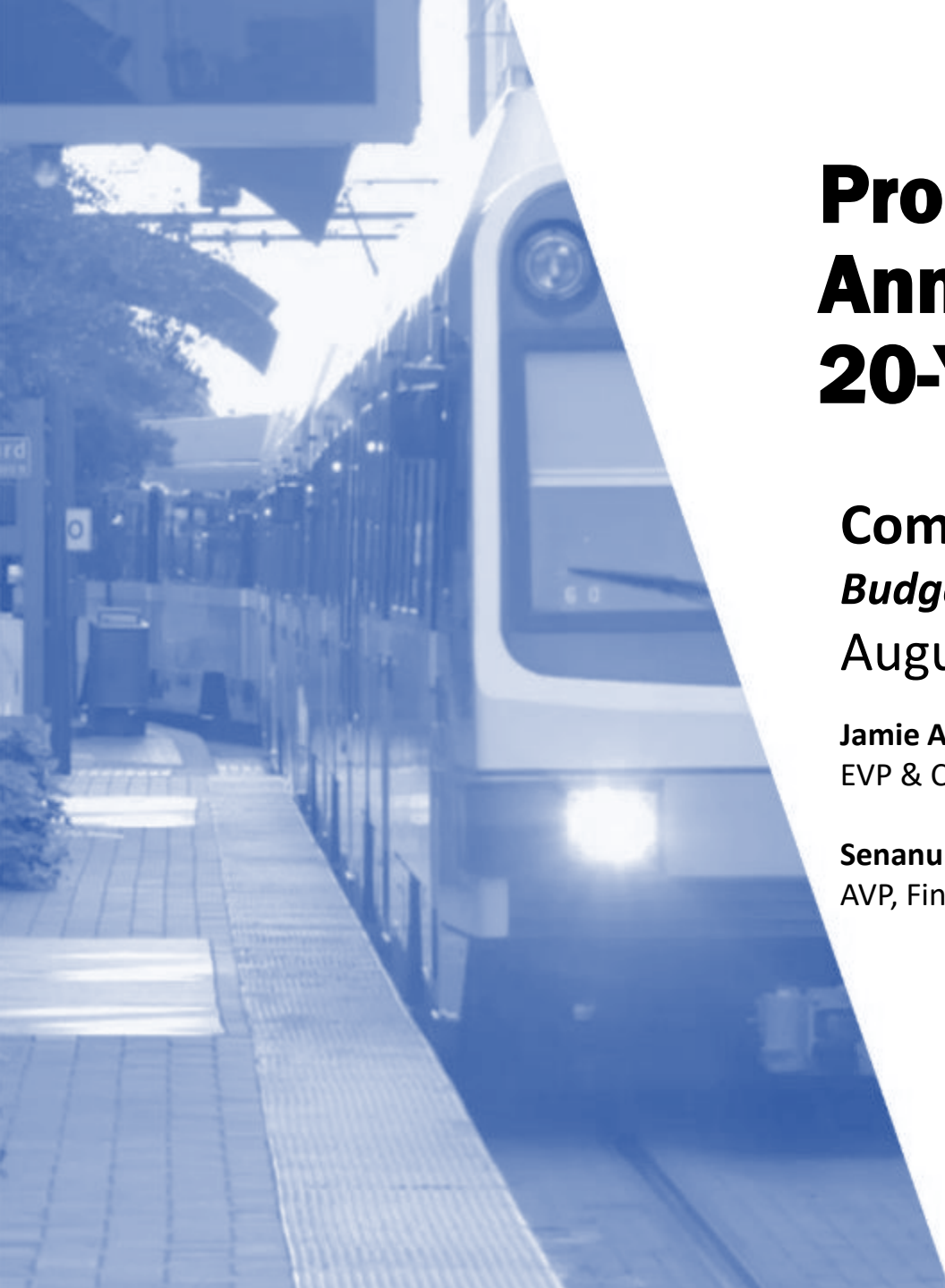




Proposed FY 2026 Annual Budget & 20-Year Financial Plan

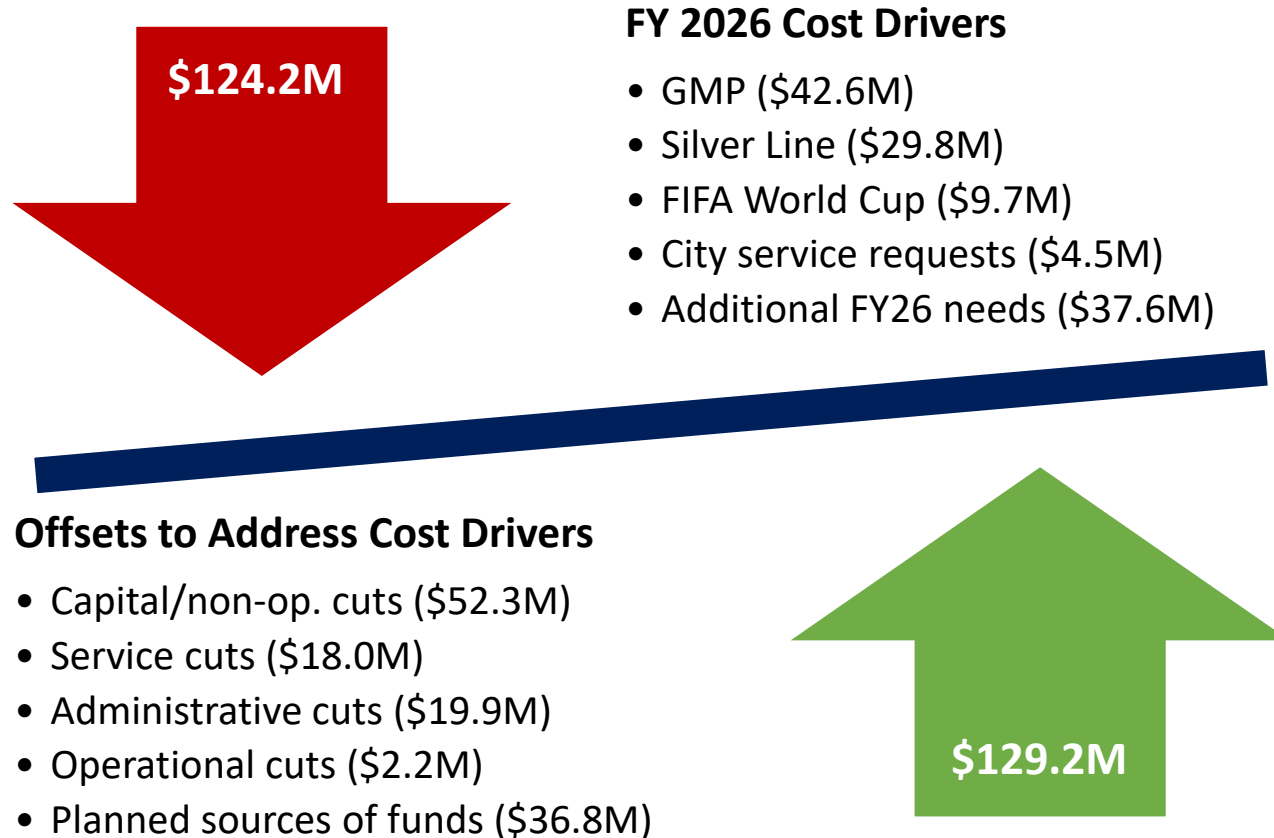
Committee of the Whole
Budget & Finance Subcommittee
August 12, 2025

Jamie Adelman
EVP & Chief Financial Officer

Senanu Adadevoh
AVP, Financial Planning & Analysis



Bringing FY 2026 into Balance



Weekday Frequency Changes

WEEKDAY Service Type	Current	Potential Changes Covered in Public Process	Recommendation
LRT	15/20/20/30	20/20/30/30	20/20/20/30
Very Frequent Bus (1-9)	15/15/15/30	20/20/30/30	15/15/15/30
Frequent Bus (10-99)	15/20/20/30	20/20/30/30	20/20/20/30
Routes 28/41/47	15/20/20/30	20/30/30/30	20/30/30/30
Local Bus (100s)	15/30/30/30	20/30/60/60	20/30/30/30
Local Coverage Bus (200s)	30/40-60/40-60/60	30/60/60/60	30/40-60/40-60/60
Express Bus (300s)	15/-/-/-	20/-/-/-	20/-/-/-

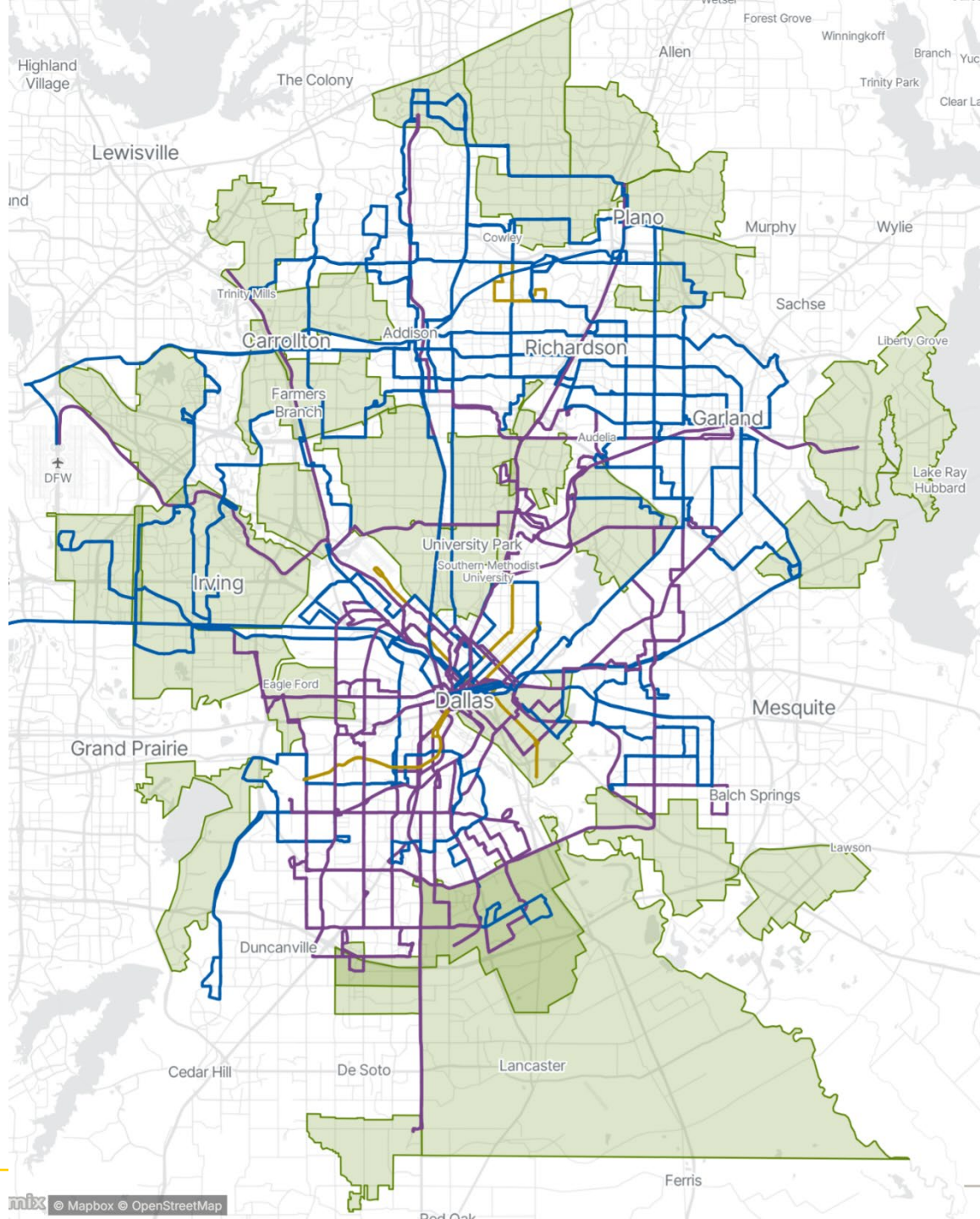
Weekday frequencies: peak/midday/evening/night
Changes highlighted in **YELLOW**

