

FY 2009 Business Plan

(Including FY 2009 Annual Budget and Twenty-Year Financial Plan)



CONNECTING COMMUNITIES

— FOR  YEARS —

The logo features a large, stylized number '25' with a ribbon-like effect. Below the '5' is a banner containing the years '1983' and '2008' and the acronym 'DART'.



Dallas Area Rapid Transit

FY 2009 Business Plan

(Including FY 2009 Annual Budget and Twenty-Year Financial Plan)



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Introduction/Strategic Alignment

Purpose of Business Plan

The FY 2009 Business Plan provides the Board of Directors, taxpayers, and elected officials of our region with a comprehensive summary of the Agency's plans and commitments to improve regional mobility, enhance the quality of life, and stimulate economic development. This document consolidates the key elements of the FY 2009 Annual Budget, the FY 2009 Twenty-Year Financial Plan, the Transit System Plan, the Five-Year Action Plan, and the Agency's Strategic Plan. The resolutions shown at Exhibit APX.1 approve the funding levels for the FY 2009 Annual Budget and the FY 2009 Twenty-Year Financial Plan as required by DART's enabling legislation.

Board and Policy Direction

DART History – Dallas Area Rapid Transit (DART) is a regional transportation authority of the State of Texas. DART was created by a voting majority of the citizens on August 13, 1983, to organize and provide regional public transportation to its member jurisdictions pursuant to Chapter 452 of the Texas Transportation Code. The enabling legislation allows DART to collect a one-percent sales and use tax on certain transactions. DART currently consists of the following member jurisdictions: Addison, Carrollton, Cockrell Hill, Dallas, Farmers Branch, Garland, Glenn Heights, Highland Park, Irving, Plano, Richardson, Rowlett, and University Park. The DART Service Area is approximately 700 square miles and includes approximately 2.4 million people.

Mission Statement – DART's mission statement defines the purpose for which the Agency was created:

To build, establish, and operate a safe, efficient, and effective transportation system that, within the DART Service Area, provides mobility, improves the quality of life, and stimulates economic development.

Board Goals – To achieve this mission, the Board has developed 16 goals categorized into six Strategic Initiatives:

Strategic Initiative I: Strive to Exceed Customer Expectations

- Improve/maintain customer sense of security
- Increase Ridership

Strategic Initiative II: Manage System Development

- Maintain LRT build-out schedule
- Maintain established milestones on all other expansion projects
- Strengthen long-range planning & governance mechanisms



Strategic Initiative III: Build & Maintain DART's Regional Transportation Leadership

- Serve as resource to expanding regional transportation initiatives
- Achieve vendor & internal customer satisfaction with procurement function
- Maintain contracting equity
- Ensure total system equity
- Ensure employment equity

Strategic Initiative IV: Drive Change Through Employee Engagement

- Improve & document approach to talent management
- Increase employee ownership of overall job/career satisfaction
- Assess hourly employees' ability to address concerns with management

Strategic Initiative V: Manage Existing Infrastructure

- Sustain existing systems infrastructure consistent with Agency operational & qualitative goals
- Develop & implement an Information Technology (IT) governance & management structure that enables DART to plan, prioritize, & monitor existing & future IT programs

Strategic Initiative VI: Maximize Funding Resources

- Maximize DART's sources of funds

Service Plan/Transit System Plan – DART has a Service Plan and a Transit System Plan. The Service Plan is required by DART's legislation and describes, in legal terms, where DART's facilities and rail alignments are physically located. DART's Transit System Plan is a long-range planning tool that identifies and prioritizes major capital projects needed to improve regional mobility. The Transit System Plan is closely coordinated with development of the North Central Texas Council of Governments' Regional Mobility Plan and is revised every five to six years. The most recent revision to the Transit System Plan, the 2030 Plan, was approved by the Board in early FY 2007 and focuses on transit needs and opportunities within the context of a 2030 horizon. The current Transit System Plan map is located at Exhibit 1.1.

The affordability of the Transit System Plan and the timing of service and capital expansion projects are determined by the Twenty-Year Financial Plan, which is approved annually by the Board. Exhibit 1.2 highlights the interrelationships of the Transit System Plan with other key Agency documents.

Financial Standards – DART's Financial Standards (Exhibit APX.2) are divided into three sections: General (FS-G), Business Planning Parameters (FS-B), and Debt Service (FS-D). The purpose of the General Standards is to ensure that DART prudently manages its financial affairs and establishes appropriate cash reserves. The Business Planning Parameters (BPPs) provide management with a framework for developing the following year's budget and Twenty-Year Financial Plan and establish 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.

Exhibit 1.2 Interrelationship of System Plan with Other Documents

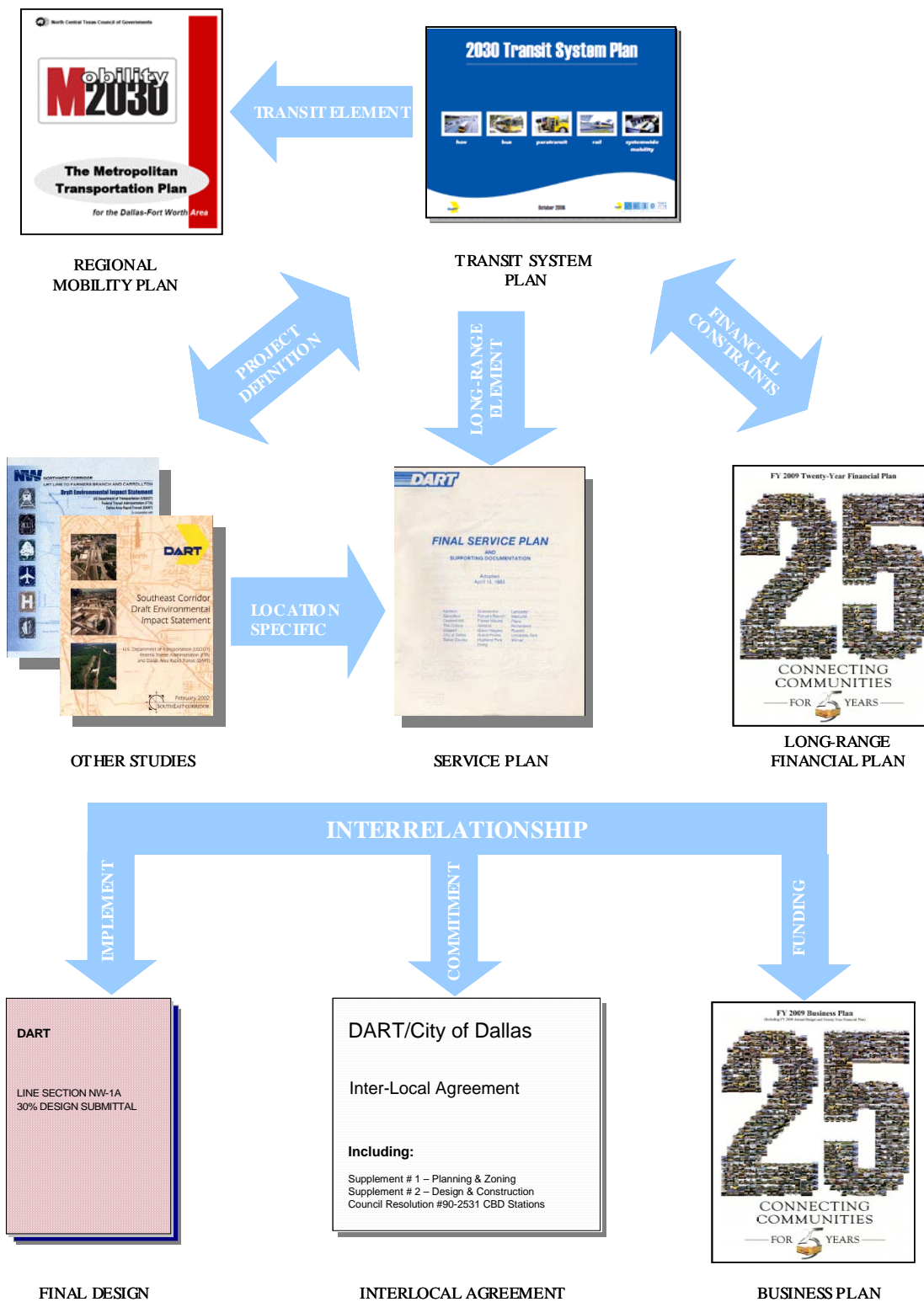


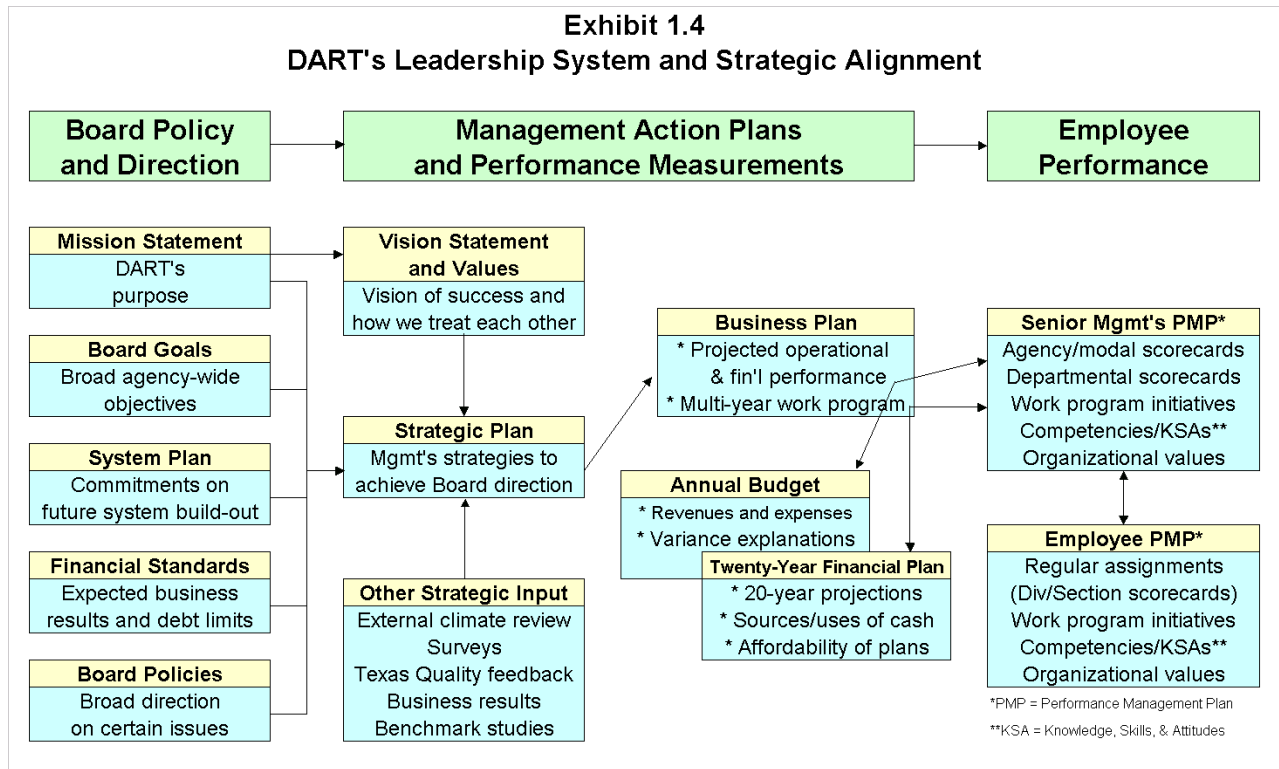


Exhibit 1.3	
Relationship of Financial Standards to Sources and Uses of Cash	
Description	Where Covered
<u>Sources of Cash</u>	
Sales Taxes	FS-B1
Operating Revenue	FS-B2
Federal Funding	FS-B10
Debt	FS-D1 to D7
<u>Uses of Cash</u>	
<u>Operating Budget</u>	
Fixed Route Service	FS-B3 & B4
Administrative Costs	FS-B6
Total Expenses	FS-B5
<u>Capital Budget</u>	
Gen. Mobility-Road Improvements	FS-B7
Start-up/Capital Planning Costs	FS-B8
Capital Projects	FS-B8, FS-B9
<u>Net Debt Service Budget</u>	
Cash Reserves	FS-G5 & G7
Ending Cash	FS-G6

Board Policies – The Board has a number of policies that provide direction to management for implementation. For example, the Board has policies for real estate purchases, advertising on buses, and fare structure. DART's enabling legislation requires the Board to adopt an annual budget prior to the commencement of a fiscal year. It also requires the Board to have a Financial Plan. The Financial Plan details the projected sources and uses of cash for twenty years and reviews the affordability of DART's currently-approved Transit System Plan. The Board's Bylaws require a two-thirds vote of the appointed and qualified Board Members to approve or amend the Financial Plan. Budget and Financial Plan amendments are required when DART's share of a new operating program or increase to an existing operating program is in excess of \$500,000 per year; or when DART's share of a new capital program or the cumulative addition to an existing capital program is in excess of \$1 million.

Overview of DART's Leadership System

DART's leadership system is based on the concept of strategic alignment. This is the process used to ensure that DART employees understand how their jobs and performance are linked to the Board's mission, direction, and goals. The leadership process is shown in Exhibit 1.4. Performance measurements are critical and are incorporated into "scorecards" at different levels of the Agency. The major components of the leadership system are described in more detail in the remainder of this section.



Management Action Plans and Performance Measurements

Vision Statement – To help achieve the Board's mission and goals, a revised vision statement was approved by the Board in FY 2007 to address DART's customers and stakeholders. DART's vision follows:

DART: Your preferred choice of transportation for now and in the future...

DART Organizational Values – In FY 1998, DART management developed six core values that demonstrate where focus and emphasis need to be placed on a daily basis. At DART, employees value being:

- **Focused on Our Customers**
 - ✓ We are dedicated to meeting our customers' needs
 - ✓ We strive for continuous improvement
 - ✓ We deliver quality
- **Committed to Safety**
 - ✓ We expect safety to be the responsibility of every employee
 - ✓ We are committed to ensuring the safety of our passengers



- **Professional**
 - ✓ We demonstrate a high regard for each other
 - ✓ We take pride in our accomplishments
 - ✓ We congratulate each other for our successes
 - ✓ We honor integrity and honesty
- **Dedicated to Quality Performance**
 - ✓ We strive for excellence
 - ✓ We have high expectations
 - ✓ We hold ourselves accountable for results
 - ✓ We coach, reinforce, and recognize our employees
- **Team Players**
 - ✓ We are committed and dedicated to DART
 - ✓ We support each other
 - ✓ We value our diversity
- **Good Stewards of the Public Funds**
 - ✓ We responsibly use public funds and property

Other Strategic Input – The Business Plan is reviewed annually, and the Strategic Plan is reviewed every three years. They are modified based on an analysis of business results; the results of employee, customer, and climate surveys; external events (such as issues being considered by the Texas State Legislature); and benchmark comparisons with other transit agencies and private sector companies. The Strategic Plan was reviewed and updated in 2006.

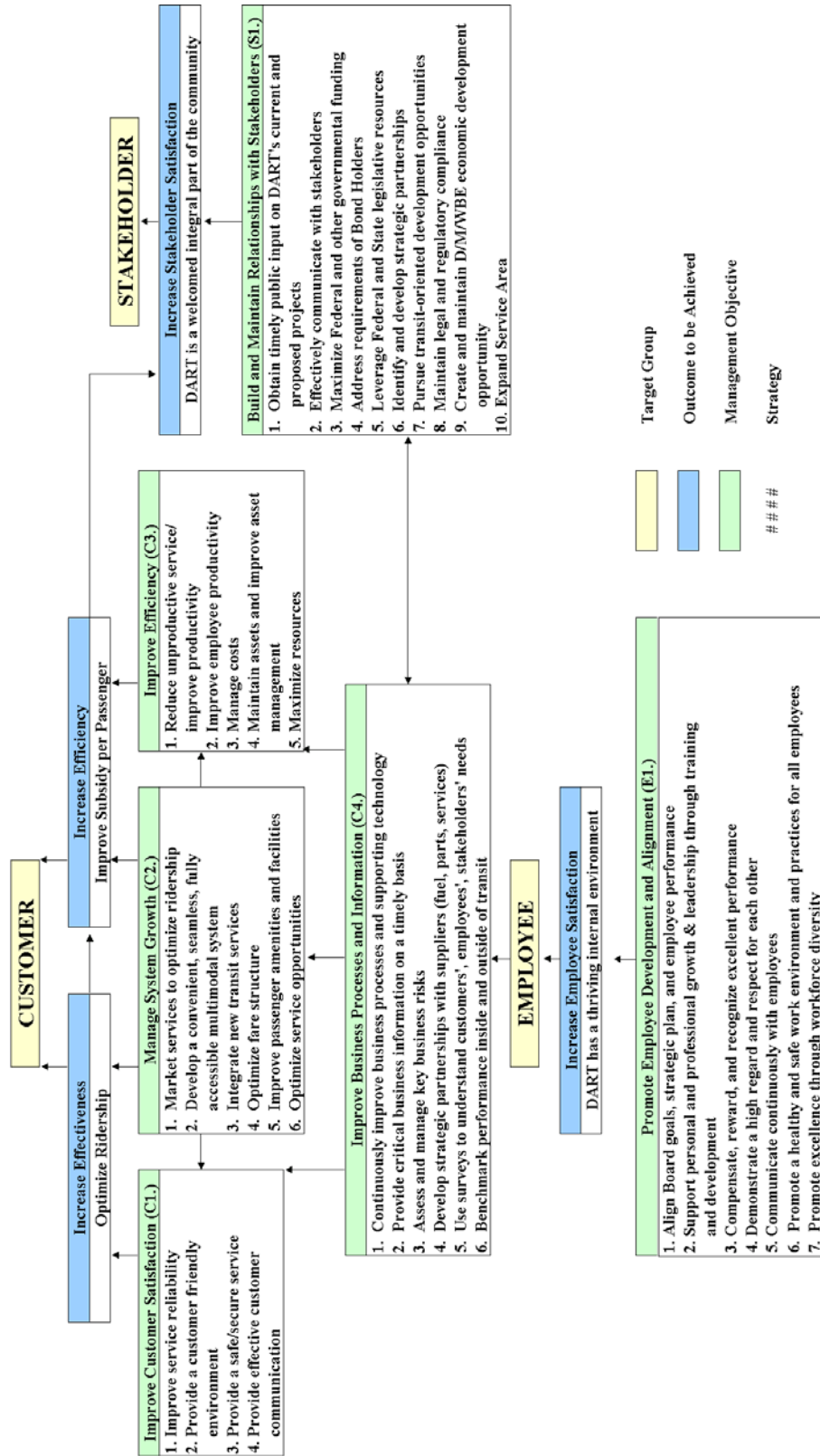
Strategic Plan – The Board's mission, goals, and policy direction are integrated with the other feedback discussed above to develop and update the Strategic Plan and Business Plan. The Strategic Plan is shown in Exhibit 1.5.

The Strategic Plan identifies the key initiatives that must be completed to achieve the Board's goals and the Agency's vision of success. Management developed a leadership system whereby strategy and performance measurement drive the achievement of results and are the basis for the creation of the Business Plan. The Strategic Plan identifies what needs to be accomplished; the Business Plan defines how management intends to achieve it. The key to success is the development of performance indicators or "scorecards" that inform management how well the initiatives are working.

Exhibit 1.6 highlights DART's major strategic performance measurements that are used in the Agency-wide, modal, and departmental scorecards. The leading indicators are the key financial, operational, and employee performance drivers that, if achieved, will yield improved Agency-wide performance. Measurement definitions are included in Exhibit APX.6.

Management's goal is to develop business and information systems that provide critical information regarding the leading indicators to key personnel so corrective or preventive action can be taken as soon as possible. The lagging indicators are more traditional in nature and typically are not available until after month-end. They measure results but do not drive performance.

Exhibit 1.5
**Dallas Area Rapid Transit
 Strategic Plan**





**Exhibit 1.6
Strategic Performance Measurements**

Management Objectives	Key Leading Indicators	Key Lagging Indicators
Customer Focus		
C1 - Customer Satisfaction	<ul style="list-style-type: none"> * On-time performance * Accidents per 100k miles * Complaints per 100k passengers * Call abandonment rates/service levels * Response time * Miles between road calls * Missed trips 	<ul style="list-style-type: none"> * Ridership * Passengers per mile/hour * Customer satisfaction surveys
C2 - Manage System Growth	<ul style="list-style-type: none"> * Revenue miles/hours * Actual schedule vs. plan for system expansion 	<ul style="list-style-type: none"> * Ridership * Passengers per mile/hour * Customer satisfaction surveys
C3 - Improve Efficiency	<ul style="list-style-type: none"> * Operator lost time claims * Unscheduled absences * Pay-to-platform ratio * Average system speed * Deadhead ratio * Timely replacement of assets 	<ul style="list-style-type: none"> * Subsidy per passenger * Administrative ratio * Sales taxes for operations * Unused financing capacity
C4 - Improve Business Processes and Information	<ul style="list-style-type: none"> * Cycle time/process measurements * Project implementation vs. plan * Benchmark comparisons 	<ul style="list-style-type: none"> * Sales taxes for operations * Administrative ratio
Internal Focus - Employee		
E1 - Promote Employee Development and Alignment	<ul style="list-style-type: none"> * Employee verbal feedback * Number of grievances * Corrective disciplinary actions * Retention/absenteeism 	<ul style="list-style-type: none"> * Employee satisfaction survey
External Focus - Stakeholder		
S1 - Build Relationships with Stakeholders	<ul style="list-style-type: none"> * Complaint/commendations * Press clippings 	<ul style="list-style-type: none"> * Climate satisfaction survey * Completion of TSP commitments * Joint development created

Business Plan – The Business Plan is the Agency's written document that outlines DART's performance projections and commitments for each mode of service and the Agency as a whole. The Plan includes five-year "scorecards" showing two past years, the current budget year, and forecasts for the next two years. The scorecards address key operating, financial, and quality measures and identify the work program (i.e., initiatives) necessary to improve performance and scorecards of projected passenger and subsidy per passenger targets.

The Strategic Plan and the events and initiatives contained in the Business Plan are the basis for the FY 2009 Annual Budget and the FY 2009 Twenty-Year Financial Plan and for measuring management and employee performance. Executive management monitors key scorecard elements and work program initiatives on a monthly and quarterly basis. Exception reporting for key scorecard elements is provided to the Board on a quarterly basis in a green/yellow/red format. For more information on performance reporting, readers should obtain a copy of DART's Quarterly Operating and Financial Performance Report.



Employee Performance

A critical part of DART's leadership system is the link between the Business Plan and employee performance. DART's Senior Management Team (assistant vice-presidents and above) is held accountable for achieving or exceeding the operating, financial, and quality targets established in the Business Plan at the Agency-wide and modal levels.

Scorecards and work programs are developed, and they cascade down from the Agency-wide and modal levels to the department and division levels. Scorecards at the department and division levels tend to focus more on internal process measurement. Continuous process improvement is one of the Agency's core values and therefore a major theme for management.

The work program elements necessary to improve performance at all levels are then incorporated into individual employee Performance Management Plans (PMPs). Some PMPs may be homogeneous for an entire group and will focus on achieving the expected business results for that section (such as claims processing). Other PMPs will be project specific (or work program specific) and linked directly back to the specific initiatives in the Strategic Plan.

Salaried employees review their performance with their supervisors at least two times per year to ensure that schedules are being maintained and targets are being achieved. Exceptions are noted and adjustments are made to schedules. Management places a significant amount of weight on achieving the performance expectations shown in the scorecard. The Agency uses pay-for-performance merit increases, a lump-sum bonus plan, and other incentive programs to reward employees (or groups of employees) who achieve their objectives.

Business Planning Process

Exhibit 1.7 highlights the standard business planning compilation and approval process used at DART.

Exhibit 1.7 Standard Business Plan Development Schedule	
Date	Description
	Management reviews Strategic Plan every three years
Dec – Feb	Management reviews and makes recommendations for changes to Financial Standards
Feb – Mar	Board reviews and approves Financial Standards
May – Jul	Staff develops Business Plan (which includes the Annual Budget and Twenty-Year Financial Plan) for following year
Jul	Staff presents proposed Budget and Twenty-Year Financial Plan to Board
Aug	Board approves issuance of Budget and Twenty-Year Financial Plan to Member Cities
Sep	Member Cities provide input
Sep	Board approves Budget and Twenty-Year Financial Plan



DART takes a top-down approach to business planning. The approach begins with the Board-approved Financial Standards which establish parameters within which management must operate. Targets are established, maintained, and highlighted throughout the document.

Annually, management reviews the Strategic Plan, performs an environmental scan, determines projected funding levels, and establishes expected performance levels for the next several years. Next, the Board reviews the Financial Standards to determine that the business objectives are appropriate based on input from management.

Typically, the Board reviews projected business and financial results, including proposed new operating and capital programs, beginning in May and June. Departmental targets are set based on projections from the Twenty-Year Financial Plan and other known factors or programs (e.g., increase in health care or fuel costs). Based on the direction of senior management, departments prepare detailed budgets for each of their cost centers within those targets. The hearing provides an opportunity for the department head, the Executive Vice President, the President/Executive Director, and the Budget Office to discuss the respective budgets as well as any changes. All new proposed programs are evaluated for effectiveness and efficiency.

The Finance Department then compiles the numbers, coordinates work programs to achieve strategies, and publishes the Business Plan, including the Annual Budget and Twenty-Year Financial Plan, for the legislatively-required 30-day comment period by DART's member cities. The Board performs additional reviews in August and September, as necessary, before it approves the Budget and Twenty-Year Financial Plan in late September. DART's legislation does not require public hearings on the Budget or Twenty-Year Financial Plan.

Capital Budgeting – DART's capital budgeting processes are focused on ensuring that DART spends its available capital dollars on projects that provide the most benefit to the Service Area and are done in the most cost-effective manner possible. Capital projects are prioritized based on the following criteria:

- Compliance with government regulations;
- Safety-related;
- Interlocal Agreement (ILA) or other prior commitment;
- Required to maintain existing infrastructure;
- Cost effectiveness.



Many dimensions of each project must be submitted with the project request, including:

- Consequences of not doing the project;
- Potential ridership generated;
- Effect of the project on Customers, Stakeholders, and Employees;
- Compliance with long-range plans of the Agency, such as the Strategic Plan, Transit System Plan, Twenty-Year Financial Plan, Information Technology Plan, etc.;
- Time criticality;
- Life-cycle cost including capital expenditures, operating and maintenance expenses, and revenue generation in comparison with current operations;
- Other potential alternatives to the proposed project and associated life-cycle costs of each alternative; and
- Concurrence from all affected departments.

For certain classes of expenditures (primarily infrastructure maintenance), discrete projects cannot be specifically identified or the timing of equipment replacement cannot be accurately determined (run-to-failure equipment). In these cases, capital reserves are established in the Twenty-Year Financial Plan for each capital project category based on historic spending patterns and projected levels of new work (see *Financial Plan* section). These reserves act as placeholders for anticipated future capital expenditures. Once a specific project is identified that relates to a particular reserve, that project is given its own unique identification number, and the reserve is reduced accordingly.

Budget and Financial Plan Approval and Amendments

The Board generally approves two resolutions prior to the start of each new fiscal year (see APX.1). The Board approves Operating Expense, Capital, and Net Debt Service budgets in one resolution and requires a simple majority for approval. The Twenty-Year Financial Plan is approved in a second resolution and requires an affirmative vote of two-thirds of the Board Members for approval.

Any major change to the Twenty-Year Financial Plan that occurs outside of the normal approval schedule requires a Financial Plan Amendment. A major change is defined as when DART's share of a new operating program or increase to an existing operating program is in excess of \$500,000 per year; or, when DART's share of a new capital program or the cumulative addition to an existing capital program is in excess of \$1 million (see APX.2, FS-G9). These changes require the affirmative vote of two-thirds of the number of appointed and qualified members of the Board.



Budget Basis and Presentation of Amounts and Years

DART's Annual Budget and Twenty-Year Financial Plan are presented in the same format as our audited financial statements, but do not include depreciation, amortization of Federal grants, or the interest income and interest expense from leveraged lease transactions. Each of these non-cash transactions, however, is incorporated into the projected balance sheet included in APX.5.

Schedules are presented and rounded to millions and/or thousands (as indicated), but are based on actual raw numbers. Consequently, certain schedules may not tie exactly or add due to rounding. In some cases, prior years' numbers have been restated to conform to the current year's format. All schedules are in fiscal years unless otherwise stated.

Related Reports

Several related reports are referenced in this document. Readers may wish to refer to these for a more comprehensive understanding of DART's plans and operations. These documents may be obtained from DART's Finance or Planning Departments.

Transit System Plan – provides detailed discussions of light rail, commuter rail, and HOV construction and service schedules, Intelligent Transportation Systems, and General Mobility commitments and time phasing.

Five-Year Action Plan – provides detailed discussions of DART's plan to increase bus and rail ridership through service improvements for a five-year period.

Quarterly Operating and Financial Performance Reports – provide updates on management's progress against financial and operating projections for the current year and provide status reports on ridership, planning, and capital projects in progress.

Acronyms

Exhibit APX.7 in the Appendix is a description of acronyms used in this report.



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Business Plan Summary

Background

Based on management's initiatives to focus on DART's core business and the Board's FY 2008 goals, the FY 2009 Budget provides for:

➤ **Build-Out**

- Opening Green Line extension from Downtown Dallas to Fair Park in late FY 2009
- Continuation of remainder of LRT Phase II construction, design, and planning
- Integration of new super light rail vehicles and Vehicle Business System technology

➤ **Safety/Security**

- Installation of surveillance cameras aboard additional buses and light rail vehicles
- Installation of additional surveillance cameras at Light Rail Stations
- 52 additional police positions

➤ **Customer Satisfaction/Increased Ridership**

- Parking lot expansion projects at Park-and-Ride locations
- Increased capacity on Blue Line with super light rail vehicle (SLRV) deployment
- Enhanced TRE service
- Enhanced safety and security initiatives
- Ridership Development Team
- Communications initiatives
- Deployment of bicycle racks on buses

➤ **System Equity**

- Achieve 32% overall M/WBE participation rate on Agency contracting
- Replacement of Starter System Ticket Vending Machines (TVMs)
- High quality maintenance of passenger facilities
- Increased frequency of vehicle interior and exterior cleaning
- Focused, direct outreach program for upcoming solicitations



➤ **New Revenue Streams**

- Evaluate opportunities for other funding sources and partnerships
- Pursue grants and other funding sources
- Pursue opportunities for mineral rights and pipeline revenues

Business Plan Format

The Agency's goals and Strategic Plan are based on satisfying the needs of three key groups: DART's customers, employees, and stakeholders (i.e., taxpayers and elected officials). The FY 2009 Business Plan ("FY 2009 Plan") has been organized in a similar format. *Sections 3-7* cover DART's strategic business units or modes (bus, light rail transit, commuter rail, paratransit services, and HOV/general mobility). These sections address DART's plans to become more effective and efficient and to provide higher quality services. *Section 8* includes variance explanations between the FY 2009 Annual Budget and the prior year, while *Section 9* covers the FY 2009 Twenty-Year Financial Plan and affordability of long-range System Plan commitments.

DART Key Performance Indicators

Exhibit 2.1 is the DART Scorecard of Key Performance Indicators (KPIs). Fiscal Years 2006 through 2008 are the actual values while Fiscal Years 2008 through 2010 are the budget and projected values. Each of these indicators is discussed in more detail in this report.

Exhibit 2.1 - DART Scorecard of Key Performance Indicators						
Strategic Priority - Agency						
KPI Measure	FY06A	FY07A	FY08 A	FY08B	FY09B	FY10P
Ridership						
Total System (M)	102.9	103.8	116.9	109.3	118.9	116.7
Fixed Route (M)	65.7	65.1	67.4	66.8	68.8	66.0
Efficiency						
Subsidy Per Passenger - Total System	\$2.63	\$2.64	\$2.50	\$2.70	\$2.65	\$2.87
Subsidy Per Passenger - Fixed Route	\$3.60	\$3.67	\$3.73	\$3.82	\$3.96	\$4.43
Administrative Ratio	8.0%	8.3%	8.2%	8.5%	8.3%	7.9%
Service Quality						
On-Time Performance - Bus	91.3%	89.9%	92.0%	95.0%	92.0%	92.0%
On-Time Performance - LRT	96.8%	97.0%	96.6%	98.0%	97.5%	97.5%
On-Time Performance - TRE	98.5%	97.1%	97.8%	97.0%	97.0%	97.0%
Customer Satisfaction						
Complaints Per 100k Passengers - Fixed Route	44.1	38.2	40.0	38.3	37.0	40.0
Complaints Per 100k Passengers - Bus	55.3	50.1	52.5	50.0	50.0	51.0
Complaints Per 100k Passengers - Light Rail	14.3	13.2	15.3	13.5	13.5	14.5
Complaints Per 100k Passengers - TRE	7.4	5.2	5.2	6.0	5.5	6.0
Managed Growth						
Sales Tax for Operations	70.9%	63.2%	65.0%	64.9%	66.1%	67.4%

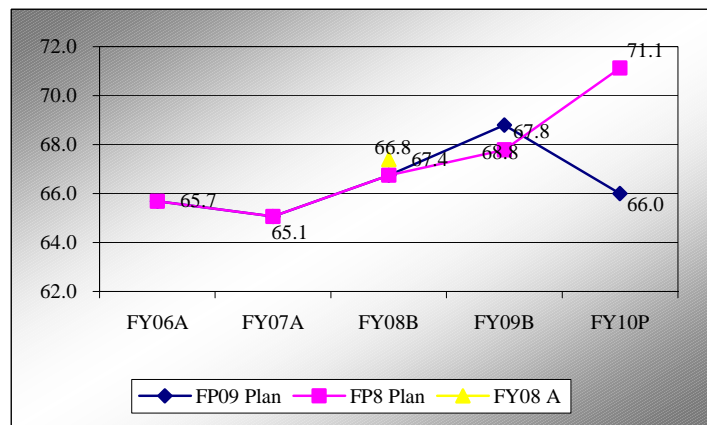


Focus on the Customer – DART’s First Priority

The Board's first goal is to improve the quality, effectiveness, and efficiency of the system. Effectiveness is achieved by increasing ridership and the number of passengers carried for each mile operated. Efficiency is achieved by minimizing the net cost to move those passengers (i.e., subsidy per passenger).

Effectiveness: Fixed-Route Ridership Projected to be 68.8 Million in FY 2009 and Total System Ridership Projected to be 118.9 Million – Exhibit 2.2 illustrates the ridership projections for fixed-route service. Fixed-route service includes bus, light rail, and commuter rail. Ridership information is based on unlinked passenger trips (i.e., each time a person boards a vehicle). The projected downturn in ridership in FY 2010 anticipates the impact of a fare increase in the first quarter of the fiscal year.

**Exhibit 2.2
Fixed-Route Ridership**



Total system ridership (Exhibit 2.3) includes the fixed-route ridership previously discussed, as well as paratransit services, vanpool, and HOV ridership.

**Exhibit 2.3
Total System Ridership – All Modes**

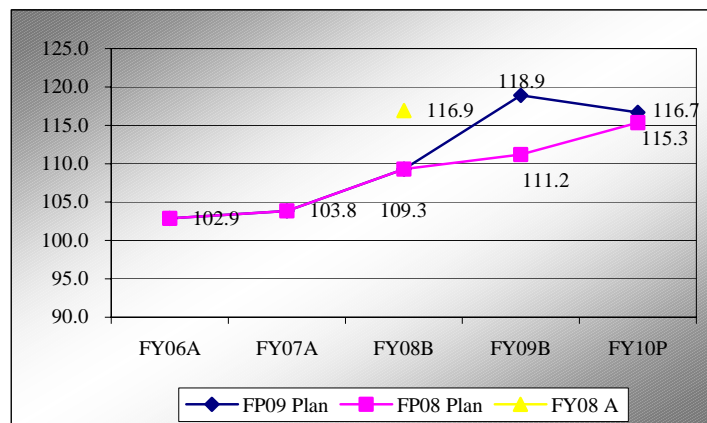
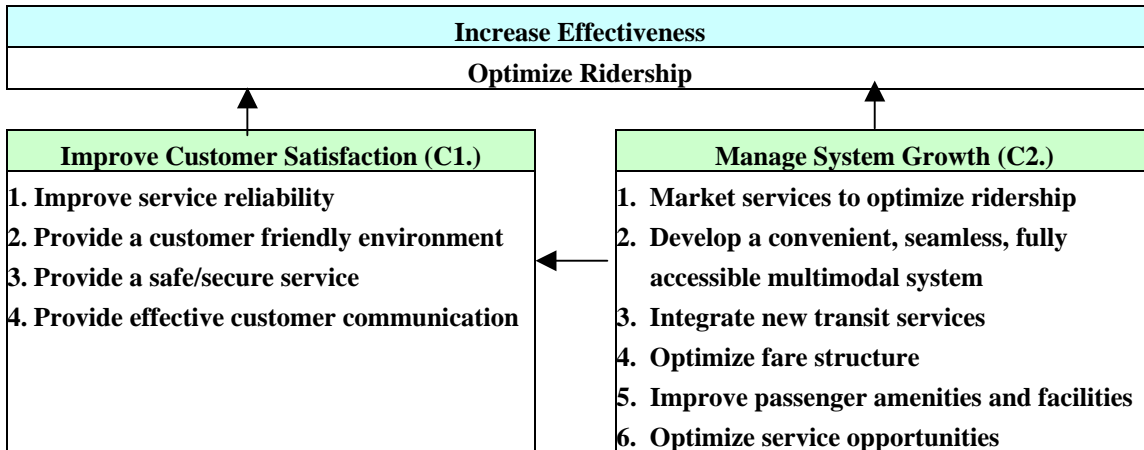


Exhibit 2.4 is the section of DART's Strategic Plan that highlights the two management objectives and ten strategic initiatives related to increasing ridership.

**Exhibit 2.4
Strategic Initiatives to Increase Ridership**

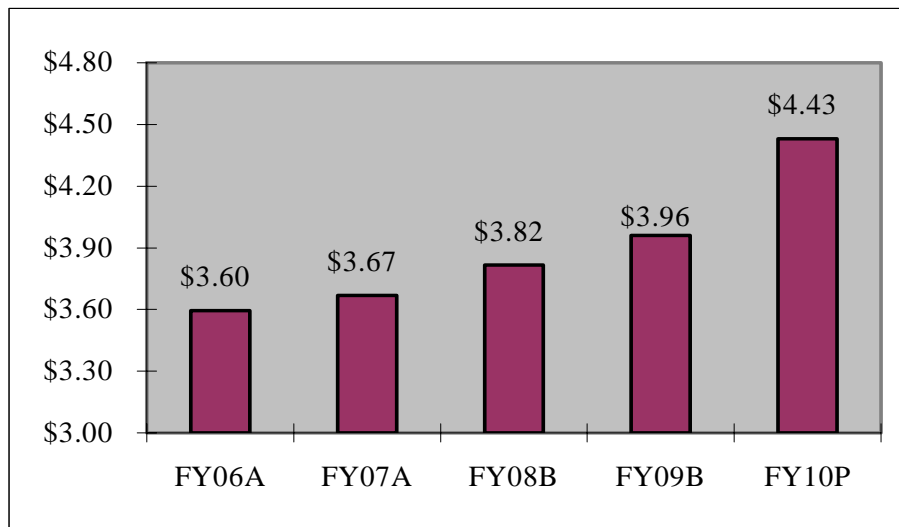


Base fixed-route ridership (which excludes ridership from the openings of additional LRT line segments) is projected to increase approximately 1.5% per year over the next 10 years due to regional population growth, higher employment densities around stations, and management's focus on strategies C2.1, C2.4, and C2.5. These strategies provide for a convenient, seamless, fully accessible multimodal system, concentrated marketing efforts, and improved passenger amenities and facilities. Additionally, management will focus on strategic initiatives C1.1 through C1.4, stressing service quality to retain new riders once they try the system. DART's quality improvement initiatives are discussed in the modal sections.

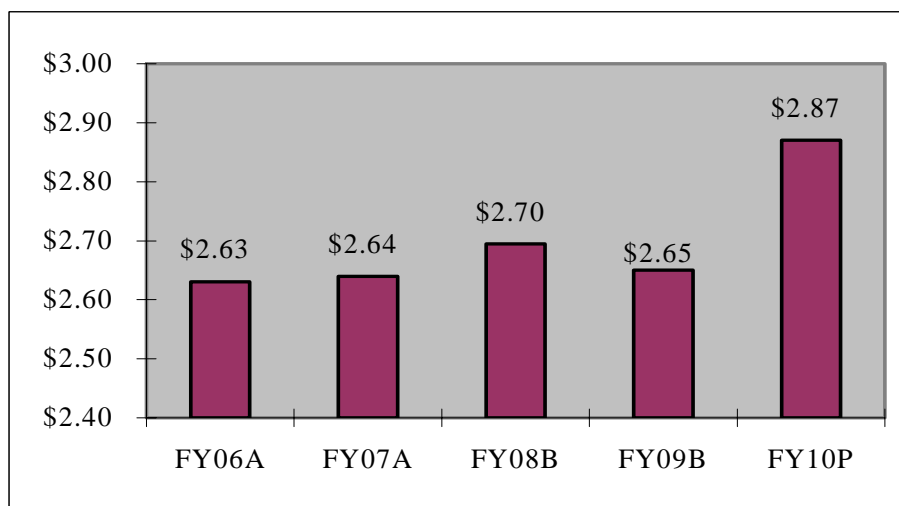
Fare increases are programmed into the Financial Plan generally every 5 years. The last increase was at the beginning of FY 2008. In response to rising fuel prices, an additional fare increase is programmed into the FY 2010 Twenty-Year Financial Plan. Each fare increase does have the effect of dampening ridership growth.

