

## 2002 Operating and Capital Program

## 2002–2004 Financial Plan for Operations, and

## 2002–2006 Capital Plan

**Proposed October 2001**

*A fresh approach to public transportation*



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# Pace Proposed 2002 Budget—October, 2001

## Chairman's Message

Dear Stakeholders:

On behalf of Pace, the Suburban Bus Division of the Regional Transportation Authority, I am pleased to provide you with our proposed 2002 budget document. It contains the agency's financial plan for both capital and operations expenditures.

We have weathered a tough year financially in 2001. The costs of fuel, labor and health insurance escalated more rapidly than our revenues. The RTA once again required us to recoup 40% of our operating costs from passenger fares and outside revenue, a farebox recovery ratio which is extremely high for a suburban transit agency. As a result, we were forced to raise fares and reduce or eliminate services.

Our total bus mileage operated is actually higher in 2001 than in 2000. While a number of factors contribute to that increase, there remains positive indications that Pace is still a growing agency striving to accommodate a broad spectrum of needs. We formed new partnerships and developed new programs that would enable us to continue our efforts towards expanding the concept of public transportation in the suburbs. Taking advantage of the federal Job Access Reverse Commute Program, additional service was added on several major routes to the benefit of local employers. As outlined in last year's budget, revenues were increased through subsidies from municipalities and businesses. We have a service agreement with the Village of Downers Grove. Companies such as UPS and Aon fund operating costs for service to their facilities, as does Northwestern University. Building on the success of our Vanpool Incentive Program (VIP), which this year reached an all-time high of 372 vans in service, Pace introduced a new Municipal Vanpool Program. For a reasonable monthly cost, a community can now enjoy greater flexibility in serving their residents. In addition, we are continuing to place bike racks on buses and putting the final touches on our new Comprehensive Operating Plan, the blueprint for Pace's future. Finally, as of Saturday, June 30, 2001, all weekend service is accessible for persons with disabilities.

Despite these successes, there remain great financial obstacles ahead. In order to maintain our existing route network, as well as our paratransit operations, in 2002 we will need \$81 million in public funding. The RTA chose to provide Pace with only \$79.05 million, leaving us to compensate for a shortfall of approximately \$2 million.

To close this gap, we are pursuing a procedure called "capital cost of contracting" which would allow us to use federal funds for a portion of the operating cost in our contracts with private contractors. The capital cost of contracting could provide Pace with an extra \$7.8 million to use as part of our 2002 operating budget. This amount would be enough to cover the \$2 million shortfall and give our agency the capability to expand as long as we maintain the 40% farebox recovery ratio. While we believe this to be a viable solution, it may become necessary in 2002 to once again make hard choices and give consideration to the possibility of additional service cutbacks.

It is my hope that through our combined efforts, we can still work to improve public transportation in northeastern Illinois. Carefully review this document and as you have in the past, share your thoughts with us. We count on your support and ideas to help Pace thrive for the mutual benefit of all its stakeholders.

Sincerely,



**John J. Case**  
Chairman

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## Operating Program and Budget

The 2002 operating and capital program and budget contained in this document is summarized as follows:

The 2002 operating expense totals \$133.0 million. This cost will be covered by \$51.9 million in operating revenue, \$79.1 million in RTA operating subsidies and \$7.9 million in federal funds. New for 2002, Pace will pursue a federal capital cost of contracting grant which provides funding for the capital cost of private service contracts. This grant for \$7.8 million will provide a new funding source which supports Pace services. Without it, Pace would face a \$1.9 million shortfall in 2002.

**O**n September 14th, RTA set a funding level of \$79.1 million and a 40% recovery ratio for Pace. The recovery mark represents the third year in which the RTA has set the 40% benchmark. Pace has had to increase fares in 2000 and 2001 to meet this recovery level. For 2002, Pace will rely heavily on a farebox recovery rate credit allowed by RTA which is based on the inclusion of local funding for labor costs associated with the ADvAn-tage program as a local share revenue.

The Pace Board has decided to pursue the federal capital cost of contracting grant as a means to avert further service reductions in 2002. The grant for \$7.8 million will fund the \$1.9 million gap between the operating deficit and RTA financial support. Further, it will make \$5.9 million available for other purposes. Pace is evaluating its financial position and developing recommendations with respect to the use of these funds. We expect to finalize these recommendations prior to adoption of the final budget in November 2001.

Lastly, the 2002 budget contains a proposal to increase vanpool fares by approximately 3% in April of 2002. Higher fuel prices in 2001 have resulted in decline in the vanpool recovery rate, despite a fare adjustment in April 2001.

**Table 1. 2002 Operating Budget Summary (000's)**

	2002 Budget
Total Operating Expense	\$ 132,957
Less: System Generated Revenue	51,860
<hr/>	
Funding Requirement	\$ 81,097
Less: RTA Funding for Operations	79,052
Federal CMAQ/JARC Funding	182
Federal Capital Cost of Contracting Funding	7,760
<hr/>	
Net Funding Available	\$ 5,897
System Recovery Ratio	40.0%

## Capital Program and Budget

The 2002 capital program totals \$59.0 million for the existing Pace system. The Regional Transportation Authority (RTA), the Federal Transit Administration (FTA), and the Illinois Department of Transportation (IDOT) are expected to provide \$56.1 million while Pace will commit \$2.9 million from its own funds.

The program contains \$41.1 million for 53 fixed route replacement buses and 11 expansion buses, 43 paratransit replacement buses, 174 vanpool vehicles, associated capital, bus overhaul/maintenance expense, 90 wheelchair securement upgrades, and capital cost of contracting.

Electrical, signal, communications totaling \$7.0 million are included in the 2002 program for completion funding of Pace's Intelligent Bus System (IBS).

Support facilities and equipment totaling \$6.7 million are included in the 2002 program. Projects include improvements to garages, purchase of garage tools and equipment, computers and computer systems, office equipment and non-revenue vehicles.

Stations and passenger facilities total \$2.1 million for the construction of a transfer facility at the United Parcel Services (UPS) facility in Hodgkins as well as funds for Pace's ASSET (Assistance Strategy to Strengthen and Encourage Transit) Grant program.

Lastly, \$2.1 million is programmed for contingencies and project administration.

**Table 2. 2002 Capital Program (000's)**

	Amount
Rolling Stock and Related Systems	\$ 41,128
Electrical/Signal/Communications	7,000
Support Facilities and Equipment	6,752
Stations and Passenger Facilities/Miscellaneous	2,050
Contingencies/Project Administration	2,083
<b>Grand Total</b>	<b>\$ 59,013</b>

## Budget Issues

The RTA has set its 2002 operating funding level for Pace at \$79.052 million. Pace’s status quo budget for 2002 requires \$81.097 million in funding. Federal funds for special service programs will provide \$.183 million, leaving a shortfall of \$1.863 million. The Pace Board considered two general approaches to address this shortfall.

The first approach considered would require a reduction in expenses, which translates into a reduction in services. Pace would need to cut \$2.3 million in services to achieve a net savings of \$1.863 million due to the revenue loss in associated fares from these services. Given the fact that Pace has raised fares and reduced services for the last two years in order to meet the RTA budget marks for recovery ratio and funding, the prospect of a third year of cutbacks and associated ridership losses is something the Pace Board would like to avoid.

The second approach, identified by staff, would be to pursue additional funding from other sources. Pace has a history of aggressively pursuing external funding for transit services from both public and private sector sources. These sources, such as federal programs like CMAQ, JARC, Welfare-to-Work, as well as local government and private sector contributions, have allowed Pace to provide a level of service beyond that supported by RTA funding. Pace also has a history of contracting with the private sector for the actual delivery of public transportation services. A leader in this area, nearly \$24 million or 18% of Pace’s budget is committed to private service contracts.

**A** staff identified solution to close the funding gap is to pursue a federal Capital Cost of Contracting grant to fund a portion of its private sector contract budget. Based on Pace’s private sector service program and FTA’s allowances under the revised regulations for capital cost of contracting funding, Pace would be eligible for \$7.760 million in funding from this source. This funding source could be used to close the 2002 funding gap, thereby eliminating the negative impact associated with service reductions.

The Pace Board has considered this approach at its meeting on September 20th after learning of the RTA funding marks set September 14th. Based on the discussion at that meeting, they have directed staff to prepare a 2002 budget (this document) for public hearing purposes which relies on federal capital cost of contracting funds to address the shortfall.

### Budgetary Impact of Capital Cost of Contracting

The following table illustrates the impact this funding method will have on Pace’s operating program.

**Table 3. 2002 Pace Operating Budget with and without Capital Cost of Contracting (CCC)**

(000's)	Without CCC	With CCC
Funding Requirement	\$ 81,097	\$ 81,097
RTA Funding	79,052	79,052
Federal Funding (CMAQ, JARC)	182	182
Federal Capital Cost of Contracting	0	7,760
(Shortfall)/Available	\$ (1,863)	\$ 5,897

Application of the capital cost of contracting funds will eliminate the shortfall and make available \$5.9 million which can be used for other purposes. Plans for the use of these funds are being developed in accordance with existing policies to ensure Pace’s financial stability. In order to accommodate this use of federal funds, Pace will realign its fleet replacement plan over the five year capital plan horizon. All vehicles scheduled to be replaced in the five year period will be replaced, however, the timing of those purchases will be modified to allow for this use of funds. Further detail on the capital program is provided in this document.

## Ridership

The following table identifies projected ridership changes by operating element for years 2000 through 2004.

**Table 4. Pace 2002-2004 Ridership Projections**

(000's)	2000 Actual	2001 Estimated	% Change	2002 Projected	% Change	2003 Projected	% Change	2004 Projected	% Change
Pace Owned Carriers	32,330	31,174	-3.6%	30,862	-1.0%	31,294	1.4%	31,889	1.9%
CMAQ Service	419	110	-73.7%	112	1.8%	114	1.8%	116	1.8%
Public Carriers	928	916	-1.3%	916	0.0%	930	1.5%	944	1.5%
Private Carriers	2,372	2,287	-3.6%	2,241	-2.0%	2,196	-2.0%	2,153	-2.0%
<b>Total Fixed Route</b>	<b>36,049</b>	<b>34,487</b>	<b>-4.3%</b>	<b>34,131</b>	<b>-1.0%</b>	<b>34,534</b>	<b>1.2%</b>	<b>35,102</b>	<b>1.6%</b>
Dial-a-Ride	1,163	1,134	-2.5%	1,136	0.2%	1,159	2.0%	1,182	2.0%
ADA/Paratransit	385	395	2.6%	400	1.3%	408	2.0%	416	2.0%
Vanpool	1,055	1,200	13.7%	1,323	10.3%	1,482	12.0%	1,669	12.6%
Downers Grove	0	122	100.0%	123	0.8%	124	0.8%	125	0.8%
Schaumburg	0	44	100.0%	44	0.0%	45	2.3%	46	2.2%
Municipal Vanpool	0	7	100.0%	37	428.6%	61	64.9%	84	37.7%
<b>Grand Total</b>	<b>38,652</b>	<b>37,389</b>	<b>-3.3%</b>	<b>37,194</b>	<b>-0.5%</b>	<b>37,813</b>	<b>1.7%</b>	<b>38,624</b>	<b>2.1%</b>

Pace ridership is expected to decline 3.3% in 2001, down 1,263,000 trips below 2000 levels. Consecutive year fare increases (2000 and 2001) are responsible for the estimated loss in ridership. While vanpool and ADA ridership growth are estimated to finish up in 2001, their growth will be insufficient to offset the current estimated decline in fixed route riders.

Ridership is projected to remain essentially constant at estimated 2001 levels in 2002. The residual effect of the two fare increases are projected to result in a further 1.0% decline in fixed route riders in 2002, however, continued expansion of the vanpool and ADA programs, and implementation of the new municipal vanpool program will help mitigate part of the fixed route loss. Continued expansion of the vanpool program

is anticipated to contribute 123,000 additional riders next year. The ADA paratransit program will contribute an additional 5,000 riders, and the municipal vanpool program is projected to add 30,000 new riders in 2002.

Further ridership growth is projected at annual rates of 1.7% and 2.1% for outlying years 2003 and 2004, respectively. The increase assumes a 1.2% and 1.6% annual increase to the fixed route ridership base. ADA paratransit ridership is estimated to grow at a greater rate than fixed route ridership in the outlying years. Continued expansion of the vanpool program is also anticipated through the year 2004, with ridership growing over 12% annually in 2003 and 2004.



## Recovery Ratio

The recovery ratio is defined as being the ratio of operating income to operating expense. Operating income includes fares, local share contributions, interest and advertising revenues and the State half-fare subsidy. Subsidies provided through the RTA, and the proceeds of borrowing cannot be considered as operating income. Operating expenses include all properly classified operating costs but exclude depreciation, debt service and capital expenditures.

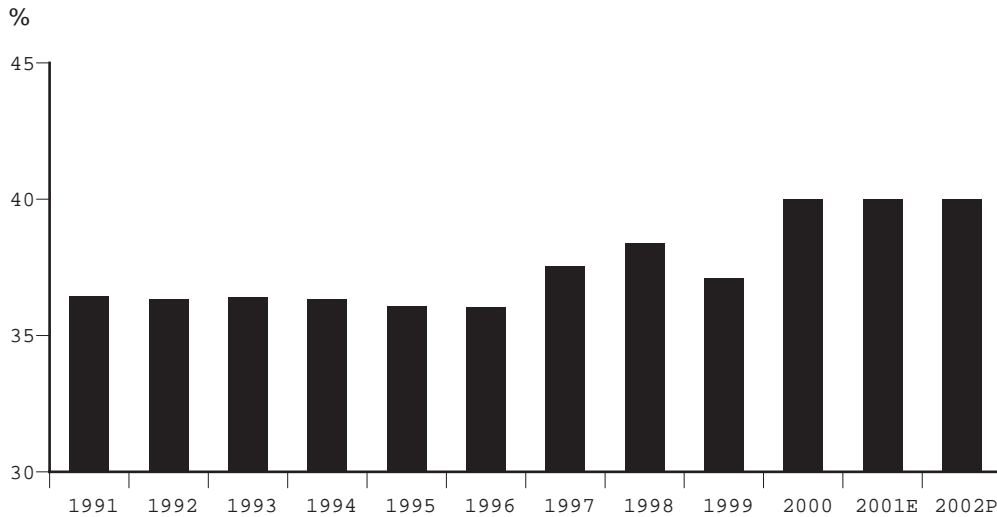
Throughout the 1990's Pace's recovery ratio averaged 36.8% and was very stable at that level (reference chart A).

In 2000, the RTA increased Pace's recovery rate to 40%, significantly higher than its historical performance. The increased ratio was met in 2000 primarily as the result of a one-time insurance transaction which netted Pace \$1.9 million in income. This transaction, combined with a fare increase and reductions in services and staffing levels, essentially brought Pace to the 40% level.

For 2001, the RTA maintained the 40% requirement for Pace, which was achieved by a second fare increase, service reductions, and a reduction in staffing. The RTA also provided Pace with an allowance to include the labor costs incurred by participants in the ADvAntage program as a local share revenue.

The 40% 2002 recovery mark set by the RTA will be reached, largely based on the growth of the ADvAntage program credit, which is expected to contribute \$2.2 million or a full percentage point to the 2002 recovery ratio calculation.

**Chart A. Recovery Ratio**



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# 2002 Operating Budget

## Summary

The RTA Board of Directors on September 14, 2001 established Pace's 2002 funding level at \$79,052,000 for operations and a farebox recovery ratio of 40.0%. The RTA funding mark represents a \$1.9 million shortfall from Pace's needs for 2002. This shortfall has been addressed by relying on federal funding to cover capital consumed in the course of contracting with private operators for service. The concept is called "Capital Cost of Contracting," and Pace qualifies for \$7.8 million in federal funding based on its volume of private contracts.

In an effort to continue to meet the 40% recovery requirement, Pace will utilize the provision granted by the RTA for 2000 and 2001 whereby costs incurred by the ADvAntage contractors will be factored into calculating the recovery ratio. For 2002, Pace will apply \$2.2 million in order to achieve the 40% requirement.

No general fare increase is proposed for 2002, however, Pace's vanpool fares will increase by approximately 3% in order to help offset the program's declining recovery rate performance.

Expense growth will rise 4.3% with growth above inflation coming largely from continued expansion of several programs—vanpool and ADA paratransit. Pace continues to maintain tight control of both labor and non-labor costs despite volatile swings that continue to occur in fuel, utility/natural gas and health care costs. A detailed review of the 2002 operating program is provided in this section.

**Table 5. 2002 Operating Budget Summary (000's)**

	2000 Actual	2001 Estimate	2002 Budget
Total Operating Expense	\$ 121,157	\$ 127,436	\$ 132,957
Less: System-Generated Revenue	46,224	51,057	51,860
Loss Portfolio Transaction	1,939	0	0
Funding Requirement	\$ 72,994	\$ 76,379	\$ 81,097
Less: RTA Funding for Operations	\$ 71,772	\$ 75,002	\$ 79,052
Congestion Mitigation (CMAQ)	771	217	110
Job Access (JARC)	0	333	72
Capital Cost of Contracting	0	0	7,760
Other Federal Funds	(73)	0	0
Net Funding Available	\$ (524)	\$ (827)	\$ 5,897
System Recovery	39.75%	40.06%	39.01%
System Recovery with ADvAntage Contribution	40.04%	40.34%	40.00%
Contribution	\$ 579	\$ 579	\$ 2,200

## Source of Funds

Pace relies on two primary sources of fund operations—public funds and operating revenues. Public funds come from two major sources—the RTA provides sales tax and a portion of a state subsidy that comes via the public transportation fund (PTF). Pace also receives public funds directly from the federal government. Funding sources are detailed below.

