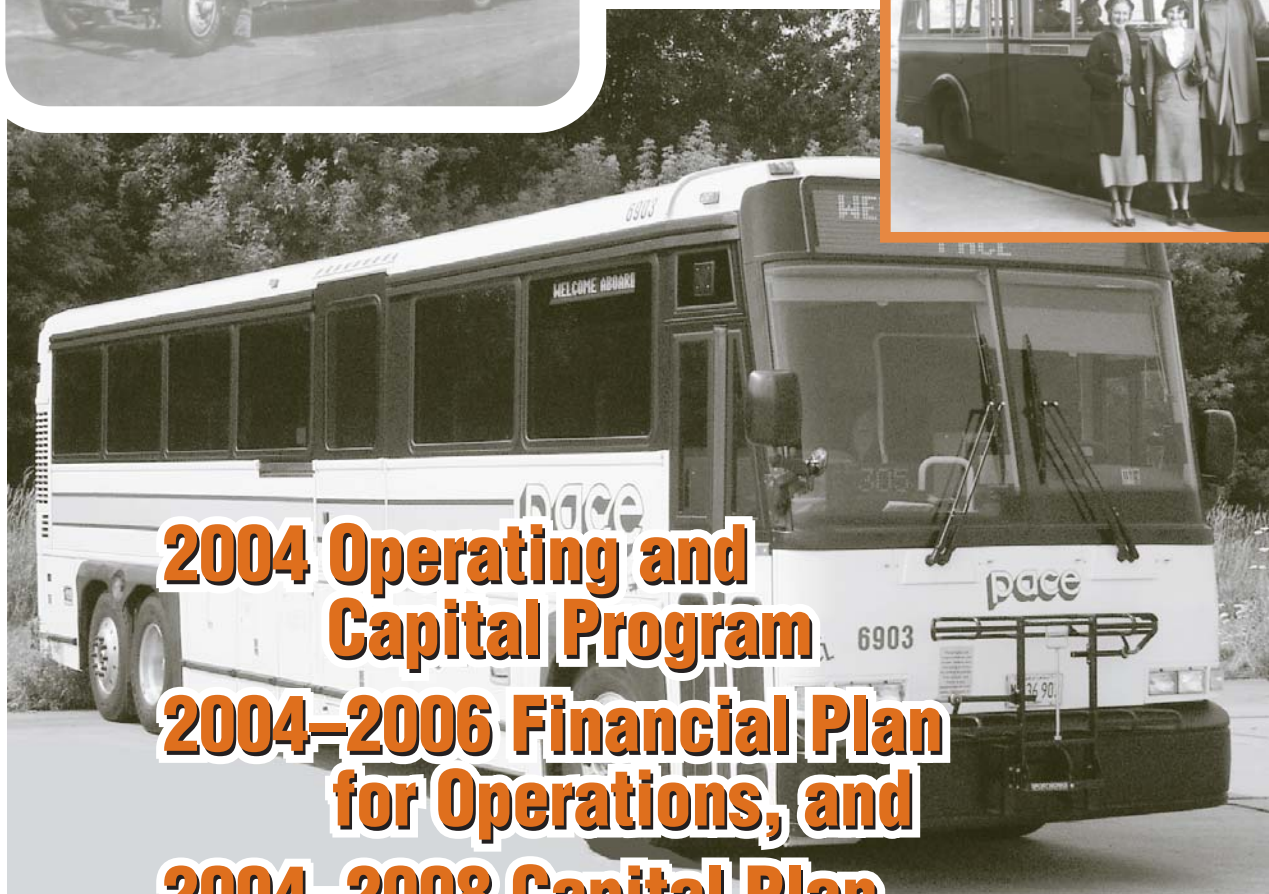


PAST AND FUTURE – RESPONSIBLE PUBLIC SERVICE



**2004 Operating and
Capital Program**
**2004–2006 Financial Plan
for Operations, and**
2004–2008 Capital Plan



Final Program • November 2003

**A Fresh Approach To
Public Transportation**



Board of Directors

John J. Case, *Chairman*

Terrance M. Carr, *Director*
West Central Suburban Cook County

James C. Harris, *Director*
South Suburban Cook County

Richard A. Kwasneski, *Director*
Southwest Suburban Cook County

Al Larson, *Director*
Northwest Suburban Cook County

Thomas D. Marcucci, *Director*
DuPage County

Frank C. Mitchell, *Director*
Will County

Anna Montana, *Director*
North Central Suburban Cook County

Jeffery D. Schielke, *Director*
Kane County

Aaron T. Shepley, *Director*
McHenry County

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

Richard Welton, *Director*
Lake County

T.J. Ross, *Executive Director*

Pace 2004 Budget—November, 2003

Chairman's Message

Dear Stakeholders:

The Pace Board of Directors is pleased that the Regional Transportation Authority (RTA), Pace's financial oversight agency, is funding our agency at the level they designated a year ago. Therefore, this document presents a balanced budget which calls for no service cuts or fare increases. In the course of our regular evaluation process, service reductions may be made during the year based upon performance criteria. Additionally, should the Chicago Transit Authority adjust fares in 2004, Pace may need to alter its fare structure accordingly. A potential budget shortfall was averted through the use of federal funds—a provision called "capital cost of contracting" recently approved by RTA.

The past year marked the start of exciting new developments. Many of you are aware of Vision 2020, Pace's plan to create a true suburban transportation network through route restructuring. Under this plan, improvements have already been made in Elgin, and studies are underway in areas such as the North Shore, the Halsted Corridor, and the Aurora/Naperville area. With the RTA's support, Pace is using \$1 million in federal and Pace funding to plan route restructuring for the rest of our six-county service area. A key component of restructuring is input from our communities and our riders. With their help, Pace is confident these changes can benefit the public at large by updating our route network to meet the changing needs of suburbia.

Pace's implementation of the Intelligent Bus System (IBS) is also nearly complete. This satellite-based communication technology provides real-time information for every Pace bus, which benefits our riders on the buses, dispatchers at garages, and service planners at headquarters. The data we receive from this new technology aids the restructuring effort.

Another technological innovation Pace is using to improve our service is traffic signal priority. Traffic signal priority allows a bus to electronically trigger a traffic signal to shorten a red light or extend a green light, and has already benefited customers on Cermak Road in Cicero and Berwyn. We are working with our congressional delegation to secure federal transportation dollars dedicated to this project to expand signal priority to 23 corridors throughout the suburbs. These technological ventures are the basis of a new marketing strategy, "Speed," which introduces new service concepts and addresses the need for public transportation to compete with the automobile.

We also look forward to continued growth in innovative services, such as Pace's vanpool program. Already the second largest in the nation, it grew by 1.8% in 2003 and our 500th van hits the road sometime during 2004. The variety of vanpool programs are a great option—more affordable and flexible than fixed route bus service—for units of government, businesses and other groups who have unmet transportation needs.

Pace staff and Board are excited about the changes and challenges ahead. Only through your assistance can Pace truly become a more customer-friendly, efficient and reliable public transportation system.

Sincerely,



John Case
Chairman

Table of Contents

INTRODUCTION	1
Operating Program and Budget	1
Capital Program and Budget	2
Budget Issues	3
Ridership	4
Recovery Ratio	5
2004 OPERATING BUDGET	7
Summary	7
Source/Use of Funds	8
Summary Table	12
Pace-Owned Carrier Budget	14
Public Contracted Service	15
Private Contract Carriers	16
Dial-a-Ride	17
ADA Paratransit	18
Other Services	19
Vanpool	20
Centralized Support	22
Administration	23
Organizational Overview & Chart	24
2004 CAPITAL PROGRAM BUDGET	26
Summary	26
Capital Funding Sources	27
Capital Program Description	28
Summary Table	29
Sources and Uses	30
2004-2008 CAPITAL PLAN	31
Capital Plan Description	31
Sources and Uses	32
Summary Table	33
2004-2006 FINANCIAL PLAN AND FUND BALANCE	34
General & Assumptions	34
Fund Balance	36
Summary Table	37
Variance Analysis/Cash Flow	38
APPENDIX A—2002-2004 DETAIL BY PROGRAM	42
APPENDIX B—CHARACTERISTICS, TRENDS, FACILITIES, ROLLING STOCK	48
APPENDIX C—FARE STRUCTURE	52
APPENDIX D—BUDGET PROCESS/BASIS/DEBT	54
APPENDIX E—GLOSSARY	56

Introduction

Operating Program and Budget

The 2004 operating and capital program and budget contained in this document is summarized as follows:

The 2004 operating expense totals \$147.0 million. This cost will be covered by \$51.6 million in operating revenue, \$79.1 million in RTA operating subsidies, \$8.8 million in federal funds which includes \$7.2 million derived from a federal Capital Cost of Contracting grant, and \$7.5 million of Pace funds. Pace will finish 2003 with a net funding surplus of \$8.8 million due to receipt of two years of Capital Cost of Contract funding for years 2002 and 2003. Pace proposes to use the 2003 surplus to balance the 2004 budget. The RTA agreed to allow Pace to access federal Capital Cost of Contracting funds early in 2003. This decision has allowed Pace to avoid service reductions that were called for in 2003, and service reductions that would also be required in 2004.

On September 12th, RTA set a funding level of \$87.9 million and a 40% recovery ratio for Pace. For 2004, Pace will continue to make every effort to improve revenue performance while maintaining tight control of

all expenses. However, despite all efforts, Pace would be faced with service/expense reductions in 2004 if unable to use the 2003 surplus to cover the funding gap. A cost containment study is underway with Booz Allen Hamilton (BAH) to identify non-service related cost reductions that can be implemented in the near term (2004) and the magnitude and direction of service restructuring that will be needed to bridge the gap for the funding shortfall projected for 2005. In the meantime, the proposal to use \$7.5 million in Pace funds delays the need to reduce service in 2004. While the 40% recovery requirement remains a burden on Pace and all suburban constituents, the RTA has allowed the use of costs incurred by our ADvAntage contracts and funds received for Capital Cost of Contracting to be included in calculating the recovery ratio. Given these provisions, Pace will apply a sufficient amount of ADvAntage and Capital Cost of Contracting credits in order to reach the 40% recovery requirement.

In addition to avoiding service reductions for next year, there is no general fare increase proposed for 2004 at this time. However, Pace may have to adjust the fare structure, pending the independent decision by the CTA to raise fares as part of an effort to balance their budget. Further details of the operating program are provided throughout this document. A complete list of Pace fares are provided in Appendix C of this document.

Table 1. 2004 Operating Budget Summary (000's)

	2004 Budget
Total Operating Expense	\$ 147,020
Less: System Generated Revenue	51,627
<hr/>	
Funding Requirement	\$ 95,393
<hr/>	
Less: RTA Funding for Operations	79,052
Capital Cost of Contracting	7,213
Other Federal Funds	1,675
Pace Funds	7,453
<hr/>	
Net Funding Available	\$ 0
<hr/>	
System Recovery Ratio	40.0% *

*Pace will apply a sufficient amount of ADvAntage and Capital Cost of Contracting credits in order to reach the 40% recovery requirement

Capital Program and Budget

The 2004 capital program totals \$38.6 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 \$36.3 million while Pace will commit \$2.3 million from its own funds.

Table 2. 2004 Capital Program (000's)

	Amount
Rolling Stock and Related Systems	\$ 28,212
Support Facilities and Equipment	260
Miscellaneous (Capital Cost of Contracting)	9,016
Contingencies/Project Administration	1,159
Grand Total	\$ 38,647

The program contains \$28.2 million for 63 fixed route replacement buses, 121 vanpool vehicles, bus overhaul/maintenance expense, and associated capital.

Support Facilities and Equipment totaling \$.3 million are included in the 2004 program. Projects include improvements to garages, maintenance equipment and non-revenue vehicles.

The 2004 program also includes \$9.0 million for Capital Cost of Contracting to support Pace's private contract services.

Lastly, \$1.1 million is programmed for Contingencies and Project Administration.

Budget Issues

Despite balancing the 2004 Budget without affecting service next year, Pace faces continued difficulty to operate at the funding levels established for 2004 through 2006, and the Agency will be undertaking a major service restructuring in 2005. Pace has made every effort to adhere to existing plan levels by containing costs despite pressures coming from economic factors largely outside of the Agency's control. Specifically, health care costs, rising pension contribution requirements, escalating fuel and utility-natural gas costs, and insurance liability claim and premium costs have added significant burdens on direct service delivery and contractor delivered services. In order to bring the three year plan within balance, a cost containment study is underway with Booz Allen Hamilton (BAH) in order to identify any cost saving strategies that the Agency may have overlooked. It is our hope that the planned service restructuring will allow Pace to meet its financial marks while improving service for suburban residents.

The outlook for regional funding for the three year horizon (2004 to 2006) continues to be unfavorable. The RTA indicates that the underlying cause for the present financial difficulties is continuation of a weak economy and consequently poor sales tax performance. In response to the poor financial conditions, the RTA has financed the regions shortfalls in 2002 and 2003, and they plan to do so again in 2004. However, they indicate that this will deplete their reserve to all but \$6.0 million by the end of 2004. In order to rebuild their reserves, the RTA has set a constant funding mark for 2005 and 2006, resulting in no growth in funding for Pace. This will create a significant problem for Pace. The good news is that we can avoid service reductions in 2004 by using the funding surplus from 2003 to cover the \$7.5 million deficit; however, current projections indicate a \$12.0 million deficit by 2005. Pace is preparing to face this challenge for 2005 with a plan to restructure services and reduce costs.

Completion of the Booz Allen Hamilton study should provide the Agency with an understanding of the level of service and non-service related cost reductions that can be implemented to prepare Pace for the 2005 shortfall. The second step will be a major service restructuring study. The goal of that study will be to identify significant cost savings via service restructuring which can be in place by 2005. Pace plans to initiate the major service restructuring study by year end 2004. The objective of the study will be to reduce the cost of providing service while restructuring the existing route system to better serve customer needs.