Service Map with Changes *Peak Service Frequency*

GOLD: 15 minutes

PURPLE: 20 minutes

BLUE: 30 minutes



Summary of Fare Changes

Fare Category	Current		Staff Proposed		Revenue Impact
To Be Effective March 2026					
Regional Day Pass	\$12 Reg.	\$3 Red.	\$9 Reg.	\$4.50 Red.	\$5K (+1%)
Paratransit ADA	\$3.50		\$4		\$1.5M (+36%)
GoLink Distance-Based	-	-	\$1/mi beyond 5mi		\$0.3M (+16%)
Corporate Annual Pass	\$720 Loc.	\$1,440 Reg.	\$945 Loc.	\$1,440 Reg.	+4%
Day Pass Voucher	10ct/\$36 Local	10ct/\$36 Regional	10ct/\$36 Local	-	Negligible
3-Hour Pass Voucher	-	-	10ct/\$18 Local	-	Negligible
Future-Proofing Options (will not take effect without additional Board action)					
Paratransit Non-ADA	-	-	\$10		\$1.1M
Fare Evasion Fee	-	-	\$5		TBD

Proposed FY 2026 Budget

	FY 2025 Budget	FY 2026 Proposed	% Change FY25 to FY26
Operating	\$721.1	\$757.9	5.1%
Capital & Non-Op.	821.3	830.7	1.1%
Debt Service	222.2	223.4	0.6%
Total	\$1,764.5	\$1,812.0	2.7%

- Silver Line revenue service accounts for 4.1% of operating growth

Operating Budget (\$M)

FY 2025 to FY 2026 Walk-Forward

FY 2025 Operating Budget		\$721.1
FY 2026 Additional Needs		
Silver Line		
1	11mo of Silver Line revenue service & police/MOW support	\$29.8
Compensation		
2	Merit & wage increases at 3%	10.1
3	Employee bonuses (Reaching Performance Milestone & executive bonuses)	3.2
Contractual & other mandatory cost increases		
4	GoLink/paratransit	8.4
5	Medical benefits	5.0
6	Bus parts	2.0
7	TRE contract & fuel	1.0

Operating Budget (\$M)

FY 2025 to FY 2026 Walk-Forward (cont.)

8	Fuel & electricity	0.6
9	Additional contractual increases	6.2
Other		
10	New Plano + Addison GoLink zones	2.9
11	New Plano + Addison shuttles (50% share)	1.6
12	Cost allocation by city study	0.8
13	Operating impact of new capital programs	0.3
Total Additional Needs for FY 2026		\$71.9
Projected FY 2026 Operating Costs		\$793.0

FY 2026 Operating Budget Target	\$757.9
FY 2026 Gap	(\$35.1)

Operating Reduction Options (\$M)

Reduction			Potential Reductions			
			Staff Rec.	Option B	Option C	Option D
1	Bus frequency adjustments and discontinued routes	(\$14.6)	■	■		
2	Discontinued bus routes only	(6.1)			■	■
3	Light rail frequency adjustments	(3.4)	■	■	■	■
4	Administrative reductions	(10.4)	■	■	■	■
5	Reduced funding for bus part cost increases	(1.0)	■	■	■	■
6	Redesign insurance plan	(5.0)	■		■	■
7	Add five fewer MOW positions for Silver Line	(0.7)	■	■	■	■
8	Reduce OPEB contribution (plan is fully funded)*	(0.5)		■	■	■
9	Reduce merit & wage increases to 2%*	(3.3)		■		
10	Reduce merit & wage increases to 1%*	(6.6)			■	
11	Fund only 50% of executive bonuses*	(0.7)		■	■	■
12	Reduced funding for addt'l SL police coverage	(0.5)		■	■	■
Total Potential Adjustments for FY 2026			(\$35.1)	(\$35.1)	(\$34.9)	(\$28.3)
Additional Savings Needed			\$0	\$0	\$0.2	\$6.8
Total Operating Budget			\$757.9	\$757.9	\$758.1	\$764.7

*One-time reduction

Proposed GMP/FIFA Funding (\$M)

Non-Operating Costs	Amount
5% GMP funded for two years	\$88.1
World Cup net expenses	9.7
Total Non-Operating Costs	\$97.8

Proposed Capital & Non-Operating Reallocations	
1401 Pacific (DART HQ) construction	(\$47.7)
Mobility Assistance Fund (MAF)	(25.1)
Savings from various capital projects	(24.9)
Total Reallocations	(\$97.8)



DART.org



Appendix

FY 2025 Financial Planning Calendar

Date	Action/Briefing
April 9	COTW approval of Financial Standards for FY 2025 Annual Budget and 20-Year Financial Plan
April 12	Budget and Finance Committee – FY 2025 financial outlook
April 16	Board approval of Financial Standards for FY 2025 Annual Budget and 20-Year Financial Plan
May 8	Budget and Finance Committee – Amendments to FY 2025 Financial Standards and FY 2025 budget discussion
May 14	COTW approval of amendments to FY 2025 Financial Standards
May 20	Budget and Finance Committee – MAIF discussion and FY 2025 capital budget overview
June 11	Board approval of amendments to FY 2025 Financial Standards
June 17	Budget and Finance Committee – FY 2025 operating budget overview
July 16	Present President & CEO's Proposed FY 2025 Annual Budget and 20-Year Financial Plan to COTW
July 30	Board Mini-Workshop on Proposed FY 2025 Annual Budget and 20-Year Financial Plan
August 13	COTW/Board approval to distribute Proposed FY 2025 Annual Budget and 20-Year Financial Plan to SACs
August 14	Budget and Finance Committee
September 5	Briefing for service area city managers and finance directors
September 10	COTW consideration of FY 2025 Annual Budget and 20-Year Financial Plan
September 24	COTW and Board approval of FY 2025 Annual Budget and 20-Year Financial Plan

Impact of Service Change Delay

Reduction		Amount	If Delayed to April 2026
1	Bus frequency reductions and discontinued routes	(\$14.6)	(\$9.75)
2	Light rail frequency reductions	(3.4)	(2.25)
3	Administrative reductions	(10.4)	
4	Reduced funding for bus part cost increases	(1.0)	
5	Redesign insurance plan	(5.0)	
6	Reduce OPEB contribution (plan is fully funded)*	(0.5)	
7	Reduce merit & wage increases to 2%*	(3.3)	
8	Fund only 50% of executive bonuses*	(0.7)	
9	Reduced funding for addt'l Silver Line police coverage	(0.5)	
10	Add five fewer MOW positions for Silver Line	(0.7)	
11	To be determined	-	(1.0)
Total Potential Adjustments for FY 2026		(\$40.1)	(\$35.1)
Total Operating Budget		\$752.1	\$757.9

*One-time reduction

Sources & Uses (\$M)

Sources	FY 2026		
Revenues		% Total Revenues	% Total Sources
Sales Tax Revenues	\$937.5	67.7%	47.1%
Other Revenues	447.6	32.3%	22.5%
Total Revenues	\$1,385.2	100.0%	69.5%
Long-Term Debt:	\$593.6	97.8%	29.8%
Cash	13.6	2.2%	0.7%
Total Debt & Cash	\$607.2	100.0%	100.0%
Total Sources	\$1,992.3		100.0%

Uses	FY 2026		
Operating		% Operating Uses	% Total Uses
Sales Tax	\$580.7	76.6%	29.1%
Other Revenue	177.2	23.4%	8.9%
Total Operating Sources	\$757.9	100.0%	38.0%
Capital & Non-Operating		% Capital Uses	% Total Uses
Sales Tax	\$133.4	16.1%	6.7%
Other Revenue	270.4	32.6%	13.6%
Long-Term Debt	413.3	49.8%	20.7%
Cash	13.6	1.6%	0.7%
Total Capital	\$830.7	100.00%	41.7%
Debt Service & Commercial Paper		% Debt Uses	% Total Uses
Long-Term Debt Service			
Sales Tax	\$223.4	55.3%	11.2%
Commercial Paper Retirement			
Long-Term Debt	180.3	44.7%	9.1%
Total Debt Service	\$403.7	100.0%	20.3%
Total Uses	\$1,992.3		100.0%

A photograph of a city street with a yellow semi-truck in the center. The word "Revenue" is written in large, bold, blue letters inside a yellow rectangular box that is centered over the truck. The background shows tall city buildings, a wet street reflecting the scene, and a traffic light on the right with a sign for "#HungerActionMonth".

Revenue

FY 2026 Revenues (\$M)

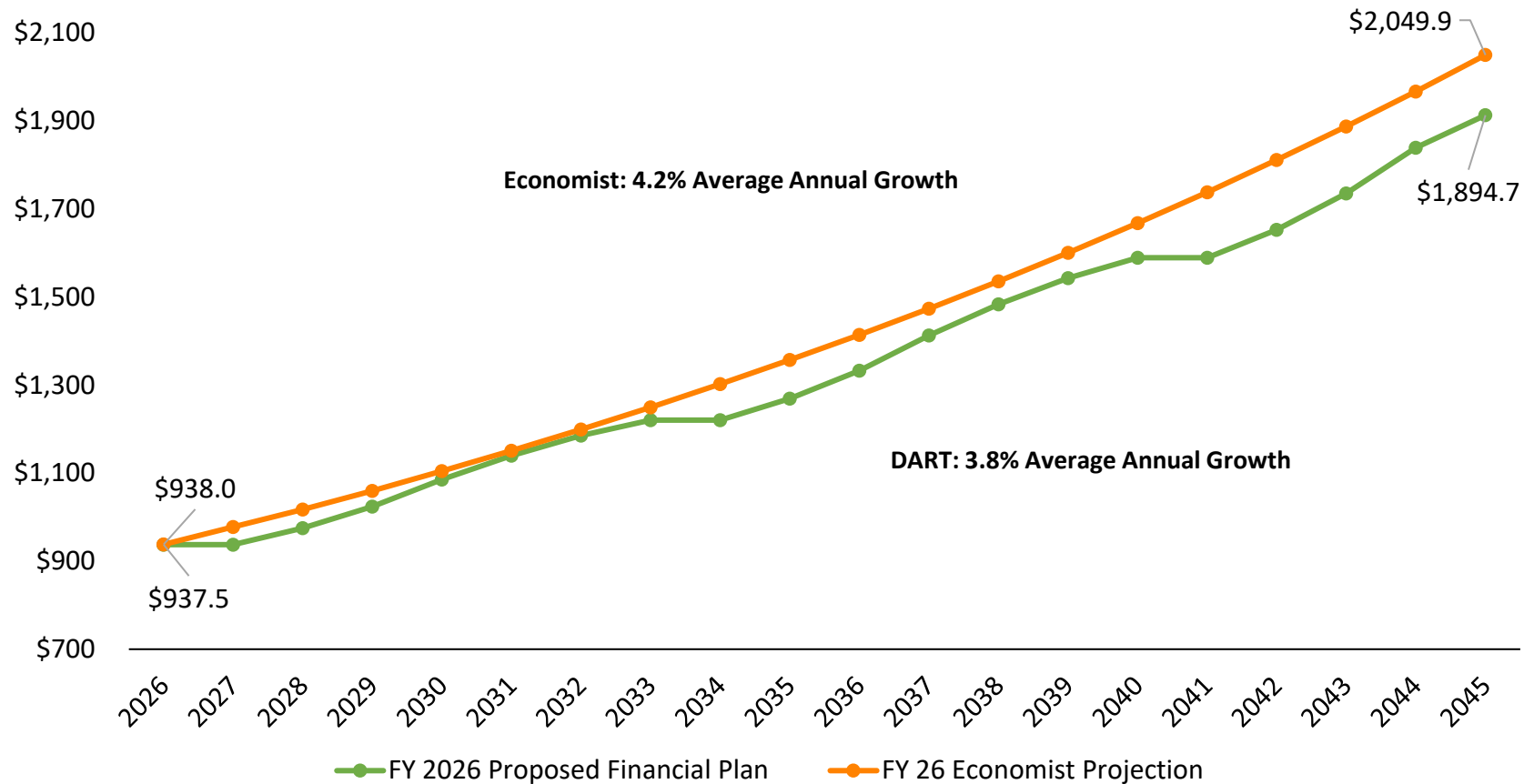
	FY 2023 Actual	FY 2024 Actual	FY 2025 Budget	FY 2025 Forecast	FY 2026 Budget	% Variance
Sales Tax Revenues	\$834.4	\$851.8	\$910.2	\$902.0	\$937.5	3.9%
Operating Revenues	56.3	62.5	60.8	58.0	61.4	5.7%
Investment Income	51.3	36.1	27.4	25.0	26.1	4.5%
Formula Federal Funding	68.0	72.4	74.6	72.3	116.5	61.2%
Discretionary Federal Funding	14.2	22.8	186.7	155.5	189.1	21.6%
Other Operating Contributions	21.6	19.7	20.2	21.8	22.2	1.8%
Other Capital & Non-Op. Contributions	10.4	18.2	21.0	12.6	32.4	157.0%
Total Revenue	\$1,056.1	\$1,083.5	\$1,301.0	\$1,247.2	\$1,385.2	11.1%