### Sales Tax

Section 4.03(e) of the Amended RTA Act allows the RTA to impose a 1% sales tax in Cook County and a 1/4 percent sales tax in Will, Kane, Lake, DuPage and McHenry Counties. Section 4.01(d) of the Act specifies the distribution of sales tax receipts to the Service Boards and RTA as shown on Table 6.

Pace expects to receive \$76,040,000 in sales tax revenues in 2002. This represents approximately 10.8% of the total RTA region's estimated receipt of \$701 million

which, based on Illinois Bureau of the Budget estimates, represents a 4.8% increase over estimated 2001 levels. Due to the events of September 11th, and the subsequent impact on the economy, sales tax levels may not rise to the level forecast. RTA has indicated they will fund Pace at the 2001 plan level by increasing discretionary funding allocations. This support is welcome. However, should the shortfall be greater than expected, RTA may need to reconsider this position.

### Sales Tax Trends

Sales tax receipts have rebounded from the 1991 recession and have shown growth in excess of inflation through 2000. This trend is also projected to continue into the outlying years of this plan. The RTA has incorporated information from the State Bureau of the Budget in their forecasts for the coming and outlying years of this plan. Table 7 summarizes historical and forecasted sales tax growth through 2004.

**Table 6. Allocation of Sales Tax Receipts**

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

**Table 7. Regional Sales Tax Trend (000's)**

	Amount	% of Change
1991	\$ 425,891	(4.3%)
1992	\$ 445,891	4.8%
1993	\$ 462,393	3.7%
1994	\$ 497,698	7.6%
1995	\$ 513,304	3.1%
1996	\$ 532,304	3.7%
1997	\$ 555,496	4.4%
1998	\$ 576,704	3.8%
1999	\$ 613,514	6.4%
2000	\$ 650,284	6.0%
2001E	\$ 671,000	3.2%
2002E	\$ 701,000	4.8%
2003E	\$ 729,043	4.0%
2004E	\$ 758,207	4.0%

### **Public Transportation Fund (PTF)**

Section 4.09 of the Amended RTA Act establishes a Public Transportation Fund in the State Treasury. The PTF is to be funded by transfers from the General Revenue Fund, and all funds in the PTF are to be allocated and paid to the RTA, provided it meets the budgeting and financial requirements as set forth in the Act. The amount transferred to the fund equals 25% of the net revenue realized from the sales tax. The RTA allocates PTF revenues to the Service Boards on the basis of need for both capital and operating purposes. For 2002, the RTA will allocate an estimated \$3,012,000 in PTF funds to Pace for operating purposes.

#### ***PTF Trend***

PTF funding for the region is directly correlated to sales tax receipts and has grown similarly. However, unlike the sales tax allocation which is established by the RTA Act, PTF is allocated at the discretion of the RTA. In general, RTA has reduced PTF allocations to Pace over time as sales tax growth has covered a larger portion of the operating requirement.

### **Federal Funds**

Pace will receive federal funding under several programs in 2002.

Since 1996, Pace has benefited from the federal Congestion Mitigation/Air Quality (CMAQ) Program which awards funds to implement and maintain various new services that support program objectives. Continued funding from this source is included in 2002.

**B**eginning in 2001, Pace has qualified for funds under the federal Job Access and Reverse Commute Program (JARC). This program provides funding for the provision of transportation services designed to increase access to jobs and employment-related activities. Job Access projects are those that transport welfare recipients and low-income individuals in urban, suburban, or rural areas to and from jobs and activities related to their em-

ployment. Funding via this program will continue in 2002.

New for 2002, Pace will apply for federal funds which are designed to support the capital costs associated with contracting with private providers. Pace will apply for a \$7.8 million (federal share) capital cost of contracting grant for 2002.

### **Operating Revenues**

Pace is budgeting for \$51,860,000 in operating revenues in 2002, an increase of 1.6% over estimated 2001 levels. The increase in operating revenue comes from several sources. Base farebox revenue is expected to show a slight increase (+0.4%) despite a projected decline (-0.5%) in ridership. The full effect of the fare increase implemented in 2001 is impacting 2002 revenue and ridership projections. Advertising income will account for 0.6% of the growth in next year's income. Pace stands to benefit from a successful long-term advertising contract which became effective in the early part of 2001. Operating income will also grow in 2002 from continued expansion of the vanpool program as well as the implementation of the new municipal vanpool program.

Pace will raise vanpool fares in 2002 in order to keep the program's high recovery performance in line with plan levels. High fuel costs have affected the cost side of this program. However, Pace has no plans at this time to raise fixed route fares in 2002.

Further trends for operating revenues are discussed in the three year financial plan section.

## Use of Funds

All funds received by Pace are used to provide, expand and support suburban bus services. The components of the 2002 Operating Program are fixed route carriers (Pace-owned, public contract and private contract carriers), dial-a-ride services, ADA paratransit services, CMAQ services, JARC services, vanpool, administration, centralized support expenses which include insurance and fuel, and the continuation of 2001 service initiatives in Schaumburg and Downers Grove.

### **Pace-Owned Services**

Pace is responsible for the direct operation of nine carriers in the six county region. Together, these divisions—North, North Shore, Northwest, South, Southwest, West, Fox Valley, River, and Heritage—carry 83% of the total suburban bus ridership. Pace expects to provide \$64,514,000 for expenses to these carriers in 2002. Further information on the Pace-owned services budget can be found on page 14.

### **Public Contracted Services**

Pace will contract directly with two municipalities (Niles and Highland Park) for additional fixed route services. These services are expected to cost an estimated \$1,949,000 in 2002. Further information on the public contracted services budget can be found on page 15.

### **Private Contract Services**

Pace provides service to more than 45 communities by directly contracting with six private transit companies. Pace expects to fund a total cost of \$7,920,000 for these services in 2002. Further information on the private contract services can be found on page 16.

### **Dial-a-Ride Services**

Pace subsidizes 52 dial-a-ride service projects throughout the six county region. Generally, these services are operated by townships or local municipalities under contract with Pace. Pace provides partial funding to these services, requiring the local government to support a portion of the net service cost based upon a formula applied to the total service cost. In 2002, Pace plans to expend \$11,156,000 for these services. Further information on the Dial-a-Ride services budget can be found on page 17.

### **ADA Paratransit Services**

In compliance with Pace's ADA plan to serve persons with disabilities, the program continues to grow. Pace's cost for these services is expected to reach \$10,153,000 in 2002. Further information on the ADA paratransit services budget can be found on page 18.

### **CMAQ Services**

Pace continues to initiate new fixed route services in accordance with a Congestion Mitigation/Air Quality (CMAQ) program award provided by the federal government. Continuing to maintain the program, Pace will spend \$202,000 for these new services in 2002. Further information on the CMAQ services program budget can be found on page 19.

### **JARC Services**

Pace will provide \$543,000 for service in 2002 under the federal Job Access Reverse Commute Program. Further details can be found on page 19.

**Schaumburg Shuttle Service**

A shoppers' shuttle service was implemented in the Woodfield area in 2001. The cost of this service is estimated at \$441,000 and will continue to be funded 100% by Schaumburg in 2002. Further detail on the Schaumburg Shuttle Service is contained on page 19.

**Downers Grove Commuter Shuttle**

The Village of Downers Grove operates the Grove Commuter Shuttle, feeding passengers to the Metra/Burlington Northern rail station in Downers Grove. This service will continue to be included in Pace's budget for 2002 at a cost of \$533,000. Further detail on the Downers Grove Commuter Shuttle is contained on page 19.

**Vanpool**

The 2002 budget for vanpool services contains \$2,361,000. This program is targeted specifically at the short and intermediate range work-trip market where the majority of peak period travel occurs. The program has also been expanded to provide a transit alternative to individuals with disabilities who commute on a regular basis to work sites or rehabilitative workshops. The formation of vanpools has been very popular and the demand continues to grow. Pace expects further expansion of this program to 412 vans in service by the end of 2002. Pace's vanpool program continues to maintain a very high recovery rate at 93.0%. Further information on the vanpool services budget can be found on page 20.

**Centralized Support, Insurance and Fuel**

Pace provides a variety of direct operational support items through a centralized support program. Pace has been able to save money by buying in bulk and consolidating services. In total, Pace plans to spend \$20,412,000 to provide fuel, insurance and other support items in 2002. Further detail on the centralized support program budget is contained on page 22.

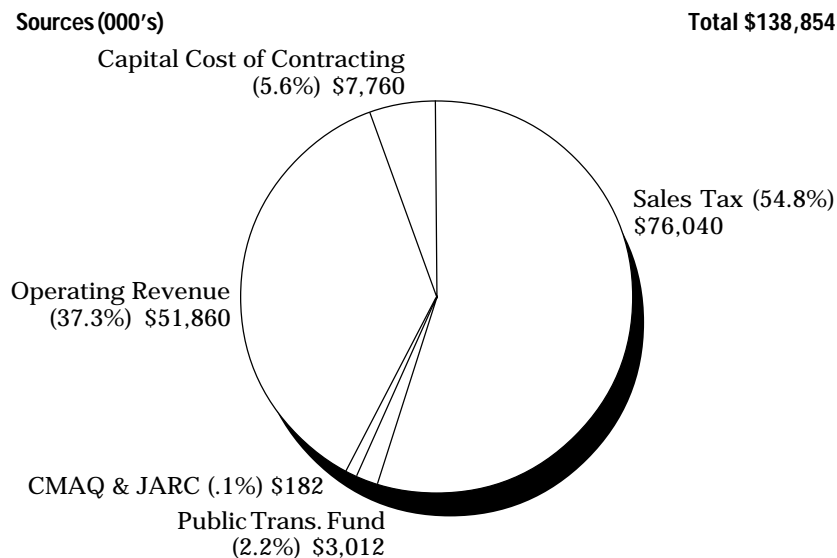
**Administration**

In order to accomplish the duties of direct operational support, service planning, capital planning, financial control and MIS support, Pace's 2002 administrative budget is set at \$12,773,000. Further information on the administration budget can be found on page 23.

**Table 8. 2002 Revenue Summary (000's)**

	2000 Actual	2001 Estimate	2002 Budget
<b>OPERATING REVENUES</b>			
Pace-Owned Services	\$ 26,633	\$ 28,846	\$ 29,146
Public Contracted Services	610	779	793
Private Contracted Services	2,529	2,591	2,545
Dial-A-Ride Services	5,754	6,166	6,556
ADA Paratransit Service	778	930	956
CMAQ Services	416	90	92
JARC Services	0	387	78
Vanpool Program	1,778	1,991	2,197
Half-Fare Reimbursement	3,709	3,655	3,840
Investment/Other Revenue	1,631	1,557	1,356
Advertising Revenue	2,386	2,963	3,263
Gain on Loss Portfolio	1,939	0	0
Schaumburg Service	0	610	441
Downers Grove Service	0	468	480
Municipal Vanpool	0	24	117
<b>Total Operating Revenues</b>	<b>\$ 48,163</b>	<b>\$ 51,057</b>	<b>\$ 51,860</b>
<b>PUBLIC FUNDING</b>			
Sales Tax	\$ 69,889	\$ 72,444	\$ 76,040
Public Transportation Fund	1,883	2,558	3,012
Federal JARC Funding	0	333	72
Federal CMAQ Funding	771	217	110
Welfare-to-Work	(73)	0	0
Capital Cost of Contracting	0	0	7,760
<b>Total Public Funding</b>	<b>\$ 72,470</b>	<b>\$ 75,552</b>	<b>\$ 86,994</b>
<b>Total Source of Funds</b>	<b>\$ 120,633</b>	<b>\$ 126,609</b>	<b>\$ 138,854</b>

**Chart B. Sources of Funds**

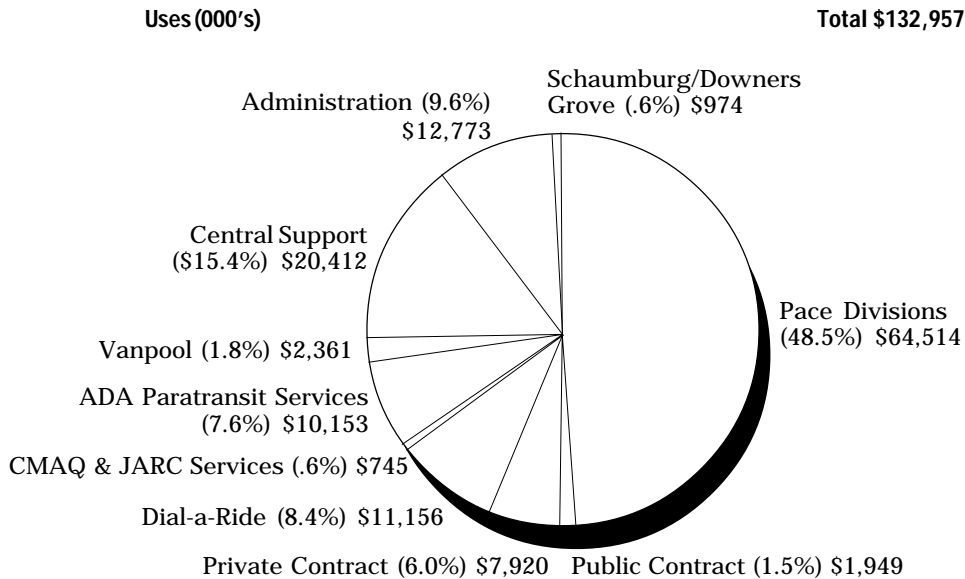




**Table 9. 2002 Expense Summary (000's)**

	2000 Actual	2001 Estimate	2002 Budget
<b>EXPENSES</b>			
Pace-Owned Services	\$ 58,449	\$ 62,212	\$ 64,514
Public Contracted Services	1,846	1,883	1,949
Private Contracted Services	8,153	7,562	7,920
Dial-A-Ride Services	10,071	10,559	11,156
ADA Paratransit Service	8,470	9,578	10,153
CMAQ Services	1,610	197	202
JARC Services	0	720	543
Vanpool Program	1,787	2,141	2,361
Centralized Operations	9,448	9,194	10,128
Insurance	4,217	5,094	5,452
Fuel	4,939	4,943	4,832
Administration	12,166	12,223	12,773
Schaumburg Service	0	610	441
Downers Grove Service	0	520	533
<b>Total Expenses</b>	<b>\$ 121,156</b>	<b>\$ 127,436</b>	<b>\$ 132,957</b>
Net Funding Available	\$ (523)	\$ (827)	\$ 5,897
<b>Recovery Rate</b>	39.75%	40.06%	39.01%
<b>Recovery Rate with ADvAntage Contribution</b>	40.04%	40.34%	40.00%
Contribution	\$ 579	\$ 579	\$ 2,200
<b>FUND BALANCE</b>			
Beginning Balance	\$ 5,165	\$ 3,605	\$ 1,103
Net Funding Available	(523)	(827)	5,897
Less: Obligations/Other	1,037	1,675	6,297
Ending Balance	\$ 3,605	\$ 1,103	\$ 703

**Chart C. Uses of Funds**



## 2002 Pace-Owned Carrier Budget

Pace directly operates fixed route service from nine facilities located throughout the six county region. Pace facilities include: Pace Fox Valley in North Aurora, Pace Southwest in Bridgeview, Pace Northwest in Des Plaines, Pace River in Elgin, Pace North Shore in Evanston, Pace Heritage in Joliet, Pace South in Markham, Pace West in Melrose Park and Pace North in Waukegan. Together these facilities provide service to approximately 90% of the system's fixed route riders and account for 83% of total system ridership.

In 2002, Pace will spend \$35.4 million to provide service at these locations. This represents a 6.0% increase over estimated 2001 levels.

**S**ystem revenue is projected to increase 1.0% over the 2001 estimate, while ridership is projected to decline 1.0%, to 30.9 million riders in 2002. The residual effect of the 2001 fare increase accounts for the continued decline in ridership in 2002. Service reductions implemented in 2001 are also contributing to the ridership decline and account for the drop in service hours next year, which are helping to mitigate cost growth.

Total operating expenses will grow 3.7% over 2001 levels. The Pace division budget continues to reflect transfers of service from several private contractors. However, labor and fringe benefit costs are the primary factors accounting for rising costs in 2002.

Recovery performance will decline slightly at the divisions for 2002 as expenses will grow at a greater rate than revenue.

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

Pace's efforts for 2002 include reaching 30.9 million rides with a minimum recovery ratio of 45.18%.