Efficiency: Subsidy per Passenger – Subsidy per passenger is defined as operating expenses less operating revenues divided by passenger trips. Exhibits 2.5 and 2.6 compare the projections for fixed-route and system-wide subsidy per passenger. The changes are more fully discussed in the modal sections.

**Exhibit 2.5
Subsidy per Passenger – Fixed-Route**



**Exhibit 2.6
Subsidy per Passenger – All Modes**



Fiscal Year 2010 shows a significant increase in subsidy per passenger, despite a proposed fare increase. This is somewhat counterintuitive. It is the result of the fact that the projected downward impact to ridership is a higher percentage than the reduction to net expenses (operating expenses less operating revenues). This highlights the fact that while these types of ratios are important to understanding the overall effectiveness of the Agency, managing strictly by these ratios can lead to some incorrect business decisions.

Exhibit 2.7 highlights the two management objectives and eleven strategic initiatives designed to improve subsidy per passenger. Management's focus over the next year will be to increase ridership, contain costs, and maximize DART's revenue sources. These strategies are discussed in more detail in the modal sections.

Exhibit 2.7 Strategies to Improve Subsidy per Passenger

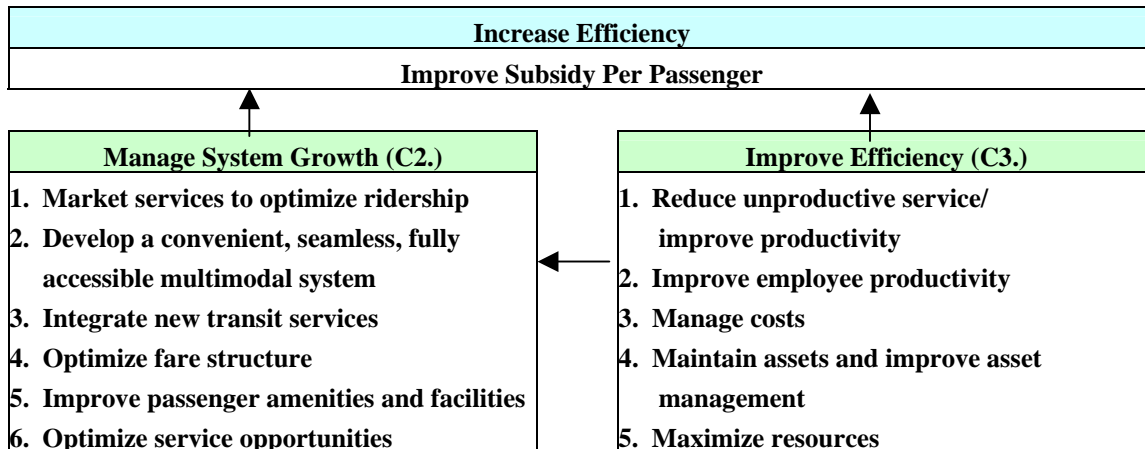


Exhibit 2.8 compares subsidy per passenger by mode. Related discussions may be found in the modal sections.

Exhibit 2.8 Subsidy Per Passenger Comparison

Mode	FY06A	FY07A	FY08B	FY09B	FY10P
Bus	\$3.83	\$3.70	\$3.82	\$4.13	\$4.52
LRT	3.01	3.18	3.40	3.11	3.74
TRE	6.53	6.57	6.85	7.49	8.74
Total Fixed Route	\$3.60	\$3.67	\$3.82	\$3.96	\$4.43
HOV	\$0.14	\$0.14	\$0.21	\$0.19	\$0.19
Paratransit	43.96	43.79	44.20	42.51	42.37
Vanpool	0.56	0.56	0.41	0.74	0.66
Total System	\$2.63	\$2.64	\$2.70	\$2.65	\$2.87

Section 3
Customer Focus – Bus
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Customer Focus – Bus

Overview

This section examines DART's strategic initiatives to improve the quality, efficiency, and effectiveness of the bus system. Each initiative is linked to the Strategic Plan (Exhibit 1.5). A more detailed description of long-term strategies for improving bus service is contained in Section 6.3 of DART’s 2030 Transit System Plan.

DART’s fixed-route bus service operates from three DART-owned facilities: East Dallas, Northwest, and South Oak Cliff. DART operates a total of 674 buses and maintains a contingency fleet of 54 buses.

In addition to buses, DART maintains extensive passenger amenity and facility infrastructure including approximately: 12,500 bus stops, 765 bus shelters, 1,500 benches, 15 transit centers, 2 passenger transfer locations, 22 enhanced shelters, 35 rail platforms, 5 commuter rail stations, 100 information pylons, and all operating divisions and corporate offices, for a total of approximately 35 million square feet.

Bus Scorecard – Key Performance Indicators

Exhibit 3.1 highlights the Bus Key Performance Indicators (KPIs) presented in scorecard format. Fiscal years 2006 through 2008 indicate actual values, while figures for fiscal years 2008 through 2010 represent the budget and projected values.

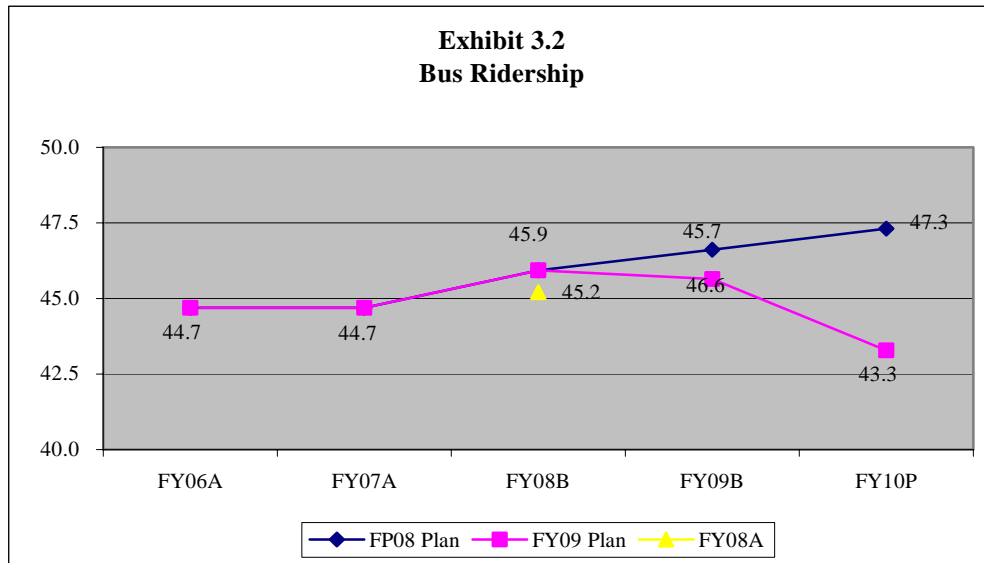
Exhibit 3.1						
Bus Scorecard - Key Performance Indicators						
Indicators	FY06A	FY07A	FY08A	FY08B	FY09B	FY10P
Customer/Quality Indicators						
Fixed Route Bus Ridership (M)	44.7	44.7	45.2	45.6	45.4	43.0
Charter Ridership (M)	0.3	0.2	0.2	0.3	0.3	0.3
Revenue Miles (M)	27.4	27.1	27.4	27.4	31.7	31.7
Passengers per Mile	1.64	1.66	1.66	1.68	1.44	1.37
Complaints per 100k passengers	58.5	50.1	52.7	50.0	50.0	50.0
On Time Performance	91.2%	89.9%	92.0%	95.0%	92.0%	92.0%
Mean Distance Between Service Calls	5,134	4,572	6,592	5,051	6,772	6,975
Veh. Accidents Per 100k Miles	1.77	1.77	1.75	2.00	1.76	1.76
Financial/Efficiency Indicators						
Revenues (M)	\$29.8	\$30.4	\$41.0	\$38.1	\$37.7	\$45.4
Expenses - Fully Allocated (M)	\$194.5	\$195.8	\$216.7	\$213.6	\$225.0	\$239.7
Net Subsidy (M)	\$164.7	\$165.5	\$175.7	\$175.5	\$187.3	\$194.4
Subsidy Per Passenger	\$3.66	\$3.70	\$3.89	\$3.82	\$4.13	\$4.52
Cost per Revenue Mile	\$7.11	\$7.22	\$7.92	\$7.81	\$7.10	\$7.56



Bus Ridership Trends

After the economic recession that began the decade, consistent increases in bus ridership began in January 2005 and continued through FY 2007 and FY 2008. The upward trend coincided with DART’s five-year, cross-departmental ridership development program. It was given a strong upward push by the surge in fuel prices that began in August 2005 and again in 2007 and 2008.

Exhibit 3.2 provides an overview of bus ridership. Fiscal years 2006 and 2007 indicate actual values, while figures for fiscal years 2008 through 2010 represent the budget and projected values. We have also included the FY08 actual ridership.





Use Surveys to Understand the Needs of Customers, Employees and Stakeholders (Strategy C1)

DART evaluates and monitors customer satisfaction in five areas: service, operation, safety, maintenance, and communication. Exhibit 3.3 is a comparison of the October 2006 and August 2008 Customer Satisfaction Surveys.

Exhibit 3.3 Customer Satisfaction Survey Comparison		
Category	October 2006	August 2008
Service		
DART riders are generally satisfied	90%	94%
Riders find service better than last year	79%	87%
Riders would recommend DART to others	85%	98%
Operation		
Riders find buses running on time	77%	86%
Riders find DART Rail trains running on time	84%	95%
Riders have experienced pass-bys	54%	61%
Riders make transfers on time	79%	90%
Riders find operators courteous	84%	89%
Safety/Security		
Riders find DART operators driving safely	89%	93%
Riders feel safe at bus stops and rail stations	78%	87%
Riders feel safe at transit centers and park and rides	79%	87%
Riders feel safe on buses	86%	92%
Riders feel safe on trains	85%	91%
Riders see DART Police on Trains	61%	78%
Riders see uniforms as adding sense of security	84%	88%
Maintenance		
Riders find buses clean	69%	79%
Riders find trains clean	79%	87%
Riders find DART facilities clean	84%	88%
Ridership Trends		
Riders make transfers	75%	81%
Riders begin their trips at a transit center or rail station	73%	77%
Riders take DART more than three times a week	93%	93%
Riders use DART to get to work	90%	92%
Riders have a car available	64%	74%
Riders use DART during rush hour	90%	91%
Communication		
Riders find the DART Customer Information Center staff answering calls promptly	74%	90%
Riders find bus schedules readable	90%	92%
Riders find adequate notification of service disruptions	---	82%



Support the First Phase of System Build-out (Strategies C1; C2; C3)

Service will be initiated on the first section of the Green Line between M.L. King Station and Victory Station in September 2009. Bus service in the South Dallas and East Dallas areas served by this section of the Green Line will be restructured to enable passengers to connect to the new rail stations.

While this initial rail opening will not have a significant impact on the bus system as a whole, preparations will begin in FY 2009 for the major system changes that are planned for December 2010 when the remaining sections of the Green Line are scheduled for service implementation. The bus system modifications that will accompany the December 2010 Green Line opening are expected to be the most significant one-day change in DART's history. Significant portions of the bus route network in Pleasant Grove, South Dallas, Northwest Dallas, Farmers Branch, and Carrollton will be modified from a radial structure to a feeder route network, tying into the new Green Line stations. In addition, new crosstown express routes are planned to provide high quality transit connections between the radial rail corridors. Apart from the significant changes in our transit network, we will also introduce new buses and a new radio communications system.

In order to prepare for these significant system changes, modifications will need to be made to our existing training programs, standard operating procedures, service recovery strategies, and field supervisor deployment plans. Many of these management and process changes will be planned and implemented during FY 2009 in preparation for the system changes in 2010.

Ridership Development Action Plan (Strategies C1; C2; C3)

Ridership development continues to be a major area of focus in FY 2009. Strategies to increase ridership on the Bus Mode are aimed at retaining current riders, bringing new riders into the system, managing ridership growth caused by fuel price increases, and encouraging rail passengers to use bus feeder services rather than accessing stations through personal vehicles.

Fiscal Year 2008 saw significant ridership growth for portions of DART's bus service. Express and shuttle bus ridership grew as new customers sought alternatives to steadily increasing fuel prices. For FY 2009, DART will work to maintain and build upon this ridership growth, adjusting services to meet the demand of new customers.

DART's market research continues to point to a significant level of "turnover" in the composition of bus ridership on an annual basis. As new riders are attracted to the system, we also experience attrition among existing riders. This attrition is tied to a number of factors, including changes in residence, changes in employer or employment location, changes to the transit network, or dissatisfaction with service levels or service quality. Apartment tear-downs and redevelopment have had significant recent impact upon ridership levels in certain areas. Strategies that reduce the level of rider attrition within the system will result in overall ridership increases. In addition, the opening of initial sections of the Green Line service late in FY 2009 will trigger the start of a series of bus service realignments aimed at improved bus/rail connectivity.



FY 2009 Strategies for Ridership Development fall into eleven major categories:

- Bus Service Restructuring
- On-Time Performance Initiatives
- Complaint Reduction/Customer Satisfaction Initiatives
- Employee Engagement Initiatives
- Employee Satisfaction Focus
- New Marketing and Promotion Initiatives
- New Equipment and Facilities
- On-Street Bus Facilities Program
- Bus Replacement Schedule
- Service Standards Revisions
- Systemwide Accessibility Initiative

Bus Service Restructuring

- Bus service levels will remain flat in FY 2009 compared to FY 2007 and FY 2008 levels. Ridership levels increased in 2008, and are forecast to increase again in FY 2009, placing additional pressure on capacity in parts of the bus system. Several express bus routes have seen particularly strong ridership growth. Much of the focus of service changes for FY 2009 revolves around managing this growth, replacing under-performing services with alternatives such as Flex service, and using the resources to supplement service on routes exhibiting strong growth trends.
- February 2009 services changes will include a number of service changes in Plano, following a service review conducted in FY 2008. Changes include replacement of several routes with Flex service, realignment to improve connectivity in the Legacy area, and enhancement of services in the Telecom Corridor area in Southeast Plano. Service changes are also designed to begin to address a growing Seniors market in Plano.
- In late FY 2009, the first phase of Green Line light rail service will open, accompanied by the first phase of associated bus service changes. Bus feeder plans – which will be finalized during early FY 2009 – are designed to improve rail/bus connectivity, reduce or eliminate duplication of service, and improve overall system performance.

On-Time Performance Initiatives (Strategy C1.1)

- A cross-departmental On-Time Performance Task Force has been created to develop plans to enhance bus on-time performance and reduce the number of timeliness complaints that DART receives. Key elements of those plans include:



- Adjusting bus schedules to provide adequate runtime and recovery time.
- Equipping field supervisor vehicles with mobile data computers (MDCs) that will reduce unproductive office time and increase the amount of time in the field for each employee, as well as provide the field supervisor with up-to-date information from DART's Trapeze Operating Software and upgraded Automatic Vehicle Location (AVL) System.
- Modifying work assignment procedures to improve the consistency of operators working the same assignment throughout the week – affording a more consistent service for the customer.
- Utilizing the upgraded Automatic Vehicle Location System to improve the monitoring and real-time service management of bus on-time performance, as well as providing critical information for complaint resolution and improved scheduling.
- Providing clear and timely information to customers regarding DART's operating policies and service schedules as well as service delays.

Complaint Reduction/Customer Satisfaction Initiatives (Strategy C1)

- New criteria for the recruitment and selection of bus operators have been implemented that emphasize customer service experience and reduce the emphasis on commercial driving experience. Ongoing enhancements to the recruitment and selection of bus operators will continue into FY 2009.
- Bus Operator training curriculum has been significantly revised to focus on customer service skills training. In addition, a Customer Service training class has been developed to retrain operators who are experiencing an excessive number of “discourteous” or “unacceptable conduct” complaints.
- A Mystery Rider Program has been implemented to provide for service quality monitoring and to target those service delivery issues that can only be observed while riding on the vehicle.

Employee Engagement Initiatives (Strategies C1; E1)

- The Division Level Measurement Program is a measurement, reporting, and improvement system. The program has been implemented for all departmental areas with hourly employees, including: three Bus operating divisions; the Rail Division; Materials Management; Central Support; Transit Center Operations; Customer Service; Paratransit Scheduling; and HOV Operations. This initiative provides feedback to all team members about how their division is performing in key areas – which they have some ability to impact – and increases employee ownership in the organizational goals (Key Performance Indicators [KPIs]).



Through the Division Level Measurement Program, scorecards tailored to each operating division are posted monthly to provide feedback on performance to front-line staff. Targeted performance levels are established at the division level and a formal recognition program celebrates success in achieving established performance targets. Problem-solving teams that include front-line employees, division management, and support personnel from other DART departments focus on developing and implementing strategies to improve division performance while managing incremental costs.

Beginning in FY 2008, the Division Level Measurement Scorecards became a central element of a new hourly employee performance incentive program. Participants can receive a team award, based on the performance of their Division relative to the Scorecard as well as an individual award based on their meeting safety and procedure compliance criteria.

Employee Satisfaction Focus (Strategy E1)

- The Transportation Department initiated an annual Transportation Employee Satisfaction Survey in FY 2008. Approximately 30% of employees participated in the survey, which included questions on general job satisfaction, quality of the work environment, and perceptions about management. Strategies have been developed to focus on making improvements in those areas that employees have cited as falling below their expectations.

New Marketing and Promotion Initiatives (Strategies C1.2; C2.4)

- Major marketing efforts for FY 2009 will focus on initiatives to build ridership to meet the Board's goal of a 3% fixed route ridership increase through the following ridership development initiatives:
 - A major media campaign will focus on the benefits of riding DART and also highlight current DART security initiatives. In addition, communications will be developed to inform our riders, stakeholders, and affected parties of the build-out and opening of the new Green Line and associated construction impacts.
 - Other marketing and promotion initiatives will include special event marketing including participation in more than 125 events in FY 2008 including the Texas State Fair, and Mavericks and Stars games, to name a few.
 - Another major initiative that will continue in FY 2009 targets diversity/segment marketing to the African American, Hispanic, Asian, and Seniors markets. Elements include targeted monthly advertising to specific segments, partnering with key media on promotional opportunities, roundtable discussions, educational outreach, and targeted collateral/web pages in various languages.
 - Promotion of DART's employer programs will continue as well in FY 2009. Specific programs will be improved and expanded. In addition, DART will continue its partnership with the North Texas Clean Air Coalition by participating in the Ozone Season Incentive Program.



New Equipment and Facilities (Strategy C2.5)

- Deployment of Bicycle Racks on Buses and Super Light Rail Vehicles (SLRVs) – A North Central Texas Council of Governments (NCTCOG) grant will be used to equip DART's bus fleet with bicycle racks and, as part of the conversion of the existing LRVs to Super Light Rail Vehicles (SLRV), the low-floor section of each SLRV will be equipped with bicycle hangers near each of the two doors in order to increase the level of bicycle/transit commuting within the DART System. This process should be completed during FY 2009.
- Park-and-Ride Enhancement – Significant growth in rail and express bus ridership has led to a growing parking demand at many DART facilities. In early FY 2009, DART will conduct a high-level review of parking strategies. Parking expansions at Parker Road Station, Bush Turnpike Station, and the Glenn Heights Park & Ride should be completed during FY 2009.
- Communications Systems – A contract to replace all internal DART radio communications systems will be let during FY 2009. The equipment installed will replace aging obsolete radio communications equipment used by all operational work units; provide for integrated computer-aided dispatching (CAD) for bus; allow for interface of existing CAD systems in other departments, support critical inter-governmental agency disaster communications, improved voice and data reception, and substantial expansion to meet future needs through 2020.

On-Street Bus Facilities Program (Strategy C2.5) – This federally-funded on-street bus facilities program, formerly called the amenities program, includes installation of the following improvements:

- 234 new bench installations each year for the next five years, the majority of which will be new style metal benches with back, arm rests, and lumbar support.
- Replacement of 250, 22-year old brown shelters with new standard blue shelters in FY 2009 and the addition of 115 net new standard blue shelters each year thereafter.
- Addition of 31 new double/modular shelters over the next five years.
- Six additional enhanced and special design/CBD bus shelters annually at locations like Baylor Hospital and other on-street locations with over 1,000 daily boardings (an example of a special design CBD shelter is 912 Commerce, a cooperative project of Belo Corporation, DART, and McDonald's).
- Elm/Lamar Patron Plaza – Land has been purchased, and design is 100% complete. A \$374,000 federal grant has been secured, as well as capital contributions from the City of Dallas (\$50,000), Downtown Dallas, Inc. (\$10,000), and Cushman-Wakefield (\$10,000). Construction bids are due on October 30, 2008, with completion due in Spring 2009. Upon completion, trash pickup, litter control, and graffiti removal will be provided daily from 8 a.m. to 7 p.m. by Downtown Dallas, Inc.
- Capital improvements associated with Bus Corridor and Bus Rapid Transit (BRT) programs.



Bus Replacement Schedule (Strategy C3.4) – Mechanical failures during operating hours can significantly impact on-time performance. The rate of failure is measured by "Mean Distance Between Service Calls" (see Exhibit 3.1). To minimize mechanical failures, DART continually strives to maintain an average fleet age of no greater than six to seven years while attempting to balance the remaining capital program commitments. The average age of the bus fleet is ten years in FY 2009. Management Strategy C3.4 (Replace assets on a timely basis) is important from both a cost and quality standpoint. Exhibit 3.4 is the current bus replacement schedule for the next eight years. During FY 2009, DART anticipates awarding a contract for purchase of the buses to be delivered through FY 2012. These new buses will feature low-floor design to allow for easy passenger boarding and to reduce dwell time. Some of the buses will be shorter in length (30') to support the circulator services supporting the opening of the additional LRT lines opening as early as the fourth quarter of FY 2009.

**Exhibit 3.4
Eight-Year Bus Replacement Schedule**

FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16
0	177	107	253	0	88	0	70

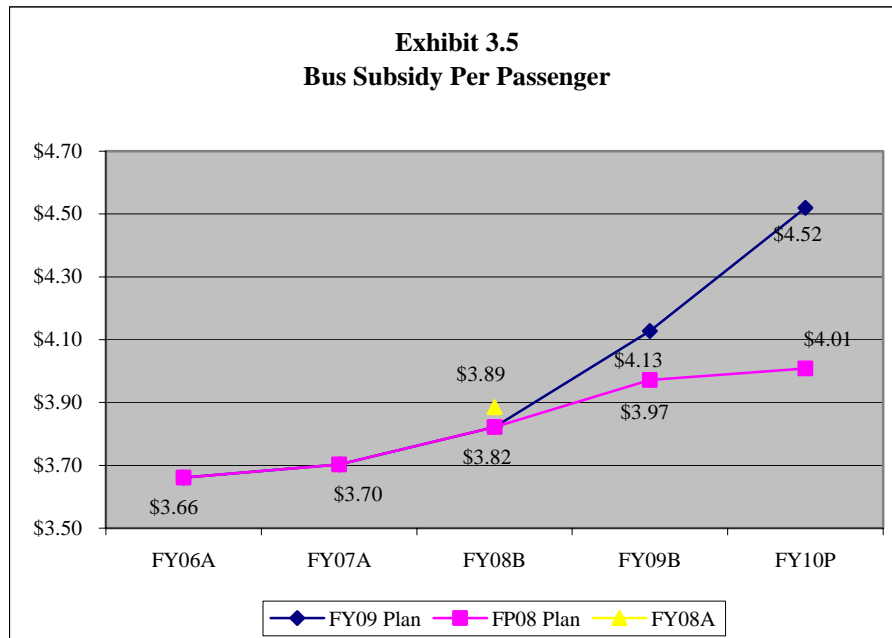
The total active bus fleet is projected to grow slightly to approximately 695 buses to coincide with the increase in the peak pull-out requirement of 579 buses throughout the term of this Plan.

Service Standards Revisions – DART Service Standards consist of Board-adopted policies governing planning and evaluation of fixed-route services, ensuring that DART services are provided in an efficient, effective, and equitable manner. With new service initiatives such as On-Call and Flex, the existing Standards are in need of revision. DART will conduct a major update of the Standards document during FY 2009, including new sections for the flexible service family and significant modernization of sections on bus stops and amenities.

Systemwide Accessibility Initiative (Strategy C2.2) – DART has committed to designing and operating transit services in a way that maximizes accessibility to the customers we serve, including the general public, seniors, people with disabilities, and others that may have special needs. In order to forward this commitment to accessibility, DART is completing work on development of a Systemwide Accessibility Plan, a document that describes accessibility issues and identifies potential improvements. In FY 2009, the Plan will be completed, followed by development of more detailed Action Plans for accessibility improvements in future years.

Subsidy Per Passenger

Exhibit 3.5 is a comparison of projected bus subsidy per passenger between the FY 2008 and FY 2009 Financial Plans. The increase in subsidy per passenger between the two plans is related to the programming of higher fuel prices into the FY09 Plan and projected decreases in ridership related to a potential fare increase.



Fuel/Energy Costs – Energy costs are a major cost driver in the delivery of DART services. DART continues to focus on stabilizing the cost for the different types of fuels used in delivering our services. DART has secured continued favorable pricing of its electricity through a multi-year fixed-price contract through 2014. DART has a fuel hedge in place for the projected amount of diesel fuel to be consumed in the fixed-route bus, paratransit, commuter rail operations, and major light rail construction for FY 2009 and the first three quarters of FY 2010. Management will continue to monitor available options for longer-term price stabilization beyond FY 2010. Greater emphasis will be placed on fuel conservation within the operating departments by incorporating “miles per gallon” measures into the Division Scorecard Program.

Service Efficiency (Strategy C3.1) – The continued use of the Trapeze Blockbuster[®] software will enable Planning and Scheduling staff to prepare more efficient operator assignment packages. The software utilizes sophisticated algorithms to identify the most efficient operator work assignments. This software also has the ability to generate many alternative packages of runcuts in a short amount of time, allowing Management to select the package that achieves the best operational and efficiency outcomes.

Significant management focus over the past year has resulted in reduced unscheduled absences among operators and other operational staff. These efforts will continue into FY 2009, along with implementation of new software to enhance Transportation Management’s ability to forecast staff requirements and better manage overtime.



DART Innovative Services (Strategy C3.1)

DART On-Call service is provided in areas that do not meet service-planning, ridership, and efficiency standards for traditional fixed-route service. Use of demand response vans instead of larger buses operating on a defined schedule continues to save the Agency money each year. In FY 2009 the changes that will be implemented in February 2009 will save the agency approximately \$600,000 annually.

DART currently has eight On-Call zones throughout the Service Area, including: Farmers Branch, Glenn Heights, Lakewood, Lake Highlands, North Dallas, North Central Plano, Richardson, and Rowlett.

In 2008, DART introduced Flex service, a new variation of the On-Call service approach. Flex service combines aspects of conventional fixed-route service with demand-responsive characteristics of On-Call. Passengers may choose to board Flex service at regular bus stops along a designated path. Passengers also have the option of requesting pick-ups and drop-offs in a zone around the designated path for a premium fare. The service began with two new routes in South Irving and the Telecom Corridor of Plano and Richardson. Flex services will be significantly expanded in Plano in FY 2009, replacing the East Plano On-Call zone and several fixed-route services.

Innovative Services are managed by the Paratransit Services Department through the contract with Veolia Transportation, Inc.

Activity Center Shuttles (Strategy C3.1)

Shuttle services developed in partnership with employers and major activity centers are another cost-reducing way for DART to provide access to the transit network. Under the Board's Site Specific Shuttle Policy, DART provides up to 50% funding for these shuttle services with employers or major activity centers providing the remainder of the service cost. DART has existing shuttle agreements with Southern Methodist University, UT Southwestern Medical Center, DFW International Airport, McKinney Avenue Trolley Authority, Texas Instruments, Medical City of Dallas, Campbell Center, and the City of Richardson (Galatyn Shuttle).

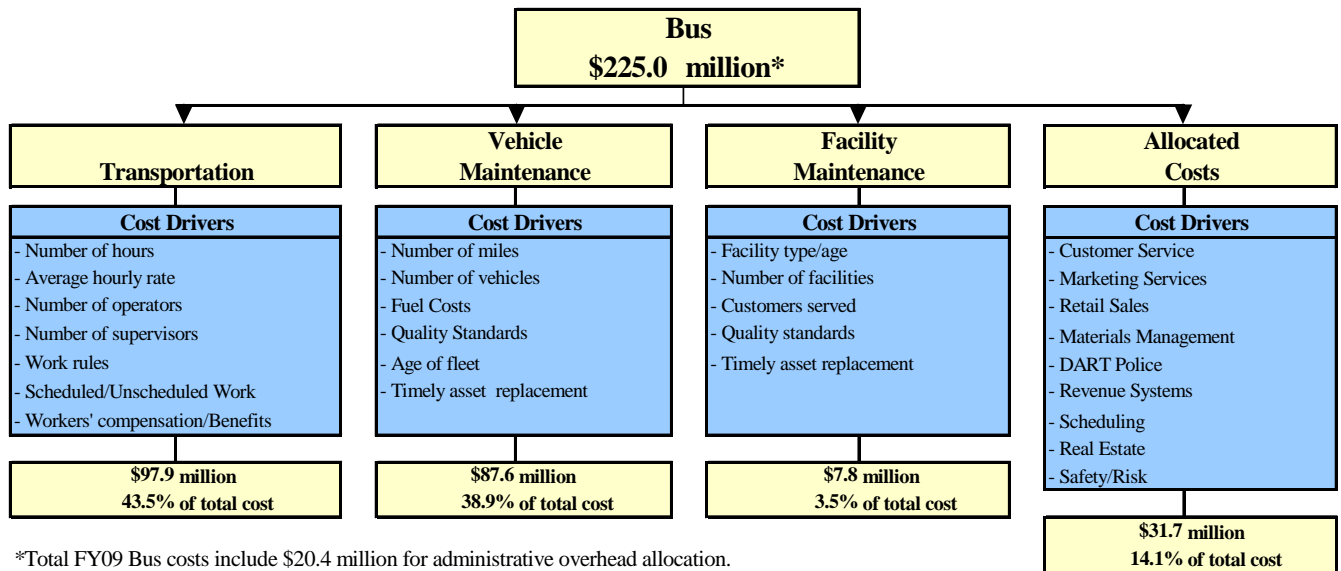
Ridership on the various shuttles saw strong growth in FY 2008, especially the university-oriented shuttle services serving the University of Texas-Dallas and Southern Methodist University (SMU). SMU service has been expanded to address ridership growth. Staff is also exploring other future shuttle service options.



Bus Cost Model

Exhibit 3.6 is the cost model for the bus system. Transportation cost is the most significant element of the bus mode. In the past years, the gap between Transportation costs and Vehicle Maintenance was much higher. However, the gap has decreased due to the rising costs of fuel and vehicle repairs.

**Exhibit 3.6
FY 2009 Bus Cost Model**



*Total FY09 Bus costs include \$20.4 million for administrative overhead allocation.

Section 4
Customer Focus – LRT
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Customer Focus – Light Rail Transit

Overview

The purpose of this section is to provide information on DART's strategic initiatives to improve the quality, efficiency, and effectiveness of the Light Rail Transit (LRT) system. References to DART's Strategic Plan are included throughout this section.

DART currently operates 45 miles of light rail. The Agency is in various stages of planning, design, and construction for the Phase II and Phase III Build-out, which includes 48 additional miles of LRT. Phase II includes the Green Line, extending southeast from the Dallas Central Business District (CBD) through Deep Ellum and Fair Park to the Buckner Station; and northwest from Victory Station to Farmers Branch, and Carrollton; the Orange Line to Irving, and DFW Airport; as well as a Blue Line extension from Downtown Garland Station to Rowlett. Phase II also includes one in-fill station on the Blue Line in the Lake Highlands area of Dallas. The Phase III Build-out includes a Blue Line extension from Ledbetter Station to the University of North Texas campus near I-20 in South Oak Cliff, as well as a second DART Rail alignment in Downtown Dallas, for which planning is underway.

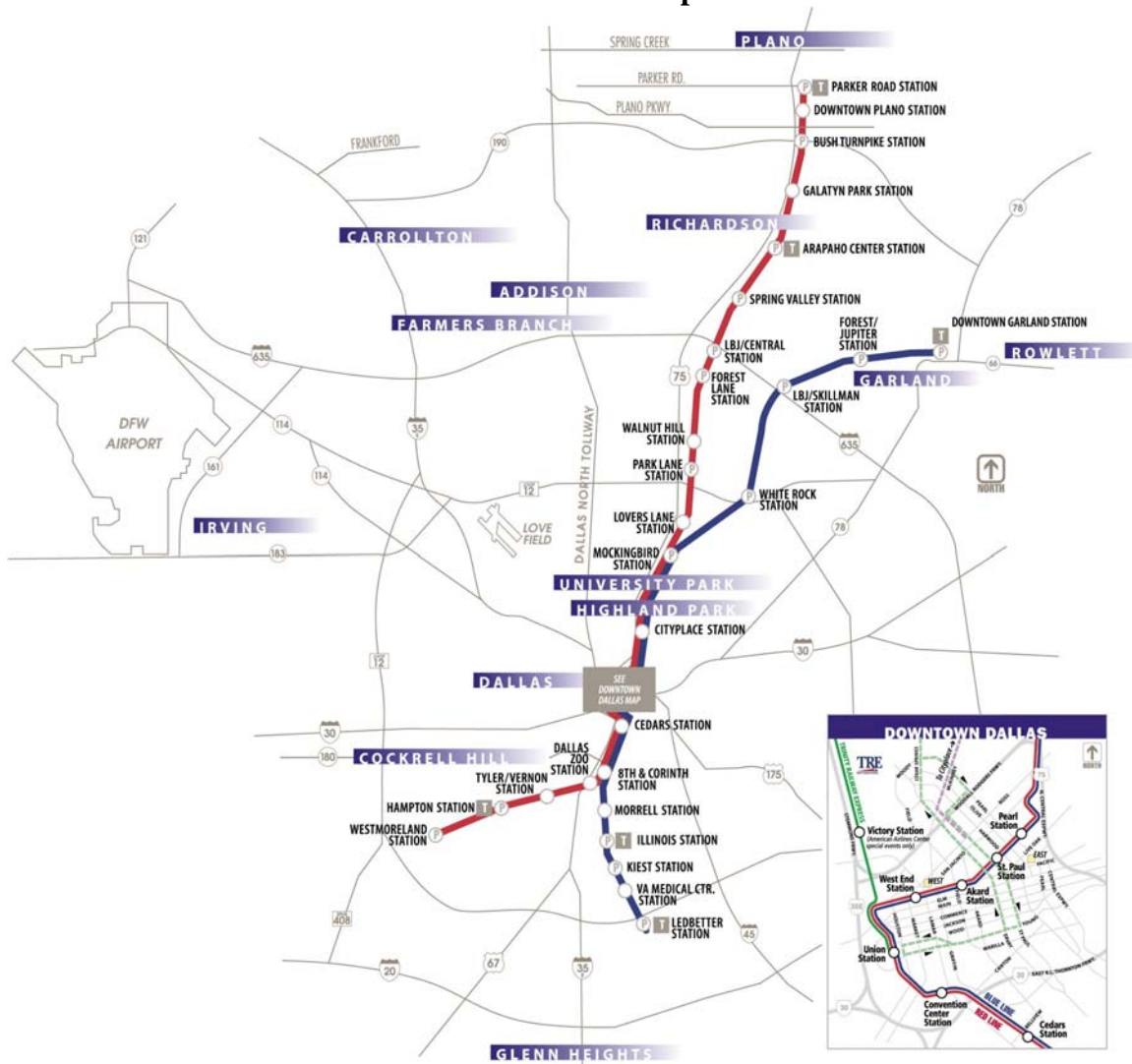
The Agency currently is operating and maintaining 35 rail stations and a fleet of 115 vehicles. A map of the current LRT system is included at Exhibit 4.2. DART's Service & Inspection Facility has been expanded to support and operate the additional fleet required for the new line sections. A new rail operating facility, located along the Northwest alignment, currently is under construction to support future vehicle requirements for the Phase II Build-out.

LRT Scorecard – Key Performance Indicators

Exhibit 4.1 highlights LRT's Key Performance Indicators (KPIs) presented in scorecard format. Fiscal years 2006 through 2008 indicate actual values, while figures for fiscal years 2008 through 2010 represent the budget and projected values.

Exhibit 4.1 Light Rail Scorecard - Key Performance Indicators						
Indicators	FY06A	FY07A	FY08A	FY08B	FY09B	FY10P
Customer/Quality Indicators						
Ridership (M)	18.6	17.9	19.4	18.3	20.5	20.6
Revenue Car Miles (M)	5.0	5.3	5.3	5.3	5.5	8.2
Passengers per Car Mile	3.74	3.36	3.64	3.42	3.72	2.50
On Time Performance	96.8%	97.0%	96.6%	98.0%	97.5%	97.5%
Complaints per 100k passengers	14.3	13.2	15.3	13.5	13.5	13.5
Mean Distance Between Service Calls (000s)	43.4	31.2	30.9	40.7	32.0	33.1
Accidents per 100k Miles	0.31	0.13	0.11	0.31	0.25	0.25
Financial/Efficiency Indicators						
Revenues (M)	\$12.5	\$12.2	\$14.8	\$14.1	\$15.7	\$20.0
Expenses - Fully Allocated (M)	\$68.4	\$69.2	\$73.4	\$76.3	\$79.4	\$97.1
Net Subsidy (M)	\$55.9	\$57.0	\$58.6	\$62.2	\$63.8	\$77.1
Subsidy Per Passenger	\$3.01	\$3.18	\$3.01	\$3.40	\$3.11	\$3.74
Subsidy Per Passenger Mile	\$0.37	\$0.39	\$0.37	\$0.42	\$0.38	\$0.46
Cost per Revenue Car Mile	\$13.75	\$13.00	\$13.73	\$14.27	\$14.38	\$11.79

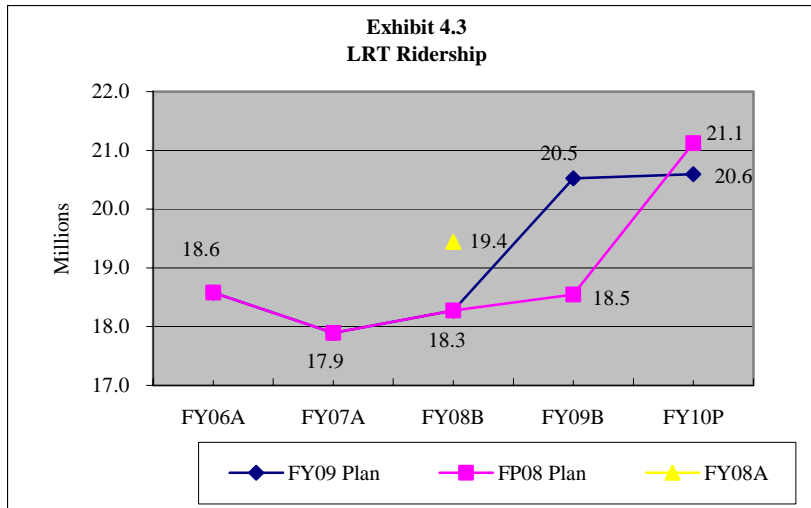
Exhibit 4.2 LRT Service Map



LRT Ridership (Strategies C1.1, C2.1, C2.6)

Exhibit 4.3 reflects actual and projected LRT ridership from FY 2006 through FY 2010. FY 2007 ridership declined by 3.8% as fuel prices retreated from their FY 2006 highs. While there has been some constraint in LRT ridership growth as parking lots at some stations are filled beyond capacity, it is still anticipated that FY 2009 ridership will grow by 5.7% over the FY 2008 actuals and 10.7% over the FY 2008 budget.

FY 2010 ridership is expected to remain relatively flat from 2009 as ridership gains related to the opening of the first phase of the Green Line (September 2009) is offset by ridership losses generated by a proposed fare increase.



LRT Expansion (Strategy C2.3)

The next major expansion of LRT is the Green Line. This line will extend DART Rail to the Northwest (NW) to serve portions of Dallas, Carrollton, and Farmers Branch, and to the Southeast (SE) to serve sections of Dallas including Deep Ellum, Fair Park, and Pleasant Grove (see Exhibit 4.4).

