Regional Transportation Authority

Key Indicator Report

October 1987

Issued January 1988

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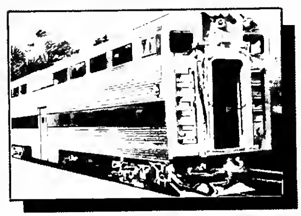


Issued January 1988

TABLE OF CONTENTS

1988 Revenue Forecast

The 1988 Budget is based on the estimate of RTA Sales Tax revenues provided by the Bureau of the Budget in July. On a liability basis, the BOB's estimate of $418 million was derived from a revised 1987 forecast of $394.6 million. This revised forecast is significantly higher than the1987 budgeted amount of $381.9 million. As noted in the RTA Financial Position section of this report, through September, RTA Sales Tax revenues are only $0.5 million greater than budget. Our current projections indicate that if December sales figures hold up we will probably finish the year very near to the budget.

The current Sales Tax trends suggest that the July BOB 1988 estimate is probably optimistic. Based on recent conservative projections, the budgeted Sales Tax revenues of $418 million, may be overstated by as much as $20-25 million. We will report again as October and November Sales Tax revenues are established.

RTA Funding Policies

The RTA Funding Policies approved by the Board in December have been sent to each of the Service Boards and discussions have been initiated to ensure that the financial records of the RTA and the Service Boards reflect these policies with respect to each Service Board. The Funding Policies should insure that the audited financial statements of the RTA and the Service Boards' are in agreement for 1987.

Ten Year Financial and Capital Investment Plan

Parson Brinkerhoff and Public Financial Management are in the process of refining the preliminary Ten Year Financial and Capital Plan. This plan will be presented to the Planning and Finance Committees in February. The plan will become the basis on which RTA will develop legislative and fiscal strategies to meet the dual challenge of maintaining the existing infrastructure and meeting the needs of emerging markets.

Alternatives to Acquisition

Agreement has been reached with Metra on the basic framework for analysis of alternatives to railroad acquisitions. Metra has concurred in principle with the approach proposed by RTA, but further discussions will be held prior to presenting the guidelines for such analysis to the Planning Committee in February

Combining Financial Statements

The Pro-Forma Combining Financial Statements for 1986 are under final review by Touche Ross and will be presented to the Audit Committee for recommendation to the full Board in February. The delay in the completion of this report was due, of course, to the revenue reconciliation process. The adoption of a clear set of RTA Funding policies should ensure that this process need not be repeated and therefore, will greatly simplify the preparation of this report for the1987 fiscal year.

Investment Policies

The investment policies approved by the RTA Board are in the process of being implemented. Staff is currently working with First Chicago to turn over money management responsibility for the long term RTA portfolio by the end of January. First Chicago will be actively managing approximately $30 million.

Chicago Transit Authority

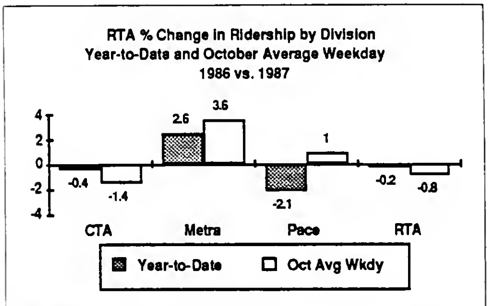
Fare Increase. The CTA Board approved a fare increase including a ten cent increase in the base bus fare and an increase in the price of a monthly pass from $46 to $50......**Bus Purchase.** CTA sent out specifications for the purchase of 639 buses. Interested parties have until early February to respond. The first delivery must begin within ten months of the award of the contract and the last bus will be received at the end of two years......**40th & Indiana Station.** The CTA Board approved the rebuilding of the 40th & Indiana station on the Jackson Park line. $4.4 million has been allocated to the project with expected completion of a permanent station by the end of 1989. The CTA had planned to abandon the station due to its deteriorated condition and low usage......**New Acting Maintenance Chief.** David Hillock was named new Acting Deputy Executive Director of Maintenance and Engineering......**Howard Street Retail Center.** The CTA Board authorized the CTA Executive Director to enter into discussions with the developers of a proposed retail center at Howard Street. The proposed public-private partnership would involve 200,000 square feet of development and CTA would have an opportunity to share in revenues from the complex.......**Service Changes.** Bus route changes, originally scheduled to be implemented October 18th, were postponed due to delays in rewriting the schedules of bus drivers......**Train Accident.** A CTA train struck the rear of another train on the elevated structure on November 20th. Cause has initially been attributed to employee error based on tests conducted by the National Transportation Safety Board which revealed that the train's brake and signal systems were working properly and evidence that the motorman's ability to operate the train may have been impaired by a medical problem......**Paratransit.** CTA unveiled safeguards to prevent fraud and improve the quality of service of the paratransit program. This action was taken to respond to press reports of poor performance and in response to an RTA Audit Report which addressed weak performance controls.

METRA

Rock Island. The Metra Board approved an ordinance authorizing the purchase of vacant Conrail land located at the 91st Street Rock Island suburban branch station and at the Washington Heights Station on the Rock Island Main Line. Parking for 400 additional cars will be provided at these sites....... **Holiday Fares.** Metra offered discounted family fares on November 27 and from December 21 through January 1. The family fares allowed children under 12 to ride free and children between 12 and 17 to ride at half price when accompanied by a fare-paying adult.

PACE

Fare Increase At their December meeting the Pace Board approved raising the price of Pace's monthly pass, the Pace Passport from $46 to $50 to match CTA pass increases. Basic and reduced fares however, will not be affected by the increase......**Bus Procurement** Pace and the RTA entered into an agreement in December for the purchase of 100 new buses. These will replace most of the Grumman Flxible fleet and will be purchased from Bus Industries of America at a cost of $149,065 per bus. ......**South Division Garage** Completion of the Markham facility has been postponed once again due to construction delays. Pace now expects completion sometime in early 1988........**The DuPage Connection** Route 747, An express all day route linking the CTA's Congress line with Oak Brook Mall and the DuPage Center in Wheaton, began service on Monday, December 7th. This service is geared to suburban employees in the Oak Brook Mall area who reside in the city and is modeled after the successful route 606 which links the CTA's O'Hare line with Woodfield Mall. Both routes are operated through a contract with a private carrier......**New South Suburban Route** \t the December meeting, the Pace Board awarded a contract to Greyhound Corp. for operation of Route 455 which will provide service from University Park to Lincoln Mall in Southern Cook County. Service is scheduled to begin January 11th.