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

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

	2000 Actual	2001 Estimate	2002 Budget
Revenue	\$ 26,633	\$ 28,846	\$ 29,146
Expenses			
Operations	\$ 41,847	\$ 44,424	\$ 46,486
Maintenance	11,220	11,526	12,323
Non-Vehicle Maintenance	1,741	1,911	1,624
General Administration	3,641	4,351	4,081
Total Expenses	\$ 58,449	\$ 62,212	\$ 64,514
Funding Requirement	\$ 31,816	\$ 33,366	\$ 35,368
Recovery Rate	45.57%	46.37%	45.18%
Ridership	32,330	31,174	30,862
Vehicle Miles	20,929	22,233	22,233
Vehicle Hours	1,375	1,436	1,429
Full Time Equivalents (FTE's)	1,120	1,142	1,137

## 2002 Public Contracted Service Budget

Pace will contract with two municipalities—Highland Park and Niles to provide fixed route bus service in their areas in 2002.

**T**otal public contract revenue is projected to rise 1.8% over the 2001 estimate. The growth will come from increasing local share contributions as fare revenues are estimated to decline slightly. The local share requirement was imposed on these services in 2001 in order to maintain a systemwide recovery performance of 40%.

Total expenses are projected to grow by \$66,000 or 3.5% over the estimate for 2001. This increase reflects estimated growth for labor and fringe benefit costs, including rising health care.

Pace's 2002 efforts include achieving a 40.68% recovery ratio, while maintaining current ridership levels at 916,000 riders.

Detailed information for the Public Contract Service budget is provided in Appendix A.

**Table 11. Budget Summary—Public Owned Carriers (000's)**

	2000 Actual	2001 Estimate	2002 Budget
Revenue			
Fares	\$ 610	\$ 670	\$ 667
Local Share	0	109	126
<b>Total Revenue</b>	<b>\$ 610</b>	<b>\$ 779</b>	<b>\$ 793</b>
Expenses			
Operations	\$ 1,306	\$ 1,307	\$ 1,344
Maintenance	342	364	378
Non-Vehicle Maintenance	0	0	0
General Administration	198	212	227
<b>Total Expenses</b>	<b>\$ 1,846</b>	<b>\$ 1,883</b>	<b>\$ 1,949</b>
Funding Requirement	\$ 1,236	\$ 1,104	\$ 1,156
Recovery Rate	33.11%	41.37%	40.68%
Ridership	928	916	916
Vehicle Miles	592	561	561
Vehicle Hours	48	45	45

## 2002 Private Contract Carrier Budget

In 2002, Pace will contract directly with six private transit providers for fixed route service in 45 different communities.

Private contractors doing business with Pace include:

- Colonial Coach Lines
- Keeshin Charter Service
- Laidlaw
- Mid-America Coach
- First Student Transportation
- Cook County School Bus

The net cost of providing fixed route contracted service will rise \$404,000 in 2002. This represents an 8.2% increase from estimated 2001 levels and is directly attributed to rising costs. Service levels will decline next year as Pace divisions assumed some of these services in 2001. The full year impact of service reductions implemented in 2001 are reflected in the 2002 service levels.

Operating revenues are projected to decline 1.8% in conjunction with lower projected ridership.

Recovery performance will drop two percentage points due to declining revenues and rising costs.

The budget for private contracted services is summarized on the following table. The general outlook for this program in 2002 is to maintain 2.2 million riders while achieving a minimum recovery ratio of 32.13%.

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

	2000 Actual	2001 Estimate	2002 Budget
Revenue	\$ 2,529	\$ 2,591	\$ 2,545
Operating Expenses	8,153	7,562	7,920
Funding Requirement	\$ 5,624	\$ 4,971	\$ 5,375
Recovery Rate	31.02%	34.26%	32.13%
Ridership	2,372	2,287	2,241
Vehicle Miles	2,553	2,443	2,287
Vehicle Hours	140	135	127

## 2002 Dial-a-Ride Services Budget

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

Pace contracts directly with private providers for the operation of 23 Dial-a-Ride projects. The communities served continue to provide financial support for these projects through “local share agreements” with Pace. Pace now receives funding to help cover a portion of Dial-a-Ride service costs through 37 local share agreements.

Pace has maintained grant agreements with villages and townships for the operation of 30 other Dial-a-Ride projects. In most cases, the local community operates the service. For 2002, Pace’s funding formula for grant agreements is based on providing a subsidy of \$2.25 per trip or 75% of deficit, whichever is less (\$2.25/75%). As in past years, individual project funding will also be limited to the inflationary growth rate for 2002.

The budget shown in Table 13 is based on the \$2.25/75% subsidy formula and will provide for over \$11.2 million in Dial-a-Ride service throughout the six county region. Total costs are up 5.7% in 2002, as costs of renewal for several private contracts are expected to exceed the 2.5% rate of inflation. Dial-a-Ride ridership is projected to grow slightly in 2002 consistent with the increase in service. A slight growth in the number of service hours (0.8%) is also contributing to the rise in costs.

New in 2002, private contracted dial-a-ride service in McHenry County will be operated out of the new Pace facility located in the City of McHenry. The budget for this facility is reflected in the Dial-a-Ride service costs summarized on the following table.

Dial-a-Ride efforts in 2002 will include carrying 1.2 million riders while maintaining recovery performance to a level in excess of 58.77%.

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

	2000 Actual	2001 Estimate	2002 Budget
Revenue			
Fares	\$ 1,048	\$ 1,068	\$ 1,070
Local Share	4,706	5,098	5,486
<b>Total Revenue</b>	<b>\$ 5,754</b>	<b>\$ 6,166</b>	<b>\$ 6,556</b>
Expenses			
Operations	\$ 8,742	\$ 9,098	\$ 9,662
Maintenance	628	716	734
Administration	701	745	760
<b>Total Expenses</b>	<b>\$ 10,071</b>	<b>\$ 10,559</b>	<b>\$ 11,156</b>
Funding Requirement	4,317	4,393	4,600
Recovery Ratio	57.13%	58.40%	58.77%
Ridership	1,163	1,134	1,136
Vehicle Miles	4,068	4,172	4,209
Vehicle Hours	260	268	270

## 2002 ADA Paratransit Services Budget

In compliance with the Americans with Disabilities Act (ADA), Pace submitted a plan for the provision of complementary paratransit service to the Federal Transit Administration (FTA) in January, 1992. The plan was updated annually in accordance with FTA requirements each January until Pace achieved compliance in January, 1997. For 2002, Pace's program continues to grow.

Pace will expend \$9.6 million in ADA service in 2001. This represents a 13.1% or \$1.1 million cost increase which will provide an additional 7.2% or 17,000 hours of service over 2000 levels. The balance of the cost increase—5.9%, reflects the rising cost in contractor renewal rates. ADA service is expensive on a per trip basis due to the large service areas and lengthy nature of the trips, thereby accounting for the low recovery performance for this service at 9.71%. Demand for Pace's ADA paratransit service continues to grow as ridership is estimated to finish 2001 up 2.6% or an additional 10,000 riders over 2000 levels. Growth in demand is expected to continue into 2002.

In 2002, Pace will continue to expand the ADA budget at a rate of 6.0% or an additional \$.575 million to \$10.2 million. Service levels will increase 1.6% while costs will grow 4.4% as contractor renewal rates continue to rise at a much higher level than the 2.5% inflation rate. Ridership growth is forecasted at 1.3%. ADA recovery performance will be 9.42% in 2002.

Details of the ADA budget are summarized in the table below. Pace's efforts for the ADA paratransit program in 2002 will focus on increasing productivity to contain costs. Ridership is projected to be 400,000 passengers in 2002.

**Table 14. Budget Summary—ADA Paratransit Services (000's)**

	2000 Actual	2001 Estimate	2002 Budget
Revenue	\$ 778	\$ 930	\$ 956
Expenses	8,470	9,578	10,153
Funding Requirement	\$ 7,692	\$ 8,648	\$ 9,197
Recovery Ratio	9.19%	9.71%	9.42%
Ridership	385	395	400
Vehicle Miles	3,259	3,463	3,636
Vehicle Hours	237	254	258

## 2002 Other Services

### CMAQ Services

Pace continues to initiate new fixed route services in accordance with the federal Congestion Mitigation/Air Quality (CMAQ) program which began in 1996. Continuing to maintain the program, CMAQ funding will provide Pace with \$110,000 in 2002. The service will continue to generate an estimated 112,000 riders and produce \$92,000 in revenue. The following table details the CMAQ program for 2002.

**Table 15. Budget Summary—CMAQ Services (000's)**

	2000 Actual	2001 Estimate	2002 Budget
Revenue	\$ 416	\$ 90	\$ 92
Expenses	1,610	197	202
Funding Requirement	\$ 1,194	\$ 107	\$ 110
Recovery Ratio	25.84%	45.69%	45.54%
Ridership	419	110	112
Vehicle Miles	363	69	69
Vehicle Hours	36	5	5

### JARC Service

Pace has qualified for funding under the Job Access and Reverse Commute Program (JARC). This program provides limited (one-year) funding for new services designed to transport welfare recipients and low-income individuals to and from jobs. For 2002, Pace will receive a portion of the required costs for these services and will close these operations if no further funds are identified. The following table details the JARC program for 2002.

**Table 16. Budget Summary—JARC Services (000's)**

	2001 Estimate	2002 Budget
Revenue	\$ 387	\$ 78
Expenses	720	543
Funding Requirement	\$ 333	\$ 465
Recovery Ratio	53.75%	14.36%

### Downers Grove

The Village of Downers Grove operates the Grove Commuter Shuttle, feeding passengers to the Metra/Burlington Northern rail station in Downers Grove. This service will continue to be included in Pace's budget for 2002 at a cost of \$533,000 with offsetting revenue of \$480,000 which includes local subsidy. The table below details this program.

**Table 17. Budget Summary—Downers Grove (000's)**

	2001 Estimate	2002 Budget
Revenue	\$ 468	\$ 480
Expenses	520	533
Funding Requirement	\$ 52	\$ 53
Recovery Ratio	90.0%	90.0%
Ridership	122	123
Vehicle Miles	57	57
Vehicle Hours	5	5

### Schaumburg

A shopper's shuttle service was implemented in the Woodfield area in 2001 and continues in 2002. The cost of this service is estimated at \$441,000 and will continue to be funded at 100% by Schaumburg. The table below details this program.

**Table 18. Budget Summary—Schaumburg (000's)**

	2001 Estimate	2002 Budget
Revenue	\$ 610	\$ 441
Expenses	610	441
Funding Requirement	\$ 0	\$ 0
Recovery Ratio	100%	100%
Ridership	44	45
Vehicle Miles	145	145
Vehicle Hours	16	16

## 2002 Vanpool

The vanpool program is a commuting option which provides passenger vans to small groups, 5 to 15 people, allowing them to commute to and from work together. The program continues to grow, with 368 vans currently in use. Pace estimates to have 376 vans in service by year-end 2001 and projects to increase the number of vans to 412 by the end of 2002. The vanpool program will carry

1.3 million riders in 2002. Both revenue and expense will increase by 10.3% over 2001 levels.

Pace's vanpool program is comprised of three elements: the Vanpool Incentive Program (VIP), the Corporate Shuttle Bus, and the ADvAntage program, all of which are detailed on Table 19.

The budget for the total vanpool program is summarized in the table. A fare increase is proposed for the vanpool program for 2002 and is reflected in a chart in the appendix.

### Vanpool Incentive Program (VIP)

The VIP service is the core element of the program and is projected to achieve a ridership level of 664,000 with 193 vans in service by the end of 2002. The 2002 budgeted revenue and expenses are projected to increase a respective 9.6% and 10.3% over 2001 levels. Recovery performance is budgeted at 98.3% for 2002.

### Corporate Shuttle Program

The Corporate Shuttle Program which began in 1997 is now being monitored separately. This program provides vans to suburban employers to shuttle employees to and from nearby transit connections with CTA, Metra and Pace facilities. In addition, this program has been expanded to support the region's Welfare-to-Work efforts. Pace van shuttles are used by various agencies to take former welfare recipients to jobs. Currently, there are forty-six (46) vans operating under the shuttle program and Pace estimates to have 52 shuttle vans in service by the end of 2002. The 2002 budgeted recovery rate for this program is 150.5%.

### ADvAntage Program

In 1994, Pace expanded the vanpool program to include the ADvAntage element. ADvAntage is intended to provide a transit alternative to individuals with disabilities that commute on a regular basis to work sites or rehabilitative workshops. It is an alternative to those unable to use the regular ADA paratransit service or those living outside the 3/4 mile service area. This program experienced the largest rate of growth in 2001 compared to the other components. In 2002, this program reflects a 10.3% increase in revenue, consistent with projected increases in expenses and ridership. The recovery rate for the ADvAntage program is budgeted at 69.5% in 2002.

Pace's efforts for the entire Vanpool Program in 2002 will include growing the overall program 10.3%, carrying 1,323,000 passengers, maintaining a recovery ratio of 93.0%, and increasing the number of vans in service to 412 by the end of 2002.



**Table 19. Vanpool Budget (000's)**

	2000 Actual	2001 Estimate	2002 Budget
<b>REVENUE</b>			
VIP	\$ 973	\$ 1,016	\$ 1,114
Corporate Shuttle	284	381	426
ADvAntage	521	594	657
<hr/>			
Total Revenue	\$ 1,778	\$ 1,991	\$ 2,197
<b>EXPENSE</b>			
VIP	\$ 827	\$ 1,028	\$ 1,133
Corporate Shuttle	204	257	283
ADvAntage	756	856	945
<hr/>			
Total Expenses	\$ 1,787	\$ 2,141	\$ 2,361
Funding Requirement	\$ 9	\$ 150	\$ 164
<b>RECOVERY RATE</b>			
VIP	117.6%	98.8%	98.3%
Corporate Shuttle	138.7%	148.1%	150.5%
ADvAntage	69.0%	69.4%	69.5%
<hr/>			
Total Recovery Rate	99.5%	93.0%	93.0%
<b>RIDERSHIP</b>			
VIP	535	603	664
Corporate Shuttle	120	189	208
ADvAntage	400	408	451
<hr/>			
Total Ridership	1,055	1,200	1,323
<b>VEHICLE MILES</b>			
VIP	3,273	3,777	4,165
Corporate Shuttle	691	794	876
ADvAntage	2,570	2,585	2,850
<hr/>			
Total	6,534	7,156	7,891
Vans in Service (year-end) - VIP	164	177	193
Vans in Service (year-end) - Corporate	39	46	52
Vans in Service (year-end) - ADvAntage	135	153	167
<hr/>			
Total Vans in Service	338	376	412

## 2002 Centralized Support Budget

The 2002 centralized support budget of \$20.4 million provides for a total support staff of 86 positions in the bus operations, materials management and facility maintenance areas. The budget includes expenses relating to the procurement of commonly used goods and services by all Pace carriers, including fuel. The rise in FTE's reflects a shift of personnel from the Pace carriers to the central support category.

In 2002, Pace's centralized support budget will grow 6.1% over estimated 2001 levels. Labor and fringe benefit costs, largely health care, and liability insurance costs will contribute to the growth. However, resumption of Pace's advertising program to 2001 budget and prior year levels accounts for a large part of the growth in this area for 2002. Fuel expenses are projected to decline 2.2% based on futures prices for the fuel market. However, uncertainty in fuel market prices and the economy will keep fuel costs a volatile issue in 2002.

Looking at the individual components of the central support budget, operations expense is expected to remain constant to 2001 levels. The operations component is comprised largely of labor expense for 37 positions that provide support to all operating areas at Pace. The decline of one position in this area is attributed to an increase in the vacancy rate and accounts for the limited growth in operations expense in 2002.

The maintenance area is comprised of 41 positions and includes both maintenance and materials management personnel. Total maintenance expense is projected to increase 2.7% over 2001 levels.

Fuel expenses are projected to decline as market prices are expected to soften slightly in 2002. The budget assumes an average price of \$.84 per gallon, down \$.035 from estimated 2001 costs.

The non-vehicle maintenance area will consist of eight positions in 2002. Four sign and passenger shelter positions have been shifted from the Pace divisions to the central support category. Total expenses will rise 31.2% for this category due to the shift of the positions. However, Pace will also operate three additional passenger facilities in 2002 (Hillside, Riverdale and Homewood) contributing to the significant growth in expenses.

The administration portion of the centralized support budget is comprised of numerous items including marketing, revenue collection, farebox maintenance, and Pace's acceptance facility. Cost growth in this area has been constrained wherever possible for 2002. However, Pace will resume marketing efforts to prior year levels in 2002 accounting for the 28% jump in this category. Liability insurance costs are also expected to rise 7% in 2002 with a significant increase associated with costs for workers' compensation claims.

Pace's 2002 budgetary efforts for centralized support will include holding non-labor expenditures to a minimum while maintaining a staffing level of 86 positions.

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

**Table 20. Centralized Support Budget (000's)**

	2000 Actual	2001 Estimate	2002 Budget
Operations	\$ 2,195	\$ 2,395	\$ 2,399
Maintenance	4,059	3,928	4,034
Fuel	4,939	4,943	4,832
Non-Vehicle Maintenance	514	662	868
Administration	2,680	2,209	2,827
Insurance	4,217	5,094	5,452
Total	\$ 18,604	\$ 19,231	\$ 20,412
Full Time Equivalent (FTE's)	83	83	86

## 2002 Administrative Budget

The 2002 administrative budget provides for 145 positions at an estimated total cost of \$12.8 million. Pace administration is responsible for managing all of the agency's administrative responsibilities, including accounting, financial and capital assistance programs, marketing, information systems, legal services and risk management.