Following completion of the Green Line, the next LRT expansion effort will be the Orange Line to Irving, Las Colinas, and DFW Airport (see Exhibit 4.5) and the Blue Line extension to Rowlett (see Exhibit 4.6). In addition to the LRT expansion, a new Lake Highlands Station will be opened on the Blue Line in northeast Dallas. Future Phase III expansion includes the extension to UNT in South Oak Cliff and a second LRT alignment through Downtown Dallas.



Exhibit 4.5 Irving Corridor

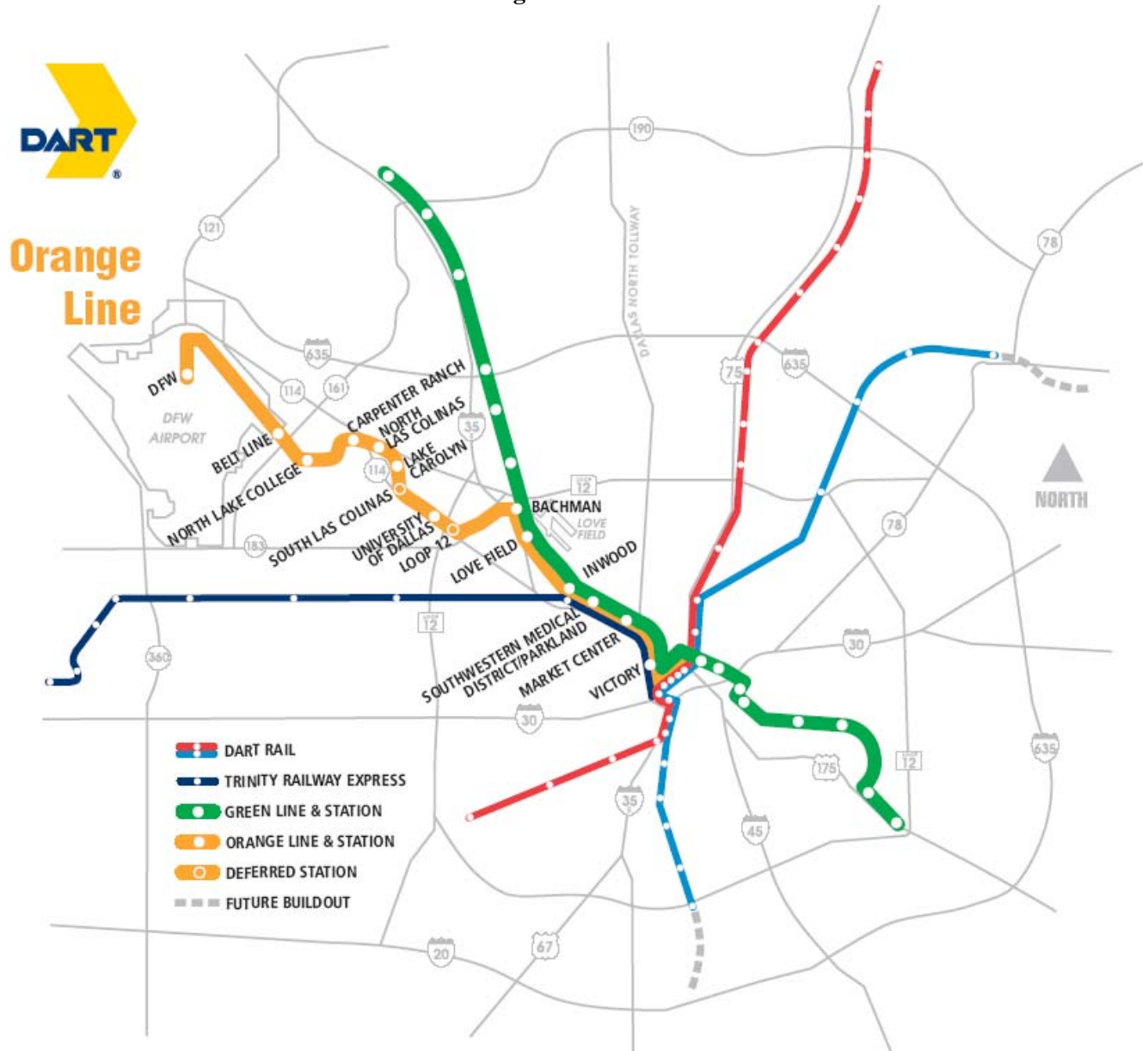




Exhibit 4.6 Rowlett Corridor

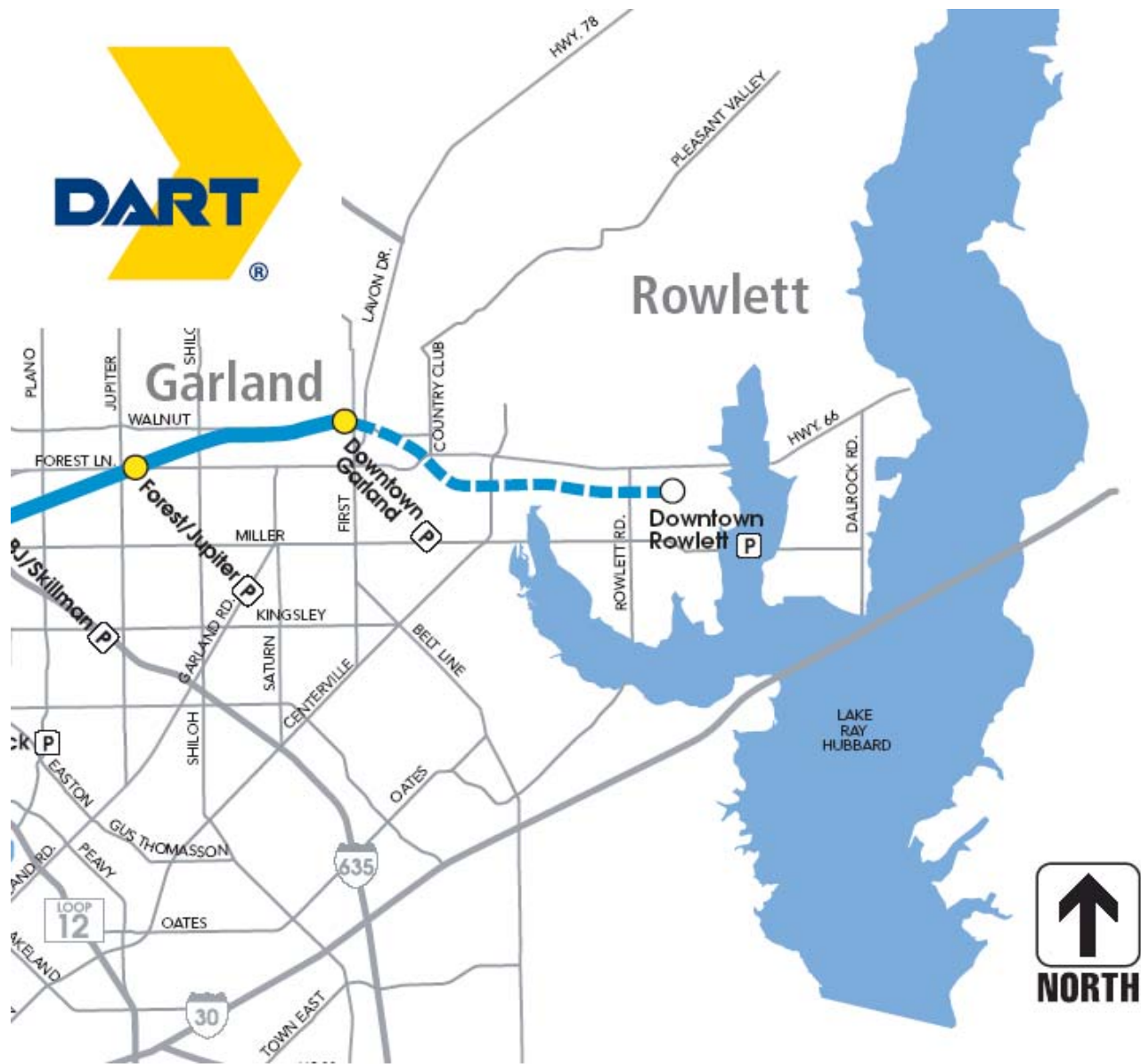


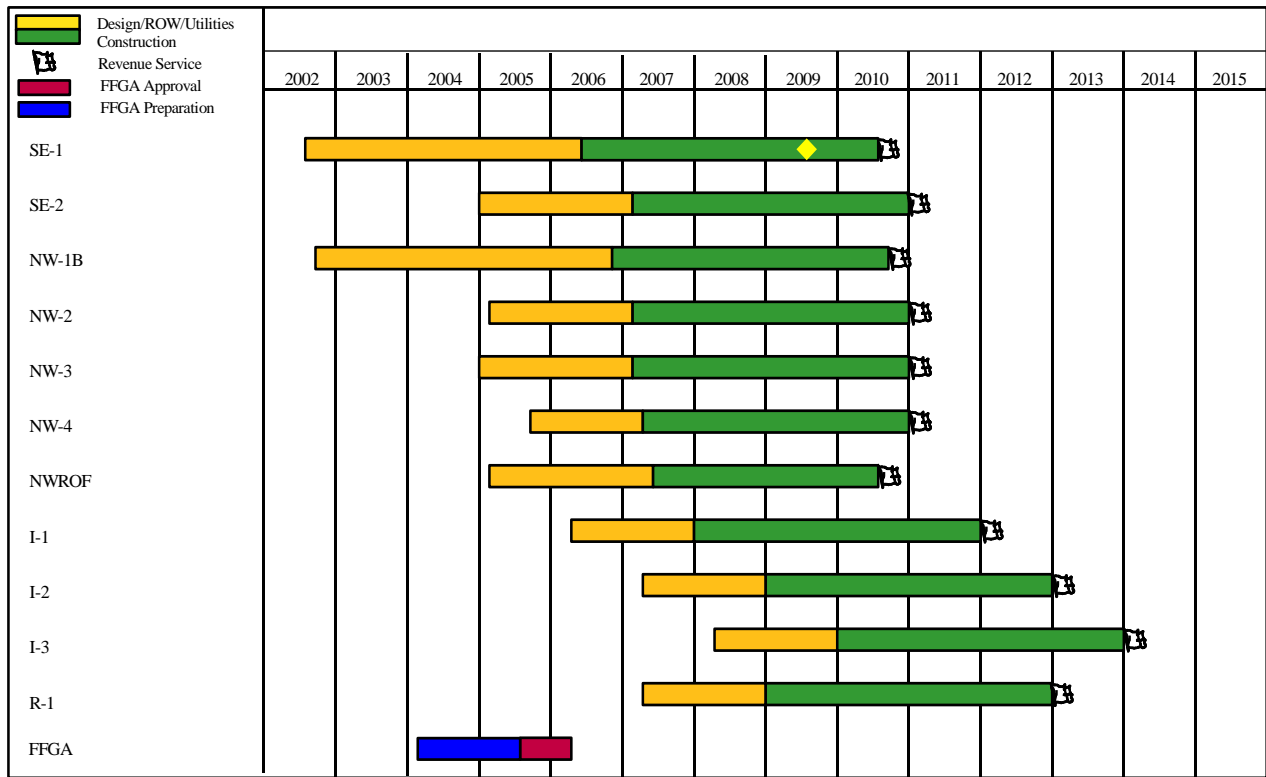


Exhibit 4.7 provides a comparison of the revenue service dates for the Phase II and Phase II expansion projects. Ridership forecasts project approximately 60,000 combined daily riders in Year 2030 for the NW and SE corridor extensions.

Exhibit 4.7 LRT Revenue Service Date Comparison		
DART Rail Corridor	Corridor Length (in miles)	Opening Date
Existing DART Rail System		
Miles in Operation	44.7	
Starter System (Red & Blue Lines)	20.0	1996-1997
Red Line Extension (North Central) – Park Lane to Parker Road	12.3	2002
Blue Line Extension (Northeast) – Mockingbird to Downtown Garland	11.2	2001-2002
Victory Station (special events only)*	1.2	2004
* daily service in September 2009		
Phase II		
Southeast Corridor – Downtown to Pleasant Grove	10.2	
Downtown to Fair Park (SE-1A)	2.7	Sept 2009
Fair Park to Hatcher (SE-1B)	1.4	Dec 2010
Hatcher to Buckner Blvd. (Pleasant Grove Transit Center) (SE-2)	6.0	Dec 2010
Northwest Corridor –Victory Station to Carrollton	16.4	
Victory Station to Inwood Station (NW-1B)	2.8	Dec 2010
Inwood Station to Northwest Highway (NW-2)	3.2	Dec 2010
Northwest Highway to Valley View (Farmers Branch) (NW-3)	4.9	Dec 2010
Valley View to Frankford Rd. (North Carrollton) (NW-4)	5.5	Dec 2010
Northwest Corridor – Northwest Hwy to DFW Airport	14.2	
Northwest Hwy. to Las Colinas Urban Center (I-1)	5.4	Dec 2011
Las Colinas Urban Center to State Hwy. 161 (I-2)	3.8	Dec 2012
State Hwy. 161 to DFW Airport (I-3)	5.0	Dec 2013
Northwest Rail Operating Facility	---	Jun 2010
Northeast – Downtown Garland to Rowlett Park & Ride (R-1)	4.8	Dec 2012
Phase III		
Central Business District – New line through Downtown Dallas	TBD	Aug 2014
South Oak Cliff – Ledbetter Station to UNT South Campus (SOC-3)	2.7	Oct 2018
Total miles in planning, design, construction	48.3	
Total miles by 2018	93.0	

The opening dates above are predicated on assumptions that are detailed in the *Financial Plan* Section. Exhibit 4.8 provides the construction schedule for the Phase II LRT Build-out.

Exhibit 4.8 LRT Construction Schedule



◆ Interim Service to Fair Park by September 2009

September 1, 2005

In addition to the continued progress on new light rail line sections, a number of interim improvements are scheduled to begin or continue in FY 2009 relative to light rail vehicles, facilities, and operations.

Level Boarding Initiative – The process of converting existing light rail vehicles to super light rail vehicles (SLRVs) through the addition of a low-floor middle section began in FY 2006 and will continue through the early part of FY 2010. Design and engineering activities related to the implementation of level boarding at existing and new stations will also be ongoing throughout FY 2009. Level boarding will eliminate the use of high-blocks for boarding and alighting of passengers using wheelchairs or strollers and will facilitate the operation of tighter headway schedules along the CBD Transitway Mall that will be required for the Phase II LRT Expansion.

Transit Signal Priority for LRT in Dallas CBD (Strategy C2) – DART is working with the City of Dallas to implement improved LRT operations in the CBD area without significantly degrading vehicular traffic flow. DART will increase LRT traffic during peak-hour operation in September 2009. In order to accomplish the increased service and prevent excessive LRT delay, DART and the City of Dallas are implementing a Transit Signal Priority (TSP) project in the CBD area. The design portion of the detection and traffic signal system has been completed. Phase I of the TSP project is expected to be completed in September 2009.



Light Rail System Start-Up – DART is embarking on a six-year program of LRT service expansion beginning in FY 2009. While construction is ongoing, staff has begun to implement the necessary recruitment efforts to support the subsequent daily operation, maintenance, and ongoing security of the additional 48 miles of LRT system that will begin operation over the next few years. Staff has partnered with several technical, trade, and police educational facilities across the country, participated in community outreach programs, and briefed military veteran affairs units to help recruit over 600 new team members necessary to support this additional service.

Park-and-Ride Enhancements (Strategy 2.5) – A comprehensive evaluation of parking demand has been completed at all of DART's park-and-ride facilities. Near-term and long-term strategies for addressing areas where parking demand exceeds current capacity are being developed and implemented. Strategies include improved communication to customers on locations with available parking, implementation of carpool parking spaces at park-and-ride facilities, negotiation of interim parking agreements with retail or other private property owners, and identification of capital projects to purchase property and construct additional parking spaces. Expansion projects have been identified at both the Bush Turnpike Station and the Parker Road Station in response to overcrowding of parking at those locations, with expansions expected during FY 2009.

Division Level Measurement Program (Strategies C1, C2, C3) – The division-level measurement, reporting, and improvement system will continue during FY 2009 in the Rail Transportation, Rail Fleet Maintenance, and Ways, Structures, and Amenities operating groups. This initiative provides feedback to all team members about how their division is performing in key areas – which they have some ability to impact – and increases employee ownership in the organizational goals (Key Performance Indicators [KPIs]).

Through the Division Level Measurement Program, scorecards tailored to each operating division are posted monthly to provide performance feedback to front-line staff. Targeted performance levels are established at the division level and a formal recognition program celebrates success in achieving established performance targets. Problem-solving teams that include front-line employees, division management, and support personnel from other DART departments focus on developing and implementing strategies to improve division performance while managing incremental costs.

In FY 2009, the Division Level Measurement Scorecards will continue to be the central element of an hourly employee performance incentive program. Participants are eligible to receive a team award, based on the performance of their Division relative to the Scorecard as well as an individual award based on meeting safety and procedure compliance criteria.

Marketing Initiatives (Strategies C1.2; C1.3) – The effort to promote the Green Line Build-out and safety around DART construction sites was introduced in FY 2007. Elements in the campaign target community groups, businesses, schools, and diverse communities, to name a few.



Security Cameras (Strategy C1.3) – DART is working to enhance passenger security along the light rail system through the implementation of surveillance cameras throughout the system. This is being done through a multi-phase approach: pilot program, retrofit, and new construction.

- Pilot program – The five stations in the initial pilot program (Ledbetter, Downtown Garland, 8th & Corinth, Dallas Zoo, and Spring Valley) were all completed and in operation by the end of Fiscal Year 2008.
- Retrofit – All other existing stations are expected to be outfitted with cameras and on-line by the end of 2010.
- New Construction – All new light rail stations that are in design or construction will include surveillance camera equipment.

Transit System Plan (Strategy 2.3) – DART's Transit System Plan is a long-range planning tool that identifies and prioritizes major capital projects needed to improve regional mobility. The Transit System Plan is closely coordinated with development of the North Central Texas Council of Government's Metropolitan Transportation Plan. In October 2006, the DART Board adopted the 2030 Transit System Plan. The 2030 Plan updated the 1995 Plan. The 2030 Transit System Plan includes recommendations for DART's core services (bus, light rail, commuter rail, and HOV) and includes a discussion of issues such as land use and economic development, system accessibility, bicycle and pedestrian integration, and policies relative to DART's role in regional transit initiatives. Five new rail recommendations are included in the 2030 Transit System Plan, including: DART Rail extensions toward West Dallas, in West Oak Cliff, toward the Dallas Logistics Hub area in South Dallas, and along Scyene Road in southeast Dallas, and a less frequent express rail service along the Cotton Belt corridor which could introduce a new non-electrified technology to the system.

LRT Costs and Subsidy Per Passenger

Adjust LRT Service Schedules to Match Ridership Demand (Strategy C3.1) – LRT service schedules were modified in FY 2007 to respond to increasing ridership levels. Minor adjustments to LRT running times were implemented in FY 2008; however, no significant changes in LRT service levels are planned for FY 2009 until the first phase of the Green Line opens in September 2009. While this is a significant service change, it has a minimal impact on the operating budget and subsidy per passenger because it occurs so late in the fiscal year.

Develop and Refine LRT Preventive Maintenance Programs (Strategy C3.4) – DART has extensive vehicle and facility preventive maintenance campaigns in place. Preventive maintenance is an essential component of a strategy, which has allowed the Agency to achieve an average of more than 30,000 car miles between failures through FY 2008. The FY 2009 Budget includes work programs for light rail vehicle (LRV) brakes, suspension systems, and pantographs. In addition, consistent with the Maintenance Department's five-year business plan, the Capital Budget includes schedules for Original Equipment Manufacturer (OEM) required rebuild and overhaul work programs for the entire LRV fleet of 115 vehicles.

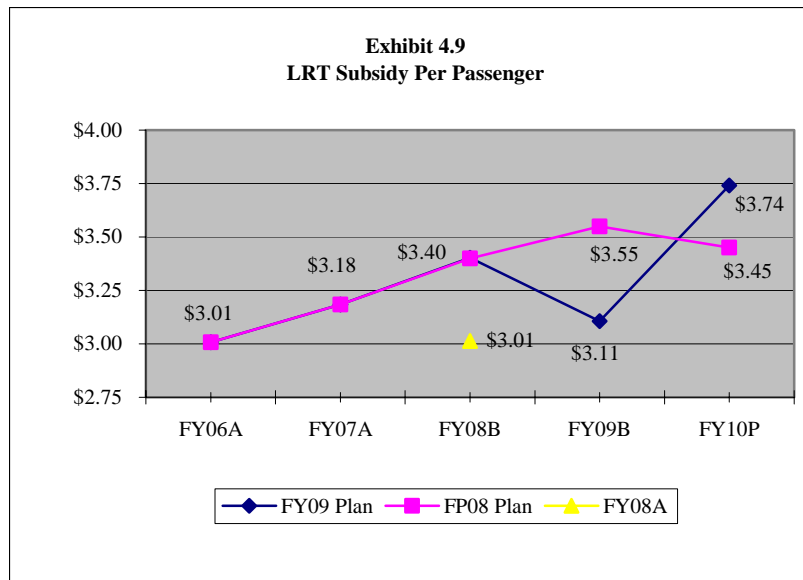


Develop Strategic Partnerships with Suppliers (fuel, parts, services) (Strategy C4.3) – Consistent with the philosophy of stabilizing operating costs, DART continues to enjoy favorable rates for a majority of our traction power and facility electrical costs as a result of the deregulation of electrical service providers in Texas. DART was able to secure a fixed-rate cost, saving in excess of \$12 million in the first three years of the program, over the comparable price-to-beat rate. DART continued this trend by entering into an Interlocal Contract during FY 2005 with the Texas General Land Office (GLO) to be the provider of our future electricity needs. In FY 2009, DART extended this agreement to continue to secure the best balance of price and risk for our electrical energy needs through FY 2013.

In addition, DART continues to seek alternative qualified sources of many of the unique components used in support of the LRT systems maintenance efforts. Such sourcing efforts increase competition and ensure DART is paying no more than market rates for materials and supplies.

Subsidy Per Passenger

Exhibit 4.9 compares subsidy per passenger for LRT for FY 2006 through FY 2010. The changes shown from the FY 2008 Twenty-Year Financial Plan to the FY 2009 Plan are due to future anticipated overall growth in LRT ridership in FY09. The ridership gains from the opening of the first phase of the Green Line are expected to be offset by ridership losses related to a proposed fare increase during the same time period. Therefore, a relatively flat system ridership combined with the increased cost to operate the new service results in a higher subsidy per passenger in FY 2010.

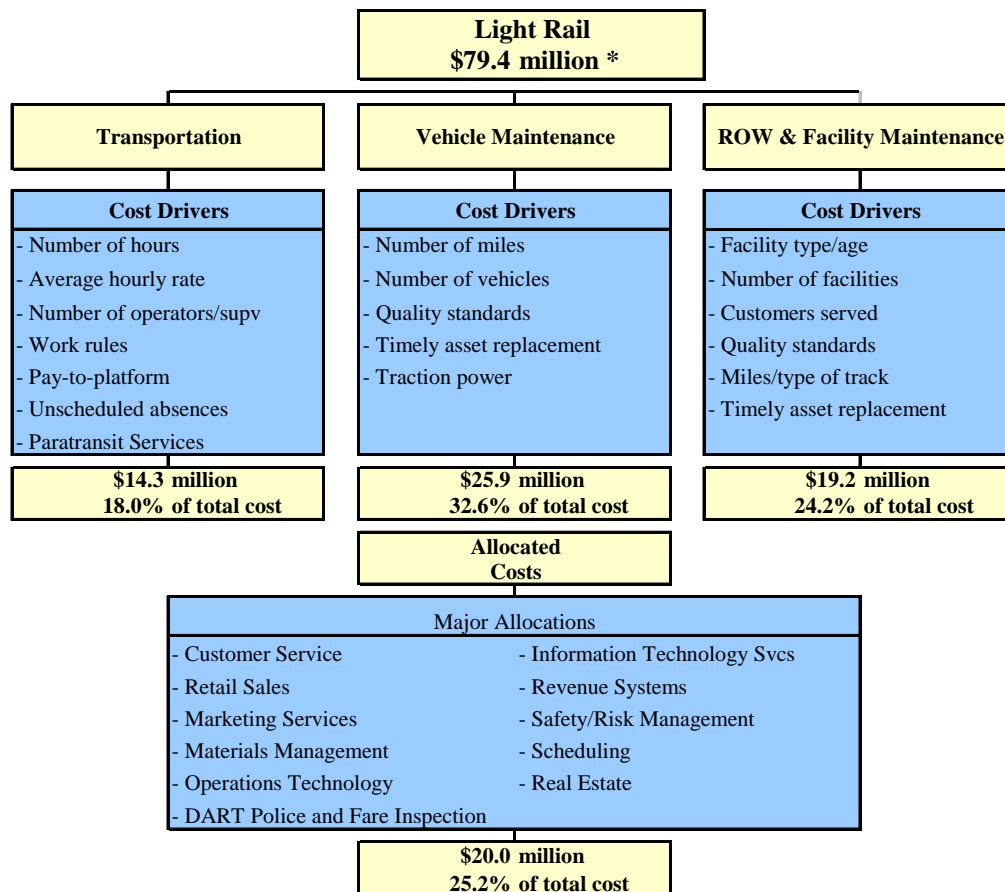


LRT Cost Model

Exhibit 4.10 highlights the cost structure for LRT. Although LRT and Bus have very different cost structures, the cost drivers for each cost category (transportation, vehicle maintenance, and facility maintenance) are similar. LRT is more expensive per mile due to higher fixed costs for facilities and vehicle maintenance, but less expensive per passenger due to the higher capacity of LRT vehicles versus buses. On a relative basis, facility maintenance costs are more significant, while transportation costs are less significant. For example, rail facility maintenance costs represent 24.2% of the total LRT cost structure – versus only 3.5% for bus. Transportation costs, on the other hand, represent only 18% of the total LRT cost structure – versus 43.5% for bus. For a full comparison, contrast the bus cost model from Exhibit 3.5 with the LRT cost model (Exhibit 4.10).

Exhibit 4.10

FY 2009 Light Rail Cost Model



* Total FY 2009 LRT costs include \$7.2 million for administrative overhead allocation.

Section 5
Customer Focus – Commuter Rail
Index of Exhibits

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Exhibit 5.2	Commuter Rail-TRE Scorecard-Key Performance Indicators.....	CR-3
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Customer Focus – Commuter Rail & Railroad Management

Overview

The purpose of this section is to highlight the Commuter Rail & Railroad Management Department’s (CR & RRM) business plan for the next five years, including key indicators and strategic initiatives, and a discussion of how this Department contributes to the Agency’s goals and objectives. References to DART's Strategic Plan are included throughout this section.

The CR & RRM Department is the smallest operating department within DART. That fact and the nature of the services provided combine to create some unique and widely varied responsibilities and challenges. The Department has a staff of 13 salaried employees and has two primary functions:

- The **Commuter Rail Division** is responsible for the management of the Trinity Railway Express (TRE) commuter rail service between Dallas and Fort Worth. TRE passenger service is provided jointly with the Fort Worth Transportation Authority (the T) pursuant to an Interlocal Agreement (ILA) as restated by the two transit authorities in September 2003. TRE operates on a rail line that was formerly owned by the Cities of Dallas and Fort Worth (the Cities) and transferred to DART and the T in December 1999.
 - Contract operation. DART, on behalf of the T, has contracted with Herzog Transit Services, Inc. (Herzog) to maintain the commuter rail rolling stock and right-of-way (including signalization), provide dispatching services for the corridor, and operate the commuter rail service on the corridor.
 - Service. TRE service operates Monday through Saturday between downtown Dallas and downtown Fort Worth. This line covers a distance of 34 miles and includes a total of 10 stations, 5 of which are maintained by DART. Exhibit 5.1 is a map of the TRE Corridor.

**Exhibit 5.1
Trinity Railway Express Corridor**





- Operating Fleet. The operating fleet consists of 13 rail diesel cars (owned by DART), 6 locomotives, 11 bi-level coaches, and 10 bi-level cab cars (all jointly owned by DART and the T).
- Ridership. Ridership on the TRE for FY 2008 was 2.75 million, an increase of 9.6% over FY 2007. FY 2009 ridership is projected to be 2.9 million.
- TRE Fare Structure (Strategy C2.4). The DART and T Boards have adopted a zone fare system for TRE which went into effect on October 1, 2007. The base fares are \$1.50 and \$2.50 for one and two zones, respectively. A one-zone fare exists for rides between downtown Dallas and the West Irving Station as well as between Fort Worth and the CentrePort/DFW Airport Station. A two-zone fare is charged for customers traveling across the zone boundary in either direction. This zone boundary is at the Dallas/Tarrant County line, located between the CentrePort and West Irving stations. A fare increase for FY 2010 may be considered by the Board which may affect this structure.
- Sharing of Costs (Strategy SI.6). The DART/T ILA specifies that revenues arising from operation of the TRE service are joint revenues and are to be applied against TRE operating costs. After the application of these revenues, the remaining net costs are allocated to DART and the T based on revenue seat miles operated in each county. In FY 2008, DART's share of the allocated costs was 47.86%; and in FY 2009, as a result of slight modifications to the service, the DART share is 47.29%. Except for employees that are 100% dedicated to TRE, DART and the T separately absorb their own staff, administrative, and station maintenance costs.
- TRE Strategic Plan. A TRE Strategic Plan was completed in FY 2006, with significant policy input from the DART and T Boards, as well as appropriate DART, T, and TRE staff members. Out of this planning process, a strategic goal for TRE was adopted by both Boards as policy direction for the current service and how to address service growth on the TRE Corridor. The goal is to have 25-minute headway service in both directions during the peak morning and afternoon rush hours in place by 2011, including one express train operating eastbound in the morning and another operating westbound in the afternoon. Ridership is expected to increase by 50% as a result of this service improvement. DART's Financial Plan does not currently include this service change. Therefore, the change is contingent on funding availability.
- The **Railroad Management Division** is responsible for management of all DART-owned active freight lines (215 miles), including the administration of trackage rights agreements with freight railroads and coordination with, and oversight of, those freight railroads that are fulfilling DART's common carrier obligations on those corridors.



The Division is also responsible for the property management of the TRE Corridor, which includes the collection of land, oil, and gas leases, signboard rental income, license fees, and trackage rights fees. The potential impact of revenue generated from the oil and gas industry (wells and pipelines) is discussed further in the “Emphasis of FY 2009 Goals” section. In total, the Division manages approximately 2,700 licenses on the TRE Corridor and other active freight lines. From all its various activities, the Division collected \$4.3 million in FY 2008 and is projected to collect \$4.8 million in FY 2009.

The Regional Rail Right-of-Way Company, a wholly-owned subsidiary of DART, holds the common carrier authority, and manages the trackage rights agreements for the DART-owned active freight rail corridors. The Division undertakes management of the trackage rights agreements, and collects the associated fees for these corridors on behalf of the Regional Rail Right-of-Way Company.

Commuter Rail – TRE Scorecard – Key Performance Indicators

Exhibit 5.2 highlights Commuter Rail – TRE’s Key Performance Indicators (KPIs) presented in scorecard format. Fiscal years 2006 through 2008 indicate the actual values, while figures for fiscal years 2008 through 2010 represent the budget and projected values. To more accurately depict the true operating costs of TRE, the FY 2006 through FY 2008 and FY 2009 through FY 2010 columns include all budgeted revenue and expenses for DART and the T. The TRE Revenues line includes the T’s passenger revenues allocated to the TRE (\$1.1 million); and the TRE Expenses line includes all direct and indirect costs allocated to TRE, including the T’s allocated costs of \$1.2 million. By including all revenues and expenses, the information presented will provide the reader with data comparable to all other modes. Currently, ridership is collected and reported for the TRE system; therefore, KPIs associated with ridership will be calculated as TRE totals and not only DART’s totals.

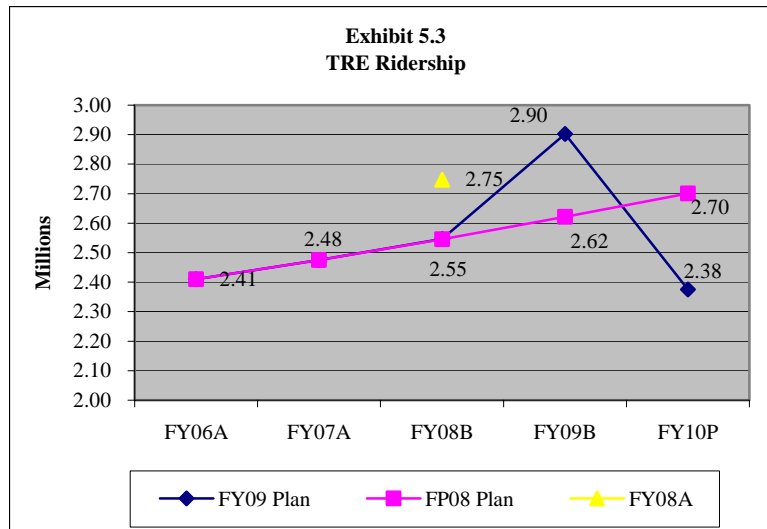
Exhibit 5.2						
Commuter Rail - TRE Scorecard Systemwide - Key Performance Indicators						
Indicators	FY06A	FY07A	FY08A	FY08B	FY09B	FY10P
Customer/Quality Indicators						
Ridership (M)	2.4	2.5	2.7	2.5	2.9	2.4
Revenue Car Miles (M)	1.4	1.5	1.6	1.8	1.9	1.9
Passengers per Car Mile	1.7	1.7	1.8	1.4	1.5	1.3
Scheduled Train Hours (000s)	18.7	18.2	22.0	22.0	22.0	22.0
On Time Performance	98.5%	97.1%	97.8%	97.0%	97.0%	97.0%
Complaints per 100k passengers	7.4	5.2	5.2	6.0	5.5	5.5
Veh. Accidents Per 100k Miles	0.23	0.29	0.22	0.29	0.29	0.29
Financial/Efficiency Indicators						
TRE Revenues (M)*	\$4.5	\$4.2	\$4.7	\$5.7	\$5.2	\$5.4
TRE Expenses Fully Allocated (M)**	\$20.2	\$20.5	\$22.1	\$23.1	\$25.0	\$26.2
TRE Net Subsidy (M)	\$15.7	\$16.3	\$17.4	\$17.5	\$19.8	\$20.8
TRE Subsidy Per Passenger	\$6.53	\$6.57	\$6.33	\$6.85	\$6.81	\$8.74
TRE Subsidy Per Passenger Mile	\$0.36	\$0.38	\$0.36	\$0.39	\$0.39	\$0.50
TRE Cost per Revenue Car Mile	\$14.37	\$13.83	\$14.12	\$12.99	\$13.26	\$13.90

*includes the T's passenger revenues

** includes the T's expenses

TRE Ridership

Exhibit 5.3 reflects actual and projected TRE ridership from FY 2006 through FY 2010.



To adjust to the increase in ridership, incremental adjustments to the service have been made between FY 2005 and FY 2008. Although ridership has been increasing over the years, the record ridership levels in FY 2007 and FY 2008 are attributable primarily to the rise in gasoline prices and to a lesser extent, an increase in the number of sporting and other events at the American Airlines Center (AAC) served by DART and the TRE at Victory Station. TRE service at Victory Station in support of events at AAC results in ridership increases of approximately 1,000 passengers per event day. While passenger growth has been strong over the last several years, the possibility of a significant fare increase in 2010 has the potential to have a negative effect on TRE ridership for FY 2010 and beyond.

Operating efficiencies and improved long-term performance will come with the development of a true bi-directional commuter rail service (both Dallas and Fort Worth as destinations). This service includes access to the mid-cities market and service to DFW International Airport, commensurate with service requirements of airport users and employees.

Weekend Service (Strategy C1.1) – A limited-schedule Saturday service operates between Dallas and Fort Worth. Sunday service cannot be implemented until more double tracking is added. The majority of these double-tracking projects are not in DART’s Twenty-Year Financial Plan, as the costs will be incurred by the T for projects in Tarrant County. Sundays are currently utilized for required maintenance activities within the right-of-way.



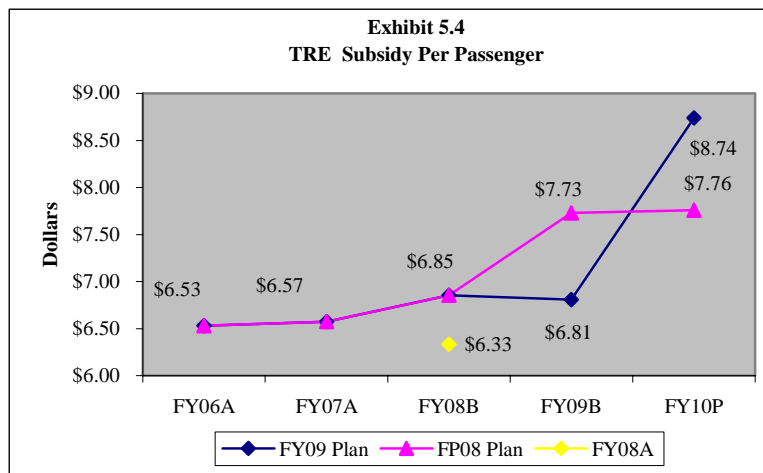
Ensure Service Quality. There are a large number of railroad on-line "meets" which presents a challenge to maintain on-time service. TRE has consistently maintained an on-time performance of between 97% and 98%. TRE has generated an enthusiastic and loyal ridership base with the current 53-train weekday and 21-train Saturday TRE schedule. DART has a commitment to its freight customers utilizing the corridor to move as much freight traffic as can be done in a safe manner without disrupting TRE passenger service. There are currently 20 to 30 freight train movements per day along the corridor despite this being a predominantly single-track railroad. This is accomplished through careful coordination with the freight railroads and the dispatching skills of the contractor. From FY 2008 through FY 2010, on-time performance is targeted at 97%, a slight reduction from current experience, due to significant double-tracking construction activities taking place at multiple locations on the corridor.

Constant monitoring of the track and signal systems is the first step to ensure safe and continued operation of a railroad; but eventually, more sidings and double tracking will be required to maintain service reliability and support any service expansion. The major capital projects proposed over the next few years for track upgrades, and other items necessary to maintain and improve service quality on the east side of the TRE are listed in the *Financial Plan* section and include such projects such as: the Belt Line Grade Separation project and the Valley View to West Irving double-tracking project. Continued service reliability and expansion capability will require similar or greater investments in Tarrant County.

Reserves have been established to provide for both right-of-way and vehicle maintenance projects that have not been specifically identified at this time. These reserves will ensure the timely replacement of TRE assets as well as allow for a certain amount of unanticipated future capital requirements.

Commuter Rail – TRE Costs and Subsidy Per Passenger

Exhibit 5.4 graphically depicts subsidy per passenger trending and projections. The changes between the FY 2008 and FY 2009 Financial Plans are primarily due to changes in ridership projections. In the FY09 Plan, those projections are higher in FY09, reflecting the current ridership trending data. In FY10, the subsidy increase is inversely proportional to the negative ridership impact of a potential fare increase.





Revenue Contributions from the Mid-Cities. In FY 2002, the cities of Arlington, Bedford, Colleyville, Euless, Grand Prairie, Grapevine, Haltom City, Hurst, and North Richland Hills (the Mid-Cities) agreed through an Interlocal Agreement (ILA) with the North Central Texas Council of Governments (NCTCOG) to contribute \$775,000 per year for three years, for services that their citizens utilize. None of the Mid-Cities currently belong to either DART or the T. A new Mid-Cities ILA was negotiated by the NCTCOG and approved by the DART and T Boards, and was in effect until September 2007. Under this second Mid-Cities ILA, TRE obtained \$4.5 million in additional federal capital funding to which it would not have otherwise been entitled in support of the double-tracking project at the CentrePort/DFW Airport Station. A third Mid-Cities ILA was negotiated and presented to the two Boards for approval in December 2008. Under the third Mid-Cities ILA, the cities contributed \$793,000 annually, or \$2.379 million over the life of the term, which is October 2007 through September 2010. The NCTCOG leveraged the local funds and has allocated \$5.2 million to address station parking limitations at two Tarrant County stations and to provide supplemental funding toward the purchase and overhaul of three used locomotives.

Departmental Emphasis on FY 2009 Board Goals. There are two goals that will be the subject of special emphasis during the year: increasing fixed-route ridership by 3% and contributing to the Agency's enhancement of additional revenue streams.

