



Approval of the FY 2024 Annual Budget & 20-Year Financial Plan

Board of Directors
September 26, 2023

M. Elizabeth Reich
EVP & Chief Financial Officer

Andrew Kramer
AVP, Financial Planning & Analysis

Recommendation

- Approval of a resolution approving the FY 2024 Annual Budget in the amount of \$1,803,306,234
- Approval of a resolution approving the FY 2024 20-Year Financial Plan as shown in Exhibit 1 to the resolution
- Approval of a resolution to approve spending Mobility Assistance and Innovation Funds (MAIF) as shown in Exhibit 1 to the resolution

FY 2024 Calendar

Date	Action/Briefing
April 4	COTW approval of Financial Standards for the FY 2024 Annual Budget & 20-Year Financial Plan (“FY 2024 Budget”)
April 18	Board approval of Financial Standards for the FY 2024 Budget
June 16	Present preliminary FY 2024 financial outlook during Board workshop
July 11	Present President & CEO’s Proposed FY 2024 Budget to COTW
August 8	COTW approval to distribute Proposed FY 2024 Budget to service area cities for review
August 22	Board approval to distribute Proposed FY 2024 Budget to service area cities for review
September 7	Briefing for service area City Managers & Finance Directors
September 12	COTW approval of the FY 2024 Annual Budget & 20-Year Financial Plan and appropriation of Mobility Assistance & Innovation Fund
September 26	Board approval of the FY 2024 Annual Budget & 20-Year Financial Plan and appropriation of Mobility Assistance & Innovation Fund



Feedback from Service Area Cities

Feedback

- Representation from Addison, Dallas, Garland, Highland Park, Irving, University Park
- Heard no recommendations for changes
- Discussion included questions about:
 - Transit Security Officer initiative
 - Short- and long-term plans for the TRE
 - Future of GoLink, especially zone-to-zone options
 - Increasing fare revenue/farebox recovery
 - Bus shelter locations



FY 2024 Annual Budget

FY 2024 Revenue

Revenue (\$M)	FY 2023 Amended	FY 2023 Forecast	FY 2024 Budget
Sales Tax Revenues	\$818.9	\$830.0	\$870.8
Operating Revenues	49.6	50.4	56.3
Interest Income	26.7	49.4	39.9
Formula Federal Funding	89.7	87.2	121.5
Discretionary Federal Funding	39.6	11.8	38.0
Other Operating Contributions	17.5	17.3	18.3
Other Capital Contributions	11.7	5.5	16.9
Total Revenue	\$1,053.8	\$1,051.6	\$1,161.7

- Sales tax is 75% of total sources of funds – projecting 4.8% growth
- Expecting significant increase in federal formula funds for SGR
- Operating revenues driven by fixed-route passenger revenues

Proposed FY 2024 Budget

Budget	Proposed Allocation (\$M)
Operating	\$687,245,720
Capital & Non-Operating	894,421,191
Debt Service	221,639,323
Total	\$1,803,306,234



Forty Proud. Forty Forward.

20-Year Financial Plan



Forty Proud. Forty Forward.

Mobility Assistance & Innovation Fund

GoLink Expansion

- Propose to offset GoLink expansion with \$114M over 20 years
- GoLink is an innovative and flexible option to deploy in areas where there is historically low utilization or demonstrated need that cannot be met by traditional fixed-route services
- Estimated cost of new variable service is \$5M in FY 2024

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Appendix

Where We've Been

- In the last four decades, we:
 - Built one of the longest light rail systems
 - Catalyzed \$16 billion in development around stations
 - Connected millions of North Texans to jobs, education, entertainment, health care, and more
- FY 2023 focused on security, cleanliness, and reliability
- FY 2024 will ensure those are ingrained in our culture

Where We're Going

- New strategic plan for world-class experience
 - Optimize operations
 - Leverage assets
 - Maximize social and economic potential
- Proposed FY 2024 budget lays the groundwork for strategic plan
- Continued refinement of the vision with adoption of strategic plan targeted for January 2024

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Total	\$1,803,306,234

FY 2024 Key Initiatives

Mobility+

- Frequent, reliable, and close
- 10-year plan to create seamless rider experience
 - Expand service
 - Invest in bus corridor improvements
 - Comprehensive fare study
 - Bus fleet transition plan
 - Enhance passenger amenities and facilities

FY 2024 Key Initiatives

Mobility+ Bus Service Increases

- \$2.1M in FY 2024 (FYF of \$5.4M in FY 2025)
- New service added in June and September
- Net addition of 40 new bus operators
- Adds 68,000+ revenue hours

FY 2024 Key Initiatives

Mobility+ Bus Service Increases

- Five major changes to bus routes
- New routes
 - Story Rd. (Irving) from Downtown Irving/Heritage Crossing to North Lake College Station
 - Legacy Drive (Plano) for east-west service from Parker Rd. Station to the NW Plano Park & Ride

FY 2024 Key Initiatives

Mobility+ Bus Service Increases

- Route changes in Richardson, Far North Dallas, Addison, Garland
 - Realign Route 238 on Arapaho Rd. between Addison Transit Center and North Garland Ave.
 - Modify Route 250 to connect Belt Line Rd. from Addison Transit Center to Downtown Garland Station
 - Replace parts of Route 240 with Route 244 to connect Arapaho Center Station with the UTD and Silver Line stations

FY 2024 Key Initiatives

Mobility+ Bus Service Increases

- Replace Route 222 and add service:
 - Route 207 from Regal Row, Dallas County Elections, and south of Love Field
 - Route 122 to improve access to Arlington Park neighborhood and Mexican Consulate
- Route 22:
 - Increase to 10-minute headways on high-ridership sections from Forest Ln. Station (Dallas) to Forest/Jupiter Station (Garland)
 - 20-minute service on the rest of route

FY 2024 Key Initiatives

Mobility+ LRT Service Increases

- Increase weekend service to 20-minute headways from 6 a.m. to 10 p.m.
 - Currently operate 30-minute headways before 8 a.m. and after 6 p.m.
- Late September 2024
- FYF of \$2M in FY 2025

FY 2024 Key Initiatives

Additional Mobility+ Investments

- \$50M for bus shelters and amenities throughout service area (complete FY 2028)
 - 250 next-generation bus shelters
 - 455 next-generation benches
 - 300 freestanding lights at bus stops
- Corridor Optimization & Rider Experience (CORE)
 - Continue planning and design of 22 high-priority bus corridor improvements to enhance speed, improve safety, and increase access

FY 2024 Key Initiatives

Additional Mobility+ Investments

- Hire 15 FTEs to fully reopen transit centers
 - Closed during pandemic
 - Partially reopened as a public safety measure for extreme heat
 - Provides rider amenity that is safe and clean
- Complete Fare Study in January 2024

FY 2024 Key Initiatives

GoLink Expansion

- Began piloting new initiatives in January 2023
- Making service changes permanent
 - Service from 5 a.m. to midnight (all zones)
 - Added West Dallas shuttle for last-mile service
- GoLink has 3x ridership from FY 2019 and 12.5% projected growth next year
- New contract in place for services
- FYF for variable service increase of \$5M funded from MAIF

FY 2024 Key Initiatives

LRT System Modernization

- \$2.1B through FY 2033:
 - Raise 23 remaining Red and Blue Line platforms
 - 95 new trains with level boarding
 - Unified signalization
 - Maintenance facility upgrades for new trains
 - Weatherization to enhance resilience
- Funded with cash and debt

FY 2024 Key Initiatives

Ridership Improvements

- Assist the most vulnerable riders with a coordinated response from teams of police officers, paramedics, and behavioral health clinicians
- Deploy 100 Transit Safety Officers (TSOs) to ride the system
- Replace 3,200 Passenger Information Displays
- Upgrade the unified video management service

FY 2024 Key Initiatives

Ridership Improvements

- Finalize 15,000 vinyl seat replacements on LRVs
- Operationalize new vehicles to improve safety and reliability:
 - Brandt Trucks to quickly move malfunctioning trains
 - Quick response trailers to rapidly repair crossing gates and malfunctioning switches
 - Catenary maintenance vehicle to quickly repair and maintain overhead wires
- Continue enhanced cleaning across system

FY 2024 Key Initiatives

Silver Line

- Continue to build guideway and complete new stations
- Take delivery of all new trains
- Integrate Cotton Belt Trail improvement with support of NCTCOG, service area cities, and a \$25M RAISE grant from DOT
- Projected revenue service late 2025/early 2026

FY 2024 Key Initiatives

City Partnerships

- Finalize area plans with each service area city
- Addison Station will revitalize 24 acres with mixed-use residential, commercial, and hotel
- Repurpose Carrollton Depot from security risk to multipurpose community asset
- Begin planning for Red Bird Transit Center to support continued redevelopment in area
- Develop East Dallas transit hub for increased ridership
- Continue Richardson Innovation Quarter (IQ) redevelopment

FY 2024 Key Initiatives

Employees

- Continue to fund excellent employee benefits programs and health insurance
- Fund 3% employee merit (beginning 12/22/23), wage progression, and performance bonus program
- Restore funding for 24 rail positions
- Convert 26 contractor positions to employees