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

In 2001, administrative expense is estimated to end the year \$57,000, or 0.5%, over 2000 levels. The 2002 administrative budget will increase 4.5% over 2001 levels.

Looking at the individual components of the administrative budget, non-vehicle maintenance expense will increase 9.0% over 2001 levels and reflects the costs of maintaining the existing headquarters facility.

Labor and fringe benefit costs will grow at 2.2% and reflect a constant staffing level for 2002.

Parts and supplies, as well as utility costs, are expected to remain constant to prior 2001 levels in 2002. The large rise in these items occurred in 2001, specifically utilities, which experienced a large increase attributed to the rise in natural gas prices. The outlook for 2002 indicates natural gas prices to remain high.

The expense category "Other" will increase 11% in 2002 due largely to added expenses associated with new and/or enhanced MIS costs. Development of new systems and expanded system maintenance costs are budgeted in 2002.

Pace's 2002 budgetary goals for administration include constraining most non-labor expense growth and maintaining a reduced staff level at 145 positions.

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

**Table 21. Administrative Budget (000's)**

	2000 Actual	2001 Estimate	2002 Budget
Non-Vehicle Maintenance	\$ 133	\$ 144	\$ 157
General Administration			
Labor/Fringe benefits	8,482	8,448	8,634
Parts/Supplies	228	286	287
Utilities	141	152	151
Other	3,182	3,193	3,544
Total Expenses	\$ 12,166	\$ 12,223	\$ 12,773
Full Time Equivalents (FTE's)	150	145	145

## Organizational Overview

The Pace organization is comprised of three primary elements: administration, central support, and Pace-Owned divisions. Within each element, employees are classified into four activity areas of operations, maintenance, non-vehicle maintenance and administration. These activity areas are defined by the Federal Transit Administration's Section 15 reporting requirements which apply to all public transit operators.

**T**he administration element for 2002 is budgeted at 145 filled full-time equivalents (FTE's) and represents no change from prior year levels.

The central support element is budgeted at 86 filled FTE positions for 2002 and reflects an increase of three positions from estimated 2001 levels. The increase comes from a shift of four positions from the divisions offset by a higher vacancy rate for this area in 2002.

The Pace division element is comprised of nine Pace division garages and is budgeted at 1,137 filled FTE positions for 2002, reflecting a decrease of five FTE positions over 2001 estimated levels. The decline in positions reflects a shift of four positions to central support and the assumption of one additional vacancy in staffing levels for 2002. Increases in FTE's have occurred in 2000 and 2001 to accommodate increased service levels that have resulted from takeover of several private contract services during these years.

**P**ace underwent a reorganization in the latter half of 1999 and now consists of three main areas: Internal Services, Revenue Services, and Strategic Services. Each area is headed by a Deputy Executive Director who reports to the Executive Director. General Counsel, Internal Audit and Organization Development also report directly to the Executive Director.

Internal Services encompasses all functional areas of administration: human resources, risk management, capital financing, budget planning, finance, information technology, as well as materials and facility management.

Revenue Services oversees the operational and maintenance functions of Pace. These functions include the Pace divisions, safety, maintenance, vanpool and paratransit service areas.

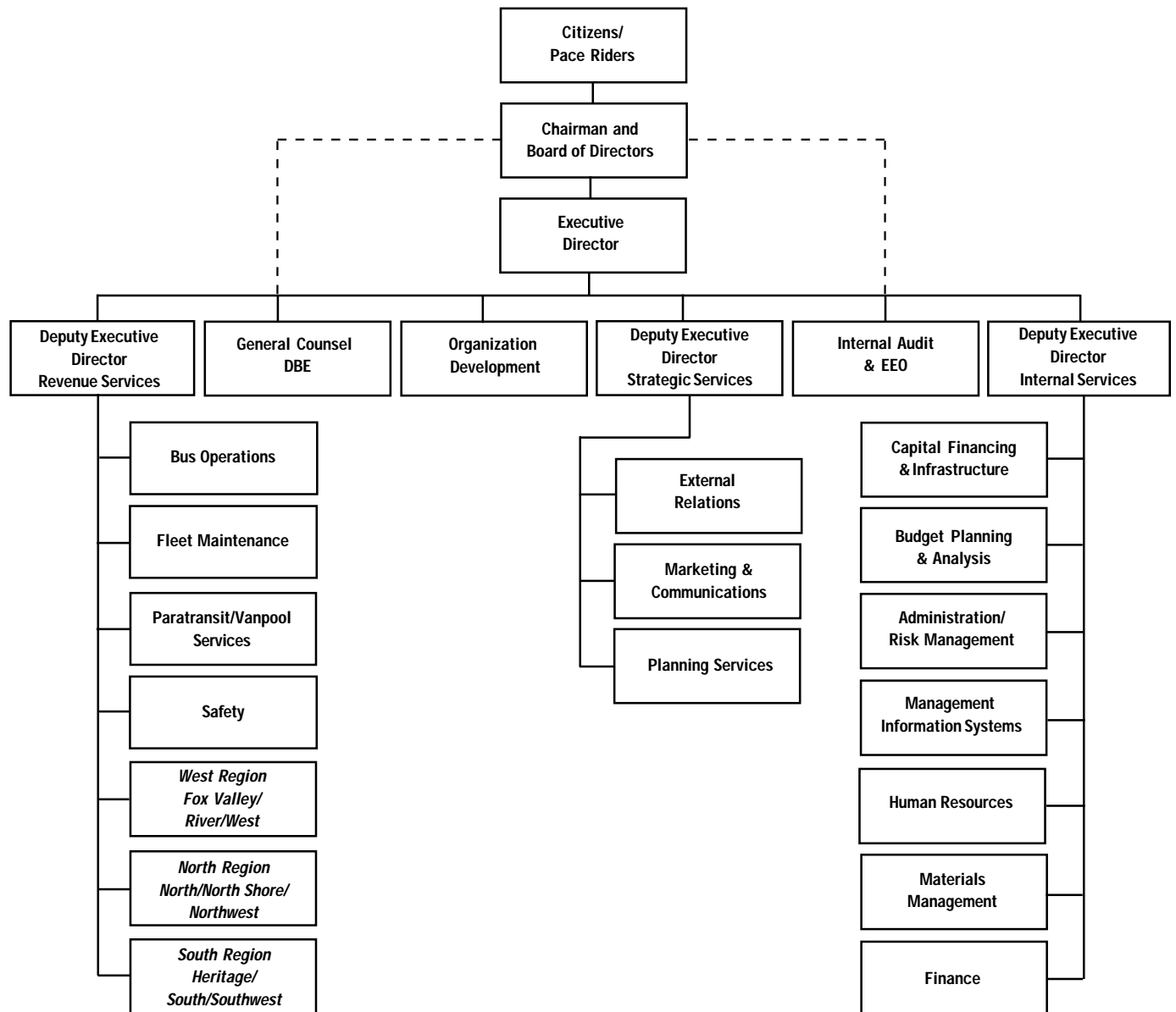
Strategic Services is responsible for external relations, marketing, communications, and planning and strategic functions of the company.

These areas are indicated in detail on the organization chart on page 25.

**Table 22. Full-Time Equivalent Personnel (FTE's)**

<b>2000 ACTUAL</b>				
	Area: Administration	Central Support	Pace Divisions	Total
<b>Activity</b>				
Operations	0	38	865	903
Maintenance	0	41	200	241
Non-Vehicle Maintenance	0	4	19	23
Administration	150	0	36	186
<b>Total</b>	<b>150</b>	<b>83</b>	<b>1,120</b>	<b>1,353</b>
<b>2001 ESTIMATED</b>				
	Area: Administration	Central Support	Pace Divisions	Total
<b>Activity</b>				
Operations	0	38	882	920
Maintenance	0	41	205	246
Non-Vehicle Maintenance	0	4	19	23
Administration	145	0	36	181
<b>Total</b>	<b>145</b>	<b>83</b>	<b>1,142</b>	<b>1,370</b>
<b>2002 BUDGET</b>				
	Area: Administration	Central Support	Pace Divisions	Total
<b>Activity</b>				
Operations	0	37	883	920
Maintenance	0	41	204	245
Non-Vehicle Maintenance	0	8	15	23
Administration	145	0	35	180
<b>Total</b>	<b>145</b>	<b>86</b>	<b>1,137</b>	<b>1,368</b>

**Chart D. Pace Organizational Chart**



# 2002 Capital Program Budget

## Summary

The 2002 capital program totals \$59.0 million for the existing Pace system. The Regional Transportation Authority (RTA), the Federal Transit Administration (FTA), and the Illinois Department of Transportation (IDOT) are expected to provide \$56.1 million while Pace will commit \$2.9 million from its own funds.

The program contains \$41.1 million for 53 fixed route replacement buses and 11 expansion buses, 43 paratransit replacement buses, 174 vanpool vehicles, associated capital, bus overhaul/maintenance expense, 90 wheelchair securement upgrades, and capital cost of contracting.

Electrical, signal, communications totaling \$7.0 million are included in the 2002 program for completion funding of Pace's Intelligent Bus System (IBS).

Support facilities and equipment totaling \$6.7 million are included in the 2002 program. Projects include improvements to garages, purchase of garage tools and equipment, computers and computer systems, office equipment and non-revenue vehicles.

Stations and passenger facilities total \$2.1 million for the construction of a transfer facility at the United Parcel Services (UPS) facility in Hodgkins as well as funds for Pace's ASSET (Assistance Strategy to Strengthen and Encourage Transit) Grant program.

Lastly, \$2.1 million is programmed for contingencies and project administration.

**Table 23. 2002 Capital Program (000's)**

	Amount
Rolling Stock and Related Systems	\$ 41,128
Electrical/Signal/Communications	7,000
Support Facilities and Equipment	6,752
Stations and Passenger Facilities/Miscellaneous	2,050
Contingencies/Project Administration	2,083
Grand Total	\$ 59,013

## Capital Funding Sources

### Funding Sources

Each year the RTA is required to issue capital program marks by September 15th which are used to guide the development of the upcoming fiscal year's capital program. This program reflects the FY2002–2006 marks passed by the RTA Board, however, we expect additional changes once the federal funding levels pass congressional approval and RTA receives updated estimates for the State sales tax.

### Federal Funding

There are three federal sources projected for 2002–2006: 1) Discretionary funds, commonly referred to as Section 5309, which Pace is eligible to receive for bus procurements; 2) Apportionment funds, commonly referred to as Section 5307 which Pace uses for its overall capital needs; and 3) Flexible funds, such as Surface Transportation Program (STP) and Congestion Mitigation and Air Quality (CMAQ) funds which can be used for qualifying transit projects.

**T**he Section 5307 funds are allocated to the Service Boards on a percentage basis by the RTA. Presently, the allocation is 58% to CTA, 34% to Metra, and 8% to Pace. This percentage basis allocation has been in place since 1985. The Section 5309 Bus Funds are discretionary and CTA and Pace compete for a portion of a statewide earmark. It has been recent RTA practice that these funds are considered to be outside the 58%-34%-8% allocation. Pace does not receive Section 5309 Rail Modernization funds.

### State Funding

The State of Illinois Department of Transportation (IDOT) will make two funding sources available to Pace. IDOT "B" Bonds will be used for projects with a useful life of more than twelve years and General Revenue Funds (GRF) are used for projects with a useful life of more than one year.

In general, IDOT does not allocate funds to the Service Boards by formula. Rather, they prefer to make funding decisions on the merits of individual projects.

### RTA Funding

The Illinois FIRST Program provides authorization to the RTA to borrow \$1.6 billion for capital improvement projects over a five (5) year period which started in 2000. The RTA funding sources include General Obligation and SCIP Bonds and Discretionary funds. In 2002, Pace is expected to receive 5% of the SCIP Bond II and RTA Bond II and 8% of the Discretionary funding.

### Pace Funds

Each year Pace is required to use some portion of its own funds to meet its capital needs. In 2002, Pace will need to commit funds to match the bus overhaul/maintenance expenses, capital cost of contracting, certain facility improvements, its new ASSET Grant Program and project administration.

## 2002 Capital Program Description

In accordance with estimated funding levels, Pace's 2002 annual capital program totals \$59.0 million. Approximately \$41.1 million will be spent on rolling stock and related systems, with the remainder going to electrical, signal, communications, support facilities and equipment and stations and passenger facilities/miscellaneous projects. Table 24 depicts the program detail. The 2002 Capital Program is summarized below.

### Rolling Stock (\$41.1 million)

- Fixed Route Buses (\$19.2 million). The program contains funds for the replacement of 53 1990 Orion fixed route buses which have exceeded their useful life and four expansion buses for the UPS service in the south suburbs. These buses will be either 35 or 40 foot buses. The program also contains four under 30 foot buses and three 19'-23' vehicles to expand a municipal bus service in Skokie. Lastly, the program contains Phase II purchase of wheelchair securement upgrades.
- Paratransit Buses (\$2.8 million). The program contains funds for the replacement of 43 paratransit buses which have exceeded their useful life.
- Vanpool Vehicles (\$5.7 million). The program contains 140 vanpool vehicles for the VIP program and 34 for Pace's municipal vanpool program. The municipal vanpool program gives vans to local units of government who pay the full operating cost of the vehicle. In addition, they pay Pace \$250 monthly to cover the use of the vehicle.
- Bus Overhaul/Maintenance Expense (\$1.5 million). The program contains funds to cover reimbursement of up to 20% of operating costs which are incurred for bus maintenance expenses. Under the federal requirements, Pace is eligible to receive up to \$3.6 million; however, RTA has limited this use to those expenses which satisfy the definition of capital in accordance with Generally Accepted Accounting Principles. Given this, Pace can only apply for \$1.5 million.
- Associated Capital (\$2.2 million). The program contains funds for the purchase of engines, transmissions, axle assemblies, seats, etc.
- Capital Cost of Contracting (\$9.7 million). Under federal requirements, Pace is eligible to receive \$9.7 million

to cover capital consumed in the course of a private operated contractor service. The concept of assisting with private sector capital consumed is referred to as "Capital Cost of Contracting" by the Federal Transit Administration (FTA). This project will continue to allow Pace to support private sector businesses which provide bus services under contract. Pace will receive \$7.8 million in federal funds and will match the grant with \$1.9 million of its own funds.

### Electrical/Signal/Communications (\$7.0 million)

- The Program contains funds to complete the purchase and installation of Pace's Intelligent Bus System (IBS). The IBS system base components include Computer Aided Dispatch (CAD), Automatic Vehicle Location (AVL), Schedule and Route Adherence (SRA), Traffic Signal Priority, Automatic Passenger Counting (APC), Connection Protection, Engine/Transmission/Lift Monitoring, Interface to Customer Information Systems, etc. This system will help Pace improve customer service, equipment utilization, operating efficiency, on-time performance and management information.

### Support Facilities and Equipment (\$6.7 million)

- Maintenance and Support Equipment/Vehicles (\$.8 million). The program contains funds for the purchase of miscellaneous maintenance equipment, non-revenue vehicles, printing press, and a pilot program to place security cameras on buses.
- Computer Databases and Equipment (\$1.6 million). The program contains funds to purchase Phase II of the Enterprise Resource Planning System, miscellaneous hardware and software, Hastus system upgrades, Phase II of the Hyperion Budget System, switch upgrades, voice recorders for paratransit, etc.
- Improvements to Garages/Facilities (\$4.3 million). The program contains funds to purchase bus washer brushes and pumps, overhead doors, fluid dispensers for Fox Valley, hose reels for River, fire alarm system for South and the replacement of roofs at North and South. Additionally, the program contains funds for general replacement of fixed facility equipment and systems at its operating divisions.



**Stations and Passenger Facilities/Miscellaneous (\$2.1 million)**

- Transfer Center at United Parcel Services in Hodgkins (\$2.0 million). The program contains funds for the construction of a transfer center at the UPS facility in Hodgkins, Illinois. The facility will have eight bus bays, a passenger waiting area, bus driver break room and washroom, and a supervisor's office. In exchange for constructing this facility, UPS will agree to donate the land to Pace for a period of 75 years.
- ASSET Grant Program (\$.1 million). Pace will initiate a pilot program called ASSET Grant (**A**ssistance **S**trategy to **S**trengthen and **E**ncourage **T**ransit). The program will be made available to communities whose development plans will include amenities that will benefit Pace ridership.