- FY 2026 sales tax projection aligns with economist's projection; no change from FY 2025 financial plan
- Formula funding is based on timing of project completion
- Discretionary funding assumes \$10.7M from NCTCOG for FIFA World Cup

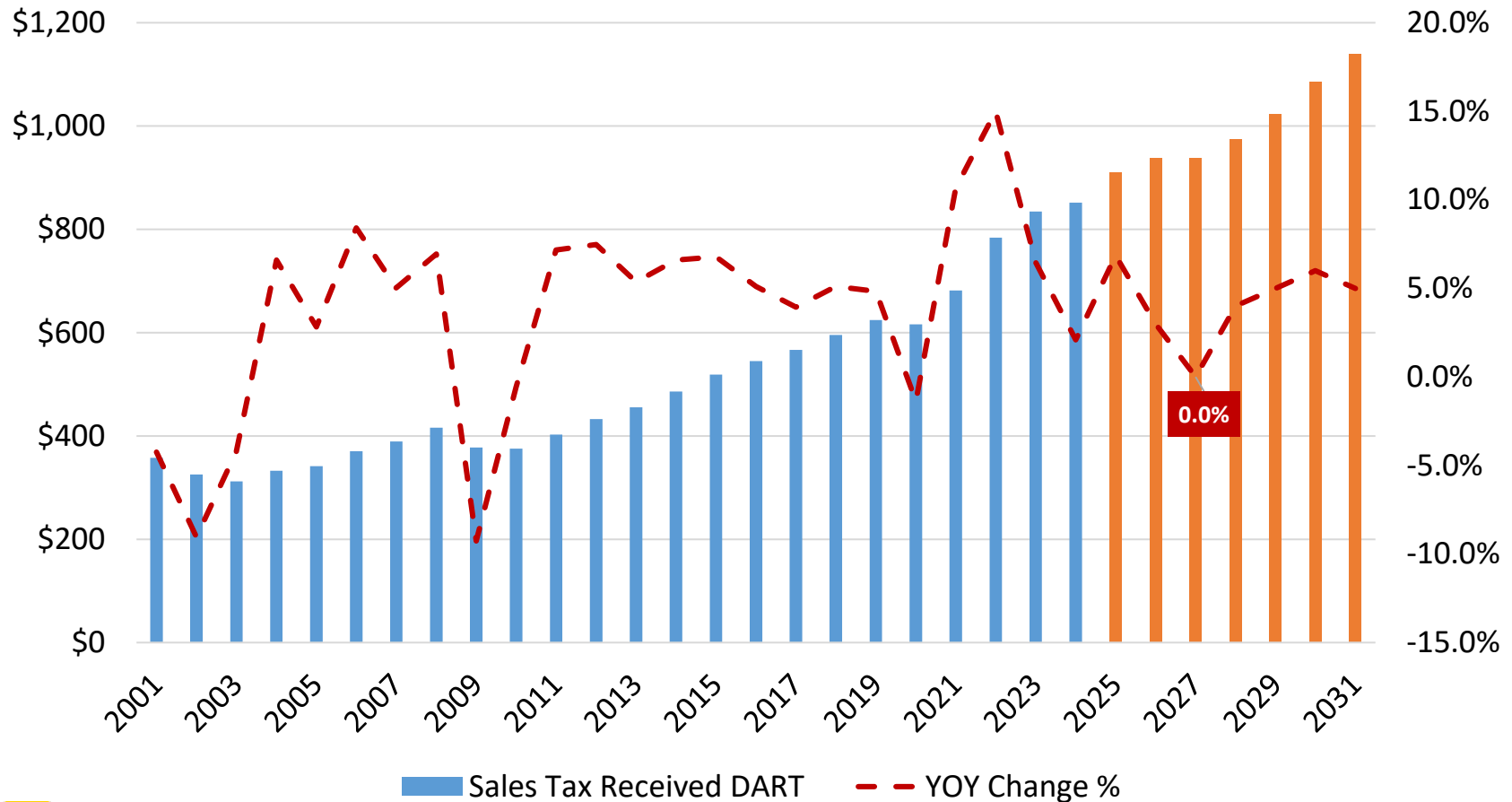
Sales Tax Projections (\$M)

Fiscal Year	FY 2025 Plan	FY 2026 Economist	FY 2026 Proposed	% Increase FY25 Plan to FY26 Proposed
2026	\$937.5	\$938.0	\$937.5	0.0%
2027	937.5	977.6	937.5	0.0%
2028	975.0	1,017.5	975.0	0.0%
2029	1,023.8	1,060.1	1,023.8	0.0%
2030	1,085.2	1,104.5	1,085.2	0.0%
5-Year Total	\$4,959.1	\$5,097.6	\$4,959.1	0.0%
20-Year Total	\$27,103.9	\$28,503.7	\$27,067.1	(0.14%)

Sales Tax Projections (\$M)



Sales Tax Trends & Forecast



Operating Revenues

FY 2023-FY 2030 (\$M)

Operating Revenues	FY23 Actual	FY24 Actual	FY25	FY26	FY27	FY28	FY29	FY30
Fixed Route Fares	\$35.8	\$36.1	\$38.3	\$41.8	\$45.5	\$46.4	\$47.3	\$51.5
Other Passenger Fares	2.1	3.8	4.3	4.0	4.4	4.4	4.4	4.9
Total Passenger Rev.	\$37.9	\$39.9	\$42.6	\$45.8	\$49.9	\$50.8	\$51.7	\$56.4
Leases & Rentals	8.0	8.8	9.0	9.4	9.6	10.0	10.2	10.3
Advertising	3.7	4.6	4.0	5.0	6.5	6.6	6.8	6.7
DCTA	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.7
Other	5.4	6.1	1.6	0.2	0.2	0.3	0.3	0.3
Total	\$56.0	\$60.3	\$58.0	\$61.4	\$67.2	\$68.6	\$70.0	\$74.4

Historical Ridership (000s)

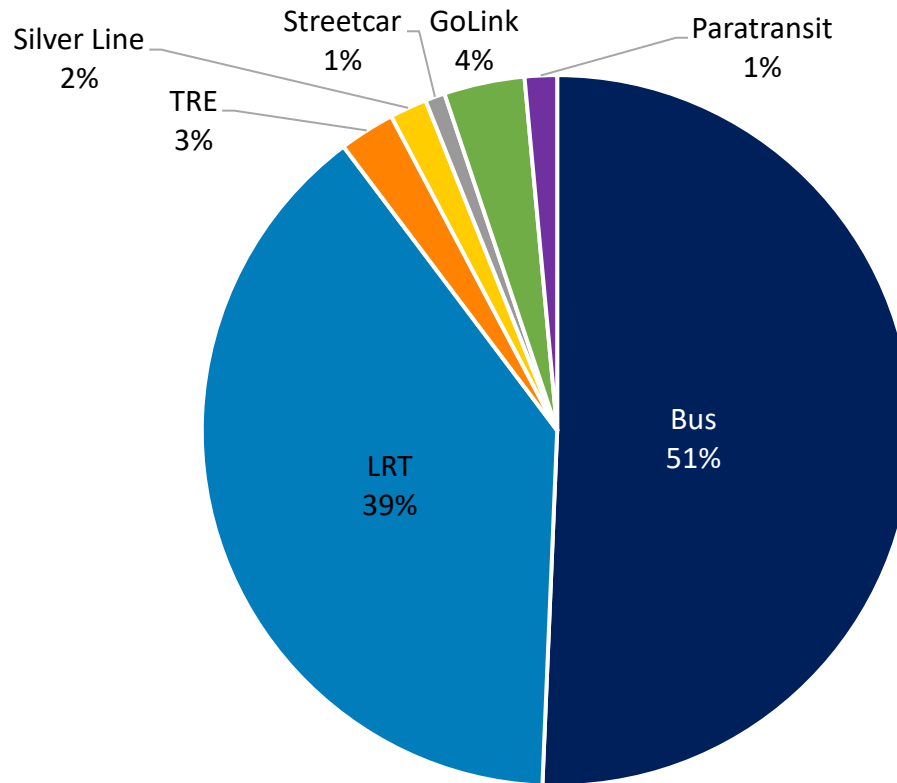
Mode	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Forecast	FY 2026 Budget	% Increase
Bus	27,591	19,981	22,664	25,926	29,162	29,068	28,575	(1.7%)
LRT	20,081	14,487	17,676	20,495	22,102	22,120	22,035	(0.4%)
TRE	1,266	795	1,066	1,137	1,270	1,292	1,427	10.5%
Silver Line	0	0	0	0	0	0	955	N/A
Streetcar	189	145	702	545	523	487	508	4.2%
GoLink	167	111	334	917	1,606	2,083	2,206	5.9%
Paratransit	644	571	734	860	940	962	884	(8.1%)
Total	49,938	36,090	43,176	49,880	55,604	56,012	56,590	1.0%

Ridership Projections (000s)

Mode	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	5-Year Total	20-Year Total
Bus	28,575	28,575	29,147	29,730	29,730	145,758	645,469
LRT	22,035	22,035	22,476	22,925	22,925	112,396	497,733
TRE	1,427	1,427	1,456	1,485	1,485	7,281	32,279
Silver Line	955	955	974	993	993	4,869	21,585
Streetcar	508	508	518	528	528	2,591	11,485
GoLink	2,206	2,206	2,228	2,228	2,250	11,117	46,746
Paratransit	884	884	893	893	902	4,455	18,723
Total	56,590	56,590	57,691	58,782	58,813	288,467	1,274,020
YOY Growth	1.03%	0.00%	1.95%	1.89%	0.05%		

- Assumes fare increase in FY 2027

Ridership by Mode (20-Year Total)

