

Northwest Indiana Regional Development Authority

Application for Financial Support

Date of Filing: January 21, 2010

Applicant: Northwest Indiana Regional Bus Authority

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Applicant's legal status: Formed under IC 36-9-3, Regional Transportation Authorities

Project Description:

Pace began operating both Route 891 and 892 in 2001 to serve residents of NW Indiana accessing employment at UPS CACH in Hodgkins IL. As Pace is a sales tax-supported provider of public transit in the Chicago metropolitan area, it is not possible for Pace to fund fixed route bus services which serve residents not residing in the six county taxing district of the Regional Transportation Authority in NE Illinois. As such, these two routes have been supported by UPS and the Foundations of East Chicago (FEC).

In light of the current economy, it is becoming increasingly difficult for UPS to handle the total funding obligation for Route 891. The same holds true for the FEC assuming the total funding obligation for Route 892. Should ridership decline below Pace's performance benchmarks, these routes could also face reduction or elimination with or without the funding support of their current partners.

In order to avoid any future service elimination resulting from ridership declines or due to funding partners no longer being able to cover the costs, it was decided to consider a reduction in Route 891 service from Gary to serve only the UPS Sunrise Sort and combine that with the Route 892 service from East Chicago. This action would:

- Preserve the service from Gary which provides access to jobs with growth potential and also provides benefits to the part time employees
- Although eliminating service to all but the Sunrise Sort, UPS is committed to shifting as many workers as possible to that sort
- Increase service from East Chicago; to date, Route 892 only operates one trip inbound and outbound thus allowing no flexibility if that trip is missed. By combining the two services Pace would operate two trips inbound and outbound from Gary and East Chicago

Economic Impact Statement:

According to the Northwest Indiana Regional Development Authority *Comprehensive Economic Development Plan*, dated January 9, 2007, the improved bus services as outlined in the RBA Strategic and Operations Plan will stimulate the economy and increase the quality of life for the citizens of the region. The RDA analysis used advanced economic models – the REMI Incorporated, Policy Insight and Transight models.

According to the comprehensive economic development plan, the economic benefits for the improvement of Bus and Demand Response Transportation Service accrue from reduced congestion and better access to jobs, healthcare, shopping and amenities. The RDA plan states that the RBA's planned improvements will:

- Increase employment by nearly 7,000 jobs over the period to 2040.
- Provide personal income growth with a net present value of \$4.5 billion over the time horizon.

- Generate a net present value of \$7.2 billion in additional economic activity during the same period.
- Cause the population to increase in Lake and Porter Counties by approximately 8,670 persons.

Quality of Life Statement:

The Regional Bus Authority believes that preserving jobs helps to maintain and improve the quality of life in Northwest Indiana. This preservation activity provides the following benefits for.

- the commuter who need access to employment destinations,
- the working family provider, who needs reliable transportation to and from work,
- an employer who needs reliable workers,
- a transit operators seeking to streamline operations that save time, fuel, and ultimately money.

Funding Request and Financial Analysis:

Current costs are currently covered by UPS (Route 891) and FEC (Route 892). The 2010 operating costs for these services are:

Route 891 \$214,299.83 paid by UPS Annually

 \$ 17,858.32 paid by UPS Monthly

Route 892 \$101,122.75 paid by FEC Annually

 \$ 8,426.90 paid by FEC Monthly

Proposed Combined 891/892 Service would operate as follows:

West Bound (to UPS)

Workforce Development, Gary, IN	138th/ Main, East Chicago, IN	Chicago/ Indianapolis, East Chicago, IN	UPS Hodgkins
2:00	2:23	2:33	3:30
2:15	2:38	2:48	3:45

East Bound (from UPS)

UPS Hodgkins	Chicago/ Indianapolis, East Chicago, IN	138th/ Main, East Chicago, IN	Workforce Development, Gary, IN
9:05	9:54	10:04	10:29
9:20	10:09	10:19	10:44

Proposed Cost for Combine 891/892 Service to operate two (2) round trips between Gary/East Chicago IN to UPS CACH in Hodgkins serving the Sunrise Sort ONLY