Ridership

The following table identifies projected ridership changes by operating element for years 2002 through 2006.

Table 3. Pace 2004-2006 Ridership Projections

(000's)	2002 Actual	2003 Estimated	% Change	2004 Projected	% Change	2005 Projected	% Change	2006 Projected	% Change
Pace Owned Carriers	29,111	27,654	-5.0%	27,009	-2.3%	27,279	1.0%	27,688	1.5%
CMAQ Service	87	122	40.2%	122	0.0%	123	1.0%	125	1.5%
Public Carriers	826	821	-0.6%	829	1.0%	837	1.0%	850	1.5%
Private Carriers	2,019	1,979	-2.0%	2,008	1.5%	2,028	1.0%	2,059	1.5%
Downers Grove	116	116	0.0%	116	0.0%	116	0.0%	116	0.0%
Schaumburg	86	88	2.3%	86	-2.3%	86	0.0%	86	0.0%
Total Fixed Route	32,245	30,780	-4.5%	30,170	-2.0%	30,470	1.0%	30,924	1.5%
Dial-a-Ride	1,094	1,139	4.1%	1,129	-0.9%	1,140	1.0%	1,157	1.5%
ADA Paratransit	367	376	2.5%	387	2.9%	391	1.0%	397	1.5%
Vanpool	1,151	1,257	9.2%	1,358	8.0%	1,458	7.4%	1,559	6.9%
Municipal Vanpool	42	65	54.8%	70	7.7%	75	7.1%	80	6.7%
Grand Total	34,899	33,617	-3.7%	33,114	-1.5%	33,534	1.3%	34,117	1.7%

Pace ridership is expected to finish 2003 down 3.7%, or 1,282,000 trips, below 2002 levels. This estimate is consistent with the 2003 mid-year trend of a continued decline in ridership. While fare increases and service/expense reductions have impacted the prior three years, and continue to negatively affect current ridership, the largest factor believed to be contributing to the 2003 loss in ridership is the rise in unemployment and the faltering economy. Fixed route ridership is estimated to decline 1,465,000 trips in 2003. Vanpool and municipal ridership is estimated to rise by 129,000 trips in 2003, due to continued expansion of the program. Dial-a-Ride and ADA/Paratransit ridership is also estimated to finish the year up by 54,000 trips from prior year levels, with the growth in Dial-a-Ride coming largely from added service in 2003. However, growth from these areas will be insufficient to offset the estimated decline in fixed route riders for 2003.

Ridership is projected to further decline by 1.5% or 503,000 trips in 2004 as the effects of a faltering

economy are projected to linger into next year. Fixed route ridership is projected to decline an additional 2% or 610,000 trips in 2004. The Dial-a-Ride program is projected to lose 0.9% or 10,000 riders next year as the one-time benefit of added service in 2003 is insufficient to offset declining Dial-a-Ride base ridership. ADA Paratransit ridership is projected to grow 2.9% and will provide 11,000 additional riders; and vanpool and municipal vanpool ridership is expected to rise 8.0% and 7.7%, respectively, providing an additional 106,000 riders. However, despite growth in several areas, ridership is projected to decline next year.

A modest resumption in ridership growth is projected for the outlying years 2005 and 2006, as the economy begins to improve. Annual growth rates of 1.0% and 1.5% in base ridership are forecasted for the outlying years 2005 and 2006 respectively. Continued expansion of the vanpool and municipal vanpool programs are anticipated for the outlying years, with a combined ridership growth of 105,000 annually in 2005 and 2006.

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, reductions in services and staffing levels, and a provision by the RTA to include the labor costs incurred by participants in the ADvAntage program as a local share revenue essentially brought Pace to the 40% level.

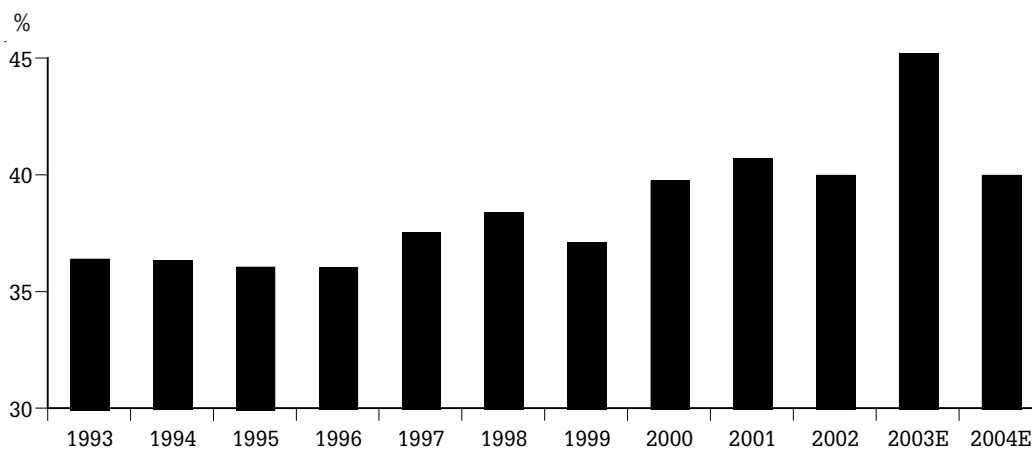
For 2001, the RTA maintained the 40% requirement for Pace, which was achieved largely by a second fare increase, service reductions, and a reduction in staffing.

The 40% recovery mark set by the RTA for 2002 was reached, largely by the use of the ADvAntage credit allowed by RTA as the benefits of the two prior fare increases, and service and staff reductions no longer supported the achievement of the 40% recovery requirement. Pace used \$2.5 million in ADvAntage credits in computing the recovery ratio for 2002.

For 2003, the RTA will allow Pace and the CTA to include federal Capital Cost of Contracting funds in the calculation of the recovery ratio. This provision will push recovery performance upward, one-time, to 45%.

In 2004, Pace will use a sufficient amount of ADvAntage and Capital Cost of Contracting credits in order to reach the 40% recovery requirement.

Chart A. Recovery Ratio



This page left intentionally blank.

2004 Operating Budget

Summary

The RTA Board of Directors on September 12, 2003 established Pace's 2004 funding level at \$87,940,000 for operations and a farebox recovery ratio of 40.0%. The RTA funding mark is \$7.5 million short of Pace's proposed budget. In order to balance the budget within the RTA guidelines, Pace is proposing to use surplus funds generated from 2003 to cover the funding shortfall. Use of these funds will help avoid service reductions in 2004 that would be required in order to balance within the RTA funding marks.

Surplus funds generated in 2003, are coming directly from a federal Capital Cost of Contracting grant that the RTA agreed to allow Pace to access early in 2003. The RTA agreed that Pace could apply for Capital Cost of Contracting funds for fiscal years 2002 and 2003. Two years of funding will amount to over \$10.1 million and could be carried over to fund existing service levels in 2004. In addition, RTA will grant Pace access to these funds for 2004.

In an effort to continue to meet the 40% recovery requirement, the RTA has allowed the use of costs incurred by our ADvAntage contracts and funds received for Capital Cost of Contracting to be included in calculating the recovery ratio. Given these provisions, Pace will apply a sufficient amount of ADvAntage and Capital Cost of Contracting credits in order to reach the 40% recovery requirement.

In addition to avoiding service reductions for next year, there is no general fare increase proposed for 2004 at this time. However, Pace may have to adjust the fare structure, pending the independent decision by the CTA to raise fares as part of an effort to balance their budget.

In summary, Pace will make every effort to continue to improve revenues and maintain tight control of all expenditures in order to achieve RTA funding and recovery requirements for 2004.

A detailed review of the 2004 operating program is provided in this section.

Table 4. 2004 Operating Budget Summary (000's)

	2002 Actual	2003 Estimate	2004 Budget
Total Operating Expense	\$130,790	\$138,784	\$147,020
Less: System-Generated Revenue	50,783	51,244	51,627
Funding Requirement	\$ 80,007	\$ 87,540	\$ 95,393
Less: RTA Funding for Operations	\$ 79,052	\$ 82,747	\$ 79,052
Capital Cost of Contracting	0	10,155	7,213
Other Federal Funds	2,128	3,417	1,675
Pace Funds	0	0	7,453
Net Funding Available	\$ 1,173	\$ 8,779	\$ 0
System Recovery	40.00%	45.25%	40.00% *

*Pace will apply a sufficient amount of ADvAntage and Capital Cost of Contracting credits in order to reach the 40% recovery requirement.

Source of Funds

Pace relies on two primary sources to 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 5.

Pace expects to receive \$73,050,000 in sales tax revenues in 2004. This represents approximately 10.9% of the total RTA region's estimated receipt of \$672 million which represents a 3.2% increase over estimated 2003 levels.

Sales Tax Trends

Since rebounding from the 1991 recession, sales tax receipts have grown in excess of inflation until 2001, when tragic events and a lingering down turn in the economy have impacted receipts through 2002. The RTA is forecasting a resumption in sales tax growth with a modest increase beginning in 2003, and this trend is expected to continue into 2004 and the outlying years. Table 6 summarizes historical and forecasted sales tax growth through 2006.

Table 5. Allocation of Sales Tax Receipts

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

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

	Sales Tax	% of Change	PTF	% of Change
1992	\$ 445,891	4.8%	\$ 109,843	3.2%
1993	\$ 462,393	3.7%	\$ 115,771	5.4%
1994	\$ 497,698	7.6%	\$ 124,002	7.1%
1995	\$ 513,304	3.1%	\$ 129,866	4.7%
1996	\$ 532,304	3.7%	\$ 133,044	2.4%
1997	\$ 555,496	4.4%	\$ 139,093	4.5%
1998	\$ 576,704	3.8%	\$ 144,846	4.1%
1999	\$ 613,514	6.4%	\$ 153,343	5.9%
2000	\$ 650,284	6.0%	\$ 162,247	5.8%
2001	\$ 653,522	0.5%	\$ 164,987	1.7%
2002	\$ 647,685	-0.9%	\$ 161,921	-1.9%
2003E	\$ 650,925	0.5%	\$ 162,731	0.5%
2004E	\$ 671,750	3.2%	\$ 167,938	3.2%
2005E	\$ 693,250	3.2%	\$ 173,313	3.2%
2006E	\$ 718,900	3.7%	\$ 179,725	3.7%

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 2004, the RTA will allocate an estimated \$6,002,000 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 2004.

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. Expanded funding from this source is included in 2004.

Beginning in 2001, Pace 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

employment. Funding via this program will continue in 2004.

The federal government allows transit operators to utilize formula grant funds (5307) to reimburse the cost of private sector capital consumed in public transit service, commonly referred to as capital cost of contracting (CCC). Beginning in 2003, the RTA agreed to allow both the CTA and Pace to access these federal funds to cover the capital-related portion of operating costs of providing paratransit services. Pace will receive \$10.2 million in CCC funds during 2003, representing two years of eligible funding (2002 and 2003). For 2004, Pace will be eligible to receive \$7.2 million.

Operating Revenues

Pace is budgeting for \$51,627,000 in operating revenues in 2004, a modest increase of \$.383 million or 0.8% over estimated 2003 levels. The modest increase comes from several sources. Advertising and investment income combined are projected to grow \$0.385 million or 0.8% of total revenue. Advertising revenue will grow next year under the terms of the contract, and yields on investments are projected to increase for 2004 in anticipation of a rise in interest rates. Vanpool and Pace's newest program, the municipal vanpool program, will provide \$0.208 million or 0.4% of the growth in total revenue, due largely to continued expansion of the programs. An increase in local share contributions will account for \$0.318 million or 0.6% of the revenue growth. However, despite growth in several areas, farebox revenue is projected to decline \$0.480 million or 0.9% next year due to a loss in ridership. The loss in riders will also result in a \$0.045 million or 0.1% decline in State reduced fare reimbursement revenue.

Pace has no plans at this time to raise fares in 2004. However, Pace may have to adjust the fare structure, pending the independent decision by the CTA to raise fares as part of an effort to balance their budget.

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 2004 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, the Schaumburg Shuttle Service, the Downers Grove Commuter Shuttle, vanpool, centralized support expenses which include insurance and fuel, and costs for administration.

Pace-Owned Services

Pace is responsible for the direct operation of nine carriers in the six county region. Together, these divisions—North, North Shore, Northwest, South, Southwest, West, Fox Valley, River, and Heritage—carry 82% of the total suburban bus ridership. Pace expects to provide \$68,547,000 for expenses to these carriers in 2004. 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 \$2,111,000 in 2004. Further information on the public contracted services budget can be found on page 15.

Private Contract Services

Pace provides service to more than 40 communities by directly contracting with four private transit companies. Pace expects to fund a total cost of \$8,023,000 for these services in 2004. Further information on the private contract services can be found on page 16.

Dial-a-Ride Services

Pace subsidizes 56 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 2004, Pace plans to expend \$12,649,000 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 \$10,931,000 in 2004. Further information on the ADA paratransit services budget can be found on page 18.

CMAQ Services

Pace will continue to maintain the program which provides federal funds for new fixed route services in accordance with the Congestion Mitigation/Air Quality (CMAQ) program. Pace will spend \$960,000 for these services in 2004. Further information on the CMAQ services program budget can be found on page 19.

JARC Services

Pace will provide \$2,237,000 in 2004 for services that were initiated under the federal Job Access Reverse Commute Program. As federal funding is ending for these services, Pace will have to absorb these costs into the base budget. 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 \$489,000 and will continue to be funded 100% by the Village of Schaumburg in 2004. 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 2004 at a cost of \$613,000. Further detail on the Downers Grove commuter shuttle is contained on page 19.