Achieve a 3% Ridership Increase for Fixed-Route Service. In FY 2008, TRE achieved all-time high monthly ridership in 10 of the 12 months. To address the challenge of maintaining this high level of ridership growth and increasing it by 3% at the same time that a fare increase was implemented, a service change was implemented which made the service more efficient by turning deadhead moves into revenue service. The service change also added additional rush hour and evening service. These changes were in response to customer requests (workers, students, and tourists). Since FY 2008, all Saturday TRE trains stop at Victory Station. All TRE trains will stop at Victory Station when the Light Rail Green Line opens in September 2009. These stops will not increase costs and will impact the schedule by less than two minutes. TRE will also initiate Wi-Fi service in FY 2009, which will be an additional ridership incentive. TRE has three major projects that will improve equipment reliability and appearance and extend the life of the equipment while at the same time create a more positive traveling environment for customers. A seat-refurbishment project was started in FY 2008 and will be completed early in FY 2009. Additionally, four locomotives will be overhauled and twelve coaches will be rehabilitated to "like-new" appearance.

Enhancement of Additional Revenue Stream. In FY 2009, the Railroad Management Division will be actively seeking new oil and gas lease revenues from both the TRE mainline corridor and the Madill subdivision. A solicitation for an oil and gas lease will be issued for the TRE-owned portion of the Madill subdivision in the second quarter. The TRE owns a total of approximately 95 acres within the Madill subdivision.

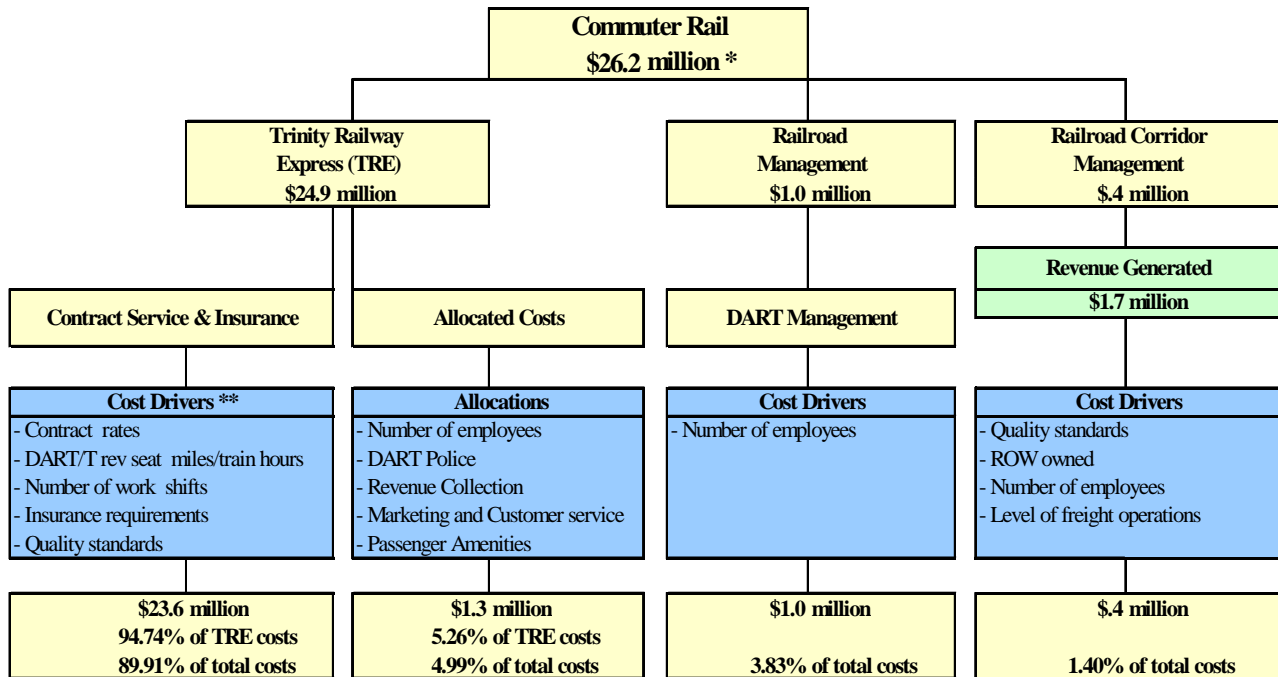


The TRE mainline corridor has an existing oil and gas lease, encompassing 722 acres, that expires in April 2009. There will be some TRE acreage which is not producing minerals (inactive acreage), or for which there is no active drilling operations in the existing lease. Approximately 118 TRE acres have been placed in oil and gas units within the lease, but all are not producing minerals. A solicitation for a new oil and gas lease on the inactive acres will be issued in the third quarter of FY 2009.

Commuter Rail and Railroad Management Department Cost Model

Exhibit 5.5 is the Commuter Rail and Railroad Management Cost Model. Costs are divided between TRE, railroad management, and railroad corridor management divisions of the Department. Total revenues associated with TRE corridor management for FY 2009 are budgeted at \$3.1 million and \$1.7 million for the DART-owned active freight rail lines. The portion of the total corridor management revenues and property management costs associated with the TRE corridor management are factored into the Commuter Rail-TRE subsidy per passenger calculations. Total expenses for FY 2009 include \$1.2 million of indirect costs from the T.

**Exhibit 5.5
FY 2009 Commuter Rail and Railroad Management Cost Model**



* Total FY 2009 Commuter Rail costs include \$2.3 million for administrative overhead allocation. ** inherent in some of these cost drivers is compliance with FRA requirements.



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Section 6
Customer Focus – Paratransit
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Customer Focus – Paratransit Services

Overview

The purpose of this section is to explain Paratransit Services' business plan, including strategic initiatives. References to DART's Strategic Plan are included throughout this section.

Paratransit Services provides accessible, curb-to-curb public transportation in accordance with the Board-approved Accessible Services Policy No. III.14, and the Americans with Disabilities Act of 1990 (ADA). The department is responsible for planning/scheduling, dispatching, field supervision, contract compliance, rider eligibility, outreach, travel training, and other administrative functions. The department also oversees the Fixed-Route Reduced Fare Program for People with Disabilities and operates DART Innovative Services, which includes On-Call and Flex Services (see the *Bus Section* for more information on Innovative Services). As of September 30, 2008, approximately 10,600 riders were certified for Paratransit Services.

Service is currently contracted with Veolia Transportation, which operates and maintains a total of 186 Paratransit vans and 23 Innovative Services vans. In FY 2009, Innovative Services will increase to include operation of new services in Garland/Rowlett, the Lake June area of Dallas, and South Plano.

The Board's FY 2009 goal of increasing safety and security will be accomplished by ensuring that the contractor continues to meet safety and security-related goals and indicators. Performance of the operators will be monitored and counseling and/or re-training will be provided after an incident or accident.

To achieve the goal of total system equity, Paratransit Services will continue to monitor revenue service for opportunities to increase on-time performance and productivity. Paratransit Services will continue to monitor the contract and contractor opportunities to use M/WBE firms to help achieve a 32% overall M/WBE participation rate on Agency contracting.

Paratransit Services Scorecard – Key Performance Indicators

Exhibit 6.1 highlights Paratransit Services' Key Performance Indicators (KPIs). Fiscal years 2006 through 2008 indicate actual values, while figures for fiscal years 2008 through 2010 represent the budget and projected values.



Exhibit 6.1						
Paratransit Scorecard - Key Performance Indicators						
Indicators	FY06A	FY07A	FY08A	FY08B	FY09B	FY10P
Customer/Quality Indicators						
Actual Ridership (000s)	660.3	677.0	737.0	701.7	757.8	764.5
Scheduled Ridership (000s)	754.4	788.7	848.6	800.0	863.9	860.1
Revenue Hours (000s)	436.4	444.6	438.3	460.4	462.5	462.5
Paratransit Passengers per Hour - Scheduled	1.73	1.77	1.94	1.74	1.87	1.86
Paratransit Passengers per Hour - Actual	1.51	1.52	1.68	1.52	1.64	1.65
On-Time Performance	88.0%	86.9%	90.8%	87.0%	88.5%	88.5%
Accidents per 100K	2.1	2.1	1.7	2.5	2.5	2.5
Percentage of Trips Completed	99.9%	99.9%	99.9%	98.0%	98.0%	98.0%
Passenger Canceled Trips Ratio	9.3%	9.3%	9.7%	10.0%	10.0%	10.0%
Passenger No Shows Ratio	3.1%	3.4%	3.5%	4.0%	4.0%	4.0%
Service Level - Scheduling (3 minutes)	88.2%	95.0%	94.0%	91.0%	92.0%	92.0%
Service Level - Where's My Ride (2 minutes)	94.7%	94.4%	93.9%	92.0%	93.0%	93.0%
Complaints per 1k Passengers	4.4	4.7	3.2	5.5	4.5	4.5
Certified Riders	9,499	10,036	10,626	9,915	10,769	11,100
Financial/Efficiency Indicators						
Revenues (M)	\$1.6	\$1.7	\$1.8	\$1.8	\$2.0	\$2.2
Expenses - Fully Allocated (M)	\$30.7	\$31.4	\$33.3	\$32.8	\$34.2	\$35.3
Net Subsidy (M)	\$29.0	\$29.6	\$31.5	\$31.0	\$32.2	\$33.1
Subsidy Per Passenger	\$43.96	\$43.79	\$42.69	\$44.20	\$42.51	\$43.26

Scheduling/Control Center Service Levels (Strategy C1.1)

KPIs for the Scheduling and Control Center are referred to as Service Levels, and represent the percentage of calls answered or abandoned within the established time.

A new telephone system was installed in June 2008. The data generated from the new system has shown a degradation in service level statistics. It is unclear whether the new system is generating accurate numbers. Representatives from Paratransit Services and Information Technology are working on these issues. The FY 2009 projected indicators for both Scheduling and the Control Center have been revised to reflect the most recent data generated from the new phone system.

The Scheduling Center’s primary function is to schedule trips for riders. Representatives take telephone calls Monday through Friday, 8 a.m. to 5 p.m. During weekends and holidays, scheduling calls are taken through an automated voicemail system, which is available from 8 a.m. to 5 p.m. X-Press Booking (XPB), an automated scheduling feature, is available 24 hours a day, 7 days a week.

The Control Center staff dispatches Paratransit vehicles, answers Where’s-My-Ride calls, monitors on-time performance, and handles passenger incidents/accidents, field supervision, and Parkland Hospital Shuttle operations. The Control Center operates 21 hours a day, 7 days a week.



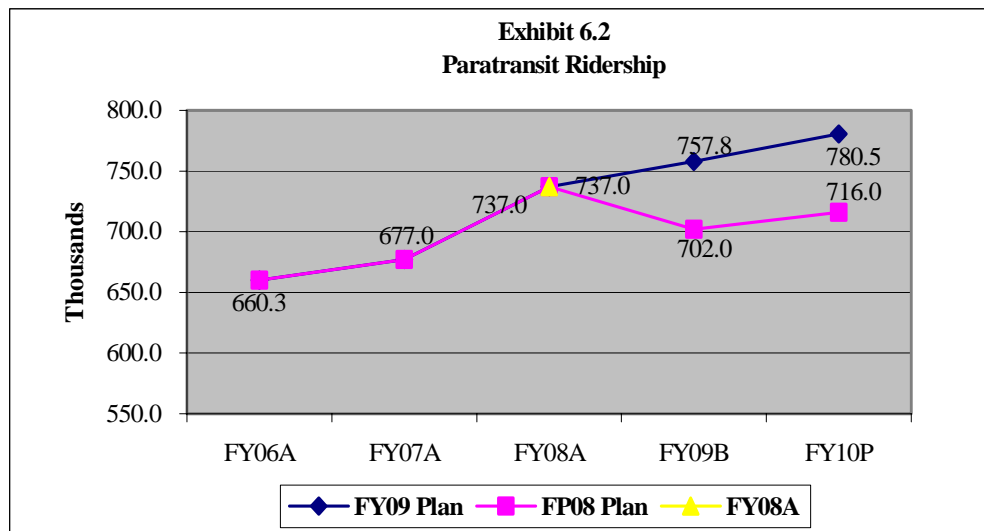
Paratransit Ridership (Strategies C2.2, C2.6)

The goal of Paratransit is to increase productivity and efficiency. Paratransit has continually increased productivity by keeping revenue hours relatively constant while ridership has continued to increase every year.

In accordance with the ADA, DART works to transition Paratransit customers to fixed-route bus and rail services based on an assessment of an individual’s functional and/or cognitive abilities. More details on transitioning riders can be found under “Paratransit Eligibility and Travel Training Program.”

As of the end of FY 2008, actual ridership exceeded goal by 5.0%. Several factors, such as regional population increases resulting in commensurate increases in the number of certified riders, as well as increases in the number of personal care attendants and guests contributed to the higher demand for service. By straining available resources, this increased demand impacts on-time performance and passenger ride times. To mitigate the impact of increased ridership, staff has adjusted the scheduling system parameters and added revenue hours in FY 2009. Staff is evaluating tools to manage demand through analysis of sub-regional travel patterns to deploy resources more effectively.

Exhibit 6.2 compares actual and projected ridership from FY 2006 through FY 2010.





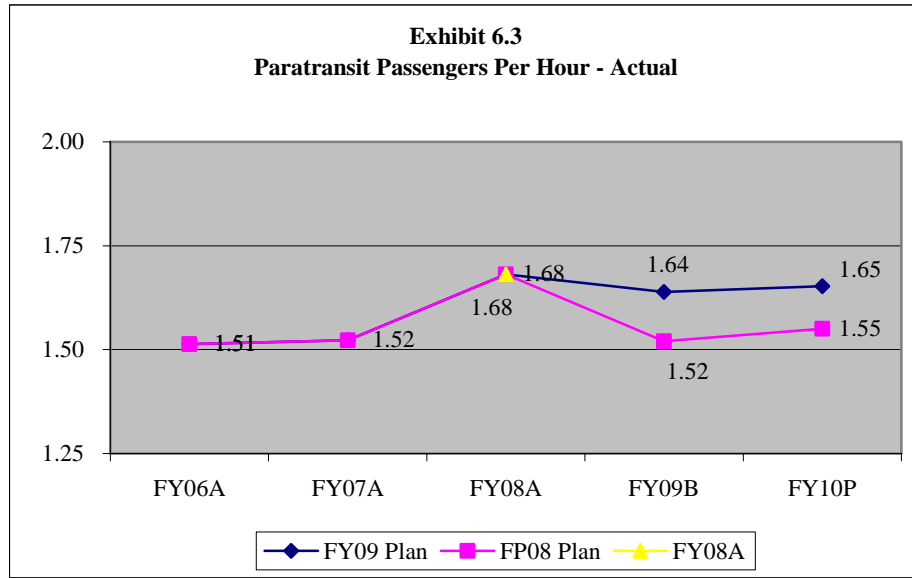
Paratransit Eligibility and Travel Training Program (Strategy C2.2) – Per the ADA, passengers must be certified by DART to use Paratransit, and passengers’ certifications are updated every one to three years. DART certifies passengers in person, providing the most accurate assessment of passengers’ ability to use actual buses and trains. The eligibility process determines whether a person is capable of using fixed-route services, or if a disability precludes that passenger, unconditionally or under certain circumstances, from using fixed-route service. Due partially to the overall population growth in the DART Service Area, the number of registered riders increased in FY 2008 to approximately 10,600 (5.6%) during the fiscal year.

Eligibility and Training Specialists assess applicants’ ability to use fixed-route services and provide travel training. Travel training enables DART to transition individuals from Paratransit to less costly fixed-route service; however, time available for travel training is limited. For a rider to transition to fixed-route services, staff must perform route checks to ensure there are no environmental barriers that would impede the rider’s travel. During FY 2008, approximately 5,600 trips normally provided by Paratransit Services were transitioned to fixed-route service, which resulted in approximately \$211,000 in cost avoidance.

Staff is in the early phases of exploring the potential of a person-centered “Mobility Management” approach to providing transportation. This service would apply to Paratransit customers as well as other populations with disabilities and mobility constraints. “Mobility Managers” seek to coordinate the various private, non-profit, and public transportation resources in the community to provide high quality transportation services to populations that cannot easily use fixed-route service and have no access to private automobiles. This would include coordination with, and possibly improving, feeder trips to transit facilities to assist conditionally-eligible passengers in making trips that are more efficient, both for the passengers and DART. Mobility Management has the potential to alleviate pressures and increased demand for Paratransit services while providing customers with more choice in their time and mode of travel.

Paratransit's Productivity

Productivity (Strategy C3.1) – KPIs for productivity include actual and scheduled passengers per hour, as well as rates of passenger cancellations and no-shows. Exhibit 6.3 shows actual and projected Paratransit passengers per hour for FY 2006 through FY 2010. Compliance with the ADA’s zero denial mandate impacts Paratransit’s efficiency and lowers productivity by requiring all legitimate trip requests (trips requested by certified riders during applicable service hours) be accommodated. While productivity has improved, constrained resources are resulting in longer and late trips.



Manage No-Shows and Cancellations (Strategy C3.1) – The delta between scheduled and actual trips is attributed to no-shows (when a customer fails to show for a trip), and customer cancellations (which can happen any time up until the van arrives for a passenger). For FY 2008, DART scheduled 1.94 passengers per hour, but actually transported only 1.68 passengers per hour. The no-show ratio came in below the FY 2008 target at 3.5%, while the cancellation ratio increased slightly from 9.3% in FY 2007 to 9.7% in FY 2008. Management estimates the KPI ratio for no-shows will remain in the 4% range, and the KPI ratio for cancellations will remain in the 10% range, which is consistent throughout the transit industry.

Vehicle Business System (Strategy C4.1) – A Vehicle Business System (VBS) is installed in all Paratransit vehicles. The wireless communication system allows optimal utilization of revenue vehicles through GPS-based vehicle tracking and improved communications.

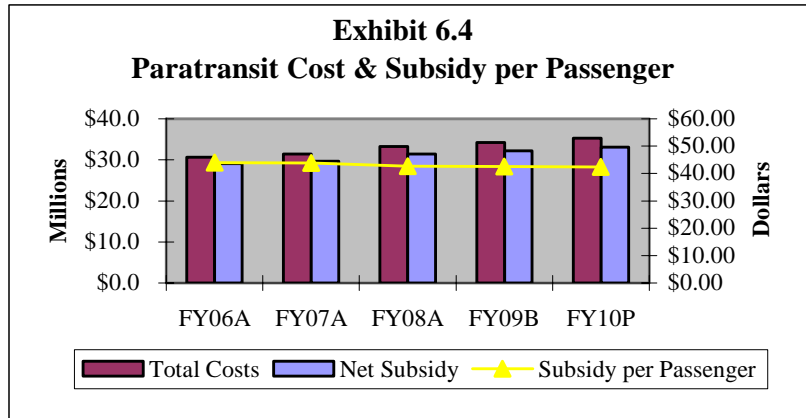
Purchased Transportation Contract (Strategy C4.4)

A purchased transportation contract with Veolia Transportation was implemented in June 2007 and is scheduled to end on September 30, 2011. This contract is based on variable-end pricing and allows Paratransit Services to cut unproductive revenue hours on a daily basis. This results in savings, which allows Paratransit Services to absorb increased ridership without increasing revenue hours.

In 2007, DART purchased the facility occupied by the Paratransit contractor to eliminate ongoing lease costs. This has resulted in lower fixed costs under the new service contract. The adjacent property was also purchased to accommodate contractor employee parking.

Paratransit Costs and Subsidy Per Passenger (Strategy 3.3)

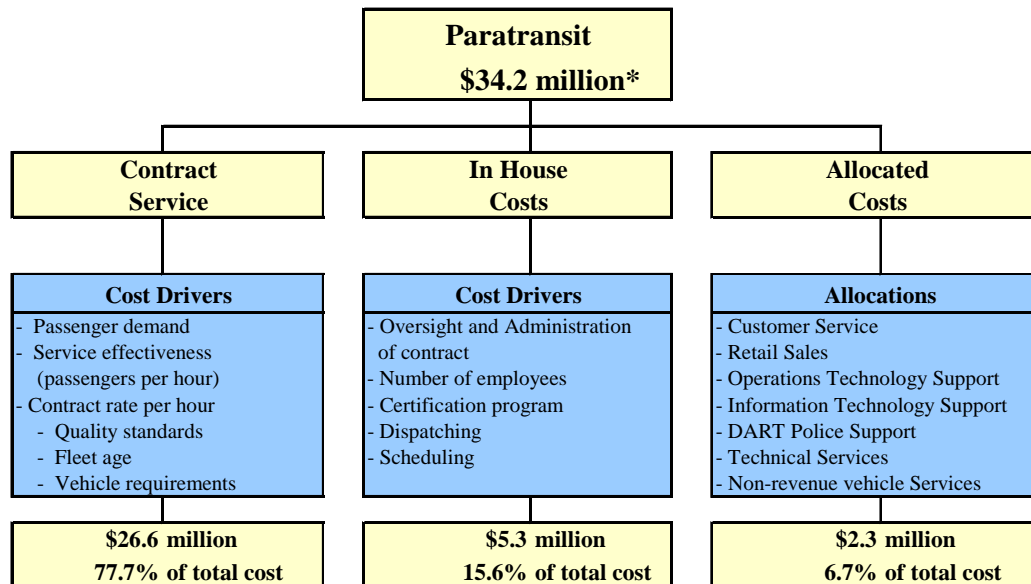
Exhibit 6.4 compares paratransit cost and net subsidy actual results for FY 2006 through FY 2008 with budget and projections for FY 2009 and FY 2010. Improved productivity has resulted in a slight downward trend in subsidy per passenger, despite cost increases



Paratransit Cost Model

Exhibit 6.5 is the Paratransit Cost Model.

**Exhibit 6.5
FY 2009 Paratransit Cost Model**



* Total FY09 Paratransit costs include \$3.1 million for administrative overhead allocation.

Section 7
HOV and General Mobility
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Customer Focus - HOV

Overview

The purpose of this section is to discuss business performance expectations and major initiatives for DART's High Occupancy Vehicle (HOV) Transitway services. References to DART's Strategic Plan are included throughout this section.

DART's Transit System Plan calls for an HOV Transitway program that includes Interim or Immediate Action facilities, as well as more than 116 miles of Permanent HOV Transitways. The Board-approved HOV Transitway Policy guides the program's development by establishing funding commitment and the necessary framework to advance the projects through different stages of project development, construction, operations, enforcement, and maintenance.

Interim HOV projects are funded by the Texas Department of Transportation (TxDOT), DART, the Federal Transit Administration (FTA), and the Federal Highway Administration (FHWA) Congestion Mitigation/Air Quality (CMAQ) Program. This program is administered by the Regional Transportation Council (RTC) of the North Central Texas Council of Governments (NCTCOG). All facilities are jointly planned and designed by DART and TxDOT, and each agency contributes 16.7% of the construction cost. Federal funds provide the remaining 66.6%. Once the facilities are built, DART provides for the operation, enforcement, and management of the HOV lanes, while maintenance is the joint responsibility of DART and TxDOT. DART is responsible for all operating costs within the DART Service Area. The operating costs for lanes outside of the DART Service Area are reimbursed by NCTCOG.

Currently, DART operates, enforces, and maintains 75 miles of HOV lanes. Exhibit 7.1 shows the currently operating facilities and their operating hours.

Exhibit 7.1 HOV Lane Operating Hours and Miles		
HOV Facility	Hours of Operation	Centerline Miles
I-30 (East R.L. Thornton)	6-10 a.m. & 3:30-7 p.m. Weekdays	11
I-35E (Stemmons)	6-9 a.m. & 3:30-7 p.m. Weekdays	9
US 75 (Central)	24 hours a day	14
I-635 (LBJ)	24 hours a day	24
I-35E/US67 (South R.L. Thornton/Marvin D. Love)	6-10 a.m. & 2:30-7 p.m. Weekdays	11
I-30 (Tom Landry)	6-9 a.m. & 3:30-7 p.m. Weekdays	6

HOV Scorecard – Key Performance Indicators

Exhibit 7.2 highlights HOV Key Performance Indicators (KPIs) presented in scorecard format. Fiscal Years 2006 through 2008 indicate actual values, while figures for Fiscal Years 2008 through 2010 represent the budget and projected values.



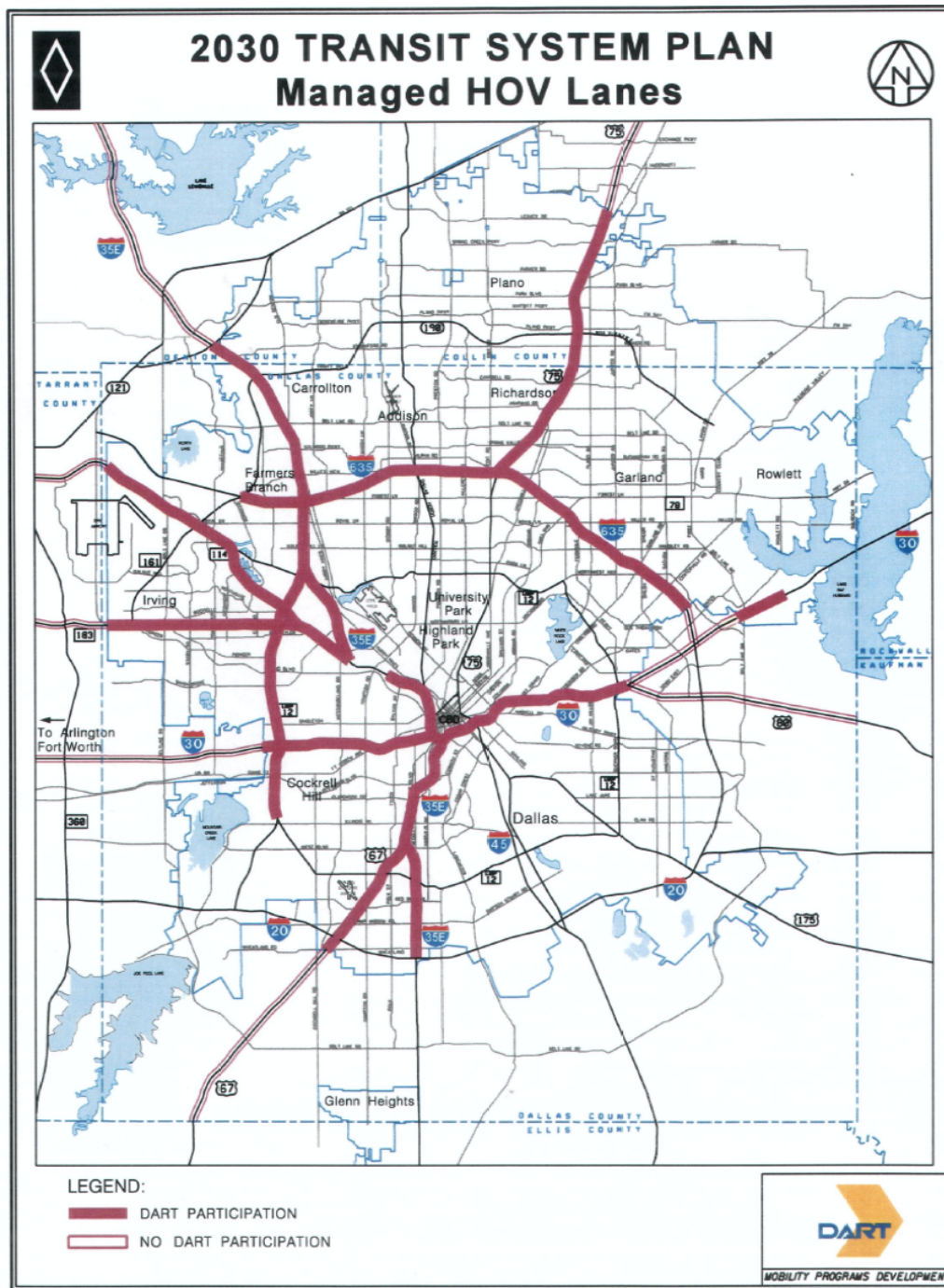
Exhibit 7.2						
HOV Scorecard - Key Performance Indicators						
Indicators	FY06A	FY07A	FY08A	FY08B	FY09B	FY10P
Customer/Quality Indicators						
Ridership (M)	36.1	37.6	48.1	41.2	48.5	49.0
Avg. Weekday Ridership (000s)	110.0	115.2	115.2	123.5	161.3	162.9
Lane Availability	99.5%	99.2%	99.8%	99.0%	99.0%	99.0%
Operating Speed Ratio	1.51	1.53	1.72	1.45	1.53	1.53
Complaints per 100k passengers		0.20	0.52	0.20	0.30	0.30
Financial/Efficiency Indicators						
Revenues (M)		\$0.0	\$0.0	\$1.5	\$1.5	\$1.6
Expenses - Fully Allocated (M)	\$5.1	\$5.4	\$8.69	\$10.1	\$10.8	\$11.0
Subsidy Per Passenger	\$0.14	\$0.14	\$0.18	\$0.21	\$0.19	\$0.19

HOV Projects

In response to increasing air-quality concerns in the region, the first phase of the Tom Landry Freeway (I-30) West Managed HOV lane opened to traffic on July 31, 2007 as a two-lane barrier-separated concurrent flow facility that operates from 6-10 a.m. and 3:30-7 p.m. Once additional phases open, this will become the region’s first Managed HOV lane. Also, the US 75 HOV lanes and extensions to the existing I-635 and I-30 HOV lanes opened in FY 2008. Changes to operating hours of the HOV lanes to match travel and ridership patterns are implemented as needed. A map showing all facilities that are operational this fiscal year is included as Exhibit 7.3.

Permanent HOV Transitways (Strategies C2.2, C2.3, S1.6) – DART's Transit System Plan calls for over 110 miles of permanent HOV transitways. DART's share of the construction costs of these facilities is 10%. The 2030 Managed HOV Lane map is included at Exhibit 7.4. Per the Board-approved HOV Transitway Policy and consistent with the Metropolitan Transportation Plan by NCTCOG, all Permanent HOV Transitways will be evaluated for Congestion Pricing.

Exhibit 7.4





Notice of Board Commitment – The Board’s current HOV Policy commits DART to fund up to 100% of the construction cost of the permanent LBJ, Stemmons, and North Central Expressway HOV transitways, if Federal funding is not available. The FY 2009 Twenty-Year Financial Plan only includes DART’s anticipated participation in each project, not the total project value. If DART is required to provide additional funding for these HOV projects, it will have a significant impact on the capital expansion and financing assumptions included in the Twenty-Year Financial Plan.

Major Investment Studies (Strategy C2.6) – In 2001, DART initiated a Major Investment Study (MIS) for the I-30 Freeway Corridor east of Downtown Dallas. All alternatives and alignments within the corridor were studied and evaluated to determine a Locally Preferred Investment Strategy (LPIS) for the corridor.

The East Corridor MIS was completed in January 2004. This transportation corridor is roughly bounded by Garland Road/Santa Fe Railroad/Ferguson Road in the north, Dallas County Line in the east, Scyene Road/Military Parkway in the south, and Downtown Dallas in the west. The study’s recommendations included: 1) managed and general-purpose lanes for I-30 and US 80; 2) commuter rail and light rail investigation; and 3) Bus Rapid Transit (BRT) on Ferguson Road. Each of these objectives is being advanced by the respective implementing agencies. Specifically, TxDOT has begun schematic design and the environmental process for managed lanes on I-30 and US 80.

DART will be advancing BRT on Ferguson Road. The City of Dallas, in support of that effort, has designated Ferguson Road as a BRT Corridor in its Transportation Plan and in its Vision Plan.

SH 114 Permanent HOV Transitways – With the completion of the Northwest Corridor Major Investment Study, DART is advancing permanent, barrier-separated Managed HOV lanes along SH 114 from SH 183 to the Dallas County Line as identified by the Locally Preferred Alternative. Advanced planning activities including schematic designs, environmental studies, and public involvement were substantially completed during FY 2008 and will be concluded in FY 2009. The western end of the project terminus was redrawn to conform to recently identified demand volumes. Preliminary Engineering/Plan Specifications & Estimates (PS&E) for the remainder of the SH 114 Corridor will be underway during FY 2010 through FY 2015, and utilities relocation/coordination and right-of-way acquisition will be advanced concurrently. Pending funding availability, the construction phase is expected to occur between FY 2015 and FY 2020. Total estimated construction cost for 13 miles on SH 114 is \$750 million. The contract for the reconstruction of SH114/Loop 12 Interchange (*Early Project*) including 1.6 miles of the Orange Line under Loop 12 and along SH114 toward DFW Airport including the station at Tom Braniff Drive was awarded in October 2008 for \$224.2 million. The DART LRT portion of the project is expected to be complete in late 2010. Project limits are from Texas Stadium to west of the TRE Railroad overpass including the LRT station at Tom Braniff Drive. The Loop 12 limits are from just north of SH 183 to the south end of the Elm Fork Bridge. The DART Board approved an Interlocal Agreement with TxDOT for funding DART’s share of the LRT and Managed HOV lanes. DART’s share of the cost for LRT and Managed HOV lanes is \$62 million or approximately 30% of the total project cost.



Regional Value Pricing (Strategy SI.6) – A regional value or Congestion Pricing Study was completed to evaluate the feasibility of charging single-occupant vehicles to use the existing and future HOV lanes throughout the region. This federally-funded project was led by the NCTCOG, and DART and TxDOT are among the project partners. Federal rules mandate that a study of this type be conducted prior to testing and/or implementation. The study was completed during FY 2005, and an application to implement the concept in the selected corridor was advanced to the FHWA for funding. The application was approved and the I-30 corridor will be the region's first Managed Lane project.

I-30 Managed HOV Lane – Development of the first Managed HOV Lane project in Dallas is underway. The Managed HOV lane facility will be implemented in the median of I-30 from the Dallas/Tarrant County Line to Downtown Dallas. Ultimately, the reversible HOV lanes will operate 20 hours a day, and will comprise a two-lane Managed HOV facility from the Dallas/Tarrant County Line to Downtown Dallas. The Managed HOV lanes project will be implemented in phases.

Limits of the initial phase of the project will be from Dallas/Tarrant County Line to Sylvan Avenue. This six-mile project will be limited to two reversible HOV lanes from Dallas/Tarrant County Line to Mountain Creek, and a single reversible HOV lane from Mountain Creek to Chalk Hill Road. For westbound traffic only, the single HOV lane will extend beyond Chalk Hill Road to Sylvan Avenue.

In the eastbound (inbound) direction, the facility is entered at the Dallas/Tarrant County Line with an exit available at Mountain Creek (to allow access to the Loop 12 and Cockrell Hill Rd. exits). The facility terminates into an additional general-purpose lane at Chalk Hill Road (to allow access to the Westmoreland exit, and all other exits east). In the westbound (outbound) direction, the facility is entered at Sylvan Avenue (for traffic coming from Downtown Dallas) and Mountain Creek (to allow access from Loop 12 and all other roadways east) with termination into two additional general-purpose lanes at the Dallas/Tarrant County Line.

The facility will typically have three general-purpose lanes in each direction from Tarrant County Line to Chalk Hill and four general-purpose lanes in each direction from Chalk Hill to Sylvan. Future phases will be initiated upon availability of regional funds.

LBJ Corridor – This project is a joint effort between TxDOT, DART, and other partners in the region. The LBJ Corridor project is comprised of two sections: the east section (US 75 to US 80) and the west section (from US 75 to Luna Road west of I-35E). The west section includes a depressed section from west of Midway to east of Preston. This project will be designed and constructed through a Comprehensive Development Agreement (CDA). The target completion date is FY 2012. DART will not participate in funding the Mesquite section which is outside the DART Service Area.

**Ensure I-30 HOV Lane Opens on Time (Strategy C1.1)**

This HOV lane is open an average of at least 99% of the time. The purpose of this indicator is to determine if the facility is open as scheduled for the morning and evening operating hours. To date, we have been able to meet the set target.

Operating Speed Ratio (OSR) – This efficiency ratio measures the average operating speed of vehicles using the HOV lane versus the speed of vehicles on the main freeway lanes. The target has been set at 50%; that is, HOV traffic traveling an average of 1.5 times the speed of main lane traffic. To date, we have been able to exceed this target.

Stemmons HOV Gates to Improve Safety (Strategy C1.3)

This \$2.4 million project, which was scheduled to open in 2008 to fund the installation of an automatic gate system for opening and closing each of the three ramps on the Stemmons Reversible HOV Lane, has been put on hold pending TxDOT's plans for the interchange. Engineering schematics and Environment Assessment (EA) documents for the project have been completed and approved by the Federal Highway Administration (FHWA) and TxDOT. Final design is underway. Installation of these gates will eliminate the current procedure of manually placing pylons next to high-speed freeway traffic. This project will be 60% funded by the Federal Transit Administration (FTA) through the Fixed Guideway Modernization program. Plans at the 60% engineering level are being reviewed by TxDOT.

HOV Service has Lowest Subsidy Per Passenger (Strategy C3.3)

HOV is DART's most cost-effective mode of transit with an actual subsidy per passenger of \$0.18 and \$0.19 budgeted for FY 2009.



Customer Focus – General Mobility

Overview

DART's General Mobility programs include carpool matching, vanpool operations, and support for local Transportation Management Associations (TMAs). General Mobility also includes road improvement programs such as the Local Assistance Program/Congestion Management System (LAP/CMS), the Transit Principal Arterial Street System program (Transit PASS), the Transportation System Management (TSM) program, and the Intelligent Transportation Systems (ITS) program.

DART and the NCTCOG have worked together to identify strategies for reducing emissions in the Metroplex. The vanpool program has been identified as a critical component of the State Implementation Plan for improving air quality. Employers in the Metroplex have also discovered that vanpools are a viable transportation alternative for their employees and are subsidizing passenger fares to help with escalating fuel costs.

Vanpool Scorecard

Exhibit 7.5 highlights Vanpool Key Performance Indicators (KPIs) presented in scorecard format. Fiscal Years 2006 through 2008 indicate actual values, while figures for Fiscal Years 2008 through 2010 represent the budget and projected values.

Exhibit 7.5						
General Mobility (Vanpool) - Key Performance Indicators						
Indicators	FY06A	FY07A	FY08A	FY08B	FY09B	FY10P
Customer/Quality Indicators						
Ridership (000s)	440	492	697	727	850	953
Number Of Vanpools	83	106	145	145	198	198
Financial/Efficiency Indicators						
Revenues (M)	\$1.1	\$1.0	\$1.6	\$1.6	\$2.0	\$2.1
Expenses - Fully Allocated (M)	\$1.3	\$1.3	\$1.8	\$1.9	\$2.6	\$2.7
Subsidy Per Passenger	\$0.56	\$0.56	\$0.22	\$0.41	\$0.73	\$0.66

DART currently offers 7- to 15-person vans through a third-party contractor (Enterprise Rent-a-Car DFW). This program is partially funded by the NCTCOG through a Congestion Mitigation/Air Quality grant. Over the past few years, NCTCOG has provided funding to DART that covers up to 50% of the total cost of operations. Vanpool customers paid DART \$200 for small vans and \$215 for large vans per month to cover lease fees. Combined with fuel costs, users paid approximately 40% of the program costs. DART covered the remaining 10% of program costs, with the bulk of DART's expenses being in-kind services such as program management.

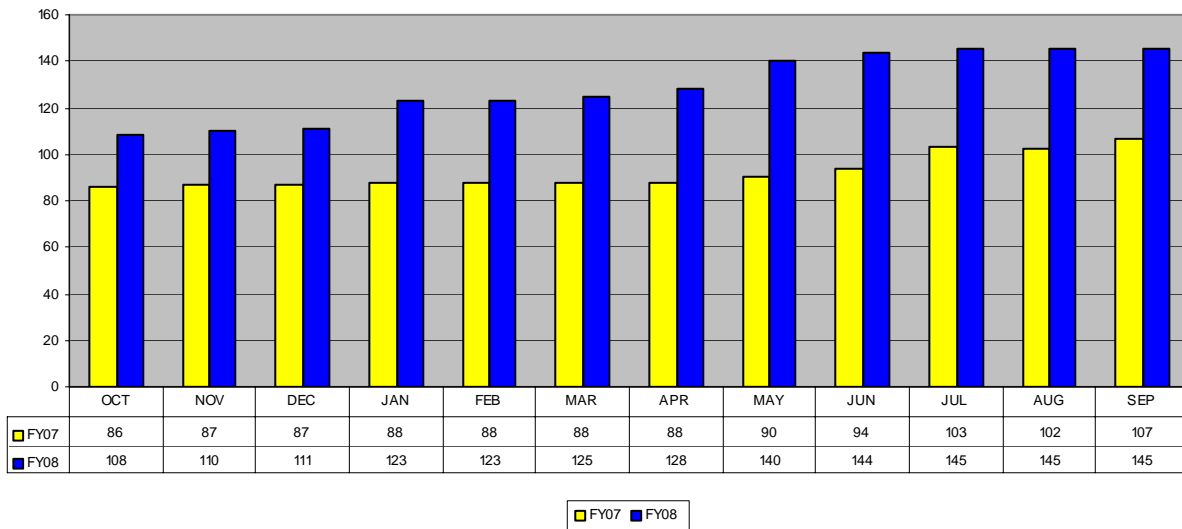


For FY 2009, the funding formula will change. The NCTCOG will reduce overall funding to 40%. To support those that are currently on the waiting list and to sustain the program through FY 2009, the user fee will increase to cover approximately 55% of the program costs. DART will cover the remaining 5%. The fee increase will also allow DART to expand its vanpool fleet from 167 to 198 by the end of the year. Vanpool customers will pay DART \$270 for small vans and \$290 for a large van. This is in line with similar fee increases for regional vanpool programs.

