part I Sales Tax revenue.

Federal Fund Programs

Congestion Mitigation/Air Quality (CMAQ) Program

Pace relies on funds from the CMAQ program to implement and maintain various new services that support program objectives. Funding from this source is included in 2019 to support the I-90 service initiative.

Job Access and Reverse Commute (JARC) Program

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

New Freedom Program

This program encourages service and facility improvements to address the transportation needs of persons with disabilities that go beyond those required by the Americans with Disabilities Act.

Funding Sources - Part II Sales Tax & PTF

The passage of Public Act 95-0708 in January 2008 restructured RTA governance, oversight responsibilities, and funding. Pace operating funding was 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. An 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—was established.

The existing PTF match of 25% of sales tax was extended to the new 1/4% sales tax, bringing the total PTF match to 30%. Recent State of Illinois budgets have reduced the PTF contribution by 10% in ILFY18 and 5% in ILFY19. 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 2019 is as follows:

- \$164.631 million was allocated to Pace for the provision of the Regional ADA Paratransit Service, based on program requirements.
- \$25.856 million was allocated to Pace under the Suburban Community Mobility Fund (SCMF).
- \$12.928 million was allocated to the RTA for an Innovation, Coordination and Enhancement (ICE) fund.
- \$16.658 million was allocated to CTA for the 25% PTF match on RETT.

The SCMF and RTA/ICE amounts are adjusted annually for sales tax performance (Table 6). The remaining balance is allocated to the CTA (48%), Metra (39%), and Pace (13%). In addition to these funds, the RTA is required to fund Pace an additional \$7.5 million annually for services in south Cook County.

Table 6 shows the allocation of the new funding sources for the 2019 RTA budget.

Suburban Community Mobility Fund (SCMF)

In 2019, the SCMF provides \$25.856 million to Pace for the provision of non-traditional transit services. Services such as dial-a-ride, vanpool, ridesharing, reverse commute, bus rapid transit, and other innovative services that enhance suburban mobility are eligible. Both new and existing services are eligible for SCMF funding. Pace is already providing in excess of \$60 million in qualifying services; however, the decision as to whether these funds are used for new or existing services made annually via the budget process. For 2019, Pace will use these funds to support existing services.

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

South Suburban Cook Job Access Fund

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

The \$7.5 million does not grow with sales tax growth. These funds can be used for new or existing services that focus on employment opportunities. Pace currently expends in excess of \$28.0 million for services in south Cook County for two of its operating divisions—South and Southwest.

ADA Paratransit Fund

In 2011, the RTA Act was amended to establish the ADA Fund at a level of \$115 million for 2012 with future allocations based on program requirements. The 2019 requirement is \$164.631 million.

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

	2019 Plan
New Sales Tax	\$329,239
Public Transportation Funds (PTF) II	163,832
Total Sales Tax II & PTF II	\$493,071
Distribution	
Regional ADA Paratransit Fund - Pace/RTA	\$164,631
Suburban Community Mobility Fund - Pace	25,856
RTA ICE	12,928
25% PTF MATCH ON RETT - CTA	16,658
Balance Available for Allocation	\$272,998
Service Board Distribution	
CTA - 48%	\$131,039
Metra - 39%	106,469
Pace - 13%	35,490
Total to Service Boards	\$272,998

Operating Revenues

Pace is budgeting for \$58.729 million in Suburban Service operating revenue for 2019, a 4.2% increase over 2018. Fare revenue will account for only 0.2% of the growth, with a slight decrease in fixed route revenue being offset by the growth of dial-a-ride revenue. The assumption that the state will resume full half-fare reimbursement funding will add 2.4% to revenue. Other miscellaneous income and advertising revenue will contribute the remaining 1.6% of revenue growth in 2019.

Uses of Funds

ALL funds received in 2019 will be used to support Pace services. The components of the 2019 Suburban Service operating program are fixed route services (i.e., Pace-operated, public/municipal-contracted, and private-contracted); dial-a-ride services; the vanpool program; centralized support expenses; and costs for administration.

Pace-Operated Services

Pace is responsible for the direct operation of service from nine facilities in the six-county region. Together, these divisions—North, North Shore, Northwest, South, Southwest, West, Fox Valley, River, and Heritage—carry 86% of the total suburban service ridership. Pace expects to expend \$103.873 million for these services in 2019. Further information can be found on page 12.

Public/Municipal Contracted Services

Pace will contract directly with two municipalities (Niles and Highland Park) and maintain an agreement with the Village of Schaumburg for fixed route services. These services are expected to cost an estimated \$3.612 million in 2019. Further information can be found on page 13.

Private Contract Services

Pace provides service to more than 48 communities by directly contracting with two private transit companies. The total cost for privately contracted service in 2019 is \$7.525 million. Further information can be found on page 14.

Dial-a-Ride Services

Pace partners in 71 dial-a-ride service projects throughout the six-county region. Services are operated by townships or local municipalities under contract with Pace or directly by private providers. Pace provides funding for these services based on a formula applied to the total service cost. The local government is also required to provide a portion of the service cost. Additionally, Pace oversees the Community Transit Program. The total cost for dial-a-ride services in 2019 is \$18.062 million. Further information can be found on pages 15 and 16.

Vanpool Services

The 2019 budget for vanpool services is \$2.888 million. This program is targeted specifically at the intermediate and long-range trip market where the majority of peak period travel occurs. In 1994, the Advantage element was added providing a transit alternative to individuals who commute on a regular basis to work sites or rehabilitative workshops. In 1997, the Employer Shuttle element was created to allow suburban employers to shuttle employees to and from nearby transit connections. Pace expects this program to have 553 vans in service by the end of 2019. Further information can be found on pages 17 and 18.

Centralized Support

Pace provides a variety of direct operational support services through a centralized support program allowing Pace to save money by buying in bulk and consolidating services. In total, Pace will spend \$71.275 million to provide fuel, insurance, healthcare, and other support items in 2019. Further detail is provided on page 19.

Administration

To accomplish the duties of direct operational support, service planning, capital planning, financial control and IT support, Pace's 2019 administrative budget, including debt service, is set at \$37.887 million. Further information can be found on page 20.

Regional ADA Paratransit Credit

Since July 2006, Pace assumed responsibility for providing all ADA Paratransit Service in the northeastern Illinois six county region. Pace has applied a credit to the Suburban Service budget of \$9.085 million which has been allocated to the Regional ADA Paratransit Services budget. This credit represents the administrative support provided by Pace's IT, Accounting, Purchasing, and other departments for the ADA program.

Suburban Service

Table 7. 2019 Suburban Service Revenue Summary (000s)

	2017 Actual	2018 Estimate	2019 Budget
Operating Revenues			
Pace-Operated Services	\$31,727	\$33,710	\$33,688
Public/Municipal Contracted Services	1,418	1,420	1,437
Private Contracted Services	1,729	1,760	1,730
Dial-a-Ride Services	11,120	11,145	11,266
Vanpool Program	2,638	2,470	2,470
Half-Fare Reimbursement	1,346	1,279	2,610
Investment/Other Income	1,619	1,742	2,488
Advertising Revenue	2,834	2,865	3,040
Total Operating Revenue	\$54,431	\$56,391	\$58,729
Public Funding			
Sales Tax (Part I)	\$92,119	\$93,454	\$97,185
Sales Tax and PTF (Part II)	33,022	33,421	35,490
Suburban Community Mobility Fund (SCMF)	24,141	24,878	25,856
PTF (Part I)	4,253	4,254	4,657
South Cook Job Access Fund	7,500	7,500	7,500
RTA Sales Tax (Part I)	171	0	0
RTA ICE Funding	73	0	1,681
Federal CMAQ/JARC/New Freedom Funds	8,565	4,680	4,939
Total Public Funding	\$169,844	\$168,187	\$177,308
Total Source of Funds	\$224,275	\$224,578	\$236,037

Chart B. Sources of Funds (000s) - Total \$236,037

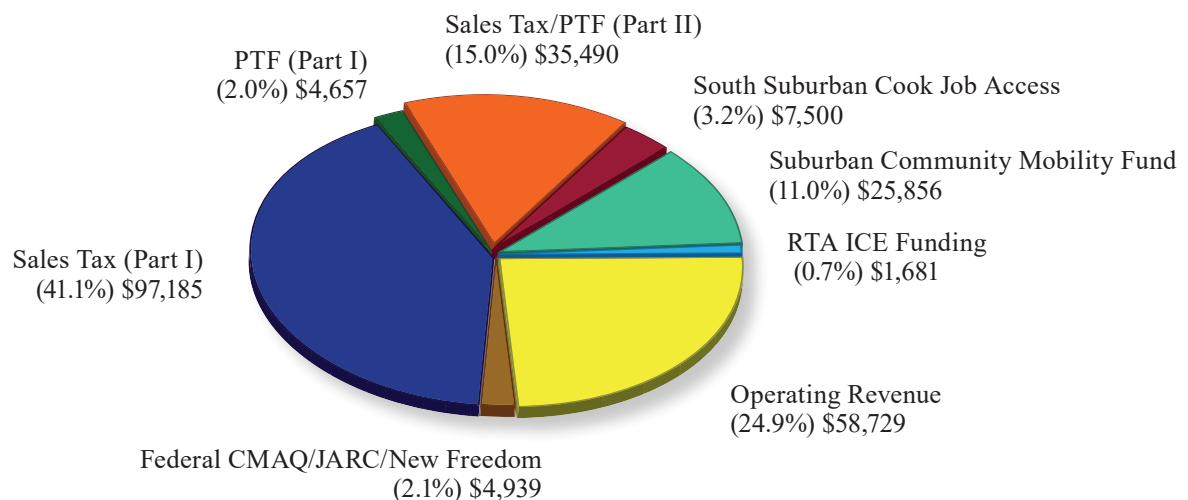
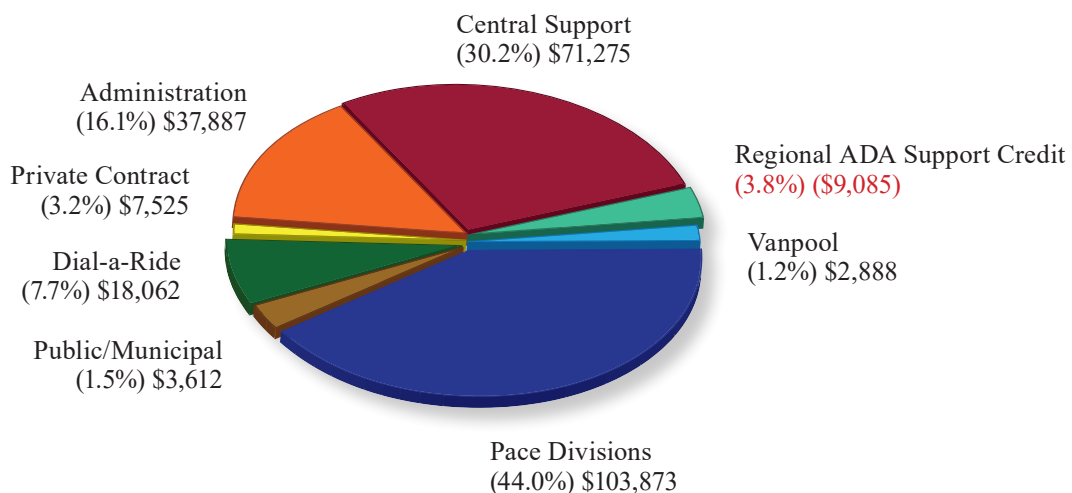


Table 8. 2019 Suburban Service Expense Summary (000s)

	2017 <u>Actual</u>	2018 <u>Estimate</u>	2019 <u>Budget</u>
Expenses			
Pace-Operated Services	\$102,665	\$109,119	\$103,873
Public/Municipal Contracted Services	3,224	3,545	3,612
Private Contracted Services	6,667	5,819	7,525
Dial-a-Ride Services	17,858	10,845	18,062
Vanpool Program	2,457	2,549	2,888
Centralized Operations	66,880	68,114	71,275
Administration*	33,423	34,183	37,887
Regional ADA Support Credit	(6,708)	(7,686)	(9,085)
Total Expenses	\$226,466	\$226,488	\$236,037
Net Funding Available	(\$2,191)	(\$1,910)	\$0
Recovery Rate	29.80%	30.30%	30.30%

* Includes Debt Service beginning in 2015.

Chart C. Uses of Funds (000s) - Total \$236,037



Suburban Service

2019 Pace Operating Division Budget

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

In 2019, Pace will spend \$70.185 million to provide service in these areas. This represents a 6.9% decrease over estimated 2018 levels.

Total revenues are expected to stay flat from 2018 to 2019 while total operating expenses will fall 4.8%. This decrease is directly related to the transfer of \$9 million of eligible expenses to the capital budget. Without this transfer, expenses would grow 3.4%. Labor and fringe benefit costs are the primary factors affecting the rising costs in 2019.

Recovery performance will increase 1.5% at the divisions for 2019 due to the decrease in operating expenses

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

2019 Goals
Pace's efforts for 2019 include providing 26.1 million rides with a minimum recovery ratio of 32.43%.

Table 9. Budget Summary - Pace Operating Divisions (000s)

	2017 Actual	2018 Estimate	2019 Budget
Revenue			
Pace Divisions	\$31,530	\$33,436	\$33,106
CMAQ/JARC/ICE	197	273	582
Total Revenue	\$31,727	\$33,709	\$33,688
Expenses			
Operations	\$69,384	\$73,491	\$74,675
CMAQ/JARC/ICE	5,222	5,064	6,814
Maintenance	15,316	17,805	9,179
Bus Parts/Supplies	4,558	4,140	4,244
Non-Vehicle Maintenance	2,610	2,953	3,043
General Administration	5,575	5,663	5,918
Total Expenses	\$102,665	\$109,116	\$103,873
Funding Requirement	\$70,938	\$75,407	\$70,185
Recovery Ratio	30.90%	30.89%	32.43%
Ridership	27,077	26,218	26,128
Vehicle Miles	28,011	27,804	28,122
Vehicle Hours	1,785	1,807	1,841
Full Time Equivalent (FTEs)	1,418	1,447	1,455

2019 Public/Municipal Contracted Service Budget

PACE will contract with two municipalities—Highland Park and Niles—and maintain an agreement with the Village of Schaumburg for fixed route service in 2019. The budget for Public/Municipal contracted services is summarized in the table below. Detailed information is provided in Appendix F.

Municipal Fixed Route Services

The City of Highland Park and the Village of Niles will continue to contract with Pace in order to provide fixed route services in 2019. Combined, these services will provide 0.561 million rides and generate \$1.202 million in farebox and local share revenue. Total service expenditures will reach \$3.166 million in 2019, and net required funding will be \$1.964 million.

Schaumburg

Trolley service is provided in the Woodfield area of Schaumburg. The 2019 estimated cost of this service is \$0.466 million which will be partially funded by the Village of Schaumburg.



Pace provides trolley bus service to several locations in Schaumburg including Woodfield Mall, IKEA, the Streets of Woodfield, and the Schaumburg Convention Center.

2019 Goals

Pace's efforts for 2019 include providing 0.580 million rides with an overall recovery ratio of 39.78%.

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

	2017 Actual	2018 Estimate	2019 Budget
Revenue			
Highland Park	\$652	\$639	\$640
Niles	509	556	562
Schaumburg	257	225	235
Total Revenue	\$1,418	\$1,420	\$1,437
Expenses			
Highland Park	\$1,407	\$1,558	\$1,604
Niles	1,399	1,544	1,562
Schaumburg	418	443	446
Total Expenses	\$3,224	\$3,545	\$3,612
Funding Requirement	\$1,806	\$2,125	\$2,175
Recovery Ratio	43.98%	40.06%	39.78%
Ridership	608	585	580
Vehicle Miles	559	557	557
Vehicle Hours	51	52	52

Suburban Service

2019 Private Contract Carrier Budget

IN 2019, Pace will contract directly with two private transit providers for fixed route service in 48 different communities.

Private contractors doing business with Pace include:

- First Group
- MV Transportation

The cost of providing fixed route contracted service will increase by \$1.7 million in 2019 or 23.32% over estimated 2018 levels. Contributing to the increase in 2019 is the service added to align with revised Metra schedules.

Operating revenues are projected to fall by 1.7% next year due to decreasing ridership.

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

2019 Goals

2019 goals include providing service to 1.1 million riders while achieving a minimum recovery ratio of 22.99%.

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

	<u>2017 Actual</u>	<u>2018 Estimate</u>	<u>2019 Budget</u>
Revenue			
Private Contract	\$1,729	\$1,760	\$1,730
Total Revenue	\$1,729	\$1,760	\$1,730
Expenses			
Private Contract	\$6,667	\$5,819	\$7,525
Total Expenses	\$6,667	\$5,819	\$7,525
Funding Requirement	\$4,938	\$4,059	\$5,795
Recovery Ratio	25.93%	30.25%	22.99%
Ridership	1,119	1,095	1,065
Vehicle Miles	1,721	1,946	1,864
Vehicle Hours	93	109	105

2019 Demand Response Services Budget

Dial-A-Ride (DAR)

DAR service is available in a large portion of the Pace service area through 71 dial-a-ride projects. Nearly all services are provided with Pace-owned paratransit vehicles.

Pace has service agreements with villages and townships for the operation of 17 dial-a-ride projects. In most cases, the local community operates the service referred to as Municipal Provided Service. For 2019, 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 2019.

Pace contracts directly with private providers for the operation of 40 dial-a-ride projects referred to as Contractor Provided Service. The communities served collaborate with Pace to provide financial support for these projects through local share agreements.

Coordinated Dial-A-Ride Projects

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

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

On Demand (formerly Call-n-Ride) Service

In 2008, Pace launched its first On Demand service in West Joliet. On Demand service is a reservation-based,

curb-to-curb demand response service that picks up riders and takes them anywhere within a designated geographic service area. This service differs from other demand response services like Dial-A-Ride and ADA Paratransit service. On Demand services are designed to supplement the fixed route service by providing the first and/or last mile to connect people to the routes in the area. In addition to phone reservations, customers may book their reservation online through a link on the Pace website. Fares for the service are the same as the local fixed route service and vehicles are equipped with the Ventra® fare system. Pace currently operates the following 11 On Demand services throughout the region:

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

Community Transit Program

The Community Transit program allows local municipalities to provide flexible public transportation in their communities. Revenues for this program are projected at \$107,454 with 94 vehicles in service by year-end 2019. The 2019 budgeted recovery rate for this program is 175.92%.

The budget shown in Table 12 is based on the \$3.00/75% subsidy formula for local dial-a-ride and will provide \$18.062 million for all dial-a-ride service throughout the six county region.

2019 Goals

Combined Dial-a-Ride efforts in 2019 will include carrying approximately 1.0 million riders while maintaining recovery performance at a level of 62.38%.

Suburban Service

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

	2017 <u>Actual</u>	2018 <u>Estimate</u>	2019 <u>Budget</u>
Revenue			
Municipal Provided Service	\$3,654	\$3,370	\$3,491
Contractor Provided Service	1,825	1,891	1,891
On Demand	101	101	101
MCRide	1,348	1,463	1,463
Ride DuPage	1,947	2,046	2,046
Ride in Kane	2,133	2,167	2,167
Community Transit	112	107	107
Total Revenue	\$11,120	\$11,145	\$11,266
Expense			
Municipal Provided Service	\$4,204	\$2,313	\$4,176
Contractor Provided Service	3,873	2,198	3,913
On Demand	1,629	1,594	1,616
MCRide	2,595	1,552	2,763
Ride DuPage	2,845	1,610	2,852
Ride in Kane	2,642	1,517	2,681
Community Transit	70	61	61
Total Expense	\$17,858	\$10,845	\$18,062
Recovery Rate			
Municipal Provided Service	86.91%	145.70%	83.62%
Contractor Provided Service	47.12%	86.03%	48.33%
On Demand	6.17%	6.34%	6.25%
MCRide	51.94%	94.27%	52.94%
Ride DuPage	68.45%	127.08%	71.75%
Ride in Kane	80.75%	142.85%	80.81%
Community Transit	160.33%	175.41%	175.92%
Total Recovery Rate	62.27%	102.77%	62.38%
Ridership			
Municipal Provided Service	236	225	225
Contractor Provided Service	164	160	160
On Demand	88	83	83
MCRide	138	152	152
Ride DuPage	110	107	107
Ride in Kane	97	97	97
Community Transit	215	215	215
Total Ridership	1,048	1,039	1,039

2019 Vanpool Budget

THE Vanpool program is a commuting option which provides passenger vans to small groups of five to 14 people, allowing them to commute to and from work together. Pace estimates to have 553 vans in service by year-end 2019 providing 1.554 million rides. Revenues remain stable in 2019 due to consistent participation in all programs.

Expenses are projected to grow 13.3% over 2018 levels and reflect an anticipated increase in fuel costs as well as added costs for a safety monitoring system for the Advantage program.

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

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

Vanpool Incentive Program

VIP is the core element of the program and is projected to achieve a ridership level of nearly 0.683 million rides with 195 vans in service by the end of 2019. The 2019 budgeted revenue is anticipated to remain stable to 2018 revenues due to the total van count remaining equal for both years. Total expenses are projected to grow 4.9%, with most of the increase coming from anticipated higher fuel expense. Recovery performance is budgeted at 152.41% for 2019.

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. Pace will have 15 shuttle vans in service at the end of 2019—no change to 2018 levels. The 2019 budgeted recovery rate for this program is 62.03%.

Advantage Program

The Advantage provides a transit alternative to individuals that commute on a regular basis to worksites or rehabilitative workshops supported by qualifying not-for-profit human service organizations. It is an alternative for those unable to use the regular ADA Paratransit service or those living outside the 3/4 mile ADA service area.

The Advantage program revenue for 2019 will remain stable, while the 18.4% growth in expense reflects the planned addition of a safety monitoring system. Pace estimates to have 343 vans in service at year-end. The recovery rate for the Advantage program is budgeted at 52.76% for 2019.

2019 Goals

Pace's efforts for the entire Vanpool program in 2019 will include providing 1.554 million passenger trips and maintaining a recovery ratio of 85.54%. Pace projects to have 553 vans in service by the end of 2019.



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

Suburban Service

Table 13. Vanpool Budget (000s)

	<u>2017 Actual</u>	<u>2018 Estimate</u>	<u>2019 Budget</u>
Revenue			
VIP	\$1,581	\$1,437	\$1,437
Employer Shuttle	67	45	45
Advantage	990	988	988
Total Revenue	\$2,638	\$2,470	\$2,470
Expenses			
VIP	\$928	\$899	\$943
Employer Shuttle	65	69	73
Advantage	1,464	1,581	1,872
Total Expenses	\$2,457	\$2,549	\$2,888
Funding Requirement	(\$181)	\$79	\$418
Recovery Rate			
VIP	170.45%	159.91%	152.41%
Employer Shuttle	102.78%	65.08%	62.03%
Advantage	67.63%	62.48%	52.76%
Total Recovery Rate	107.38%	96.91%	85.54%
Ridership			
VIP	665	683	683
Employer Shuttle	77	69	69
Advantage	776	802	802
Total Ridership	1,518	1,554	1,554
Vehicle Miles			
VIP	5,064	4,562	4,562
Employer Shuttle	462	456	456
Advantage	3,971	3,838	3,838
Total Vehicle Miles	9,497	8,856	8,856
Vehicles in Service (year-end) - VIP	209	195	195
Vehicles in Service (year-end) - Employer Shuttle	15	15	15
Vehicles in Service (year-end) - Advantage	346	343	343
Total Vehicles in Service (year-end)	570	553	553

2019 Centralized Support Budget

PACE centrally manages numerous functions and expenditures on behalf of the entire agency, including expenses for fuel, liability insurance, healthcare, and the Ventra® fare system. The centralized support budget is comprised of four activity areas: Operations, Maintenance, Non-Vehicle Maintenance, and Administration. The centralized support budget will reach \$71.275 million in 2019.

In 2018, Pace’s centralized support expense is estimated to end the year \$1.234 million above 2017 levels with a decrease in liability insurance costs offsetting an increase in healthcare and fuel costs.

The 2019 centralized support budget will grow 4.6% over estimated 2018 levels, mostly due to growth in liability insurance and fuel expenses.

The Operations component is comprised of 38 positions that provide support to all operations areas of Pace. Total operations expense will increase 5.7% from 2018 levels, mostly associated with fuel expenses and labor and fringe expenses.

Total fuel costs are projected to grow 6.1% in 2019. Fuel consumption, measured in gallons, will increase to 6.7 million, 0.3% above expected 2018 consumption. The price for fuel is forecasted to rise 5.9% in 2019. For Pace, this represents a \$0.10 increase to \$1.95 per gallon. The price per gallon reflects a net savings due to the South Division CNG facility that is fully operational.

The Maintenance component is comprised of 54 positions and includes both maintenance and materials management personnel. Total maintenance expense is projected to increase 5.9% from 2018 levels due largely to labor and fringe expenses.

The Non-Vehicle Maintenance component consists of 14 positions which provide support to all building maintenance and bus shelter functions. This area is expected to grow 9.1% in 2019 due to passenger facility maintenance expenses and labor and fringe expenses.

The Administration component of the central support budget is comprised of various expenses including marketing, Ventra fare system, liability insurance, and healthcare. In 2019, liability insurance costs are expected to grow \$1.433 million, which is more than 89% of the overall growth in this area. Significant reductions have been made to other line items in this area to minimize overall growth.

2019 Goals

Pace’s 2019 budgetary efforts for centralized support will include constraining non-labor expenditures wherever possible while maintaining a maximum staffing level of 105 positions.

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

Table 14. Centralized Support Budget (000s)

	2017 Actual	2018 Estimate	2019 Budget
Operations	\$5,332	\$5,863	\$6,142
Fuel	10,677	12,399	13,159
Maintenance	5,030	5,534	5,861
Non-Vehicle Maintenance	1,513	2,180	2,379
Administration	5,211	4,684	4,566
Liability Insurance	12,602	9,300	10,733
Healthcare	23,979	25,768	26,092
Ventra Fare System	2,536	2,386	2,343
Total	\$66,880	\$68,114	\$71,275
Full-Time Equivalents (FTEs)	99	103	105

Suburban Service

2019 Administrative Budget

THE 2019 administrative budget is estimated to reach \$37.887 million. Pace will use 201.5 positions to manage the Agency's administrative responsibilities including accounting, financial and capital assistance programs, marketing, information systems, legal services, purchasing, and strategic planning.

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

In 2018, administrative expenses are estimated to end the year up 2.3% from 2017 levels. Increases in labor and fringe benefits are being partially offset by decreases in outside consulting effort, leading to a year-over-year growth in expense that is attributable to residual inflation.

The 2019 administrative budget will increase 10.8% over 2018 levels. Labor and fringes, as well as planned service studies and interest expense associated with the purchase of land for a new Northwest Division garage, account for the majority of next year's growth.

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

2019 Goals

Pace's 2019 efforts for the administrative budget include constraining non-labor expense growth while maintaining a staffing level of 201.5 positions.