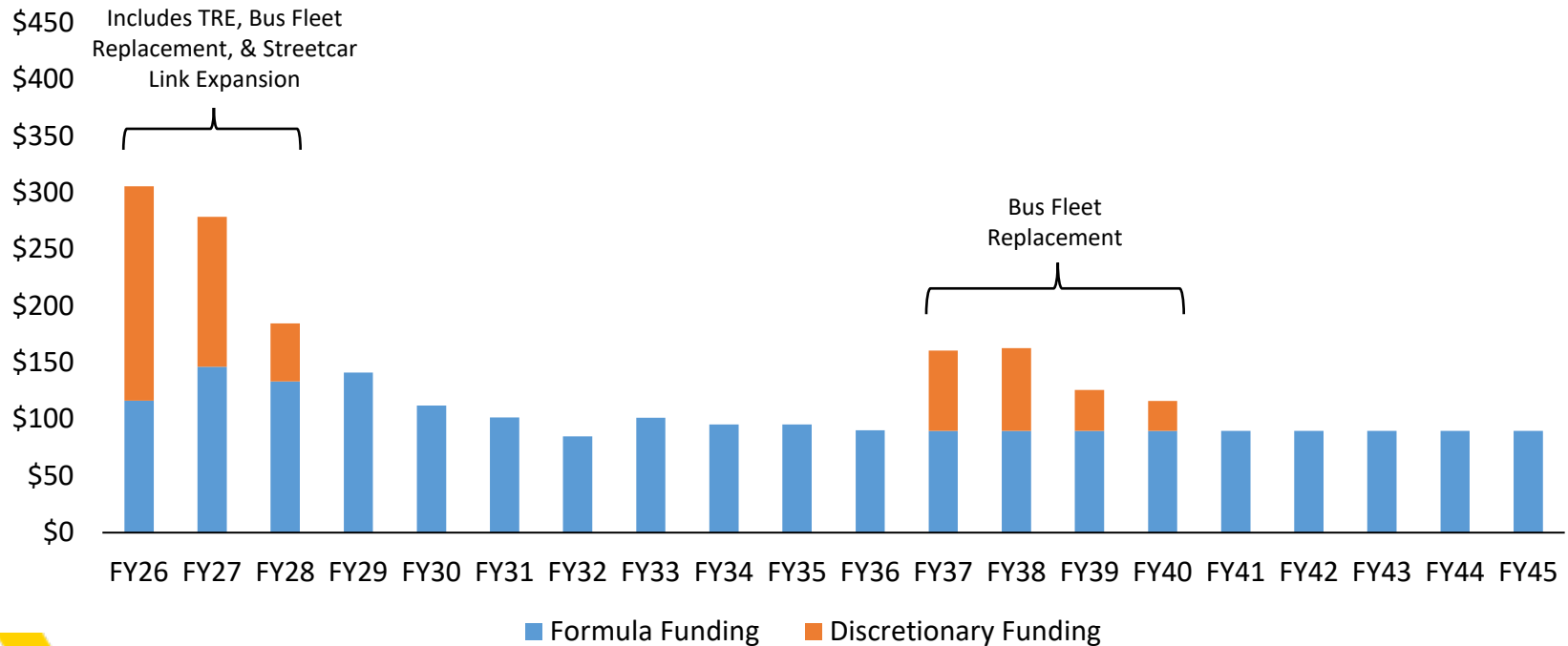


Subsidy Per Passenger

Mode	FY23 Actual	FY24 Actual	FY25 Forecast	FY26 Budget	FY27 Budget	FY28 Budget	FY29 Budget	FY30 Budget
Bus	\$10.95	\$10.91	\$11.57	\$11.30	\$11.48	\$11.62	\$11.62	\$11.78
Light Rail	8.55	8.93	8.92	8.69	8.81	8.78	8.78	8.90
TRE	26.57	28.38	29.28	29.14	29.87	30.13	30.47	31.19
Silver Line	0	0	0	33.90	38.30	38.42	38.62	39.48
Streetcar	3.36	4.40	5.81	5.89	6.01	6.00	6.00	6.11
GoLink	17.43	11.92	13.96	19.13	19.84	20.46	21.32	22.06
Paratransit	45.57	48.92	62.17	71.20	74.87	77.81	80.24	84.36

Federal Grants (\$M)

Federal Grants	FY 2023 Actual	FY 2024 Actual	FY 2025 Forecast	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Formula	68.0	72.4	72.3	116.5	146.4	133.5	141.2	112.2
Discretionary	14.2	22.8	155.5	189.1	132.4	51.2	0.0	0.0



Capital Project Grant Strategy

Funding Opportunity	LRVs	Station Modern.	Bus Network Imprvts. (CORE)	Unified Signaling System	LRT Maint. Facility Mods.	Resiliency
FTA Rail Vehicle Replacement Competitive Program (RVRP)	X					
Better Utilizing Investments to Leverage Development (BUILD)	X	X				
FTA Sec. 5309(b)(2) Fixed-Guideway Modernization Competitive Program		X		X	X	
Congestion Mitigation & Air Quality Improvement (CMAQ)/Surface Transportation Block Grant (STBG)/Carbon Reduction Program (CRP) flexible federal funding		X	X			
FTA Sec. 5307 Urban Formula Program			X	X		
FTA Sec. 5337 State of Good Repair Formula Program				X		
FTA Sec. 5339 Grants for Buses & Bus Facilities*			X			
FHWA PROTECT Competitive Program						X

*Formula and competitive programs

Other Contributions

FY 2023-FY 2030 (\$M)

Contribution Source	FY23 Actual	FY24 Actual	FY25 Forecast	FY26 Budget	FY27 Budget	FY28 Budget	FY29 Budget	FY30 Budget
Trinity Metro (TRE)	\$15.0	\$16.1	\$17.9	\$18.3	\$18.8	\$19.3	\$19.9	\$20.4
City of Dallas (Streetcar)	1.8	0.9	1.9	2.0	2.0	2.0	2.1	2.1
Other Entities	4.8	2.7	2.0	1.9	0.7	0.9	1.1	1.1
Total Operating	\$21.6	\$19.7	\$21.8	\$22.2	\$21.5	\$22.2	\$23.0	\$23.6
Trinity Metro (TRE)	7.5	11.8	\$10.2	\$15.4	\$15.7	\$8.5	\$10.2	\$14.4
City of Dallas (Streetcar)	0.1	0	0.1	0.1	0.0	3.5	3.6	0.1
Other Entities	2.8	6.4	2.3	23.9	4.0	19.6	4.0	4.2
Total Capital	\$10.4	\$18.2	\$12.6	\$39.4	\$19.7	\$31.6	\$17.8	\$18.7

- Mainly TRE operating and capital from Trinity Metro
- Capital contributions from other entities are tied primarily to Silver Line



Operating Budget

Operating Expenses by Mode (\$M)

Mode	2023 Actual	2024 Actual	2025 Budget	FY26 Proposed	\$ Variance	% Variance
Bus	\$336.6	\$349.6	\$359.1	\$346.2	(\$12.9)	(3.6%)
Light Rail	205.2	221.7	218.2	213.9	(4.3)	(2.0%)
Streetcar	1.2	2.4	3.0	3.1	0.2	3.3%
Commuter Rail	35.0	44.1	47.7	85.5	37.8	79.2%
Paratransit	40.9	48.2	61.6	64.7	3.1	5.0%
GoLink	16.4	21.0	31.6	44.5	12.9	40.8%
Total	\$635.3	\$687.0	\$721.1	\$757.9	\$36.8	5.1%

Operating Overview (\$M)

Operating Expenses	FY 2024 Actual	FY 2025 Budget	FY 2026 Budget	\$ Variance	% Variance
Salaries & Wages	\$314.8	\$325.2	\$331.7	\$6.6	2.0%
Benefits & Taxes	132.0	125.8	123.7	(2.1)	(1.7%)
Services	75.9	88.1	89.0	0.8	0.9%
Materials & Supplies	56.5	51.6	51.0	(0.6)	(1.1%)
Utilities & Communications	21.7	20.6	21.4	0.8	4.0%
Claims & Insurance	11.0	10.6	11.9	1.4	12.9%
Purchased Transportation*	89.1	113.2	139.9	26.7	23.6%
Leases, Rentals, Taxes, & Other	5.5	8.2	7.0	(1.2)	(14.4%)
Capital & Reserves	(19.5)	(22.2)	(17.8)	4.4	(19.8%)
Total	\$687.0	\$721.1	\$757.9	\$36.8	5.1%

**Responsible for more than 70% of the year-over-year operating increase, driven by Silver Line*

Budget by EVP (\$M)

Operating Expenses	FY 2024 Actual	FY 2025 Budget	FY 2026 Proposed	FY 2026 to FY 2025 Budget
Agency Benefits*	\$4.6	\$0.0	\$0.0	0.0%
Agency Initiatives (General Function)*	(15.9)	(17.8)	0.3	(101.9%)
Board Direct Reports (Salazar/Gamez/Koloc)	6.0	7.0	6.7	(4.2%)
Chief Financial Officer (Adelman)	79.8	87.6	86.1	(1.7%)
Communications (Molina)	16.2	20.8	20.0	(3.6%)
Development (Leggett)	19.5	21.9	19.7	(10.3%)
Strategy & Transformation (Shelton)	0.7	3.0	2.6	(13.4%)
Transit Operations & Service Delivery (Winters)	507.8	524.9	546.5	4.1%
President & CEO (Lee)	68.2	73.7	76.0	3.1%
Total Operating Expenses	\$687.0	\$721.1	\$757.9	5.1%

**These allocations are used for budget and accounting purposes and do not report to an EVP*



Capital & Non-Operating Budget

Capital Improvement Program (\$M)

	Five-Year Total
Capital Investments	
Agency-Wide	\$253.9
Bus	543.3
Silver Line	180.9
Trinity Rail Express	274.8
Light Rail Transit	1,830.3
Paratransit	1.4
Streetcar	7.4
Non-Operating & Other Investments	
Non-Operating	98.8
Road Improvements	88.1
Capital Planning, Development, & Startup	95.8
Total	\$3,374.6

- Capital Improvement Program (CIP)
 - Ties projects to strategic priorities and objectives
 - Helps identify efficiencies in scope, schedule, and budget
 - Fosters transparency

Capital Expenses

FY 2026 Overview (\$M)