Vanpool

The 2004 budget for vanpool services contains \$2,720,000. 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 475 vans in service by the end of 2004. Pace's Vanpool program continues to maintain a very high recovery rate at 95.89%. 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 \$23,529,000 to provide fuel, insurance and other support

items in 2004. 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 2004 administrative budget is set at \$14,211,000. Further information on the administration budget can be found on page 23.

Table 7. 2004 Revenue Summary (000's)

	2002 Actual	2003 Estimate	2004 Budget
OPERATING REVENUES			
Pace-Owned Services	\$ 27,456	\$ 26,663	\$ 26,110
Public Contracted Services	806	822	845
Private Contracted Services	2,868	2,580	2,612
Dial-A-Ride Services	6,708	7,624	7,996
ADA Paratransit Services	1,158	1,256	1,361
CMAQ Services	72	102	120
JARC Services	1,064	711	517
Vanpool Program	2,100	2,415	2,608
Half-Fare Reimbursement	3,274	3,555	3,510
Investment/Other Revenue	1,130	996	1,080
Advertising Revenue	3,047	3,320	3,621
Schaumburg Service	452	466	489
Downers Grove Service	518	554	564
Municipal Vanpool	130	180	194
Total Operating Revenue	\$ 50,783	\$ 51,244	\$ 51,627
PUBLIC FUNDING			
Sales Tax	\$ 70,194	\$ 70,724	\$ 73,050
Public Transportation Fund	8,858	12,023	6,002
Capital Cost of Contracting	0	10,155	7,213
Other Federal Funds	2,128	3,417	1,675
Pace Funds	0	0	7,453
Total Public Funding	\$ 81,180	\$ 96,319	\$ 95,393
Total Source of Funds	\$131,963	\$147,563	\$ 147,020

Chart B. Sources of Funds

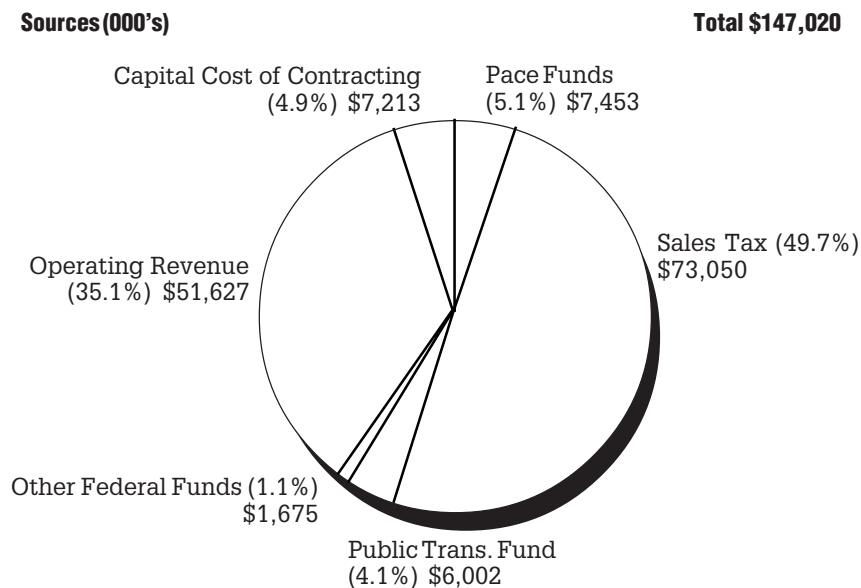
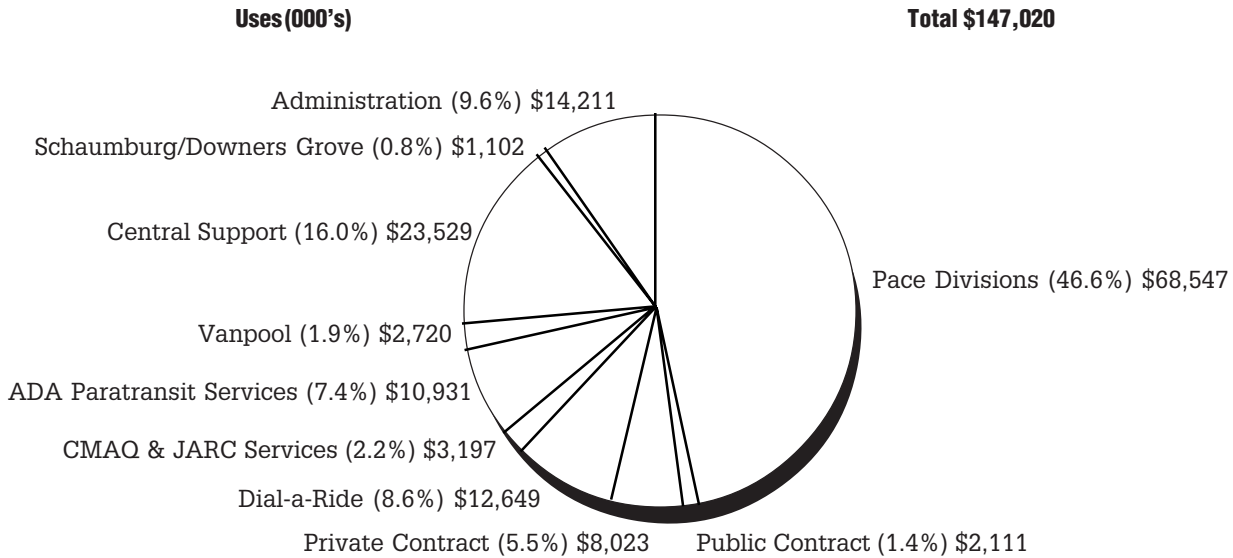


Table 8. 2004 Expense Summary (000's)

	2002 Actual	2003 Estimate	2004 Budget
EXPENSES			
Pace-Owned Services	\$ 61,098	\$ 65,064	\$ 68,547
Public Contracted Services	1,958	2,024	2,111
Private Contracted Services	7,616	7,595	8,023
Dial-A-Ride Services	11,065	11,971	12,649
ADA Paratransit Services	9,738	10,266	10,931
CMAQ Services	222	783	960
JARC Services	1,916	2,079	2,237
Vanpool Program	2,134	2,518	2,720
Centralized Operations	10,226	10,359	11,136
Insurance	5,908	6,441	7,406
Fuel	4,421	5,331	4,987
Administration	13,466	13,285	14,211
Schaumburg Service	451	466	489
Downers Grove Service	571	602	613
Total Expenses	\$130,790	\$138,784	\$147,020
Net Funding Available	\$ 1,173	\$ 8,779	\$ 0
Recovery Rate	40.00%	45.25%	40.00% *
FUND BALANCE			
Beginning Balance	\$ 2,261	\$ 3,084	\$ 10,991
Net Funding Available	1,173	8,779	0
Less: Obligations/Other	350	872	7,453
Ending Balance	\$ 3,084	\$ 10,991	\$ 3,538

*Pace will apply a sufficient amount of ADvAntage and Capital Cost of Contracting credits in order to reach the 40% recovery requirement.

Chart C. Uses of Funds



2004 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 82% of total system ridership.

In 2004, Pace will spend \$42.4 million to provide service at these locations. This represents a 10.5% increase over estimated 2003 levels.

System revenue is projected to decline by 2.1% over the 2003 estimate, with a loss in ridership attributed to the decline.

Total operating expenses will grow 5.4% over 2003 levels. Labor, fringe benefit costs including health care and pension, and utility costs are the primary factors affecting the rising costs in 2004.

Recovery performance will decline at the divisions for 2004 as expenses will grow while revenue will decline.

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

Pace's efforts for 2004 include providing 27.0 million rides with a minimum recovery ratio of 38.09%.

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

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

	2002 Actual	2003 Estimate	2004 Budget
Revenue	\$ 27,456	\$ 26,663	\$ 26,110
Expenses			
Operations	\$ 44,391	\$ 46,909	\$ 50,287
Maintenance	11,483	12,577	12,744
Non-Vehicle Maintenance	1,472	1,614	1,625
General Administration	3,752	3,964	3,891
Total Expenses	\$ 61,098	\$ 65,064	\$ 68,547
Funding Requirement	\$ 33,642	\$ 38,401	\$ 42,437
Recovery Rate	44.94%	40.98%	38.09%
Ridership	29,111	27,654	27,009
Vehicle Miles	22,077	21,905	21,905
Vehicle Hours	1,448	1,441	1,441
Full Time Equivalents (FTE's)	1,174	1,172	1,172

2004 Public Contracted Service Budget

Pace will contract with two municipalities—Highland Park and Niles to provide fixed route bus service in their areas in 2004.

Total public contract revenue is projected to rise 2.7% over the 2003 estimate. The growth will come primarily from increasing local share contributions as fare revenues are estimated to increase 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 \$87,000 or 4.3% over the estimate for 2003. This increase reflects estimated growth for labor and fringe benefit costs, including rising health care.

Pace's 2004 efforts include achieving a 40.0% recovery ratio, while increasing ridership levels to 829,000 riders.

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

Table 10. Budget Summary—Public Contracted Carriers (000's)

	2002 Actual	2003 Estimate	2004 Budget
Revenue			
Fares	\$ 647	\$ 644	\$ 651
Local Share	159	178	194
Total Revenue	\$ 806	\$ 822	\$ 845
Expenses			
Operations	\$ 1,347	\$ 1,365	\$ 1,418
Maintenance	435	423	436
Non-Vehicle Maintenance	0	0	0
General Administration	176	236	257
Total Expenses	\$ 1,958	\$ 2,024	\$ 2,111
Funding Requirement	\$ 1,152	\$ 1,202	\$ 1,266
Recovery Rate	41.17%	40.62%	40.00%
Ridership	826	821	829
Vehicle Miles	529	509	509
Vehicle Hours	44	44	44

2004 Private Contract Carrier Budget

In 2004, Pace will contract directly with four private transit providers for fixed route service in 40 different communities.

Private contractors doing business with Pace include:

- Colonial Coach Lines
- Laidlaw
- Mid-American Coach Lines
- Cook County School Bus

The net cost of providing fixed route contracted service will rise \$396,000 in 2004. This represents a 7.9% increase from estimated 2003 levels and is directly attributed to rising costs as service levels will remain unchanged next year. Contractor's renewal rates have been growing significantly over the past two years as labor and fringe benefit costs, specifically healthcare, have been rising at rates well above the standard CPI-rate of inflation.

Operating revenues are projected to rise 1.3% in 2004 in conjunction with ridership which is estimated to grow 1.5% over 2003 levels.

Recovery performance will decline due to rising costs.

The budget for private contracted services is summarized on the following table. The general outlook for this program in 2004 is to maintain 2.0 million riders while achieving a minimum recovery ratio of 32.56%.

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

	2002 Actual	2003 Estimate	2004 Budget
Revenue	\$ 2,868	\$ 2,580	\$ 2,612
Operating Expenses	7,616	7,595	8,023
Funding Requirement	\$ 4,748	\$ 5,015	\$ 5,411
Recovery Rate	37.66%	33.97%	32.56%
Ridership	2,019	1,979	2,008
Vehicle Miles	2,409	2,339	2,339
Vehicle Hours	139	136	136

2004 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 27 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 41 local share agreements.

Pace has service agreements with villages and townships for the operation of 29 other dial-a-ride projects. In most cases, the local community operates the service. For 2004, Pace’s funding formula for service agreements is based on providing a subsidy of \$2.25 per trip or 75% of deficit, whichever is less (\$2.25/75%). As in past years, individual project funding will also be limited to the inflationary growth rate for 2004.

The budget shown in Table 12 is based on the \$2.25/75% subsidy formula and will provide for over \$12.6 million in dial-a-ride service throughout the six county region. Total costs are up 5.7% in 2004, as costs of renewal for several private contracts are expected to exceed the 1.9% rate of inflation. Service expansion is also contributing to part of the growth next year. Dial-a-ride ridership is projected to decline 0.9% in 2004 consistent with the decline forecasted for fixed route services.

Dial-a-ride efforts in 2004 will include carrying 1.1 million riders while maintaining recovery performance to a level of 63.22%.

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

	2002 Actual	2003 Estimate	2004 Budget
Revenue			
Fares	\$ 1,034	\$ 1,092	\$ 1,084
Local Share	5,674	6,532	6,912
Total Revenue	\$ 6,708	\$ 7,624	\$ 7,996
Expenses			
Operations	\$ 9,891	\$ 10,782	\$ 11,254
Maintenance	451	452	472
Non-Vehicle Maintenance	26	27	31
Administration	697	710	891
Total Expenses	\$ 11,065	\$ 11,971	\$ 12,648
Funding Requirement	4,357	4,347	4,652
Recovery Ratio	60.63%	63.68%	63.22%
Ridership	1,094	1,139	1,129
Vehicle Miles	4,198	4,396	4,439
Vehicle Hours	264	278	280

2004 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 2004, Pace's program reflects continued growth.

Pace will expend \$9.0 million in ADA service in 2003. This represents a 5.0% or \$.429 million increase and reflects the rising cost of doing business as well as increased demand/ridership for 2003. ADA ridership is one of the few areas in Pace's budget reflecting growth in ridership.

In 2004, the ADA budget will continue to expand at a rate of 6.5%, or an additional \$.665 million to \$10.9 million. Ridership is projected to grow 2.9% or an additional 11,000 riders. Service levels will increase, accounting for 0.8% of the expense budget growth. Costs will grow 5.7% as contractor renewal rates continue to rise at a much higher level than the 1.9% inflation rate. ADA recovery performance will reach 12.45% in 2004.

Details of the ADA budget are summarized in the table below. Pace's efforts for the ADA Paratransit program in 2004 will focus on continued productivity gains through cost containment. Ridership is projected to reach 387,000 passengers in 2004.