Table 15. Administrative Budget (000s)

	2017 <u>Actual</u>	2018 <u>Estimate</u>	2019 <u>Budget</u>
Non-Vehicle Maintenance	\$336	\$286	\$297
General Administration			
Labor/Fringe Benefits	\$19,967	\$20,563	\$22,834
Parts/Supplies	228	206	213
Utilities	303	348	358
Bond Interest	264	242	885
Other	12,325	12,538	13,300
Total Expenses	\$33,423	\$34,183	\$37,887
Full Time Equivalents (FTEs)	196	200	202

2019 Suburban Service Budget & Three-Year Business Plan

General

THE following section presents Pace’s Suburban Service budget and three-year financial business plan for the period 2019 through 2021. The RTA Act requires that the Service Boards submit a budget and three-year financial plan. The plan is required to show a balance between the funding estimates provided by the RTA and the anticipated costs of providing services. Pace’s plan for 2019–2021 achieves this balance. The assumptions and highlights for the three years in review are provided in this section.

The plan presented for review includes several improvements for 2018. Services along the I-55 corridor are being enhanced to relieve overcrowding and service has been enhanced in Evanston. Implementation of the Milwaukee Avenue Pulse ART is planned for the spring of 2019.

The outlook for ridership is mixed. Existing base ridership has been declining since 2015. For 2019, ridership is forecasted to decline 0.4%. Additional ridership expected from the service enhancements above is offset by the continued decline of baseline fixed route ridership. The outlook over the three-year plan is that ridership is expected to stay flat to 2019 projections.

RTA has acknowledged that sales tax will finish below

original estimates for the current year. While public funding is forecasted to grow throughout the three-year planning horizon, the growth in sales tax is minimal in 2020 and 2021 and is further mitigated by the impact of reductions in the RTA sales tax and PTF imposed by the state.

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

As noted, the budget and three-year financial plan are balanced and Pace will achieve the recovery ratio of 30.30% set by the RTA for the Suburban Service program for 2019. Pace will use credits authorized by RTA to achieve the recovery ratio.

Due to the minimal growth in public funding, budget balancing actions are forecasted in both out years, 2020 and 2021. Future budget balancing actions may include service and or expense reductions. It also may include an additional fare adjustment.

A discussion of the assumptions used in developing the multi-year plan and a review of the highlights of the plan are provided in the following pages, along with Table 18 showing the full details of the plan.

Table 16. Baseline Economic Assumptions

	2018	2019	2020	2021
Change in Demand (Based on Total Ridership) (1)	(2.8%)	(0.4%)	0.0%	0.0%
T-Bill Rates (90 Day) (2)	1.9%	2.9%	3.6%	3.7%
CPI-U (National) (3)	2.4%	2.4%	2.4%	2.5%
Ultra-Low Sulfur Diesel Fuel (Price Growth)	27.5%	6.5%	16.5%	7.6%
Pace Public Funds (Sales Tax I) (4)	3.1%	3.9%	2.0%	2.0%

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

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

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

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

Suburban Service

Assumptions

NUMEROUS factors must be considered when developing an annual budget and multi-year plan. Demand must be identified and evaluated for both the short and long term. Demand is measured by estimating ridership, these estimates are used to forecast farebox revenue. Economic assumptions related to the costs of providing transit services must be identified. Estimates of inflation as measured by the consumer price index (CPI) and estimates for fuel are of significant importance. The outlook for public funding growth as identified by the RTA is extremely important as it provides between 70% and 75% of annual funding for operations. A list of baseline assumptions used to develop the Pace three-year plan is summarized in Table 16. The following list of key sources were also referenced for information/outlooks on the

industry/economy: the Congressional Budget Office (CBO)—the primary source used for inflation indices; The Kiplinger Letter—referenced for general economic information including outlooks for inflation, interest rates, etc. The Bureau of Labor Statistics (BLS)—a source for key indicators including the Producer Price Index (PPI), Utilities, Inflation, etc.; The U.S. Energy Information Administration (EIA)—a source for energy price growth for fuel; The Oil Daily—an oil industry newsletter providing up-to-the-minute activities in the oil market; and The Wall Street Journal—which was referenced for general economic trends.

The outcome of applying the assumptions identified on Table 16 to known or anticipated conditions is reflected in Table 17.

Table 17. Multi-Year Category Growth

	2019	2020	2021
Fare Revenue	(0.2%)	0.0%	0.0%
Total Revenue	4.2%	(0.9%)	(1.5%)
Labor/Fringes	4.9%	2.8%	2.8%
Healthcare	1.3%	10.2%	8.5%
Parts/Supplies	2.3%	7.0%	7.0%
Purchased Transportation	10.0%	2.7%	2.7%
Utilities	4.3%	5.6%	5.6%
Insurance/Claims	15.4%	7.0%	7.0%
Fuel (Costs)	6.3%	15.7%	7.2%
Fuel Costs - Suburban Service*	\$13.159 mil	\$15.201 mil	\$16.272 mil
Number of Gallons - Suburban Service	6.734 mil	6.734 mil	6.734 mil
Price per Gallon*	\$1.95	\$2.26	\$2.42
Fuel Costs - Gasoline - Vanpool	\$1.447 mil	\$1.691 mil	\$1.836 mil
Number of Gallons - Vanpool	0.588 mil	0.588 mil	0.588 mil
Price per Gallon - Gasoline	\$2.46	\$2.88	\$3.13

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

Highlights - 2019 Budget & Three-Year Business Plan

PACE'S 2019 budget presented in Table 18 is balanced using RTA Sales Tax funding and Federal CMAQ funds. For the two out-years, 2020 and 2021, the plan is balanced with continued use of these funding sources. For all three years, Pace will achieve a recovery ratio of 30.30% using the credits approved by the RTA.

For the three years, operating revenues are only anticipated to grow at an annual compound rate of 0.54% without a fare increase. The growth in revenue reflects leveling ridership in 2020 and 2021, as well as slight growth for non-service revenue. An assumption that the state will provide funding for reduced fare riders at the traditional level in 2019 and 2020 is also built into this plan. With a \$0.50 fare increase in 2020, the annual compound growth rate climbs to 3.7%.

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

Total public funding will grow at an annual compound rate of 3.1% over the three-year plan cycle and includes both sales tax and federal revenue sources. This rate is reflective of the addition of RTA ICE funding for operations in 2019, as well as the reduction of the state-imposed administrative surcharge from 2% to 1.5% in ILFY19 and the restoration of the PTF reduction in ILFY20. The growth in public funding is expected to slow significantly in 2020 and 2021, with RTA funding to Pace only expected to grow at 2.0% in each year.

Suburban Service

Suburban Service Budget & Three-Year Business Plan

Table 18. 2019-2021 Suburban Service Operating Budget and Three-Year Business Plan (000s)

	2017 Actual	2018 Estimate	2019 Budget	2020 Plan	2021 Plan
Operating Revenue					
Farebox Revenue	\$36,541	\$38,008	\$37,950	\$37,950	\$37,950
Reduced Fare Reimbursement	1,346	1,279	2,610	1,978	1,346
Advertising	2,834	2,865	3,040	2,910	2,610
Local Share/Invest/Other/New Initiatives	13,710	14,239	15,129	15,339	15,402
Fare Adjustment	0	0	0	5,535	5,535
Total Revenue	\$54,431	\$56,391	\$58,729	\$63,712	\$62,843
Operating Expenses					
Labor/Fringes	\$125,021	\$133,601	\$140,093	\$143,963	\$147,941
Healthcare	23,979	25,768	26,092	28,754	31,198
Parts/Supplies	7,676	7,490	7,662	8,196	8,766
Purchased Transportation	24,039	16,275	25,176	25,874	26,598
Fuel	11,901	13,747	14,606	16,892	18,110
Utilities	2,016	2,171	2,264	2,392	2,526
Insurance	12,602	9,300	10,733	11,482	12,285
Other*	25,940	25,288	18,496	19,850	21,195
Regional ADA Support Credit	(6,708)	(7,686)	(9,085)	(9,358)	(9,639)
Budget Balancing Actions	0	0	0	(3,526)	(11,971)
Total Expenses	\$226,466	\$226,488	\$236,037	\$244,519	\$247,009
Funding Requirement	\$172,035	\$170,097	\$177,308	\$180,807	\$184,166
Public Funding					
Sales Tax (Part I)	\$92,119	\$93,454	\$97,185	\$99,129	\$101,112
Sales Tax and PTF - (Part II)	33,022	33,421	35,490	36,058	36,157
Suburban Community Mobility Funds (SCMF)	24,141	24,878	25,856	26,373	26,901
South Suburban Job Access Funds	7,500	7,500	7,500	7,500	7,500
PTF (Part I)	4,253	4,254	4,657	4,872	4,970
RTA Sales Tax (Part I)	171	0	0	11	611
RTA ICE Funds	73	0	1,681	1,714	1,749
Federal CMAQ/JARC/New Freedom/5307	8,565	4,680	4,939	5,150	5,166
Total Public Funding	\$169,844	\$168,187	\$177,308	\$180,807	\$184,166
Net Funding Available	(\$2,191)	(\$1,910)	\$0	\$0	\$0
Recovery Ratio	28.90%	30.30%	30.30%	30.30%	30.30%

*Other includes Debt Service.

Pace Suburban Service Cash Flow - 2019

THE following provides a monthly estimate of Pace’s revenues, expenses, and cash position for Suburban Service operations. Cash flow estimates for Suburban Service public funding are included in total revenues and are based on information provided by the RTA.

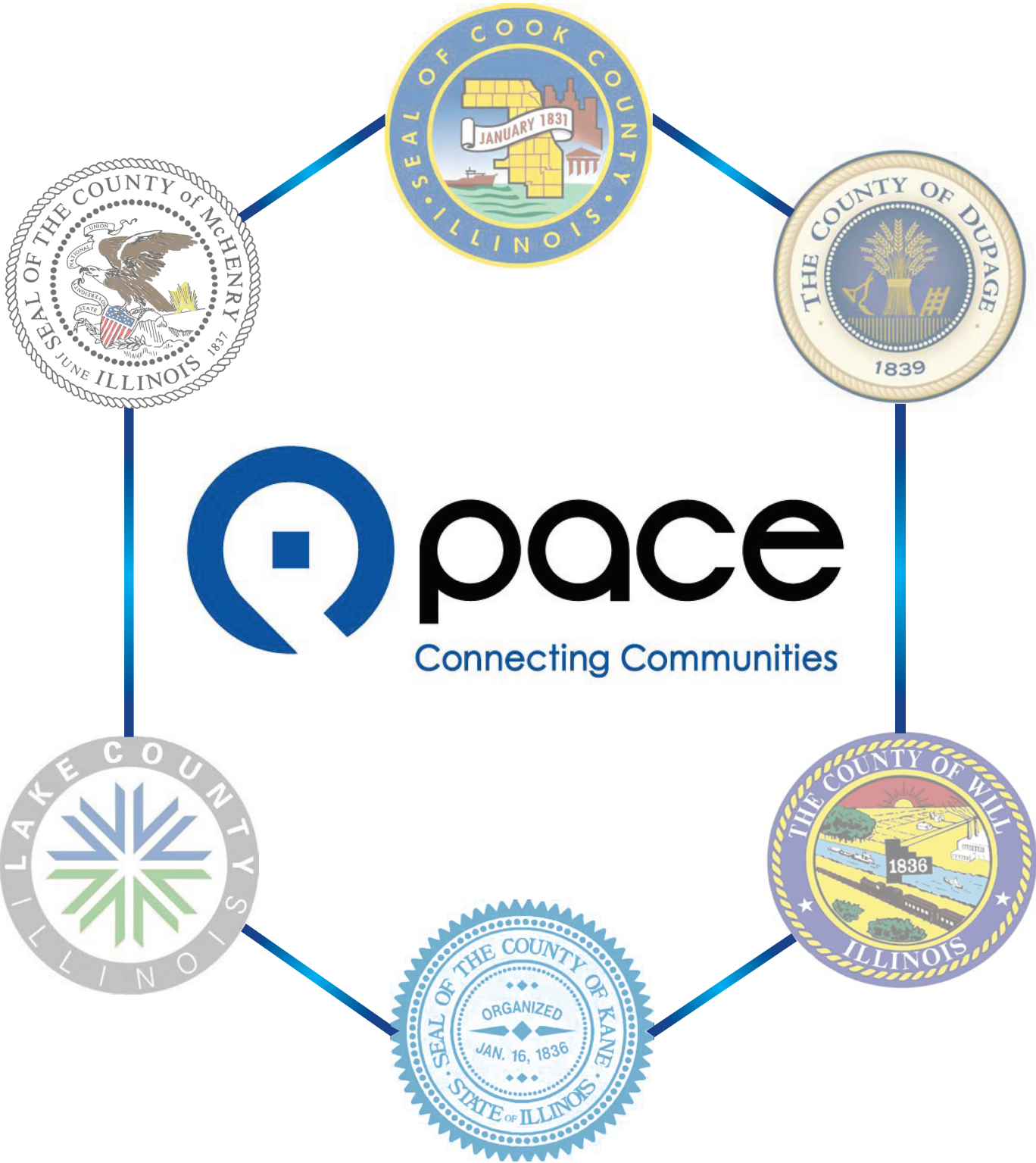
The projected cash flow for Pace’s Suburban Service operations shows sufficient funds for Pace to maintain operations during 2019.

Table 19. Pace Suburban Service Projected Cash Flow Summary - 2019 (000s)

	<u>Beginning Balance</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Net Results</u>	<u>Ending Balance</u>
January	\$32,635	\$18,159	\$19,023	(\$864)	\$31,771
February	31,771	18,351	19,023	(673)	31,098
March	31,098	20,354	22,860	(2,506)	28,592
April	28,592	17,641	19,023	(1,383)	27,209
May	27,209	17,474	19,023	(1,550)	25,659
June	25,659	19,020	20,477	(1,457)	24,202
July	24,202	18,722	19,023	(301)	23,901
August	23,901	19,024	19,023	1	23,902
September	23,902	19,633	20,034	(402)	23,500
October	23,500	21,680	19,023	2,656	26,156
November	26,156	66,088	19,023	47,065	73,221
December	73,221	26,691	24,337	2,354	75,575



Suburban Service



ADA Paratransit

2019 Regional ADA Paratransit Operating Budget

Summary

THE 2019 Regional ADA Service program is summarized below and detailed throughout this section. The table below shows total operating expenses will reach \$187.241 million in 2019—up 6.9% or \$12.030 million over estimated 2018 levels. Revenues will increase by 1.7% or \$0.237 million to \$14.215 million. The ADA program will receive \$173.026 million in funding, the amount identified as available by RTA for 2019.

The estimate for 2018 shows the ADA program will finish favorable to budget. A favorable decrease in purchased

transportation expenses, as well as savings in multiple administrative line items will cause total expense to end the year under budget by \$3.376 million.

In 2019, total ridership is expected to grow by 1.1% over the 2018 estimate, reaching 4.335 million trips. This growth is accommodated by the projected funding level of \$173.026 million.

The 2019 Regional ADA Paratransit program as presented in this section is balanced to the \$173.026 million funding mark and will achieve a 10.00% recovery ratio using capital cost exemption credits allowed by the RTA.

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

	2017 Actual	2018 Estimate	2019 Budget
Total Operating Expenses	\$174,292	\$175,211	\$187,241
Less: Total Operating Revenue	13,053	13,978	14,215
Funding Requirement	\$161,239	\$161,233	\$173,026
Less:			
Sales Tax & PTF (Part II)	\$157,414	\$156,792	\$164,631
State Funds	3,825	7,975	8,395
Net Funding Available	\$0	\$3,534	\$0
Recovery Ratio*	10.00%	10.00%	10.00%

*Capital cost exemption credits applied for all years.

ADA Paratransit

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's amounts, as specified in Section 4.03.3, were to be deposited into the fund including any additional funds provided by the state for this purpose. Any amounts deposited into the fund are for the exclusive purpose of funding ADA Paratransit services. The RTA can carry over positive fund balances should they exist from one year to the next and use those proceeds to fund future year ADA Paratransit services.

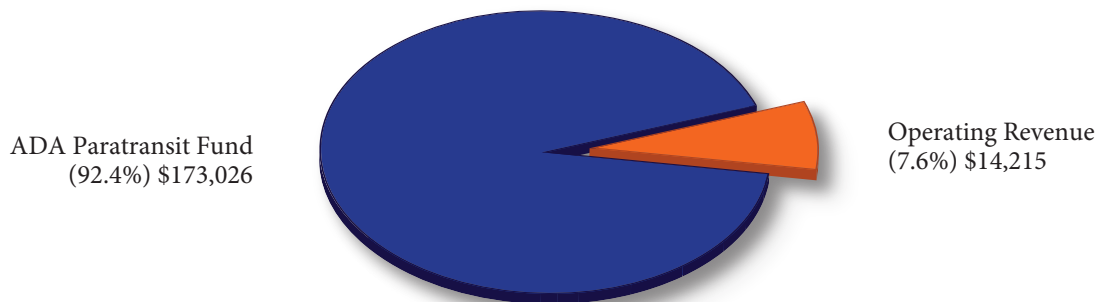
In 2012, the RTA Act was amended to increase the ADA

Fund level to \$115 million. The amendment also states that for each year thereafter, an amount equal to the final budget funding for ADA Paratransit service for the current year shall be provided. Based on this amendment, the RTA has established the amount of \$173.026 million for 2019, which includes \$8.395 million in state funding. This level of funding will represent 92.4% of the total available funds for the ADA Paratransit program.

Operating Revenue

The second source of funding available for ADA Paratransit service comes from operations. Operating revenues are generated largely from passenger fares. As ridership/demand grows, passenger fare revenues move in the same direction. Operating revenues also include investment income. In 2019, Pace will continue to be reimbursed for certification and recertification trips. In 2019, operating revenues will represent \$14.215 million, or 7.6% of the total funds available to the ADA Paratransit program.

Chart D. ADA Sources of Funds (000s) - Total \$187,241



Regional ADA Paratransit Uses of Funds

ALL funds received in 2019 will be used to provide and support ADA Paratransit services. The major components of the ADA program consist of city ADA services and suburban ADA services. Service delivery under both programs is contracted to private service operators. Another service element offered in the City of Chicago is a Taxi Access Program (TAP). This program provides subsidized taxi service to ADA eligible riders. In addition to the city and suburban cost elements, there are regional support costs which represent the indirect overhead costs of supporting the Regional ADA Paratransit program overseen by Pace. Details on the city ADA services, suburban ADA services, and TAP are included on Table 21, page 30.

City ADA Services

Pace provides all ADA service within the City of Chicago. For 2019, Pace expects to spend \$144.049 million for City ADA service. The majority of these expenditures (93.1%) 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

Pace is responsible for the provision of subsidized taxi service to ADA eligible riders in the City of Chicago. Pace will spend \$2.661 million for TAP in 2019.

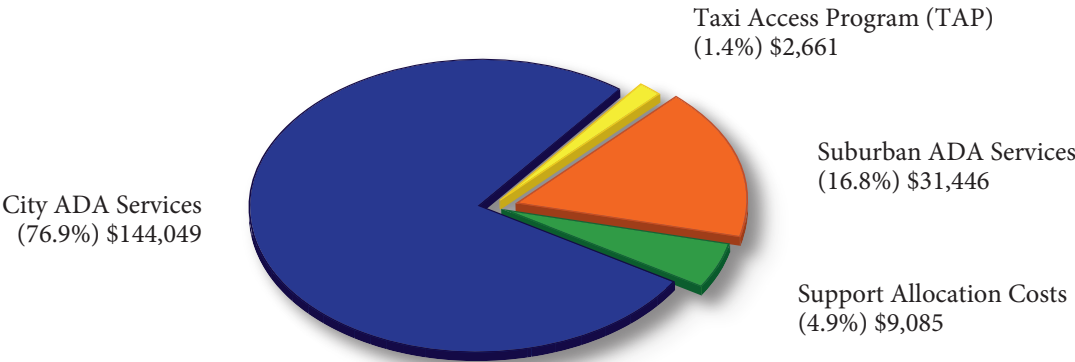
Suburban ADA Services

For 2019, Pace will spend \$31.446 million for Suburban ADA service. Costs for contracted service in the suburbs will account for 95.2% of the total cost, including fuel. Similar to the City service, the balance includes costs for insurance, administration, as well as costs for certifying ADA eligible participants.

Support Allocation Costs

There are regional support costs that Pace incurs on behalf of managing and operating the ADA program. For 2019, Pace will incur \$9.085 million in overhead support costs that will be allocated to the Regional ADA program.

Chart E. ADA Uses of Funds (000s) - Total \$187,241



ADA Paratransit

2019 Regional ADA Paratransit Program Budget - City/Suburban Detail

PACE'S 2019 revenue, expense, and funding requirements for the Regional ADA Paratransit program are presented in Table 21 below. The estimates for 2018 and the budget for 2019 are broken down into City, TAP, and Suburban components.

The 2019 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 allows the use of capital credits to expense, consistent with federal capital cost of contracting provisions. The purpose of the capital expense exemption from the recovery rate calculation is to exclude those capital costs—similar to the exclusion of capital costs from the calculation of the regional recovery ratio.

Table 21. 2019 Regional ADA Paratransit Program Budget - City/Suburban Detail (000s)

Revenue	2018 Estimate			2019 Budget			Net Change 2018-2019
	City	Suburban	Region Total	City	Suburban	Region Total	
Fares—Contract	\$8,602	\$2,913	\$11,515	\$8,667	\$2,949	\$11,616	\$101
Fares—TAP	469	0	469	493	0	493	24
RTA Certification	1,094	745	1,839	1,174	777	1,951	112
Investment Income/Other	0	0	155	0	0	155	0
Total Revenue	\$10,165	\$3,658	\$13,978	\$10,334	\$3,726	\$14,215	\$237
Expenses							
Contract Services	\$126,074	\$26,467	\$152,541	\$134,078	\$27,188	\$161,266	\$8,725
TAP Services	2,534	0	2,534	2,661	0	2,661	127
Fuel	0	2,543	2,543	0	2,759	2,759	216
Insurance	267	0	267	350	0	350	83
Administration	7,130	753	7,883	8,482	786	9,268	1,385
RTA Certification	1,005	683	1,688	1,077	713	1,790	102
Other	69	0	69	62	0	62	(7)
ADA Support Allocation	0	0	7,686	0	0	\$9,085	1,399
Total Expenses	\$137,079	\$30,446	\$175,211	\$146,710	\$31,446	\$187,241	\$12,030
Funding Requirement	\$126,914	\$26,788	\$161,233	\$136,376	\$27,720	\$173,026	\$11,793
Public Funding	\$0	\$0	\$164,767	\$0	\$0	\$173,026	\$8,259
Net Funding Available	0	0	3,534	0	0	0	0
Recovery Ratio	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	0.0%
Base Ridership—Contract	2,668	904	3,572	2,689	916	3,605	33
Total Ridership—Contract	3,118	1,016	4,134	3,142	1,029	4,171	37
Ridership—TAP	156	0	156	164	0	164	8
Ridership—Total	3,274	1,016	4,290	3,306	1,029	4,335	45

Regional ADA Budget & Three-Year Business Plan

THE following section presents Pace’s Regional ADA Paratransit Budget and Three-Year Business Plan for the period 2019 through 2021.

In summary, the 2019 ADA Paratransit budget is balanced to the \$173.026 million funding mark set by the RTA. The two out-years of the plan achieve the funding marks presented by the RTA and the 10% recovery requirement for the ADA program.

Assumptions

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

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

Highlights – 2019 Budget and Three-Year Plan

The budget and two out-years presented in Table 23 shows that the ADA program is balanced. Some of the highlights for the three years include fare revenues which will grow at an annual compound rate of 1.1%. Fare revenue grows consistent with the annual compound growth rate for ridership—1.1%.

Expenses will grow at an annual compound rate of 5.3% during the three-year period, consistent with demand as well as price increases.

Total ADA funding is growing at an annual compound rate of 4.9% over the three-years of this plan. Given the outlook for the continued growth rate for demand and associated costs, the conservative outlook is that the ADA program should not require additional funding and/or identification of budget balancing actions over the three-year plan cycle.

Table 22. Expense Growth Factors

	2019	2020	2021
Contractor Costs - City	6.3%	5.7%	4.6%
Contractor Costs - Suburban	2.7%	3.1%	3.2%
Demand - City	1.0%	1.0%	1.0%
Demand - Suburban	1.3%	1.3%	1.3%
Fuel Costs - ADA	\$2.759 mil	\$3.262 mil	\$3.580 mil
Number of Gallons - ADA	1.139 mil	1.153 mil	1.167 mil
Price per Gallon - ADA	\$2.42	\$2.83	\$3.07

ADA Paratransit

Regional ADA Paratransit Budget & Three-Year Business Plan

Table 23. 2019-2021 Regional ADA Paratransit Budget and Three-Year Business Plan (000s)

	<u>2017 Actual</u>	<u>2018 Estimate</u>	<u>2019 Budget</u>	<u>2020 Plan</u>	<u>2021 Plan</u>
Operating Revenue					
Fares	\$10,932	\$11,984	\$12,109	\$12,235	\$12,364
Certification Revenue	2,055	1,839	1,951	2,059	2,157
Investment Income/Other	66	155	155	155	155
Total Revenue	\$13,053	\$13,978	\$14,215	\$14,449	\$14,676
Operating Expense					
Labor/Fringes	\$3,546	\$3,931	\$4,251	\$4,378	\$4,508
Health Care	572	846	889	934	982
Administrative Expense	2,674	3,175	4,190	3,496	3,582
Fuel	2,177	2,543	2,759	3,262	3,580
Insurance/Claims	195	267	350	358	367
RTA Certification Trips	1,740	1,688	1,790	1,889	1,979
Suburban ADA Purchased Transportation	25,341	26,467	27,188	28,029	28,918
City ADA Purchased Transportation	129,359	126,074	134,078	141,786	148,304
TAP & Mobility Direct Services	1,980	2,534	2,661	2,794	2,934
Regional ADA Support Allocation	6,708	7,686	9,085	9,358	9,639
Total Expenses	\$174,292	\$175,211	\$187,241	\$196,284	\$204,793
Funding Requirement	\$161,239	\$161,233	\$173,026	\$181,835	\$190,117
Public Funding					
Sales Tax and PTF (Part II)	\$157,414	\$156,792	\$164,631	\$173,335	\$181,617
State Funds	3,825	7,975	8,395	8,500	8,500
Total Public Funding	\$161,239	\$164,767	\$173,026	\$181,835	\$190,117
Net Funding Available	\$0	\$3,534	\$0	\$0	\$0
Recovery Ratio With Credits	10.00%	10.00%	10.00%	10.00%	10.00%

Pace Regional ADA Paratransit Cash Flow - 2019

THE following provides an estimate of Pace's 2019 revenues, expenses, and cash position for Regional ADA Paratransit service operations on a monthly basis. Estimates for public funding are included in total revenues and are based on information provided by the RTA.



