



FY 2014 Business Plan

(Including FY 2014 Annual Budget and FY 2014 Twenty-Year Financial Plan)



MOBILE TICKET



DART



THE T



DCTA

ADULT
LOCAL
MIDDAY

ADULT
LOCAL
DAY PASS

ADULT
REGIONAL
DAY PASS



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Dallas Area Rapid Transit

FY 2014 Business Plan

(Including FY 2014 Annual Budget and
FY 2014 Twenty-Year Financial Plan)



Dallas Area Rapid Transit
P.O. Box 660163
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August 9, 2013

Board of Directors
Dallas Area Rapid Transit

On behalf of the management team of Dallas Area Rapid Transit, I am pleased to present the proposed Annual Budget and Twenty-Year Financial Plan for FY 2014.

Financial Overview

The total recommended budget for FY 2014 is \$1,042,013,414. This compares to the FY 2013 total approved budget of \$1,075,137,695. The FY 2014 Operating Budget is \$459.3 million, compared to \$449.6 million in FY 2013; the Capital and Non-Operating Budget is \$406.0 million, compared to \$474.0 million in FY 2013; and the Net Debt Service Budget is \$176.7 million, compared to \$151.5 million in FY 2013.

The proposed total uses of funds as shown in the Twenty-Year Financial Plan for the period FY 2014 through FY 2033 is \$20.17 billion as compared to \$19.8 billion for the period FY 2013 through FY 2032. Operating expenses for the twenty-year period are estimated to be \$11.888 billion. Capital expenditures are estimated to total \$3.6 billion, and total expenditures for debt service are estimated to be \$4.67 billion. Total debt outstanding at the end of FY 2033 is estimated to be \$3.1 billion as compared to the current year-end estimated balance of \$3.65 billion. The external coverage ratio (sales tax receipts divided by debt service) is estimated to be 3.55 in FY 2033 as compared to 2.67 in FY 2014. The internal coverage ratio (total recurring revenues divided by total recurring operating and debt service expenses) is estimated to be 1.93 in FY 2033 versus 1.06 in FY 2014. These ratios confirm that the long-term financial health of the agency is likely to improve, and there will be new funding capacity available to the agency to apply to new initiatives by the beginning of the 2030 decade.

Workforce Overview

The total authorized full-time equivalent headcount will remain essentially unchanged at approximately 3,694 positions versus 3,691 in FY 2013. Additional positions are being added to the Transportation and Maintenance departments to accommodate the increased operating service levels associated with the extension of the Orange Line into DFW Airport, the introduction of specialty bus services in downtown Dallas and the Bishop Arts area of Oak Cliff, and the introduction of the new express bus service in Arlington. An increase in staffing is also recommended to support new rail right-of-way worksite safety guidelines that are currently being implemented in FY 2013.

The increase in workforce will be offset almost entirely by the elimination of the HOV service support program, which will be assumed by the Texas Department of Transportation (TxDOT) in October 2013. It is the goal of DART management to assimilate this workforce into existing open positions or assist current employees in transitioning to positions outside of the organization if that is their choice.

The budget includes provision for a modest overall increase in merit-based compensation and the continuation of our performance-based quarterly incentive program. Provision has also been made for the inclusion of increases in medical costs associated with employee health insurance. Both the agency and the employees will be required to absorb an approximate increase of 13% in premium costs. For the agency, taking into account increases in life and disability insurance as well, this will represent an increase of nearly \$5.2 million dollars. With respect to an employee, the annual increase for coverage of an employee and family for our most cost-effective plans will average between \$360 and \$480 for the year. For employees participating in our older, more expensive plan which is now closed to new entrants, the annual comparable increase will be approximately \$650.

Capital Program Highlights

Throughout the decade beginning in 2010, DART has been fortunate to have been able to continue to move forward with major capital projects. The 28-mile Green Line was completed and in revenue service by late 2010, and both the Orange Line and Blue Line extensions were opened in 2012. The replacement of the entire bus fleet with new CNG-fueled vehicles began in the fall of 2012 and will be completed in 2016. Improving local economic conditions and the success of our multi-year financial and budgetary initiatives have made possible the acceleration by three years of the South Oak Cliff Blue Line extension to the University of North Texas-Dallas campus. The engineering and construction contracts for this line extension were awarded in the summer of 2013. Construction continues on the Orange Line extension into Terminal A of DFW Airport, and revenue service is anticipated to begin in December 2014. The first segment of the Oak Cliff streetcar line, currently under construction, is also scheduled to begin service in late 2014.

Capital projects are not always about system additions or expansions. As DART has significantly increased light rail assets, we have also increased our state of good repair (SGR) obligations to maintain and replace those assets. We were reminded of this recently when it was determined that our 1.25-mile transitway mall in downtown Dallas, which carries approximately 90,000 passengers per day, is experiencing accelerated deterioration of its rail surfaces and will need to be replaced within the next two years, well ahead of what was previously thought to be its useful life. This project, which must be done, will require an investment approaching \$45 to

\$50 million, and funding has been provided within the FY 2014 Budget and Twenty-Year Financial Plan. DART has also applied for funding through the Department of Transportation program known as TIGER. If successful, this would add \$16 million to the investment and permit the inclusion of new switching facilities within the mall. These switching facilities would greatly assist in minimizing service disruptions within downtown which are associated with local problems such as traffic accidents, building fires, medical emergencies, and other events that can force the closure of a part of the transit mall.

Several years ago Congress imposed an unfunded mandate on passenger rail operators by requiring the implementation of new train control systems, commonly referred to as Positive Train Control (PTC). By the end of 2015 passenger rail operators around the country are expected to have installed these new control systems. The cost to commuter rail operators of implementing the required system in the North Texas region is estimated to exceed \$50 million, to be borne on a proportionate basis by DART, the Fort Worth Transportation Authority (The T), and Denton County Transportation Authority (DCTA). The regional metropolitan planning organization for North Texas has agreed to fund \$25 million of this obligation, still leaving a multi-million dollar obligation to be borne by the three transit agencies. Once again, this is a new requirement that must be done and funding has been provided for in the FY14 Financial Plan. These types of capital projects will become increasingly more frequent and will compete for financial resources with new system additions and enhancements.

Customer Service and Ridership

I am pleased to report that total fixed-route ridership has increased by 1.6% year-to-date and light rail ridership by 7.8% during the same period, reflecting the addition of the Orange Line, the Blue Line extension to Rowlett, and the introduction of a new, modern bus fleet. This ridership increase is particularly significant because it occurred during the same time period that the agency increased its fares overall by approximately 25%. Fare increases always have a negative impact on ridership in the year in which fares are increased, so ridership increases this year are even more impressive. Since we are not planning another fare adjustment until 2017 and with the continuing improvement in the local economy, we believe it is reasonable to anticipate growing ridership levels over the next several years.

“GoPasssm” Mobile Ticketing Initiative

In addition to new transit services and a new bus fleet, DART is also placing additional emphasis on services and features that directly benefit our riders and enhance their transit experience. By September of 2013 our customers will be able to use their smart phone to access a new “app” called GoPasssm to purchase tickets for any of the three major transit systems in North Texas (DART, The T, and DCTA) for themselves as well as others and receive a valid ticket on their cell phone. In addition, this same app will permit them to create trip plans, inquire about arrival

times of both buses and trains, and learn of special events and offers in the region. In the spring of 2014, the same app will be expanded to permit the customer to combine the purchase of a transit pass with a pass for entrance to other public venues such as museums, the State Fair, and convention centers and arenas. A beta test was conducted in summer 2013 in which almost 700 customers, selected from all three service areas, participated in a final set of user tests. The results have been very positive, with over 90% of the test participants rating the application at four stars (out of five) or higher. The participants praise the app for its simplicity and, most of all, for the ability of the rider to purchase a pass in advance of use, relieving the rider of the stress associated with that familiar last minute rush to purchase a pass. The app will go "live" on September 16, 2013.

"5 Star" Customer Service Initiative

Beginning in FY 2013 and moving toward full deployment in FY 2014 is a major customer service initiative referred to as 5 Star. It is intended to bring real meaning and proven results to the term "meeting and exceeding customer expectations." Training of bus operators, transit center staff, customer service team, employees servicing the ticket vending machines, as well as the Police and Fare Enforcement Officers is currently being conducted. The new program will emphasize superior customer service and will focus on prompt, courteous, and successful resolution outcome to customer complaints and concerns. This program is being met with enthusiasm by our entire staff. Our workforce wants to meet the needs of our customers and appreciates the new tools we are providing them to assist in that effort. Our staff believes in DART's mission and is proud to be a part of such an important transition. We should extend our genuine thanks and appreciation for their dedication and the efforts they provide on behalf of our customers.

We look forward to the challenges and opportunities that FY 2014 will produce. The Business Plan presented in the following pages represents the direction management believes will best serve the interests of the Agency and its customers and stakeholders in FY 2014, and its approval is requested.

A handwritten signature in black ink, appearing to read "Gary C. Thomas", with a long horizontal line extending to the right.

Gary C. Thomas
President/Executive Director

Attachment



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Dallas Area Rapid Transit
Texas**

For the Fiscal Year Beginning

October 1, 2012

Christopher P. Morrell

President

Jeffrey R. Emer

Executive Director



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Executive Summary

Overview

The FY 2014 Budget and Twenty-Year Financial Plan outline a plan of system additions and service offerings that demonstrate DART's continuing commitment to provide a broad range of mobility options. DART is in the middle of the most significant changes in the history of the agency, affecting virtually all modes of service.

- DART has nearly doubled the size of its light rail system, from 45 miles in August 2009 to 85 miles currently. Already the longest light rail system in North America, DART will add another five miles in December 2014, extending the Orange Line from Belt Line Station to DFW Airport, Terminal A, and three more miles in late 2016, extending the Blue Line south from Ledbetter Station to the University of North Texas, Dallas campus.
- Over the next four-year period, DART will completely replace its fleet of over 600 buses with new, clean-burning compressed natural gas vehicles. This includes 123 smaller (14- to 17-passenger) vehicles which are less expensive to purchase and operate and are also a better match of capacity to passenger demand on certain system routes and services.
- With a new contractor and a new operating model in place at the beginning of FY 2013, DART is completely reshaping its Paratransit service model to provide higher quality services at a significantly lower cost.
- Through the provisions of an interlocal agreement currently being negotiated, DART will transition the operations, maintenance, and enforcement of High Occupancy Vehicle (HOV) lanes in and around the DART Service Area to the Texas Department of Transportation (TxDOT) over the next two years.
- In 2010, the DART Board adopted a strategic goal of strengthening DART's role as a regional transportation leader by pursuing mechanisms that would allow DART the flexibility required to provide services outside the current service area. In 2011, the DART Board amended their policy to allow the provision of contracted service to cities outside the DART Service Area.
- This policy was amended again in 2013, requiring cities to hold an election within four years.
- DART is currently providing bus service outside the service area to Mesquite by contract. Beginning in August 2013, a two-year pilot project began in the City of Arlington under which express bus service is offered between the University of Texas Arlington campus and the TRE CentrePort/DFW Airport Station. This service is provided through the combined efforts of DART and The T, with DART providing the buses and the drivers for the route. The new Board Policy will allow this type of service to be provided to other cities as well.

- The Agency, working in conjunction with the Ft. Worth T and DCTA, is currently implementing a new mobile ticketing product called GoPassSM that will permit our customers to utilize their smart phones to conveniently purchase tickets and download them to their phones, obtain trip plans and the status of buses and trains, and receive information about area events. Employees of corporations participating in annual pass programs and students participating in university semester-based pass plans will be able to have their pass with their photo downloaded to their phone. In the spring of 2014, customers will be able to combine their purchase of a transit pass with a purchase of a pass to a participating museum, arena, or convention center facility. Beta testing conducted in the summer of 2013 with nearly 700 participants confirmed that riders liked the product. They especially liked the fact they could purchase their ticket well in advance of actual use, thus reducing the hassle and stress associated with purchasing tickets at the last minute.



In short, we have left virtually no stone unturned in an effort to provide more and continually improving services to our patrons and communities while being financially responsible and ensuring financial sustainability into the future.

Ridership

The last several years have impacted DART ridership both positively and negatively – from a bustling economy and \$4 per gallon gasoline in mid-2008, to recession and high unemployment, to a jobless recovery, service changes, and the doubling of the light rail system between 2009 and 2012. Exhibit 1.1 shows DART ridership trends from FY08 through FY13 (projected) and the FY14 Budget.

Exhibit 1.1
DART Ridership FY 2008 – FY 2014B
(Actual and Projected)
(in Millions)

Mode	FY08A	FY09A	FY10A	FY11A	FY12A*	FY13P	FY14B
Bus	45.2	43.1	38.0	37.2	38.6	38.0	39.2
LRT	19.4	19.0	17.8	22.3	27.2	29.9	30.9
TRE	2.7	2.8	2.5	2.4	2.3	2.1	2.1
Total Fixed Route	67.3	64.9	58.3	61.9	68.1	70.0	72.2
Paratransit	0.7	0.8	0.8	0.8	0.8	0.9	0.9
HOV	48.1	51.0	50.1	48.0	33.9	36.2	36.5
Vanpool	0.7	0.9	0.9	1.0	1.0	1.1	1.1
Total System	116.9	117.5	110.1	111.8	103.8	108.1	110.7

* Please note that Exhibit 1.1 shows LRT Ridership using the old ridership counting methodology. In Summer 2012, the Federal Transit Administration approved DART's use of Automatic Passenger Counters (APCs) as its official methodology. Results of a year of testing showed the APCs to be far more accurate than manual counting, and also that DART had been underreporting ridership by approximately 15.5% by using the manual counting methodology.

For comparative purposes, Exhibit 1.2 compares the annual impact of the APCs on Light Rail ridership over the same 2008 – 2014 period.

The dips in HOV ridership relate to certain lanes being taken out of service because of new construction: I-635 lane was taken out of service in the summer of 2011, and I-30 West will be taken out of service later this year. The I-35/US-67 lanes will also be impacted by construction.

Exhibit 1.2
DART LRT Ridership FY 2008 – FY 2014B (Actual and Projected, APC)
(in Millions)

Mode	FY08A	FY09A	FY10A	FY11A	FY12A	FY13P	FY14B
LRT (Old Method)	19.4	19.0	17.8	22.3	23.6	25.9	26.7
LRT (APC)	22.4	21.9	20.6	25.8	27.2	29.9	30.9
Increase	3.0	2.9	2.8	3.5	3.7	4.0	4.1

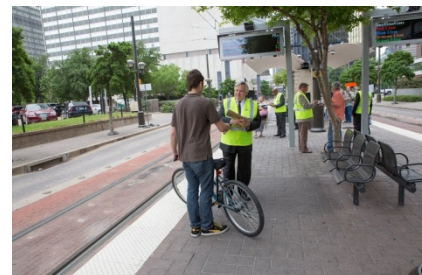
Focus on the Customer

DART is undertaking a number of initiatives to improve service quality and convenience including a new 5 Star Service program; the new mobile ticketing application previously mentioned (which will be the first part of a comprehensive fare payment solution that involves changing out the old fareboxes with a new, greatly improved, more reliable system); continuation of the 2013-2016 full bus fleet replacement program; adjustments to the new mobility management approach to Paratransit services to provide ever-increasing quality service at an affordable cost; and a new mobility option inside the Dallas Central Business District in the form of a new dedicated route to serve the downtown Arts District, restaurants, hotels, parks, museums, and the Oak Cliff Bishop Arts District.

5 Star Service

In FY 2013, the Operations divisions embarked upon a multi-year initiative, 5 Star Service, to improve the total customer experience of our colleagues and our riders. This program is focused upon the daily job performance of each employee and the contribution each person makes to delivering flawless service at every opportunity. The vision statement for the program is “Each member of DART’s team strives every day to create an extraordinary customer experience when interacting with colleagues, riders, partners, and the community.” Making this vision a reality will be reflected in how employees treat our customers and each other.

The 5 Star curriculum was developed in FY 2013 for bus and rail operators. Management and hourly employee 5 Star orientation meetings are also in progress and will be completed by the end of the year. Approximately 24 Customer Experience Officers (CEOs) were selected to be the 5 Star advocates and champions throughout Operations for a two-year period. Also, Customer Service Teams (cross-functional departments) are active at rail stations to meet and greet DART customers and receive feedback on our service. Five Continuous Improvement Team projects





were completed to address customer service issues such as bus passenger pass-bys, elevator/escalator reliability, ticket vending machine refunds, IVR System improvements, and bus operator/radio dispatcher communication improvements.

The effort to integrate 5 Star principles into the daily work habits of our employees will continue during FY 2014. Long-established training programs will be revised to include 5 Star elements; 5 Star competencies will be included in the annual performance evaluation of each Operations employee; and additional Continuous Improvement Teams will be created to address technical and procedural barriers to the achievement of our customer service vision. An evaluation tool will be developed to determine the level of 5 Star performance of each department. The outreach of the Customer Service Teams will be expanded to include presence at bus transit centers as well as onboard buses. Specific events and activities will be created for gathering customer perspectives about our services. Criteria for the 5 Star program will be established to recognize individuals, teams, and departments for outstanding service. A customer service mobile van will be visiting various events and neighborhoods to advertise and promote DART service.

Mobile Ticketing as part of a Comprehensive Fare Payment System

DART collects fares from its riders in a variety of ways. Riders can pay cash on buses. They can pay cash or use a credit card to purchase a pass at the ticket vending machines (TVM) at rail platforms. They can also come to the retail store located in the DART headquarters building at Akard Station and purchase passes, once again using either cash or credit cards. In addition, riders can order monthly passes online or they can purchase monthly passes at participating Kroger grocery stores located throughout the service area. With the introduction of mobile ticketing, customers will have the ability to pay in yet another format.

The agency has been engaged in a multi-year evaluation of the best methods to use to address the point-of-sale fare payment requirement to provide the customer with better and more expanded payment options. The goal of this effort is to find methods that permit the customer to obtain and pay for their passes that are more convenient and easier to understand and use. In addition, the agency wants to introduce new options to the customer that will reduce the total amount of physical cash that the agency must process. DART also wants to find better farebox solutions that ensure greater reliability, fewer out-of-service farebox conditions for buses, and less burden on the operator in dealing with customers at the point of purchase on the bus. At the present time we are asking the bus operator to make a number of decisions about fare types and pass validation in real-time conditions. This process needs to be greatly simplified for the benefit of both the bus rider and the bus operator.

The “GoPassSM” mobile ticketing initiative will begin the process of improved customer service, decreased cash handling, and reduced capital investment in farebox and ticket vending machine devices. During the balance of 2013 and 2014, the Finance Department, working in close coordination with the Transportation, Maintenance, Marketing, and Service Planning departments, will undertake a new systemwide solicitation of a contemporary farebox system that has the capability of handling smart cards, credit cards, and prepaid cards, and a robust “back office” software support system to integrate the various point-of-sale systems within the agency.

Bus Fleet Replacement Program



ARBOCs).

Over the next four-year period, DART is completely replacing its fleet of over 600 buses with new, clean-burning compressed natural gas vehicles. Two contracts have been awarded. The first, with National Bus Sales & Leasing, Inc., was for 123 smaller vehicles for 14 to 17 passengers (known as

The second contract is with North American Bus Industries (NABI) for a minimum of 459 thirty- and forty-foot buses to be delivered over a three-year period.



New vehicles under these two contracts began arriving and were placed into service in late 2012. The solicitation for a third contract for ‘over-the-road’ coaches that are generally used on express bus routes is currently being developed. Buses procured as a result of that solicitation will go into service in 2016.

Mobility Management / Paratransit Services

Effective October 1, 2012, MV Transportation, Inc. (MV) began performing DART’s Paratransit services under a new contract. The change in contract structure was a significant but necessary one. The new contract changed many of the roles and procedures previously applicable to the DART Paratransit program. Changes were made to the service delivery method, reservations/scheduling personnel, dispatch personnel, vehicle mix, vehicle ownership, and overall contract compliance and quality assurance methods. Such a large change in contract structure was not without its challenges, which both DART and MV have been working diligently to overcome.



Since the start of the contract, MV has worked to improve the level of service that customers are receiving. The progress for MV is tracked on a daily basis and is continually monitored by DART Mobility Management Services staff. There have been changes in staffing, process, vehicle type, vehicle mix, training, and service delivery made over the course of the 2013 fiscal year. In addition, feedback is gathered from clients via survey, formal complaints, and/or commendations. This is an invaluable component to improving service. The commitment by both DART and MV to not only gather this type of information, but to then make necessary changes based on it, reinforces the partnership between DART and MV and their combined desire to make the DART customer experience a pleasant one. MV Transportation is currently delivering a service that is performing at the level specified in the contract in many cases and is closer to meeting contract goals on a consistent basis.

New Downtown Service (d-link)

DART, working in close coordination with Downtown Dallas, Inc., the City of Dallas, and the Oak Cliff Chamber, will introduce a new bus service in November 2013 that will provide convenient access to established destinations within the downtown Dallas area and connecting with the Bishop





Arts district of Oak Cliff. The new service will have its own route number (722), and the buses serving the route will be “wrapped” with distinct graphics that permit easy recognition of the route while still being identifiable as a DART-branded bus. Bus stops served by the route will be outfitted with distinctive signs as well. The route will serve the Kay Bailey Hutchison Convention Center and its adjoining convention center hotel, and will pass along the Main Street restaurant and retail area, proceed to Klyde Warren Park, and then on to the American Airlines Center, past the new Perot Museum, through the West End area, and back to the Convention Center. From there, the route will extend into the Bishop Arts District in Oak Cliff and return. After 6:00 p.m., the route will adjust in order to serve the entertainment district at Cedars and Lamar. This service connects to the DART Light Rail system at the Pearl/Arts District, West End, and Convention Center stations.

Focus on System Expansion

LRT Expansion Completed in CY 2012 (Irving-2 and Rowlett)

The first segment of the Orange Line (Irving-1) opened to the public in July 2012. This was followed five months later by the Irving-2 line section. The combined service runs nine miles from the Belt Line Station, by North Lake College, the Irving Convention Center, through Las Colinas Urban Center, and by the University of Dallas before merging with the Green Line at Bachman Station.

A 4.8-mile extension of the Blue Line from downtown Garland to Rowlett also opened in December 2012, concurrent with Irving-2. This line segment has one station in downtown Rowlett located at the current Rowlett Park and Ride.

LRT Expansion to DFW Airport (Irving-3, December 2014)

The Design-Build contract for the final section of the Orange Line (Irving-3) was awarded in late 2011 to Kiewit, Stacy and Witbeck, Reyes, Parsons (KSWRP), the same team that built Irving-1 and Irving-2, and construction is in high gear. Irving-3 will run from the Belt Line Station to DFW International Airport Terminal A connecting the DART Rail system to the fourth busiest airport in the United States and its more than 55 million annual passengers and a workforce of 50,000+ employees. This line section is scheduled to open no later than December 2014.

LRT Expansion to UNT, Dallas Campus (SOC-3, late 2016)

The final line section of the current phase of the Light Rail Build-out is South Oak Cliff-3 (SOC-3). A contract for Construction Manager/General Contractor (CM/GC) services in the amount of \$102.4 million was awarded to South Oak Cliff Transit Partners (a joint venture) on June 27, 2013. This line will run from the current Blue Line-terminus at Ledbetter Station to the University of North Texas, Dallas campus. The line is approximately 2.6 miles, will have two stations, and is scheduled to open in late 2016.

Union Station to Oak Cliff TIGER-funded Streetcar Project (early 2015)

The Union Station to Oak Cliff Streetcar Project consists of an approximately 1.6-mile streetcar alignment operating on an at-grade track in a dedicated, bi-directional streetcar lane. The line runs from Union Station over the Houston Street Viaduct, in a single-track configuration located in the outside southbound travel lane. South of the Trinity River, the alignment will transition to a double-track configuration on Zang Blvd. and will extend along the median of the roadway. At the Colorado Blvd. intersection, the double-track alignment will extend northbound along Colorado Blvd., terminating at the Colorado Blvd. and Beckley Ave. intersection. As part of the project, DART is procuring, on behalf of the City of Dallas, two modern, low-floor streetcar vehicles from Brookville Equipment Corporation in Pennsylvania. The project will be operated and maintained by DART under contract to the City of Dallas.

The City of Dallas is also pursuing extensions of this project on the west to the Bishop Arts District and further into downtown Dallas on the east to reach the Omni Convention Center Hotel. DART will be providing technical assistance on these projects under agreement with the City of Dallas.

Urban Circulator Streetcar Project (Late 2014)

DART is the project sponsor for a 0.65-mile (3,432-ft) urban streetcar trackway extension connecting the City of Dallas' Olive Street extension of the McKinney Avenue Transit Authority (MATA) M-Line to the existing MATA alignment on St. Paul Street. This project will provide direct pedestrian access from the McKinney Avenue Trolley to the existing DART Rail St. Paul Station. The connection to the Olive Street MATA extension will form an entire reversing loop for the trolley, which will eliminate the need for contraflow operations on Olive Street, making operations safer and more efficient, while connecting downtown destinations such as the Dallas Museum of Art and the Nasher Sculpture Center to Uptown Dallas. The City of Dallas will be the ultimate owner of the assets of this project.

The project is a street-running, single-track, loop alignment connecting to the existing McKinney Avenue Trolley track termination on St. Paul Street, then proceeding southeasterly along a dedicated right-side curb lane of St. Paul, where it turns left onto Federal Street and travels northeasterly along a dedicated right-side curb lane to a broad (66-ft radius) left turn onto Olive Street, where it travels northwesterly along a dedicated left-side curb lane to connect with the Olive Street Extension. (The Olive Street Extension Project, funded by the City of Dallas and the State of Texas, is currently under construction.) The Urban Circulator Project (Olive/St. Paul Street Loop) currently has no new stations proposed, and no new streetcar vehicles to be procured. The project will be designed to accommodate future use by modern low-floor streetcar vehicles, and is planned to allow a future connection to a streetcar system serving downtown Dallas that will connect Union Station to the Oak Cliff TIGER-funded Streetcar line.

The Second LRT Alignment Through Downtown Dallas (D2)

DART is continuing to examine alternatives for D2, the second alignment in downtown Dallas, with the anticipation that assistance from an FTA New Starts grant may be available to substantially assist in the funding of this undertaking. The possibility of grant assistance has increased with the passage of a new transportation bill by Congress (MAP-21, Moving Ahead for Progress in the 21st Century Act) within which was included a new funding eligibility designation called 'Core Capacity.' The term 'core capacity' means a substantial corridor-based capital investment in an existing fixed guideway system that adds capacity and functionality.

Developments along the Cotton Belt Corridor

Many communities through which the Cotton Belt rail corridor passes have expressed a strong desire to accelerate the introduction of passenger rail service in the corridor from the current estimated revenue service date of 2035. In May 2010, both DART and the Fort Worth Transportation Authority (The T) authorized the Regional Transportation Council (RTC) and the North Central Texas Council of Governments (NCTCOG) to lead a funding initiative to identify one or more revenue sources that would permit the rail service to be advanced to the 2015-2020 timeframe. NCTCOG retained an outside consulting team in the fall of 2010 to conduct a study for this effort, referring to the study as the Innovative Financing Initiative (iFi). The consultant team circulated a report in the fall of 2012 in which potential revenue streams were documented. Subsequent to the submission of this report, another team has been working on a proposal for a second phase. During the 83rd Legislative Session, SB-1333 was introduced to advance a funding solution for the project, but the bill did not advance beyond initial conversation at the committee level. Although no proposal was ever submitted, there is still interest by the private sector in a project along the corridor.

Independent of the NCTCOG efforts, The T and DART pursued and completed negotiations on the use of the western portion of the Cotton Belt corridor owned by DART. Under the terms of the agreement which was approved by the DART Board in June 2013 and is pending approval by The T Board, The T will lease this portion of the corridor and combine it with additional right-of-way to be acquired permitting the agency to undertake the development of commuter rail service between downtown Ft. Worth and DFW Airport at Terminal B. This is known as the TEX Rail project. The T is pursuing a full-funding grant agreement through the Federal Transit Administration and hopes to begin revenue service in 2017.

In support of the Cotton Belt project, DART undertook and is nearing completion of preparation of the early engineering and environmental documentation of the project on the eastern portion of the corridor extending from DFW airport to Richardson/Plano. It is anticipated that DART staff will begin a new planning process involving the cities directly affected by the proposed rail service on the eastern portion of the region. Various development and phasing options will be discussed as well as a review of financial requirements associated with the scenarios that will be identified. It may be ultimately determined that the line must be deferred until funding is available for capital and operations in the mid-2030s. However, given the interest of the cities in accelerating the project, efforts will continue to seek solutions that would advance the project to an earlier revenue service date.



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 NCTCOG 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 map for the Transit System Plan Current and Future Services to 2016 is located at *Exhibit APX.3.1*. The plan is financially constrained and is thus closely coordinated with DART's Twenty-Year Financial Plan. A chart showing current light rail revenue service dates is located at *Exhibit APX.3.2*.

2030 Transit System Plan – In October 2006, the DART Board adopted the 2030 Transit System 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. With the exception of the extension of the Orange Line to DFW Airport (I-3) and the SOC-3 Blue Line extension to UNT Dallas, the remainder of the major capital projects in the 2030 Transit System Plan are in a deferred/unfunded status due to the economic slowdown of the last several years.

2040 Transit System Plan – The DART Board has initiated a revision to the existing 2030 Transit System Plan and is in the early stages of identifying the goals and objectives for this effort. Projects in the 2030 Transit System Plan that were deferred/underfunded over the past several years will be reviewed and evaluated for potential inclusion in the 2040 Plan along with any new projects that may be identified. It is anticipated that the new plan will also focus on sustainability including low-cost initiatives to grow ridership, maintaining the system in a state of good repair, and regional connectivity. The 2040 Plan is expected to be completed in FY 2016 and will also be financially constrained.

Focus on the Region

Contracted Bus Services

The DART Board of Directors has been engaged in extensive discussions for the past three years regarding the various options which could be considered for extending service beyond the existing service area boundaries. Since the initial creation of DART, no additional cities have elected to join the agency to allow DART services to be provided to their citizens. Several reasons have been offered but the most often repeated is that cities outside the service area have, in the intervening years, utilized all or part of the additional one-percent sales tax that is available to such cities for other purposes, including property tax reduction, crime district budgetary support, park development, and economic development programs for corporations and developers.

The DART Board has taken several steps to facilitate potential system expansion. It sought and obtained approval from the Texas Legislature in 2011 to form one or more local government corporations (LGC) for the purpose of creating one or more entities through which contract service arrangements could be negotiated with cities.

In late 2011, the Board adopted a new policy which permitted the agency, for the first time, to provide contract bus services with cities outside the service area without requiring the city to become a full part of DART. DART and the City of Mesquite, working under the new policy, entered into a pilot express bus service agreement in March 2012. An LGC was formed by the DART Board and service commenced and has been operating for the last year-and-a-half. Discussions are ongoing regarding extending this program beyond September 2014. It is anticipated that the service will be extended, at a minimum, to the end of December 2014 to accommodate Mesquite riders holding annual passes that expire in December.

In the spring of 2013, the DART Board revisited the service expansion policy and adopted new guidelines. The new guidelines sought to clarify the conditions under which service would be extended to outside cities on a contract basis. The Board also sought and obtained legislative approval during the 2013 session to permit the agency to enter into membership arrangements with cities located in counties contiguous to counties in which it offered existing service. The DART Board policy now outlines a process over a four-year contract period within which a city outside the service area can enter into a contract for services with DART. By the end of the third year the city must have undertaken, in combination with DART, the development of a system plan for comprehensive service for the city. To continue beyond the fourth year they must have held an election providing the citizens of the city the opportunity to decide if they would like to become a member of the DART system and obtain a full range of mass transit services pursuant to the service plan previously developed. In a significant modification to previous policy, the DART Board agreed that the city could become a member over a period of time, during which period of time the city could transition out of agreements and commitments it had made which utilized all or portions of the one-percent sales tax available for transit and other purposes.

The City of Arlington, working in combination with DART and The T, entered into a two-year agreement in June 2013 for inaugural express bus service to the TRE CentrePort Station from the main campus of the University of Texas at Arlington. The new service will be separately branded as the Metro Arlington Express (MAX Express) and commences service in August 2013. The City of Arlington and its private sector participants will be responsible for 100% of the cost of operating this service. The two transit agencies will receive 100% of all fare revenues generated from riders and will divide such receipts between the two agencies. This agreement is the first agreement of its kind that DART has entered into under the new policy.



Transition of HOV Operations, Maintenance, and Enforcement to TxDOT

From the earliest years of DART, Transit System Plans have included a program for DART involvement in the planning, design, construction, operation, enforcement, and maintenance of Managed High Occupancy Vehicle (HOV) lanes.

DART's Transit System Plan included HOV elements for several important reasons.

- Provide a significant benefit in improved regional air quality;
- Provide significant time savings for DART bus routes;
- Offer a significant mobility benefit for DART Service Area residents;
- Offer one of the most cost-effective modes for providing regional mobility; and
- Offer an opportunity to collect toll revenue from single occupant vehicles to offset the cost of operations and maintenance, thus further improving cost effectiveness.

However, TxDOT (the owner of the highways), made a strategic decision in 2012 in requesting to take over the sole responsibility for operations, maintenance, and enforcement as the regional system expanded beyond the DART Service Area and transitioned to tolled managed lanes. To implement this decision, DART, TxDOT, and NCTCOG signed a memorandum of understanding (MOU) which will end DART's involvement in the HOV program over a three-year period ending on October 1, 2014.

The largest change in DART's role with HOV will occur on October 1, 2013, when TxDOT assumes responsibility for operations, maintenance, and enforcement of the 85 miles of HOV lanes. DART's final role with the HOV lanes will end on October 1, 2014 when TxDOT takes over responsibility for the barrier transfer machine on I-30E.



After 2014, DART will remain an investor (in partnership with TxDOT) in the initial cost of existing HOV lanes as well as the Tolled Managed Lanes reflecting DART's capital investment in the new LBJ managed lane on I-635, and in the future tolled Hwy 114 in Irving. DART will also lead a consortium of regional participants in implementing the US 75 Integrated Corridor Management system and the first Texas DFW 511 Traveler Information System.

Preparation for a new Commuter Rail Operating Contract (late 2015)

DART currently provides commuter rail services through an existing Operations and Maintenance (O&M) contract that expires on September 30, 2015 and is leading an effort to procure new O&M services for the region as further described:

- Trinity Railway Express (TRE), as the assumed name entity of DART and the Fort Worth Transportation Authority (The T), operates commuter rail services on behalf of the transit authorities between the central business districts of Dallas and Fort Worth on the TRE Corridor. The TRE also manages and maintains the freight rail corridor between Irving, Texas and Carrollton, Texas known as the Madill Subdivision.
- The Denton County Transportation Authority (DCTA) provides public transportation services in Denton County and operates the A-Train commuter rail service which is a 22-mile corridor that operates from downtown Denton connecting to DART's Light Rail Green Line at Trinity Mills Station.



- The T plans to provide a 37.6-mile commuter rail service known as TEX Rail between southwest Fort Worth and DFW International Airport
- It is the intent of the three authorities that the new O&M contract will provide the authorities long-term commuter rail services including but not limited to:
 - General management
 - Train operations, including crews
 - Maintenance services for all Authority-owned rolling stock and equipment
 - Train dispatching services
 - Timely and accurate communications to customers, to the Authority, and to tenant railroads
 - Exceptional customer service to all commuter rail customers
 - Maintenance of right-of-way
 - Maintenance of infrastructure, Centralized Traffic Control (CTC), and voice radio system
 - Maintenance and operations of Positive Train Control (PTC), including configuration management
 - FRA-required Roadway Worker Protection services for the maintenance of the corridors, capital projects, and other contractors on the corridors

Focus on Sustainability

The FY 2014 Budget totals \$1.042 billion: \$459.3 million in operating expenses, \$406.0 million in Capital and Non-Operating expenditures, and \$176.7 million for Net Debt Service. The budget includes funding for 25.3 million Bus revenue miles, 9.4 million Light Rail Revenue Car miles, 2.0 million Commuter Rail Revenue Car miles, 767,400 Paratransit trips, operation of the barrier transfer vehicles on the I-30 East HOV Lanes, and funding for 206 Vanpools. The budget provides for a 3% merit pool, continued funding for the Division Level Measurements bonus program for operations personnel, and allowance for a 13% increase in health insurance costs.

The FY 2014 Twenty-Year Financial Plan contains \$20.1 billion in sources of funds and \$20.2 billion in uses of funds. It provides for the completion of the current light rail projects, Irving-3 and South Oak Cliff-3. It includes \$2.6 billion of capital projects and reserves dedicated to State-of-Good Repair projects (see below) out of \$3.6 billion in total capital expenditures, and an Internal Coverage Ratio that is the same or better in every year than the FY 2013 Financial Plan. These two elements of the FY14 Plan show the emphasis the organization places on fiscal responsibility and ensuring long-term sustainability.

State of Good Repair

This business plan continues to place emphasis on maintenance of the infrastructure and vehicles owned by DART to provide the multi-modal transportation services to the communities it serves. Historically, the DART Board's financial planning policies have required allocation of funds within DART's 20-Year Financial Plan to ensure these systems and vehicles can operationally achieve the required level of scheduled performance and be replaced in a timely manner at the end of their life-cycle. This sound business approach has allowed DART to continue to expand

the systems to the level currently in operation while maintaining the almost \$4.5 billion in assets today and into the future. These funding levels were maintained despite a decade (2001 – 2010) with no growth in DART’s sales tax revenues. Such well-founded financial business practices are becoming more important as DART begins its fourth decade of existence with so many long-lived, high-value capital assets requiring substantial maintenance and periodic replacement.

The enactment by the Federal government of MAP-21 in 2012 identified the need for such sound financial planning parameters throughout the transit industry. By transforming the Federal policy and programmatic framework for investments to guide the system growth and development, MAP-21 created a streamlined and performance-based surface transportation program placing emphasis on asset maintenance and preservation with a program element called “State of Good Repair.” DART has worked diligently with the Federal Transportation Administration, other key transportation authorities, and the American Public Transportation Association to craft national guidelines to implement these new Federal policies based substantially on the practices DART has employed since its inception in 1983. Acting as an example for the nation, 73% of DART’s capital spending plan over the next 20 years is dedicated to State-of-Good-Repair projects and reserves.

Closing Comments

The Business Plan presented in the following pages represents the direction management believes will best serve the interests of the Agency and the communities and customers we serve. Included within this document are financial schedules associated with the operating, capital, and debt service requirements of the agency; narrative discussions of modal and agency operations; and a set of supporting exhibits in the Appendix that include Board policies relating to the development and adoption of the budget and financial plan, current fare schedules, the Agency’s organization chart, and other exhibits and schedules included for reference purposes.



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Section 2
FY 2014 Twenty-Year Financial Plan
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FY 2014 Twenty-Year Financial Plan

Introduction

The purpose of this section is to provide an overview of the FY 2014 Twenty-Year Financial Plan (the "FY14 Plan" or "the Plan"). The first year of the FY14 Plan corresponds with the FY 2014 Annual Budget.

The purpose of the Twenty-Year Financial Plan (through year 2033) is to validate the affordability of DART's long-range Transit System Plan, which includes the Agency's commitments for future system expansion as well as the issuance and repayment of debt. The FY14 Plan demonstrates that, based on current information and assumptions, DART has the financial capacity to meet the Agency's Transit System Plan commitments (as contained herein) and to continue the programmed levels of bus, rail, and other transportation services.

Each category in the FY 2014 Twenty-Year Financial Plan is described in detail in this section:

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 outlines the major assumptions used to develop the FY14 Financial Plan, discusses changes from prior plans, and illustrates some potential financial risks and opportunities over the life of the Plan. References are made throughout this section to DART's Financial Standards. The Board's Financial Standards Policy is located at *Exhibit APX.4*, and the approved FY 2014 Financial Standards are located at *Exhibit APX.4.1*.

Board Approvals

The approval of the annual budget requires a simple majority vote. Approval of the Twenty-Year Financial Plan requires a super-majority vote of the appointed and qualified members of the Board for approval (two-thirds requirement, or 10 votes). The DART Board of Directors approved the FY 2014 Annual Budget and Twenty-Year Financial Plan on September 24, 2013.

This document includes comparisons to the FY 2013 Plan. The FY 2013 Financial Plan was adopted by the Board on September 25, 2012. This plan was amended by the Board on May 28, 2013 to reflect the purchase of certain assets from the Fort Worth Transportation Authority (The T) and recognition of corridor lease income, also from The T. All references in this section to the FY 2013 Financial Plan refer to the amended plan.

Overview

Transition. DART is in the process of a major transition. Rail construction and system expansion have been the driving force and focus of the Agency virtually since its inception in 1983. But the initial Light Rail system is nearing completion. DART is now operating 85 miles of its total programmed 93-mile system (92%); and, as a result, capital expenditures are dropping significantly. The Agency's primary focus for the coming years will be on improving the efficiency, effectiveness, and quality of the services it delivers; and capital expenditures primarily will be directed toward asset maintenance and replacement rather than system expansion.

With that as the backdrop, DART's FY14 Financial Plan contains no sweeping changes from the FY13 Plan. There are some changes to revenues, service levels, and the level of capital expenditures over the next 20 years as there always are, but DART's financial outlook remains generally consistent with last year's Plan.

Recovery. DART's primary funding source is the one-percent sales tax collected on certain transactions within the service area. After suffering through The Great Recession, when sales tax receipts dropped by 10% from FY 2008 to FY 2010, a robust recovery continues. DART reset its long-term sales tax projections during 2009 and 2010, a part of which was the projection of a significant recovery over the following five years. This projection was supported by history (a similar recovery from the 2001-2003 recession occurred from 2003 through 2008) and the forecasts of several economists (including Dr. Ray Perryman and Dr. Terry Clower).

Sales tax receipts, with the aid of several statutory changes (required collections from Amazon.com for on-line sales and expanded alcohol sales in the City of Dallas), have come back stronger than expected. Sales taxes have grown by an average of 7.0% over the last three years compared to a then-budgeted growth rate of 5.9%. The effect of that growth is that FY14 sales taxes are now expected to be \$478.5 million or nearly \$9 million more than was anticipated just three years ago.

Challenges. Despite strong sales tax growth, there are always budgetary challenges.

- Healthcare costs continue to increase at double-digit rates almost every year. Time and experience will reveal whether the Patient Protection and Affordable Healthcare Act accelerate those cost increases or start to rein them in.
- There continues to be pressure to increase security by augmenting the budget for the DART Police.

- DART's fuel hedge for diesel fuel has expired and as a result, the cost has increased from \$2.38 per gallon in FY13 to a projected \$3.04 for FY14. Mitigating the price increase is decreasing usage as DART replaces its diesel bus fleet with compressed natural gas over the next three years, but the impact is still over \$3 million to the FY 2014 budget.
- Continued ultra-low interest rates for the last few years have resulted in the reduction of tens of millions of dollars in interest income earnings over the next 20 years, which have been incorporated into each of the last several Financial Plans.

Other major changes. DART underwent sweeping service-related changes during FY 2013. Some of those transitions continue and additional changes are planned for FY14 and beyond.

- FY 2013 Recap:
 - The Light Rail system expansion continued. During the second half of calendar 2012, DART opened the first two segments of the Orange Line to Irving, and the Blue Line north extension to Rowlett. These three segments added 14 miles and brought the total Light Rail system in operation up to nearly 85 miles.
 - DART transitioned to a new service delivery model and a new contractor for providing Paratransit services. The new "Mobility Management" approach reduced the core of dedicated vehicles significantly and supplements that core with variable transportation resources from around the service area as demand requires. The current contract is with MV Transportation and began on October 1, 2012. As a result of this contract, it is projected that DART will realize at least \$90 million in savings (combined capital and operating) over the seven-year term of the contract. The transition has been challenging, but after a bit of a bumpy start, key performance measures and service quality are trending upwards.
 - The Small Bus program involved the conversion of approximately 20% of the bus fleet from 40' buses to 26' vehicles. These new vehicles, known as "ARBOCs," carry 14 to 17 passengers and were phased into service early in FY13. The ARBOCs run on compressed natural gas (CNG) and enable DART to deliver lower cost service to a wider portion of our service area. Cost savings are being realized in three primary areas: operator wage savings, lower vehicle maintenance costs, and lower fuel costs as a result of conversion from diesel to compressed natural gas fuel. The program reduced bus operating costs by an estimated \$6 million per year.
 - In addition to the ARBOCs, 2013 was the first year of a four-year program to replace DART's full-sized bus fleet. Through a contract with North American Bus Industries (NABI), 459 buses have been ordered and are in the process of being delivered. Delivery of the final buses will be in 2016. In addition, the purchase of 46 over-the-road coaches to replace DART's Express Bus fleet is included in the Plan in 2016.

- DART has deployed and/or expanded the use of a number of significant new operating technologies including the new radio system, expanded use of security cameras on platforms and aboard vehicles, automatic passenger counters (APCs) for buses and light rail vehicles, and Public Announcement/Variable Message Boards (PA/VMB) at rail stations.
- The initiation of a mobile ticketing application as the first phase of a Comprehensive Fare Payment System (CFPS).
- FY 2014 and beyond:
 - The operations departments are moving forward with a multi-year initiative called 5 Star Service. The vision statement for the program is “Each member of DART’s team strives every day to create an extraordinary customer experience when interacting with colleagues, riders, partners, and the community.”
 - DART is initiating contracted bus service with the City of Arlington. Additional cities may follow as the DART Board amended its Policy III.07 on Fixed-Route Services Beyond the Service Area Boundary on March 5, 2013, paving a pathway for cities outside the service area to join DART. This process allows for DART to provide provisional bus service, paid for entirely by that municipality, to be followed by development of a transit system plan and supporting financial plan for that municipality (within three years of the initiation of service) and an election to join DART (within four years).
 - Design and construction will continue on the final two light rail line sections in the current system build-out.
 - Irving-3, the culmination of the Orange Line, runs from Belt Line Station to Terminal A at DFW Airport and will open no later than December 2014.
 - South Oak Cliff-3 (SOC-3) line section, a 2.6-mile extension of the Blue Line south extends from Ledbetter Station to the University of North Texas Dallas Campus, will open in late 2016.
 - DART continues work on two separate streetcar projects:
 - The City of Dallas Union Station to Oak Cliff Streetcar Project consists of an approximately 1.6-mile streetcar line running from Union Station to the intersection of Colorado Blvd. and Beckley Ave. The City of Dallas is also pursuing extensions of this project on the west to the Bishop Arts District and further into downtown Dallas on the east to reach the Omni Convention Center Hotel. DART is providing technical assistance on these projects under an agreement with the City of Dallas.



- DART is the project sponsor for a 0.65-mile (3,432-ft) urban streetcar trackway connecting the City of Dallas' Olive Street extension of the McKinney Avenue Transit Authority (MATA) M-Line to the existing MATA alignment on St. Paul Street. This project will provide direct pedestrian access from the McKinney Trolley to the existing DART Rail St. Paul Station.
- Through a Memorandum of Understanding (later to be formalized into an Interlocal Agreement), DART will be transitioning the operations, maintenance, and enforcement of HOV lanes in and around the DART Service Area to TxDOT over the next two years.



Sources and Uses of Funds

Exhibit 2.1 is a summary of the changes in the sources and uses of funds between the FY13 Financial Plan and the FY14 Plan, for the five-year period from FY 2014 through FY 2018. These sources and uses will be discussed in detail throughout this section.

Exhibit 2.1 5-Year Sources and Uses of Funds Comparison (FY14 – FY18) (in Millions)

Line	Description	FY13 Plan	FY14 Plan	\$ Variance	% Variance
	SOURCES OF FUNDS				
1	Sales Tax Revenues	\$2,605.6	\$2,614.3	\$8.7	0.3%
2	Operating Revenues	458.5	448.9	(9.6)	(2.1%)
3	Interest Income	55.0	37.6	(17.4)	(31.7%)
4	Formula Federal Funding	349.3	358.5	9.2	2.6%
5	Discretionary Federal Funding	40.1	68.1	28.0	70.0%
6	Debt Issuances	232.6	235.0	2.4	1.0%
7	Other Sources	122.5	172.9	50.3	41.1%
8	Total Sources of Funds	\$3,863.7	\$3,935.3	\$71.6	1.9%
	USES OF FUNDS				
	Operating Expenses:				
10	Bus	\$1,191.5	\$1,202.1	\$10.6	0.9%
11	Light Rail Transit	799.7	852.3	52.6	6.6%
12	Commuter Rail/RR Management	135.5	154.5	19.0	14.0%
13	Paratransit	195.4	189.0	(6.5)	(3.3%)
14	HOV Transitways	60.2	1.9	(58.3)	(96.9%)
15	General Mobility - TDM	16.5	15.9	(0.6)	(3.8%)
16	Total Operating Expenses	\$2,398.9	\$2,415.6	\$16.7	0.7%
	Capital and Non-Operating:				
17	Agency-wide	\$62.4	\$88.3	\$25.9	41.4%
18	Bus	220.7	226.0	5.3	2.4%
19	Light Rail Transit	386.2	491.4	105.2	27.2%
20	Streetcar	n/a	69.7	n/a	n/a
21	Commuter Rail/RR Management	65.2	98.7	33.5	51.4%
22	Paratransit	0.0	1.6	1.6	4,813.2%
23	HOV Transitways	47.9	40.5	(7.4)	(15.4%)
24	Capital P & D, Start-Up, Non-Operating	71.6	47.8	(23.8)	(33.2%)
25	General Mobility - Road Impr./ITS	23.6	23.6	(0.1)	(0.3%)
26	Total Capital and Non-Operating	\$877.6	\$1,087.6	\$140.2	16.0%
	Debt Service				
27	Principal - LT/ST Debt	\$241.0	\$234.8	(\$6.1)	(2.5%)
28	Interest and Fees - LT/ST Debt	774.8	776.8	2.0	0.3%
29	Total Debt Service	\$1,015.8	\$1,011.6	(\$4.1)	(0.4%)
30	Total Uses of Funds	\$4,292.3	\$4,514.8	\$152.8	3.6%

* Numbers may not foot properly due to rounding.



Structural Balance of the Budget

DART strives to maintain structural balance to its budget, meaning that current period revenue inflows available for operating and debt service costs equal or exceed the outgoing cash requirements for the same costs. While DART does not have a policy that requires a balanced budget on an annual basis, the structural balance of the budget (and the internal coverage ratio – see page FP-27) performs a similar control function.

Annual sources of funds are sufficient to pay for all on-going obligations (operating and debt service) in each year of the FY14 Financial Plan. This can be seen on line 16 of Exhibit 2.2, noting that no existing cash is required for operating expenses during any of the years shown. DART will use debt issuances and existing cash to pay for additional capital requirements through 2022, but not operating or debt service costs. After 2022, cash balances again begin to increase. Exhibit 2.2 shows how DART's sources of funds will be applied to uses of funds over the next five years. Exhibit 2.3 on the next page shows the FY 2014 Financial Plan.

Exhibit 2.2
FY 2014 – FY 2018 Structural Budget Balance
(in Millions)

Category	2014	2015	2016	2017	2018	5-Year
1 Total Sources of Funds	\$866.7	\$903.3	\$717.1	\$715.2	\$733.0	\$3,935.3
2 Sales Tax Revenues	\$478.5	\$503.0	\$523.6	\$544.1	\$565.2	\$2,614.3
3 Operating Revenues	86.7	86.7	86.7	88.8	99.9	448.9
4 Interest Income	3.2	7.4	9.0	8.6	9.3	37.6
5 Formula Federal Funding	82.5	69.0	69.0	69.0	69.0	358.5
6 Discretionary Federal Funding	32.4	13.0	22.7	0.0	0.0	68.1
7 Net Debt Issuances	125.0	200.0	(30.0)	(30.0)	(30.0)	235.0
8 Other Sources	58.4	24.2	36.0	34.8	19.6	172.9
Category	2014	2015	2016	2017	2018	5-Year
9 Operating Expenses	\$459.3	\$469.5	\$483.0	\$495.9	\$507.9	\$2,415.6
Funding Sources:						
10 Operating Revenues	\$86.7	\$86.7	\$86.7	\$88.8	\$99.9	\$448.9
11 Interest Income	3.2	7.4	9.0	8.6	9.3	37.6
12 T/Mid Cities TRE Ops Contributions	11.6	11.9	12.3	12.6	13.0	61.4
13 Formula Funds (Capital Preventive Maint.)	68.6	63.1	63.1	63.1	63.1	320.9
14 Other Sources	0.3	0.4	1.6	1.6	1.7	5.6
15 Sales Taxes allocated to Operations	288.8	299.9	310.4	321.2	320.9	1,541.3
16 General Operating Fund (existing cash)	0.0	0.0	0.0	0.0	0.0	0.0
17 Total Funding Sources	\$459.3	\$469.5	\$483.0	\$495.9	\$507.9	\$2,415.6
18 Capital/Non Operating Expenditures	\$406.0	\$309.3	\$215.2	\$90.6	\$66.5	\$1,087.6
Funding Sources:						
19 Other Formula Funds	\$13.9	\$5.9	\$5.9	\$5.9	\$5.9	\$37.6
20 Discretionary Grant Funds	32.4	13.0	22.7	0.0	0.0	68.1
21 Current Debt Issuances	125.0	200.0	0.0	0.0	0.0	325.0
22 Other Sources	46.4	11.8	22.2	20.5	5.0	106.0
23 Sales Taxes Allocated to Capital	9.7	0.2	5.9	12.7	33.0	61.4
24 General Operating Fund or Prior Debt Issues	178.6	78.3	158.4	51.4	22.7	489.5
25 Total Funding Sources	\$406.0	\$309.3	\$215.2	\$90.6	\$66.5	\$1,087.6
26 Debt Service Costs	\$180.0	\$202.9	\$207.3	\$210.2	\$211.3	\$1,011.6
Funding Sources:						
26 Sales Taxes Allocated to Debt Service	\$180.0	\$202.9	\$207.3	\$210.2	\$211.3	\$1,011.6
27 Total Uses of Funds	\$1,045.3	\$981.7	\$905.5	\$796.7	\$785.7	\$4,514.8
28 Net Differential Between Sources and Uses	(\$178.6)	(\$78.3)	(\$188.4)	(\$81.4)	(\$52.7)	(\$579.5)

Exhibit 2.3 FY 2014 Twenty-Year Financial Plan

Dallas Area Rapid Transit FY 2014 Financial Plan As Approved September 24, 2013 Twenty Year Sources and Uses of Cash (\$ Millions - Inflated Dollars)																							
Line	Description	2014	2015	2016	2017	2018	5 Year Total	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	20 Year Total
SOURCES OF FUNDS																							
1	Sales Tax Revenues	\$478.5	\$503.0	\$523.6	\$544.1	\$565.2	\$2,614.3	\$586.9	\$609.3	\$632.6	\$656.6	\$681.5	\$707.3	\$734.0	\$761.8	\$791.0	\$821.2	\$852.2	\$884.5	\$917.9	\$952.6	\$988.7	\$14,192.7
2	Operating Revenues	86.7	86.7	86.7	88.8	99.9	448.9	101.3	103.5	105.7	107.9	121.5	123.0	125.4	127.8	130.3	146.6	148.2	151.0	153.8	156.7	171.3	2,422.8
3	Interest Income	3.2	7.4	9.0	8.6	9.3	37.6	12.9	14.4	15.5	17.5	17.4	17.9	19.8	27.8	26.6	30.4	30.6	28.2	29.6	34.1	41.9	402.2
4	Formula Federal Funding	82.5	69.0	69.0	69.0	69.0	358.5	69.0	69.0	69.0	69.0	69.0	69.0	69.0	69.0	69.0	69.0	69.0	69.0	69.0	69.0	69.0	1,393.5
5	Discretionary Federal Funding	32.4	13.0	22.7	0.0	0.0	68.1	0.0	0.0	0.0	0.0	0.0	0.0	13.6	14.0	6.9	3.7	0.0	0.0	0.0	0.0	0.0	106.3
6	Debt Issuances	125.0	200.0	(30.0)	(30.0)	(30.0)	235.0	(30.0)	(30.0)	(30.0)	(30.0)	(30.0)	0.0	500.0	100.0	370.0	185.0	(50.0)	(50.0)	(50.0)	0.0	0.0	1,090.0
7	Other Sources	58.4	24.2	36.0	34.8	19.6	172.9	20.5	18.1	18.5	18.5	18.8	23.0	23.9	19.9	22.7	27.2	29.1	37.6	33.6	24.9	25.4	534.7
8	Total Sources of Funds	\$866.7	\$903.3	\$717.1	\$715.2	\$733.0	\$3,935.3	\$760.7	\$784.3	\$811.3	\$839.5	\$878.2	\$940.2	\$1,485.7	\$1,120.3	\$1,416.6	\$1,283.0	\$1,079.1	\$1,120.2	\$1,153.9	\$1,237.4	\$1,296.3	\$20,142.1
USES OF FUNDS																							
9	Sales Taxes for Operations	77.2%	74.6%	74.0%	73.2%	70.5%	n/a	69.4%	68.5%	68.1%	67.0%	65.1%	64.4%	63.8%	62.0%	61.6%	58.9%	58.7%	58.4%	57.8%	56.9%	54.5%	n/a
10	Operating Expenses:																						
11	Bus	\$238.0	\$236.2	\$239.1	\$241.9	\$246.9	\$1,202.1	\$253.0	\$257.9	\$266.2	\$272.3	\$277.9	\$283.1	\$291.2	\$296.8	\$303.5	\$311.0	\$318.7	\$325.7	\$332.5	\$340.7	\$348.8	\$5,681.2
12	Light Rail Transit	157.8	165.5	170.3	177.2	181.5	852.3	186.0	189.9	194.3	198.5	205.9	210.3	215.2	219.8	225.0	240.0	245.6	250.7	256.5	260.7	265.5	4,154.6
13	Commuter Rail/RR Management	26.7	28.1	32.2	33.3	34.3	154.5	35.4	36.5	37.9	39.3	40.8	42.3	44.0	45.6	47.4	49.1	51.1	53.0	55.1	57.1	59.4	848.3
12	Paratransit	31.9	36.6	38.3	40.3	41.9	189.0	43.8	47.7	49.8	51.9	54.2	56.5	59.0	61.5	64.2	67.0	69.9	72.9	76.2	79.4	83.0	1,126.1
14	HOV Transitways	1.9	0.0	0.0	0.0	0.0	1.9	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	0.0	1.9
15	General Mobility - TDM	3.0	3.1	3.2	3.3	3.3	15.9	3.4	3.5	3.6	3.6	3.7	3.8	3.9	4.0	4.1	4.1	4.2	4.3	4.4	4.5	4.6	75.6
16	Total Operating Expenses	\$459.3	\$469.5	\$483.0	\$495.9	\$507.9	\$2,415.6	\$521.6	\$535.5	\$551.8	\$565.6	\$582.6	\$596.1	\$613.3	\$627.7	\$644.1	\$660.9	\$679.0	\$695.8	\$713.7	\$732.4	\$752.2	\$11,887.7
	<i>Operating+P&D+Start Up</i>	<i>\$468.7</i>	<i>\$477.4</i>	<i>\$490.2</i>	<i>\$504.8</i>	<i>\$513.5</i>	<i>\$2,454.6</i>	<i>\$527.2</i>	<i>\$541.3</i>	<i>\$557.7</i>	<i>\$571.6</i>	<i>\$588.7</i>	<i>\$602.4</i>	<i>\$621.0</i>	<i>\$637.2</i>	<i>\$655.8</i>	<i>\$675.2</i>	<i>\$696.5</i>	<i>\$717.3</i>	<i>\$735.7</i>	<i>\$754.9</i>	<i>\$775.2</i>	<i>\$12,112.3</i>
17	Capital Projects and Non-Operating:																						
18	Agency-Wide	\$24.3	\$24.2	\$20.2	\$10.6	\$9.0	\$88.3	\$10.8	\$16.5	\$13.8	\$32.2	\$38.0	\$33.1	\$16.0	\$12.2	\$16.0	\$11.6	\$12.4	\$29.2	\$16.7	\$14.1	\$18.3	\$379.3
18	Bus	91.7	51.4	47.6	3.2	32.2	226.0	2.3	9.8	14.4	10.3	7.2	61.2	146.0	145.0	70.3	43.1	1.2	42.8	12.2	12.8	14.8	819.5
19	Light Rail Transit	207.6	153.5	87.1	37.2	6.0	491.4	11.4	11.4	12.8	7.8	23.3	13.0	427.3	18.5	378.3	241.4	21.8	17.3	19.9	14.7	20.1	1,730.4
20	Streetcar	26.5	13.2	15.0	15.0	0.0	69.7	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	0.0	69.7
21	Commuter Rail/RR Management	19.1	31.7	23.4	12.0	12.6	98.7	14.7	8.6	8.9	6.5	3.8	11.5	11.6	2.3	8.5	17.4	21.6	38.1	29.0	6.0	2.5	289.5
22	Paratransit	0.8	0.7	0.0	0.0	0.0	1.6	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.1	0.0	0.0	0.0	0.0	0.1	2.2
23	HOV Transitways	15.6	14.8	10.1	0.0	0.0	40.5	0.0	0.0	0.0	3.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.3	0.0	54.7
24	Capital P & D, Start-Up, Non-Operating	12.0	9.6	8.8	10.7	6.8	47.8	7.7	7.8	8.0	8.0	6.3	7.1	8.5	9.7	12.4	14.5	18.9	22.9	23.5	25.2	23.2	251.6
25	General Mobility - Road Impr./ITS	8.4	10.2	3.0	2.0	0.0	23.6	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	0.0	23.6
26	Total Capital and Non-Operating	\$406.0	\$309.3	\$215.2	\$90.6	\$66.5	\$1,087.6	\$47.0	\$54.1	\$57.8	\$68.6	\$78.7	\$125.9	\$609.5	\$187.8	\$485.6	\$328.0	\$76.2	\$150.3	\$101.3	\$83.0	\$79.1	\$3,620.4
Debt Service																							
27	Total Debt O/S Beginning-of-Year	\$3,596.1	\$3,695.6	\$3,849.7	\$3,769.3	\$3,684.2	n/a	\$3,596.3	\$3,505.6	\$3,411.9	\$3,315.0	\$3,214.8	\$3,111.0	\$3,033.7	\$3,454.9	\$3,467.4	\$3,746.0	\$3,830.7	\$3,672.7	\$3,509.4	\$3,340.4	\$3,215.6	n/a
28	Total Debt O/S End-of-Year	\$3,695.6	\$3,849.7	\$3,769.3	\$3,684.2	\$3,596.3	n/a	\$3,505.6	\$3,411.9	\$3,315.0	\$3,214.8	\$3,111.0	\$3,033.7	\$3,454.9	\$3,467.4	\$3,746.0	\$3,830.7	\$3,672.7	\$3,509.4	\$3,340.4	\$3,215.6	\$3,084.6	n/a
29	Principal - LT Debt	\$25.5	\$45.9	\$50.4	\$55.2	\$57.9	\$234.8	\$60.7	\$63.7	\$66.9	\$70.2	\$73.7	\$77.3	\$78.8	\$87.4	\$91.4	\$100.3	\$108.0	\$113.4	\$118.9	\$124.8	\$131.0	\$1,601.5
30	Cost of Debt (Interest and Fees)	\$154.5	\$157.0	\$157.0	\$155.0	\$153.4	\$776.8	\$151.7	\$149.2	\$146.3	\$142.2	\$136.3	\$131.1	\$135.6	\$154.1	\$157.7	\$172.8	\$176.6	\$169.3	\$161.8	\$155.0	\$148.9	\$3,065.3
31	Total Debt Service Costs	\$180.0	\$202.9	\$207.3	\$210.2	\$211.3	\$1,011.6	\$212.4	\$212.9	\$213.1	\$212.4	\$210.1	\$208.4	\$214.4	\$241.5	\$249.1	\$273.0	\$284.6	\$282.7	\$280.8	\$279.8	\$279.9	\$4,666.8
32	External Coverage Ratio	2.67	2.51	2.54	2.60	2.69	n/a	2.78	2.88	2.99	3.11	3.27	3.42	3.45	3.17	3.19	3.02	3.01	3.15	3.29	3.43	3.55	n/a
33	Internal Coverage Ratio	1.06	1.01	1.04	1.07	1.16	n/a	1.22	1.28	1.33	1.40	1.52	1.61	1.63	1.55	1.56	1.55	1.54	1.61	1.70	1.79	1.93	n/a
34	Total Uses of Funds	\$1,045.3	\$981.7	\$905.5	\$796.7	\$785.7	\$4,514.8	\$781.0	\$802.6	\$822.8	\$846.5	\$871.4	\$930.4	\$1,437.1	\$1,056.9	\$1,378.9	\$1,261.9	\$1,039.8	\$1,128.8	\$1,095.7	\$1,095.2	\$1,111.2	\$20,174.9
35	Net Inc (Dec) in cash	(\$178.6)	(\$78.3)	(\$188.4)	(\$81.4)	(\$52.7)	(\$579.5)	(\$20.3)	(\$18.2)	(\$11.5)	(\$7.0)	\$6.9	\$9.8	\$48.6	\$63.4	\$37.8	\$21.2	\$39.3	(\$8.6)	\$58.2	\$142.2	\$185.1	(\$32.8)
36	Change in Balance Sheet Accts	47.1	(7.3)	(27.2)	(29.8)	(12.4)	(\$29.6)	(7.3)	(1.5)	(0.8)	(0.2)	0.3	7.7	101.2	(74.0)	44.5	(25.9)	(63.3)	2.1	(11.7)	(10.5)	(7.1)	(\$76.0)
37	Cash, Beg of Period	1,025.6	894.2	808.5	592.9	481.7	1,025.6	416.6	388.9	369.2	356.9	349.7	356.9	374.4	524.2	513.6	595.9	591.1	567.2	560.6	607.1	738.8	1,025.6
38	Cash, End of Period	894.2	808.5	592.9	481.7	416.6	416.6	388.9	369.2	356.9	349.7	356.9	374.4	524.2	513.6	595.9	591.1	567.2	560.6	607.1	738.8	916.8	916.8
39	Less Cash Reserves & Restricted Funds	(69.1)	(69.2)	(69.4)	(69.8)	(70.5)	(70.5)	(71.9)	(73.7)	(75.8)	(78.5)	(81.3)	(84.3)	(87.3)	(90.6)	(93.9)	(97.5)	(101.2)	(105.0)	(109.1)	(113.3)	(117.8)	(117.8)
40	Less Reserves for Operating Deficits	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
41	Less Working Cash Requirement	(114.8)	(117.4)	(120.8)	(124.0)	(127.0)	(127.0)	(130.4)	(133.9)	(138.0)	(141.4)	(145.6)	(149.0)	(153.3)	(156.9)	(161.0)	(165.2)	(169.8)	(174.0)	(178.4)	(183.1)	(188.1)	(188.1)
42	Net Available Cash	\$710.2	\$622.0	\$402.7	\$287.9	\$219.1	\$219.1	\$186.7	\$161.7	\$143.2	\$129.9	\$129.9	\$141.1	\$283.5	\$266.1	\$340.9	\$328.4	\$296.2	\$281.6	\$319.6	\$442.3	\$611.0	\$611.0

SOURCES OF FUNDS

Total sources of funds for the period FY 2014 through FY 2018 have increased by \$71.6 million (1.9%) from the FY13 Plan. There are three primary causes for this increase:

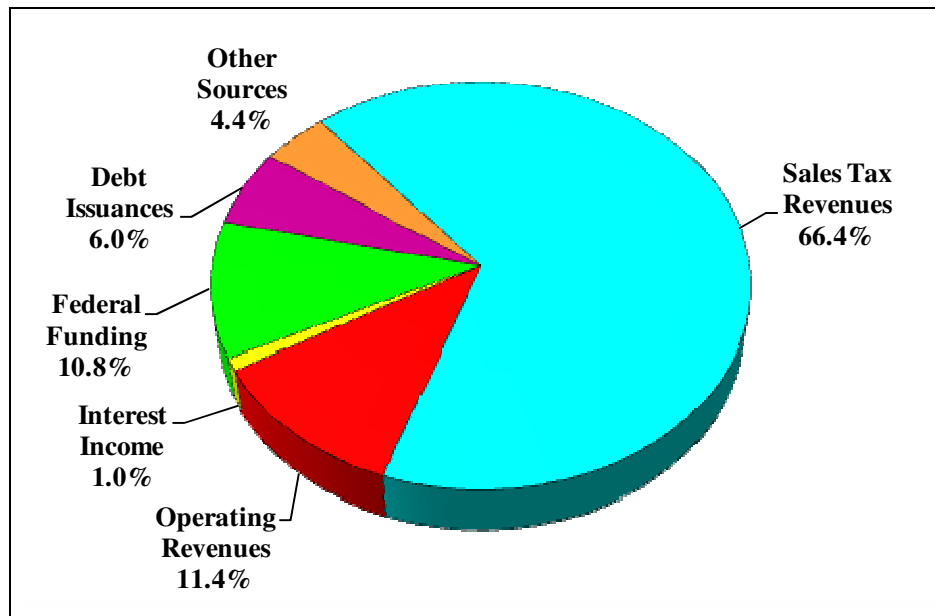
- 1) A slight uptick in sales taxes based on the improving economy. FY13 sales tax receipts finished FY13 \$4.0 million (0.9%) over budget. A small portion of this increase has been factored into future years, resulting in an \$8.7 million (0.3%) increase over the next five years;
- 2) A \$37.2 million (9.6%) increase in federal funding during the period, partially related to the timing of receipts on certain formula funds and the remainder based on the assumption of a grant award for the Central Business District (CBD) rail replacement project; and
- 3) An increase of \$50.3 million (41.1%) in Other Sources of Funds. The largest portions of the increase relate to: 1) contributions from the North Central Texas Council of Governments (NCTCOG) to pay for the expanded Streetcar project (\$30.8 million); 2) contributions from Denton County Transportation Authority (DCTA) and The T for additional commuter rail operating costs (including Positive Train Control [PTC]) of \$12.5 million; and 3) increased commuter rail capital expenditures resulting in additional contributions from The T (\$7.3 million). The impact of other changes and adjustments resulted in a combined decrease of \$0.3 million

A partial offset to those increases in sources of funds comes from the following areas:

- 1) A reduction in expected interest income (\$17.4 million over the next five years) as the Federal Reserve continues its policy of ultra-low interest rates; and
- 2) A reduction in revenues from the NCTCOG related to the operation of High Occupancy Vehicle (HOV) lanes outside the DART Service Area (a \$16.3 million reduction over five years). DART has been providing operations, maintenance, and enforcement of these lanes since they opened; however, over the next year, these responsibilities will be transitioned over to the Texas Department of Transportation (TxDOT). While this does result in the loss of these revenues, there is a far greater corresponding reduction in HOV operating expenses (estimated at \$35 million over five years).