Table 13. Budget Summary—ADA Paratransit Services (000's)

	2002 Actual	2003 Estimate	2004 Budget
Revenue	\$ 1,158	\$ 1,256	\$ 1,361
Expenses	9,738	10,266	10,931
Funding Requirement	\$ 8,580	\$ 9,009	\$ 9,570
Recovery Ratio	11.90%	12.24%	12.45%
Ridership	367	376	387
Vehicle Miles	3,280	3,266	3,472
Vehicle Hours	253	258	260

2004 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. CMAQ funding will provide Pace with \$768,000 in 2004. The service will continue to generate an estimated 122,000 riders and produce \$120,000 in revenue. The following table details the CMAQ program for 2004.

Table 14. Budget Summary—CMAQ Services (000's)

	2002 Actual	2003 Estimate	2004 Budget
Revenue	\$ 72	\$ 102	\$ 120
Expenses	222	783	960
Funding Requirement	\$ 150	\$ 681	\$ 840
Federal CMAQ Funds	150	627	768
Surplus/(Deficit)	0	(54)	(72)
Recovery Ratio	32.36%	12.96%	12.50%
Ridership	87	122	122
Vehicle Miles	67	250	250
Vehicle Hours	5	17	17

JARC Service

Pace has continued to apply and receive funding under the Job Access and Reverse Commute Program (JARC). This program provides limited (one to two year) funding for new services designed to transport welfare recipients and low-income individuals to and from jobs. During the past several years, Pace has maximized use of this program; however, Pace continues to receive only a portion of the required funding and, therefore, will continue to absorb these costs into the base budget. The following table details the JARC program for 2004.

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

	2002 Actual	2003 Estimate	2004 Budget
Revenue	\$ 1,064	\$ 711	\$ 517
Expenses	\$ 1,916	2,079	2,237
Funding Requirement	\$ 852	\$ 1,368	\$ 1,720
Federal JARC Funds	510	1,030	302
Surplus/(Deficit)	(352)	(338)	(1,418)
Recovery Ratio	55.53%	34.20%	23.11%

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 2004 at a cost of \$613,000, with offsetting revenue of \$564,000 which includes local subsidy. The table below details this program.

Table 16. Budget Summary—Downers Grove (000's)

	2002 Actual	2003 Estimate	2004 Budget
Revenue	\$ 518	\$ 554	\$ 564
Expenses	571	602	613
Funding Requirement	\$ 53	\$ 48	\$ 49
Recovery Ratio	90.0%	92.0%	92.0%
Ridership	116	116	116
Vehicle Miles	76	77	77
Vehicle Hours	5	5	5

Schaumburg

A shopper's shuttle service was implemented in the Woodfield area in 2001 and continues in 2004. The cost of this service is estimated at \$489,000 and will continue to be funded at 100% by the Village of Schaumburg. The table below details this program.

Table 17. Budget Summary—Schaumburg (000's)

	2002 Actual	2003 Estimate	2004 Budget
Revenue	\$ 452	\$ 466	\$ 489
Expenses	452	466	489
Funding Requirement	\$ 0	\$ 0	\$ 0
Recovery Ratio	100%	100%	100%
Ridership	86	88	86
Vehicle Miles	130	132	132
Vehicle Hours	16	14	14

2004 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 412 vans currently in use. Pace estimates to have 440 vans in service by year-end 2003 and projects to increase the number of vans to 475 by the end of 2004. The Vanpool program will carry 1.36 million riders in 2004. Revenue and expense are projected to increase at the same rate respectively—8% over 2003.

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 18.

The budget for the total Vanpool program is also summarized in the table.

Vanpool Incentive Program (VIP)

The VIP service is the core element of the program and is projected to achieve a ridership level of 659,000 with 205 vans in service by the end of 2004. The 2004 budgeted revenue and expenses are projected to increase 8% over 2003 levels. Recovery performance is budgeted at 102.3% for 2004.

Corporate Shuttle Program

The Corporate Shuttle Program which began in 1997 is now monitored separately. This program provides vans to suburban employers to shuttle employees to and from nearby transit connections with CTA, Metra and Pace facilities. Pace van shuttles are used by various agencies. Currently, there are thirty-eight (38) vans operating under the shuttle program and Pace estimates to have forty-three (43) shuttle vans in service by the end of 2004. The 2004 budgeted recovery rate for this program is 153.2%.

ADvAntage Program

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

In 2004, this program reflects an 8% increase in revenue and expense, consistent with projected increases in ridership. Pace projects to have 227 vans in service by 2004 year-end. The recovery rate for the ADvAntage program is budgeted at 78.2% in 2004.

Pace's efforts for the entire Vanpool Program in 2004 will include growing the overall program 8.0%, carrying 1,358,000 passengers, maintaining a recovery ratio of 95.9%, and increasing the number of vans in service to 475 by the end of 2004.

Table 18. Vanpool Budget (000's)

	2002 Actual	2003 Estimate	2004 Budget
REVENUE			
VIP	\$ 1,088	\$ 1,147	\$ 1,238
Corporate Shuttle	271	359	388
ADvAntage	741	909	982
Total Revenue	\$ 2,100	\$ 2,415	\$ 2,608
EXPENSE			
VIP	\$ 1,005	\$ 1,121	\$ 1,211
Corporate Shuttle	205	234	253
ADvAntage	924	1,163	1,256
Total Expenses	\$ 2,134	\$ 2,518	\$ 2,720
Funding Requirement	\$ (34)	\$ (103)	\$ (112)
RECOVERY RATE			
VIP	108.3%	102.3%	102.3%
Corporate Shuttle	132.0%	153.2%	153.2%
ADvAntage	80.2%	78.2%	78.2%
Total Recovery Rate	98.4%	95.9%	95.9%
RIDERSHIP			
VIP	601	610	659
Corporate Shuttle	85	84	91
ADvAntage	465	563	608
Total Ridership	1,151	1,257	1,358
VEHICLE MILES			
VIP	4,465	4,549	4,912
Corporate Shuttle	623	638	689
ADvAntage	2,447	2,887	3,119
Total	7,535	8,074	8,720
Vans in Service (year-end) - VIP	178	190	205
Vans in Service (year-end) - Corporate	37	40	43
Vans in Service (year-end) - ADvAntage	165	210	227
Total Vans in Service	380	440	475

2004 Centralized Support Budget

The 2004 centralized support budget of \$23.5 million provides for a total support staff of 89 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.

In 2004, Pace's centralized support budget will grow 6.3% over estimated 2003 levels. Labor, fringe benefit costs, including health care and pension contributions, and liability insurance costs will contribute to the growth. Fuel expenses are projected to decline 6.5% from 2003 levels as the outlook suggests lower fuel prices next year.

Looking at the individual components of the central support budget, operations expense is expected to increase 9.4% from 2003 levels. The operations component is comprised entirely of labor and fringe benefit expense for 37 positions that provide support to all operating areas at Pace. Rising health care and pension costs are adding to the high cost for labor.

The maintenance area is comprised of 44 positions and includes both maintenance and materials management personnel. Total maintenance expense is projected to increase 6.4% over 2003 levels due again to rising fringe benefit costs.

Fuel consumption is projected to remain at constant 2003 levels—6.0 million gallons. However, the budget assumes an average price of \$.83 per gallon, a six cent decline from 2003 levels.

The non-vehicle maintenance area consists of eight positions which provide support to all building maintenance and bus shelter functions. Additional expenses associated with passenger facility maintenance, along with increased building maintenance costs, are causing expenses to rise 19.9% over 2003 levels.

The administration portion of the centralized support budget is comprised of numerous items including liability insurance, marketing, revenue collection, farebox maintenance, and Pace's acceptance facility. Cost growth in this area has been constrained wherever possible for 2004. However, increased liability insurance costs account for a large part of the 11.6% jump in this category. Liability insurance costs are projected to rise 15% in 2004 with a significant increase associated with workers' compensation and premium costs.

Pace's 2004 budgetary efforts for centralized support will include holding non-labor expenditures to a minimum while maintaining a staffing level of 89 positions.

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

Table 19. Centralized Support Budget (000's)

	2002 Actual	2003 Estimate	2004 Budget
Operations	\$ 2,657	\$ 2,432	\$ 2,661
Maintenance	3,979	4,285	4,560
Fuel	4,421	5,331	4,987
Non-Vehicle Maintenance	828	767	919
Administration	2,762	2,875	2,995
Insurance	5,908	6,441	7,406
Total	\$ 20,555	\$ 22,131	\$ 23,528
Full Time Equivalentents (FTE's)	86	89	89

2004 Administrative Budget

The 2004 administrative budget provides for 153 positions at an estimated total cost of \$14.2 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, utilities and other expenses.

In 2003, administrative expense is estimated to end the year \$181,000, or 1.3%, below 2002 levels. The decline in expense reflects a reduced liability for pension costs from 2002 to 2003. The 2004 administrative budget will increase 7.0% over 2003 levels, and reflects increased pension costs as well as increases among other components.

Looking at the individual components of the administrative budget, non-vehicle maintenance expense will increase 9.6% over 2003 levels and reflects the rising costs of maintaining an aging headquarters facility.

Labor and fringe benefit costs will grow 10.8% and reflect an increase in health care costs, and the resumption of a pension contribution in 2004. The

growth in health care and pension contributions account for a respective 1.6% and 5.4% of the total administrative labor expense growth. There is no change in the number of FTEs in administration for 2004.

Parts and supplies, as well as utility costs, are expected to grow a respective 1.0% and 7.6% to prior 2003 levels in 2004. The projected rise in natural gas prices are the cause for the sizeable increase in utility costs next year.

The expense category "Other" will decline 2.6% in 2004 and reflects cost constraints in many areas of the administrative budget.

Pace's 2004 budgetary efforts for administration include constraining most non-labor expense growth while maintaining a staffing level of 153 positions.

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

Table 20. Administrative Budget (000's)

	2002 Actual	2003 Estimate	2004 Budget
Non-Vehicle Maintenance	\$ 162	\$ 167	\$ 183
General Administration			
Labor/Fringe benefits	9,999	9,190	10,180
Parts/Supplies	178	225	228
Utilities	139	153	164
Other	2,988	3,550	3,456
Total Expenses	\$ 13,466	\$ 13,285	\$ 14,211
Full Time Equivalents (FTE's)	145	153	153

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 National Transit Database reporting requirements which apply to all public transit operators.

The administration element for 2004 is budgeted at 153 filled full-time equivalents (FTE's) and represents no increase over 2003. The growth in administrative FTE's for 2003 can be attributed to three added positions for the new Intelligent Bus System project (IBS); three positions transferred from central support and the divisions; and two less vacancies in administration.

The central support element is budgeted at 89 filled FTE positions for 2004 and reflects no increase from estimated 2003 levels. The noted increase from 2002 to 2003 comes from the movement of one position from the divisions and two additional positions for the IBS project.

The Pace division element is comprised of nine Pace division garages and is budgeted at 1,172 filled FTE positions for 2004, consistent with staffing levels for 2003. The decline between 2002 to 2003 reflects the movement of two positions from the divisions to administration and central support.

Pace is organized into 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, Government Affairs 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 purchasing and facility management.

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

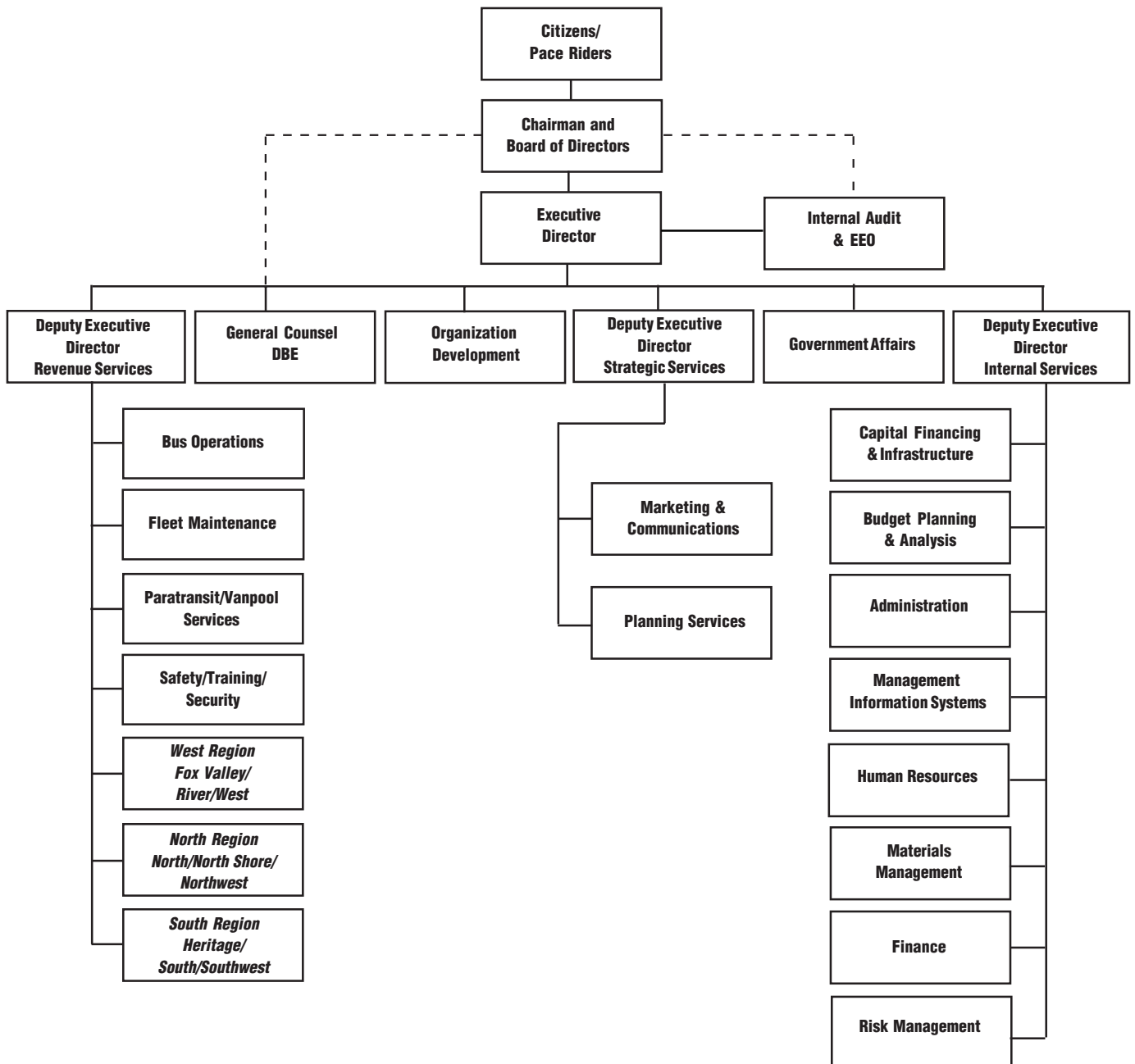
Strategic Services is responsible for marketing, communications, and planning and strategic functions of the company.