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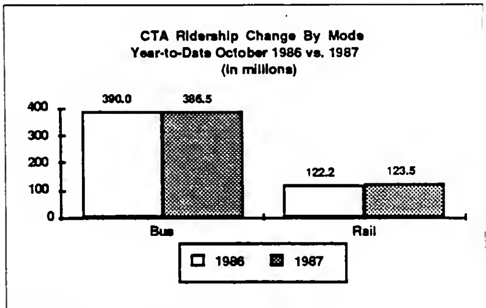


Figure 2

Systemwide

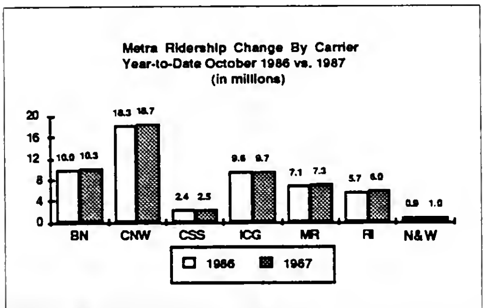
Year-to-date October 1987 ridership was slightly lower than it was at the same time last year. This represents a further decline since last month. One school week was lost in the month of October due to the Chicago public school strike. Since 85 percent of the RTA's ridership is carried by the CTA, unfavorable performance at the CTA strongly affects the system trends. Through October, system ridership is 0.2 percent below last year's level.

RTA system average weekday ridership was down 0.8 percent in October when compared with last year. Metra and Pace ridership both reported improved average weekday performance compared to last October, with Metra up 3.6 percent, and Pace up 1.0 percent. CTA average weekday ridership was down 1.4 percent, primarily as a result of the public school strike.

Year-to-date performance at the CTA was slightly below reported ridership through October of last year (0.4 percent) as a result of the unfavorable September and October results. Metra's ridership was up by 2.6 percent during the same period. Although Pace is still reporting ridership below last year's levels (2.1 percent), it represents continued improved performance in the latter part of 1987. *(see Figure 1)*

CTA

Through October 1987, CTA ridership was reported slightly lower (0.4 percent) than during the same period last year. The impact of the public school strike is illustrated by the fact that, through August, 1987 CTA ridership was 0.3 percent higher than for the same period in 1986. The school strike affected bus ridership more dramatically than rail ridership. Bus ridership through October was 0.9 percent lower than 1986, and rail ridership was 1.1 percent higher than 1986 rail ridership. In October 1987, bus ridership was 3.5 percent lower than October 1986 ridership. October rail ridership was 0.3 percent lower than the prior year. *(see Figure 2)*



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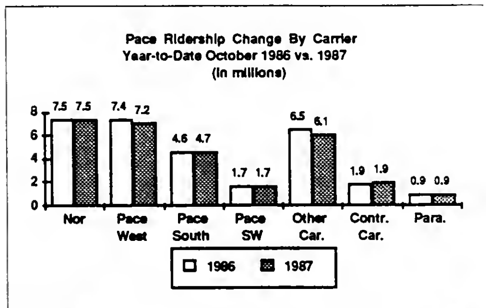


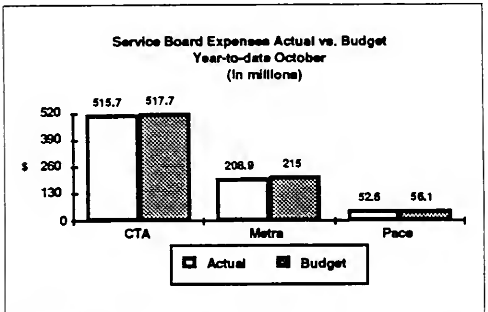
Figure 4

Metra

Metra system ridership increased 2.7 percent through October 1987 when compared to the same period in 1986. The largest percentage increases are on the NS, the RI, and the BN. The increases on the N&W and BN appear to be related to the service increases that have been implemented on these lines during 1987. BN service increases were implemented in early April. On September 1, 1987, additional service was added to the NS line. During September, service was added to the Milwaukee Road West line. The impact of these new services are being monitored by Metra and RTA staff. *(see Figure 3)*

Pace

Pace ridership through October was 2.1 percent below the ridership for the same period last year. Two carrier groups continue to report significant decreases from last year's ridership. Pace West and the Other Carriers grouping have decreased by 3.1 percent (200,000 passengers) and 7.2 percent (400,000 passengers), respectively. Other Carriers consist of some of the smaller fixed route carriers, including Aurora, Elgin, Highland Park, Joliet, Wilmette, Pace North, Melrose Park and Niles. The cause of the decreases appears to be the ridership losses that were not regained as a result of the February 1986 fare increase. The remaining carrier groupings have either experienced slight increases or only small decreases when compared to ridership in the same period in 1986. *(see Figure 4)*



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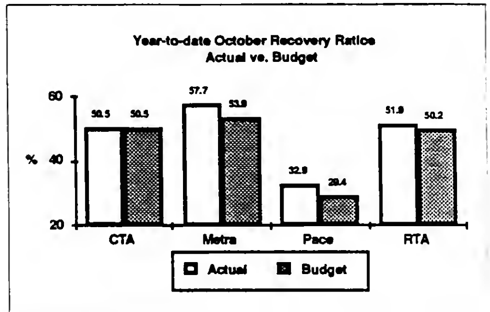

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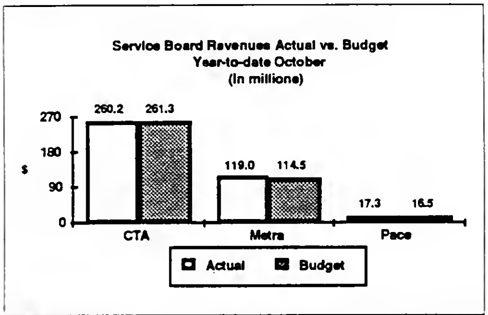