Management’s objective is to continue to increase the number of vanpools.

In FY 2008, the number of vanpools surpassed the FY 2007 vanpool operating numbers by 26.2% (see Exhibit 7.6). Fuel prices and economic conditions continue to attract the long-distance commuter, typical of those participating in vanpools. The FY 2008 budgeted target of 145 vanpools was reached by June 2008, with 43 groups (473 persons) remaining on the waiting list for a vanpool by the end of FY 2008.

**Exhibit 7.6
Operating Vanpools**



General Mobility – Road Improvement Programs (Strategies C2.5, S1.6)

The Road Improvement Programs shown in Exhibit 7.7 represent all of the Board-approved road programs with member cities and state agencies. Road improvement programs are recorded as non-operating expenses in the Budget and Twenty-Year Financial Plan because DART does not take an ownership interest in most of these mobility improvements.



Exhibit 7.7					
General Mobility / Road Improvement Program					
(in millions)					
	FY06A	FY07A	FY08A	FY09B	FY10P
LAP/CMS*	\$5.2	\$2.5	\$0.0	\$6.0	\$3.7
Transit PASS	0.3	\$0.0	\$0.2	6.9	6.0
TSM (includes street repair)	1.9	0.3	0.3	9.8	8.0
ITS	0.0	0.3	0.3	3.9	0.0
Total	\$7.3	\$3.2	\$0.8	\$26.6	\$17.7

* Note: for FY09 and beyond, the budgeted column reflects new allocations. Actual expenditures may also include unspent program allocations from prior years.

Local Assistance Program/Congestion Management System (LAP/CMS) (Strategy SI.6) – This agreement returned 15% of DART sales taxes collected in a member city to that city until a contract was awarded for rail construction in that city. Irving was included at a 7.5% funding level because it is served by commuter rail. Additional allocations to the program ended for all member cities in FY 2004. Member cities with remaining balances may request the programming of LAP/CMS funds, as necessary, for projects that enhance transit. Exhibit 7.8 reflects the current LAP/CMS payable to each member city.

Exhibit 7.8		
Projected LAP/CMS Program		
(000s)		
Member City	09/30/08 LAP/CMS Unspent Balance	09/30/08 LAP/CMS Committed Amount
Addison	\$307	\$307
Buckingham	199	0
Carrollton	4,390	2,522
Cockrell Hill	122	0
Dallas County *	23	0
Farmers Branch	857	814
Garland	1,261	894
Glenn Heights	0	0
Irving	11,603	11,600
Plano	645	645
Richardson	0	0
Rowlett	0	0
University Park *	5	0
TOTAL	\$19,213	\$16,782

* Balance remaining from original LAP Program.



Transit Principal Arterial Street System (PASS) (Strategy SI.6) – The Principal Arterial Street System (Transit PASS) is a \$150 million program that is funded by DART (\$30 million), TxDOT/FHWA (\$52 million), TRE (\$10 million), and eligible DART member cities and counties (\$28 million). Several projects in Addison, Carrollton, Dallas, Farmers Branch, Plano, and Richardson have been completed. A total of \$17.9 million in PASS funding is available for the remaining few projects in the Cities of Dallas and Garland. Additional money is being requested from NCTCOG for this program in the 2010-2013 Transit Improvement Program (TIP).

Transportation System Management (TSM) – A total of \$22.8 million TSM funding is available for the initial and second phases of the Street Repair Program as well as General TSM projects over the next five years. TSM funding is available to repair streets damaged by buses and for minor enhancements such as intersection modifications, bus pads, and traffic studies/signal modifications.

Intelligent Transportation Systems (ITS) (Strategy C4.1) – ITS is an element of DART's Transit System Plan. It includes Smart Vehicle, Smart Traveler, and Smart Intermodal Systems. DART is working with other regional transportation providers, cities, counties, airports, and national organizations to develop a *Regional Comprehensive ITS Program for the Dallas/Fort Worth Region*. The program's purpose is to review and, if necessary, update the completed and in-progress ITS Plans for compliance with the ITS national architecture for interoperability and funding purposes. The program is aimed at prioritized implementation of projects to improve transportation throughout the region. It focuses on providing metropolitan areas ITS elements including: Advanced Traveler Information Systems (ATIS), Advanced Public Transportation Systems (APTS), and Advanced Traffic Management Systems (ATMS). The goal of this project is to facilitate information exchange between the various ITS systems and to create a seamless intermodal transportation infrastructure across jurisdictional boundaries. This effort will lead to the implementation of the Regional ITS system being designed by the regional partners.

As part of the ITS program, DART continues to develop the Vehicle Business System (i.e., Smart Vehicle). This effort will be rolled into the overall DART ITS program, but will be funded by DART and the FTA.

Regional Comprehensive ITS Program (Strategy C4.1) – This program will include the planning, design, construction, implementation, and operation of real-time traveler and transportation system information. This will allow partners in the region to share and provide transit users with traffic information. This much needed exchange will also aid the region in dealing with major incidents. High-level design is underway for both video and data exchange between multiple agencies in the region. Also, the regional effort is directed toward completing the regional database to share traffic-related information among the agencies. NCTCOG will host the database and provide support to all regional partners with data storing and sharing needs. Regional partners are evaluating video standards and creating a list of requirements for video and data sharing.



DART ITS Plan (Strategy C4.1) – DART’s ITS Program will include Smart Vehicles, Smart Travelers, and Smart Intermodal Systems. Ongoing work for Smart Vehicles was incorporated in the DART ITS Plan, while the entire ITS effort will be coordinated with the 2030 Transit System Plan. The ITS Plan focuses on the existing transportation facilities, infrastructures, and operations of DART. It identifies the current status of ITS deployment within and outside the Agency; defines near-term ITS initiatives to meet current Agency needs; identifies system deployment costs; presents an internal ITS Architecture consistent with the National ITS Architecture; and incorporates an implementation phasing plan to guide the deployment of recommended near-term initiatives. These initiatives also position DART as the dominant public transportation services provider to support regional ITS initiatives that involve multiple transportation providers and inter-modal initiatives. DART management recently approved the creation of the DART ITS network to interconnect all DART centers to share and exchange incident management information.

Transit Signal Priority for LRT in Dallas CBD (Strategy C4.1) – DART is working with the City of Dallas to improve LRT operations in the CBD area without significantly degrading vehicular traffic flow. This project will help DART prevent accumulation of trains at Downtown Dallas stations and have LRT travel between stations with minimum stops. The project will implement LRT study recommendations to improve performance of DART LRT operations. The DART Board approved a contract for the train detection system and related train/traffic interconnect communications as part of the Dallas CBD Traffic Signal Priority (TSP) Project in October 2008, and work has begun on the train detection system and related train/traffic interconnect communications. Total contract award was \$2.7 million and the expected project completion date is May 2009.

Integrated Corridor Management (ICM) (Strategy C4.1) – The Integrated Corridor Management (ICM) concept was created by the U.S. Department of Transportation (US DOT) to deal with corridor traffic congestion. A Corridor is defined as an entire geographical area that consists of highway, city arterials, tolling systems, and transit services such as HOV, Express Bus, and Light Rail systems. FHWA, FTA, and RITA selected Dallas US 75 as one of eight national Pioneer Sites for an ICM project. As a result of development submission of Concept of Operations (ConOps) and Systems Requirements required as part of phase one, DART’s application for the second phase was selected by US DOT for Analysis, Modeling, and Simulation (AMS). Up to three sites will be selected for the deployment phase.

The ICM team is comprised of representatives from DART, TxDOT, NTTA, NCTCOG, and the cities of Dallas, University Park, Richardson, and Plano and the Town of Highland Park. TTI, UTA, and SMU are also members of the Dallas ICM Team. The corridor network consists of about 3,000 intersections, 8,000 links, 250 zones, and one million travelers.

Section 8
FY 2009 Annual Budget
Index of Exhibits

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FY 2009 Annual Budget

Overview

On September 23, 2008 (Resolution No. 080160), the DART Board adopted the FY 2009 Annual Budget. This budget totaling \$1.6 billion is divided into three categories: Operating Expense Budget, Capital and Non-Operating Budget, and Net Debt Service Budget. The FY 2009 Annual Budget was subsequently amended on November 18, 2008 (Resolution No. 080197). The budget amendment addressed three individual elements: an additional 1% compensation, increased vanpool service, and the expenses required to provide documents to the Board electronically on a secure website instead of having the documents printed and mailed. Exhibit 8.1 shows the Budget as originally approved and the amended budget.

Exhibit 8.1		
FY 2009 Annual Budget, As Amended		
(In Millions)		
Description	FY09 Budget	FY09 As Amended
Operating Expense Budget	\$374.8	\$377.0
Capital and Non-Operating Budget	1,181.2	1,181.3
Net Debt Service	72.0	72.0
	\$1,628.0	\$1,630.3

The largest item included in the budget amendment was the additional employee compensation. On January 8, 2008, the Board adopted Resolution No. 080005, entitled “Authorization of a Unilateral Resolution of the Amalgamated Transit Union, Local 1338, 2007 General Grievance.” This resolution outlined a funding scenario for up to an additional 1% to base pay for both hourly and salaried personnel contingent upon FY 2008 sales tax and farebox revenue performance. Final farebox revenue performance and sales tax revenue targets were met in FY 2008 triggering the additional 1% salary adjustment. The budget was also amended to include funding to increase the number of vanpools from 167 to 198 and the one-time expenses required to provide electronic documents to the Board for laptops and display screens. The processes of distributing information to the Board in this format will be implemented during FY 2009.

Sources and Uses of Funds

The purpose of this section is to provide a detailed review of DART’s sources and uses of funds for FY 2009 and variances between the FY 2008 and FY 2009 Budgets.

Exhibit 8.2 shows total funding sources for FY 2009 projected at approximately \$1.4 billion, \$142 million (12%) higher than the FY 2008 Budget. The increases are primarily due to increases in Sales Taxes, Federal Funds, and Other Sources, as well as an increase in programmed debt issuances to support DART’s Light Rail Build-out and other capital programs. More information can be found in the *Financial Plan* section, subsection Sources of Funds.



Also included in Exhibit 8.2 is a review of the Uses of Funds. The operating budget increased by \$20.7 million (5.8%) over the FY 2008 Budget. Details can be found on pages BUD-5 through BUD-6. The FY 2009 Capital Budget increased \$424.3 million (56.1%) over the FY 2008 Budget primarily due to the increase in activity related to the Phase II LRT Build-out. The Net Debt Service Budget increased by \$23.2 million (47.5%) principally due to the increased debt service from the issuance of \$731 million in long-term debt in June 2008. See Exhibit 8.7 for more detail.

Exhibit 8.2				
FY 2009 Sources and Uses of Funds				
(In Millions)				
Description	FY08 Amended Budget	FY09 Budget	\$ Variance	% Variance
Sales Tax Revenues	\$408.6	\$431.2	\$22.5	5.5%
Debt Issuances	448.0	550.0	102.0	22.8%
Federal Funds	194.4	227.2	32.8	16.9%
Operating Revenues	63.2	65.9	2.7	4.2%
Interest Income	27.9	30.3	2.4	8.6%
Other Sources	26.4	97.3	70.9	268.5%
Total Sources of Funds	\$1,168.5	\$1,401.9	\$233.3	20.0%
Operating Expense Budget	\$356.3	\$377.0	\$20.7	5.8%
Capital and Non-Operating Budget	757.0	1,181.3	424.3	56.0%
Net Debt Service	48.8	72.0	23.2	47.5%
Total Uses of Funds	\$1,162.1	\$1,630.3	\$468.2	40.3%

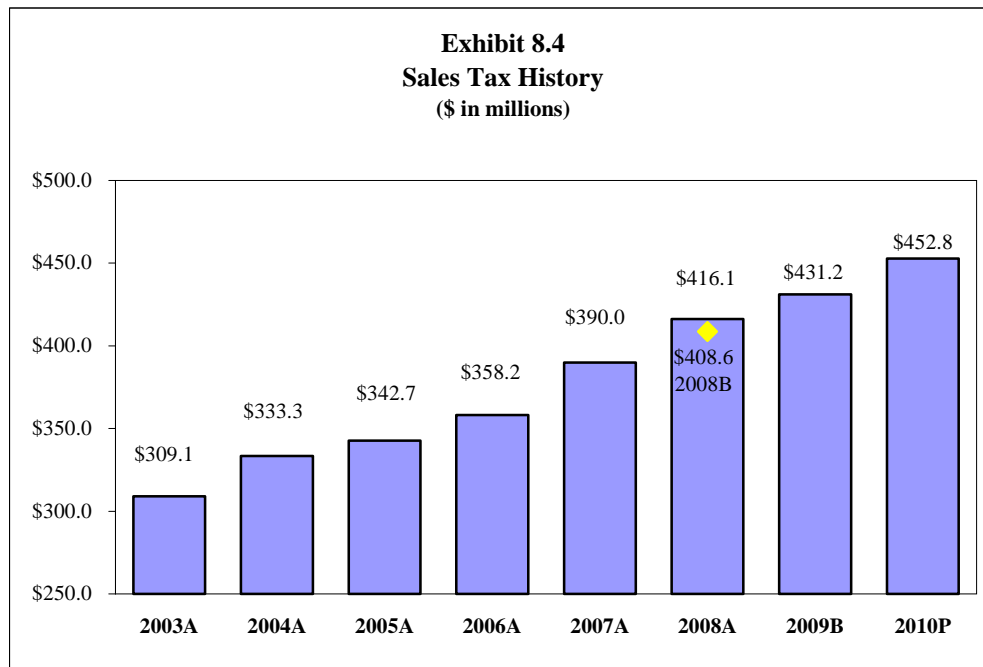


Revenues

Exhibit 8.3 provides a more detailed summary of the sources of funds listed in Exhibit 8.2. The changes to each major category are discussed in more detail following the chart.

Exhibit 8.3					
FY 2007 - FY 2009 Revenue Comparison					
(in Thousands)					
FY07 Actuals	Category	FY08 Amended Budget	FY09 Budget	\$ Inc/(Dec)	% Variance
Operating Revenues					
\$41,114	Passenger Revenues	\$50,471	\$51,984	\$1,513	3.0%
9,108	Advertising /Rental Income/Other Revenues	10,099	10,839	740	7.3%
828	Operating Grant Revenues	2,602	3,148	546	21.0%
\$51,050	Total Operating Revenue	\$63,172	\$65,970	\$2,799	4.4%
\$389,953	Sales Tax Revenue	\$408,626	\$431,170	\$22,544	5.5%
22,682	Interest Income	27,867	30,300	2,432	8.7%
7,547	Contributions for TRE Operations	8,137	9,590	1,453	17.9%
329	Other Non-Operating revenues				0.0%
\$420,512	Total Other Non-Operating	\$444,630	\$471,059	\$26,429	5.9%
Other Sources of Funds					
\$242,300	Debt Issuances	\$448,000	\$550,000	\$102,000	22.8%
	Federal Funds				
55,000	Formula Federal Funding	107,507	125,911	18,403	17.1%
82,900	Discretionary Federal Funding	86,890	101,335	14,445	16.6%
	Other Sources				
	Carrollton Sub recipient fees	20	10	(10)	-50.0%
	DCURD Sub recipient fees		30	30	100.0%
	Police Security Awareness Training	456		(456)	-100.0%
	Mid Cities Contribution (ILA)	500	750	250	50.0%
239	Mineral Rights and DFW Oil/Pipeline	1,217	788	(428)	-35.2%
6,353	Contributions to Capital Projects	16,021	85,982	69,961	436.7%
\$386,792	Total Other Sources	\$660,611	\$864,806	\$204,195	30.9%
\$858,353	Grand Total	\$1,168,413	\$1,401,836	\$233,423	20.0%

Sales Tax Revenues are the largest source of revenue for the Agency. Exhibit 8.4 includes actual and projected revenues from FY 2003 through FY 2010.



Between FY 2003 and FY 2007, sales tax receipts grew by nearly 6% per year, from \$309.1 million to \$390.0 million. FY 2008 growth was budgeted at 5% (\$108.6 million), but actually grew by 6.7%. Growth for FY 2009 was projected at \$431.2 million, a 3.59% increase over FY 2008 actual receipts.

Operating Revenues are estimated to increase 3.6% due to increases in fixed route ridership as well as an increase in rental income along the TRE corridor. Average fare is projected to remain at the FY 2008 level of \$0.71 per fixed-route passenger. Operating Grant revenues include funds (\$1.5 million) from the North Central Texas Council of Governments (NCTCOG) for operations of HOV lanes outside of the DART Service Area.

Interest Income constitutes 5.6% of DART's revenues for FY 2009. Interest income is expected to rise 8.7% from the FY 2008 Budget due to higher cash balances over the course of the year.



FY 2009 Operating Budget

The following assumptions were used to develop the operating budget and are tied to the FY 2009 Board goals where possible:

- **Salary and Wage Assumptions**
 - 3% salary and wage increase
 - 1% increase due to FY 2008 revenue performance results, as previously discussed
 - Hourly wage progressions
 - Open position annualization
 - Uniformed police officer salary structure changes
 - Continuance of the performance bonus programs
 - 200 new positions in preparation for the September 2009 Green Line opening and the December 2010 Green Line Opening
- **Benefits Assumptions**
 - Increase in 401k participation for auto enrollment and auto increment
 - GASB 45 compliance for Retiree Post Employment Benefits
 - Health Benefits remain at the 82/18 cost split (DART/Employee)
- **Contract Rates**
 - Increases for Paratransit and TRE services
 - Bus and Light Rail parts cost escalation
- **Fuel and Energy Assumptions**
 - Diesel fuel hedge in excess of seven million gallons for Bus and Paratransit Services @ \$2.27 per gallon with the remainder (175,000 gallons) hedged at \$3.00 per gallon
 - Diesel fuel hedge for Commuter Rail services @ \$3.00 per gallon
 - Electricity rate increase from \$0.0882 per KWH to \$0.1031 per KWH
 - Continuance of the Fuel Incentive Tax credits
- **Service Levels**
 - Bus, Paratransit, and Commuter Rail service remain at the FY 2008 levels with minor service changes to accommodate the Green Line opening in September 2009
 - Light Rail services increasing significantly in September 2009. However, because this change occurs so late in the fiscal year, it has minimal impact to the FY 2009 budget
 - Increase the number of authorized vanpools from 145 to 198
- **Reserves**
 - Funding is included for possible increases or programs unknown during the budget process. These funds may or may not be used during the fiscal year.
 - HOV striping
 - Parts cost escalation
 - Additional costs associated with the Green Line opening
 - Security contract for armed services
 - Building maintenance for Headquarters Building (1401 Pacific Avenue)



Exhibit 8.5 provides a breakdown of the Operating Expense Budget by expenditure category and compares the FY 2008 Budget to the FY 2009 Budget.

Exhibit 8.5

FY 2009 Operating Expense Budget by Expenditure Category (in Thousands)					
FY07 Actuals	Category	FY08 Budget	FY09 Budget as Amended	\$ Inc/(Dec) Amended Bud	% Var
\$49,078.2	Operator Wages	\$52,645.6	\$54,025.5	\$1,379.9	2.6%
11,682.7	Operator Leave Wages	10,126.8	12,471.3	2,344.5	23.2%
\$60,760.9	S&W - Operators Payroll	\$62,772.4	\$66,496.8	\$3,724.4	6.0%
\$31,120.7	Non Operator Hourly Wages	\$34,883.5	\$36,762.9	\$1,879.4	5.4%
2,092.9	Overtime - Hourly	1,956.2	1,972.1	15.9	0.8%
\$33,213.5	S&W - Non-Operator Payroll	\$36,839.8	\$38,735.1	\$1,895.3	5.2%
\$61,631.4	Salaries	\$70,925.8	\$77,931.4	\$7,005.5	9.9%
2,656.7	Overtime - Salaried	1,983.8	1,645.2	(338.6)	-17.1%
909.5	Part-Time/Temporary	861.3	741.5	(119.8)	-14.2%
\$65,197.5	S & W - Salaried	\$73,770.9	\$80,318.0	\$6,547.1	8.9%
\$159,172.0	Total Salaries & Wages	\$173,383.1	\$185,549.9	\$12,166.8	7.1%
\$17,632.0	Health & Life & Disability Insurance	\$24,307.3	\$27,728.8	\$3,421.5	14.1%
17,294.7	Pension & 401K Plans	18,307.9	20,916.9	2,609.0	14.3%
11,871.0	FICA	13,612.6	14,175.6	563.1	4.1%
3,997.0	Workers Compensation	7,460.0	6,560.8	(899.2)	-12.1%
1,357.4	Paid Absences Liability	1,900.0	1,900.0	0.0	0.0%
1,626.3	Service Incentive Pay	1,451.5	1,609.0	157.5	10.8%
313.7	Retiree Benefits	3,628.4	4,378.3	749.9	20.7%
420.0	Unemployment & Other Benefits	343.1	343.1	0.0	0.0%
\$54,511.9	Total Benefits	\$71,010.8	\$77,612.5	\$6,601.6	9.3%
\$9,151.5	Contract Services	\$10,526.9	\$10,826.4	\$299.5	2.8%
3,397.4	Advertising, Marketing & Public Information	3,357.3	3,152.6	(204.7)	-6.1%
2,367.0	Financial, Legal & Governmental	3,346.8	3,018.3	(328.5)	-9.8%
2,785.0	Computer & Communications	3,391.5	3,356.8	(34.7)	-1.0%
3,283.9	Administration, Human Resources & MBE	4,295.4	4,139.7	(155.8)	-3.6%
1,029.7	Vehicle & Equip Maintenance	1,688.5	1,892.1	203.5	12.1%
476.3	Engineering & Real Estate Acquisition	568.0	426.0	(142.0)	-25.0%
\$22,490.7	Total Services	\$27,174.4	\$26,811.8	(\$362.6)	-1.3%



Exhibit 8.5 (continued)

FY 2009 Operating Expense Budget by Expenditure Category					
continued (in Thousands)					
FY07 Actuals	Category	FY08 Budget	FY09 Budget as Amended	\$ Inc/(Dec)	% Variance
\$19,543.1	Diesel, NRV and LNG Fuel & Lube	\$20,219.6	\$24,527.9	\$4,308.3	21.3%
16,291.9	Motor Vehicle Parts & Supplies - Bus	14,840.1	15,427.3	587.2	3.7%
4,233.0	Light Rail Parts	3,789.0	4,096.4	307.4	8.1%
1,656.4	Facilities Operations - Material & Supplies	1,792.9	1,892.3	99.5	5.5%
1,528.7	Office Equipment & Supplies	1,796.9	2,200.0	403.1	22.6%
1,125.0	Uniforms, Tools & Shoes	1,394.4	1,680.5	286.1	20.5%
\$44,378.0	Total Materials & Supplies	\$43,832.9	\$49,824.4	\$5,991.5	13.4%
\$5,301.8	Power & Light LRT - Vehicle	\$5,317.8	\$6,655.5	\$1,337.7	25.2%
4,165.6	Utilities - Facilities	4,357.5	4,529.1	171.6	3.9%
903.3	Communications	1,006.7	1,286.0	279.3	27.4%
\$10,370.7	Total Utilities and Communications	\$10,682.1	\$12,470.6	\$1,788.5	16.7%
\$2,068.4	Liability & Property Insurance	\$2,177.6	\$2,228.3	\$50.7	2.3%
1,209.8	Liability Claims	1,784.0	1,667.0	(117.0)	-6.6%
\$3,278.3	Total Claims & Insurance	\$3,961.7	\$3,895.3	(\$66.4)	-1.7%
\$22,508.7	Paratransit Services	\$22,642.7	\$23,840.3	\$1,197.6	5.3%
15,635.3	Trinity Railway Express	16,643.0	18,354.0	1,711.0	10.3%
1,289.6	DART-on-Call Services	1,649.1	2,224.0	574.9	34.9%
1,149.1	DART Shuttle Services	1,381.4	1,470.2	88.8	6.4%
1,050.9	TDM - Vanpool	1,549.0	2,010.3	461.4	29.8%
777.3	HOV Services	1,305.7	1,151.8	(153.9)	-11.8%
\$42,410.9	Total Purchased Transportation	\$45,170.8	\$49,050.7	\$3,879.9	8.6%
\$1,526.9	Fuel & Lube/ Other Taxes	\$1,554.5	\$1,566.0	\$11.4	0.7%
1,287.5	Training/Travel	2,124.3	1,801.6	(322.6)	-15.2%
856.2	Facilities & Equip - Leases	1,115.4	1,003.1	(112.3)	-10.1%
768.3	Employee Programs, Dues & Subscriptions	1,038.0	1,362.1	324.1	31.2%
248.9	Public Information	525.3	543.8	18.5	3.5%
\$4,687.9	Total Taxes, Leases & Other	\$6,357.6	\$6,276.6	(\$81.0)	-1.3%
0.0	Fuel Reserves/Tax Credits	20.9	(\$2,283.2)	(\$2,304.1)	-11016.8%
0.0	Management Reserve	1,000.1	1,900.0	899.9	90.7%
0.0	Other Expense Budget Changes	0.0	0.0	0.0	0.0%
\$0.0	Total Reserves	\$1,021.0	(\$383.2)	(\$1,404.2)	-134.6%
\$341,300.5	Sub-total	\$382,594.4	\$411,108.6	\$28,514.2	7.5%
(\$17,922.9)	Capital P&D	(\$21,599.6)	(\$20,361.0)	\$1,238.6	-5.7%
(103.1)	Start-Up Costs	(4,712.1)	(13,728.7)	(9,016.6)	191.3%
(\$18,026.1)	Total Other	(\$26,311.7)	(\$34,089.7)	(\$7,778.0)	29.6%
\$323,274.4	Total Expenses	\$356,282.7	\$377,018.8	\$20,736.2	5.8%



FY 2009 Capital Budget

Shown in Exhibit 8.6 is a summary of the FY 2009 Capital and Non-Operating Budget which includes such things as: Light Rail Transit (LRT) expansion; HOV lane construction; TRE trackwork; vehicle and facility capital maintenance programs; scheduled replacement of vehicles, facilities, infrastructure; etc. A list of major capital projects recommended for inclusion in the FY 2009 Budget is located in the *Financial Plan* section.

Exhibit 8.6 Capital & Non-Operating (In Thousands)			
FY 2008 Actuals	Category	FY 2009 Budget	Variance
\$3,655	Total Capital Projects	\$1,118,685	\$1,115,030
19,289	Capital Planning & Development	20,361	1,072
5,728	Start-up	13,729	8,001
0	Non-Operating	7,998	7,998
	<i>Road Improvements / ITS Programs</i>		
\$0	LAP/CMS Program*	\$0	\$0
6,900	PASS Program	6,900	0
9,791	TSM (General & Street Repair Program)	9,791	(0)
3,862	Regional & DART/TxDOT ITS	3,862	(0)
\$20,553	Total Road Improvements/ITS	\$20,553	(\$0)
\$49,225	Total Capital & Non-Operating	\$1,181,326	\$1,132,101
* Please note that although no further funds are being allocated to these programs in FY 2008; previously unspent fund balances may be spent down.			

The substantial increase in expenditures from FY 2008 to FY 2009 is related to increased Light Rail Build-out construction-related activities, including the Northwest/Southeast (Green Line), Irving 1&2 (Orange Line), and Rowlett (Blue Line) corridors.



FY 2009 Net Debt Service Budget

The FY 2009 Net Debt Service Budget shown in Exhibit 8.7 includes the assumption that DART will issue \$550 million of Commercial Paper in FY 2009. It is projected that DART will have \$570 million in outstanding Commercial Paper at the end of FY 2009, and that there will be \$1.7 billion in outstanding long-term bonds at the end of FY 2009. More details can be found in the *Financial Plan* section under Debt Program.

Exhibit 8.7			
Net Debt Service Budget			
(In Thousands)			
FY 2008 Actuals	Category	FY 2009 Budget	\$ Variance
\$6,630	Commerical Paper Program Interest & Fees	\$6,802	\$172
53,171	Long-Term Debt Program Interest	79,976	26,806
127	Amortization of Issuance Costs	482	355
328	Financial Advisor and Other Fees	377	49
21,718	Defeased Lease Expense	20,175	(1,543)
\$81,973	Total Expenses	\$107,813	\$25,839
\$13,680	Principal Repayments	\$14,295	\$615
\$95,653	Total Debt Service Budget	\$122,108	\$26,454
(\$20,583)	Less: Interest Income*	(\$29,991)	(\$9,408)
(21,718)	Less: Defeased Lease Income	(20,175)	1,543
\$53,353	Total Net Debt Service Budget	\$71,942	\$18,589

* Interest income is shown here because of the interest rate link between interest income and interest expense



Position Summary

Exhibit 8.8 summarizes position changes by department. New positions for FY 2009 are predominantly in support of the Light Rail Phase II Build-out (Green Line).

Exhibit 8.8					
FY 2009 Budget					
Full-Time Salaried Position Summary - By Department					
	Budget as Approved	FY08 Reog/Mods	FY08 As Amended	FY09 New	FY09 Budget Total
Commuter Rail	11	-	11	1	12
DART Police	270	-	270	52	322
DEO	16	1	17	1	18
EVP Administration	78	(49)	29	1	30
Technology Group	-	72	72	-	72
EVP Operations	46	(14)	32	-	32
EVP Program Development	5	(5)	-	-	-
Finance	84	(3)	81	2	83
Human Resources	39	(5)	34	4	38
Internal Audit	13	-	13	-	13
Legal	25	-	25	-	25
Maintenance	170	7	177	17	194
Marketing & Communications	74	(6)	68	1	69
Office of Board Support	6	-	6	-	6
Office of the President	3	3	6	-	6
Paratransit	51	1	52	-	52
Planning & Development	64	(9)	55	-	55
Procurement	44	-	44	-	44
Project Management	54	9	63	1	64
Transportation	183	1	184	20	204
Total Salaried Positions	1,236	3	1,239	100	1,339
Full-Time Hourly Position Summary - By Department					
EVP Operations	44	-	44	-	44
Maintenance	655	(2)	653	59	712
Marketing	55	-	55	3	58
Paratransit	16	-	16	-	16
Planning	50	-	50	-	50
Transportation	1,461	-	1,461	40	1,501
Total Hourly Positions	2,281	(2)	2,279	102	2,381
Grand Total	3,517	1	3,518	202	3,720



Activity-Based Costing Initiative (ABC)

DART has committed to the implementation of an Activity-Based Costing system. This process is a new way of looking at budgets and expenditures, with costs being associated with activities and outputs, not just departments and line items. The Activity-Based Budget will not replace the traditional budget, but will be a supplement to it. The benefits of this type of approach include:

- *Providing context information for the budget.* Currently, within the operating budget, there is no association between costs and outputs. DART knows how much it spends, and how that spending is distributed by type of expenditure (labor, materials, services, etc.), but this cost data is not tied to specific activities or outputs. This makes it difficult to evaluate the efficiency and/or cost effectiveness of programs and processes.
- *Helps prioritize activities and allocate resources.* During the budget process, there is always more need for resources than there are resources available. With the information supplied from the ABC system, resources can be better allocated to more essential and highly effective activities and away from more discretionary or less effective activities. Also, with a known cost per output or unit of work, as the outputs or units of work that are required go up or down, the proper level of resources can be allocated to that activity.
- *Helps identify areas for efficiency improvements.* The data gained from this process will shed light on activities that may not be as efficient as they should be, and help provide the roadmap toward continuous process improvement. This type of cost data can also aid in benchmarking and provides a starting point for many internal cost analyses.

DART went live with time and cost capture applications on October 1, 2008. Labor and all other costs are now captured by activity. The data captured during the first year will be rough, and inconsistent in some areas. This is a multi-year, iterative process. Management will analyze the data that is currently being captured. Based on that analysis, adjustments may be made to the list of activities, coding instructions to employees will be improved where ambiguities exist, and other required tweaks to the systems and improvements to reporting will be made.

As this data becomes more reliable, it will be included in the Business Plan.



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Section 9
FY 2009 Twenty-Year Financial Plan
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FY 2009 Twenty-Year Financial Plan

Overview

The purpose of this section is to provide an overview of the FY 2009 Twenty-Year Financial Plan (the "FY09 Plan" or "the Plan"). The first year of the FY09 Plan corresponds with the FY 2009 Annual Budget, and the first five years of the Financial Plan comprise the FY 2009 Business Plan.

The purpose of the final 15 years of the Twenty-Year Financial Plan (through 2028) is to validate the affordability of DART's long-range Transit System Plan, which includes the Agency's commitments for future system expansion and the issuance and repayment of debt. The FY09 Plan demonstrates that, based on current information and assumptions, DART has the financial capacity to meet the Agency's Transit System Plan commitments and to continue current levels of bus and expanded rail service.

Each segment of the FY 2009 Twenty-Year Financial Plan is described in detail:

1. Sources of Funds
 - a. Sales Taxes
 - b. Operating Revenues
 - c. Interest Income
 - d. Federal Funding
 - e. Debt Issuance
 - f. Other Sources
2. Uses of Funds
 - a. Operating Expenses
 - b. Capital and Non-Operating Expenditures
 - c. Debt Program
3. Supplemental Financial Information

This section also provides definitions of terms, outlines the major assumptions used to develop the FY09 Plan, discusses changes from prior plans, and illustrates some potential financial risks and opportunities. References are made throughout this section to DART's Financial Standards. See the *Introduction* section for more discussion of Financial Standards, and see Exhibit APX.2 for DART's approved FY 2009 Financial Standards.

Board Approvals

On September 23, 2008, the DART Board adopted the FY 2009 Annual Budget. The Board deferred action on the FY 2009 Twenty-Year Financial Plan until the final capital cost projections and cashflows could be completed. The proposed FY09 Plan was distributed to DART's Member Cities on September 19, 2008 and approved by the Board on November 18, 2008, along with a budget amendment for an additional 1% employee compensation (described in the *Budget* section).



Sources and Uses of Funds

Exhibit 9.1 is a summary of the changes in the sources and uses of cash between the FY08 Plan, As Amended on August 26, 2008, and the FY09 Plan, for the period FY 2009 through FY 2013.

**Exhibit 9.1
DART FY 2009 – FY 2013
Sources and Uses of Funds Comparison
(in Millions)**

Line	Description	FY08 As Amended	FY09 FP	Variance	Percentage Change
	SOURCES OF FUNDS				
1	Sales Tax Revenues	\$2,371.5	\$2,382.9	\$11.4	0.5%
2	Operating Revenues	375.7	428.0	52.3	13.9%
3	Interest Income	152.1	139.1	(13.0)	(8.5%)
4	Formula Federal Funding	312.7	401.3	88.6	28.3%
5	Discretionary Federal Funding	635.0	586.4	(48.5)	(7.6%)
6	Debt Issuances	2,396.0	2,190.0	(206.0)	(8.6%)
7	Other Sources	151.2	173.5	22.3	14.8%
8	Total Sources of Funds	\$6,394.1	\$6,301.3	(\$92.8)	(1.5%)
	USES OF FUNDS				
	Operating Expenses:				
10	Bus	\$1,135.7	\$1,214.9	\$79.3	7.0%
11	Light Rail Transit	596.9	602.1	5.2	0.9%
12	Commuter Rail/RR Management	121.7	136.1	14.5	11.9%
13	Paratransit	182.9	185.7	2.8	1.5%
14	HOV Transitways	56.9	58.0	1.2	2.1%
15	General Mobility - TDM	9.9	13.9	4.0	40.4%
16	Total Operating Expenses	\$2,103.8	\$2,210.8	\$106.9	5.1%
	Capital and Non-Operating:				
17	Agency-wide	\$93.3	\$119.2	\$25.9	27.7%
18	Bus	276.1	266.1	(10.0)	(3.6%)
19	Light Rail Transit	2,854.1	2,913.9	59.8	2.1%
20	Commuter Rail/RR Management	82.4	120.9	38.5	46.7%
21	Paratransit	22.9	23.2	0.3	1.4%
22	HOV Transitways	71.6	93.8	22.1	30.9%
23	Capital P & D, Start-Up, Non-Operating	153.6	162.4	8.8	5.7%
24	General Mobility - Road Impr./ITS	26.8	44.6	17.8	66.5%
25	Total Capital and Non-Operating	\$3,580.9	\$3,744.0	\$163.2	4.6%
	Debt Service				
28	Principal - LT/ST Debt	\$107.8	\$93.6	(14.2)	(13.2%)
29	Interest and Fees - LT/ST Debt	714.3	724.4	10.1	1.4%
30	Total Debt Service	\$822.2	\$818.1	(\$4.1)	(0.5%)
35	Total Uses of Funds	\$6,506.9	\$6,772.9	\$266.0	4.1%

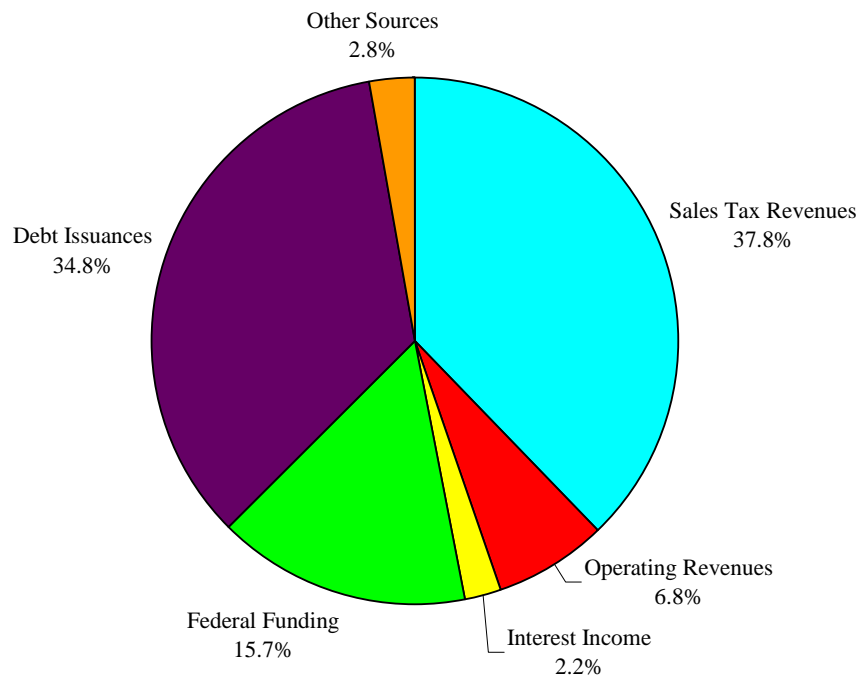
* Numbers may not foot properly due to rounding.

SOURCES OF FUNDS

Total sources of cash for the period FY 2009 through FY 2013 have decreased by \$93 million (1.5%) from the FY08 Plan. The primary reason for this decrease is that \$400 million of long-term debt that, in the FY08 Plan was anticipated to be issued during 2009, was issued during 2008 due to favorable market conditions. Offsetting the reduction in debt issuances is an increase in operating revenues and projected grant funding. These items are discussed later in this section.

Exhibit 9.2 details the sources of funds in the FY09 Plan for the period FY 2009 through FY 2013.

Exhibit 9.2
FY 2009 – 2013 Sources of Funds Comparison





Sales Tax Revenues (line 1)

Sales tax revenues comprise 38% of DART's total projected sources of funds through FY 2013 and 76% of DART's sources, excluding debt issuances and federal funding.

DART currently bases its long-range sales tax growth and inflation factors on a forecast developed by an independent economic analysis firm – The Perryman Group, headed by M. Ray Perryman, Ph.D. DART has used Dr. Perryman's models (Perryman Model) for many years, and the model was reasonably accurate over the long term prior to the economic downturn between 2000 and 2003. However, the primary drivers of the Perryman Model are personal income in Dallas and Collin counties, the consumer price index for the Dallas Metropolitan Statistical Area, and retail sales for the State of Texas, and these drivers can be slow to respond to significant short-term changes.

The method for estimating sales tax revenue for financial planning purposes is discussed in Financial Standard B1 (FS-B1), which states:

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.