Exhibit 2.4 illustrates the distribution of DART's sources of funds for the first five years of the FY14 Plan.

Exhibit 2.4
FY 2014 – FY 2018 Distribution of Sources of Funds



Sales Tax Revenues (line 1)

Sales tax revenues comprise 66% of DART's total projected sources of funds through FY 2018 (77% of total sources, excluding debt issuances).

The method for estimating sales tax revenue for financial planning purposes is discussed in Financial Standard B-1, 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.

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 for many years. For the last several years, DART has also engaged the services of Dr. Terry Clower from the University of North Texas Center for Economic Development and Research, and municipal sales tax specialist Lewis McLain, Jr., for additional sales tax research.



Sales taxes have trended significantly above the forecasts of both economists for the last three years, with year-over-year growth of 7.17% in FY11, 7.47% in FY12, and 5.37% in FY13.

The sales tax projections contained in the FY 2014 Financial Plan are essentially the same as those contained in the FY 2013 Plan. There was a small upward adjustment made to FY14 receipts reflective of a portion of the increase that FY13 was over budget. Over the twenty-year period, the FY14 Financial Plan still presents a conservative forecast. 20-year total receipts are programmed in the Plan \$640 million (4.3%) below the most recent Perryman projections, obtained this past March. A comparison of sales tax growth rates and receipts from the FY13 Plan, the FY14 Plan, and the Perryman projections is shown in Exhibit 2.5.

Exhibit 2.5
20-Year Cumulative Sales Tax Receipts (2013 – 2033)
(in Millions)

Year	FY 2013 Amended Financial Plan			FY 2014 Financial Plan			Perryman 2013		
	%	\$	5-Yr Total	%	\$	5-Yr Total	%	\$	5-Yr Total
2013P	4.6%	\$451.7		5.2%	\$455.7		4.9%	\$453.6	
2014	5.2%	\$476.9		5.2%	\$478.5		5.0%	\$476.5	
2015	5.1%	\$501.3		5.1%	\$503.0		4.9%	\$499.9	
2016	4.1%	\$521.9		4.1%	\$523.6		4.8%	\$523.7	
2017	3.9%	\$542.3		3.9%	\$544.1		4.6%	\$548.1	
2018	3.9%	\$563.3	\$2,605.6	3.9%	\$565.2	\$2,614.3	4.6%	\$573.1	\$2,621.2
2019	3.8%	\$584.9		3.8%	\$586.9		4.5%	\$598.8	
2020	3.8%	\$607.3		3.8%	\$609.3		4.4%	\$625.4	
2021	3.8%	\$630.5		3.8%	\$632.6		4.4%	\$652.8	
2022	3.8%	\$654.4		3.8%	\$656.6		4.3%	\$681.2	
2023	3.8%	\$679.2		3.8%	\$681.5		4.3%	\$710.4	
2024	3.8%	\$705.0		3.8%	\$707.3		4.2%	\$740.6	
2025	3.8%	\$731.6		3.8%	\$734.0		4.2%	\$771.8	
2026	3.8%	\$759.2		3.8%	\$761.8		4.2%	\$804.0	
2027	3.8%	\$788.4		3.8%	\$791.0		4.1%	\$837.7	
2028	3.8%	\$818.5		3.8%	\$821.2		4.1%	\$872.4	
2029	3.8%	\$849.4		3.8%	\$852.2		4.1%	\$907.8	
2030	3.8%	\$881.5		3.8%	\$884.5		4.0%	\$944.4	
2031	3.8%	\$914.9		3.8%	\$917.9		4.0%	\$982.1	
2032	3.8%	\$949.5		3.8%	\$952.6		4.0%	\$1,021.1	
2033	3.8%	\$985.4		3.8%	\$988.7		3.9%	\$1,061.3	
20-Year Total		\$14,145.4			\$14,192.7			\$14,833.2	

Sales Tax Repayment – The Texas State Comptroller’s Office periodically conducts audits of entities 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 and its stakeholders, the Comptroller agreed to a 16-year interest-free repayment schedule (\$824,000 per year through 2022). An additional audit, completed in 2008, resulted in another repayment obligation of \$3.6 million. The State Comptroller’s Office agreed to extend the \$824,000 repayment plan through 2026, with the balance of this repayment (\$335,000) to be remitted in 2027. These repayment obligations have been incorporated into the Plan, and all reported sales tax revenues in the Plan (and discussed in this document) are net of these repayments.

Operating Revenues (line 2)

Operating revenues are projected to contribute \$448.9 million (11.4%) to DART's sources of funds through FY 2018. Exhibit 2.6 details projected operating revenues for the next five years.

Exhibit 2.6
Operating Revenues
(in Millions)

Operating Revenues	2014	2015	2016	2017	2018	5-Year Total	20-Year Total
Fixed Route Passenger Revenues	\$67.5	\$68.6	\$68.4	\$70.5	\$80.9	\$355.9	\$1,944.3
Other Passenger Fares	3.4	3.6	3.7	3.8	4.3	18.7	106.9
Paid Parking Revenues	0.1	0.1	0.1	0.1	0.1	0.4	1.7
Total Passenger Revenues	71.0	72.2	72.2	74.3	85.2	374.9	2,052.9
Leases & Rentals	6.4	6.6	6.7	6.9	7.1	33.7	168.0
HOV Outside the Service Area	0.7	0.0	0.0	0.0	0.0	0.7	0.7
Advertising	4.5	4.8	4.9	5.1	5.3	24.6	144.1
Vanpool (NCTCOG/FHWA)	1.7	1.7	1.8	1.8	1.9	8.9	42.5
Operating Grants (JARC/New Freedom)	1.7	1.1	0.8	0.3	0.0	3.9	4.1
Other	0.7	0.4	0.4	0.4	0.4	2.2	10.4
Total Operating Revenues	\$86.7	\$86.7	\$86.7	\$88.8	\$99.9	\$448.9	\$2,422.8

Passenger revenues are the primary component of operating revenues, representing approximately \$374.9 million, or 83.5% of operating revenues over the next five years.

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 Financial Plan assumes an increase to average fare of approximately 17% every five years, with the next increase occurring in October 2017 (FY18). The most recent fare increase went into effect in December 2012.

Exhibit 2.7 details the projected fixed-route average fares by mode over the life of the Plan.

Exhibit 2.7
Projected Fixed-Route Average Fare

Year	Bus	LRT	CR	Fixed Route Total
FY14 - FY17	\$0.82	\$0.91	\$2.97	\$0.92
FY18 - FY22	\$0.96	\$1.00	\$3.47	\$1.07
FY23 - FY27	\$1.12	\$1.18	\$4.06	\$1.25
FY28 - FY32	\$1.31	\$1.37	\$4.76	\$1.46

The current fare structure is included at *Exhibit APX.11.2*.



Operating revenues other than fare revenues include such items as: advertising revenue, rental income, contract service revenues from Mesquite and Arlington, the Surface Transportation Program/Metropolitan Mobility (STP/MM) vanpool contribution, and the Emergency Ride Home Program.

DART is exploring the opportunity to generate revenues through station naming rights and corporate sponsorships. On January 8, 2013, the DART Board approved a consulting contract with The Superlative Group in the amount of \$99,483 plus 9.5% of generated revenues. Early analysis indicates that revenues in the range of \$2 – \$3 million per year might be attainable. As the amounts and timing of receipts become more concrete, these revenues will be added to the Plan.

Interest Income (line 3)

Interest income is projected to contribute \$37.6 million (1.0% of total sources of funds) for the next five years. This is more than a 31% decrease from the amount contained in the FY13 Plan and is attributable to the Federal Reserve's intention to keep interest rates as low as possible for the next few years in an attempt to continue to stimulate the economy.

Interest income rates are estimated to average approximately 35 – 75 basis points throughout the year (0.35% - 0.75%, varying by fund) in 2014, which is very close to the rate that DART expects to pay when it issues short-term debt (Commercial Paper). Current interest rates are extremely low from a historical perspective and are expected to rise very slowly over the next few years. As rates rise, a positive spread is expected to develop (supported by historical data) between interest income and interest expense rates. This spread is projected to reach 100 basis points (1%) by 2020.

Federal Funding (lines 4 and 5)

Federal funds are included in two line items of the Plan: Formula Federal Funding and Discretionary Federal Funding.

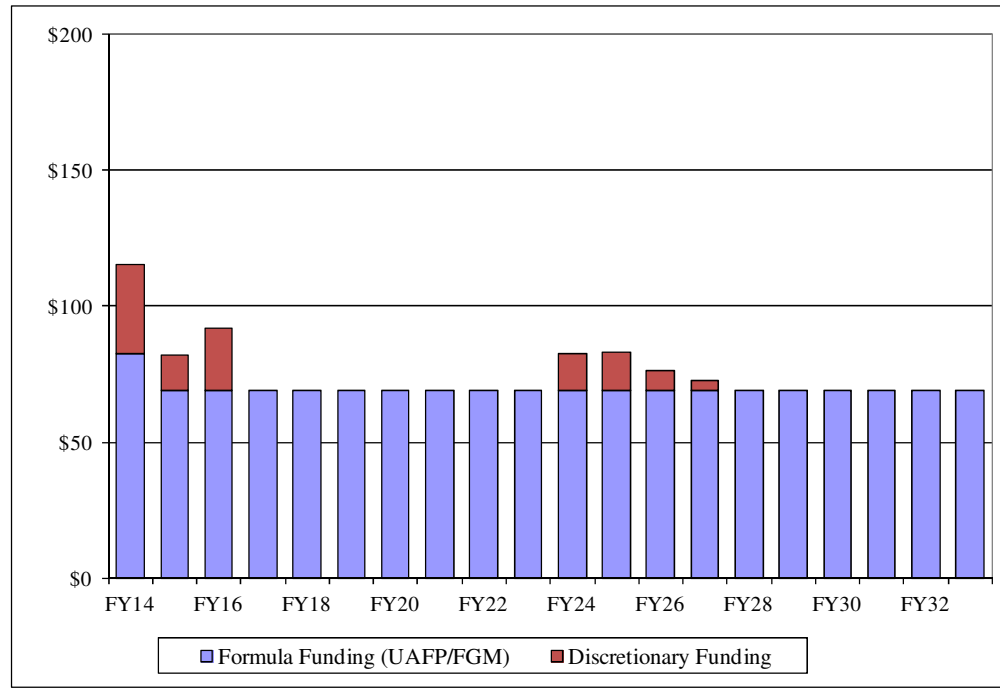
Formula funds include Urbanized Area Formula program (UAFP) and Job Access / Reverse Commute (JARC) dollars received under 49 U.S.C. § 5307, State of Good Repair (formerly Fixed Guideway Modernization funds) (§ 5337), Bus and Bus Facilities Formula Grants (§ 5339), and High Density States and Growing States (§ 5340).

Discretionary funds are authorized under 49 U.S.C. § 5309 (New Starts / Small Starts) and other programs such as Congestion Mitigation and Air Quality Improvement program (CMAQ) and the State of Texas Mobility Fund (TMF).

These programs are authorized through the surface transportation reauthorization bill known as MAP-21 (Moving Ahead for Progress in the 21st Century), which was signed into law on July 6, 2012. This program will continue until September 2014. Formula funding for future years is programmed at current year levels.

Exhibit 2.8 details the anticipated receipt of both discretionary and formula Federal Funds over the life of the Plan.

Exhibit 2.8
Anticipated Capital Grant Funding (FY14 – FY33)
(in Millions)



Formula Federal Funding (line 4)

Formula funds are \$358.5 million (9.2% of total sources of funds) through FY 2018. This represents an increase of \$9.2 million (2.6%). Most of the increase has to do with the timing of receipts on certain formula grants which were allocated in prior years.

Based on the latest calculations according to MAP-21, DART has programmed to receive \$69.0 million in future annual formula grant allocations. According to the Board Approved Financial Standard B-10 (shown in APX.4.1), “Formula funding for future years shall be forecast at the current year’s funding level...in order to ensure a conservative forecast.” These levels are adjusted each year based on the most current information available.

Discretionary Federal Funding (line 5)

Discretionary federal funding comprises \$68.1 million (1.7% of total sources) through FY 2018, a \$28 million (70%) increase from the FY13 Plan. The two primary components of this \$28 million increase are an anticipated \$16.7 million TIGER grant for CBD Rail Replacement and \$12.5 million in CMAQ funds to support the implementation of Positive Train Control (PTC).

Fiscal Year 2014 is the final year for DART to receive funding under its Full Funding Grant Agreement (FFGA) for the Green Line. DART is scheduled to receive \$8.7 million this year.

DART has been very conservative with regards to programming new discretionary federal funding. There is only one assumption for new, uncommitted discretionary funds in the Financial Plan beyond the CBD Rail Replacement Grant, and that is for 10% federal participation in future bus replacements (\$2.6 million in 2016 and \$38.1 million between 2025 and 2028).

Debt Issuance (line 6)

DART plans to issue \$185 million in new long-term debt over the next five years. This is a decrease of \$23 million (11.1%) from the FY 2013 Plan. There are two components of the change, one increase and one decrease. There is an increase of \$22 million in debt issuance in 2014. This is simply a timing change on the drawdown from the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan. It is anticipated that an additional \$22 million of this drawdown will occur in 2014 instead of 2013, but the total amount of \$120 million remains unchanged. The decrease is related to the acceleration of South Oak Cliff-3. Because we have accelerated this line by three years, and because of favorable pricing received on the construction contract, the estimated debt needed to support this program has been reduced by \$45 million.

DART has a Commercial Paper (CP) Program that has been used as the initial funding mechanism to support DART's capital programs up to a maximum authorized amount of \$650 million, \$150 million of which is backed by self-liquidity (described below) and the up to \$150 million backed by third-party banks. When market conditions and cashflow needs dictate, DART will issue long-term debt to replace the outstanding CP or retire it with cash, as appropriate. The current Financial Plan assumes all CP will be retired with cash.

DART plans to issue \$140 million in additional commercial paper (maximum outstanding value of \$240 million) over the next two years. The entire amount of \$240 million is programmed to be retired by 2020.

Commercial Paper-Self Liquidity Program. When an investor purchases a commercial paper note sold by an entity, the investor has an expectation that when the note matures the entity will return the par value of the note plus interest. The selling entity needs to demonstrate to the investors that they can satisfy this expectation.

One way to satisfy this expectation is through a third party bank's promise to provide the funds if the selling entity cannot repay the investor's funds. The bank provides a revolving credit facility or letter of credit dedicated to commercial paper note repayments.

Another way to meet the investor's expectation is for the commercial paper seller to identify its own funds that will be used to repay commercial paper notes. This is called a self-liquidity program. The ability to meet this obligation is monitored by rating agencies and is reflected in the selling entity's short-term debt rating.



DART anticipates using self-liquidity for approximately \$150 million in commercial paper. Based on current market conditions, this will save approximately \$750,000 (50 basis points) in fees per year as compared to the prior program.

Other Sources of Funds (line 7)

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), certain non-operating leases, service area city and other funding partner contributions for specific capital projects, and other miscellaneous contributions.

Other sources of funds total \$172.9 million between FY 2014 and FY 2018 and represent 4.4% of total sources of funds for that same period. This category of funds has increased by \$50.3 million (41.1%) from the same period in the FY13 Plan. The three major components of this increase are:

- 1) The largest portions of the increase relate to grant funds paid to DART through the City of Dallas and the North Central Texas Council of Governments (NCTCOG) to pay for the expanded Streetcar project in the amount of \$30.8 million.
- 2) Contributions from Denton County Transportation Authority (DCTA) and The T for additional commuter rail operating costs including Positive Train Control (PTC) of \$12.5 million.
- 3) Increased commuter rail capital expenditures resulting in additional contributions from The T (\$7.3 million).

USES OF FUNDS

Operating Expenses (lines 10 – 16)

A period of tremendous change to DART's operations began with the two-phase opening of the Green Line; the first phase in September 2009 and the second phase in December 2010. The Green Line opening expanded DART's Light Rail system by 27 miles (60% of the then-existing 45 miles). These openings also resulted in changes to approximately 70% of DART's bus routes, including the elimination of service duplicated by the Green Line, provision of more feeder/distributor routes, and adjustment of schedules to allow for better transfers to and from the rail system.

Changes continued in FY12 and FY13 including the following major elements:

- Opening the first two segments of the Orange Line (Irving-1 and Irving-2) and the Blue Line north extension from Garland to Rowlett.
- A change in contractor and service delivery method for Paratransit services (from Veolia to MV Transportation) including using contractor-provided vans instead of DART-provided, and supplemental service using taxis;
- DART assumption of Flex Route service (previously operated by Veolia);
- Introduction of the Small Bus service where DART will use smaller vehicles (ARBOCs) to provide service on lower demand routes at a lower cost;
- Beginning the replacement of the entire full-size bus fleet, a process that will take four years to complete and will replace 628 vehicles;
- Transition from diesel and liquefied natural gas (LNG) fuels to compressed natural gas (CNG) for all new fleets; and

Looking a little further down the road, DART will have two more Light Rail openings in the next several years: Irving-3 to DFW Airport Terminal A no later than December 2014 and South Oak Cliff-3 to the University of North Texas, Dallas Campus in late 2016.

Total operating expenses for the period FY 2014 through FY 2018 are projected to be \$2.4 billion, which represents less than a 1% increase from the cost contained in the FY13 Plan over the same period of time.

Changes in operating expenses that are built into the Financial Plan for future years are controlled from a policy perspective by Financial Standards B-3, B-4, and B-5 (see *Exhibit APX.4.1*). Financial Standards B-3 and B-4 relate to fixed-route service, which accounts for 91% 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.

Cost Reductions

In response to falling sales tax revenues in late 2008 and 2009, DART went through several rounds of cost reductions. The first round began in the spring of 2009 and phased in \$22.5 million of annual operating expense reductions over the three-year period of 2010 – 2012.

As the economy continued to slump into 2010, and with the realization that the long-term sales tax growth trend would be significantly lower than previous financial plans, management went back to the drawing board to identify additional reductions to bring the financial plan back into balance. Early in the process, management decided that the budget would include no employee raises for 2011 and that an additional \$30 million in annual expense reductions would be required.

In addressing this revenue shortfall, DART looked at three different categories of expenditures:

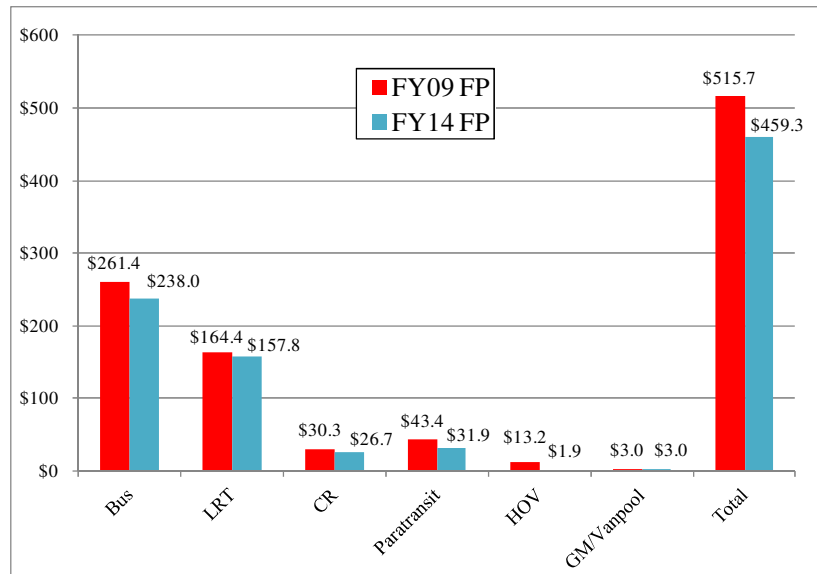
- Administrative & Operations Support Costs
- Capital Planning & Development
- Service Level Costs

In an attempt to keep customer impacts to a minimum, DART focused on the first two items, trying to save as much money in those areas as possible before affecting service levels. The result was a balanced strategy, with approximately one-third of the total dollar value of the reductions coming from each area (higher percentage from Administrative and Capital Planning and Development). These changes have been implemented over the last several years.

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 (such as for defined benefit expenses), and fuel prices. This does not necessarily mean the following years' budgets will be limited by that parameter or will exactly match what is included in the FY 2014 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.

Exhibit 2.9 on the following page shows the modal distribution of total operating expenses for FY 2014, comparing the FY09 Financial Plan to the FY14 Financial Plan.

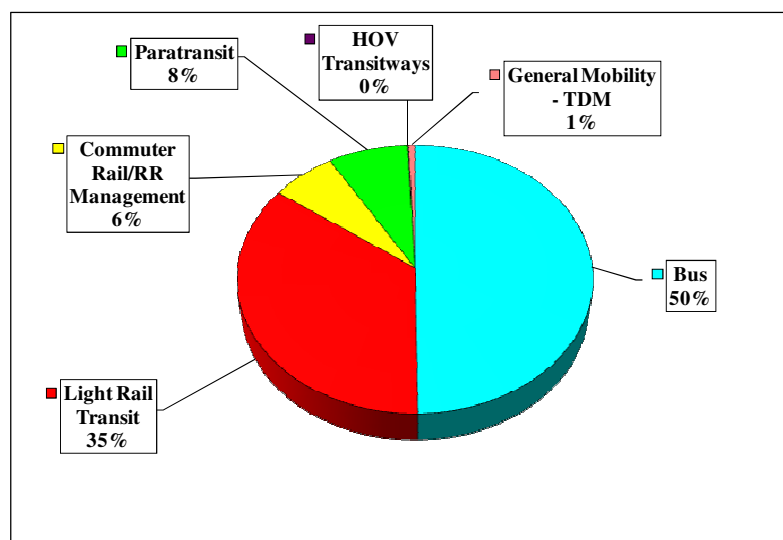
Exhibit 2.9
FY14 Operating Expenses by Mode (FY09 Plan vs. FY14 Plan)
(in Millions)



As shown above, the cost reduction initiatives enacted over the last few years have resulted in \$56.4 million in annual operating savings. This represents over 12% of the FY14 budget. Making these cost savings even more impressive is the fact that these savings were incorporated during a five-year period in which DART doubled its light rail system to 85 miles, nearly doubled its annual expenditures on police/security, and increased trips by 17% on its most expensive mode of service, as measured by subsidy per passenger (Paratransit).

Exhibit 2.10 shows the modal distribution of total operating expenses for the five-year period.

Exhibit 2.10
Operating Expenses by Mode (FY14 – FY18)



The graph in Exhibit 2.10 reflects one significant change from the FY13 Plan in terms of percentage allocations. DART has provided operations, maintenance, and enforcement of HOV lanes in and around the DART Service Area for 20 years. However, TxDOT (the owner of the highways), made a strategic decision in 2012 to take over the sole responsibility for operations, maintenance, and enforcement as the regional system transitioned to tolled managed lanes. To implement this decision, DART, TxDOT, and NCTCOG entered into a memorandum of understanding (MOU) which will end DART's involvement in HOV operations over a three-year period ending on October 1, 2014.

This transition of HOV services to TxDOT results in a net annual savings to DART of \$4.7 million (gross savings of \$9.1 million, net of \$3.3 million in funding from NCTCOG and \$1.1 million in Police allocation to HOV to provide additional security throughout the system).

Other modal changes are described below.

Modal Expenses (lines 10 – 15)

Exhibit 2.11 compares the projected 5-year modal operating expenses (2014 – 2018) based on the FY13 Financial Plan and the FY14 Financial Plan.

Exhibit 2.11
5-Year Modal Expense Comparison (2014 – 2018)
(in Millions)

Description	FY13 Financial Plan	FY14 Financial Plan	\$ Variance FY13 FP to FY14 FP	% Variance FY13 FP to FY14 FP
Bus	\$1,191.5	\$1,202.1	\$10.6	0.9%
Light Rail Transit	799.7	852.3	52.6	6.6%
Commuter Rail/RR Management	135.5	154.5	19.0	14.0%
Paratransit	195.4	189.0	(6.5)	(3.3%)
HOV Transitways	60.2	1.9	(58.3)	(96.9%)
General Mobility (Vanpool, etc.)	16.5	15.9	(0.6)	(3.8%)
Total Operating Expenses	\$2,398.9	\$2,415.6	\$16.7	0.7%

The following details relate to the modal expense line items:

- 1) Each year, DART Management reviews costs allocated to the various modes of service. During this review, estimates are made regarding how much of each functional division's time and resources will be spent in support of each mode, how much will be spent on general and administrative responsibilities, and how much effort will be spent in support of DART's capital programs. This can lead to some minor fluctuations in cost distribution among the modes from year to year.
- 2) Five-year operating expenses are up \$16.7 million (0.7%) from the FY13 Plan but after the cost reductions described above, they are down dramatically from where expenses were expected to be before the Great Recession (see also Exhibit 2.19 on page FP-38).

- 3) The most significant change in expenses comes from the elimination of HOV costs. DART has operated, maintained, and enforced compliance on 75 miles of High Occupancy Vehicle (HOV) lanes across six primary corridors. This is down from 84 miles in the first half of 2011 due to 9 miles along IH 635 (LBJ Freeway) being taken out of service as the Texas Department of Transportation (TxDOT) began reconstruction that highway. For FY14, TxDOT will assume nearly all of these responsibilities and expenses. DART will continue to pay for an existing contract with Barrier Systems to operate the Barrier Transfer Vehicles on I-30. Beyond FY14, DART will have no more responsibilities related to HOV operations, and HOV operating expenses become zero. As such, HOV Expenses for the period of 2014 – 2018 are reduced by 96.9%.
- 4) Much of the cost reduction of the HOV operations and maintenance is true savings. However, DART is not reducing the size or cost of its police force, and those security resources that have been allocated to HOV enforcement are being reallocated around the system, mostly to LRT. Also, a significant amount of indirect and general and administrative (G&A) costs that had been allocated to HOV is also being reallocated to other modes, resulting in some of the increases shown in the fixed-route modes in Exhibit 2.11.
- 5) There have been multiple significant changes to fuel/energy costs in this year's financial plan. For the last several years, DART has hedged the cost of diesel fuel, saving millions. That hedge expired on September 30, 2013, and the cost of diesel fuel will rise from \$2.38 per gallon in FY13 to an estimated \$3.04 in FY14. However, the continued low cost of natural gas has benefitted DART in terms of locking in its electricity costs for the next five years at an estimated savings of \$3 million per year.
- 6) Even with the continued Light Rail expansion, Bus expenses still represent the largest portion of DART's operating costs (49.8%) over the next five years. The Bus mode includes DART's Innovative Services, including On-Call, Flex-Route, and site-specific shuttle services. Five-year Bus modal expenses are up \$10.6 million (0.9%) from the same period in the FY13 Plan. This is a result of allocation changes (HOV indirect and G&A costs), diesel fuel cost increases, and the addition of several bus routes where there is a revenue offset, such as bus service to Arlington (paid for by the City of Arlington, the University of Texas at Arlington, and the Arlington Chamber of Commerce), and several additional bus routes supported by JA/RC grants (Job Access/Reverse Commute program).
- 7) DART currently operates and maintains an 85-mile light rail system. Five additional miles will be added in December 2014 (Irving-3 to DFW Airport), and completion of SOC-3 in FY17 will add another 2.6 miles, bringing the total Light Rail system to over 93 miles. As such, light rail costs will continue to take up a larger percentage of the budget. Over time, they will have increased from 21% of the FY09 operating budget (just prior to the Green Line opening) to a projected 36% by 2017.

- 8) 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 Transportation Authority (The T) contract with a private contractor (Herzog Transit Services, Inc.) to provide the TRE commuter rail service. The portion of costs allocated to and paid for by The T is reflected in Other Sources of Funds. Five-year modal expenses have increased by \$19.0 million (14.0%) relative to the FY13 Plan. There are two drivers of this increase: 1) the expiration of the fuel hedge (as discussed in item 5); and 2) the inclusion of an estimated \$3.5 million in annual operating expenses for the Positive Train Control system, scheduled to be implemented in late 2015.
- 9) DART's Paratransit operations are provided by a private contractor. The current contractor, MV Transportation (MV), assumed operations on October 1, 2012. In a change from prior practice, the reservations, scheduling, and dispatch functions were included in the contract rather than being performed by DART staff. DART retains the determination of rider eligibility, program management, and oversight of operations. While MV also operates DART's On-Call service, that service is more closely related to fixed-route bus service. Therefore, the costs, revenues, and ridership from On-call are included in the Fixed-Route Bus mode.
- 10) General Mobility programs consist mainly of vanpool services. Participants and NCTCOG will contribute more than 95% of the cost of this program. The maximum authorized number of vanpools remains at 206 for FY14, the same as FY13.

For a more detailed explanation of specific programs and information on the cost drivers for each mode, please refer to the modal sections.

Capital and Non-Operating Expenditures (lines 17 – 26)

Exhibit 2.12 shows five-year capital expenditures for the period from the FY13 Financial Plan and the FY14 Plan.

Exhibit 2.12
Comparison of 5-Year Capital Expenditures (2014 – 2018)
(in Millions)

Description	FY13 FP	FY143 FP	\$ Variance FY13 to FY14	% Variance FY13 to FY14
Agency-wide	\$62.4	\$88.3	\$25.9	41.4%
Bus	220.7	226.0	5.3	2.4%
Light Rail Transit	386.2	491.4	105.2	27.2%
Streetcar	n/a	69.7	n/a	n/a
Commuter Rail/RR Management	65.2	98.7	33.5	51.4%
Paratransit	0.0	1.6	1.6	4813.2%
HOV Transitways	47.9	40.5	(7.4)	(15.4%)
Capital P & D, Start-Up, Non-Operating	71.6	47.8	(23.8)	(33.2%)
General Mobility - Road Impr./ITS	23.6	23.6	(0.1)	(0.3%)
Total Capital Expenditures	\$877.6	\$1,087.6	\$209.9	23.9%

Capital and Non-Operating expenditures are budgeted at \$406 million for FY 2014 and \$1.09 billion for the five years through FY 2018. This is an increase of \$209.9 million (23.9%) over the same period compared to the FY13 Plan. There are six primary components of this increase:

- 1) Rail replacement in the Central Business District (CBD) is proposed at \$64 million. A TIGER grant is being pursued for up to \$16.7 million of the cost.
- 2) \$30.8 million has been added for extension of the Union Station to Oak Cliff Streetcar project. This entire project is externally funded.
- 3) The estimated cost of the Positive Train Control system has increased by \$18.5 million. \$15.5 million (84%) of this increase will come from CMAQ funds and contributions from The T.
- 4) \$14 million has been added to the Plan for replacement of DART's maintenance work order and materials management software system.
- 5) \$53.9 million in other new capital projects, \$17.5 million of which is funded from existing capital reserves while the remainder is funded from savings from other capital projects.
- 6) Roll-forward of approximately \$70 million in capital project dollars not spent in FY13.

Beyond FY14, there are two more Light Rail openings scheduled: Irving-3 which extends the Orange Line from Belt Line Station to DFW Airport, Terminal A, in December 2014 and South Oak Cliff-3 which extends the Blue Line South 2.6 miles in the fall of 2016 (FY17).

In addition, the Cotton Belt project will be taken through the environmental and preliminary engineering phases of development by the end of FY 2014.

Alternatives analysis and preliminary engineering also continue on a possible second alignment in downtown Dallas. This line section is referred to as "D2," and will be required at some point in the future when increased train frequency makes the existing transitway mall inadequate.

Capital Planning, Start-up Costs, and Non-Operating (line 24)

Capital Planning & Development (Capital P&D) and Start-up costs are predominantly internal staff and consulting costs associated with planning, designing, managing, constructing, and opening new capital projects such as the light rail system. Financial Standard B-8 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 costs.

Capital P&D costs are budgeted at \$9.4 million for 2014. As the Light Rail build-out is completed over the next few years, these costs will continue to be reduced, to as low as \$5.5 million in 2018. There are no Startup costs in FY14.

Non-operating costs relate to projects/programs that are not accounted for as operating costs and are not capitalized as a DART 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, Economic Impact studies, Capital Asset Condition studies, and various other capital planning studies.

General Mobility, Road Improvement, and Intelligent Transportation Systems (ITS) Programs (line 25)

Financial Standard B-7 limits General Mobility – Road Improvement Programs to funding allowed under the terms of the approved Interlocal Agreements (ILA). Road improvement programs include the Principal Arterial Street System (PASS), Transportation System Management (TSM), and ITS projects. These programs total \$23.6 million over the next five years. This is essentially the same amount as contained in the FY13 Plan.

In addition to these programs, there is approximately \$2.0 million in funds remaining from the Local Assistance Program (LAP). These funds are disbursed as requested by service area cities which have remaining balances.

Capital Reserves

A variety of capital reserves exist within the capital program. These reserves represent placeholders within the Financial Plan for either known capital asset maintenance and replacement cycles, or for funds that are set aside for projects of a specific type, for which the exact nature, timing, and amount is unknown at the present time. When a project that is to be funded from a specific reserve is requested and approved, 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 they are adequate to cover future needs for each respective expenditure type.

The FY14 Financial Plan includes \$2.5 billion in capital reserves over the next 20 years. These reserves ensure that DART will be able to maintain a state of good repair with regards to capital maintenance and timely replacement of assets.

Capital Projects Listing

The list of capital and non-operating projects and capital reserves included in the FY 2014 Financial Plan is shown in the *Budget* section at *Exhibit 3.18*.

Debt Program Background

On January 23, 2001, the Board approved a Master Debt Resolution which authorized DART to pledge its sales tax revenues for Senior Lien Debt (Bonds) and Senior Subordinate Lien Debt (Commercial Paper).

Bonds – With the passage of a bond referendum on August 12, 2000, DART received voter authorization to issue up to \$2.9 billion of solely pledged Senior Lien sales tax-backed long-term debt (sales tax bonds). A change to DART’s enabling legislation was enacted during the 2009 Texas Legislative Session allowing DART to pledge multiple revenue sources as a first lien on Senior Lien Long-Term Bonds (multi-revenue bonds). This legislative change allows DART to issue more than \$2.9 billion in long-term debt, provided that DART issues multi-revenue bonds.

The Office of the Attorney General of Texas disagreed with that interpretation and on July 23, 2012, DART filed a Bond Validation Petition in District Court 160 in Dallas County. DART sought a judicial ruling clarifying whether a \$2.9 billion limitation on “solely” pledged Sales Tax Revenue Bonds applies to “combined” Pledged Revenue Bonds. The hearing was conducted on August 13, 2012, and the Court concurred with DART’s position. As a result, DART is no longer limited to \$2.9 billion in long-term debt so long as the debt is backed by a combined pledge of revenues (sales taxes plus another revenue source).

Commercial Paper – On January 23, 2001, the Board authorized the issuance of up to \$650 million in Commercial Paper (CP) 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. Based on the new short-term financing plan for the new DART bus and small bus purchases, the program is proposed to be \$400 million including use of both bank-backed liquidity facility and self-liquidity facility programs. DART currently has a \$150 million self-liquidity program in place.

Debt Program Structure

DART’s two-tiered debt structure program is designed to meet capital funding requirements and to provide flexibility to meet changing debt market conditions. The commercial paper program is issued to meet temporary capital funding requirements and to access variable interest rates when the financial markets dictate that strategy to be advantageous. Long-term bonds are used as the ultimate capital financing instrument for long-lived assets such as buildings and rail lines.

As of September 30, 2013, it is projected that DART will have issued approximately \$4.0 billion in long-term debt at Par Value (\$3.6 billion in new money and \$400 million in refunding bonds) and will have approximately \$3.5 billion in bonds outstanding, as well as \$90 million in CP.

Debt Program Implementation

Commercial Paper – DART estimates that it will issue \$90 million in self-liquidity CP in FY 2014. During FY 2013 DART issued and retired \$80 million in bank-backed CP. The existing bank-backed CP program was terminated in FY 2013. The current Financial Plan assumes \$240 million in new CP will be issued through 2015, \$150 million supported by self-liquidity and \$90 million from a new bank-backed program. It is planned that all of the \$240 million in CP will be retired by 2020.

Short-term interest rate assumptions begin at 24 basis points (0.24%) in 2013, increasing slowly each year until they reach 4.00% by 2022.

Long-Term Bonds – DART believes that a sound debt program should have a combination of fixed and variable-rate debt. DART plans to have no more than 15% of its debt in variable-rate products. The variable-rate debt can either be short-term or long-term debt. Including CP, which was previously discussed, part of the variable-rate allocation is planned to be in the form of Variable Rate Demand Notes (VRDN). These VRDNs are long-term amortizing loans. DART's first-ever issuance of VRDNs is planned for \$150 million in FY15. This VRDN issuance will be used to finance the SOC-3 light rail line section. This is \$45 million less than included in the FY13 Plan based on better-than-expected construction costs on the SOC-3 project.

After 2015, DART's next long-term debt issuances total \$1 billion between 2025 and 2028 to fund the replacement of the first light rail vehicle fleet (95 vehicles), originally purchased in the mid-1990s.

Exhibit 2.13 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 2.13
FY 2014 Financial Plan Debt Assumptions

Description	FY 2014	Future	FY 2014	Future
Term	Rolling for up to 8 years	Rolling for up to 8 years	Up to 35 years	Up to 35 years
Interest rates + fees	0.24%-0.75%	0.24%-4.0%	2.91% (TIFIA)	1.4% - 4.25% Variable Rate; 6.0% Fixed Rate
Principal Repayment	None	All CP retired by 2031	Principal deferred to 2017, Level debt thereafter	Level Debt
Net CP* / Total Long-Term Debt issued**	\$90M	\$250M	n/a	\$1.2B
End of Year - Maximum debt outstanding	\$190M	\$240M	\$3.7B	\$3.6B
Year of maximum debt outstanding	n/a	FY 2015	n/a	FY 2028
Cash reserves required?	No	No	n/a	No
Uninsured Debt Rating assumed	A1+/P1	A1+/P1	n/a	AA+/Aa2

* 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 related to long-term debt issuance are gross issuances.

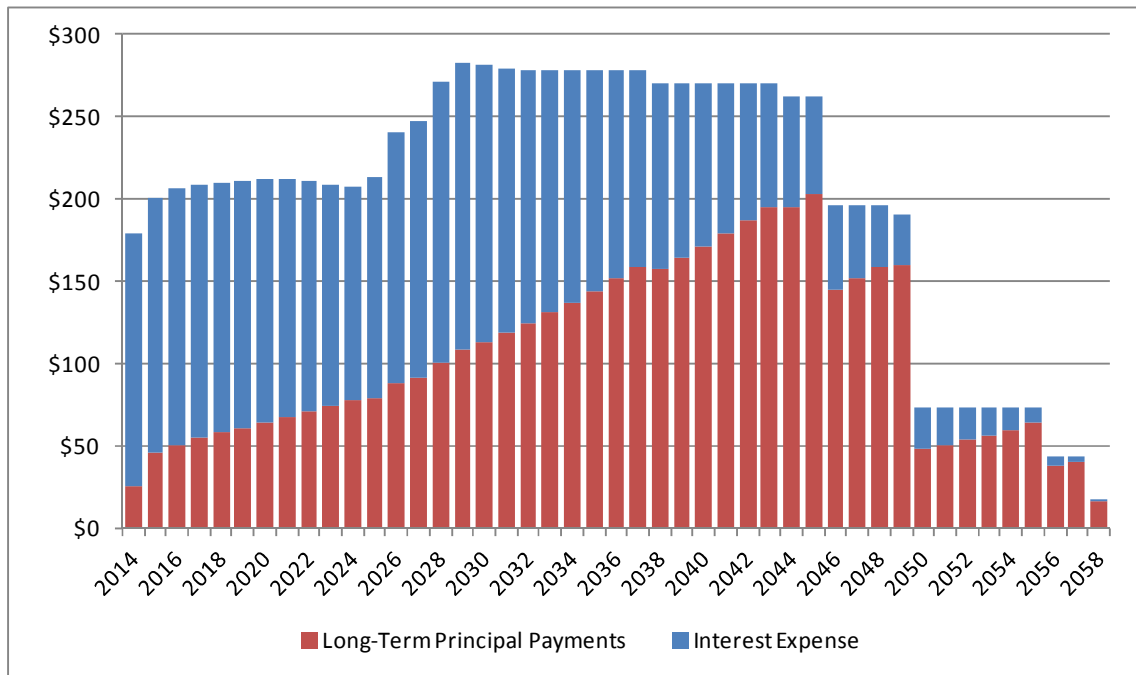
** Amounts shown are for issuances between 2013 and 2033 and are shown at par value.

Build America Bonds (BABs) and Federal Budget Cuts – In 2009 and 2010, DART issued a combined \$1.56 billion in taxable Build America Bonds. As a part of this program, the Federal government agreed to subsidize 35% of the interest expense. Unfortunately, as a part of the federal budget sequester cuts which took effect on March 1, 2013, the federal government reduced the subsidy to be paid to DART by \$1.3 million in FY13 and a total of \$23 million over the next 10 years.

Total Debt Service Costs

Exhibit 2.14 illustrates debt service costs for all existing and projected debt issuances contained in the FY14 Financial Plan. Interest expense payments are shown net of the (BABs) subsidy, thus showing only DART's net interest cost.

Exhibit 2.14
FY 2014 Financial Plan Principal and Interest Payments
(in Millions)



Coverage Ratios (lines 32 – 33)

Financial Standard D-7 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. In the FY14 Financial Plan, the lowest external coverage value is 2.51 in 2015.

DART also has a goal stated in the same standard to maintain another coverage ratio – the Internal Coverage Ratio. This standard states “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.” The internal coverage ratio meets this standard for all years, with a minimum value of 1.01 in 2015.



Exhibit 2.15 compares the projected annual values of the internal and external coverage ratios between the FY 2013 Financial Plan and the FY 2014 Plan. The Internal Coverage Ratio is the same or better in every year of the FY 2014 Financial Plan as compared to the FY 2013 Financial Plan.

Exhibit 2.15
Projected Coverage Ratio Comparison

Year	FY13 Financial Plan		FY14 Financial Plan	
	External Coverage	Internal Coverage	External Coverage	Internal Coverage
2014	2.67	1.01	2.67	1.06
2015	2.52	0.99	2.51	1.01
2016	2.54	1.03	2.54	1.04
2017	2.59	1.06	2.60	1.07
2018	2.68	1.15	2.69	1.16
2019	2.79	1.20	2.78	1.22
2020	2.90	1.26	2.88	1.28
2021	3.01	1.32	2.99	1.33
2022	3.12	1.39	3.11	1.40
2023	3.24	1.51	3.27	1.52
2024	3.36	1.58	3.42	1.61
2025	3.42	1.62	3.45	1.63
2026	3.21	1.54	3.17	1.55
2027	3.25	1.56	3.19	1.56
2028	3.06	1.55	3.02	1.55
2029	3.02	1.54	3.01	1.54
2030	3.14	1.61	3.15	1.61
2031	3.26	1.70	3.29	1.70
2032	3.38	1.79	3.43	1.79
2033	3.51	1.93	3.55	1.93

Exhibit 2.16 shows the interest rate assumptions contained in FY 2014 Financial Plan.

Exhibit 2.16
Interest Rate Assumptions 2014 – 2033

Year	Commercial Paper	30-Year Fixed Rate Bonds	Interest Income
2014	0.24%	4.00%	0.35%
2015	0.77%	4.50%	0.89%
2016	1.14%	5.00%	1.29%
2017	1.54%	5.25%	1.60%
2018	1.80%	5.50%	2.13%
2019	2.50%	5.75%	3.33%
2020	3.00%	6.00%	4.00%
2021	3.50%	6.00%	4.50%
2022	4.00%	6.00%	5.25%
2023	4.00%	6.00%	5.25%
2024	4.00%	6.00%	5.25%
2025	4.00%	6.00%	5.25%
2026	4.00%	6.00%	5.25%
2027	4.00%	6.00%	5.25%
2028	4.00%	6.00%	5.25%
2029	4.00%	6.00%	5.25%
2030	4.00%	6.00%	5.25%
2031	4.00%	6.00%	5.25%
2032	4.00%	6.00%	5.25%
2033	4.00%	6.00%	5.25%

Additional Debt Service Exhibits

A schedule of DART's annual debt service for the life of all existing debt is included in *Exhibit APX.9*. *Exhibit APX.10* is a history of DART's long-term bond issuance credit ratings.



SUPPLEMENTAL FINANCIAL INFORMATION

Net Increase (Decrease) in Cash and Change in Balance Sheet Accounts (lines 35 – 36)

Based on each year's programmed sources and uses of funds, DART has projected its Balance Sheet for each of the next five years. These line items reflect the net change in cash and non-cash 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.6*.

Cash Reserves and Restricted Funds (line 39)

DART maintains several cash reserves. Financial Standard G-5 requires a Master Insurance Reserve for claims and Board liability exposure. This fund has a projected balance of \$13.0 million on September 30, 2014. Financial Standard G-7 requires that sales tax collections that exceed budget during a fiscal year be placed in a "Financial Reserve" account. The Financial Reserve has a projected balance of \$42.1 million on September 30, 2014. Once 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.

DART has pledged up to \$10 million of the Financial Reserve Fund as collateral to repair the technical default on a defeased lease transaction with Comerica. This amount will decrease over time until it reaches zero in December 2023.

Reserves for Operating Deficits (line 40)

DART has no operating deficits in the FY14 Financial Plan. Incoming resources available for operating expenses and debt service exceed those costs in each year of the Plan.

Working Cash Requirements (line 41)

Financial Standard G-6 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." For an improved safety margin, the Financial Plan maintains this cash balance to a minimum 90 days worth of operating expenses (as opposed to 30 days required by policy). This line item represents the projected end-of-year value.

Net Available Cash (line 42)

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 2014 Financial Plan, the minimum value of Net Available Cash is \$129.9 million, occurring in 2022. This amount is in addition to the reserves described in the previous three paragraphs and as such, represents DART's unprogrammed cash balance. DART's total cash at the end of 2022 inclusive of all reserves and restricted funds is projected at \$349.7 million.

DART looks at Net Available Cash and the Internal and External Coverage ratios as critical components of affordability analysis. 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 the overall affordability of the Financial Plan.

Funds and Fund Balances

DART's cash balances are contained in the following funds:

General Operating Fund

The primary objective of investment strategies for the operating fund is liquidity achieved by matching investment maturities and income stream with anticipated cash flows. The majority of funds are placed in short-term or readily marketable securities with emphasis on high-grade commercial paper and government agencies. Money market mutual funds are used to provide diversity and facilitate daily funding of cash outflows.

The average maturity of this portfolio shall not exceed two years, the maximum maturity for any single holding shall not exceed five years. Yield enhancing techniques applied to a core segment of this portfolio, may include the use of Treasury notes in the two to three year time area which can be purchased for yield and held for possible capital gains and intermediate-term agencies with short-call provisions offering a spread to comparable Treasuries.

DART Commercial Paper System Expansion & Acquisition Fund

Deposits in this fund are generally held less than ninety days between the sale of DART's commercial paper and contract payments for the financed capital projects. To provide the short-term liquidity required, investments are limited to money market instruments, such as money market mutual funds, commercial paper, discount agencies, or repurchase agreements, with maturities matched to check payment dates where feasible. The average maturity for this fund is up to 90 days, with a maximum maturity of 180 days.

Financial Reserve Fund

The investment goal of capital preservation is primary for this fund, which will be accessed in the event of a downturn in sales tax receipts, unanticipated capital overruns, or other financial difficulties. The need for liquidity is low. To maximize yield while maintaining a relatively stable market value, this portfolio will use an investment strategy of placing securities evenly spaced over a one to five year maturity range, commonly referred to as a ladder maturity structure, to ensure consistent availability of current funds for reinvestment or cash flow requirements. Securities will be evaluated on a risk-return basis, with bond swaps used to take advantage of market anomalies while maintaining market quality and structure. The average maturity of this portfolio is thirty months or less with five years as the maximum maturity for any single holding.

Insurance Reserve Fund

DART's self-insurance program for liability and workers' compensation claims requires the preservation of assets to ensure funding capability. The reserve amount required will vary on a yearly basis as new claims offset claims payments. The fund will be adjusted yearly to reflect the appropriate level, upon approval of the Investment Officers, and after consultation with Risk Management. The lack of liquidity requirements in this fund allows for an average maturity of four years or less, with a maximum maturity for any single holding of ten years. Capital preservation is valued above yield, but the stable balance and minimal cash outflow permits a higher level of interim market price volatility than in other DART portfolios.

Senior Lien Debt Service Funds

The long-term bond program requires the establishment of two reserve funds: an interest fund and a principal fund. These funds will be used to make payments directly to bond investors as needed during the month. The investment objective of these two funds is to provide sufficient liquidity to meet the payment requirements and to minimize market and credit risk. To meet this investment objective, investments will be limited to money market mutual funds that invest exclusively in short-term securities that are issued or guaranteed by the U.S. government or U.S. government agencies, or direct obligations of the U.S. government and its agencies with maturities closely matched to specific payment requirements. The average maturity of the interest fund shall not exceed six months, with a maximum maturity of six months. The average maturity of the principal fund shall not exceed one year with a maximum maturity of one year.

Senior Subordinate Lien Debt Service Funds

The commercial paper program requires the establishment of two reserve funds: an interest fund and a principal fund. These funds will be used to make payments directly to commercial paper investors as needed during the month. The investment objective of the two funds is to provide sufficient liquidity to meet the payment requirements and to minimize market and credit risk. To meet this investment objective, investments will be limited to money market mutual funds that invest exclusively in short-term securities that are issued or guaranteed by the U.S. government or U.S. government agencies, or direct obligations of the U.S. government and its agencies with maturities closely matched to specific payment requirements. The average maturity of these funds shall not exceed 90 days, with a maximum maturity of one year.

Capital Reserve Fund

The investment goal of capital preservation and liquidity is primary for this fund to meet unplanned capital project funding requirements. The liquidity need of this fund is 20%. To maximize yield while maintaining a relatively stable market value and the desired liquidity component, this portfolio will use a two-tiered investment strategy. The liquidity needs will be invested evenly, 50% in the 1 to 6 month and 50% in the 6 to 12 month maturity range. The remainder of the portfolio will be invested by placing securities evenly spaced over a two to five year maturity range, commonly referred to as a ladder maturity structure, to ensure consistent availability of current funds for reinvestment or cash flow requirements. Securities will be evaluated on a risk-return basis, with bond swaps used to take advantage of market anomalies while maintaining market quality and structure. The average maturity of this portfolio is thirty months or less with five years as the maximum maturity for any single holding.

DART Bond System Expansion & Acquisition Fund

The Bond proceeds in this fund are held up to 36 months between the sale of DART's long-term bonds and contract payments to finance capital projects. The investment goals in this fund will be to provide capital preservation, liquidity needs, and investment return. To meet the investment goals, investments will be in high grade corporate and government/agency instruments and money market mutual funds instruments. The investments purchased will have maturities that match forecasted payments. The average maturity for this fund is up to 30 months, with a maximum maturity of 36 months.

State or Local Government-Provided Funds

The deposits in these funds are provided by State or Local Governments for specific projects. Preservation of capital and liquidity are the paramount investment objectives of these funds. Therefore, the deposits in these funds will be invested in AAA or United States Treasury money market funds. The average maturity will be one day, with a maximum maturity of one day.

Exhibit 2.17 summarizes DART's projected fund balances as of September 30, 2013 and 2014.

Exhibit 2.17
DART Cash Fund Balances
(in Thousands)

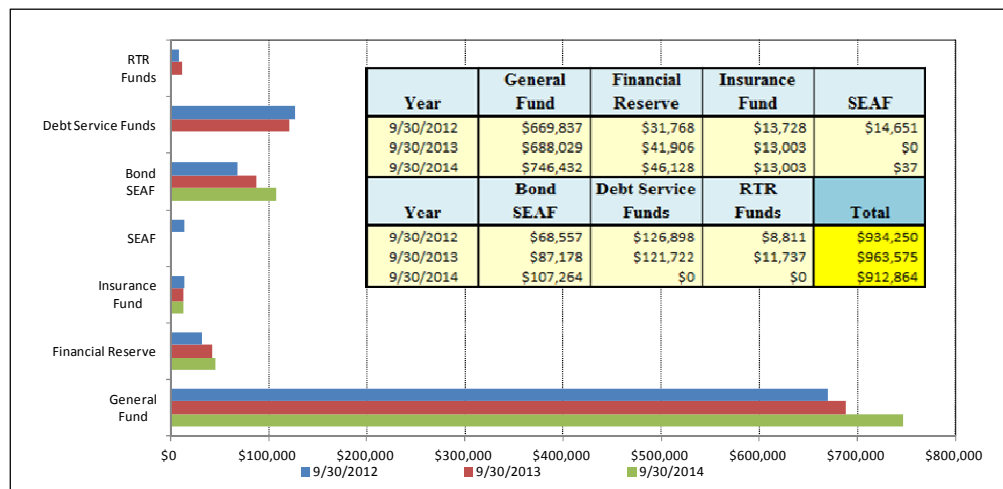
Fund	Projected Balance as of 9/30/2013	Projected Balance as of 9/30/2014	Change in Fund Balance
General Fund	\$818,462	\$731,928	(\$86,534)
Financial Reserve	41,898	42,108	210
Capital Reserve	0	0	0
Insurance Fund	13,000	13,000	0
SEAF	0	0	0
Bond SEAF	52,104	0	(52,104)
Debt Service Funds	92,262	107,127	14,865
State/Local Government Funds	7,917	0	(7,917)
Total All Funds	\$1,025,642	\$894,163	(\$131,480)



Exhibit 2.18 (two schedules) summarizes cash flows into and out of each fund and the balances as of the end of FY 2012, 2013 and 2014. **Note:** The following two schedules were completed at the conclusion of the year and reflect actual values, thus they will not match other schedules which were completed in July and were based on projected values.

Exhibit 2.18
Cash Flows and Balances by Fund
(in Thousands)

	General Fund	Financial Reserve	Capital Reserve	Insurance Fund	SEAF	Bond SEAF	Debt Service Funds	RTR Funds	Total
Beginning Balance (10/1/12)	\$669,837	\$31,768	\$0	\$13,728	\$14,651	\$68,557	\$126,898	\$8,811	\$934,250
Revenues									
Sales Taxes	\$452,050								\$452,050
Operating Revenues	136,382								136,382
Draws from Grants	213,782								213,782
Interest Income	2,171	174		82	13	114	676	137	3,367
Other Revenues	46,765				175,000		179,784	5,000	406,549
Transfers into Fund	342,024	9,953				207,131			559,108
Total Fund Sources	\$1,193,174	\$10,127	\$0	\$82	\$175,013	\$207,245	\$180,460	\$5,137	\$1,771,238
Expenditures/Payments									
Operating Expenses	\$489,094								\$489,094
Capital Expenditures	327,928								327,928
Interest Expense						176,800			176,800
Principal Payment						6,740			6,740
Other Expenditures					99,784				99,784
Transfers Out	207,131			811	89,881		255,254	6,031	559,108
Total Fund Uses	\$1,024,153	\$0	\$0	\$811	\$189,665	\$183,540	\$255,254	\$6,031	\$1,659,454
Projected Ending Balance (9/30/13)	\$838,858	\$41,895	\$0	\$12,999	\$0	\$92,262	\$52,101	\$7,917	\$1,046,034
Revenues									
Sales Taxes	\$474,058								\$474,058
Operating Revenues	82,800								82,800
Draws from Grants	114,900								114,900
Interest Income	2,588	209		96	18	(1,981)	171		1,101
Other Revenues	89,878				95,000		34,972		219,850
Transfers into Fund	184,986				0	221,367			406,353
Total Fund Sources	\$949,210	\$209	\$0	\$96	\$95,018	\$219,387	\$35,143	\$0	\$1,299,062
Expenditures/Payments									
Operating Expenses	\$460,002								\$460,002
Capital Expenditures	360,271								360,271
Interest Expense						179,065			179,065
Principal Payment						25,480			25,480
Other Expenditures								5,152	5,297
Transfers Out	221,367			96	95,018		87,138	2,734	406,353
Total Fund Uses	\$1,041,640	\$0	\$0	\$96	\$95,018	\$204,545	\$87,138	\$7,886	\$1,436,469
Projected Ending Balance (9/30/14)	\$682,271	\$42,096	\$0	\$12,999	\$0	\$107,204	\$22,020	\$0	\$866,445



MAJOR FINANCIAL PLAN ASSUMPTIONS

- **Sources of Funds**

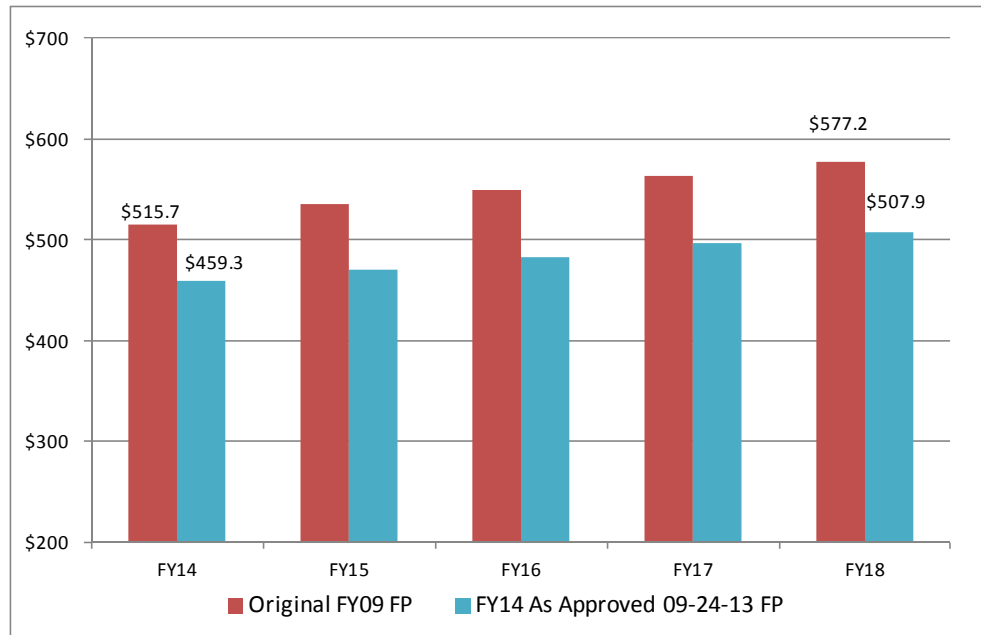
- The FY 2014 Financial Plan contains substantially similar sales tax growth rates to those that were contained in the FY 2013 Plan. Actual sales tax revenues have been over budget for each of the last three years since bottoming in FY 2010. In addition to a rebounding economy, DART has benefitted from expanded alcohol sales in the City of Dallas (approved by voters in 2011) and the inclusion of sales tax collections from Amazon.com, beginning on July 1, 2012 based on a settlement agreement between Amazon.com and the State Comptroller. DART has experienced growth averaging 7.62% over the last 30 months. The FY14 Financial Plan calls for growth rates of just over 5% for FY14 and FY15, tapering down to 3.9% annually by 2017. The most recent projections by Dr. Perryman confirmed this sales tax track, so no adjustment was made to long-term sales tax growth rates.
- A fare increase was approved by the Board in August 2012 and became effective on December 3, 2012. The current approved fare structure and other information on DART fares can be found in *Exhibits APX.11.1 through APX.11.4*. The next fare increase is programmed in the Financial Plan in FY 2018 and is estimated to increase the average fixed-route fare by 17%. Beyond that date, periodic increases to fare revenue are programmed into the Plan at five-year intervals. The exact magnitude of the increase and the specifics of the fare structure are subject to public input and Board approval. The incorporation of new fare collection technology will significantly impact how any future changes to fare structure are implemented.
- Fare revenues are based on an estimated average fare and ridership projections for each mode of service. As fare increases are implemented, reductions in fixed-route ridership are programmed into the Plan, netting against the normal projected ridership 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 also impact future ridership projections.
 - Fixed-Route ridership projections have been revamped over the last several years, relying more on actual experience than theoretical models. Generally, base ridership is now projected to increase along with population and employment trends. As an overlay on top of the increase, a 3% ridership loss is programmed each year a fare increase is enacted, but that lost ridership is recovered in years 3, 4, and 5 after the increase.
 - Fixed-Route Bus ridership follows the patterns discussed above but is also reduced by approximately 1.5 million riders in 2016 when the construction surrounding Parkland Hospital is completed and consequently the Parkland shuttle service ends.