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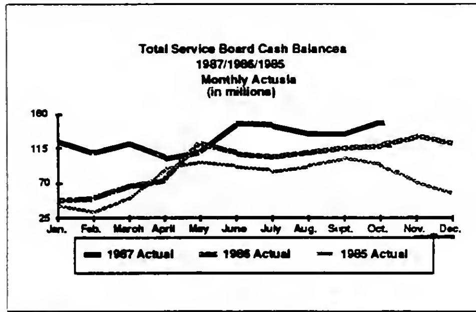


Figure 4

RTA System Budget Review

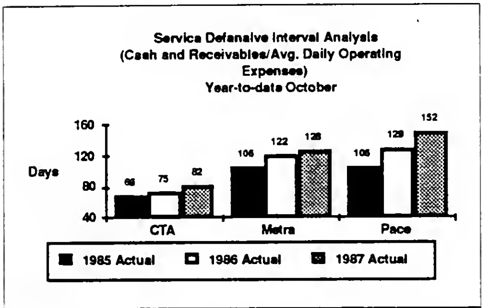
All Service Boards reported favorable operating results through October. Combined expenses for the three Service Boards were under budget by $11.6 million or 1.5%. CTA, Metra and Pace achieved favorable expense variances of 0.4%, 2.8% and 6.2% respectively. Combined revenues were favorable by $4.2 million or 1.1% through October. Although CTA revenues were approximately $1.1 million below budget, this shortfall was more than made up by favorable expense variance of $2.0 million. Pace and Metra reported October year-to-date favorable revenues of $0.8 million or 4.8% and $4.5 million or 3.9% respectively, offsetting CTA's unfavorable revenue variance of $1.1 million or 0.4%. *(See Figures 1 & 2)*

The Service Boards collectively have accumulated an aggregate operating budget surplus of $15.8 million through October. Metra has achieved the largest surplus of $10.6 million, while Pace's surplus is $4.3 million and CTA's surplus stands at $0.9 million. The positive revenue and expense performances have resulted in favorable recovery ratio performances for all of the Service Boards. The RTA system recovery ratio of 51.9% through October compares favorably to the budgeted recovery ratio of 50.2%. A detailed analysis of Service Board financial performance is provided in the separate service board sections. *(See Figure 3)*

Cash Positions

Financial performance, as reported through October, shows that the Service Boards have enjoyed strong cash positions throughout 1987. In addition, the level of cash balances at the Service Boards has shown significant growth over the last two years. At the beginning of 1985, total aggregate cash balances stood at $40.8 million. As of October of this year, this aggregate total had increased to $150.9 million, a growth of 269.9 percent from January, 1985.

Several factors have contributed to the enhanced financial position. These include increased claims reserves, more timely payments from RTA to the Service Boards, the revenue reconciliation settlements and the policy of the RTA Board to fund budgets rather than deficits. *(See Figure 4)*



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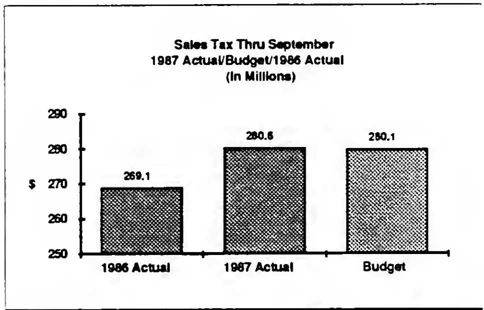


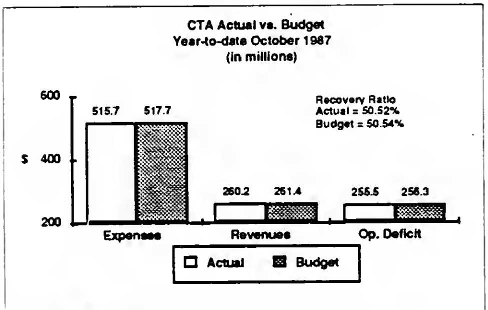
Figure 6

Defensive Interval

The defensive interval measures the time span a firm can operate on liquid assets. It is computed by dividing defensive assets (cash and receivables) by projected daily operating expenses. The graph reaffirms the improved financial positions of CTA, Metra and Pace. The impact of the revenue reconciliation agreement is now reflected at all of the Service Boards. This indicator has improved 18.8 percent, 20.8 percent and 43.4 percent for CTA, Metra and Pace respectively over the last two years. *(See Figure 5)*

Sales Tax

Due to the lag in the reporting of sales tax revenues, only results through September can be reported. Through September, sales tax revenues of $280.6 million were favorable to budget by $0.5 million or 0.2%. The year-to-date actual results represent an increase of $11 million or 4.3% over the September, 1986 year-to-date results. *(See Figure 6)*



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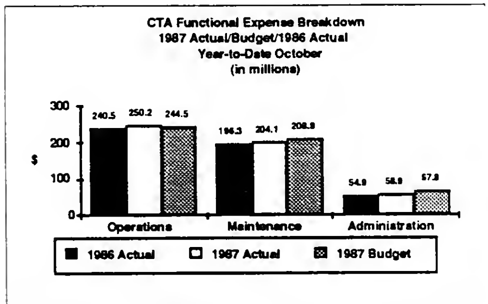


Figure 2

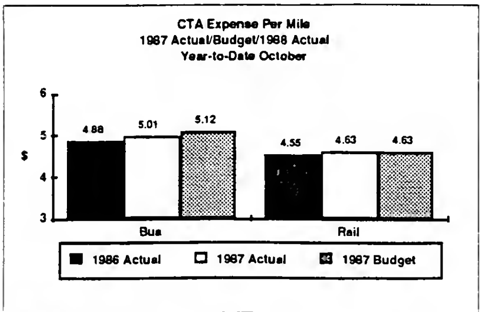
Budget Review

October year-to-date system-generated revenues were unfavorable to budget. Favorable year-to-date operating expenses more than offset the negative revenue performance to generate a favorable operating deficit or budget surplus. The unfavorable revenues, however, did cause a slight unfavorable variance in the CTA's year-to-date recovery ratio.