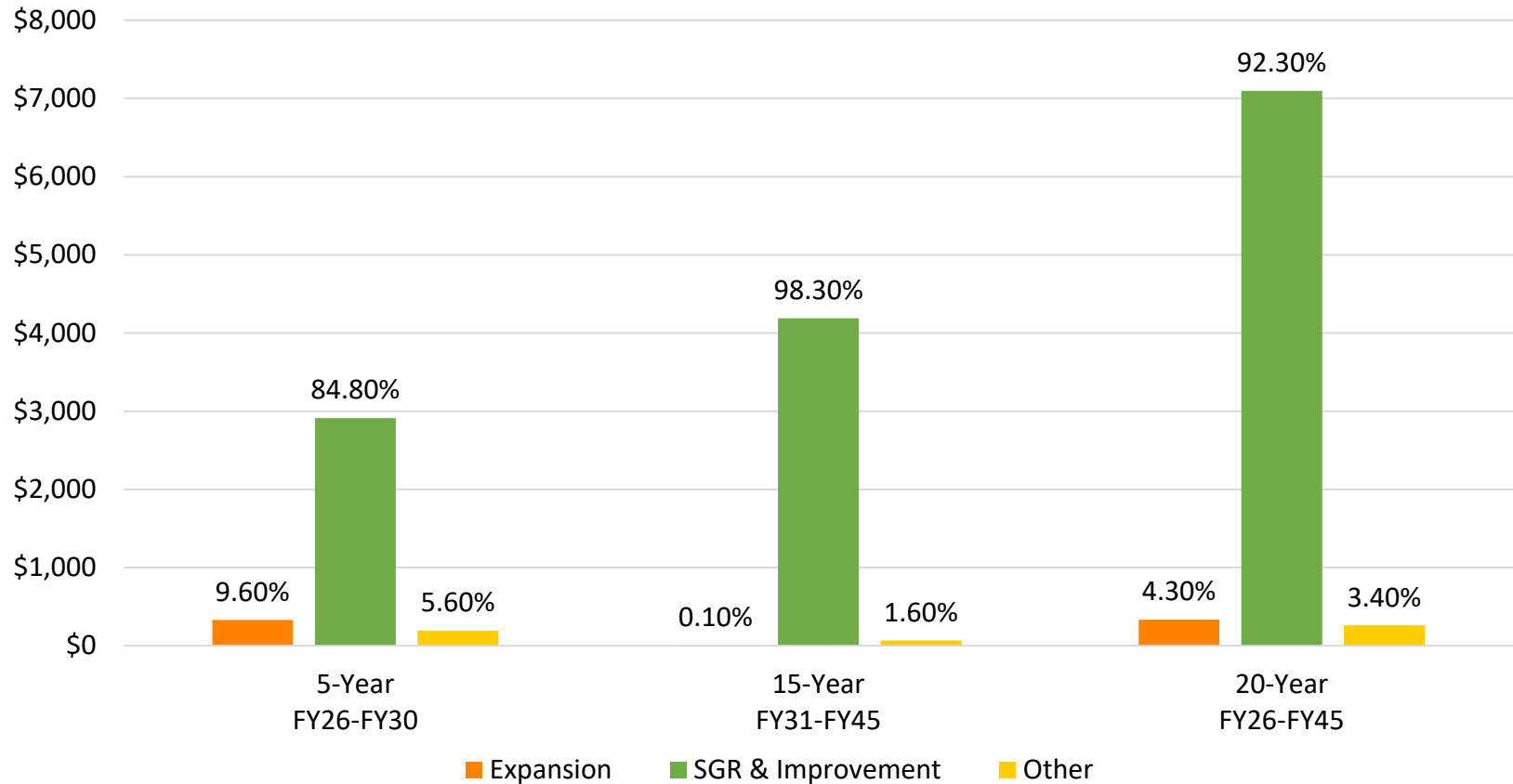
Mode	FY 2026	5-Year Total	20-Year Total
Agency-Wide	\$74.1	\$254.9	\$878.3
Bus	136.5	563.9	1,382.7
Light Rail Transit	231.7	1,727.5	3,635.1
Streetcar	0.1	7.4	138.3
Commuter Rail/Railroad Mgmt.	249.4	595.9	956.9
Paratransit	0.2	1.4	4.5
General Mobility	42.6	88.1	88.1
Non-Operating	77.7	98.8	160.0
Capital P&D, Startup	18.4	95.8	448.8
Total Capital & Non-Operating	\$830.7	\$3,433.8	\$7,692.7

Major Changes from FY 2025 (\$M)

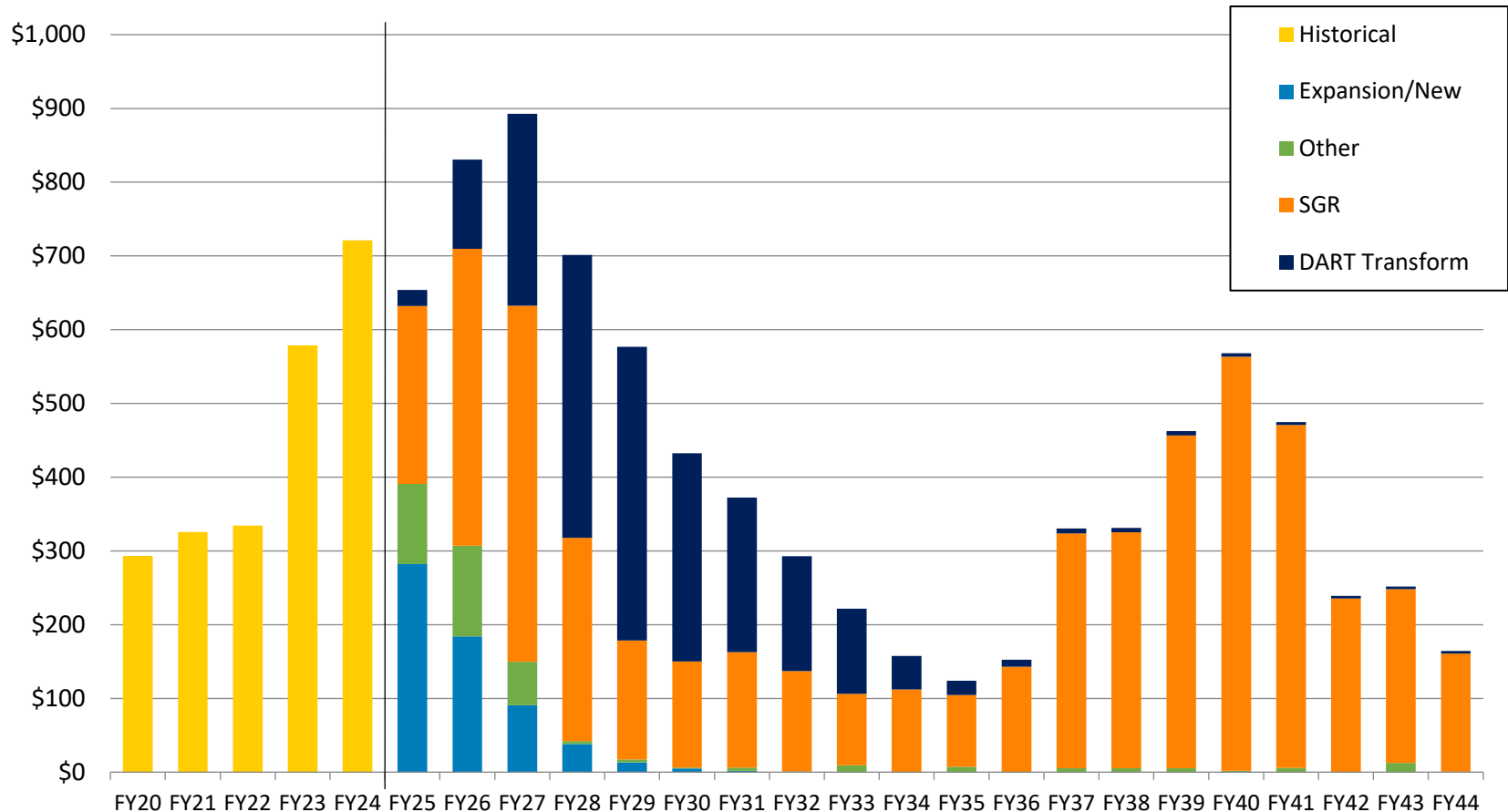
Capital Changes	Amount
Cost increases for CROF and NWROF facility upgrades	\$66.1
Cost increases for Victory Station crossing improvements & trackwork	26.0*
Cost increases for ERP replacement	10.6
Tap card fare collection system replacement (new project)	9.2
NW Bus Maintenance Facility modernization (new project)	7.5
Non-Operating Changes	Amount
5% GMP funded for two years	\$88.1
<i>FIFA World Cup</i>	20.4
<i>NCTCOG World Cup funding</i>	(10.7)
World Cup net expenses	9.7

*100% external funding identified

Capital by Use (\$000)



Capital Spending by Year (\$M)



Capital Projects

Impact on Op. Budget (\$000)

Agency-Wide	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
850 - 2026 - Comprehensive Real Estate Management Software			\$250		
433 - 2026 - Fare System Replacement		(630)			
Subtotal	\$0	(\$630)	\$250	\$0	\$0

LRT	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
840 - 2026 - HVACs at CROF and NWROF		200			
Subtotal	\$0	\$200	\$0	\$0	\$0

Grand Total	\$0	(\$430)	\$250	\$0	\$0
--------------------	------------	----------------	--------------	------------	------------



New Capital Projects

New Requests by Mode (\$000)

#	Agency-Wide	Requested Budget
1	433 - 2026 - Fare System Replacement	\$9,216
2	455 - 2026 - EPM Transformational Initiative	7,848
3	870 - 2026 - Senate St Site Redesign*	7,754
4	454 - 2020 - LAWSON Enterprise Resource Planning Replacement	7,562
5	685 - 2026 - DART HQ Elevator Replacement	6,336
6	850 - 2026 - Comprehensive Real Estate Management Software	1,720
7	465 - 2026 - Network Security Improvements Implementation	1,295
8	608 - 2022 - SW - Generator Modification at Bus Facilities	1,200
9	608 - 2026 - Transit Center Roof Repairs	338
10	608 - 2026 - Monroe Shop Modifications	250
11	374 - 2024 - Carrollton Depot Adaptive Reuse	250
	Agency-Wide Total	\$43,769

*Projects with external funding

Line items in **green represent budget increase requests for existing projects

New Requests by Mode (\$000)

#	Non-Operating	Requested Budget
1	General Mobility Program	\$88,101
2	DART Contribution for FIFA World Cup Transit Expenses	9,626
3	374 - 2026 - Area Plans	2,000
4	374 - 2025-2026 - Capital Planning Projects	1,500
5	810 - 2023 - GRD/EPM Support Services	302
	Non-Operating Total	\$101,528

***Line items in green represent budget increase requests for existing projects*

#	Paratransit	Requested Budget
1	608 - 2026 - Senate Street ATS	\$119
	Paratransit Total	\$119

New Requests by Mode (\$000)

#	Bus	Requested Budget
1	870 - 2026 - NW Bus Maintenance Facility Modernization	\$7,533
2	870 - 2026 - Jack Hatchell Redesign*	5,780
3	608 - 2026 - In-Ground Bus Lifts & Steam Bay Bus Wash Lift Replacements at NWBOF	3,647
4	870 - 2026 - NW Bus OPS Facility Modernization	3,322
5	608 - 2026 - In-Ground Bus Lift Replacement at East Dallas Bus Ops Facility (Qty. 6)	3,287
6	608 - 2026 - Roof Replacement at Northwest Bus Ops Facility - Shop	2,553
7	374 - 2025 - Mobility Hubs	1,700
8	608 - 2026 - East Dallas Transportation Chiller and Major Component Replacement	575
9	608 - 2026 - PA/FS Bus Facilities Concrete Repairs	550
10	608 - 2026 - East Dallas Transportation Boiler Replacement	256
11	608 - 2026 - Modifications to Emergency Generator	200
12	688 - 2026 - Purchase of Antifreeze & Transmission Fluid Reels for NW Bus Ops Facility	180
	Bus Total	\$29,583

**Projects with external funding*

***Line items in green represent budget increase requests for existing projects*

New Requests by Mode (\$000)

#	Commuter Rail (1/4)	Requested Budget
1	607 - 2013 - TRE Noble Branch to West of Medical District Drive Double Tracking*	\$39,386
2	607 - 2026 - IH-35 Double Tracking Bridge Project*	5,000
3	607 - 2024 - Relocate Irving Yard to Lumber Yard/Install Track	2,459
4	526 - 2026 - TRE - Tie Gang*	1,549
5	526 - 2026 - TRE - Bridge Panel Replacement Track #1 Elm Fork Trinity River Bridge Milepost 637.09*	1,486
6	526 - 2026 - TRE - Bungalow Replacement at West Tex Milepost 630.13*	991
7	526 - 2026 - TRE - #20 Turnout Replacement at EC Junction Milepost 635.58*	729
8	511 - 2026 - TRE - Madill Subdivision Bungalow Replacement Valwood Parkway Milepost 701.60	651
9	526 - 2026 - TRE - HD Link Upgrade to Fiber Valley View Lane (MP 629.87) to E. Centreport (MP629.46)*	553
10	511 - 2026 - TRE - Madill Subdivision 2026 Tie Gang	497