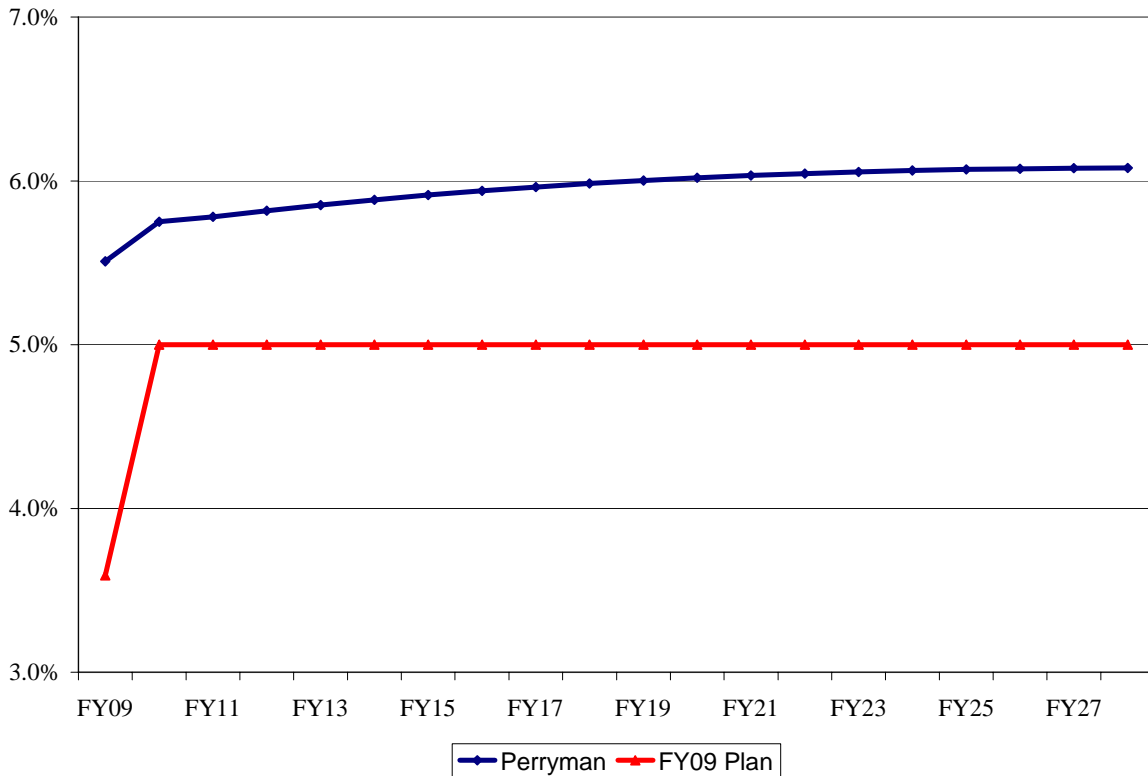
Within the parameters of that standard, and because of the slowing economy, DART has made the following assumptions in developing the FY09 Financial Plan:

- 1) Sales taxes will only grow by 3.6% over FY08 actual receipts in FY09 (nearly 2% below the Perryman projections); and
- 2) Future sales tax growth will be incorporated into the Plan at 5% or the Perryman Model minus ½%, whichever is less.

The Perryman Model calls for annual growth rates between 5.51% and 5.85% over the next five years, then remaining relatively steady between 5.9% and 6.0%. A comparison of the Perryman Model rates and the rates incorporated into the FY09 Plan are shown in Exhibit 9.3.

Incorporation of the full Perryman Model rates into the Financial Plan would add nearly \$2 billion in additional sales tax revenues over the 20-year life of the Plan.

Exhibit 9.3
A Twenty-Year Comparison of Sales Tax Growth Rates



Sales Tax Repayment – The Texas State Comptroller’s Office periodically conducts audits of organizations responsible for the payment of state and local sales taxes. As a result of an audit that was concluded in 2006, the Comptroller determined that DART received an overpayment of sales taxes of approximately \$13.2 million over the course of several years. In an effort to mitigate the effects of this repayment on DART’s stakeholders, the Comptroller has agreed to a 16-year interest-free repayment schedule (approximately \$824,000 per year through 2022). An additional audit, completed in 2008 resulted in another repayment obligation of \$3.6 million. It was agreed to extend the \$824,000 repayment plan through 2026, with the balance of this repayment (\$335,000) to be repaid in 2027. These repayment obligations have been incorporated into the Plan, and reported revenues in the Plan are net of these repayments.

Operating Revenues (line 2)

Operating revenues are projected to contribute nearly \$428 million (6.8%) of DART's sources of funds through FY 2013.



Passenger revenues are the primary component of operating revenues (\$345 million, 81%) between FY 2009 and FY 2013. Business Planning Parameter FS-B2 states, "the Board will consider fare modifications from time to time to achieve Service Plan, ridership, and subsidy per passenger targets and to maintain DART's financial viability." The Board approved a fare increase that took effect on October 1, 2007.

Over the last few years, the Financial Plan has assumed that average fare will increase approximately 17% every five years. Fare increases will be accomplished by a combination of increases to base fares, monthly passes, employer passes, and/or a restructuring of the fare system. The exact nature of the changes cannot be known until the alternatives are researched, proposed, and approved by the Board. This magnitude of increase will basically allow DART fares to keep pace with inflation.

Because of the volatility of fuel costs during 2008, and with the softening of the local economy, the DART Board may consider an additional fare increase for 2010.

Exhibit 9.4 details the effect of the programmed fare changes on average fixed-route fares.

**Exhibit 9.4
Projected Fixed-Route Average Fare**

Year	Avg. Fare
FY 2009	\$0.71
FY 2010 - FY 2013	\$0.92
FY 2013 - FY 2017	\$1.07
FY 2018 - FY 2022	\$1.26
FY 2023 - FY 2027	\$1.47
FY28	\$1.72

Additional operating revenues come from such items as: advertising revenue, rental income, Congestion Mitigation/Air Quality (CMAQ) vanpool contribution, the Emergency Ride Home Program, etc.

Interest Income (line 3)

Interest income is projected to contribute \$139 million, or 2.2% of total sources of funds for the next five years. This is an 8.5% decrease from the amount contained in the FY08 Plan, attributable to increased capital and operating expenditures, resulting in lower cash balances than were anticipated in the FY08 Plan.

Interest income rates are estimated to be 100 basis points (1%) above the rate that DART pays when it issues short-term debt (Commercial Paper [CP]). This ranges between 3% - 5% between 2009 – 2013.

**Federal Funding (lines 4 and 5)**

Federal funds are included in the following line items of the Plan: Formula Federal Funding and Discretionary Federal Funding. Formula funds include dollars received under 49 U.S.C. § 5307, Fixed Guideway Modernization funds, and CMAQ projects approved by the North Central Texas Council of Governments (NCTCOG). Discretionary funds are authorized under 49 U.S.C. § 5309 and are appropriated by Congress annually.

Formula Federal Funding (line 4)

Formula funds are \$401 million (6.4%) of total sources of funds through FY 2013. This represents a \$89 million increase in accordance with allocations made available by the Safe, Accountable, Flexible and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) for CMAQ funds. Under SAFETEA-LU it is anticipated that DART will receive Federal appropriations of \$56.5 million per year for Section 5307, fixed guideway funding, and transit enhancement funding. FS-B10 states that these formula funds must be programmed at the same amount each year in the Plan and not adjusted for inflation. Projected formula funds through FY 2012 also include \$119 million of other formula funding, predominantly CMAQ funds and formula funds allocated in previous years that have not yet been spent.

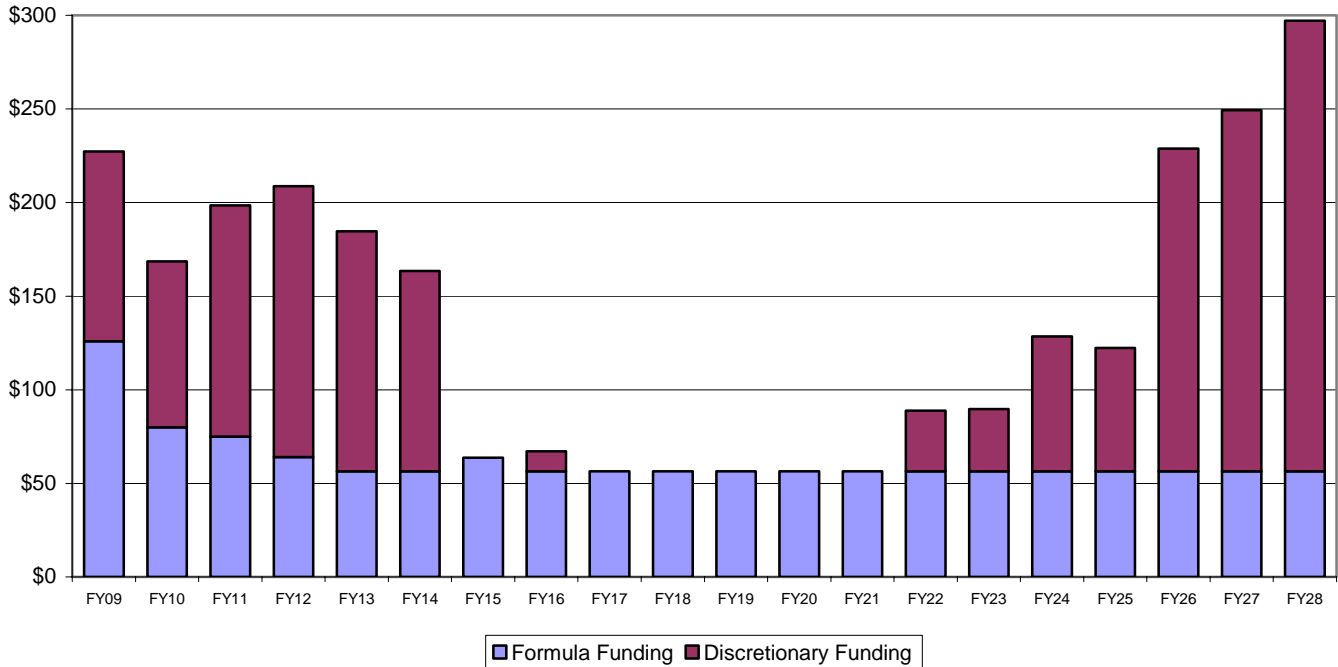
Discretionary Federal Funding (line 5)

Discretionary funding comprises \$586 million (9.3%) of total sources through FY 2013, a 7.6% decrease from the FY08 Plan. The key driver of this decrease is the reduction of assumed funding for DART's bus purchases between 2010 and 2012. The FY 2008 Plan assumed 30% Federal participation (approximately \$71 million). At the time the FY09 Plan was adopted, only \$9.4 of funds had been identified.

Exhibit 9.5 details the anticipated receipt of Formula and Discretionary Funds over the life of the Plan.



**Exhibit 9.5
Anticipated Capital Grant Funding
(In Millions)**



Debt Issuance (line 6)

DART has a Commercial Paper (CP) Program which is the initial funding mechanism to support DART’s capital programs up to a maximum authorized amount of \$650 million. When market conditions and cashflows dictate, DART will then issue long-term debt to replace the outstanding CP. This will be a repetitive cycle – initial funding of capital programs with commercial paper to be taken out later with long-term debt.

DART plans to issue approximately \$1.6 billion in long-term debt between 2009 and 2013. More detailed discussion of DART’s debt program is included later in this section.

Other Sources of Funds (line 7)

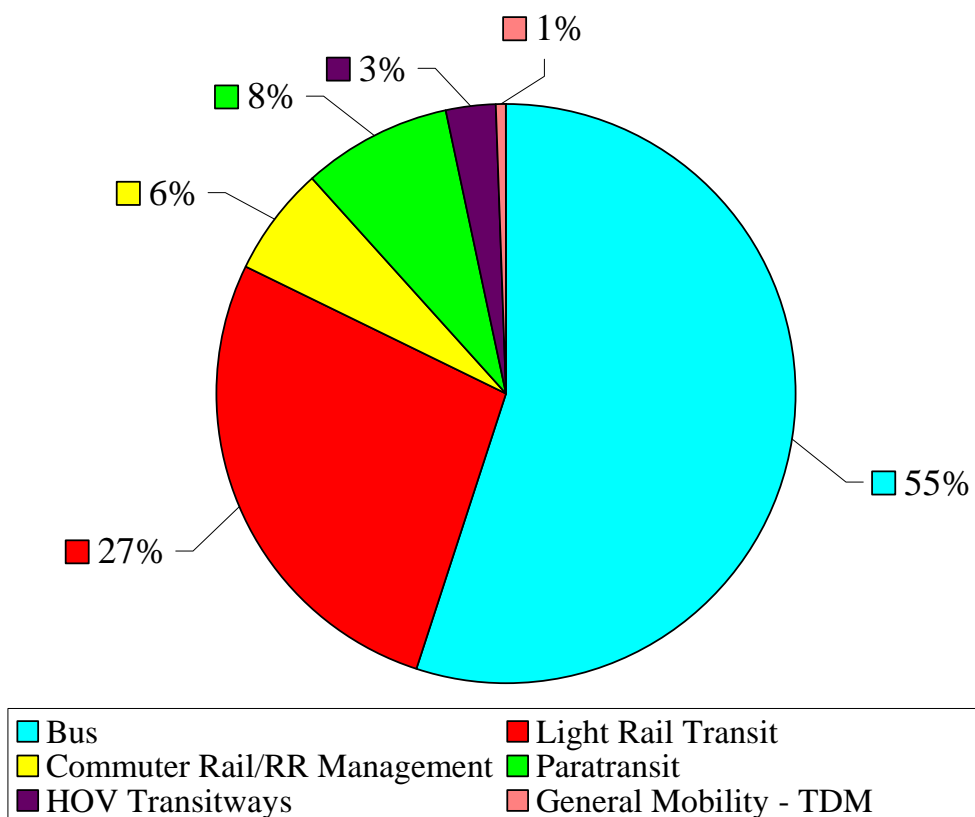
Other sources of funds total \$174 million between FY 2009 and FY 2013 and represent 2.8% of total sources of funds for that same period. This line item is predominantly composed of non-grant contributions from other public entities, such as the Fort Worth T’s contribution toward its share of the operating and capital costs for the Trinity Railway Express (TRE), member city contributions for specific capital projects, and other miscellaneous contributions.

USES OF FUNDS

Operating Expenses (lines 10 – 16)

Total operating expenses for the period FY 2009 through FY 2013 are projected to be nearly \$2.2 billion, which is approximately a 5% increase from the FY08 Plan over the same period of time. This is predominantly due to expected higher energy prices. Exhibit 9.6 shows the modal distribution of total operating expenses for the 5-year period.

**Exhibit 9.6
Operating Expenses FY09-FY13
(In Millions)**



Changes in operating expenses that are built into the Financial Plan for future years are controlled from a policy perspective by Financial Standards B3, B4, and B5 (see Exhibit APX.2). FS-B3 and FS-B4 relate to fixed-route service, which accounts for 88% of projected operating costs over the next five years. The primary cost drivers for the variable expenses of fixed-route service are the number of miles, hours, and vehicles in service, contract rates for purchased transportation, and fuel prices.

A key efficiency measurement for DART is subsidy per passenger. Service levels and subsidy per passenger are discussed in the *Business Plan Summary* and modal sections of this report.



Exhibit 9.7 compares the historical and projected future operating budget as well as annual operating expense growth.

Exhibit 9.7
Historic Growth vs. Projected Growth – Operating Expenses



This perspective shows the expense growth for the past five years, and the projected operating budget over the next five years, both in absolute dollars and as a percentage increase. The decline during FY04 shows the effect of DART’s cost-cutting measures in response to declining sales tax revenues between 2001 and 2003. The future growth rates include normal inflationary growth, anticipated increasing energy costs, and increases for system expansion such as: Phase II LRT Build-out (Green Line to Carrollton and Pleasant Grove), Orange Line to Irving, and Blue Line extension to Rowlett), additional passenger facilities maintenance, new HOV lanes, etc.

In future years of the Plan, operating expenses for each modal line item are projected using FS-B5, which places a limit on the total increase in operating expenses (for financial planning purposes) to 90% of inflation plus service changes, new programs, Board-approved contracts, actuarial analyses, and fuel prices. This does not necessarily mean the following years’ budgets will be limited by that parameter or match what is included in the Financial Plan. The DART Board has discretion to increase or decrease the budget, as they deem appropriate to most effectively accomplish the goals of the Agency.



Modal Expenses (lines 10 – 15)

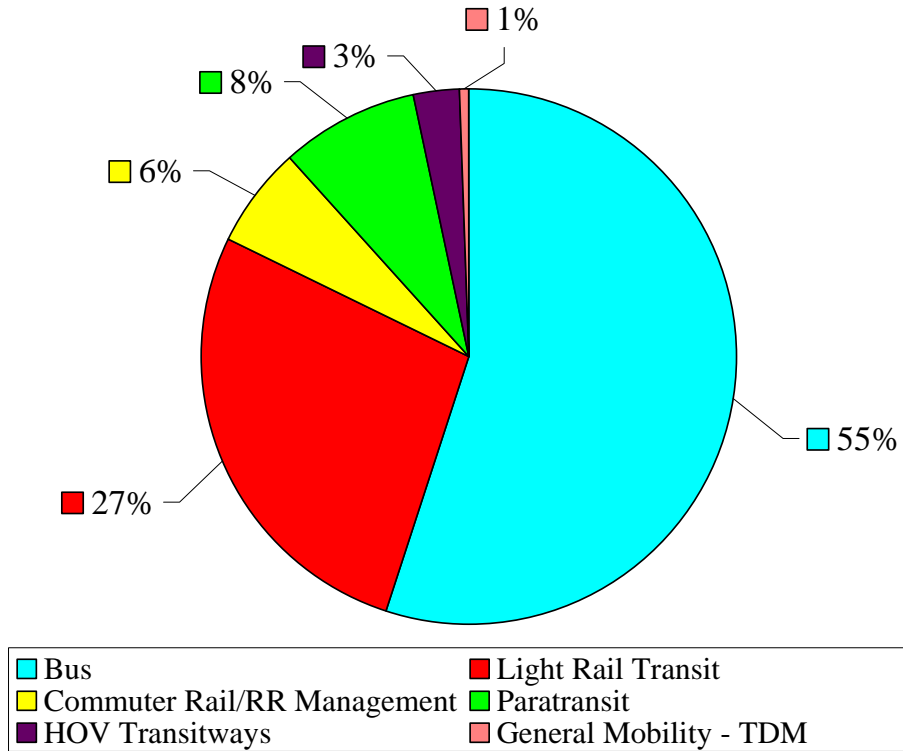
Please note the following details relating to the modal expense line items:

- 1) Each year, DART Management goes through a modal allocation process. At this time, estimates are made as to how much of each functional division's time and effort will be spent in support of each mode, how much spent in general and administrative responsibilities, and how much effort will be spent in support of DART's capital programs. That can lead to some minor fluctuations in cost distribution among the modes from year to year.
- 2) Bus expenses represent the majority of DART's operating costs (55% over the next five years) and include DART's Innovative Services, including On-Call and Flex-Route and site-specific shuttle services.
- 3) DART currently operates and maintains a 45-mile light rail system. By 2013, that will more than double to over 90 miles.
- 4) DART's Financial Plan includes the consolidated costs to operate the Trinity Railway Express (TRE) and railroad corridor management costs for DART-owned active freight rail lines. DART and the Fort Worth Transit Authority (The 'T') contract with a private contractor to provide the TRE commuter rail service. The portion of costs allocated to and paid for by the T are reflected in Other Sources of Funds.
- 5) DART's Paratransit operations are provided by a private contractor. DART retains the determination of rider eligibility, management, and oversight of operations. This contractor also operates DART's Innovative Services. The costs, revenues, and ridership of the Innovative Services are included in Fixed-Route Bus mode KPIs.
- 6) DART operates 75 miles of High Occupancy Vehicle (HOV) lanes across six primary corridors including a nine-mile segment which opened during the summer of 2008. The NCTCOG reimburses costs incurred for the operation of HOV lanes outside the DART Service Area through an Interlocal Agreement with NCTCOG that is scheduled to be approved in late 2008.
- 7) General Mobility programs consist mainly of vanpool services. It is anticipated that DART will have up to 198 vanpools in operation by the end of FY09. Passengers and NCTCOG contribute approximately 90% of the cost of this program.

For a more detailed explanation of specific programs and information on the cost drivers for each mode, please see the respective modal section of this Business Plan.

Exhibit 9.8 shows the modal breakdown of DART’s operating expenses over the next five years.

**Exhibit 9.8
Operating Expenses by Mode: FY 2009 – FY 2013**



Capital and Non-Operating Expenditures (lines 17 – 24)

Capital and Non-Operating expenditures are budgeted at \$1.18 billion for FY 2009 and \$3.7 billion through FY 2013. This is an increase of \$163 million (4.6%) over the same period from the FY08 Plan primarily due to project funds that were not expended in 2008 that rolled over into 2009, as well as new approved capital projects. DART’s capital programs are detailed in Exhibit 9.10.

Capital projects are organized into four categories:

- 1) Expansion
- 2) Replacement
- 3) Maintenance
- 4) Other



Expansion projects include the addition of new facilities and/or passenger amenities (e.g., transit centers), infrastructure for new services (e.g., light rail/HOV/commuter rail), and the addition of new operating facilities. Replacement projects include like-kind asset replacements for vehicles, equipment, and infrastructure. Maintenance projects include major maintenance programs and vehicle and facility rehabilitations that are scheduled at regular intervals. Other projects are for those items that do not fit into one of those three categories, such as planning studies, emission reduction programs, safety equipment, enhanced signage, etc.

Exhibit 9.9 details the modal and categorical distribution of capital projects over the next five years.

Exhibit 9.9
Capital Expenditure Categories FY09-FY13
(In Millions)

Mode	Expansion	Maintenance	Replacement	Other	Total
Agency-wide	\$8.6	\$2.9	\$102.7	\$5.0	\$119.2
Bus	17.6	24.3	223.7	0.4	266.1
LRT	2,594.7	305.5	10.8	3.0	2,913.9
Commuter Rail	61.6	42.5	11.9	4.9	120.9
Paratransit	0.0	1.7	21.5	0.0	23.1
HOV	93.2	0.0	0.6	0.0	93.8
Other*	149.9	0.6	0.0	56.6	207.0
Total	\$2,925.5	\$377.5	\$371.1	\$69.8	\$3,744.0

* Other includes General Mobility, Non-Operating projects, Capital Planning & Development and Start-up costs

Capital Planning, Start-up Costs, and Non-Operating (line 23)

Capital Planning & Development and start-up costs are predominantly internal staff and consulting services costs associated with planning, designing, managing, constructing, and opening new capital projects such as the light rail system. FS-B8 limits capital planning costs to no more than 7% of the total operating budget and start-up costs to no more than 60% of the first year's operating cost. This category of costs has increased by \$8.8 million (5.7%) from the FY08 Plan, to \$162 million for the five-year period ending in FY 2013. This was primarily affected by the completion of a more detailed Operations and Maintenance plan for the Light Rail build-out, as well as the inclusion of several new developer-funded non-operating projects. These increases more than offset a reduction in modal allocations to Capital Planning and Development costs.

Non-operating costs relate to projects/programs that are not accounted for as operating costs or capitalized as an asset. These costs are charged through the income statement as a non-operating expense. Examples of non-operating costs are: consulting costs for the Transit System Plan revision, McKinney Avenue Transit Authority Olive Street Extension Design Oversight, and various other capital planning studies. Total non-operating costs through FY 2013 have increased by \$4.7 million due to the addition of several developer-funded projects.



General Mobility, Road Improvement and Intelligent Transportation Systems (ITS) Programs (line 24)

FS-B7 limits General Mobility – Road Improvement Programs to funding allowed under the terms of the approved Interlocal Agreements (ILA). Road improvement programs include the Local Assistance Program/Congestion Management System (LAP/CMS), Principal Arterial Street System (PASS), Transportation System Management (TSM), and ITS projects. These programs are discussed in more detail in the *HOV/General Mobility* section. These programs total \$57.8 million over the next five years.

Capital Reserves

With the capital program are a variety of capital reserves. These reserves represent placeholders within the Financial Plan for either known asset maintenance and replacement cycles, or for funds that are set aside for projects of a specific type, the exact nature, timing, and amount of which is unknown at the present time. When a project is requested and approved which is to be funded from a specific reserve, the new project is given its own specific line in the capital program and the balance of the reserve is reduced by the budgeted cost of the new project. Reserve balances are reviewed on an annual basis to ensure that they are adequate to cover future needs for each respective expenditure type.

Capital Projects Listing

Exhibit 9.10 lists all approved capital projects for the 20-year life of the Financial Plan, including projected expenditures in FY09, five-year totals (2009 – 2013), 20-year totals (2009 – 2028), external funding, and total project cost from inception through the end of this Financial Plan. The “Total Cost Through FY28” column includes all expenditures within the 20-year window of the current Financial Plan as well as all expenditures on that project incurred prior to FY09.



**Exhibit 9.10
Capital & Non-Operating Project Listing
(In Thousands)**

FY 2009 Capital / Non-Operating Project Budget List (in 000s)					
PROJECT NAME:	FY 2009 Budget	5-Year Total	20-Year Total	External Funding	Total Cost Through FY28
AGENCY-WIDE					
Administrative Facility Maintenance & Reserve					
Administrative Facility Maintenance Reserve	\$408	\$1,304	\$7,333		\$7,333
Administrative Facility Maintenance - 4 Projects	1,442	2,339	8,368		8,394
Communication/Information Systems					
Radio Systems Replacement	36,573	53,108	53,108	6,839	55,983
Radio Systems Replacement Reserve	0	0	79,840		79,840
IT Reserves	223	1,669	21,931		21,931
Disaster Recovery Implementation	1,484	1,484	1,484		1,705
Agency WAN/LAN Upgrade	1,766	1,766	1,766		2,100
Communication/Information Systems - 22 Projects	2,785	3,459	10,522		12,588
Fare Revenue Collection Equipment - 7 Projects	154	182	770	43	844
Non-Revenue Vehicles, Replacement & Reserve	2,678	8,990	54,551		54,724
Operating Facility Maint./Equip. Replacement	75	75	75		75
Other - 3 Projects	863	863	977		1,119
Passenger Facilities for Accessibility Compliance	567	567	567		617
Transit Center Access System	60	60	146		146
Passenger Facilities - 2 Projects	627	627	713		763
Security/Police					
Police Facility	3,894	34,714	34,714		35,000
Surveillance Camera System	5,003	5,003	11,725		11,725
Surveillance Camera System Add'l Funding	1,067	1,067	2,501	1,067	2,501
50 Police Vehicles	609	1,593	1,593		1,593
Police Mobile Data Computers (MDCs)	1,377	1,377	6,968		6,968
Security/Police - 7 Projects	426	849	2,965	33	3,178
TOTAL AGENCY-WIDE	\$61,047	\$119,165	\$294,573	\$7,982	\$301,031



**Exhibit 9.10 (cont.)
Capital & Non-Operating Project Listing
(In Thousands)**

FY 2009 Capital / Non-Operating Project Budget List					
(in 000s)					
PROJECT NAME:	FY 2009 Budget	5-Year Total	20-Year Total	External Funding	Total Cost Through FY28
BUS					
Fare Revenue Collection Equipment					
Farebox Replacement Reserve	\$0	\$0	\$14,622		\$14,622
Guideway Expansion, Maintenance & Replacement					
BRT Elm and Commerce Bus Lanes Reconstruction	0	7,000	7,000		7,000
Operating Facility Maint./Equip. Replacement & Reserve					
Bus Operating Facility Maintenance Reserve	1,005	6,375	33,619		33,619
Maintenance Equipment Reserve	400	1,262	5,448		5,460
Sidewalk for Access to NW Bus Operating Facility	45	45	45		45
Operating Facility Maint./Equip. Replacement - 18 Projects	2,280	2,280	3,003		3,003
Passenger Facilities/Amenities					
On-Street Passenger Facilities	2,806	13,929	13,929	12,246	14,625
Southern Sector Modifications	440	1,400	1,400		4,585
Glenn Heights Park & Ride Parking Expansion	800	800	800		800
Glenn Heights Park & Ride Parking Expansion Add'l Funding	587	587	587		587
Passenger Facilities/Amenities - 5 Projects	980	980	4,618	250	4,618
Revenue Vehicles, Maintenance & Replacement					
Bus Purchase Replacement Reserve	0	0	527,568	158,271	527,568
Bus Purchase (537)	300	220,610	220,610	19,731	220,725
Bus Vehicle Maintenance Programs	1,630	4,590	4,590		22,583
Innovative Service Vehicles Replacement	0	1,988	10,441		10,441
Vehicle Maintenance Program Reserve	0	1,810	31,749		31,749
Revenue Vehicle Equipment-Maintenance & Replacement - 6 Projects	2,241	2,264	6,056	600	6,056
Security/Police					
Security Cameras on Operating Facility Parking Lots	180	180	911		911
2030 System Plan - Bus					
2030-Bus Projects	0	0	288,791	72,198	288,791
2030-General Service Enhancements - Bus	0	0	19,169		19,169
TOTAL BUS	\$13,648	\$266,055	\$1,194,912	\$263,295	\$1,220,326



**Exhibit 9.10 (cont.)
Capital & Non-Operating Project Listing
(In Thousands)**

FY 2009 Capital / Non-Operating Project Budget List					
(in 000s)					
PROJECT NAME:	FY 2009 Budget	5-Year Total	20-Year Total	External Funding	Total Cost Through FY28
COMMUTER-RAIL					
Communication/Information Systems					
Maintenance of Way Information System (MOWIS)	\$435	\$435	\$809	\$405	\$809
Guideway Expansion, Maintenance & Replacement					
Beltline Grade Separation	18,938	41,684	41,684	28,706	70,472
Valley View to W. Irving Double Tracking	400	4,400	4,400	4,373	4,400
Valley View to W. Irving Double Tracking Add'l Funding	10,000	10,000	10,000		10,000
Curve Rail Replacement - Madill	515	3,948	9,521		9,521
Curve Rail Replacement - DFW	714	2,743	9,684		10,516
Lisa to Perkins Double Track	1,296	2,991	2,991	3,508	6,448
Tie Renewal / Replacement - Madill	1,084	2,461	10,403		11,875
Replace Rail - Madill	349	2,458	2,662		2,775
TRE Track Upgrade Medical & Market Ctr Area	0	2,444	2,444		4,000
Tie Renewal / Replacement - DFW	322	2,361	9,226		10,399
Undercutting - DFW	544	1,878	5,083		5,359
Turnout Replacement - Madill	389	1,494	4,995		5,469
Euleess South Main St Bridge Repair	4,000	4,000	4,000	3,875	4,000
TRE ROW Maintenance Programs - DFW	353	1,457	10,443	23,822	10,586
Guideway Expansion, Maintenance & Replacement - 29 Projects	3,101	7,987	26,026	1,447	26,026
Passenger Facilities/Amenities & Reserve					
TRE Station Enhancements	1,973	1,973	1,973	1,591	2,000
TRE Station & Parking Lot Upgrade/Overhaul FY09	0	0	0		0
TRE - Passenger Amenities Reserve	0	0	214		214
Revenue Vehicles, Maintenance & Replacement					
TRE Train Set Phase II & Replacement Reserve	4,750	9,500	9,500	8,660	10,000
Bi-Level Fleet Overhaul Program	1,500	6,438	20,670	7,760	20,670
Locomotive Overhaul Program	2,000	2,000	6,494	2,447	6,494
TRE Train Set Phase I & Replacement Reserve	1,947	1,947	1,947	1,700	12,450
TRE Vehicle Maintenance Programs	200	1,673	6,758	10,315	6,861
Revenue Vehicles, Maintenance & Replacement - 19 Projects	1,774	4,626	20,660	736	20,660
2030 System Plan - Commuter Rail					
General Service Enhancements - CR	0	0	9,585		9,585
TOTAL COMMUTER RAIL	\$56,583	\$120,899	\$232,173	\$99,345	\$285,389



**Exhibit 9.10 (cont.)
Capital & Non-Operating Project Listing
(In Thousands)**

FY 2009 Capital / Non-Operating Project Budget List					
(in 000s)					
PROJECT NAME:	FY 2009 Budget	5-Year Total	20-Year Total	External Funding	Total Cost Through FY28
LRT					
Guideway Expansion, Maintenance & Replacement					
Green Line (NW/SE)	\$541,063	\$928,320	\$928,320	\$521,109	\$1,819,111
Orange & Blue Line (Irving & Rowlett)	296,923	1,437,331	1,439,271	224,918	1,538,143
SOC-3 (Blue Line Extension)	12,565	30,188	214,525		235,420
Second Downtown Dallas Alignment (CBD)	3,500	368,408	463,017		465,604
LRV 8 C-cars	3,284	5,809	5,809	10,740	12,096
Capital Project Reserve - from Phase IIB	21,768	22,110	22,071		22,857
Love Field	0	0	28,873		29,122
Bryan Street Bridge Ramp Replacement at US 75	9,582	9,582	9,582	3,040	30,754
US75 LRT Bridge	1,000	1,000	1,000		1,000
Thanksgiving Square Rail Replacement	964	964	2,968		2,998
Thanksgiving Square Rail Replacement Add'l Funding	492	492	1,516		1,516
Tunnel Delamination Study/Project	789	1,787	1,787	1,600	4,204
Guideway Expansion, Maintenance & Replacement - 11 Projects	3,828	5,101	14,454		15,089
Communication/Information Systems					
LRT Vehicle Business Systems (VBS)	6,799	14,010	34,263		39,377
LRT Traffic Signal Priority (TSP)	2,590	2,590	5,935	1,900	6,845
LRT Traffic Signal Priority (TSP) Add'l Funding	2,750	3,500	5,852		5,852
PA/VMB Signs at CBD Stations	2,500	3,500	8,953	1,209	8,953
Communication/Information Systems - 5 Projects & Reserve	979	3,211	12,054	125	12,902
Fare Revenue Collection Equipment					
TVM 5000 Model Replacement	0	4,919	12,583		12,583
Revenue Vehicles, Maintenance & Replacement					
Replacement of Current LRV Fleet (95)	0	0	1,016,338		1,016,338
LRV Maintenance Prog. Reserve	0	3,162	41,289		41,289
LRV Maintenance - 5Yrs Program	5,658	19,440	19,440		21,498
Revenue Vehicles, Maintenance & Replacement - 4 Projects	924	2,174	4,536		5,106
Operating Facility Maint./Equip. Replacement - 31 Projects					
Passenger Facilities/Amenities & Reserve					
Lake Highlands LRT Station	2,461	9,840	9,840	5,750	10,000
Lake Highlands LRT Station Add'l Funding	688	3,438	3,438		3,438
Frankford Station Additional Parking	2,311	7,062	7,062	4,701	7,062
Cedars/Lamar Landuse JV	5,350	5,350	5,350	4,899	5,665
Valencia Development Project	2,550	2,550	2,550	2,100	3,000
Parker Rd. Station Parking Expansion	1,400	1,400	1,400	600	1,400
Parker Rd. Station Parking Expansion Add'l Funding	953	953	953		953
PGBT Station Parking Expansion	1,338	1,338	1,338	1,185	1,660
PGBT Station Parking Expansion Add'l Funding	685	685	685		685
Passenger Facilities/Amenities - 7 Projects	3,105	3,540	8,902	940	32,671
Security/Police	1,650	1,650	1,650		2,300
Non-Revenue Vehicles, Replacement & Reserve	2,346	4,204	11,803		12,117
2030 System Plan - LRT					
General Service Enhancements - LRT	0	0	67,092		67,092
Cotton Belt	0	0	1,159,580	602,288	1,159,580
Cotton Belt - North Dallas Mitigation	0	0	126,276		126,276
Southport	0	0	457,554		457,554
Scyene Road	0	0	355,601		355,601
WOC Extension	0	0	343,792		343,792
West Dallas	0	0	568,883		568,883
TOTAL LRT	\$945,957	\$2,913,939	\$7,458,072	\$1,387,104	\$8,538,761



**Exhibit 9.10 (cont.)
Capital & Non-Operating Project Listing
(In Thousands)**

FY 2009 Capital / Non-Operating Project Budget List					
(in 000s)					
PROJECT NAME:	FY 2009 Budget	5-Year Total	20-Year Total	External Funding	Total Cost Through FY28
HOV					
Guideway Expansion, Maintenance & Replacement					
Stemmons	\$1,495	\$1,495	\$1,495		\$1,693
IH30 (Turnpike)	4,850	4,850	4,850		6,342
LBJ	369	369	369		464
SH 114 HOV	3,901	11,694	11,694		14,674
SH114 HOV Add'l Funding	0	7,810	7,810		7,810
I-635 LBJ East & West	300	300	300		6,333
East RL Thornton Extension	819	819	819		1,254
IH 635 (LBJ)	23,753	62,176	62,176		64,646
Communication/Information Systems					
HOV Lane Incident Mgmt Cameras	600	600	1,406		1,406
Dynamic Message Sign along I-35	300	300	703		703
HOV Stemmons Reversible Gates	2,400	2,400	5,707	1,442	5,889
Communication/Information Systems - 3 Projects	3,300	3,300	7,817	1,442	7,817
Security/Police					
Police Motorcycle Replacements	552	552	552		552
In-Car Camera System (HOV)	206	386	1,443		1,443
Police Motorcycle Replacements Reserve	0	0	2,133		2,133
Security/Police - 3 Projects	758	938	4,128		4,128
2030 System Plan - HOV					
Total 2030 System Plan - HOV	0	0	396,310		396,310
TOTAL HOV	\$39,544	\$93,751	\$497,768	\$1,442	\$511,652
PARATRANSIT					
Operating Facility Maint./Equip. Replacement - 3 Projects	\$1,643	\$1,643	\$1,643		\$1,643
Communication/Information Systems - 7 Projects	263	534	5,573		6,540
Revenue Vehicles, Maintenance & Replacement	0	21,068	76,261		76,261
TOTAL PARATRANSIT	\$1,906	\$23,245	\$83,476		\$87,773
TOTAL CAPITAL	\$1,118,685	\$3,537,055	\$9,760,974	\$1,759,169	\$10,944,932
Total Non-Operating	7,998	12,741	20,942	2,913	20,942
Total Road Improvements	20,553	44,553	44,553	8,791	44,553
Capital Planning & Development	20,361	106,645	507,335		507,335
Start-up	13,729	43,032	49,547		49,547
TOTAL CAPITAL & NON-OPERATING	\$1,181,326	\$3,744,025	\$10,383,351	\$1,770,873	\$11,567,309

Note: The "Total Cost Through FY28" may include expenditures incurred prior to the 20-year window of the current Financial Plan.



Debt Program

With the passage of a bond referendum on August 12, 2000, DART received voter authorization to issue up to \$2.9 billion of sales tax-backed long-term debt. DART has established a two-tiered debt structure: 1) commercial paper as the initial financing tool; and 2) long-term bonds. Each of these is discussed below:

Commercial Paper Program – On January 23, 2001, the Board approved a Master Debt Resolution, which authorized DART to pledge its sales tax revenues, on a senior subordinated basis, for the issuance of Senior Subordinate Lien Sales Tax Revenue Commercial Paper Notes (CP). On the same day, the Board authorized the issuance of up to \$650 million in Commercial Paper to be issued to: a) fund its capital acquisition program; b) refund \$150 million in outstanding North Central Light Rail Project Notes; and c) fund its self-insurance program. The Commercial Paper program is backed by a liquidity facility supplied by WestLB AG, Bayerische Landesbank, Landesbank Baden-Württemberg, and State Street Bank and Trust. This facility is currently \$600 million.

The FY09 Plan includes the assumption that DART will issue CP in support of its capital programs and end FY 2009 with approximately \$570 million in outstanding Commercial Paper. However, depending upon market conditions during the year, long-term bonds may either be issued late in FY09 or early in FY10. The actual amount and timing of debt is dependent on market conditions and on what is in the best long-term interest of the Agency.

Long-Term Bonds – On January 23, 2001, the Board approved a Master Debt Resolution, which authorized DART to pledge its sales tax revenues, on a senior lien basis, for the issuance of up to \$2.9 billion in long-term bonds. The long-term bonds may be issued to fund DART's capital program or refund commercial paper.

On June 12, 2008, DART retired approximately \$330 million in outstanding commercial paper, and because of favorable market conditions, issued an additional \$400 million in long-term debt to fund FY 2009 capital expenditures.

It is projected that DART will have approximately \$1.7 billion in outstanding Long-Term Bonds at the end of the year. This is a combined total of all prior issuances less principal repayments.

The total amount of long-term bonds issued prior to 2020 is the same as was contained in the FY08 Financial Plan (\$3.64 billion).

Coverage Ratios (lines 31 – 33)

Financial Standard FS-D7 requires that DART maintain a debt coverage ratio (the External Coverage Ratio) such that Gross Sales Tax Revenues must be at least two times the amount of annual Debt Service. This is the standard that DART is held to by the financial marketplace and in its own external debt documents. In those documents, DART agrees that it will not issue additional debt when it does not comply with this standard. As discussed above, DART anticipates issuing future debt backed by a combination of sales taxes, operating revenues, and federal formula funds. The external coverage ratio is calculated on this basis. Over the life of the Plan, the lowest external coverage value is 2.80 in the final year of the Plan.



DART also has a goal stated in FS-D7 to maintain another coverage ratio – the Internal 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 completion of the System Plan. This Internal Coverage Ratio is calculated on all outstanding debt. DART’s FY 2009 Financial Plan complies with this goal, dropping to a low value of 1.05 in 2012.

Exhibit 9.11 summarizes the major commercial paper and long-term debt assumptions. The exact timing, nature, and amounts of long-term debt issuances may be adjusted from Financial Plan estimates depending on interest rates and other considerations, as determined at the time of issuance.