- DART completed the required testing of Automatic Passenger Counters (APCs) for use on its Light Rail fleet and received certification from the U.S. Department of Transportation to use APCs for official passenger counting retroactive to the start of FY 2012. Testing has shown that the new APCs are considerably more accurate than manual counting and that manual counting has been understating ridership by approximately 15.5%. All LRT ridership reported prior to FY12 uses the old, manual counting process and ridership for FY 2012 and beyond uses the more accurate APC counts. Base Ridership is projected to grow as discussed above plus adjustments for system expansion (the openings of Irving-3 and SOC-3), and temporary reductions as fare increases are implemented.
- TRE ridership is expected to hold steady from the 2013 projected value of 2.1 million passengers. Future growth is expected to be between 1.0% and 1.5% for the next several years thereafter. TRE hopes to boost future ridership through a combination of service adjustments to better match customer needs, the addition of a bus route in Arlington connecting to the TRE Station, and targeted marketing.
- HOV ridership dropped by approximately 30% in late 2011 when the HOV lanes along IH-635 were closed due to TxDOT construction. Ridership is projected to drop again for the next two years as the lanes on IH-30 West are taken out of service before both those lanes and the IH-635 lanes return to service in 2015-2016.
- Paratransit ridership is expected to increase by approximately 2.5 – 3.0% over the life of the Plan. FY14 ridership levels are projected at 879,000. Paratransit fares were not increased with the most recent fare change and remain at \$3 per trip.
- Advertising income dropped by nearly 50% during the recession. The market has partially recovered, and with the addition of train wrap advertising and acceptance of ads for alcohol, FY14 advertising revenues are budgeted at \$4.5 million. These revenues are projected to grow by 5% per year thereafter.
- Other miscellaneous operating revenues are generally programmed to grow by inflation each year.
- The Federal Reserve has a stated goal to keep interest rates low, at least for the next year and possibly longer. As a result, DART projects an interest income rate between 0.35% and 0.70% for FY14 (variable by fund) and 0.89% for FY15. As interest rates inevitably increase, it is expected that traditional spreads between commercial paper rates and interest income rates will also return. Investment portfolio yields increase slowly until they reach 5.25% in 2022. They remain at that rate for the remainder of the Plan.
- DART will receive approximately \$69 million in Federal Formula allocations for Capital Preventive Maintenance, State of Good Repair and Associated Transit Improvement funds in 2014. Per Financial Standard B-10, these funds are to be programmed at the most recent known allocation throughout the life of the Plan and not increased, despite a history of growth.
- The new transportation funding bill (MAP-21) was approved in 2012 and will expire on September 30, 2014.

- Congestion Mitigation/Air Quality (CMAQ) or Texas Mobility Funds (TMF) in the amount of \$22.1 million will be received in 2014, and a total of \$51.5 million through 2016. No additional CMAQ or TMF funds are included in the Financial Plan beyond 2016. As additional funds become available and projects are identified to access these funds, additional CMAQ or TMF funds will be programmed into the Plan.
- DART is projected to receive \$8.7 million in 2014 as the final installment of its \$700 million Full Funding Grant Agreement (FFGA) for the Green Line.
- DART has applied for a grant in the amount of \$16.7 million to help fund enhancements related to the required rail replacement in downtown Dallas.
- Long term, DART has assumed very little in additional discretionary funds. The only future discretionary funding projected in the Financial Plan is the assumed receipt of 10% funding for future bus purchases. These grants total only \$41 million over the 20-year life of the Financial Plan, which represents just over 1% of a nearly \$3.6 billion 20-year capital program.
- \$106 million in other external capital contributions and discretionary grant funding will be received between 2014 and 2018, including: \$29.7 million from The T for their contribution to TRE capital programs, a \$24.5 million payment from the T for use of the TEX Rail corridor, and \$51.8 million for the Downtown Streetcar project, including its expanded scope. The remainder of the funds will come from Regional Toll Road funds, service area city and developer contributions, and other miscellaneous sources.
- Uses of Funds
 - Operating Expenses
 - DART's operating budget is \$459.3 million in FY 2014.
 - Annual local inflation rates are anticipated to be approximately 2.4-2.6% 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.
 - As part of efforts to manage costs during the economic downturn, in 2009, DART committed to find \$22.5 million in reductions to the growth in operating costs between 2010 and 2012. In FY11, an additional \$30 million in annual reductions to operating expenses and capital planning and development costs were programmed for implementation over the next several years. Additional savings have been incorporated based on the Paratransit services contract with MV Transportation, elimination of HOV operations costs, and savings on the electricity contract. As a result of all of the combined savings measures, DART's projected annual operating expenses in 2017 are nearly \$67 million (11.9%) lower than projected in the original FY 2009 Financial Plan. In addition, annual Capital Planning & Development costs have been reduced by \$17 million by 2018. In total, DART annual expenditures in these areas have been reduced by nearly \$87

million per year. Exhibit 2.19 compares DART's operating expenses for each of the next five years (FY 2014 – FY 2018) based on the Original FY09 Financial Plan and the FY14 Plan.

Exhibit 2.19
Annual Operating Expense by Financial Plan
(in Millions)



- Bus service costs have been managed down by approximately \$23 million in FY 2014 from the FY09 Financial Plan. These cost savings have come primarily from four areas:
 - 1) Costs associated with elimination of service duplicated by new light rail service,
 - 2) Conversion of approximately 20% of the bus fleet to smaller, less expensive vehicles (discussed on page FP-3),
 - 3) Conversion of the remainder of the bus fleet from diesel and LNG fuel to CNG, and
 - 4) Selective service reductions on low-performing routes.
- DART is in the final stages of the Light Rail LRT build-out. This began with the two-phase opening of the Green Line in September 2009 and December 2010, and continued in 2012 with openings to Irving and Rowlett. The two remaining sections are the Irving-3 Orange Line section to DFW Airport (which will open by December 2014) and the South Oak Cliff-3 Blue Line extension south from Ledbetter to the University of North Texas, Dallas campus, scheduled to open in late 2016 (FY17).

- Concurrent with the beginning of full Green Line operations, peak headways on existing branches were adjusted from 10 to 15 minutes (with the exception of 7.5 minutes on the Red Line north) to better match capacity to demand. This change results in approximately \$6.0 million in annual cost savings based on full system operation.
- TRE contract costs are programmed at known contract rates, which call for a 3% annual escalation through 2015. The scope of work is currently being developed for the follow-on contract which will include services for TRE, the Denton County Transportation Authority's A-Train, and the Fort Worth Transportation Authority's TEX Rail project.
- On January 24, 2012, the DART Board approved a two-year pilot and five-year option period contract with MV Transportation. If the contractor passes certain service quality metrics in the pilot period, the five-year option will automatically be exercised. Some of the key assumption changes are summarized in Exhibit 2.20.

Exhibit 2.20
Key Assumptions – Paratransit Contract Model

Old Paratransit Model	New Paratransit Model
• Single facility, dedicated service	• Primary facility, dedicated and non-dedicated (taxi) service as demand warrants
• Single fleet type	• Mixed fleet
• DART-provided vehicles	• Contractor-provided vehicles
• DART provides reservations, scheduling, and dispatch services	• Contractor provides reservations, scheduling, and dispatch services
• Billings on a revenue hour basis	• Billings on a per trip basis
• Diesel fuel	• CNG fuel

- As a result of the new contract, DART anticipates saving more than \$90 million over the seven-year life of the contract, or \$13 million per year, including both capital and operating savings. At the request of the DART Board, approximately \$13 million of potential additional savings has been left in the Financial Plan as a reserve in case the service delivery model needs to be enhanced.
- The number of vanpools in the budget has grown from a maximum of 145 in 2008 to 206 in the current budget. The FY 2014 Financial Plan includes the same 206 vanpools throughout the life of the Plan. This program has historically been subsidized at approximately 95% between vanpool user fees and support from the NCTCOG.

- \$4.6 – \$5.0 million per year is included in the Plan to fund Other Post-Employee Benefits (retiree healthcare benefits). Contributions to the Defined Benefit Pension Plan increase to \$9.5 in FY14 and \$9.6 million in FY15 in before declining steadily until the required contribution falls below \$3 million after 2040. The contributions to these plans in future years are dependent on both fund earnings and actuarial analysis of the value of future benefits.
- The long-term impact of the Patient Protection and Affordable Care Act on DART's budget and Financial Plan still remains to be determined.
- Capital & Non-Operating
 - The FY 2014 Financial Plan includes funding for two more Light Rail line sections:
 - 1) The Irving-3 line segment which runs from Belt Line Station to DFW International Airport, Terminal A. A design-build contract for Irving-3 with Kiewit, Stacy and Witbeck, Reyes, Parsons (KSWRP) was approved by the Board on December 13, 2011 in the amount of \$155.1 million (including contingency). Irving-3 will open no later than December 2014.
 - 2) The Blue Line South extension to the UNT campus (SOC-3). A Construction Manager/General Contractor (CM/GC) contract for pre-construction and construction services with South Oak Cliff Transit Partners, a Joint Venture was approved by the Board on June 25, 2013 in the amount of \$102.4 million (including contingency). SOC-3 is current scheduled to open late in 2016.
 - The FY14 Plan includes \$178 million in new capital projects. \$67 million (38%) of these projects are funded by grants and external contributions. Another \$18 million is funded from existing capital reserves. The remaining value, \$93 million, is being funded from savings from other existing capital projects. The significant new capital costs include replacement of rail in the Central Business District, extension of the Oak Cliff Streetcar project, increased costs for the Positive Train Control system, and the replacement of one of the Agency's key software systems (maintenance work-order and materials management system).
 - The Cotton Belt project will be taken through the environmental and preliminary engineering phases of development by the end of 2014.
 - As a result of the Great Recession, the second light-rail alignment through downtown Dallas (known as D2) and all of the 2030 System Plan projects were placed into a deferred, unfunded status during the FY 2011 financial planning process, and remain unfunded in the FY14 Plan. Other funding sources will be pursued and the projects will be reintroduced as funding becomes available. Alternatives analysis on the alignment of D2 continues.
 - The Capital Planning & Development budget for FY 2014 is \$9.4 million, consistent with 2013. This will be reduced to approximately \$5.5 million by 2018, with reductions occurring as major capital construction projects are completed. These future reductions may not occur if funding is identified for the construction of the Cotton Belt, D2, or some other significant new construction projects.

- There are no start-up costs in the FY14 budget. Approximately \$900,000 will be spent in FY15 and \$2.5 million over the next five years on start-up costs for the new Light Rail line segments. 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. Upon the commencement of revenue service for each line section, the appropriate portion of these costs is incorporated into the operating budgets.
 - DART is replacing its entire bus fleet between 2013 and 2016. 459 heavy-duty, low-floor, CNG-fueled, ADA-accessible buses will be provided by North American Bus Industries (NABI) over the next three years. This purchase will be followed by the procurement of 46 over-the-road coaches to be used on express service routes that will be placed into service in 2016. The scope of work for this purchase is currently underway.
 - With the majority of the Light Rail build-out complete, DART's focus turns from construction/expansion to on-going operations. Consequently, 73% of DART's capital spending plan is allocated to funding State of Good Repair (SGR) projects and capital reserves; \$2.6 billion of SGR funding out of a total \$3.6 billion 20-year capital program. These funds are devoted to capital maintenance and timely replacement of DART's assets and are critical to DART's long-term sustainability. Programming funds in this manner helps ensure that DART can continue to serve the community with high-quality, reliable vehicles and infrastructure in perpetuity.
- Debt Service
 - DART will issue \$240 million in CP between 2013 and 2015 through the combined use of a bank-backed liquidity facility and a self-liquidity program.
 - A change to DART's enabling legislation enacted during the 2009 Texas Legislative Session allows DART to pledge multiple sources as a first lien relating to repayment of bonds. This change effectively allows DART to issue sufficient debt to complete its light rail build-out and other capital programs without any specific dollar value cap. The Office of the Attorney General of Texas disagreed with that interpretation and on July 23, 2012, DART filed a Bond Validation Petition in District Court 160 in Dallas County. DART sought a judicial ruling clarifying whether a \$2.9 billion limitation on "solely" pledged Sales Tax Revenue Bonds applies to "combined" Pledged Revenue Bonds. The hearing was conducted on August 13, 2012, and the Court concurred with DART's position. As a result, DART is no longer limited to \$2.9 billion in long-term debt so long as the debt is backed by a combined pledge of revenues (sales taxes plus another revenue source).
 - DART will have several long-term debt issuances over the next few years, and of different types.

- 1) DART will drawdown the remainder of the \$120 million Transportation Infrastructure Finance and Innovation Act (TIFIA) program loan in 2014.
 - 2) \$150 million in long-term, variable-rate debt will be issued in 2015. This is \$45 million lower than the amount included in the FY13 Financial Plan based on lower than anticipated construction costs for South Oak Cliff-3.
- Through the completion of the current Service Plan elements (through the SOC-3), DART is anticipated to have issued \$3.8 billion in long-term bonds (excluding refunding bonds).
 - The actual amount, type, interest rates 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 single most important estimate in DART's Twenty-Year Financial Plan, and are therefore the largest single area of risk to DART's ability to meet its goals and objectives. DART's primary economic consultant, Dr. M. Ray Perryman (corroborated by the projections of Dr. Terry Clower of the University of North Texas), projected a strong recovery in sales tax growth beginning in 2011 and lasting through 2015, before beginning to settle down into a long-term growth trend of approximately 3.8%. DART adjusted its operating and capital plans based on this forecast. If the economic recovery falters and the economy goes back into recession, significant additional operating expense reductions will be necessary to maintain affordability. DART is in the tightest period of financial resources in its 30-year existence. Because of this, the risk associated with lower-than-expected sales tax revenues becomes even higher during the next few years. In the past, DART had some flexibility with the cost and scheduling of major capital projects. But with the final light rail system line section that is currently funded in this Financial Plan (SOC-3) under contract and with the debt to be issued in 2015 to support it, all of that flexibility is gone. As a result, any revenue shortfall will significantly impact operations.
- One significant opportunity to increase sales tax receipts relates to sales taxes on residential utilities within the DART Service Area. Our service area cities have the option of receiving sales taxes on residential gas and electricity, but DART does not have that same opportunity. Currently, every city in the service area with the exception of Cockrell Hill does so and as such, the amount each city receives for its one-cent sales tax exceeds what DART receives. It is estimated that DART would realize a \$20 to \$25 million annual benefit from such sales taxes, and may pursue this as part of the 2015 Legislative Agenda. Any attempt to pass such a tax increase would be met with stiff opposition.

- DART may also 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. Helping to pave the way for possible expansion, on March 5, 2013 the DART Board amended its Policy III.07 Fixed Route Service Beyond the Service Area Boundary. Under this amended policy, DART is able to provide contract services to a non-member city for a period no longer than 48 months provided that the city pays for 100% of the cost of that service (including capital costs) and that within that time period, a full transit system plan is developed and that city calls for an election for full membership which would be accomplished by providing a one-cent sales tax (or equivalent) upon the availability of funds/expiration of other encumbrances.
- Under a previous policy amendment, DART has been providing Express-Feeder service from Mesquite to Lawnview Station on the Green Line since mid-2012. Under current terms, Mesquite pays approximately \$300,000 per year for this service. This includes the entire variable cost of the service provided and a depreciation charge for the local capital cost of the vehicles to be used in the delivery of that service. Riders are charged the System fare (\$7 day pass). This fare structure includes a standard local day pass fare of \$5, with the additional \$2 charge as an acknowledgement that Mesquite residents do not pay the DART 1% sales tax. DART has agreed with the City of Arlington for a similar service running to the TRE CentrePort Station beginning on August 19, 2013.
- The DART Board approved a contract with The Superlative Group on January 8, 2013 to explore the possibility of generating revenues through Station Naming Rights and Corporate Sponsorships. This would be a new revenue stream to DART and could generate revenues in the magnitude of \$2 – \$3 million per year. Because of the uncertainty in the timing and amounts of such revenues, no revenues have been included in the FY14 Financial Plan. Any revenues received in the future will be an addition to the Plan and may help defray some of the other risks described in this section.
- Fuel and energy prices have been highly volatile over the last several years. DART took advantage of the low fuel prices in late 2008 / early 2009 to hedge diesel fuel needs through FY 2013 and set up a contract for physical delivery of natural gas through FY 2020. The diesel fuel hedge expired on September 30, 2013. While per gallon prices have increased significantly from the \$2.38 hedged price in 2013, DART is replacing its entire bus fleet with natural-gas powered vehicles so the quantities of diesel fuel required will continue to drop dramatically over the next three years, reducing DART's fuel price risk. DART has also recently entered into a fixed-price arrangement for electricity at highly favorable rates. As a result of that, DART will save approximately \$3 million per year on electricity.

- DART Financial Standard B-10 states that federal formula funds will be programmed at the current year's level for all future years in the Plan. DART's formula fund allocation in 2013 increased by \$8.8 million per year over 2012. If the formula program remains funded at the current levels, and in a similar form to the new MAP-21 law, DART is likely to continue to see increases in formula allocations over the next few years as ridership continues to increase and as a result of using Automatic Passenger Counters on the Light Rail system. This likely future growth has not been included in the Financial Plan.
- To ensure a conservative Plan, DART currently has very limited future discretionary federal funding programmed into the Financial Plan. The only discretionary federal funding in the Plan beyond what is currently known and committed is an anticipated 10% contribution for future bus purchases beyond the current NABI contract for 459 buses. The total future value of this discretionary funding totals \$40.7 million: \$2.6 million in 2016 and \$38.1 million in the mid-2020s. MAP-21 expires on September 30, 2014 and the levels of funding available for discretionary federal funding beyond that point is not known at this time.
- DART is constrained by Financial Standard B-5 to grow operating expenses by no more than 90% of the projected inflation rate, plus new programs, new services, and specific other adjustments. Over the recent past, DART has been reducing costs, and living well below this standard. Over the long-term, however, this operating expense target is very difficult to achieve year after year. Approximately two-thirds of DART's FY14 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. Compounding the challenge is the national trends of double-digit annual increases in health care costs. In 2012, DART introduced Consumer-Directed Healthcare plans (CDHP) as an alternative to the EPO Plan. These plans provide significant savings to the Agency. Over the next few years, DART will work to transition all of its employees over to the CDHP plans and phase out the EPO Plan. DART is currently evaluating the possible short and long-term cost impact of the Patient Protection and Affordable Care Act, scheduled to go into effect on January 1, 2014.
- 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. As an attempt to mitigate those items, DART's Financial Plan contains multiple capital reserves, which are placeholders for anticipated future expenditures.
- Based on the Perryman Model (and supported by the last 20 years of experience), inflation is estimated to average approximately 2.5 – 2.7% 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. Inflation in the heavy construction arena substantially exceeded general inflation through the middle of the last decade, but then reversed itself during the economic downturn. Specific commodities such as steel, concrete, aluminum, and copper in particular, had escalated at unprecedented rates during 2007 and 2008, and then fell again. This caused

DART to revise its cost estimates in 2008 on all capital construction projects going forward. These changes were included in the FY08 Plan and are continued at those levels into the FY14 Plan. Now that the last major Light Rail construction contract has been awarded, DART's near-to-intermediate term risk is very limited. As DART completes work on the 2040 Transit System Plan and new rail or other construction projects are identified and incorporated into the Financial Plan, this risk will again play a prominent role.

- Even though the recession and the resultant 10% drop in sales taxes between 2008 and 2010 had a significant negative impact on DART, there were some economic benefits. In an attempt to restart the economy, the Federal Reserve reduced interest rates to historically low levels, and kept them there. Between low interest rates and the Build America Bonds program under the umbrella of the American Recovery and Reinvestment Act, DART has been able to issue over \$2.5 billion in debt at very favorable interest rates. This has saved DART hundreds of millions of dollars in interest expense over the life of the Plan. The downside of low interest rates is that DART has hundreds of millions of dollars in cash in various funds earning very little in interest income.
- As part of the sequestration budget cuts, the federal government reduced the amount of the subsidy that they will pay to DART in support of the Build America Bonds (BABs) that DART issued in 2009 and 2010. At the time these bonds were issued, this kind of default was unthinkable. Further federal budget cuts could result in even more subsidy reductions in the future. DART would have to make up any of this reduction either through expense cuts or enhanced revenues.
- Any sustained period of deflation would cause significant financial damage to the Agency. Deflation would undoubtedly result in falling sales tax revenues. Falling revenues combined with DART's fixed-rate debt obligations already outstanding could result in additional contraction in Agency services.



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Section 3
FY 2014 Annual Budget
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FY 2014 Annual Budget

Overview

DART's fiscal year as established by its enabling legislation is October 1 through September 30. Section 452 of the Texas Transportation Code also provides the requirement for a 30-day review period of the budget by the governing bodies of each municipality in the authority and that a majority vote of the DART Board is required for approval of the annual budget.

Exhibit 3.1 shows the breakdown of the FY 2014 Annual Budget. The total budget of \$1.04 billion is divided into three categories: Operating Expense Budget, Capital and Non-Operating Budget, and Net Debt Service Budget.

Exhibit 3.1
FY 2014 Annual Budget
(in Millions)

FY13 Budget	Category	FY14 Budget
\$449.6	Operating Expense Budget	\$459.3
474.0	Capital and Non-Operating Budget	406.0
151.5	Net Debt Service Budget	176.7
\$1,075.1	Total Annual Budget	\$1,042.0

Budget Basis

DART's Annual Budget and Twenty-Year Financial Plan are prepared in the same format and organization as DART's financial reports, except the budget does not include depreciation or the interest income and interest expense from defeased lease transactions. The activities of DART are accounted for the same way proprietary funds are accounted for in other local governments and are therefore reported as a single enterprise fund. DART uses the accrual basis of accounting.

Certain major repairs and one-time or non-routine projects that are not eligible for capitalization according to Generally Accepted Accounting Principles (GAAP) are budgeted as Capital/Non-Operating Projects instead of operating expenses, but are expensed in the year of expenditure for financial reporting purposes.

Unexpended funds included in the operating budget expire at the end of the fiscal year and are not carried over into subsequent years. Conversely, Capital/Non-Operating projects are budgeted for the life of the project and funds are not required to be spent in the current fiscal year. Funds that are not expended in the current year roll forward into the next budget year until the project is completed.



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.

Budget Process/Calendar

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

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 Approved Twenty-Year Financial Plan and other known factors or programs (e.g., increase in health care or fuel costs). Based on direction from senior management, departments prepare detailed budgets for each of their cost centers within those targets. These budgets are, in turn, reviewed during meetings with the department head, the Deputy Executive Director or Executive Vice President, the President/Executive Director, the Chief Financial Officer, 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 the cities within the DART Service Area. The Board performs additional reviews in August and September, as necessary, before approving 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.

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 2014 and variances between the FY 2013 and the FY 2014 Budgets.

Exhibit 3.2 shows projected sources and uses of funds for the FY 2014 Budget.

Exhibit 3.2
FY 2014 Sources and Uses of Funds
(in Millions)

FY12 Actuals	Category	FY13 Budget	FY14 Budget	\$ Variance	% Variance
\$432.5	Sales Tax Revenues	\$451.7	\$478.5	\$26.8	5.9%
(80.0)	Debt Issuances	213.4	125.0	(88.4)	-41.4%
189.4	Federal Funds (Formula & Discretionary)	225.7	114.9	(110.9)	-49.1%
81.3	Operating Revenues	84.3	86.7	2.4	2.8%
5.9	Interest Income	6.6	3.2	(3.3)	-50.5%
8.6	Non-Operating	9.2	11.9	2.7	29.6%
8.5	Other Capital Contribution Sources	26.3	46.4	20.2	76.6%
\$646.0	Total Sources of Funds	\$1,017.2	\$866.7	(\$150.5)	-14.8%
\$426.9	Operating Expense Budget	\$449.6	\$459.3	\$9.7	2.2%
330.2	Capital and Non-Operating Budget	474.0	406.0	(68.1)	-14.4%
149.9	Debt Service	158.0	180.0	22.0	13.9%
\$906.9	Total Uses of Funds	\$1,081.7	\$1,045.3	(\$36.4)	-3.4%

Note: Total Uses of Funds does not equal the annual budget because the budget is presented as the Net Debt Service Budget (Gross Debt Service less Interest Income).

Total sources of funds are projected at approximately \$866.7 million; \$150.5 million (14.8%) lower than the FY 2013 Budget. The decrease is primarily due to a decrease in Debt Issuances (\$88.4 million) from FY13 and the difference in the drawdown of funds from the Northwest/Southeast Full Funding Grant Agreement (FFGA), from \$70.3 million in FY13 to \$8.7 million in FY14. More information about Sources of Funds over the next 20 years can be found in the *Financial Plan* section.

The operating budget increased by \$9.7 million (2.2%) over the FY 2013 Budget. Additional details on the operating expense budget can be found on pages BUD-7 through BUD-18.

The FY 2014 Capital Budget decreased \$68.1 million (14.4%) from the FY 2013 Budget and is primarily a function of the winding down of the LRT Phase II Build-out. Details of approved capital projects can be found at Exhibit 3.18 on pages BUD-20 through BUD-26.

The Net Debt Service Budget increased by \$22.0 million (13.9%) primarily due to a scheduled increase in Principal Repayments. See Exhibit 3.19 on page BUD-27 for more detail on the Net Debt Service Budget.

**Revenues**

Exhibit 3.3 provides a more detailed review of the sources of funds listed in Exhibit 3.2. The changes to each major category are discussed in more detail following the chart.

Exhibit 3.3
FY 2012 – FY 2014 Revenue Comparison
(in Thousands)

FY12 Actuals	Category	FY13 Budget	FY14 Budget	\$ Variance	% Variance
Operating & Non-Operating Revenues					
\$55,560	Fixed Route Passenger Revenue	\$61,436	\$65,183	\$3,747	6.1%
0	Paid Parking Revenue	230	75	(155)	-67.4%
2,282	Paratransit Passenger Revenue	3,224	2,097	(1,127)	-35.0%
813	Vanpool Passenger Revenue	924	1,158	234	25.3%
1,153	Shuttle Services	1,406	2,425	1,019	72.5%
\$59,808	Total Passenger Revenues	\$67,220	\$70,937	\$3,717	5.5%
\$3,946	Advertising Revenue	\$4,317	\$4,533	\$216	5.0%
6,959	Rental Income - (LRT and TRE)	6,392	6,617	224	3.5%
548	Miscellaneous	302	415	113	37.4%
7,418	HOV Operations Funding	3,169	655	(2,515)	-79.3%
\$18,871	Total Advertising / Rental / Other Revenues	\$14,181	\$12,219	(\$1,962)	-13.8%
\$850	Grant Revenue (NCTCOG & JARC, other)	\$1,132	\$1,847	\$716	63.2%
1,732	Grant Revenue Vanpool	1,798	1,700	(98)	-5.4%
\$2,581	Total Operating Grant Revenues	\$2,929	\$3,547	\$618	21.1%
\$81,260	Total Operating Revenues	\$84,330	\$86,704	\$2,373	2.8%
\$432,478	Sales Tax Revenue	\$451,723	\$478,485	\$26,762	5.9%
5,896	Interest Income	6,565	3,249	(3,316)	-50.5%
8,420	Contributions for TRE Operations	9,019	10,850	1,831	20.3%
145	Other Non-Operating revenues	180	131	(49)	-27.3%
\$446,939	Total Other Non-Operating	\$467,487	\$492,715	\$25,228	5.4%
\$528,199	Total Revenues	\$551,818	\$579,419	\$27,601	5.0%
Other Sources of Funds					
(\$80,000)	Debt Issuances	\$213,373	\$125,000	(\$88,373)	-41.4%
	Federal Funds				
101,937	Formula Federal Funding	79,609	82,500	2,891	3.6%
87,418	Discretionary Federal Funding	146,127	32,379	(113,748)	-77.8%
8,474	Other Sources	26,293	47,389	21,096	80.2%
\$117,830	Total Other Sources	\$465,402	\$287,268	(\$178,134)	-38.3%
\$646,029	Grand Total Sources of Funds	\$1,017,220	\$866,687	(\$150,533)	-14.8%



There is a direct correlation between fixed-route ridership and average fare to *Fixed-Route Passenger Revenue*. Actual fixed-route ridership is projected to increase by 2.0% in FY 2014 over FY13 budgeted ridership due to the annualization of the 2012 Light Rail openings net of the impact of the December 2012 fare increase.

The average fare used for each mode for FY14 is: Bus – \$0.816; Light Rail – \$0.905; and Commuter Rail – \$2.969.

The FY14 Plan includes a decrease in revenues for the *Paid Parking* (67.4%) initiative started in FY 2012 at Frankford Road Station on the Green Line, Parker Road Station on the Red Line, at Northwest Plano Park & Ride, and at Belt Line Station on the Orange Line. Service area residents who park in those lots may park for free. Non-residents are required to pay \$2 per day, or may choose a monthly option. Premium (close-in) spaces are also available for a fee to both service area residents and non-service area residents. The program has not met with the success as first anticipated, thus the projected decrease in revenues.

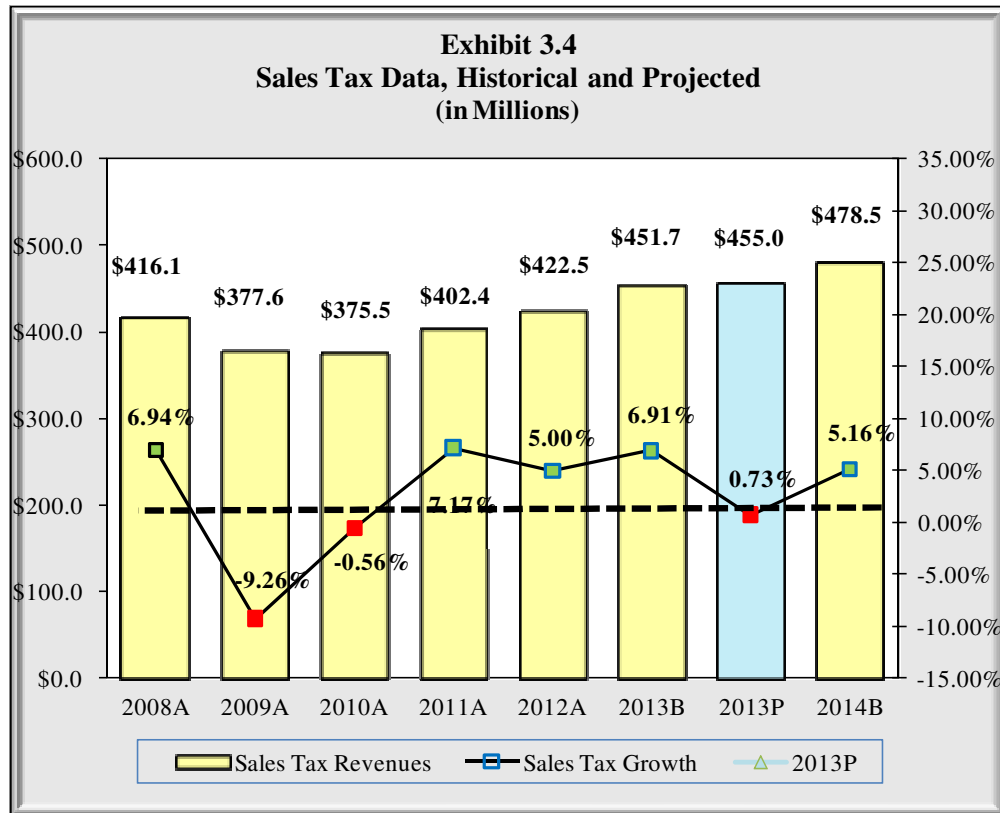
The FY13 budget included \$1 million in additional revenue for Paratransit trips provided to state-funded entities (a state agency rate) that is more reflective of the true cost of providing that trip. This program was designed, in part, to prevent agencies from off-loading onto DART Paratransit trips which are eligible for funding under other programs (such as Medicaid). This rate was expected to reduce the growth of Paratransit trips as well as generate additional revenue. However, there was less utilization than expected, thus reducing Paratransit Passenger Revenues (\$1.1 million, 35.0%).

Over the past two years DART has created interlocal agreements (ILAs) with the City of Mesquite (\$325k) and the City of Arlington (\$700k) to provide shuttle services. The cities pay DART fully burdened costs for all services provided. The income in *Shuttle Services* includes both ILAs, along with the reclassification from Passenger Revenue of the other shuttles within member cities (NorthPark Center, Eastfield College, SMU, and University of Texas at Dallas).

The increase in *Rental Income* is due to the agreement with MegaBus in late 2013 for use of part of the CDB East Transfer Center (\$240k). MegaBus is a discount intercity bus service that uses the East Transfer Center to board and deboard its passengers.

Operating Grants Funds includes funds from various sources such as the North Central Texas Council of Governments (NCTCOG) and Joint Access/Reverse Commute (JARC) grants. The increase in this category is due to funds for the New Freedom Grant (\$520,000) for Mobility Management Services.

Sales Tax Revenues are the largest source of revenue for the Agency. Exhibit 3.4 includes actual and projected revenues from FY 2008 through FY 2014. A ten-year history of sales tax receipts by month is included at *Exhibit APX.7*.



The sales tax projections contained in the FY 2014 Financial Plan are essentially the same as those contained in the FY 2013 Plan. Exhibit 3.5 shows the current projected growth for sales tax revenues over the next twenty years, as well as the past few years. More discussion of future sales taxes is included in the *Financial Plan* section.

Exhibit 3.5						
Actual and Projected Sales Tax Growth (\$ in Millions)						
Year(s)	FY11 FP	After FY11 Actuals	After FY12 Actuals	Current Projected	Budget/ FP	Actual/ Projected
FY11	5.10%	7.20%	7.20%	7.20%	\$393.9	\$402.4
FY12	6.20%	5.00%	7.50%	7.50%	\$422.5	\$432.5
FY13	6.30%	6.30%	4.40%	5.20%	\$449.3	\$455.0
FY14	5.60%	5.60%	5.60%	5.20%	\$474.4	\$478.5
FY15	5.10%	5.10%	5.10%	5.10%	\$498.6	\$503.0
FY16	4.10%	4.10%	4.10%	4.10%	\$519.1	\$523.6
FY17-18	3.90%	3.90%	3.90%	3.90%		
FY19-31	3.80%	3.80%	3.80%	3.80%		



Interest Income is expected to decrease by 50.5% (\$3.3 million) from FY13 budget levels due to the continued low interest rate climate and lower cash balances.

Debt Issuances – DART anticipates the following debt issuances during FY14:

- \$35 million as the final drawdown of the \$120 million Transportation Infrastructure Finance and Innovation Act (TIFIA) loan
- \$90 million in new commercial paper for the bus fleet replacement program

More discussion of the debt program and Federal Funds is included in the *Financial Plan* section.

FY 2014 Operating Expense Budget

The Operating Budget is approved in total by the Board of Directors in late September of each year. The operating budget includes additional staffing (3 net new positions) related to the remaining Orange Line extension and the Roadway Worker Protection Program. Cost reductions are included for High Occupancy Vehicle (HOV) service support program savings, net fuel and energy reductions due to a new utility contract, and small bus transition.

The following assumptions were used to develop the operating budget:

- **Salary and Wage Assumptions**
 - 3% pool available for adjustments to compensation and related salary-driven benefits
 - Hourly wage progressions based on tenure and training will continue
 - Any funds available for wage increases will be applied across-the-board for hourly personnel and based on performance for salaried personnel
- **Benefits Assumptions**
 - High-deductible Consumer-Directed Healthcare Plans (CDHP) will continue as an option for employees who prefer lower premiums
 - Health Benefits – cost split of 78%/22% on the Exclusive Provider Organization (EPO) plan and 80%/20% on the CDHP
 - The DART EPO Plan is closed to new employees
 - DART is self-insured for health insurance claims with a third-party administrator
- **Fuel and Energy Assumptions**
 - In FY13 DART replaced nearly 50% of its diesel and liquefied natural gas-fueled buses with buses fueled by compressed natural gas (CNG)
 - CNG fuel prices are fixed by contract and result in an average cost of \$1.04 per compressed DGE (diesel gallon equivalent) versus the budget price of \$3.04 per gallon of diesel fuel.



- CNG is also used for all vehicles providing Paratransit service
- Diesel fuel is budgeted at \$3.04 per gallon for TRE and the remaining diesel bus fleet (no fuel hedge in place)
- Electricity rates per kWh is budgeted at \$0.0864 with an assumption of 11.33 kWh/car mile consumption rate on light rail vehicles (LRV) for a savings of \$4.6 million compared to the FY13 budget (rate savings of \$3.7 million and consumption savings of \$900,000)
- **Purchased Transportation Contract Rates/Service Levels**
 - Current contract with Herzog, Inc. for Trinity Railway Express services includes a 3% rate increase (\$470,000)
 - The current contract with MV Transportation for delivery of Paratransit services will be in the second year of service in FY 2014. The contract rates for trips and fixed costs for the second year are slightly lower than year one. Management has also decreased the number of trips (FY13 – 785,207 vs FY14 – 764,421) based on the current trend; both of these will result in a savings in year two of approximately \$1 million.
- **Service Levels**
 - A slight increase (1.8%) in Bus service levels due to additional service on Routes 27 (Hines/Parkland Rail Station) and 500, which travels to DFW Airport between the CentrePort Station and the Belt Line Station (DFW – Centreport – Beltline Station)
 - A 2.1% increase in Rail service hours due to the annualization of the Light Rail openings of the second Irving alignment (Irving-2) and the extension of the Blue Line to Rowlett (R-1) in December 2012
 - TRE services remain at the FY 2013 service levels
 - HOV Lane operations, maintenance, and enforcement will be transitioned from DART to the Texas Department of Transportation (TxDOT). TxDOT will take over all responsibilities in 2014 except for the existing contract for the Barrier Transfer Vehicles along I-30 East. This contract will expire at the end of FY 2014 at which time TxDOT will assume that responsibility as well. The full terms of this transition are in the process of being finalized into an Interlocal Agreement (ILA).
 - Vanpool program remains at the target of 206 vans
- **Reserves**
 - Funding in the amount of approximately \$1.7 million is included in the FY14 Budget for possible cost increases or programs unknown during the budget process. These funds may or may not be used during the fiscal year.



Exhibit 3.6 provides a breakdown of the Operating Expense Budget by department. The exhibit below shows the FY12 actuals, FY13 Projected Year-end numbers, and the FY14 Budget.

Exhibit 3.6
FY 2012 – FY 2014 Departmental Expense Comparison
(in Thousands)

FY12 Actuals	Department	FY13 Budget	FY13 Projected	FY14 Budget	\$ Var FY14 vs FY13 Projected
\$943	Executive Admin	\$1,650	\$986	\$1,683	\$698
\$943	Total President	\$1,650	\$986	\$1,683	\$698
(\$16)	Benefits *	(\$71)	(\$5,969)	-	\$5,969
328	Deputy Exec Dir	379	386	657	272
1,577	Diversity	1,873	1,875	2,251	376
1,016	Government Relations	1,129	1,057	1,111	54
3,641	Human Capital	4,177	4,183	3,728	(455)
\$6,546	Deputy Exec Director Reports	\$7,487	\$1,532	\$7,747	\$6,215
\$6,316	EVP Cust. Care/Srv. Delivery	\$6,811	\$6,912	\$7,103	\$191
29,709	DART Police	31,787	32,434	31,879	(555)
36,197	Mobility Mgmt Svcs	28,552	26,586	28,540	1,954
143,739	Maintenance	146,454	148,492	144,730	(3,761)
127,635	Transportation	135,295	133,473	138,886	5,413
\$343,597	Total EVP Customer Care/Svc Delivery	\$348,899	\$347,896	\$351,138	\$3,241
\$14,591	Finance	\$16,397	\$16,277	\$18,154	\$1,877
11,080	Marketing & Communications	12,558	12,037	12,917	880
3,562	Procurement	3,430	3,440	3,641	201
11,579	Technology	12,742	12,604	13,427	823
\$40,812	Total EVP Bus. Solutions/Innovation	\$45,127	\$44,357	\$48,139	\$3,782
\$20,307	Commuter Rail & RRMgmt	\$21,994	\$22,031	\$24,788	\$2,757
100	RRROW	150	150	100	(50)
13,883	Planning & Development	15,643	14,231	10,268	(3,963)
5,003	Rail Prog. Dev.	5,369	4,167	5,690	1,523
1,105	Rail Planning	1,271	1,190	1,280	90
\$40,399	Total EVP Growth/Development	\$44,426	\$41,769	\$42,126	\$357
\$650	Board Support	\$764	\$764	\$770	\$5
1,419	Internal Audit	1,431	1,429	1,476	47
3,469	General Counsel	3,313	3,297	3,469	171
\$5,539	Total Board Direct Reports	\$5,508	\$5,491	\$5,714	\$224
\$4,132	Agency Initiatives/Fuel Incentives/Reserves	\$6,903	\$9,124	\$12,179	\$3,055
(14,981)	Capital P&D Allocation	(10,356)	(10,318)	(9,410)	909
(\$10,849)	Total Other	(\$3,453)	(\$1,194)	\$2,769	\$3,964
\$426,987	Grand Totals	\$449,644	\$440,837	\$459,317	\$18,479

* Additional details on benefits can be found on page BUD 12-13. The additional benefits costs will be allocated to Departments during the year.



Exhibit 3.7 provides a breakdown of the Operating Expense Budget by expenditure category and compares the FY 2013 Budget to the FY 2014 Budget.

Exhibit 3.7
FY 2014 Operating Expense Budget by Expenditure Category
(in Thousands)

FY12 Actuals	Category	FY13 Budget	FY14 Budget	\$ Variance	% Variance
\$71,296	Operator Payroll	\$74,061	\$77,200	\$3,140	4.2%
46,236	Non-Operator Hourly Payroll	47,404	47,200	(\$204)	-0.4%
83,973	Salaried Payroll	87,452	90,113	\$2,660	3.0%
\$201,505	Total Salaries & Wages	\$208,917	\$214,513	\$5,596	2.7%
\$34,651	Health, Life and Disability Insurance	\$34,098	\$38,573	\$4,475	13.1%
24,467	Pension and 401K Plans	31,907	31,910	3	0.0%
15,011	FICA	16,128	16,498	370	2.3%
2,969	Workers Compensation	6,659	4,705	(1,954)	-29.3%
2,547	Paid Absences (PTO, sick and vacation)	1,860	1,775	(85)	-4.6%
1,429	Service Incentive Pay	1,448	1,448	0	0.0%
5,024	Retiree Benefits	4,591	5,999	1,408	30.7%
435	Unemployment & Other Benefits allocation	1,215	(5)	(1,221)	-100.4%
\$86,533	Total Benefits	\$97,906	\$100,902	\$2,996	3.1%
\$10,581	Contract Services	\$12,170	\$13,995	\$1,826	15.0%
2,423	Advertising, Marketing & Public Information	2,825	2,875	51	1.8%
2,841	Financial, Legal & Governmental	3,115	4,086	971	31.2%
3,297	Computer & Communications	4,479	4,120	(359)	-8.0%
3,839	Administration, Human Resources & MBE	3,862	4,899	1,038	26.9%
1,534	Vehicle & Equip Maintenance	3,015	1,883	(1,132)	-37.5%
70	Engineering & Real Estate Acquisition	135	310	175	129.6%
\$24,586	Total Services	\$29,600	\$32,169	\$2,569	8.7%
\$17,946	Fuels & Lube	\$15,271	\$17,324	\$2,053	13.4%
17,903	Motor Vehicle Parts & Supplies - Bus	12,823	11,560	(1,263)	-9.9%
6,361	Light Rail Parts	8,028	8,535	507	6.3%
2,098	Facilities Operations - Material & Supplies	2,460	2,412	(49)	-2.0%
1,339	Office Equipment & Supplies	1,949	1,918	(31)	-1.6%
1,353	Uniforms, Tools & Shoes	1,735	2,006	270	15.6%
\$47,000	Total Materials & Supplies	\$42,268	\$43,755	\$1,486	3.5%
\$11,132	Power & Light LRT - Vehicle	\$14,032	\$9,420	(\$4,611)	-32.9%
5,527	Utilities - Facilities	5,732	6,064	333	5.8%
1,840	Communications	2,069	2,157	88	4.3%
\$18,499	Total Utilities and Communications	\$21,832	\$17,642	(\$4,191)	-19.2%



Exhibit 3.7 (continued)
FY 2014 Operating Expense Budget by Expenditure Category
(in Thousands)

FY12 Actuals	Category	FY13 Budget	FY14 Budget	\$ Variance	% Variance
\$2,580	Liability & Property Insurance	\$2,835	\$3,104	\$269	9.5%
2,469	Liability Claims	1,823	1,633	(190)	-10.4%
\$5,048	Total Claims & Insurance	\$4,658	\$4,737	\$79	1.7%
\$28,726	Paratransit Services	\$20,862	\$19,772	(\$1,089)	-5.2%
18,104	Trinity Railway Express	20,459	20,928	469	2.3%
3,287	DART-on-Call Services	1,184	1,273	89	7.5%
1,406	DART Shuttle Services	1,504	1,602	99	6.6%
2,409	TDM - Vanpool	2,531	2,492	(39)	-1.5%
1,707	HOV Services	1,700	1,700	0	0.0%
\$55,639	Total Purchased Transportation	\$48,239	\$47,768	(\$471)	-1.0%
\$1,576	Fuel & Lube/Other Taxes	\$1,126	\$848	(\$277)	-24.6%
1,520	Training/Travel	1,713	1,730	17	1.0%
919	Facilities & Equip - Leases	1,273	900	(373)	-29.3%
870	Employee Programs, Dues & Subscriptions	1,265	1,337	73	5.7%
482	Public Information	508	740	232	45.7%
\$5,366	Total Taxes, Leases & Other	\$5,884	\$5,556	(\$328)	-5.6%
(\$2,209)	Fuel Reserves/Tax Incentives	-	-	-	-100.0%
	Management Reserve	694	1,684	990	142.6%
(\$2,209)	Total Reserves / Incentives	\$694	\$1,684	\$990	142.6%
\$441,967	Sub-total	\$460,000	\$468,726	\$8,727	1.9%
(\$11,341)	Capital P&D	(\$9,193)	(\$9,410)	(\$217)	2.4%
(3,639)	Start-Up Costs	(1,163)		1,163	-100.0%
(\$14,981)	Total Other	(\$10,356)	(\$9,410)	\$946	-9.1%
\$426,987	Total Expenses	\$449,644	\$459,317	\$9,673	2.2%

FY 2014 Operating Budget Variance Explanations

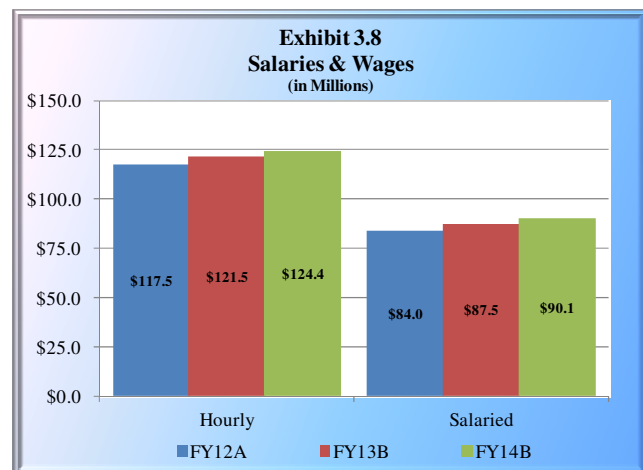
Exhibit 3.7 on pages BUD-10 and BUD-11 shows the FY 2012 actuals and compares the FY 2013 Budget to the FY 2014 Budget. The total FY 2014 operating budget is \$459.3 million, a \$9.6 million (2.2%) increase from the FY 2013 Budget. Major variances between the FY 2013 and FY 2014 Budgets are explained below.

- **Salaries and Wages** – The FY 2014 Salaries and Wages Budget is \$214.5 million, a \$5.6 million (2.7%) increase over the FY 2013 Budget. Exhibit 3.8 provides a salary and wages comparison for FY 2012 actuals and the FY 2013 and FY 2014 budgets. Major changes are discussed below.

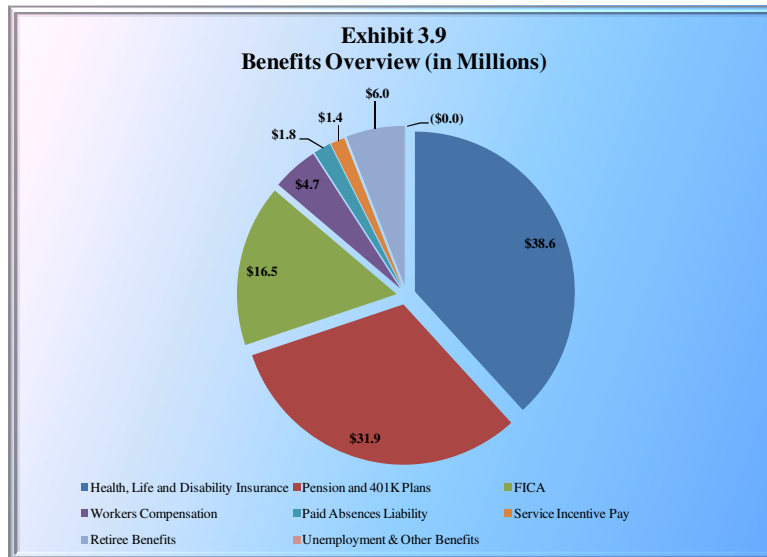
In the *Salaries and Wages* line item, there is a limited pool (approximately 3%) to address compensation issues programmed in the FY 2014 Budget. There is also funding for the revised bonus programs (Division Level Measurements [DLM] and Reaching Performance Milestones [RPM]), along with the new 5 Star initiative.

The salaries and wages budget also contains an extensive training program for the new small-bus program.

Total authorized positions have increased by three (net). The major changes relate to 39 additional LRT Operators to bring staffing to current needs, the elimination of 59 HOV service support positions, and the addition of 12 positions for support of the Roadway Worker Protection Program. Refer to Exhibit 3.20 on page BUD-28 for details by department.



- **Benefits** – Includes all statutory benefits such as FICA and Workers' Compensation, and the agency discretionary benefits such as Health Insurance, Life Insurance, Retirement Plans (Defined Benefit, Defined Contribution, and 401k), etc. The FY 2014 Benefits budget is \$100.9 million, a \$3.0 million (3.1%) increase over the FY 2013 Budget. Exhibit 3.9 provides an overview of the major components within the Benefits category for the FY 2014 budget. Major changes are discussed in the following section.



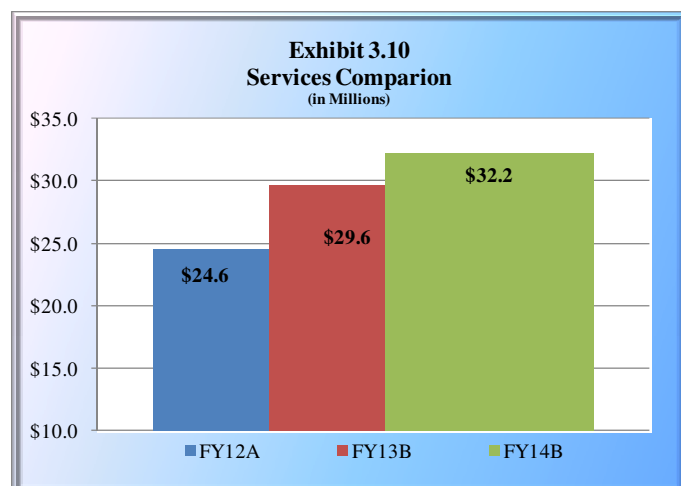
Health, Life, and Disability insurance remains the major cost driver of all DART benefits (\$38.6 million total, of which healthcare is \$37.5 million). The increases in medical costs associated with employee health insurance contribute approximately \$4.2 million of the \$4.5 million increase; the remaining is contributed to long term disability insurance (\$189,000). Contrary to Workers' Compensation, DART has seen an increase in long-term disability (LTD) claims costs, which has increased by over 400%

over FY13. The program is fully insured and the rates have increased over the past year. DART trended at four to five LTD claims per year to over 35 in the FY12-13 time period.

DART is self-insured and pays all administrative fees and claims through a third-party administrator. Approximately 3,300 employees participated in all health plans during FY 2013, with a total of approximately 7,800 covered lives. The healthcare industry continues to see annual double-digit percentage growth in healthcare claims. Over the past two years, due to both internal and external factors, DART's claims experience has been less favorable, and the trend has continued to rise.

DART has taken advantage of changes to the Workers' Compensation laws by participating in a 504 Doctor Panel. The 504 Panel is similar to a healthcare network with one major difference: the 504 Doctor Panels are only available to public entities. This means they can be tailored for the specific needs of a public entity and can be limited to the geographic area the entity serves. This program continues to show significant savings to the agency amounting to \$1.9 million in the FY14 Budget in the *Workers' Compensation* category.

➤ **Services** – The FY 2014 Services budget is \$32.2 million, which is 7.0% of the total agency budget. This represents a \$2.6 million (8.7%) increase compared to FY 2013. Exhibit 3.10 is a year-over-year comparison showing the changes from FY 2012 to FY 2014. Major changes are discussed below.

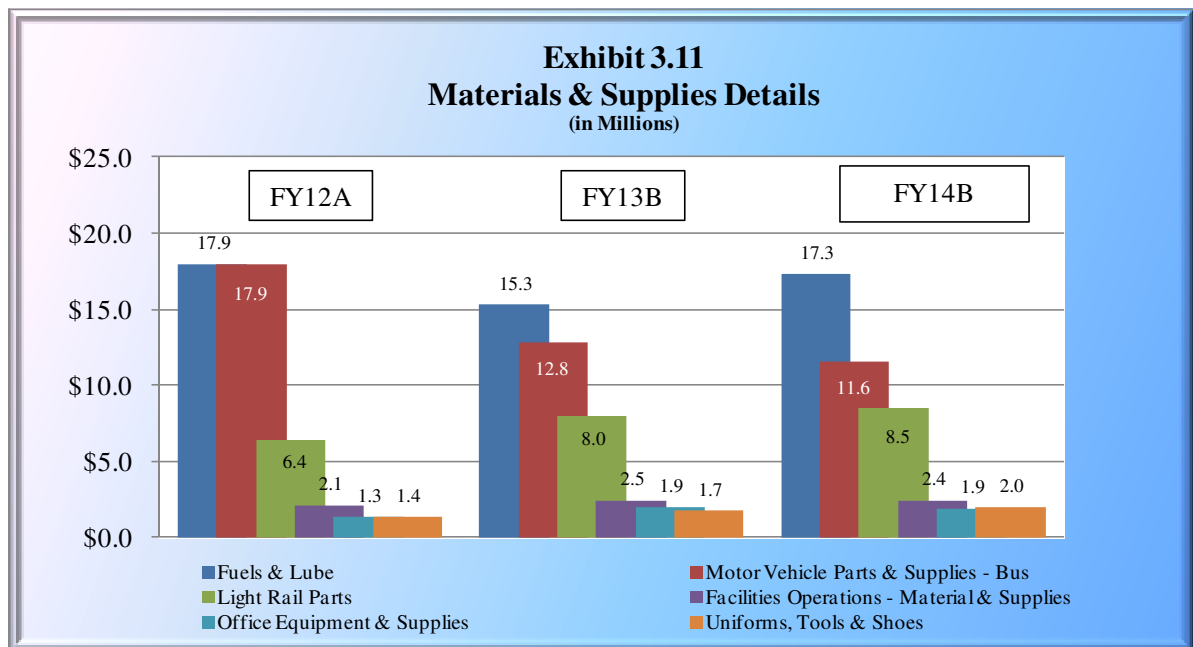


The major driver of the increase in *Contract Services* (\$1.8 million) is for maintenance of the CNG facilities classified in the fuel category in FY 2013 (\$900,000) and the reclassification of the new technology (Trapeze module-\$780,000).

With the installation of the new Ticket Vending Machines (TVMs) throughout the service area, the ability to use credit cards on the machines has caused an increase in the *Financial, Legal, and Governmental* services category (\$1.0 million). The current contract, expiring in 2013, has a transaction fee of \$0.19 per transaction. The new contract contains a negotiated fee of \$0.05 per transaction. However, despite the savings per transaction, the increase in the number of transactions has increased the total costs in this category.

With the elimination of the HOV service support program, *Vehicle and Equipment Maintenance* category was reduced due to the elimination of the cost of pylon replacement, lane sweeping, and other HOV facility costs.

- **Materials and Supplies** - The budget for *Materials and Supplies* is expected to increase year-over-year by 3.5% (\$1.5 million). Exhibit 3.11 is a comparison showing the changes from FY 2012 to FY 2014. Major changes are discussed below.



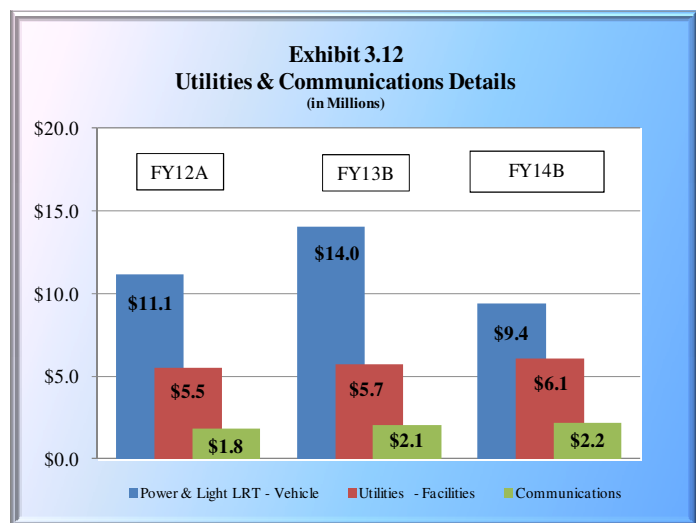
DART's diesel fuel hedge expires on September 30, 2013. In FY 2013, the hedged price for diesel fuel was \$2.38 for both bus and TRE. The average projected rate in FY 2014 is \$3.04. The resultant increase in Fuels and Lube category is \$2.1 million.

The bus fleet replacement is the primary driver of reduced cost of *Motor Vehicle Parts & Supplies – Bus* (\$1.3 million), broken down into three distinct areas of savings:

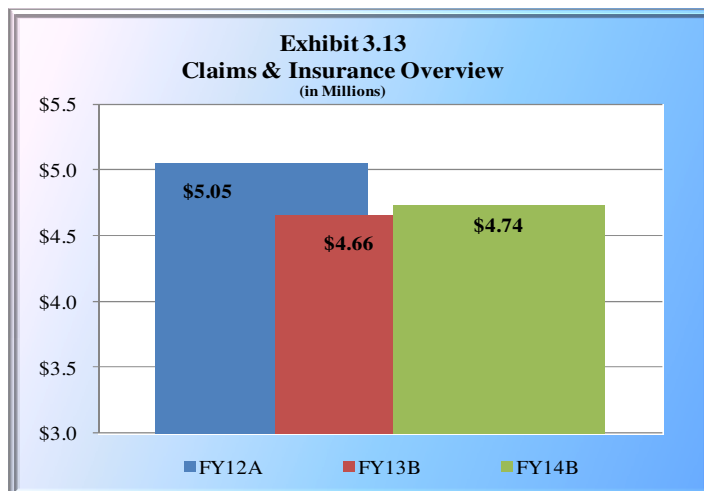
- Replacement of 14-year old vehicles with new vehicles naturally carries with it some parts cost savings.
- For the first several years of the new fleet, a significant portion of parts failures are covered by warranty.
- The parts costs per mile on the smaller vehicles (ARBOCs) will be significantly lower than the cost of a full-sized bus.

➤ **Utilities and Communications** – This category covers electricity for the Light Rail system and DART facilities, as well as phone and data services for the agency. The budget for FY14 is projected to decrease by 19.2% (\$4.2 million) from FY 2013. Exhibit 3.12 is a year-over-year comparison showing the changes from FY 2012 to FY 2014. Major changes are discussed below.

The decrease in *Power & Light LRT – Vehicle* is due to a new, lower negotiated rate for electricity/power. The FY13 budget assumed \$0.1081 per kilowatt-hour (kWh) and a 13.38 kWh/car mile consumption rate. The FY14 budget assumes a \$0.08123 rate and a consumption rate of 11.33.

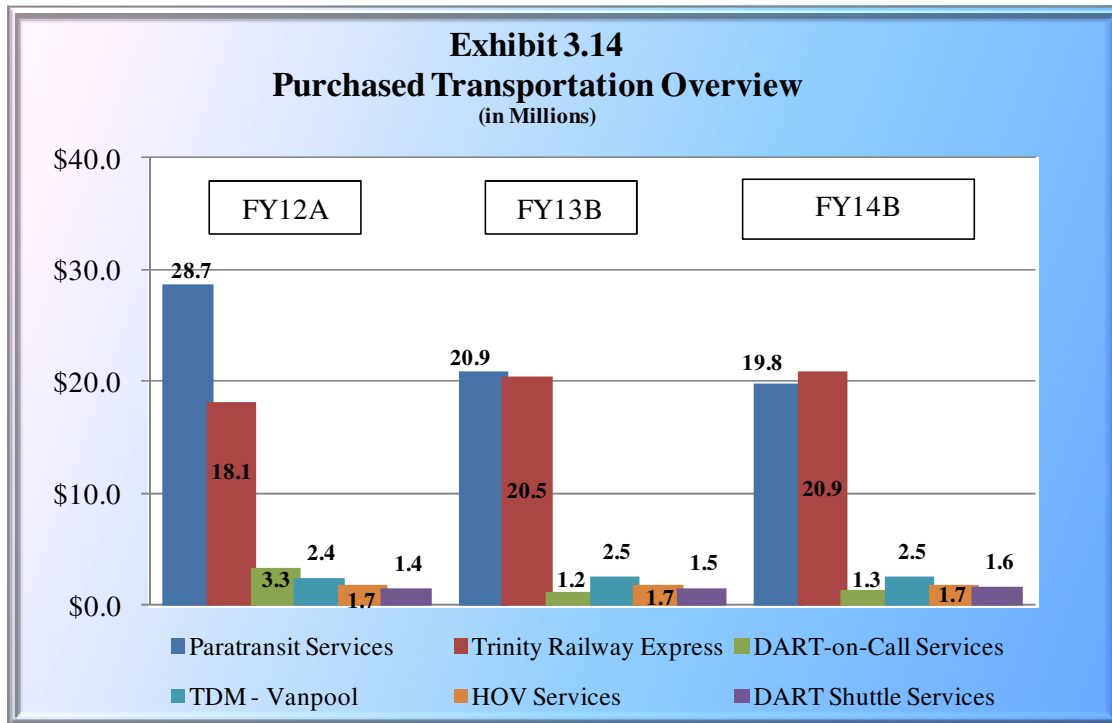


➤ **Claims and Insurance** – This category includes DART’s liability claims and property insurance costs. DART is 100% self-insured for liability claims resulting from bus and other operations. On rail operations liability, DART is self-insured for the initial \$3,000,000 per occurrence. DART also carries insurance for Errors and Omissions Liability and other coverage. DART carries property insurance with a \$250,000 deductible per occurrence. Exhibit 3.13 is a year-over-year comparison showing cost changes from FY 2012 to FY 2014. Major changes are discussed below.



The FY14 budget for this category increased by a net \$79,000 (1.7%) due to an expected cost increase in property insurance because of the new light rail lines that opened in FY13 and a reduction in the estimated liability claims to be paid out in FY 2014.

- **Purchased Transportation** – These services are purchased through a third party to provide transportation services for DART. The budget for this category decreased by \$471,000 (1.0%) in FY 2014 over FY 2013. Exhibit 3.14 is a year-over-year comparison showing the changes from FY 2012 to FY 2014. Major changes are discussed below.