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

Table 21. Full-Time Equivalent Personnel (FTE's)

2002 ACTUAL				
	Area: Administration	Central Support	Pace Divisions	Total
Activity				
Operations	0	39	918	957
Maintenance	0	40	205	245
Non-Vehicle Maintenance	0	7	15	22
Administration	145	0	36	181
Total	145	86	1,174	1,405
2003 ESTIMATED				
	Area: Administration	Central Support	Pace Divisions	Total
Activity				
Operations	0	37	917	954
Maintenance	0	44	204	248
Non-Vehicle Maintenance	0	8	15	23
Administration	153	0	36	189
Total	153	89	1,172	1,414
2004 BUDGET				
	Area: Administration	Central Support	Pace Divisions	Total
Activity				
Operations	0	37	917	954
Maintenance	0	44	204	248
Non-Vehicle Maintenance	0	8	15	23
Administration	153	0	36	189
Total	153	89	1,172	1,414

Chart D. Pace Organizational Chart



2004 Capital Program Budget

Summary

The 2004 capital program totals \$38.6 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 \$36.3 million while Pace will commit \$2.3 million from its own funds.

Table 22. 2004 Capital Program (000's)

	Amount
Rolling Stock and Related Systems	\$ 28,212
Support Facilities and Equipment	260
Miscellaneous (Capital Cost of Contracting)	9,016
Contingencies/Project Administration	1,159
Grand Total	\$ 38,647

The program contains \$28.2 million for 63 fixed route replacement buses, 121 vanpool vehicles, bus overhaul/maintenance expense, and associated capital.

Support Facilities and Equipment totaling \$.3 million are included in the 2004 program. Projects include improvements to garages, maintenance equipment and non-revenue vehicles.

The 2004 program also includes \$9.0 million for Capital Cost of Contracting to support Pace's private contract services.

Lastly, \$1.1 million is programmed for Contingencies and Project Administration.

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 FY2004–2008 marks passed by the RTA Board on September 12, 2003.

Federal Funding

There are three federal sources projected for 2004–2008: (1) Discretionary funds, commonly referred to as Section 5309, which Pace is eligible to receive primarily 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 like Pace's Vanpool Program with a focus on transportation for work trips. In addition to the STP and CMAQ funds, TEA-21 also establishes two other competitive transit grant programs: the Clean Fuels Formula (CFF) Program and the Job Access and Reverse Commute (JARC) Program. The CFF Program will finance the purchase or lease of clean fuel buses and facilities, as well as the improvements to existing facilities to accommodate clean fuel buses. The JARC Program is designed to transport welfare recipients and eligible low-income individuals to and from jobs.

The Section 5307 and the Section 5309 Fixed Guideway Modernization funds are allocated to the Service Boards on a percentage basis allocation by the RTA. Presently, the allocation is 58% to CTA, 34% to Metra, and 8% to Pace. This percentage basis allocation has been in place since 1985. The Section 5309 Bus Funds are discretionary and CTA and Pace compete for a portion of a statewide earmark. It has been RTA's practice that these funds are considered to be outside the 58%-34%-8% allocation.

State Funding

Through the Illinois *First* Program, IDOT "B" Bonds are used for projects with a useful life of more than twelve years. Additionally, 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. 2004 is the last year for the Illinois *First* Authorization. Additionally, the State has not appropriated any General Revenue Funds in 2004 for small equipment purchases or buses with a service life of less than twelve years. This lack of funding is very problematic for Pace since it needs this type of funding to match federal funds used to purchase paratransit buses and small equipment such as maintenance items, computers, and signs and shelters.

RTA Funding

The RTA Bond Program was reauthorized in May, 1999 for FY2000–2004. The authorized level of funding is covered under two programs: the Strategic Capital Improvement Program (RTA-SCIP II) and the RTA Bond Program (RTA-Bond II). These funds are allocated by the formula of 50% to CTA, 45% to Metra and 5% to Pace.

Through the Illinois *First* Program the RTA will issue \$1.6 billion in bonds for capital improvements during the period 2000–2004. This includes \$1.3 billion in authorization for Strategic Capital Improvement Program (SCIPII) bonds which the State of Illinois reimburses the principal and interest expense to the RTA. The remaining \$300 million represents RTA General Obligation Bonds II for which the RTA is responsible for the principal and interest. 2004 is the last year for the Illinois *First* authorization.

Lastly, the Service Boards have traditionally received RTA Capital Discretionary funding for non-bondable projects or equipment with a useful life of less than seven years. RTA's preliminary budget for the next five years does not assume any Discretionary funds due to the decline in projected sales tax.

Pace Funds

Each year Pace is required to use some portion of its own funds to meet its capital needs. In 2004, Pace needs approximately \$2.3 million in Pace restricted sales tax revenue to match the Bus Overhaul/Maintenance Expense, Capital Cost of Contracting projects, and Project Administration.

2004 Capital Program Description

The 2004 Capital Program total is expected to be approximately \$38.6 million. Due to anticipated funding shortfalls in 2005, Pace will carry over a certain level of RTA Bond Funding to match the Federal Program in 2005. The 2004 Capital Program summarized below ties to the expected amount of funding Pace will receive in 2004:

Rolling Stock (\$28.2 Million)

- *63 Fixed Route Replacement Buses (\$19.9 million)* - The program contains funds for the replacement of 10 Ikarus buses (40'), 7 Eldorado buses (29'), 31 Orion buses (35' and 40') and 15 Chance buses (26') which have exceeded their useful life. The replacement vehicles will be a mix of 30, 35 and 40 foot traditional transit buses. The program also includes power packs, inspection services, etc.

- *121 Vanpool Vehicles (\$4.4 million)* - The program contains funds for the replacement of the VIP vanpool vehicles which have exceeded their useful life and for expansion vans. The number of vehicles it can purchase is driven by the amount of CMAQ funds Pace expects to receive in 2004. Pace will compete for \$4.4 million through the CATS, CMAQ selection process and the amount Pace receives will determine the number of vehicles Pace will be able to purchase.

- *Bus Overhaul/Maintenance Expenses (\$2.0 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 \$3.3 million in 2004; however, RTA limits the use of these federal funds by requiring that the expenses must satisfy the definition of capital in accordance with Generally Accepted Accounting Principles (GAAP). Given this, Pace will apply for \$2.0 million in 2004.

- *Associated Capital (\$1.9 million)* - The program contains funds for the purchase of engines, transmissions, axle assemblies, seats, etc. Additionally, due to funding constraints, Pace will undertake a rebuild program which will extend the life of some of the Orion buses.

Support Facilities/Equipment (\$.3 Million)

- *Maintenance Equipment/Non Revenue Support Vehicles (\$.1 million)* - The program contains funds for the purchase of miscellaneous maintenance equipment and a service truck.

- *Improvements to Garages/Facilities (\$.2 million)* - The program contains funds for the purchase of overhead doors, a lift for Heritage Division, an air compressor for Northwest Division and makeup air intake dampers for River Division.

Miscellaneous (\$9.0 Million)

- *Capital Cost of Contracting (\$9.0 million)* - The program contains \$9.0 million to cover Capital Cost of Contracting. Under the federal capital grant program, Pace is eligible to receive \$12.7 million to cover the 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). In 2003, RTA agreed to allow Pace to apply for capital consumed in paratransit operations only. Therefore, the \$9.0 million represents the limit on the amount of capital qualified for paratransit services in 2004.

Contingencies and Project Administration (\$1.1 Million)

- *Contingencies and Project Administration (\$1.1 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.

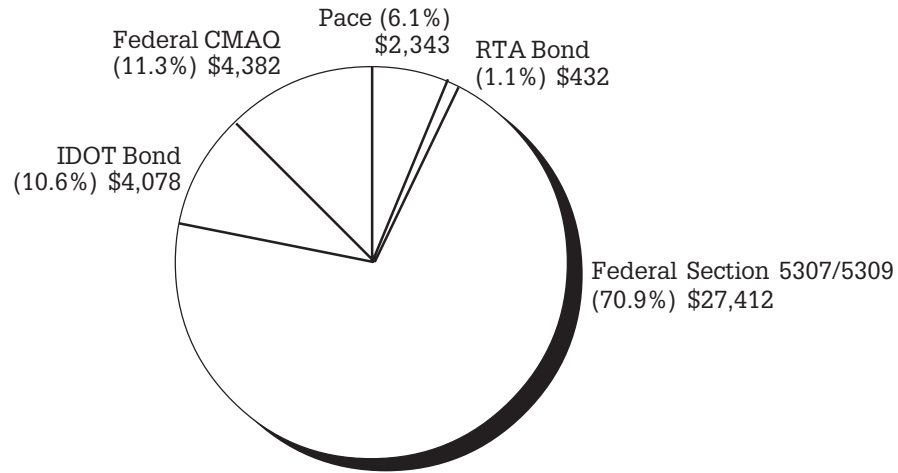
Table 23. 2004 Capital Program (000's)

Project Description	Amount
ROLLING STOCK	
Purchase 63 Fixed Route Buses	\$ 19,930
Purchase 121 Vanpool Vehicles	4,382
Bus Overhaul/Maintenance Expense	2,000
Associated Capital	1,900
<hr/>	
Subtotal Rolling Stock	\$ 28,212
SUPPORT FACILITIES & EQUIPMENT	
Maintenance/Support Equipment/Support Vehicles	\$ 100
Improvements to Garages/Facilities	160
<hr/>	
Subtotal Support Facilities and Equipment	\$ 260
MISCELLANEOUS	
Capital Cost of Contracting	\$ 9,016
<hr/>	
Subtotal Miscellaneous	\$ 9,016
CONTINGENCIES AND PROJECT ADMINISTRATION	
	\$ 1,159
<hr/>	
Grand Total	\$ 38,647

Chart E. 2004 Capital Program—Sources and Uses of Funds

Sources (000's)

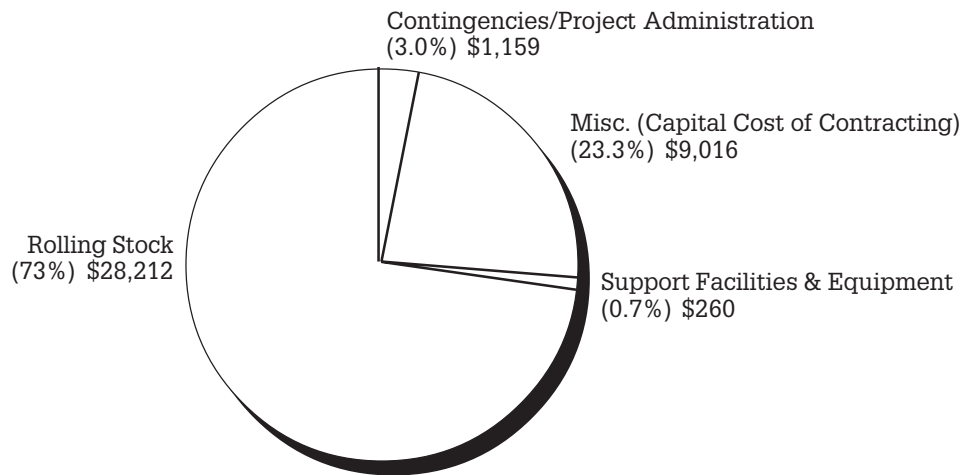
Total \$38,647



Over 82% of Pace's program is funded with Federal funds

Uses (000's)

Total \$38,647



Major focus of the 2004 program will be on the replacement of Rolling Stock

2004–2008 Capital Plan Description

Pace's needs for the five year period 2004–2008 are depicted by asset category on Table 24. This totals \$271.5 million.

Rolling Stock

Pace needs \$130.2 million to purchase rolling stock. The program contains 168 fixed route buses, 239 paratransit buses, and 723 vanpool vehicles. Additionally, the program contains funds for associated capital and bus overhaul/maintenance expense.

Electrical/Signal/Communications

Pace needs \$13.5 million to replace the systemwide fixed route radio system and to fund Phase III of the Intelligent Bus System (IBS).

Support Facilities and Equipment

Pace needs \$74.4 million to support its system with facilities and equipment. This includes construction of general improvements and upgrades to garages and passenger facilities, and purchase of major computer systems. Additionally, funds are programmed for the construction of expanded facilities which might be identified as part of Vision 2020. Lastly, Pace needs funds to purchase maintenance equipment, non-revenue vehicles, office equipment, furniture, and other miscellaneous equipment.