*Projects with external funding

Line items in **green represent budget increase requests for existing projects

New Requests by Mode (\$000)

#	Commuter Rail (2/4)	Requested Budget
11	526 - 2026 - TRE - Replace Track Panel East of Britain Rd. to S. Irving Mainline Track #1*	421
12	526 - 2026 - Turbo Charger, Assembly and Clutch for 1 PH Locomotive*	295
13	526 - 2026 - TRE - #7 Turnout Replacement at DTMF 3/4 Switch Union Milepost 644.18*	283
14	526 - 2026 - TRE - Union Station Track # 3 Panel Replacement*	211
15	526 - 2026 - TRE - Union Station Track # 4 Panel Replacement*	211
16	526 - 2026 - Replace Injectors for qty 3 PH Locomotives*	196
17	526 - 2026 - HEP Engine C27 Overhaul for 1 PH Locomotive*	168
18	511 - 2026 - TRE - Madill Subdivision Grade Crossing Replacement at W.B. 1635 Frontage Rd MP 703.97	157
19	526 - 2026 - DOC Cartridges and Housing Assemblies for qty 3 PH Locomotives*	142
20	526 - 2026 - Power Assembly, Fork, Blade, Rocker Arm, & Addtl. Items Replacement for 1 PH Locomotive*	142

**Projects with external funding*

New Requests by Mode (\$000)

#	Commuter Rail (3/4)	Requested Budget
21	526 - 2026 - TRE - #11 Turnout Replacement Wood Switch Ties @ Centreport Industrial Lead MP 629.82*	92
22	526 - 2026 - TRE - Turnout Spring Frog Replacement to RBM Frog at East Hurst M.P.622.38*	80
23	526 - 2026 - Governor for Qty 3 PH Locomotives*	77
24	526 - 2026 - HEP LH and RH Radiator for 1 PH Locomotive*	51
25	526 - 2026 - TRE - Train Radios*	40
26	526 - 2026 - 4 Year Clean Overhaul Testing Stencil (COTS) for 1 PH Locomotive*	39
27	526 - 2026 - Main Engine Air Compressor & Coupling Assembly Units for Qty 3 PH Locomotives*	34
28	526 - 2026 - HVAC Rebuild or Repair for 2 PH Locomotives*	32
29	526 - 2026 - TRE - #20 Turnout Replace Switch Point & Stock Rail at East Mockingbird M.P.639.44*	28
30	526 - 2026 - HEP Engine Cooling Fan for 1 PH Locomotive*	23

**Projects with external funding*

New Requests by Mode (\$000)

#	Commuter Rail (4/4)	Requested Budget
31	526 - 2026 - Main Engine Cooling Fan for 2 PH Locomotives*	18
32	526 - 2026 - HEP Aftercooler Unit for 1 PH Locomotive*	15
33	526 - 2026 - Transfer Switch Motor for 3 PH Locomotives*	14
34	526 - 2026 - LH and RH Water Pumps for 2 PH Locomotives*	12
35	526 - 2026 - Dynamic Brake Fan Assembly for 1 PH Locomotive*	11
	Commuter Rail Total	\$56,093
	Total New Capital & Non-Operating Requests	\$389,143

**Projects with external funding*

New Requests by Mode (\$000)

#	Light Rail Transit (1/2)	Requested Budget
1	840 - 2023 - CROF and NWROF Facility Upgrades	\$66,097
2	840 - 2024 - Victory Station Crossing Improvements and Trackwork*	26,000
3	840 - 2023 - Red and Blue Lines Platform Level Boarding	16,500
4	870 - 2025 - Cityplace Station Rehab	14,220
5	840 - 2026 - HVACs at CROF and NWROF	9,732
6	697 - 2026 - Signals - NWROF Yard Switch	4,684
7	870 - 2026 - Addison TC Redesign	3,721
8	374 - 2026 - Bridge & Tunnel (B&T) Repairs	3,407
9	607 - 2026 - Bridge Dry Standpipes	3,025
10	840 - 2026 - Center Crosswalk Removal & Conversion of 28 Stations with Bowl on the Platforms	2,000
11	685 - 2022 - PA Tunnel Fire Alarm System Replacement	2,000
12	608 - 2026 - Elevated Stair Replacement	1,600

**Projects with external funding*

***Line items in green represent budget increase requests for existing projects*

New Requests by Mode (\$000)

#	Light Rail Transit (2/2)	Requested Budget
13	840 - 2026 - Reconstruction of CBD Pavement	1,000
14	830 - 2026 - OCS Repairs NC-4 952+85 (Galatyn Park)	800
15	870 - 2026 - Study of Closing Access to Rail System	750
16	608 - 2026 - PA/FS Rail Facilities Concrete Repairs	550
17	687 - 2026 - PA/FS Wayside HVAC Replacement	400
18	608 - 2026 - Parker Road Station Platform Rehab	400
19	840 - 2026 - KBH Convention Center Renovation & Expansion	300
20	608 - 2026 - Systemwide Platform Fencing Repair & Replacement - Forest Lane & Spring Valley	250
21	698 - 2026 - Upgrade Wayside Phone System	223
22	608 - 2026 - Crew Room Roof Top System Wide	200
23	690 - 2026 - TES 1000 kVA Tunnel Transformer	190
	Light Rail Transit Total	\$158,050



Debt

Long-Term Debt Issuance (\$M)

Project	FY26	FY27	FY28	FY29	FY30	5-Yr Total	20-Yr Total
RRIF – Silver Line	\$247	\$0	\$0	\$0	\$0	\$247	\$247
Silver Line	254	0	0	0	0	254	254
Platform Level Boarding	0	0	130	60	0	190	190
Unified Signaling	0	100	300	200	110	710	710
LRV	0	0	0	200	200	400	840
Bus (10-Year Debt)	93	162	0	0	0	255	255
Total	\$594	\$262	\$430	\$460	\$310	\$2,056	\$2,496

Project	FY31	FY32
LRV	\$200	\$240
Total	\$200	\$240

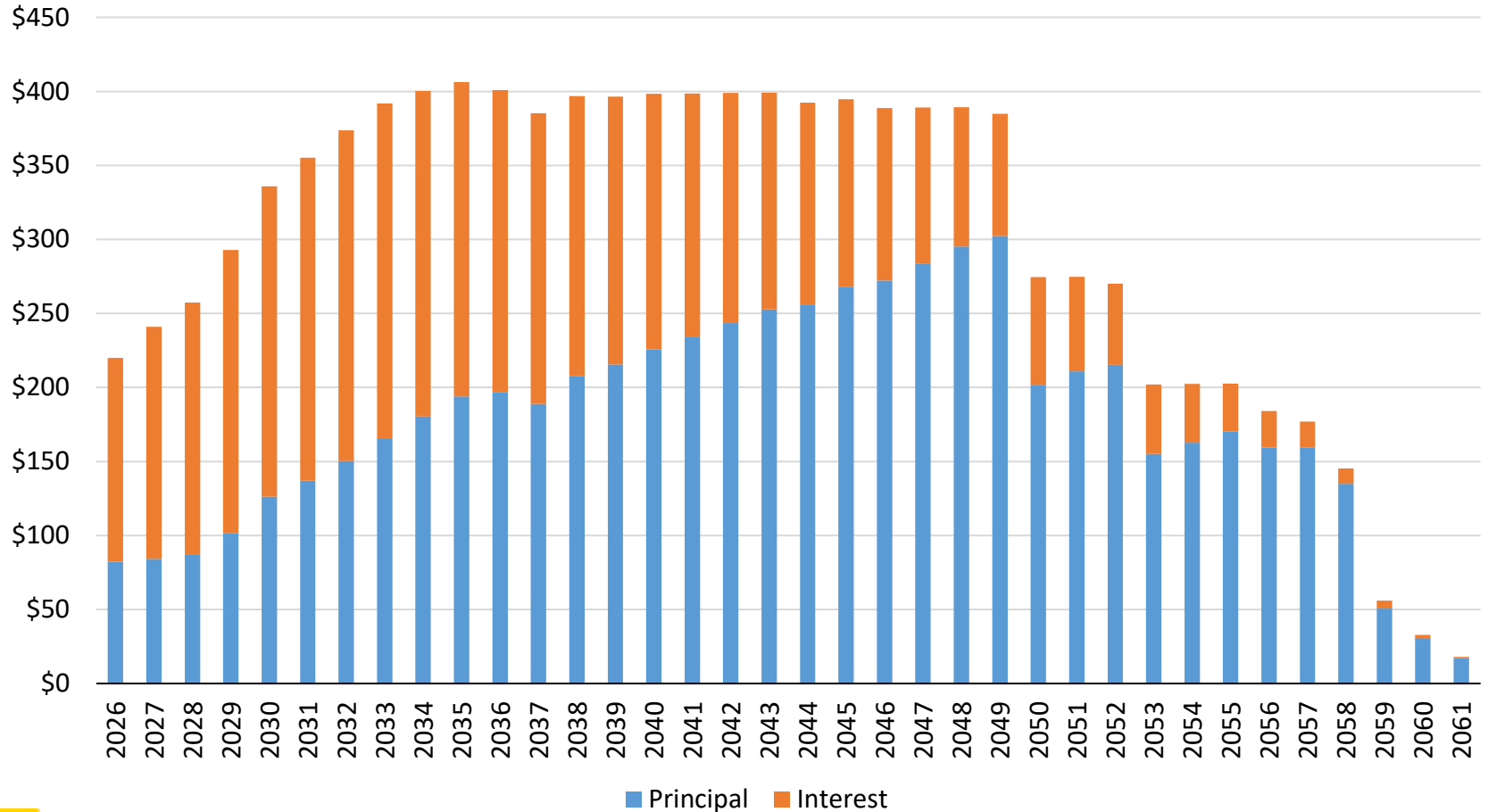
Debt Overview

	Commercial Paper (CP)		Long-Term Debt (LTD)	
	FY 2026	FY 2027-2045	FY 2026	FY 2027-2045
Term	Rolling for up to 3 years	Rolling for up to 3 years	30 years	30 years
Interest rates + fees	3.50%-5.00%	3.50%-5.00%	5.50%	5.50%
Principal repayment	\$180.3M	All outstanding CP is retired	\$82.2M	\$3.5B
New CP*/Total LTD issued**	\$0M	\$0M	\$593.6M	\$1.9B
Maximum debt outstanding at EOY	\$0M	\$0M	\$4.51B	\$5.7B
Year of maximum debt outstanding	N/A	N/A	FY 2026	FY 2032
Cash reserves required?	Yes	No	No	No
Uninsured debt rating assumed	A-1+/P-1	A-1+/P-1	AA+/Aa2/AAA	AA+/Aa2/AAA

**The amounts shown are par value, net interest expense and fees related to “rolling” CP, or the maturing and reissuance of commercial paper.*

***The long-term debt amounts shown for FY 2026 are shown at par value. Amounts shown for FY 2027-2045 are anticipated bond proceed receipts shown at par value to match project funding budget.*

Principal & Interest (\$M)



Coverage Ratios

- Financial Standard D6 requires us to incorporate certain debt service coverage ratios into the FP
 - Maintain an external coverage ratio of at least 2.0 for each year of the FP
 - Calculation = Sales Taxes / Annual Debt Service
 - ✓ Lowest external coverage ratio is 3.05 in FY 2034
 - Maintain an internal coverage ratio of at least 1.0 for each year of the FP
 - Calculation = Sales Taxes + Operating Revenues + Interest Income - Operating Expenses / Annual Debt Service
 - ✓ Lowest internal coverage ratio is 1.27 in FY 2030