Table 24. Pace Regional ADA Projected Cash Flow Summary - 2019 (000s)

	Beginning Balance	Revenues	Expenses	Net Results	Ending Balance
January	\$0	\$14,904	\$15,603	(\$699)	(\$699)
February	(699)	14,904	15,603	(699)	(1,398)
March	(1,398)	14,904	15,603	(699)	(2,097)
April	(2,097)	14,904	15,603	(699)	(2,796)
May	(2,796)	14,904	15,603	(699)	(3,495)
June	(3,495)	14,904	15,603	(699)	(4,194)
July	(4,194)	14,904	15,603	(699)	(4,893)
August	(4,893)	14,904	15,603	(699)	(5,592)
September	(5,592)	14,904	15,603	(699)	(6,291)
October	(6,291)	14,904	15,603	(699)	(6,990)
November	(6,990)	14,904	15,603	(699)	(7,689)
December	(7,689)	23,297	15,608	7,689	0

ADA Paratransit



**Capital Budget
Suburban Service**

Capital Budget Suburban Service

Suburban Service Capital Budget & Five-Year Business Plan

Overview

INVEST IN TRANSIT is the 2018-2023 Regional Transit Strategic Plan for Chicago and Northeastern Illinois that was developed by the RTA in collaboration with the Service Boards and stakeholders. This strategic plan outlines the region’s case for pursuing dependable funding streams that will enable its vision of public transit as the core of the region’s robust transportation mobility network. The plan details \$30 billion of the Service Boards’ under funded capital needs and estimates that \$2 to \$3 billion of funding is needed annually in order to advance the priority projects in the plan.

The RTA Budget and Capital Program Call (Budget Call) defines the items that the Service Boards should use to develop their Annual 2019 Operating Budget, Two-Year (2020-2021) Financial Plan, Five-Year (2019-2023) Capital Program, and Ten-Year (2019-2028) Unfunded Capital Priorities. These requirements focus on ensuring that the RTA has sufficient information to adequately evaluate the Service Boards’ budgets, financial plans, and capital programs, coordinate resource allocation, and ultimately recommend adoption of the consolidated regional budget, as outlined in the RTA Act.

The RTA and Service Boards will continue to conduct analyses that review the proposed capital program in relation to its ability to address the State of Good Repair (SGR) needs of the region. Projects are categorized as maintenance, enhancement, and/or expansion.

- Maintenance is defined as protecting the existing regional transit services and keeping the system operating in good repair to maintain current service levels.
- Enhancement is defined as improvements to the existing system, such as additional rail or bus routes, and paratransit services resulting in a more efficient, responsive, and user-friendly system.

- Expansion is defined as major new capital investments of regional impact, including upgrades and expansions of the rail network and Bus Rapid Transit.

In addition, the Service Boards must articulate their methodology for analyzing priorities and selecting projects to be funded in the 2019-2023 Capital Program.

Transit Asset Management (TAM) is a business model that prioritizes funding based on the condition of transit assets to achieve or maintain transit networks in a state of good repair. On July 26, 2016, the FTA published the TAM Final Rule (49 CFR Parts 625 and 630), in accordance with section 20019 of the Moving Ahead for Progress in the 21st Century Act (MAP-21), to establish minimum Federal requirements for TAM that apply to all recipients and subrecipients of 5307/5339 funds that own, operate, or manage public transportation capital assets. This final rule requires public transportation providers to have an initial TAM plan in place by October 1, 2018.

TAM plans must include an asset inventory, condition assessments of inventoried assets, and a prioritized list of investments to improve the SGR of their capital assets. This final rule also establishes SGR standards and performance measures. Transit providers are required to set performance targets for their capital assets based on the SGR measures and report their targets, as well as information related to the condition of their capital assets, to the National Transit Database (NTD). Per the 2019 RTA Budget Call, the Service Boards are required to submit their initial TAM Plan with their proposed Budget and Capital Program.

Table 25. Ten-Year Underfunded Priority Projects (\$Billions)

	Amount
CTA	\$17.9
Metra	11.6
Pace	1.0
2018 - 2027 Total	\$30.5

Source: RTA’s Invest in Transit.

Capital Budget Suburban Service

2019 Suburban Service Capital Program/Project Descriptions

Capital Budget Mark Assumptions

THE RTA passed the preliminary funding marks on August 23, 2018 which provide estimated federal and other funds that are anticipated to be available to the region for capital investment purposes. The 2019 Capital Program marks provide to Pace \$40.845 million in 5307 and 5339 formula funding and \$7.520 million in CMAQ discretionary funding from the Federal Transit Administration (FTA). In addition, Pace is expected to receive \$46.800 million from the issuance of a Pace bond and budgeted \$0.850 million of its own positive budget variance (PBV) funds.

Table 26. Pace 2019 Capital Program Marks (000s)

	<u>Amount</u>
Federal 5307/5339	\$40,845
Federal CMAQ	7,520
Pace Bond	46,800
Pace PBV	850
Total	\$96,015

Funding Summary

The 2019 Suburban Capital Program totals \$96.015 million. Most of this funding will be used for projects needed to bring the Pace system toward a “State of Good Repair”. There is a tremendous need for additional capital funding to bring the system up to a State of Good Repair, as Pace does not have adequate funding for upgrades and maintenance of its facilities and infrastructure. The capital program which is constrained to the funding available, includes the following:

Rolling Stock (\$26.352 Million)

- Fixed Route Buses (\$14.000 million): This project funds up to 35 replacement 30’ diesel buses.
- Paratransit Vehicles (\$4.832 million): This project funds up to 74 replacement vehicles.
- Vanpool Vehicles (\$7.520 million): This project funds up to 187 replacement vans.

Operating Cost Impacts

Pace’s average fleet age is 5.4 years for fixed route, 3.8 years for paratransit, and 3.1 years for vanpool. The

typical life expectancy is 12 years for fixed route buses and four years for paratransit and vanpool vehicles. For fixed route buses, maintenance expenses begin increasing at the six to eight-year mark. Vehicle replacements will lower maintenance costs reducing operating expenses.

Support Facilities & Equipment (\$59.313 Million)

- Improve Support Facilities (\$2.063 million): Projects include replacement of the roof and carpeting at North Shore Division and replacement of carpeting and window blinds at Southwest Division.
- Computer Systems/Hardware & Software (\$0.500 million): Projects include IT-related hardware, software, consulting services, training, and implementation.
- Support Equipment/Non-Revenue Vehicles (\$0.600 million): Projects include purchase of fuel nozzles; drive-on brake testers at North, Fox Valley, and Southwest Divisions; a stationary tire machine at Heritage Division; and four one-ton pickup trucks.
- Farebox System (\$0.250 million): Software, equipment, and related services to support interface between replacement fareboxes, Ventra, and the IBS system.
- Associated Capital (\$6.000 million): Eligible capital expenses from contracted services.
- Preventive Maintenance (\$3.000 million): Eligible maintenance expenses of capital items.
- Office Equipment/Furniture (\$0.100 million): Purchase of desks, file cabinets, and chairs for various Pace Divisions.
- New Northwest Division Garage (\$46.800 million): Design and construction to replace the existing Northwest Division garage.

Operating Cost Impacts

Replacement of non-revenue vehicles systemwide and the roof at North Shore Division will result in lower maintenance costs. For the new Northwest Division garage design and construction, the estimated debt service on the Pace bond is estimated to total approximately \$69 million over 20 years. Assuming the bond is issued in November of 2019, Pace will not incur debt service payments until 2020.

Stations & Passenger Facilities (\$10.100 Million)

- Bus Stop Shelters (\$0.750 million): This project funds the manufacture and installation of up to 25 bus stop shelters and concrete pads.
- Bus Tracker Sign Deployment (\$0.500 million): Production of new electric signs and associated installation costs.
- Posted-Stops-Only Conversion (\$0.750 million): Continuation of a multi-year effort to convert all bus routes to a posted-stops-only operation and includes removal and relocation of bus stop signs to chosen locations.
- Joliet Transit Center (\$7.500 million): Construction of a passenger facility, which will serve as the new boarding and transfer location for several Pace bus routes, along with connections to Metra, Amtrak, and intercity bus services.
- Orland Square Mall Passenger Facility (\$0.600 million): Construction of a bus boarding and alighting area to accommodate Pace fixed route service, the Tinley Park/Orland Square On-Demand service, and ADA Paratransit service.

Operating Cost Impacts

Maintenance and utility costs of shelters will be incurred by Pace's ad agency, and therefore are operating cost neutral. Bus Tracker signs funded in 2019 are estimated to have annual electrical and maintenance costs of approximately \$10,000 total. Routes that are converted to posted-stops-only will have improved operating efficiency. Lastly, increasing accessibility to services through new passenger facilities increases ridership, which increases farebox revenues.

Miscellaneous (\$0.250 Million)

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



In 2019 Pace will deploy additional Bus Tracker signs at shelters, giving riders access to real-time bus arrival information.

Capital Budget Suburban Service

Table 27. Suburban Service 2019 Capital Program - (000s)

	<u>AC</u>	<u>EC</u>	<u>Total Budget</u>	<u>Federal 5307/5339</u>	<u>Federal CMAQ</u>	<u>Pace Bond</u>	<u>Pace PBV</u>
Rolling Stock							
35 Fixed Route Buses	B	M3	\$14,000	\$14,000	\$0	\$0	\$0
74 Paratransit Vehicles	B	M3	4,832	4,832	0	0	0
187 Vanpool Vehicles	B	M3	7,520	0	7,520	0	0
Subtotal			\$26,352	\$18,832	\$7,520	\$0	\$0
Support Facilities & Equipment							
Improve Support Facilities	B	M3	\$2,063	\$2,063	\$0	\$0	\$0
Computer Systems/Hardware & Software	NR	M3	500	500	0	0	0
Support Equipment/Non-Revenue Vehicles	NR	M3	600	600	0	0	0
Farebox System	B	M3	250	250	0	0	0
Associated Capital	N/A	N/A	6,000	6,000	0	0	0
Preventive Maintenance	CM	M3	3,000	3,000	0	0	0
Office Equipment/Furniture	NR	M3	100	100	0	0	0
New Northwest Division Garage	B	EN-1	46,800	0	0	46,800	0
Subtotal			\$59,313	\$16,228	\$0	\$46,800	\$0
Stations & Passenger Facilities							
Bus Stop Shelters	B	EN-1	\$750	\$750	\$0	\$0	\$0
Bus Tracker Sign Deployment	N/A	EN-3	500	500	0	0	0
Posted-Stops-Only Conversion	NR	EN-2	750	750	0	0	0
Joliet Transit Center	N/A	EX-2	7500	7500	0	0	0
Orland Square Mall Passenger Facility	N/A	EX-2	600	0	0	0	600
Subtotal			\$10,100	\$9,500	\$0	\$0	\$600
Miscellaneous							
Unanticipated Capital	N/A	N/A	\$250	\$0	\$0	\$0	\$250
Subtotal			\$250	\$0	\$0	\$0	\$250
Total 2019 Suburban Capital Program			\$96,015	\$40,845	\$7,520	\$46,800	\$850
2019 Marks				\$40,845	\$7,520	\$46,800	\$850

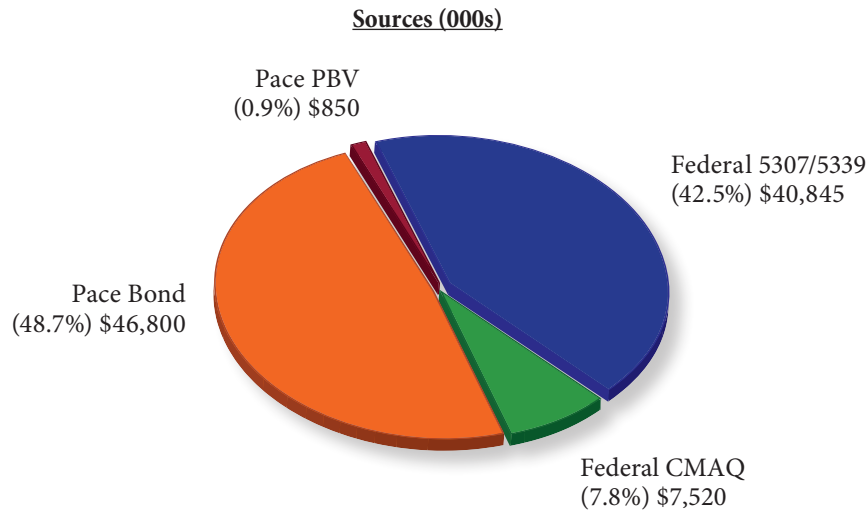
LEGEND

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

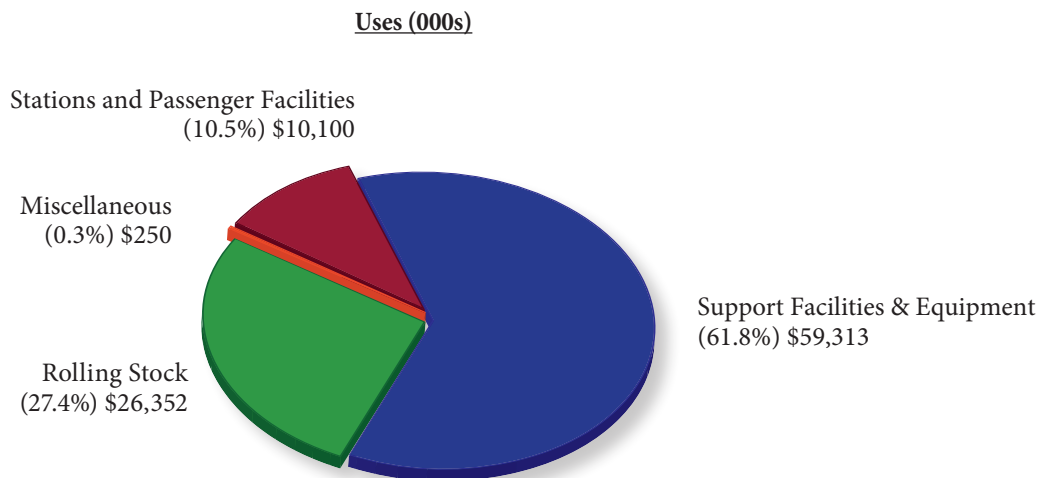
EC = EVALUATION CRITERIA
M = MAINTAIN
 M1 - SAFETY/SECURITY
 M2 - REGULATORY
 M3 - STATE OF GOOD REPAIR
EN=ENHANCE
 EN-1 - CAPACITY IMPRVM
 EN-2 - OPERATIONAL EFFIC
 EN-3 - NEW TECHNOLOGIES
EX=EXPAND
 EX-1 - CONGESTION RELIEF
 EX-2 - TRANSIT ALTERNATIVES

Capital Budget Suburban Service

Chart F. 2019 Suburban Service Capital Program - Sources/Uses of Funds (000s) - Total \$96,015



Over 50% of the Pace program is expected to be derived from federal sources.



Over 60% of the Pace program will be spent on support facilities and equipment.

Capital Budget Suburban Service

Capital Funding Sources

THE following section explains the typical capital funding sources available to Pace. It is important to note that the RTA is not including any state capital funding in their marks due to the lack of a state capital program. If a capital program is approved by the state, funding amounts for the Service Boards will be amended.

Federal Formula and Discretionary Funding

On December 4, 2015, the Fixing America's Surface Transportation (FAST) Act was signed into law. The FAST Act authorizes funding certainty for surface transportation programs through September 30, 2020.

The RTA has assumed a growth rate of 1.12% for years 2019-2023 for the following federal formula programs: Section 5307/5340 Urbanized Area, Section 5337 State of Good Repair, and Section 5339 Bus and Bus Facilities, which together provide the majority of capital funding to the RTA region. The total federal formula funding for the Regional 2019-2023 Capital Program amounts to \$2.6 billion. Historically, federal formula capital funds have been allocated among the Service Boards at the following percentages: 58% to the CTA, 34% to Metra, and 8% to Pace.

Funds from federal discretionary programs are made available on a competitive basis nationally and awarded on a project specific basis. Some of these programs include:

- Better Utilizing Investments to Leverage Development (BUILD) – funds investments in surface transportation infrastructure such as roads, bridges, transit, rail, ports, or intermodal transportation.
- Capital Investment Grants (5309) – funds major transit capital investments, including heavy rail, commuter rail, light rail, streetcars, and bus rapid transit. Projects are categorized as either New Starts, Core Capacity, or Small Starts.
- Congestion Mitigation and Air Quality (CMAQ) – funds transportation projects that reduce traffic congestion and improve air quality in nonattainment and maintenance areas to help meet the requirements of the Clean Air Act.
- Low and No-Emission Vehicle (5339(c)) – provides funding to purchase or lease low or no emission buses or to lease, construct, or rehabilitate facilities to support low or no emission buses.



Work on the future passenger facility at Toyota Park in Bridgeview will be completed in 2019.

- Federal Emergency Management Agency (FEMA) grants – funds programs to prevent, protect against, respond to, recover from, and mitigate terrorism and other disasters and emergencies.
- Transportation Infrastructure Finance and Innovation Act (TIFIA) - provides credit assistance for large-scale, surface transportation projects.

RTA Funding

The RTA provides funding to the Service Boards through the Innovation, Coordination, and Enhancement (ICE) program. ICE funding can be applied to either operating or capital projects. The RTA also provides funding through bonds and is expected to issue \$287.9 million in bonds to support the 2019-2023 capital program. These bond funds will be allocated 50% to CTA, 45% to Metra, and 5% to Pace. Debt service for these bonds will be sourced from non-statutory Sales Tax I, though all sales tax revenue will be pledged and have priority over other uses of these funds, according to the RTA.

Capital Budget Suburban Service

Service Board Funding

Positive Budget Variance (PBV) represents the amount by which a Service Board is favorable to its operating budget and then retained in an unrestricted fund balance which can be used for capital projects.

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



The parking lot at the new Plainfield Park-n-Ride is now operational, providing additional parking for the I-55 Bus On Shoulder service.



Heated bus shelters were installed at the new I-25 Park-n-Ride, which supports the Bus On Shoulder service on I-90.

This page intentionally left blank.

Capital Budget Suburban Service

2019-2023 Five-Year Suburban Service Capital Business Plan - Constrained

THE RTA Board passed the required funding marks on August 23, 2018. Pace's 2019-2023 Five-Year Capital Plan is based on the preliminary funding marks provided by RTA. The five-year constrained needs total \$289.469 million for critical state of good repair projects.

The 2019-2023 Capital Business Plan heavily relies on the receipt of federal 5307/5339 formula funds (\$208.859 million). Additionally, this program assumes \$17.561 million of CMAQ discretionary funds, \$14.400 million of RTA bond funds, \$46.800 million of Pace bond funds, and \$1.850 million of Pace PBV funds.

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

Rolling Stock (\$106.086 Million)

- 30' Fixed route buses – 141
- 40' Fixed route buses – 18
- Paratransit vehicles – 305
- Community Transit/Call-n-Ride vehicles – 69
- Vanpool vehicles – 187
- Engine/transmission retrofits

Support Facilities & Equipment (\$142.884 Million)

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

Stations & Passenger Facilities (\$39.250 Million)

- Improve passenger facilities
- Bus stop shelters/signs
- Bus tracker sign deployment
- Posted-stops-only conversion
- Joliet transit center
- Orland Square Mall passenger facility

Miscellaneous (\$1.250 Million)

- Unanticipated capital

Table 28. Pace 2019–2023 Capital Program - Constrained (000s)

Funding Source	Amount
Federal 5307/5339	\$208,859
Federal CMAQ	17,561
RTA Bond	14,400
Pace Bond Program	46,800
Pace PBV	1,850
Total	\$289,469

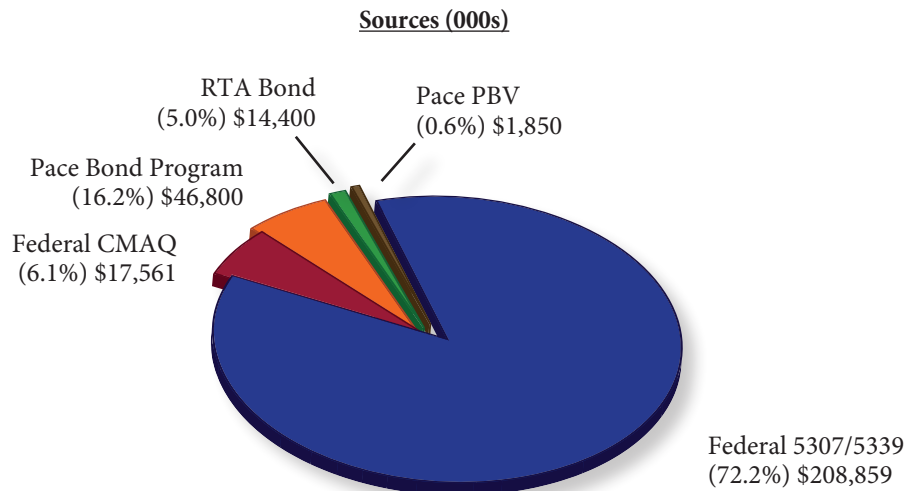
Capital Budget Suburban Service

Table 29. 2019-2023 Suburban Service Capital Business Plan (000s) - Constrained

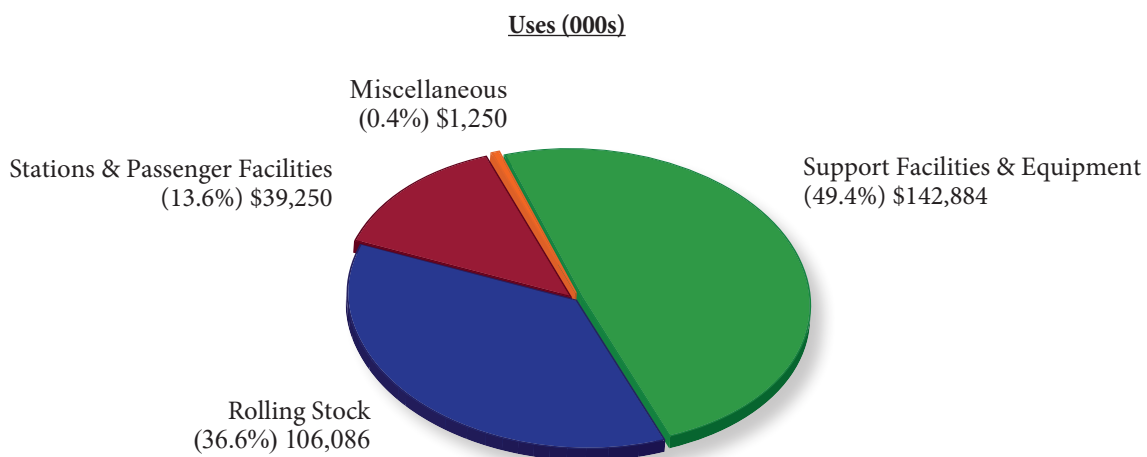
	2019	2020	2021	2022	2023	5 YEAR 2019-2023
Rolling Stock Quantities						
30' Fixed Route Buses	35	33	28	20	25	141
40' Fixed Route Buses	0	0	0	18	0	18
Paratransit Vehicles	74	64	65	52	50	305
Community/Call-n-Ride Vehicles	0	22	0	23	24	69
Vanpool Vehicles	187	0	0	0	0	187
Rolling Stock						
30' Fixed Route Buses	\$14,000	\$13,200	\$11,200	\$8,000	\$10,000	\$56,400
40' Fixed Route Buses	0	0	0	9,000	0	9,000
Paratransit Vehicles	4,832	4,160	4,225	3,380	3,250	19,847
Community Transit/Call-n-Ride Vehicles	0	1,690	0	1,779	1,825	5,293
Vanpool Vehicles	7,520	0	0	0	0	7,520
Engine/Transmission Retrofits	0	2,003	2,002	2,019	2,002	8,026
Subtotal	\$26,352	\$21,053	\$17,427	\$24,177	\$17,077	\$106,086
Support Facilities & Equipment						
Improve Support Facilities	\$2,063	\$7,900	\$2,000	\$0	\$6,500	\$18,463
Computer Systems/Hardware & Software	500	1,000	1,000	1,000	1,000	4,500
Support Equipment/Non-Revenue Vehicles	600	1,000	1,000	1,000	1,000	4,600
Farebox System	250	5,000	5,000	5,000	2,500	17,750
Associated Capital	6,000	4,000	3,000	0	5,000	18,000
Preventive Maintenance	3,000	7,250	6,980	6,808	6,633	30,671
Office Equipment/Furniture	100	500	500	500	500	2,100
New Northwest Division Garage	46,800	0	0	0	0	46,800
Subtotal	\$59,313	\$26,650	\$19,480	\$14,308	\$23,133	\$142,884
Stations & Passenger Facilities						
Improve Passenger Facilities	\$0	\$0	\$13,400	\$2,250	\$7,500	\$23,150
Bus Stop Shelters/Signs	750	1,000	1,000	1,000	1,000	4,750
Bus Tracker Sign Deployment	500	0	0	0	0	500
Posted-Stops-Only Conversion	750	500	500	500	500	2,750
Joliet Transit Center	7,500	0	0	0	0	7,500
Orland Square Mall Passenger Facility	600	0	0	0	0	600
Subtotal	\$10,100	\$1,500	\$14,900	\$3,750	\$9,000	\$39,250
Miscellaneous						
Unanticipated Capital	\$250	\$250	\$250	\$250	\$250	\$1,250
Subtotal	\$250	\$250	\$250	\$250	\$250	\$1,250
Grand Total - Constrained	\$96,015	\$49,453	\$52,057	\$42,485	\$49,460	\$289,469

Capital Budget Suburban Service

Chart G. 2019-2023 Suburban Service Capital Business Plan-Sources/Uses of Funds (000s)-Constrained Total \$289,469



Over 78% of the Pace program is expected to be derived from federal sources.



Nearly 50% of the funding will be spent on support facilities and equipment.

This page intentionally left blank.

**Capital Budget
ADA Paratransit**

**Capital Budget
ADA Paratransit**

2019-2023 Regional ADA Paratransit Five-Year Unconstrained Program

Overview

THE RTA continues to assume that no capital funding will be available for Regional ADA capital needs in their five-year program marks; however, a Five-Year Unconstrained Capital Program has been developed in order to demonstrate to the RTA and Pace stakeholders that a predictable and sustainable capital funding source is necessary to meet growing Regional ADA capital needs.

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

The Regional ADA Paratransit Five-Year Unconstrained Capital Program requires a total of \$116.932 million for 2019-2023.