**Exhibit 9.11
FY09 Financial Plan Debt Assumptions**

Description	Commercial Paper (CP)		Long-Term Debt (LTD)	
	FY 2009	Future	FY 2009	Future
Term	<5 years	<5 years	None	Up to 40 years
Interest rates + fees	2.00%	3.0%-5.0%	n/a	5.05%-6.0%
Credit enhancement?	n/a	n/a	n/a	Yes
Principal and interest repayment	Refund w/LTD	Refund w/LTD	n/a	Level Debt
Net CP* / Total LTD issued	\$48M	\$372M	\$550M	\$5.7B
End of Year - Maximum debt outstanding	\$580M	\$600M	\$1.7B	\$6.3B
Year of maximum debt outstanding	n/a	FY 2010+	n/a	FY 2028
Cash reserves required?	No	No	n/a	No
Issuance costs	n/a	n/a	n/a	1.0%
Uninsured Debt Rating assumed	A1+/P1	A1+/P1	AA-	AA-

* The amounts shown on this line related to commercial paper issuance are net numbers and do not include retirement and re-issuance. The amounts shown on this line item related to long-term debt issuance are gross issuances.



SUPPLEMENTAL FINANCIAL INFORMATION

Net Increase (Decrease) in Cash and Change in Balance Sheet Accounts (lines 34 – 35)

Based on each year's projected sources and uses of cash, DART has projected its Balance Sheet for each year of the Plan. These line items reflect the net change in cash and non-cash working capital balance sheet accounts.

The Change in Balance Sheet Accounts line item is used as a compensating factor for the lag between the occurrence of an accounting transaction, which affects the balance sheet, and the actual receipt or disbursement of cash. DART's projected Balance Sheet for each of the first five years of the Financial Plan is included in *Exhibit APX.5*.

Cash Reserves and Restricted Funds (line 38)

DART maintains several cash reserves. FS-G5 requires a Master Insurance Reserve for claims and Board liability exposure (\$12.9 million balance as of September 30, 2008). FS-G7 requires that sales tax collections that exceed budget during a fiscal year be placed in a "Financial Reserve" account (\$15.3 million authorized balance as of September 30, 2008). When this fund balance reaches \$50 million, all additional funds will be placed in a Capital Projects Reserve. The Financial Reserve may be used for any purpose, subject to an affirmative vote of two-thirds of the appointed and qualified Board members. This line item represents the projected end-of-year value.

Working Cash Requirements (line 39)

Financial Standard FS-G6 states "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 Financial Plan." The combination of the Financial Reserve and this working cash balance ensures that DART always has a minimum of approximately two months of net expenditures on-hand. This line item represents the projected end-of-year value.

Net Available Cash (line 40)

This line item represents the projected end-of-year value and is the bottom-line check regarding the long-term affordability of DART's programs. As long as this value is positive, the Plan is affordable, given the assumptions used to build the Plan. In the FY 2009 Financial Plan, the minimum amount of Net Available Cash is \$76.3 million in 2019. This amount is in addition to the reserves described in the previous two paragraphs and as such, represents DART's unprogrammed cash balance.

DART looks to this year of lowest Net Available Cash as the critical year in terms of affordability. Every decision that is made as well as every change to a Financial Plan assumption or estimate is made with consideration of the effect on that critical year.



MAJOR FINANCIAL PLAN ASSUMPTIONS

● Sources of Funds

- The Financial Plan includes 3.59% sales tax growth from FY08 to \$431.2 million. Sales tax growth in future years is the lesser of 5% or the Perryman Model projections less ½%. This results in 5% growth rates over the remainder of the Plan, as the Perryman projections never drop below 5.5%.
- An increase to fare revenue is generally programmed every 5 years. The last fare increase occurred at the beginning of FY 2008 and the next increase would normally have been programmed in FY 2013. However, due to projected increased energy costs over the life of the Plan, an additional fare increase has been programmed for FY 2010. The exact fare structure is subject to public input and Board approval.
- Fare revenue increases are also based on ridership projections for each mode. The projections shown below are base growth rates. As fare increases are implemented, a reduction of 1.5% (or more, based on input from Service Planning) is netted out with the projected growth rate for that year to determine the net ridership change. The fare increase affects all fixed-route modes in a similar manner. Future service level decisions on all modes will impact future ridership projections.
 - FY09 Bus ridership remains consistent with FY08 at 45.4 million. For the future, ridership is projected to decrease by approximately 5% based upon the fare increase to be implemented in 2010. Longer-term growth is anticipated to be nearly 1.5% per year through FY12, and then begins to taper down to less than 1% growth per year in FY13 and beyond;
 - LRT base ridership is projected to grow by 5.6% in FY09, based on service enhancements, increased parking availability, and the opening of the first portion of the Green Line in September. For the future, 2010 ridership is expected to remain flat, with the increases from the annualization of new riders on the Green Line offset by ridership decreases in reaction to the fare increase. As more line sections open between 2010 and 2018, ridership is expected to increase by 75% over that time period;
 - TRE commuter rail ridership increases 5.6% in FY09 (to 2.9 million). Based on the projected fare increase for commuter rail service (projected as a higher percentage than for other fixed route services), ridership is projected to drop by 18% in FY10, and then resume slow upward growth thereafter;
 - HOV ridership grows between 1.0 – 1.5% for each year of the Plan;
 - Paratransit ridership increases by 3% per year through 2013 and 1% per year beyond that.
- Advertising income grows at an average of nearly 7% through 2012 (based on current contract rates), and by 3% per year thereafter.
- Other miscellaneous operating revenues grow by inflation each year.
- Investment portfolio yields remain at 1.0% above the commercial paper rates through the life of the Plan.



- DART receives over \$56 million in Federal Formula money for Capital Preventive Maintenance, Fixed Guideway Modernization, and Transit Enhancement funding every year for the life of the Plan. Per Financial Standard B-10, these funds must be programmed at the current year's allocations throughout the life of the Plan.
 - The current solicitation for 537 buses has included \$9.4 million in federal funding that has already been approved. An estimated \$10 million in future funding for this procurement is anticipated from other Grant sources (currently being researched and applied for). Future Bus procurements are assumed to receive 30% Federal Funding.
 - DART will receive nearly \$88 million of its \$700 million Full Funding Grant Agreement (FFGA) for the NW/SE portion of the Phase II LRT Build-out in FY09. DART will continue to receive annual installments of approximately \$86.25 million through 2013. The remainder of the \$700 million FFGA (\$81.3 million) would then be received in 2014.
 - \$40.7 million in CMAQ funds will be received in 2009 and \$89.7 million over the first five years of the Plan. As additional funds become available and projects are identified to access these funds, additional CMAQ funds will be programmed into the Plan.
 - \$210.9 million in other external capital contributions and discretionary grant funding will be received between 2009 and 2013, including \$110 million (of a total amount of \$123 million) in contributions for Irving-3 LRT extension into DFW International Airport, the T's contribution to TRE capital programs, member city contributions, Homeland Security Grants, etc. These other contributions total \$1.1 billion over the 20-year life of the Plan, with \$674 million of that related to future grants for the 2030 Transit System Plan projects.
- Uses of Funds
 - Operating Expenses
 - Operating budget of \$377 million in FY09;
 - Annual local inflation rates are anticipated to be approximately 2.5% per year over the life of the Plan. These projections are part of the same economic model that is provided by the Perryman Group each year to estimate sales tax revenue growth;
 - Per Financial Standard B-5, operating expenses are planned to grow by 90% of inflation plus new service, new programs, Board-approved contract increases, and adjustments related to fuel prices and actuarial analyses;
 - Bus service levels remain constant beyond FY09. Any service increases must be accommodated through the elimination, and reallocation of resources that are currently providing less productive service;
 - New Light Rail service will be implemented between 2009 and 2018 for the current Phase of the LRT Buildout, including the Green Line (NW/SE), the Orange Line (Irving), the Blue Line Extension (East from Garland to Rowlett), a second alignment in downtown Dallas (CBD) and a second Blue Line extension (South from Ledbetter to the UNT Dallas South campus);



- TRE service levels remain constant beyond FY09, and contract costs are programmed at known contract rates, and at 4% annual growth after the current contract expires. The Board did adopt Strategic Recommendations for the TRE in August of 2007 with expanded service goals once certain double-tracking projects are completed. However, this service is not provided for within the Financial Plan and will be dependent upon many factors including service demand, financial capability, and the DART Board's direction;
 - Paratransit contract costs are programmed at known contract rates, and by 5% per year after that, including both growth in service demand and contract rate increases;
 - The number of Vanpools grew from a maximum of 145 in 2008 to 198 in 2009 (dependent upon availability of NCTCOG funding), and remains at this level for the remainder of the Plan. Contract rates are programmed to increase at 90% of inflation;
 - \$3.8 million per year is included in the Plan beginning in FY08 to fund post-retiree health benefits.
- Capital & Non-Operating
- Annual inflation rate of 5% for the current phases of the Light Rail Build-out (the Orange Line to Irving, the Blue Line extensions to Rowlett and South Oak Cliff, and the second alignment through downtown Dallas) from the latest estimates for Capital Construction Costs.
 - For the 2030 Transit System Plan projects, DART contracted with The Perryman Group to provide inflation estimates for heavy construction projects. These range between 4.7% and 4.3% (with the higher inflation rates earlier in the Plan) over the next 20 years. An inflation rate of 3% per year was used for all other capital project costs;
 - Capital Planning & Development budget of \$20.4 million in FY09. This grows by 90% of inflation each year (along with operating expenses);
 - Approximately \$13.7 million will be spent in FY09 and \$43.0 million over the next five years on start-up costs for the new Light Rail lines and HOV lanes. Start-up costs are all operating-type costs that are both: 1) incurred solely as a result of the opening of new service; and 2) incurred prior to the start of revenue service. Once revenue service has begun, these costs are incorporated into the operating budget.
 - The next bus purchase is scheduled for 2010 – 2012 and is currently under an open solicitation. This purchase includes 537 low-floor, heavy-duty buses. In addition to that, DART will be replacing another 158 buses by 2016, completing a full replacement of the fleet. These bus procurements (and all future bus procurements) are for ultra low-emission vehicles (ULEVs) which will meet or exceed the applicable Environmental Protection Agency (EPA) emissions standards in the year of purchase. The bus fleet has a 12-year replacement cycle.



- Debt Service
 - A maximum of \$600 million in Commercial Paper (CP) will be issued and outstanding at any given time;
 - DART has voter authorization to issue up to \$2.9 billion in long-term debt in sales tax-backed debt. The FY 2009 Financial Plan also included the assumption that, in addition to that \$2.9 billion, DART plans to issue \$740 million in long-term bonds backed by multiple revenue sources (including sales taxes, operating revenues, and federal formula funds) through 2019. This total of \$3.64 billion is the same amount as was contained in the FY2008 Financial Plan;
 - All bonds to be issued through 2020 are assumed to have terms of up to 40 years. Debt issued through 2011 will defer principal payments for the first five years. The actual terms and structure of the debt will depend on market conditions and DART's best interest at the time of each specific debt issuance;
 - Through the completion of the current service plan elements (through the 2018 Blue Line South extension) DART is anticipated to have issued \$3.64 billion in long-term bonds. This is the same amount of debt that was included in the FY08 Plan;
 - In order to complete the 2030 Transit System Plan projects on the anticipated schedules, additional debt will be required. The Plan assumes nearly \$4 billion in additional debt to be issued after 2020 in support of the 2030 System Plan and other projects with the current 20-year window of the Financial Plan. Additional debt may be needed for those capital costs that are incurred after 2029;
 - No long-term debt is programmed to be issued during FY09. Long-term sales-tax backed debt issued at interest rates of 5.05% in FY10 and FY11, with future interest rates increasing gradually, reaching 6% by 2015;
 - The actual amount, type, and timing of debt issuance may change from the Plan depending on DART's financial needs and market conditions.



POTENTIAL RISKS AND OPPORTUNITIES

- Sales tax receipts are unquestionably the most important estimate in the DART Twenty-Year Financial Plan, and therefore are the largest single area of risk to DART's ability to meet its goals and objectives. DART is projecting long-term growth rates of 5% per year after FY08. DART's economic consultant, Dr. M. Ray Perryman is still forecasting growth rates that exceed this rate for the next 25 years. Use of the Perryman Model projections as provided, without Management's adjustments, would yield \$1.6 billion dollars more in sales tax revenues than is reflected in the Plan. The conservative approach of reducing the projections should help insulate DART against normal economic cycles. However, severe economic downturns such as the one experienced in 2001 – 2003 would still have a significant financial impact. The current credit crisis and ongoing impact on the economy could have a long-term impact on DART's Financial Plan.
- Fuel and energy prices have been highly volatile with diesel prices rising approximately 84% from June of 2007 to June of 2008. As the economy began to slow, prices plunged even more quickly into the Fall of 2008. DART has hedges in place for most of its diesel fuel at \$2.27 per gallon. This hedge looked like a significant advantage until the recent recession and corresponding free fall in oil prices. DART has also locked in diesel fuel prices through most of FY 2010, and has a fixed rate for electricity locked in through 2014.
- Higher fuel prices have led to all-time highs in ridership. Average weekday fixed-route ridership topped 256,000 during September of 2008, despite the fact that fuel prices had already begun to retreat. Early returns in FY09 indicate that DART is retaining many of these riders. In addition to energy prices, employment levels are another major driver of ridership. DART could see slower growth than anticipated or even a ridership reduction if gas prices remain at lower levels for an extended period of time and if the current economic recession has an extended impact on local employment.
- Beyond the current bus procurement (537 buses to be received between 2010-2012), future bus purchases are currently programmed to be grant-subsidized at a rate of 30%. While this is substantially less than we have historically received for bus purchases (80%-83%), it is higher than we have identified for the current bus purchase and this assumption depends on discretionary funding being available. If that funding is not available, DART could receive less funding than programmed.
- However, as an offset to possibly receiving less federal money than anticipated on future bus purchases, there are other, unprogrammed opportunities in the arena of federal funding. Currently, the Financial Plan projects DART will receive \$56.5 million each year in Urbanized Area Formula Program, Fixed Guideway Modernization, and Transit Enhancement funds. And, in accordance with FS-B10, this value is not inflated in future years. These allocations have historically grown at a rate of greater than 5% per year. Continued growth of that magnitude could provide considerable additional funding that is not currently programmed into the Financial Plan.



- DART has programmed the receipt of \$123 million in external contributions for the Irving-3 Light Rail line segment to DFW airport and no contributions for the second downtown alignment or the South Oak Cliff-3 Extension. It is very early in the process for those line segments, and it is possible that the total external receipts on those line sections could total more or less than the amount currently in the Plan.
- DART is constrained by FS-B5 to grow operating expenses by no more than 90% of the projected inflation rate, plus new programs and service. This operating expense target is very difficult to achieve year-after-year. Approximately two-thirds of DART's FY09 Budget is composed of salaries, wages, and benefits. In the long term, these costs must at least grow by inflation, or DART's ability to attract and retain quality employees may be adversely impacted. Considering the highly volatile energy market and the annual double-digit increases in health care costs, this presents a major challenge for DART. DART has recently implemented several programs targeting workers' compensation and health care benefits costs, which have shown substantial improvements and lower increases than the national trend in these areas. Gains of this magnitude will be hard to sustain.
- FY08 was a very difficult year for the stock market. As such, actuarial liabilities and the required contributions calculated on DART's defined benefit retirement program (which is a closed program) and retiree health care are likely to grow significantly in the next few years.
- DART has attempted to identify all capital projects that can be foreseen, but every year additional new projects are requested. Significant additions to the capital program (and associated operating costs) without concurrent increases in revenues or the deletions of offsetting capital projects, could adversely affect the Financial Plan. Also, the FY 2009 Plan includes the 2030 Transit System Plan projects. These projects are at a conceptual level, and as such, may be subject to significant cost adjustments as the scope of those projects becomes better defined in the years to come.
- Based on the Perryman Model (and supported by the last 20 years of experience), inflation is estimated to average approximately 2.5% per year for the life of the Plan. Because inflation affects sales tax revenues and both operating and capital expenditures, it has many risks and many potential opportunities associated with it. Recent inflation in the heavy construction arena has substantially exceeded general inflation over the last few years. Specific commodities such as steel, concrete, aluminum, and copper in particular have escalated at unprecedented rates. This caused DART to revise its cost estimates in 2008 on all capital construction projects going forward. These changes have been included in the FY08 and FY09 Plans. DART will continue to monitor the situation closely and assess any impacts on the projects contained in the Financial Plan.
- The current credit crisis has caused a significant deviation from 'normal' market conditions. Short-term interest rates are at historic lows while longer-term rates have shot up significantly faster than was anticipated in the Financial Plan. DART placed itself in a positive financial position when \$400 million of debt was issued in June for FY09 capital expenditures. This means that DART will not need to be in the market to issue bonds until at least the fall of 2009. It is expected that credit will ease a bit by that time. If not, DART may need to issue debt at higher rates than are contemplated in the Plan. DART is exploring expanded use of commercial paper in the event that interest rates remain high.



- DART has entered into ten economically defeased financing transactions. In general, such transactions involve our lease and leaseback of specified, depreciable property to a trustee, acting on behalf of a private investor. Although we retain legal title to the leased property and have the option to purchase the trustee's interest on or before the end of the sublease term, these transactions were structured to result in a sale of the subject property to the private investor for federal income tax purposes. The rent due for the full term of the leases was prepaid to us. In order to fund the sublease rental payments owed by us over the life of the leases and the purchase option price, we used a portion of the advance rental payments paid to us either: (i) to purchase contractual undertakings from financial institutions pursuant to which the financial institutions assumed or agreed to pay the sublease payments due and owed by us and the purchase option price; or (ii) to make deposits with custodians instructed to purchase direct obligations of the United States Government that mature on dates and in amounts required to pay our sublease rental payments and the purchase option price. For a more detailed description of these transactions, please refer to the section of our Annual Disclosure Statement titled "DART'S FINANCIAL PRACTICES AND RESOURCES-- Lease/Leaseback Transactions" and to Note 10 of the Independent Auditor's Report attached as Exhibit A to our Annual Disclosure Statement.

When we entered into the economically defeased financing transactions, such transactions were authorized under state and federal law. The United States Treasury Department has since added these types of transactions to its list of "prohibited tax shelter transactions," and we have not undertaken any defeased lease transactions since that time.

On May 17, 2006, the President signed into law the Tax Increase Prevention and Reconciliation Act of 2005. Pursuant to such Act, a new Section 4965 was added to the Code. Section 4965 imposes a federal excise tax (the "New Excise Tax") on any state, local government, or other tax-exempt organization that is a party to a "prohibited tax shelter transaction," herein referred to as a Listed Transaction. The New Excise Tax is imposed in taxable years that end after August 16, 2006. The New Excise Tax applies to transactions entered into by political subdivisions prior to the enactment of the New Excise Tax and also to transactions that were not Listed Transactions when undertaken. Consequently, the New Excise Tax applies to all of the defeased financing transactions we have undertaken.

In general, the amount of the New Excise Tax is determined by applying a 35% tax rate to the greater of: (i) the political subdivision's net income for the taxable year in question that is attributable to the transaction; and (ii) 75% of the proceeds received by the political subdivision for the taxable year that are attributable to the transaction. As part of the new law, the Treasury Department was instructed to publish guidance regarding the New Excise Tax by August 16, 2006. Due to the complexity of the tax and the fact that the Treasury Department has not yet provided any guidance, we are unable at this time to estimate with any certainty our potential future tax liability. However, our rough preliminary estimates indicate that our future tax liability may equal or exceed \$38 million dollars, with payments ranging from \$800,000 to \$3,800,000 per year for the next 20 years.



The New Excise Tax affects a large number of transit agencies and other political subdivisions throughout the United States. We are currently coordinating with other transit agencies and our trade association, the American Public Transportation Association (“APTA”), in pursuing the repeal of the New Excise Tax or an exemption for transactions entered into prior to the enactment of the New Excise Tax. We can make no predictions or assurances, however, about the likelihood of achieving success in such efforts. In the future, we may also consider pursuing legal challenges with regard to the New Excise Tax.

- DART may be able to build its sales tax revenue base through the addition of new cities to the Service Area or through the pursuit of other legislative changes. The nature and timing of such changes would determine the potential financial impact.
- Preliminary discussions are underway in the Metroplex for a Regional Transit Authority to fulfill the transportation needs of the region for the gaps between DART, the T, and the Denton County Transit Authority (DCTA). This is a highly complex issue that could either have a positive or negative impact on DART. Any such authority might require a tax restructuring which might benefit DART. It also might provide DART with increased ridership as other areas currently without transit connect with our services. Because DART only recovers a small portion of its costs through the passenger fares, the cost of any additional riders brought into the system will likely exceed the associated revenues. Interlocal Agreements will need to be negotiated and DART will have to be mindful of recouping the costs associated with those additional riders. With additional cities joining transit network through a regional transit initiative, there is also a risk that DART will receive a lower percentage of the federal money that is allocated to this region because the money will need to be spread among more jurisdictions.

Section 10
Appendix
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Exhibit APX.1

080160



RESOLUTION

of the

DALLAS AREA RAPID TRANSIT BOARD
(Executive Committee)

RESOLUTION

Approval of Fiscal Year (FY) 2009 Annual Budget

WHEREAS, the Board approved the Financial Standards (including the General Standards, Business Planning Parameters, and Debt Service Standards) on April 22, 2008 (Resolution No. 080055), which were the basis for compiling the FY 2009 Annual Budget; and

WHEREAS, the Board has been briefed on the assumptions used to prepare the FY 2009 Annual Budget; and

WHEREAS, the Proposed FY 2009 Annual Budget was sent to the member cities thirty days prior to Board approval in accordance with Section 452.113(3) of the Texas Transportation Code; and

NOW, THEREFORE, BE IT RESOLVED by the Dallas Area Rapid Transit Board of Directors that the FY 2009 Annual Budget is approved in the amount of \$1,627,974,662.

Operating Budget	\$374,810,070
Capital Budget	1,181,197,262
Net Debt Service Budget	71,967,330
Total FY 2009 Annual Budget	\$1,627,974,662

John C. Danish
Secretary

Randall Chrisman
Chair

APPROVED AS TO FORM:

DART Counsel

ATTEST:

Gary C. Thomas
President/Executive Director

September 23, 2008
Date

Exhibit APX.1**080197**

Dallas Area Rapid Transit

RESOLUTION

of the

RESOLUTION**DALLAS AREA RAPID TRANSIT BOARD
(Executive Committee)****Approval of Fiscal Year (FY) 2009 Twenty-Year Financial Plan; Amendment to the
FY 2009 Operating and Capital Budgets; and Related Financial Plan Amendments**

WHEREAS, the Board approved the Financial Standards (including the General Standards, Business Planning Parameters, and Debt Service Standards) on April 22, 2008 (Resolution No. 080055), which were the basis for compiling the FY 2009 Twenty-Year Financial Plan; and

WHEREAS, Article VI, Section 3 of the Board Bylaws states that the Board shall adopt a Budget and a Financial Plan prior to the commencement of each fiscal year; and

WHEREAS, on September 23, 2008 (Resolution No. 080161), the DART Board voted to suspend the Board's standing rule relating to approval of a final financial plan prior to commencement of the fiscal year; and

WHEREAS, a draft of the proposed FY 2009 Twenty-Year Financial Plan was made available to the governing bodies of the member jurisdictions within the service area at least thirty days before the adoption of the Financial Plan; and

WHEREAS, Section 452.111 of the Texas Transportation Code and Article III, Section 14 of the Board Bylaws require that the Board approve the Financial Plan by a two-thirds vote of the appointed and qualified members of the Board; and

WHEREAS, the Board has been briefed on the assumptions used to prepare the FY 2009 Twenty-Year Financial Plan; and

WHEREAS, the Board desires to provide an additional 1% increase to base pay for both hourly and salaried personnel, to increase the authorized number of vanpools from 167 to 198 contingent upon available federal funding, incorporate additional one-time costs to facilitate the distribution of documents to the Board electronically and to amend the FY 2009 Annual Budget to incorporate these changes.



Exhibit APX.1

080197

Approval of Fiscal Year (FY) 2009 Twenty-Year Financial Plan; Amendment to the FY 2009 Operating and Capital Budgets; and Related Financial Plan Amendments


NOW, THEREFORE, BE IT RESOLVED by the Dallas Area Rapid Transit Board of Directors that:

Section 1: The FY 2009 Twenty-Year Financial Plan as shown in Exhibit 1 is approved.

Section 2: The FY 2009 Annual Budget is amended as follows:

Operating Budget	\$377,018,835
Capital Budget	1,181,320,740
Net Debt Service Budget	71,967,330
Total FY 2009 Annual Budget	\$1,630,306,905


 John C. Danish
 Secretary


 Randall Chrisman
 Chair

APPROVED AS TO FORM:


 DART Counsel

ATTEST:


 Gary C. Thomas
 President/Executive Director

November 18, 2008

Date



Exhibit APX.1

Dallas Area Rapid Transit FY 2009 Financial Plan Twenty Year Sources and Uses of Cash (\$ Millions - Inflated Dollars)																									
Line	Description	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	30 Year Total		
SOURCES OF FUNDS																									
1	Sales Tax Revenues	\$431.2	\$452.8	\$475.4	\$499.3	\$524.3	\$550.5	\$578.1	\$607.0	\$637.4	\$669.3	\$702.8	\$738.0	\$775.0	\$813.8	\$854.5	\$897.3	\$942.2	\$989.3	\$1,039.3	\$1,091.6	\$1,149.1	\$1,209.1	\$14,269.1	
2	Operating Revenues	65.9	78.5	86.1	91.1	106.5	110.7	125.5	144.0	157.4	174.4	193.7	213.3	233.8	255.6	279.6	305.1	332.2	360.0	388.8	418.6	449.4	481.1	513.6	2,554.3
3	Interest Income	30.3	28.6	31.6	26.6	22.0	139.1	17.0	15.0	13.2	12.4	11.9	11.1	13.1	15.6	19.6	23.4	25.5	29.6	31.7	36.7	37.7	36.7	36.7	425.5
4	Federal Income	125.9	79.9	74.9	64.1	56.5	401.3	56.5	63.7	56.5	56.5	56.5	56.5	56.5	56.5	56.5	56.5	56.5	56.5	56.5	56.5	56.5	56.5	56.5	1,255.3
5	Discretionary Federal Funding	101.3	88.6	123.7	144.7	128.2	586.4	107.0	0.0	10.7	0.0	0.0	0.0	0.0	32.3	32.0	72.0	65.9	172.4	192.9	200.0	242.7	242.7	242.7	1,513.5
6	Debt Issuances	550.0	955.0	412.0	273.0	0.0	2,190.0	54.0	36.0	80.0	64.0	69.0	0.0	0.0	50.0	100.0	200.0	500.0	700.0	1,100.0	1,000.0	900.0	800.0	800.0	6,268.0
7	Other Sources	97.3	23.2	17.8	17.3	17.9	173.5	18.6	19.5	19.9	21.9	24.9	24.1	24.7	24.6	24.9	24.9	25.9	26.7	29.5	34.1	34.1	34.1	34.1	544.3
8	Total Sources of Funds	\$1,401.9	\$1,706.5	\$1,221.6	\$1,116.0	\$885.3	\$5,401.3	\$824.8	\$901.3	\$907.8	\$963.5	\$931.3	\$964.9	\$1,056.0	\$1,181.2	\$1,296.0	\$1,433.1	\$1,582.6	\$1,736.4	\$1,916.6	\$2,101.6	\$2,291.6	\$2,487.9	\$2,690.0	
USES OF FUNDS																									
9	Sales Taxes for Operations	65.1%	67.4%	70.1%	71.7%	70.6%	n/a	70.2%	70.4%	69.4%	68.2%	64.7%	64.4%	63.3%	61.8%	60.3%	56.7%	55.3%	54.3%	52.8%	52.6%	49.2%	49.2%	n/a	
10	Operating Expenses	\$225.0	\$239.7	\$244.8	\$250.2	\$255.2	\$1,214.9	\$261.4	\$268.8	\$274.8	\$280.8	\$287.1	\$293.3	\$299.9	\$306.4	\$312.8	\$319.6	\$326.7	\$333.4	\$340.4	\$347.5	\$354.6	\$361.7	\$368.8	\$5,848.6
11	Light Rail Transit	79.4	97.1	127.9	143.6	154.1	602.1	164.4	172.0	176.2	180.2	184.3	194.6	198.9	203.1	207.5	212.0	216.6	221.1	225.8	230.3	234.0	237.7	241.0	3,630.1
12	Commuter Rail/RTM Management	25.0	26.2	27.4	28.3	29.3	136.1	30.3	31.4	32.6	33.7	35.0	36.2	37.5	38.9	40.3	41.8	43.3	44.9	46.6	48.2	50.0	50.0	50.0	726.8
13	Paratransit	34.2	35.3	36.9	38.3	40.9	185.7	43.4	45.9	48.2	50.6	53.2	55.9	58.8	61.9	65.1	68.6	72.3	76.1	80.3	84.5	89.2	94.0	94.0	1,139.6
14	HOV/Transitways	10.8	11.0	11.2	12.1	12.9	58.0	13.2	13.5	13.8	14.1	14.4	14.7	15.0	15.4	15.7	16.0	16.4	16.7	17.1	17.4	17.8	18.2	18.2	289.3
15	General Mobility - TDM	2.6	2.7	2.8	2.8	2.9	13.9	3.0	3.0	3.1	3.2	3.2	3.3	3.4	3.4	3.5	3.6	3.7	3.8	3.8	3.9	4.0	4.0	4.0	65.8
16	Total Operating Expenses	\$377.0	\$412.0	\$451.0	\$475.4	\$495.3	\$2,210.8	\$534.6	\$548.6	\$562.6	\$577.2	\$598.0	\$613.5	\$629.1	\$645.0	\$661.6	\$679.0	\$696.0	\$714.0	\$744.9	\$769.8	\$794.9	\$820.1	\$845.3	
17	Operating FGD/Short-Lp	\$411.1	\$451.3	\$479.8	\$492.7	\$519.5	\$2,160.4	\$539.9	\$557.9	\$572.5	\$587.0	\$605.0	\$623.5	\$642.5	\$661.9	\$681.7	\$701.9	\$722.0	\$743.0	\$764.4	\$787.3	\$810.7	\$834.6	\$859.1	
18	Capital Projects and Non-Operating	\$61.0	\$45.0	\$6.9	\$3.2	\$3.0	\$119.2	\$6.2	\$6.4	\$3.1	\$5.4	\$14.5	\$5.6	\$4.5	\$5.5	\$3.1	\$8.2	\$3.9	\$8.2	\$5.5	\$5.5	\$10.3	\$10.3	\$294.6	
19	Bus	13.6	85.3	48.5	110.0	8.5	266.1	44.2	11	36.8	2.7	7.2	9.1	8.7	14.7	127.6	74.1	184.3	49.9	169.6	45.2	155.5	155.5	1,194.9	
20	Light Rail Transit	946.0	919.4	519.3	335.9	193.4	2,913.9	123.4	47.8	69.9	66.2	16.0	15.7	18.5	16.3	94.1	130.5	713.3	705.2	1,352.2	1,105.1	748.8	1,105.1	7,488.1	
21	Commuter Rail/RTM Management	56.6	43.0	15.7	3.9	1.8	120.9	2.1	2.6	2.1	6.4	12.6	14.8	8.8	10.0	7.5	4.8	3.6	3.6	3.6	9.9	19.0	33.2	33.2	
22	Paratransit	1.9	0.0	0.0	0.0	21.3	33.2	0.8	0.2	0.0	0.1	0.3	25.2	0.9	0.3	0.0	0.3	0.0	30.2	1.2	0.3	0.3	0.3	88.5	
23	HOV/Transitways	39.5	20.6	20.6	13.0	0.0	93.8	0.6	0.2	0.1	0.1	2.6	22.6	20.7	21.9	67.9	71.6	73.9	71.1	44.6	0.0	49.7	49.7	497.8	
24	Capital F & D, Short-Lp, Non-Operating	42.1	41.9	29.0	24.6	24.9	162.4	24.4	23.5	24.7	24.9	28.0	27.1	27.0	26.8	28.3	28.8	28.6	29.2	29.8	33.2	31.1	27.8	27.8	577.8
25	General Mobility - Road Impr/ITS	\$181.3	\$116.2	\$64.7	\$492.6	\$253.9	\$3,744.0	\$201.8	\$81.7	\$136.6	\$110.9	\$119.8	\$109.3	\$89.2	\$95.5	\$261.1	\$300.1	\$426.8	\$904.0	\$991.9	\$1,490.8	\$1,319.6	\$1,319.6	\$1,319.6	\$10,383.4
26	Total Debt O/S Beginning of Year	\$1,702.2	\$2,377.9	\$3,174.9	\$3,668.1	\$3,821.4	n/a	\$3,788.5	\$3,828.4	\$3,834.9	\$3,873.4	\$3,888.8	\$3,906.2	\$3,821.6	\$3,794.1	\$3,783.7	\$3,819.6	\$3,901.9	\$4,027.4	\$4,466.9	\$5,105.5	\$6,100.6	\$6,100.6	\$6,100.6	n/a
27	Total Debt O/S End of Year	\$2,237.9	\$3,174.9	\$3,668.1	\$3,821.4	\$3,986.5	n/a	\$3,828.4	\$3,834.9	\$3,873.4	\$3,888.8	\$3,906.2	\$3,821.6	\$3,794.1	\$3,783.7	\$3,819.6	\$3,901.9	\$4,027.4	\$4,466.9	\$5,105.5	\$6,100.6	\$6,100.6	\$6,100.6	\$6,100.6	n/a
28	Principal - LTPST Debt	\$14.3	\$17.9	\$18.8	\$19.7	\$22.9	\$93.6	\$24.1	\$29.6	\$41.5	\$48.6	\$51.6	\$54.6	\$57.5	\$60.4	\$64.1	\$68.7	\$73.5	\$80.5	\$91.4	\$104.9	\$124.2	\$148.7	\$168.7	\$1,068.7
29	Cover of Debt (Interest and Fees)	\$6.9	\$16.6	\$15.5	\$18.7	\$18.7	\$74.4	\$12.2	\$19.3	\$26.1	\$32.4	\$35.0	\$38.8	\$42.4	\$46.1	\$50.0	\$54.1	\$58.7	\$64.7	\$72.3	\$81.8	\$93.8	\$108.3	\$124.2	\$806.2
30	Total Debt Service Costs	\$101.1	\$134.6	\$171.3	\$198.4	\$211.6	\$181.1	\$121.6	\$134.6	\$164.1	\$150.5	\$153.5	\$153.5	\$153.5	\$153.5	\$153.5	\$153.5	\$153.5	\$153.5	\$153.5	\$153.5	\$153.5	\$153.5	\$153.5	\$1,068.7
31	External Coverage Ratio	5.85	4.44	3.64	3.31	3.20	n/a	3.37	3.40	3.33	3.34	3.47	3.57	3.72	3.85	3.94	4.04	4.03	3.87	3.52	3.13	2.80	2.80	n/a	
32	External Coverage Ratio	2.16	1.59	1.21	1.05	1.06	n/a	1.06	1.07	1.07	1.10	1.22	1.26	1.34	1.44	1.51	1.64	1.69	1.65	1.55	1.39	1.29	1.29	n/a	
33	Total Uses of Funds	\$1,659.5	\$1,715.8	\$1,270.3	\$1,166.5	\$909.9	\$6,772.9	\$933.5	\$839.2	\$921.8	\$919.5	\$947.4	\$960.8	\$956.3	\$979.5	\$1,166.0	\$1,310.1	\$1,385.7	\$1,904.0	\$2,053.7	\$2,644.4	\$2,573.8	\$2,718.5	\$2,718.5	
34	Net Inc (Dec) in cash	(\$257.6)	(\$5.2)	(\$48.7)	(\$50.4)	(\$105.6)	(\$471.6)	(\$19.2)	(\$14.4)	(\$20.5)	(\$11.8)	\$16.1	(\$29.5)	\$3.7	\$76.6	\$15.2	\$63.9	\$47.4	(\$79.4)	\$82.7	(\$27.8)	\$51.1	(\$388.5)	(\$388.5)	
35	Change in Balance Sheet Assets	128.8	19.4	(125.5)	(71.7)	(55.5)	(91.6)	(18.5)	(12.6)	4.3	(4.2)	(5.1)	(3.2)	(7.2)	(2.0)	27.3	8.9	17.7	102.0	10.0	97.1	(39.6)	83.9		
36	Cash, Beg of Period	866.1	733.3	743.4	571.2	463.0	577.7	301.9	264.5	237.4	221.2	205.2	185.5	187.0	201.0	308.5	318.3	443.3	465.9	558.7	628.0	668.0	668.0	866.1	
37	Cash, End of Period	733.3	743.4	571.2	463.0	301.9	301.9	264.5	237.4	221.2	205.2	185.5	187.0	201.0	308.5	318.3	443.3	465.9	558.7	628.0	668.0	668.0	668.0	866.1	
38	Less Cash Reserves & Restricted Funds	(33.7)	(34.5)	(35.5)	(36.6)	(37.9)	(37.9)	(39.4)	(41.0)	(42.7)	(44.5)	(46.4)	(48.4)	(50.5)	(52.8)	(57.7)	(60.4)	(63.3)	(66.3)	(69.5)	(72.9)	(76.9)	(76.9)	(76.9)	
39	Less Working Cash Requirement	(38.5)	(43.7)	(45.8)	(47.5)	(47.5)	(47.5)	(49.4)	(52.3)	(54.1)	(54.4)	(51.0)	(50.8)	(52.2)	(55.7)	(60.8)	(65.1)	(72.5)	(88.3)	(107.0)	(130.7)	(150.7)	(150.7)	(150.7)	
40	Net Available Cash	\$661.1	\$665.2	\$489.9	\$373.9	\$316.5	\$316.5	\$175.6	\$144.1	\$124.4	\$106.3	\$110.8	\$63.3	\$8.3	\$141.6	\$182.6	\$219.7	\$337.1	\$403.5	\$467.8	\$467.8	\$419.9	\$419.9	\$419.9	
Total Long-Term Sales Tax Debt Issued																									
1,727	2,652	3,064	3,337	3,337	3,337	3,337	3,391	3,427	3,507	3,571	3,640	3,640	3,640	3,640	3,690	3,790	3,940	4,140	4,690	5,390	6,490	7,415	7,415	600	
Total Short-Term Debt Issuances																									
550	30	412	273	0	0	0																			



Exhibit APX.2
FY 2009 Financial Standards
Resolution No. 080053

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 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. The Business Planning Parameters provide 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.

FY 2009 Financial Standards – General

- 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.
- 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.
- 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.
- 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.

**FY 2009 Financial Standards – General (cont.)**

- 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 adequacy of the Master Insurance Reserve.
- 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.
- 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. Once the \$50 million maximum balance is reached, all interest from the reserve and all future sales tax collections that exceed the budget will be placed into a Capital Project Reserve to help ensure that DART can meet its capital program commitments. Authorization to spend Reserve funds requires the affirmative vote of two-thirds of the appointed and qualified members of the Board.
- 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.
- 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.

**FY 2009 Financial Standards – Business Planning Parameters**

- 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.
- 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.
- 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, 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.
- B6. Management shall use a consistent methodology for computing net administrative costs and direct costs. The administrative ratio (administrative costs minus administrative revenues divided by direct costs) may not increase for two consecutive years and shall not be higher than 14.0%.
- B7. General Mobility programs for road improvement programs such as the Local Assistance Program (LAP), Principal Arterial Street System (PASS), 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.

**FY 2009 Financial Standards – Business Planning Parameters (cont'd)**

- 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 or HOV lane.
- 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. 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).
- B10. DART receives formula and discretionary Federal funding. Formula funding shall be programmed primarily for bus replacement, capital maintenance (if available), vehicles, 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/Twenty-Year Financial Plan process.

**FY 2009 Financial Standards – Debt Service**

- 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 Twenty-Year Financial Plan; however, no debt secured 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.
- 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.
- 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 more 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.
- 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.
- 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.

**FY 2009 Financial Standards – Debt Service (cont.)**

- 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). 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.