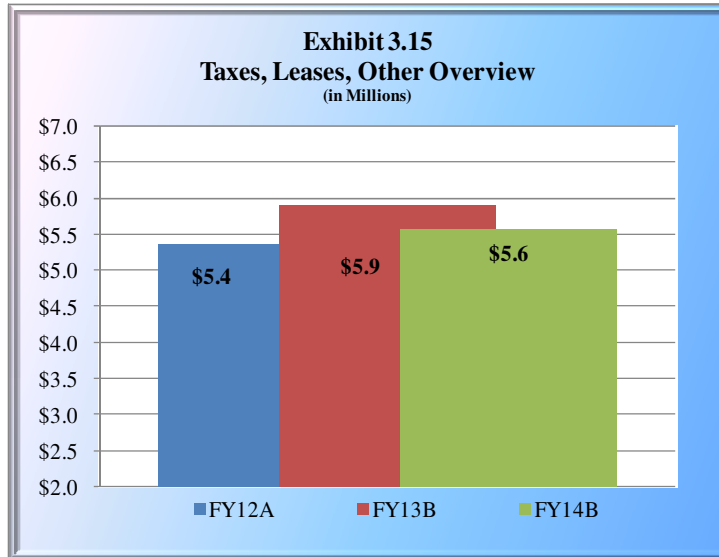


Paratransit Services costs are projected to decrease (\$1.1 million) due to the new contract rate; reduction in the number of trips budgeted, and the reclassification of services related to CNG maintenance.

HOV Services are costs paid to a third-party for operation of the barrier transfer vehicles on I-30E. NCTCOG will continue to pay for approximately 50% of this service in FY14 and then TxDOT will take over all of this service in FY15.

- The FY 2014 **Taxes, Leases and Other** expense budget is \$5.6 million, a \$0.3 million (5.6%) decrease from FY 2013.

Reductions in *Fuel & Lube/Other taxes* relate to reduced diesel fuel taxes based on lower diesel usage because of the fleet conversion to compressed natural gas that is projected to save the Agency approximately \$277,000.



Under this category the reduction in *Facility and Equipment Leases* is due to the elimination of the lease of storage space for the retired Paratransit vehicles (\$457,000).

The increase in Public Information is related to a reclassification of costs from Financial, Legal, & Governmental

for court and witness fees (\$93,000) and additional costs related to the 5 Star Customer Service initiatives (\$119,000).

- **Other** – As noted throughout the Business Plan, DART opened the second segment of the Orange Line in December 2012 along with the extension of the Blue Line to Rowlett. With the new services, many of the costs that were programmed as *Start-Up Costs* in past years have moved into operating expense categories that represent the direct and indirect costs associated with a system that is in revenue service. Because there are no new light rail openings this year, there are no start-up costs in the budget. As Irving-3 to DFW airport opens in FY 2015 and South Oak Cliff-3 opens in late 2016, there will again be start-up costs in the budget in those years.



Every year, all departments review their budgets by cost center and line item and estimate how their costs should be allocated to each mode of service. Exhibit 3.16 provides a view of how the operating budget is spread over the various modes.

Exhibit 3.16
Modal Allocation Summary
(in Millions)

FY12 Actuals	Mode	FY13 Budget	FY14 Budget	\$ Variance	% Variance
\$229.0	Bus	\$233.3	\$238.1	\$4.8	2.1%
123.2	Light Rail	144.6	158.0	13.5	9.3%
22.9	Commuter Rail*	24.7	26.5	1.82	7.4%
\$375.1	Fixed Route Total	\$402.6	\$422.7	\$20.1	5.0%
\$10.7	HOV	\$11.2	\$1.9	(\$9.3)	-83.3%
38.3	Paratransit	32.8	31.9	(0.9)	-2.7%
2.9	Vanpool	3.1	2.9	(0.2)	-7.3%
\$427.0	Sub-total	\$449.6	\$459.3	\$9.7	2.2%
\$11.3	Capital	\$9.2	\$9.4	\$0.2	2.4%
3.6	Startup	1.2	-	(1.2)	-100.0%
\$442.0	Grand Total	\$460.0	\$468.7	\$8.7	1.9%

* These values include DART's costs and shared system costs. It does not include costs borne entirely by the Fort Worth Transportation Authority (The T) and, thus, the grand total may differ from other exhibits.

**FY 2014 Capital Budget**

Shown in Exhibit 3.17 is a summary of the FY 2014 Capital and Non-Operating Budgets which include such things as: Light Rail Transit (LRT) expansion; HOV lane construction; TRE track work; vehicle and facility capital maintenance programs; scheduled replacement of vehicles, facilities, infrastructure; etc. A more detailed list showing all capital and non-operating projects (and associated reserves) is contained in Exhibit 3.18 on the following pages.

Exhibit 3.17
Capital & Non-Operating
(in Thousands)

FY12 Actuals	Category	FY13 Budget	FY14 Budget	\$ Variance
\$306,929	Total Capital Projects	\$421,592	\$359,090	(\$62,502)
11,341	Capital Planning & Development	9,193	9,410	217
3,639	Start-up	1,163	0	(1,163)
2,626	Non-Operating	25,055	29,071	4,016
\$324,535	Sub-Total Capital / Non-Operating	\$457,003	\$397,571	(\$59,432)
	<i>Road Improvements / ITS Programs</i>			
	LAP/CMS Program*	0	0	0
\$882	PASS Program	\$5,242	\$1,891	(\$3,351)
1,453	TSM (General & Street Repair Program)	9,318	6,200	(3,118)
3,285	Regional & DART/TxDOT ITS	2,472	300	(2,172)
\$5,620	Sub-total Road Improvements/ITS	\$17,032	\$8,391	(\$8,641)
\$330,155	Total Capital & Non-Operating/Road Imp./ITS	\$474,035	\$405,962	(\$68,073)

* Please note that although no further funds are being allocated to these programs, funds allocated in prior years may be expended.



Exhibit 3.18
FY 2014 Capital/Non-Operating Project Budget List
(in Thousands)

#	PROJECT NAME:	Under way	State of Good Repair	Other	FY 2014	5-Year Total	20-Year Total	External Funding	Operating Cost/ (Saving)
AGENCY-WIDE									
1	Comprehensive Fare Payment System				\$9,291	\$13,291	\$13,291		(\$1,500)
2	DART Police Facility				3,597	3,597	3,597		
3	System-wide Pathfinder Signage Improvements				1,000	1,500	1,500		
4	S & I Consolidated Dispatch				1,000	1,200	1,200		
5	Artwork Restoration Repairs System-wide				675	675	675		
6	Escalator Replacement for 1401 Pacific				660	660	660		
7	NRV Replacement Program - FY12				600	600	600		
8	HVAC Replacement				360	360	360		(17)
9	LRT at Grade Rail Platform Rehab Mockingbird				350	350	350		
10	Windows O/S & MS Office Upgrade				342	342	342		
11	CBD West, East & Addison Restoration/Expansion				300	300	300		
12	On-Board Video Camera Training Equipment				225	225	225		5
13	Station Agent Workstation Modification				220	220	220		
14	Expansion of Display Screens for Transit Centers				200	200	200		5
15	FileNet Dept. File Plan Implementation Support				195	195	195		
16	Secondary Data Center (SDC) Emergency Generator				90	180	180		9
17	4G Broadband Communications for 42 Supv, NRV				139	139	139		
18	Transit Center Rehab (SGR) at Lake June				109	109	109		
19	Customer Communication Program				100	100	100		
20	Facility Emergency Power Needs Assessment Study				75	75	75		
21	Door & Door Card Access Improvements				75	75	75		
22	MDCs For Station Monitor Vehicles				53	53	53		7
23	Lawson Grants Module				50	50	50		
24	Illinois Sta. Parking Lot LED Lighting Retrofit				50	50	50		(26)
25	HQ Parking Garage LED Lighting Retrofit				35	35	35		(19)
26	System-wide Sign Replacement and Upgrade				32	32	32		(140)
27	Radio Systems Replacement Reserve - Maintenance					1,267	95,182		
28	Non-Revenue Vehicle Replacement Reserve - Maintenance					12,539	62,259		
29	Agency-Wide Reserve				1,298	11,487	58,608		
30	Equipment Replacement/Maintenance Reserve - IT					9,386	52,749		
31	Surveillance Camera System Replacement Reserve - IT						15,041		
32	SPEAR System Replacement					14,000	14,000		
33	Comprehensive Fare Payment System Replacement Reserve - Finance						11,193		
34	Administrative Facility Maintenance Reserve					1,126	10,410		
35	Police Mobile Data Computers (MDCs) Reserve - IT					798	6,208		
36	Equipment Replacement Reserve - DART Police					492	4,076		
37	Electronic Parts Catalog Reserve - Maintenance						2,871		
38	FY14 NRV Replacement Program					2,110	2,110		
39	Equipment Replacement Reserve - Marketing					663	1,813		
40	NRV Replacement Program - FY13				500	1,543	1,543		
41	Passenger Facility Accessibility Mods FY14					1,145	1,145		
42	Equipment Replacement Reserve - Transportation					106	991		
43	HVAC/Mech Equip Replacement (PA FY 14)					760	760		
44	PA - Carpet Replacement DART HQ Building				100	750	750		
	Project is underway / under contract / under construction								
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserves								
	Other								



Exhibit 3.18 (continued)
FY 2014 Capital/Non-Operating Project Budget List
(in Thousands)

Agency-wide (continued)								
#	PROJECT NAME:	Under way	State of Good Repair	Other	FY 2014	5-Year Total	20-Year Total	Operating Cost/ (Saving)
45	Equipment Replacement Reserve - Finance					\$49	\$640	
46	Equipment Replacement Reserve - Legal					33	242	
47	Pioneer Warehouse Personnel and Equipment Monitor					90	211	
48	DART 5-Star Mobile Van(s) Project				77	153	153	5
49	IRS Upgrade - Additional Funding				50	100	100	
50	Access Control for NWROF				31	62	62	15
51	Equipment Replacement Reserve - Planning					10	53	
52	Pioneer - Replace Interior Lighting Phase 2				23	45	45	(4)
53	PA Parking Garage Floor Crack Sealing on P-2				18	35	35	
54	Legal Dept. Conference Room Furniture Replacement				10	19	19	
55	Replacement of Envelope Stuffer				9	18	18	
56	Comms Test Generator Replacements				8	15	15	
57	Payroll Time and Attendance System					1,000	3,703	94
58	Additional Ticket Writers				200	400	2,024	40
59	Cost Management System Development				100	500	1,851	35
60	Technology Consulting Services				750	1,500	1,500	
61	Agency Project Management Application				75	150	917	(35)
62	Lawson 10.0 version Upgrade Consulting Services				430	430	430	
63	Update/Replace Enterprise Data Storage				245	245	245	(40)
64	COGNOS Metric Mgr & BI Tools				214	214	214	
65	Data Communications Network Study				200	200	200	
66	DART Store Relocation to Ste 1540 of 1401 Pacific					125	125	
67	Enterprise Data Backup Upgrade				80	80	80	
68	DART Board Room and 1-C Improvements				25	50	50	1
	Project is underway / under contract / under construction				\$19,822	\$24,612	\$24,612	(\$1,676)
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserves				2,121	58,804	343,302	
	Other				2,318	4,893	11,339	96
	TOTAL AGENCY-WIDE				\$24,262	\$88,309	\$379,253	\$0 (\$1,565)



Exhibit 3.18 (continued)
FY 2014 Capital/Non-Operating Project Budget List
(in Thousands)

BUS									
#	PROJECT NAME:	Under way	State of Good Repair	Other	FY 2014	5-Year Total	20-Year Total	External Funding	Operating Cost/ (Saving)
69	Bus Purchase (2013-2015)				\$84,534	\$132,103	\$132,103		(\$6,000)
70	BRT Elm & Commerce Bus Lanes Reconstruction				1,200	6,500	6,500		
71	On-Street Passenger Facilities				1,500	5,000	5,000	3,673	
72	NW Plano Park & Ride				1,924	2,724	2,724		
73	Southern Sector Modifications				250	929	929		
74	Auto Passenger Counter on Fixed-Route Buses				300	300	300		
75	Bus Facilities Concrete Replacement - FY13				200	200	200		
76	SOCBOF Lot Seal & Concrete Replacement				50	50	50		
77	SOCBOF & ED Enclose Maint. Supervisors Work Station				50	50	50		
78	Modifying Kitchen at NW Facility				25	25	25		
79	Rehab NW Transportation Building				10	10	10		(1)
80	Rehab NW Maintenance Office and Break Room				8	8	8		
81	Bus Replacement Reserve - Maintenance					25,851	407,318	40,732	
82	Innovative Services Vans Replacement Reserve - Maintenance					27,905	101,011		
83	Equipment Replacement/Maint. Reserve - Maintenance					8,272	68,834		
84	Bus Maintenance Program Reserve						59,915		
85	Farebox Replacement Reserve - Finance						16,672		
86	Bus Farebox Replacement					12,406	12,406		(145)
87	Eight (8) Bus Operator Crew Rooms				289	1,750	1,750		16
88	Equipment Replacement Reserve - Planning						1,090		
89	Equipment Replacement Reserve - Transportation					215	881		
90	Inground Bus Lift Replacement at ED				500	500	500		
91	Bus Lane & Parking Lot Concrete Repair(PA FY 14)				141	281	281		
92	NW Replace the Bus Lift in the Steam Cleaning Bay				75	150	150		
93	Replace Main Electrical Panel at ED				120	120	120		
94	4127 Elm St Perimeter Wall Repair				100	100	100		
95	Trapeze Modifications/Customizations				50	100	100		20
96	Replace Shop Doors - ED				90	90	90		
97	Roof Overlay 1200 E. Jefferson				90	90	90		
98	Trapeze Radio System Modification				40	80	80		16
99	4209 Main Elevator #2 Upgrade/Replacement				80	80	80		
100	Repair Northwest Bus Lot				35	70	70		
101	Three Pilot Studies for Collision Reduction					45	45		
102	Northwest - Rehab Both Lanes of the Bus Washer				18	35	35		
	Project is underway / under contract / under construction				\$90,051	\$147,899	\$147,899	\$3,673	(\$6,001)
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserves				1,627	78,139	671,619	40,732	(93)
	Other								
	TOTAL BUS				\$91,678	\$226,038	\$819,518	\$44,405	(\$6,093)



Exhibit 3.18 (continued)
FY 2014 Capital/Non-Operating Project Budget List
(in Thousands)

COMMUTER RAIL									
#	PROJECT NAME:	Under way	State of Good Repair	Other	FY 2014	5-Year Total	20-Year Total	External Funding	Operating Cost/ (Saving)
103	Positive Train Control				\$2,400	\$33,752	\$33,752	\$23,126	\$3,500
104	Valley View to W. Irving Double Tracking				5,637	11,274	11,274	4,373	
105	Cotton Belt				500	3,991	3,991		
106	DFW Bridge Replacement Program FY-13 MP-639.62				2,494	2,494	2,494		
107	Bi-Level Fleet Overhaul				2,384	2,384	2,384	1,192	
108	TRE Station Enhancements				1,800	1,800	1,800	1,471	
109	Valwood Bridge				500	950	950		3
110	TRE Madill ROW & Signals Maintenance - FY13				762	762	762		
111	TRE Train Set Phase I				550	550	550	55	
112	Beltline Grade Separation				427	427	427		
113	DFW Rail Replacement FY-13				333	333	333	167	
114	EMF Facility Upgrade				100	256	256	128	
115	DFW ROW & Signals Maintenance - FY13				254	254	254	127	
116	TRE Vehicle Maintenance - FY13				250	250	250	125	
117	DFW ROW Maintenance Tie Replacement FY-13				200	200	200	100	
118	TRE RDC Radiator Overhauls				120	120	120	60	
119	TRE Madill ROW Rail Replacement - FY13				100	100	100		
120	TRE Wi-Fi				70	70	70	35	12
121	TRE ROW/Signal Maintenance Reserve - DFW					7,608	54,711	27,356	
122	TRE ROW/Signal Maintenance Programs - Madill					4,497	48,485		
123	TRE Rail Vehicles Replacement Reserve						37,233	18,616	
124	TRE Vehicle Maintenance Reserve					5,458	27,585	13,793	
125	Bi-Level Fleet Overhaul Program Reserve					4,153	20,278	10,139	
126	Positive Train Control Replacement						19,016	9,508	
127	Locomotive Overhaul Program Reserve					1,344	6,300	3,150	
128	Locomotive Overhaul (2) F59PHI					4,637	4,637	3,158	
129	FY14 DFW Rail Replacement					2,501	2,501	1,250	
130	FY14 - Madill ROW/Signals Maintenance					1,732	1,732		
131	FY14 DFW Tie Replacement					1,673	1,673	837	
132	FY14 TRE Vehicle Maintenance					1,320	1,320	660	
133	FY14 DFW ROW/Signals Maintenance					1,309	1,309	654	
134	FY14 Madill Rail Replacement					750	750		
135	FY14 HEP Engine Replacement					620	620	310	
136	TRE Passenger Amenities Reserve - Maintenance					214	519		
137	MP 640.4 Inwood Bridge					443	443		
138	FY14 MP 639.62 Obsession Bridge				126	252	252		
139	EMF Fuel Platform Drainage				30	60	60	30	
140	FY14 McKinney Line Surface Trans Brd Abandoned				18	35	35		
141	FY14 Cotton Belt Abandoned Corridor				17	33	33		
142	Cotton Belt No Trespassing Signs				16	32	32		
143	DART Corridor Map Program				13	25	25		
	Project is underway / under contract / under construction				\$18,880	\$59,967	\$59,967	\$30,958	\$3,515
	State-of-Good-Repair Capital Asset Maintenance/Replacement/Reserves				219	38,696	229,550	89,461	
	Other								
	TOTAL COMMUTER RAIL				\$19,099	\$98,663	\$289,517	\$120,419	\$3,515



Exhibit 3.18 (continued)
FY 2014 Capital/Non-Operating Project Budget List
(in Thousands)

#	PROJECT NAME:	Under way	State of Good Repair	Other	FY 2014	5-Year Total	20-Year Total	External Funding	Operating Cost/ (Saving)
144	IH 635 (LBJ)				\$12,000	\$33,050	\$33,050		
145	HOV Tolling Infrastructure				2,500	5,500	5,500		
146	SH 114 HOV				500	1,343	1,343		
147	HOV Tolling Infrastructure Replacement - Planning & Development						14,162		
148	HOV Lane Incident Mgmt Cameras				600	600	600		
	Project is underway / under contract / under construction				\$15,000	\$39,893	\$39,893		
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserves				600	600	14,762		
	Other								
	TOTAL HOV				\$15,600	\$40,493	\$54,655	\$0	\$0
LRT									
149	Phase III (SOC-3)				\$58,081	\$186,303	\$186,303		\$2,628
150	Phase II B (Irving & Rowlett)				84,868	138,717	138,717	12,060	6,083
151	CBD				4,000	20,000	20,000	150	
152	LRV Maintenance Programs FY13 - FY17				2,770	10,823	10,823		
153	Propulsion Retrofit to DART's Existing LRVs Phase II				3,032	5,726	5,726		
154	Phase II A (NW/SE)				3,500	4,643	5,000	8,727	
155	CCTV - 48 SLRVs				2,000	4,000	4,000		
156	High Rail Equipment (Vehicles) Phase II				368	1,837	1,837		
157	LRT Vehicle Business Systems (VBS)				800	1,318	1,318		
158	LRT Traffic Signal Priority (TSP)				1,008	1,008	1,008		
159	Sensitive Edge Conversion for SLRV Doors				576	1,008	1,008		
160	System-wide Lift Equipment Upgrade and Overhaul				637	923	923		
161	Anti-Graffiti Window Film, Light Rail Vehicles				603	603	603		(450)
162	Dallas Fair Park Link at DART SE-1				562	562	562		
163	S&I Expansion - Phase II				490	490	490		
164	Auto Passenger Counters (APCs) on Red Line LRT				450	450	450		
165	Emergency Power Upgrade at the CROF S&I Facility				300	300	300		
166	LRT Bridge Inspection and Data Management				300	300	300		
167	DCURD Levee and Landscaping				277	277	277		
168	Replace TVM 6000 on Blue & Red North Line				209	209	209		
169	Signal VCSR Relay Refurbishment				200	200	200		
170	Interurban Bridge Repair				200	200	200		
171	Ballast Regulator				200	200	200		
172	Rail Facilities Concrete Replacement - FY13				200	200	200		
173	LRT Design Modifications DCTA				176	176	176		
174	LRV 8 C-cars				164	164	164		
175	Tunnel Lights				\$163	\$163	\$163		
176	Rectifier Transformer TES - Phase I				155	155	155		
177	Type 3 Hi-Rail NRV Replacement Program				110	110	110		
178	Rail Lane & Parking Lot Concrete Repair - FY12				100	100	100		
179	LRT Rail Platforms Rehab (SGR) - FY13				100	100	100		
180	TPSS Sectionalizing Switches (SS)				88	88	88		
181	Starter Sys Rectifier Transformer - FY12				35	35	35		
182	Starter Sys Rectifier Transformer - FY13				35	35	35		
	Project is underway / under contract / under construction								
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserves								
	Other								



Exhibit 3.18 (continued)
FY 2014 Capital/Non-Operating Project Budget List
(in Thousands)

#	PROJECT NAME:	Under way	State of Good Repair	Other	FY 2014	5-Year Total	20-Year Total	External Funding	Operating Cost/ (Saving)
183	LRVs Replacement Reserve - Maintenance						\$1,016,338		
184	Equipment Replacement/Maint. Reserve - Maintenance					14,596	73,164		
185	WSA-Central Business District (CBD) Rail Replacement				34,014	64,014	64,014	16,730	
186	LRV Maintenance Reserve					2,321	48,972		
187	LRT Vehicle Business Systems (VBS) Replacement Reserve - IT					143	35,163		
188	TVM Model Replacement Reserve - Finance						21,915		
189	TES - Starter System TPSS Rectifier Replacement					7,000	17,906		
190	LRT Traffic Signal Priority (TSP) Replacement Reserve - IT						17,346		
191	Hi-Rail NRV Replacement Reserve - Maintenance					1,472	11,677		
192	Uninterrupted Wayside Signal Power Systems				5,150	10,000	10,000		
193	Anti-Graffiti Window Film, Light Rail Vehicles Reserve - Maintenance					1,553	9,976		
194	Uninterrupted Wayside Signal Power Systems - Maintenance						6,901		
195	Red and Blue Line Station Platform Extension					5,000	5,000		
196	PA/VMB Signs at CBD Stations Replacement Reserve - IT						3,466		
197	Thanksgiving Curve Replacement Reserve - Maintenance						2,960		
198	US75 LRT Bridge				500	1,000	1,000		
199	Comms Interface Cabinets Replacement-Starter Sys					500	500		
200	Lancaster Guideway Fence at Median				424	424	424		
201	Signals - Local Control Panel Replacement(SS)					400	400		
202	Track Resilient Egg Plate Fastener					371	371		
203	Rail Facilities Concrete Replacement (PA FY 14)				141	281	281		
204	Fire Management Panel Replacement (PA-FY 14)				100	200	200		
205	Refurbish Staircases -LRT Aerial Stations				200	200	200		
206	Hwy Grade Crossing Panel Replacement (TRK -SS)				50	100	100		
207	Replacement of Digital Cross Connect				95	95	95		
208	Comms Tunnel Ventmaster System Replacement				43	85	85		
209	TES - TPSS Access Road Repair (FY 14)				42	83	83		
210	Special Track Work Tie Replacement				38	76	76		
211	Corrosion Control System Review and Remediation				50	50	50		
212	SCADA for CROF station office				4	7	7		1
	Project is underway / under contract / under construction				\$166,755	\$381,423	\$381,780	\$20,937	\$8,262
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserves				40,849	109,970	1,348,669	16,730	1
	Other								
	TOTAL LRT				\$207,604	\$491,393	\$1,730,449	\$37,667	\$8,263



Exhibit 3.18 (continued)
FY 2014 Capital/Non-Operating Project Budget List
(in Thousands)

PARATRANSIT									
#	PROJECT NAME:	Under way	State of Good Repair	Other	FY 2014	5-Year Total	20-Year Total	External Funding	Operating Cost/ (Saving)
213	Veterans Transportation & Community Living Initiative				\$620	\$1,116	\$1,116	\$1,116	
214	Equipment Replacement Reserve - Paratransit					33	644		
215	Senate Street Facility Roof & Siding				179	359	359		
216	Senate Street Operator/Shop Restrooms				48	97	97		
	TOTAL PARATRANSIT				\$848	\$1,604	\$2,215	\$1,116	\$0
	TOTAL CAPITAL PROJECTS				\$359,090	\$946,500	\$3,275,607	\$203,606	\$4,120
	Project is underway / under contract / under construction								
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserves								
	Other								
NON-OPERATING/EXTERNAL PROJECTS									
217	Capital Planning and Design FY13				\$1,100	\$1,100	\$1,100		
218	Transit System Plan				200	800	800		
219	Regional On-Board Survey				425	425	425		
220	TRE Planning/Design/Construction Management Services				400	400	400	200	
221	Capital Design & Planning				246	246	246		
222	CR/RRM Professional Svcs/Feasibility Studies				100	200	200	100	
223	Energy Savings Study				50	50	50		
224	TOD Investment Packages				50	50	50		
226	Transit System Plan Regional Server Reserve - Planning						9,478		
225	Capital Service Planning Reserve					4,000	7,000		
227	Asset Assessment and Non-Operating Reserve - Finance					1,005	6,750		
228	Streetcar Projects				26,500	69,700	69,700	56,700	476
229	75 Corridor BRT - Preliminary Planning & Engineering					500	500		
	Project is underway / under contract / under construction				\$2,571	\$3,271	\$3,271	\$300	
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserves				0	5,005	23,228		
	Other				26,500	70,200	70,200	56,700	476
	TOTAL NON-OPERATING				\$29,071	\$78,476	\$96,699	\$57,000	\$476
ROAD IMPROVEMENT									
230	PASS Program Garland and Dallas				\$1,891	\$6,462	\$6,462		
231	TSM Street Repair Program				4,500	6,405	6,405		
232	DART/ TXDOT ITS				300	990	990		
233	TSM Street Repair Program Reserve				1,700	9,700	9,700		
	Project is underway / under contract / under construction				\$6,691	\$13,858	\$13,858		
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserves				1,700	9,700	9,700		
	Other								
	TOTAL ROAD IMPROVEMENT				\$8,391	\$23,558	\$23,558	\$0	\$0
	TOTAL CAPITL , NON-OPERATING & ROAD IMPROVEMENT				\$396,552	\$1,048,534	\$3,395,863	\$260,606	\$4,596
	BY CATEGORY								
	Project is underway / under contract / under construction				\$320,390	\$672,039	\$672,396	\$56,983	\$4,100
	State-of-Good-Repair Capital Asset Maintenance Replacement/Reserves				47,343	301,402	2,641,929	146,923	(76)
	Other				28,818	75,093	81,539	56,700	572
	TOTAL BY CATEGORY				\$396,552	\$1,048,534	\$3,395,863	\$260,606	\$4,596
	TOTAL CAPITAL P & D AND START-UP COST				\$9,410	\$39,039	\$224,572		
	Grand Total				\$405,962	\$1,087,574	\$3,620,436	\$260,606	\$4,596

**FY 2014 Net Debt Service Budget**

The FY 2014 Net Debt Service Budget is shown in Exhibit 3.19. Additional information can be found under the *Financial Plan* section on pages FP 14-15 and FP 23-27.

Exhibit 3.19
Net Debt Service Budget*
(in Thousands)

FY 12 Actuals	Category	FY13 Budget	FY14 Budget	\$ Variance
\$1,181	Commercial Paper Program Interest & Fees	\$2,780	\$846	(\$1,934)
139,156	Long-Term Debt Program Interest	146,204	150,151	3,947
0	Long-Term TIFIA Interest	1,941	3,197	1,256
821	Financial Advisor and Other Fees	360	310	(50)
\$141,158	Total Interest & Fees	\$151,285	\$154,504	\$3,219
\$8,370	Principal Repayments	\$6,740	\$25,480	\$18,740
\$149,528	Gross Debt Service Budget	\$158,025	\$179,984	\$21,959
(\$3,945)	Less: Interest Income**	(\$6,548)	(\$3,249)	\$3,299
\$145,583	Total Net Debt Service Budget	\$151,477	\$176,735	\$25,259

*The Net Debt Service budget does not include the offsetting income and expense of defeased lease transactions nor the non-cash amortization of Bond Issuance costs or Bond Premiums received.

** Interest income is shown as a part of the Net Debt Service Budget because of the interest rate link between interest income rate and interest expense rate paid on Commercial Paper. These projections are based on cash flow projections not based on accrual accounting.



Position Summary

Exhibit 3.20 summarizes position changes by department from the FY 2013 budget to the FY 2014 budget.

**Exhibit 3.20
FY 2014 Budgeted Positions**

FY13 Budget	FY13 Reorg / Mods	Department	FY13 Revised Budget	FY14 New/ Eliminated/ Mods	FY14 Budget
12	-	Commuter Rail	12	1	13
340	26	DART Police	366		366
14		Diversity & Economic Opp.	14	6	20
3		Deputy Executive Director	3		3
32		EVP Customer Care/Svc Delivery	32	2	34
4		Executive Administration	4		4
102		Finance	102	2	104
21		General Counsel	21	(1)	20
5		Government Relations	5		5
28	1	Human Capital	29	(5)	24
9		Internal Audit	9		9
211	(1)	Maintenance	210	2	212
62	1	Marketing & Communications	63	2	65
55		Mobility Management Services	55		55
5		Office of Board Support	5		5
45		Planning & Development	45	(13)	32
33		Procurement	33		33
10		Rail Planning	10		10
42		Rail Program Development	42	(2)	40
63	1	Technology Group	64		64
222	2	Transportation	224	1	225
1,318	30	Total Salaried Positions	1,348	(5)	1,343
Full-Time Hourly Position Summary - By Department					
49	-	EVP Customer Care/Svc Delivery	49		49
20		Finance	20		20
758	-	Maintenance	758	18	776
64	-	Marketing & Communications	64		64
-	-	Mobility Management Services	-		-
46	-	Planning & Development	46	(46)	-
		Transportation			-
		Operators			-
1,199	-	Bus	1,199		1,199
157	-	Rail	157	37	194
50		Non Operator	50	(1)	49
2,343	-	Total Hourly Positions	2,343	8	2,351
3,661	30	Grand Total	3,691	3	3,694

Total authorized positions have increased by a net of three, as detailed below:

- Planning & Development (HOV Service Support Program) reduced a combined 59 net salaried and hourly positions due to the transfer of HOV Operations to TxDOT.
- Maintenance Department has increased maintenance requirements in support of the Irving-3 opening (4) and the new Roadway Worker Protection Program (14).
- Transportation has increased the number of rail operators by 37 to support the rail openings over the past 2 years.

Exhibit 3.21 shows the allocation of the budgeted Agency positions over the various modes.

Exhibit 3.21
Positions Allocated by Mode

Mode	FY13 Budget	FY13 Mods	Revised FY13	FY14 Mods	FY14 Budget
Bus	2,052	2	2,054	-	2,054
Light Rail	1,127	28	1,155	111	1,266
Commuter Rail	13		13	2	15
HOV	75		75	(68)	7
Paratransit	70		70	(4)	66
General Mobility	2		2	-	2
Capital/Startup	94		94	(45)	49
G&A	228		228	7	235
Grand Total	3,661	30	3,691	3	3,694

The decrease to HOV Service Support Program described above eliminated 59 positions in the Planning & Development Department. The remaining 16 HOV positions were allocated to Light Rail support (DART Police). The increase to Light Rail is due to the new light rail openings (where positions were transferred from Capital Planning & Development and Start-up to Operations) and additional operators in support of the system additions over the past two years. The proposed modifications in the table above had not been updated in the previous version of the business plan.



Structural Balance of the Budget

DART strives to maintain structural balance to its budget, meaning that current period cash inflows match the outgoing cash requirements for operating and debt service costs. During periods of major system expansion, that is not always possible.

DART has sufficient income to pay for ongoing operating costs and debt service in all years of the FY 2014 Financial Plan. Exhibit 2.2 (in the *Financial Plan* section) shows how DART's sources of funds will be applied to uses of funds over the next five years. Exhibit 2.3 (also in the *Financial Plan* section) shows the FY 2014 Financial Plan.

Funds and Fund Balances

DART's cash balances are contained in the following funds:

General Operating Fund

The primary objective of investment strategies for the operating fund is liquidity achieved by matching investment maturities and income stream with anticipated cash flows. The majority of funds are placed in short-term or readily marketable securities with emphasis on high-grade commercial paper and government agencies. Money market mutual funds are used to provide diversity and facilitate daily funding of cash outflows.

The average maturity of this portfolio shall not exceed two years; the maximum maturity for any single holding shall not exceed five years. Yield enhancing techniques applied to a core segment of this portfolio, may include the use of Treasury notes in the two to three year area which can be purchased for yield and held for possible capital gains and intermediate-term agencies with short-call provisions offering a spread to comparable Treasuries.

Financial Reserve Fund

The investment goal of capital preservation is primary for this fund, which will be accessed in the event of a downturn in sales tax receipts, unanticipated capital overruns, or other financial difficulties. The need for liquidity is low. To maximize yield while maintaining a relatively stable market value, this portfolio will use an investment strategy of placing securities evenly spaced over a one to five-year maturity range, commonly referred to as a ladder maturity structure, to ensure consistent availability of current funds for reinvestment or cash flow requirements. Securities will be evaluated on a risk-return basis, with bond swaps used to take advantage of market anomalies while maintaining market quality and structure. The average maturity of this portfolio is thirty months or less with five years as the maximum maturity for any single holding.

Capital Reserve Fund

The investment goal of capital preservation and liquidity is primary for this fund to meet unplanned capital project funding requirements. The liquidity need of this fund is 20%. To maximize yield while maintaining a relatively stable market value and the desired liquidity component, this portfolio will use a two-tiered investment strategy. The liquidity needs will be invested evenly, 50% in the 1 to 6 month and 50% in the 6 to 12 month maturity range. The remainder of the portfolio will be invested by placing securities evenly spaced over a two to five year maturity range, commonly referred to as a ladder maturity structure, to ensure consistent availability of current funds for reinvestment or cash flow requirements. Securities will be evaluated on a risk-return basis, with bond swaps used to take advantage of market anomalies while maintaining market quality and structure. The average maturity of this portfolio is thirty months or less with five years as the maximum maturity (for any single holding).

Insurance Reserve Fund

DART's self-insurance program for liability and workers' compensation claims requires the preservation of assets to ensure funding capability. The reserve amount required will vary on a yearly basis as new claims offset claims payments. The fund will be adjusted yearly to reflect the appropriate level, upon approval of the Investment Officers, and after consultation with Risk Management. The lack of liquidity requirements in this fund allows for an average maturity of four years or less, with a maximum maturity for any single holding of ten years. Capital preservation is valued above yield, but the stable balance and minimal cash outflow permits a higher level of interim market price volatility than in other DART portfolios.

DART Commercial Paper System Expansion and Acquisition Fund

Deposits in this fund are generally held less than ninety days between the sale of DART's commercial paper and contract payments for the financed capital projects. To provide the short-term liquidity required, investments are limited to money market instruments, such as money market mutual funds, commercial paper, discount agencies, or repurchase agreements, with maturities matched to check payment dates where feasible. The average maturity for this fund is up to 90 days, with a maximum maturity of 180 days.

DART Bonds – System Expansion & Acquisition Fund (SEAF)

The Bond proceeds in this fund are held up to 36 months between the sale of DART's long-term bonds and contract payments to finance capital projects. The investment goals in this fund will be to provide capital preservation, liquidity needs, and investment return. To meet the investment goals, investments will be in high grade corporate and government/agency instruments and money market mutual funds instruments. The investments purchased will have maturities that match forecasted payments. The average maturity for this fund is up to 30 months, with a maximum maturity of 36 months.

Senior Lien Debt Service Funds

The long-term bond program requires the establishment of two reserve funds: an interest fund and a principal fund. These funds will be used to make payments directly to bond investors as needed during the month. The investment objective of these two funds is to provide sufficient liquidity to meet payment requirements and to minimize market and credit risk. To meet this investment objective, investments will be limited to money market mutual funds that invest exclusively in short-term securities that are issued or guaranteed by the U.S. government or U.S. government agencies, or direct obligations of the U.S. government and its agencies with maturities closely matched to specific payment requirements. The average maturity of the interest fund shall not exceed six months, with a maximum maturity of six months. The average maturity of the principal fund shall not exceed one year with a maximum maturity of one year.

Senior Subordinate Lien Debt Service Funds

The commercial paper program requires the establishment of two reserve funds: an interest fund and a principal fund. These funds will be used to make payments directly to commercial paper investors as needed during the month. The investment objective of the two funds is to provide sufficient liquidity to meet payment requirements and to minimize market and credit risk. To meet this investment objective, investments will be limited to money market mutual funds that invest exclusively in short-term securities that are issued or guaranteed by the U.S. government or U.S. government agencies, or direct obligations of the U.S. government and its agencies with maturities closely matched to specific payment requirements. The average maturity of these funds shall not exceed 90 days, with a maximum maturity of one year.

State or Local-Government-Provided Funds

The deposits in these funds are provided by State or Local Governments for specific projects. Preservation of capital and liquidity are the paramount investment objectives of these funds. Therefore, the deposits in these funds will be invested in AAA or United States Treasury money market funds. The average maturity will be one day, with a maximum maturity of one day.



Exhibit 3.22 summarizes DART's projected fund balances as of September 30, 2013 and projected balance as of September 30, 2014.

Exhibit 3.22
DART Cash Fund Balances
(in Thousands)

Fund	Projected Balance as of 9/30/2013	Projected Balance as of 9/30/2014	Change in Fund Balance
General Fund	\$818,462	\$731,928	(\$86,534)
Financial Reserve	41,898	42,108	210
Capital Reserve	0	0	0
Insurance Fund	13,000	13,000	0
SEAF	0	0	0
Bond SEAF	52,104	0	(52,104)
Debt Service Funds	92,262	107,127	14,865
State/Local Government Funds	7,917	0	(7,917)
Total All Funds	\$1,025,642	\$894,163	(\$131,480)

Additional information on sources, uses, and cash flow through each fund can be found in the *Financial Plan* section at page FP-33.

**DART Key Performance Indicators**

Exhibit 3.23 is the DART Scorecard of Key Performance Indicators (KPIs). Fiscal Years 2011 through 2012 are the actual values while Fiscal Years 2013 through 2014 are the budget and projected values. Numbers represented under FY13 Q3 are four-quarter rolling numbers (4th quarter of FY12 and the first three quarters of FY13). Each of these indicators is discussed in more detail in this report.

Exhibit 3.23
DART Scorecard of Key Performance Indicators (KPIs)

Indicators	FY11A	FY12A	FY 2013	FY13B	FY14B
			Qtr 3		
Ridership					
Total Agency Ridership (M)	111.8	101.0	107.9	105.4	102.4
Fixed-Route Ridership (M)	61.9	64.8	69.5	71.6	97.2
Ridership - Bus (M)	37.2	38.7	38.2	38.5	39.2
Ridership - LRT (M)	22.3	23.8	29.3	30.8	30.9
Ridership - TRE (M)	2.4	2.3	2.1	2.3	2.1
Ridership - Paratransit (000s)	923.8	942.1	768.9	862.1	778.1
Ridership - HOV (M)	48.0	34.4	36.6	32.8	36.5
Ridership - Vanpool (000s)	985.0	1,033.0	969.3	1,035.0	1,055.7
Efficiency					
Subsidy Per Passenger - Total System	\$3.07	\$3.48	\$3.32	\$3.46	\$3.39
Subsidy Per Passenger - Fixed-Route	\$4.82	\$4.75	\$4.61	\$4.60	\$4.77
Subsidy Per Passenger - Bus	\$5.13	\$5.10	\$5.16	\$5.16	\$5.10
Subsidy Per Passenger - LRT	\$4.23	\$4.10	\$3.77	\$3.76	\$4.11
Subsidy Per Passenger - TRE	\$5.54	\$5.63	\$6.36	\$6.39	\$7.76
Subsidy Per Passenger - Paratransit	\$43.12	\$44.93	\$38.61	\$34.29	\$37.64
Subsidy Per Passenger - HOV	\$0.22	\$0.24	\$0.20	\$0.24	\$0.03
Subsidy Per Passenger - Vanpool	\$0.55	\$0.30	\$0.22	\$0.35	\$0.17
Fixed-Route Farebox Recovery Ratio	15.4%	15.0%	15.3%	16.1%	15.9%
Administrative Ratio	7.9%	8.3%	8.5%	8.8%	8.5%
Service Quality					
On-Time Performance - Fixed Route	94.9%	96.5%	96.0%	94.3%	91.2%
On-Time Performance - Bus	92.4%	95.0%	95.5%	92.0%	82.0%
On-Time Performance - LRT	95.2%	96.7%	94.2%	93.5%	94.0%
On-Time Performance - TRE	97.1%	97.9%	98.3%	97.5%	97.5%
Customer Satisfaction					
Complaints Per 100,000 Passengers - Fixed-Route	55.2	47.3	39.7	45.2	40.3
Complaints Per 100,000 Passengers - Bus	78.4	66.4	59.1	70.0	60.0
Complaints Per 100,000 Passengers - LRT	21.5	20.3	17.2	16.9	17.5
Complaints Per 100,000 Passengers - TRE	9.1	4.75	4.0	7.6	7.6
Complaints Per 1,000 Passengers - Paratransit	2.9	3.09	7.5	4.5	3.0
Complaints Per 100,000 Commuters - HOV	0.27	0.36	\$0.20	\$0.24	n/a
Safety					
Accidents Per 100,000 Miles - Fixed-Route	1.68	1.40	1.46	1.42	1.45
Accidents Per 100,000 Miles - Bus	2.06	1.84	1.94	1.90	1.90
Accidents Per 100,000 Miles - LRT	0.49	0.10	0.17	0.25	0.30
Accidents Per 100,000 Miles - TRE	0.38	0.17	0.22	0.25	0.25
Managed Growth					
Sales Taxes for Operating Expense	83.9%	80.1%	78.6%	79.0%	77.2%

Section 4
Customer Focus – Bus
Index of Exhibits

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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. 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 645 buses and maintains extensive passenger amenity and facility infrastructure including approximately: 11,973 bus stops, 1,164 bus shelters, 1,409 benches, 16 transit centers, 2 passenger transfer locations, 20 enhanced shelters, 61 light rail platforms (as of December 2012), 5 commuter rail stations, multiple information pylons, and all operating divisions and corporate offices, for a total of approximately 69 million square feet.

Exhibit 4.1 is an overview of the uses of the funds and allocated operating positions for the Bus mode of service. To determine these amounts, each department identifies the percentage of time and money spent on each mode of service to determine how the expenses and positions are allocated to each mode of service.

**Exhibit 4.1
Bus Overview**

Category	FY12A	FY13B	FY14B
Allocated Operating Budget (M)	\$228.9	\$233.3	\$238.0
Capital Budget* (M)	58.5	112.5	91.7
Allocated Operating Positions**	2,058	2,052	2,054

* This represents the modal capital actual or expected expenditure which does not include an allocation of agency-wide capital expenditures.

** Allocated positions are based on budgeted counts only

Bus Scorecard – Key Performance Indicators

Exhibit 4.2 highlights the Bus Key Performance Indicators (KPIs) presented in scorecard format. Fiscal years 2011 and 2012 indicate actual values. FY13 Qtr. 3 is a four-quarter rolling average ending June 30, 2013. FY13B and FY14B are the budget values for those years.

Exhibit 4.2

Bus Scorecard – Key Performance Indicators

Customer / Quality					
Indicator:	FY11A	FY12A	FY13 Qtr. 3	FY13B	FY14B
Fixed Route Bus Ridership (M)	37.2	38.7	38.2	38.5	39.2
Revenue Miles (M)	24.9	24.9	25.0	24.7	25.3
Passengers per Mile	1.50	1.55	1.53	1.56	1.55
Farebox Recovery Ratio	11.7%	11.8%	12.5%	12.9%	13.7%
Complaints per 100k passengers	78.4	66.4	59.1	70.0	60.0
On Time Performance *	92.4%	95.0%	95.5%	92.0%	82.0%
Mean Distance Between Service Calls	5,050	5,442	5,719	6,982	7,147
Veh. Accidents Per 100k Miles	2.06	1.84	1.94	1.90	1.90

* A discussion of the change in the way On-Time Performance is calculated is included following the KPIs.

Financial / Efficiency					
Indicator:	FY11A	FY12A	FY13 Qtr. 3	FY13B	FY14B
Revenues (M)	\$30.0	\$31.6	\$33.5	\$34.8	\$38.2
Expenses - Fully Allocated (M)	\$220.6	\$228.9	\$230.3	\$233.3	\$238.0
Net Subsidy (M)	\$190.6	\$197.3	\$196.7	\$198.5	\$199.8
Subsidy Per Passenger	\$5.12	\$5.10	\$5.16	\$5.16	\$5.10
Cost per Revenue Car Mile	\$8.87	\$7.92	\$7.88	\$8.03	\$7.89

On-time Performance

Beginning in FY 2014, DART will change the way on-time performance is measured. The Automatic Vehicle Location technology that is part of the new radio system will enable us to measure the location of each bus at every stop and timepoint along its route. While the new system provides more detailed information to help staff improve service reliability for customers, the new measures are not directly comparable to the previous measurement system. Other transit properties that have implemented similar systems have seen their on-time performance metrics drop from the 90% range to something in the 70% to 80% range.

Bus Ridership Trends

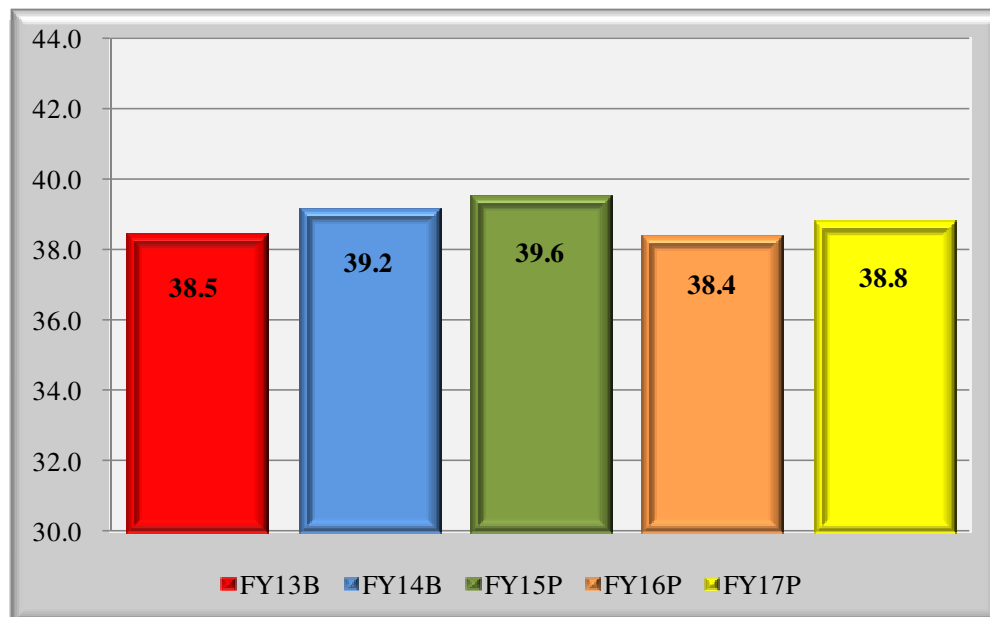
Recently, we have seen a decline in bus ridership as a result of a number of different factors:

- Bus service reductions and higher fares required to compensate for lower sales tax revenue expectations; and
- The replacement of significant amounts of bus service because of the opening of the Green and Orange Lines.

A recovery in ridership was seen in 2012 as a result of an improved economy and the introduction of popular new services (e.g., the Parkland Shuttle). For 2013, bus ridership numbers have declined somewhat, likely a function of the December 2012 fare increase and the replacement of bus service due to the opening of the Orange Line extension in Irving and the Blue Line extension to downtown Rowlett.

Exhibit 4.3 provides an overview of bus ridership projections for the next four years.

Exhibit 4.3
Bus Ridership
(in Millions)

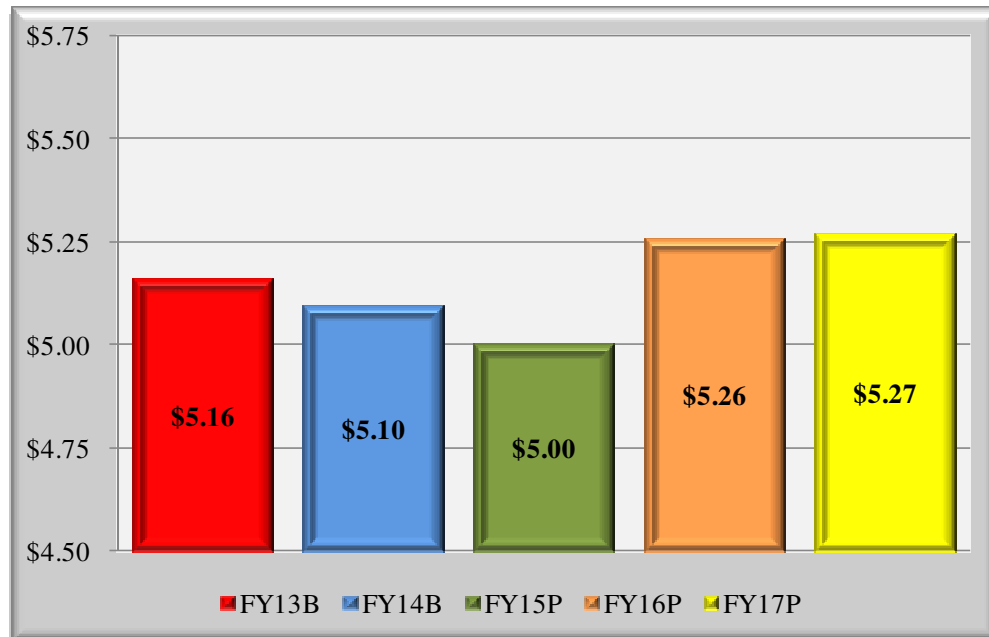


Ridership is projected to grow slowly over the next few years. The anticipated decrease in FY 2016 is due to the end of the Parkland Shuttle service as construction of the new hospital allows rail passengers to walk to their work site.

Subsidy Per Passenger

Exhibit 4.4 is a comparison of projected bus subsidy per passenger for the next four years.

Exhibit 4.4
Bus Subsidy per Passenger



There is normally a slight upward slope to subsidy per passenger as inflation generally outpaces ridership growth. The decline in FY 2015 predominantly relates to the anticipated savings once the comprehensive fare payment system is fully operational. As with the ridership drop in Exhibit 4.3, the larger-than-normal increase in subsidy per passenger in FY16 marks the end of the Parkland Shuttle service and the loss of the associated 1.5 million passenger trips.

Ridership Retention and Development Action Plan

Ridership retention and development will continue to be major areas of focus in FY 2014, although the year will be unusual in that there will be relatively few new bus or rail services introduced during this year. Strategies to increase bus ridership are aimed at retaining current riders, bringing new riders into the system, managing ridership trends, and encouraging rail passengers to use bus feeder services rather than accessing stations through personal vehicles.

During previous years, new rail expansion provided significant opportunities for service quality improvements and additional ridership growth on the bus system. Market research reveals a significant level of “turnover” in the composition of bus ridership. As new riders are attracted to the system, we also experience attrition among existing riders. Causes for this attrition have been researched during FY 2013 and will continue during FY 2014. The primary causes in annual customer base fluctuations include changes in residence or employer or employment location. Apartment tear-downs and redevelopment have also had significant impact upon ridership levels in certain parts of the service area over the last few years. Less significant reasons include changes to the bus network due to the rail expansion or dissatisfaction with service levels or service quality.

Strategies for bus ridership retention and development during FY 2014 fall into the following major categories:

- Downtown Shuttle Network
- Enhanced Bus Service
- On-Time Performance Initiatives
- In-Transit Customer Communication Services
- 5 Star Service Initiative
- Implementation of GoPassSM Mobile Ticketing Solution
- New Marketing and Promotion Initiatives
- On-Street Passenger Facilities Program
- Systemwide Accessibility Initiative

New Downtown Shuttle (d-link) – Perhaps the most significant new bus service for FY 2014 will be a new downtown bus shuttle, connecting a number of key destinations in Central Dallas and surrounding areas. DART, working in close coordination with Downtown Dallas, Inc., the City of Dallas, and the Oak Cliff Chamber, will introduce the new bus service in November 2013. It will provide convenient access to established destinations within the downtown Dallas area and connect with the Bishop Arts district of Oak Cliff. The new service will have its own route



number (722), and the buses serving the route will be “wrapped” with distinctive graphics that permit easy recognition of the route while still being identifiable as a DART-branded bus. Bus stops served by the route will be outfitted with distinctive signs as well. The route will serve the Kay Bailey Hutchison Convention Center and its adjoining convention center hotel, and will pass along the Main Street restaurant and retail area. It will proceed to Klyde Warren Park, on to the American Airlines Center, past the new Perot Museum, through the West End area, and back to the Convention Center. From there, the route will extend into the Bishop Arts District in Oak Cliff and return. After 6:00 p.m., the route will adjust in order to serve the entertainment district at Cedars and Lamar. This service connects to the DART Light Rail system at the Pearl/Arts District, West End, and Convention Center stations.

Enhanced Bus Service – DART will continue to build upon the new enhanced crosstown bus service introduced on Routes 987 and 404 during FY 2013. This program involves improvements to bus operations in strategic corridors, including increased service frequency, updated passenger facilities, and longer-term traffic system modifications such as traffic signal priority and queue-jumping lanes. In 2014, DART plans to build a prototype enhanced bus shelter in the Route 987 corridor, once approved, full deployment will follow over the entire route. This shelter will serve as a model for future enhanced bus services and will have additional features normally associated with rail stations, including security cameras and next-bus information.

On-Time Performance Initiatives – Bus on-time performance will continue to be a major emphasis in FY 2014 with enhanced data provided by the new radio system and the associated Automatic Vehicle Location (AVL) and Computer-Aided Dispatch subsystems installed in FY 2012.

- This new AVL System is allowing DART to:
 - Collect better detailed on-time performance reporting at the route, vehicle, and operator level;
 - Collect detailed running time information that enables service planning staff to adjust bus schedules to better reflect actual runtimes and adequate recovery times;
 - Improve the monitoring and real-time service management of bus on-time performance;
 - Provide real-time feedback to the operator on schedule adherence; and
 - Provide critical information for complaint resolution.

In 2014, the AVL data will be used to improve connections, so that a bus departure can be held for a few minutes to allow a late-running connecting bus to arrive. This data in return will help reduce one of the more frustrating events for riders, missed connections. Additionally, DART Technology staff is working with Trapeze, the firm that provides DART's AVL software, to develop a system for coordinating connections between buses and trains.

The use of Automatic Passenger Counters (APC) on trains and buses supports the collection of real-time ridership as well as schedule performance by stop. Bus APC units have been installed on 150 buses as part of the new radio system implementation and are providing more accurate passenger counts and runtime data to support planning and scheduling decisions.

Other strategies that target improved on-time performance include:

- Field Supervisor vehicles are equipped with mobile data computers (MDCs) to reduce unproductive office time and provide the Field Supervisors with up-to-date information from DART's Trapeze Operating Software and upgraded AVL System. The use of tablet computers will be introduced in 2014 to provide even greater coverage for field personnel, including Station Monitors and Field Supervisors.
- Providing clear and timely information to customers regarding DART's operating policies, service schedules, and service delays through on-board Infotainment signs, variable message boards at rail and bus platforms, and through the GoPassSM app that can be downloaded to a customer's smartphone.

In-Transit Communications – Delivering Information to Customers During Their Trip – The *Where's My Bus?*[®] smartphone application that enables riders to receive a predicted arrival time has been very well received, and continues to be enhanced. New features include enabling a rider to locate the nearest bus stops to their current location using the automatic recognition capability of their smartphone. The application also shows which bus routes use those stops and provides links to timetables. By utilizing Google's street view, the application shows photographs of the bus stops to make it easier for customers to find them. A mobile trip planning tool has been introduced, using Google, so that riders can plan a trip using their smartphones.

All bus and rail stops have an identifying number which is displayed on the bus stop sign blades to make use of mobile web applications even easier. The *Where's My Bus?*[®] application is now available by SMS text message by texting DART <bus stop number> to '41411'. This has opened the application to use by more riders.

Another texting feature has been introduced that enables a rider to send a text message directly to DART Police to report an incident without the need to make an actual phone call. This is already leading to about 300 messages per month regarding unwanted activities on DART vehicles.

Where's My Train?[®], the rail companion to *Where's My Bus?*[®], now offers customers real time departure and arrival time for their train via their smartphones and on the station VMB signs.

Other initiatives will provide even more information to customers while they are traveling on the transit system, including digital displays inside the new bus fleet with next-stop information and, eventually, trip information such as connections and diversions.

In early FY 2012, two Operations Communication Liaison (OCL) positions were created to work in the Train Control Center to focus on in-transit customer communications relative to planned and unplanned service disruptions. This has greatly enhanced the level of real-time information provided to customers, and this capability will continue to be improved over time. A third OCL position will be added in FY 2014 to increase the focus on communicating bus service disruptions and to improve coverage for special events.

5 Star Customer Service Initiative – Planning for a comprehensive initiative to shift DART’s internal culture toward outstanding customer service delivery has been a major focus throughout FY 2013. The first phase of implementation will be a major focus in FY 2014. Key elements of the 5 Star Customer Service Initiative will include:

- Development and delivery of 5 Star Training Programs for all operations employees;
- Identification, training, and support for internal champions, known as “Customer Experience Officers,” within each area of the operating departments to communicate and support the 5 Star Initiative;
- Implementation of outreach events at Rail Stations and Transit Centers, involving staff from across the agency who will be meeting and greeting customers, as well as receiving feedback and working toward resolution of customer concerns;
- Implementation of process re-engineering and process improvement projects to improve the internal and external customer experience in identified areas, such as ticket vending machine (TVM) refunds and elevator failures;
- Implementation of tablet computers for field personnel such as field supervisors and station monitors to facilitate improved customer information delivery in the field;
- Deployment of DART employees to assist customers during the implementation of new services and route changes as well as during service disruptions;
- Review and implementation of improved internal processes and new technologies to enhance dissemination and accessibility of information to improve customer relations. This includes a review of the First Call Resolution initiative of customer concerns, enhancements to the Integrated Voice Response (IVR) system, and implementation of DART’s *Where’s My Train?*[®] mobile smartphone application; and
- Integration of 5 Star Initiative principles and objectives into job descriptions, performance management plans, and recognition/incentive programs to support the institutionalization of the initiative.

GoPassSM Mobile Ticketing Solution – DART customers can purchase passes in a variety of ways: riders can purchase passes on buses with exact change; use cash or credit card to purchase a pass at ticket vending machines (TVM) at rail platforms or at the retail store located in the DART headquarters building; order monthly passes online or purchase them at participating Kroger grocery stores located throughout the service area. With the introduction of mobile ticketing, customers will have the ability to pay in yet another format.

The agency has been engaged in a multi-year evaluation of the best methods to address the point-of-sale (POS) fare payment process to provide the customer with better, more expanded payment options. The goal of this effort is to find methods that permit the customer to purchase their passes in a more convenient, easy-to-understand manner.

DART is investigating new options for purchasing passes that will reduce the total amount of physical cash that must be processed. Part of this review is to determine better farebox solutions that ensure greater reliability, fewer out-of-service farebox conditions for buses, and less burden on the operator in dealing with customers at the point of purchase on the bus. At the present time the bus operator is asked to make a number of decisions about fare types and pass validation in real-time conditions. This process needs to be greatly simplified for the benefit of both the bus rider and the bus operator.

The “GoPassSM” mobile ticketing initiative will begin the process of improving customer service, decreasing cash handling, and reducing capital investment in farebox and ticket vending machine devices. During the balance of 2013 and 2014, the Finance Department, working in close coordination with the Transportation, Maintenance, Marketing and Communications, Technology, and Planning departments, will undertake a new systemwide solicitation of a contemporary farebox system that has the capability of handling smart cards, credit cards and prepaid cards, and a robust “back office” software support system to integrate the various POS systems within the agency.



Marketing and Promotion Initiatives – The Agency made significant strides in FY13 to meet the expectations of the increasingly connected transit user. Building on the success of a family of mobile tools such as *Where's My Bus?*[®] and *Where's My Train?*[®], a multi-function mobile ticketing application was developed and launched in September. The GoPassSM app incorporates the trip planning and management features developed in recent years with the ability to purchase a transit pass for use when the customer chooses to use it.

This functionality reflects lessons learned from our experience with our mobile tools and acknowledges the customer’s expectation to have more control over their transit experience. By empowering customers with more information in a communication channel of their choosing, we are lowering perceived barriers to trial (“I don’t know where DART goes or how much it costs.”) and encouraging greater frequency (“We can go as a group and buy our tickets in advance.”).

In early FY14, the Agency added a third operations communication liaison. This will expand coverage to later evenings most weeknights and provide Saturday evening coverage when many special events take place. This also provides additional support during afternoon peak service, helping the Agency deliver more information to more customers using the bus mode.

As DART looks to further expand its reach to potential customers and strengthen its connection with infrequent and regular riders, marketing will look to reposition and rebrand in FY 2014. Marketing will drive awareness of the brand by focusing on the following initiatives:

- Establishment of an umbrella that will serve to communicate the benefits of riding DART. Additionally, there will be targeted messages focused toward specific audiences to speak directly to their opportunities; riders; key stakeholders; and city officials.
- DART initiatives such as the airport launch, shuttle launch, continued new bus rollout, Rapid Ride, and expansion of GoPassSM will all be marketed under the theme of the umbrella campaign for consistency on thematic messaging.



For FY 2014, the marketing and promotion initiatives will be focused toward those activities that best align with the enhanced branding efforts. The initiatives will look to leverage the breadth of activity in and around the metroplex, such as the State Fair of Texas, Dallas Mavericks, and Dallas Stars. Additionally, there will be efforts to increase our promotional footprint with big events to further increase the brand awareness and enhance the positioning.

For FY 2014, there will be a focus on marketing to specific rider targets that may have a low index of ridership, but big potential to ride. There will be continued focus on students, but also focus on older Americans, as well as Hispanics, Asians, and African Americans through the use of education, collateral, promotions, and trial.

On-Street Passenger Facilities Program – This federally-funded On-Street Bus Facilities Program (formerly called the amenities program) continues with the installation of bus stop improvements in a number of locations throughout the DART Service Area. For the three-year period starting in FY 2014, DART expects to install the following improvements:

- 450 new bench installations, the majority of which will be new-style metal benches with backs, arm rests, and lumbar support;
- 396 new standard blue shelters;
- 15 new double/modular shelters; and
- 30 additional enhanced and special design/CBD bus shelters annually at locations like Baylor University Medical Center and other on-street locations with more than 1,000 daily boardings. An example of a special design CBD shelter is at 912 Commerce Street, a cooperative project of Belo Corporation, DART, and McDonald's.

Systemwide Accessibility Initiative – 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 advance this commitment to accessibility, DART completed work on development of a Systemwide Accessibility Plan, a document that describes accessibility issues and identifies potential improvements. In FY 2014, efforts will continue to focus on accessibility improvements that are part of the On-Street Bus Facilities Program.

Other Major Initiatives

Revenue Vehicle Fuel Transition Program

- DART's fixed-route and mobility management bus fleets are undergoing a transition to compressed natural gas (CNG). In FY 2011 the agency awarded a contract for up to 459 new 30-foot/40-foot heavy-duty low-floor buses; 123 26-foot medium-duty low-floor buses, and a multi-year Mobility Management Services contract to replace the current fleet of liquefied natural gas (LNG) and clean-diesel buses. The new buses began service in FY 2013, and the full fleet conversion will be completed in FY 2016.

- CNG Refueling Facilities – Four compressed natural gas refueling stations were brought into service during the closing weeks of FY 2012. One is located at each bus division, and one is at the Paratransit facility. These stations are a critical element in the overall transition of DART's bus (and Paratransit) fleets to CNG over the next three years.

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

The DLM program generates scorecards/dashboards tailored to each operating division. These scorecards/dashboards are posted monthly in the participating divisions 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 when compared to their peers. The program has three tiers that are grouped based on the number of employees in the divisions. This allows the smaller groups to compete against each other rather than against the larger teams. 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.

This program is tied to a bonus payout based on multiple criteria that includes individual and team incentives. The individual incentives are based on the individual's performance for the quarter, while the peer groups compete against each other. The program is projected to pay out approximately \$2 million in FY 2013. In FY 2014 Management will be reviewing the program to determine the benefits and efficiencies to the agency.

Employee Satisfaction Focus – Employee satisfaction surveys are conducted on a periodic basis to evaluate the level of employee engagement, as well as to identify areas of employee concerns that may need to be addressed. Strategies have been developed to focus on making improvements in those areas that employees have cited as falling below expectations.

Fuel Costs – Fuel and energy are major cost drivers 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 by using hedges and forward delivery contracts when advantageous.