Highlights include:

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



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

Capital Budget ADA Paratransit

Table 30. 2019-2023 Regional ADA Paratransit - Unconstrained Capital Program (000s)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>5 YEAR 2019-2023</u>
City	253	88	236	139	59	775
Suburban	64	24	1	59	24	172
Regional ADA Expansion	10	10	10	10	10	50
Total Vehicle Needs	327	122	247	208	93	997
Rolling Stock						
City ADA Vehicle Replacement	\$16,445	\$5,720	\$15,340	\$9,035	\$3,835	\$50,375
Suburban ADA Vehicle Replacement	4,160	1,560	65	3,835	1,560	11,180
Regional ADA Expansion	650	650	650	650	650	3,250
Subtotal	\$21,255	\$7,930	\$16,055	\$13,520	\$6,045	\$64,805
Electrical/Signal/Communications						
Radio System	\$981	\$366	\$741	\$624	\$279	\$2,991
Subtotal	\$981	\$366	\$741	\$624	\$279	\$2,991
Support Facilities & Equipment						
Construct up to Four Garage Facilities	\$1,742	\$2,507	\$11,256	\$8,946	\$10,200	\$34,651
Computers and Systems	3,000	2,000	1,000	1,000	1,000	8,000
Farebox System	1,635	610	1,235	1,040	465	4,985
Subtotal	\$6,377	\$5,117	\$13,491	\$10,986	\$11,665	\$47,636
Stations & Passenger Facilities						
Construct Passenger Transfer Locations	\$0	\$0	\$500	\$500	\$500	\$1,500
Subtotal	\$0	\$0	\$500	\$500	\$500	\$1,500
Grand Total Needs	\$28,613	\$13,413	\$30,787	\$25,630	\$18,489	\$116,932

Combined Plan

Combined Suburban Service/ADA Budget & Three-Year Business Plan

PACE'S Combined Budget and Three-Year Business Plans are included in the table below. A table presenting anticipated cash flows for 2019 has also been provided on the following page.

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

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

	2017 Actual	2018 Estimate	2019 Budget	2020 Projected	2021 Projected
Suburban Service					
Revenue	\$54,431	\$56,391	\$58,729	\$63,712	\$62,843
Expenses	226,466	226,488	236,037	244,519	247,009
Funding Requirement	\$172,035	\$170,097	\$177,308	\$180,807	\$184,166
Public Funding	169,844	168,187	177,308	180,807	184,166
Net Funding Available	(\$2,191)	(\$1,910)	\$0	\$0	\$0
Fund Balance - Unrestricted Net Assets					
Beginning Balance	\$54,784	\$36,416	\$32,635	\$19,965	\$46,702
Net Operating Results	(2,191)	(1,910)	0	0	0
Less: Change in Capital-Related Borrowing	204	(13,160)	(390)	(32,000)	(4,000)
Less: Capital Expended from Fund Balance	15,973	15,031	13,060	5,263	4,500
Ending Balance	\$36,416	\$32,635	\$19,965	\$46,702	\$46,202
Regional ADA Paratransit Service					
Revenue	\$13,053	\$13,978	\$14,215	\$14,449	\$14,676
Expenses	174,292	175,211	187,241	196,284	204,793
Funding Requirement	\$161,239	\$161,233	\$173,026	\$181,835	\$190,117
Public Funding	161,239	164,767	173,026	181,835	190,117
Net Funding Available	\$0	\$3,534	\$0	\$0	\$0
Fund Balance - Unrestricted Net Assets					
Beginning Balance	\$0	\$0	\$0	\$0	\$0
Net Operating Results	0	3,534	0	0	0
Less: Capital Expended from Fund Balance	0	0	0	0	0
Ending Balance	\$0	\$3,534	\$0	\$0	\$0
Combined Service					
Revenue	\$67,484	\$70,369	\$72,944	\$78,161	\$77,519
Expenses	400,758	401,699	423,278	440,803	451,802
Funding Requirement	\$333,274	\$331,330	\$350,334	\$362,642	\$374,283
Public Funding	331,083	332,954	350,334	362,642	374,283
Net Funding Available	(\$2,191)	\$1,624	\$0	\$0	\$0
Fund Balance - Unrestricted Net Assets					
Beginning Balance	\$54,784	\$36,416	\$32,635	\$19,965	\$46,702
Net Operating Results	(2,191)	1,624	0	0	0
Less: Change in Capital-Related Borrowing	204	(13,160)	(390)	(32,000)	(4,000)
Less: Capital Expended from Fund Balance	15,973	15,031	13,060	5,263	4,500
Ending Balance	\$36,416	\$36,169	\$19,965	\$46,702	\$46,202

Combined Plan

Combined Suburban Service/ADA Cash Flow

THE following table provides an estimate of 2019 revenues, expenses, and the cash position for Pace’s combined operations—Suburban Service and Regional ADA Paratransit Service.

The agency budget is balanced to the funding levels and meets the recovery marks set by the RTA for 2019. Pace’s combined cash position appears balanced and sufficient to meet next year’s needs.

Pace’s combined cash position for Suburban Service and Regional ADA Paratransit Service is sufficient for 2019.

Table 32. Pace Combined Services Projected Cash Flow Summary - 2019 (000s)

	<u>Beginning Balance</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Net Results</u>	<u>Ending Balance</u>
January	\$32,635	\$33,063	\$34,626	(\$1,563)	\$31,072
February	31,072	33,255	34,626	(1,372)	29,700
March	29,700	35,258	38,463	(3,205)	26,495
April	26,495	32,545	34,626	(2,082)	24,413
May	24,413	32,378	34,626	(2,249)	22,164
June	22,164	33,924	36,080	(2,156)	20,008
July	20,008	33,626	34,626	(1,000)	19,008
August	19,008	33,928	34,626	(698)	18,310
September	18,310	34,537	35,637	(1,101)	17,209
October	17,209	36,584	34,626	1,957	19,166
November	19,166	80,992	34,626	46,366	65,532
December	65,532	49,988	39,945	10,043	75,575

Appendices

Organizational Overview

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

The administration category for 2019 is budgeted at 201.5 filled full-time equivalent (FTEs) positions. There are no additional positions authorized for 2019.

The central support category for 2019 is budgeted at 105 filled FTE positions. There are no additional positions authorized for 2019.

The Pace-operated division category is comprised of nine garages and is budgeted at 1,455 filled FTE positions for 2019. This is an increase of eight positions over prior year levels, reflecting increased service levels for Milwaukee Avenue Pulse implementation.

The Regional ADA category includes 47.5 FTE positions for 2019 and assumes full staffing.

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

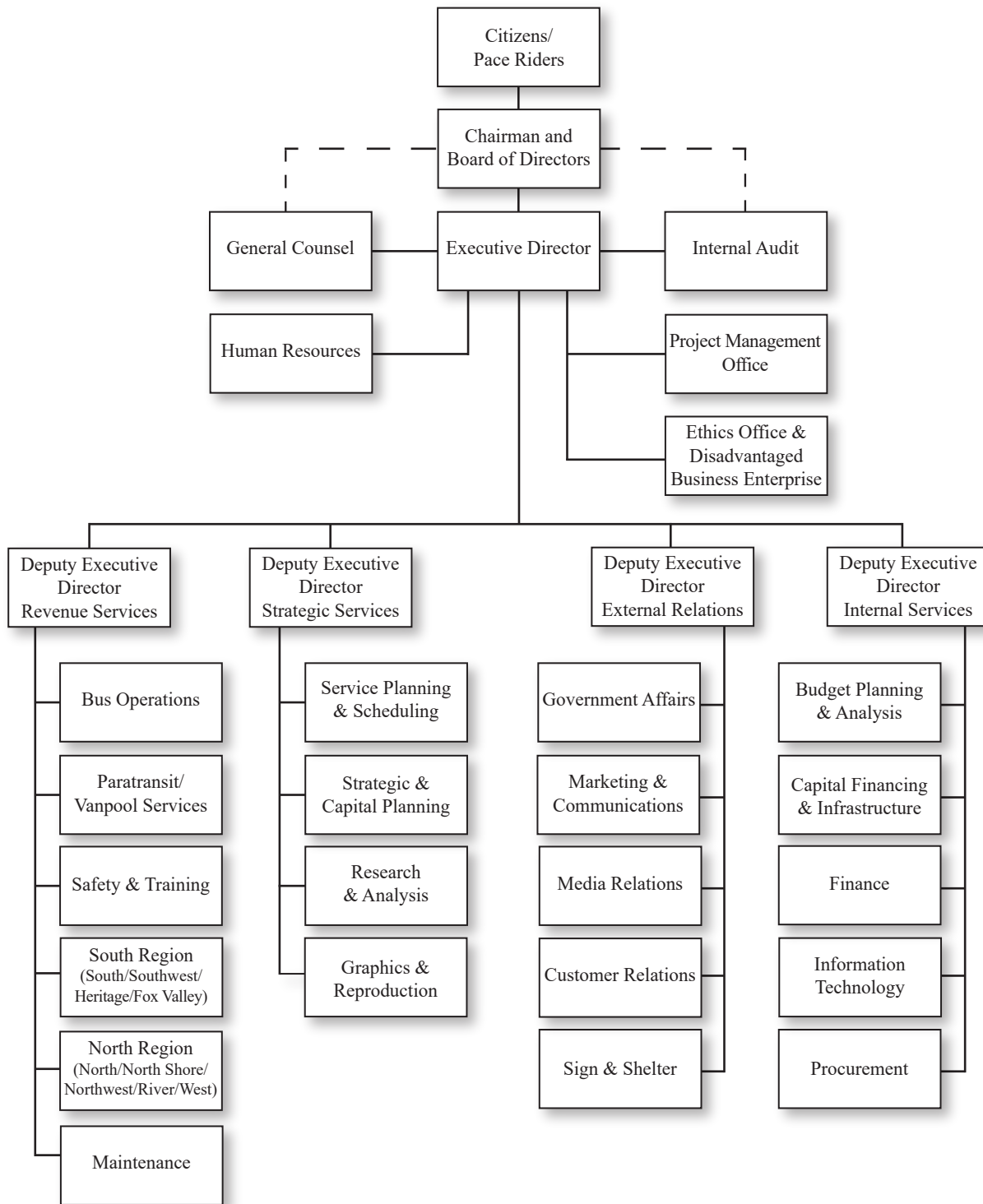
All areas of the organization are shown on Chart H. An overview of each department's duties and responsibilities is presented on the following pages.

Table 33. Full-Time Equivalent Personnel (FTEs)

	Admin	Central Support	Pace Divisions	Total
2017 Actual				
Operations	0	36	1,108	1,144
Maintenance	0	52	257	309
Non-Vehicle Maintenance	0	11	16	27
Administration	196	0	37	233
Suburban Service	196	99	1,418	1,713
Regional ADA Paratransit	45	0	0	45
Total	241	99	1,418	1,758
2018 Estimated				
Operations	0	36	1,132	1,168
Maintenance	0	53	262	315
Non-Vehicle Maintenance	0	14	16	30
Administration	200	0	37	237
Suburban Service	200	103	1,447	1,750
Regional ADA Paratransit	47	0	0	47
Total	246	103	1,447	1,796
2019 Budget				
Operations	0	38	1,140	1,178
Maintenance	0	54	262	316
Non-Vehicle Maintenance	0	14	16	30
Administration	202	0	37	239
Suburban Service	202	105	1,455	1,762
Regional ADA Paratransit	48	0	0	48
Total	249	105	1,455	1,809

Appendix A • Pace Overview

Chart H. Pace Organizational Chart



Appendix A • Pace Overview

Table 34. Pace's 2019 Operating Budget - Department Budgeted Positions (FTEs)

<u>Suburban Service</u>	<u>2017 Actual</u>	<u>2018 Estimate</u>	<u>2019 Budget</u>	<u>Regional ADA</u>	<u>2017 Actual</u>	<u>2018 Estimate</u>	<u>2019 Budget</u>
Office of the Executive Director	2.0	2.0	2.0	City ADA Paratransit	40.0	40.5	41.5
General Counsel	11.0	12.0	12.0	Suburban Service Allocation	6.0	6.0	6.0
Internal Audit	8.0	8.0	8.0	Total Regional ADA	46.0	46.5	47.5
Human Resources	10.0	10.0	10.0	Total Suburban & Regional ADA	1,805.0	1,837.0	1,845.0
Project Management Office	2.0	2.0	2.0	Suburban Svc Vacancy Factor	(40.5)	(35.0)	(30.0)
Ethics Office & DBE	1.0	1.0	3.0	Regional ADA Vacancy Factor	(1.0)	0.0	0.0
New Initiatives	1.5	1.5	1.5	ADA Allocation	(6.0)	(6.0)	(6.0)
Total	35.5	36.5	38.5	Total - With Vacancy Factors	1,757.5	1,796.0	1,809.0
Revenue Services							
DED, Revenue Services	5.0	5.0	5.0				
Bus Operations	9.5	9.5	9.5				
Maintenance & Tech Services	32.5	32.5	32.5				
Vanpool	19.5	19.5	19.5				
Paratransit	10.0	10.0	10.0				
Safety & Training	6.0	6.0	6.0				
Pace Divisions:							
Bus Operators	1,033.0	1,056.0	1,064.0				
Operations Supervisors	75.0	76.0	76.0				
Maintenance	257.0	262.0	262.0				
Non-Vehicle Maintenance	16.0	16.0	16.0				
Administration	37.0	37.0	37.0				
Total	1,500.5	1,529.5	1,537.5				
Internal Services							
DED, Internal Services	2.0	3.0	3.0				
Cap Financing & Infrastructure	27.0	30.0	30.0				
Budget Planning & Analysis	6.0	6.0	5.0				
Procurement	41.0	41.0	39.0				
Administration	5.0	0.0	0.0				
Finance	27.0	26.0	26.0				
IT	39.0	42.0	42.0				
Total	147.0	148.0	145.0				
Strategic Services							
DED, Strategic Services	2.0	2.0	2.0				
Service Planning & Scheduling	20.0	15.0	15.0				
Strategic & Capital Planning	0.0	10.0	10.0				
Research & Analysis	17.5	12.5	12.5				
Graphic Services	8.0	8.0	8.0				
Total	47.5	47.5	47.5				
External Relations							
DED, External Relations	2.0	3.0	3.0				
Government Affairs	11.5	11.0	11.0				
Marketing & Communications	5.0	5.0	5.0				
Media Relations	1.0	1.0	1.0				
Customer Relations	4.0	4.0	4.0				
Sign & Shelter	5.0	5.0	5.0				
Total	28.5	29.0	29.0				
Total Suburban Service	1,759.0	1,790.5	1,797.5				

Departmental Overview

A detailed description of each department is provided as follows.

Office of the Executive Director

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

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

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

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

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

Ethics Office: Responsible to act as Ethics Officer pursuant to state law, conducts ethics training for employees, provides guidance to Board members and employees regarding the interpretation and implementation of state ethics laws. Also responsible for Disadvantaged Business Enterprise (DBE) compliance with regulatory requirements. Sets DBE performance goals, assesses and reports on program performance.

Appendix A • Pace Overview

Revenue Services

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

Paratransit/Vanpool: Responsible for the management of Pace's Suburban Dial-a-Ride Paratransit program, the VIP, Advantage, and Employer Shuttle Vanpool programs, as well as Regional (City and Suburban) ADA Paratransit programs.

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

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

Maintenance: Responsible for setting policy for all maintenance procedures as well as managing fleet procurements and distribution.

Strategic Services

Service Planning and Scheduling: Responsible for all fixed route and community service planning and scheduling, including adjustment of existing services to improve performance, evaluating new markets for service expansion and service reductions, and the creation of operator run-picks (work schedules).

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

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

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

External Relations

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

Marketing and 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.

Internal Services

Budget Planning and Analysis: Responsible for operating and capital 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 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 accounting, treasury & revenue accounting, debt management, and purchasing card program. Produces monthly and annual financial statements, national transit database reporting, and all regulatory financial compliance reporting. Oversees the 401(k) plan and pension plan performance.

Information Technology: Responsible for direction and provision of all information technology systems for the Agency. The department includes IT administration, application services, client services, infrastructure services, and data services.

Procurement: Responsible for directing and coordinating all purchasing and procurement activities and contracting services including materials management of parts and supply inventories at Pace operating divisions.



The Pace Headquarters is located in Arlington Heights.

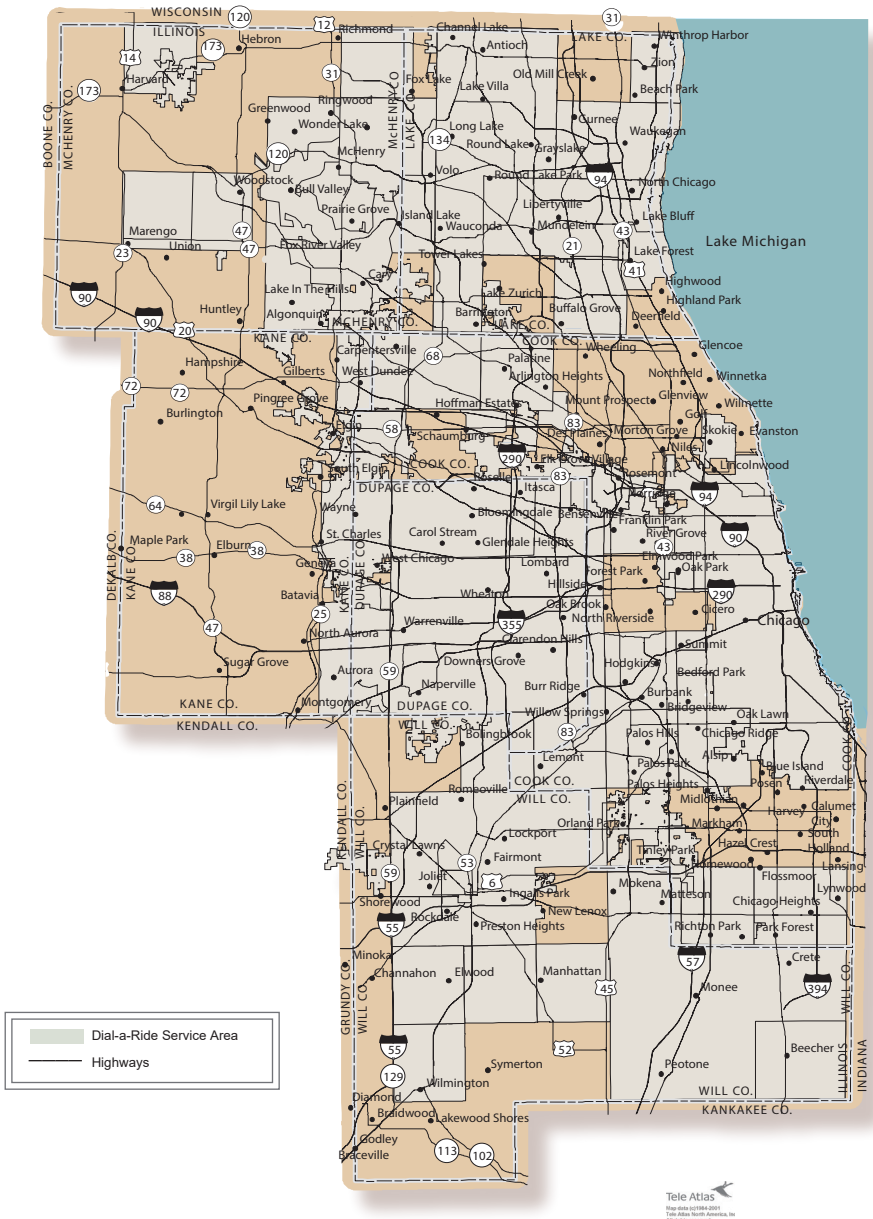
Demand Response Service Characteristics

THE following map and description summarizes the operating characteristics of the Paratransit Demand Response System.

Demand Response Services

309 Pace-owned lift-equipped vehicles are utilized to provide curb-to-curb service to approximately 86,500 riders each month. Most of the ridership are elderly and/ or people with disabilities. Pace contracts directly with private service providers for the operation of 40 dial-a-ride projects, 11 On Demand projects and has agreements with villages and townships for the operation of 17 other dial-a-ride projects. In addition, Pace River Division operates three paratransit projects. These projects provide services to over 284 communities throughout the six-county area.

Map 2. Demand Response Service Characteristics



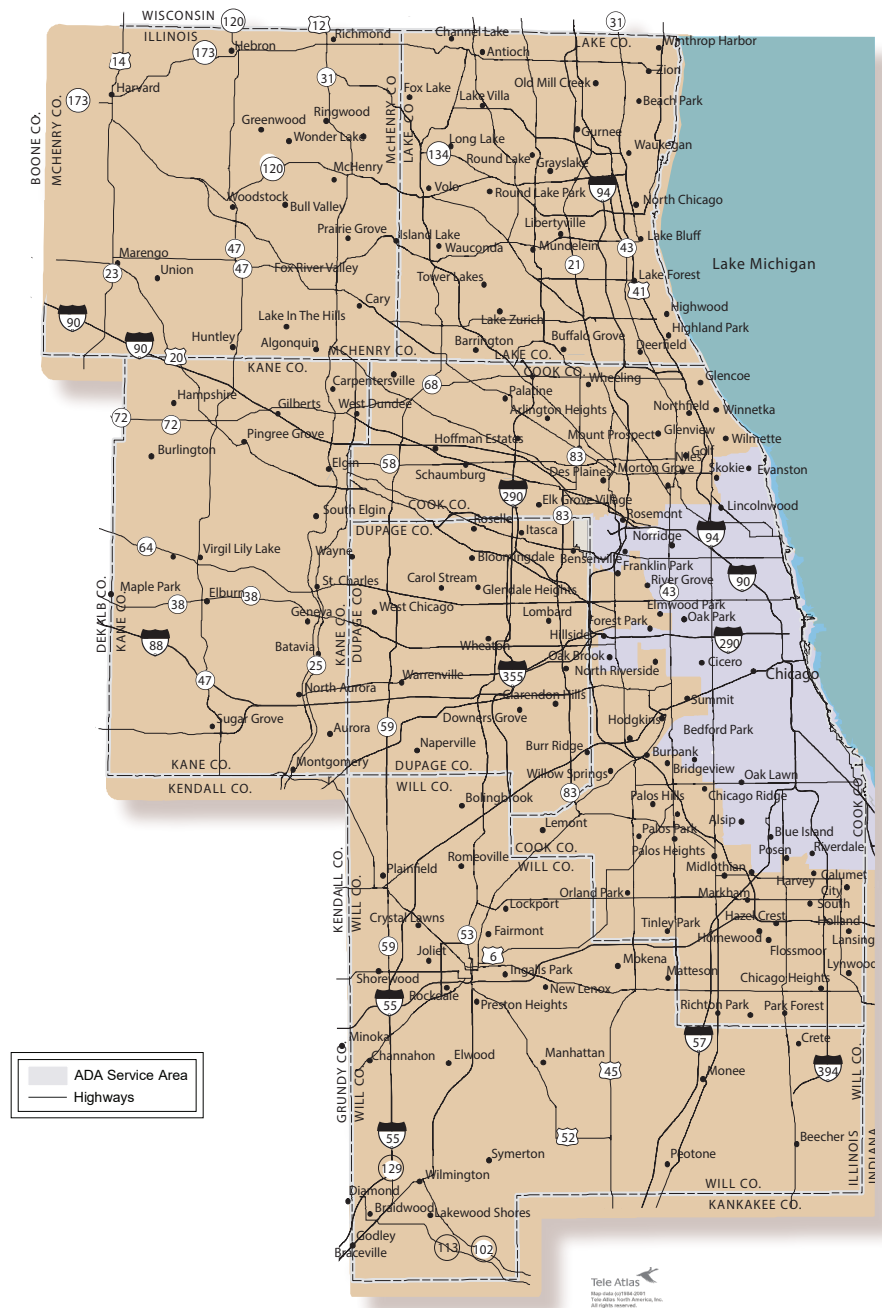
City ADA Paratransit Service Characteristics

FOUR ADA Paratransit service contractors—SCR Transportation, Cook DuPage Transportation (CDT), MV Transportation, and First Transit—provide ADA Paratransit services to locations within 3/4 mile of CTA bus routes and up to a 3/4 mile radius of each CTA rail station.

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

775 contractor-owned, 19 Pace accessible vehicles as well as taxi providers are used to provide service to approximately 238,000 riders each month.

Map 4. City ADA Paratransit Service Characteristics



Appendix A • Pace Overview

Pace Rolling Stock - Active Fleet

Table 35. Pace Rolling Stock - Active Fleet

<u>Fixed Route (Fully Accessible)</u>					<u>Vanpool</u>				
Manufacturer	Year	# of Vehicles	Age	Length	Manufacturer	Year	# of Vehicles	Age	Length
NABI	2003	6	15	35'	Ford Econ E350S	2008	3	10	18'-19'
NABI	2003	5	15	40'	Dodge Caravan	2009	1	9	17'
Orion	2004	3	14	40'	Ford E350	2009	6	9	20'
NABI	2005	56	13	40'	Dodge Caravan	2010	2	8	17'
ElDorado	2006	31	12	30'	Ford E350	2010	28	8	20'
ElDorado	2007	76	11	30'	Dodge Caravan	2011	5	7	17'
ElDorado	2008	31	10	30'	Ford E350 Super Duty	2011	21	7	19'-20'
ElDorado	2009	23	9	30'	Ford E350 Super Duty	2012	11	6	19'
ElDorado	2010	59	8	30'	Dodge Grand Caravan	2012	28	6	17'
Orion Hybrid	2012	2	6	30'	Dodge Caravan	2012	2	6	17'
ElDorado	2012	4	6	30'	Dodge Grand Caravan	2013	36	5	17'
ElDorado	2012	14	6	40'	Ford E350	2013	63	5	18'-20'
ElDorado	2013	63	5	40'	Dodge Grand Caravan	2014	52	4	17'
MCI	2014	13	4	40'	Ford E350	2014	54	4	18'-20'
ElDorado	2014	20	4	40'	Ford E350	2015	10	3	19'-20'
ElDorado	2015	65	3	40'	Ford E350	2016	1	2	19'
MCI	2015	9	3	40'	Dodge Caravan SXT	2016	19	2	17'
ElDorado CNG	2016	20	2	40'	Ford Transconnect	2016	18	2	20'
ElDorado	2016	58	2	40'	Ford Transit 350 Lr	2016	39	2	20'
ElDorado	2017	59	1	40'	Ford Transit 350 Lr	2017	11	1	20'
ElDorado Trolley	2017	7	1	30'	Ford Transconnect	2017	1	1	20'
ElDorado CNG	2017	68	1	40'	Dodge Caravan	2017	134	1	17'
MCI	2017	8	1	40'	Ford Transit	2017	53	1	19'
ElDorado	2018	69	0	40'	Dodge Caravan	2018	24	0	17'
ElDorado CNG	2018	11	0	40'	Ford Transit	2018	1	0	19'
Total		780			Total		657		
Average Age			5.4 years		Average Age			3.1 years	



Fixed route 40' bus



Vanpool vehicle

Appendix A • Pace Overview

Paratransit (Fully Accessible)

Manufacturer	Year	# of Vehicles	Age	Length
ElDorado Aerotech	2008	2	10	23'
ElDorado Aerolite	2009	9	9	22'
ElDorado Aerotech	2009	28	9	23'
ElDorado Aerolite	2010	7	8	22'
ElDorado Aerotech	2010	55	8	23'
ElDorado Aerolite	2011	4	7	22'
ElDorado Aerotech	2011	25	7	23'
ElDorado Aerotech	2012	1	6	23'
ElDorado Aerotech	2014	156	4	25'
Chevy Champion	2014	51	4	22'
Chevy Champion	2015	46	3	22'
ElDorado Aerotech	2016	48	2	25'
ElDorado Aerotech	2017	2	1	25'
ElDorado Aerotech	2018	118	0	25'
Total		552		
Average Age			3.8 years	

Community Transit & On Demand Vehicles

Manufacturer	Year	# of Vehicles	Age	Length
Chevy G3500	2008	5	10	21'
Chevy G3500	2009	6	9	21'
Chevy G3500	2010	7	8	21'
ElDorado Aerolite	2010	3	8	22'
Chevy G3500	2011	3	7	21'
Chevy G3500	2012	1	6	21'
Chevy Champion	2012	2	6	21'
Dodge Caravan	2013	9	5	17'
Ford E350	2013	11	5	18'-20'
Chevy Champion	2013	6	5	21'
Ford E350	2014	11	4	18'-20'
Dodge Caravan	2014	1	4	17'
Chevy Champion	2014	5	4	23'
Ford E350	2015	1	3	19'-20'
Chevy Champion	2015	11	3	23'
Ford E350	2016	2	2	19'
Chevy Champion	2016	6	2	23'
Ford E350	2017	1	1	19'
Chevy Champion	2017	25	1	23'
Chevy Champion	2018	8	0	23'
Total		124		
Average Age			4.0 years	



Paratransit bus



Call-n-Ride bus

Appendix A • Pace Overview

Pace System Infrastructure

PACE'S Operating Divisions provide inside bus storage for approximately 600 buses with a total building size of over one million square feet at the locations provided below. Pace also leases some administrative and operating space. A full list of Park-n-Ride lots may be found on our website at www.pacebus.com. Lastly, Pace contracts with regional municipal and private carriers to supplement fixed route and paratransit passenger services.