Revenues & Expenses

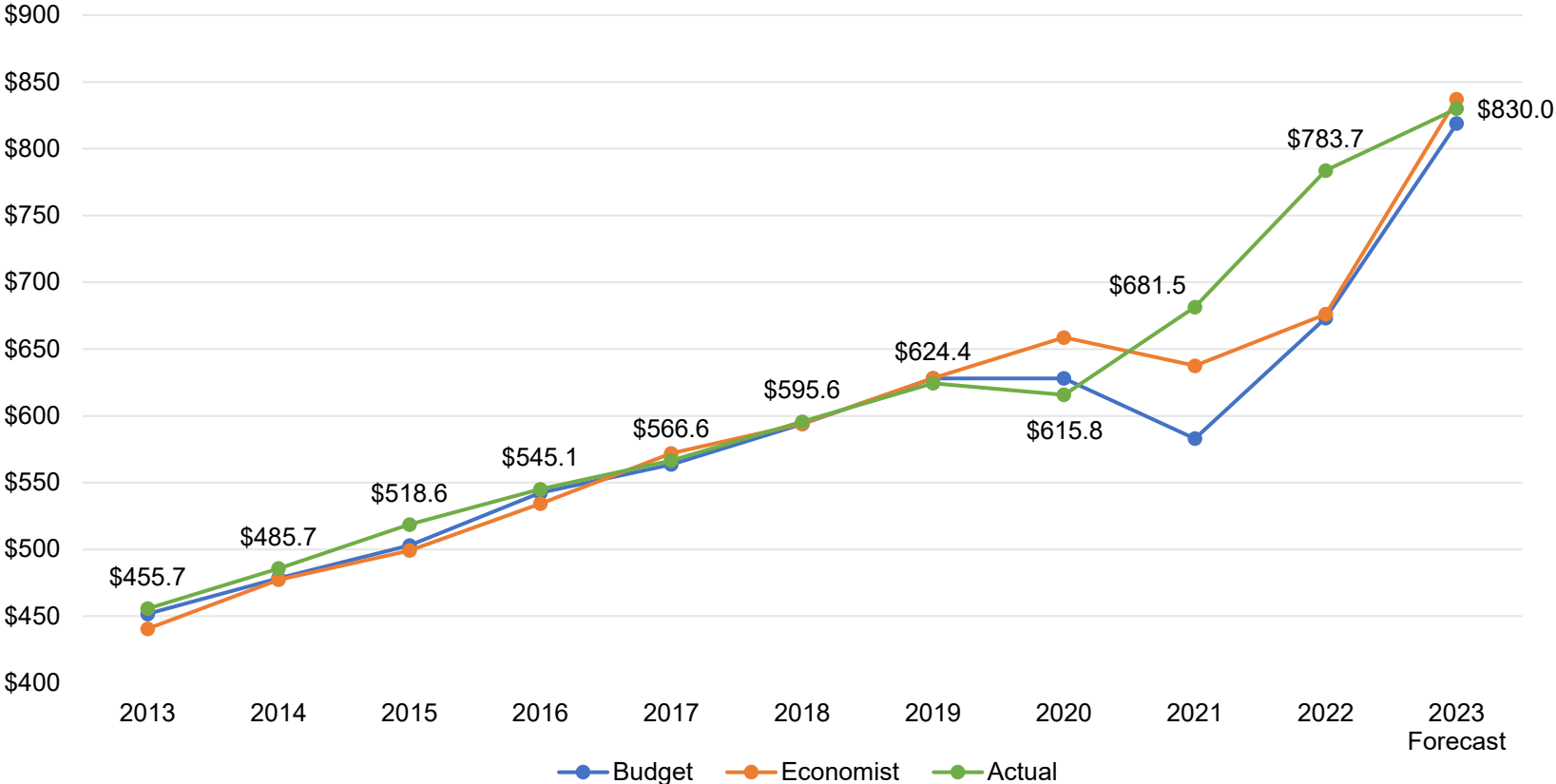
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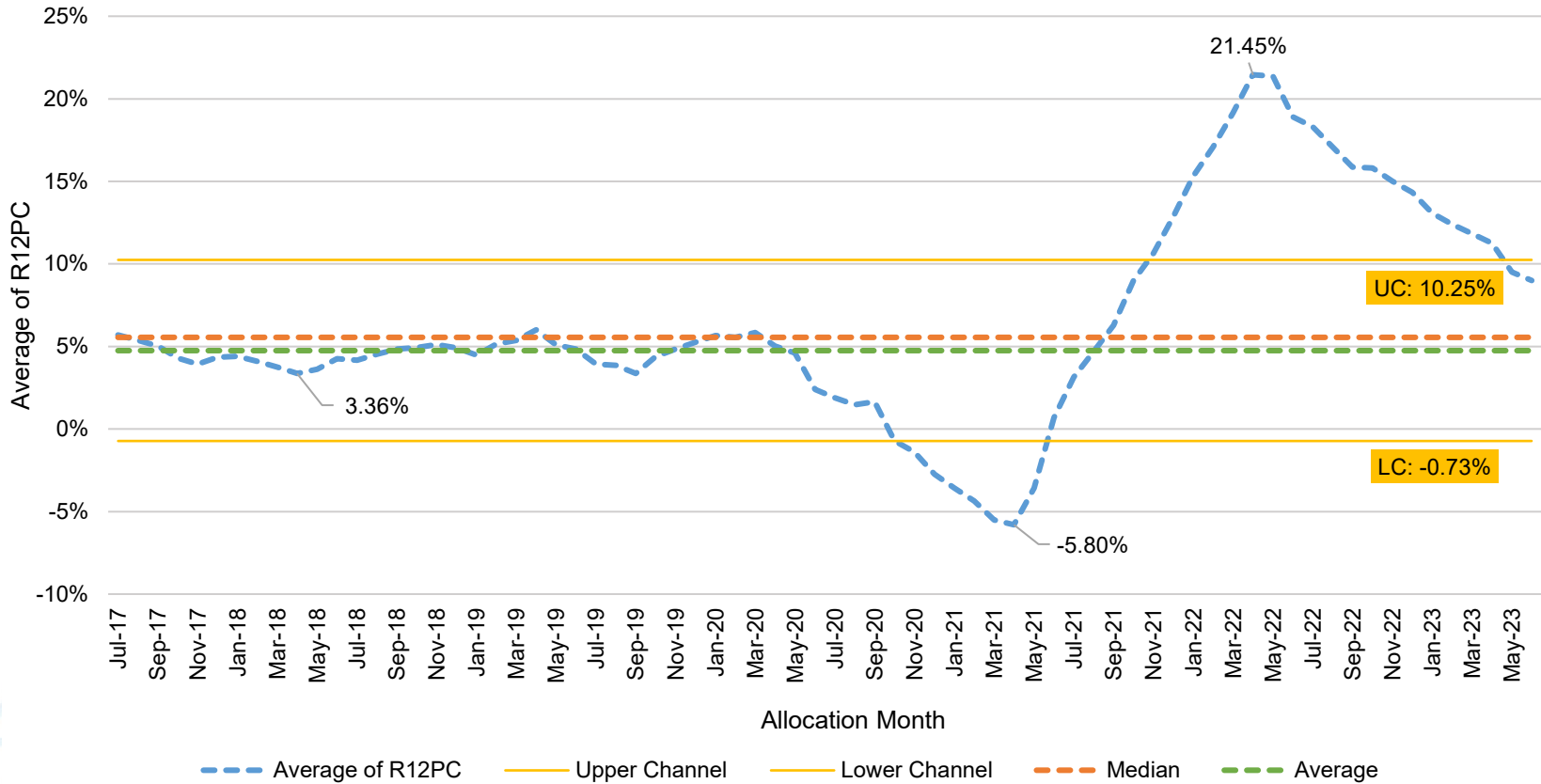
- Sales tax is 75% of total sources of funds – projecting 4.8% growth
- Expecting significant increase in federal formula funds for SGR
- Operating revenues driven by fixed-route passenger revenues

Sales Tax Revenue

FY 2013-FY 2023 (\$M)

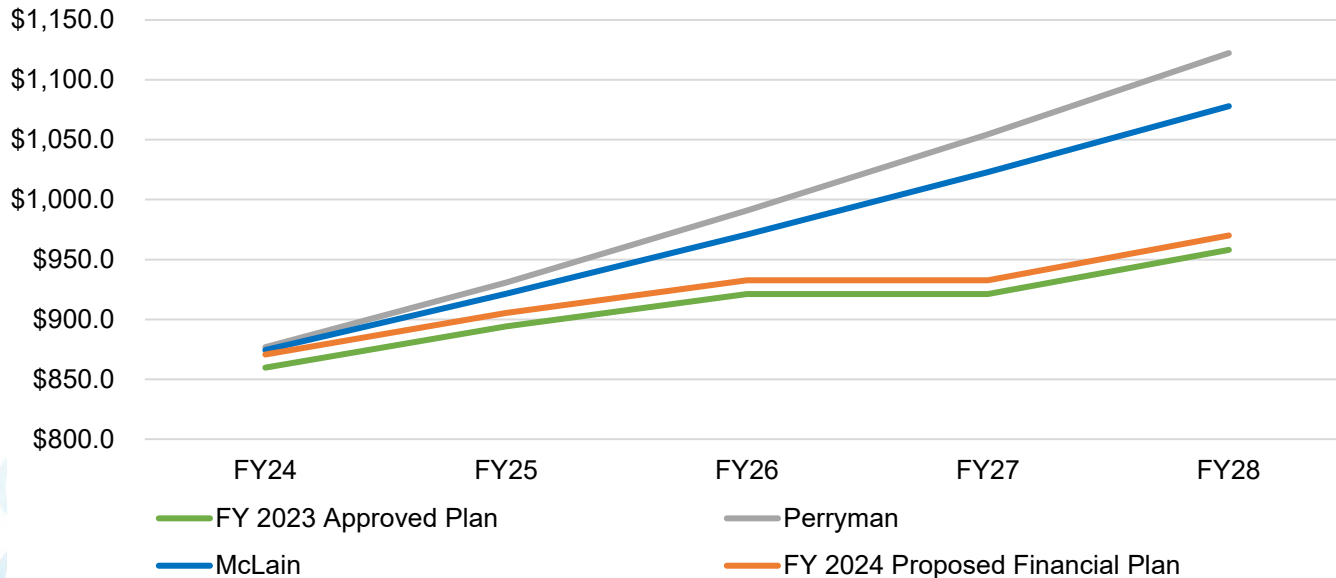


12-Month Rolling Average



Sales Tax Projections (\$M)