Estimated Annual Operating cost: \$180,442.08

Estimated Monthly Operating cost: \$15,036.84

Under a three party funding consortium, each party's cost is estimated at:

\$60,147.36 Annually

\$ 5,012.28 Monthly

The funding on the part of the RBA would be for a two year "gap" period. Improvement in the economic climate and a return to the anticipated planned funding dollars should eliminate the need for RBA intervention. In addition, UPS has agreed to continue to focus on recruiting in East Chicago and Gary to maintain and further build ridership. There is also a desire to decrease RBA's financial participation if there is a continued increase in purchase of the discounted fare medium provided by UPS at the Hodgkins CACH facility.

Project Timeline:

The new combined service would be implemented as soon as reasonably possible. As Pace may have to implement prior to their next schedule garage pick, UPS has agreed to incur and additional costs for off-pick implementation. Therefore the service will be implemented by mid-June, 2010 at the latest and the RBA's participation is anticipated to cease by approximately June 15, 2012.

A. Attached are:

1. Background information and data from PACE on the history of the two routes and route maps
2. Proprietary Employment Data from UPS



A Fresh Approach To Public Transportation

Thomas J. Ross
Executive Director

Proposal to Combine Pace Routes 891 & 892

Fact Sheet

Prepared by Pace's Office of Business Development
January 8, 2009

Background

UPS and Pace developed Route 891 in order to access a viable workforce in Gary to be able to access the jobs with career paths available at UPS CACH in Hodgkins IL. The main parameter was that the service be direct, limiting the total travel time in one direction to as close to one hour as possible.

UPS has been covering 100% of the cost of service since Route 891 was implemented on January 29, 2001.

Route 891 was followed by the implementation of Route 892 on June 27, 2001; this service was funded 100% by the East Chicago Housing Authority. In July, 2004 Pace was informed by East Chicago that they would no longer fund Route 892. Pace worked diligently with UPS find another possible funding source. Pace met with the Foundations of East Chicago (FEC) to see if they might be a possible funding partner. The FEC agreed to step in and fund 100% of the service and has been doing so since October, 2004.

Due to many factors, it is becoming increasingly difficult for UPS to totally fund the Route 891 operation and the costs to FEC have also been increasing significantly.

In addition to cost increases, ridership has been declining on both routes which could begin to jeopardize their futures should ridership continue to fall. In order to avoid any future service elimination resulting from ridership declines or due to funding partners no longer being able to cover the costs, it was decided to consider a reduction in Route 891 service from Gary to serve only the UPS Sunrise Sort and combine that with the Route 892 service from East Chicago. This action would:

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Proposal:

Current service is provided via Routes 891 and 892 (timetables and maps attached).

Current ridership is as follows:

891 Gary Ind-UPS				Weekday	% of	Three month
YEAR	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Change</u>	<u>Comparison</u>
Jan	242	192	143	149	4.2%	09/08-11/08
Feb	251	146	142	142	0.0%	163
Mar	232	127	144	146	1.4%	09/08-11/08
Apr	232	155	158	140	-11.4%	132
May	218	143	149	133	-10.7%	Difference
Jun	196	193	142	148	4.2%	-31
Jul	215	155	155	152	-1.9%	% of Change
Aug	218	173	145	144	-0.7%	-19.2%
Sep	210	161	169	129	-23.7%	
Oct	208	164	158	139	-12.0%	
Nov	230	149	162	127	-21.6%	
Dec	221	149	140			
AVG	223	159	151			

892 East Chicago-UPS				Weekday	% of	Three month
YEAR	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Change</u>	<u>Comparison</u>
Jan	41	26	25	28	12.0%	09/08-11/08
Feb	46	26	33	26	-21.2%	30
Mar	40	29	29	27	-6.9%	09/08-11/08
Apr	38	29	28	26	-7.1%	23
May	38	33	27	23	-14.8%	Difference
Jun	37	26	27	22	-18.5%	-7
Jul	31	29	30	18	-40.0%	% of Change
Aug	31	26	28	23	-17.9%	-24.4%
Sep	33	30	27	22	-18.5%	
Oct	27	29	33	23	-30.3%	
Nov	28	37	30	23	-23.3%	
Dec	28	29	31			
AVG	35	29	29			