Operating Divisions

Administrative Headquarters
550 W. Algonquin Rd., Arlington Heights

Fox Valley Division
400 Overland Dr., North Aurora

Heritage Division
9 Osgood St., Joliet

North Division
1400 W. Tenth St., Waukegan

North Shore Division
2330 Oakton St., Evanston

Northwest Division
900 E. Northwest Hwy., Des Plaines

McHenry Paratransit Garage
5007 Prime Parkway, McHenry

River Division
975 S. State St., Elgin

South Division
2101 W. 163rd Place, Markham

Southwest Division
9889 S. Industrial Dr., Bridgeview

South Holland Acceptance Facility
405 W. Taft Dr., South Holland

West Division
3500 W. Lake St., Melrose Park

Municipal Garages

City of Highland Park
1150 Half Day Road, Highland Park

Village of Niles
6859 Touhy Ave., Niles

Leased Premises

ADA Paratransit Office
547 W. Jackson Blvd., Chicago

East Dundee Garage
401 Christina Dr., East Dundee

Print Shop
80-86 Lively Blvd., Elk Grove Village

Vanpool Office
515 W. Algonquin Rd., Arlington Heights

Passenger Facilities

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

Transportation and Transfer Centers

Aurora Transportation Center

Buffalo Grove Transportation Center

Chicago Heights Transportation Center

Elgin Transportation Center

Gurnee Mills Transfer Facility

Harvey Transportation Center

Hodgkins UPS Bus Terminal

Northwest Transportation Center/Charles Zettek Facility, Schaumburg

Prairie Stone Transportation Center, Hoffman Estates

Rosemont Transit Center

Toyota Park Transportation Center, Bridgeview

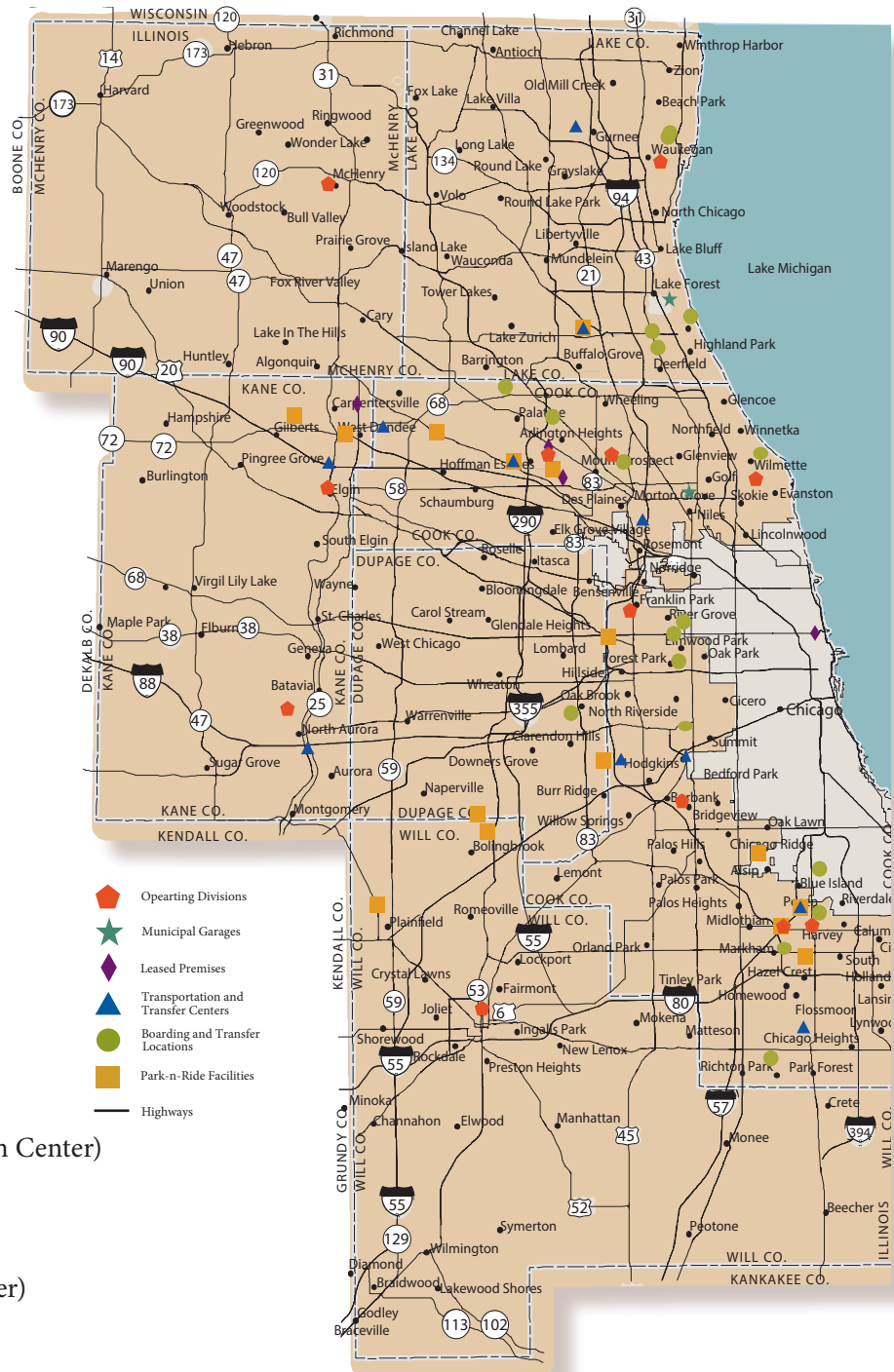
Other Boarding and Transfer Locations ●

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

Park-n-Ride Facilities ■

- Blue Island
- Bolingbrook, Canterbury Lane
- Bolingbrook, Old Chicago Road
- Buffalo Grove (at the Transportation Center)
- Burr Ridge
- Northwest Point, Elk Grove Village
- Harvey (at the Transportation Center)
- Hillside
- Homewood
- Plainfield
- I-90 Barrington Road
- I-90 & IL 25
- I-90 Randall Road
- Northwest Transportation Center/Charles Zettek Facility, Schaumburg
- Pace South Division, Markham

Map 5. Pace System Garage and Support Facilities



Appendix B • Ridership & Suburban Service Fares

Pace Ridership

The following table identifies projected ridership changes by operating element for years 2019 through 2021.

Table 36. Pace 2019-2021 Ridership Projections (000s)

	2017 Actual	2018 Estimated	% Change	2019 Projected	% Change	2020 Projected	% Change	2021 Projected	% Change
Pace Divisions	27,077	26,218	(3.2%)	26,128	(0.3%)	26,128	0.0%	26,128	0.0%
Public Carriers	608	585	(3.8%)	580	(0.9%)	580	0.0%	580	0.0%
Private Carriers	1,119	1,095	(2.1%)	1,065	(2.7%)	1,065	0.0%	1,065	0.0%
Total Fixed Route	28,804	27,898	(3.1%)	27,773	(0.4%)	27,773	0.0%	27,773	0.0%
Dial-a-Ride*	1,048	1,039	(0.8%)	1,039	0.0%	1,039	0.0%	1,039	0.0%
Vanpool	1,518	1,554	2.3%	1,554	0.0%	1,554	0.0%	1,554	0.0%
Suburban Service Total	31,370	30,490	(2.8%)	30,366	(0.4%)	30,366	0.0%	30,366	0.0%
Regional ADA Paratransit Service*	4,256	4,290	0.8%	4,335	1.1%	4,381	1.1%	4,428	1.1%
Combined Pace Service	35,626	34,780	(3.0%)	34,701	(0.2%)	34,747	0.1%	34,794	0.1%

*Ridership includes companions and personal care attendants.



The Campus Connection pass offers unlimited rides to students on Pace regular fixed route and is valid for an entire semester.

Ridership & Fares

Suburban Service Ridership

Pace Suburban Service ridership is estimated to finish the year down 2.8% from 2017 levels and will fall 1.8% short to the 2018 budget. Fixed route ridership has declined over 2017 levels and is expected to finish the year down 3.1%. Dial-a-Ride is expected to end the year 0.8% below 2017 levels, but 3.2% above the 2018 budget. Vanpool ridership is expected to end the year 0.4% above budget.

For 2019, ridership is expected to decrease slightly over the 2018 estimate. Baseline fixed route ridership is expected to continue to decline, but will be tempered by increased service levels, resulting in an overall decline of 0.4% from 2018 levels. Dial-a-Ride and Vanpool ridership are expected to remain flat in 2019, resulting in an overall suburban service ridership decline of 0.4%.

Fixed route, Dial-a-Ride, and Vanpool ridership are expected to be flat to 2019 in the outlying years.

Regional ADA Paratransit Ridership

Regional ADA Paratransit ridership is expected to finish 2018 at 0.8% over 2017 levels and 0.3% over the 2018 budget. For 2019, ridership is expected to grow 1.1% over 2018 levels. The outlook for TAP ridership is 5.0% growth in 2019.

Regional ADA ridership is forecasted to grow at a rate of 1.1% in 2020 and 2021. Demand has slowed but continues to grow for ADA services throughout the region.

Pace Fares

There are no proposed increases to Suburban Service nor ADA fares for 2019.

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



Pace was the first transit agency in northeastern Illinois to achieve a fully accessible fixed route bus fleet.

Appendix B • Ridership & Suburban Service Fares

Pace Fare Structure

Table 37. Pace Fare Structure

	Current Fares	
	Full Fare	Reduced Fare
Regular Fares		
Cash Fare	\$2.25	\$1.10
Full Fare Ventra®	2.00	1.10
Transfer to Pace (With Ventra transit value only)	0.30	0.20
Passes		
Pace/CTA 30-day Pass	\$105.00	\$50.00
Pace/CTA 7-day Pass	33.00	N/A
Pace 30-day Pass	60.00	30.00
Link-Up Pass	55.00	N/A
PlusBus	30.00	N/A
Student Summer Haul Pass	45.00	N/A
Pace Campus Connection (College Student Pass) Valid for One Semester - 5 mo.		
Purchased in:		
August or January	\$175.00	N/A
September or February	165.00	N/A
October or March	140.00	N/A
November or April	105.00	N/A
December or May	60.00	N/A
Campus Connection - Summer Pass	140.00	N/A
Express/Other Fares		
Premium Routes*	\$4.50	\$2.25
Pace Transfer to Premium Routes	2.80	1.45
30-day Premium Pace	140.00	70.00
Call-n-Ride	2.00	1.00
Dial-a-Ride	Fares based on community policy	
ADA Paratransit		
ADA Paratransit	\$3.25	N/A
Mobility Direct (Chicago Only)	3.00	N/A
TAP (Chicago Only)	3.00	N/A

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

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

Appendix B • Ridership & Suburban Service Fares

Table 38. Monthly VIP & Other Vanpool Services Fare Schedule

Proposed Fare Schedule

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

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

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

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

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

Other Vanpool Service Monthly Fares

<u>Program</u>	<u>Current Fare</u>
Advantage	\$250
Non-Profit	250
Shuttle	250
VIP Metra Feeder/Per Rider	58



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

This page intentionally left blank.

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

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

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

Table 39. User/Non-User Demographic Profiles

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

Data Source

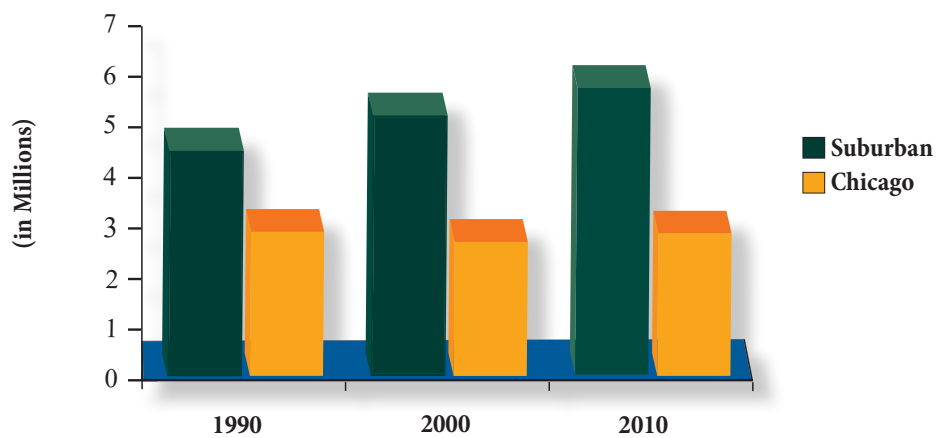
Non-user: South Cook County-Will County Service Restructuring Initiative, 2006, regional sample size = 1,195
 User: 2013 CS Survey, regional sample size = 7,275

Regional Population

Population

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

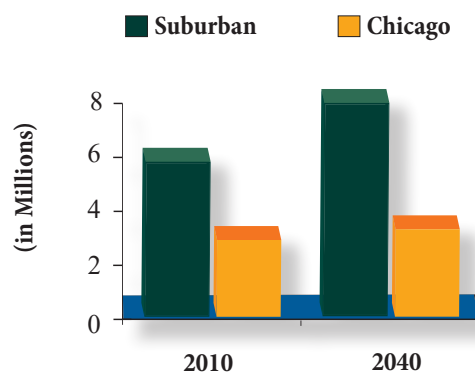
Chart I. 1990 to 2010 Regional Population



Regional Population Change 2010 to 2040

The Chicago Metropolitan Agency for Planning (CMAP) provides official 30 year population forecasts for the region. These forecasts project population growth rates and patterns. According to CMAP, the regional population is expected to increase by 2.4 million people between 2010 and 2040 to 10.7 million. CMAP projects the number of residents between 65 and 84 years of age will double between 2010 and 2040. Furthermore, they anticipate the number of residents in the region who are over 85 years old is projected to triple during the same time period. Between 2010 and 2040, 2.3 million new residents will accrue to Pace's service region while Chicago's population will increase by 0.4 million new residents.

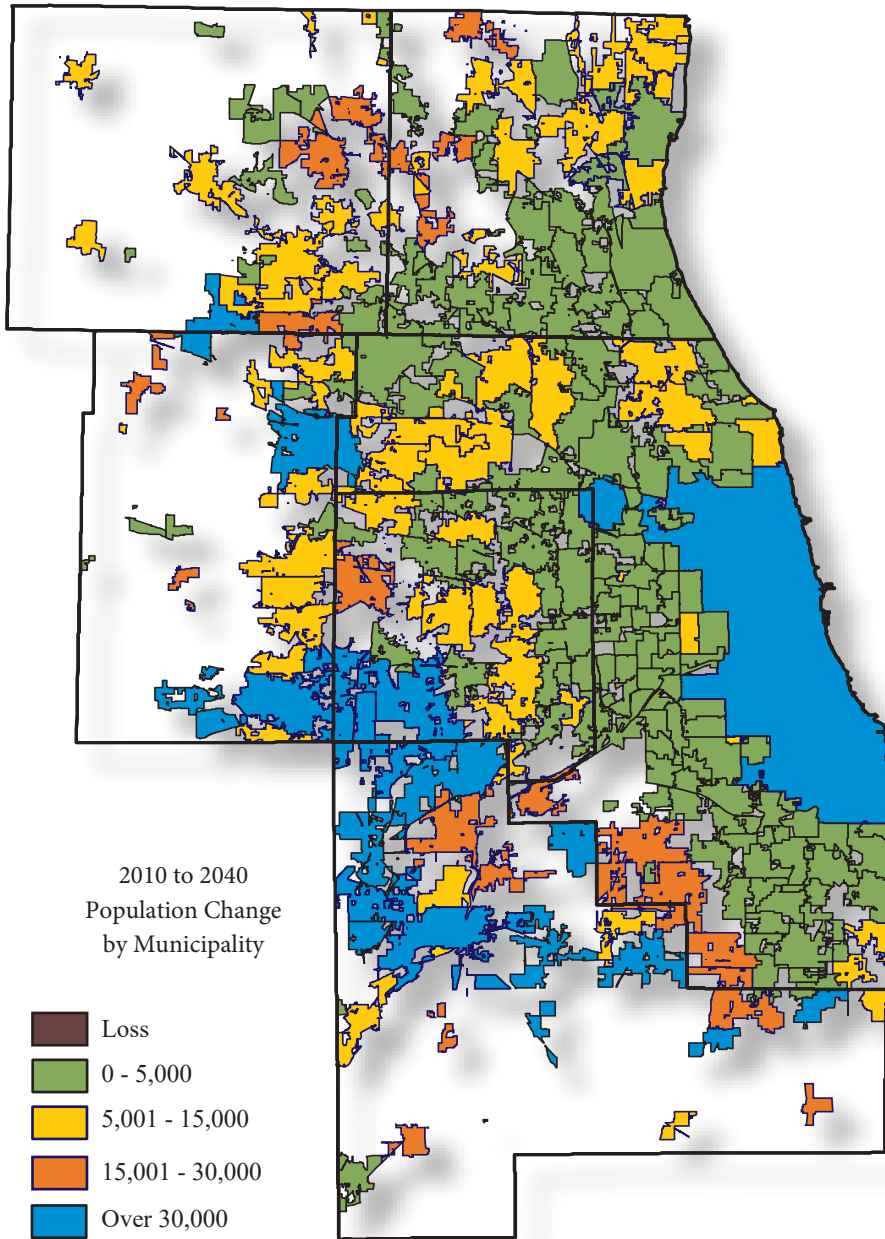
Chart J. 2010 to 2040 Regional Population Projection



Regional Population Change 2010 to 2040

CMAP population growth forecasts through 2040 are depicted on the adjacent map. Will County is expected to experience population growth of nearly one-half million people between 2010 and 2040, followed by the City of Chicago which is expected to add 0.4 million residents by 2040.

Map 6. Regional Population Change



Appendix C • Community Profile

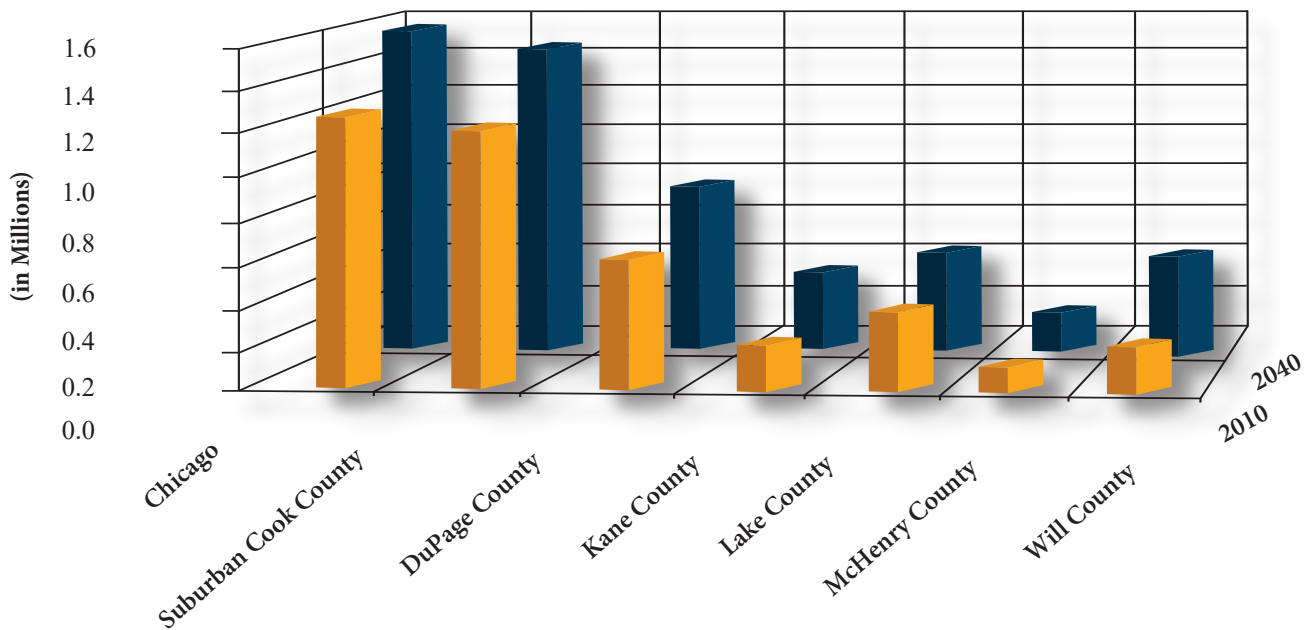
Regional Employment

Employment

C MAP’s forecast anticipates an increase of 1.2 million jobs in the region by 2040, of which 1.0 million will accrue to the suburban areas. As a percentage of 2000 employment, Will County’s increase is projected to be the greatest at 116%, followed by Kane County (82%) and

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

Chart K. 2010 to 2040 Employment Projection



Travel & Congestion

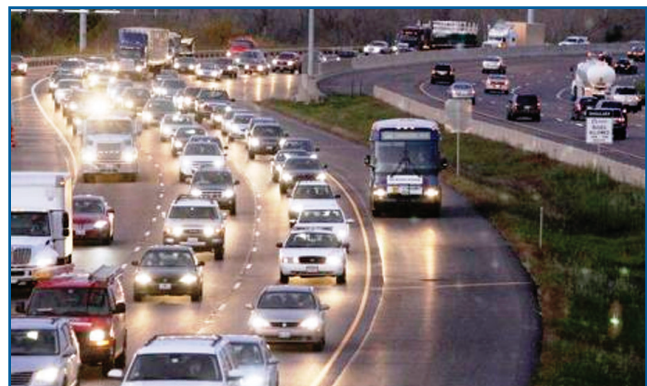
Travel Patterns

ACCORDING to the Texas Transportation Institute's *2015 Urban Mobility Report*, in 2014 the Chicagoland area was ranked third nationally behind New York (1) and Los Angeles (2) for the longest travel delay due to traffic congestion. As a result of traffic congestion during the peak periods, our residents consume an extra 147 million gallons of fuel, at a cost of \$1,445 per auto commuter annually, just sitting in traffic.

The regional cost of traffic congestion reaches \$7.22 billion annually when factoring in lost time and wages, increased shipping costs, and fuel wasted. Over 302 million hours of travel delay time are lost in the region annually according to the report. This loss takes into account that public transit in the region reduces time lost by 67 million hours annually.

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

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



Pace's Bus On Shoulder service offers relief from rush hour congestion.

This page intentionally left blank.

Appendix D • Performance Measures

Pace Goals & Performance Measures

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

- Safe
- Reliable
- Courteous
- Efficient
- Effective

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

performance for 2017, projected performance for 2018, and 2019 goals are identified. Performance standards marked with an asterisk (*) are in the process of being further evaluated and those shown are preliminary.

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

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



Pace partnered with the Illinois Tollway to construct a pedestrian bridge over I-90 to allow commuters access to both eastbound and westbound buses.

Appendix D • Performance Measures

Table 40. Pace Goals & Performance Measures

		2017 Actual	2018 Estimate	2019 Projected
Safety				
Goal: Provide Safe Public Transportation Services				
Measure(s):	<i>Performance Goal</i>			
Accidents per 100,000 Revenue Miles	Less than 5	5.21	6.05	5.50
Reliability				
Goal: Provide Reliable Public Transportation Services				
Measure(s):	<i>Performance Goal</i>			
On-Time Performance	Greater than 85%	73.4%	73.8%	74.1%
Actual Vehicle Miles per Road Call	Greater than 14,000	12,623	15,422	15,500
Percent Missed Trips per Total Trip Miles	Less than .5%	0.50%	0.70%	0.55%
Courtesy				
Goal: Provide Courteous Public Transportation Services				
Measure(s):	<i>Performance Goal</i>			
Complaints per 100,000 Passenger Miles	Less than 4	4.21	4.40	4.20
Website Hits on Web Watch Site	Increase over prior period	(12.5%)	6.6%	8.5%
Efficiency				
Goal: Provide Efficient Public Transportation Services				
Measure(s):	<i>Performance Goal</i>			
Revenue Miles per Revenue Hour	Greater than 17	17.36	17.33	17.35
Revenue Miles per Total Operator Pay Hours	Greater than 10*	12.48	12.40	12.45
Expense per Revenue Mile	Less than \$6.50*	\$6.18	\$5.44	\$5.75
Expense per Revenue Hour	Less than \$125.00*	\$107.34	\$94.30	\$97.50
Recovery Ratio	Greater than 18%	24.4%	24.5%	24.5%
Subsidy per Passenger	Less than \$4.00	\$3.94	\$3.67	\$3.75
Effectiveness				
Goal: Provide Effective Public Transportation Services				
Measure(s):	<i>Performance Goal</i>			
Ridership	Increase from prior period	1.43%	(5.69%)	(1.00%)
Passenger Miles per Revenue Miles	Greater than 9*	7.50	7.19	7.21
Productivity (Passengers per Revenue Hour)	Greater than 24*	20.61	19.42	19.55
Ridership per Revenue Mile	Greater than 1.5*	1.19	1.12	1.14
Vanpool Units in Service	Increase from prior period	(6.00%)	(3.00%)	(1.00%)

* Performance Goal Under Evaluation

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

Peer Performance Comparison

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

The RTA’s peer group includes the following systems:

- Alameda-Contra Costa Transit District (AC Transit) Oakland, CA
- Long Island Bus (MTA) New York, NY
- Orange County Transportation Authority (OCTA) Orange, CA
- San Mateo County Transit District (SamTrans) San Francisco, CA
- Suburban Mobility Authority for Regional Transportation (SMART) Detroit, MI

Performance was measured against six performance criteria as reported by the Federal Transit Administration (FTA) in their National Transit Database (NTD). The following performance measures were reviewed:

Service Efficiency

- Operating Expense per Revenue Hour
- Operating Expense per Revenue Mile

Cost Effectiveness

- Operating Expense per Passenger
- Operating Expense per Passenger Mile

Service Effectiveness

- Passengers per Revenue Hour
- Passengers per Revenue Mile

The following charts are prepared using 2016 National Transit Database (NTD) data for bus only, which is the latest data available as of this writing.