Fiscal Year	FY 2023 Plan	Perryman	McLain	FY 2024 Plan
2024	\$859.9	\$876.9	\$874.4	\$870.8
2025	894.3	930.8	921.4	905.6
2026	921.1	990.9	970.9	932.8
2027	921.1	1,054.5	1,023.0	932.8
2028	958.0	1,122.3	1,078.0	970.1
5-Year Total	\$4,554.3	\$4,975.5	\$4,867.8	\$4,611.9
20-Year Total	\$24,678.12	27,897.89	30,075.07	24,990.07



5-Year Operating Revenues

FY 2023-FY 2028 (\$M)

Operating Revenues	2023	2024	2025	2026	2027	2028
Fixed Route Passenger Revenues	\$34.2	\$39.2	\$46.2	\$48.7	\$49.9	\$54.7
Other Passenger Fares	1.9	2.3	2.5	2.6	2.6	2.9
Total Passenger Revenues	\$36.1	\$41.5	\$48.7	\$51.3	\$52.4	\$57.6
Leases & Rentals	7.7	8.0	8.3	8.5	8.7	8.9
Advertising	5.6	5.8	6.0	6.4	6.5	6.7
DCTA	0.7	0.7	0.7	0.7	0.7	0.7
Other	0.2	0.2	0.2	0.2	0.2	0.3
Total Operating Revenues	\$50.3	\$56.3	\$63.9	\$67.1	\$68.7	\$74.2

- 14.8% fixed-route growth
- 11.8% overall growth in operating revenues for FY 2024

5-Year Ridership Projections

FY 2023-FY 2028 (M)

Mode	2023 Forecast	2024	2025	2026	2027	2028
Bus	25.5	28.9	32.8	33.8	34.2	34.5
LRT	20.4	23.1	24.0	24.7	25.0	25.2
Streetcar	0.5	0.5	0.5	0.5	0.5	0.5
TRE	1.1	1.3	1.4	2.9	3.6	3.6
Paratransit	0.8	1.0	1.0	1.0	1.1	1.1
Go Link	0.8	1.1	1.1	1.2	1.2	1.2
Total	49.1	56.0	61.0	64.2	65.5	66.2

- 14% overall growth from FY 2023 forecasts
- 13% fixed-route growth (96% of ridership)
- 38% growth in GoLink (1.8% of ridership)
- 25% growth in paratransit (2% of ridership)

5-Year Investment Income

Year	Interest Rate	Revenue (\$M)
2024	4.25%	\$39.9
2025	3.50%	\$24.1
2026	3.50%	\$18.7
2027	3.50%	\$17.0
2028	3.50%	\$17.4

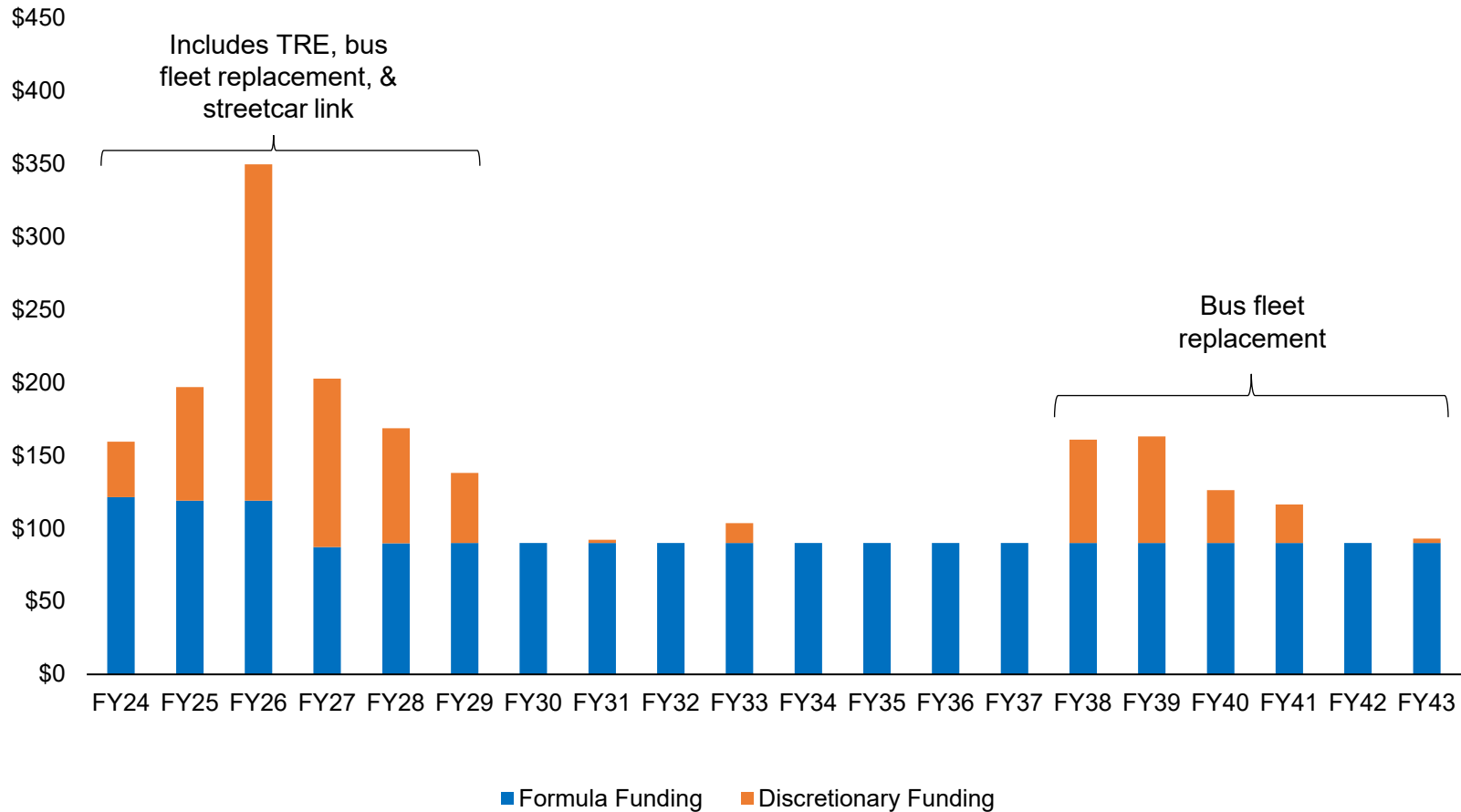
- Rates should stabilize as inflation comes under control
- Decreased revenue is a result of less investible cash

Federal Grants (\$M)

Federal Grants	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Formula Funding	\$121.5	\$119.1	\$119.1	\$87.2	\$89.7
Discretionary Funding	\$38.0	\$77.9	\$230.6	\$115.5	\$78.9

- Formula funding increased in FY 2024-FY 2026 but drops in out years due to reduced age of fleet
- Discretionary grants are less reliable and based on available funding
 - Significantly oversubscribed
 - \$103M to offset cost of bus replacement (FY 2026)
 - Possibility of \$142M for TRE replacement (FY 2024)

Federal Grants (\$M)



Other Contributions (\$M)

Other Contributions	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Other Operating Contributions	\$18.3	\$19.3	\$19.8	\$20.3	\$22.4
Other Capital Contributions	\$16.9	\$39.5	\$30.1	\$34.1	\$34.5

- Mainly TRE operating and capital from Trinity Metro
- Also includes revenue from City of Dallas for streetcar
- Capital transfers to meet ILA obligations from cities



Operating Budget

Operating Overview

Operating Expenses	FY 2022 Actual	FY 2023 Budget	FY 2024 Budget	FY 2023 & FY 2024 Variance	% Variance
Salaries & Wages	\$258,141,558	\$295,124,051	\$307,805,841	\$12,681,789	3.7%
Benefits & Taxes	111,520,801	128,875,095	133,614,944	4,739,849	3.4%
Services	55,224,579	68,965,796	80,636,720	11,670,924	18.9%
Materials & Supplies	43,002,593	47,109,734	52,607,533	5,497,799	14.0%
Utilities & Communications	17,702,372	16,652,304	20,008,813	3,356,509	20.2%
Claims & Insurance	8,583,866	12,462,570	10,582,736	(1,879,834)	(15.1%)
Purchased Transportation	65,980,682	76,726,655	92,394,706	15,668,050	20.4%
Leases, Rentals, & Taxes	5,571,767	7,813,587	8,512,323	698,736	8.9%
Capital & Reserves	(12,810,708)	(15,860,795)	(18,917,896)	(3,057,101)	21.8%
Total Operating Expenses	\$552,917,510	\$637,869,000	\$687,245,720	\$49,376,720	7.7%