CTA operating expenses through the third quarter were favorable by $2 million or 0.4 percent. The primary contributors to the favorable expense performance were fuel and all other expenses, which more than offset an unfavorable performance in labor. In October, CTA recognized a portion of a health insurance refund that will partially offset the additional cost of the recent labor labor settlement. This resulted in a savings of about $3 million dollars in October, and will contribute additional substantial savings in the last two months of 1987. This, along with the continuation of favorable performances in non-labor areas should result in a favorable expense position at the end of the year.

Total system-generated revenues were unfavorable through October by $1.2 million or 0.4 percent. Year-to-date passenger revenues, 96 percent of total revenues, were unfavorable to budget by 1.3 percent. As detailed in this month's focus issue, the Chicago Public School strike caused significant revenue losses in September and October. Non-farebox revenues, on the other hand, were favorable by $2.0 million or 21.5 percent. The most significant factor contributing to this favorable variance was investment income, favorable to budget by $1.8 million or 53.4 percent. CTA's operating surplus once again turned positive due to the favorable expense results in October. Their operating surplus now stands at $0.8 million. The actual and budgeted year-to-date recovery ratio is 50.5 percent. *(see Figure 1)*

Comparing the program areas to last year's performance reveals that operations, maintenance and administration have increased 4.0 percent, 3.9 percent and 7.3 percent respectively. Approximately 40 percent of the increase in operations is attributable to increased paratransit service expense. The balance of this increase is primarily due to the lump sum payments to ATU members. Much of the maintenance increase is due to new maintenance programs such as Operation B.U.S. The bulk of the increase in administration is attributable to increased staffing levels. *(see Figure 2)*



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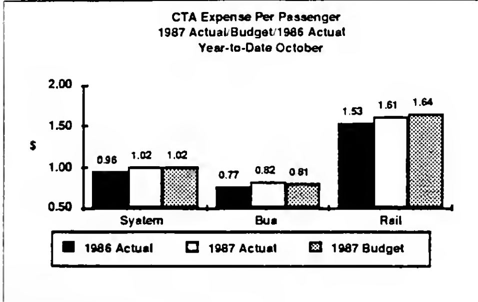

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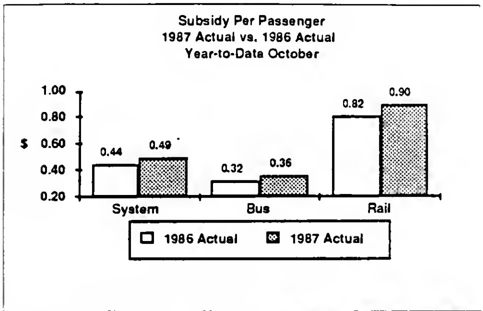


Figure 5

Resource Efficiency

CTA expenses are below budget for bus by 11 cents per mile. The primary contributing factors to the favorable bus performance are lower fuel expenses. The savings in the unit cost have been reduced since CTA has experienced delays in implementing service adjustments. Despite the maintenance problems that have plagued the CTA's rail system this year, actual expense per mile is equal to budget. The significant factor offsetting these maintenance problems has been lower than budgeted electric power costs. *(see Figure 3)*

Resource Effectiveness

System-wide expense per passenger through October was equal to budget, with bus expense unfavorable by one cent per mile and rail expense favorable by three cents per mile. Compared to last year, expense per bus passenger has increased by 6.5 percent, while expense per rail passenger has increased 5.2 percent. The increase in the bus expense ratio is primarily due to ridership losses from the school strike and the cost of increased bus maintenance expense. *(see Figure 4)*

Another measure of resource effectiveness is subsidy per passenger. This measure represents the difference between expenses and revenues on a per passenger basis. Through October, 1987, bus system subsidy per passenger was 36 cents, and the rail subsidy per passenger was 90 cents. The system average subsidy per passenger through October was 49 cents. The gap between the bus and rail subsidy per passenger should increase next year since the CTA is eliminating the fare differential between bus and rail effective with the January 3, 1988 fare increase. Compared to the same period in 1986, subsidy per passenger has increased 12.5 percent on bus and 9.8 percent on rail. These significant increases are due to higher expenses and lower ridership. *(see Figure 5)*

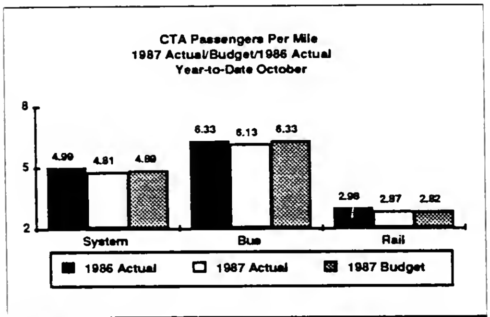


Figure 6

Service Effectiveness

Through October, passengers per mile for the CTA system were below the budgeted amount, with favorable rail performance being more than offset by unfavorable bus performance. Bus passengers per mile were unfavorable to budget by 3.2 percent reflecting the decrease in ridership during the school strike. Rail passengers per mile were favorable by 1.8 percent, but declined by 3.7 percent from last year's performance. *(see Figure 6)*

Introduction

Generally, in the Key Indicator reports, ridership is analyzed in terms of how closely the ridership pattern follows the observed ridership from the prior year and the year-to-date. In the case of CTA ridership, the patterns observed from prior years have not held in the past two reported months. This focus issue examines the reason for the difference between the typical ridership pattern and the recent ridership trends at the CTA. Additionally, it will discuss the anticipated ridership response to the January 1988 fare increase.

The major cause of the ridership drop at the CTA in September and October was the Chicago Public School strike. Schools were scheduled to open on September 9,1987, but did not open until October 6,1987 following the longest school strike in the history of the school system. This caused the loss of 19 school days in September and October. Most of the school days are scheduled to be made up by the cancellation of some vacation days and the extension of the school year. The revised school calendar provides for a legal school year, but has no emergency or snow days in it.