In FY 2014, DART will be well underway in its transition to CNG fuel, dramatically reducing its consumption of diesel fuel and correspondingly reducing the need for a diesel fuel hedge.



In 2010, DART entered into a fixed-price contract for delivery of natural gas fuel from 2013 through 2020 to be used for DART's new fleet of CNG buses and Mobility Management vehicles. The transition to CNG (along with this contract) is projected to save \$190 million in operating expenses through 2029.

Service Efficiency – 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 run cuts in a short amount of time, allowing management to select the package that achieves the best operational and efficiency outcome.

DART Innovative Services

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 provide savings to the agency. 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. Effective November 4, 2013, DART will initiate an experimental On-Call zone in portions of the Park Cities.

Flex service, a variation of the On-Call service approach, has been in operation over the past several years. Flex service combines aspects of conventional fixed-route service with the demand-response 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 pickups and drop-offs in a zone around the designated path.

Flex services have been incorporated into the expanded service delivery modifications and are operated by DART personnel. On-Call service will continue to be operated by the new Mobility Management contractor (MV Transportation, Inc.).

Activity Center Shuttles

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 Transit Authority, Texas Instruments, Medical City of Dallas, the City of Richardson (Galatyn Shuttle), Parkland Hospital, and Baylor University Medical Center.

Ridership on the various shuttles continued to show growth in FY 2013, especially the university-oriented shuttle serving the University of Texas-Dallas. The Baylor Medical Center shuttle is the newest shuttle program, building upon a service that was previously operated by Baylor between their various campuses. DART's participation in this service began in FY 2013 with an annual ridership projection of 600,000 passengers.

Bus Cost Model

Exhibit 4.5 is the cost model for the bus system. The cost of transportation (the operator) is the largest cost element of the bus mode accounting for \$130.8 million, or 55.0% of the cost.

Exhibit 4.5
FY14 Bus Cost Model





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Section 5

Customer Focus – LRT

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Customer Focus – Light Rail

Overview

DART currently operates and maintains 85 miles of light rail, including 61 stations and a fleet of 163 modern light rail vehicles. Two rail operating facilities, the Central Rail Operating Facility (CROF) and the Northwest Rail Operating Facility (NWROF), support light rail operations and maintenance.

In December 2012, the Agency opened the second phase of the Orange Line, Irving-2, to Belt Line Road on DFW Airport property, and the Blue Line extension to downtown Rowlett. A map of the current rail system is included as Exhibit 5.2.

Two additional light rail projects are underway. Based upon current plans, the Irving-3 extension to DFW International Airport, Terminal A, is scheduled to open no later than December 2014. Design and construction of the South Oak Cliff (SOC-3) Blue Line extension from the Ledbetter Station to the University of North Texas –Dallas (UNT) campus was recently initiated and supports a completion date in 2016.

Exhibit 5.1 is an overview of the uses of the funds and allocated operating positions for the Light Rail mode of service. To determine these amounts, each department identifies the percentage of time and money spent on each mode of service to determine how the expenses and positions are allocated to each mode of service.

**Exhibit 5.1
LRT Overview**

Overview	FY12A	FY13B	FY14B
Allocated Operating Budget (M)	\$123.2	\$144.6	\$157.8
Capital Budget* (M)	206.2	233.3	207.6
Allocated Operating Positions**	1,092	1,124	1,266

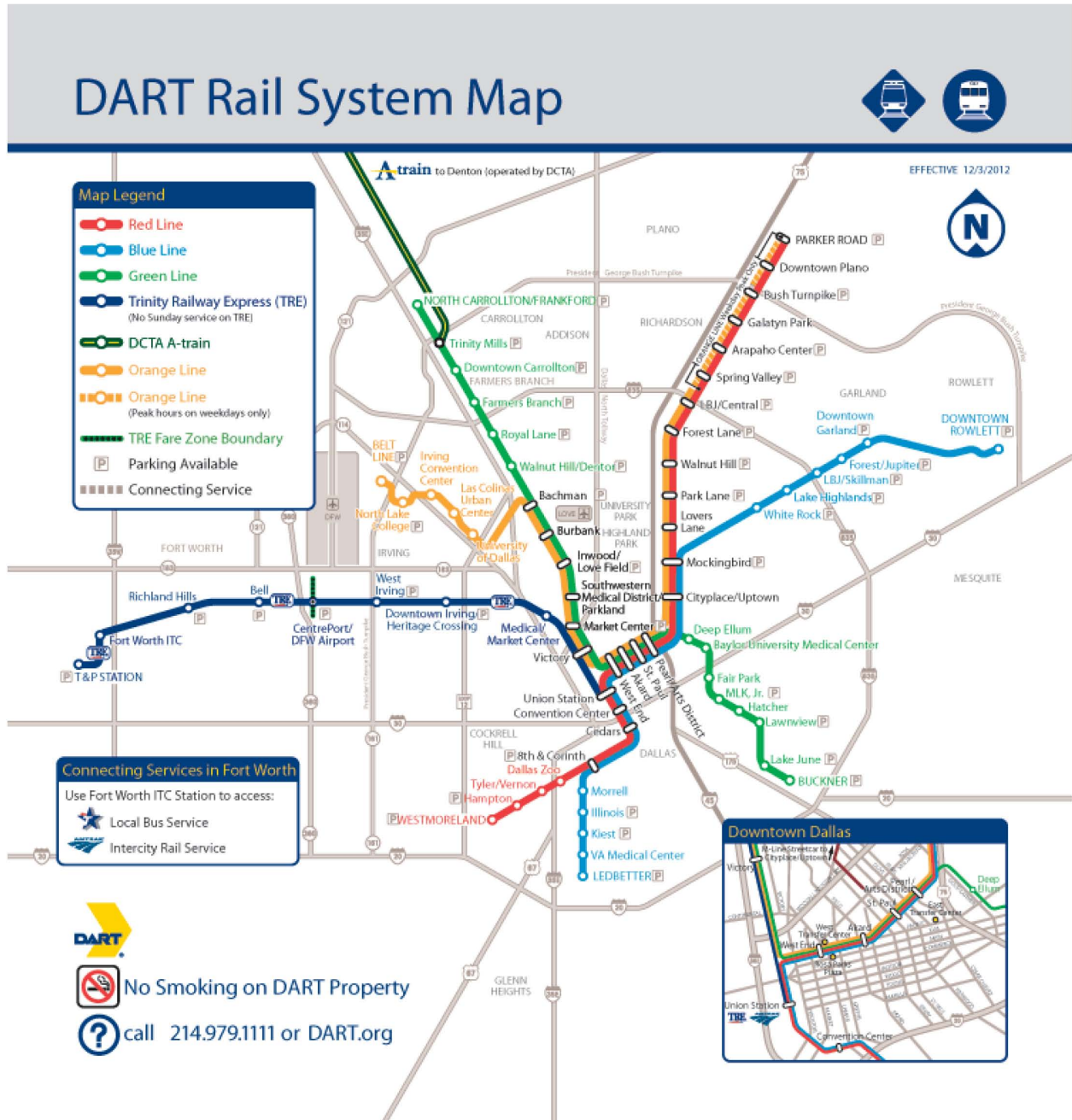
* This represents the modal capital actual or expected expenditure which does not include an allocation of agency-wide capital expenditures.

** Allocated positions are based on budgeted counts only

The increase to allocated positions from FY13 to FY14 is due to several factors:

- Additional rail operators (37)
- Police transfer from HOV operations to rail (15); new positions (26)
- Various positions due to startup of light rail (50)
- Rail Workers Protection Program (new required program) (14)

Exhibit 5.2 DART Rail System Map (Effective December 3, 2012)



**Light Rail Scorecard – Key Performance Indicators**

Exhibit 5.3 highlights LRT's Key Performance Indicators (KPIs) presented in scorecard format. Fiscal years 2011 and 2012 indicate actual values. FY13 Qtr. 3 is a four-quarter rolling average ending June 30, 2013. FY13B and FY14B are the budget values for those years.

Exhibit 5.3
Light Rail Scorecard – Key Performance Indicators

Customer / Quality					
Indicators	FY11A	FY12A	FY13 Qtr. 3	FY13B	FY14B
Customer/Quality Indicators					
Ridership (M)	22.3	27.7	29.3	30.8	30.9
Revenue Car Miles (M)	6.9	8.0	8.9	9.3	9.6
Passengers per Car Mile	3.23	3.47	3.31	3.30	3.22
Farebox Recovery Ratio	19.2%	19.4%	20.3%	18.2%	17.8%
On Time Performance	95.2%	96.7%	94.2%	93.5%	94.0%
Complaints per 100k passengers	21.5	17.5	17.2	16.9	17.5
Mean Distance Between Service Calls (000s)	19.8	33.3	37.3	41.7	44.3
Accidents per 100k Miles	0.49	0.10	0.17	0.25	0.30

Financial / Efficiency					
Indicators	FY11A	FY12A	FY13 Qtr. 3	FY13B	FY14B
Revenues (M)	\$24.1	\$25.7	\$27.5	\$28.8	\$30.8
Expenses - Fully Allocated (M)	\$118.5	\$123.2	\$137.9	\$144.6	\$157.8
Net Subsidy (M)	\$94.4	\$97.5	\$110.4	\$115.8	\$127.0
Subsidy Per Passenger	\$4.23	\$3.52	\$3.77	\$3.76	\$4.11
Subsidy Per Passenger Mile	\$0.53	\$0.42	\$0.45	\$0.46	\$0.51
Cost per Revenue Car Mile	\$17.16	\$15.43	\$15.58	\$15.48	\$16.45

LRT Ridership

Ridership counting on light rail has been conducted manually for the past 16 years and was based on a sampling approach. As shown in Exhibit 5.4, one person counted passengers boarding and alighting through five separate entry/exit points. At low volume times of day and low volume stations, this could be done with reasonable accuracy. Accuracy of the counts suffered during high volume times of the day and at high-volume stations.

DART began testing the use of automated passenger counters (APCs) in October 2011. As shown in Exhibit 5.5, the APCs are able to extract data from all 5 entry/exit points on each side of each car. The new equipment has been shown to be significantly more accurate than the manual counting method. The result is that ridership counts based on APC data are more than 15% higher than had been previously reported. The APCs also allow DART to count nine times as many cars as could be counted within the available budget using human counters. Exhibit 5.6 compares projected LRT ridership through FY 2017 based on both counting methods.

Exhibit 5.4
LRT Manual Counting

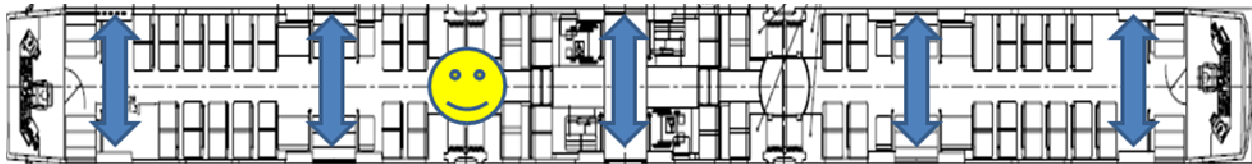


Exhibit 5.5
APCs

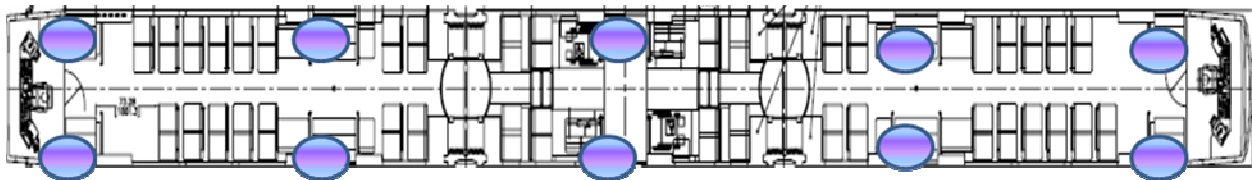
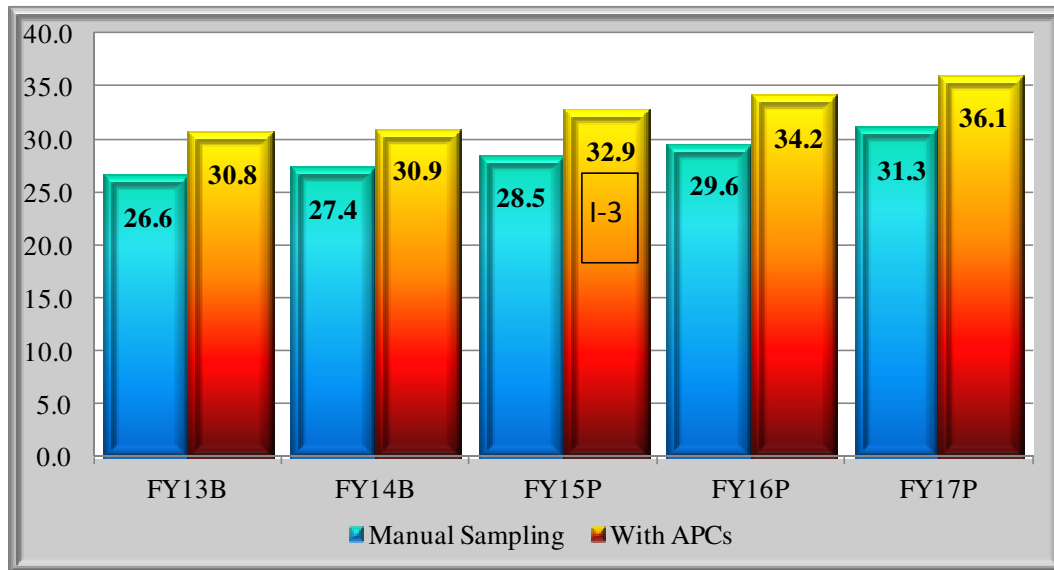


Exhibit 5.6
LRT Ridership
(in millions)



Light rail ridership in FY13 was projected to increase approximately 11.2% over FY12 actuals, reflecting the combined effects of the continued maturing of the Green Line, the additional riders attracted to the new and expanded Orange Line, the users of the new Rowlett Station on the Blue Line, and the impact of the transition to using the Automatic Passenger Counters (APC).

For future years, the other increases in ridership are anticipated as a result of the completion of the Orange Line to DFW Airport, the maturing of both Green and Orange line ridership, the opening of the SOC-3 line segment to the UNT-Dallas campus, and some modest ridership growth on both the Blue and Red lines as the local economy continues to recover.

Transit utilization during the 2011 and the 2012 Texas State Fair has established the three-week-plus event as a major contributor of ridership to the light rail system. Additional service frequency to Fair Park during the fair's run has become an essential element of the service provided by the light rail system. During the fair, average light rail ridership increases from 25 to 100 percent above normal levels. Weekday rail ridership in the month of October exceeded 100,000 riders per day during the 2012 State Fair and is projected to exceed 100,000 again in 2013.

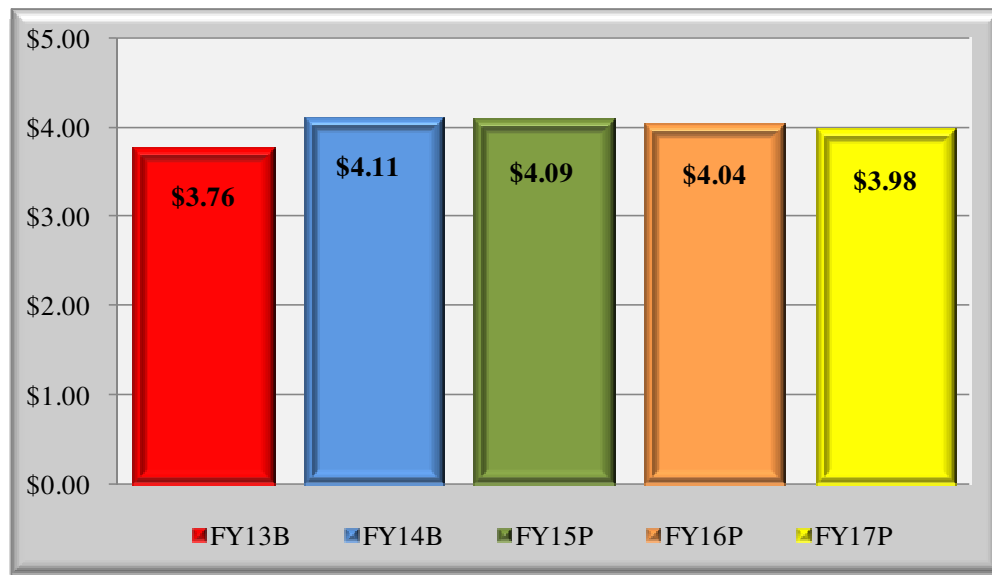
DART's Green Line has experienced additional ridership as the result of the August 2012 expansion of the Denton County Transit Authority's A Train. Almost eight of every ten A Train riders have one end of their trip at the Trinity Mills Station and most of those trips include transferring to or from DART's Green Line. A Train transfers to the Green Line are projected to increase again in FY 2014 as motorists shift to the A Train during the reconstruction of I-35 Stemmons Freeway between Denton and I-635 (LBJ).

Ridership forecasts project approximately 158,000 average weekday riders in Year 2035 and an annual LRT system total of 48.5 million. This forecast assumes that DART expansion programmed through 2016 is in place as well as the DCTA, TRE, and the Fort Worth Transportation Authority TEX Rail project.

Subsidy Per Passenger

Exhibit 5.7 compares subsidy per passenger for LRT for FY 2013 through FY 2017.

**Exhibit 5.7
LRT Subsidy Per Passenger**



LRT Subsidy per passenger is expected to remain relatively flat over the next four years as ridership and revenue growth are expected to keep pace with increased operating expenses.

LRT Expansion

Based upon current plans, the Irving-3 extension (Orange Line) to DFW International Airport, Terminal A, is scheduled to open no later than December 2014 (see Exhibit 5.8). The next major expansion of LRT will be the extension of the Blue Line (SOC-3) to the University of North Texas-Dallas (UNT) Campus (see Exhibit 5.9). The SOC-3 rail line was accelerated in the FY 2013 Financial Plan from a revenue service date in the fourth quarter of 2019 to the fourth quarter of 2016 (FY 2017).

DART also continues to conduct planning for a potential second LRT alignment through downtown Dallas (known as D2). While an alternatives analysis is currently underway for D2, there is no funding identified at this time. The project remains in the Transit System Plan and the Financial Plan, in an unfunded status. A potential interim project under consideration to enhance system capacity is to extend LRT platforms on the Red and Blue lines to accommodate three-car SLRV consists.

Exhibit 5.8
Orange Line to DFW Airport
(Irving Corridor)



Exhibit 5.9 South Oak Cliff Blue Line Extension to UNT-Dallas (SOC-3 Corridor)

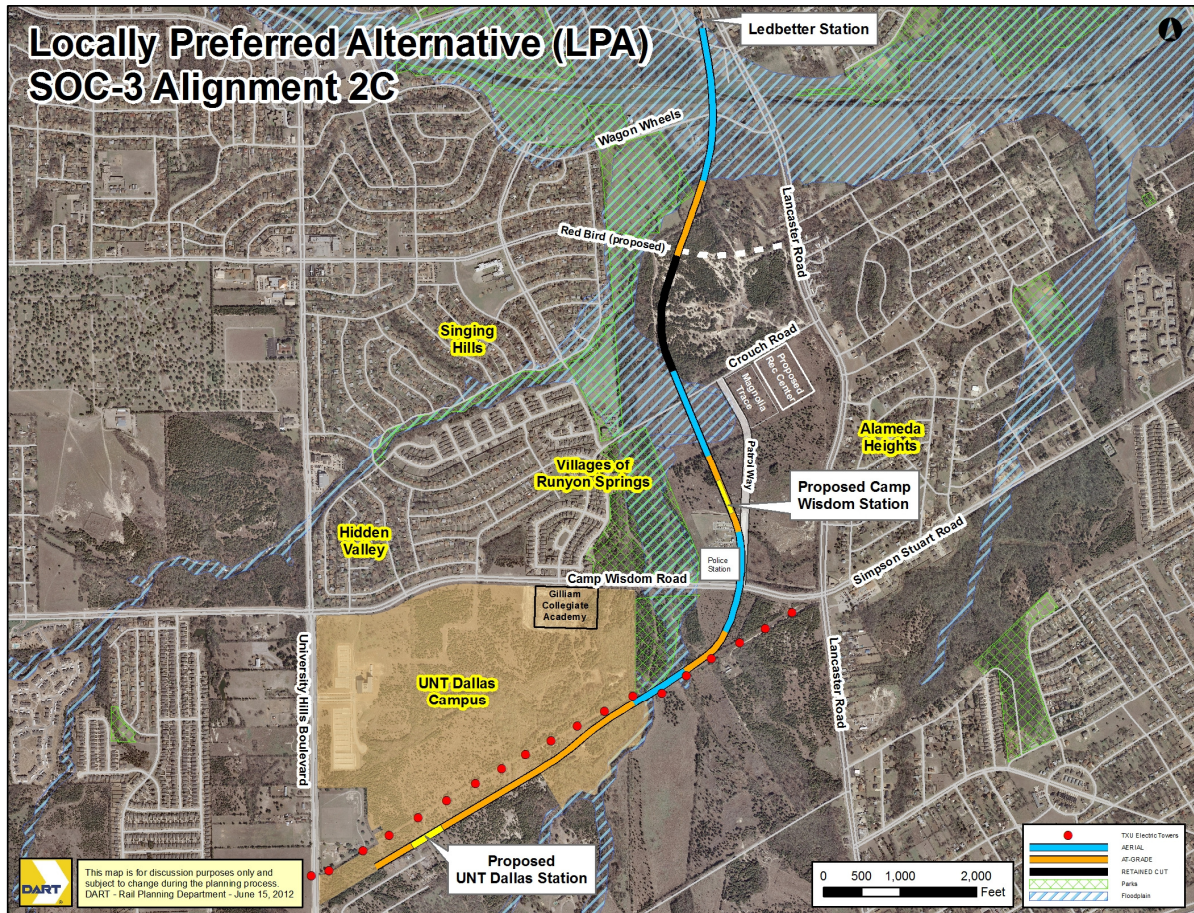




Exhibit 5.10 provides historical and prospective data on light rail expansion projects. The opening dates are predicated on assumptions that are detailed in the *Financial Plan* Section.

Exhibit 5.10 LRT Revenue Service Dates

Corridor	Line	From	To	Miles	Stations	Opening Date
STARTER SYSTEM						
Central Business District	All	West End	Pearl	1.0	4	June 1996
Oak Cliff	Red/Blue	West End	8th & Corinth	3.8	4	June 1996
South Oak Cliff	Blue	8th & Corinth	Ledbetter	4.6	5	June 1996/May 1997
West Oak Cliff	Red	8th & Corinth	Westmoreland	4.6	4	June 1996
North Central	Red	Pearl	Park Lane	6.0	4	Jan 1997
Starter System Subtotal				20.0	21	
RED/BLUE LINE EXTENSIONS						
North Central	Red	Park Lane	Parker Road	12.3	9	July-Dec 2002
Northeast	Blue	Mockingbird	Downtown Garland	11.2	5	Sept 2001-Nov 2002
Northeast	Blue	Downtown Garland	Downtown Rowlett	4.6	1	Dec 2012
Extension Subtotal				28.1	15	
GREEN LINE						
Northwest (NW-1A)	Green	West End	Victory	1.2	1	Nov 2004
Northwest (NW-1B)	Green	Victory	Inwood	2.8	3	Dec 2010
Northwest (NW-2)	Green	Inwood	Bachman	3.2	2	Dec 2010
Northwest (NW-3)	Green	Bachman	Farmers Branch	4.9	3	Dec 2010
Northwest (NW-4)	Green	Farmers Branch	North Carrollton/ Frankford	5.3	3	Dec 2010
Northwest Subtotal				17.4	12	
Southeast (SE-1A)	Green	Pearl	MLK, Jr.	2.7	4	Sept 2009
Southeast (SE-1B)	Green	MLK, Jr.	Hatcher	1.4	1	Dec 2010
Southeast (SE-2)	Green	Hatcher	Buckner	6.0	3	Dec 2010
Southeast Subtotal				10.1	8	
ORANGE LINE						
Northwest-Irving/ DFW (I-1)	Orange	Bachman	Irving Convention Center	5.4	3	July 2012
Northwest-Irving/ DFW (I-2)	Orange	Irving Convention Center	Belt Line	3.6	2	Dec 2012
Orange Line Subtotal				9.0	5	
Total Miles/Stations in Operation				84.6	61	
FUTURE LRT EXPANSION THROUGH 2016						
ORANGE LINE EXPANSION						
Northwest-Irving/ DFW (I-3)	Orange	Belt Line	DFW Airport	5.0	1	Dec 2014
Northwest-Irving/DFW Subtotal				5.0	1	
BLUE LINE EXTENSION						
South Oak Cliff	Blue	Ledbetter	UNT-Dallas	2.6	2	Dec 2016
Blue Line Extension Subtotal				2.6	2	
Total Miles By 2016				93.0	64	



Major Initiatives/Highlights

The following major initiatives are underway:

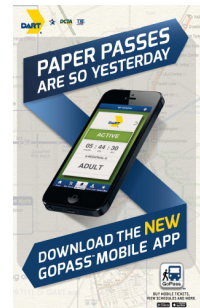
- Preparation for the 2013 State Fair of Texas, including planning for three football games held at the Cotton Bowl over the 24-day run of the State Fair
- Saturday, September 28, Louisiana Tech vs. Army
- Saturday, October 5, Southwest Airlines State Fair Classic® featuring Grambling State vs. Prairie View A&M
- Saturday, October 12, AT&T Red River Rivalry® as Oklahoma takes on Texas
- Preparation for the annual Thanksgiving Day Turkey Trot, Christmas and St. Patrick's Day parades, New Year's Eve celebrations, NCAA Final Four Basketball Championship, the Dallas Marathon, and other large events that impact DART ridership;
- Monitoring of the Paid Parking Demonstration Project to recommend expansion, termination, and/or changes to the project in early FY 2014;
- Continued construction of the Orange Line from the Belt Line Station to DFW Airport (December 2014);
- Initiation of the design/build effort for the South Oak Cliff-3 (SOC-3) Blue Line extension to UNT Dallas;
- Initiation of efforts to update the long-range Transit System Plan to 2040;
- Coordination with the NCTCOG for a regional on-board transit survey for DART LRT and Bus to be conducted in Spring 2014;
- Continuation of the second CBD Alignment (D2) alternatives analysis with funding from the 2011 FTA grant award;
- Development of design directives for LRT station platforms on the Red and Blue lines to accommodate three-car trains; and
- Construction of rail replacement/enhancements in the CBD transitway mall during 2014 to 2015 to replace worn track and improve operating flexibility.

Central Business District (CBD) Transitway Mall Rail Replacement – A major “state-of-good-repair” initiative planned for FY 2014 is the replacement of the rail within the CBD Transitway Mall. This rail, installed during the original construction of the LRT starter system in 1996, has reached the end of its useful life. The current plan calls for replacement of the rail during 2014 to 2015. Emphasis will be placed on minimizing service delays and/or disruptions to our customers through innovative phasing of the construction work. As part of this project, DART will be installing additional rail crossovers and switches to provide additional operational flexibility during special events or incidents within the mall that would otherwise restrict movement of trains.

Station Public Announcement and Variable Message Boards (PA/VMB) – A PA/VMB System was first introduced during the Phase I Build-out, and included the installation of speakers and variable message display boards on all station platforms, providing the ability to notify customers of system status, next arriving train information, etc. Similar technology was installed at all aerial stations on the Green Line during construction. DART has now retrofitted all other light rail stations with PA/VMB equipment. In addition, DART’s existing Vehicle Business System (VBS) has been updated to transmit next-train arrival information on the VMB system in real time.

DART Police Text Service – The text service connecting customers directly with DART Police provides customers who feel unsafe on a vehicle or at a station an alternative to calling police and thereby drawing attention to themselves. This system has proven effective, and Police Dispatch receives approximately 300 calls per month on the system.

Mobile Communication Tools for Customers – GoPassSM, a new mobile ticketing application developed by DART, DCTA, and The T in Fort Worth, allows customers to purchase a variety of fare media using their smartphones. The app launched in September 2013. This app is available in both the Apple App Store and Google Play for Android-based phones. The app also includes trip planning and trip promotion features. Future versions of the app will offer corporate passes and ticket bundles, which allows customers to purchase destination or event passes along with their transit fare.



Automated Passenger Counters (APC) – By the beginning of FY 2014, a total of 68 light rail vehicles will be equipped with APC equipment. As previously mentioned, use of the APCs has resulted in more accurate counting of passengers and has indicated that approximately 15% more passengers are riding than were counted with the former manual counting method. The APC-equipped vehicles are assigned to specific blocks to capture daily information on passenger volumes and will support the US75 ICM project in that corridor.

LRT Vehicle Business System (VBS) – The VBS is an on-board data management system reporting train location and status information to the Train Control Center and DART customers. This integrated system uses global positioning system (GPS) technology for automatic vehicle location (AVL) reporting and makes automated station announcements onboard the trains. It is fully deployed to all operating SLRV vehicles.



The VBS system has been improved to enable the on-board broadcast of pre-recorded messages to inform passengers of the causes of delays and interruptions. These can be selected and initiated by the train operator or remotely by supervisors at the Rail Operations Control Center (OCC) in cases where the operator has to leave the cab. Critical messages will be available in Spanish as well as English in 2014 for the benefit of riders with limited English proficiency. In the future, the OCC will be able to make live announcements over the train public address system.

Light Rail System Start-Up – DART is reaching the end of a six-year program of LRT service expansion. While construction is ongoing, staff is implementing the necessary recruitment efforts to support the subsequent daily operation, maintenance, and ongoing security of the additional 8 miles of LRT system. 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 new team members necessary to support this additional service.

Paid Parking Pilot Program – During FY 2010 DART completed a paid parking feasibility study, and the DART Board approved a pilot paid parking program for Parker Road Station on the Red Line and North Carrollton/Frankford Station on the Green Line. During FY 2011, DART procured a paid parking management firm and implemented a pilot program at the Parker Road and North Carrollton/Frankford stations. The pilot program was expanded to include the Belt Line Station in December 2012. Because of the proximity to DFW Airport, the paid parking program at Belt Line is slightly different than at the other lots and includes a long-term parking fee for anyone who parks at the lot for more than 18 hours. An analysis of the effectiveness of the paid parking program will be completed prior to March 2014, which is the scheduled end of the demonstration project.

Division Level Measurement Program – The division-level measurement, reporting, and improvement system will continue during FY 2014 in the Rail Transportation, Rail Fleet Services, and Ways, Structures, and Amenities operating groups. This initiative provides feedback to all team members about how their division performs in key areas – which they have some ability to impact – and increases employee ownership in the organizational goals (Key Performance Indicators [KPIs]).

The Division Level Measurement Program generates scorecards tailored to each operating division. These scorecards 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 departments focus on developing and implementing strategies to improve division performance while managing incremental costs.

This program is tied to a bonus payout based on multiple criteria that include individual and team incentives. The individual incentives are based on the individuals' performance for the quarter, while the team is the competitive part of the program that pits peer groups against each other. The program is projected to pay out approximately \$2 million in FY 2014.

Marketing Initiatives – With the objective to increase penetration and ridership frequency, Marketing will help drive and support initiatives intended to add value to riders. Marketing will also seek to promote new initiatives such as the new bus roll-out, Downtown Shuttle, Airport Shuttles, Arlington Shuttle, Mobile App launch, and on-board message screens.

The installation of the Public Announcement/Variable Message Boards (PA/VMBs) was completed in early FY 2013. The PA/VMBs enable direct customer communication at each of the Agency's 61 light rail platforms. Messages are delivered from the Train Control Center by either rail controllers or operations communications liaisons. Customers can receive information about system operations specific to their rail line, segment, or station as needed. The PA/VMBs have proven particularly effective in addressing customer questions quickly. Staffs monitoring social media for customer issues during service disruptions are reporting fewer customer questions about the interruptions. This opens the social media channels and helps the Agency deliver more information about our response to the disruption. This in turn reinforces the message that DART is capable of managing service disruptions safely and efficiently with an emphasis on customer service.

Marketing will seek to increase brand awareness and drive ridership through targeted partner promotions which include Special Events service to the State Fair of Texas, events at American Airlines Center, Dallas Marathon, the Heart of Dallas Bowl, NCAA Final Four, as well as community-based events and celebrations across the DART Service Area.

With the final segment of the Orange Line to DFW Airport, Marketing will develop a launch plan to drive awareness and ridership through community and key stakeholder events, corporate education and awareness programs, key partner promotions, and an official launch of the opening in December 2014.

Faced with continued high unemployment in North Texas, DART's primary focus will be ridership retention. Market research continues to point to a significant level of "turnover" in the composition of ridership on an annual basis. Marketing strategies during FY 2014 will leverage programmed service improvements in the following areas:

- New or enhanced Employer Pass sales targets,
- Enhanced in-transit communications – delivering information to customers during their trips,
- Improving Call Center response times,
- On-time performance initiatives,
- Vehicle cleanliness, and
- Safety and security.

5 Star Customer Service Initiative

- Rail Operations Performance Management – As part of DART’s 5 Star Service Initiative, a Rail Operations Performance Management program has been established to review key operating statistics in the areas of on-time performance and safety. The goal of this program is to identify negative trends in operating performance and take immediate corrective action measures to address deficiencies. Weekly and monthly targets have been established in all areas to track performance and long-term improvement. A beta program was initiated in FY 2013 within Rail Operations. Based on the success of this program, it is anticipated that the program will be expanded to Bus Operations in FY 2014.
- Customer Service Team (CST) – The CST concept provides opportunities for DART staff to reach out to our customers at various transit centers, rail stations, and other facilities across the region. The CSTs are made up of DART’s new Customer Experience Officers (CEOs) and representatives from the Transportation, Maintenance, Mobility Management, Police, Customer Service, and Marketing & Communications departments.
 - The role of the CST is to meet and greet customers, answer questions, listen to customer concerns, and resolve issues on the spot, if possible. For each event, a designated “chairperson” collects customer feedback and assigns follow-up actions to the other event participants for follow-up by their management team. CST members are allotted five business days to investigate, gather information, and forward to the chairperson and sponsoring division’s senior manager. Follow-up contact with the customer(s) is conducted when contact information is provided.
- Safety Initiatives – Red Signal Violation Reduction – This safety initiative was established to identify specific measures to be taken to reduce the overall number of signal violations on the light rail system. A Red Signal Task Force was formed to lead this effort. The team is comprised of representatives from Safety, Rail Operations, and Ways, Structures, and Amenities. Since its inception, the team’s focus has been on reviewing signal violation data collected over the past ten years, identifying specific signal locations with the highest frequency of violations, reviewing design elements of the system, and conducting site-specific visits. To date, this team has recommended and made improvements to certain design elements of the signaling system at two locations with positive results. This program is expected to continue through FY 2014.

Security Cameras – DART is enhancing passenger security along the light rail system through the implementation of surveillance cameras across the system 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 completed and in operation by the end of FY 2008.

- Retrofit – In 2010, eight LRT Blue Line stations received closed circuit television cameras (CCTV): VA Medical Center, Kiest, Illinois, Morrell, White Rock, Lake Highlands, LBJ Skillman, and Forest Jupiter were completed and are in operation. The remaining light rail stations along the Red and Blue Lines were completed in 2012 as scheduled.
- New Construction – In 2009, closed circuit television cameras were installed at four stations within the CBD (West End, Akard, St. Paul, and Pearl Stations) along with four on the Green Line (Baylor Deep Ellum, Fair Park, and MLK). The remaining Green Line stations were equipped with CCTV cameras in 2012. Cameras have been installed at all Light Rail stations and will be included in all future station construction.

Traffic Signal Priority for LRT in Dallas CBD – With the implementation of the first phase of the Green Line in 2009, DART and the City of Dallas completed the first phase of the Downtown Dallas Traffic Signal Priority (TSP) project to minimize LRT traffic delays on Live Oak and Pacific Avenue. In FY 2011, DART completed the second phase of this project to allow implementation of the LRT level boarding program for two and three-car SLRV trains. The third phase of this project is dependent upon the City of Dallas installing a new traffic signal control system, which they have deferred until 2014. DART will collaborate with the City to ensure optimized train operations at all CBD stations.

Energy Costs – Energy costs are a major cost driver in the delivery of DART services, therefore, management continues to focus on stabilizing the cost for the different types of fuels used in delivering our services. DART has historically enjoyed favorable pricing of its electricity through a series of multi-year fixed-price contracts. A new long-term strategy was finalized in FY 2013 with a contract that takes advantage of the current low market price of natural gas, one of the major factors affecting the cost of electricity. This contract, which takes effect in October 2013, will further reduce our projected future electricity costs by \$4.7 million in the FY 2014 Twenty-Year Financial Plan.

Union Station to Oak Cliff TIGER-Funded Streetcar Project – The Union Station to Oak Cliff Streetcar Project consists of an approximately 1.6-mile streetcar alignment operating on an at-grade track in a dedicated, bi-directional streetcar lane. The project runs from Union Station over the Houston Street Viaduct, in a single-track configuration located in the outside southbound travel lane. South of the Trinity River, the track alignment will transition to a double-track configuration on Zang Blvd. and will extend along the median of the roadway. At the Colorado Blvd. intersection, the track alignment will shift and extend to the westbound travel lane along Colorado Blvd., terminating at the Colorado Blvd. and Beckley Ave. intersection.

A non-revenue connection to the DART Light Rail System will be provided near Union Station to enable the streetcar vehicles to access the Central Rail Operating Facility for storage and maintenance.



The project is primarily funded by a \$23 million Transportation Investment Generating Economic Recovery (TIGER) Grant. Agency roles and responsibilities for the Project are as follows:

- City of Dallas – Project Owner
- North Central Texas Council of Governments – Federal Grant Recipient
- DART – Owner’s Technical Representative

The project will be operated and maintained by DART under contract to the City of Dallas. The start of revenue service was targeted for October 2014; however, a vehicle manufacturer protest resulted in a delay of up to four months.

The City of Dallas is also pursuing extensions of this project to the Bishop Arts District on the west and further into downtown Dallas on the east to reach the Omni Convention Center Hotel. DART will be providing technical assistance on these projects under agreement with the City of Dallas.

LRT Cost Model

Exhibit 5.11 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, LRT vehicle maintenance costs are more significant than buses, while LRT transportation costs are less significant than for buses. For example, rail facility maintenance costs represent \$33.7 million (21.4%) of the total \$157.8 million LRT cost structure – versus only 2.8% for bus. Transportation costs, on the other hand, represent only 20.7% (\$32.6 million) of the total LRT cost structure – versus 55.0% for bus. For a full comparison, contrast the bus cost model (Exhibit 4.5) with the LRT cost model (Exhibit 5.11).

Exhibit 5.11 FY 2014 Light Rail Cost Model





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Section 6

Customer Focus – Commuter Rail

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Customer Focus – Commuter Rail

Overview

The purpose of this section is to highlight the Commuter Rail (Trinity Railway Express – TRE) business plan, including key indicators and strategic initiatives. TRE passenger service is provided jointly with the Fort Worth Transportation Authority (The T) pursuant to an Interlocal Agreement as restated by the two transit authorities in September 2003. Exhibit 6.3 is a map that includes the TRE Corridor.

Exhibit 6.1 is an overview of the uses of the funds and allocated operating positions for the Commuter Rail mode of service. For allocation purposes, each department identifies the percentage of time and money spent on each mode of service to determine the expenses and positions allocated to the mode of service.

Exhibit 6.1
Commuter Rail Overview

Category	FY12A	FY13B	FY14B
Allocated Operating Budget* (M)	\$24.2	\$24.7	\$26.7
Capital Budget** (M)	10.9	23.3	19.1
Allocated Operating Positions***	13	13	15

* This includes the T's allocated Expenses

** This represents the modal capital actual or expected expenditure which does not include an allocation of agency-wide capital expenditures.

***Allocated positions are based on budgeted counts only

Commuter Rail – TRE Scorecard – Key Performance Indicators

Exhibit 6.2 highlights Commuter Rail – TRE's Key Performance Indicators (KPIs) presented in scorecard format. Fiscal years 2011 and 2012 indicate the actual values, while figures for fiscal years 2013 through 2014 represent the budget and projected values. Fiscal Year 2013 Qtr 3 is a four-quarter rolling average ending June 30, 2013.

To more accurately depict the true operating costs of TRE, the data shown includes combined revenues and expenses for both DART and the Fort Worth Transportation Authority (The T). By including all revenues and expenses, the information presented will provide the reader with data comparable to all other modes. Ridership is collected and reported for the TRE system; therefore, KPIs associated with ridership are calculated as TRE totals and not only DART's totals.



Fiscal Year 2014 revenues include \$2.36 million of The T's passenger revenues allocated to the TRE. Revenues in FY 2014 are projected to decrease compared to FY 2013 as larger than anticipated ridership impacts were realized due to the fare increase in December 2012. The Regional monthly pass price increased from \$120 to \$160, and the Regional corporate annual pass price increased from an average of \$720 to \$1,200. The price increase to these Regional fare products contributed to a significant decline in the number of tickets sold during FY 2013.

Expenses include all direct and indirect costs allocated to TRE, including The T's allocated costs of \$1.53 million.

Exhibit 6.2
Commuter Rail – TRE Scorecard (Systemwide) – Key Performance Indicators

Customer / Quality					
Indicator:	FY11A	FY12A	FY13 Qtr. 3	FY13B	FY14B
Ridership (M)	2.4	2.3	2.1	2.3	2.1
Revenue Car Miles (M)	1.5	1.5	1.5	1.6	1.6
Passengers per Revenue Car Mile	1.6	1.5	1.3	1.4	1.3
Scheduled Train Hours (000s)	19.3	19.3	19.5	18.9	21.1
Farebox Recovery Ratio*	22.5%	32.7%	33.6%	32.8%	30.7%
On Time Performance	97.1%	97.9%	98.3%	97.5%	97.5%
Complaints per 100k passengers	9.1	4.8	4.0	7.6	7.6
Veh. Accidents Per 100k Miles	0.38	0.17	0.22	0.25	0.25

Financial / Efficiency					
Indicator:	FY11A	FY12A	FY13 Qtr. 3	FY13B	FY14B
TRE Revenues (M)*	\$10.6	\$11.5	\$11.6	\$11.6	\$11.7
TRE Expenses Fully Allocated (M)**	\$24.0	\$24.2	\$24.7	\$26.5	\$28.2
TRE Net Subsidy (M)	\$13.4	\$12.7	\$13.1	\$14.8	\$16.5
TRE Subsidy Per Passenger	\$5.54	\$5.63	\$6.36	\$6.39	\$7.76
TRE Subsidy Per Passenger Mile	\$0.29	\$0.29	\$0.33	\$0.33	\$0.41
TRE Cost per Revenue Car Mile	\$8.69	\$8.33	\$8.57	\$9.09	\$10.30

* Includes the T's passenger revenues starting in FY11A

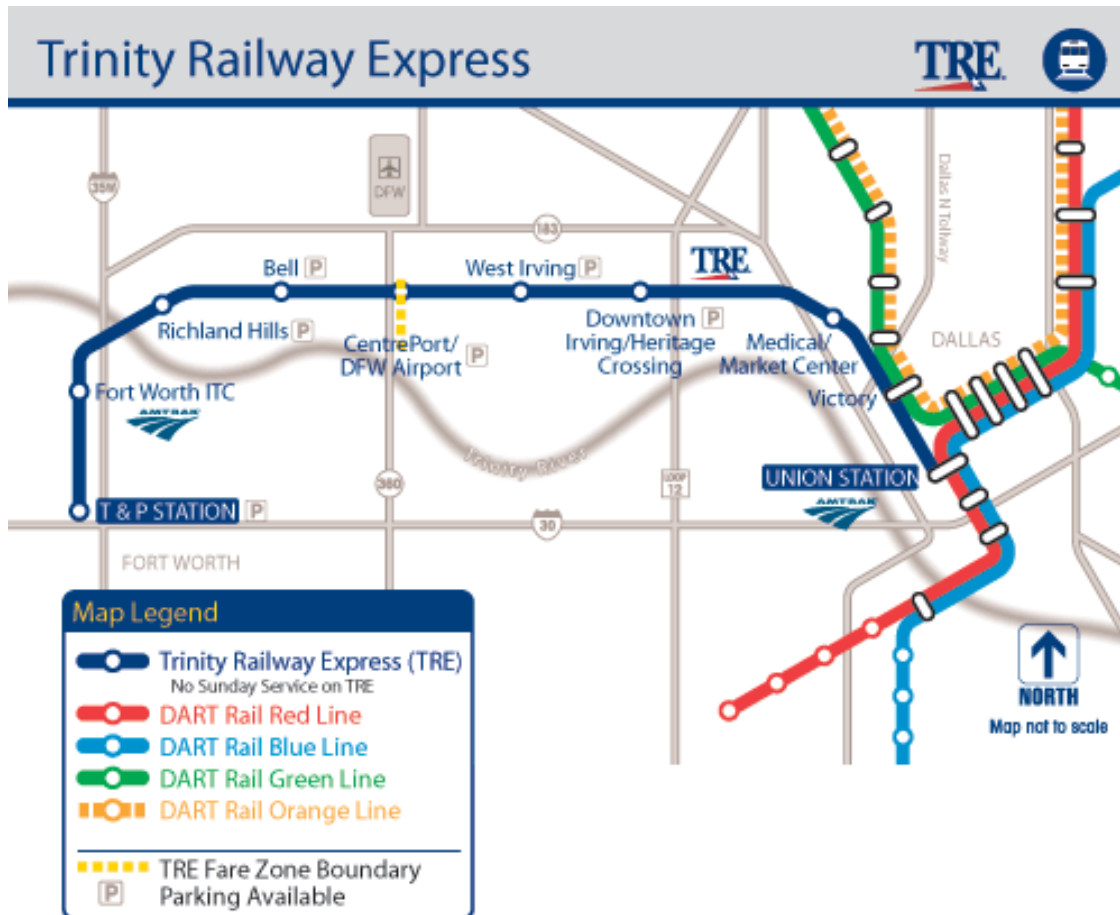
** Includes the T's expenses starting in FY11A

Scheduled Train Hours – The increase in scheduled train hours from FY 2013 to FY 2014 reflects the December 2012 service change which extended the two AM trips from the Richland Hills Station to the Fort Worth T&P Station, plus other minor schedule adjustments that were made as part of the service change.

TRE Expenses Fully Allocated – Between FY 2012 and FY 2013, the accounting treatment for the fuel hedge was changed and the price of fuel was adjusted to reflect market conditions. The FY 2012 fuel pricing (net of fuel hedge) was \$2.31 compared to the FY 2013 price of \$4 per gallon. This resulted in a \$2.1 million increase in the fuel budget for FY 2013. The increase between the FY 2013 and FY 2014 budgets reflects the discontinuance of the fuel hedge program which increased the FY 2014 TRE budget by an additional \$2 million.

Exhibit 6.3 is a map that includes the TRE Corridor.

Exhibit 6.3
Trinity Railway Express Corridor



TRE Ridership and Subsidy Per Passenger

Through the third quarter of FY 2013, ridership declined 8.9% to 2.07 million compared to the FY 2012 actuals (2.25 million). With no service level enhancements planned for FY 2014, ridership is expected to remain consistent with FY 2013 actuals at 2.12 million with a slight increase to include riders of the new Arlington MAX service (see further discussion on page CR-5).

Exhibit 6.4 graphically depicts TRE ridership trending and projections, and Exhibit 6.5 graphically depicts subsidy per passenger trending and projections.

Exhibit 6.4
TRE Ridership
(in Millions)

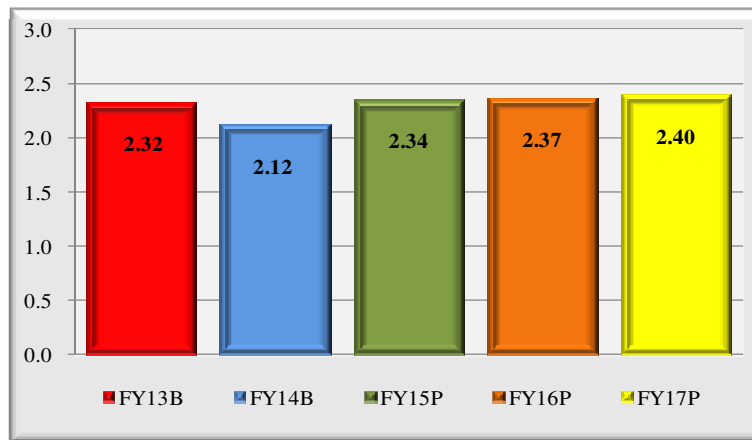
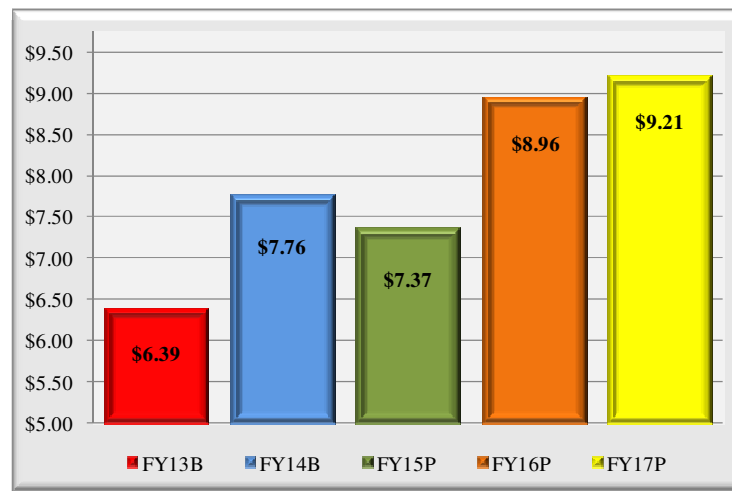


Exhibit 6.5
Commuter Rail – TRE Subsidy Per Passenger



Subsidy Per Passenger is projected to increase in FY 2016 and FY 2017 due to additional operating costs associated with the Positive Train Control federal mandate.

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 to DART and The T for TRE services that their citizens utilize. None of the Mid-Cities currently belong to either DART or The T. Several additional ILAs have been negotiated over the past few years. NCTCOG, DART, and The T are securing amendments to extend the 2007 Mid-Cities ILA to the new agreement period of October 2011 through September 2016 at the same 2007 funding level.

City of Arlington Service - The City of Arlington, working in combination with DART and The T, entered into a two-year agreement in June 2013 for inaugural express bus service to the TRE CentrePort station from the main campus of the University of Texas at Arlington. The new service is separately branded as the Metro Arlington Express (MAX Express), and service commenced in August 2013. The City of Arlington and its private sector participants will be responsible for 100% of the cost of operating this service. The two transit agencies will receive and divide 100% of all fare revenues generated from riders. This agreement is the first agreement of its kind that DART has entered into under a new Board Policy that outlines how DART will offer this type of service to cities outside of the service area.



Weekend Service – A limited-schedule service operates on Saturday between Dallas and Fort Worth. Sunday service cannot be implemented until more double tracking is added because required maintenance activities within the right-of-way are currently performed on Sundays. Because the majority of these double-tracking projects are in Tarrant County, the costs will be incurred by The T and are therefore not included in DART's Twenty-Year Financial Plan.

During the summer of 2013, the TRE sponsored a Saturday promotion which featured a “six-for-one” offer that allowed two adults and four children up to age 14 to obtain a regional day pass to access events in or near the downtown areas of Dallas and Ft. Worth. The results of this promotion are now being reviewed and will be used to develop guidelines for an effective promotion strategy to augment ridership on the TRE on weekends.

Ensure Service Quality – There are a large number of railroad on-line "meets" which present a challenge to maintaining on-time service. TRE has consistently maintained an on-time performance of between 97% and 98%. The TRE continues to have a loyal ridership base with the current 47-train weekday and 19-train Saturday schedule. There is a commitment to 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 25 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 TRE contractor. On-time performance is targeted at 97.5% for FY 2014.

Constant monitoring of the track and signal systems is essential to ensure safe and continued operation of a railroad; but eventually, more sidings and double tracking will be required to 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 and safety of the TRE are listed under *Departmental Emphasis on FY 2014 Board Goals* section. Reserves have been established within DART's Financial Plan 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.

Departmental Overview

The **Commuter Rail Division** is responsible for the management of the TRE commuter rail service between Dallas and Fort Worth.

- Contract operation – DART, on behalf of DART and The T, has contracted with Herzog Transit Services, Inc. (Herzog) to maintain the commuter rail rolling stock and right-of-way, provide dispatching services for the corridor, and operate the commuter rail service on the corridor. The current contract expires on September 30, 2015 and will be resolicited in FY 2014. More discussion on this solicitation is provided in the *Departmental Emphasis on FY 2014 Board Goals* section.
- 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 and 5 by The T.
- Operating Fleet – The operating fleet consists of 13 rail diesel cars (RDCs) (owned by DART), 9 locomotives, 17 bi-level coaches, and 8 bi-level cab cars (all jointly owned by DART and The T). Eleven of the rail diesel cars were leased to Denton County Transportation Authority (DCTA) for revenue operations until their fleet of Stadler vehicles were received and commissioned into revenue service. All RDCs were returned to DART in February 2013.
- Sharing of Costs – The DART/T ILA specifies that revenues generated on or by the TRE Corridor 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. DART's share for FY 2012 was 46.65% and FY 2013 was 46.79%, and is projected to remain the same for FY 2014. 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 – In keeping with the TRE Strategic Plan, a Ridership and Service Plan dashboard has been implemented to manage activities designed to optimize service quality, increase public awareness of the TRE service, promote ridership growth, and address demand for additional service capacity.

DART and Trinity Railway Express owns a total of approximately 273 miles of rail track. The **Railroad Management Division** is responsible for management of DART-owned active freight lines (155 miles), non-operated/freight abandoned lines (25), 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 to provide freight rail service along the freight lines.

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 trackage rights fees for these corridors on behalf of the Regional Rail Right-of-Way Company.

In total, the division manages approximately 2,700 licenses on the TRE Corridor and other active freight lines. Revenues for the TRE corridor were \$2.9 million in FY 2012 and are projected to be \$3.0 million in FY 2013 and \$2.8 million in FY 2014. The decrease from FY 2013 is due to the combined effects of a change in the UPRR fee structure and estimated car mile revenue from BNSF in FY 2014. The DART/T ILA specifies that revenues generated on or by the TRE Corridor are joint revenues and are to be applied against TRE operating costs.

The division is also responsible for the property management of the TRE Corridor, which includes the revenue collection from various land licenses, 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 below.

The non-TRE revenues are allocated to DART's general fund. Exhibit 6.6 provides a summary of actual and projected revenue from all activities for FY 2010 through FY 2014 (projected), excluding oil and gas leases, which are shown in Exhibit 6.7.

Exhibit 6.6
Railroad Management Revenue

Fiscal Year	TRE	DART	Total
2010	\$2.5M	\$2.0M	\$4.5M
2011	\$2.8M	\$1.9M	\$4.7M
2012	\$2.9M	\$2.0M	\$4.9M
2013 (projected)	\$3.0M	\$1.9M	\$4.9M
2014 (projected)	\$2.8M	\$2.1M	\$4.9M

Oil and Gas Lease Agreements

The Commuter Rail and Railroad Management Department strives to increase license and contract revenue through consistent management and enhancement of existing agreements.

- TRE corridor (shared with The T) – An oil and gas lease agreement brought a bonus payment in FY 2006 of \$1,411,180 and in FY 2009 of \$107,957 to TRE. Each bonus was paid individually to the TRE owners; therefore, only one-half of the bonus is reflected in the revenues shown in Exhibit 6.7. These leases have also generated total bonus and royalty revenues through FY 2012 of \$1,962,957; \$722,090 of the bonus in FY 2006 was accrued over a three-year lease period, and \$33,288 of the bonus in FY 2009 was accrued through 2012.

Royalty and bonus revenue from the lease, from FY 2006 through FY 2014, is shown in Exhibit 6.7. In FY12 Oil and Gas lease revenues fell due to decreases in both well production and a sharp drop in natural gas prices. Projected revenues for FY13 are expected to increase to \$317,731 as new gas wells were brought on line and a one-time payment of \$146,000 was received for owed royalties for prior months' production. Oil and Gas for FY14 revenues are projected to be \$240,000 as the new gas wells normalize production levels.

Exhibit 6.7
April 2006 Oil & Gas Lease Agreements

Fiscal Year	Amount
2006	\$100,290
2007	\$324,084
2008	\$506,067
2009	\$303,475
2010	\$280,442
2011	\$303,114
2012	\$145,485
2013 (projected)	\$317,731
2014 (projected)	\$240,000
Total – actual and projected revenue	\$2,520,688

Madill Subdivision Oil & Gas Lease revenue: A five-year lease on 69.65 acres was signed in June 2009, and a bonus was paid to TRE in the amount of \$107,957. Because this area of the TRE is on the eastern edge of the Barnett Shale, royalty revenues from successful gas wells are speculative at this time.

Departmental Emphasis on FY 2014 Board Goals – Goals that will be the subject of special emphasis during the year are: Strive to Exceed Customer Expectations; Use Technology to Integrate and Advance Services and Systems; and Build and Maintain DART's Regional Transportation Leadership. Major initiatives that are underway or proposed that are targeted at achieving the Board's Goals and at improving the overall safety, efficiency, and effectiveness of TRE services and operations are as follows:

- Operations and Maintenance Contract – The current Operations and Maintenance (O&M) contract expires on September 30, 2015. A significant focus in FY 2014 will be the development of a regional specification and the solicitation, selection, and award of a new O&M provider contract. When awarded, the contract will provide for a ten-year base contract with an additional ten-year option for providing long-term commuter rail services to the region, including but not limited, to:
 - General management
 - Train operations including crews
 - Maintenance services for all TRE-owned rolling stock and equipment
 - Train dispatching services
 - Timely and accurate communications to customers, to DART and The T, and to tenant railroads
 - Provision of exceptional customer service to all commuter rail customers
 - Maintenance of rights-of-way
 - Maintenance of infrastructure, centralized traffic control (CTC), and voice radio system
 - Maintenance and operations of Positive Train Control (PTC), including configuration management
 - Provision of Federal Railroad Administration (FRA) required Roadway Worker Protection services for the maintenance of the corridors, capital projects, and other contractors on the corridors

The new contract will provide O&M services for the TRE and the DCTA A-train. Services for The T's TEX Rail line will be provided through this contract upon initiation of revenue service.

- Positive Train Control (PTC) – The Rail Safety Improvement Act of 2008 defines PTC and mandates its implementation by December 2015. PTC is defined as a system designed to prevent train-to-train collisions, over-speed derailments, incursions into established work zone limits, and the movement of a train through a switch left in the wrong position. PTC is required for intercity passenger rail or commuter rail passenger main lines and will further enhance safety on TRE. An implementation plan for TRE was submitted and approved by the FRA. PTC implementation is planned as a regional

project with several components of the PTC system to be shared by the TRE, DCTA A-train, and the TEX Rail service when it begins revenue operation. The FRA is aware that the industry and the TRE will likely not achieve the December 2015 deadline. The TRE is currently projecting completion in mid-2017.

- State of Good Repair and Capital Investment Plan – To ensure long-term service quality, a TRE Asset Condition Assessment was performed in late 2011 and 2012. A State of Good Repair (SGR) analysis and a Capital Investment Plan (CIP) were also performed in FY 2012. The Condition Assessment and CIP are maintained by TRE and serve as the basis for budget planning each fiscal year and ensure that all operational and business assets are in working order and fulfill their intended use. The SGR analysis serves as the basis for a long-range capital asset replacement program and a 20-year financial forecast. This enables DART and The T to plan for adequate funding to maintain TRE service quality.
 - Rail and Tie Replacement Program – As a result of continued operations along the TRE and Madill lines, the rail and supporting track ties have experienced wear and will need to be replaced over time in order to maintain a state of good repair and the desired operating speeds and track class. The TRE is replacing 115-pound rail with new 136-pound rail and also replacing wood ties with longer-lasting, eco-friendly composite ties to significantly extend the life of the trackage. This helps reduce capital and operating costs in the long term. These programs are reflected in the SGR and CIP as long-term programs that began in FY 2013 and will continue as ongoing programs.
 - Bridge Management Plan and Bridge Replacement Program – In FY 2012, an FRA-mandated Bridge Management Plan and Capacity Rating Study was completed. As a result of the Capacity Rating Study, TRE is performing preliminary engineering for bridge enhancements and replacements in accordance with the SGR. Two bridges in Dallas County will undergo design and construction and one bridge will be replaced in Tarrant County in FY 2014.
- Next Train Customer Communication System – To significantly improve customer communication, a project is underway to expand DART's Light Rail Next Train system to the TRE vehicles and train stations during FY 2013 and FY 2014. This project includes automatic voice announcements of stops and variable message signs on-board vehicles and the platforms at TRE stations. An added operational benefit will come from the installation of automatic passenger counters on board the TRE vehicles. In FY 2013 all Variable Message Boards (VMB) at the ten TRE stations were installed allowing for ad hoc messages to be sent to inform passengers of delays and other TRE-related information.
- Valley View Double-Tracking – This project upgrades the existing TRE line by double-tracking between the Dallas/Tarrant County Line and the existing siding west of West Irving Station. The length is 7,392 feet of double-track. A new bridge will also be constructed over Bear Creek. This project is tied to the TEX Rail and Amtrak agreement with DART that is currently under negotiation and is expected to move forward in FY 2014.

- Vehicle Maintenance – Maintaining the TRE fleet in a state of good repair will include the overhaul of three bi-level coaches and the electrical systems for three locomotives during FY 2014.

Cotton Belt Corridor – DART owns 54 miles of the Cotton Belt rail corridor from north Fort Worth to downtown Wylie, Texas. The T has received FTA approval to begin preliminary engineering for the TEX Rail project, which proposes to use the western segment of the Cotton Belt, and continue south into downtown Fort Worth to the existing TRE Intermodal Transportation Center and the T&P Station and extend to southwest Fort Worth. DART initiated the planning for the eastern segment in response to outside interest in a “Public/Private Partnership” to build out and develop the Dallas segment. However, the partnership did not sustain momentum, and the Dallas segment of the Cotton Belt will remain consistent with the current approved Service Plan until an alternative plan is developed to advance the implementation of passenger rail on the corridor.

Denton County Transportation Authority – DCTA is a coordinated county transportation authority, created by law in 2001, and approved by the voters in Denton County in 2002. DCTA’s priority project was construction of a regional passenger rail line connecting Carrollton and Denton, called the “A-train.” The A-train, which began service on June 20, 2011, helps to meet growing transportation demand in eastern Denton County and provides a logical extension of DART’s Green Line.

An Interlocal Agreement between DART and DCTA was signed in September 2007 to modify the DART design for the Trinity Mills Station in order to accommodate DCTA tracks. An additional Interlocal Cooperation Agreement was signed by DART and DCTA in March 2009 to allow DART’s construction contractor to perform the changes necessary to the platform and track at Trinity Mills Station to accommodate the A-train service. In May 2010, DART and DCTA and the City of Denton signed a Transportation Access Agreement and Easement for access for the A-train service. This agreement also transferred title to DART from the City of Denton of 7.6 miles of corridor so that DART now owns the entire corridor to Denton.

In March 2011, DART, The T, and DCTA executed an Equipment Lease and Operations and Maintenance Agreement. In accordance with the agreement, DART leased Rail Diesel Cars (RDCs) to DCTA, maintains the right-of-way and equipment, operates the A-train commuter rail service, and provides dispatching. All RDCs were returned to DART in February 2013 upon receipt of new vehicles by DCTA. The current agreement has proven to be both financially and operationally advantageous to all parties. DART, The T, and DCTA signed a new Equipment Lease, Operating, and Maintenance Agreement which went into effect January 1, 2013.

Commuter Rail and Railroad Management Department Cost Model

Exhibit 6.8 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 and DART-owned active freight rail lines for FY 2014 are budgeted at \$2.8 million and \$2.04 million, respectively. 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 2014 include \$1.5 million of indirect costs from The T.

Exhibit 6.8
Commuter Rail and Railroad Management Cost Model



Section 7
Customer Focus – Paratransit
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Customer Focus – Paratransit Services

Overview

DART, through the Department of Mobility Management Services, provides accessible, curb-to-curb public transportation services within the DART Service Area in accordance with the Board-approved Accessible Services Policy and the Americans with Disabilities Act of 1990 (ADA). Mobility Management Services provides a broad range of transportation choices, new options, vehicle communication, and equipment enhancements, geared toward mobility options for persons with disabilities, older adults, and those with limited incomes.

Effective October 1, 2012, a new business model was implemented to increase productivity and efficiency, and decrease the overall cost to operate paratransit services. This model enhances operational performance, customer service, and contract compliance. Several key changes in the new model are the outsourcing of the reservations, scheduling, and dispatching functions, as well as fleet ownership. Mobility Management continues to maintain responsibility for field supervision, contract compliance, rider eligibility, outreach, travel orientation and training, coordinated transportation services, administration, the Fixed-Route Reduced Fare Program for People with Disabilities, and operation of DART's On-Call service.