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EB (from UPS)

	Chicago/ Indianapolis,	138th/ Main,	Workforce
UPS Hodgkins	Chicago, IN	Chicago, IN	Development, Gary, IN
9:05	9:54	10:04	10:29
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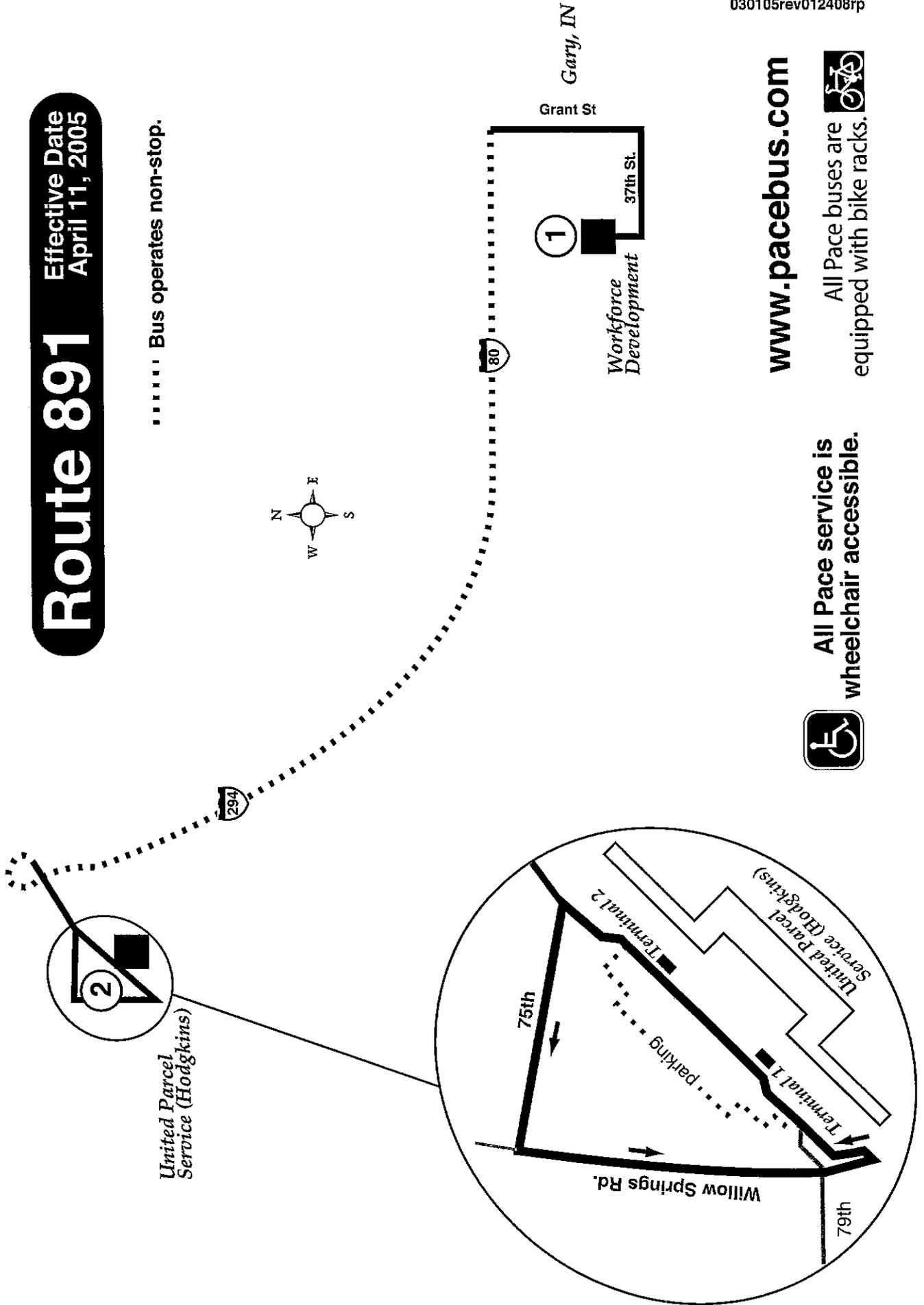
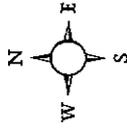
\$60,147.36 Annually

\$ 5,012.28 Monthly

Route 891

Effective Date
April 11, 2005

..... Bus operates non-stop.