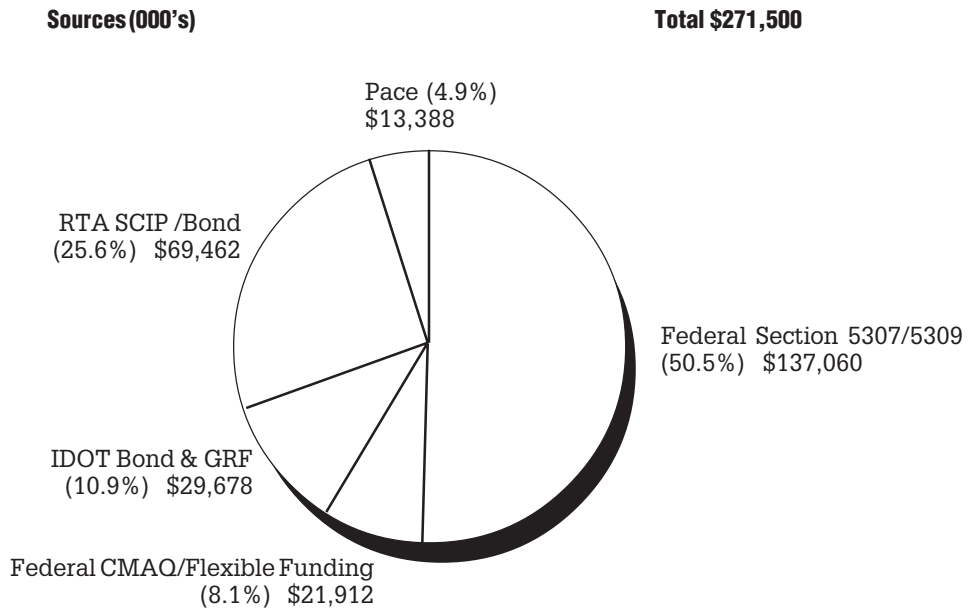
Stations and Passenger Facilities

Pace needs \$2.7 million to purchase bike rack ad frames and passenger amenities such as bus stop signs, shelters, and schedule display tubes.

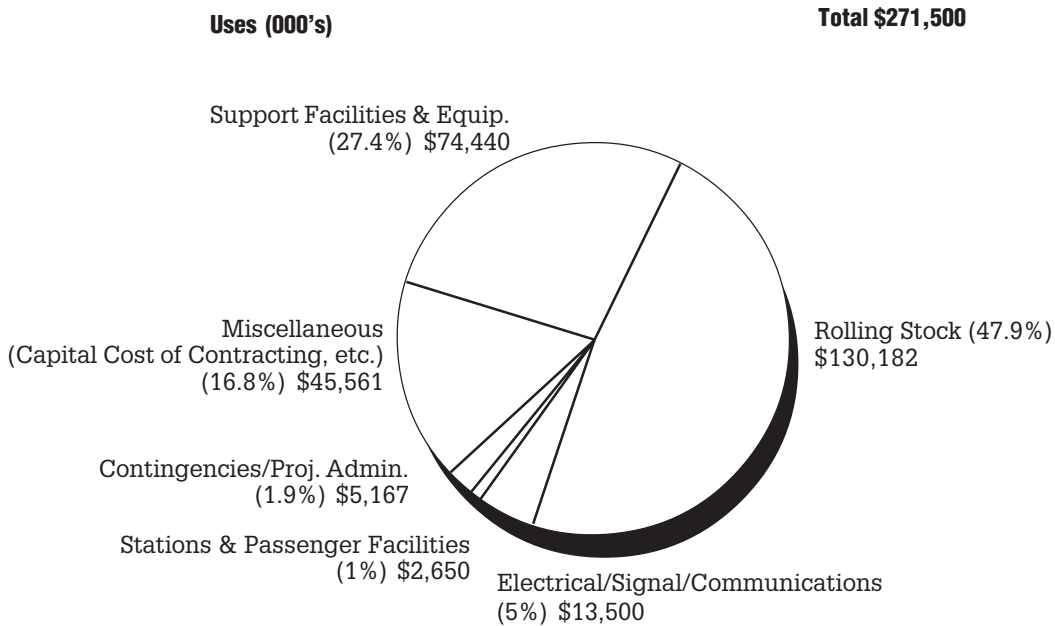
Miscellaneous/Contingencies/Project Administration

Pace needs \$50.7 million for contingencies and project administration, as well as capital cost of contracting and unanticipated capital.

Chart F. 2004–2008 Capital Plan—Sources and Uses of Funds



Approximately 59% of Pace's Program is funded with Federal funds



Approximately 48% of Pace's Program is for the purchase of rolling stock

Table 24. Capital Plan 2004–2008 (000's)

Project Description	2004 Amount	Quantity	2005–2008 Total	Quantity	Total 2004–08
ROLLING STOCK					
Purchase 168 Fixed Route Buses	\$ 19,930	63	\$ 37,030	105	\$ 56,960
Purchase 239 Paratransit Vehicles	0		18,960	239	18,960
Extended Warranties	0		200		200
Purchase 723 Vanpool Vehicles	4,382	121	24,080	602	28,462
Bus Overhaul/Maintenance Expense	2,000		13,200		15,200
Associated Capital	1,900		8,500		10,400
Subtotal - Rolling Stock	\$ 28,212		\$ 101,970		\$ 130,182
ELECTRICAL/SIGNAL/COMMUNICATIONS					
Intelligent Bus System	\$ 0		\$ 500		\$ 500
Purchase Systemwide Radio System - Phase II	0		13,000		13,000
Subtotal - Electrical/Signal/Communications	\$ 0		\$ 13,500		\$ 13,500
SUPPORT FACILITIES & EQUIPMENT					
Purchase Systemwide Farebox System - Phase II	\$ 0		\$ 12,500		\$ 12,500
Maintenance/Support Equipment/Support Vehicles	100		4,300		4,400
Office Equipment/Furniture/Printing Equipment	0		1,000		1,000
Computers/Databases/Computer Systems	0		12,470		12,470
Improvements to Garages/Facilities	160		21,410		21,570
Expansion of Facilities	0		22,500		22,500
Subtotal - Support Facilities & Equipment	\$ 260		\$ 74,180		\$ 74,440
STATIONS & PASSENGER FACILITIES					
Bike Rack Ad Frames	\$ 0		\$ 300		\$ 300
Schedule Display Tubes	0		550		550
Bus Stop Signs and Shelters	0		1,800		1,800
Subtotal - Stations & Passenger Facilities	\$ 0		\$ 2,650		\$ 2,650
MISCELLANEOUS					
Capital Cost of Contracting	\$ 9,016		\$ 36,065		\$ 45,081
Unanticipated Capital	0		480		480
Subtotal - Miscellaneous	\$ 9,016		\$ 36,545		\$ 45,561
CONTINGENCIES/ADMINISTRATION					
	\$ 1,159		\$ 4,008		\$ 5,167
Total Pace Program	\$ 38,647		\$ 232,853		\$ 271,500

2004–2006 Financial Plan and Fund Balance

General

The following section presents Pace’s financial plan and fund balance for 2004 through 2006. 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 2004–2006 achieves this balance.

As mentioned in the section on the 2004 operating budget, the RTA funding mark is \$7.5 million short of Pace’s proposed budget. In order to balance the budget within the RTA guidelines, Pace is proposing to use surplus funds generated from 2003 to cover the funding shortfall. Use of these funds will help avoid service reductions in 2004 that would be required in order to balance within the RTA funding marks.

Early in 2003, the RTA agreed to allow Pace to apply for federal Capital Cost of Contracting funds for fiscal years 2002 and 2003. The two years of funding will result in a funding surplus for 2003, and this surplus could be carried over to fund existing service levels in 2004. In addition, RTA will grant Pace access to Capital Cost of Contracting funds for 2004. Combined, these funds allow service levels to remain constant until 2005.

The outlying years of the plan (2005 and 2006) offer a greater challenge to Pace. RTA’s operating funding levels are proposed to remain fixed for all three years; therefore, Pace is faced with continuing to constrain costs. However, funding shortfalls of this magnitude will require more than cost containment. Pace is currently working with Booz Allen Hamilton in order to identify any costs savings strategies that the Agency may use. However, it is anticipated that after non-service related savings are achieved, Pace will be faced with significant service restructuring to lower costs should the funding situation not improve by 2005.

In order to continue to achieve the 40% recovery requirement for 2004 and the outlying years of the plan, Pace will apply a sufficient amount of ADvAntage and Capital Cost of Contracting credits in order to reach the 40% recovery requirement.

Table 25. Baseline Economic Assumptions

	2003	2004	2005	2006	Where Applied
CPI-U (National)	2.3%	1.9%	2.4%	2.5%	Note 1
T-Bill Rate (3 Month)	1.3%	1.9%	2.5%	2.3%	Investment Income 2003-2006 #2 Die-
sel (Estimated Price)	\$0.887	\$0.830	\$0.830	\$0.830	Note 2
Number of Gallons (Estimate)	6.008 mil	6.008 mil	6.008 mil	6.008 mil	
Fuel Costs	\$5.331 mil	\$4.987 mil	\$4.987 mil	\$4.987 mil	

Note 1—The Blue Chip Economic Indicator Report was the source for CPI data for years 2004 and 2005. The Congressional Budget Office (CBO) was the source for outlying year (2005 and 2006) CPI data. The general inflation rate was used in all cases where a more specific rate of growth was not known or available. These rates were used more in the out years 2005 and 2006 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 Congressional Budget Office—CBO (a source for outlying year inflation forecasts); The Blue Chip Financial Forecast (a report on the trend for interest rates); The Wall Street Journal (source for indicators for PPI, Oil Futures, Interest Rates and general economic information); Bureau of Labor Statistics-BLS (source of key inflation indicators); Bloomberg Financial (a web site providing numerous indicators including energy trends) and The Oil Daily (an oil industry newsletter providing up-to-the-minute activities in the oil market).

The baseline economic assumptions used to develop the Pace three year plan are summarized on Table 25.

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 25. The outcome of applying these assumptions to known or anticipated conditions for major expense categories is reflected on Table 26.

Pace’s three year plan (Table 28) is balanced to meet funding and recovery marks. Pace proposes to redirect surplus 2003 Capital Cost of Contract funding in order to balance 2004. For outlying years 2005 and 2006, as RTA operating funds are projected to remain constant, and despite continued use of Capital Cost of Contract funding, Pace will need to look to further expense reductions in order to balance the 2005 and 2006 budgets.

Operating expenses, in 2004, are expected to increase 5.9% over current year estimates. However, beginning in 2005, expenses will be reduced 4.3%. Expenses will actually decline at an annual compound rate of -1.9% over the three year plan as Pace will reduce expenditures.

Table 26. Major Expense Category Growth Over Prior Year

	2004	2005	2006
Labor/Fringes	7.0%	5.0%	5.2%
Parts/Supplies	0.3%	1.3%	3.6%
Utilities	6.6%	4.2%	7.1%
Fuel	-5.4%	0.0%	0.0%
(\$/Gallon)	(0.830)	(0.830)	(0.830)

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 2002, 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 2002, Pace has committed more than \$35 million for capital projects funded out of this reserve and has used \$3 million to fund one-time operating expenses as noted in the table that follows.

In 2003, Pace expects to finish the year with a funding surplus of \$8.8 million, which will come as a direct result of Pace accessing federal Capital Cost of

Contracting funds. For 2004, Pace is proposing to use these funds to cover a one-time budget shortfall projected for 2004. The use of these funds will bring the unrestricted fund balance to \$3.5 million by the end of 2004.

The following table identifies the capital and operating fund requirements by Pace from 1986 to 2003 and the proposed obligations for 2004. Note: Table 27 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 27. 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	\$ 1,369	\$ -
2002	\$ 350	\$ -
2003	\$ 872	\$ -
2004	\$ 0	\$ 7,453
Subtotal	\$ 37,108	\$ 10,580
Reprogrammed from prior commitments	\$ (1,619)	\$ 0
Grand Total	\$ 35,489	\$ 10,580

Table 28. 2004–2006 Three Year Plan and Fund Balance (000's)

	2002 Actual	2003 Estimate	2004 Budget	2005 Estimate	2006 Estimate
REVENUES					
Farebox	\$ 36,398	\$ 36,235	\$ 36,118	\$ 36,478	\$ 37,026
Fare Reimbursement	3,274	3,555	3,510	3,510	3,510
Investment/Other	3,729	3,705	3,887	4,019	4,087
Advertising	3,047	3,320	3,621	4,200	4,400
Vanpool	2,100	2,415	2,608	2,801	2,994
Other Services	2,105	1,834	1,689	1,439	1,386
Municipal Vanpool	130	180	194	209	223
Total Revenue	\$ 50,783	\$ 51,244	\$ 51,627	\$ 52,656	\$ 53,626
OPERATING EXPENSES					
Labor/Fringes	\$ 74,824	\$ 77,706	\$ 83,169	\$ 87,288	\$ 91,850
Parts/Supplies	3,449	3,515	3,526	3,572	3,700
Utilities	1,321	1,580	1,684	1,755	1,880
Fuel	4,421	5,331	4,987	4,987	4,987
Insurance	5,908	6,441	7,406	7,583	7,773
Other	7,154	7,931	7,784	7,971	8,170
Dial A Ride	11,065	11,971	12,491	12,791	13,110
Private Contract	7,616	7,595	8,023	8,216	8,421
ADA Paratransit	9,738	10,266	10,931	11,193	11,473
Vanpool	2,134	2,518	2,720	2,921	3,122
Other Services	3,160	3,930	4,299	4,402	4,512
Service/Expense Adjustments	0	0	0	(12,020)	(17,512)
Total Expenses	\$130,790	\$ 138,784	\$147,020	\$ 140,659	\$141,486
Funding Requirement	\$ 80,007	\$ 87,540	\$ 95,393	\$ 88,003	\$ 87,860
Recovery Ratio*	40.00%	45.25%	40.00%	40.00%	40.00%
PUBLIC FUNDING					
RTA Operating	\$ 79,052	\$ 82,747	\$ 79,052	\$ 79,052	\$ 79,052
Capital Cost of Contracting	0	10,155	7,213	7,213	7,213
Other Federal Funds	2,128	3,417	1,675	1,738	1,595
Pace Funds	0	0	7,453	0	0
Total Public Funding	\$ 81,180	\$ 96,319	\$ 95,393	\$ 88,003	\$ 87,860
Net Funding Available	\$ 1,173	\$ 8,779	\$ 0	\$ 0	\$ 0
FUND BALANCE					
Beginning Balance	\$ 2,261	\$ 3,084	\$ 10,991	\$ 3,538	\$ 3,538
Surplus/(Deficit)	1,173	8,779	0	0	0
Less: Obligations/Other	350	872	7,453	0	0
Ending Balance	\$ 3,084	\$ 10,991	\$ 3,538	\$ 3,538	\$ 3,538

*Pace will apply a sufficient amount of ADvAntage and Capital Cost of Contracting credits in order to reach the 40% recovery requirement.