Appendix D • Performance Measures

Peer Performance Comparison

Service Efficiency

Chart L. Operating Expense per Revenue Hour

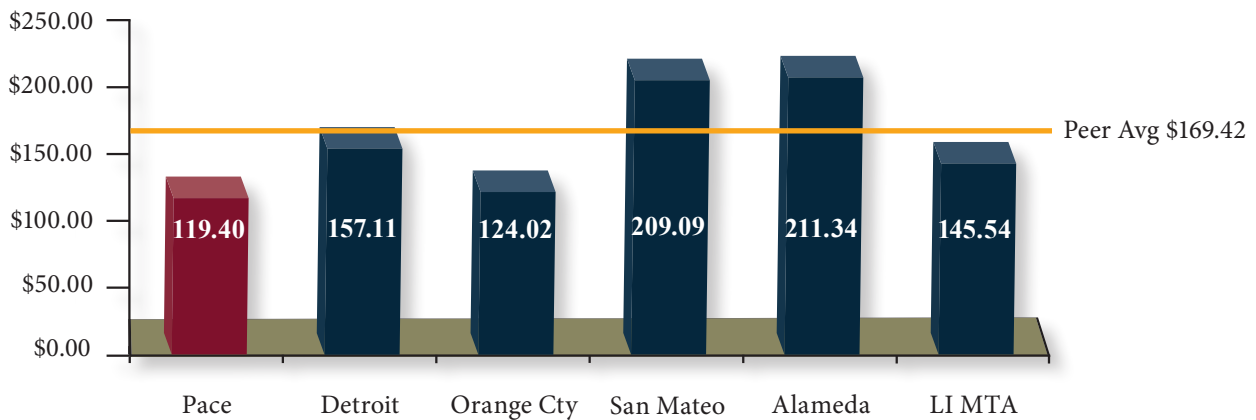


Chart M. Operating Expense per Revenue Mile

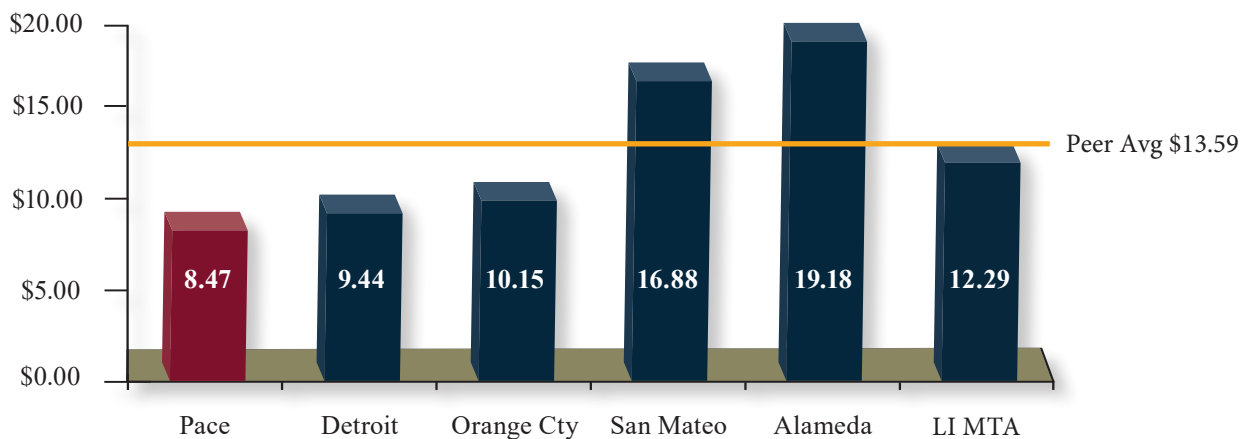


CHART L - Service efficiency, as measured by the performance ratios operating expense per total revenue hour and revenue mile, shows Pace to be the most efficient compared to all peers in this group. At \$119.40, Pace's cost per hour is just nearly 4% less than the nearest peer—Orange County (CA). Pace's costs are also \$50.02 per hour or nearly 30% less than the peer average for this performance measuring category.

CHART M - At \$8.47 per mile, Pace's cost is nearly \$1.00 per mile, or 10% lower than the nearest peer. Pace is \$5.12 per mile, or 37.6% below the peer average.

Appendix D • Performance Measures

Cost Effectiveness

Chart N. Operating Expense per Passenger

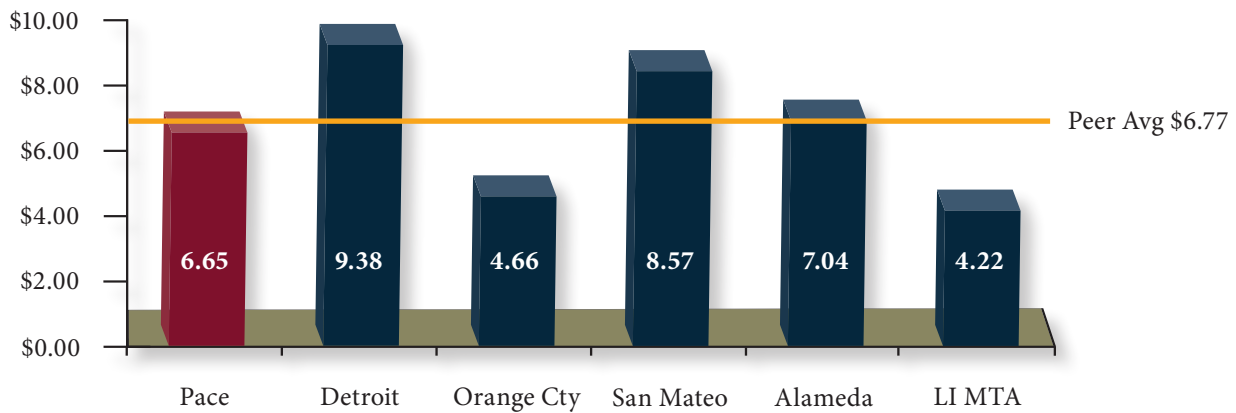


Chart O. Operating Expense per Passenger Mile

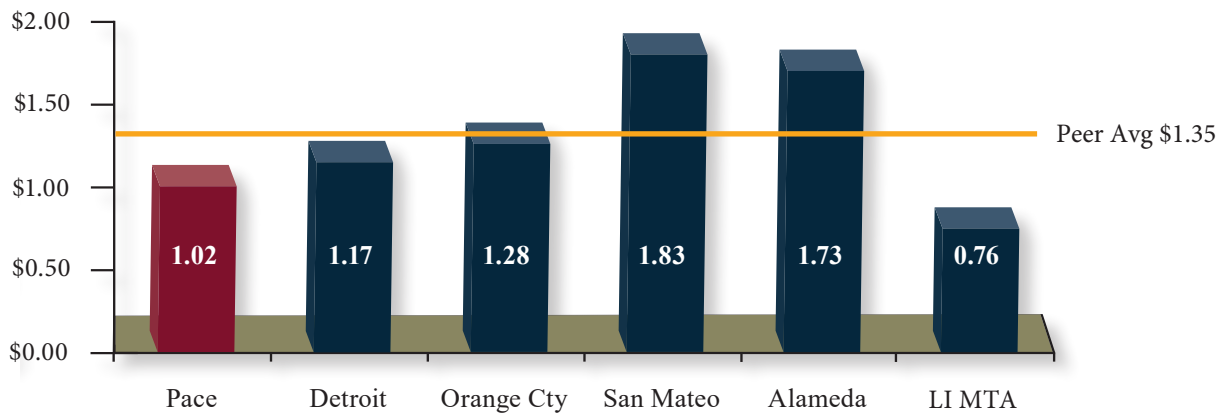


CHART N - Cost effectiveness, as measured by the performance ratios operating expense per passenger and passenger mile, shows Pace to be consistent with the agencies within this peer group.

CHART O - At \$1.02, Pace's expense per passenger mile is the second lowest of all the suburban peers. Pace's low cost structure combined with high passenger miles contributes to this result.

Appendix D • Performance Measures

Service Effectiveness

Chart P. Passengers per Revenue Hour

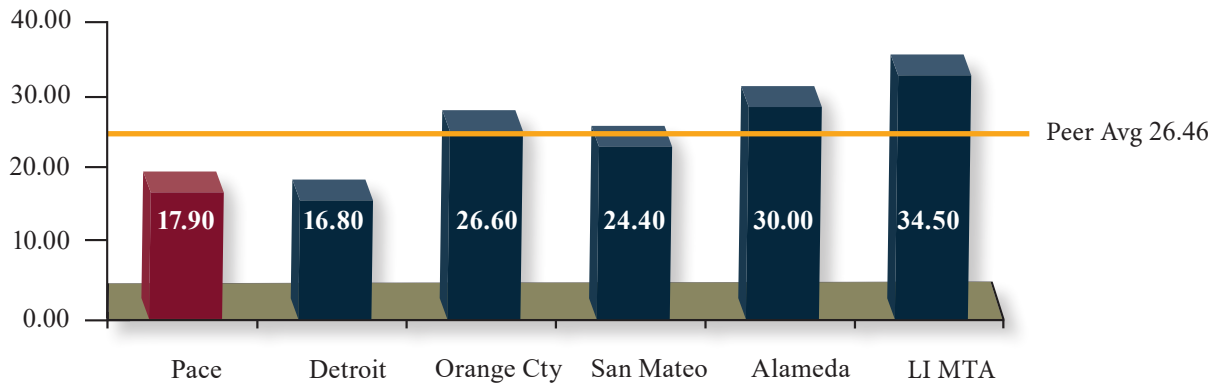


Chart Q. Passengers per Revenue Mile

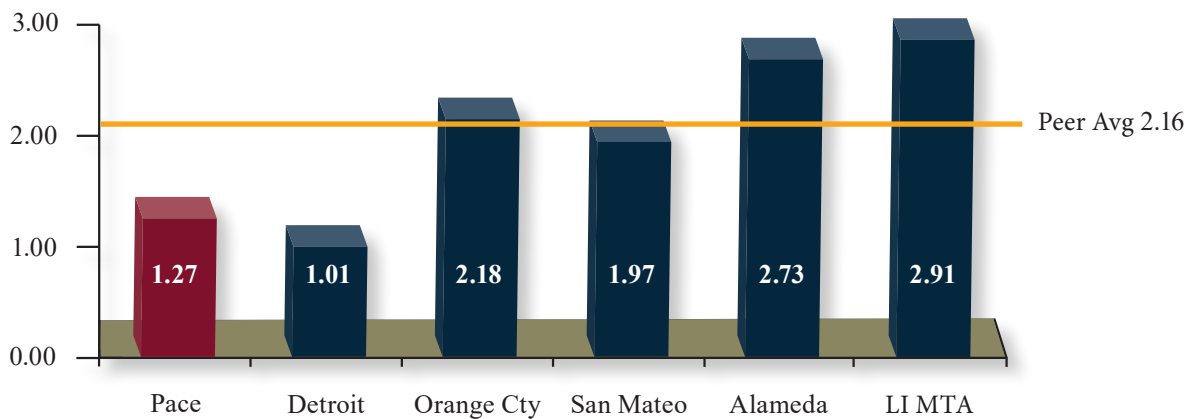


CHART P - Service effectiveness, as measured by the performance ratios passengers per total revenue hour and passengers per total revenue mile, shows Pace to have the second lowest performance ratio compared to all agencies in this group and nearly 32% below the peer average. The size of the service area directly affects this performance indicator and, at nearly 3,500 square miles, Pace serves the largest and lowest population density service area of all the peers in this group.

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

Appendix D • Performance Measures

Farebox Recovery Ratio

Chart R. Farebox Recovery Ratio

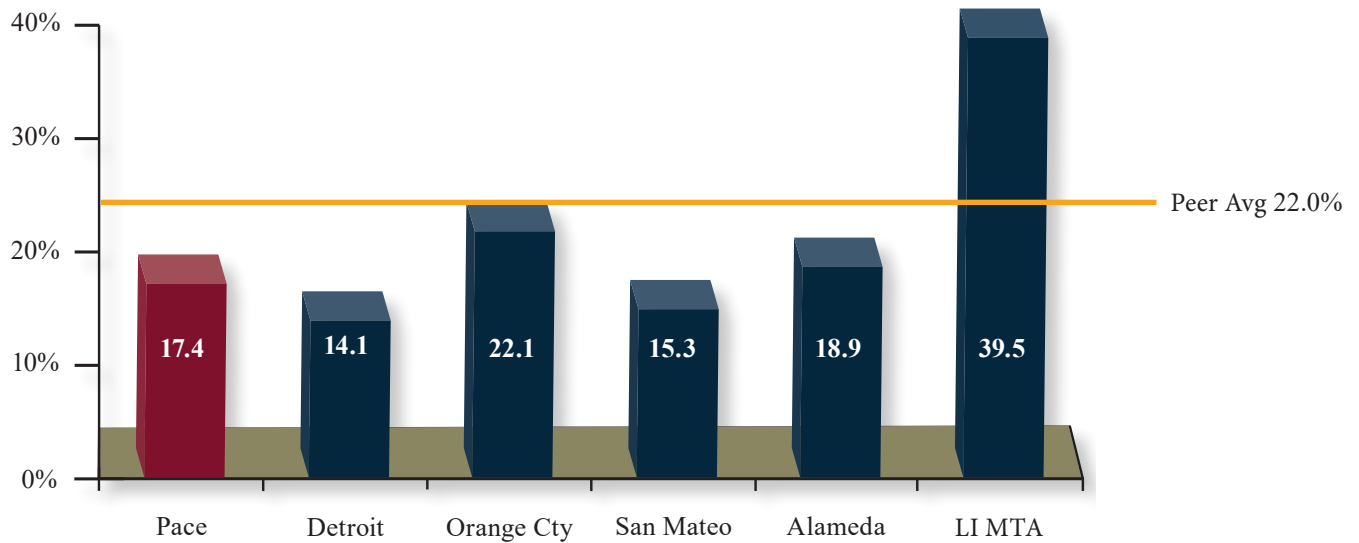


CHART R - Pace's bus only farebox recovery rate of 17.4% is lower than the peer average bus ratio of 22.0%.

Appendix E • Planning Initiatives

Reimagining Pace For Tomorrow

Overview

Pace's Vision 2020 Plan has guided the agency's implementation of new services since 2001. As the plan's horizon year approaches, we are entering and unprecedented period of change, both within Pace and the broader transportation landscape. The future will require us to recognize our accomplishments, acknowledge the impact of technology and new alternatives on the transit industry, and forge ahead with a new plan that will enable Pace to expand its role as a provider of new and diverse service options in the future.

The vision update will expand on the original concept of Vision 2020. This will include a network of new services, infrastructure improvements, a decrease in travel times, smart growth concepts, environmentally sensitive land development, minimizing dependence on private automobile usage, and reducing air pollution, community services, line-haul bus routes that include Transit Signal Priority (TSP), bus on shoulder operation, electronic next stop announcements, improved waiting facilities, as well as transit supportive infrastructure and transit oriented development.

The update will guide the implementation of existing programs as well as the introduction of new service types. Key to the vision will be an improved understanding of how Pace can and should leverage technology to enhance and extend our network.

Service Planning and Scheduling Department

In 2018, Service Planning and Scheduling is expected to implement approximately 90 service changes of varying types and we expect that 2019 will also be a busy year. Please refer to the map in this section which shows many of the service changes and initiatives in 2018 and what is proposed in 2019.

Here are a few of the projects that will continue to be our focus in 2019:

Pace Bus Route Network Reimagining

Over the years, Pace has conducted thorough service restructuring initiatives region by region in the six-county area focused on market analysis, service analysis, business and municipal outreach and public engagement. These initiatives have led to immediate term and long-range service improvement recommendations, many of which were implemented.

While this approach has been successful on a smaller scale, as Pace approaches its 35th year in operation with leaner resources than ever before but with steady demand for service in various regions in Northeastern Illinois, the decision has been made to undertake a much more comprehensive restructuring initiative. This reimagining of the entire Pace network will update service based on ridership demand and potential for productivity and cost effectiveness over the next several years.

Microtransit Service for First and Last Mile Connections

While Pace operates an extensive fixed route network in Northeastern Illinois, efforts continue to be made each year to improve first and last mile connections between this route network and the final destinations of consumers to provide even greater coverage. One of these successful initiatives is the Pace On Demand service (formerly known as Call-n-Ride).

Pace On Demand provides demand-response transit service in 11 zones serving numerous communities in the Pace service area with the goal of enabling transfers to and from the fixed-route network. To improve the customer experience, Pace is providing technology based solutions to allow On Demand customers to reserve or cancel trips online using smart devices 24/7. However, riders without a smart device can continue to call the Pace agent to book trips manually. By early 2019 we expect that all On Demand services will be using this new technology.

Speeding Up Bus Service and Schedule Optimization

For several years Pace has been converting fixed routes from flag stop operation where buses will stop at most places along a route to a posted stop only program. By eliminating or consolidating stops, buses are able to move faster, getting riders to their destinations more quickly. By the end of 2018, approximately 38 additional routes will become posted stops only and another 67 are planned for 2019. Each posted stop is clearly marked with a bus stop sign so riders can locate their stop, and in some cases bus shelters are installed at bus stops that attract more riders.

Bus schedule optimization is focused on developing realistic bus schedules that can be operated on-time at each published timepoint to better serve riders and to facilitate transfers with other services. Planning staff evaluates large amounts of historical data to determine what sched-

ule adjustments need to be made for each route. Twenty routes with schedule reliability issues are in queue to be optimized over the next few years as soon as additional capital and operating dollars are identified.

Research and Analysis

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

We are looking forward to the evolution and continued development of the Ventra® fare system in 2019. ADA paratransit will be integrated into the Ventra System by the close of 2019, giving ADA riders the option for cashless journeys. The Ventra app continues to be a regional transit success story, with over 2.5 million downloads, and over 500,000 people monthly using the Metra ticketing function, the CTA/Pace account management tools, or the regional bus and train tracking. A new version of the Mobile App will be released by early 2019, making it easier and quicker to use, while adding a regional trip planner that includes real-time trip information and Divvy bike information. While the technology to use a smart phone to pay a fare rather than a card remains unavailable, we remain committed to making this technology accessible to customers as soon as the technology becomes available.

In addition, the Ventra platform is evolving as technology marches on. During 2019 Pace will continue replacing expiring Ventra cards with new, more advanced cards. Parallel to this project, CTA, Pace, and Cubic are developing “Bus 2.0,” the upgrade of all Ventra units on buses. In addition, Pace and CTA are also investigating new fareboxes for our buses. Together, these initiatives will allow faster boarding times for our customers as well as more reliable service across the region.

The department will continue its program of data quality and data integration. We will continue to automate key processes and reports, to provide more accurate and timely information, making more data available to the

whole organization, through such methods as Tableau Server, SharePoint, and online mapping.

Strategic and Capital Planning

Rapid Transit Program: Expressway-Based Service

In 2018, Pace continued to make strides in expanding expressway-based service in Chicagoland. In April, Pace and the Illinois Department of Transportation (IDOT) partnered to expand the Bus on Shoulder Program on I-94 (Edens Expressway) from Dempster to Dundee Rd speeding up commutes for Routes 620 and 626.

Pace also added two new park-n-ride facilities at IL-25 and Barrington Road to support the I-90 Market Expansion Program. In addition to the park-n-ride at Barrington Road, Pace opened the state’s first inline on-highway bus station at this interchange; an investment in transit that is spurring renewed economic development interest in adjacent corporate campuses in Hoffman Estates.

Additionally, with ridership demands growing on the I-55 Bus on Shoulder service, Pace partnered with the Village of Plainfield to construct a new park-n-ride facility on village property, which opened in August 2018.



I-90 Flex Lane during evening rush hour.

Appendix E • Planning Initiatives



In 2018, Pace continues construction of the agency's first arterial rapid transit line, the Pulse Milwaukee Line.

Rapid Transit Program: Pace's Pulse Network

In 2018, Pace continues construction of the agency's first arterial rapid transit line, the Pulse Milwaukee Line. The Milwaukee Line is the first of seven priority corridors in the Pulse network to be constructed over the next ten years. Pace's Pulse network serves as an innovative, high-quality, arterial-based rapid transit solution that improves suburban connectivity, reduces congestion, and enhances the transit experience for new and existing riders.

Two terminal locations and eight intermediate station pairs are being constructed along the Milwaukee Line from the Jefferson Park Transit Center in Chicago to the Golf Mill Mall Shopping Center in Niles. Stations include heated shelters, pavement snowmelt systems, raised near-level boarding platforms and a vertical marker with real-time arrival information on state-of-the-art LCD signs. Service will operate using new Pulse-branded 40 foot

Eldorado Axess buses equipped with LCD interior signage with next stop information, on-board Wi-Fi, and USB charging ports to enhance the customer experience.

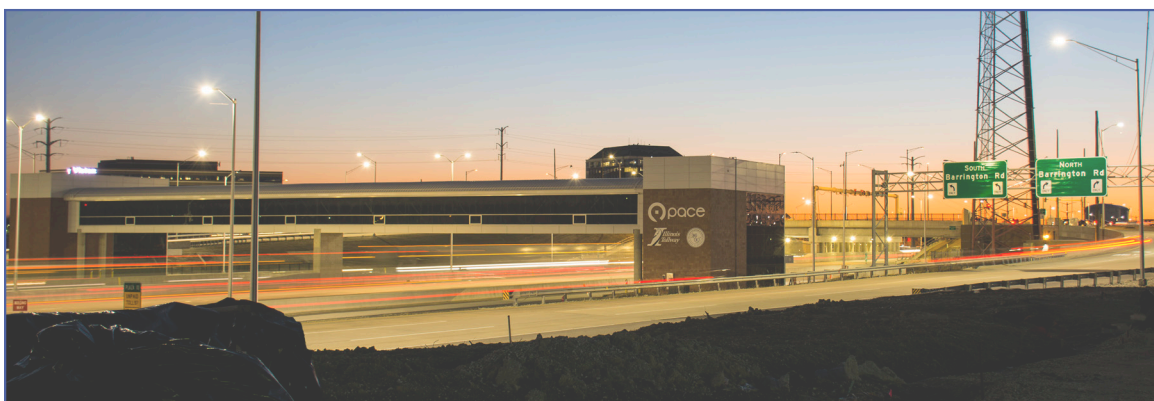
Transportation Innovation and ITS Program

Transit Signal Priority (TSP) uses existing vehicle location and wireless communications technologies to advance or extend green times at signalized intersections. This results in reduced delays at signalized intersections, increased speed, improved schedule adherence and reliability.

In 2018, Pace began construction and installation to deploy the interoperable TSP system for the Pulse Milwaukee Line. This work involves signals operated by both the Chicago Department of Transportation (CDOT) and Illinois Department of Transportation (IDOT). Currently, Pace is completing tests on the Priority Request Server (PRS) equipment to communicate TSP calls and the central TSP software to log data and monitor these systems from Pace Headquarters.

Following the Pulse Milwaukee Line installation, Pace plans to deploy the interoperable system on ten additional corridors at approximately 400 signalized intersections. The corridors include: 159th Street, Sibley Boulevard / 147th Street, Roosevelt Road, Cicero Avenue, 95th Street, Grand Avenue (Lake County), Dempster Street, Cermak Road, I-90 Transit Corridor Access Intersections and Halsted Street.

Pace continues to explore the deployment of Connected Vehicles (CV) technology including Multi Modal Intelligent Traffic Signal Systems (MMITS) and Integrated Dynamic Transit Ops (IDTO) in partnership with regional stakeholders.



Pace opened the state's first inline on-highway bus station at the new Barrington Road Park-n-Ride interchange.