United Parcel
Service (Hodgkins)

Gary, IN

030105rev012408rp

www.pacebus.com



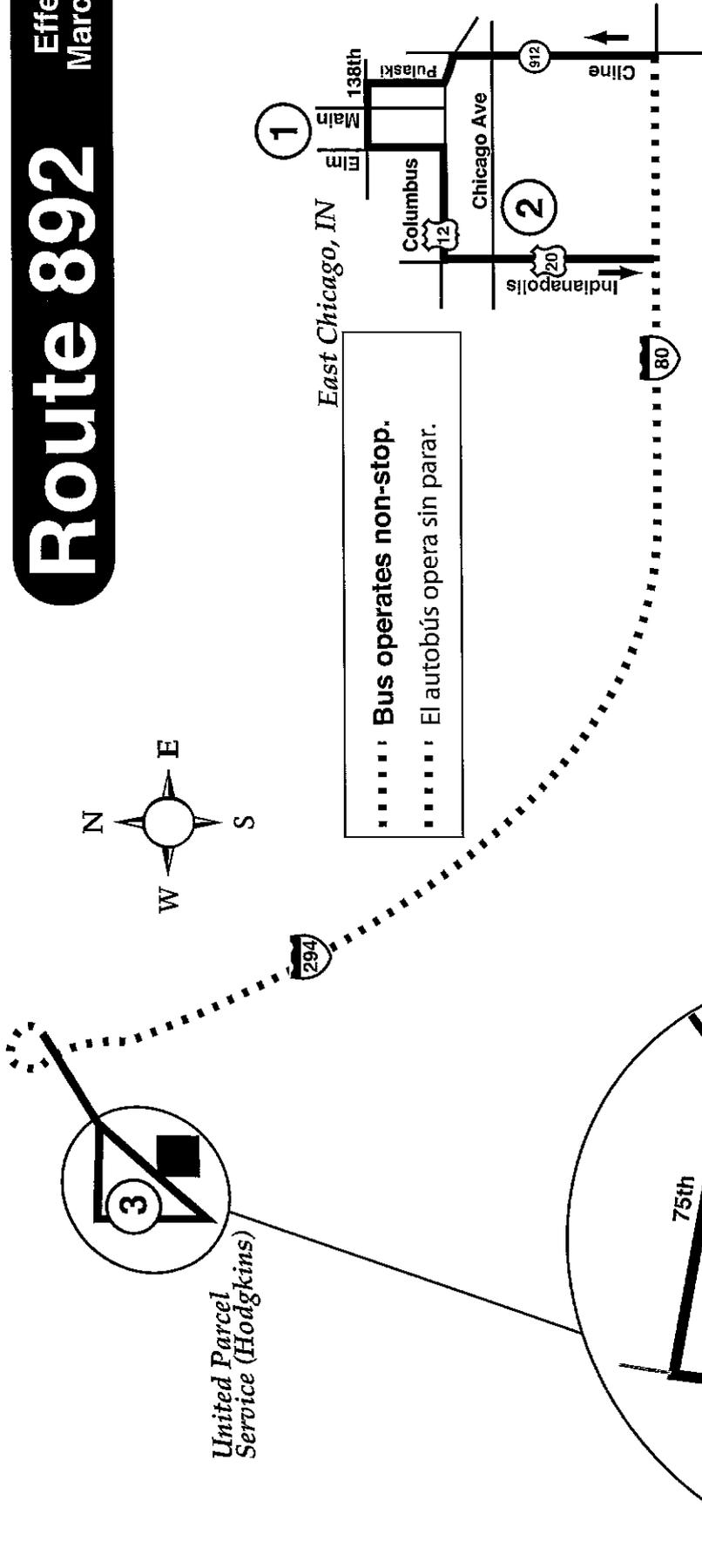
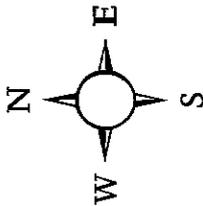
All Pace service is
wheelchair accessible.