Operating Budget Drivers

- Purchased Transportation increases in TRE, paratransit, and GoLink
- Salaries & Benefits for new positions, merit and wage progression, bonuses, and health insurance
- Services for maintenance, security, and IT-related software increases
- Materials & Supplies for parts and CNG fuel increases
- Utilities for increased electricity costs

Positions

FY 2023 FTEs	Department	FY 2024 Requested FTEs	FY 2024 Budgeted FTEs
22	Agency Safety & Compliance		22
7	Belonging		7
5	Board Support	1	6
190	Bus Operations		190
7	Business Innovation		7
13	Capital Planning		13
43	Capital Program Development		43
6	Chief of Staff		6
10	Communications		10
10	Commuter Rail & Railroad Management	(1)	9
8	Diversity & Vendor Management		8
50	Engineering & Construction		50
91	Finance		91
19	General Counsel		19
13	Government & Community Relations		13
43	Human Resources		43
9	Internal Audit		9
128	Light Rail Operations		128
91	Maintenance of Way/Facility Maintenance		91
51	Marketing & Communications		51
30	Materials Management		30
46	Mobility Management Services		46
400	Police		400
9	President		9
48	Procurement		48

Positions (cont.)

FY 2023 FTEs	Department	FY 2024 Requested FTEs	FY 2024 Budgeted FTEs
22	Service Planning & Scheduling		22
80	Technology		80
8	Transit Operations & Service Delivery	1	9
62	Vacancy Pool		62
1,521	Total Salaried	1	1,522
325	Bus Operations	15	340
17	Finance		17
151	Light Rail Operations		151
274	Maintenance of Way/Facility Maintenance		274
38	Marketing & Communications		38
49	Materials Management		49
854	Total Hourly Non-Operator	15	869
1,211	Bus Operators	40	1,251
226	Light Rail Operators		226
1,437	Total Bus & Rail Operators	40	1,477
2,291	Total Hourly	55	2,346
3,812	Grand Total Departments	56	3,868



Capital Budget

Capital Overview

- Budget includes a five-year Capital Improvement Program (CIP)
 - Ties projects to strategic priorities
 - Helps identify efficiencies in scope, schedule, and budget
 - Useful tool for management
 - Fosters transparency
- FY 2024 capital budget is \$894.4M

Capital by Department

Department	Total Active Projects (YTD)	Total Budget (\$M)	Total New Projects in FY24	Total New Projects FY 24 (\$M)	Total # of Projects in FY 24 FP	Total Budget (\$M)
Bus Operations	24	\$40.5	2	\$13.4	26	\$53.8
Business Innovation	11	7.3	0	0.0	11	7.3
Capital Program Development	45	4,113.6	22	30.4	67	4,144.0
Commuter Rail	40	392.5	6	11.9	46	404.4
Chief of Staff	0	0.0	1	12.0	1	154.3
DART Police	10	24.5	1	0.1	11	24.6
Engineering	33	142.3	7	721.8	40	864.0
Finance	14	139.0	0	0.0	14	139.0
Marketing	1	1.4	0	0.0	1	1.4
Materials Management	1	1.5	0	0.0	1	1.5
MOW and Facilities Maintenance	65	81.2	29	46.9	94	128.1
Rail Operations	37	91.6	2	0.6	39	92.2
Service Planning and Scheduling	7	98.6	0	0.0	7	98.6
Technology	33	98.3	12	17.7	45	116.0
Grand Total	321	\$5,232.0	82	\$854.8	403	\$6,229.1

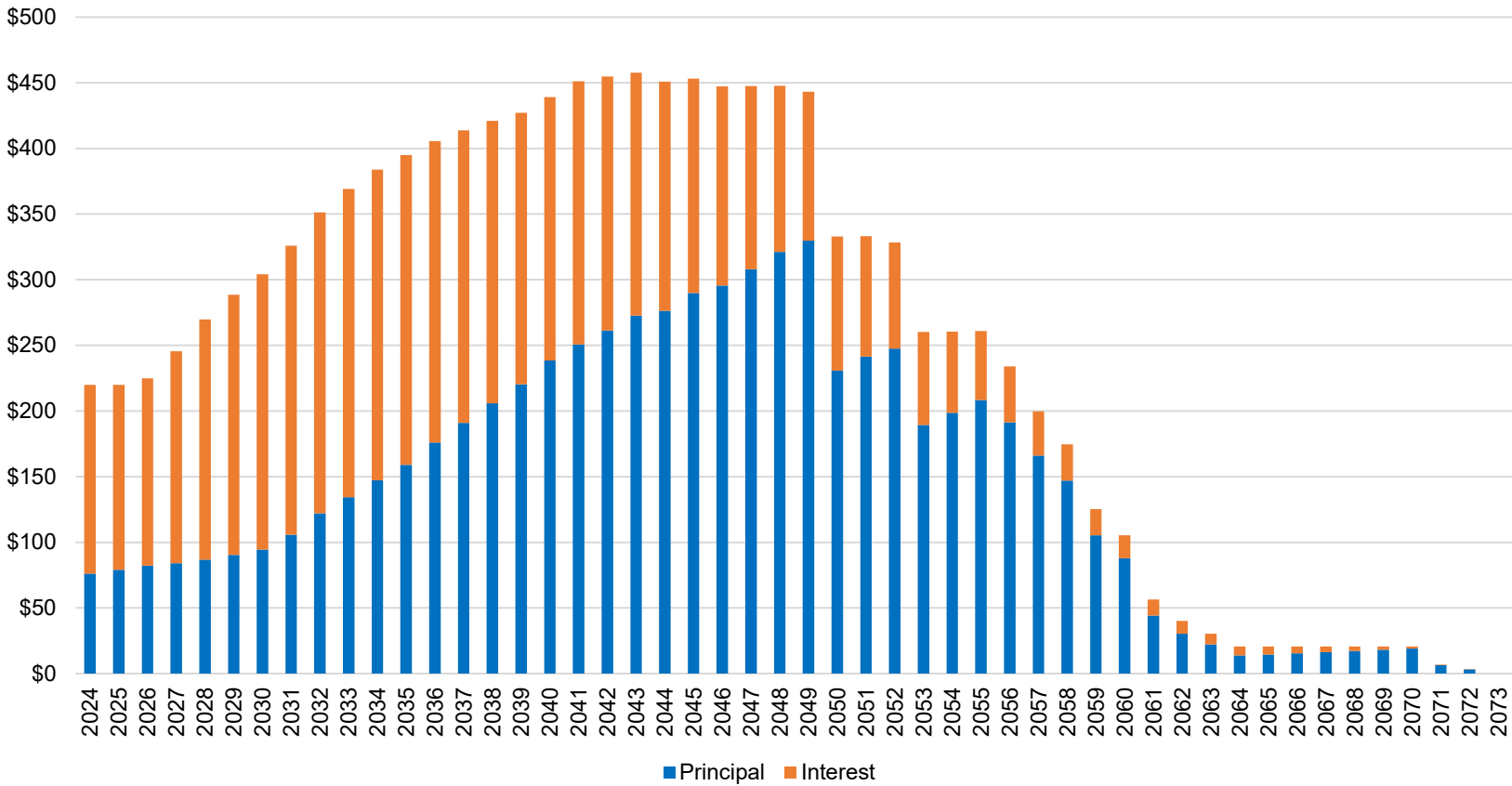


Debt Service

Debt Overview

	Commercial Paper (CP)		Long-Term Debt (LTD)	
	FY 2024	FY 2025-2043	FY 2024	FY 2025-2043
Term	Rolling for up to 3 years	Rolling for up to 9 years	30 years	30 years
Interest rates + fees	3.50%-5.00%	3.50%-5.00%	5.50%	5.50% Fixed
Principal repayment	\$0M	All outstanding (self-liquidity) CP is retired	\$76M	\$2.29B
New CP*/Total long-term debt issued**	\$50M	\$400M	\$361M	\$3.07B
Maximum debt outstanding at EOY	\$50M	\$400M	\$3.95B	\$7.02B
Year of maximum debt outstanding	n/a	FY 2029-2034	2037	FY 2036
Cash reserves required?	Yes	Yes	No	No
Uninsured debt rating assumed	A-1+/P-1	A-1+/P-1	AA+/Aa2/AA A	AA+/Aa2/AAA