20-Year Financial Plan

Revenue Projections

20-Year Plan Totals (\$M)

Revenues	FY 2025 Plan	FY 2026 Plan	\$ Variance	% Variance
Sales Tax Revenues	\$27,103.9	\$27,067.1	(\$36.8)	(0.1%)
Operating Revenues	1,923.0	1,824.4	(98.5)	(5.1%)
Interest Income	471.4	442.0	(29.3)	(6.2%)
Formula Federal Funding	1,987.0	2,026.3	39.3	2.0%
Discretionary Federal Funding	427.3	579.3	152.1	35.6%
Other Operating Contributions	518.1	580.0	61.8	11.9%
Other Capital Contributions	366.4	377.1	10.7	2.9%
Total Revenue	\$32,796.9	\$32,896.2	\$99.3	0.30%
Long-term Debt Issuances	\$2,514.0	\$2,495.6	(\$18.4)	(0.7%)
Commercial Paper Issuances	400.00	0.00	(400.00)	(100.0%)
Total Sources of Funds	\$35,710.9	\$35,391.8	(\$319.1)	(0.9%)

Capital Expenses by Mode

20-Year Plan Totals (\$M)

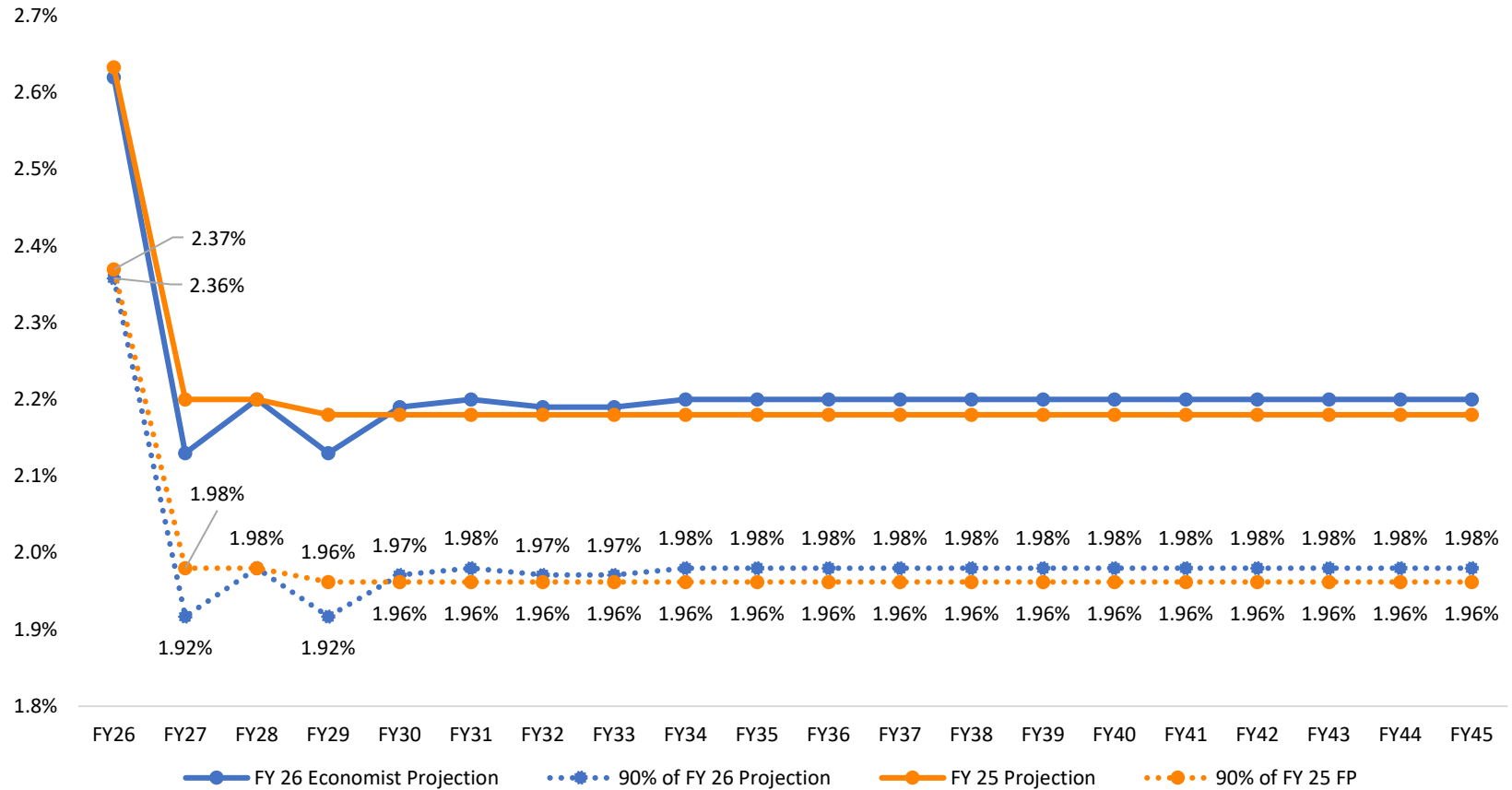
Mode	FY 2025 Plan	FY 2026 Plan	\$ Variance	% Variance
Agency-Wide	\$825.6	\$878.3	\$52.7	6.4%
Bus	1,394.7	1,382.7	(12.0)	(0.9%)
Light Rail Transit	3,719.1	3,635.1	(84.0)	(2.3%)
Streetcar	156.9	138.3	(18.7)	(11.9%)
Commuter Rail/Railroad Mgmt.	880.0	956.9	77.0	8.7%
Paratransit	4.3	4.5	0.1	2.8%
General Mobility	0	88.1	88.1	n/a
Non-Operating	155.6	160.0	4.4	2.9%
Capital P&D, Startup	448.8	448.8	0	0.0%
Total Capital & Non-Operating	\$7,585.0	\$7,692.7	\$107.6	1.4%

Operating Expenses by Mode

20-Year Plan Totals (\$M)

Mode	FY 2025 Plan	FY 2026 Plan	\$ Variance	% Variance
Bus	\$8,871.4	\$8,469.0	(\$402.4)	(4.5%)
Light Rail Transit	5,363.1	5,166.5	(196.5)	(3.7%)
Streetcar	114.1	117.3	3.1	2.7%
Commuter Rail	2,081.0	2,278.0	197.0	9.5%
Paratransit	1,808.8	1,846.7	37.8	2.1%
GoLink	960.1	1,260.5	300.4	31.3%
Total Operating Expenses	\$19,198.4	\$19,137.9	(\$60.6)	(0.3%)

Consumer Price Index Projection



Cash & Reserves (\$M)

	2026	2027	2028	2029	2030
Beginning Balance (as of 9/30)	\$822.4	\$858.2	\$576.8	\$501.2	\$523.3
Change to Cash	35.8	(281.5)	(75.6)	22.1	(14.0)
Ending Balance	858.2	576.8	501.2	523.3	509.3
Insurance Reserve	(32.6)	(32.6)	(32.6)	(32.6)	(32.6)
Sales Tax / Financial Reserve	(54.8)	(59.6)	(64.6)	(69.8)	(75.3)
Streetcar Operating Funds	(10.4)	(10.4)	(10.3)	(10.2)	(10.1)
Working Cash Reserve	(189.5)	(195.4)	(201.0)	(205.6)	(210.8)
MAIF	0.0	0.0	0.0	0.0	0.0
Restricted Cash for Deferred Spending	\$571.0	\$278.9	\$192.7	\$205.0	\$180.5

2043	2044	2045
\$594.0	\$820.6	\$1,216.6
226.6	396.0	507.7
820.6	1,216.6	1,724.3
(32.6)	(32.6)	(32.6)
(169.2)	(178.6)	(183.2)
(3.4)	(2.0)	(0.5)
(278.6)	(285.4)	(292.2)
0.0	0.0	0.0
\$336.8	\$718.1	\$1,215.8

- Financial Standards G6-G9 require specific reserves
- Lowest designated cash for future spending is \$15.1M in FY 2035

Structural Balance (\$M)

	Category	2026	2027	2028	2029	2030	Near-Term
1	Total Sources of Funds	\$1,978.8	\$1,610.0	\$1,721.4	\$1,751.6	\$1,640.1	\$8,701.9
2	Sales Tax Revenues	\$937.5	\$937.5	\$975.0	\$1,023.8	\$1,085.2	\$4,959.1
3	Operating Revenues	61.4	67.2	68.6	70.0	74.4	341.5
4	Interest Income	26.1	24.3	19.1	18.3	18.5	106.2
5	Formula Federal Funding	116.5	146.4	133.5	141.2	112.2	649.8
6	Discretionary Federal Funding	189.1	132.4	51.2	0.0	0.0	372.6
7	Other Operating Contributions	22.2	21.5	22.0	22.6	23.3	111.6
8	Other Capital Contributions	32.4	18.8	21.9	15.8	16.6	105.5
9	Long-term Debt Issuances (Net of CP Refunding)	593.6	262.0	430.0	460.0	310.0	2,055.6
10	Commercial Paper Issuances	0.0	0.0	0.0	0.0	0.0	0.0
11	Operating Expenses	\$757.9	\$781.4	\$804.1	\$822.5	\$843.1	\$4,009.0
	Funding Sources:						
12	Operating Revenues	\$61.4	\$67.2	\$68.6	\$70.0	\$74.4	\$341.5
13	Interest Income	26.1	24.3	19.1	18.3	18.5	106.2
14	Formula Funds	67.6	67.6	67.6	67.6	67.6	337.9
15	FWTA TRE Ops / Dallas Streetcar Contributions	20.3	20.8	21.4	22.0	22.6	107.0
16	Other Non-Operating Sources	1.9	0.7	0.7	0.7	0.7	4.7
17	Sales Taxes allocated to Operations	580.7	601.0	626.7	644.1	659.4	3,111.8
18	General Operating Fund (existing cash)	0.0	0.0	0.0	0.0	0.0	0.0
19	Total Funding Sources	\$757.9	\$781.4	\$804.1	\$822.5	\$843.1	\$4,009.0

Structural Balance (\$M)

	Category	2026	2027	2028	2029	2030	Near-Term
20	Capital/Non Operating Expenditures	\$830.7	\$892.7	\$701.2	\$576.7	\$432.4	\$3,433.8
	Funding Sources:						
21	Formula Funds	48.9	78.8	65.9	73.6	44.6	311.9
22	Discretionary Grant Funds	189.1	132.4	51.2	0.0	0.0	372.6
23	Current Debt Issuances	413.3	262.0	430.0	460.0	310.0	1,875.3
24	Other Capital Sources	32.4	18.8	21.9	15.8	16.6	105.5
25	Sales Taxes Allocated to Capital	133.4	95.1	90.4	27.4	61.2	407.6
26	General Operating Fund/Prior Debt Issues	13.6	305.6	41.8	0.0	0.0	361.0
27	Total Funding Sources	\$830.7	\$892.7	\$701.2	\$576.7	\$432.4	\$3,433.8
30	Debt Service and Commercial Paper	\$403.7	\$241.5	\$257.9	\$293.4	\$336.6	\$1,533.0
	Funding Sources:						
31	Sales Taxes Allocated to Long-term Debt Service	\$223.4	\$241.5	\$257.9	\$293.4	\$336.6	\$1,352.7
32	CP Retirement	\$180.3	\$0.0	\$0.0	\$0.0	\$0.0	\$180.3
33	Total Uses of Funds	\$1,992.3	\$1,915.6	\$1,763.2	\$1,692.7	\$1,612.1	\$8,975.9
34	Net Differential Between Sources and Uses	(\$13.6)	(\$305.6)	(\$41.8)	\$59.0	\$28.0	(\$274.0)

A background image of a city street scene. In the foreground, a tram with the number 171 and the name LEDBETTER is visible. The street is paved with cobblestones. In the background, there are modern buildings, including one with a large sign that says 1505. A yellow rectangle is overlaid on the image, containing the text "FY 2026 Financial Standards".