Chicago Public School Strike

Revenue and Ridership Impacts of the School Strike. The ridership impacts of the school strike are apparent when ridership components are examined. When the ridership trends for full fares, reduced fares, transfers received, and monthly passes are compared, the only category that shows significant variance from the prior year trend is the reduced fare category. The reduced fare category is comprised of students and special users. CTA estimates that approximately half of the reduced category ridership is students and the remainder, special users. The school strike effectively reduced by half the reduced fare ridership compared with the prior year as a result of the loss of student ridership. The impact in October was not nearly as severe since the strike affected student ridership only the first week of October. *(see Figure 1)*

The CTA estimated that the lost ridership from the school strike resulted in lost revenue of $60,000 to $80,000 per day. Through August, farebox revenue had been slightly unfavorable to budget. The September farebox revenue performance further contributed to the negative farebox revenue. October farebox revenue was unfavorable to budget by 0.8 percent, resulting in unfavorable (1.3 percent) October year-to-date farebox revenue.

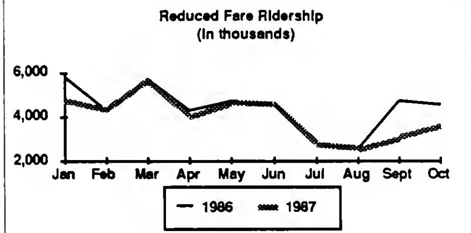
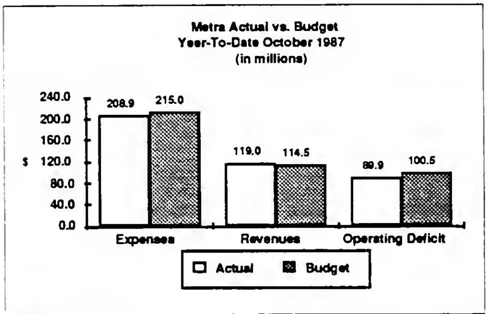


Figure 1

Impacts on 1988 Ridership and Revenue. It is anticipated that some of the lost revenue and ridership od September and October 1987 will be regained. Thirteen of the nineteen school days lost because of the strike will be made up. Three school days were added in December 1987 by shortening the Christmas vacation. In 1988, days are to be made up through the cancellation of the April vacation and the extension of the school year from June 24 to June 30. In turn, this should make the December, April, and June ridership and revenue differ (higher) from the pattern that was observed in the prior year. It is anticipated that the 1988 revenue budget spread will reflect the expected revised revenue pattern.

January 1988 Fare Increase

On January 3, 1988, a fare increase was implemented at the CTA. Bus fares were raised from 90¢ to $1.00, matching the rail fare. Also, the price of monthly passes was raised from $46 to $50. No official estimates have been provided as to the expected ridership impact of this fare increase, however the CTA has stated that they expect negligible impact on ridership as a result of the fare increase because of the relatively small magnitude of the increase. Although the bus fare increase is approximately 10 percent, the only passengers that will experience this increase are passengers who use only the bus mode (approximately 35 percent of all riders). Bus passengers that transfer to rail previously paid the additional 10¢ when boarding rail. It is anticipated that the higher fares will increase revenue by $14 million in 1988. Reported ridership will have to be monitored for several months to establish the ridership impact of the fare increase.



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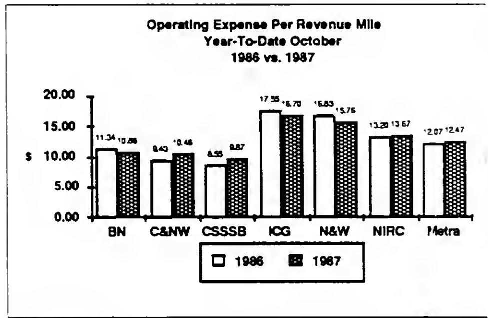


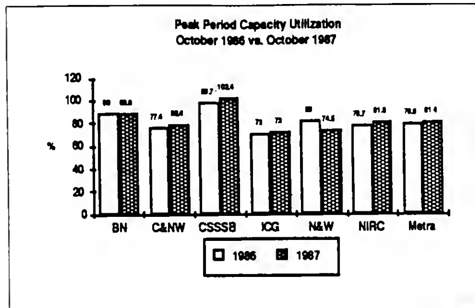
Figure 2

BUDGET REVIEW

Through October, Metra's 1987 year-to-date expenses are $6.1 million under budget while revenues are $4.5 million over budget. These favorable variances result in an operating deficit which is $10.6 million or 10.5% under budget. The favorable revenue variance is attributable to positive budget variances of 2.3% ($2.5m) in passenger revenues and 36.3% ($2.0m) in other revenue. Expense performance has benefitted primarily from positive budget variances in the areas of carrier expenses and allocated centralized expenses. Metra's actual recovery ratio through October is 57.7% compared to their budgeted recovery ratio of 53.9% *(see Figure 1).*

RESOURCE EFFICIENCY

The Burlington, Metra Electric/Heritage Corridor (ICG), and Norfolk all report decreases in expenses per revenue mile when comparing the first ten months of 1987 to 1986. NIRC reports a small increase (3.6%) while C&NW and South Shore report substantial respective increases of 10.9% and 15.4%. The C&NW increase is due to increases in the carrier expense categories of Way and Structures, Maintenance of Equipment and Transportation. The South Shore's increase is due to increases of approximately 50% reported under General and Administration and Equipment. The General and Administration increase is apparently due to increased administative costs and higher insurance costs for the railroad. The equipment cost may be due to the fact that equipment maintenance expenses were unusually low last year *(See Figure 2).*



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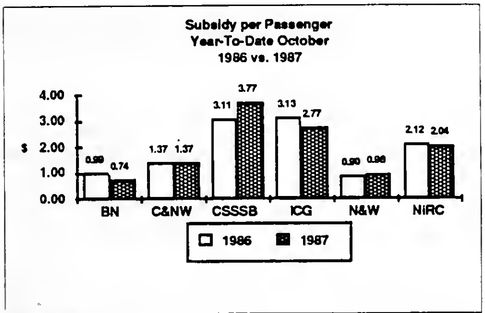