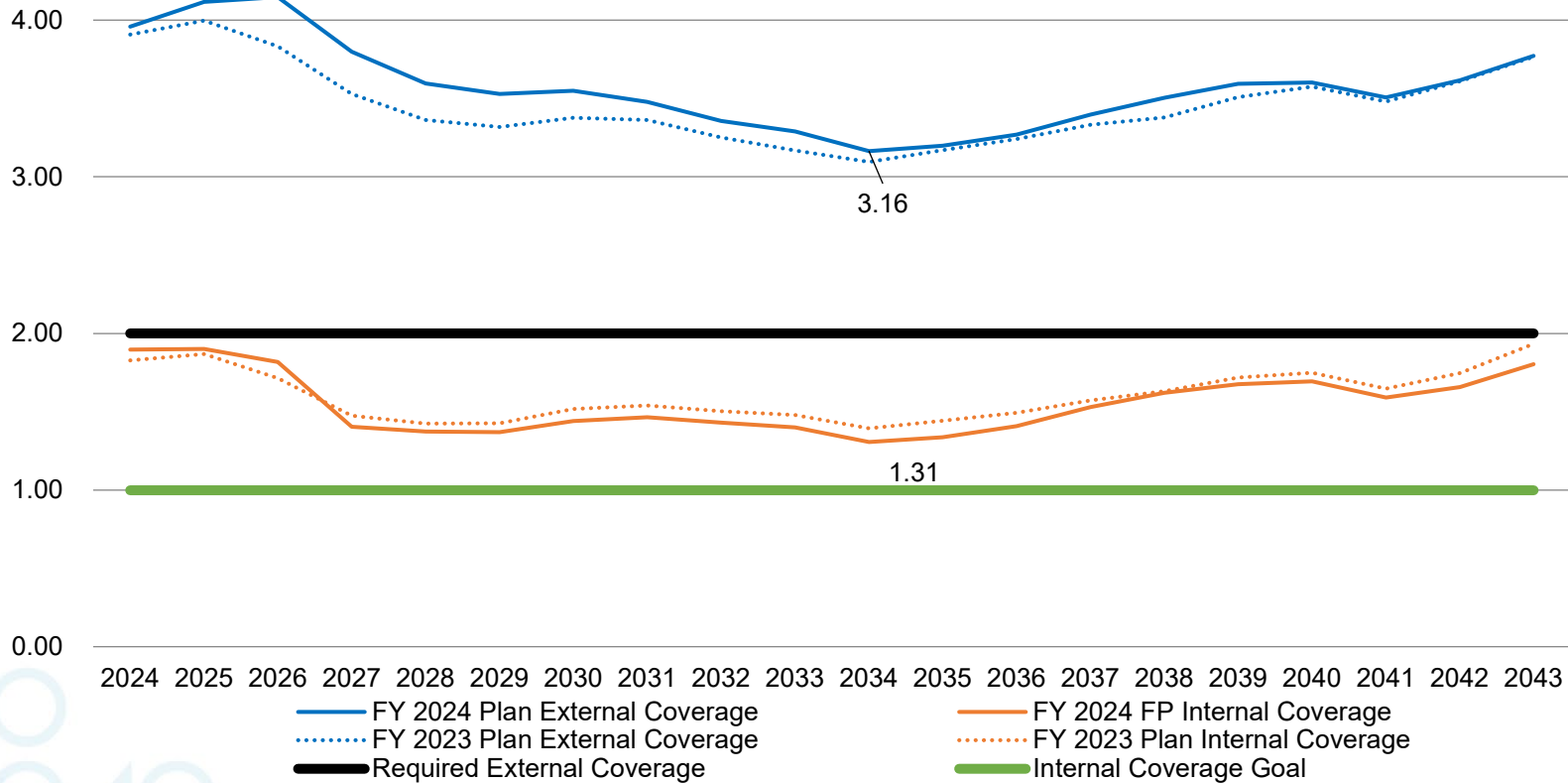
Principal & Interest (\$M)



Coverage Ratios

- Financial Standard D7 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 Plan
 - Calculation: $\text{Sales Taxes} / \text{Annual Debt Service}$
 - ✓ Lowest external coverage ratio is 3.16 in FY 2034
- Maintain an internal coverage ratio of at least 1.0 for each year of the Plan
 - Calculation: $\frac{\text{Sales Taxes} + \text{Operating Revenues} + \text{Interest Income} - \text{Operating Expenses}}{\text{Annual Debt Service}}$
 - ✓ Lowest internal coverage ratio is 1.39 in FY 2034

Coverage Ratios



Sources & Uses

Sources			
FY 2024			
Revenues		% of Total Revenues	% of Total Sources
Sales Tax Revenues	\$870.8	75%	48.3%
Other Revenues	291.0	25%	16.1%
Total Revenues	1,161.7	100%	64.4%
Debt:	410.8		22.8%
Cash:	230.8		12.8%
Total Sources	1,803.3		100.0%
Uses			
FY 2024			
Operating		% of Operating Uses	% of Total Uses
Sales Tax	458.0	66.6%	25.4%
Other Revenue	\$229.2	33.4%	12.7%
Total Operating Sources	\$687.25	100.0%	38.1%
Capital & Non-Operating		% of Capital Uses	% of Total Uses
Sales Tax	191.1	21.4%	10.6%
Other Revenue	61.7	6.9%	3.4%
Debt	410.8	45.9%	22.8%
Cash	230.8	25.8%	12.8%
Total Capital	894.4	100.0%	49.6%
Debt Service		% of Debt Uses	% of Total Uses
Sales Tax	\$221.6	100.0%	12.3%
Total Debt Service	\$221.6	100.0%	12.3%
Total Uses	\$1,803.3		100%



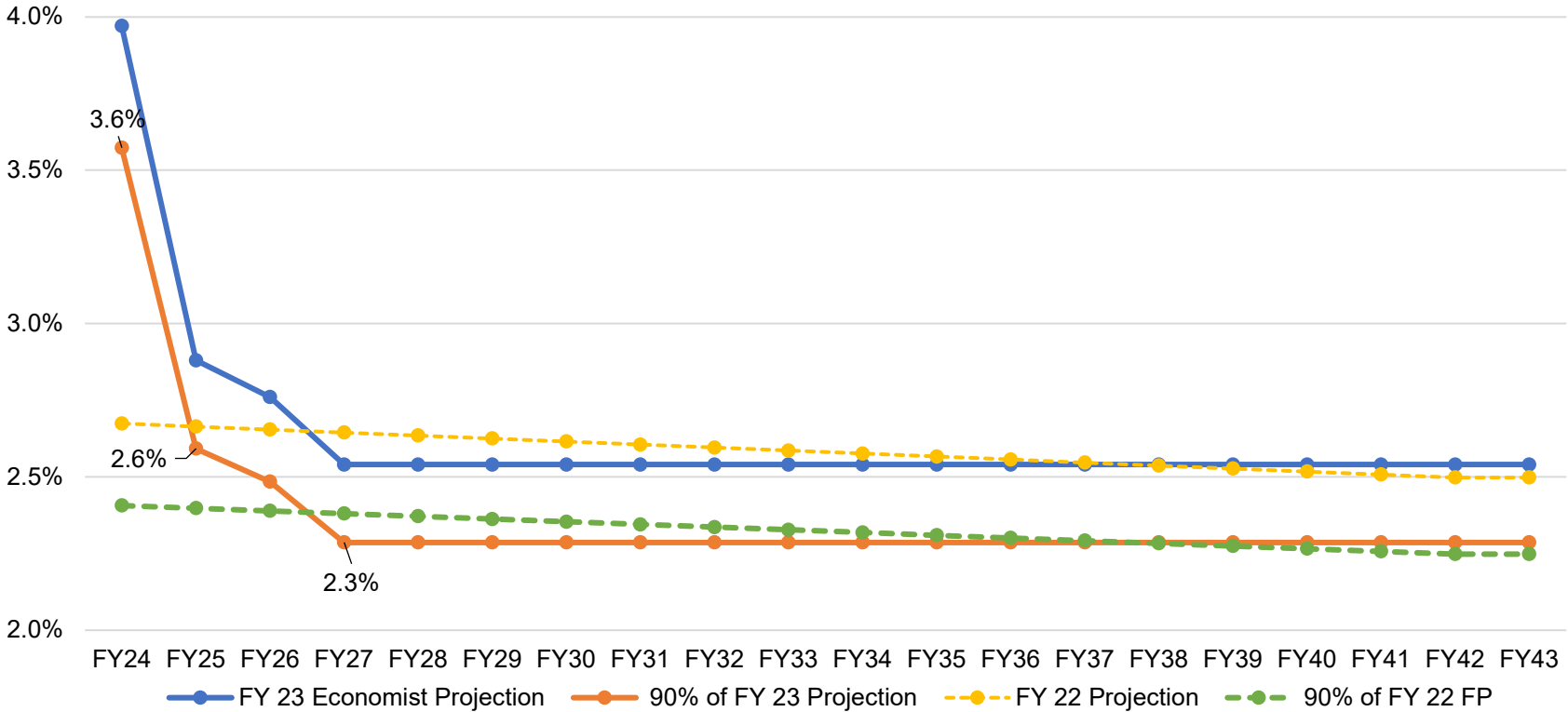
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20-Year Financial Plan

Inflation & Operating Budget Growth

- Financial Standard B5 requires an economist's estimate of inflation for Dallas area
- Operating expenses in Plan may not grow more than 90% of that estimate
 - Allowances for Board approved contract increases, new services, programs and/or facilities, actuarial analysis, health care, and fuel/electricity price increases