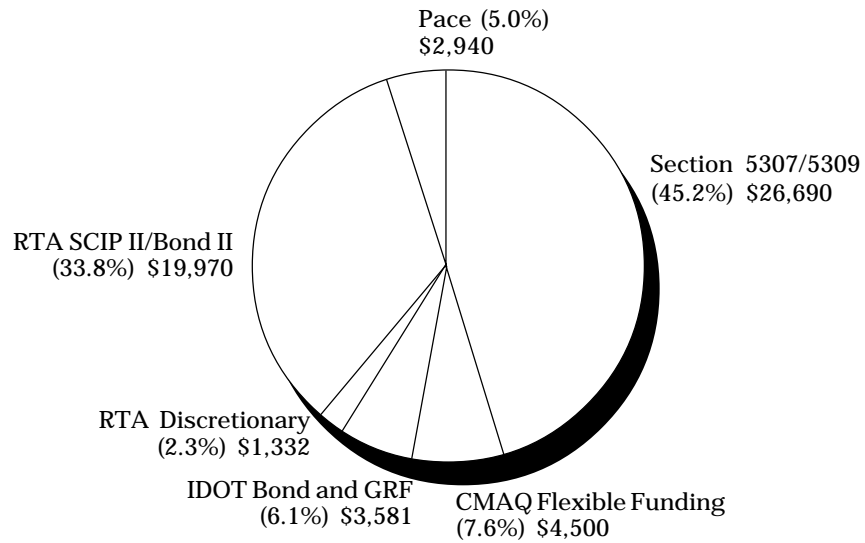
**Contingencies/Project Administration (\$2.1 million)**

- The program contains funds to cover contingencies and project administration. Contingencies are used to cover costs over the budgeted amounts and project administration covers the in-house staff salaries associated with undertaking and completing a capital project. Examples include staff hours associated with preparing bid documents and specifications, and staff hours associated with the administration of the capital grants.

**Chart E. 2002 Capital Program**

Sources (000's)

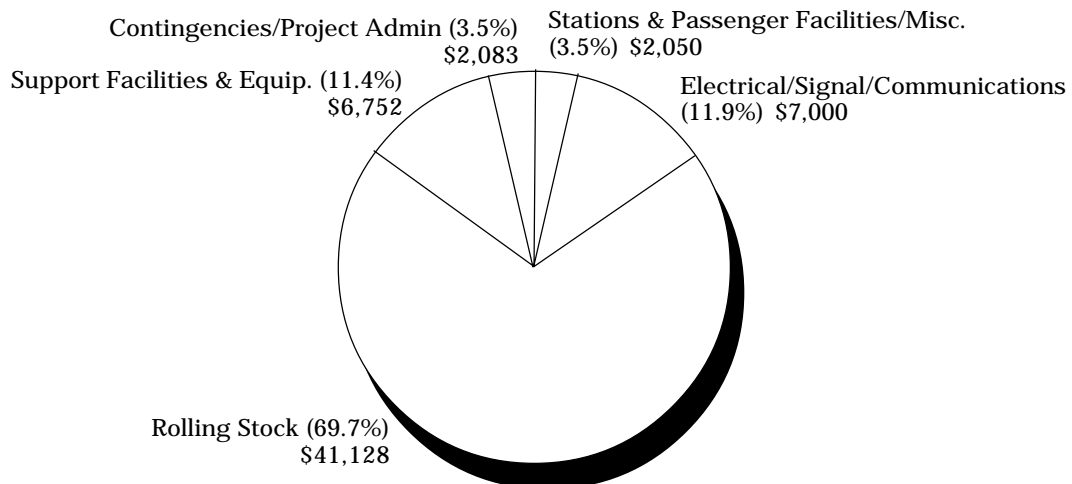
Total \$59,013



*Over 50% of Pace's program is funded with Federal funds*

Uses (000's)

Total \$59,013



*Major focus of the 2002 program will be on the replacement of Rolling Stock*

**Table 24. 2002 Capital Program (000's)**

<b>Project Description</b>	<b>Amount</b>
<b>ROLLING STOCK</b>	
Purchase 64 Fixed Route Buses	\$ 18,765
Purchase 43 Paratransit Vehicles	2,795
Purchase 174 Vanpool Vehicles	5,758
Purchase Wheelchair Securement Upgrades for Fixed Route Buses	450
Bus Overhaul/Maintenance Expense	1,500
Associated Capital	2,160
Capital Cost of Contracting	9,700
<hr/>	
Subtotal Rolling Stock	\$ 41,128
<b>ELECTRICAL/SIGNAL/COMMUNICATIONS</b>	
Intelligent Bus System (IBS)	\$ 7,000
<hr/>	
Subtotal - Electrical/Signal	\$ 7,000
<b>SUPPORT FACILITIES &amp; EQUIPMENT</b>	
Maintenance/Support Equipment/Support Vehicles	\$ 850
Computers/Databases/Computer Systems	1,620
Improvements to Garages/Facilities	4,282
<hr/>	
Subtotal Support Facilities and Equipment	\$ 6,752
<b>STATIONS &amp; PASSENGER FACILITIES/MISCELLANEOUS</b>	
Hodgkins/UPS Transfer Facility	\$ 2,000
ASSET Grant Program	50
<hr/>	
Subtotal Stations & Passenger Facilities/Miscellaneous	\$ 2,050
<b>CONTINGENCIES AND ADMINISTRATION</b>	
<hr/>	
Grand Total	\$ 59,013

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# 2002–2006 Capital Plan

## 2002–2006 Capital Plan Description

Pace's needs for the five year period 2002–2006 are depicted by asset category on Table 25. This totals \$276.2 million.

### **Rolling Stock**

Pace needs \$206.0 million to purchase rolling stock. The program contains 334 fixed route buses, 140 paratransit buses, and 870 vanpool vehicles. Additionally, the program contains funds for capital cost of contracting, extended warranties, associated capital and bus overhaul/maintenance expense.

### **Electrical/Signal/Communications**

Pace needs \$13.0 million to replace the systemwide fixed route radio system after it exceeds its useful life and to fund Phase II of its Intelligent Bus System (IBS).

### **Support Facilities and Equipment**

Pace needs \$41.3 million to support its system with facilities and equipment. This includes construction of general improvements and upgrades to garages and passenger facilities, purchase of major computer systems such as the Enterprise Resource Planning System, and farebox enhancements. Additionally, funds are programmed for the construction of a new paratransit garage in DuPage County and engineering for garage expansions in Evanston, North Aurora, and Bridgeview. Lastly, Pace needs funds to purchase maintenance equipment, office equipment, furniture, and other miscellaneous equipment.

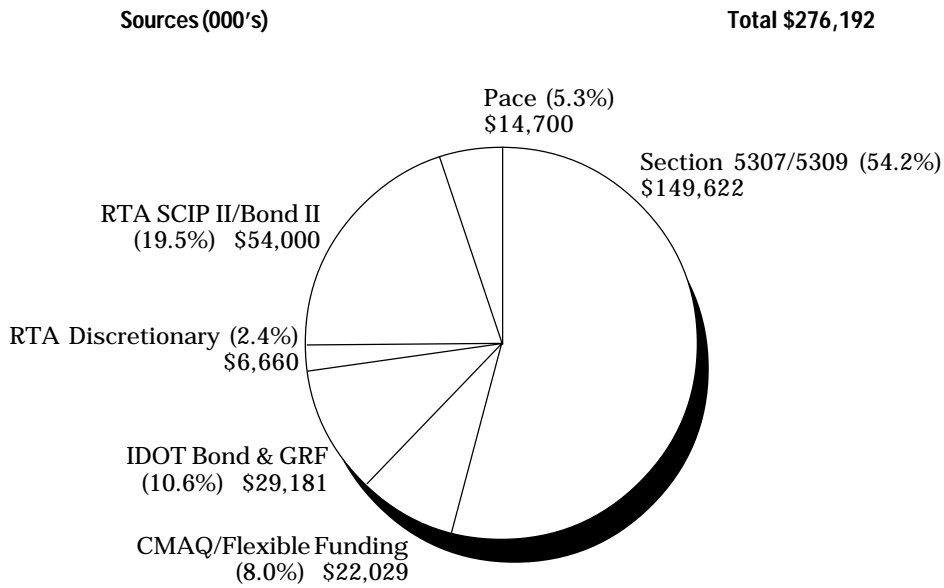
### **Stations and Passenger Facilities/Miscellaneous**

Pace needs \$7.5 million to construct park-n-ride lots and passenger facilities to support its existing system. A new Strategic Plan and Comprehensive Operating Plan are under development. Once completed, they will identify the specific needs of the Agency. The capital program in the future will reflect the facility needs once the Comprehensive Operating Plan is adopted by the Board. The 2002 program contains the construction of a transfer center at the UPS facility in Hodgkins. Additionally, if the ASSET Grant Program is successful, out year funding will be available for its continuation. Lastly, funds are necessary to continue our sign/shelter and other passenger amenities' programs as well as unanticipated capital.

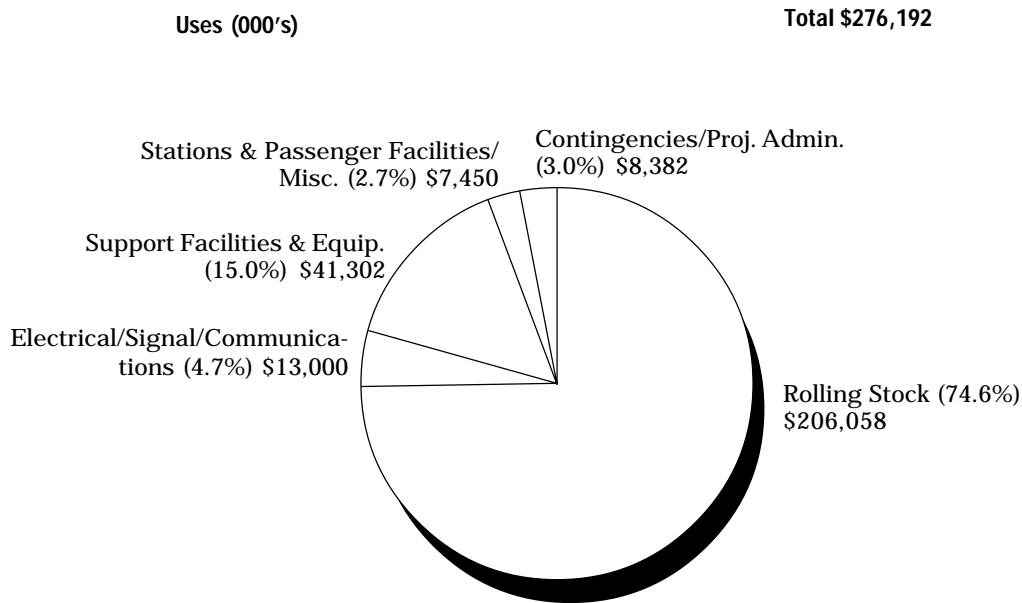
### **Contingencies/Project Administration**

Pace needs \$8.4 million for contingencies and project administration.

**Chart F. 2002–2006 Capital Plan—Sources and Uses of Funds**



*More than 60% of Pace's Program is funded with Federal funds*



*More than 74% of Pace's Program is for the purchase of rolling stock*

**Table 25. Capital Plan 2002–2006 (000's)**

<b>Project Description</b>	<b>2002 Amount</b>	<b>Quantity</b>	<b>2003–2006 Total</b>	<b>Quantity</b>	<b>Total 2002–06</b>
<b>ROLLINGSTOCK</b>					
Purchase 334 Fixed Route Buses	\$ 18,765	64	\$ 81,200	270	\$ 99,965
Purchase 171 Wheelchair Securement Upgrades for Fixed Route Buses	450	90	400	81	850
Purchase 140 Paratransit Vehicles	2,795	43	7,330	97	10,125
Extended Warranties/Associated Capital	2,160		5,800		7,960
Purchase 870 Vanpool Vehicles	5,758	174	23,200	696	28,958
Bus Overhaul/Maintenance Expense	1,500		8,200		9,700
Capital Cost of Contracting	9,700		38,800		48,500
<b>Subtotal - Rolling Stock</b>	<b>\$ 41,128</b>		<b>\$ 164,930</b>		<b>\$ 206,058</b>
<b>ELECTRICAL/SIGNAL/COMMUNICATIONS</b>					
Intelligent Bus System	\$ 7,000		\$ 1,000		\$ 8,000
Replace Systemwide Radio System	\$ 0		\$ 5,000		\$ 5,000
<b>Subtotal - Electrical/Signal/Communications</b>	<b>\$ 7,000</b>		<b>\$ 6,000</b>		<b>\$ 13,000</b>
<b>SUPPORT FACILITIES &amp; EQUIPMENT</b>					
Maintenance/Support Equipment/Support Vehicles	\$ 850		\$ 3,140		\$ 3,990
Office Equipment/Furniture/Printing Equipment	0		950		950
Farebox Enhancements	0		1,200		1,200
Computers/Databases/Comp. Systems	1,620		7,260		8,880
Improvements to Garages/Facilities	4,282		13,000		17,282
Expansion of Facilities	0		8,600		8,600
Facilities Environmental Compliance	0		400		400
<b>Subtotal - Support Facilities &amp; Equipment</b>	<b>\$ 6,752</b>		<b>\$ 34,550</b>		<b>\$ 41,302</b>
<b>STATIONS &amp; PASSENGER FACILITIES/MISCELLANEOUS</b>					
Hodgkins/UPS Transfer Facility	\$ 2,000		\$ 0		\$ 2,000
Shelters/Signs/Passenger Amenities	0		2,400		2,400
ASSET Grant Program	50		2,000		2,050
Unanticipated Capital	0		1,000		1,000
<b>Subtotal - Stations &amp; Passenger Facilities/Miscellaneous</b>	<b>\$ 2,050</b>		<b>\$ 5,400</b>		<b>\$ 7,450</b>
<b>CONTINGENCIES/ADMINISTRATION</b>					
	\$ 2,083		\$ 6,299		\$ 8,382
<b>Total Pace Program</b>	<b>\$ 59,013</b>		<b>\$ 217,179</b>		<b>\$ 276,192</b>

# 2002–2004 Financial Plan and Fund Balance

## General

The following section presents Pace’s financial plan and fund balance for 2002 through 2004. The amended RTA Act requires the Service Boards to submit such a plan in addition to their annual programs and budgets. The final plan is required to show a balance between the funding estimates provided by the RTA and the anticipated cost of providing services for the forthcoming and two following fiscal years. Pace’s plan for 2002–2004 achieves this balance.

**A**s mentioned in the section on the 2002 operating budget, Pace has balanced funding needs and met the 40% recovery requirement through the use of several provisions. First, Pace will utilize a federal transit authority provision which offers funding to cover capital costs consumed in the course of contracting with private operators for service. The concept is called “Capital Cost of Contracting” and this provision is estimated to provide \$7.7 million in new funding to Pace for 2002.

Second, Pace will continue to utilize the provision granted by the RTA for 2000 and 2001, whereby costs incurred by the ADvAntage contractors can be factored into calculating the recovery ratio. For 2002, Pace will apply \$2.2 million of these costs in order to achieve the 40% recovery requirement.

And, finally, Pace will raise the vanpool fares in order to offset the program’s higher fuel costs.

In order to continue to achieve the 40% recovery performance in the outlying years—2003 and 2004, Pace will adjust service levels based on its established service criteria. These actions should result in approximately \$1.6 to \$2.0 million in reduced costs in the outlying years.

**Table 26. Baseline Economic Assumptions**

	2001	2002	2003	2004	Where Applied
CPI-U (National)	3.2%	2.5%	2.5%	2.5%	Note 1
T-Bill Rate (3 Month)	4.0%	3.9%	3.9%	3.9%	Investment Income 2001-2004
#2 Diesel (Estimated Price)	\$0.875	\$0.840	\$0.780	\$0.760	Note 2
Number of Gallons (Estimate)	5.651 mil	5.751 mil	5.751 mil	5.751 mil	
Fuel Costs	\$4.943 mil	\$4.832 mil	\$4.484 mil	\$4.372 mil	

Note 1—The Blue Chip Economic Indicator Report was the source for CPI data for all years. The general inflation rate was used in all cases where a more specific rate of growth was not known or available. These rates were used more in the out years 2003 and 2004 as they are beyond the range of most current labor agreements.

Note 2—We used current year prices and oil futures contract pricing to develop the fuel price estimates for all years of the plan.



**Assumptions**

Numerous sources were referenced in order to identify appropriate economic assumptions to be used in developing the budget. Several key sources referenced for information included: The Blue Chip Economic Indicator Report (provides a consensus outlook by 52 economists on the trends of several key economic indicators—including inflation as measured by the consumer price index—CPI); The Blue Chip Financial Forecast (a report on the trend for interest rates); The Wall Street Journal (source for indicators for PPI, Oil Futures, Interest Rates and general economic information); Bureau of Labor Statistics-BLS (source of key inflation indicators); Bloomberg Financial (a web site providing numerous indicators including energy trends) and The Oil Daily (an oil industry newsletter providing up-to-the-minute activities in the oil market).

**T**he baseline economic assumptions used to develop the Pace three year plan are summarized on Table 26.

Individual projections and assumptions are made in order to develop the annual budget and outlying year forecasts. In general, these estimates are based on the economic data shown on Table 26. The outcome of applying these assumptions to known or anticipated conditions for major expense categories is reflected on Table 27.

Pace’s three year plan (Table 29) is in compliance with funding and recovery marks set by the RTA. The net funding available beyond RTA funding marks is the result of federal reimbursement for “Capital Cost of Contracting.” Net funds will be redirected to meet Pace’s capital or working cash needs.

Operating expenses, in 2002, are expected to increase 4.3% over current year estimates. Over the three year period, expenses are projected to grow at an annual compound rate of 3.0%, and this growth rate has been constrained to comply with funding projections provided by the RTA.