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 29 and discussed below.

Pace's total funding requirement for 2004 is up \$16.3 million compared to the existing RTA plan level; however, despite this variance, Pace's proposed funding need is balanced, and most importantly without the need to implement service reductions. Pace's proposed plan for 2004 utilizes the same funding level (\$79.1 million) of RTA operating funds as included in the original plan. The \$16.3 million of additional funding is coming from \$7.2 million in Capital Cost of Contracting funds, \$1.7 million in other federal funds, and over \$7.0 million in Pace funds that were generated from a net funding surplus in 2003. The decision by the RTA to allow Pace to access federal Capital Cost of Contracting funds early in 2003 resulted in Pace avoiding the need to implement planned service reductions in 2003, and also in 2004. The following discussion highlights some of the line-item differences between the original and new plans.

The proposed plan reflects an increase in system generated revenue for 2004. However, the increase in revenue comes largely from the avoidance of service reductions next year. Under the proposed plan, farebox revenues are actually projected to decline from original plan levels, as Pace ridership is forecasted to continue to decline. The decline in ridership will also negatively affect State reduced fare reimbursement levels next year. Advertising income is up slightly, but the real impact on revenue is coming from the avoidance of service reductions. This change has a positive savings of in excess of \$5.0 million compared to the original plan.

Total expenses are up \$17.6 million under the new plan, however, this increase is also attributed to the avoidance of service reductions. Projected labor and fringe benefit costs, specifically, pension contribution levels and health care costs are down from original plan levels. However, labor savings are offset by rising fuel,

and insurance costs. ADA Paratransit costs are up over plan levels, reflecting continued growth in demand, and CMAQ / JARC service levels are also rising. However, the avoidance of service reductions keeps \$17.3 million of expense in place for 2004.

While there is a \$6.1 million increase in funding requirements for the second year (2005) of this three year plan, the problem is much more severe, and Pace will have to look at significant expense reductions in order to balance the budget within projected funding levels. Pace is currently working with Booz Allen Hamilton (BAH) in order to identify any cost savings strategies that the Agency may use. However, it is anticipated that after non-service related costs are achieved, Pace will be faced with significant service restructuring to reduce costs, that will only be avoidable should the funding situation improve by 2005. Completion of the Booz Allen Hamilton study should provide the Agency with an understanding of the level of service and non-service related cost reductions that can be implemented to prepare Pace for the 2005 shortfall. The second step will be a major service restructuring study. The goal of that study will be to identify significant cost savings via service restructuring which can be in place by 2005.

Consistent with the original plan, the recovery rate remains fixed at 40% for all three years—2004 through 2006. Pace will apply a sufficient amount of ADvAntage and Capital Cost of Contracting credits in order to reach the 40% recovery requirement. The following table highlights the plan variance.

Table 29. 2004–2006 Three Year Financial Plan Variance From Existing RTA Plan (000's)

	2004	2005	2006
FUNDING REQUIREMENT (ALL SOURCES)			
RTA Plan (2003–2005)	\$ 79,166	\$ 81,936	*
Pace Plan (2004–2006)	95,393	88,003	87,860
Variance	\$ 16,227	\$ 6,067	N/A
CHANGE FACTORS			
REVENUE			
Farebox Changes (with CMAQ and JARC)	\$ (3,600)	\$ (4,330)	
Investment/Other Income	(8)	136	
Advertising	21	200	
Reduced Fare Reimbursement	(210)	(210)	
Service Reductions	5,182	5,173	
Total Change in System Revenue	\$ 1,385	\$ 969	
EXPENSE			
Labor	\$ (1,665)	\$ (1,748)	
Fringe Benefits (Including Pension)	(189)	(178)	
Health Care	(144)	(198)	
Insurance (Premiums)	804	816	
Fuel	561	561	
ADA Paratransit	215	198	
CMAQ/JARC	1,618	1,719	
Other/Service	(1,021)	(1,262)	
Service/Expense Reductions	17,370	7,128	
Total Changes in Expenses	\$ 17,612	\$ 7,036	
Total Change in Required Funding	\$ 16,227	\$ 6,067	N/A
RECOVERY RATIO			
RTA Plan (2003–2005)	40.00%	40.00%	*
Pace Plan (2004–2006)	40.00%	40.00%	40.0%

**Note: The current RTA plan does not contain projected funding levels for FY2006, thereby, eliminating comparability between plans. The current RTA plan (issued December 2002) identified funding estimates for only 2003–2005.*

Pace Cash Flow—2004

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 2004 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 30. Projected Cash Flow*—2004 (000's)

	Beginning Balance	Revenues	Expenses	Net Results	Ending Balance
January	\$10,991	\$ 10,697	\$12,240	\$(1,543)	\$ 9,448
February	9,448	10,790	12,242	(1,452)	7,996
March	7,996	11,990	12,244	(254)	7,742
April	7,742	10,205	12,247	(2,042)	5,700
May	5,700	10,337	12,249	(1,912)	3,788
June	3,788	10,627	12,251	(1,624)	2,164
July	2,164	11,108	12,253	(1,145)	1,019
August	1,019	11,104	12,255	(1,151)	(132)
September	(132)	16,761	12,257	4,504	4,372
October	4,372	11,730	12,259	(529)	3,843
November	3,843	11,639	12,260	(621)	3,222
December	3,222	11,630	12,261	(631)	2,591

**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).*

This page left intentionally blank.

Appendix A

2002 Actual Results

2002 Actual Program, Activity and Object Matrix

	Pace Operating Divisions	Public Carriers	Private Carriers	Dial-a-Ride
REVENUE				
Farebox	\$25,513,963	\$ 647,013	\$ 2,493,530	\$ 1,034,088
Municipal Vanpool	0	0	0	0
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Other	1,942,052	159,291	374,785	5,674,283
Total Revenue	\$27,456,015	\$ 806,304	\$ 2,868,315	\$ 6,708,371
OPERATING EXPENSES				
Operations				
Labor/Fringes	\$44,225,270	\$ 1,336,484	\$ 0	\$ 0
Parts/Supplies	21,492	487	0	0
Purchased Transportation	0	0	7,616,113	9,890,680
Other	144,052	9,821	0	0
Total Operations	\$44,390,814	\$ 1,346,792	\$ 7,616,113	\$ 9,890,680
Vehicle Maintenance				
Labor/Fringes	\$ 9,919,503	\$ 299,989	\$ 0	\$ 0
Parts/Supplies	1,707,375	91,693	0	0
Fuel	0	0	0	0
Other	(144,208)	43,803	0	451,305
Total Vehicle Maintenance	\$11,482,670	\$ 435,485	\$ 0	\$ 451,305
Non-Vehicle Maintenance				
Labor/Fringes	\$ 667,163	\$ 0	\$ 0	\$ 0
Parts/Supplies	290,263	0	0	0
Other	514,798	0	0	25,894
Total Non-Vehicle Maintenance	\$ 1,472,224	\$ 0	\$ 0	\$ 25,894
General Administration				
Labor/Fringes	\$ 2,177,781	\$ 217,346	\$ 0	\$ 0
Parts/Supplies	70,052	269	0	0
Utilities	1,180,346	334	0	70,104
Insurance	0	0	0	0
Other	324,031	(41,903)	0	626,735
Total Administration	\$ 3,752,210	\$ 176,046	\$ 0	\$ 696,839
Total Expenses	\$61,097,918	\$ 1,958,323	\$ 7,616,113	\$11,064,718
Funding Requirement	\$33,641,903	\$ 1,152,019	\$ 4,747,798	\$ 4,356,347
Recovery Ratio	44.94%	41.17%	37.66%	60.63%

ADA Paratransit Services	Vanpool	Schaumburg/ Downers Grove	CMAQ/JARC	Administration	Centralized Support	2002 Actual Total
\$ 1,035,425	\$ 2,099,631	\$ 348,620	\$ 364,329	\$ 0	\$ 0	\$ 33,536,599
0	130,158	0	0	0	0	130,158
0	0	0	0	3,273,537	0	3,273,537
0	0	0	0	3,047,178	0	3,047,178
122,897	0	620,960	771,862	1,129,895	0	10,796,025
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 1,158,322	\$ 2,229,789	\$ 969,580	\$ 1,136,191	\$ 7,450,610	\$ 0	\$ 50,783,497
\$ 0	\$ 0	\$ 0	\$ 2,138,028	\$ 0	\$ 2,657,302	\$ 50,357,084
0	0	0	0	0	0	21,979
9,624,165	0	1,021,992	0	0	0	28,152,950
0	2,133,973	0	0	0	0	2,287,846
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 9,624,165	\$ 2,133,973	\$ 1,021,992	\$ 2,138,028	\$ 0	\$ 2,657,302	\$ 80,819,859
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,790,843	\$ 13,010,335
0	0	0	0	0	1,090,402	2,889,470
0	0	0	0	0	4,421,101	4,421,101
0	0	0	0	0	97,792	448,692
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,400,138	\$ 20,769,598
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 533,363	\$ 1,200,526
0	0	0	0	0	0	290,263
0	0	0	0	162,006	293,897	996,595
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 162,006	\$ 827,260	\$ 2,487,384
\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,998,554	\$ 0	\$ 12,393,681
0	0	0	0	177,341	0	247,662
0	0	0	0	139,985	0	1,390,769
0	0	0	0	0	5,908,259	5,908,259
113,595	0	0	0	2,988,212	2,762,002	6,772,672
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 113,595	\$ 0	\$ 0	\$ 0	\$ 13,304,092	\$ 8,670,261	\$ 26,713,043
\$ 9,737,760	\$ 2,133,973	\$ 1,021,992	\$ 2,138,028	\$ 13,466,098	\$ 20,554,961	\$ 130,789,884
\$ 8,579,438	\$ (95,816)	\$ 52,412	\$ 1,001,837	\$ 6,015,488	\$ 20,554,961	\$ 80,006,387
11.90%	104.49%	94.87%	53.14%	55.33%	0.00%	40.00%

2003 Estimated Results

2003 Estimated Program, Activity and Object Matrix

	Pace Operating Divisions	Public Carriers	Private Carriers	Dial-a-Ride
REVENUE				
Farebox	\$24,478,000	\$ 644,292	\$ 2,376,867	\$ 1,092,142
Municipal VanPool	0	0	0	0
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Other	2,185,000	177,818	202,874	6,531,571
Total Revenue	\$26,663,000	\$ 822,110	\$ 2,579,741	\$ 7,623,713
OPERATING EXPENSES				
Operations				
Labor/Fringes	\$46,755,347	\$ 1,350,509	\$ 0	\$ 0
Parts/Supplies	21,401	1,250	0	0
Purchased Transportation	0	0	7,594,992	10,782,468
Other	132,081	13,636	0	0
Total Operations	\$46,908,829	\$ 1,365,395	\$ 7,594,992	\$10,782,468
Vehicle Maintenance				
Labor/Fringes	\$11,093,956	\$ 313,618	\$ 0	\$ 0
Parts/Supplies	1,744,350	74,989	0	0
Fuel	0	0	0	0
Other	(261,100)	34,205	0	452,181
Total Vehicle Maintenance	\$12,577,206	\$ 422,812	\$ 0	\$ 452,181
Non-Vehicle Maintenance				
Labor/Fringes	\$ 810,845	\$ 0	\$ 0	\$ 0
Parts/Supplies	294,300	0	0	0
Other	509,341	0	0	26,490
Total Non-Vehicle Maintenance	\$ 1,614,486	\$ 0	\$ 0	\$ 26,490
General Administration				
Labor/Fringes	\$ 2,168,359	\$ 233,280	\$ 0	\$ 0
Parts/Supplies	72,509	400	0	0
Utilities	1,360,726	48	0	71,715
Insurance	0	0	0	0
Other	362,210	2,055	0	638,236
Total Administration	\$ 3,963,804	\$ 235,783	\$ 0	\$ 709,951
Total Expenses	\$65,064,325	\$ 2,023,990	\$ 7,594,992	\$11,971,090
Funding Requirement	\$38,401,325	\$ 1,201,880	\$ 5,015,251	\$ 4,347,377
Recovery Ratio	40.98%	40.62%	33.97%	63.68%