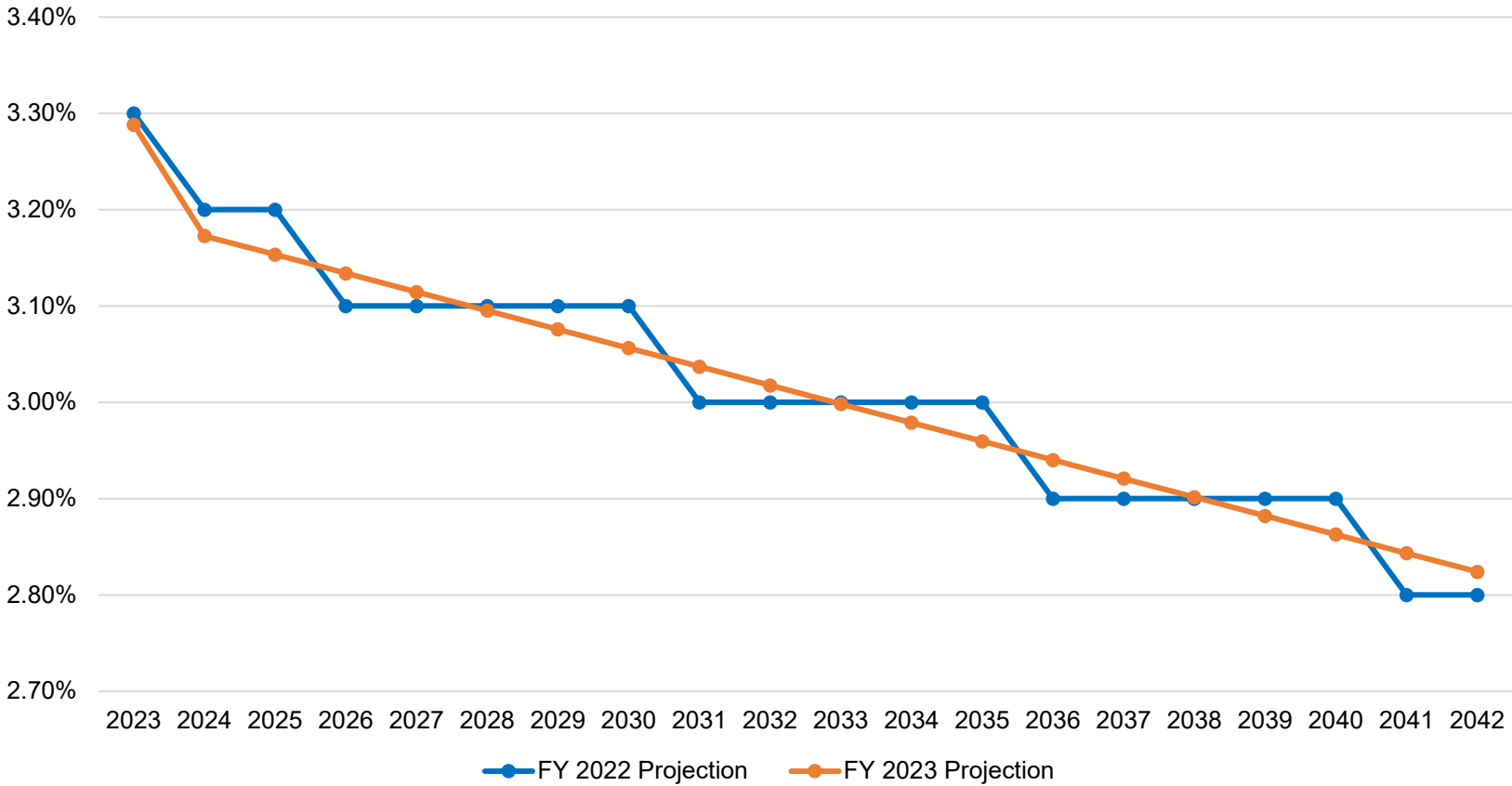
Consumer Price Index Projection



Capital Inflation & Growth

- Financial Standard B9 requires an economist's estimate of construction price inflation for Dallas area or currently prevailing rates
- Capital construction projects shall be increased at no less than the greater of the two estimates
- DART should also prioritize state-of-good-repair over expansion and provide adequate SGR reserves for each asset category

Construction Price Index



Revenue Projections

20-Year Plan Totals (\$M)

Revenues	FY 2023 Plan	FY 2024 Plan	\$ Variance	% Variance
Sales Tax Revenues	\$24,678.1	\$24,990.1	\$312.0	1.3%
Operating Revenues	1,837.5	1,751.9	(85.6)	(4.7%)
Interest Income	537.4	383.4	(154.0)	(28.7%)
Formula Federal Funding	1,781.4	1,886.1	104.7	5.9%
Discretionary Federal Funding	1,874.1	814.5	(1,059.6)	(56.5%)
Other Operating Contributions	536.4	532.7	(3.7)	(0.7%)
Other Capital Contributions	318.8	320.7	1.8	0.6%
Total Revenue	\$31,563.7	\$30,679.4	(\$884.4)	(2.8%)
Long-Term Debt Issuances	3,323.0	3,617.5	294.5	8.9%
Commercial Paper Issuances	400.0	450.0	50.0	12.5%
Total Sources of Funds	\$35,286.7	\$34,746.9	(\$539.9)	(1.5%)

Operating Expenses by Mode

20-Year Plan Totals (\$M)

Mode	FY 2023 Plan	FY 2024 Plan	\$ Variance	% Variance
Bus	\$8,725.8	\$9,052.6	\$326.8	3.7%
Light Rail Transit	5,356.5	\$5,373.1	16.5	0.3%
Commuter Rail/Railroad Management	1,939.9	\$1,967.0	27.1	1.4%
Paratransit	1,395.0	\$1,567.9	172.9	12.4%
GoLink	298.4	\$484.6	186.2	62.4%
Streetcar	127.2	\$130.7	3.5	2.7%
Total Operating Expenses	\$17,842.8	\$18,575.8	\$733.0	4.1%

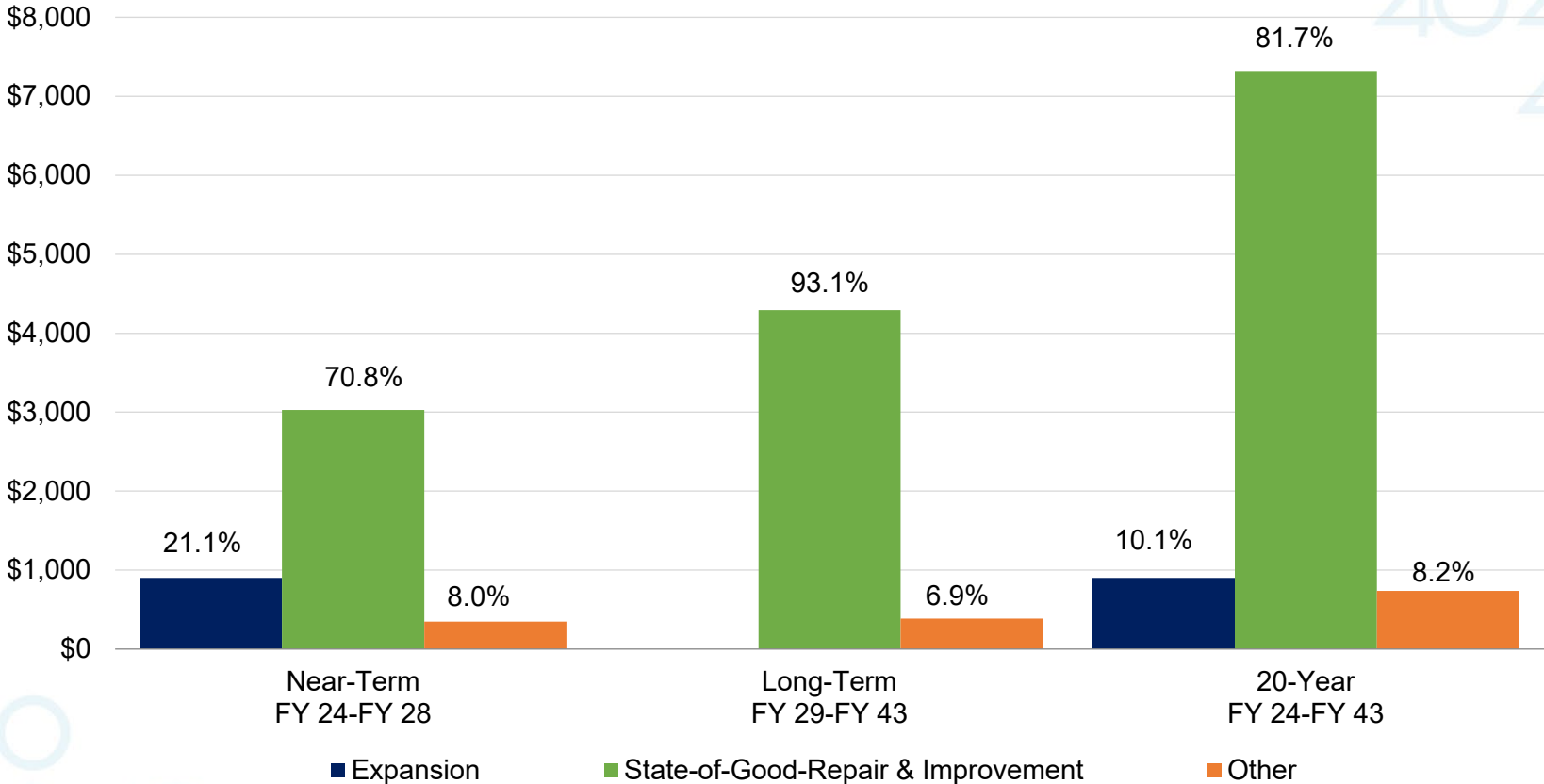
Capital Expenses

20-Year Plan Totals (\$M)