Map 7. Vision 2020

Projects & Studies in Progress

1. I-94 Edens Expressway Bus on Shoulder Expansion
2. North Shore and Northwest Service Restructuring
3. Pulse Milwaukee Construction
4. Illinois Tollway Central Tri-State Flex Lane Construction
5. Central Harlem Avenue Corridor Study
6. Toyota Park Park-n-Ride Construction
7. Pulse Halsted, CTA/Pace South Halsted Bus Corridor Enhancement Project

Systemwide Projects & Studies in Progress (not on map)

- Posted Stops Conversion Project

Implemented Projects (Q4 2017-Q3 2018)

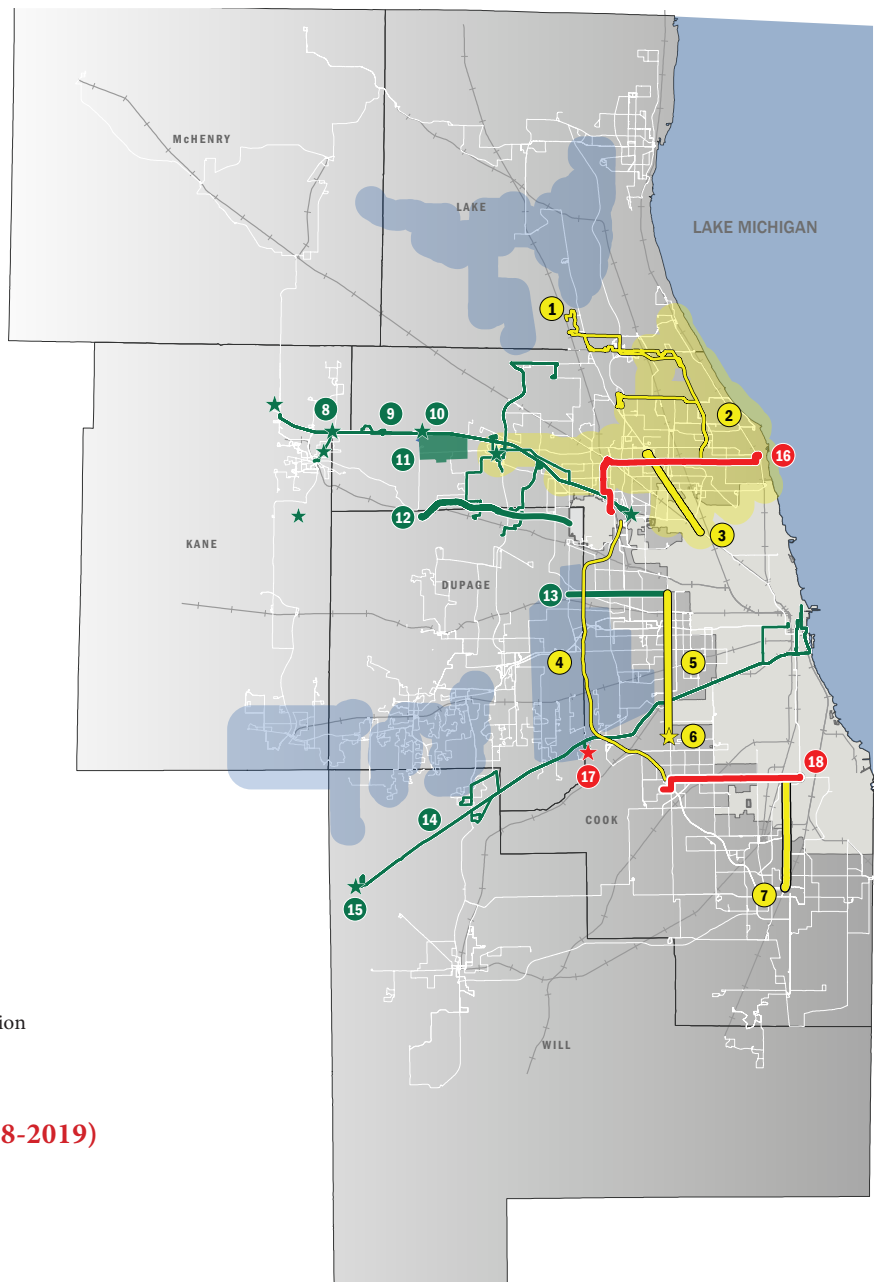
8. IL-25 Park-n-Ride
9. I-90 Jane Addams Memorial Tollway Market Expansion
10. Barrington Road Station
11. Hoffman Estates On Demand Service
12. Elgin O'Hare Corridor Study
13. North Avenue Corridor Study
14. I-55 Stevenson Expressway Bus on Shoulder Expansion
15. Plainfield Park-n-Ride

Upcoming Projects & Studies (Q4 2018-2019)

16. Pulse Dempster Architecture & Engineering Design
17. Burr Ridge Park-n-Ride
18. Pulse 95th Project Definition

Other Upcoming Projects & Studies (Q4 2018-2019 not on map)

- Update to Pace's Vision Plan
- Rapid Transit Project Management Office (PMO) Initiative
- Integration of Pace On Demand Online Booking System
- Joliet Express Bus Study
- System Reimagining Project



LEGEND

New Passenger Facilities

- ★ In Progress
- ★ Completed
- ★ Planned

Pulse Program Initiatives

- In Progress
- Completed
- Planned

Expressway-Based Initiatives

- In Progress
- Completed
- Planned

Major Service Restructuring

- In Progress
- Completed
- Planned

Appendix E • Planning Initiatives

Marketing & Communications Plan

AS Pace continues its effort to attract new riders and retain existing customers, the agency implemented several significant customer communication efforts and promotional activities in 2018 and looks forward to a number of new initiatives in 2019.

The first of two major 2018 marketing activities was a campaign to grow ridership overall, focusing on converting car drivers to become transit riders and targeting northeastern Illinoisans who have recently moved and seek a new way to get to work or school. A decline in ridership in 2017 led Pace to invest resources in growing ridership in 2018. The tactics from this past year took advantage of a changing media landscape—less traditional TV and radio and more digital. The digital space not only allows Pace to reach people where they are spending more and more of their media consumption time but also enables better tracking of the outcomes of our campaigns.

The other major initiative from 2018 targeted ADA paratransit customers, promoting the value of using fixed route transit when possible and ensuring that riders and stakeholders are informed about the rules and restrictions of ADA paratransit service operations. Given the cost of providing paratransit service and Pace's desire to be a good steward of taxpayer dollars, it is critical that Pace provide the service in line with federal guidelines and that interested parties understand the guidelines. Pace's partnership with JJ's List, an advocacy and educational organization, has allowed the agency to spread that message to hundreds of students with disabilities, and that successful partnership will continue in 2019.

Pace also furthered its goal to make real-time bus information available to as many people as possible. In 2018,

Pace continued to expand the deployment of Bus Tracker electronic signs at transit centers and bus stop shelters. Those signs provide real-time bus arrival (or departure) information, using GPS tracking devices onboard buses, for riders waiting at a bus stop. In 2019, Pace will further deploy Bus Tracker signs at shelters and implement text messaging code numbers on bus stop signs. Thanks to federal grant money, Pace is excited to bring 21st Century technology to riders who are increasingly used to having a universe of data at their fingertips.

With changes coming to the Ventra® app in late 2018, Pace and its partner agencies in the coming year are promoting the benefits of using this upgraded technology. The newest version of the Ventra app allows a rider manage her account, buy passes, get real-time bus tracking as well as transit trip planning. It's like having a Ventra vending machine and a Bus Tracker sign right in your pocket.

In 2019, Pace will launch its first bus rapid transit service—called Pulse—on Milwaukee Avenue in Chicago and Niles. Pace is set to focus considerable marketing resources in 2019 on promoting the new Pulse Milwaukee Line, an enhanced bus service which is poised to be a much more visible and attractive transportation option. Having previously developed Pulse's brand name, color scheme, website and social media platforms, Pace looks forward to a full-fledged marketing and advertising campaign in 2019 to announce the new Pulse service. Then, as soon as the Pulse Milwaukee Line is launched, Pace will already be underway with plans to implement the second Pulse line on Dempster Street.

Pace also plans to unveil a revamped website in 2019 that will be easier to navigate, have greater functionality, and be more easily readable by mobile device users, who now make up the majority of PaceBus.com website visitors.



Pace looks forward to a full-fledged marketing and advertising campaign in 2019 to announce the new Pulse service.

This page intentionally left blank.

Appendix F • Operating Budget Detail

2017 Actual Operating Results

2017 Actual Program, Activity and Object Matrix

	Pace Operating Divisions ⁽¹⁾	Public Carriers	Private Carriers	Dial-a-Ride ⁽²⁾
Revenue				
Farebox	\$30,101,737	\$829,616	\$1,091,131	\$1,880,655
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Investment Income	0	0	0	0
Other	1,625,089	588,966	637,847	9,239,572
Total Revenue	\$31,726,826	\$1,418,582	\$1,728,978	\$11,120,227
Operating Expenses				
Operations				
Labor/Fringes	\$74,417,544	\$1,764,473	\$0	\$0
Parts/Supplies	11,416	705	0	0
Purchased Transportation	0	417,653	6,667,229	16,954,131
Fuel	0	0	0	0
Other	177,784	14,210	0	0
Total Operations	\$74,606,744	\$2,197,041	\$6,667,229	\$16,954,131
Vehicle Maintenance				
Labor/Fringes	\$15,076,567	\$557,144	\$0	\$0
Parts/Supplies	4,557,662	53,618	0	0
Other	239,322	79,543	0	316,626
Total Vehicle Maintenance	\$19,873,551	\$690,305	\$0	\$316,626
Non-Vehicle Maintenance				
Labor/Fringes	\$859,099	\$0	\$0	\$0
Parts/Supplies	505,288	0	0	0
Other	1,245,771	0	0	85,937
Total Non-Vehicle Maintenance	\$2,610,158	\$0	\$0	\$85,937
General Administration				
Labor/Fringes	\$3,586,281	\$358,295	\$0	\$0
Parts/Supplies	70,481	360	0	0
Utilities	1,711,055	1,353	0	0
Insurance	0	0	0	0
Health Insurance	0	0	0	0
Other	206,783	(23,276)	0	501,347
Indirect Overhead Allocation	0	0	0	0
Total Administration	\$5,574,600	\$336,732	\$0	\$501,347
Total Expenses	\$102,665,053	\$3,224,078	\$6,667,229	\$17,858,041
Funding Requirement	\$70,938,227	\$1,805,496	\$4,938,251	\$6,737,814
Recovery Ratio	30.90%	44.00%	25.93%	62.27%

(1) Includes CMAQ/JARC/ICE Service.

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

Appendix F • Operating Budget Detail

<u>Vanpool</u>	<u>Administration</u>	<u>Centralized Support</u>	<u>Total Suburban Service</u>	<u>Total Regional ADA Paratransit</u>	<u>Combined 2017 Actual</u>
\$2,637,916	\$0	\$0	\$36,541,055	\$10,932,588	\$47,473,643
0	1,346,001	0	1,346,001	0	1,346,001
0	2,833,629	0	2,833,629	0	2,833,629
0	729,291	0	729,291	66,188	795,479
0	889,202	0	12,980,676	2,054,490	15,035,166
\$2,637,916	\$5,798,123	\$0	\$54,430,652	\$13,053,266	\$67,483,918
\$0	\$0	\$3,429,535	\$79,611,552	\$0	\$79,611,552
0	0	1,902,477	1,914,598	0	1,914,598
0	0	0	24,039,013	156,680,494	180,719,507
1,223,891	0	10,677,415	11,901,306	2,176,905	14,078,211
1,232,666	0	0	1,424,660	0	1,424,660
\$2,456,557	\$0	\$16,009,427	\$118,891,129	\$158,857,399	\$277,748,528
\$0	\$0	\$4,069,128	\$19,702,839	\$0	\$19,702,839
0	0	345,532	4,956,812	0	4,956,812
0	0	615,813	1,251,304	0	1,251,304
\$0	\$0	\$5,030,473	\$25,910,955	\$0	\$25,910,955
\$0	\$0	\$935,786	\$1,794,885	\$0	\$1,794,885
0	0	0	505,288	0	505,288
0	336,339	576,856	2,244,903	0	2,244,903
\$0	\$336,339	\$1,512,642	\$4,545,076	\$0	\$4,545,076
\$0	\$19,967,298	\$0	\$23,911,874	\$3,545,618	\$27,457,492
0	228,185	0	299,026	0	299,026
0	303,645	0	2,016,053	35,911	2,051,964
0	0	12,601,914	12,601,914	194,799	12,796,713
0	0	23,978,696	23,978,696	571,730	24,550,426
0	12,587,505	7,746,896	21,019,255	4,377,985	25,397,240
0	0	0	(6,708,454)	6,708,454	0
\$0	\$33,086,633	\$44,327,506	\$77,118,364	\$15,434,497	\$92,552,861
\$2,456,557	\$33,422,972	\$66,880,048	\$226,465,524	\$174,291,896	\$400,757,420
(\$181,359)	\$27,624,849	\$66,880,048	\$172,034,872	\$161,238,630	\$333,273,502
107.38%	17.35%	0.00%	28.90%	10.00%	

Appendix F • Operating Budget Detail

2018 Estimated Operating Results

2018 Estimated Program, Activity and Object Matrix

	Pace Operating Divisions ⁽¹⁾	Public Carriers	Private Carriers	Dial-a-Ride ⁽²⁾
Revenue				
Farebox	\$31,705,859	\$852,775	\$1,118,319	\$1,861,221
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Investment Income	0	0	0	0
Other	2,003,382	566,724	641,988	9,283,759
Total Revenue	\$33,709,241	\$1,419,499	\$1,760,307	\$11,144,980
Operating Expenses				
Operations				
Labor/Fringes	\$78,383,539	\$1,934,872	\$0	\$0
Parts/Supplies	8,748	700	0	0
Purchased Transportation	0	442,901	5,819,313	10,012,321
Fuel	0	0	0	0
Other	165,928	15,450	0	0
Total Operations	\$78,558,215	\$2,393,923	\$5,819,313	\$10,012,321
Vehicle Maintenance				
Labor/Fringes	\$17,578,448	\$553,185	\$0	\$0
Parts/Supplies	4,139,803	109,700	0	0
Other	226,608	96,980	0	292,506
Total Vehicle Maintenance	\$21,944,859	\$759,865	\$0	\$292,506
Non-Vehicle Maintenance				
Labor/Fringes	\$1,087,094	\$0	\$0	\$0
Parts/Supplies	542,874	0	0	0
Other	1,323,364	0	0	50,427
Total Non-Vehicle Maintenance	\$2,953,332	\$0	\$0	\$50,427
General Administration				
Labor/Fringes	\$3,548,614	\$388,434	\$0	\$0
Parts/Supplies	80,497	400	0	0
Utilities	1,822,026	1,400	0	0
Insurance	0	0	0	0
Health Insurance	0	0	0	0
Other	211,862	300	0	489,789
ADA Overhead	0	0	0	0
Total Administration	\$5,662,999	\$390,534	\$0	\$489,789
Total Expenses	\$109,119,405	\$3,544,322	\$5,819,313	\$10,845,043
Funding Requirement	\$75,410,164	\$2,124,823	\$4,059,006	(\$299,937)
Recovery Ratio	30.89%	40.05%	30.25%	102.77%

(1) Includes CMAQ/JARC/ICE Service.

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

Appendix F • Operating Budget Detail

<u>Vanpool</u>	<u>Administration</u>	<u>Centralized Support</u>	<u>Total Suburban Service</u>	<u>Total Regional ADA Paratransit</u>	<u>Combined 2018 Estimate</u>
\$2,470,190	\$0	\$0	\$38,008,364	\$11,983,555	\$49,991,919
0	1,279,607	0	1,279,607	0	1,279,607
0	2,865,000	0	2,865,000	0	2,865,000
0	1,081,082	0	1,081,082	155,000	1,236,082
0	660,724	0	13,156,577	1,839,426	14,996,003
\$2,470,190	\$5,886,413	\$0	\$56,390,630	\$13,977,981	\$70,368,611
\$0	\$0	\$3,806,822	\$84,125,233	\$0	\$84,125,233
0	0	2,055,784	2,065,232	0	2,065,232
0	0	0	16,274,535	155,075,481	171,350,016
1,347,560	0	12,399,297	13,746,857	2,543,024	16,289,881
1,201,422	0	0	1,382,800	0	1,382,800
\$2,548,982	\$0	\$18,261,903	\$117,594,657	\$157,618,505	\$275,213,162
\$0	\$0	\$4,544,831	\$22,676,464	\$0	\$22,676,464
0	0	345,532	\$4,595,035	0	\$4,595,035
0	0	644,440	\$1,260,534	0	\$1,260,534
\$0	\$0	\$5,534,803	\$28,532,033	\$0	\$28,532,033
\$0	\$0	\$1,211,702	\$2,298,796	\$0	\$2,298,796
0	0	0	542,874	0	542,874
0	286,434	968,150	2,628,375	0	2,628,375
\$0	\$286,434	\$2,179,852	\$5,470,045	\$0	\$5,470,045
\$0	\$20,563,437	\$0	\$24,500,485	\$3,931,302	\$28,431,787
0	205,764	0	286,661	0	286,661
0	347,901	0	2,171,327	42,700	2,214,027
0	0	9,300,034	9,300,034	266,500	9,566,534
0	0	25,767,896	25,767,896	845,595	26,613,491
0	12,779,298	7,069,997	20,551,246	4,820,337	25,371,583
0	0	0	(7,685,600)	7,685,600	0
\$0	\$33,896,400	\$42,137,927	\$74,892,049	\$17,592,034	\$92,484,083
\$2,548,982	\$34,182,834	\$68,114,485	\$226,488,784	\$175,210,539	\$401,699,323
\$78,792	\$28,296,421	\$68,114,485	\$170,098,154	\$161,232,558	\$331,330,712
96.91%	17.22%	0.00%	30.30%	10.00%	

Appendix F • Operating Budget Detail

2019 Operating Budget

2019 Program, Activity and Object Matrix

	Pace Operating Divisions ⁽¹⁾	Public Carriers	Private Carriers	Dial-a-Ride ⁽²⁾
Revenue				
Farebox	\$31,684,727	\$845,887	\$1,088,191	\$1,861,221
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Investment Income	0	0	0	0
Other	2,003,382	591,363	641,988	9,405,100
Total Revenue	\$33,688,109	\$1,437,250	\$1,730,179	\$11,266,321
Operating Expenses				
Operations				
Labor/Fringes	\$81,309,494	\$1,982,588	\$0	\$0
Parts/Supplies	9,282	700	0	0
Purchased Transportation	0	446,094	7,524,516	17,205,639
Fuel	0	0	0	0
Other	170,775	15,500	0	0
Total Operations	\$81,489,551	\$2,444,882	\$7,524,516	\$17,205,639
Vehicle Maintenance				
Labor/Fringes	\$17,947,023	\$566,584	\$0	\$0
Parts/Supplies	4,243,836	110,900	0	0
Other	(8,768,126)	91,380	0	299,448
Total Vehicle Maintenance	\$13,422,733	\$768,864	\$0	\$299,448
Non-Vehicle Maintenance				
Labor/Fringes	\$1,113,219	\$0	\$0	\$0
Parts/Supplies	577,614	0	0	0
Other	1,352,284	0	0	52,444
Total Non-Vehicle Maintenance	\$3,043,117	\$0	\$0	\$52,444
General Administration				
Labor/Fringes	\$3,707,863	\$395,734	\$0	\$0
Parts/Supplies	85,295	400	0	0
Utilities	1,904,958	1,432	0	0
Insurance	0	0	0	0
Health Insurance	0	0	0	0
Other	219,844	300	0	504,483
ADA Overhead	0	0	0	0
Total Administration	\$5,917,960	\$397,866	\$0	\$504,483
Total Expenses	\$103,873,361	\$3,611,612	\$7,524,516	\$18,062,014
Funding Requirement	\$70,185,252	\$2,174,362	\$5,794,337	\$6,795,693
Recovery Ratio	32.43%	39.80%	22.99%	62.38%

(1) Includes CMAQ/JARC/ICE Service.

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

Appendix F • Operating Budget Detail

<u>Vanpool</u>	<u>Administration</u>	<u>Centralized Support</u>	<u>Total Suburban Service</u>	<u>Total Regional ADA Paratransit</u>	<u>Combined 2019 Budget</u>
\$2,470,190	\$0	\$0	\$37,950,216	\$12,109,109	\$50,059,325
0	2,609,762	0	2,609,762	0	2,609,762
0	3,040,000	0	3,040,000	0	3,040,000
0	940,311	0	940,311	155,000	1,095,311
0	1,547,234	0	14,189,067	1,951,238	16,140,305
\$2,470,190	\$8,137,307	\$0	\$58,729,356	\$14,215,347	\$72,944,703
\$0	\$0	\$4,071,504	\$87,363,586	\$0	\$87,363,586
0	0	2,071,147	2,081,129	0	2,081,129
0	0	0	25,176,249	163,926,865	189,103,114
1,447,200	0	13,158,853	14,606,053	2,759,418	17,365,471
1,440,552	0	0	1,626,827	0	1,626,827
\$2,887,752	\$0	\$19,301,504	\$130,853,844	\$166,686,283	\$297,540,127
\$0	\$0	\$4,868,656	\$23,382,263	\$0	\$23,382,263
0	0	350,000	4,704,736	0	4,704,736
0	0	642,234	(7,735,064)	0	(7,735,064)
\$0	\$0	\$5,860,890	\$20,351,935	\$0	\$20,351,935
\$0	\$0	\$1,296,750	\$2,409,969	\$0	\$2,409,969
0	0	0	577,614	0	577,614
0	296,752	1,081,900	2,783,380	0	2,783,380
\$0	\$296,752	\$2,378,650	\$5,770,963	\$0	\$5,770,963
\$0	\$22,834,464	\$0	\$26,938,061	\$4,251,446	\$31,189,507
0	213,093	0	298,788	0	298,788
0	357,751	0	2,264,141	44,000	2,308,141
0	0	10,733,180	10,733,180	349,500	11,082,680
0	0	26,092,113	26,092,113	888,725	26,980,838
0	14,185,617	6,909,510	21,819,754	5,936,177	27,755,931
0	0	0	(9,085,216)	9,085,216	0
\$0	\$37,590,925	\$43,734,803	\$79,060,821	\$20,555,064	\$99,615,885
\$2,887,752	\$37,887,677	\$71,275,847	\$236,037,563	\$187,241,347	\$423,278,910
\$417,562	\$29,750,370	\$71,275,847	\$177,308,207	\$173,026,000	\$350,334,207
85.54%	21.48%	0.00%	30.30%	10.00%	

Budget Process & Calendar

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

The Budget Process

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

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

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

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

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

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

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

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

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

Budget Amendment Process

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

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

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

amended budget within a specified time frame. Additionally, the RTA may require the Service Boards to submit amended budgets to reflect a revision to public funding or the recovery ratio as deemed necessary by the RTA. The Service Boards have thirty days from date of notice to submit a revision. There are no public hearing requirements for budget amendments which do not affect fares or services.

Budget Calendar

Below are key dates and events in the Pace 2019 budget development cycle. The annual capital budget and five-year program, as well as the three-year financial plan for operations, are also developed in accordance with this schedule.

Chart S. 2019 Budget Development Calendar

<u>Date (2018)</u>	<u>Event</u>
May 11	Release budget call to Agency management
May - August	Budget discussions/meetings with RTA and other Service Boards
June 11	Budget call requests due from management
June - August	Staff develops a preliminary budget
August 23	RTA to set 2019 Funding and Recovery Marks
September 12	Pace Board meets to discuss preliminary 2019 budget
September 13 - 30	Staff develops Proposed 2019 Budget per Board directives
October 10	Pace Board releases Proposed 2019 Budget for Public Hearing
October 11	Staff submits Proposed 2019 Budget to RTA
October 22 - 31	Public Hearings on Pace's Proposed 2019 Budget
November 14	Pace Board adopts Final 2019 Budget
November 15	Submit Final 2019 Budget to RTA
November	RTA evaluates Pace budget for compliance
November 28	RTA Finance Committee Review
December 13	RTA scheduled to approve/adopt 2019 Budget for Pace

Budget & Financial Policies

Budget Policies Overview

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

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

Balanced Budget Definition and Criteria

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

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

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

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

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

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

Budget Monitoring and Reporting

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

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

Budget Control Policies

The Pace Board of Directors has adopted three key bud-

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

Line Item Budget Control

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

Authorized Head Count

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

Use of Positive Budget Variance (PBV)

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

Long Range Financial Planning

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

Stabilization Funds/Working Cash Policy

In order to allow for the payment of obligations in a timely manner, the Pace Board of Directors has adopted a Working Cash Policy. The policy requires that Unrestricted Net Assets in the amount of 8% of annual budgeted operating expenses be retained for working cash purposes. Based on the policy, \$18.9 million of Unrestricted Net Assets are being retained for working cash purposes during 2019.

The ADA Paratransit service is excluded from this policy.

Investment Policy

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

Safety of Principal

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

Liquidity

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

Yield

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

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

Use of One Time Revenues

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

RTA Funding Policy

This policy establishes the basis for RTA funding of Pace and places restrictions on the use of Pace's retained earnings. RTA policy was to fund the established budgeted deficit of Pace and not the actual results for the year; however, RTA has rescinded this policy. RTA policy now is to pass through actual funding results based on the source. In addition, the policy restricts use of any funding provided as a result of a positive budget variance to capital projects or finite operating uses subject to RTA

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

Asset Inventory/Condition Assessment

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

Pace is also required by the FTA to develop and maintain a Transit Asset Management Plan (TAM). TAM plans include an asset inventory, condition assessments of inventoried assets, and a prioritized list of improvements to improve the state of good repair (SGR) of their capital assets. Transit providers are required to set performance targets for their capital assets based on SGR measures and report their targets, as well as other information related to the condition of capital assets, to the National Transit Database (NTD). All major assets are included in future capital improvement replacement plans contained in the annual capital program and budget document.

Risk Management

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

Pace currently maintains a \$5 million Self-Insured Retention (SIR) for each occurrence for Automobile Liability exposures. Insurance provides \$10 million in excess coverage above the SIR. For claims above \$15 million, additional Risk Financing techniques are available including Excess Auto Liability coverage and the ability to borrow funds through the RTA Loss Financing Plan. Excess General Liability insurance is also purchased from an insurance carrier for coverage above a SIR of \$2.5 million each occurrence. Additionally, Pace may utilize the RTA Loss Financing Plan to finance recovery from General Liability losses that may exceed \$12.5 million. Pace purchases other property/casualty excess policies including Workers Compensation, Pollution, Employment Practice Liability, Directors and Officers, Crime, Cyber, Property, and Boiler & Machinery.

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

Debt Policy

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

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

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

Suburban Service operating revenue is expected to be the revenue source dedicated for debt service payments. Pace generates over \$58 million annually in operating revenue, leaving a coverage ratio of greater than five when consid-

ering the estimated bond payment schedules for the authorization limit of \$100 million.

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

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

The 2019 budget includes appropriations for the interest and issuance costs associated with Pace's bond debt program. Pace will pay \$1.416 million in principal and interest for the fifth year of the \$12.0 million South Division garage bond in 2019. Pace is currently in the process of acquiring a location for a new garage in northwestern Cook County. The budget also includes \$1.379 million in principal and interest for the land acquisition for a Northwest Cook facility and \$0.300 million for the cost of bond issuance for the construction of a facility on this land. The other projects have yet to have a timeline formulated; however, a reimbursement resolution has been adopted by the Board of Directors that covers all four projects.

Basis of Accounting and Budgeting

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

Accounting

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

Budgeting

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

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

Reporting Entity

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

External Audit

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

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



Debt Administration - Bond Issues

PACE was authorized by the State of Illinois in 2013 to issue up to \$100 million in bonds for capital improvements. The legislation authorizing Pace to borrow money for capital improvements was restrictive in how Pace could issue the bonds, what projects could be financed, how much could be issued per project, and how the debt was to be repaid. Pace was authorized to issue bonds for converting the South Division garage in Markham to a compressed natural gas (CNG) facility, to construct a new garage in the northwestern Cook County suburbs, to construct a new paratransit garage in DuPage County, and to expand the North Shore garage in Evanston to accommodate additional indoor bus parking. On July 29, 2016, Pace's bonding authority was amended to allow Pace to purchase buses. This legislation did not change the total bonding authority, keeping it at \$100 million, however, eliminated the previous bonding limit for each purpose.

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

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

Bond Payments

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

Bond Rating

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

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

Bond Issues

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

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

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

The estimated total debt service is shown below.

	2019	2020	2021
Principal	\$1,910,000	\$4,250,000	\$4,250,000
Interest	885,428	3,000,353	2,729,856
Total Annual	\$2,795,428	\$7,250,353	\$6,979,856

2019 Budget

The 2019 Budget includes plans for issuing a bond to construct a new Northwest Division garage.

Actual and Estimated Debt Service Schedules

The following schedules show the actual and estimated annual principal and interest payments for the \$12.0 million ten-year South Division bond, and the \$14.2 million and \$46.8 million Northwest Division bonds.