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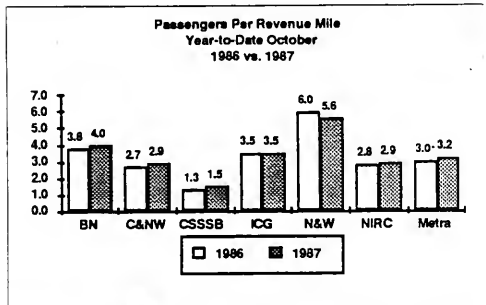

Figure 5

RESOURCE EFFECTIVENESS

In examining subsidy per passenger it becomes apparent that the services provided by South Shore and NIRC (ICG, Rock Island and Milwaukee) are substantially more expensive, in terms of subsidy per passenger, than services provided on other Metra lines. It should be noted the subsidy per passenger, when comparing the first ten months of 1987 to 1986, is much lower in 1987 for the Burlington (down 25.3%) and Metra Electric/Heritage Corridor (down 11.5%). These decreases are due to ridership gains as well as expense decreases. The South Shore's increase of 21.2% is attributable to the expense increases discussed in the previous paragraph. *(see Figure 3).*

SERVICE EFFECTIVENESS

All carriers, except for the Norfolk & Western and the Burlington, report small increases in peak period capacity utilization when comparing October, 1987 to October, 1986 *(see Figure 4).* Norfolk & Western's capacity utilization was 74.5% in October 1987 versus 83.0% for October,1986. This decrease is due to the implementation of new service which was added to address problems of overcrowding on the Norfolk. However, the new service has had the effect of lowering the overall capacity utilization for the railroad. Peak period capacity utilization represents one aspect of the broader category of capacity utilization, which is the topic of the focus issue following this section.

All carriers, except for the Norfolk & Western, report relatively stable figures for passengers per revenue mile when comparing the first ten months of 1988 to 1987 *(see Figure 5).*

The Norfolk's passengers per mile dropped from 6.0 in 1986 to 5.6 in 1987, probably due to the new service and the fact that the growth in ridership has not yet caught up with the increase in revenue miles.

Line	Peak # Trains*	Peak Average Utilization	Off-Peak # Trains	Off-Peak Average Utilization	Line Total Average Utilization	# Deadhead Trains*
	225	88.8%	166	68.4%	85.0%	35
C&NW-North	130	77.3%	160	40.9%	63.6%	23
C&NW-Northwest	155	81.1%	157	44.5%	71.9%	20
C&NW-West	135	82.1%	170	39.1%	70.8%	15
CSSSB	70	103.4%	143	51.4%	84.2%	0
Metra Elec-Main	220	78.0%	238	36.2%	64.7%	5
Metra Elec-Blue Island	80	47.1%	214	2.7%	15.8%	11
Metra Electric-S. Chicago	85	68.3%	249	14.2%	32.8%	40
Metra Heritage Corridor	20	76.7%	0	N/A	76.7%	0
N&W	35	74.5%	0	N/A	74.5%	5
Milwaukee Rd.-North	105	77.4%	145	37.9%	64.9%	10
Milwaukee-Rd-West	130	78.5%	159	33.1%	65.5%	25
Rock Island	165	86.5%	154	36.4%	74.1%	72

*Per Week

Table 1

Background

Capacity utilization measures the percentage of available seats occupied at a given point in time. Peak Period Capacity Utilization is routinely reported in the Metra Section of Key Indicator and Quarterly Reports to the RTA Board. While this is a very useful indicator because it measures the use of the system during periods of maximum service levels, it ignores the system's productivity during the off-peak. This focus issue will examine Metra capacity utilization during peak as well as non-peak hours. In addition, peak period capacity is normally reported by carrier. This focus issue takes a line-by-line approach which disaggregates carrier information, often revealing patterns not visible on a carrier level.

Capacity utilization is based on conductor counts which are generally taken just prior to the arrival in Chicago for inbound trains and just after departure from Chicago for outbound trains. Unfortunately, conductor counts are not always reliable and often may be inaccurate.

Table1l contains information on peak and non-peak capacity utilization for each line in the Metra system for the month of October, 1987. Table 1 summarizes much of the information contained in Metra's monthly report "Capacity Utilization of Trains" for October, 1987. This report is compiled on a train-by-train basis.

Peak Perlod Capacity

The peak period is defined by Metra as including all weekday morning trains which arrive in Chicago before 9:15 AM and all weekday outbounds trains which leave Chicago between 3:30 PM and 6:45 PM. The peak period accounts for about 90% of Metra's ridership. Peak-period capacity reported by carrier or even by-line is difficult to interpret. In general, a higher peak period capacity indicator means greater efficiency. An indicator which is too high however, may indicate overcrowding which could ultimately result in a loss of ridership. The standard used by Metra to indicate overcrowding is 95%. In actual practice, this standard is compared to capacity utilization for individual trains.

There are three possible solutions to overcrowding: 1) adding cars to the train, 2) changing train schedules without increasing the number of trains to increase service during periods of overcrowding and lessen service at other times and 3) add a train during the period of overcrowding. For a given set of circumstances, a particular solution may not be possible. For example, it is not always possible to add cars to a train if that train already has its maximum number of cars (generally determined by platform lengths at Chicago terminals).

The peak period capacities in Table 1 indicate that the South Shore may be having problems with overcrowding. This problem was discussed at length in the August Key Indicator Report. To summarize, the South Shore does not have many options for dealing with the problem at this point in time since the rolling stock available to the railroad for passenger service, including one train-set on loan from Metra, is, as a rule, already being fully utilized. Two cars were added to each of two weekday trains in December, and, in 1988, one additional rush hour train will be operated between Hegewisch and Chicago. These measures should provide relief, but the long-term solution will require the purchase of additional cars, and is several years from realization.