FY 2026 Financial Standards

Introduction

The Financial Standards are divided into three sections: General, Business Planning, and Debt Service. The purpose of the general standards is to ensure that DART prudently manages its financial affairs and establishes appropriate cash reserves. The business planning standards provide management with a framework for developing the following year's budget and the 20-Year Financial Plan and establishing future business targets for management to achieve. The purpose of the debt service standards is to limit the level of debt that may be incurred and to ensure that debt assumptions are based on financial parameters similar to (or more conservative than) those that would be placed on DART by the financial marketplace. Actual debt covenants may differ from these standards. Where this occurs, the Financial Plan will reflect the actual covenants in the Board-approved debt instrument. Since DART's enabling legislation requires a two-thirds vote on debt and the Financial Plan, approval or amendment of DART's Financial Standards will require an affirmative vote of two-thirds of the appointed and qualified Board members.

General Standards G1-G3

- G1: DART's fiscal year-end for financial reporting purposes shall be September 30. At the beginning of the budget and financial planning process each year, the Board should review and approve a set of Financial Standards that management can use to develop the next year's budget and 20-Year Financial Plan. The Board shall approve the budget by September 30 of each fiscal year. The Board shall adopt the 20-Year Financial Plan before the beginning of the fiscal year. The Board may delay adopting the financial plan by a majority vote. The Annual Budget shall be the first year of the 20-Year Financial Plan.
- G2: Complete and accurate accounting records shall be maintained in accordance with Generally Accepted Accounting Principles as promulgated by the Government Accounting Standards Board. DART's fiscal year-end for financial reporting purposes shall be September 30.
- G3: Management shall invest funds of the authority within the guidelines of the Board's approved Investment Policy and Investment Strategy, and in compliance with applicable federal and state law, including Section 452.102 of the Texas Transportation Code and the Texas Public Funds Investment Act. The Board shall approve the depository bank disbursement officers for the agency.

General Standards G4-G6

- G4: An independent accounting firm shall perform an examination of DART's consolidated financial statements (including Single Audit requirements) and DART's retirement plan financial statements on an annual basis. The agency's goal is to receive an unqualified opinion on the financial statements and an opinion that DART is in compliance with Federal Single Audit requirements in all material respects.
- G5: DART shall contract with an independent actuary to perform an annual valuation of the Defined Benefit Retirement Plan and Trust and the Other Post-Employment Benefits and Trust. DART shall maintain both plans at 100%-funded status, and management shall maintain a discount rate of no more than 6.75%.
- G6: Appropriate insurance coverage shall be maintained to mitigate the risk of material loss. For self-insured retentions, a separately funded Master Insurance Reserve shall be maintained in an amount equal to the estimated liability for incurred losses and a reasonable allowance for claims incurred but not filed. An actuarial review of self-insured retentions will be made at least once every three years to ensure adequacy of the Master Insurance Reserve.

General Standards G7-G8

- G7: DART shall maintain a working cash requirement at the end of the fiscal year of at least 90 days of operating expenses, plus cash reserves for budgeted capital projects and grants, as projected in the 20-Year Financial Plan. DART shall invest these funds in accordance with the investment strategy for the Operating Fund.
- G8: DART shall maintain an Emergency Reserve of at least \$50 million and no more than 10% of the current year's sales tax budget to mitigate emergent financial circumstances such as a natural disaster or an unanticipated shortfall in sales collections of 5% or more. Authorization to spend Emergency Reserve funds requires the affirmative vote of two-thirds of the appointed and qualified members of the Board.

General Standard G9

- G9: DART shall maintain a Mobility Assistance Fund (MAF). Sources of funding shall include: 1) sales tax received in excess of the amount budgeted for the fiscal year after such excess has been used to meet the requirements established for the Emergency Reserve; 2) non-operating revenue and non-passenger operating revenue received in excess of the amount budgeted for the fiscal year and not already designated for a specific purpose, such as real estate sales and leases and station naming rights; 3) investment earnings on the Emergency Reserve and MAF balances; and 4) grants and other contributions, including private. The MAF shall be used for capital or operating projects and initiatives that advance the agency's goals and objectives or to mitigate fare increases. Authorization to spend MAF funds requires the affirmative vote of two-thirds of the appointed and qualified members of the Board.

General Standards G10-G11

- G10: Any funds remaining after compliance with the other Financial Standards shall remain as designated cash for future spending and be available for budgeting in future years in accordance with the Financial Plan and subject to Board approval (per G1).
- G11: 20-Year Financial Plan amendments shall require a two-thirds vote of the number of appointed and qualified Board members. An amendment is necessary when DART's share of the addition of a new capital project or the cumulative modification of an existing capital project is in excess of \$1 million or DART's share of the addition of a new operating program or increase in an existing operating program is in excess of \$500,000.

Business Planning Standards B1-B3

- B1: Sales tax revenue forecasts shall be based on a sales tax model developed specifically for the DART service area by an independent economist. To ensure prudent sales tax estimates, years two-20 of the 20-Year Financial Plan shall not exceed the economist's model, but the first year may be based on management's best estimate. Average sales tax growth across all 20 years shall not exceed 3.8%.
- B2: Passenger revenue forecasts shall be derived from ridership and average fare forecasts based on the Board's approved fare policy and fare structure. The Board will consider, from time to time, fare modifications to achieve Service Plan, ridership, and subsidy per passenger targets (see B4) and to maintain DART's financial viability.
- B3: The Board shall approve annual fixed route service levels by mode for each of the next five years. Fixed route service levels shall be based on the Five-Year Action Plan prepared by the Planning and Development Department. Cost of service will be developed jointly by Finance and Planning.

Business Planning Standards B4-B5

- B4: The Board desires to steadily improve service efficiency over time. Subsidy per passenger will continue to be monitored and managed. Management will continue to report the subsidy per passenger in the Quarterly Operating and Financial Performance Report. Items that impact subsidy per passenger will be reported in the Financial Considerations section of Agenda Reports.
- B5: For financial planning purposes, total operating expenses may not increase by more than 90% of the projected rate of inflation for the Dallas area, plus the incremental costs associated with the addition of new services, programs, and/or facilities as approved by the Board, as well as Board-approved contract increases, actuarial analyses, health-care cost increases, and fuel prices. The projected incremental cost impact of new services, programs, and/or facilities shall be presented to the Board for approval as part of the 20-Year Financial Plan assumption process each year.

Business Planning Standard B6

- B6: As the Board desires to maximize financial resources devoted to the provision of service and minimize administrative costs, the administrative ratio [net administrative costs (administrative costs minus administrative revenues) divided by direct costs] may not increase for two consecutive years and shall not be higher than 12.0%. As such the direct cost ratio (direct costs minus net administrative costs divided by direct costs) shall not be lower than 88%.

Management shall use a consistent methodology for computing net administrative costs and direct costs.

Administrative costs shall include such costs as human capital, legal, marketing and communications, finance and associated technology. Administrative revenues shall include non-passenger revenues such as advertising, concessions, and other system-generated revenue. Direct costs shall include costs incurred in the provision of service such as bus operations, rail operations, mobility management services, police and fare enforcement, planning and development, revenue collection, and customer service.

Management will present the projected costs of the major components of net administrative costs and direct costs to the Board as part of the budget process each year.

This Financial Standard shall be achieved by maximizing direct costs relative to net administrative costs.

Business Planning Standards B7-B8

- B7: General Mobility program disbursements to service area cities shall be funded according to the terms of approved interlocal agreements and recorded as non-operating expenses in the 20-Year Financial Plan.
- B8: Capital planning and development costs and start-up costs are the internal staff costs associated with planning, designing, constructing, and opening new capital projects such as the light rail system. Management shall use a consistent methodology for allocating costs between operating and capital planning. Capital planning and development costs shall not exceed 7% of total operating costs. Cumulative start-up costs for a line section shall not exceed 60% of the first-year operating costs of that line section.

Business Planning Standard B9

- B9: The 20-Year Financial Plan shall include funding for asset replacement and expansion projects. Capital projects in excess of \$1 million shall be approved by the Board. Timely replacement of assets shall be the highest priority to ensure a safe system. Accordingly, the 20-Year Financial Plan shall include replacement reserves by major asset category to ensure adequate future funding. The reserve levels shall be based on an independent assessment of asset condition (to be completed at least once every five years). Expansion projects shall be prioritized based on the project's cost, impact on ridership, return on investment, available funds, and other relevant factors. Capital construction projects shall be increased at annual inflation rates no less than the greater of those: (i) contained in projections developed specifically for DART by an independent economist; or (ii) based on the current available data from construction contract awards. Inflation rates will be reviewed annually and as construction contracts are awarded to determine if the assumptions are reasonable. Non-construction capital projects will be increased at rates no less than general inflation (Consumer Price Index).

Business Planning Standard B10

- B10: DART receives formula and discretionary federal funding. Formula funding shall be programmed primarily for bus replacement, capital preventive maintenance (if available), state-of-good-repair projects, and passenger facility construction. Formula funding for future years shall be forecast at the current year's funding level or at the minimum levels included in federal authorizations to ensure a conservative forecast. Discretionary funding shall be programmed primarily for major system expansion projects (e.g., LRT or new bus maintenance facilities). Discretionary funding levels shall be estimated by project based on federal criteria and the likelihood of obtaining congressional appropriations and require Board approval during the budget/20-Year Financial Plan process.

Debt Standards D1-D3

- D1: DART may not enter into a debt or financing arrangement unless the transaction is in full compliance with all applicable provisions of the Texas Transportation Code and other applicable state and federal laws.
- D2: Long-term debt may be included in the 20-Year Financial Plan. Debt shall only be issued for approved capital projects and insurance reserves. Specific debt issuances are not tied to specific projects. Any project included in the budget or 20-Year Financial Plan may be funded from the General Operating Fund or with debt, as needed.
- D3: Sinking funds shall be established to ensure that cash is available to make timely debt service payments on fixed-rate debt issuances that have maturities of one year or less and have periodic semi-annual interest payments. DART shall deposit on a monthly basis a prorated amount sufficient to fund the next principal and interest payment.

Debt Standards D4-D5

- D4: Bond debt service reserve funds, if any, are to be established only when necessary. DART shall satisfy the liquidity requirements sought by bond investors and credit agencies by maintaining a sound, prudent, and reasonable Operating Fund.
- D5: DART shall establish a legal security structure of liens, agreements, pledged revenues, and other covenants which will be sufficient to (1) secure a rating of “A” or better on sales tax securities; (2) a MIG1 or SP1 rating on short-term notes; or (3) secure A1 or P1 rating on other short-term debt, or if necessary, secure a credit enhancement from a financial institution with a rating of “AA” or better.

Debt Standard D6

- D6: Certain debt service coverage ratios are required to access the financial markets. For financial planning purposes, annual sales tax revenues must exceed DART's current year debt service obligations by a factor of at least two (External Coverage Ratio). It is a goal of DART that for financial planning purposes, for long-term debt, sales tax revenues plus operating revenues, plus interest income, less operating expenses (excluding debt service and depreciation), for any twelve consecutive months of the prior eighteen months, must be sufficient to cover maximum annual debt service (ratio greater than 1.0). However, the DART Board may choose to grant exceptions to this standard in the interest of expediting the completion of the System Plan.



DART.org