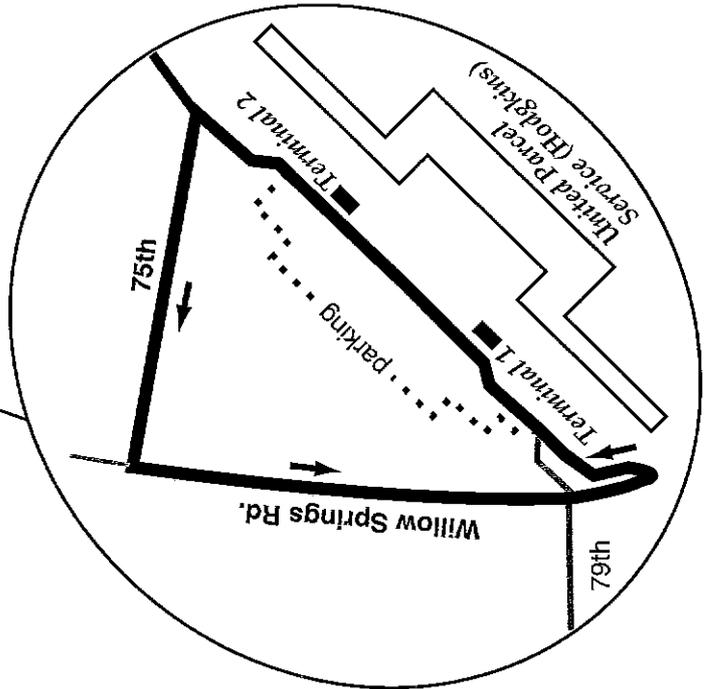
All Pace buses are
equipped with bike racks.

Route 892

Effective Date
March 24, 2008



United Parcel
Service (Hodgkins)



www.pacebus.com



All Pace service is wheelchair accessible.



Todos los autobuses están equipados con racks para bicicletas.
El servicio de Pace es accesible para sillas de ruedas.

All Pace buses are equipped with bike racks.

101904rp021308rp



ROUTE 891 GARY, IN / UPS HODGKINS

WESTBOUND

1

**WORKFORCE
DEVELOPMENT
GARY, IN**

2:20am
2:40
2:55
3:05
8:40pm
8:45

2

**UPS
HODGKINS**

3:10am
3:30
3:45
3:55
9:30pm
9:35

EASTBOUND

2

**UPS
HODGKINS**

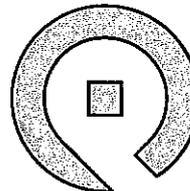
3:35am
3:40
8:30
8:50
9:15
9:45

1

**WORKFORCE
DEVELOPMENT
GARY, IN**

4:25am
4:30
9:20
9:40
10:05
10:35

**Service will operate for Monday-Friday shifts.
No holiday service.**



pace

030105rev012408rp



ROUTE 892 EAST CHICAGO, IN / UPS HODGKINS

WESTBOUND

Hacia el Oeste

1

138TH/
MAIN

2:38am

2

CHICAGO AVE/
INDIANAPOLIS BLVD.

2:48am

3

UPS
HODGKINS

3:45am

EASTBOUND

Hacia el Este

3

UPS
HODGKINS

9:20am

1

138TH/
MAIN

10:22am

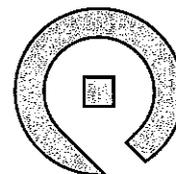
2

CHICAGO AVE/
INDIANAPOLIS BLVD.