Line	Description	2007 Budget	2007 Actual	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	20 Year Total	
Establishment APX.3																									
Dallas Area Rapid Transit																									
FY 2008 Financial Plan As Amended 8-26-08																									
Twenty Year Sources and Uses of Cash																									
(in Millions - Inflation Dollars)																									
SOURCES OF FUNDS																									
1	Sales Tax Revenues	\$384.5	\$390.0	\$408.6	\$429.1	\$450.6	\$473.2	\$496.9	\$521.7	\$547.9	\$575.3	\$604.1	\$634.4	\$666.1	\$699.3	\$735.9	\$769.9	\$807.3	\$847.0	\$887.3	\$929.1	\$972.4	\$1,017.2	\$13,471.2	
2	Operating Revenues	53.1	51.3	63.2	64.5	67.9	73.6	77.6	84.6	92.3	97.3	96.6	100.0	103.5	115.6	117.0	118.4	119.8	136.1	137.6	139.1	140.4	144.3	2,112.2	
3	Interest Income	23.4	23.0	27.9	31.8	34.7	38.1	28.1	156.6	23.4	18.5	16.3	11.7	10.8	10.3	10.1	12.2	13.3	14.0	16.0	20.0	26.2	27.7	399.3	
4	Federal Financial Funding	80.1	55.0	107.5	65.9	75.7	63.9	59.5	37.4	47.7	47.7	47.7	47.7	47.7	47.7	48.6	47.7	47.7	47.7	47.7	47.7	47.7	47.7	1,096.7	
5	Discretionary Federal Funding	12.1	82.9	86.9	91.2	115.0	125.9	175.0	594.0	127.9	108.7	10.0	10.7	0.0	0.0	0.0	0.0	32.3	33.2	33.2	45.9	55.9	172.4	195.9	
6	Debt Issues	484.0	242.3	448.0	556.0	861.0	584.0	304.0	2,753.0	91.0	37.0	45.0	36.0	41.0	0.0	0.0	50.0	50.0	100.0	200.0	500.0	650.0	900.0	5,534.0	
7	Other Sources	17.2	13.9	26.4	82.3	17.9	18.3	16.3	160.0	17.5	18.4	19.3	19.6	21.7	24.7	23.7	24.5	23.9	24.3	24.2	25.3	26.0	28.9	507.7	
8	Total Sources of Funds	\$1,154.3	\$859.4	\$1,168.5	\$1,208.8	\$1,222.6	\$1,371.8	\$1,157.3	\$6,641.0	\$921.6	\$873.9	\$807.2	\$874.9	\$861.5	\$903.9	\$938.6	\$1,022.8	\$1,094.4	\$1,200.2	\$1,384.9	\$1,717.1	\$2,035.0	\$2,158.6	\$34,531.0	
USES OF FUNDS																									
9	Salaries for Operations	69.1%	69.9%	64.9%	62.9%	62.2%	68.9%	69.0%	n/a	67.8%	68.1%	68.1%	67.0%	65.9%	62.8%	62.4%	61.2%	59.8%	58.9%	55.9%	54.3%	51.9%	51.9%	n/a	
10	Operating Expenses:																								
11	Bus	\$207.0	\$195.8	\$213.6	\$218.3	\$223.8	\$226.5	\$231.2	\$1,113.4	\$235.9	\$241.3	\$247.3	\$252.8	\$258.5	\$264.5	\$270.3	\$276.3	\$282.5	\$288.6	\$294.9	\$301.5	\$307.9	\$314.5	\$324.2	\$5,384.4
12	Light Rail Transit	72.9	69.2	76.3	79.0	87.9	133.7	143.5	500.4	152.8	162.5	169.8	175.6	171.5	181.5	191.7	195.9	200.2	204.6	209.1	213.7	218.3	223.0	227.5	3,422.2
13	Commuter Rail/RR Management	20.9	20.5	21.7	22.5	23.3	24.4	25.3	117.1	26.2	27.2	28.2	30.4	31.5	32.7	34.0	35.3	36.6	38.0	39.5	41.0	42.5	44.1	45.5	633.5
14	Paratransit	32.1	31.4	32.8	34.1	35.3	36.2	37.6	175.9	39.7	41.5	43.5	45.2	47.1	49.0	50.9	52.0	53.2	54.5	55.8	57.3	58.8	60.3	61.8	983.5
15	HOV Transfers	7.7	5.4	10.1	10.6	10.8	11.0	11.8	54.2	12.7	13.0	13.3	13.6	13.9	14.2	14.5	14.8	15.1	15.5	15.8	16.3	16.5	16.9	17.2	277.2
16	General Mobility - TDM	1.5	1.3	1.9	1.9	1.9	2.0	2.0	9.7	2.1	2.1	2.1	2.2	2.2	2.3	2.3	2.4	2.5	2.5	2.6	2.6	2.7	2.7	2.8	45.8
17	Total Operating Expenses	\$342.1	\$333.6	\$356.3	\$366.4	\$383.0	\$433.6	\$431.4	\$1,990.8	\$469.3	\$487.5	\$504.2	\$516.6	\$529.6	\$542.9	\$576.4	\$605.3	\$620.3	\$635.7	\$650.3	\$671.2	\$692.1	\$713.2	\$734.3	\$10,646.6
18	Operating & P&L-Start Up	\$161.6	\$141.0	\$162.6	\$172.2	\$170.1	\$161.4	\$176.5	\$1,177.8	\$494.2	\$114.4	\$129.6	\$136.2	\$136.2	\$142.4	\$159.3	\$169.8	\$179.8	\$192.8	\$206.6	\$221.9	\$237.6	\$253.7	\$270.2	\$1,122.0
19	Agency-Wide	\$15.6	\$3.4	\$32.5	\$49.2	\$33.7	\$2.7	\$3.1	\$121.3	\$4.6	\$4.9	\$5.9	\$3.6	\$5.7	\$13.5	\$3.8	\$6.0	\$10.6	\$33.7	\$32.1	\$32.1	\$32.1	\$32.1	\$32.1	\$288.0
20	Bus	14.4	7.8	15.8	16.1	82.1	32.2	117.6	285.7	8.1	43.1	19.9	36.9	2.8	8.0	9.5	7.6	14.1	127.7	74.4	184.0	50.1	168.5	43.4	1,068.0
21	Light Rail Transit	490.8	345.7	594.1	578.0	910.6	791.4	376.2	3,190.2	198.0	112.8	59.5	78.9	47.3	25.1	15.0	13.3	17.8	16.6	96.8	133.3	512.4	705.8	1,187.9	6,412.6
22	Commuter Rail/RR Management	59.4	20.8	56.7	48.9	19.8	9.0	3.0	137.3	1.8	1.6	2.4	6.6	12.6	15.5	8.7	10.7	6.9	4.6	2.6	3.3	3.5	9.9	23.2	328.2
23	Paratransit	21.4	22.6	2.3	0.0	0.0	0.1	0.0	2.3	22.9	0.0	0.0	0.1	0.0	0.2	27.1	0.1	0.1	0.0	0.3	0.0	32.3	0.1	0.0	85.3
24	HOV Transfers	10.9	6.6	29.3	16.7	20.6	20.6	13.0	100.2	0.7	0.0	0.2	0.1	0.9	0.1	0.1	19.9	21.6	21.9	67.9	71.7	73.9	77.1	44.7	500.9
25	Capital P & D - Start-Up, Non-Operating	26.2	19.6	30.0	33.4	39.8	28.4	26.4	158.1	25.6	27.0	25.5	26.8	27.1	29.7	29.4	29.3	29.2	30.8	31.3	31.2	31.9	32.6	36.0	601.5
26	General Mobility - Road Imp. (ITS)	5.0	0.7	17.4	14.8	8.0	2.0	2.0	44.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	44.9
27	Total Capital and Non-Operating	\$643.8	\$471.1	\$718.0	\$757.1	\$1,114.5	\$906.4	\$541.2	\$4,037.3	\$361.6	\$199.3	\$93.3	\$148.6	\$91.3	\$89.3	\$89.3	\$84.7	\$104.1	\$257.7	\$309.3	\$428.1	\$788.7	\$992.4	\$1,331.2	\$9,272.2
28	Debt Service	\$894.7	\$892.4	\$1,123.9	\$1,592.2	\$2,097.4	\$2,939.9	\$3,504.4	n/a	\$3,786.5	\$3,847.3	\$3,851.3	\$3,857.9	\$3,892.6	\$3,874.9	\$3,859.1	\$3,798.8	\$3,753.3	\$3,718.5	\$3,697.7	\$3,722.4	\$3,842.7	\$4,255.6	\$4,807.7	n/a
29	Total Debt-OS Beg-of-Year	\$1,377.8	\$1,123.9	\$1,592.2	\$2,097.4	\$2,939.9	\$3,504.4	\$3,786.5	n/a	\$3,847.3	\$3,851.3	\$3,857.9	\$3,892.6	\$3,874.9	\$3,859.1	\$3,798.8	\$3,753.3	\$3,718.5	\$3,697.7	\$3,722.4	\$3,842.7	\$4,255.6	\$4,807.7	\$5,596.6	n/a
30	Total Debt-OS End-of-Year	\$1,108.8	\$1,018.8	\$1,137.7	\$1,177.7	\$1,186.6	\$1,194.8	\$219.9	\$913.3	\$302.3	\$330.0	\$38.5	\$46.3	\$53.6	\$68.3	\$63.5	\$66.8	\$70.9	\$75.2	\$79.7	\$87.1	\$97.9	\$111.1	\$126.5	\$1,062.3
31	Principal - LTST Debt	44.6	44.8	61.9	84.0	115.3	149.8	173.2	\$84.1	192.1	195.8	196.6	198.5	199.6	198.0	194.9	193.2	192.8	193.7	198.8	215.7	245.9	282.5	3,687.0	
32	Cost of Debt (Interest and Fees)	\$55.4	\$55.6	\$75.5	\$101.8	\$133.9	\$169.2	\$195.1	\$67.54	\$121.3	\$138.8	\$151.1	\$144.9	\$153.5	\$156.4	\$158.3	\$159.4	\$160.0	\$163.7	\$163.9	\$178.5	\$202.9	\$243.8	\$398.6	\$4,149.0
33	External Coverage Ratio - Sales Tax	6.94	7.01	5.41	4.22	3.37	2.85	2.77	n/a	2.76	2.88	2.97	3.04	3.13	3.28	3.44	3.61	3.76	3.87	3.96	3.97	3.75	3.37	2.96	n/a
34	External Coverage Ratio - Ops Rev	n/a	n/a	n/a	n/a	n/a	n/a	7.74	n/a	5.47	4.40	3.94	3.38	2.96	3.10	3.01	3.04	3.08	3.12	3.54	3.58	3.62	3.65	3.75	n/a
35	External Coverage Ratio - Formula	n/a	n/a	n/a	n/a	n/a	n/a	8.30	n/a	2.85	2.85	2.85	2.85	2.85	2.85	2.85	2.85	2.85	2.85	2.85	2.85	2.85	2.85	2.85	n/a
36	Internal Coverage Ratio	3.11	4.92	2.54	2.04	1.64	1.16	1.06	n/a	1.01	1.01	1.02	1.05	1.08	1.19	1.24	1.33	1.42	1.50	1.63	1.67	1.65	1.55	1.39	n/a
37	Total Uses of Funds	\$1,041.3	\$805.3	\$1,149.9	\$1,225.3	\$1,631.4	\$1,509.2	\$1,187.7	\$6,703.4	\$653.3	\$605.6	\$610.1	\$674.5	\$688.6	\$691.6	\$691.5	\$654.8	\$1,136.6	\$1,196.5	\$1,344.3	\$1,662.8	\$2,003.4	\$2,423.8	\$24,633.0	
38	Net Inc. (Dec) in cash	\$113.0	\$22.1	\$18.6	\$95.5	\$88.7	\$137.4	\$30.0	\$63.4	\$31.7	\$31.7	\$27.4	\$35.1	\$23.0	\$15.3	\$20.5	\$13.8	\$8.0	\$32.2	\$3.7	\$42.5	\$64.3	\$31.6	\$67.2	
39	Change in Balance Sheet Assets	49.0	51.0	42.4	42.6	69.9	\$3.3	\$100.0	\$34.0	\$63.0	\$47.7	\$7.8	\$10.8	\$10.8	\$6.2	\$0.6	\$2.0	\$0.8	\$3.8	\$1.7	\$4.8	\$7.1	\$4.3	\$69.2	
40	Change in Balance Sheet Liabilities	423.5	474.6	536.5	574.7	682.8	735.0	504.3	536.5	433.9	433.9	433.9	433.9	433.9	433.9	433.9	433.9	433.9	433.9	433.9	433.9	433.9	433.9	433.9	536.5
41	Cash, End of Period	\$85.5	\$77.7	\$88.8	\$88.8	\$75.0	\$64.3	\$43.9	\$43.9	\$33.6	\$27.3	\$24.0	\$21.7	\$17.9	\$17.0	\$16.1	\$17.6	\$24.7	\$38.2	\$33.6	\$31.2	\$43.4	\$68.3	\$60.3	\$90.3
42	Less Cash Reserves & Restricted Funds	(62.4)	(62.9)	(29.3)	(30.1)	(30.1)	(32.0)	(33.0)	(33.1)	(34.3)	(34.3)	(34.9)	(34.9)	(34.9)	(34.9)	(34.9)	(34.9)	(34.9)	(34.9)	(34.9)	(34.9)	(34.9)	(34.9)	(34.9)	(68.5)
43	Less Working Cash Requirement	(67.1)	(65.2)	(22.8)																					



Exhibit APX.4 Dallas Area Rapid Transit FY 2009 Financial Plan Changes in Sources and Uses of Cash from FY2008 Financial Plan (\$ Millions - Inflated Dollars)							
Line	Description	2009	2010	2011	2012	2013	Total
SOURCES OF FUNDS							
1	Sales Tax Revenues	\$2.1	\$2.2	\$2.3	\$2.4	\$2.5	\$11.4
2	Operating Revenues	1.4	10.6	12.5	13.5	14.3	52.3
3	Interest Income	(1.7)	(6.4)	(3.0)	(2.1)	(2.2)	(15.4)
4	Formula Federal Funding	60.0	4.3	11.0	4.6	8.7	88.6
5	Discretionary Federal Funding	10.1	(26.4)	(2.2)	(30.3)	0.3	(48.5)
6	Debt Issuances	(6.0)	94.0	(172.0)	(31.0)	(91.0)	(206.0)
7	Other Sources	14.9	5.3	0.7	1.0	0.4	22.3
8	Total Sources of Funds	\$80.9	\$83.6	(\$150.7)	(\$41.9)	(\$67.0)	(\$95.3)
USES OF FUNDS							
9	Sales Taxes for Operations	2.23%	5.18%	1.31%	2.20%	2.32%	
Operating Expenses:							
10	Bus	\$6.6	\$15.9	\$18.4	\$19.0	\$19.3	\$79.3
11	Light Rail Transit	0.4	9.2	(5.8)	0.1	1.3	5.2
12	Trinity Railway Express	2.5	2.9	3.0	3.1	3.1	14.5
13	Paratransit	0.1	0.0	0.7	0.8	1.2	2.8
14	HOV Transitways	0.3	0.2	0.2	0.2	0.2	1.2
15	General Mobility - TDM	0.7	0.8	0.8	0.8	0.8	4.0
16	Total Operating Expenses	\$10.6	\$29.0	\$17.3	\$24.0	\$26.0	\$106.9
Operating+P&D+Start Up							
Capital Projects and Other Non-Operating							
17	Agency-Wide						
18	Bus	(\$2.5)	\$3.3	(\$3.6)	(\$7.5)	\$0.4	(\$10.0)
19	Light Rail Transit	365.8	8.8	(272.1)	(40.3)	(4.6)	57.6
20	Commuter Rail/RR Management	7.7	23.1	6.7	1.0	0.0	38.5
21	Paratransit	1.9	0.0	(0.0)	0.0	(1.6)	0.3
22	HOV Transitways	25.0	6.0	6.0	(1.9)	(2.7)	32.4
23	Capital P & D, Start-Up, Non-Operating	8.7	2.1	0.5	(1.8)	(0.6)	8.8
24	General Mobility - Road Impr./ITS	5.8	6.0	5.0	0.0	1.0	17.8
25	Total Capital & Non-Operating	\$424.2	\$60.7	(\$253.4)	(\$50.5)	(\$9.7)	\$171.2
Debt Service							
\$26.0	Total Debt O/S Beginning-of-Year	\$143.0	\$140.4	\$235.1	\$63.7	\$34.9	\$617.1
27	Total Debt O/S End-of-Year	140.43441	235.05539	63.696023	34.873548	-48.80151	425.257871
28	Principal - LT/ST Debt	(\$3.4)	(\$0.6)	(\$0.6)	(\$2.2)	(\$7.3)	(\$14.2)
29	Cost of Debt (Interest and Fees)	2.8	1.3	3.8	5.5	(3.4)	10.1
30	Debt Service	(\$0.6)	\$0.7	\$3.1	\$3.4	(\$10.7)	(\$4.1)
28	Total Uses of Funds	\$434.2	\$90.4	(\$233.0)	(\$23.1)	\$5.6	\$274.0
36	Net Inc (Dec) in cash	\$0.0	\$0.0	\$0.0	(\$8.3)	(\$2.9)	(\$11.2)
37	Change in Balance Sheet Accts	0.1	(0.0)	0.0	(0.0)	0.0	0.1
38	Cash, Beg of Period	0.0	0.0	0.0	0.0	0.0	0.0
39	Cash, End of Period	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
40	Less Cash Reserves & Restricted Funds	(353.3)	(6.8)	82.2	(18.8)	(72.6)	(369.3)
41	Less Working Cash Requirement	112.7	(40.1)	(90.0)	40.5	12.7	35.7
42	Net Available Cash	(\$240.6)	(\$47.0)	(\$7.8)	\$21.7	(\$60.0)	(\$333.6)



Exhibit APX.5
FY 2009 Financial Plan
Five Year Balance Sheet
(\$ Millions - Inflated Dollars)

Line	Description	2009	2010	2011	2012	2013
	ASSETS					
1	Cash and cash equivalents	\$661.1	\$665.2	\$489.9	\$373.9	\$216.5
2	Investments	0.0	0.0	0.0	0.0	0.0
3	Sales taxes receivable	71.9	75.5	79.2	83.2	87.4
4	Transit revenue receivable, net	5.5	6.5	7.2	7.6	8.9
5	Due from other governments	37.9	28.1	33.2	34.9	30.8
6	Material and supplies inventory	21.7	22.5	22.5	23.1	23.4
7	Interest Receivable	0.2	0.1	0.2	0.1	0.1
8	Net Prepaid Financing Costs	13.7	22.1	25.4	27.2	26.3
9	TOTAL CURRENT ASSETS	811.8	820.1	657.5	550.0	393.4
10	Restricted Assets & Long-Term Investments	72.2	78.2	81.3	89.1	85.4
11	Property, Plant & Equipment, Net	4,096.3	5,087.0	5,569.3	5,900.3	5,986.4
12	Long-Term Investments for Capital Lease Liabilities	311.5	311.5	311.5	311.5	311.5
13	Net Pension Asset	3.3	3.3	3.3	3.3	3.3
14	TOTAL ASSETS	\$5,295.1	\$6,300.1	\$6,622.9	\$6,854.1	\$6,779.9
	LIABILITIES AND EQUITY					
15	Accounts payable and accrued liabilities	\$280.5	\$284.6	\$197.6	\$174.3	\$134.9
16	Current portion of long-term debt payable	14.3	17.9	18.8	19.7	22.9
17	Local Assistance Program payable	7.2	3.5	0.0	0.0	0.0
18	Retainage payable	66.2	89.3	69.0	43.1	27.8
19	Other	5.3	5.3	5.3	5.3	5.3
20	TOTAL CURRENT LIABILITIES	\$373.5	\$400.6	\$290.7	\$242.3	\$190.8
21	Sales Tax Revenue Commercial Paper Notes Payable	\$570.0	\$600.0	\$600.0	\$600.0	\$600.0
22	Senior Lien Sales Tax Revenue Bonds Payable	1,653.6	2,557.0	2,949.3	3,201.7	3,175.6
23	Capital Lease Liabilities	311.5	311.5	311.5	311.5	311.5
24	TOTAL LIABILITIES	\$2,908.5	\$3,869.1	\$4,151.5	\$4,355.5	\$4,277.9
25	NET ASSETS (EQUITY)	\$2,386.6	\$2,431.0	\$2,471.4	\$2,498.7	\$2,502.1
26	TOTAL LIABILITIES & NET ASSETS	\$5,295.1	\$6,300.1	\$6,622.9	\$6,854.1	\$6,779.9



Exhibit APX.6 Glossary of Terms/Definitions

Accidents per 100,000 Miles – Measures vehicle accidents reported (bus and light rail) per 100,000 miles of actual fixed route mileage.

$$\text{Calculation} = [(\text{Vehicle Accidents} / \text{Actual Mileage}) * 100,000]$$

Administrative Ratio – Measures administrative costs as a percentage of direct operating costs. It is management's objective to reduce this ratio. Administrative costs include (but are not limited to) executive management, finance, purchasing, legal, internal audit, human resources, marketing, board support, and administrative services. Administrative revenues include (but are not limited to) advertising revenue.

$$\text{Calculation} = [(\text{Administrative Costs} - \text{Administrative Revenues}) / (\text{Direct Costs} + \text{Start-up Costs})]$$

Annulled Trips – The number of trips eliminated from the schedule prior to scheduled departure due to adverse equipment, track, or dispatch conditions. TRE does not include annulled trips as part of the on-time performance calculation.

Average Fare – Represents the average fare paid per passenger boarding on fixed route modes of service during the period.

$$\text{Calculation} = (\text{Fixed Route Passenger Revenue} - \text{Commissions \& Discounts}) / (\text{Fixed Route Passenger Boardings})$$

Average Weekday Ridership – The average number of passenger boardings (or HOV users) on a weekday. This measurement does not include ridership on Saturdays, Sundays, or holidays.

Certified Riders – Passengers who have been deemed eligible for Paratransit services because their disability prevents them from functionally accessing fixed route services. Eligibility is determined in accordance with the criteria outlined in the Americans with Disabilities Act of 1990.

Complaints per 100,000 Passengers – Fixed route quality ratio that measures the number of service complaints per 100,000 passenger boardings. Management's objective is to reduce this ratio.

$$\text{Calculation} = [(\text{Service Complaints Received} / \text{Fixed Route Passenger Boardings}) * 100,000]$$

Cost per Revenue Mile – Efficiency ratio that measures the cost of providing a revenue mile of service. This measurement is based on fully loaded costs and excludes operating revenues. Management's objective is to reduce this ratio.

$$\text{Calculation} = [\text{Total Operating Expenses} / \text{Revenue Miles}]$$

Crimes against persons – Monitoring provides an overview of patron safety by detailing the frequency of crimes that occur on the DART system. Management's objective is to reduce this ratio.

$$\text{Calculation} = [\text{Crimes Against Persons} / \text{Total Incidents}]$$

Crimes against property – Monitoring provides an overview of the safety of our customer's property. Management's objective is to reduce this ratio.

$$\text{Calculation} = [\text{Crimes Against Property} / \text{Total Incidents}]$$



Glossary of Terms/Definitions (Cont.)

Demand Responsive – Paratransit passengers call to request service; therefore, that service is provided on demand, and is considered to be demand responsive, rather than scheduled service. In addition, some non-traditional demand responsive service has been added which may not be Paratransit related, such as DART OnCall.

Farebox Recovery Ratio – the proportion of operating cost that is generated by passenger fares.

$$\text{Calculation} = [\text{Fixed-route Passenger Revenue} / \text{Fixed-route Operating Expense}]$$

Mean Distance Between Service Calls – Quality ratio that measures the number of miles a vehicle operates before a service call occurs. Management's objective is to increase this ratio.

$$\text{Calculation} = [\text{Total Miles Operated} / \text{Total \# of Service Calls}]$$

Missed Work Days – Occurs when an operator is not available for his or her scheduled/assigned work and has not received prior approval to be absent.

On-Time Performance – Quality ratio that measures how often a service is on time (i.e., at a designated pick-up spot within a predetermined timeframe). The timeframe differs based on mode and frequency of service. Bus Operations currently uses 59 seconds early and 4 minutes and 59 seconds late. Light rail uses 1 minute early and 4 minutes late. Commuter rail uses 5 minutes late as required by FRA. Paratransit uses 20 minutes early and late. Management's objective is to increase this ratio.

$$\text{Calculation} = [(\# \text{ Scheduled Trips Sampled} - \# \text{ of Times Early or Late}) / \text{Total \# of Scheduled Trips Sampled}]$$

Operating Speed Ratio -- This efficiency ratio measures the average operating speed of vehicles using the HOV lane as compared to the speed of vehicles (SOVs) on the freeway main lanes. Management's objective is to increase this ratio above the 1.50 percent target.

$$\text{Calculation} = (\text{Average HOV operating speed} / \text{Average SOV operating speed})$$

Operating Revenues – Includes the revenues obtained from the farebox, special events service, advertising, signboard rentals, leases, pass sales, operating grants, shuttle services, other rental income (mineral rights), and miscellaneous income. Operating revenues do not include sales tax revenue, interest income, or gain on sale of assets.

Operating Expenses – Includes the expenses required to operate DART's revenue services, HOV, and general mobility projects. Operating expenses do not include the cost of road improvements or the staff costs associated with DART's capital programs.

Passenger Canceled Trips Ratio – Measures the percentage of times that Paratransit users schedule a trip, then cancel the trip. Total scheduled trips include actual trips made, cancellations, and no-shows.

$$\text{Calculation} = [\# \text{ of Canceled Trips} / \text{Paratransit Total \# of Scheduled Trips}]$$

Passenger No-Show Ratio – Quality measurement for Paratransit service that measures the number of times a Paratransit user makes a reservation and does not show-up for the ride. This measurement is different from a cancellation. Management's objective is to reduce this number so that other trips can be scheduled in that timeframe. Users can lose the ability to access the Paratransit system if they have an excessive number of no-shows.

$$\text{Calculation} = [\# \text{ of No Shows} / \# \text{ of Total Scheduled Trips}]$$



Glossary of Terms/Definitions (Cont.)

Passengers per Car Mile – Effectiveness ratio that measures the degree to which the number of rail cars deployed on scheduled trains matches ridership levels. Since power consumption and maintenance costs are driven by car miles, management strives to assure an appropriate balance between the number of cars deployed per train and the ridership level.

$$\text{Calculation} = [\text{Actual Passenger Boardings} / \text{Revenue Car Miles}]$$

Passenger Trips - See Ridership.

Passengers per Hour - Actual – The total number of Paratransit passengers actually carried, divided by the total hours of revenue service.

$$\text{Calculation} = [\text{Actual Passenger Boardings} / \text{Revenue Hours}]$$

Passengers per Hour - Scheduled – Quality ratio for Paratransit service that measures the number of passengers scheduled per hour of revenue service. Management's objective is to increase this number.

$$\text{Calculation} = [\text{Scheduled Passenger Boardings} / \text{Revenue Hours}]$$

Passengers per Mile – Effectiveness ratio that measures route productivity by comparing the number of passenger boardings to the number of revenue miles. Management's objective is to increase this ratio.

$$\text{Calculation} = [\text{Passenger Boardings} / \text{Revenue Miles}]$$

Pay-to-Platform Ratio - Hours – This efficiency ratio measures, in hours, the total amount of time for which operators are paid as a percentage of their platform time. Platform time is the time when the operator is on the bus/train operating the revenue vehicle, and includes revenue service, deadheading, and recovery time. Other wage categories that may be paid to the operator include other scheduled time, scheduled and unscheduled absences, unscheduled work, safety and training, and administration.

$$\text{Calculation} = [\text{Total Operators Hours Paid} / \text{Operators Platform Hours Paid}]$$

Percentage of Trips Completed – Quality measurement for Paratransit service that measures the number of times DART does not miss a scheduled passenger pick-up. Management's objective is to increase this ratio.

$$\text{Calculation} = [(\# \text{ of Actual Trips} - \# \text{ of Trips Missed}) / \# \text{ of Actual Trips}]$$

Revenue Car Miles – Total miles operated by LRT or TRE trains in revenue service multiplied by the number of cars operated as part of each train. Power consumption and maintenance requirements are driven by the number of car miles operated. As a result, one area of management focus is to optimize the number of cars operated per train based on ridership and Board-adopted loading standards.

$$\text{Calculation} = [\# \text{ of Revenue Miles operated} * \# \text{ of cars within a train}]$$

Revenue Miles or Hours – Measures the number of miles, or hours, that a vehicle is in revenue service (i.e., available to pick up passengers) and includes special events service. This measure does not include "deadhead miles" which are the miles between the bus maintenance facility and the beginning and/or end of a route.



Glossary of Terms/Definitions (Cont.)

Ridership – For the total system, this is the total number of passengers boarding a DART vehicle plus the number of people in cars or vans using the HOV lanes. Transfers are included in total ridership and passenger boarding counts (e.g., if a person transfers from one bus to another bus or from a bus to rail, this is counted as two passenger boardings). Fixed route ridership counts passenger boardings (including transfers) for bus, light rail, and commuter rail only.

Sales Taxes for Operating Expenses – Measures the amount of sales taxes required to subsidize operations. 100% minus this percentage is the amount of sales taxes available for capital and road improvement programs.

$$\text{Calculation} = [(Operating Expenses - Operating Revenues - Interest Income) / Sales Tax Revenues]$$

Scheduled Miles Per Hour – Represents the average overall speed of the modal service as reflected in the schedule, with stops and recovery time included. This value reflects both the composition of the service (i.e., express and local routes for bus mode) and the efficiency of the schedule (e.g., reducing recovery time in the schedule improves average speed).

$$\text{Calculation (for bus)} = [Scheduled Miles / Scheduled Hours]$$

$$\text{Calculation (for rail)} = [Scheduled Train Miles / Scheduled Train Hours]$$

Service Hours – Paratransit service hours are also known as revenue hours. They are calculated from the time of the first passenger pick-up until the time of the last passenger drop-off. Travel time to and from the garage is not included.

Service Levels – Also known as Telephone Service Factor (TSF), measures the response to calls within a specified period. This measurement is being used to monitor the effectiveness of the main call center (CI: 214-979-1111) within 1 minute, the response to Paratransit scheduling issues within 1 minute, and the response to Where's My Ride inquiries within 2 minutes.

$$\text{Calculation} = (\# \text{ of Calls Answered or Abandoned Within the Specified Time Period}) / (\# \text{ of Calls Received Within the Specified Time Period})$$

Start-Up Costs – Costs associated with the implementation of a major new light rail, commuter rail, or HOV service expansion that are incurred prior to the service implementation (e.g., vehicle and system testing).

Subscription Service – Paratransit passengers traveling at least three times per week to the same location at the same time can be placed on "subscription service." This service is "automatically" scheduled for the passenger, and it is not necessary for the passenger to call and schedule the service.

Subsidy per Passenger – Efficiency ratio, which measures the tax subsidy required for each passenger boarding for a mode or combination of modes. Management's objective is to reduce this ratio.

$$\text{Calculation} = [(Operating Expenses - Operating Revenues) / Passenger Boardings]$$

Zero Denial – A Federal mandate that in effect states that a provider cannot systematically deny trips on an on-going basis.



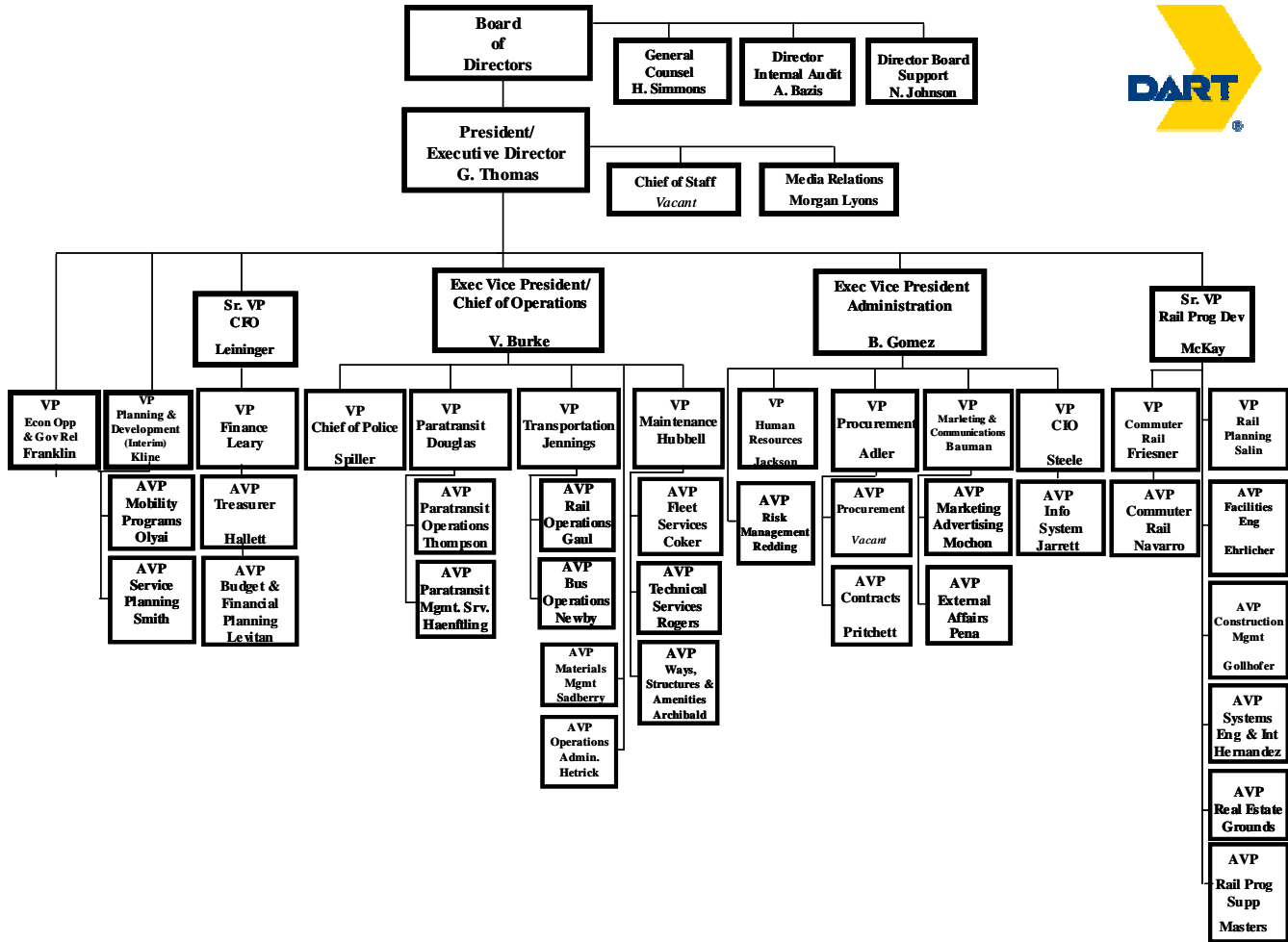
Exhibit APX.7			
Acronyms			
000s	Thousands	FYxxB	Budget cost for FY(xx)
AAC	American Airlines Center	FYxxP	Projected cost for FY(xx)
ABC	Activity-Based Costing	GAAP	General Accepted Accounting Principles
A/C	Air Conditioning	GASB	Government Accounting Standards Board
ADA	Americans with Disabilities Act of 1990	GFI	GenFare, Inc.
APTA	American Public Transportation Association	GLO	General Land Office
APTS	Advanced Public Transportation Systems	GM	General Mobility
APU	Auxiliary Power Unit	GPS	Global Positioning System
ATC	American Transportation Corporation	HOV	High Occupancy Vehicle (lane)
ATIS	Advanced Traveler Information Systems	HQ	Headquarters
ATMS	Advanced Traffic Management Systems	HVAC	Heating, Ventilation, Air Conditioning
AVL	Automated Vehicle Locator		
AVP	Assistant Vice-President	IH	Interstate Highway
B	Billions	I-1	Irving LRT Line Section – Northwest Hwy. To Las Colinas Urban Center
BNSF	Burlington, Northern & Santa Fe Railroad	I-2	Las Colinas Urban Center to State Hwy. 161
BPP	Business Planning Parameter	I-3	State Hwy. 161 to DFW Airport
BRT	Bus Rapid Transit	ILA	Interlocal Agreement
BTV	Barrier Transfer Vehicle	IRV	Irving
CAD	Computer-Aided Dispatch	IT	Information Technology
CBD	Central Business District	ITC	Intermodal Transportation Center
CCTV	Closed Circuit Television	ITS	Intelligent Transportation System
CDA	Comprehensive Development Agreement	IVR	Interactive Voice Response
CMAQ	Congestion Mitigation/Air Quality	JV	Joint Venture
COPS	Community Oriented Policing Services (grant)	K	Thousands
CP	Commercial Paper	KPI	Key Performance Indicator
CPU	Central Processing Unit	KSA	Knowledge, Skills & Attitude
CR	Commuter Rail	KWH	Kilowatt Hour
CS	Central Services	LAN	Local Area Network
DART	Dallas Area Rapid Transit	LAP/CMS	Local Assistance Program/Congestion Management System
DCTA	Denton County Transit Authority	LBJ	“Lyndon B. Johnson” Freeway
DCURD	Dallas County Utility and Reclamation District	LED	Light Emitting Diode
DEO	Diversity & Economic Opportunity	LNG	Liquefied Natural Gas
DFW	Dallas/Fort Worth International Airport	LPIS	Locally Preferred Investment Study
DGNO	Dallas, Garland, and Northeastern Railroad	LRT	Light Rail Transit
DOE	Department of Energy	LRV	Light Rail Vehicle
DOT	Department of Transportation	LT or LTD	Long-Term Debt
EA	Environmental Assessment	M	Millions
EAP	Employee Assistance Program	MBE	Minority-Owned Business Enterprise
ED	East Dallas Operating Facility	MDC	Mobile Data Computers
ELT	Executive Leadership Team	MDT	Mobile Data Terminal
EMS	Emergency Management System	MIS	Major Investment Study
EOY	End of Year	MPH	Miles per hour
EVP	Executive Vice President	NC LRT	North Central Light Rail Transit
FFGA	Full Funding Grant Agreement	NCTCOG	North Central Texas Council of Governments
FHWA	Federal Highway Administration	NOx	Nitrogen Oxide
FICA	Federal Insurance Contributions Act	NOx	Nitrogen Oxide
FP	Financial Plan	NRV	Non-Revenue Vehicle
FRA	Federal Railroad Administration	NW	Northwest Corridor
FS-B	Financial Standards-Business Planning Parameter	NW-1A	Northwest LRT Line Section (Downtown to American Airlines Center/Victory Station)
FS-D	Financial Standards-Debt Service	NW-1B	Victory Station to Inwood Station
FS-G	Financial Standards-General	NW-2	Inwood Station to Northwest Highway
FT	Full-Time	NW-3	Northwest Highway to Valley View (Farmers Branch)
FTA	Federal Transit Administration	NW-4	Valley View to Frankford Rd (North Carrollton)
FWTA	Fort Worth Transit Authority	NWROF	Northwest Rail Operating Facility
FY	Fiscal Year	OC	Oak Cliff
FYxxA	Actual year-end cost for FY(xx)	OCS	Overhead Catenary System



Exhibit APX.7			
Acronyms			
OCIP	Owner-Controlled Insurance Program	SS	Support Services
OEM	Original Equipment Manufacturer	ST	Short-Term (debt)
Ops	Operations	STD/FMLA	Short-Term Disability/Family Medical Leave Act
O/S EOY	Outstanding End of Year	SU	Start-Up
OSHA	Occupational Safety Hazard Administration	S&W	Salaries & Wages
OSR	Operating Speed Ratio	TBD	To be determined
PASS	Principal Arterial Street System	TC	Transit Center
PAVMB	Public Announcement Visual Message Boards	TCEQ	Texas Commission on Environmental Quality
P&D	Planning & Development	TDM	Transportation Demand Management
PEC	Passenger Emergency Call	TES	Traction Electrification System
PMP	Performance Management Plan	The T	Fort Worth Transportation Authority
PMSA	Primary Metropolitan Statistical Area	TIP	Transportation Improvement Program
PT	Part-Time	TLETS	Texas Law Enforcement Telecommunications System
PTO	Paid Time Off	TMA	Transportation Management Association
PTP	Pay to Platform	T&P	Texas & Pacific Station
Q	Quarter	TPSS	Traction Power Sub-Station
R-1	Rowlett LRT Line Section-Downtown Garland to Rowlett Park & Ride	TRE	Trinity Railway Express
RDC	Rail Diesel Car	TSM	Transportation System Management
RMS	Records Management System	TSP	Transit System Plan or Transit Signal Priority
ROW	Right-of-Way	TVM	Ticket Vending Machine
RR	Railroad	TxDOT	Texas Department of Transportation
RRM	Railroad Management	ULEV	Ultra Low-Emission Vehicles
RTC	Regional Transportation Council	UNT	University of North Texas
SAP	Shift Assignment Pay	UP	Union Pacific
SAFETEA-LU	Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users	UPS	Uninterruptible Power Supply
SCADA	Supervisory Control and Data Acquisition	US	United States
SE	Southeast Corridor	USC	United States Code
SE-1A	Southeast LRT Line Section – Downtown to Fair Park	UT	University of Texas
SE-1B	Fair Park to Hatcher	VBS	Vehicle Business System
SE-2	Hatcher to Buckner Blvd.	VP	Vice President
SH	State Highway	WBE	Women-Owned Business Enterprise
S&I	Service & Inspection	WOC	West Oak Clif
SIP	Service Incentive Pay	WSA	Ways, Structures & Amenities
SLRV	Super Light Rail Vehicle	XPB	X-Press Booking
SOC	South Oak Cliff LRT Line Section-Loop 12 to LBJ Frwy.	ZEV	Zero Emission Vehicles
SOP	Standard Operating Procedure		



APX.8 DART Management Organization Chart



12/08