DART contracted with MV Transportation, Inc. (MV), to provide, operate, and maintain a fleet of 8 MV-1s and 92 Starcraft vehicles, along with 11 DART-provided On-Call vans. During the first pilot year of the contract (FY13), the vehicle mix was adjusted to better suit the needs of DART Paratransit riders. This translated to MV altering the plans to operate 92 Starcraft vehicles through dedicated service in the second year of the contract. MV also oversees and manages a fleet of approximately 200 taxi vehicles provided by Yellow Cab.

The purpose of this section is to explain the business plan and strategic initiatives for the paratransit mode. Exhibit 7.1 is an overview of the uses of funds and allocated operating positions for this mode. Each department identifies the percentage of time spent on each mode of service to determine the expenses and positions allocated to the mode of service.

Exhibit 7.1
Paratransit Overview

Overview	FY12A	FY13B	FY14B
Allocated Operating Budget (M)	\$38.3	\$32.8	\$31.9
Capital Budget* (000s)	-	188.2	847.7
Allocated Operating Positions**	72	70	66

* This represents the modal capital budget which does not include an allocation of agency-wide capital expenditures.

** Allocated positions are based on budgeted counts only

**Paratransit Services Scorecard – Key Performance Indicators**

Exhibit 7.2 highlights the Paratransit Mode's Key Performance Indicators (KPIs). Fiscal years 2011 through 2012 indicate actual values, while figures for fiscal years 2013 through 2014 represent the budget values. Fiscal Year 2013 Qtr 3 is a four-quarter rolling average ending June 30, 2013. KPIs for FY 2014 will reflect a higher quality of service based on implementation of the new service delivery model.

Exhibit 7.2 – Paratransit Scorecard – Key Performance Indicators

Customer / Quality					
Indicators	FY11A	FY12A	FY13 Qtr. 3	FY13B	FY14B
Actual Ridership (000s)	790	802	769	862	778
Trips Actual			511	785	767
Revenue Hours (000s)	463	466			
On-Time Performance	87.8%	87.0%	89.2%	95.0%	95.0%
Accidents per 100K Passengers	0.21	0.31	0.90	2.0	2.0
Percentage of Trips Completed	100.0%	99.9%	99.6%	99.0%	99.0%
Passenger Canceled Trips Ratio	10.8%	10.3%	19.2%	11.0%	16.0%
Passenger No Shows Ratio	3.7%	4.7%	4.4%	4.0%	4.0%
Service Level - 3 minutes*				95.0%	95.0%
Service Level - 5 minutes*				99.0%	99.0%
Complaints per 1k trips			8.4	4.5	3.0
Certified Riders	10,878	11,189	11,576	11,575	11,816

* In past years these were based on calls related to scheduling. In FY13, these are based on ALL calls.

Financial / Efficiency					
Indicators	FY11A	FY12A	FY13 Qtr. 3	FY13B	FY14B
Revenues (M)	\$2.3	\$2.3	\$2.0	\$3.2	\$2.6
Expenses - Fully Allocated (M)	\$36.4	\$38.3	\$31.7	\$32.8	\$31.9
Net Subsidy (M)	\$34.1	\$36.0	\$29.7	\$29.6	\$29.3
Subsidy Per Trip				\$37.64	\$38.18
Subsidy Per Actual Passenger	\$43.12	\$44.93	\$38.61	\$34.29	\$37.64

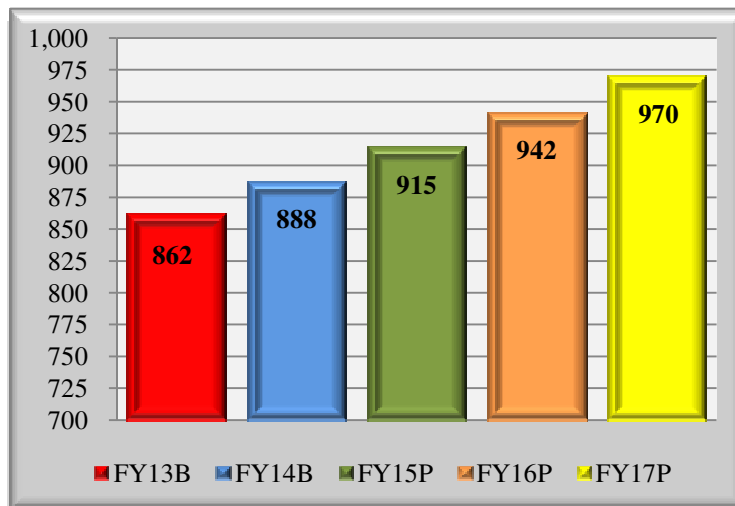
KPIs for Reservations and *Where's My Ride?* are referred to as Service Levels and represent the percentage of calls answered within the established time. The contract with MV Transportation requires 95% of calls to be answered within 3 minutes and 99% of calls to be answered within 5 minutes. MV is also required to meet an On-Time Performance target of 95%. The target for complaints under this contract is 3 per 1,000 passenger trips. MV has struggled to reach several of the established goals; however, considerable improvements were made in Quarters 3 and 4 of FY 2013.

Paratransit Ridership

One of Mobility Management's goals is to increase productivity and efficiency while delivering excellent customer service. The new service delivery model implemented in FY 2013 consists of both dedicated and non-dedicated vehicles as well as a diverse fleet mix. Ridership figures for FY 2013 were budgeted based on FY 2011 actuals. When the Request for Proposals for the current contract was developed, FY11 was the most current full year of data. In FY 2012 actual ridership increased by more than 1.5% which greatly affected the FY 2013 projected ridership figures that were budgeted at a 4% increase per year from FY13 through FY17. Ridership projections for FY13 through FY17 have been adjusted using actuals through FY13 on the graph below with a 3% annual increase.

Exhibit 7.3 shows the projected ridership of the service model for the next four years.

Exhibit 7.3
Paratransit Ridership
(in Thousands)



The increase in vehicles and flexibility that accompanies the MV Transportation contract has helped ease the strain on available resources and decreased customer ride times that had been increasing over the past several years. Ultimately, this change has allowed more variety and flexibility in the scheduling of trips, thus improving productivity and efficiency.

Some examples of potential strategies to divert Paratransit trips to less expensive alternatives include:

- “Circulators” – Analyze trips that circulate within a geographic area with a high number of discretionary destinations and residences, and develop a fixed Paratransit route that circles among the origins/destinations within the area to meet demand collectively instead of on an individualized trip basis.
- Identify means to expand the existing feeder fare program (Connection Service) to entice more customers to use the service to travel to the nearest practical transit center or rail station and use fixed-route service. This has the potential to greatly reduce average trip lengths for these customers.
- Identify potential public/private partnerships for coordinating services, providing alternatives to ADA Paratransit while improving transportation options for populations not eligible for ADA Paratransit services and unable to use DART’s fixed-route services.

Major Highlights/Initiatives

DART Mobility Management Services is piloting two major projects to improve coordination of services and sharing of resources.

Travel Ambassador Program and Other Community Training Options

The goals of the Travel Ambassador Program are to: 1) increase the familiarity and comfort level of older adults and persons with mild cognitive disabilities with DART’s fixed-route system; and 2) to encourage Health and Human Services caseworkers, non-profit transportation providers, and the public seeking transportation for persons with disabilities to consider the fixed-route system as their first choice.

For customers: The proposed service includes travel orientation for individuals as well as groups. Travel Ambassadors work with clients to help them become familiar and comfortable with using the fixed-route service through group trips and accompanying first-time users on customized transit trips. The travel trainers will continue to work with clients with disabilities requiring more intensive and detailed assistance. Clients that have gone through the Travel Ambassador Program, but require more than a few trips in order to feel comfortable using fixed-route services are referred to the Travel Training Program.

For caseworkers and agencies: Mobility Management Services Planning personnel conduct training among caseworkers and agencies to increase awareness of alternatives to DART Paratransit services, the ease of using fixed-route services, and the goals of service coordination between transportation providers and the Health & Human Services community. The Travel Ambassador Program also offers group training for human service agencies and other trainers through a train-the-trainer program.



Regional Transportation Information/Database

DART is working with various regional entities to create a searchable, comprehensive, accurate, and current database of transportation resources in North Texas for persons with disabilities, older adults, and other disadvantaged populations. This effort is the first step to a regional one-call/one-click service where individuals, caregivers, and caseworkers can find and ultimately book trips by accessing one centralized source.

Care will be taken to target market the alternatives to customers already using Paratransit for these discretionary trips. At the same time, Mobility Management has become more diligent in enforcing conditional eligibility criteria for ADA riders. Conditional customers affected by this will be offered opportunities to use one of the alternatives described above whenever possible. The objective of the combined impact of these alternatives is to continue to provide customers with trips to meet their travel needs while reducing the financial and time burden on DART's standard Paratransit service.

Paratransit Eligibility and Travel Training Program – Per the ADA, passengers must be certified by DART to use Paratransit services, and passengers' certifications are updated every one to three years. DART certifies passengers in person, thereby providing the most accurate assessment of a passenger's ability to use 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.

As of September 2013, approximately 11,500 riders are eligible to use Paratransit services. The number of certified riders for FY 2014 is projected at approximately 11,800. This represents a 2.6% increase from the projected number of certified riders at the end of FY 2013. This annual increase represents the overall population growth and general aging in the DART Service Area.

Eligibility and Training Specialists assess applicants' ability to use fixed-route services and provide travel training. Travel training enables DART to transition eligible individuals to less costly fixed-route service. The Travel Training Program is specialized instructions tailored to meet specific needs and skill levels for people with disabilities to successfully transition to fixed-route services. Travel Training requires daily and repetitive instruction until the rider feels confident in their ability and can demonstrate competency for complete independence in the use of public transit.

Orientation and Mobility Training: Orientation and mobility training by a certified instructor became available for Paratransit riders with vision disabilities in the fourth quarter of FY 2013. The Orientation and Mobility Trainer provides instruction to people with vision disabilities on how to utilize DART's bus and rail services.



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. In FY 2013, these route checks, along with some travel training, have been performed by Mobility Management Travel Ambassadors. The Travel Ambassador program was implemented at DART in FY 2013, and has been successful at educating a number of groups and individuals on using DART's fixed-route services. DART anticipates that this program will continue to grow and an even larger percentage of people will participate in FY 2014.

Paratransit Productivity

Productivity – KPIs for productivity include on-time performance, missed trip ratios, and call center service levels. Compliance with the ADA's zero denial mandate impacts efficiency and lowers productivity by requiring all legitimate trip requests (trips requested by certified riders during applicable service hours) to be accommodated. While productivity has improved over the years, constrained resources resulted in an increase in longer trips and late trips. The business/contract model implemented in FY13 greatly reduced the strain on resources and is returning trips to more tolerable travel times with increased on-time performance.

Manage No-Shows and Cancellations – The difference 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 vehicle arrives for a passenger). In FY 2014, Management estimates the ratio for no-shows will remain in the 4% range, and the ratio for cancellations will remain in the 11% range, these ratios are consistent throughout the transit industry.

Vehicle Business System – 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

A purchased transportation contract with MV Transportation, Inc. began on October 1, 2012. The base term of the contract is scheduled to end September 30, 2014, with one five-year option period, which runs through September 30, 2019.

Paratransit Costs and Subsidy Per Passenger

Exhibit 7.4 compares Paratransit cost and net subsidy actual results for FY 2011 and FY 2012 with budget and projections for FY 2013 and FY 2014. Net subsidy represents the total cost of the service not covered by passenger fares. Subsidy per passenger takes this number and divides it by actual ridership.

Total Paratransit cost and net subsidy have been rising along with increasing ridership. Subsidy per passenger was rising as well, but at a slower rate as more and more trips were squeezed into the system. The change in the service delivery model is expected to significantly reduce costs.

Exhibit 7.4
Paratransit Net Subsidy Comparison

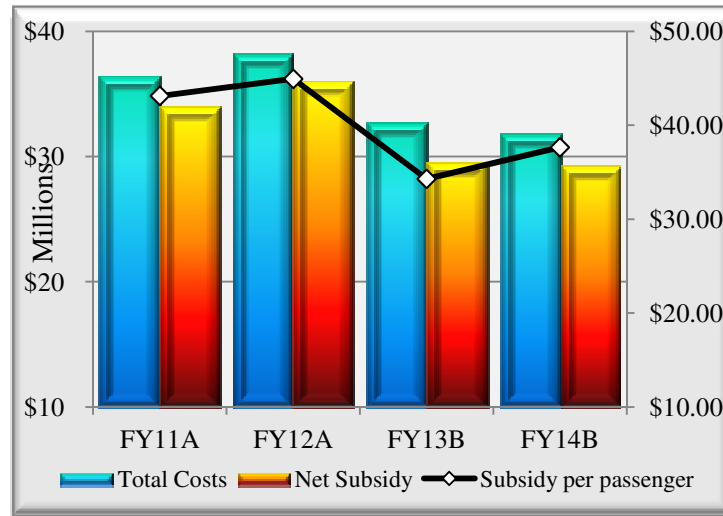
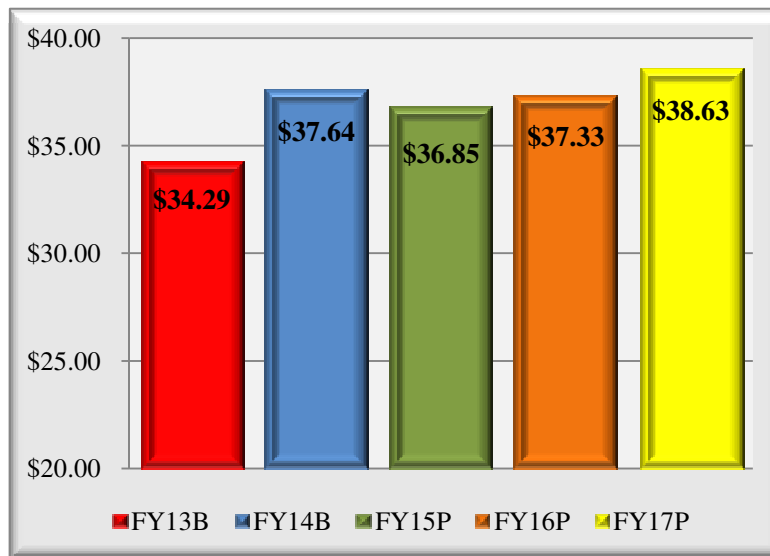


Exhibit 7.5 projects subsidy per passenger over the next four years.

Exhibit 7.5
Paratransit Subsidy per Passenger



Paratransit Cost Model

Exhibit 7.6 is the Paratransit Cost Model.

Exhibit 7.6
FY 2014 Paratransit Cost Model



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Customer Focus – General Mobility

Overview

The purpose of this section is to provide an overview of business performance expectations and major initiatives for DART's General Mobility services. DART's General Mobility programs include high occupancy vehicle services, carpool matching, vanpool operations, and support for local Transportation Management Associations (TMAs). The General Mobility category 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.

High Occupancy Vehicle (HOV) Services

Exhibit 8.1 is an overview of the uses of the funds and allocated operating positions historically dedicated to the HOV mode of service. Each department identifies the percentage of time spent on each mode of service to determine the expenses and positions allocated to the mode of service. The reason for the decrease in positions allocated to the HOV mode in FY 2014 is that the Texas Department of Transportation (TxDOT) has taken over the maintenance, enforcement, and operational responsibility for the HOV lanes effective October 1, 2013, followed a year later by transfer of responsibility to TxDOT for the Barrier Transfer Vehicle operations.

Exhibit 8.1 HOV Overview

Category	FY12A	FY13B	FY14B
Allocated Operating Budget (M)	\$10.7	\$11.2	\$1.9
Capital Budget* (M)	13.3	15.4	15.6
Allocated Operating Positions**	87	75	7

* This represents the modal capital budget which does not include an allocation of agency-wide capital expenditures.

** Allocated positions are based on budgeted counts only

Transition of HOV Operations to TxDOT

DART has historically been responsible for all HOV operating costs within the DART Service Area. The operating costs for lanes outside the DART Service Area were reimbursed by North Central Texas Council of Governments (NCTCOG). However, effective October 1, 2013, TxDOT took over the maintenance, enforcement, and operational responsibility for the HOV lanes. Operation and maintenance of the four Barrier Transfer Vehicles (BTVs) that are used on the I-30 HOV lane will be transferred to TxDOT in October 2014. The full transition of all of the lanes to TxDOT will be based on the executed Memorandum of Understanding (MOU) between TxDOT, DART, and the NCTCOG. The MOU is the basis for a new comprehensive Master Interlocal Agreement (ILA) between DART and TxDOT establishing roles and responsibilities of each agency. The new ILA will specify that DART will no longer have financial responsibility for any of the operations, enforcement, or maintenance of the HOV lanes. DART will also not have future capital investment responsibilities relating to the HOV lanes. The ILA will be based upon the Regional Managed Lane policy which, given DART's capital investments in HOV lanes over the years, will allow DART to share in future excess revenue from tolled operation of the Managed HOV lanes.

Despite TxDOT's takeover of the HOV lanes operations and maintenance, DART will continue to report revenue miles from DART's operation of buses on the HOV lanes and will continue to receive the Federal Transit Administration formula funds which support DART's ongoing transit operation.

HOV Ridership

Exhibit 8.2 highlights HOV ridership. Fiscal Years 2011 and 2012 indicate actual values, while figures for Fiscal Years 2013 and 2014 represent the budget and projected values. Fiscal Year 2013 Qtr 3 is a four-quarter rolling average ending June 30, 2013.

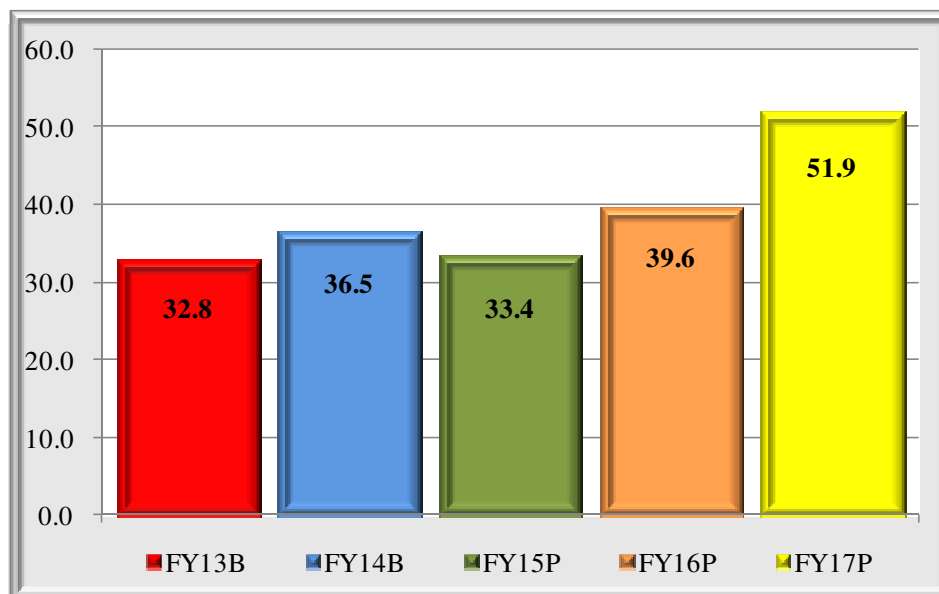
Ridership decreased when the lanes on I-635 West were taken out of service in the spring of 2011. These lanes will remain out of service through early FY 2016 when the new priced managed lanes will become operational. Additional construction impacting the I-35E (Stemmons) HOV lanes began in September 2013 when the lanes were removed from service to be reconstructed as priced managed lanes to be reopened in FY 2017. The I-30W (Tom Landry) lanes were also removed from service in September 2013 and will be reopened as priced managed lanes in FY 2017. Finally, I-35/67 will be partially removed from service as the portion of the lane north of Illinois will be reconstructed as part of the TxDOT Horseshoe Project in downtown Dallas.

Exhibit 8.2 HOV Scorecard

Customer / Quality					
Indicator:	FY11A	FY12A	FY13 Qtr. 3	FY13B	FY14B
Ridership (M)	48.0	34.4	36.6	32.8	36.5
Avg. Weekday Ridership (000s)	141.7	103.7	112.5	97.7	112.5

Exhibit 8.3 shows HOV Ridership trends for the next four years. The increase in ridership in FY 2016 and FY 2017 relates to the reopening of the I-635 HOV lanes, anticipated in June 2016.

Exhibit 8.3 HOV Ridership (in Millions)



These ridership projections are based on the assumption that HOV eligibility remains at the current 2+ occupants per vehicle. Should the Regional Transportation Council (RTC) change the requirement to 3+ occupants per vehicle, that could have a significant negative impact on ridership.

Vanpool 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. Exhibit 8.4 is an overview of the uses of the funds and allocated operating positions for the Vanpool mode of service.

Exhibit 8.4 Vanpool Overview

Category	FY12A	FY13B	FY14B
Allocated Operating Budget (M)	\$2.9	\$3.1	\$3.0
Capital Budget (M)	-	-	-
Allocated Operating Positions*	2	2	2

* Allocated positions are based on budgeted counts only

Vanpool Scorecard

Exhibit 8.5 highlights Vanpool Key Performance Indicators (KPIs) presented in scorecard format. Fiscal Years 2011 and 2012 indicate actual values, while figures for Fiscal Years 2013 and 2014 represent the budget and projected values. Fiscal Year 2013 Qtr 3 is a four-quarter rolling average ending June 30, 2013.

Exhibit 8.5
Vanpool Scorecard – Key Performance Indicators

Customer / Quality

Indicators	FY11A	FY12A	FY13 Qtr. 3	FY13B	FY14B
Ridership (000s)	985	1,033	969	1,035	1,056
Number Of Vanpools	198	196	181	206	196

Financial / Efficiency

Indicators	FY11A	FY12A	FY13 Qtr. 3	FY13B	FY14B
Revenues (M)	\$2.3	\$2.5	\$2.5	\$2.7	\$2.9
Expenses - Fully Allocated (M)	\$2.8	\$2.9	\$2.7	\$3.1	\$3.0
Subsidy Per Passenger	\$0.55	\$0.30	\$0.22	\$0.35	\$0.17

DART currently offers 8- to 15-person vans through a third-party contractor (EAN Holdings). This program is partially funded by the NCTCOG through a Surface Transportation Program/Metropolitan Mobility (STP/MM) grant. Over the past few years, NCTCOG has provided funding to DART that covers up to 45% of the total cost of operations. Through monthly fees and fuel payments, users pay up to 55% of the program costs. The bulk of DART's expenses are in-kind services such as program management.

Vanpool funding is expected to continue at current levels during FY 2014, with NCTCOG funding remaining at approximately 45% of eligible expenses, and user fees covering up to 55% of program costs. We do not anticipate any fee adjustments during FY 2014.

The vanpool program experienced a rapid expansion from 109 vanpools at the beginning of 2008 to the budgeted or close to the cap of 198 vanpools in FY 2011 and FY 2012. We have operated at or close to the cap over the past couple of years, working to increase ridership by improving occupancy on under-subscribed vanpools. Given an increase in demand, the maximum number of vans was increased to 206 in FY 2013. Employee reductions at several employers participating in the program have affected vanpool utilization during 2013, and we will be working to form new vanpools during FY 2014.

Road Improvement Programs

The Road Improvement Programs shown in Exhibit 8.6 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 8.6
General Mobility & Road Improvement Programs
(in Millions)

Program	FY11A	FY12A	FY13B	FY14B	FY15B
LAP/CMS	\$0.0	\$8.2	\$0.0	\$0.0	\$0.0
Transit PASS	0.4	0.8	1.3	1.9	4.6
TSM (includes street repair)	0.1	1.3	5.9	6.2	4.9
ITS	0.9	2.8	2.6	0.3	0.7
Total	\$1.4	\$13.1	\$9.8	\$8.4	\$10.2

Local Assistance Program/Congestion Management System (LAP/CMS) – This agreement returned 15% of DART sales taxes collected in a city within the service area 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 cities within the service area in FY 2004. Cities with remaining balances may request the programming of LAP/CMS funds, as necessary, for projects that enhance transit.

Exhibit 8.7 reflects the current LAP/CMS payable to each service area city. All LAP funds are anticipated to be drawn down by 2016. However, the timing of the draw-downs is dependent upon the request of the service area cities with remaining balances.

Exhibit 8.7
LAP/CMS Program – Remaining Balances

Member City	9/30/2013 LAP/CMS Balance	9/30/2013 LAP/CMS Committed Amount
Addison	\$306,497	\$306,438
Carrollton	967,218	771,002
Glenn Heights	65	0
Dallas County	23,235	0
Irving	50,000	50,000
Plano	644,553	644,553
University Park	4,961	0
Total	\$1,996,529	\$1,771,993

Transit Principal Arterial Street System (PASS) – The Transit PASS is a \$150 million program that is funded by DART, TxDOT through the Federal Highway Administration (FHWA), and eligible counties and DART Service Area cities. Several projects in Addison, Carrollton, Dallas, Farmers Branch, Plano, and Richardson have been completed. A total of \$6.5 million in PASS funding is available for the remaining few projects in the cities of Dallas and Garland. A revised funding arrangement between DART, TxDOT, and NCTCOG is under consideration for inclusion in the updated 2013-2014 Transit Improvement Program (TIP). It is anticipated that all of these projects will be complete in 2014, provided that all regulatory and funding issues are addressed and resolved in a timely manner.

Transportation System Management (TSM) – A total of \$16.1 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 corner radius modifications, bus pads, and traffic studies/signal modifications. Several projects in Dallas, Garland, Glenn Heights, Cockrell Hill, Richardson, and Highland Park have been completed; the remaining projects are underway.

Intelligent Transportation Systems (ITS) – 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 continue to be funded by DART and the FTA.

Regional Comprehensive ITS Program – 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 involvement in the program enables the agency to benefit from results of regionally available information to advance its own ITS program.

DART ITS Plan – 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 has approved the creation of the DART ITS network to interconnect all DART centers to share and exchange incident management information.

Traffic Signal Priority for LRT in Dallas CBD – DART is working with the City of Dallas to improve LRT operations in the CBD area without significantly degrading vehicular traffic flow. This project was part of the LRT study recommendations to improve performance of DART LRT operations and has helped DART prevent accumulation of trains at downtown Dallas stations with light rail vehicles traveling between stations with minimum stops at traffic signals. The DART Board approved a contract for the train detection system and related train/traffic interconnected communications system as part of the Dallas CBD Traffic Signal Priority (TSP) Project in October 2008. Implementation of the first phase of train detection system and related train/traffic interconnect communications contract in the Dallas CBD was completed in August 2009. The \$7 million TSP project is a joint project between DART and the City of Dallas. The second phase of the project focuses on upgrading the City of Dallas's traffic signal controllers (and related software) in the CBD area. It is scheduled for completion by the end of 2014.

Integrated Corridor Management (ICM) – Developed by the US Department of Transportation (US DOT), Integrated Corridor Management (ICM) concepts may be applied in corridors with multiple transportation networks that are owned and operated by various providers. ICM requires technical, operational, and institutional integration of activities so that the entire corridor is managed as a system rather than individual networks for the benefit of the commuter and the traveling public. A corridor is defined as an entire geographical area that may consist of highways, arterials, toll roads, parking systems, HOV, Managed Lanes, local bus, express bus, and light rail systems.

The Federal Transit Administration (FTA), Federal Highway Administration (FHWA), and Research and Innovative Technology Administration (RITA) selected DART's application for the US 75 as one of eight national Pioneer Sites for the ICM Program. Following development of Concept of Operations (ConOps) and Systems Requirements (SysReq) by all eight sites, DART's application was one of the three chosen by the US DOT for the second phase of Analysis, Modeling, and Simulation (AMS). This work was completed and independent modeling by the US DOT showed an extremely high Benefit – Cost ratio exceeding 20:1. As a result, DART submitted an application for the final phase of the program and was selected by the US DOT for the Deployment Phase of the program along with another site in January 2010.

Scheduled to begin a one-year real-time application of the system in October 2014, the program will include Freeway Management, HOV Lane Monitoring, Arterial Street Monitoring, Responsive Traffic Signal System, Parking Management, Real Time Transit Vehicle Information, Regional Trip Planner, Weather Information, and the DFW 511, or the State's first multi-modal Traveler Information System. The federally funded ICM Program is a joint effort of DART, TxDOT, NCTCOG, NTTA, and the cities of Dallas, Highland Park, University Park, Richardson, and Plano. The program is designed to use smart technology to manage the capacity of the US 75 multi-modal system in the event of disruptions of the highway or transit system.



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Agency-wide Overview
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Agency-Wide Overview

DART's Strategic Plan includes three focus areas: Customer, Employee, and Stakeholder. The Customer focus is designed to increase ridership and improve the customer experience. The Employee focus addresses attracting and retaining quality employees, enhancing employee engagement, ensuring a safe workplace, and providing the proper tools to efficiently and effectively complete work assignments. The Stakeholder focus is designed to enhance relationships with service area cities, federal, state, and local governments, and the community. Each focus area is addressed in this section. See *Exhibit APX.3* for a discussion of DART's Strategic Alignment.

Customer Focus

The Board-approved Strategic Priorities and Goals include initiatives for exceeding customer expectations (Exhibit 9.1).

Exhibit 9.1	
Board Strategic Priority I:	
Strive to Exceed Customer Expectations	
1.	Optimize ridership and market share by implementing a concrete action plan with specific steps to encourage first-time trial and increase rider retention.
2.	Create a seamless network of services that maximizes current and future ridership within and by extension of the service area.
3.	Provide safe and secure services and facilities.
4.	Build a culture of continuously-improving customer service with honest and transparent communications combined with employee ownership of an appealing and friendly customer experience.

It is DART's goal to provide safe, secure, efficient, and effective services to our customers. DART works toward improvement in these areas through a variety of strategies including: employee training and development, deployment of new technologies, improved service delivery planning and processes, and enhanced internal communication and coordination. DART utilizes qualitative measures through face-to-face contact, on-site observations, and formal and informal groups coupled with quantitative measures through the Customer Satisfaction Report and periodic customer surveys to monitor the effectiveness of DART's programs and services.

Provide Customer-Driven Service

5 Star Customer Service Initiative – A comprehensive initiative to shift DART’s internal culture toward outstanding customer service delivery was a major focus throughout FY 2013. The first phase of implementation will be a major focus in FY 2014. Some of the key elements of the 5 Star Initiative in FY 2014 will include:

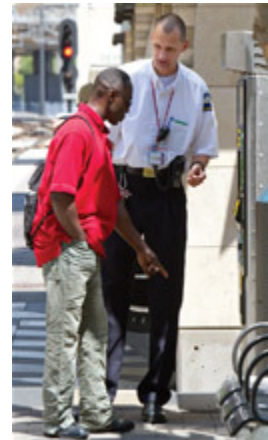
- Development and delivery of 5 Star Training Programs for all operations employees.
- Identification, training, and support for internal champions, known as “Customer Experience Officers,” within each area of the operating departments to communicate and support the 5 Star Initiative.



- Implementation of outreach events at Rail Stations and Transit Centers involving staff from across the Agency who will be meeting and greeting customers as well as receiving feedback and working toward resolution of customer concerns.
- Implementation of process re-engineering and process improvement projects to improve the internal and external customer experience in identified areas, such as improved customer experience relative to Bus/Rail Connections and Improved Response Time to Operator Requests for Police or Supervisor assistance.
- Implementation of Tablet PCs for field personnel such as field supervisors and station monitors to facilitate improved customer information delivery in the field.
- Deployment of DART employees to assist customers during the implementation of new services and route changes as well as during service disruptions.
- Integration of 5 Star Initiative principles and objectives into job descriptions, performance management plans, and recognition/incentive programs to support the institutionalization of the initiative.

While the initial phase of the 5 Star Initiative has focused on the operations areas, due to the direct interface these departments have with DART’s external customers, the Initiative will be kicked-off in the administrative departments in FY 2014.

Enhance Customer Satisfaction and Rider Retention – This customer service strategic initiative has a two-pronged approach to increase customer satisfaction and ridership. It includes: 1) employee motivation/satisfaction, and 2) positive customer experiences. Surveys indicate that one-quarter to one-third of customers describe themselves as “new” riders on the system. A customer’s first experience with DART service is a significant factor in building long-term ridership, and employee motivation/satisfaction impacts the degree to which employees focus on creating a positive first-time customer experience.



The Division Level Measurement (DLM) Program targets increasing front-line employee ownership of the goals of the Agency, with the ultimate objective of increasing employee motivation and satisfaction. The Division Level Measurement Program also targets improvements in service quality through enhanced data analysis, communications, and problem solving. Each year the peer groups are reviewed and in FY 2014, HOV will no longer be part of the program due to the transfer of HOV operations and maintenance functions to the Texas Department of Transportation. Below is the listing of the groups.

Peer Group #1

- Northwest Bus Operating Sections’ personnel
- South Oak Cliff Bus Operating Sections’ personnel
- East Dallas Bus Operating Sections’ personnel
- All LRT Sections’ employees, including Rail Operations, Rail Fleet Services, and WSA
- Includes Safety Specialists, Maintenance Training Specialists, Training Supervisors, and Yard Revenue Controllers assigned to specific operating divisions

Peer Group #2

- Customer Service personnel
- Transit Operations sections’ personnel
- All Central Support sections’ personnel

Peer Group #3

- Non-Revenue personnel
- Fare Equipment Mechanics
- Revenue Technicians
- Material Control personnel



Exhibit 9.2 is a sample of the DLM scorecard from Third Quarter, 2013 showing performance as a percentage of goals for Peer Group 1.

For example, 100% Late Pull-outs for Northwest indicates that the actual number of late pull-outs was either at or below the maximum allowable late pull-outs.

Exhibit 9.2
Division Level Measurement (DLM) Program

Category	Northwest		Rail		East Dallas		South Oak Cliff	
	Actual	Pct to Target	Actual	Pct to Target	Actual	Pct to Target	Actual	Pct to Target
On-Time Performance (Qtrly)	96.00%	100%	95.40%	100%	96.00%	100%	96.00%	100%
Late Pullouts	9	100%	5	100%	13	100%	16	100%
Miles Between Service Calls	6,114	95%	40,208	95%	6,026	88%	5,709	89%
Unsched. Absences (Maint.)	14.45	100%	10.74	64%	15.29	99%	17.42	87%
Unsched. Absences (Oper.)	22.57	65%	15.09	100%	27.63	53%	19.37	76%
Accidents/100k Miles	1.47	100%	N/A	N/A	1.81	94%	2.51	68%
Safety Violations/100k Scheduled Train Miles	N/A	N/A	0.97	100.00%	N/A	N/A	N/A	N/A
Complaints/100k Passengers	28.6	100%	3.4	100.00%	28.0	100%	30.1	82%
Ridership/Average Weekday	37,925	94%	93,031	92.50%	46,334	94%	32,203	94%
Unit Cost Per Hour	\$55.04	85%	\$53.17	91.60%	\$53.96	79%	\$48.66	100%
Unit Cost Per Mile	\$1.61	100%	\$3.52	93.30%	\$1.57	100%	\$2.01	99%
Average		93.90%		92.31%		90.65%		89.42%

The Customer Service Champions recognition program recognizes bus and rail operators who go ‘above and beyond’ to exceed customer expectations. The program recognizes employees in front of their peers and communicates the outstanding service they delivered. The intent is to encourage other employees to emulate the great customer service behavior being modeled by the award recipients.

The Customer Satisfaction Committee is chaired by the President/Executive Director and is the central coordinating body within the Agency relative to setting direction and monitoring customer satisfaction initiatives. The committee, which includes heads from all operating departments, reviews current trending of customer complaints and customer satisfaction surveys. Several standing and ad hoc teams or task forces report to the Committee and focus on specific areas of concern, such as On-Time Performance and the Customer Feedback Process Redesign. Strategies for improving customer satisfaction are channeled through the committee. The strategies may include improving communication with employees and customers, improving processes, implementing new technologies and/or improving coordination among DART and the cities within the service area or other agencies. The Customer Satisfaction Committee and the Division Level Measurement initiatives are cornerstones of the Agency goals of enhancing customer satisfaction and building ridership.

Today, DART has an increasingly customer-focused culture and has institutionalized the team-based improvement philosophy and process to increase efficiencies within the organization. Numerous cross-functional teams with employee participation at all levels are actively involved in identifying efficiencies to ensure DART attains the highest level of performance excellence.





DART currently has more than 20 cross-functional process teams engaged to identify efficiencies and quality improvements in areas that impact DART's customers, employees, and stakeholders. Examples are:

- **Service Planning Committee** – This committee is chaired by the President/Executive Director and meets to discuss service planning, ridership, and related issues.
- **Customer Response Team** – This is a team of DART administrative employees who help communicate with DART customers during major rail service disruptions that affect a significant portion of our ridership group.
- **Route Monitoring Task Force** – This formal staff task force addresses service issues involving planning, scheduling, and transit operations. It meets monthly and offers a forum for operating employees to speak to issues with routes and schedules. Representatives from Service Planning & Scheduling review and report back on progress. The group also reviews major planning initiatives from an operating perspective and includes operators appointed by each operating division, plus representatives from Service Planning & Scheduling, Transportation, and Mobility Management.
- **Systemwide Accessibility Committee** – This committee plans, budgets, implements, and tracks accessibility improvements for the DART System and consists of representatives from various departments that deal with aspects of accessibility.
- **Division Level Measurement (DLM) Steering Committee** – This committee recommends goals and provides guidance to the Division Level Measurement Program, which focuses primarily on hourly employees who are predominantly in operational departments.
- **Division Level Measurement Problem-Solving Teams** – Under the Division Level

Program Communications

- Division Employee Meetings
- Electronic Dashboards
- On-going Communication via Connections and Re-Connect Newsletters
- Targeted "Did You Know" Messages

Measurement Program, each participating operating division is responsible for forming and maintaining a Problem-Solving Team that includes representation from hourly employees, management staff, and representatives from appropriate support departments. Problem-Solving Teams meet monthly to review the DLM Scorecard results and to develop strategies for improving performance in those areas where the division's performance does not meet established goals.

- **Employee Communication Committee** – This committee was formed in response to previous employee survey findings. The committee is composed of employees from throughout the organization who serve as departmental representatives and the voices to communicate information to their respective groups on a timely basis.
- **Orange/Blue Line Start-Up Task Force** – This cross-functional task force meets on a monthly basis to review every aspect impacting the opening of the Orange Line (Irving-3) and the Blue Line (SOC-3) extensions from contracts and contract interface to testing, training, project turn-over, start up, ticket vending machines, maintenance issues, and media communications to ensure a successful opening of the line.
- **Ridership Steering Committee** – This cross-functional steering committee develops and monitors a coordinated plan focused on Ridership Development.
- **In-Transit Customer Communications Program** – This program, co-sponsored by Marketing and Media Relations and directed by the Chief Information Officer (CIO), coordinates as many as ten separate projects to ensure there are no overlaps or inconsistencies between initiatives being developed to provide communications to riders during their trip. Projects include train arrival dynamic signs on stations, digital displays in transit centers, and web-based applications for mobile devices. These mobility-enabled applications provide real-time bus and train arrival predictions at stops, stop and route location services, and subscription-based messages about service disruptions and changes delivered by e-mail, text, and social media feeds.
- **Mobile Platforms** – The ability to receive information on mobile platforms (smart phones and tablets) became more complete during FY 2013. More than 47 percent of all DART website activity occurs on mobile devices. To better support customers, the Agency has developed a mobile tool that delivers real-time information on DART light rail trains. “*Where’s my train?*”[®] was released in late 2012, and DART now offers to train riders the same convenience and functionality of *Where’s My Bus?*[®] and “*Where’s My DART Stop?*” previously introduced.

Customers traveling on the Trinity Railway Express (TRE) or the DCTA A-train now benefit from mobile websites developed by DART staff. Riders can now plan a region-wide trip on DART, TRE, The T, and DCTA routes using the DART mobile website.

To improve in-transit customer communication, the Agency uses Operations Communications Liaisons who are part of the Media Relations Section and work in the Train Control Center where they have access to real-time service information. They are responsible for sending customer notifications on rail, bus, and TRE service disruptions via subscription email, text, Facebook, and Twitter. The liaisons support rail controllers with on-board and platform customer notices via a new public address/variable message board system.

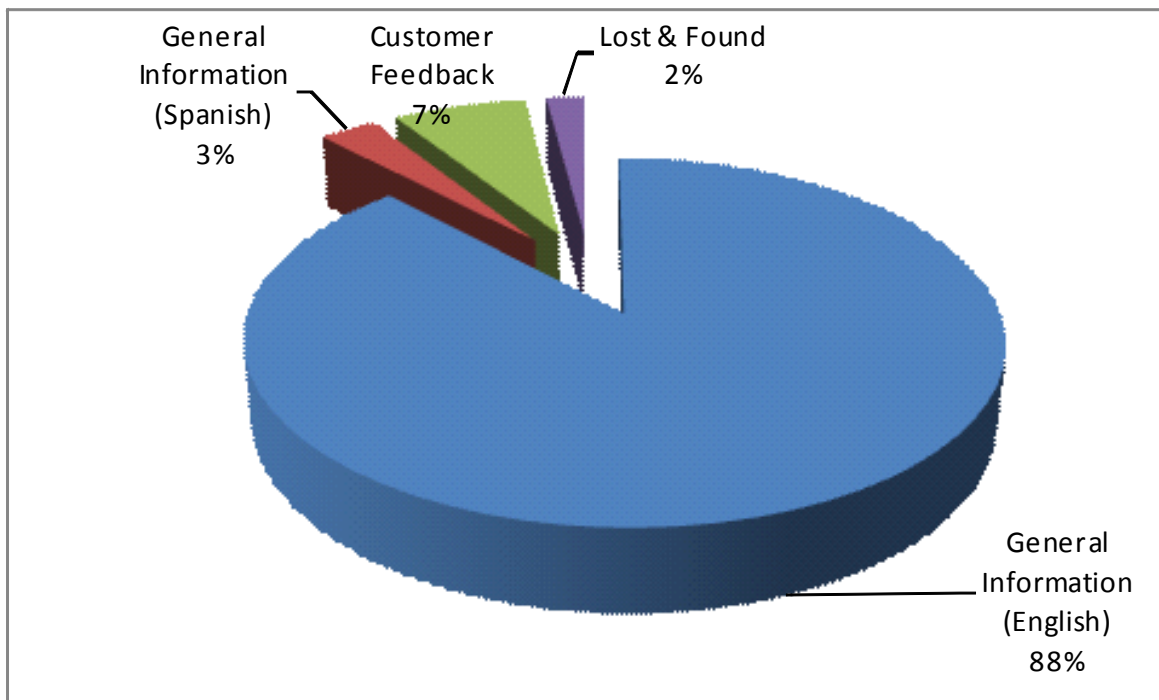
In the fourth quarter of FY 2013, DART introduced GoPassSM, a mobile ticketing app that enables riders to use their smart phones to buy tickets in advance for DART, The T, and DCTA. There were over 18,000 downloads in the first two weeks of availability. The GoPassSM app will be updated in FY 2014 to add new features and functionality, including corporate and student passes.

Providing Customer Service

DART's Customer Service division receives some 1.5 million calls annually from riders and potential riders requesting information regarding DART services, primarily bus and rail operations. The DART Call Center is open seven days a week (except for Thanksgiving and Christmas days). Customers may contact Customer Service in person, by phone, or via DART.org.

The Customer Service division is responsible for quantifying customer contacts through the development of the Customer Satisfaction Report. This information allows management to focus on improvement of our services. The customer service call-in and interaction data serves to gain a more granular and immediate understanding of the needs of our customers. Through analysis and aggregation, DART is able to identify the breadth and depth of opportunities. Our customer contacts are first identified in three categories: general information (trip planning, events, promotions, advertisements, and DART initiatives); customer feedback (feedback and complaints), and lost and found (see Exhibit 9.3).

Exhibit 9.3
Customer Service Call Types





Understanding the Needs of Customers

DART has identified three key measurements to better understand the needs of customers and our ability to meet those needs. DART consistently implements a Customer Satisfaction Survey, analyzes the Customer Service call-in and customer interaction data, and tracks operational KPIs.

An annual Customer Satisfaction Survey is conducted to identify opportunity areas and understand customers' impressions of the Agency and its services. The next Customer Satisfaction Survey will be conducted in mid-FY 2014 in order to capture not just customers' overall brand impression and the identified drivers (satisfaction, cleanliness, communication, customer service, timeliness, safety, and security), but also the impact of the DART GoPassSM app which launched in September 2013.

The Customer Satisfaction Survey was modified in 2012 to gain a better gauge of DART riders' impressions, but also to provide a more granular look at their responses. The most prominent change, a five-point scoring system, allows respondents to score within a range of Poor (1) to Excellent (5), or Much Worse (1) to Much Better (5). The scores now report a "top two box" (Much Better [5] and Better [4] responses) versus a "Yes or No" question, allowing better insight into opportunities or issues. New for the survey will be questions centered around the GoPassSM app, its technology, and the impact on key customer satisfaction drivers.

As a benchmark, in 2012 the data concluded that overall satisfaction and likelihood to continue using DART are both relatively high: 80% of riders are satisfied with DART; 60% believe DART is getting better; 90% are likely to continue using DART in the future; and 46% of customers are likely or extremely likely to recommend DART to friends or family members. Based on an estimated 25% penetration of the DART GoPassSM in the first 60 days, we will be able to assess the effect of the DART GoPassSM app against our key measures and drivers of satisfaction.

SAFETY/SECURITY

DART POLICE

The mission of the DART Police Department is to maintain a safe and peaceful environment for DART customers and employees and to ensure the security of property. To accomplish this mission, DART Police are responsible for enforcing laws, deterring crime, and providing a sense of security through their presence.



Major Functions and Duties

The DART Police Department is comprised of three major divisions: Field Operations, Operations Support, and Administrative Staff.

Field Operations ensures security for customers and employees using the DART system and focuses on three areas:

- ***Rail Operations*** – DART Police are responsible for providing police services aboard light rail and Trinity Railway Express (TRE) commuter rail vehicles, at all rail stations, parking lots, and along DART-owned rights-of-way. The department has divided the rail system into ten sectors to patrol the rail system more efficiently.
 - ***Fare Enforcement Officers*** provide fare inspection services to light rail and commuter rail. These are non-sworn personnel who have no police powers of arrest. Their primary duty is to inspect for proper fare throughout the rail system. Fare Enforcement Officers issue fare evasion citations when necessary and report disruptive behavior to DART Police Officers for police action. Though Fare Enforcement Officers possess no police power, they do provide a uniformed presence on DART transit services, helping to deter crime as well as providing a high level of customer service to rail patrons.
 - ***Rail Police Officers*** provide police visibility, protection, security, and customer service on light rail trains within their assigned sectors and take enforcement action to ensure the safety and security of all passengers. They also provide police services to rail stations to ensure the safety and security of DART's patrons and their property.
 - ***Rail Support Officers*** provide police visibility, protection, security, and customer service to DART's light rail facilities including train stations, platforms, and parking areas. They also provide support to Rail Police Officers and Fare Enforcement Officers assigned to the light rail trains.

- **Patrol Operations** – DART Police Patrol officers focus on providing police services and customer service to the bus and paratransit systems, aboard vehicles, along bus routes and bus stops, at transit centers, passenger transfer locations, and park and ride facilities, as well as at all DART Administrative and Operations facilities. To more efficiently patrol the transit system, the department has divided the service area into seven patrol zones.
 - Northwest – North of I-30 and West of US 75
 - North Central – North of I-30, West of Greenville, and East of Dallas North Tollway
 - Northeast – North of I-30 and East of US 75
 - Southeast – South of I-30 and East of I-35E
 - South Central – South of I-30, West of I-45, and East of I-35E
 - Southwest – South of I-30 and West of I-35E
 - Dallas Central Business District

Special Operations: The special operations team is composed of four Special Operations Officers and four K-9 Handlers who are responsible for providing tactical operations support and the handling of situations involving explosives materials.



- **Canine Handlers (K-9 Unit)** – Through a Transportation Security Administration (TSA) cooperative agreement, the department has four explosives detection canines, along with four specially-equipped vehicles to facilitate K-9 deployment. Explosives detection canine teams greatly increase the Agency's ability to respond to explosive threats on buses, trains, and other DART property and facilities.
- **Special Operations Officers** – These officers are responsible for implementing problem-solving solutions to address identified crime problems with innovative methods. These methods include plain clothes operations and surveillance to target high-crime areas within the DART Service Area. These officers also perform anti-terrorism duties.

Operations Support: This division is comprised of criminal investigations, emergency preparedness, police telecommunications, and contract security guard management. The division also handles the Agency employee identification card program and Agency security enhancements.

- **Criminal Investigations** – The department's Criminal Investigation Section is responsible for processing crime scenes; conducting criminal investigations; interacting with the medical examiners' offices; gathering, preparing, and distributing intelligence information; and preparing cases for court presentation.

Plainclothes officers and mobile surveillance units (skywatch towers and mobile remote access surveillance units) are used by both the Rail and Patrol Operations sections at stations, parking lots, and platforms for the safety and security of DART's patrons and their property. The mobile surveillance units are proactive crime deterrents, easily visible to DART patrons.

- Emergency Preparedness – The department's Emergency Preparedness Section is responsible for planning and preparing for emergencies; developing security actions in response to National Terrorism Advisory System threat alerts; applying for and overseeing Homeland Security grants; conducting multi-jurisdictional exercises; performing needs and threat analyses; conducting Crime Prevention Through Environmental Design (CPTED) studies at DART facilities; and providing security awareness training for all DART employees. The section also manages telecommunications, surveillance system camera monitors, community relations, security guards, DART employee identification cards, and facility access programs.
 - The *Police Telecommunicators* are responsible for receiving requests for police services, dispatching calls for service to DART Police Officers, monitoring the police radio transmissions, and processing requests for National Criminal Information Center (NCIC) and Texas Criminal Information Center (TCIC) reports through the Texas Law Enforcement Telecommunications System. Surveillance system camera monitors are also in the Police dispatch area to assist officers with visual information. Texts sent through the DART Police texting phone application are received in Police dispatch.
 - *Security Services* – The department contracts for armed and unarmed security guards at specified locations to provide security at transit centers/facilities, administrative and operational facilities, and to accompany revenue agents and mechanics who service and retrieve monies from ticket vending machines and bus fareboxes.
 - *Community Relations* – DART Police are involved in and host a variety of community events such as safety fairs, homeowner meetings, and the National Night Out. The Emergency Preparedness section develops customer information and coordinates DART Police participation.
- Hiring & Recruiting – The Hiring & Recruiting section is responsible for complying with all state requirements in the hiring of department personnel, as well as recruiting to fill vacant positions.
- Training – The Training Section is responsible for providing state-mandated and other job-related training to department personnel. The section also ensures compliance and coordination for all DART-required training.
- Public Safety Technology – The technology section designs, implements, and supports all equipment, network infrastructure supporting the Police department in accomplishing their mission. They also work closely with the several departments to ensure Agency goals are accomplished.

Administrative Support – The Administrative Support Section develops and monitors the department’s budget; procures equipment and supplies for the department’s needs; manages fleet vehicles; and acts as a liaison between building management and the department.

- ***Records Section*** – The department’s Records Section maintains and processes all offense reports, accident reports, and citations. It also files citations with the appropriate courts and submits reports to state and federal agencies as required.

DART Police FY 2014 Goals and Complementary Programs

FY 2014 Department Goals

In support of primary Agency strategic goals and initiatives, the DART Police Department plans to exceed customer expectations in the following areas of service:

- Continuously show improvement on customer “sense of security” rating on periodic safety/security surveys;
- Reduce crimes against persons and crimes against property by 4% each compared to FY 2013;
- Meet or exceed a system-wide fare compliance rate of greater than 97%;
- Reduce incidents per 100,000 passengers by 5% compared to FY 2013;
- Maintain a 90% uniformed presence on scheduled light rail vehicles.

Complementary Programs

To complement the ongoing duties and functions, the DART Police Department has participated in the implementation of the following programs:

- ***Surveillance Project*** – Continuing the success of the bus and passenger station surveillance pilot projects, surveillance systems are being installed at new and existing rail stations with a combination of Homeland Security grant funding and DART local funds. DART funding will provide for surveillance systems on the super light rail vehicles (SLRVs).
- ***Security Training*** – The department is responsible for ensuring all department and other required personnel receive National Incident Management System (NIMS) training. DART Police provide transit security courses for Agency employees and representatives from cities within the service area.
- ***Facility Access Systems*** – The department is responsible for the administration of the access system for all DART facilities, which also includes issuance of ID/Access cards and the management/maintenance of requisite hardware and software systems.

- Surveillance Camera System Project – There are 1,637 cameras throughout the DART system, the majority of which are monitored by trained camera employees in Police dispatch. This includes 24/7 viewing of rail station platform areas. Additional improvements of the current system will include more camera monitors, remote access to stand-alone stations, and better system alerts. It is anticipated that this project will help deter crime at monitored facilities and decrease response time to crimes and service quality issues.
- Electronic Ticket Writers – DART Police has electronic ticket writers that allow fare enforcement personnel and police officers to increase the number of electronic citations for fare evasion and traffic violations. All information is automatically updated in the department's Records Management System (RMS), thus reducing data input and improving efficiency. This program is being expanded by increasing the number of electronic ticket writers available for deployment concurrent with the introduction of GoPassSM, DART's mobile ticketing app.
- Text-Message Alerts – DART provides a text service connecting customers directly with DART Police. This provides customers who feel unsafe on a vehicle or at a station an alternative to calling police and thereby drawing attention to themselves.
- Chemical/Explosive Detectors – The Agency was awarded Homeland Security funding for hand-held chemical/explosive detectors. This enables DART Police to conduct screening of packages and other items for trace elements of compounds and chemicals used to create explosives and threaten our system.
- Intrusion Detection System – DART has received Transit Security Grant funding for an intrusion detection system for the CityPlace tunnel. This system will record any incidents and alert DART Police to unauthorized entries into the tunnel from the portals and platforms.
- T3 Mobile Vehicle – DART Police has three, three-wheeled, electric powered vehicles to allow quicker response time and easier access through the downtown area.
- Mobile Surveillance Camera System Project – This project included the installation of surveillance cameras on the new 3600, 3800, and 3900 series buses. The majority of the cameras are monitored by trained camera monitors located at police dispatch monitoring potential "trouble spots" 24 hours a day. Moreover, camera monitors cannot only view live video feeds, but can also recall recorded video to assist the police department in solving crimes, provide information on alarms, and service quality issues.
- Benchmarking Best Practices Among Peer Agencies – The department continues to maintain visibility and relevance among other large police organizations, collaborating on campaigns, and benchmarking industry best practices for the benefit of DART patrons, employees, and stakeholders. In keeping with this goal, command staff members participate in a variety of activities in conjunction with such organizations as: the North Texas Police Chiefs Association, the FBI National Academy, the North Texas Crime Commission, and the International Association of Chiefs of Police (IACP), among others.

SAFETY PROGRAMS

DART Safe Work Practices Policy

The DART Safe Work Practices Policy voluntarily adopts the Occupational Safety and Health Administration (OSHA) standard as the minimum standard for safe work practice. Audits covering at least 2 of the 13 original Standard Operating Procedures are conducted each year to measure and record improvement with respect to prior audit findings and mitigation implementations.

To further support safe work practices, the Safety Section has continued its training activities, with over 4,400 class completions through September 2013. Training includes Professional Operators Enhancement Training (bus and rail) (quarterly), Rail Safety Orientation, Railway Worker Protection Safety Training for Maintenance (quarterly), Hazardous Materials training, and other classes and programs.

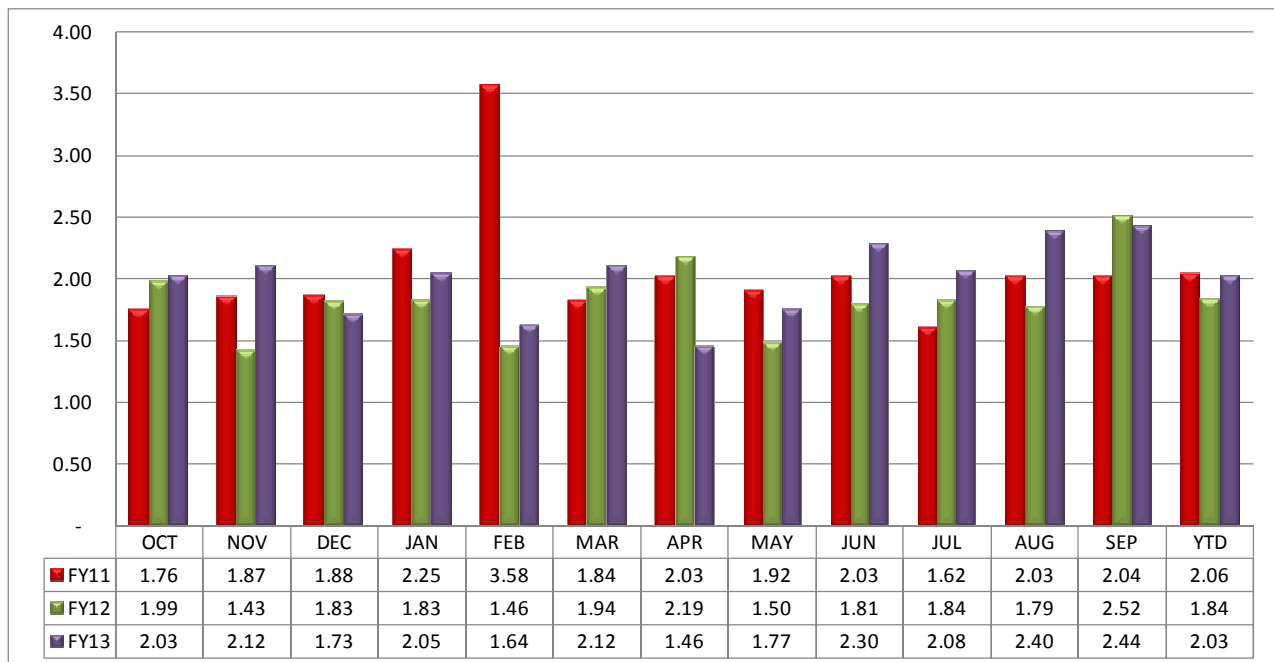
Operations Safety Functions:

- Performs audits on various components of the system on a regular basis, performs audits based on safety rules, operating practices, traffic laws for the Maintenance and Transportation departments, and other audits as requested.
- Performs light rail safety audits as mandated by the Federal Transit Administration (FTA) and State Safety Oversight.
- Performs job safety analyses to recommend mitigation strategies for the risks inherent in performing specific tasks. This, in turn, affects the safety requirements written into Standard Operating Procedures and Work Instructions.
- Performs ergonomic evaluations to analyze workspaces, improving worker efficiency and well-being.
- Investigates all collision accidents to determine preventability. Conducts the appeal process associated with preventability decisions.
- Participates in integrated testing accomplished before the opening of new light rail sections.
- Leads the activities of the Rail and Bus Safety Committees, which report to the DART Safety Committee (DSC). The DSC is chaired by the Risk Management Division and is composed of DART Executive Management. It is responsible for safety policymaking, performance accountability, oversight of the subordinate safety committees, and assignment of safety responsibilities throughout the agency.
- Oversees changes in configuration to bus, rail, and other systems, ensuring adherence to change management principles and processes.
- Oversees and documents medical monitoring for lead and hexavalent chromium.
- Coordinates the TxDOT-mandated physical program for revenue operating personnel.

- Directs DART's substance abuse prevention program in accordance with Federal regulation.
- Serves as the primary contact for all state safety oversight issues such as compliance with federal and state regulation and serious accident investigation and reporting.
- Serves as the primary contact to the National Transportation Safety Board.
- Develops and implements accident reduction initiatives. Implements operational policies and procedures.
- Coordinates the National Safety Council's safe-driver recognition program.
- Participates in the development and implementation of the safety initiatives by the American Public Transit Association (APTA).

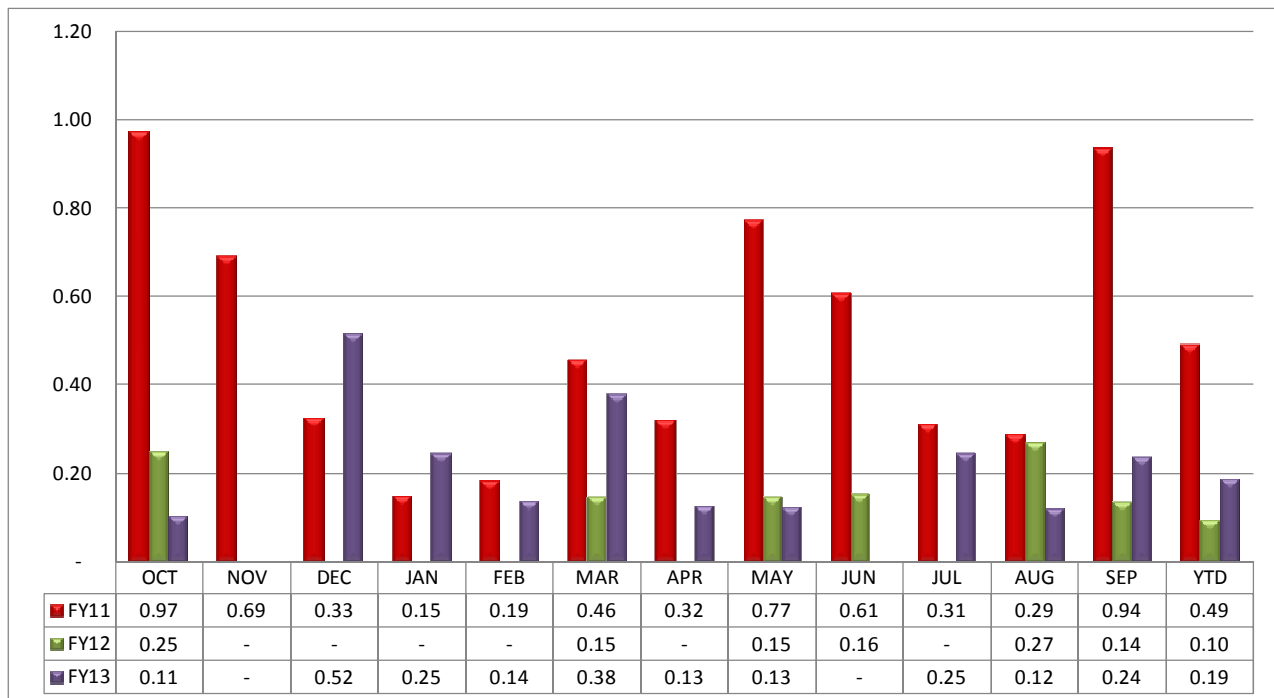
Exhibit 9.4 shows the results of Bus Accidents per 100,000 passengers for FY11-FY13. The results show a 10.4% improvement from FY11 to FY12. However, the results of FY12 compared to FY13 increased by 5.5%.

Exhibit 9.4
Bus Accidents per 100,000 Miles



Rail collisions decreased from 0.49 per 100,000 miles operated in FY 2011 to 0.10 in FY 2012 as shown in Exhibit 9.5, an improvement of 80%. There was an increase of 87% in FY 2013 compared to FY 2012. The substantial percentage increase in FY 2013 was due to an unusually low number of accidents in FY 2012.

Exhibit 9.5
Rail Accidents per 100,000 miles



Rail Program Development – Safety Program(s)

The Rail Program Development (RPD) safety program integrates construction/systems safety and security elements into all aspects of the Agency’s design, installation, integration, and testing of DART’s capital projects. This includes Commuter Rail (Trinity Railway Express), bus, light rail, Paratransit, DART Police, and most other Agency facilities and systems. Key components of the Agency’s Construction Safety & Security Programs (CSSP) include:

- Employee screening, drug testing, and “ID” badging program
- Safety education and training programs (bilingual)
- Implementation and oversight Owner-Controlled Insurance Program (OCIP)
- Comprehensive on-site job safety assessments/audits
- Construction Safety & Security Advisory Committee Meetings
- Municipal Readiness Drills – LRT System Certification Program
- Liaison with regional Federal (OSHA, FRA), State, and City officials

As a direct result of these major construction safety programs, DART has achieved an unprecedented low injury accident rate. Since the mid-1990s, DART's construction projects have exceeded 45 million man-hours (nearly 17 million man-hours on Phase II alone). The team of seasoned professionals has created a culture that promotes a high level of safety awareness that permeates every aspect/element of work being performed. With systematic refinements, the construction safety and security program successfully lowered the medical costs associated with injuries from \$1.31 per man-hour worked on the Light Rail Starter System to a laudable \$0.21 per man-hour worked on the LRT Phase II Build-out (see Exhibit 9.7). These results compare very favorably to published national averages as well as departmental goals and have clearly elevated our integrated construction safety and security program to "world class" status.