ADA Paratransit Services	Vanpool	Schaumburg/ Downers Grove	CMAQ/ JARC	Administration	Centralized Support	2003 Estimated Total
\$ 1,113,017	\$ 2,414,989	\$ 343,000	\$ 268,180	\$ 0	\$ 0	\$ 32,730,487
0	180,000	0	0	0	0	180,000
0	0	0	0	3,555,000	0	3,555,000
0	0	0	0	3,320,000	0	3,320,000
143,333	0	677,000	544,637	996,242	0	11,458,47
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 1,256,350	\$ 2,594,989	\$ 1,020,000	\$ 812,817	\$ 7,871,242	\$ 0	\$ 51,243,962
\$ 0	\$ 0	\$ 0	\$ 2,862,279	\$ 0	\$ 2,432,009	\$ 53,400,144
0	0	0	0	0	0	22,651
10,141,060	0	1,068,000	0	0	0	29,586,520
0	2,518,474	0	0	0	0	2,664,191
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$10,141,060	\$ 2,518,474	\$ 1,068,000	\$ 2,862,279	\$ 0	\$ 2,432,009	\$ 85,673,506
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,854,716	\$ 14,262,290
0	0	0	0	0	1,080,046	2,899,385
0	0	0	0	0	5,330,890	5,330,890
0	0	0	0	0	350,000	575,286
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,615,652	\$ 23,067,851
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 503,773	\$ 1,314,618
0	0	0	0	0	0	294,300
0	0	0	0	167,275	263,185	966,291
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 167,275	\$ 766,958	\$ 2,575,209
\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,189,853	\$ 0	\$ 11,591,492
0	0	0	0	225,500	0	298,409
0	0	0	0	152,650	66,727	1,651,866
0	0	0	0	0	6,441,388	6,441,388
124,592	0	0	0	3,549,564	2,808,588	7,485,245
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 124,592	\$ 0	\$ 0	\$ 0	\$ 13,117,567	\$ 9,316,703	\$ 27,468,400
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$10,265,652	\$ 2,518,474	\$ 1,068,000	\$ 2,862,279	\$ 13,284,842	\$ 22,131,323	\$ 138,784,967
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 9,009,302	\$ (76,515)	\$ 48,000	\$ 2,049,462	\$ 5,413,600	\$ 22,131,323	\$ 87,541,005
12.24%	103.04%	95.51%	28.40%	59.25%	0.00%	45.27%

2004 Budget

2004 Program, Activity and Object Matrix

	Pace Operating Divisions	Public Carriers	Private Carriers	Dial-a-Ride
REVENUE				
Farebox	\$23,903,000	\$ 650,735	\$ 2,409,600	\$ 1,084,328
Municipal Vanpool	0	0	0	0
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Other	2,206,850	193,787	202,874	6,911,935
Total Revenue	\$26,109,850	\$ 844,522	\$ 2,612,474	\$ 7,996,263
OPERATING EXPENSES				
Operations				
Labor/Fringes	\$50,104,841	\$ 1,403,487	\$ 0	\$ 0
Parts/Supplies	28,119	1,250	0	0
Purchased Transportation			8,023,212	11,254,065
Other	154,188	12,965		0
Total Operations	\$50,287,148	\$ 1,417,702	\$ 8,023,212	\$11,254,065
Vehicle Maintenance				
Labor/Fringes	\$11,344,626	\$ 325,946	\$ 0	\$ 0
Parts/Supplies	1,715,029	75,102	0	0
Fuel	0	0	0	0
Other	(315,786)	34,701	0	471,625
Total Vehicle Maintenance	\$12,743,869	\$ 435,749	\$ 0	\$ 471,625
Non-Vehicle Maintenance				
Labor/Fringes	\$ 921,068	\$ 0	\$ 0	\$ 0
Parts/Supplies	287,800	0	0	0
Other	415,786	0	0	31,430
Total Non-Vehicle Maintenance	\$ 1,624,654	\$ 0	\$ 0	\$ 31,430
General Administration				
Labor/Fringes	\$ 2,374,613	\$ 255,311	\$ 0	\$ 0
Parts/Supplies	76,229	400	0	0
Utilities	1,451,631	48	0	68,000
Insurance	0	0	0	0
Other	(11,014)	2,094	0	823,506
Total Administration	\$ 3,891,459	\$ 257,853	\$ 0	\$ 891,506
Total Expenses	\$68,547,130	\$ 2,111,304	\$ 8,023,212	\$12,648,626
Funding Requirement	\$42,437,280	\$ 1,266,782	\$ 5,410,738	\$ 4,652,363
Recovery Ratio	38.09%	40.00%	32.56%	63.22%

ADA Paratransit Services	Vanpool	Schaumburg/ Downers Grove	CMAQ/ JARC	Administration	Centralized Support	2004 Budget Total
\$ 1,157,316	\$ 2,608,188	\$ 349,000	\$ 287,139	\$ 0	\$ 0	\$ 32,449,306
0	194,400	0	0	0	0	194,400
0	0	0	0	3,510,000	0	3,510,000
0	0	0	0	3,621,000	0	3,621,000
203,437	0	704,000	350,708	1,079,982	0	11,853,573
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 1,360,753	\$ 2,802,588	\$ 1,053,000	\$ 637,847	\$ 8,210,982	\$ 0	\$ 51,628,279
\$ 0	\$ 0	\$ 0	\$ 3,197,060	\$ 0	\$ 2,661,321	\$ 57,366,709
0	0	0	0	0	0	29,369
10,746,410	0	1,102,000	0	0	0	31,125,687
0	2,719,951	0	0	0	0	2,887,104
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$10,746,410	\$ 2,719,951	\$ 1,102,000	\$ 3,197,060	\$ 0	\$ 2,661,321	\$ 91,408,869
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,046,418	\$ 14,716,990
0	0	0	0	0	1,114,060	2,904,191
0	0	0	0	0	4,986,872	4,986,872
0	0	0	0	0	400,000	590,540
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,547,350	\$ 23,198,593
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 551,292	\$ 1,472,360
0	0	0	0	0	0	287,800
0	0	0	0	182,405	368,000	997,621
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 182,405	\$ 919,292	\$ 2,757,781
\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,180,117	\$ 0	\$ 12,810,041
0	0	0	0	227,843	0	304,472
0	0	0	0	164,250	68,128	1,752,057
0	0	0	0	0	7,405,500	7,405,500
184,696	0	0	0	3,456,236	2,926,781	7,382,299
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 184,696	\$ 0	\$ 0	\$ 0	\$ 14,028,446	\$ 10,400,409	\$ 29,654,369
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$10,931,106	\$ 2,719,951	\$ 1,102,000	\$ 3,197,060	\$ 14,210,851	\$ 23,528,372	\$ 147,019,612
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 9,570,353	\$ (82,637)	\$ 49,000	\$ 2,559,213	\$ 5,999,869	\$ 23,528,372	\$ 95,391,333
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 12.45%	\$ 103.04%	\$ 95.55%	\$ 19.95%	\$ 57.78%	\$ 0.00%	\$ 40.00%

Appendix B

Characteristics

Background data on the Pace market is provided below:

Fixed Route Service

Number of Fixed Routes (August, 2003)	241
• Regular Routes	159
• Feeder Routes	62
• Shuttle Routes	15
• Subscription Services	5

Number of Accessible Routes	241
Peak Period Vehicle Requirements	606
Pace-owned Fleet Size	678
Number Accessible	678
Average Vehicle Age	4.6 years
Contractor Owned Vehicles in Pace service	46
Number of Private Contractors	5
Number of Pace-owned Garages	11
Number of Pace Municipal Contractors	3

Paratransit

Number of Communities Served	210
Number of Local Dial-A-Ride Projects	56
Number of ADA Service Projects	8
Pace-owned Fleet Size	353
Average Vehicle Age	3.0 years

Vanpool

Vans in Service (Year-End 2003)—VIP	190
Vans in Service (Year-End 2003)—Corporate Shuttle	40
Vans in Service (Year-End 2003)—ADvAntage	210
Municipal	53
Total Vans in Service	493
Average Vehicle Age	2.9 years

Other

Number of Pace Employees (FTE's - Year-End 2002)	1,405
--	-------

Ridership (000's)

	2002 Actual	2003 Estimate	2004 Budget
Fixed Route	32,245	30,780	30,170
Paratransit	1,461	1,515	1,516
Vanpool	1,193	1,322	1,428
Total	34,899	33,617	33,114

Vehicle Miles

	2002 Actual	2003 Estimate	2004 Budget
Fixed Route	25,289	25,213	25,213
Paratransit	7,478	7,662	7,911
Vanpool	7,815	8,447	9,123
Total	40,582	41,322	42,247

Vehicle Hours

	2002 Actual	2003 Estimate	2004 Budget
Fixed Route	1,656	1,656	1,656
Paratransit	517	536	540
Vanpool	N/A	N/A	N/A
Total	2,173	2,192	2,196

Trends

Ridership (000's)

	Fixed Route	DAR/ADA	Vanpool	Total	% Change
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	36,024	1,548	1,081	38,653	-3.8%
2001	34,323	1,487	1,106	36,916	-4.5%
2002	32,245	1,461	1,193	34,899	-5.5%
2003 Est.	30,780	1,515	1,322	33,617	-3.7%

Vehicle Miles (000's)

	Fixed Route	DAR/ADA	Vanpool	Total	% Change
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	7,326	6,534	38,297	-1.3%
2001	25,405	7,441	7,165	40,011	4.5%
2002	25,289	7,478	7,815	40,582	1.4%
2003 Est.	25,213	7,661	8,448	41,322	1.8%

Recovery Ratio

	Fixed Route	DAR/ADA	Vanpool	Total	% Change
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*	45.80%	37.27%	99.41%	40.71%	2.4%
2002*	45.02%	37.82%	104.50%	38.83%	-4.6%
2003 Est.*	40.58%	39.93%	103.04%	36.92%	-4.9%

*Recovery rate excludes ADvAntage contributions

Cost Per Mile

	Fixed Route	DAR/ADA	Vanpool	Total	% Change
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	\$2.90	\$2.69	\$0.29	\$3.18	0.6%
2002	\$2.92	\$2.78	\$0.27	\$3.22	1.3%
2003 Est.	\$3.12	\$2.90	\$0.30	\$3.36	4.3%

Cost Per Passenger

	Fixed Route	DAR/ADA	Vanpool	Total	% Change
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	\$2.14	\$13.48	\$1.85	\$3.44	9.9%
2002	\$2.29	\$14.24	\$1.79	\$3.75	9.0%
2002 Est.	\$2.55	\$14.68	\$1.91	\$4.13	10.1%

Subsidy Per Trip

	Fixed Route	DAR/ADA	Vanpool	Total	% Change
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	\$1.16	\$8.46	\$0.01	\$2.04	7.9%
2002	\$1.26	\$8.86	(\$0.08)	\$2.29	12.3%
2003 Est.	\$1.52	\$8.82	(\$0.06)	\$2.60	13.5%

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
Highland Park Metra
Homewood Metra
Lake Cook Road Metra
North Riverside Park Turnaround
Oak Park CTA/Metra
Palatine Metra
Park Forest
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

Manufacturer	Year	No. of Vehicles	Age	Length	Accessible
Orion I	1990	6	13	35'	Yes
Ikarus	1992	69	11	40'	Yes
Orion I	1993	21	10	35'	Yes
Orion I	1993	85	10	40'	Yes
Chance	1995	15	8	26'	Yes
Nova	1996	22	7	40'	Yes
Eldorado	1997	56	6	29'	Yes
NABI	1999	30	4	35'	Yes
NABI	1999	22	4	40'	Yes
Chance Trolleys	2000	7	3	25'	Yes
Orion VI	2000	88	3	40'	Yes
Orion VI	2001	66	2	40'	Yes
MCI	2002	8	1	40'	Yes
NABI	2003	99	0	40'	Yes
NABI	2003	84	0	35'	Yes
Total		678			
Average Age			4.6 years		

Paratransit

Manufacturer	Year	No. of Vehicles	Age	Length	Accessible
Ford/Eldorado Buses	1994	2	9	23'	Yes
Chance Buses	1995	3	8	26'	Yes
Eldorado Buses	1995	15	8	23'	Yes
Eldorado Vans	1996	8	7	19'	Yes
Eldorado Buses	1996	55	7	23'	Yes
Eldorado Vans	2000	2	3	19'	Yes
Eldorado Vans	2001	83	2	19'	Yes
Eldorado Buses	2001	117	2	23'	Yes
Eldorado Buses	2002	50	1	23'	Yes
Eldorado Vans	2002	18	1	19'	Yes
Total		353			
Average Age					3.0 years

Vanpool

Manufacturer	Year	No. of Vehicles	Age	Length	Accessible		
Vans	1994		3		9	Various	3
Vans	1995		2		8	Various	0
Vans	1996		15		7	Various	1
Vans	1997		47		6	Various	3
Vans	1998		80		5	Various	17
Vans	1999		23		4	Various	0
Vans	2000		173		3	Various	0
Vans	2001		66		2	Various	17
Vans	2002		62		1	Various	35
Vans	2003		97		0	Various	0
Total		568				Average Age	2.9 years

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 the 2004 Budget. However, Pace may have to adjust the fare structure pending the independent decision by the CTA to raise fares as part of an effort to balance their budget.

Fare Structure

	Full Fare	Current Fares	Reduced Fare
REGULAR FARES			
Full Fare	\$ 1.50		\$.75
Transfer to Pace/CTA	\$.30		\$.15
PASSES			
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
Student Summer Pass			\$ 40.00
Subscription Bus (Monthly)	\$ 110.00		
LOCAL FARES			
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			
EXPRESS FARES			
Premium (Routes 210, 355 and 855)	\$ 3.00		\$ 1.50
Route 835 (Zone Fares)	\$ 4.10		\$ 2.05
Special Express Fare (891 and 892)	\$ 2.00		\$ 1.00
Premium 10 Ride Plus Ticket (210, 355 and 855)	\$ 30.00		\$ 15.00
OTHER			
Dial-a-Ride	\$ 1.60		\$.80
ADA Paratransit Services/Local Fare	\$ 3.00	/ 2.50	
Special Services (Non-ADA)	\$ 5.00		
Shuttle Bug Fares	\$ 1.00		
Shuttle Bug Fares and Route 921	\$.50		
Shuttle Bug Fares and Route 712	\$.25		
Shuttle Bug Transfer to Pace/CTA	\$ 1.80		
Subscription Bus (1000 series)	\$ 3.00		

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	\$ 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
ADVANTAGE	
ADA Eligible	\$345
Non-ADA	\$690
SHUTTLE/FEEDER	
Private (For Profit)	\$800
Not-For-Profit	\$595
Metra Feeder	\$42/passenger
MUNICIPAL PROGRAM	\$260

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.

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. 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.

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

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).

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