For October, the system average peak period capacity was 81.4%. One line in particular, the Blue Island Branch of the Metra Electric with a peak utilization of only 47.1%, is significantly below the system average.

Off-Peak Capacity

For off-peak trains, the Metra system average in October was approximately 35%. Two Metra Electric branches, the Blue Island at 2.7% and the South Chicago at 14.2%, are significantly below the system average. In real terms, for the average week in October, 145 of the 214 non-peak trains on the Blue Island Branch had peak loads of between 0 and 10 riders. Each of these trains however, consist of two cars resulting in 312 available seats.

Conclusions

The primary value of capacity utilization is as an indicator of overcrowding during the peak period, especially when applied on a train-by-train basis. Capacity utilization can also be an indicator of underutilization and inefficiency, but it ignores such important factors as marginal cost and the negative financial consequences of deadhead trains. The apparent low productivity of the Metra Electric branch line services is one of the primary motivations for the study of the Metra Electric services required by the RTA Board as a condition of the acquisition of the ICG. This study, which will be initiated in early 1988, is expected to address the causes and potential solutions to this apparent productivity problem.

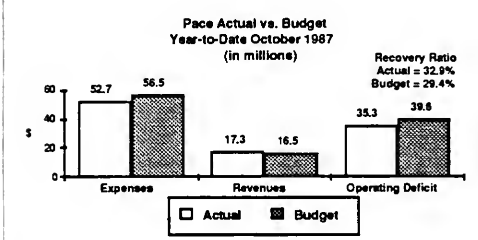

Figure 1

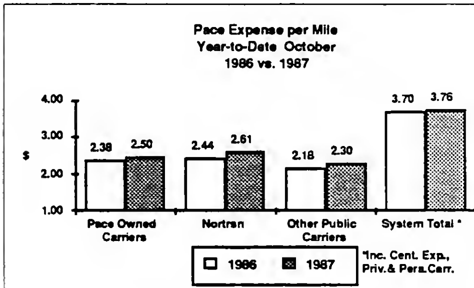

Figure 2

Budget Review

Through the month of October, Pace reported revenues of $17.3 million, which is 4.8 percent favorable to the budget. Expenses were favorable to the budget by 6.7 percent, or $3.8 million. Pace's operating deficit through October was $35.3 million, which is $4.3 million under budget on a year-to-date basis.

Expenses continue to perform under budget in most program areas with the exception of Centralized Operations, which was 1.3 percent over budget through October. The largest favorable variances were in the following areas: Pace Owned Carriers, $822,100 or 4.9 percent favorable; Public Contract Carriers, $729,700 or 4.6 percent favorable; System Administration, $743,300 or 13.1 percent favorable; and Paratransit expense which was $326,900 or 7.4 percent favorable to the budget.

Through October, revenues were $769,300, or 4.7 percent favorable to the budget due to non-passenger revenues, primarily comprised of investment income, which was $748,000 favorable to the budget, or 160.3 percent above budget. Passenger revenues at all carrier groups except Private Contract Carriers were unfavorable to the budget due to continued losses in ridership. Public Contract Carriers revenues were $423,900, or 7.5 percent unfavorable to the budget while Pace Owned and Paratransit Carriers were close to the budgeted figure. Pace's system recovery ratio through October was 32.9 percent which is 10.9 percent, or 3.6 points above the budgeted figure of 29.3 percent. *(see Figure 1)*

Resource Efficiency

Through October, Pace expense per mile had increased at all public carrier groups and for the system as a whole. The highest increase was at Nortran where expense per mile increased by 7.0 percent relative to 1986. Nortran expense growth has primarily been in the maintenance program where expenses are $209,400 or 10.1 percent higher than 1986 as a result of recent maintenance initiatives to improve the fleet's condition and appearance. Increases at Pace Owned Carriers of 5.0 percent and Other Public Carriers of 5.5 percent can be attributed in part to a re-allocation of centralized expense. Additional expenses were re-allocated to individual carriers in 1987 which previously were considered centralized expense. Among Pace Owned Carriers the largest single expense increase was at Pace West where Operations expense increased

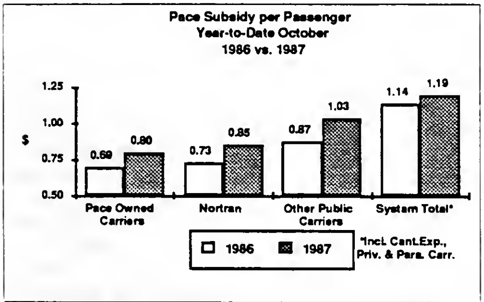

Figure 3

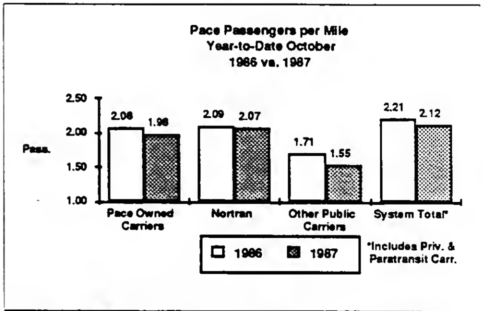

Figure 4

$345,700 or 7.3 percent from 1986 due to significant increases in operator labor and workmens compensation expenses. *(see Figure 2)*

Resource Effectiveness

The Pace system subsidy per passenger increased 4.4 percent, or $0.05 through October compared to the same period in 1986. Although operating revenue per passenger increased $0.04, or 7.4 percent from the same period in 1986, this was not enough to offset systemwide expense per passenger increases of $0.09, or 5.4 percent.