Exhibit 9.6 DART Construction Safety Program

LRT Starter System	
Total Man-Hours Worked	8,115,525
Total "Recordable" Accidents	982
Total "Lost Time" Accidents	271
Total "Cost" per Man-Hour	\$1.31
Program Costs	\$900 million
Construction Costs	\$500-\$600 million

LRT – Phase I	
Total Man-Hours Worked	6,372,080
Total "Recordable" Accidents	321
Total "Lost Time" Accidents	46
Total "Cost" per Man-Hour	\$0.58
Program Costs	\$900 million
Construction Costs	\$500-\$600 million

LRT – Phase II (to-date)	
Total Man-Hours Worked	16,975,564
Total "Recordable" Accidents	139
Total "Lost Time" Accidents	38
Total "Cost" per Man-Hour	\$0.21
Program Costs	\$1.8 billion
Construction Costs	\$1.1 billion

DART's System Safety Program applies engineering and management principles, criteria, and techniques to achieve acceptable risk, within the constraints of operational effectiveness, time, and cost throughout all phases of the system life cycle. The program ensures a comprehensive safety hazard analysis of systems and subsystems design, facilities, construction, and operational procedures to include: Preliminary Hazard Analysis, System Hazard Analysis, Systems Safety Certifications, Failure Mode and Effects Criticality Analysis, and State Safety Oversight. Safety and security certification checklists are developed and reviewed by a committee to assure compliance prior to being placed into service.

DART's Fire Life Safety Committee (FLSC) interfaces with the Authority Having Jurisdiction (AHJ) to discuss Life Safety through meetings held with all involved emergency response organizations to discuss fire/building code requirements, and provide informational knowledge about DART systems infrastructure. DART has established FLSC sub-committees to assist with the development of the design documents, construction, maintenance and operations of the DART System, and a certification checklist supporting capital projects. Familiarization training and readiness drills simulating emergency conditions are conducted with the AHJ prior to revenue service.

Employee Focus Employee Engagement

Satisfied Employees Contribute to Satisfied Customers

The DART Board's Strategic Priorities and Goals include major initiatives for increasing the Agency's return on its investment in human capital (Exhibit 9.7).

Exhibit 9.7	
Board Strategic Priority IV:	
Drive Change Through Employee Engagement	
1. Build and support performance-based and employer-of-choice culture that aids in attracting and retaining the best talent where diverse perspectives are encouraged and respected to drive results.	
2. Evolve talent management program to contribute to successful succession planning and strategic bench strength.	

The Agency has Employee Values and organizational change strategies that balance the expectations and needs of the organization and its employees.

The commitment has been a guiding principle for the Executive Leadership Team to provide strategic direction in three critical areas:

- Develop and align the organization's Work Force Plan with the Board's strategic priorities
- Implement initiatives to increase employee satisfaction and drive change through employee engagement
- Direct the Human Capital function to recognize employees as an important investment and to focus on their growth and development

The Human Capital function underwent somewhat of a transformation in FY 2013—including changing the name to Human Capital—the purpose being to recognize employees as an important investment and to focus on their growth and development. Human Capital is transitioning from a personnel administration and transactional-focused organization to a more proactive people-management orientation. In FY 2014, Human Capital will continue to provide the personnel services and Human Capital deliverables Agency leaders require, but will also become more involved in the formulation of organization planning and people development activities. Human Capital's goal is to achieve business partner status and set the direction with the following:

Key Objective – Establish consistency in people practices

- Implement Human Capital “best-in-class” services in order to implement the change management initiatives.
- Identify skills required to manage the pace of change and how this type of change will impact the workforce.
- Compete for the right talent – provide opportunities to attract and retain talent with particular focus on underutilized categories.
- Promote continuous process improvement, team learning, and personal development. Recognize employees for achievements in order to re-engage the employee population.
- Assist in the people engagement process by linking Human Capital activities to Agency priorities and to develop an effective and flexible organization that responds to people issues with a culture for results and performance. Secure a high degree of people involvement and participation within a climate that fosters learning and growth.
- Strengthen performance management and reward system by delivering programs that add value to the business and maintain a positive and open working relationship with all our valued employees and managers.
- Increase development and training programs to focus and build on people’s contributions and their commitments to DART by providing opportunities for employees to have worthwhile and satisfying experiences in their jobs.
- Create partnerships in order to achieve the Agency’s objectives and provide excellent Human Capital services to employees and managers. This will be accomplished through the extensive use of partnerships and direct consultation with functional leaders on the Human Capital deliverables.

Top Opportunities in Human Capital in FY 2014

Human Capital is committed to organizational effectiveness that requires Human Capital deliverables and programming to be focused with a sense of urgency. Human Capital must promote a passionate approach about the Agency’s business in support of an open work environment in which every employee feels personally accountable for meeting business expectations. Human Capital will encourage open, honest dialogue that promotes mutual respect, understanding, conflict resolution, idea sharing, learning, and growth. Human Capital is committed to an atmosphere in which employees feel free to take ownership and speak up without concern for politics or personal disappointment.

- Implement Human Resource Strategy Plan in FY 2014
- Re-launch Leadership DART and launch Management DART and Supervisory DART development programs.
- Address employee and management needs and expectations through open and honest employee engagement process in terms of ability to understand and implement change.



- Getting the right people in the right jobs and bringing structure and discipline to compensation management.
- Achieve better control from a Human Capital perspective on people, policies, and procedures ensuring consistency with regards and adherence to application of the Hourly Employee Manual (HEM) and the Administrative Employee Manual (AEM) Human Capital policies.

Technology Customer and Stakeholder Initiatives

The Technology Steering Committee (TSC) reviews all significant technology initiatives and recommends for approval those that best support the Agency's Strategic Plan. Exhibit 9.8 highlights the goal for FY 2014 within the Board's Strategic Priority relating to technology.

Exhibit 9.8
Board Strategic Priority VI:
Use Technology to Integrate and Advance Services and Systems
1. Apply technology to provide timely, accessible, and reliable service and information to exceed customer expectations and provide maximum benefit to Agency stakeholders.

Information Technology (IT) Governance

The TSC, comprised of members of the Executive Management Team (EMT), approved the DART Information Technology Strategic Plan in February 2010. A binding principle of the strategy is that it will always be in support of the Agency's Strategic Plan. The Committee meets approximately quarterly to review new project proposals and to review the status of major projects in progress. No major technology projects are undertaken without the approval of the TSC.

Project plans are entered into the Technology Department project backlog management tool, where priorities and resources are assigned, which provides visibility to the demand for IT services and a means to assess the impact of new, high priority initiatives.

Timely, Accessible, and Reliable Services and Information to Customers

The Agency continues to improve the use of technology to provide timely, accessible, and reliable services and information to customers. Customer transportation services are being optimized by improving the systems used on DART's vehicles to create and adhere to schedules and make operator assignments more efficient and equitable. A business intelligence capability has been established, with tools and staffing, and is developing management reporting for on-time performance and passenger counts.

Customer Communications Program – The development and deployment of online and real-time tools for customers continues. Real-time bus arrival predictions are available on mobile smart phones and by text message delivery on regular cell phones. The same capability was recently added for light rail. Completing the posting of the number of each stop on the 12,000 bus stops made these applications easier to use. Tools include bus stop ID finder, route locations, and trip planning, all on mobile devices; and subscription services for rider alerts that can be delivered by e-mail, text message, and social media. The public announcement/variable message boards (PA/VMB) signs at LRT stations now show predicted arrival times of trains and ad-hoc messages in the event of service disruptions. In 2014, the signs will also show information in Spanish as part of a program to make all appropriate signs and announcements bilingual.

On the new bus fleet, the “infotainment” system is in early stages of deployment, and screens on the buses will show the next and subsequent three stops for passenger convenience. Later, the system content will be enhanced with more public service announcements and other appropriate information.

In 2014, connection protection software will be introduced that uses automated vehicle location information and bus schedules to temporarily “hold” the departure of a bus if a connecting bus is arriving a few minutes behind schedule. This will address one of the major customer complaints of missed connections.

Advanced Fare Collection System – Progress continues on this multi-year program to introduce electronic fare collection on buses and at light rail stations. Eventually, passengers will be able to buy fares in advance of travel and present a bar code image on paper or a smart phone, use contactless credit and debit cards to “tap and go,” and use cell phones equipped with a specialized chip for payment processing. The first major advance in fare collection was delivered in September 2013 with the availability of the mobile ticketing application for Android and Apple smart phones. The “app” allows passengers to buy tickets in advance of travel with their smart phone and display the ticket to operators and fare enforcement officers. Features will be added during 2014 including corporate and student passes and bundled passes for transit and destination events. Automatic validation of mobile tickets using a bar code reader on the bus will begin deployment in late 2014.

Broadband Data Communications to Buses and Surveillance Cameras – The new bus fleet is equipped with surveillance cameras and high speed cellular communications so that Police and other authorized parties can take a live look into the video cameras on the bus should there be an incident. The video is recorded and offloaded from the bus wirelessly in the garage if it is of interest for investigation. A monitoring system is being developed to manage the reliability of on-board vehicle technology, especially the security system. The broadband cellular will be used for real-time validation of electronic fare media such as the bar code on the mobile ticketing application once the fleet is equipped with validators.

Leveraging Technology for Maximum Benefit to the Agency and Stakeholders

Technology Infrastructure Architecture – Significant changes to the IT infrastructure began in 2011 and have continued through 2013 and into 2014, aimed at reducing costs and increasing value, under a program called “MyCloud,” email has been moved to a hosted service using Google, up to 80% of PCs are being repurposed as thin client terminals accessing software that runs on servers instead of the desktop, over 240 servers in the data centers have been configured as virtual servers, and the telephone system has been replaced with a voice over internet protocol (VoIP) system for lower cost and greater flexibility.

Mobile devices, particularly smart phones and tablet computers, are being deployed in increasing numbers as managers use them to send and receive information as they move around the different DART facilities, and new applications are developed for “deskless” workers. Transit center supervisors will be supplied with tablets after a pilot program in 2013 proved to be effective in enabling the supervisors to assist passengers while out on bus stop lanes and rail platforms, instead of having to return to the office. To accommodate the increased presence of mobile devices, a new WiFi network will be deployed in major DART facilities, ensuring near ubiquitous connectivity for knowledge workers.

Wide-Area Network – The strategic investment in a high speed wide-area network (WAN) provides high bandwidth data communications between all sites and the primary data center, with alternate connections from sites to the secondary data center (SDC) for use in emergencies and failover situations. The network carries voice traffic using VoIP and has allowed consolidation of servers into the two data centers from remote sites. Smaller sites will be connected to the WAN using high speed cellular modems to reduce circuit costs.

Application Systems – A new procurement system, comprising strategic sourcing and contract management modules has been implemented to improve the efficiency of the procurement processes. It enables electronic interaction between DART and its suppliers, reducing lead times, paper documents, and errors, while enabling departments to purchase standard items directly using negotiated contracts from suppliers’ catalogs. Two of the major enterprise class system suites will be upgraded in 2014, namely Trapeze and Lawson, which will deliver improved functionality to much of the DART organization. A grants management module will be added to Lawson in 2014, and a system will be implemented to improve management and reporting of diversity and equal opportunity compliance in contracts. Requirements definition will begin in 2014 for improved life cycle asset management systems and processes to improve management of operational assets like vehicles and right-of-way to ensure compliance with MAP-21 legislation.

Business Intelligence – DART is developing a Business Intelligence System. This tool will empower business units to solve critical business problems with a repository of timely, accurate, and useful data and tools. It will enable the Agency to discover new insights through easy-to-use visualization and analysis tools. Reporting of on-time performance and passenger counts will be further developed and refined in FY 2014 to provide dashboard type access for executive management and multiple views of the information for operations management.

Future System Improvements

The Technology Department will continue to work with all departments and divisions to identify and deploy systems that support the Agency’s Strategic Plan.

STAKEHOLDER FOCUS

The DART Board's Strategic Priorities and Goals include the recognition that DART has an obligation to maintain its leadership of public transportation integration and operation in North Texas (Exhibit 9.9).

Exhibit 9.9	
Board Strategic Priority III:	
Build and Maintain DART's Regional Transportation Leadership	
1. Develop a leadership strategy to influence regional transportation outcomes.	
2. Manage the balance between regional demands and priorities and DART's obligations to the cities in its service area.	
3. Coordinate development of appropriate regional standards for public transportation services and infrastructure	

Federal, State, and Local Government Relations

Government Relations encompasses all interactions between DART and its external political environment. DART's Government Relations staff plans and implements the Agency's advocacy efforts and ensures that the exchange of information between DART, the 13 cities in the service area, the D/FW region, the U.S. Congress, the U.S. Department of Transportation, and the Texas Legislature is accurate, consistent, and timely. In addition to providing tours and briefings to elected officials and their staffs, Government Relations responds to citizens' concerns as they are relayed to the elected officials' offices for resolution. Government Relations actively participates in transportation-related organizations such as: the American Public Transportation Association (APTA), South West Transit Association (SWTA), Texas Transit Association (TTA), Dallas Regional Mobility Coalition (DRMC), Transit Coalition of North Texas (TNCT) and the Regional Transportation Council (RTC). Government Relations staff oversee the day-to-day administration of DART's contracted legislative consultants in Washington, D.C., and Austin, Texas, to develop appropriate advocacy strategies for securing Agency objectives for both operations and capital projects.

DART Government Relations staff will monitor dialogue emanating from stakeholders and transit advocacy groups regarding the reauthorizing of federal transportation policy, also referred to as Moving Ahead for Progress in the 21st Century (or MAP-21), by the United States Congress. Government Relations staff will coordinate with Members of the Dallas-area congressional delegation to convey DART's positions on federal policy and seek letters of support on federal grant applications, such as for the TIGER program, when necessary. Government Relations staff will provide timely updates on the status of any grant applications submitted by DART to the U.S. Department of Transportation. Staff will monitor the 113th Congress for developments relating to potential funding for projects identified in DART's Twenty-Year Financial Plan.

Also during FY14, interim charges of the 83rd Texas Legislature will be studied by legislative committees of both the Texas Senate and Texas House of Representatives, leading up to the next regular legislative session, the 84th Texas Legislature convening on January 13, 2015. Working with DART's Austin legislative counsel team, staff will monitor closely the activities of these legislative committees for issues potentially impacting DART and engaging as necessary to ensure DART's position is effectively communicated and advocated.

Government Relations staff will also monitor the primary and general elections in 2014 for any potential changes to the Agency's congressional and state legislative delegations. Staff will brief executive management and the Board of Directors on the results of the elections and analysis of their impact on DART's legislative goals and agenda.

Government Relations will continue to maintain a strong presence in local government activities through regular attendance at service area city council meetings and work sessions, and continue strong relationships with the staffs of the cities in the DART Service Area, ensuring timely resolution of DART issues. Staff will be increasingly engaged in the development and implementation of a strategy for the future association between DART and non-service area cities.

Community Affairs

The Community Affairs Section of the Marketing and Communications Department serves as the liaison between DART and the various communities it serves. Ensuring that DART meets legal and/or government regulations while developing and maintaining relationships with diverse communities throughout the DART Service Area, Community Affairs focuses on three main areas to provide factual and timely information regarding specific projects: ensuring public involvement opportunities in the various stages of the DART project; providing support to various departments by coordinating and conducting public hearings for such issues as Federal Transit Administration grants and other federal compliance initiatives; and, working with Service Planning by facilitating community meetings and public hearings during the implementation of major bus and rail service changes. As much of the expansion projects begin to wind down, Community Affairs will look to strengthen and expand their reach within the cities served by DART by identifying and communicating development and transportation opportunities and working with corporate sales and the local chambers to broker relationships and drive sales with corporations and local businesses.

Community and Stakeholder Outreach



Community and stakeholder outreach efforts are focused on educating current and future rider segments about DART and how to use the system safely. An extensive education program aimed at all age groups delivers this message to a diverse audience comprised of students, senior citizens, service area city organizations, civic groups, businesses, and stakeholder groups. The partnership with key stakeholder groups allows DART to promote its services, capital expansion initiatives, business opportunities, and employer programs via tours, briefings, speakers' bureau, and chamber events. In turn, the chambers have historically supported DART's various community, legislative, and funding initiatives. DART's promotions staff partners with more than 125 events each year with DART's presence providing information on DART to prospective riders and community stakeholders.

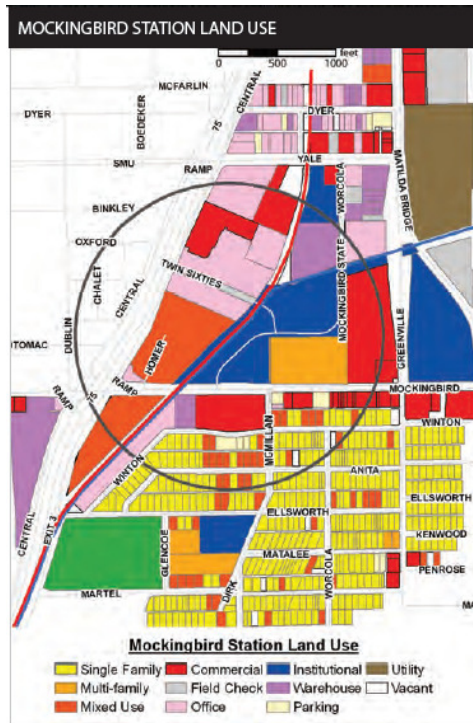
Economic Development

Two of the objectives of the Agency, as stated in the DART mission statement, are to improve the quality of life and to stimulate economic development through the implementation of the Transit System Plan. It has been both surprising and gratifying to see how quickly transit-oriented developments have been constructed along the rail corridors since the launch of DART Rail in 1996. The impact of our joint development efforts now exceeds \$7 billion, according to a study by the University of North Texas (UNT). The study, which was completed during July 2009, shows that for the period from FY 2009 – FY 2013, DART's Light Rail construction activities have or will generate over \$4 billion in local economic activity. This includes the creation of an average of 6,400 jobs each year. In addition, the researchers predicted ongoing operations will generate another \$663 million in annual economic activity and more than 5,300 jobs.

Management continues to be proactive in using DART's transit facilities as a catalyst to create transit-oriented development opportunities that result in vibrant, livable communities, increasing transit ridership and generating new sources of revenue. As the service area is recovering from the last-decade recession, DART staff continues to work with the cities in the service area to prepare plans and solicitations for future transit-oriented development projects. DART is partnering with two of the service area cities to solicit proposals in a cooperative effort to engage developers to master plan and develop select catalyst station areas.

Transit-Oriented Development (TOD) – Property Classification, Prioritization, and Investment Package Development

DART Economic Development staff has established a process to identify, evaluate, and monitor all DART assets that have the potential for future transit-oriented development (TOD). These



properties have been evaluated and prioritized for their potential as a near-term TOD project. The priorities reflect an annual work list of those near-term TOD properties with concurrence by the appropriate city within the DART Service Area. These priority properties will be further analyzed as part of the development of an investment package for each of the priority sites.

Each investment package contains information regarding station area property attributes, land use plans, market assessment, and financial feasibility. The information for each property is then summarized and the factors (positive, negative, or neutral) ranked to reflect expected future returns to DART, both financially and operationally, with a specific recommendation to the DART Board on how and when to move forward with a solicitation as delineated in DART's TOD policy.

To support efforts such as these and provide information to the public and development community, DART has established a transit-oriented development web site (www.DART.org/economicdevelopment) which provides an overview of DART's TOD program including its TOD policy, TOD guidelines, and draft process and procedures. Additionally, over the past 15 years several studies have been undertaken for DART by the UNT Center for Economic Development and Research regarding DART's economic impact.

DART and the Center are finalizing an update of the 2007 study, "Assessment of the Potential Fiscal Impacts of Existing and Proposed Transit-Oriented Development in the DART Service Area." The highly informative Station Area Fact Sheets which offer detailed information for all DART Rail stations are used as a marketing tool by both DART and the development community. These fact sheets have been updated to reflect the latest expansions to the system.

The development industry is slowly recovering from the recession, and outside of apartments, developers are still finding financing of mixed-use development particularly challenging. Many service area cities have continued to take advantage of the slow economy to pursue planning for transit-oriented development, complete streets, accessibility, and livable communities' development. In some cases, this has been done by leveraging both local and national grant programs. DART staff continues to be actively involved in all of these efforts in partnership with the cities.

**Economic Opportunity for Disadvantaged, Minority, and Woman-Owned (DMWBE) Business Enterprises**

DART's DMWBE Enterprise Programs are designed to involve disadvantaged, minority, small and emerging, and women-owned businesses to the maximum extent possible in all facets of DART's contracting and purchasing activities. The Department of Diversity positions itself as a bridge between DART and such businesses. To increase access to DART procurement opportunities, the department offers and conducts various modes of technical assistance, outreach, seminars, goal setting, educational training, and counseling in the understanding of federal and agency procurement regulations. The department aggressively seeks integration of DMWBEs in all DART procurement and contracting opportunities, and ensures that DART complies with all appropriate federal and state laws, regulations, and executive orders.

Section 10

Appendix

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Exhibit APX.1**RESOLUTION**

of the

130092**DALLAS AREA RAPID TRANSIT BOARD****(Executive Committee)****RESOLUTION****Approval of Fiscal Year (FY) 2014 Annual Budget**

WHEREAS, the Board approved the Financial Standards (including the General Standards, Business Planning Parameters, and Debt Service Standards) on April 23, 2013 (Resolution No. 130036), which were the basis for compiling the FY 2014 Annual Budget; and

WHEREAS, the Board has been briefed on the assumptions used to prepare the FY 2014 Annual Budget; and

WHEREAS, the proposed FY 2014 Annual Budget was sent to the governing bodies of the jurisdictions within the DART Service Area at least thirty days prior to Board approval in accordance with Section 452.113(3) of the Texas Transportation Code.

NOW, THEREFORE, BE IT RESOLVED by the Dallas Area Rapid Transit Board of Directors that the FY 2014 Annual Budget is approved in the amount of \$1,042,013,414.

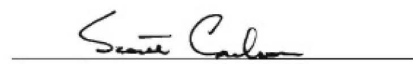
Operating Budget	\$459,316,506
Capital Budget	405,961,502
Net Debt Service Budget	176,735,405
Total FY 2014 Annual Budget	\$1,042,013,414


Faye Moses Wilkins
Secretary


John Danish
Chair

APPROVED AS TO FORM:

ATTEST


Scott Carlson
General Counsel


Gary C. Thomas
President/Executive Director

September 24, 2013
Date

Exhibit APX.1**RESOLUTION**

of the

130093**DALLAS AREA RAPID TRANSIT BOARD****(Executive Committee)****RESOLUTION****Approval of Fiscal Year (FY) 2014 Twenty-Year Financial Plan**

WHEREAS, the Board approved the Financial Standards (including the General Standards, Business Planning Parameters, and Debt Service Standards) on April 23, 2013 (Resolution No. 130036), which were the basis for compiling the FY 2014 Twenty-Year Financial Plan; and

WHEREAS, all Financial Standards have been met in the compilation of the proposed FY 2014 Twenty-Year Financial Plan; and

WHEREAS, the Board has been briefed on the assumptions used to prepare the FY 2014 Twenty-Year Financial Plan; and

WHEREAS, the proposed FY 2014 Twenty-Year Financial Plan was made available to the governing bodies of the jurisdictions within the DART Service Area at least thirty days before the adoption of the Financial Plan; and

WHEREAS, Section 452.111 of the Texas Transportation Code, Article III, Section 14 of the Board Bylaws, and DART Board Policy II.02, Financial Standards Policy, require that the Board approve the Financial Plan by a two-thirds vote of the appointed and qualified members of the Board.


NOW, THEREFORE, BE IT RESOLVED by the Dallas Area Rapid Transit Board of Directors that the FY 2014 Twenty-Year Financial Plan as shown in Exhibit 1 is approved.


Faye Moses Wilkins
Secretary


John Danish
Chair

APPROVED AS TO FORM:

ATTEST


Scott Carlson
General Counsel


Gary C. Thomas
President/Executive Director

September 24, 2013

Date

Exhibit APX.1

Approved FY 2014 Twenty-Year Financial Plan

Dallas Area Rapid Transit FY 2014 Financial Plan As Approved September 24, 2013 Twenty Year Sources and Uses of Cash (\$ Millions - Inflated Dollars)																								Exhibit 1
Line	Description	2014	2015	2016	2017	2018	5 Year Total	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	20 Year Total	
SOURCES OF FUNDS																								
1	Sales Tax Revenues	\$478.5	\$503.0	\$523.6	\$544.1	\$565.2	\$2,614.3	\$586.9	\$609.3	\$632.6	\$656.6	\$681.5	\$707.3	\$734.0	\$761.8	\$791.0	\$821.2	\$852.2	\$884.5	\$917.9	\$952.6	\$988.7	\$14,192.7	
2	Operating Revenues	86.7	86.7	86.7	88.8	99.9	448.9	101.3	103.5	105.7	107.9	121.5	123.0	125.4	127.8	130.3	146.6	148.2	151.0	153.8	156.7	171.3	2,422.8	
3	Interest Income	3.2	7.4	9.0	8.6	9.3	37.6	12.9	14.4	15.5	17.5	17.4	17.9	19.8	27.8	26.6	30.4	30.6	28.2	29.6	34.1	41.9	402.2	
4	Formula Federal Funding	82.5	69.0	69.0	69.0	69.0	358.5	69.0	69.0	69.0	69.0	69.0	69.0	69.0	69.0	69.0	69.0	69.0	69.0	69.0	69.0	69.0	1,393.5	
5	Discretionary Federal Funding	32.4	13.0	22.7	0.0	0.0	68.1	0.0	0.0	0.0	0.0	0.0	0.0	13.6	14.0	6.9	3.7	0.0	0.0	0.0	0.0	0.0	106.3	
6	Debt Issuances	125.0	200.0	(30.0)	(30.0)	(30.0)	235.0	(30.0)	(30.0)	(30.0)	(30.0)	(30.0)	0.0	500.0	100.0	370.0	185.0	(50.0)	(50.0)	(50.0)	0.0	0.0	1,090.0	
7	Other Sources	58.4	24.2	36.0	34.8	19.6	172.9	20.5	18.1	18.5	18.5	18.8	23.0	23.9	19.9	22.7	27.2	29.1	37.6	33.6	24.9	25.4	534.7	
8	Total Sources of Funds	\$866.7	\$903.3	\$717.1	\$715.2	\$733.0	\$3,935.3	\$760.7	\$784.3	\$811.3	\$839.5	\$878.2	\$940.2	\$1,485.7	\$1,120.3	\$1,416.6	\$1,283.0	\$1,079.1	\$1,120.2	\$1,153.9	\$1,237.4	\$1,296.3	\$20,142.1	
USES OF FUNDS																								
9	Sales Taxes for Operations	77.2%	74.6%	74.0%	73.2%	70.5%	n/a	69.4%	68.5%	68.1%	67.0%	65.1%	64.4%	63.8%	62.0%	61.6%	58.9%	58.7%	58.4%	57.8%	56.9%	54.5%	n/a	
Operating Expenses:																								
10	Bus	\$238.0	\$236.2	\$239.1	\$241.9	\$246.9	\$1,202.1	\$253.0	\$257.9	\$266.2	\$272.3	\$277.9	\$283.1	\$291.2	\$296.8	\$303.5	\$311.0	\$318.7	\$325.7	\$332.5	\$340.7	\$348.8	\$5,681.2	
11	Light Rail Transit	157.8	165.5	170.3	177.2	181.5	852.3	186.0	189.9	194.3	198.5	205.9	210.3	215.2	219.8	225.0	229.7	235.0	240.0	245.6	250.7	256.5	4,154.6	
12	Commuter Rail/RR Management	26.7	28.1	32.2	33.3	34.3	154.5	35.4	36.5	37.9	39.3	40.8	42.3	44.0	45.6	47.4	49.1	51.1	53.0	55.1	57.1	59.4	848.3	
13	Paratransit	31.9	36.6	38.3	40.3	41.9	189.0	43.8	47.7	49.8	51.9	54.2	56.5	59.0	61.5	64.2	67.0	69.9	72.9	76.2	79.4	83.0	1,126.1	
14	HOV Transitways	1.9	0.0	0.0	0.0	0.0	1.9	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	0.0	1.9	
15	General Mobility - TDM	3.0	3.1	3.2	3.3	3.3	15.9	3.4	3.5	3.6	3.6	3.7	3.8	3.9	4.0	4.1	4.1	4.2	4.3	4.4	4.5	4.6	75.6	
16	Total Operating Expenses	\$459.3	\$469.5	\$483.0	\$495.9	\$507.9	\$2,415.6	\$521.6	\$535.5	\$551.8	\$565.6	\$582.6	\$596.1	\$613.3	\$627.7	\$644.1	\$660.9	\$679.0	\$695.8	\$713.7	\$732.4	\$752.2	\$11,887.7	
Operating+P&D+Start Up		\$468.7	\$477.4	\$490.2	\$504.8	\$513.5	\$2,454.6	\$527.2	\$541.3	\$557.7	\$571.6	\$588.7	\$602.4	\$621.0	\$637.2	\$655.8	\$675.2	\$696.5	\$717.3	\$735.7	\$754.9	\$775.2	\$12,112.3	
Capital Projects and Non-Operating:																								
17	Agency-Wide	\$24.3	\$24.2	\$20.2	\$10.6	\$9.0	\$88.3	\$10.8	\$16.5	\$13.8	\$32.2	\$38.0	\$33.1	\$16.0	\$12.2	\$16.0	\$11.6	\$12.4	\$29.2	\$16.7	\$14.1	\$18.3	\$379.3	
18	Bus	91.7	51.4	47.6	3.2	32.2	226.0	2.3	9.8	14.4	10.3	7.2	61.2	146.0	145.0	70.3	43.1	1.2	42.8	12.2	12.8	14.8	819.5	
19	Light Rail Transit	207.6	153.5	87.1	37.2	6.0	491.4	11.4	11.4	12.8	7.8	23.3	13.0	427.3	18.5	378.3	241.4	21.8	17.3	19.9	14.7	20.1	1,730.4	
20	Streetcar	26.5	13.2	15.0	15.0	0.0	69.7	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	0.0	69.7	
21	Commuter Rail/RR Management	19.1	31.7	23.4	12.0	12.6	98.7	14.7	8.6	8.9	6.5	3.8	11.5	11.6	2.3	8.5	17.4	21.6	38.1	29.0	6.0	2.5	289.5	
22	Paratransit	0.8	0.7	0.0	0.0	0.0	1.6	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.1	0.0	0.0	0.0	0.1	2.2	
23	HOV Transitways	15.6	14.8	10.1	0.0	0.0	40.5	0.0	0.0	0.0	3.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.3	0.0	54.7	
24	Capital P & D, Start-Up, Non-Operating	12.0	9.6	8.8	10.7	6.8	47.8	7.7	7.8	8.0	8.0	6.3	7.1	8.5	9.7	12.4	14.5	18.9	22.9	23.5	25.2	23.2	251.6	
25	General Mobility - Road Impr./ITS	8.4	10.2	3.0	2.0	0.0	23.6	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	0.0	23.6	
26	Total Capital and Non-Operating	\$406.0	\$309.3	\$215.2	\$90.6	\$66.5	\$1,087.6	\$47.0	\$54.1	\$57.8	\$68.6	\$78.7	\$125.9	\$609.5	\$187.8	\$485.6	\$328.0	\$76.2	\$150.3	\$101.3	\$83.0	\$79.1	\$3,620.4	
Debt Service																								
27	Total Debt O/S Beginning-of-Year	\$3,596.1	\$3,695.6	\$3,849.7	\$3,769.3	\$3,684.2	n/a	\$3,596.3	\$3,505.6	\$3,411.9	\$3,315.0	\$3,214.8	\$3,111.0	\$3,033.7	\$3,454.9	\$3,467.4	\$3,746.0	\$3,830.7	\$3,672.7	\$3,509.4	\$3,340.4	\$3,215.6	n/a	
28	Total Debt O/S End-of-Year	\$3,695.6	\$3,849.7	\$3,769.3	\$3,684.2	\$3,596.3	n/a	\$3,505.6	\$3,411.9	\$3,315.0	\$3,214.8	\$3,111.0	\$3,033.7	\$3,454.9	\$3,467.4	\$3,746.0	\$3,830.7	\$3,672.7	\$3,509.4	\$3,340.4	\$3,215.6	\$3,084.6	n/a	
29	Principal - LT Debt	\$25.5	\$45.9	\$50.4	\$55.2	\$57.9	\$234.8	\$60.7	\$63.7	\$66.9	\$70.2	\$73.7	\$77.3	\$78.8	\$87.4	\$91.4	\$100.3	\$108.0	\$113.4	\$118.9	\$124.8	\$131.0	\$1,601.5	
30	Cost of Debt (Interest and Fees)	154.5	157.0	157.0	155.0	153.4	776.8	151.7	149.2	146.3	142.2	136.3	131.1	135.6	154.1	157.7	172.8	176.6	169.3	161.8	155.0	148.9	3,065.3	
31	Total Debt Service Costs	\$180.0	\$202.9	\$207.3	\$210.2	\$211.3	\$1,011.6	\$212.4	\$212.9	\$213.1	\$212.4	\$210.1	\$208.4	\$214.4	\$241.5	\$249.1	\$273.0	\$284.6	\$282.7	\$280.8	\$279.8	\$279.9	\$4,666.8	
32	External Coverage Ratio	2.67	2.51	2.54	2.60	2.69	n/a	2.78	2.88	2.99	3.11	3.27	3.42	3.45	3.17	3.19	3.02	3.01	3.15	3.29	3.43	3.55	n/a	
33	Internal Coverage Ratio	1.06	1.01	1.04	1.07	1.16	n/a	1.22	1.28	1.33	1.40	1.52	1.61	1.63	1.55	1.56	1.55	1.54	1.61	1.70	1.79	1.93	n/a	
34	Total Uses of Funds	\$1,045.3	\$981.7	\$905.5	\$796.7	\$785.7	\$4,514.8	\$781.0	\$802.6	\$822.8	\$846.5	\$871.4	\$930.4	\$1,437.1	\$1,056.9	\$1,378.9	\$1,261.9	\$1,039.8	\$1,128.8	\$1,095.7	\$1,095.2	\$1,111.2	\$20,174.9	
35	Net Inc (Dec) in cash	(\$178.6)	(\$78.3)	(\$188.4)	(\$81.4)	(\$52.7)	(\$579.5)	(\$20.3)	(\$18.2)	(\$11.5)	(\$7.0)	\$6.9	\$9.8	\$48.6	\$63.4	\$37.8	\$21.2	\$39.3	(\$8.6)	\$58.2	\$142.2	\$185.1	(\$32.8)	
36	Change in Balance Sheet Accts	47.1	(7.3)	(27.2)	(29.8)	(12.4)	(\$29.6)	(7.3)	(1.5)	(0.8)	(0.2)	0.3	7.7	101.2	(74.0)	44.5	(25.9)	(63.3)	2.1	(11.7)	(10.5)	(7.1)	(\$76.0)	
37	Cash, Beg of Period	1,025.6	894.2	808.5	592.9	481.7	1,025.6	416.6	388.9	369.2	356.9	349.7	356.9	374.4	524.2	513.6	595.9	591.1	567.2	560.6	607.1	738.8	1,025.6	
38	Cash, End of Period	894.2	808.5	592.9	481.7	416.6	416.6	388.9	369.2	356.9	349.7	356.9	374.4	524.2	513.6	595.9	591.1	567.2	560.6	607.1	738.8	916.8	916.8	
39	Less Cash Reserves & Restricted Funds	(69.1)	(69.2)	(69.4)	(69.8)	(70.5)	(70.5)	(71.9)	(73.7)	(75.8)	(78.5)	(81.3)	(84.3)	(87.3)	(90.6)	(93.9)	(97.5)	(101.2)	(105.0)	(109.1)	(113.3)	(117.8)	(117.8)	
40	Less Reserves for Operating Deficits	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
41	Less Working Cash Requirement	(114.8)	(117.4)	(120.8)	(124.0)	(127.0)	(127.0)	(130.4)	(133.9)	(138.0)	(141.4)	(145.6)	(149.0)	(153.3)	(156.9)	(161.0)	(165.2)	(169.8)	(174.0)	(178.4)	(183.1)	(188.1)	(188.1)	
42	Net Available Cash	\$710.2	\$622.0	\$402.7	\$287.9	\$219.1	\$219.1	\$186.7	\$161.7	\$143.2	\$129.9	\$129.9	\$141.1	\$283.5	\$266.1	\$340.9	\$328.4	\$296.2	\$281.6	\$319.6	\$442.3	\$611.0	\$611.0	

FY 2013 Twenty-Year Financial Plan, as amended May 28, 2013

Dallas Area Rapid Transit																								Exhibit 1
FY 2013 Twenty-Year Financial Plan, as Amended May 28, 2013																								
Twenty Year Sources and Uses of Cash																								
(\$ Millions - Inflated Dollars)																								
Line	Description	2013	2014	2015	2016	2017	5 Year Total	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	20 Year Total	
SOURCES OF FUNDS																								
1	Sales Tax Revenues	\$451.7	\$476.9	\$501.3	\$521.9	\$542.3	\$2,494.1	\$563.3	\$584.9	\$607.3	\$630.5	\$654.4	\$679.2	\$705.0	\$731.6	\$759.2	\$788.4	\$818.5	\$849.4	\$881.5	\$914.9	\$949.5	\$13,611.7	
2	Operating Revenues	84.3	86.6	88.3	89.1	91.7	440.2	102.7	104.2	106.5	108.8	111.1	124.7	126.4	128.9	131.5	134.1	150.4	152.2	155.2	158.1	161.1	2,396.0	
3	Interest Income	6.5	8.8	10.3	11.7	11.7	49.0	12.5	12.2	12.2	13.3	16.4	18.0	19.7	19.5	22.8	19.3	24.4	27.5	27.4	31.6	37.6	363.5	
4	Formula Federal Funding	79.6	69.9	69.9	69.9	69.9	359.0	69.9	69.9	69.9	69.9	69.9	69.9	69.9	69.9	69.9	69.9	69.9	69.9	69.9	69.9	69.9	1,406.9	
5	Discretionary Federal Funding	146.1	12.2	22.5	5.4	0.0	186.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.6	14.0	6.9	3.7	0.0	0.0	0.0	0.0	224.3	
6	Debt Issuances	213.4	97.6	245.0	0.0	(4.0)	552.0	(106.0)	(85.0)	(50.0)	0.0	0.0	0.0	0.0	400.0	0.0	370.0	235.0	0.0	0.0	0.0	0.0	1,316.0	
7	Other Sources	35.5	58.7	17.5	13.1	16.8	141.6	16.5	17.4	14.8	15.2	15.1	15.1	14.7	15.4	16.0	18.7	23.0	24.8	33.1	29.0	20.2	430.4	
8	Total Sources of Funds	\$1,017.2	\$810.6	\$954.8	\$711.0	\$728.4	\$4,222.0	\$658.8	\$703.6	\$760.6	\$837.6	\$866.9	\$907.0	\$935.5	\$1,378.8	\$1,013.3	\$1,407.2	\$1,324.9	\$1,123.7	\$1,167.0	\$1,203.5	\$1,238.3	\$19,748.9	
USES OF FUNDS																								
9	Sales Taxes for Operations	79.4%	76.0%	73.9%	72.3%	71.4%	n/a	68.9%	68.3%	67.8%	67.1%	65.8%	63.8%	63.0%	62.4%	61.3%	61.2%	58.3%	57.6%	57.0%	56.0%	54.9%	n/a	
10	Operating Expenses:																							
10	Bus	\$233.3	\$236.8	\$234.9	\$236.3	\$239.2	\$1,180.5	\$244.3	\$249.8	\$255.0	\$262.1	\$267.7	\$273.9	\$279.9	\$286.1	\$292.1	\$298.9	\$305.3	\$312.2	\$318.7	\$325.9	\$332.8	\$5,485.1	
11	Light Rail Transit	144.6	147.9	154.9	159.8	166.5	773.6	170.6	174.8	178.7	182.8	186.8	194.0	198.3	202.7	207.0	211.9	216.4	221.3	225.9	231.0	235.9	3,811.8	
12	Commuter Rail/RR Management	24.7	25.4	26.3	27.1	27.9	131.4	28.8	29.7	30.6	31.8	33.0	34.3	35.6	37.0	38.3	39.9	41.4	43.0	44.6	46.4	48.1	694.0	
13	Paratransit	32.8	33.1	37.8	39.6	41.6	184.9	43.3	45.3	49.3	51.4	53.5	55.8	58.1	60.6	63.1	65.9	68.6	71.6	74.5	77.8	81.0	1,104.6	
14	HOV Transitways	11.2	11.5	11.8	12.0	12.3	58.8	12.6	12.9	13.2	13.5	13.8	14.1	14.4	14.7	15.1	15.4	15.7	16.1	16.4	16.8	17.2	280.8	
15	General Mobility - TDM	3.1	3.1	3.2	3.3	3.4	16.1	3.5	3.5	3.6	3.7	3.8	3.9	4.0	4.0	4.1	4.2	4.3	4.4	4.5	4.6	4.7	77.0	
16	Total Operating Expenses	\$449.6	\$457.8	\$468.9	\$478.1	\$490.9	\$2,345.4	\$503.1	\$516.1	\$530.3	\$545.3	\$558.5	\$575.8	\$590.2	\$605.3	\$619.8	\$636.1	\$651.7	\$668.5	\$684.8	\$702.5	\$719.7	\$11,453.2	
	Operating+P&D+Start Up	\$460.0	\$467.2	\$476.8	\$485.3	\$498.3	\$2,387.6	\$508.8	\$521.8	\$536.1	\$551.3	\$564.5	\$582.0	\$596.5	\$613.0	\$629.3	\$647.8	\$666.1	\$686.1	\$706.3	\$724.6	\$742.2	\$11,664.1	
17	Capital Projects and Non-Operating:																							
17	Agency-Wide	\$36.9	\$25.4	\$7.3	\$10.2	\$10.6	\$90.3	\$9.0	\$10.5	\$15.4	\$13.4	\$32.2	\$37.8	\$34.0	\$23.0	\$15.4	\$13.6	\$12.0	\$11.1	\$27.6	\$16.1	\$14.1	\$375.4	
18	Bus	112.5	90.7	44.1	39.0	14.7	301.0	32.2	2.3	9.8	14.3	10.3	7.2	44.5	146.0	145.0	70.3	43.1	1.2	62.2	12.2	12.8	914.5	
19	Light Rail Transit	233.3	182.1	121.9	62.2	13.1	612.5	7.0	11.6	12.5	10.7	21.2	22.7	14.3	419.6	17.3	378.4	244.1	20.2	11.6	12.9	31.3	1,848.0	
20	Commuter Rail/RR Management	23.3	24.8	11.2	5.6	11.0	75.9	12.6	14.7	8.6	8.9	6.5	3.6	2.1	2.2	2.3	8.5	17.4	21.6	38.1	29.0	6.0	257.8	
21	Paratransit	0.2	0.0	0.0	0.0	0.0	0.2	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.1	0.0	0.0	0.0	0.8	
22	HOV Transitways	15.4	16.8	15.2	10.7	4.8	62.9	0.4	0.4	5.0	0.3	0.7	0.4	3.8	0.5	0.5	4.2	0.0	0.8	7.3	0.5	0.2	88.0	
23	Capital P & D, Start-Up, Non-Operating	35.4	34.4	12.1	8.3	8.9	99.2	7.8	8.7	8.8	7.0	8.0	6.4	7.1	8.5	9.7	12.4	14.6	19.0	23.0	23.5	25.2	289.0	
24	General Mobility - Road Impr./ITS	17.0	3.7	14.9	3.0	2.0	40.7	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	0.0	40.7	
25	Total Capital and Non-Operating	\$474.0	\$377.8	\$226.8	\$139.0	\$65.1	\$1,282.7	\$69.0	\$48.3	\$60.2	\$54.6	\$78.9	\$78.1	\$105.8	\$599.8	\$190.3	\$487.6	\$331.1	\$74.1	\$169.9	\$94.2	\$89.5	\$3,814.1	
Debt Service																								
26	Total Debt O/S Beginning-of-Year	\$3,444.1	\$3,651.8	\$3,723.1	\$3,921.4	\$3,869.5	n/a	\$3,808.9	\$3,643.4	\$3,496.1	\$3,380.7	\$3,312.1	\$3,240.1	\$3,164.5	\$3,085.2	\$3,404.4	\$3,315.0	\$3,591.5	\$3,724.2	\$3,614.0	\$3,498.5	\$3,377.3	n/a	
27	Total Debt O/S End-of-Year	\$3,651.8	\$3,723.1	\$3,921.4	\$3,869.5	\$3,808.9	n/a	\$3,643.4	\$3,496.1	\$3,380.7	\$3,312.1	\$3,240.1	\$3,164.5	\$3,085.2	\$3,404.4	\$3,315.0	\$3,591.5	\$3,724.2	\$3,614.0	\$3,498.5	\$3,377.3	\$3,250.2	n/a	
28	Principal - LT Debt	\$6.7	\$26.2	\$46.7	\$51.9	\$56.7	\$188.3	\$59.4	\$62.3	\$65.4	\$68.6	\$72.0	\$75.6	\$79.2	\$80.8	\$89.4	\$93.5	\$102.3	\$110.1	\$115.5	\$121.2	\$127.1	\$1,510.9	
29	Cost of Debt (Interest and Fees)	151.3	154.6	156.8	155.7	155.1	773.4	152.7	149.4	146.1	143.1	139.7	136.2	132.6	135.1	149.5	151.1	167.2	173.0	167.7	162.1	156.3	3,035.2	
30	Total Debt Service Costs	\$158.0	\$180.8	\$203.5	\$207.5	\$211.7	\$961.6	\$212.2	\$211.7	\$211.5	\$211.7	\$211.7	\$211.8	\$211.9	\$215.9	\$239.0	\$244.6	\$269.5	\$283.1	\$283.2	\$283.3	\$283.4	\$4,546.0	
31	External Coverage Ratio	2.91	2.67	2.52	2.54	2.59	n/a	2.68	2.79	2.90	3.01	3.12	3.24	3.36	3.42	3.21	3.25	3.06	3.02	3.14	3.26	3.38	n/a	
32	Internal Coverage Ratio	1.02	1.01	0.99	1.03	1.06	n/a	1.15	1.20	1.26	1.32	1.39	1.51	1.58	1.62	1.54	1.56	1.55	1.54	1.61	1.70	1.79	n/a	
33	Total Uses of Funds	\$1,081.7	\$1,016.4	\$899.2	\$824.6	\$767.7	\$4,589.7	\$784.3	\$776.1	\$802.0	\$811.6	\$849.1	\$865.8	\$907.8	\$1,420.9	\$1,049.1	\$1,368.4	\$1,252.4	\$1,025.7	\$1,137.8	\$1,080.0	\$1,092.6	\$19,813.3	
34	Net Inc (Dec) in cash	(\$64.5)	(\$205.8)	\$55.6	(\$113.6)	(\$39.3)	(\$367.6)	(\$125.5)	(\$72.5)	(\$41.4)	\$26.0	\$17.8	\$41.2	\$27.7	(\$42.1)	(\$35.7)	\$38.8	\$72.5	\$98.0	\$29.2	\$123.5	\$145.7	(\$64.5)	
35	Change in Balance Sheet Accts	26.8	(16.8)	(29.3)	(27.9)	(20.1)	(\$67.3)	(4.3)	(6.1)	(0.2)	(2.8)	2.1	(1.8)	3.0	103.3	(70.3)	44.8	(26.3)	(65.2)	6.0	(17.0)	(9.1)	(\$111.2)	
36	Cash, Beg of Period	986.0	948.3	725.6	751.9	610.5	986.0	551.0	421.2	342.6	300.9	324.1	343.9	383.4	414.1	475.3	369.3	453.0	499.2	532.0	567.2	673.8	986.0	
37	Cash, End of Period	948.3	725.6	751.9	610.5	551.0	551.0	421.2	342.6	300.9	324.1	343.9	383.4	414.1	475.3	369.3	453.0	499.2	532.0	567.2	673.8	810.3	810.3	
38	Less Cash Reserves & Restricted Funds	(65.1)	(65.2)	(65.5)	(65.9)	(66.4)	(66.4)	(67.3)	(68.6)	(70.2)	(72.2)	(74.7)	(77.3)	(80.0)	(82.8)	(85.8)	(88.9)	(92.1)	(95.5)	(99.1)	(102.8)	(106.7)	(106.7)	
39	Less Reserves for Operating Deficits	(7.1)	(6.4)	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	0.0	0.0	0.0	0.0	0.0	0.0	
40	Less Working Cash Requirement	(112.4)	(114.5)	(117.2)	(119.5)	(122.7)	(122.7)	(125.8)	(129.0)	(132.6)	(136.3)	(139.6)	(144.0)	(147.5)	(151.3)	(155.0)	(159.0)	(162.9)	(167.1)	(171.2)	(175.6)	(179.9)	(179.9)	
41	Net Available Cash	\$763.6	\$539.5	\$569.2	\$425.1	\$361.9	\$361.9	\$228.1	\$145.0	\$98.1	\$115.6	\$129.6	\$162.2	\$186.6	\$241.2	\$128.6	\$205.0	\$244.1	\$269.3	\$297.0	\$395.3	\$523.7	\$523.7	

Exhibit APX.3

DART Governance and Strategic Approach

Board and Policy Direction

DART History – Dallas Area Rapid Transit (DART) is a regional transportation authority of the State of Texas, 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:

The mission of Dallas Area Rapid Transit is 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 through the implementation of the DART Service Plan as adopted by the voters on August 13, 1983, and as amended from time to time.

Board Strategic Priorities – To achieve this mission and ensure Agency alignment, in April 2009 the Board adopted six Strategic Priorities:

Strategic Priority I: Strive to Exceed Customer Expectations

Strategic Priority II: Manage System Development & Maintain Infrastructure

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

Strategic Priority IV: Drive Change Through Employee Engagement

Strategic Priority V: Maximize Funding Resources

Strategic Priority VI: Use Technology to Integrate and Advance Services and Systems

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 Current and Future Services to 2016 map is located at *Exhibit APX.3.1*. The plan is financially constrained and is thus closely coordinated with the DART Twenty-Year Financial Plan. A chart showing current light rail revenue service dates is located at *Exhibit APX.3.2*.

2030 Transit System Plan – In October 2006, the DART Board adopted the 2030 Transit System 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. With the exception of the extension of the Orange Line to DFW Airport (I-3) and the SOC-3 Blue Line extension to UNT Dallas, the remainder of the major capital projects in the 2030 Transit System Plan have been placed in a deferred/unfunded status due to the economic slowdown of the last several years.

The communities through which the Cotton Belt rail corridor passes have expressed a strong desire to accelerate the introduction of passenger rail service in the corridor from the current estimated revenue service date of 2035. In May 2010, both DART and the Fort Worth Transportation Authority (The T) authorized the Regional Transportation Council and North Central Texas Council of Governments (NCTCOG) to lead a funding initiative to identify one or more revenue sources that would permit the rail service to be advanced to the 2015-2020 timeframe. NCTCOG retained an outside consulting team in the fall of 2010 to conduct a study for this effort, referring to the study as the Innovative Financing Initiative (iFi). The consultant team circulated a report in the fall of 2012 in which potential revenue streams were documented. Subsequent to the submission of this report, the same team has been working on a proposal for a second phase. During the 83rd Legislative Session, SB-1333 was introduced to advance a funding scenario for the project, but the bill did not advance beyond initial conversation at the committee level. Although no proposal was ever submitted, there is still interest by the private sector in a project along the corridor.

Independent of the NCTCOG efforts, the Ft. Worth T and DART pursued and completed negotiations on the use of the western portion of the Cotton Belt corridor owned by DART. Under the terms of the agreement which was approved by the DART Board in June 2013 and is pending approval by The T, The T will lease this portion of the corridor and combine it with additional right-of-way it will be acquiring that will permit the agency to undertake the development of commuter rail service between downtown Ft. Worth and the DFW airport at Terminal B. This is known as the TEX Rail project. The T is pursuing a full-funding grant agreement through the Federal Transit Administration and hopes to begin construction within the next several years.

In support of the Cotton Belt project, DART undertook and is nearing completion of preparation of the early engineering and environmental documentation of the project on the eastern portion of the corridor extending from DFW airport to Plano. It is anticipated that DART staff will begin a new planning process involving the cities directly affected by the proposed rail service on the eastern portion of the region. Various development and phasing options will be discussed as well as a review of financial requirements associated with the scenarios that will be identified. It may be ultimately determined that the line must be deferred until funding is available for capital and operations in the mid-2030s. However, given the interest of the cities in accelerating the project, efforts will continue to seek solutions that would advance the project to an earlier revenue service date.

2040 Transit System Plan – The DART Board has initiated a revision to the existing 2030 Transit System Plan and is in the early stages of identifying the goals and objectives for the effort. It is anticipated that the new plan will focus on sustainability including low cost initiatives to grow ridership, maintaining the system in a state of good repair, and regional connectivity. Projects in the 2030 Transit System Plan that were deferred/underfunded over the past several years will be reviewed and evaluated for potential inclusion in the 2040 Plan along with any new projects that may be identified. The 2040 Plan is expected to be completed in FY 2016 and will be financially constrained.

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 APX.3.3* highlights the interrelationships of the Transit System Plan with other key Agency documents.

Exhibit APX.3.1

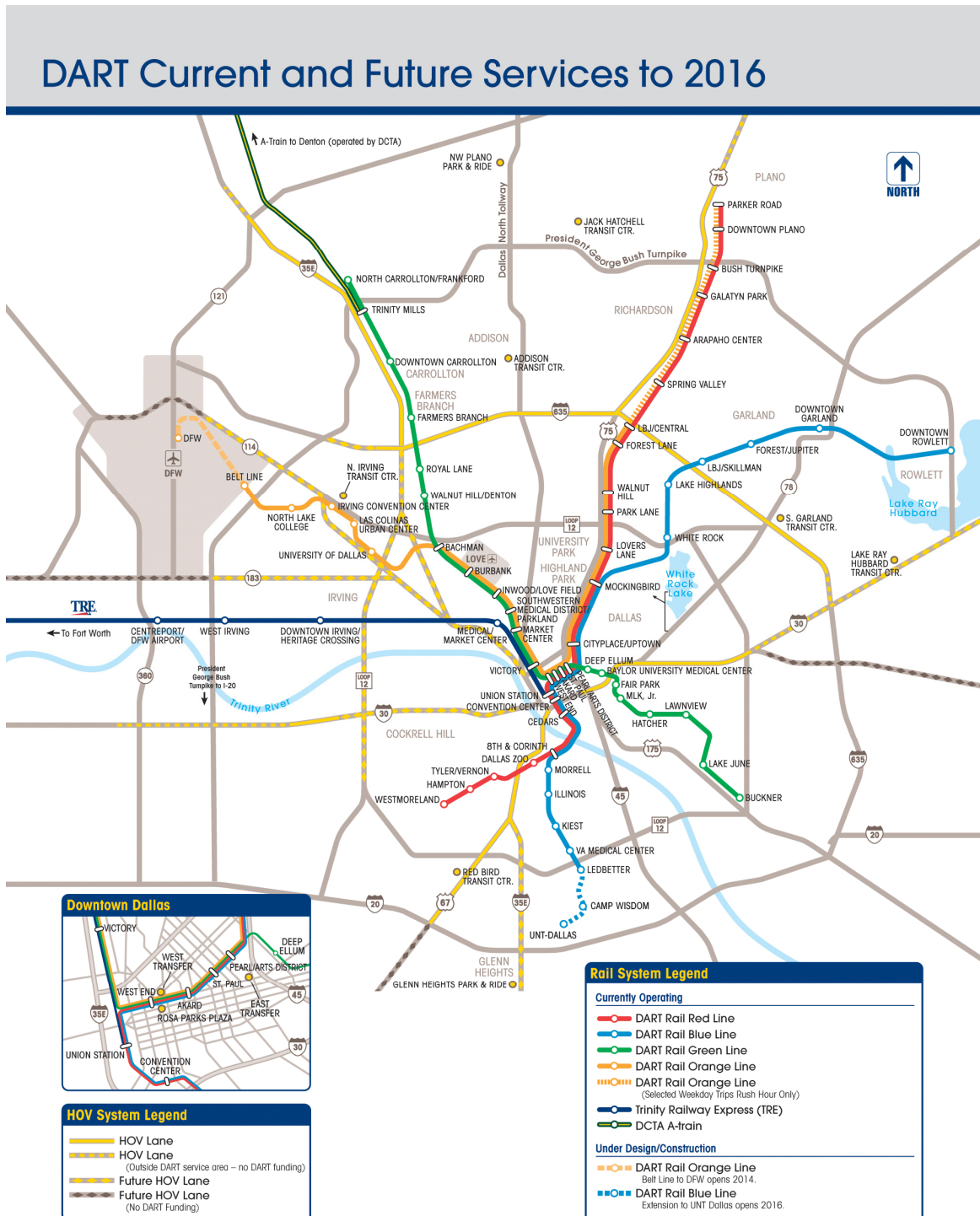
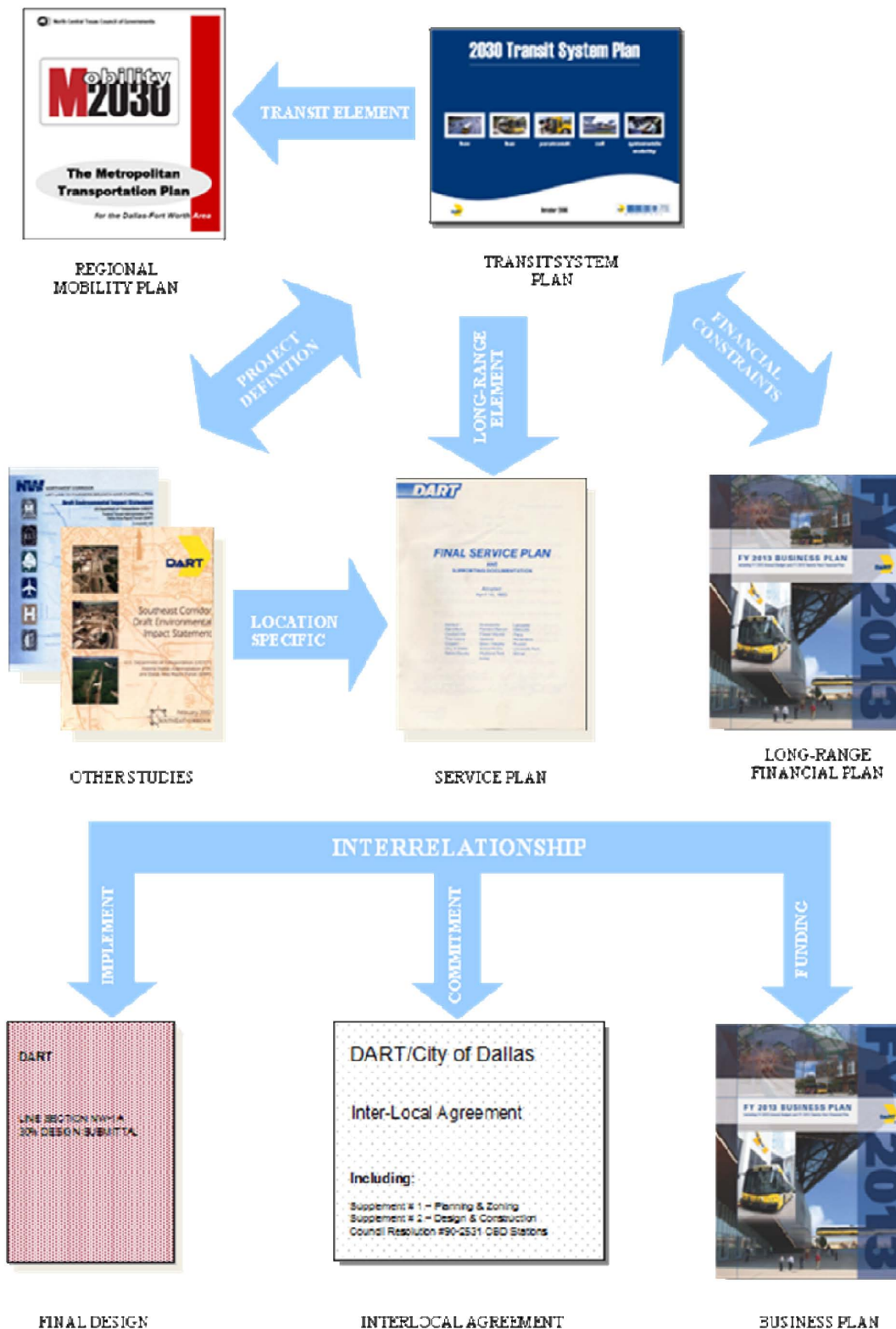




Exhibit APX.3.2 LRT Revenue Service Dates

Corridor	Line	From	To	Miles	Stations	Opening Date
STARTER SYSTEM						
Central Business District	All	West End	Pearl	1.0	4	June 1996
Oak Cliff	Red/Blue	West End	8th & Corinth	3.8	4	June 1996
South Oak Cliff	Blue	8th & Corinth	Ledbetter	4.6	5	June 1996/May 1997
West Oak Cliff	Red	8th & Corinth	Westmoreland	4.6	4	June 1996
North Central	Red	Pearl	Park Lane	6.0	4	Jan 1997
Starter System Subtotal				20.0	21	
RED/BLUE LINE EXTENSIONS						
North Central	Red	Park Lane	Parker Road	12.3	9	July-Dec 2002
Northeast	Blue	Mockingbird	Downtown Garland	11.2	5	Sept 2001-Nov 2002
Northeast	Blue	Downtown Garland	Downtown Rowlett	4.6	1	Dec 2012
Extension Subtotal				28.1	15	
GREEN LINE						
Northwest (NW-1A)	Green	West End	Victory	1.2	1	Nov 2004
Northwest (NW-1B)	Green	Victory	Inwood	2.8	3	Dec 2010
Northwest (NW-2)	Green	Inwood	Bachman	3.2	2	Dec 2010
Northwest (NW-3)	Green	Bachman	Farmers Branch	4.9	3	Dec 2010
Northwest (NW-4)	Green	Farmers Branch	North Carrollton/ Frankford	5.3	3	Dec 2010
Northwest Subtotal				17.4	12	
Southeast (SE-1A)	Green	Pearl	MLK, Jr.	2.7	4	Sept 2009
Southeast (SE-1B)	Green	MLK, Jr.	Hatcher	1.4	1	Dec 2010
Southeast (SE-2)	Green	Hatcher	Buckner	6.0	3	Dec 2010
Southeast Subtotal				10.1	8	
ORANGE LINE						
Northwest-Irving/ DFW (I-1)	Orange	Bachman	Irving Convention Center	5.4	3	July 2012
Northwest-Irving/ DFW (I-2)	Orange	Irving Convention Center	Belt Line	3.6	2	Dec 2012
Orange Line Subtotal				9.0	5	
Total Miles/Stations in Operation				84.6	61	
FUTURE LRT EXPANSION THROUGH 2016						
ORANGE LINE EXPANSION						
Northwest-Irving/ DFW (I-3)	Orange	Belt Line	DFW Airport	5.0	1	Dec 2014
Northwest-Irving/DFW Subtotal				5.0	1	
BLUE LINE EXTENSION						
South Oak Cliff	Blue	Ledbetter	UNT-Dallas	2.6	2	Dec 2016
Blue Line Extension Subtotal				2.6	2	
Total Miles By 2016				93.0	64	

Exhibit APX.3.3 Interrelationship of System Plan with Other Documents



Board Policies – The Board has a number of policies that provide direction to management for implementation. Examples of Board policies are: real estate purchases, advertising, 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. The Board's Financial Standards Policy (*Exhibit APX.4*) requires that the Board review the Financial Standards each year as a part of the budget and financial planning process.

Financial Standards – DART's Financial Standards (*Exhibit APX.4.1*) 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.

The combination of these policy documents provides a framework within which management can formulate strategy and action plans to maximize return on investment (i.e., increase ridership and improve subsidy per passenger). *Exhibit APX.3.4* highlights which Financial Standards correlate with the major sources and uses of cash included in the Annual Budget and Twenty-Year Financial Plan.

Exhibit APX.3.4 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>	FS-D1 to D7
Cash Reserves	FS-G5 & G7
Working Cash Requirement	FS-G6

Purpose of Business Plan

The FY 2014 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 2014 Annual Budget, the FY 2014 Twenty-Year Financial Plan, the Transit System Plan, and the Agency's Strategic Plan. The resolutions shown at *Exhibit APX.1* approve the funding levels for the FY 2014 Annual Budget and the FY 2014 Twenty-Year Financial Plan as required by DART's enabling legislation.

The Business Plan is Management'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 ridership and subsidy per passenger targets.

Business Planning Process

Exhibit APX.3.5 highlights the standard business planning, compilation and approval process used at DART.

Exhibit APX.3.5	
Standard Business Plan Development Schedule	
Date	Description
	Management reviews Strategic Plan every five years (next revision will be in 2015)
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 Cities within Service Area
Sep	Service Area 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 Goals, Strategic Plan, and Board-approved Financial Standards which establish parameters within which management must operate. Targets are established, maintained, and highlighted throughout the document.