**Table 27. Major Expense Category Growth Over Prior Year**

	2002	2003	2004
Labor/Fringes	4.3%	3.6%	3.3%
Parts/Supplies	0.1%	2.6%	2.8%
Utilities	-8.5%	2.0%	2.0%
Fuel	-2.3%	-7.2%	-2.5%
(\$/Gallon)	(0.840)	(0.780)	(0.760)

## Fund Balance

Since inception, Pace has been able to establish savings from its annual operating budgets by containing costs through good management. By the end of 2000, Pace has accumulated over \$40 million in savings. The RTA has a policy which allows the Service Boards to use accumulated savings for capital projects or one-time operating expenses. Between 1986 and 1999, Pace has committed more than \$34 million for capital projects funded out of this reserve and has used over \$3 million to fund one-time operating expenses as noted in the table that follows.

In 2001, Pace expects to finish the year with a funding shortfall of \$827,000, in addition to funding planned capital obligations of \$1.7 million. During 2002, Pace has identified the need to use an additional \$400,000 of fund balance to fund several capital projects. These planned expenditures will bring Pace's unrestricted fund balance to \$703,000 by the end of 2002.

The following table identifies the capital and operating fund requirements by Pace from 1986 to 2001 and the proposed obligations for 2002. Proposed obligations beyond 2002 include \$250,000 annually for capital projects. Note: Table 28 includes a line for capital funds that have been reprogrammed from prior year commitments. These funds reflect the difference or savings between original programmed commitments and actual commitments. This difference is a credit back to fund balance and is available to be reprogrammed.

**Table 28. Capital and Operations Funding Provided Via Pace Fund Balance (000's)**

	Capital	Operations
1986	\$ 1,959	-
1987	\$ 1,950	-
1988	\$ 7,611	-
1989	\$ 6,192	-
1990	\$ 415	-
1991	\$ 285	-
1992	\$ 5,281	\$ 2,240
1993	\$ 1,113	\$ -
1994	\$ 2,101	\$ -
1995	\$ 331	\$ -
1996	\$ 4,930	\$ 147
1997	\$ 250	\$ 70
1998	\$ 377	\$ -
1999	\$ 685	\$ -
2000	\$ 1,037	\$ 523
2001	\$ 1,675	\$ 827
2002	\$ 400	\$ -
Subtotal	\$ 36,592	\$ 3,807
Reprogrammed from prior commitments	\$ (1,619)	\$ 0
Grand Total	\$ 34,973	\$ 3,807

**Table 29. 2002–2004 Three Year Plan and Fund Balance (000's)**

	2000 Actual	2001 Estimate	2002 Proposed	2003 Estimate	2004 Estimate
<b>REVENUES</b>					
Farebox	\$ 35,222	\$ 37,257	\$ 37,922	\$ 38,420	\$ 39,066
Fare Reimbursement	3,709	3,655	3,840	3,840	3,840
Investment/Other	2,713	3,612	3,430	3,432	3,470
Advertising	2,386	2,963	3,263	3,563	3,863
Gain on Sale of Loss Portfolio	1,939	0	0	0	0
Vanpool	1,778	1,991	2,197	2,472	2,774
Other Services	416	1,555	1,091	1,051	1,077
Municipal Vanpool	0	24	117	192	267
Service Standard Savings	0	0	0	(330)	(400)
<b>Total Revenue</b>	<b>\$ 48,163</b>	<b>\$ 51,057</b>	<b>\$ 51,860</b>	<b>\$ 52,640</b>	<b>\$ 53,957</b>
<b>OPERATING EXPENSES</b>					
Labor/Fringes	\$ 68,623	\$ 72,602	\$ 75,720	\$ 78,444	\$ 81,070
Parts/Supplies	3,785	3,636	3,640	3,735	3,839
Utilities	1,544	1,925	1,762	1,797	1,833
Fuel	4,939	4,943	4,832	4,484	4,372
Insurance	4,217	5,094	5,452	5,589	5,728
Other	7,958	7,349	8,242	8,791	9,010
Dial A Ride	10,071	10,559	11,156	11,435	11,721
Private Contract	8,153	7,562	7,920	8,118	8,321
ADA Paratransit	8,469	9,578	10,153	10,407	10,667
Vanpool	1,787	2,141	2,361	2,644	2,979
Other Services	1,610	2,047	1,719	1,721	1,768
Service Standard Savings	0	0	0	(1,650)	(2,000)
<b>Total Expenses</b>	<b>\$ 121,156</b>	<b>\$ 127,436</b>	<b>\$ 132,957</b>	<b>\$ 135,515</b>	<b>\$ 139,308</b>
Funding Requirement	\$ 72,993	\$ 76,379	\$ 81,097	\$ 82,875	\$ 85,351
Recovery Ratio	39.75%	40.06%	39.01%	38.84%	38.73%
Recovery Ratio with ADvAntage Contribution	40.04%	40.34%	40.00%	40.00%	40.00%
Contribution	\$ 579	\$ 579	\$ 2,200	\$ 2,600	\$ 2,950
<b>PUBLIC FUNDING</b>					
RTA Operating	\$ 71,772	\$ 75,002	\$ 79,052	\$ 82,747	\$ 85,229
C M A Q/JARC/Other	698	550	182	114	117
Capital Cost of Contracting	0	0	7,760	7,760	7,760
<b>Total Public Funding</b>	<b>\$ 72,470</b>	<b>\$ 75,552</b>	<b>\$ 86,994</b>	<b>\$ 90,621</b>	<b>\$ 93,106</b>
Net Funding Available	\$ (523)	\$ (827)	\$ 5,897	\$ 7,746	\$ 7,755
<b>FUND BALANCE</b>					
Beginning Balance	\$ 5,165	\$ 3,605	\$ 1,103	\$ 703	\$ 453
Less: Obligations/Other	1,037	1,675	6,297	7,996	8,005
<b>Ending Balance</b>	<b>\$ 3,605</b>	<b>\$ 1,103</b>	<b>\$ 703</b>	<b>\$ 453</b>	<b>\$ 203</b>

## Financial Plan Variance

Pace is required (by statute) to perform a comparison of its budget and Three Year Plan to the existing RTA Three Year Plan. Explanations of the variances between these two plans are highlighted in Table 30 and discussed below.

Pace's total funding requirement for 2002 is up \$3.9 million over the existing RTA plan due largely to a significant increase in several expense areas. Despite Pace's efforts to raise revenues needed in order to achieve recovery rate compliance and efforts to constrain cost growth wherever possible, total expense will rise at a faster rate than revenue.

The original plan called for a sizeable growth in revenue which was to come from several sources. A fare increase in 2001 was one of the sources that would provide increased revenues into the outlying years of the plan. New services, specifically agreements with Schaumburg and Downers Grove, were also identified as new sources for revenue growth. Farebox revenues have shown growth from the original plan, however, unanticipated ridership losses not factored into the original plan have offset some of this performance. Also, new services have not produced revenue levels identified in the original plan. Despite poor farebox performance, other revenues, specifically advertising income, investment/other and state reduced fare reimbursement revenues, have all shown growth in excess of original plan levels. Pace signed a multi-year agreement in the spring of 2001 which provides a significant increase in advertising income well in excess of the original plan. The end result is that the total change in system revenue is approximately \$394,000 better than the original plan.

On the expense side, costs are up \$4.3 million due to items that are highly volatile and very difficult to control. Fuel costs are up due to price levels that continue to remain high. Utility costs, specifically natural gas, jumped in 2001, and while expected to soften in 2002, are still expected to remain at unprecedented levels well above original plan expectations. Health care cost increases are affecting everyone nationwide and Pace is not im-

mune. The agency is facing a significant rise in health care costs which could not have been anticipated in the original plan. Costs have also grown beyond plan as Pace has implemented new services (JARC services) in order to take advantage of available new funding. Overall, expense growth is the driving factor behind the change in Pace's funding requirement between plans.

Different in the outlying years of the new plan, Pace proposes to review service levels and make changes based on recovery standards. If performance criteria suggests reductions, Pace will trim back service accordingly. The new plan suggests that there could be as much as \$1.6 to \$2.0 million in savings in the outlying years of the plan.

Consistent with the original plan, the recovery rate remains fixed at 2001 levels of 40% for 2002 through 2004. However, this rate is only achievable by way of a provision granted by the RTA which allows Pace to use costs incurred by the ADvAntage contractors to be factored into calculating the recovery ratio. The new Three Year Plan factors in an amount (\$2.2 million for 2002) in order to achieve the 40% recovery rate. Pace will continue to need this provision in order to maintain the 40% requirement.

The same factors stated above explain the increase in funding requirements for outlying plan year 2003. The following table highlights the plan variance.

**Table 30. 2002–2004 Three Year Financial Plan Variance From Existing RTA Plan (000's)**

	2002	2003	2004
<b>FUNDING REQUIREMENT (ALL SOURCES)</b>			
RTA Plan (2001–2003)	\$ 77,102	\$ 79,432	*
Pace Plan (2002–2004)	81,097	82,875	85,351
Variance	\$ 3,994	\$ 3,443	N/A
<b>FAVORABLE/(UNFAVORABLE) CHANGES</b>			
<b>REVENUE</b>			
Farebox Changes (with CMAQ)	\$ (828)	(1,482)	
Investment/Other Income	623	597	
Advertising	863	1,163	
Reduced Fare Reimbursement	185	185	
Schaumburg Service (New Initiative)	(377)	(372)	
Downers Grove Service (New Initiative)	(72)	(74)	
Service Standard Savings	0	(330)	
Total Change in System Revenue	394	(313)	
<b>EXPENSE</b>			
Fuel	811	826	
Health Care	2,215	2,333	
Utilities	358	389	
Job Access (JARC)	543	502	
Service Standard Reductions	0	(1,650)	
Total Changes in Expenses	\$ 4,388	3,130	
Total Change in Required Funding	\$ 3,994	\$ 3,443	N/A
<b>RECOVERY RATIO</b>			
RTA Plan (2001–2003)	40.00%	40.00%	*
Pace Plan (2002–2004)	40.00%	40.00%	40.0%

*\*Note: The current RTA plan does not contain projected funding levels for FY2004, thereby, eliminating comparability between plans. The current RTA plan (issued December 2000) identified funding estimates for only 2001–2003.*

## Pace Cash Flow—2002

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

The amount of cash remaining at year-end will differ from Pace’s projected 2002 fund balance as a result of timing differences in the disbursement of public funds from the RTA.

Capital grant expenditures are funded on a draw down basis from the grantors and are not held by Pace for more than a few days. They are, therefore, excluded from this cash flow.

**Table 31. Projected Cash Flow\*—2002 (000's)**

	Beginning Balance	Revenues	Expenses	Net Results	Ending Balance
January	\$ 3,605	\$ 10,784	\$11,070	\$ (286)	\$ 3,319
February	3,319	10,756	11,072	(316)	3,003
March	3,003	12,210	11,073	1,137	4,140
April	4,140	10,078	11,075	(997)	3,143
May	3,143	10,189	11,077	(888)	2,255
June	2,255	10,655	11,079	(424)	1,831
July	1,831	10,938	11,081	(143)	1,688
August	1,688	11,093	11,083	10	1,698
September	1,698	11,312	11,085	227	1,925
October	1,925	10,937	11,086	(149)	1,776
November	1,776	10,824	11,087	(263)	1,513
December	1,513	10,902	11,088	(186)	1,327

\*Excludes restricted fund cash reserves held for insurance claims and capital commitments, as well as payouts for capital obligations funded with positive budget variance (PBV).

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# Appendix A

## 2000 Actual Results

### 2000 Actual Program, Activity and Object Matrix

	<b>Pace Operating Divisions</b>	<b>Public Carriers</b>	<b>Private Carriers</b>	<b>Dial-a-Ride</b>
<b>REVENUE</b>				
Farebox	\$ 25,783,778	\$ 610,895	\$ 2,340,400	\$ 1,047,520
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Gain on Sale of Loss Portfolio	0	0	0	0
Other	849,069	0	188,372	4,706,788
<b>Total Revenue</b>	<b>\$ 26,632,847</b>	<b>\$ 610,895</b>	<b>\$ 2,528,772</b>	<b>\$ 5,754,308</b>
<b>OPERATING EXPENSES</b>				
<b>Operations</b>				
Labor/Fringes	\$ 41,642,988	\$ 1,290,397	\$ 0	\$ 0
Parts/Supplies	26,612	496	0	0
Purchased Transportation/Other	177,599	15,178	8,153,394	8,742,005
<b>Total Operations</b>	<b>\$ 41,847,199</b>	<b>\$ 1,306,071</b>	<b>\$ 8,153,394</b>	<b>\$ 8,742,005</b>
<b>Vehicle Maintenance</b>				
Labor/Fringes	\$ 9,573,167	\$ 234,234	\$ 0	\$ 0
Parts/Supplies	2,088,317	75,156	0	0
Fuel	0	0	0	0
Other	(441,096)	32,648	0	627,822
<b>Total Vehicle Maintenance</b>	<b>\$ 11,220,388</b>	<b>\$ 342,038</b>	<b>\$ 0</b>	<b>\$ 627,822</b>
<b>Non-Vehicle Maintenance</b>				
Labor/Fringes	\$ 807,829	\$ 0	\$ 0	\$ 0
Parts/Supplies	315,871	0	0	0
Other	617,054	0	0	0
<b>Total Non-Vehicle Maintenance</b>	<b>\$ 1,740,754</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>General Administration</b>				
Labor/Fringes	\$ 1,805,248	\$ 195,094	\$ 0	\$ 0
Parts/Supplies	87,825	852	0	0
Utilities	1,402,935	34	0	0
Insurance	0	0	0	0
Other	344,499	1,183	0	700,706
<b>Total Administration</b>	<b>\$ 3,640,507</b>	<b>\$ 197,163</b>	<b>\$ 0</b>	<b>\$ 700,706</b>
<b>Total Expenses</b>	<b>\$ 58,448,848</b>	<b>\$ 1,845,272</b>	<b>\$ 8,153,394</b>	<b>\$ 10,070,533</b>
<b>Funding Requirement</b>	<b>\$ 31,816,001</b>	<b>\$ 1,234,377</b>	<b>\$ 5,624,622</b>	<b>\$ 4,316,225</b>
<b>Recovery Ratio</b>	<b>45.57%</b>	<b>33.11%</b>	<b>31.01%</b>	<b>57.14%</b>



<b>ADA Paratransit Services</b>	<b>Vanpool</b>	<b>CMAQ</b>	<b>Centralized Support</b>	<b>Administration</b>	<b>2000 Actual Total</b>
\$ 734,204	\$ 1,777,773	\$ 415,920	\$ 0	\$ 0	\$ 32,710,490
0	0	0	0	3,708,628	3,708,628
0	0	0	0	2,385,517	2,385,517
0	0	0	0	1,939,413	1,939,413
44,256	0	0	0	1,630,777	7,419,262
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 778,460	\$ 1,777,773	\$ 415,920	\$ 0	\$ 9,664,335	\$ 48,163,310
\$ 0	\$ 0	\$ 1,610,290	\$ 2,194,669	\$ 0	\$ 46,738,344
0	0	0	0	0	27,108
8,468,502	1,787,192	0	0	0	27,343,870
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 8,468,502	\$ 1,787,192	\$ 1,610,290	\$ 2,194,669	\$ 0	\$ 74,109,322
\$ 0	\$ 0	\$ 0	\$ 2,178,385	\$ 0	\$ 11,985,786
0	0	0	961,771	0	3,125,244
0	0	0	4,938,697	0	4,938,697
0	0	0	919,392	0	1,138,766
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 0	\$ 0	\$ 0	\$ 8,998,245	\$ 0	\$ 21,188,493
\$ 0	\$ 0	\$ 0	\$ 219,337	\$ 0	\$ 1,027,166
0	0	0	0	0	315,871
0	0	0	294,918	133,302	1,045,274
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 0	\$ 0	\$ 0	\$ 514,255	\$ 133,302	\$ 2,388,311
\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,481,929	\$ 10,482,271
0	0	0	0	228,055	316,732
0	0	0	0	140,845	1,543,814
0	0	0	4,217,277	0	4,217,277
1,959	0	0	2,679,194	3,182,266	6,909,807
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 1,959	\$ 0	\$ 0	\$ 6,896,471	\$ 12,033,095	\$ 23,469,901
\$ 8,470,461	\$ 1,787,192	\$ 1,610,290	\$ 18,603,640	\$ 12,166,397	\$ 121,156,027
\$ 7,692,001	\$ 9,419	\$ 1,194,370	\$ 18,603,640	\$ 2,502,062	\$ 72,992,717
9.19%	99.47%	25.83%	0.00%	79.43%	39.75%*