The subsidy to Pace Owned Carriers increased 15.9 percent, primarily due to expense increases outlined above while revenues only increased by 2.6 percent. Nortran experienced a subsidy increase of 16.4 percent from $0.73 to $0.85 per passenger. Increases can be attributed in part to expense growth of 7.8 percent while revenues have decreased by 7.1 percent when compared to 1986. Subsidy level increases of 18.4 percent or $0.16 per passenger at Other Public Carriers can be attributed to continued decreases in ridership of 7.2 percent when compared to the prior year and the 5.5 percent increase in expense per mile mentioned previously. The most significant decreases are at Aurora, Elgin, and Wilmette. *(see Figure 3)*

Service Effectiveness

Passengers per mile decreased 4.1 percent for the Pace system when compared to the same period in 1986. Pace Owned, and Other Public Carriers, posted passenger per mile decreases on a year-to-date basis which were slightly offset by gains in Paratransit and Private contract carrier ridership. Nortran has experienced ridership gains in the latter part of the year, offsetting earlier losses for a slight passenger per mile loss relative to the previous year period. Other Public Carriers, which includes small municipal carriers and those in the satellite cities, have continued to post passenger-per-mile decreases through October for a 9.4 percent year-to-date decrease. *(see Figure 4)*

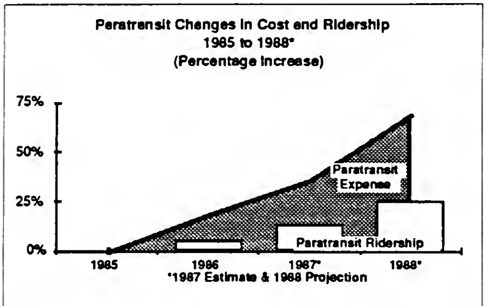

Figure 1

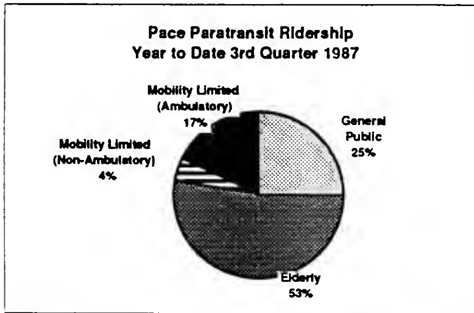

Figure 2

Introduction

The paratransit program, both in actual dollars and as a percentage of the Pace budget, has grown steadily over the last few years. The paratransit program has received the largest increases for any single program since 1985. In this time period, the Paratransit program has grown by 70 percent. In light of this commitment, it is imperative to understand how paratransit expansion will tie into a comprehensive service plan which addresses and prioritizes the needs of suburban ridership markets. This report will look at Pace paratransit expense and ridership trends and will highlight issues which should be addressed as part of development of the comprehensive plan for suburban service mandated in the 1988 RTA Budget Ordinance.

Program Expense and Utilization

Pace currently provides subsidies to 61 paratransit services throughout the Pace service area. In 1985, paratransit represented 6.2 percent of the total budget. For 1987, Pace paratransit expenses are estimated at $5.2 million, or 8.0 percent of Pace's total operating budget. Over 9 percent of the 1988 budget will be dedicated to paratransit services, excluding any new paratransit initiatives.

Ridership for suburban paratransit services has also increased as paratransit funding has grown. Pace projects that in 1988, an estimated 1.3 million passengers will be carried by Pace paratransit services. Since 1985, paratransit ridership has increased by 25.6 percent. Concurrently, fixed-route ridership decreased from 37.3 to 34.4 million, or 7.8 percent. *(see Figure 1)*

Ridership Demographics

As paratransit service has increased the make-up of ridership has also changed. Historically, suburban paratransit had been targeted primarily for elderly and mobility limited individuals. Currently, the largest group of riders are elderly while mobility limited riders make up only twenty-one percent of the total. General public riders, although carried on only 19 of the 61 services, make up a quarter of total ridership. Some of the larger services like Bensenville and Schaumburg carry over 60 percent general public riders. *(see Figure 2)*

Paratransit dial-a-ride service is an effective way of serving low density areas where the nature of trips is dispersed, meaning many origins to many destinations. Fixed route service in this setting has proven to be less effective. In November, Pace fixed-route service in McHenry County was replaced by dial-a-ride service for the general public during midday hours. McHenry represents the first significant replacement of fixed-route with dial-a-ride service. Pace estimates that ridership in McHenry County will increase although expense per rider will likely also increase.

The implementation of new paratransit services, for the general public as a replacement for fixed route services has highlighted the need to develop a clear methodology for evaluating service delivery options in suburban areas.

Paratransit New Initiatives

In early 1987, Pace submitted a plan to UMTA (. 504 Plan) which outlines their response to federal regulations for provision of service to the mobility limited. As part of this plan, Pace intends to provide regional or multi-township paratransit services for most of its service area. One obvious implication of this plan is the potential duplication of services in areas where the plan will be initiated.

Pace's 504 Plan also calls for fixed-route accessible buses in Aurora, Elgin, and Joliet if the on-going RTA-Pace demonstration project in Waukegan is deemed successful. An issue that needs to be addressed is what will happen to dial-a-ride service in Waukegan if the current project is instituted as regular service, and what the implications would be for other communities in a potentially similar position; namely Aurora, Elgin, and Joliet.

During 1987, Pace implemented new paratransit service with an annualized cost of $1.1 million, and has requested over $2.0 million for new paratransit initiatives for 1988. Some of these initiatives are related to the 504 Plan, while others are intended to provide multi-township service that would be superimposed on the existing township service network. Most of the existing paratransit services have been supported by local subsidies provided by municipalities and townships. The new multi-township services, however, are not expected to benefit from local subsidies. Pace's systemwide recovery ratio is currently about 30 percent while the paratransit recovery ratio, absent local subsidies, is estimated at 18.6 percent for 1987. Clearly, the long range impact on Pace operating costs and recovery ratio must be considered.

Pace's new service request emphasizes the need for a long term regional plan for suburban fixed route and paratransit service.

Conclusion

The 1988 RTA Budget Ordinance includes a requirement that Pace develop a five year Suburban Service Plan. RTA staff will be working with Pace to develop this plan and to address mobility issues related to paratransit. Paratransit issues must be considered as part of an overall plan or any major restructuring of suburban bus service. Some of the key issues that should be addressed in 1988 include;

1) development of the methodology for service delivery in low density growth markets,
2) the potential duplication of service in the satellite cities,
3) economic trade-offs of paratransit versus fixed route service, and
4) the long-term impacts on recovery ratio of growth of Pace's paratransit program.