10:32am

Service will operate for Monday - Friday shifts.

No Saturday, Sunday or holiday service.



pace

**UPS
CACH FACILITY
HODGKINS, ILLINOIS**

UPS EMPLOYEES/NORTHWEST INDIANA

The following information contains data that reflects the number of UPS Employees that currently work at the Hodgkin's Facility, from Northwest Indiana:

- **Total of 268 active employees**
- **29 Full-time Management employees**
- **75 Full-time Hourly employees**
- **37 Part-time Management employees**
- **127 Part-time Hourly employees**

Active Indiana Employees who are currently enrolled in school:

- **10 Full-time employees**
- **46 Part-time employees**

The average years of service:

- **13 years for Full-time employees**
- **7 years for Part-time employees**

The majority of the Part-time workforce resides in the following areas:

- **86 – Gary**
- **18 – East Chicago**
- **13 – Hammond**
- **9 – Griffith**

Hires by Facility:

- **CACH Facility from the year 2000 through the present hired a total of 5699 employees from Northwest Indiana**
- **Hires to other UPS Facilities which include Hammond Center, Harvey Center and Downtown Chicago area since 2000 total 1191 employees who reside in Northwest Indiana**

College Hires by Facility:

- **CACH Facility from the year 2000 through the present hired a total of 1053 college students who reside in Northwest Indiana**
- **Metro Chicago Facility from the year 2000 through the present hired a total of 269 college students who reside in Northwest Indiana**

The following is a list of some of the Northwest Indiana Colleges attended by 783 UPS employees:

- **Purdue-Calumet University**
- **Indiana University Northwest**
- **Ivy Tech**
- **Hyles Anderson College**
- **Saint Joseph's College**

Earn and Learn is a benefit to UPS employees that helps them pay their college tuition. This program helps cut student debt substantially. The following is a breakdown to explain how this program works:

- **Eligibility begins from your first day of employment.**
- **Midterm hires are prorated**
- **\$15,000 maximum lifetime benefit**
- **\$1,500 per semester; \$3,000 a year**
- **Books are covered at a flat \$25.00 per course**

Breakdown of Earn and Learn Benefits applied to tuition for Northwest Indiana College Students from 2006 to 2009:

Participants	Paid
215	\$134,361.33

Benefit & Wage Information

Wages:

- **\$8.50 an hour**
- **\$1.00 increase after 90 calendar days**
- **Annual Increases**
- **Weekly Paycheck**

Consistent Work Schedule:

- Monday through Friday
- Weekends and Holidays Off
- Work 3 ½ - 5 hours

Job Opportunities:

- UPS is a promote from within organization

Employee Only Medical:

- Eligible after 1 year
 - Major Medical, Prescription Card
 - Hospitalization and Life Insurance
 - Provided at no cost
- Eligible after 18 months
 - Vision and Dental
 - Dependent Coverage

Paid Holidays:

- Eligible after 1 year
 - 8 Paid Holidays

Paid Vacation:

- Eligible after 1 year
 - 1 week vacation paid @ 20 hours
- Seniority by January 1st
 - 1 option week paid @ 25 hours
 - 3 optional days paid @ 4 hours each

401K Savings Plan:

- Eligible immediately upon employment

UPS Stock:

- Eligible after six months of employment
 - Discounted Employee Stock Purchase Program through Payroll Deductions

Transportation:

- Pace and CTA schedules available
- Pace and CTA passes available at a 15% discount

Education and Learning Center:

- **Onsite College Classes offered**
- **In District Tuition Rates**
- **Provided 3354 student on-site classroom units of study**
- **Employees are recruited to attend classes within the CACH facility**
- **A variety of classes are offered – there is something for everybody**
- **Students are assisted with the Edcor application and reimbursement processes**
- **Computer classes are offered in a state-of-the-art computer lab**
- **The Computer Lab and classrooms are available to on-site students for study purposes during non-work hours**

UPS is a promote from within company where many of our full-time employees which include hourly, supervisors, managers and staff level positions all began their careers as part-time package handlers.