\*Excludes ADvAntage Credit

## 2001 Estimated Results

### 2001 Estimated Program, Activity and Object Matrix

	<b>Pace Operating Divisions</b>	<b>Public Carriers</b>	<b>Private Carriers</b>	<b>Dial-a-Ride</b>
<b>REVENUE</b>				
Farebox	\$ 27,110,000	\$ 670,000	\$ 2,381,000	\$ 1,068,649
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Other	1,736,000	109,000	210,000	5,097,557
Municipal VanPool	0	0	0	0
<b>Total Revenue</b>	<b>\$ 28,846,000</b>	<b>\$ 779,000</b>	<b>\$ 2,591,000</b>	<b>\$ 6,166,206</b>
<b>OPERATING EXPENSES</b>				
<b>Operations</b>				
Labor/Fringes	\$ 44,204,679	\$ 1,290,811	\$ 0	\$ 0
Parts/Supplies	20,142	521	0	0
Purchased Transportation/Other	199,305	16,132	7,561,951	9,098,937
<b>Total Operations</b>	<b>\$ 44,424,126</b>	<b>\$ 1,307,464</b>	<b>\$ 7,561,951</b>	<b>\$ 9,098,937</b>
<b>Vehicle Maintenance</b>				
Labor/Fringes	\$ 10,082,843	\$ 249,370	\$ 0	\$ 0
Parts/Supplies	1,872,960	80,136	0	0
Fuel	0	0	0	0
Other	(429,559)	34,460	0	715,584
<b>Total Vehicle Maintenance</b>	<b>\$ 11,526,244</b>	<b>\$ 363,966</b>	<b>\$ 0</b>	<b>\$ 715,584</b>
<b>Non-Vehicle Maintenance</b>				
Labor/Fringes	\$ 949,466	\$ 0	\$ 0	\$ 0
Parts/Supplies	340,620	0	0	0
Other	621,060	0	0	0
<b>Total Non-Vehicle Maintenance</b>	<b>\$ 1,911,146</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>General Administration</b>				
Labor/Fringes	\$ 2,096,406	\$ 208,613	\$ 0	\$ 0
Parts/Supplies	90,759	0	0	0
Utilities	1,772,652	36	0	0
Insurance	0	0	0	0
Other	391,111	3,102	0	744,519
<b>Total Administration</b>	<b>\$ 4,350,928</b>	<b>\$ 211,751</b>	<b>\$ 0</b>	<b>\$ 744,519</b>
<b>Total Expenses</b>	<b>\$ 62,212,444</b>	<b>\$ 1,883,181</b>	<b>\$ 7,561,951</b>	<b>\$ 10,559,040</b>
<b>Funding Requirement</b>	<b>\$ 33,366,444</b>	<b>\$ 1,104,181</b>	<b>\$ 4,970,951</b>	<b>\$ 4,392,834</b>
<b>Recovery Ratio</b>	<b>46.37%</b>	<b>41.37%</b>	<b>34.26%</b>	<b>58.40%</b>

<b>ADA Paratransit Services</b>	<b>Vanpool</b>	<b>Schaumburg/ Downers Grove</b>	<b>CMAQ/ JARC</b>	<b>Centralized Support</b>	<b>Administration</b>	<b>2001 Estimated Total</b>
\$ 930,000	\$ 1,991,000	\$ 416,000	\$ 90,000	\$ 0	\$ 0	\$ 34,656,649
0	0	0	0	0	3,655,286	3,655,286
0	0	0	0	0	2,963,000	2,963,000
0	0	662,000	387,000	0	1,557,117	9,758,674
0	0	0	0	0	0	24,000
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 930,000	\$ 1,991,000	\$ 1,078,000	\$ 477,000	\$ 0	\$ 8,175,403	\$ 51,057,609
\$ 0	\$ 0	\$ 0	\$ 917,000	\$ 2,395,006	\$ 0	\$ 48,807,496
0	0	0	0	0	0	20,663
9,578,000	2,141,000	1,130,000	0	0	0	29,725,325
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 9,578,000	\$ 2,141,000	\$ 1,130,000	\$ 917,000	\$ 2,395,006	\$ 0	\$ 78,553,484
\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,357,191	\$ 0	\$ 12,689,404
0	0	0	0	945,453	0	2,898,548
0	0	0	0	4,942,631	0	4,942,631
0	0	0	0	625,247	0	945,732
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,870,521	\$ 0	\$ 21,476,315
\$ 0	\$ 0	\$ 0	\$ 0	\$ 320,101	\$ 0	\$ 1,269,567
0	0	0	0	0	0	340,620
0	0	0	0	341,930	143,753	1,106,743
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 662,031	\$ 143,753	\$ 2,716,930
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,447,490	\$ 10,752,509
0	0	0	0	0	285,900	376,659
0	0	0	0	0	152,130	1,924,818
0	0	0	0	5,094,000	0	5,094,000
0	0	0	0	2,209,340	3,193,301	6,541,373
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,303,340	\$ 12,078,821	\$ 24,689,359
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 9,578,000	\$ 2,141,000	\$ 1,130,000	\$ 917,000	\$ 19,230,898	\$ 12,222,574	\$ 127,436,088
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 8,648,000	\$ 150,000	\$ 52,000	\$ 440,000	\$ 19,230,898	\$ 4,047,171	\$ 76,378,479
9.71%	92.99%	95.40%	52.02%	0.00%	66.89%	40.06%*

\*Excludes ADvAntage Credit

# 2002 Budget

## 2002 Program, Activity and Object Matrix

	<b>Pace Operating Divisions</b>	<b>Public Carriers</b>	<b>Private Carriers</b>	<b>Dial-a-Ride</b>
<b>REVENUE</b>				
Farebox	\$ 27,410,000	\$ 667,000	\$ 2,333,000	\$ 1,067,159
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Other	1,736,000	126,000	212,000	5,489,133
Municipal Vanpool	0	0	0	0
<b>Total Revenue</b>	<b>\$ 29,146,000</b>	<b>\$ 793,000</b>	<b>\$ 2,545,000</b>	<b>\$ 6,556,292</b>
<b>OPERATING EXPENSES</b>				
<b>Operations</b>				
Labor/Fringes	\$ 46,298,207	\$ 1,327,830	\$ 0	\$ 0
Parts/Supplies	26,690	850	0	0
Purchased Trans/Other	161,088	15,515	7,920,200	9,662,227
<b>Total Operations</b>	<b>\$ 46,485,985</b>	<b>\$ 1,344,195</b>	<b>\$ 7,920,200</b>	<b>\$ 9,662,227</b>
<b>Vehicle Maintenance</b>				
Labor/Fringes	\$ 10,843,258	\$ 266,129	\$ 0	\$ 0
Parts/Supplies	1,915,431	76,974	0	0
Fuel	0	0	0	0
Other	(436,157)	34,466	0	734,179
<b>Total Vehicle Maintenance</b>	<b>\$ 12,322,532</b>	<b>\$ 377,569</b>	<b>\$ 0</b>	<b>\$ 734,179</b>
<b>Non-Vehicle Maintenance</b>				
Labor/Fringes	\$ 758,901	\$ 0	\$ 0	\$ 0
Parts/Supplies	330,070	0	0	0
Other	534,894	0	0	0
<b>Total Non-Vehicle Maintenance</b>	<b>\$ 1,623,865</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>General Administration</b>				
Labor/Fringes	\$ 1,998,417	\$ 224,143	\$ 0	\$ 0
Parts/Supplies	92,812	380	0	0
Utilities	1,610,947	75	0	0
Insurance	0	0	0	0
Other	379,087	2,262	0	759,358
<b>Total Administration</b>	<b>\$ 4,081,263</b>	<b>\$ 226,860</b>	<b>\$ 0</b>	<b>\$ 759,358</b>
<b>Total Expenses</b>	<b>\$ 64,513,645</b>	<b>\$ 1,948,624</b>	<b>\$ 7,920,200</b>	<b>\$ 11,155,764</b>
<b>Funding Requirement</b>	<b>\$ 35,367,645</b>	<b>\$ 1,155,624</b>	<b>\$ 5,375,200</b>	<b>\$ 4,599,472</b>
<b>Recovery Ratio</b>	<b>45.18%</b>	<b>40.70%</b>	<b>32.13%</b>	<b>58.77%</b>

ADA Paratransit Services	Vanpool	Schaumburg/ Downers Grove	CMAQ/ JARC	Centralized Support	Administration	2002 Budget Total
\$ 956,000	\$ 2,197,000	\$ 288,000	\$ 92,000	\$ 0	\$ 0	\$ 35,010,159
0	0	0	0	0	3,840,000	3,840,000
0	0	0	0	0	3,263,000	3,263,000
0	0	633,000	78,000	0	1,355,866	9,629,999
0	0	0	0	0	0	117,000
\$ 956,000	\$ 2,197,000	\$ 921,000	\$ 170,000	\$ 0	\$ 8,458,866	\$ 51,860,158
\$ 0	\$ 0	\$ 0	\$ 745,000	\$ 2,398,408	\$ 0	\$ 50,769,445
0	0	0	0	0	0	27,540
10,153,000	2,361,000	974,000	0	0	0	31,247,030
\$ 10,153,000	\$ 2,361,000	\$ 974,000	\$ 745,000	\$ 2,398,408	\$ 0	\$ 82,044,015
\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,470,226	\$ 0	\$ 13,579,613
0	0	0	0	910,276	0	2,902,681
0	0	0	0	4,832,184	0	4,832,184
0	0	0	0	653,220	0	985,708
\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,865,906	\$ 0	\$ 22,300,186
\$ 0	\$ 0	\$ 0	\$ 0	\$ 500,057	\$ 0	\$ 1,258,958
0	0	0	0	0	0	330,070
0	0	0	0	368,380	156,910	1,060,184
\$ 0	\$ 0	\$ 0	\$ 0	\$ 868,437	\$ 156,910	\$ 2,649,212
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,634,717	\$ 10,857,277
0	0	0	0	0	286,526	379,718
0	0	0	0	0	150,710	1,761,732
0	0	0	0	5,452,258	0	5,452,258
0	0	0	0	2,826,973	3,544,394	7,512,074
\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,279,231	\$ 12,616,347	\$ 25,963,059
\$ 10,153,000	\$ 2,361,000	\$ 974,000	\$ 745,000	\$ 20,411,982	\$ 12,773,257	\$ 132,956,472
\$ 9,197,000	\$ 164,000	\$ 53,000	\$ 575,000	\$ 20,411,982	\$ 4,314,391	\$ 81,096,314
9.42%	93.05%	94.56%	22.82%	0.00%	66.22%	39.01%*

\*Excludes ADvAntage Credit

# Appendix B

## Characteristics

Background data on the Pace market is provided below:

### Fixed Route Service

Number of Fixed Routes (September, 2001)	250
• Regular Routes	171
• Feeder Routes	59
• Shuttle Routes	14
• Subscription Services	6
Number of Accessible Routes	198
Peak Period Vehicle Requirements	609
Pace-owned Fleet Size	664
Number Accessible	591
Average Vehicle Age	6.4 years
Contractor Owned Vehicles in Pace service	56
Number of Private Contractors	6
Number of Pace-owned Garages	9
Number of Pace Municipal Contractors	2

### Paratransit

Number of Communities Served	210
Number of Local Dial-A-Ride Projects	52
Number of ADA Service Projects	8
Pace-owned Fleet Size	372
Average Vehicle Age	3.7 years

### Vanpool

Vans in Service (Year-End 2001)—VIP	177
Vans in Service (Year-End 2001)—Corporate Shuttle	46
Vans in Service (Year-End 2001)—ADvAntage	153
Total Vans in Service	376

### Other

Number of Pace Employees (FTE's)	1,370
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### Ridership (000's)

	2000 Actual	2001 Estimate	2002 Budget
Fixed Route	36,049	34,653	34,298
Paratransit	1,548	1,529	1,536
Vanpool	1,055	1,207	1,360
Total	38,652	37,389	37,194

### Vehicle Miles

	2000 Actual	2001 Estimate	2002 Budget
Fixed Route	24,437	25,508	25,352
Paratransit	7,327	7,635	7,845
Vanpool		6,534	7,175
	7,982		
Total	38,298	40,318	41,179

### Vehicle Hours

	2000 Actual	2001 Estimate	2002 Budget
Fixed Route	1,599	1,642	1,627
Paratransit	497	522	528
Vanpool	N/A	N/A	N/A
Total	2,096	2,164	2,155

## Trends

### Ridership (000's)

	Fixed Route	DAR/ADA	Vanpool	Total	% Change
1992	37,651	1,566	133	39,350	-3.0%
1993	36,340	1,576	354	38,270	-2.7%
1994	36,433	1,563	567	38,563	0.8%
1995	34,787	1,616	774	37,177	-3.6%
1996	34,919	1,629	966	37,514	0.9%
1997	35,159	1,583	1,117	37,859	0.9%
1998	36,544	1,607	1,130	39,281	3.8%
1999	37,365	1,585	1,223	40,173	2.3%
2000	36,049	1,548	1,055	38,652	-3.8%
2001 Est.	34,653	1,529	1,207	37,389	-3.3%

### Vehicle Miles (000's)

	Fixed Route	DAR/ADA	Vanpool	Total	% Change
1992	22,808	6,451	704	29,963	7.8%
1993	22,827	7,181	1,722	31,730	5.9%
1994	22,402	7,371	2,350	32,123	1.2%
1995	22,519	7,965	3,579	34,064	6.0%
1996	22,907	8,007	4,711	35,625	4.6%
1997	23,692	7,813	5,277	36,782	3.2%
1998	23,932	7,932	5,995	37,859	2.9%
1999	24,495	7,468	6,857	38,820	2.5%
2000	24,437	7,327	6,534	38,298	-1.3%
2001 Est.	25,508	7,635	7,175	40,318	5.3%

### Recovery Ratio

	Fixed Route	DAR/ADA	Vanpool	Total	% Change
1992	46.00%	38.70%	115.98%	36.31%	-0.4%
1993	45.16%	35.09%	118.28%	36.41%	0.3%
1994	44.94%	33.87%	102.03%	36.33%	-0.2%
1995	43.29%	38.70%	86.85%	36.07%	-0.7%
1996	43.35%	32.56%	105.62%	36.04%	-0.1%
1997	43.85%	35.30%	84.30%	37.53%	4.1%
1998	44.57%	34.69%	98.06%	38.37%	2.2%
1999	43.55%	34.55%	105.34%	37.10%	-3.3%
2000*	43.09%	35.23%	99.47%	39.75%	7.1%
2001 Est.*	45.82%	35.24%	94.00%	40.06%	0.8%

\*Recovery rate excludes ADvAntage contributions

### Cost Per Mile

	Fixed Route	DAR/ADA	Vanpool	Total	% Change
1992	\$2.36	\$1.66	\$0.24	\$2.96	1.0%
1993	\$2.47	\$1.65	\$0.26	\$2.91	-1.7%
1994	\$2.64	\$1.70	\$0.34	\$2.99	2.7%
1995	\$2.70	\$1.75	\$0.33	\$3.00	0.3%
1996	\$2.74	\$1.88	\$0.25	\$2.96	-1.3%
1997	\$2.73	\$1.95	\$0.33	\$2.95	-0.3%
1998	\$2.70	\$2.11	\$0.28	\$2.93	-0.7%
1999	\$2.72	\$2.36	\$0.24	\$2.93	0.0%
2000	\$2.87	\$2.53	\$0.27	\$3.16	7.9%
2001 Est.	\$2.89	\$2.64	\$0.31	\$3.19	0.9%

### Cost Per Passenger

	Fixed Route	DAR/ADA	Vanpool	Total	% Change
1992	\$1.43	\$6.85	\$1.27	\$2.26	10.8%
1993	\$1.55	\$7.52	\$1.28	\$2.41	6.6%
1994	\$1.62	\$8.02	\$1.39	\$2.49	3.3%
1995	\$1.75	\$8.61	\$1.52	\$2.74	10.0%
1996	\$1.79	\$9.26	\$1.22	\$2.81	2.6%
1997	\$1.84	\$9.62	\$1.55	\$2.87	2.1%
1998	\$1.82	\$10.41	\$1.51	\$2.82	-1.6%
1999	\$1.78	\$11.10	\$1.36	\$2.83	0.4%
2000	\$1.94	\$11.98	\$1.65	\$3.13	10.4%
2001 Est.	\$2.13	\$13.17	\$1.85	\$3.44	9.9%

### Subsidy Per Trip

	Fixed Route	DAR/ADA	Vanpool	Total	% Change
1992	\$0.77	\$4.20	(\$0.20)	\$1.44	11.6%
1993	\$0.85	\$4.88	(\$0.23)	\$1.53	6.3%
1994	\$0.89	\$5.30	(\$0.03)	\$1.59	3.9%
1995	\$0.99	\$5.28	\$0.20	\$1.76	10.7%
1996	\$1.02	\$6.25	(\$0.07)	\$1.80	2.3%
1997	\$1.03	\$6.23	\$0.24	\$1.79	-0.6%
1998	\$1.01	\$6.80	\$0.03	\$1.74	-2.8%
1999	\$1.01	\$7.27	(\$0.07)	\$1.78	2.3%
2000	\$1.11	\$7.76	\$0.01	\$1.89	6.2%
2001 Est.	\$1.15	\$8.53	\$0.13	\$2.08	10.1%