Mode	FY 2023 Plan	FY 2024 Plan	\$ Variance	% Variance
Agency-Wide	652.1	759.4	\$107.3	16.5%
Bus	1,430.0	1,609.9	179.9	12.6%
Light Rail Transit	4,959.7	3,727.7	(1,232.0)	(24.8%)
Streetcar	100.7	105.0	4.3	4.2%
Commuter Rail/Railroad Management	1,982.7	2,001.7	19.0	1.0%
Paratransit	4.5	4.5	(0.0)	(0.7%)
General Mobility (Road Improvement/ITS)	15.6	15.6	0.0	0.0%
Non-Operating	65.0	307.9	242.9	373.6%
Capital P&D, Startup	434.8	428.2	(6.5)	(1.5%)
Total Capital & Non-Operating	\$9,645.2	\$8,960.0	(\$685.1)	(7.1%)

- Reduction is primarily from moving D2 out of the Plan
- Non-Operating is Public Transportation Improvement Funds and Ridership Improvement Funds

Capital by Use



Cash & Reserves

- Financial Standards G5-G7 require specific reserves
 - ✓ G5: Requires insurance reserve
 - ✓ G6: Requires working cash reserve
 - ✓ G7: Requires financial reserve and MAIF
- Lowest restricted cash is \$21.4M in FY 2041
- Plan has a use for every dollar

	2023 Projected	2024	2025	2026	2027	2028	2041	2042	2043
Beginning Balance (as of 9/30)	\$1,210.6	\$1,075.0	\$906.0	\$566.3	\$479.3	\$487.1	\$529.7	\$395.3	\$427.9
Change to Cash	(135.6)	(169.0)	(339.7)	(87.1)	7.9	(2.8)	(134.4)	32.6	99.3
Ending Balance	1,075.0	906.0	566.3	479.3	487.1	484.4	395.3	427.9	527.3
Insurance Reserve	(21.3)	(21.3)	(21.3)	(21.3)	(21.3)	(21.3)	(21.3)	(21.3)	(21.3)
Sales Tax / Financial Reserve	(50.0)	(50.0)	(50.0)	(50.0)	(50.0)	(50.0)	(50.0)	(50.0)	(50.0)
Streetcar Operating Funds	(10.4)	(10.4)	(10.4)	(10.4)	(10.3)	(10.2)	(4.7)	(3.4)	(3.4)
Working Cash Reserve	(159.5)	(171.8)	(178.4)	(187.1)	(194.9)	(200.6)	(278.1)	(285.1)	(290.9)
MAIF	(114.8)	(11.1)	(11.5)	(11.9)	(12.3)	(12.7)	(19.9)	(20.6)	(21.3)
Restricted Cash for Deferred Spending	\$719.0	\$641.4	\$294.7	\$198.6	\$198.3	\$189.5	\$21.4	\$47.5	\$140.3



Appendix

FY 2024 Expenses (\$M)

Budget	FY 2022 Actual	FY 2023 Amended	FY 2023 Forecast	FY 2024 Budget
Operating	\$552.9	\$637.9	\$612.9	\$687.4
Capital & Non-Operating	330.3	729.0	467.7	894.4
Debt Service	217.5	223.7	225.8	221.6
Total Expenditures	\$1,100.7	\$1,590.6	\$1,306.4	\$1,803.4

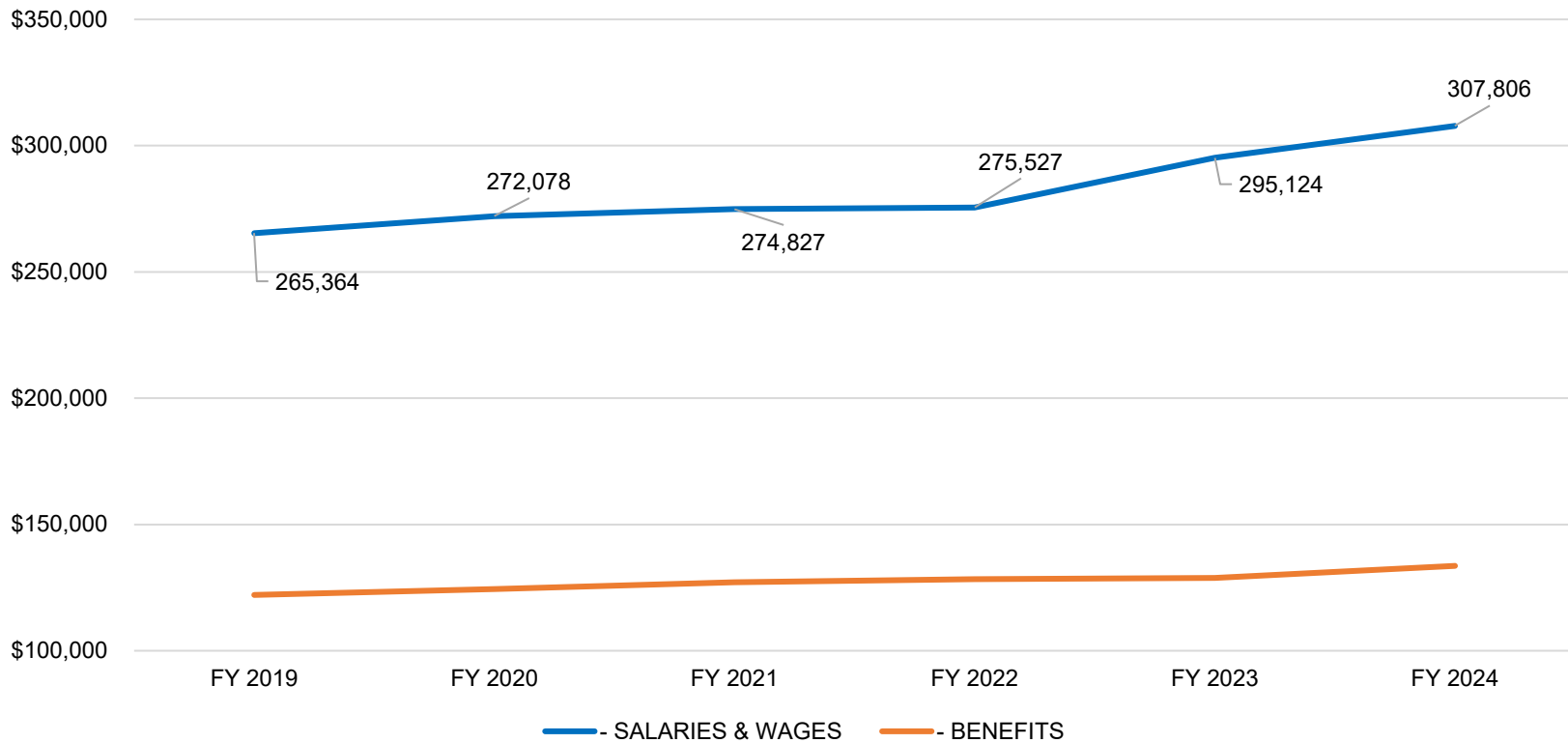
- Operating budget driven by inflation, contract increases, fuel, materials, and increased service
- Capital increase is mainly driven by LRT system modernization, Silver Line, and Technology

Salaries & Wages (\$000s)

Classification	FY 2023 Plan	FY 2024 Plan	\$ Variance	% Variance
Operator Payroll	\$105,809	\$106,748	\$939	0.9%
Non-Operator Payroll	52,090	54,134	2,044	3.9%
Non-Operator Overtime	4,821	5,314	493	10.2%
Admin Payroll	122,409	128,239	5,830	4.8%
Admin OT	3,588	3,877	290	8.1%
Part Time/Temporary	518	678	160	30.9%
Merit & Bonuses	5,889	8,815	2,926	49.7%
Total Salaries	\$295,124	\$307,806	\$12,682	4.3%

Salary & Benefit History

FY 2019-FY 2024 (\$000s)



Benefits & Taxes (\$000s)

Classification	FY 2023 Plan	FY 2024 Plan	\$ Variance	% Variance
Health/Medical Plans*	\$52,725	\$56,239	\$3,515	6.7%
Pension & 401(k) Plans	40,239	41,301	1,062	2.6%
FICA	22,617	23,417	800	3.5%
Workers' Compensation	9,037	8,903	(134)	(1.5%)
Paid Absences Liability	1,272	1,575	303	23.8%
Service Incentive Pay	572	638	66	11.5%
Unemployment & Other	2,413	1,541	(871)	(36.1%)
Total Benefits	\$128,875	\$133,615	\$4,740	3.7%

*Includes medical, vision, dental, and employee contributions for active employees and retirees

Services (\$000s)

Classification	FY 2023 Plan	FY 2024 Plan	\$ Variance	% Variance
Maintenance/Contract Repair Services	\$26,008	\$28,343	\$2,335	9.0%
Computer Services/Software License Fees	13,908	18,586	4,678	33.6%
HR & Benefits-Related Services	2,829	2,904	75	2.7%
Other Consulting Services	7,640	8,176	536	7.0%
Security Services	4,002	6,390	2,387	59.7%
Legal, Auditing, & Other Professional Services	2,336	2,322	(14)	(0.6%)
Advertising, Marketing, & Public Info Services	3,266	4,448	1,182	36.2%
Credit Card Processing Fees	1,001	1,001	0	0.0%
Environmental, Engineering, & Real Estate Services	3,270	4,040	770	23.5%
Temporary Help/Contract Labor	2,321	2,099	(222)	(9.5%)
All Other Services	2,384	2,327	(57)	(2.4%)
Total Services	\$68,966	\$80,637	\$11,671	16.9%