Appendix I • Debt Overview

Schedule A. \$12.0 million South Division CNG Project

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

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

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

Schedule B. \$14.2 million Northwest Division Garage Project

20-year with an average coupon interest rate of 4.50% (000s)

Payment Year	Principal Payment	Interest Payment	Total Debt Service	Debt Outstanding
2019	\$710	\$669	\$1,379	\$13,490
2020	710	607	1,317	12,780
2021	710	575	1,285	12,070
2022	710	543	1,253	11,360
2023	710	511	1,221	10,650
2024	710	479	1,189	9,940
2025	710	447	1,157	9,230
2026	710	415	1,125	8,520
2027	710	383	1,093	7,810
2028	710	351	1,061	7,100
2029	710	319	1,029	6,390
2030	710	287	997	5,680
2031	710	255	965	4,970
2032	710	223	933	4,260
2033	710	191	901	3,550
2034	710	159	869	2,840
2035	710	127	837	2,130
2036	710	96	806	1,420
2037	710	64	774	710
2038	710	32	742	0
Total	\$14,200	\$6,736	\$20,936	

Pace plans on issuing a \$14.2 million 20-year bond for buying land for a new Northwest Division garage. As required by Statute, equal annual principal payments will be made. The annual debt service will be paid from the Suburban Service Fund's operating revenue.

Appendix I • Debt Overview

Schedule C. \$46.8 million Northwest Division Garage Project

20-year with an average coupon interest rate of 4.50% (000s)

Payment Year	Principal Payment	Interest Payment	Total Debt Service	Debt Outstanding
2020	\$2,340	\$2,206	\$4,546	\$44,460
2021	2,340	2,001	4,341	42,120
2022	2,340	1,895	4,235	39,780
2023	2,340	1,790	4,130	37,440
2024	2,340	1,685	4,025	35,100
2025	2,340	1,579	3,919	32,760
2026	2,340	1,474	3,814	30,420
2027	2,340	1,369	3,709	28,080
2028	2,340	1,263	3,603	25,740
2029	2,340	1,158	3,498	23,400
2030	2,340	1,052	3,392	21,060
2031	2,340	947	3,287	18,720
2032	2,340	842	3,182	16,380
2033	2,340	736	3,076	14,040
2034	2,340	631	2,971	11,700
2035	2,340	526	2,866	9,360
2036	2,340	420	2,760	7,020
2037	2,340	315	2,655	4,680
2038	2,340	209	2,549	2,340
2039	2,340	104	2,444	0
Total	\$46,800	\$22,202	\$69,002	

Pace plans on issuing a \$46.8 million 20-year bond for constructing a new Northwest Division garage. The issuance of the bond will not take place until plans and a construction contract has been awarded. Based on the size and repayment period, a competitive bid will be used and a bond rating secured. The annual debt service will be paid from the Suburban Service Fund's operating revenue.

Glossary

Budget Terms

administrative expense

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

capital budget

The appropriation of funds for the purchase of vehicles, land, equipment, and improvements/construction of facilities and infrastructure.

capital cost of contracting

The capital consumed during a transit service contract period, such as depreciation of vehicles, facilities, or equipment used by the contractor. Capital consumed may also include a proportionate share of the interest the contractor might pay out as the contractor purchases and makes available to the recipient of these capital assets.

cost per mile

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

cost per passenger

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

deficit

The excess of expense over revenue.

farebox revenue

Revenue from passenger fares and local, employer and other fare subsidies, exclusive of the State Reduced Fare Subsidy Program, interest income, and advertising revenues.

fares

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

fringe benefit expense (fringes)

Expense 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 (FTE) position

A position that totals 2,080 hours of annual service.

funding formula

A predetermined calculation used to determine a subsidy level or non-discretionary grant amount.

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.

non-vehicle maintenance expense

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

operating assistance

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

operating budget

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

operations expense

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

performance measure

A quantifiable indicator of performance or condition to assess progress toward meeting the established targets.

performance target

A quantifiable level of performance or condition that is projected to be achieved within a given time period.

private contract services

Transit service provided by companies or organizations under contract with Pace, also known as 'purchased transportation'.

program (noun)

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

recovery ratio

Operating revenues divided by operating expenses to calculate a percentage that measures efficiency.

Useful Life Benchmark (ULB)

The expected lifecycle of a capital asset, or the acceptable period of use in service for a particular transit provider's operating environment.

Transit Service Terms

accessible vehicle

A vehicle that a wheelchair bound person may enter either via an on board retractable lift or ramp, or directly from a station platform reached by a lift or a ramp.

ADA paratransit service

Accessible transportation service required by the ADA for individuals with disabilities who may not be able to use fixed route transportation services.

Americans with Disabilities Act (ADA)

Civil rights legislation that was signed into law in 1990. Transit systems are required to offer accessible mainline services and complementary ADA paratransit services and were given until January 1997 to achieve full compliance.

Arterial Rapid transit (ART)

Transit service along an arterial roadway that typically includes Transit Signal Priority (TSP) and queue jump lanes to improve travel times.

Bus on Shoulder (BoS)

Bus service that can use shoulder lanes on expressway corridors to bypass slow traffic, thus reducing travel times. In 2014, the Illinois General Assembly enacted legislation permanently allowing Bus on Shoulder service and expanding that permission to all the region's expressways and tollways.

Bus Rapid Transit (BRT)

Bus service that operates primarily in a separated right-of-way that emulates rail fixed guideway services including defined stations, level boarding platforms, TSP, and queue jump lanes.

Call-n-Ride

See On Demand.

Chicago Metropolitan Agency for Planning (CMAP)

The regional planning organization for northeastern Illinois.

Chicago Transit Authority (CTA)

One of the three service boards overseen by the RTA. CTA operates bus and Rapid Transit (rail) service in the City and surrounding suburbs.

demand response service

Non-fixed route service dispatching vans or small buses based on origin and destination demand activation from passengers.

Dial-a-Ride (DAR)

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

express bus

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

feeder route

A route with the primary purpose of transporting riders from residential areas to a Metra station.

fixed route service

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

flex lane

A seventeen and a half foot inside lane on the Jane Addams Tollway (I-90) launched in 2017 and designated for Pace bus use only to route around traffic congestion.

full size bus

A bus 35 feet or greater in length.

Intelligent Bus System (IBS)

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

low income individual

A person whose family income is at or below 150% of the poverty line, as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

medium size bus

A bus 30 to 34 feet in length.

Metra (Commuter Rail Division)

One of the three service boards overseen by the RTA. Metra operates commuter rail service in northeastern Illinois.

National Transit Database (NTD)

FTA's primary national database for statistics on the transit industry.

On Demand

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

Pace (Suburban Bus Division)

One of the three service boards overseen by the RTA. Pace operates non-rail suburban public transit service as well as ADA Paratransit service in the City of Chicago.

Paratransit service

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

Posted Stops Only

On select Pace routes, riders are required to get on or off the bus only at a designated bus stop, as opposed to a flag-stop in which passengers are allowed to board or alight a bus anywhere it is safe to do so.

public transportation

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

Pulse

A branding name for Pace's Arterial Rapid Transit network.

queue jump

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

Regional ADA paratransit service

The combination of Suburban and the City of Chicago ADA paratransit services.

Regional Transportation Authority (RTA)

Agency charged with financial oversight, funding, and regional transit planning of the six-county Chicago metropolitan region's service boards (CTA, Metra, and Pace).

ridership (unlinked passenger trips)

The number of transit vehicle boardings in which each passenger is counted each time that person boards a vehicle.

rolling stock

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

senior

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

service board

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

Shuttle Bug route

A public-private partnership between the TMA of Lake Cook, Pace, Metra, and area businesses to provide convenient bus service connections between participating businesses and Metra stations.

small bus

A bus 29 feet or less in length.

Suburban service

All Pace services and programs with the exception of ADA Paratransit services.

Taxi Access Program (TAP)

Program operated in the City of Chicago which 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.

Transit Signal Priority (TSP)

TSP utilizes vehicle location and wireless communication technology to advance or extend green times at signalized intersections to reduce bus travel times and improve schedule adherence.

Transportation Management Association (TMA)

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

urbanized area

An incorporated area with a population of 50,000 or more that is designated as such by the U.S. Department of Commerce, Bureau of the Census.

van

A vehicle 20-feet in length or shorter, usually with an automotive-type engine and seating normally entered directly through side doors rather than from a central aisle, used for demand response and vanpool service.

vanpool

A group of 5-14 people who commute to and from work together in a Pace owned van.

Ventra®

The Open Standards Fare System (Ventra) is an electronic fare payment system used by CTA, Metra, and Pace riders that has replaced the former Chicago Card and Transit Card automated fare collection system.

Funding Terms

Better Utilizing Investments to Leverage Development (BUILD)

Discretionary grants program that funds investments in transportation infrastructure, including transit. The Consolidated Appropriations Act of 2018 made available \$1.5 billion for National Infrastructure Investments, through September 30, 2020. BUILD Transportation grants replace the Transportation Investment Generating Economic Recovery (TIGER) grant program.

Bus & Bus Facilities Infrastructure Investment Program (49 U.S.C. 5339)

Federal funding provided through formula allocations and competitive grants. Eligible activities include capital projects to replace, rehabilitate and purchase buses, vans, and related equipment, and to construct bus-related facilities, including technological changes or innovations to modify low or no emission vehicles or facilities.

Congestion Mitigation/Air Quality (CMAQ)

A federal grant program designed to support transportation projects which reduce traffic congestion and improve air quality.

Discretionary operating 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.

Enhanced Mobility of Seniors and Individuals with Disabilities

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

Federal Emergency Management Agency (FEMA)

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

Federal Transit Administration (FTA)

An agency within the U.S. Department of Transportation (DOT) that provides financial and technical assistance to local public transit systems.

Fixing America's Surface Transportation (FAST) Act

Congress establishes the funding for FTA programs through authorizing legislation that amends Chapter 53 of Title 49 of the U.S. Code. On December 4, 2015, the FAST Act (Pub. L. No. 114-94) authorized \$305 billion over fiscal years 2016 through 2020 for highway, highway and motor vehicle safety, public transportation, motor carrier safety, hazardous materials safety, rail, and research, technology, and statistics programs.

grants

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

Illinois Department of Transportation (IDOT)

Agency responsible for state-maintained public roadways in Illinois and provides capital and student reduced fare funding for public transit.

Illinois Emergency Management Agency (IEMA)

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

Innovative, Coordination and Enhancement (ICE) Fund

Established by the RTA Act in 2008 at \$10 million, adjusting annually with changes in sales tax collected. Funds are used to enhance transit services through effective management, innovation, and technology.

marks

Level of funding provided by the RTA to the service boards.

Moving Ahead for Progress in the 21st Century Act (MAP-21)

MAP-21 (P.L. 112-141) was signed into law in 2012, funding surface transportation programs at over \$105 billion for fiscal years 2013 and 2014. The Surface Transportation Extension Act of 2015, Part II (P.L. 114-87) extended funding through December 4, 2015.

New Freedom

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

New Starts Program

An FTA discretionary grant program that funds capital investments including fixed guideway transit projects totaling \$300 million or more, or the funding sought equals or exceeds \$100 million.

Pace Bond Program

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

Positive Budget Variance (PBV)

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

Public Transportation Fund (PTF)

An operating subsidy from the State of Illinois equivalent to 30% of the RTA sales tax and Chicago real estate transfer tax (RETT) collected. The 25% PTF match on the Chicago RETT is directed to CTA.

Real Estate Transfer Tax (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.

Regional Transit Signal Priority Implementation Program (RTSPIP)

To ensure that an integrated TSP system is implemented across the different transit and highway jurisdictions in the six-county northeastern Illinois region, the RTA is providing funding and program management services for a comprehensive effort known as the RTSPIP, involving 13 priority transit corridors spanning about 100 miles of roadway and 400 signalized intersections.

RTA Bond Funding

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

RTA Sales Tax Part I

A sales tax of 1% in Cook County and 1/4% in the collar counties of DuPage, Kane, Lake, McHenry, and Will. Eighty-five percent of the sales tax is fully distributed to the service boards by the RTA according to formulas established by the RTA Act (also known as formula funds or 85% funds).

Fifteen percent of the sales tax is retained by the RTA. A portion of these funds may be distributed to the service boards at its discretion; also, known as discretionary funds.

RTA Sales Tax Part II

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

Small Starts

An FTA discretionary grant program that funds capital investments including fixed and non-fixed guideway transit projects totaling less than \$300 million, or the total funding sought is less than \$100 million.

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.

Suburban Community Mobility Fund (SCMF)

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.

State of Good Repair (SGR)

The condition in which a capital asset is able to operate at a full level of performance.

Transfer Capital

Budget year operating funds directed to capital projects.

Transit Asset Management (TAM)

A strategic and systematic process of operating, maintaining, and replacing public transportation capital assets effectively throughout the life cycle of such assets. 49 U.S.C. 5326 establishes minimum Federal requirements for TAM that apply to all recipients and subrecipients of chapter 53 funds that own, operate, or manage public transportation capital assets.

Transit Asset Management Plan

A TAM plan is a tool that aides a transit provider in: (1) Assessing the current condition of its capital assets; (2) determining what the condition and performance of its assets should be; (3) identifying the unacceptable risks in continuing to use an asset that is not in a state of good repair; and (4) deciding how to best prioritize anticipated funds towards improving asset condition and achieving a sufficient level of performance within those means. The TAM Final Rule (49 CFR Parts 625 and 630) requires public transportation providers to have an initial TAM plan in place by October 1, 2018.

Unified Work Program (UWP)

The planning projects the CMAP and other agencies undertake each year to enhance transportation in northeastern Illinois. The Fiscal Year 2019 UWP awarded more than \$17.9 million in federal funding dedicated to transportation planning in the northeastern Illinois region.

Unrestricted net assets (fund balance)

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.

Urbanized Area Formula Funding Program (49 U.S.C. 5307)

Federal funding apportioned based on legislative formulas. Eligible activities include: planning, engineering, design and evaluation of transit projects and other technical transportation-related studies; capital investments in bus and bus-related activities such as replacement, overhaul and rebuilding of buses, crime prevention and security equipment and construction of maintenance and passenger facilities; and capital investments in new and existing fixed guideway systems including rolling stock, overhaul and rebuilding of vehicles, track, signals, communications, and computer hardware and software. In addition, associated transit improvements and certain expenses associated with mobility management programs are eligible under the program. All preventive maintenance and some ADA complementary paratransit service costs are considered capital costs.

This page intentionally left blank.

Public Hearings

Appendix K • Legal Notice-Public Hearings

Legal Notice - Pace, Suburban Bus Division of the RTA

Public Hearing on Pace's Proposed
2019 Operating and Capital Programs,
2019-2021 Financial Plan for Operations,
2019-2023 Capital Plan

NOTICE is hereby given that Pace, the Suburban Bus Division of the Regional Transportation Authority, is holding public hearings on its proposed program and budget for the year 2019 (January 1, 2019 through December 31, 2019), the operating financial plan for 2019-2021 and the capital plan for 2019-2023.

Pace presents a balanced and stable budget for 2019 as no general fare increases are proposed for Suburban Service or Regional ADA Paratransit.

The following routes do not meet minimum performance standards of efficiency, productivity and ridership, and are proposed to be discontinued before April 1, 2019. Funds will be re-invested to enhance service.

- Route 209 Busse Highway (Saturday service discontinued only)
- Route 304 North Riverside—LaGrange
- Route 326 West Irving Park
- Route 348 Harvey—Riverdale—Blue Island (Saturday service discontinued only)
- Route 362 South Park Forest
- Route 504 South Joliet (Saturday service discontinued only)
- Route 532 Illinois Avenue
- Route 540 Farnsworth Avenue (Saturday service discontinued only)
- Route 546 Orange—Walnut (Saturday service discontinued only)
- Route 590 Round Lake Area Call-N-Ride (On-Demand)
- Route 661 Southwest Westmont
- Route 681 Lincoln Park—Naperville Metra
- Route 809 Richmond—Fox Lake Metra Station
- Route 824 East Bolingbrook—Lisle

Any person wishing to comment on the proposed budget may present views orally at the public hearings or by submitting written material on or before the last date of the hearings, which is Wednesday, October 31, 2018, or by accessing our website at PaceBus.com in the “Public Hearing Comment Form” area.

Individuals with disabilities who plan to attend these hearings and who require accommodations other than transportation, and individuals who require translation into a language other than English to allow them to observe and/or participate are requested to contact Pace at (847) 364-7223 option 3, five (5) business days prior to the scheduled hearing.

Budget information will be available after October 10, 2018 at most public libraries, as well as township, city and village offices in the six county Pace region. Copies of the proposed program and budget are available for public inspection at:

Pace
550 West Algonquin Road,
Arlington Heights, IL 60005-4412

You can also view the document at Pacebus.com by clicking on “About Pace” and selecting the link “Budget Documents,” followed by “Pace 2019 Proposed Budget.”

Appendix K • Legal Notice-Public Hearings

Schedule of Public Hearings

Pace will hold public hearings on its proposed budget at the following locations. The public is invited to attend and comment.

<u>County</u>	<u>Hearing Location, Date & Time</u>
Will County	Joliet Public Library, Meeting Room B (second level) 150 N. Ottawa Street Joliet, IL 60432 Monday, October 22, 2018 3:00pm-5:00pm
Lake County	Waukegan Public Library, Bradbury Room 128 N. County Street Waukegan, IL 60085 Monday, October 22, 2018 3:30pm-5:30pm
City of Chicago - Southeast	Vodak-East Side Branch Library 3710 E. 106th Street Chicago, IL 60617 Tuesday, October 23, 2018 3:30pm-5:30pm
North Cook County	Pace Headquarters, Room 131b 550 W. Algonquin Road Arlington Heights, IL 60005 Tuesday, October 23, 2018 4:00pm-6:00pm
Southwest Cook County	Worth Village Hall, Board Room 7112 W. 111th Street Worth, IL 60482 Wednesday, October 24, 2018 4:00pm-6:00pm
West Cook County	Howard Mohr Community Center 7640 Jackson Boulevard Forest Park, IL 60130 Thursday, October 25, 2018 4:00pm-6:00pm

Appendix K • Legal Notice-Public Hearings

<u>County</u>	<u>Hearing Location, Date & Time</u>
McHenry County	Crystal Lake Municipal Complex, Council Chambers 100 W. Woodstock Street Crystal Lake, IL 60014 Thursday, October 25, 2018 4:30pm-5:30pm
City of Chicago - West	Chicago Police 10th District 3315 West Ogden Avenue Chicago, IL 60623 Friday, October 26, 2018 4:00pm-6:00pm
South Cook County	Homewood Village Hall, Board Room 2020 Chestnut Road Homewood, IL 60430 Monday, October 29, 2018 4:00pm-6:00pm
Kane County	Kane County Government Center, Auditorium 719 S. Batavia Avenue Geneva, IL 60134 Monday, October 29, 2018 4:00pm-6:00pm
DuPage County	DuPage County Government Center, Meeting Room 3500B 421 N. County Farm Road Wheaton, IL 60187 Tuesday, October 30, 2018 4:00pm-6:00pm
City of Chicago - North	Sulzer Regional Library 4455 N. Lincoln Avenue Chicago, IL 60625 Wednesday, October 31, 2018 12:00pm-2:00pm

Pace Quick Facts

Service Characteristics

Background data on the Pace service is provided below.

			<u>2017</u> <u>Actual</u>	<u>2018</u> <u>Estimate</u>	<u>2019</u> <u>Budget</u>
Fixed Route Service		Ridership (000s)			
Number of Fixed Routes (August 2018)	225	Fixed Route	28,804	27,898	27,773
• Regular Routes	162	Dial-a-Ride*	1,048	1,039	1,039
• Feeder Routes	43	Vanpool	1,518	1,554	1,554
• Shuttle Routes	20	Total Suburban Service	31,370	30,490	30,366
<i>(All Routes are Accessible)</i>		Regional ADA*	4,256	4,290	4,335
Peak Period Vehicle Requirements	626	Total System	35,626	34,780	34,701
Vehicles in Service	780	Vehicle Miles (000s)			
Number Accessible	780	Fixed Route	30,291	30,308	30,543
Average Vehicle Age	5.4 years	Dial-a-Ride	4,934	4,849	4,849
Contractor-Owned Vehicles in Pace Service	0	Vanpool	9,497	8,856	8,856
Number of Private Contractors	2	Total Suburban Service	44,721	44,012	44,247
Number of Pace Garages	11	Regional ADA	33,407	32,318	32,659
Number of Pace Municipal Contractors	2	Total System	78,128	76,330	76,906
Paratransit		Vehicle Hours (000s)			
Number of Communities Served	284	Fixed Route	1,929	1,968	1,998
Number of Local Dial-a-Ride Projects	68	Dial-a-Ride	267	264	264
Vehicles in Service	552	Vanpool	N/A	N/A	N/A
Average Vehicle Age	3.8 years	Total Suburban Service	2,196	2,232	2,262
Community Transit Vehicles in Svc (August 2018)	94	Regional ADA	2,385	2,301	2,325
Contractor-Owned Vehicles in City ADA Service	781	Total System	4,580	4,534	4,587
Vanpool					
Vans in Service (August 2018)—Traditional	200	<i>*Ridership includes companions and personal care attendants.</i>			
Vans in Service (August 2018)—Employer Shuttle	15				
Vans in Service (August 2018)—Advantage	341				
Total Vans in Service	556				
Average Vehicle Age	3.1 years				
Other					
Number of Pace Employees (Includes ADA Staff)	1,809				

Ridership

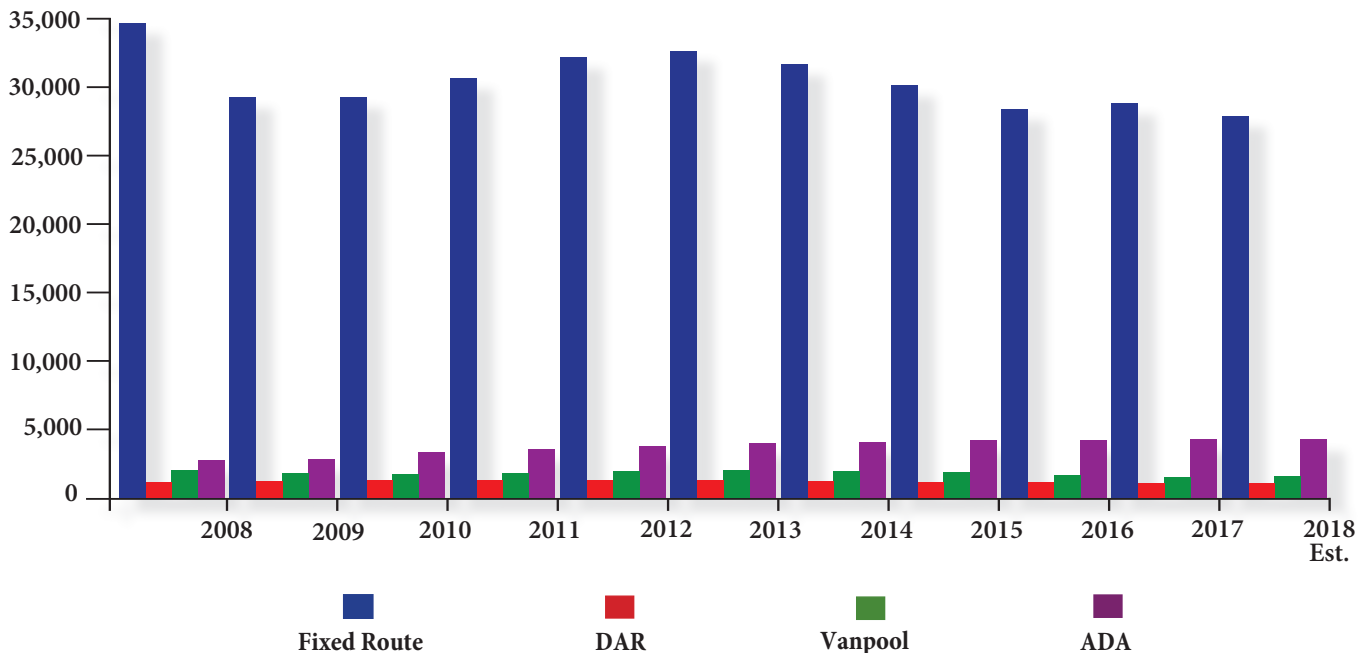
The following table details the ridership performance of Pace’s various services for the last ten years.

Table 47. Pace 2008–2018 Ridership Historical Summary (000s)

	<u>Fixed Route</u>	<u>DAR</u>	<u>Vanpool</u>	<u>Total Suburban Service</u>	<u>ADA</u>	<u>Total System</u>
2008	34,655	1,103	2,021	37,779	2,727	40,507
2009	29,247	1,230	1,810	32,287	2,790	35,077
2010	29,292	1,273*	1,751	32,316	3,310*	35,626
2011	30,630	1,293	1,778	33,701	3,546	37,247
2012	32,151	1,280	1,962	35,393	3,776	39,170
2013	32,645	1,276	2,000	35,921	3,968	39,889
2014	31,650	1,223	1,923	34,796	4,088	38,883
2015	30,120	1,147	1,851	33,119	4,227	37,346
2016	28,398	1,109	1,664	31,171	4,178	35,349
2017	28,804	1,048	1,518	31,370	4,256	35,626
2018 Est.	27,898	1,039	1,554	30,490	4,290	34,780

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

Chart T. Pace 2008-2018 Historical Ridership (000s)



Acknowledgements

This document was produced under the direction of *Rocky Donahue, Deputy Executive Director, External Relations/Internal Services*, and would not be possible without the support of the following people:

Budget Planning & Analysis

Renaldo Dixon

Melanie Castle

Cristina Pucillo

Kristian Skogsbakken

Lindsey Hahn

Department Manager, Budget Planning & Analysis

Principal Budget Analyst

Principal Budget Analyst

Senior Budget Analyst

Budget Analyst

Capital Financing & Infrastructure

Janet Kuhn

Jonathan Christ

Capital Infrastructure Program Manager

Transit Asset Management Coordinator

Production & Graphics

Karen Kase

Laurie Machnik

Administrative Supervisor

Construction Document Controller

Contributors

Lorraine Snorden

Melinda Metzger

Lindsey Umek

Susan Rushing

James Garner

Doug Sullivan

Ruth Herlache

David Tomzik

Sally Ann Williams

Jim Egeberg

Kevin Salmi

Maggie Skogsbakken

Richard Yao

Hong Yang

Ryan Ruehl

Deputy Executive Director, Strategic Services

Deputy Executive Director, Revenue Services

Department Manager, Bus Operations

Department Manager, Community Relations

Department Manager, Research & Analysis

Department Manager, Marketing & Communications

Department Manager, IT Administration & Project Delivery

Department Manager, Strategic & Capital Planning

Division Manager, Paratransit Services

Section Manager, Debt Management

Section Manager, Service Analysis

Manager, Media Relations

Senior Market Research Analyst

Lead GIS Software Developer

Rapit Transit Corridor Planner



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, 2018.

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.



PaceBus.com
(847) 364-8130
550 W. Algonquin Rd.
Arlington Heights, IL 60005