## **Fixed Facilities Owned or Operated by Pace**

### **Pace Garages**

#### Pace River Division

975 S. State, Elgin

63,000 square feet, 1989

#### Pace Fox Valley Division

400 Overland Dr., N. Aurora

56,800 square feet, 1994

#### Pace Heritage Division

9 Osgood St., Joliet

55,000 square feet, 1985

#### Pace North Division

1400 W. Tenth St., Waukegan

57,800 square feet, 1987

#### Pace West Division

3500 W. Lake St., Melrose Park

221,570 square feet, 1986

#### Pace Southwest Division

9889 Industrial Dr., Bridgeview

81,500 square feet, 1994

#### Pace South Division

2101 W. 163rd Place, Markham

191,000 square feet, 1988

#### Pace Northwest Division

900 E. Northwest Hwy.,

Des Plaines

82,700 square feet, 1962

#### City of Highland Park\*

1150 Half Day Road,

Highland Park

#### Village of Niles\*

7104 Touhy Ave., Niles

#### Pace North Shore Division

2330 Oakton St., Evanston

81,500 square feet, 1995

#### Pace Administrative

Headquarters

550 W. Algonquin Rd.,

Arlington Heights

46,500 square feet

#### South Holland

Acceptance Facility

405 W. Taft Dr., South Holland

44,700 square feet, 1984

#### Pace Paratransit Garage

5007 Prime Parkway

McHenry

27,097 square feet, 2001

\*Municipal Garages

### **Transportation and Transfer Centers**

#### **Aurora Transportation Center**

Aurora

#### **Buffalo Grove Transportation Center**

Buffalo Grove

#### **Chicago Heights Transfer Center**

Chicago Heights

#### **Elgin Transportation Center**

Elgin

#### **Gurnee Mills Transfer Facility**

Gurnee Mills

#### **Harvey Transportation Center**

Harvey

#### **Northwest Transportation Center/Charles Zettek Facility**

Schaumburg

#### **Prairie Stone Transportation Center**

Hoffman Estates

### **Boarding and Turnaround Facilities**

Arlington Heights Metra

Clarendon Hills Metra

Deerfield Metra

Des Plaines Metra

Forest Park-CTA Station

Homewood Metra

Lake-Cook Road Metra

North Riverside Park Turnaround

Oak Park CTA/Metra

Park Forest (Centre)

Riverdale Bus Turnaround

South Suburban College (South Holland)

Summit CTA/Pace

### **Park and Ride Facilities**

Blue Island Park-n-Ride

Bolingbrook Park-n-Ride (Old Chicago Drive)

Bolingbrook Park-n-Ride (Town Center)

Burr Ridge Park-n-Ride

Elk Grove Village Park-n-Ride

Hillside Park-n-Ride

Homewood Park-n-Ride

South Holland Park-n-Ride



### ***Pace Rolling Stock Active Fleet***

#### **Fixed Route**

<b>Manufacturer</b>	<b>Year</b>	<b>No. of Vehicles</b>	<b>Age</b>	<b>Length</b>	<b>Accessible</b>
Orion I	1989	20	12	40'	No
Orion I	1990	45	11	40'	No
Orion I	1990	84	11	35'	Yes
Orion I	1990	43	11	40'	Yes
Ikarus	1992	70	9	40'	Yes
Orion I	1993	21	8	35'	Yes
Orion I	1993	85	8	40'	Yes
Chance	1995	15	6	26'	Yes
Nova	1996	22	5	40'	Yes
Eldorado	1997	56	4	29'	Yes
NABI	1999	30	2	35'	Yes
NABI	1999	22	2	40'	Yes
Chance Trolleys	2000	7	1	25'	Yes
Orion	2000	88	1	40'	Yes
Orion	2001	56	0	40'	Yes
<b>Total</b>		<b>664</b>			
<b>Average Age</b>			<b>6.4 years</b>		

#### **Paratransit**

<b>Manufacturer</b>	<b>Year</b>	<b>No. of Vehicles</b>	<b>Age</b>	<b>Length</b>	<b>Accessible</b>
Ford/Eldorado Buses	1994	71	7	23'	Yes
Chance Buses	1995	3	6	26'	Yes
Eldorado Vans	1995	33	6	19'	Yes
Eldorado Buses	1995	28	6	23'	Yes
Eldorado Vans	1996	29	5	19'	Yes
Eldorado Buses	1996	69	5	23'	Yes
Eldorado Vans	1997	2	4	19'	Yes
Eldorado Vans	2001	74	0	19'	Yes
Eldorado Buses	2001	63	0	23'	Yes
<b>Total</b>		<b>372</b>			
<b>Average Age</b>			<b>3.7 years</b>		

#### **Vanpool**

<b>Manufacturer</b>	<b>Year</b>	<b>No. of Vehicles</b>	<b>Age</b>	<b>Length</b>	<b>Accessible</b>
Vans	1993	1	8	Various	1
Vans	1994	3	7	Various	2
Vans	1995	5	6	Various	0
Vans	1996	27	5	Various	3
Vans	1997	62	4	Various	2
Vans	1998	93	3	Various	18
Vans	1999	23	2	Various	0
Vans	2000	148	1	Various	0
Vans	2001	65	0	Various	22
<b>Total</b>		<b>427</b>			
<b>Average Age</b>			<b>2.1 years</b>		

# Appendix C

## Fare Structure

The following tables show the Pace fare structures for fixed route, paratransit and vanpool services. There are no fare changes proposed for fixed route and paratransit services. A fare adjustment is proposed to the vanpool program for 2002.

### Fare Structure

	Full Fare	Current Fares	Reduced Fare
<b>REGULAR FARES</b>			
Full Fare	\$ 1.50		\$ .75
Transfer to Pace/CTA	\$ .30		\$ .15
<b>PASSES</b>			
Pace/CTA (30-Day)	\$ 75.00		\$ 35.00
Commuter Club Card (CCC)(Pace Only)	\$ 50.00		\$ 25.00
Link-Up Ticket	\$ 36.00		
Plus Bus	\$ 30.00		
Regular 10 Ride Plus Ticket	\$ 15.00		\$ 7.50
Student (Haul Pass)			\$ 25.00
Subscription Bus (Monthly)	\$110.00		
<b>LOCAL FARES</b>			
Full Fare	\$ 1.25		\$ .60
Transfer to Pace/CTA*	\$ .55		\$ .30
Local 10 Ride Plus Ticket	\$ 12.50		\$ 6.00
*Local transfers are free of charge			
<b>EXPRESS FARES</b>			
Premium (Routes 210, 355 and 855)	\$ 3.00		\$ 1.50
Route 835 (Zone Fares)	\$ 3.90		\$ 1.95
Premium 10 Ride Plus Ticket (210, 355 & 855)	\$ 30.00		\$ 15.00
<b>OTHER</b>			
Dial-a-Ride	\$ 1.60		\$ .80
ADA Paratransit Services/Local Share	\$ 3.00 / 2.50		
Special Services (Non-ADA)	\$ 5.00		
Shuttle Bug Fares and Route 921	\$ .50		
Shuttle Bug Fares and Route 712	\$ .25		
Shuttle Bug Transfer to Pace/CTA	\$ 1.80		

**Monthly VIP and Other Vanpool Services Fare Schedule**

**Current**

Daily Round Trip Van Miles	4 Pass*	5-6 Pass*	7-8 Pass*	9-10 Pass*	11-12 Pass*	13-14 Pass*
1-20 Miles	\$ 84	\$ 74	\$ 62	\$ 52	\$ 52	\$ 52
21-30 Miles	\$ 88	\$ 78	\$ 66	\$ 54	\$ 52	\$ 52
31-40 Miles	\$ 92	\$ 82	\$ 71	\$ 57	\$ 52	\$ 52
41-50 Miles	\$ 97	\$ 86	\$ 74	\$ 60	\$ 52	\$ 52
51-60 Miles	\$101	\$ 90	\$ 78	\$ 63	\$ 54	\$ 52
61-70 Miles	\$105	\$ 94	\$ 81	\$ 66	\$ 56	\$ 52
71-80 Miles	\$109	\$ 99	\$ 84	\$ 69	\$ 58	\$ 52
81-90 Miles	\$112	\$102	\$ 87	\$ 72	\$ 60	\$ 52
91-100 Miles	\$115	\$105	\$ 90	\$ 75	\$ 62	\$ 54
101-110 Miles	\$118	\$108	\$ 93	\$ 78	\$ 64	\$ 56
111-120 Miles	\$122	\$111	\$ 96	\$ 81	\$ 66	\$ 58
121-130 Miles	\$125	\$114	\$ 99	\$ 84	\$ 68	\$ 60
131-140 Miles	\$128	\$117	\$102	\$ 87	\$ 70	\$ 62
141-150 Miles	\$131	\$120	\$105	\$ 90	\$ 72	\$ 64
151-160 Miles	\$134	\$123	\$108	\$ 93	\$ 74	\$ 66

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

**Proposed (Effective 4/01/02)**

Daily Round Trip Van Miles	4 Pass*	5-6 Pass*	7-8 Pass*	9-10 Pass*	11-12 Pass*	13-14 Pass*
1-20 Miles	\$ 87	\$ 76	\$ 64	\$ 54	\$ 54	\$ 54
21-30 Miles	\$ 91	\$ 80	\$ 68	\$ 56	\$ 54	\$ 54
31-40 Miles	\$ 95	\$ 84	\$ 73	\$ 59	\$ 54	\$ 54
41-50 Miles	\$100	\$ 89	\$ 76	\$ 62	\$ 54	\$ 54
51-60 Miles	\$104	\$ 93	\$ 80	\$ 65	\$ 56	\$ 54
61-70 Miles	\$108	\$ 97	\$ 83	\$ 68	\$ 58	\$ 54
71-80 Miles	\$112	\$102	\$ 87	\$ 71	\$ 60	\$ 54
81-90 Miles	\$115	\$105	\$ 90	\$ 74	\$ 62	\$ 54
91-100 Miles	\$118	\$108	\$ 93	\$ 77	\$ 64	\$ 56
101-110 Miles	\$121	\$111	\$ 96	\$ 80	\$ 66	\$ 58
111-120 Miles	\$126	\$114	\$ 99	\$ 83	\$ 68	\$ 60
121-130 Miles	\$129	\$117	\$102	\$ 87	\$ 70	\$ 62
131-140 Miles	\$132	\$121	\$105	\$ 90	\$ 72	\$ 64
141-150 Miles	\$135	\$124	\$108	\$ 93	\$ 74	\$ 66
151-160 Miles	\$138	\$127	\$111	\$ 96	\$ 76	\$ 68

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

Other Vanpool Services	Monthly Fees
<b>ADVANTAGE</b>	
ADA Eligible	\$ 335
Non-ADA	\$ 670
<b>SHUTTLE/FEEDER</b>	
Private (For Profit)	\$ 775
Not-For-Profit	\$ 575
<b>MUNICIPAL PROGRAM</b>	\$ 250

Other Vanpool Services	Monthly Fees
<b>ADVANTAGE</b>	
ADA Eligible	\$ 345
Non-ADA	\$ 690
<b>SHUTTLE/FEEDER</b>	
Private (For Profit)	\$ 800
Not-For-Profit	\$ 595
<b>MUNICIPAL PROGRAM</b>	\$ 260 (Effective 8/1/02)

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

# Appendix D

## Budget Process, Basis and Debt

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

### The Budget Process

By September 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.

To facilitate the RTA action by September 15, Pace and the other Service Boards submit a draft budget and financial plan to the RTA for their review in August. The August submittal is not required by law but serves to improve the budget process by allowing the RTA to consider up-to-date forecasts and projections prior to making their September 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. A schedule of the public hearings is contained in

Appendix F of this document. Public notice of the hearings is run in several widely distributed newspapers throughout the service area. In addition, Pace is to meet with each of the six county boards to review the proposed budget and program. Above and beyond these required meetings, Pace participates in numerous meetings of local government organizations and councils such as CATS (Chicago Area Transportation Study) and various transportation committees (TMA's, business chambers) to inform the public of the proposed budget and program. Nearly 1,000 copies of this proposed budget document are printed and distributed to elected officials, local governments, transportation interests, public libraries and citizens. A copy is also available on Pace's website.

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

### RTA Review Criteria

Once the final program and budget is submitted to the RTA, the RTA is required to evaluate it in accordance with six key criteria as established in the RTA Act.

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

- The budget and plan are based upon and employ assumptions and projections which are reasonable and prudent.
- The budget and plan must have been prepared in accordance with sound financial practices as determined by the Board.
- The budget and financial plan must meet such other financial, budgetary, or fiscal requirements that the Board may by rule or regulation establish.

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

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

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

#### **Basis of 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 Section 15 based 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.).

#### **Debt**

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

# Appendix E

## Glossary

### Budget Terms

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

**capital budget** The appropriation of State and Federal grants for improvements to facilities and other infrastructure.

**cost per mile** Operating expense divided by vehicle miles for a particular program or in total.

**cost per passenger** Operating expense divided by ridership for a particular program or in total.

**deficit** The excess of expense over revenue.

**farebox revenue** Revenues gained from passengers and local, employer and other fare subsidies exclusive of the State Half-fare subsidy program. Also excludes interest income and advertising revenues.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### Transit Service Terms

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

**ADA paratransit service** Non-fixed route (paratransit) service utilizing vans and small buses to provide pre-arranged trips to and from specific locations within the ADA service area to certified participants in the program.

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

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

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

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

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

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

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

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

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

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

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

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

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

**small bus** A bus 28 feet or less in length.

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

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

**van** A 20-foot long or shorter vehicle, usually with an automotive-type engine and limited seating normally entered directly through side or rear doors rather than from a central aisle, used for demand response and vanpool service.

**vanpool** Pace's VIP (Vanpool Incentive Program) - a group of 5 to 15 people who commute to and from work together in a Pace-owned van.

**wheelchair accessible vehicle (accessible vehicle)** A vehicle that a person utilizing a mobility aid, such as a wheelchair, may enter either via an on-board retractable lift or ramp or directly from a station platform reached by an elevator or a ramp that is either level with the vehicle floor or can be raised to floor level.



## Funding Terms

**ASSET Grant Program (Assistance Strategy to Strengthen and Encourage Transit)** Pace program made available to communities whose development plans will include amenities that will benefit Pace ridership.

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

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

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

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

**fund balance** The excess of funding over deficit for a given period of time.

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

**Illinois FIRST** A fund passed by the Illinois legislature for Infrastructure, Roads, Schools and Transit.

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

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

**Public Transportation Fund (PTF)** An operating subsidy from the State of Illinois equivalent to 25% of the RTA sales tax collected. RTA is required to allocate these funds to the service boards, although the basis is at their discretion. (Also known along with 15% sales tax, as discretionary funds.)

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

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

**TEA-21** Transportation Equity Act for the 21st Century—Six year federal transportation authorization legislation.

**unreserved fund balance** The portion of fund balance that is not already programmed into the budget and is available for appropriation.

# Appendix F

## Legal Notice Pace

Suburban Bus Division of the RTA  
Public Hearings on Pace's Proposed  
2002 Operating and Capital Program,  
2002-2004 Financial Plan for Operations, and  
2002-2006 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 2002 (January 1, 2002 through December 31, 2002), the financial plan for 2002-2004, and the capital plan for 2002-2006. The proposed 2002 budget includes a 3% fare increase for the Pace Vanpool Incentive Program.

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 hearing Saturday, November 3, 2001, or by accessing our web site at [www.pacebus.com](http://www.pacebus.com) in the "Public Hearing Comment Form" area. Copies of the proposed program and budget are available for public inspection at:

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

Individuals with disabilities who plan to attend this meeting and who require certain accommodations other than transportation in order to allow them to observe and/or participate in this meeting are requested to contact Pace at 847/228-2359 (voice) or 847/364-5093 (TTY) ten days prior to the scheduled meeting.

Budget documents will be available after October 15, 2001 at most public libraries as well as townships, city and village offices in the six-county Pace region. You can also view the document via the Internet at [www.pacebus.com](http://www.pacebus.com) by clicking on the "What's New" button and selecting the link "Annual Budget Document."

Public Hearing Locations, Dates and Times follow.

October 10, 2001

## Schedule of Public Hearings

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

Hearing Location	Date	Time
<b>DuPage County Public Hearing</b> Elmhurst City Hall Council Chambers 209 N. York Street Elmhurst, IL 60126	Thursday November 1, 2001	4:30 - 6:30 p.m.
<b>McHenry County Public Hearing</b> Crystal Lake City Hall Council Chambers 100 W. Municipal Complex Crystal Lake, IL 60039	Thursday November 1, 2001	4:30 - 6:30 p.m.
<b>Will County Public Hearings</b> Joliet Municipal Building East Wing Conference Room 150 W. Jefferson Street Joliet, IL 60432	Thursday November 1, 2001	4:30 - 6:30 p.m.
<b>Kane County Public Hearing</b> Kane County Government Center 719 S. Batavia Avenue Geneva, IL 60134	Friday November 2, 2001	4:30 - 6:30 p.m.
<b>Lake County Public Hearing</b> Vernon Township Community Service Building 1st Floor Meeting Room 2900 North Main Street Prairie View, IL 60069	Friday November 2, 2001	4:30 - 6:30 p.m.
<b>North Cook County Public Hearing</b> Des Plaines Civic Center 1420 Miner Street Des Plaines, IL 60016	Saturday November 3, 2001	10:00 - 11:30 a.m.
<b>South Cook County Public Hearing</b> Markham Village Hall 16313 Kedzie Parkway Markham, IL 60426	Saturday November 3, 2001	10:00 - 11:30 a.m.
<b>West Cook County Public Hearing</b> Forest Park Village Hall 517 Desplaines Avenue Forest Park, IL 60130	Saturday November 3, 2001	10:00 - 11:30 a.m.