Materials & Supplies (\$000s)

Classification	FY 2023 Plan	FY 2024 Plan	\$ Variance	% Variance
Vehicle Repair Parts (Bus & Rail)	\$27,347	\$28,536	\$1,189	4.3%
Fuel (CNG, Diesel, Gasoline)	9,439	11,825	2,386	25.3%
Facilities, Systems, & Equipment Repair Parts	5,656	7,160	1,504	26.6%
Uniforms, Shoes, & Tools	2,727	2,796	69	2.5%
Computer/Printer Equipment & Supplies	1,092	1,203	111	10.2%
Office Supplies	740	709	(31)	(4.2%)
All Other Materials & Supplies	110	380	270	246.7%
Total Materials & Supplies	\$47,110	\$52,608	\$5,498	11.7%

Utilities (\$000s)

Classification (\$000s)	FY 2023 Plan	FY 2024 Plan	\$ Variance	% Variance
Utilities – LRV	\$8,557	\$11,090	\$2,533	29.6%
Utilities – Facilities	5,544	6,462	919	16.6%
Communications & Data	2,552	2,457	(95)	(3.7%)
Total Utilities	\$16,652	\$20,009	\$3,357	20.2%

Purchased Transportation (\$000s)

Classification	FY 2023 Plan	FY 2024 Plan	\$ Variance	% Variance
Paratransit	\$31,343	\$38,163	\$6,820	21.8%
Commuter Rail	29,468	31,320	1,852	6.3%
Shuttle Services	6,342	7,155	813	12.8%
GoLink Services	9,498	15,756	6,258	65.9%
Total Purchased Transportation	\$76,652	\$92,395	\$15,743	20.5%

Leases, Rentals, & Taxes (\$000s)

Classification	FY 2023 Plan	FY 2024 Plan	\$ Variance	% Variance
Rentals & Leases	\$832	\$1,080	\$248	29.9%
Travel & Training	3,074	3,402	328	10.7%
Employee Programs	1,890	1,843	(47)	(2.5%)
Memberships & Dues	985	1,149	164	16.6%
Marketing & Outreach	167	209	41	24.7%
Other	865	829	(35)	(4.1%)
Total Leases, Rentals & Taxes	\$7,814	\$8,512	\$699	8.9%

Capital & Reserves (\$000s)

Classification	FY 2023 Budget	FY 2024 Proposed	\$ Variance	% Variance
Capital & Reserves	(\$15,861)	(\$18,917)	(\$3,057)	19.27%

- Credit applied for expenses charged to capital projects

FY 2018-FY 2028 Ridership (M)

Mode	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023*	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Bus	38.7	27.8	20.1	22.7	25.5	28.9	32.8	33.8	34.2	34.5
LRT	28.6	20.3	14.6	18.4	20.4	23.1	24.0	24.7	25.0	25.2
TRE	2.0	1.3	0.8	1.1	1.1	1.3	1.4	2.9	3.6	3.6
Paratransit	0.9	0.6	0.6	0.7	0.8	1.0	1.0	1.0	1.1	1.1
Go Link	0	0	0	0.3	0.8	1.1	1.1	1.2	1.2	1.2
Total	70.2	50	36.1	43.2	49.1	56.0	61.0	64.2	65.5	66.2

*FY 2023 is the forecasted year-end value



FY 2023 Financial Standards

Introduction

- The Financial Standards are divided into three sections: General, Debt Service, and Business Planning Parameters.
- The purpose of the general standards is to ensure that DART prudently manages its financial affairs and establishes appropriate cash reserves.
- The purpose of the debt service standards is to limit the level of debt that may be incurred and to ensure that debt assumption 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.
- The purpose of the Business Planning Parameters provides management with a framework for developing the following year's budget and the Twenty-Year Financial Plan and establishing future business targets for management to achieve.
- 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

- Prudently manage financial affairs
- Establish appropriate cash reserves
- Comply with legal/statutory/Board policy requirements

General Standards G1

- G1. 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.

General Standards G2

- G2. Funds of the Authority shall be invested within the guidelines of the Board's approved Investment Policy and Investment Strategy and in compliance with applicable State law, including Section 452.102 of the Texas Transportation Code, Article 717q V.T.C.S., the Texas Public Funds Investment Act, and applicable Federal law. The Board shall approve the signatories for all Agency checking and savings accounts.

General Standards G3

- G3. 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.

General Standards G4

- G4. An annual actuarial analysis shall be performed on the Defined Benefit Plan. This Plan shall be funded in accordance with guidance received from the actuaries.

General Standards G5

- G5. 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 the adequacy of the Master Insurance Reserve.

General Standards G6

- G6. Since sales taxes are received on a monthly basis, the unrestricted cash balance at the end of the year shall not be less than one-twelfth of the difference between the subsequent year's total sources of cash (excluding sales taxes) and total uses of cash as projected in the Twenty-Year Financial Plan. This reserve will be invested in accordance with the investment strategy for the Operating Fund.

General Standards G7

- G7. In order to provide a buffer against an unanticipated shortfall in sales tax collections, DART will maintain a Financial Reserve. The goal of this reserve is to maintain a balance of at least 10% of the current year's sales tax budget. During periods in which sales taxes exceed the budget, the excess collections will be deposited into the Reserve by January 1 of the following year, up to a maximum fund balance of \$50 million. In order to provide funding for initiatives that enhance the quality and affordability of public transportation, DART will maintain a Mobility Assistance and Innovation Fund.

General Standards G7 (cont.)

Sources of funding shall include:

- i) 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 Financial Reserve;
- ii) 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 (if actual operating expense net of operating revenue, is less than or equal to budget for the fiscal year just ended), such as real estate sales and leases, station naming rights, and other innovative sources;
- iii) investment earnings on the Financial Reserve and Mobility Assistance and Innovation Fund balances; and
- iv) grants and other contributions (including private).

General Standards G7 (cont.)

- The Mobility Assistance and Innovation Fund shall be used for capital or operating projects and initiatives that advance the goals and objectives identified by the Agency, as well as mitigation of fare increases. Authorization to spend Reserve funds requires the affirmative vote of two-thirds of the appointed and qualified members of the Board.

General Standards G8

- G8. The fiscal year of DART shall end on September 30 of each year. At the beginning of the budget and financial planning process each year, the Board should review and approve a set of Financial Standards that can be used by management as a framework for developing the following year's Budget, Business Plan, and Twenty-Year Financial Plan. The Board shall approve the Budget and Twenty-Year Financial Plan by September 30 of each fiscal year. The Annual Budget shall be the first year of the Twenty-Year Financial Plan.

General Standards G9

- G9. Twenty-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 Parameters

- Provide framework for developing budget and 20-Year Financial Plan
- Establish future business targets

BPP Standards B1

- B1. Sales tax revenue forecasts shall be based on a sales tax model developed specifically for the DART Service Area by an independent economist. In order to ensure a conservative sales tax estimate, the model's projections may be reduced from the forecasted levels, but not increased for years 2-20 of the Twenty-Year Financial Plan. The most current year may be based on management's best estimate. All such modifications shall be approved by the Board during the financial planning process.

BPP Standards B2

- 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.

BPP Standards B3

- 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.

BPP Standards B4

- 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.

BPP Standards B5

- 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 Twenty-Year Financial Plan assumption process each year.

BPP Standards 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.

BPP Standards B6 (cont.)

- 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 services 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.

BPP Standards B7

- B7. General Mobility programs for road improvement programs such as the Local Assistance Program (LAP), Principal Arterial Street System (PASS), Transit Related Improvement Program (TRIP), and Transportation System Management (TSM) and Intelligent Transportation System projects shall be funded according to the terms of the approved Interlocal Agreements and recorded as non-operating expenses in the Twenty-Year Financial Plan.

BPP Standards B8

- 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.

BPP Standards B9

- B9. The Twenty-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 Twenty-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.

BPP Standards B9 (cont.)

- 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).

BPP Standards 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.

BPP Standards B10 (cont.)

- 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/Twenty-Year Financial Plan process.

Debt Standards

- Limit the level of debt incurred
- Debt assumptions based on market parameters

Debt Standards D1

- 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.

Debt Standards D2

- D2. Long-term debt may be included in the Twenty-Year Financial Plan; however, no debt secured solely by a pledge of sales and use tax revenues and that has a maturity longer than five years from the date of issuance shall be incurred without the approval by the voters of the Service Area.

Debt Standards D3

- D3. 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 Twenty-Year Financial Plan may be funded from the General Operating Fund or with debt, as needed.

Debt Standards D4

- D4. 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 D5

- D5. Reserve fund(s) that may be required by the financial markets for each debt issuance shall be maintained. These reserves may be funded by cash and securities, insurance, or surety bonds, but shall not be accessed unless the sinking funds have insufficient money to make the principal and interest payments as due. For financial planning purposes, reserve projections shall be based on the actual requirement on existing debt, plus the lower of maximum annual debt service, 125% of average annual debt service, or 10% of principal outstanding on projected debt

Debt Standards D6

- D6. 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 Standards D7

- D7. 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).

Debt Standards D7 (cont.)

- 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.