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. These budgets are in turn reviewed during meetings with the department head, the Deputy Executive Director or Executive Vice President, the President/Executive Director, the Chief Financial Officer, 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 the cities within the DART Service Area. The Board performs additional reviews in August and September, as necessary, before approving 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; and
- 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). Capital reserves have been established in the Twenty-Year Financial Plan for each capital project category based on historic spending patterns and projected levels of new work. 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 the Annual Budget including Operating Expense, Capital, and Net Debt Service budgets in one resolution which 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 appointed and qualified members of the Board 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.4.1*, FS-G9). These changes require the affirmative vote of two-thirds of the number of appointed and qualified members of the Board. The FY 2013 Twenty-Year Financial Plan, as amended, is shown at *Exhibit APX.2*.

Budget Basis and Presentation of Amounts and Years

DART's Annual Budget and Twenty-Year Financial Plan are presented on the same basis 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 shown at *Exhibit APX.7*.

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 Rail Planning departments.

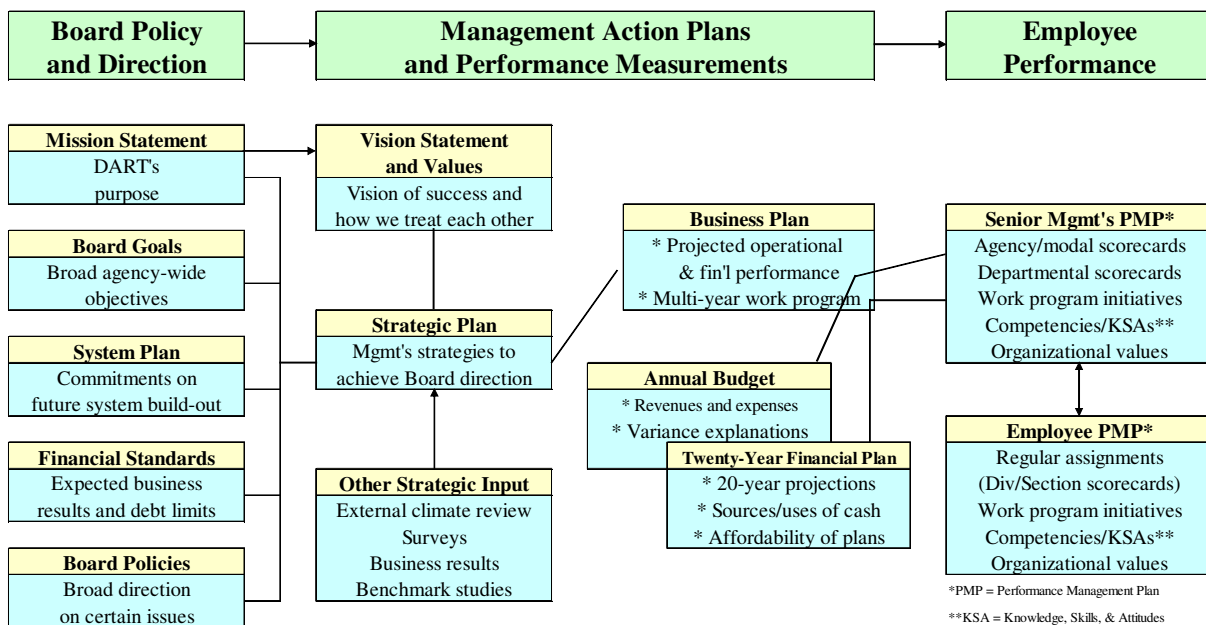
Transit System Plan – provides detailed discussions of light rail, commuter rail, and HOV construction and service schedules, Intelligent Transportation Systems, and General Mobility commitments and time phasing.

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.

Overview of DART's Strategic Alignment Structure

DART's leadership system uses a framework of aligned strategic planning tools to ensure that DART employees understand how their jobs and performance are linked to the Board's mission, direction, and goals. The leadership matrix is shown in *Exhibit APX.3.6*. Performance measurements are incorporated into tracking and reporting processes at all levels of the Agency. The major components of the leadership system are described in more detail in the remainder of this section.

Exhibit APX.3.6
DART's Strategic Alignment Structure



Management Action Plans and Performance Measurements

Vision Statement – To help achieve the Board's mission and strategic priorities, the Board has approved a vision statement to address DART's customers and stakeholders.

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

DART Organizational Values – The Agency's values statement is: 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 and Security**
 - ✓ We expect safety and security to be the responsibility of every employee.
 - ✓ We are committed to ensuring the safety and security of our passengers and employees.
- **Dedicated to Excellence**
 - ✓ We demonstrate a high regard for each other.
 - ✓ We are committed to innovation and learning from our experiences.
 - ✓ We hold ourselves accountable.
 - ✓ We coach, reinforce, and recognize employees.
 - ✓ We foster an environment promoting diversity of people and ideas.
- **Good Stewards of the Public Trust**
 - ✓ We responsibly use public funds and property.
 - ✓ We maintain open communication with customers and stakeholders.
 - ✓ We respect the environment.
 - ✓ We strive to mitigate risk.
 - ✓ We demand integrity and honesty.

Strategic Plan –DART's executive management updated the Five-Year Strategic Plan in 2010 to identify, integrate, and align DART's priorities, goals and tactical objectives for Fiscal Years 2011 through 2015. The Plan provides a dynamic structure for staying on track with long-term financial, development, and operational commitments within a rapidly changing political and economic context.

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 by which to measure how well the Plan's priorities are progressing.

The Strategic Plan and the events and initiatives contained in the Business Plan are the basis for the FY 2014 Annual Budget and the FY 2014 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.

Key Performance Indicators – *Exhibit APX.3.7* 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.13*.

Exhibit APX.3.7 DART's Strategic Measurements

Management Objectives	Key Leading Indicators	Key Lagging Indicators
Customer Focus		
Customer Satisfaction	<ul style="list-style-type: none"> * On-time performance * Accidents per 100k miles * Complaints per 100k passengers * Call center service levels * Mean Distance between Service Calls 	<ul style="list-style-type: none"> * Ridership * Passengers per mile/hour * Customer satisfaction surveys
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
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
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		
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		
Build Relationships with Stakeholders	<ul style="list-style-type: none"> * Complaints/commendations * Press clippings 	<ul style="list-style-type: none"> * Climate satisfaction survey * Completion of TSP commitments * Joint development created

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.

Employee Performance

Alignment of individual employee performance to organizational direction and goals is attained by the structure illustrated in *Exhibit APX.3.7*.

Salaried employees' Performance Management Plans (PMP) are electronic and require that each annual objective on an employee's PMP be tied to a Board Strategic Priority. The majority of performance objectives are directly related to departmental work plans or vice presidents' performance plans, which are drawn from the Agency's strategic priorities and goals.

This alignment is reinforced by DART's pay-for-performance philosophy, under which salaried employees' annual merit increases are tied to PMP evaluation scores. Similarly, hourly employees participate in the Division Level Measurement program through which their individual and team performance is recognized with quarterly incentives.

Acronyms

Exhibit APX.13 is a description of acronyms used in this report.

Exhibit APX.4

Board Financial Standards Policy

DATE ISSUED: May 13, 1997
Resolution No. 970083
Amended by Resolutions: 980067, 980239, 990087, 990145, 000117
Policy No. II.02 (Finance)

The Board shall review and approve a set of Financial Standards each year as part of the Budget and Financial Plan approval process. The Financial Standards shall be divided into three sections:

1. General Financial Standards – The purpose of the general standards is to ensure that DART prudently manages its financial affairs and establishes appropriate cash reserves to be able to meet its future financial commitments.
2. Debt Financial Standards – The purpose of the debt standards is to limit the level of debt that may be incurred and to ensure that debt assumptions used in the Financial Plan 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 may reflect the actual covenants in the Board-approved debt instruments.
3. Business Planning Parameters – The purpose of the Business Planning Parameters is to provide management with a framework for developing the following year's budget and the twenty-year Financial Plan and establish future business targets for management to achieve.

Approval or amendment of this policy and of DART's Financial Standards will require an affirmative vote of two-thirds of the appointed and qualified Board members.

Exhibit APX.4.1

FY 2014 Financial Standards

Resolution No. 130036

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 2014 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.

Exhibit APX.4.1 (cont'd)
FY 2014 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.

Exhibit APX.4.1 (cont'd)
FY 2014 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, health-care cost increases, and fuel prices. The projected incremental cost impact of new services, programs, and/or facilities shall be presented to the Board for approval as part of the Twenty-Year Financial Plan assumption process each year.
- 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.

Exhibit APX.4.1 (cont'd)**FY 2014 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 preventive maintenance (if available), state-of-good repair projects, and passenger facility construction. Formula funding for future years shall be forecast at the current year's funding level or at the minimum levels included in Federal authorizations to ensure a conservative forecast. Discretionary funding shall be programmed primarily for major system expansion projects (e.g., LRT or new bus maintenance facilities). Discretionary funding levels shall be estimated by project based on Federal criteria and the likelihood of obtaining congressional appropriations and require Board approval during the Budget/Twenty-Year Financial Plan process.

Exhibit APX.4.1 (cont'd)
FY 2014 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 solely by a pledge of sales and use tax revenues and that has a maturity longer than five years from the date of issuance shall be incurred without the approval by the voters of the Service Area.
- 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 less and have periodic semi-annual interest payments. DART shall deposit on a monthly basis a prorated amount sufficient to fund the next principal and interest payment.
- 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.
- 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.



Exhibit APX.5 Dallas Area Rapid Transit FY 2014 Twenty-Year Financial Plan Changes in Sources and Uses of Cash from FY 2013 Financial Plan, as Amended 05-28-13 (\$ Millions - Inflated Dollars)							
Line	Description	2014	2015	2016	2017	2018	Total
	SOURCES OF FUNDS						
1	Sales Tax Revenues	\$1.6	\$1.7	\$1.7	\$1.8	\$1.9	\$16.0
2	Operating Revenues	0.1	(1.6)	(2.4)	(2.9)	(2.8)	(9.6)
3	Interest Income	(5.5)	(2.9)	(2.7)	(3.2)	(3.2)	(17.4)
4	Formula Federal Funding	12.6	(0.9)	(0.9)	(0.9)	(0.9)	9.2
5	Discretionary Federal Funding	20.2	(9.5)	17.3	0.0	0.0	28.0
6	Debt Issuances	27.4	(45.0)	(30.0)	(26.0)	76.0	2.4
7	Other Sources	(0.3)	6.7	22.9	18.0	3.1	50.3
8	Total Sources of Funds	\$56.1	(\$51.5)	\$6.1	(\$13.1)	\$74.1	\$71.6
	USES OF FUNDS						
9	Sales Taxes for Operations	0.0	0.0	0.0	0.0	0.0	0.1
	Operating Expenses:						
10	Bus	\$1.2	\$1.3	\$2.8	\$2.7	\$2.6	\$10.6
11	Light Rail Transit	9.9	10.6	10.5	10.8	10.9	52.6
12	Trinity Railway Express	1.3	1.8	5.1	5.3	5.5	19.0
13	Paratransit	(1.2)	(1.2)	(1.3)	(1.4)	(1.4)	(6.5)
14	HOV Transitways	(9.6)	(11.8)	(12.0)	(12.3)	(12.6)	(58.3)
15	General Mobility - TDM	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.6)
16	Total Operating Expenses	\$1.5	\$0.6	\$4.9	\$5.0	\$4.8	\$16.7
	Operating+P&D+Start Up						
	Capital Projects and Other Non-Operating						
17	Agency-Wide	(\$1.1)	\$17.0	\$10.1	(\$0.0)	(\$0.1)	\$25.9
18	Bus	1.0	7.2	8.6	(11.5)	0.0	5.3
19	Light Rail Transit	25.5	31.6	24.9	24.1	(1.0)	105.2
20	Streetcar	26.5	13.2	15.0	15.0	0.0	69.7
21	Commuter Rail/RR Management	(5.7)	20.4	17.7	1.0	0.0	33.5
22	Paratransit	0.8	0.7	0.0	0.0	0.0	1.6
23	HOV Transitways	(1.2)	(0.4)	(0.6)	(4.8)	(0.4)	(7.4)
24	Capital P & D, Start-Up, Non-Operating	(22.4)	(2.6)	0.4	1.8	(1.0)	(23.8)
25	General Mobility - Road Impr./ITS	4.7	(4.8)	0.0	0.0	0.0	(0.1)
26	Total Capital & Non-Operating	\$28.2	\$82.5	\$76.2	\$25.5	(\$2.5)	\$209.9
	Debt Service						
27	Total Debt O/S Beginning-of-Year	(\$55.7)	(\$27.5)	(\$71.7)	(\$100.2)	(\$124.7)	(\$379.8)
28	Total Debt O/S End-of-Year	(27.5)	(71.7)	(100.2)	(124.7)	(47.1)	(371.2)
29	Principal - LT/ST Debt	(0.8)	(0.8)	(1.5)	(1.5)	(1.6)	(6.1)
30	Cost of Debt (Interest and Fees)	(0.1)	0.2	1.3	(0.1)	0.7	2.0
31	Total Debt Service Costs	(\$0.9)	(\$0.6)	(\$0.2)	(\$1.5)	(\$0.9)	(\$4.1)
32	External Coverage Ratio	(0.00)	(0.01)	0.00	0.01	0.01	0.0
33	Internal Coverage Ratio	0.05	0.02	0.01	0.01	0.01	0.0
34	Total Uses of Funds	\$28.8	\$82.5	\$80.9	\$29.0	\$1.4	\$222.5

Exhibit APX.6 FY 2014 Twenty-Year Financial Plan Five Year Balance Sheet (\$ Millions - Inflated Dollars)						
Line	Description	2014	2015	2016	2017	2018
	ASSETS					
	CURRENT ASSETS					
1	Cash and cash equivalents	\$894.2	\$808.5	\$592.9	\$481.7	\$416.6
2	Sales taxes receivable	83.3	87.5	91.1	94.7	98.3
3	Transit revenue receivable, net	3.0	3.0	3.0	3.1	3.5
4	Due from other governments	11.5	8.2	9.2	6.9	6.9
5	Material and supplies inventory	31.4	32.5	33.5	34.5	35.5
6	Interest Receivable	0.4	1.0	1.2	1.1	1.2
7	Prepaid Expenses	23.2	23.9	23.1	22.3	21.6
8	TOTAL CURRENT ASSETS	\$1,047.0	\$964.7	\$754.0	\$644.3	\$583.6
9	Notes Receivable & Investment in Joint Venture	\$20.7	\$19.3	\$17.9	\$16.6	\$15.2
10	Property, Plant & Equipment, Net	5,220.4	5,285.4	5,254.6	5,090.4	4,901.0
11	Capital Lease Liabilities	200.0	201.1	204.3	207.8	211.5
12	Net Pension & OPEB Asset	11.6	0.0	0.0	0.0	0.0
13	TOTAL ASSETS	\$6,499.8	\$6,470.4	\$6,230.9	\$5,959.0	\$5,711.3
	LIABILITIES AND EQUITY					
	CURRENT LIABILITIES					
14	Accounts payable and accrued liabilities	\$136.1	\$135.5	\$121.5	\$102.1	\$99.9
15	Commercial Paper notes payable	190.0	240.0	210.0	180.0	150.0
16	Current portion of long-term debt payable	215.5	285.9	260.4	235.2	207.9
17	Local Assistance Program payable	1.3	0.7	0.0	0.0	0.0
18	Retainage payable	30.3	27.7	20.2	11.5	5.6
19	Other	93.7	93.7	93.7	93.7	93.7
20	TOTAL CURRENT LIABILITIES	\$667.2	\$783.6	\$705.8	\$622.4	\$557.1
21	Senior Lien Sales Tax Revenue Bonds Payable	\$3,505.6	\$3,609.7	\$3,559.3	\$3,504.2	\$3,446.3
22	Capital Lease Liabilities	200.0	201.1	204.3	207.8	211.5
23	TOTAL LIABILITIES	\$4,372.8	\$4,594.4	\$4,469.5	\$4,334.3	\$4,214.9
24	NET ASSETS (EQUITY)	\$2,316.9	\$2,116.1	\$1,971.4	\$1,804.7	\$1,646.4
25	TOTAL LIABILITIES & NET ASSETS	\$6,689.8	\$6,710.4	\$6,440.9	\$6,139.0	\$5,861.3



APX.7										
Sales Tax History FY 2004 - FY 2013										
(in Millions)										
	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Oct	\$24.5	\$25.7	\$27.2	\$28.6	\$31.4	\$30.2	\$28.7	\$29.0	\$33.3	\$35.4
Nov	24.3	25.5	27.3	28.9	31.6	27.3	26.6	30.2	31.7	32.1
Dec	37.7	36.9	40.3	42.8	44.8	43.5	41.7	43.0	46.1	47.8
Jan	24.2	24.6	27.0	28.3	31.4	27.2	28.3	29.1	30.8	35.5
Feb	22.9	24.1	26.2	28.2	29.5	27.0	25.8	27.5	31.8	32.9
Mar	33.3	33.8	35.3	37.7	37.9	35.8	36.7	39.7	39.5	41.1
Apr	25.2	25.5	28.7	29.5	32.0	29.7	29.0	31.9	33.4	35.8
May	24.4	26.5	29.9	30.2	33.9	29.6	29.7	31.1	33.9	37.9
Jun	33.8	34.5	35.5	37.2	41.6	37.3	37.3	39.5	40.9	43.0
Jul	25.1	25.2	28.3	30.7	33.3	28.8	27.8	33.3	37.2	36.5
Aug	24.7	26.3	29.0	30.2	31.4	27.7	28.7	29.6	34.8	36.0
Sep	32.3	33.1	35.8	36.8	37.4	33.4	35.3	38.4	39.1	41.7
FY Total	\$332.4	\$341.8	\$370.5	\$389.1	\$416.1	\$377.6	\$375.5	\$402.4	\$432.5	\$455.7

NOTE: Numbers may not foot properly due to rounding.

Exhibit APX.8 Sales Tax Collections by City

DART SALES TAX COLLECTIONS BY CITY (January 1984 - September 2013)

FISCAL YEAR	DART	ADDISON	BUCKINGHAM*	CARROLLTON	COCKRELL HILL	DALLAS	FARMERS BRANCH	GARLAND
Yrs. 1984 to 1995	2,208,301,411.76	57,880,237.37	1,173,630.49	95,615,423.69	773,431.61	1,316,279,131.48	83,268,787.42	113,304,185.65
1996	281,399,915.92	7,479,886.64	233,408.32	12,810,966.04	42,671.02	154,310,874.70	10,548,239.22	13,349,620.73
1997	292,616,869.14	7,994,554.32	202.75	13,691,073.04	54,044.68	160,225,994.24	11,134,889.83	14,598,369.73
1998	314,825,766.07	7,974,590.17	0.00	14,546,074.94	55,291.19	173,958,870.06	11,237,814.83	15,363,554.63
1999	332,655,699.08	8,355,649.28	0.00	15,838,975.52	58,244.35	181,247,778.63	12,038,832.28	15,775,034.10
2000	373,781,008.77	9,430,392.49	0.00	17,994,653.72	36,963.18	201,494,258.20	13,660,064.56	17,137,646.90
2001	357,883,458.19	9,060,346.29	0.00	17,584,181.42	44,824.28	193,829,670.18	11,793,363.61	16,763,396.04
2002	325,545,132.91	8,186,132.88	0.00	15,832,673.37	34,521.18	176,903,516.53	10,171,821.18	15,673,108.21
2003	311,817,725.15	8,073,825.27	0.00	16,139,349.11	45,012.61	165,809,204.52	9,045,722.94	15,149,640.04
2004	332,395,506.32	8,546,276.53	0.00	17,207,162.47	67,428.23	176,897,339.06	9,410,952.00	15,704,262.68
2005	341,756,750.54	8,733,350.40	0.00	17,528,415.78	64,534.81	177,707,684.72	9,686,372.23	16,148,234.60
2006	370,518,725.69	8,765,382.04	0.00	18,360,947.00	165,333.04	190,405,760.61	10,602,483.73	18,339,527.35
2007	389,129,397.15	9,406,503.75	0.00	19,616,620.89	95,445.79	198,850,278.45	11,996,338.84	19,327,708.46
2008	416,147,831.34	9,936,553.89	0.00	20,062,606.44	158,748.05	214,308,231.24	12,091,439.48	20,604,634.43
2009	377,596,791.51	8,827,700.98	0.00	19,263,590.67	245,956.87	191,124,355.22	11,550,048.06	18,644,521.97
2010	375,470,796.75	8,530,958.78	0.00	18,470,778.05	297,563.21	189,196,793.31	10,426,972.00	18,498,361.57
2011	402,403,999.18	9,140,005.70	0.00	20,479,573.43	252,709.29	202,934,416.71	11,544,474.50	18,811,831.07
2012	432,478,059.28	10,681,577.88	0.00	23,046,438.19	254,197.16	218,145,279.46	12,122,452.58	20,135,334.07
2013	455,699,829.70	12,020,476.20	0.00	24,676,982.16	258,487.24	230,959,311.90	12,944,142.64	21,112,605.21
TOTAL	\$8,692,424,674.45	\$219,024,400.87	\$1,407,241.56	\$418,766,485.96	\$3,005,407.79	\$4,714,588,749.23	\$285,275,211.93	\$424,441,577.44
% of 2013	100.00%	2.64%	0.00%	5.42%	0.06%	50.68%	2.84%	4.63%
% of Total	100.00%	2.52%	0.02%	4.82%	0.03%	54.24%	3.28%	4.88%
FISCAL YEAR	GLENN HEIGHTS	HIGHLAND PARK	IRVING	PLANO	RICHARDSON*	ROWLETT	UNIVERSITY PARK	COPELL/ FLOWER MOUND
Yrs. 1984 to 1995	402,785.41	10,509,085.21	208,695,128.09	170,010,691.94	122,970,380.47	7,985,388.70	16,442,299.76	2,990,824.48
1996	55,821.42	2,284,256.27	29,189,023.66	29,186,925.51	18,941,954.66	1,300,557.44	1,665,710.29	0.00
1997	61,188.60	1,095,589.03	31,089,289.92	30,093,993.89	19,490,263.70	1,356,350.06	1,731,065.34	0.00
1998	89,408.68	1,401,054.31	33,888,525.91	33,174,596.96	19,860,608.86	1,499,872.98	1,775,502.55	0.00
1999	88,541.97	1,433,904.68	38,392,572.90	36,849,282.05	18,753,892.86	1,601,845.83	2,221,144.63	0.00
2000	102,307.18	1,488,217.62	41,642,672.62	43,639,228.76	23,174,872.43	1,788,963.67	2,190,767.45	0.00
2001	113,339.01	1,516,995.62	37,480,414.88	43,893,274.19	21,440,863.56	2,231,682.49	2,131,106.63	0.00
2002	111,787.32	1,459,311.14	34,077,555.82	41,555,893.18	17,185,811.37	2,405,620.33	1,947,380.38	0.00
2003	133,417.31	1,421,507.57	32,651,639.37	41,898,719.64	17,197,366.75	2,490,859.78	1,761,460.22	0.00
2004	157,664.77	1,557,284.39	34,630,306.73	45,207,962.59	18,402,350.41	2,824,681.67	1,781,834.79	0.00
2005	125,347.91	1,742,763.56	36,804,951.48	46,825,777.56	19,576,857.28	3,341,750.51	3,470,709.68	0.00
2006	175,077.39	1,857,431.09	39,696,680.83	53,949,359.54	18,830,844.62	6,559,743.59	2,810,154.86	0.00
2007	198,007.42	2,011,921.81	41,717,268.30	56,364,663.61	21,171,173.90	5,573,650.67	2,799,815.26	0.00
2008	221,062.29	2,249,954.88	47,194,739.82	59,439,957.94	21,479,795.39	5,497,755.59	2,902,351.89	0.00
2009	208,307.71	2,121,544.61	43,869,984.67	52,547,464.90	21,239,331.81	5,263,778.98	2,690,205.04	0.00
2010	236,634.77	2,240,377.93	41,005,141.41	54,755,600.72	23,173,941.64	5,779,700.45	2,857,972.93	0.00
2011	332,590.57	2,418,111.70	45,299,796.37	59,388,846.18	23,111,921.42	5,442,947.96	3,246,774.27	0.00
2012	352,572.60	2,769,041.29	45,852,410.01	67,616,144.52	23,722,013.26	4,662,311.00	3,118,287.27	0.00
2013	397,841.23	2,814,217.47	50,191,496.07	66,403,844.43	25,555,927.64	5,154,160.87	3,210,336.62	0.00
TOTAL	\$3,563,703.57	\$44,392,570.20	\$913,369,598.84	\$1,032,802,228.12	\$495,280,172.03	\$72,761,622.58	\$60,754,879.87	\$2,990,824.48
% of 2013	0.09%	0.62%	11.01%	14.57%	5.61%	1.13%	0.70%	0.00%
% of Total	0.04%	0.51%	10.51%	11.88%	5.70%	0.84%	0.70%	0.03%

DART's Debt Program

On January 23, 2001, the Board approved a Master Debt Resolution which authorized DART to pledge its sales tax revenues for Senior Lien Debt (Bonds) and Senior Subordinate Lien Debt (Commercial Paper).

Bonds – With the passage of a bond referendum on August 12, 2000, DART received voter authorization to issue up to \$2.9 billion of solely pledged Senior Lien sales tax-backed long-term debt (sales tax bonds). A change to DART's enabling legislation was enacted during the 2009 Texas Legislative Session allowing DART to pledge multiple revenue sources as a first lien on Senior Lien Long-Term Bonds (multi-revenue bonds). This legislative change allows DART to issue more than \$2.9 billion in long-term debt, provided that DART issues multi-revenue bonds.

The Office of the Attorney General of Texas disagreed with that interpretation and on July 23, 2012, DART filed a Bond Validation Petition in District Court 160 in Dallas County. DART sought a judicial ruling clarifying whether a \$2.9 billion limitation on "solely" pledged Sales Tax Revenue Bonds applies to "combined" Pledged Revenue Bonds. The hearing was conducted on August 13, 2012 and the Court concurred with DART's position. As a result, DART is no longer limited to \$2.9 billion in long-term debt so long as the debt is backed by a combined pledge of revenues (sales taxes plus another revenue source).

Commercial Paper – On January 23, 2001, the Board authorized the issuance of up to \$650 million in Commercial Paper (CP) 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. Based on the new short-term financing plan for the new DART bus and small bus purchases, the program is proposed to be \$400 million including use of both bank-backed liquidity facility and self-liquidity facility programs. DART currently has a \$150 million self-liquidity program in place.

Debt Program Structure

DART's two-tiered debt structure program is designed to meet capital funding requirements and to provide flexibility to meet changing debt market conditions. The commercial paper program is issued to meet temporary capital funding requirements and to access variable interest rates when the financial markets dictate that strategy to be advantageous. Long-term bonds are used as the ultimate capital financing instrument for long-lived assets such as buildings and rail lines. More detail on the debt program is included in the *Financial Plan*.

Exhibit APX.9 is DART's Annual Debt Service Schedule.



Exhibit APX.9
DART Annual Debt Service Schedule

Fiscal Year	Principal Repayment	Interest Repayment	Total Gross Debt Service	BABs Subsidy	Total Net Debt Service
FY11	\$ 18,790	\$ 160,036	\$ 178,826	\$ 26,008	\$ 152,818
FY12	8,370	173,747	182,117	30,462	151,655
FY13	6,740	176,696	183,436	29,137	154,299
FY14	25,480	180,873	206,353	28,177	178,176
FY15	45,910	180,601	226,511	28,177	198,334
FY16	48,115	178,400	226,515	28,177	198,338
FY17	52,811	175,988	228,799	28,177	200,622
FY18	55,399	173,454	228,853	28,177	200,676
FY19	58,068	170,740	228,808	28,177	200,631
FY20	60,965	167,845	228,810	28,177	200,633
FY21	64,014	164,792	228,806	28,177	200,629
FY22	67,194	161,614	228,808	28,177	200,631
FY23	70,547	158,257	228,804	30,462	198,342
FY24	73,997	154,557	228,554	30,201	198,353
FY25	75,320	150,589	225,909	29,666	196,243
FY26	78,705	146,705	225,410	29,110	196,300
FY27	82,207	142,620	224,827	28,530	196,297
FY28	85,837	138,393	224,230	27,927	196,303
FY29	89,795	133,797	223,592	27,298	196,294
FY30	94,085	128,851	222,936	26,644	196,292
FY31	98,568	123,688	222,256	25,962	196,294
FY32	103,289	118,259	221,548	25,252	196,296
FY33	108,173	112,623	220,796	24,512	196,284
FY34	113,265	106,771	220,036	23,742	196,294
FY35	118,660	100,569	219,229	22,940	196,289
FY36	124,308	94,098	218,406	22,122	196,284
FY37	130,210	87,364	217,574	21,288	196,286
FY38	127,255	80,567	207,822	19,985	187,837
FY39	132,308	73,715	206,023	18,198	187,825
FY40	137,575	66,592	204,167	16,345	187,822
FY41	143,056	59,178	202,234	14,426	187,808
FY42	148,760	51,472	200,232	12,438	187,794
FY43	154,734	43,424	198,158	10,366	187,792
FY44	152,681	35,227	187,908	8,210	179,698
FY45	158,752	26,907	185,659	5,975	179,684
FY46	107,573	19,981	127,554	4,261	123,293
FY47	111,873	14,498	126,371	3,091	123,280
FY48	116,358	8,794	125,152	1,883	123,269
FY49	115,220	2,943	118,163	634	117,529
Total	\$ 3,564,967	\$ 4,445,225	\$ 8,010,192	\$ 850,671	\$ 7,159,521

Exhibit APX.10 is a history of DART's long-term bond issuance credit ratings:

APX.10
Long-Term Bond Credit Ratings

	Standard & Poor's Rating Services	Moody's Investors Services	Fitch Ratings
Series 2001	AA	Aa3	AA
Series 2002	AA	Aa3	AA
Series 2007	AA+	Aa3	AA
Series 2009	AAA	Aa3	
Series 2010	AA+	Aa2	
Series 2012	AA+	Aa2	
Series TIFIA	AA+	Aa2	

APX.11 DART Fare Collection

DART entered into an interlocal agreement with the City of Dallas to manage and operate the public transportation services known as Dallas Transit System (DTS), empowering the DART Board to establish fares for any and all services provided. On September 18, 1983, the interim DART Board called for a public hearing to reduce the base fare to \$0.50. The Board approved this fare reduction December 6, 1983, making it effective January 1, 1984. In February 1988, DART formally acquired the Dallas Transit System and its operations from the City of Dallas. A history of DART's fare structure is shown in *Exhibit APX.11.1*. DART's current fare structure is shown at *Exhibit APX.11.2*.

APX.11.1 DART Fare Structure History As of August 28, 2012				
Approval Date	Effective Date	Base Rate	Board Resolution	Comments
December 6, 1983	January 1, 1984	\$0.50	830026	Multiple fare rates for different cities and routes
December 16, 1986	February 1, 1987	\$0.75	860106	Two-year phased-in fare increase
December 8, 1987	February 1, 1987	\$0.75	870100	Rescinded second year rate increase approved in Resolution No. 860106
June 10, 1997	August 1, 1997	\$1.00	970101	Consolidated all fares and increased some fare types including Paratransit
November 26, 2002	March 3, 2003	\$1.25	020192	
April 24, 2007	October 1, 2007	\$1.50	070064	Across-the-board fare increase with a two-year phased-in approach for Paratransit
May 12, 2009	September 14, 2009	\$1.75	090067	Fare increase for all base fares, excluding Paratransit
August 28, 2012	December 3, 2012	\$2.50	120105	Fare increase for all base fares, excluding Paratransit

Ticket Vending Machines (TVMs)

DART began using TVMs when light rail became operational in 1996. These machines are installed at all light rail and commuter rail stations and can be installed at transit centers if there is a business necessity.

History of TVMs

TVM 5000s and 6000s

Manufactured by Schlumberger, the TVM 5000 ticket vending machines (TVMs) were placed along the DART Starter System from 1996-1999 and the Phase I build-out stations in 2001-2002. There were a total of 60 machines installed at all stations from Lovers Lane south (except Victory). There were two TVM 5000s installed at all stations south of the CBD, at Lovers Lane, and along the TRE line, and three or four TVMs installed at all CBD stations, CityPlace, and Mockingbird. The 5000s were connected to the DART network in 2005 via modems. The TVM 5000s were only capable of printing shorter period passes (single ride or day pass) because the tickets did not include an electronic ID mechanism (like magnetic encoding). The passes required visual validation. Schlumberger no longer made ticket vending machines and had discontinued supporting the machines. The TVM 5000s did not accept credit cards or smart cards.

Also produced by Schlumberger, the TVM 6000s were placed at Phase I build-out stations in 2001-2002. These TVMs were located at Victory Station and all stations north of Lovers Lane. There were 64 machines in total with four TVMs at all stations except Parker Road and Downtown Garland, which had six. These TVMs were all connected to the DART network via high-speed fiber lines.

Like the 5000s, the TVM 6000s could only issue short-period passes to protect against counterfeiting, and the passes required visual validation. The TVM 6000s did not accept credit cards or smart cards. These TVMs ran on Microsoft Windows NT software, which was no longer supported by Microsoft. The BNA57 bill acceptor from MEI was still supported, but based on the phase timing of the BSN385, MEI may stop supporting the bill acceptors after 2012. As previously stated, Schlumberger no longer made TVMs and did not support the TVM 6000s. They contracted with Parkeon to provide TVM support to DART. Parkeon provided limited support to DART.

GFI Vendstar 3

The Vendstar 3 TVM was developed and manufactured by GFI Genfare, a company that has been designing, manufacturing, and supporting fare collection equipment for decades. These TVMs were needed for the Green Line, Orange Line, and Blue Line extension to Rowlett (Phase II Light Rail Build-out). DART also needed to begin replacement of the Starter System TVM 5000s and 6000s. As the Green Line TVM contract was being developed, the Rail Program Development Department worked with the Finance, Maintenance, Marketing and Communications, and other departments as needed to develop specifications that would meet current and future needs.

A contract was approved by the DART Board on July 10, 2007 to purchase TVMs from GFI Genfare for the Phase II Light Rail Build-out. The Board approved the purchase of replacement TVMs for the Starter System on December 11, 2007. All TVMs have been installed, including 11 cashless TVMs which will only accept bank cards for payment. DART is testing cashless TVMs at high traffic stations anticipating faster transaction times, reduced service calls, and lower maintenance costs for those machines. Two of the cashless machines have been installed at two transit centers.



GFI TVM Capabilities – The TVM issues magnetic encoded tickets that can be swiped on our current GFI fareboxes to validate authenticity. Electronic validation is much more efficient for bus operators and customers and has been used on most of DART’s fare media. Customers are now able to buy longer period passes (7-Day and 30-Day) on these machines. The GFI TVMs are also configured to process credit card transactions. The magnetic encoding will provide enhanced ridership data for those who buy a ticket at a TVM and transfer to a bus allowing us to follow card movement from rail to bus. The TVMs provide configurable change-making options that will better support nickel/dime-based fare adjustments.

Farebox Replacement

The agency has been engaged in a multi-year evaluation of the best methods to use to address the point-of-sale fare payment requirement. The goal of this effort is to find better methods that permit the customer to obtain and pay for their passes that are more convenient and easier to understand and use for the customer. In addition, the agency wants to introduce new options to the customer that will reduce the total amount of physical cash that the agency must process. DART also wants to find better farebox solutions that ensure greater reliability, fewer out-of-service farebox conditions for buses in service, and less burden on the bus operator in dealing with customers at the point of purchase on the bus. At the present time we are asking the bus operator to make a number of decisions about fare types and pass validation in real-time conditions. This process needs to be greatly simplified for the benefit of both the bus rider and the bus operator. New fareboxes will be evaluated over the next several months that will integrate well with the new mobile ticketing technology.

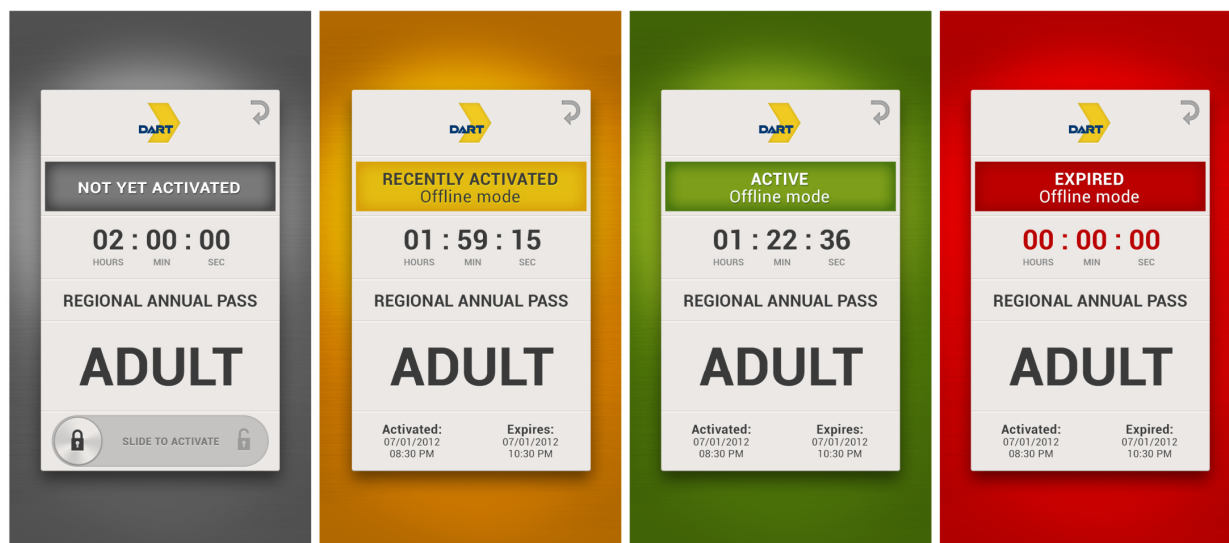
Mobile Ticketing (GoPassSM)



A new mobile application (GoPassSM) developed by Danish software vendor Unwire is the first step towards a cashless fare solution for the Dallas/Fort Worth region. This mobile ticketing application will allow riders to buy tickets in advance at their convenience using a web-enabled mobile phone, avoiding the need to deposit cash into a farebox or using a ticket vending machine to purchase tickets. Passengers will be able to purchase tickets for DART Rail and buses, Fort Worth Transportation Authority buses (The T), Denton County Transportation Authority buses and rail, and the Trinity Railway Express (TRE).

GoPassSM also includes a trip planning feature which allows customers the ability to plan their trips in the palm of their hand while also taking advantage of special events and offers occurring near transit facilities. Eventually, the application will permit users to buy bundled tickets such as an admissions ticket to an area concert with a transit pass to the venue.

In addition to product features, the mobile application provides invaluable means for checking and validating various fares. Each ticket on the mobile phone will display a color-coded image indicating the validity of the ticket allowing bus operators and fare enforcement personnel a more precise means for checking fares. A QR code will also appear on the back side of the ticket for scanning. A validator will be installed on buses and at platforms in the near future to assist with authenticating tickets with ease.



On June 17, 2013, DART, DCTA, and The T began a 31-day beta testing phase with almost 700 testers using Android and iPhones to purchase tickets. The results of the beta test illustrated testers highly favored GoPassSM due to its simplicity, purchasing convenience, and its substantial customer benefits. The launch of the mobile application is scheduled for September 16, 2013. GoPassSM will deploy several additional features during the next year to include annual passes for corporate clients, a web portal to purchase and transfer passes to friends and family, and a loyalty program.

December 3, 2012 Fare Structure Change

The DART Board approved a change to the fare structure effective December 3, 2012, coincidental with the opening of the second segment of the Orange Line to Belt Line Station in Irving and the extension of the Blue Line to downtown Rowlett.

The goal of the fare change was to simplify the fare structure and improve system-wide fare consistency. This was achieved by reducing the number of fare types and ensuring multi-pass pricing is equivalent throughout the fare structure. Additionally, DART anticipated these changes would minimize the impact on transit-dependent riders and balance peak loads by encouraging additional off-peak ridership. This is accomplished by offering economical fares to transit-dependent customers and passengers who have time-flexibility. These objectives will ultimately benefit existing and new riders by improving the riding experience.

This fare increase will contribute to several major service enhancements, including the opening of the second segment of the Orange Line to Belt Line Station in Irving and the extension of the Blue Line to downtown Rowlett; deployment of the new small bus service; CNG bus fleet; and the new Paratransit MV fleet. In addition, customer communication improvements will be accomplished through investments in advanced technologies at the platforms and on buses. These investments will also expand safety and security measures which are a prevalent part of DART's strategic initiative.



Exhibit APX.11.2
DART FARE STRUCTURE
Effective – December 3, 2012

BASE TWO-HOUR FARE

Local (1)	\$2.50
Regional (2)	\$5.00
Reduced Fare*	\$1.25
Child**	\$1.25
High School***	\$1.25
College/Trade School (non-participating)****	\$1.25
Paratransit – Demand Response Van/Sedan Service	\$3.00
Paratransit trips to fixed-route stops	\$0.75
Paratransit – eligible riders on fixed-route services	FREE

MID-DAY FARE

Mid-Day (Pass that allows unlimited travel between 9:30 a.m. and 2:30 p.m. Monday through Friday) (3):

Local	\$1.75
Regional	\$3.50

PREPAID MULTI-RIDE FARES

Annual Pass:	
Local	\$800.00
Regional	\$1,600.00
Senior	\$480.00
Monthly Pass:	
Local	\$80.00
Regional	\$160.00
Reduced*	\$40.00
High School***	\$40.00
College/Trade School (non-participating)****	\$40.00
Weekly Pass:	
Local	\$25.00
Regional	\$50.00
Day Pass:	
Local	\$5.00
Regional	\$10.00
Reduced*	\$2.50
Child**	\$2.50
High School***	\$2.50
College/Trade School (non-participating)****	\$2.50
Regional Day Pass Book of Ten*****	\$30.00
10-Ticket Paratransit Coupon Book	\$30.00
Lone Star Card	*****

* Reduced Fares are applicable on bus and rail for the following:

- (a) Seniors and Non-Paratransit Disabled with valid ID
- (b) DART Shuttle Bus Routes

** Child Fares are applicable on bus and rail for children, elementary through middle school; Children under 5 (see Free Fares)

*** High School Fares are applicable on bus and rail and valid Monday through Friday only.

**** College/Trade School Fares are applicable on bus and rail with a DART Student ID for full-time undergraduate students in the service area whose schools are not participating in the Higher Education Program.

***** Regional Day Pass Book of Ten is available only to government and non-profit institutions to be issued to DART Service Area clients.

***** Lone Star cardholders with TANF benefits are eligible to purchase Monthly Passes at a 50% discount from listed fares. This discount does not apply to Reduced or High School Monthly Pass purchases.



Exhibit APX.11.2 (cont'd)
DART FARE STRUCTURE
Effective – December 3, 2012

FOOTNOTES:

Fare, Pass, and Ticket Descriptions

1. Local: All DART buses and trains; Trinity Railway Express service between Union Station and CentrePort Station; DART On-Call and Flex service.
2. Regional: All DART buses and trains; all Trinity Railway Express service; The T in Fort Worth; the A-Train and DCTA in Denton.
3. Mid-Day Pass: Pass that allows unlimited travel between 9:30 a.m. and 2:30 p.m. Monday through Friday.

Exhibit APX.11.2 (cont'd)
DART FARE STRUCTURE
Effective – December 3, 2012

FREE FARES

The following categories of riders may ride bus, light rail, or commuter rail without fare payment. (This section is not applicable to charters nor to Paratransit service, except as noted.)

- (a) Paratransit-eligible riders on fixed-route services with a valid Paratransit identification card.
- (b) ADA Paratransit-eligible individuals who are authorized to have one personal care attendant (PCA) may have the PCA travel with them on fixed-route service, at no charge, provided a proper ID, indicating that an attendant is required, is displayed.
- (c) Children under the age of five (maximum of two per trip) when accompanied by an adult (age 18 or older) paying the appropriate Local, Regional, or Reduced fare. Any additional child under the age of five traveling with that adult, or any child accompanied only by person(s) younger than age 18, shall be charged the reduced fare.
- (d) Voters showing a valid voter registration card during the hours of 6:00 a.m. to 8:00 p.m. on a state or national primary or general election day in accordance with Board Resolution No. 900232.
- (e) Uniformed police officers and plain-clothes police officers displaying badges issued by DART member cities.
- (f) Uniformed parking enforcement officers.
- (g) Downtown Safety Patrol personnel when in uniform and when traveling within the CBD.
- (h) Active and retired DART employees and (1) the employee's spouse, or (2) one permanent member of the employee's household, who displays a valid DART photo ID card. (Also honored on Paratransit service with appropriate Paratransit certification and identification.)
- (i) Part-time DART employees with DART photo ID card. (Also honored on all flyer services and on Paratransit service with appropriate Paratransit certification and identification.) Temporary employees do not qualify for this benefit.
- (j) Current and former DART Board members and their spouses with valid DART photo ID card. (Also honored on Paratransit service with appropriate Paratransit certification and identification.)
- (k) Employees of contractors who operate fixed-route or demand responsive service in DART's behalf and certain engineering consultants, including the GEC, System Design, and Design Contract Integration consultants domiciled in the DART headquarters, who have been provided with valid DART photo ID cards. (Also honored on Paratransit service with appropriate Paratransit certification and identification.)
- (l) McKinney Avenue Trolley employees or operators with valid Trolley ID card.

Exhibit APX.11.2 (cont'd)
DART FARE STRUCTURE
Effective – December 3, 2012

SPECIAL PROGRAMS

I. Customer Promotions:

The President/Executive Director, Deputy Executive Director, and any Executive Vice President, or their designee may approve the free distribution of prepaid media, VIP passes, or special coupons as needed for the following purposes:

- (a) to support marketing programs, including but not limited to special route promotions, introductory shuttles, air quality improvement programs, and focus group or survey participation.
- (b) to provide inbound travel to jury duty on all DART service, including bus, rail, and Paratransit, to all individuals showing a jury summons with the current date displayed. A pass valid for outbound travel on all DART service, including bus, rail, and Paratransit, will be distributed by Court Services upon request to those individuals reporting for jury duty.
- (c) to compensate customers for inconvenience or system problems.
- (d) to allow courtesy access to the system for special tour groups, non-local DART visitors, or consultants involved in DART system planning. As a tax-supported governmental agency, DART does not contribute free transportation or offer special discounts on fare media to other governmental agencies, social service agencies, or charitable organizations.

II. Convention and Special Event Passes:

Day Passes for the dates specified on the ticket for convention registrants and special event participants will be priced at the appropriate (Local or Regional) Day Pass rate. A sliding scale with discounts ranging from 10% to 30% of the convention and special event base rate will be available on advanced bulk purchase of 2,000 or more passes.

Passes Purchased	Discount
2,000 – 4,999	10%
5,000 – 9,999	20%
10,000 – 14,999	25%
15,000 and above	30%

Exhibit APX.11.2 (cont'd)
DART FARE STRUCTURE
Effective – December 3, 2012

III. Corporate and Residential Programs:

- (a) Annual passes, known as Corporate annual passes, may be purchased by businesses, companies, apartment/condominium complexes, or other employer organizations. Minimum purchase requirement is 5 passes. Pricing will be as follows:

Local Annual Pass	Regional Annual Pass
\$600	\$1,200

- (b) Emergency Ride Home (ERH) program, administered by DART, will be made available to employees registered in the Corporate Annual Pass Program.

IV. Higher Education Programs (Passes Must Be Purchased By the School)

Semester and quarterly passes may be purchased for full-time students by colleges, universities, trade schools, technical schools, middle schools, or high schools. High school passes are only valid Monday through Friday. Pricing will be as follows:

Middle and High School						
	2013		2014		2015 and following	
	Quarter	Semester	Quarter	Semester	Quarter	Semester
Purchase for 100% full-time students	\$30	\$40	\$40	\$50	\$50	\$65
Purchase only for student who wish to use	\$120	\$160	\$120	\$160	\$120	\$160

Exhibit APX.11.2 (cont'd)
DART FARE STRUCTURE
Effective – December 3, 2012

Colleges and Trade Schools						
	2013		2014		2015 and following	
	Quarter	Semester	Quarter	Semester	Quarter	Semester
Purchase for 100% full-time students	\$35	\$45	\$45	\$55	\$55	\$70
Purchase only for student who wish to use	\$140	\$200	\$140	\$200	\$140	\$200

V. Route Promotion Pass

The Route Promotion Pass is produced through Consumer Programs to support DART's public awareness and outreach efforts. Marketing will negotiate with Special Events organizers to determine where DART could benefit from the exposure the event media and attendance could provide; and the event organizers are interested in including DART Day Passes for their attendees. The parameters of the negotiation are as follows:

- (a) The event is within a city in the DART Service Area.
- (b) DART must receive a minimum of a 2 to 1 ratio based on the value of the passes DART is willing to provide to the event. This can be through barter, cash, or any combination of the two.
- (c) The media provided by the event must promote using DART.
- (d) A simple agreement is signed by both DART and the event organizer/chair.
- (e) The President/Executive Director or his designee may sign the agreement. Concurrence from the Treasurer or Chief Financial Officer must be received before presenting the agreement for signature.
- (f) The Marketing Department will provide documentation to the Finance Department, within 90 days after the conclusion of the special event, that supports the value of the barter used to pay for the passes.

Exhibit APX.11.2 (cont'd)
DART FARE STRUCTURE
Effective – December 3, 2012

VI. Paid Parking Fees

Demonstration Project at Northwest Plano Park & Ride and Parker Road and North Carrollton/Frankford Stations

	Fee for Vehicles Displaying Valid Resident Parking Pass	Fee for Vehicles Without a Valid Resident Parking Pass
Daily Parking	No Fee	\$2.00
Daily Event Parking	No Fee	\$4.00
Long-Term Parking	No Fee	\$5.00 per calendar day maximum
Monthly Unreserved Parking	No Fee	\$40.00
Monthly Reserved Parking	\$30.00 maximum	\$60.00 maximum

Demonstration Project at Belt Line Station

	Fee for Vehicles Displaying Valid Resident Parking Pass	Fee for Vehicles Without a Valid Resident Parking Pass
Daily Parking	No Fee	\$2.00
Daily Event Parking	No Fee	\$4.00
Long-Term Parking at Stations Other Than Belt Line Station	No Fee	\$5.00 per calendar day maximum
Long-Term Parking at Belt Line Station (more than 18 hours)	\$7.00 per day maximum	\$9.00 per day maximum
Monthly Unreserved Parking	No Fee	\$40.00
Monthly Reserved Parking	\$30.00 maximum	\$60.00 maximum

VII. System Fare – No discounts available on this Route

Time	System/Regional			
	2-Hour	Day Pass	Monthly	Upgrade
Weekday All Day	\$3.50/\$5.00	\$7.00/\$10.00	\$100/\$160	\$1.00
Weekend All Day				



Fares by Type

Exhibit APX.11.3 identifies the fares by types that DART customers can purchase based on the approved fare increase. This also provides the estimated sales and revenue by fare type. *Exhibit APX.11.4* illustrates the fare revenue and ridership from FY 2004 through FY 2013.

APX.11.3 Types of Fares

Type of Fare (in Thousands)	FY 2012 Actual		FY 2013 Projected		FY 2014 Proposed	
	Actual Units	Actual Revenue	Projected Units	Projected Revenue	Estimated Units	Estimated Revenue
Single Fare						
Local	2,524.4	\$4,417.8	493.6	\$872.7	0.0	\$0.0
System	42.2	147.8	7.5	26.2	0.0	0.0
Regional	39.8	199.2	8.0	40.1	0.0	0.0
Reduced	707.8	601.6	145.2	125.3	0.0	0.0
Paratransit Coupon	43.0	1,346.1	33.6	1,009.3	34.3	1,029.5
Total Single Fare	3,357.3	\$6,712.4	688.0	\$2,073.6	34.3	\$1,029.5
2-Hour						
Local	-	\$ -	1,971.4	\$4,928.4	2,010.8	\$5,027.0
Regional	-	-	28.6	142.9	29.1	145.7
Reduced	-	-	280.4	350.5	286.0	357.5
Mesquite	-	-	0.2	0.8	0.2	0.9
High School	-	-	177.4	221.7	180.9	226.2
College/Trade	-	-	72.5	90.6	74.0	92.5
Total 2-Hour	0.0	\$0.0	2,530.5	\$5,735.0	2,581.1	\$5,849.7
Midday						
Local	-	\$ -	331.2	\$579.7	337.9	\$591.2
Regional	-	-	3.5	12.4	3.6	12.6
Total Midday	-	\$ -	334.8	\$592.1	341.5	\$603.9
Day Passes						
Local	4,857.8	\$19,217.5	4,119.3	\$19,750.6	4,201.7	\$21,008.5
System	145.6	1,012.9	19.6	137.2	0.0	0.0
Regional	38.0	378.4	619.1	6,191.3	631.5	6,315.2
Reduced	1,687.8	3,301.3	1,221.8	2,892.8	1,246.3	3,115.7
High School	0.0	0.0	242.4	606.0	247.2	618.1
College/Trade	0.0	0.0	114.3	285.9	116.6	291.6
Mesquite	0.0	0.0	0.9	6.3	0.9	6.5
Vouchers (book of ten)	71.2	1,760.9	58.6	1,684.5	59.8	1,793.9
Total Day Passes	6,800.3	\$25,671.0	6,396.1	\$31,554.5	6,504.1	\$33,149.3
7-Day Passes						
Local	111.1	\$2,222.1	113.6	\$2,725.9	115.9	\$2,897.6
System	3.4	120.1	0.6	20.7	0.0	0.0
Regional	0.5	23.0	0.8	38.9	0.8	39.7
Total 7-Day Passes	115.0	\$2,365.1	115.0	\$2,785.5	116.7	\$2,937.3
Monthly Passes						
Local	120.1	\$7,803.6	122.2	\$9,460.9	124.6	\$9,968.0
System	13.4	1,344.5	1.8	182.4	0.0	0.0
Regional	6.1	733.7	4.2	635.1	4.3	688.2
Reduced	67.2	2,150.5	46.7	1,759.9	47.6	1,904.7
Mesquite	0.0	0.0	0.2	24.1	0.2	24.5
Lone Star - Local	0.0	0.0	0.1	3.8	0.1	3.9
Lone Star - Regional	0.0	0.0	0.0	1.0	0.0	1.0
High School	0.0	0.0	28.4	1,135.4	29.0	1,158.2
College/Trade	0.0	0.0	2.9	116.3	3.0	118.7
Total Monthly Passes	206.8	\$12,032.2	206.5	\$13,319.0	208.8	\$13,867.1
Annual Passes						
Local	0.2	\$122.7	0.2	\$172.2	0.2	\$137.7
System	0.0	28.5	0.0	0.0	0.0	0.0
Regional	0.0	5.8	0.0	12.4	0.0	12.2
Senior	0.1	20.1	0.1	42.4	0.1	44.6
Corporate Programs	19.4	8,625.8	13.0	7,751.2	13.3	7,906.2
Total Annual Passes	19.7	\$8,802.9	15.4	\$10,356.1	15.7	\$10,526.3
Other Programs						
Secondary/College Decals	38.5	\$921.5	21.4	\$947.0	21.8	\$966.0
Special Events	0.4	124.8	23.3	107.0	23.7	109.1
Total Other Programs	38.9	\$1,046.3	44.7	\$1,054.0	45.6	\$1,075.1
Grand Total	10,538.0	\$56,629.9	10,331.0	\$67,469.7	9,847.7	\$69,038.2
Total minus Paratransit Coupons	10,495.0	\$55,283.9	10,297.3	\$66,460.4	9,813.4	\$68,008.7

APX.11.4
Passenger Fare Revenue and Ridership
FY 2004 – FY 2013

DALLAS AREA RAPID TRANSIT PASSENGER FARE REVENUE AND RIDERSHIP LAST TEN FISCAL YEARS (Amounts in Thousands)										
	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 Projected ⁵
Passenger revenues(1)										
Bus	\$26,130	\$25,751	\$28,201	\$28,141	\$31,214	\$29,236	\$27,826	\$28,245	\$32,525	\$ 32,206
Light Rail	7,232	8,434	9,276	9,453	13,557	13,041	13,140	17,788	17,962	25,724
Commuter Rail	719	1,036	1,203	1,284	1,954	1,926	8,027	8,036	6,044	7,079
Demand Response	1,427	1,615	1,689	1,807	1,921	1,976	2,493	2,506	2,465	2,092
Vanpool	310	295	431	430	311	533	595	754	813	947
Total	\$35,818	\$37,131	\$40,800	\$41,114	\$48,957	\$46,712	\$52,081	\$57,329	\$59,809	\$ 68,048
Ridership (2)										
Bus	38,481	40,089	44,693	44,690	44,752	42,517	37,693	36,971	38,368	37,996
Light Rail	16,376	17,487	18,581	17,893	19,438	18,965	17,799	22,302	27,654	29,947
Commuter Rail	2,162	2,151	2,410	2,475	2,717	2,739	2,432	2,388	2,252	2,065
Demand Response	695	733	705	822	910	1,039	1,136	1,140	1,120	759
Vanpool	379	354	440	492	697	881	925	985	1,033	952
Total	58,092	60,815	66,830	66,372	68,514	66,141	59,985	63,787	70,427	71,719
Average fare per passenger (3)	\$0.62	\$0.61	\$0.61	\$0.62	\$0.71	\$0.71	\$0.87	\$0.90	\$0.85	\$0.95
Average fare per passenger, Transit Industry - all agencies (4)	\$1.01	\$1.04	\$1.27	\$1.07	\$1.11	\$1.17	\$1.22	\$1.31	N/A	N/A

N/A = Fiscal year 2011 transit industry average fare information is not available.

The decrease in bus ridership starting in 2010 is due to the replacement of some bus routes with light rail lines as a result the opening of the Green Line light rail service in September 2009 and December 2010. This also contributed to the increase in light rail ridership during 2011 and 2012.

Sources:

- (1) National Transit Database (NTD) Report and internal financial records
- (2) National Transit Database (NTD) Report and internal ridership records
- (3) Calculated by dividing total passenger revenues by total ridership
- (4) National Transit Database (NTD) Report - National Transit Summary Profile
- (5) FY13 Revenue and ridership numbers are projected by taking into consideration year-to-date actuals through June 30, 2013.

Exhibit APX.12

Glossary of Terms/Definitions

Accidents per 100,000 Miles – Measures vehicle accidents reported (Bus, Light Rail, TRE and Paratransit) per 100,000 miles of actual fixed route mileage. Management's objective is to reduce this ratio.

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

Accounting Basis -- DART uses the accounting principles and methods appropriate for a government enterprise fund. Financial statements are prepared on the accrual basis of accounting under which revenues and expenses are recognized when earned or incurred.

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.

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

Arbitrage – Investment earnings representing the difference between interest paid on bonds and the interest earned on the investments made using bond proceeds.

Average Fare (calculated by mode) – Represents the average fare paid per passenger boarding on each mode of service during the period.

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

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.

Bond Refinancing/Refunding – The redemption (payoff) and reissuance of bonds to obtain better interest rates and/or bond conditions. This results in the defeasance of the earlier debt. See also *Defeasance*.

CAFR – Comprehensive Annual Financial Report. It includes audited financial statements, financial notes, and related materials.

CMAQ – Congestion Mitigation and Air Quality. A federal program to fund transportation projects that will contribute to the attainment of national ambient air quality standards.

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 – Modal quality ratio that measures the number of service complaints per 100,000 passenger boardings (or per 1,000 boardings for Paratransit). Management's objective is to reduce this ratio.

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

Exhibit APX.12 (cont'd)

Glossary of Terms/Definitions (Cont.)

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.

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

Debt Service – The payment of interest and the repayment of principal on long-term borrowed funds according to a predetermined schedule.

Debt Service Coverage – The measure of the Agency's ability to meet debt service payments. It is a ratio of cash flows to debt service requirements. See also *External Coverage Ratio* and *Internal Coverage Ratio*.

Defeasance of Bonds – The redemption of older higher-rate debt prior to maturity and replacement with new securities bearing lower interest rates.

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, DART provides some non-traditional demand responsive service that may not be Paratransit related, such as DART OnCall.

Enterprise Fund – Gives the flexibility to account separately for all financial activities associated with a broad range of government services. It establishes a separate accounting and financial reporting mechanism for services for which a fee is charged. Revenues and expenses of the service are segregated into a fund with financial statements separate from all other activities.

External Coverage Ratio – The ratio of gross sales tax revenues to annual debt service. DART standards (and the financial markets in general) require that this ratio be at least two.

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

$$\text{Calculation} = [\text{Modal Farebox Revenue} / \text{Modal Operating Expense}]$$

Farebox Revenue – All revenue from the sale of passenger tickets, passes, or other instruments of fare payment.

Full Funding Grant Agreement (FFGA) – The Federal Transit Administration uses a FFGA to provide financial assistance for new start projects and other capital projects. The FFGA defines the project, including cost and schedule; commits to a maximum level of federal financial assistance (subject to appropriation); covers the period of time for the project; and helps to manage the project in accordance with federal laws and regulations. The FFGA assures the grantee of predictable federal financial support for the project while placing a ceiling on the amount.

Fund Balance – The difference between a fund's assets and liabilities (also called Fund Equity).

Exhibit APX.12 (cont'd)

Glossary of Terms/Definitions (Cont.)

Internal Coverage Ratio – A ratio which has a numerator of gross sales tax revenues plus operating revenues plus interest income less operating expenses, and a denominator of annual debt service on long-term debt. DART standards state the goal that this ratio be at least one—i.e., total revenues less operating expenses should be at least as great as total annual debt service.

Linked Trip – A single one-way trip without regard for the number of vehicles boarded to make the trip. For example, a commute from home to work achieved by boarding a bus to a train, and then taking another bus after leaving the train, represents one linked trip. See also *Unlinked Trip*.

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

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

Obligations – Funds that have been obligated/committed to a specific purpose, but have not yet been expended.

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 and other 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.

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

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.

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

Exhibit APX.12 (cont'd)

Glossary of Terms/Definitions (Cont.)

Passengers per Hour - Actual – The total number of Paratransit passengers actually carried, divided by the total hours of revenue service. Management's objective is to increase this number.

Calculation = [Actual Passenger Boardings / Revenue Hours]

Passengers per Hour - Scheduled – The total number of Paratransit passengers scheduled per hour of revenue service. Management's objective is to increase this number.

Calculation = [Scheduled Passenger Boardings / 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.

Calculation = [Passenger Boardings / Revenue Miles]

Percentage of Trips Completed – Quality measurement for Paratransit service that measures the number of times DART completes a scheduled passenger pick-up. Management's objective is to increase this ratio.

Calculation = [(# of Actual Trips - # of Trips Missed) / # of Actual Trips]

Repurchase Agreement – A money-market transaction in which one party sells securities to another while agreeing to repurchase those securities at a later date.

Revenue Bond – A bond on which debt service is payable solely from a restricted revenue source (or sources)—for example sales tax revenues.

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.

*Calculation = Sum for all trips of [# of Revenue Train Miles operated * # of cars in the 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.

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. See also *Unlinked Trip*.

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. Management's objective is to reduce this ratio.

Calculation = [(Operating Expenses - Operating Revenues - Interest Income) / Sales Tax Revenues]

Exhibit APX.12 (cont'd)

Glossary of Terms/Definitions (Cont.)

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).

Calculation (for bus) = [Scheduled Miles / Scheduled Hours]

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.

Calculation = (# of Calls Answered or Abandoned Within the Specified Time Period) / (# 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.

Calculation = [(Operating Expenses - Operating Revenues) / Passenger Boardings]

Transit-Oriented Development (TOD) – Development of residential, commercial, and retail uses within walking distance of a transit station or stop.

Unlinked Trip -- A trip involving a single boarding and alighting from a transit vehicle. For example a commute from home to work achieved by boarding a bus to a train, and then taking another bus after leaving the train, represents three unlinked trips. See also *Linked Trip*.

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



Exhibit APX.13 Acronyms			
000s	Thousands	DFW	Dallas/Fort Worth International Airport
AAC	American Airlines Center	DGE	Diesel Gallon Equivalent
ABC	Activity-Based Costing	DGNO	Dallas, Garland, and Northeastern Railroad
ADA	Americans with Disabilities Act of 1990	DLM	Division Level Measurement
AHJ	Authority Having Jurisdiction	DMU	Diesel Multiple Unit
AMS	Analysis, Modeling, and Simulation	DMWBE	Disadvantaged, Minority, and Woman-Owned Business Enterprise
APC	Automatic Passenger Counters	DOE	Department of Energy
APT	Area Personal Transit (Las Colinas)	DOT	Department of Transportation
APTA	American Public Transportation Association	EA	Environmental Assessment
APTS	Advanced Public Transportation Systems	EAP	Employee Assistance Program
APU	Auxiliary Power Unit	ED	East Dallas Operating Facility
ARRA	American Reinvestment & Recovery Act of 2009	EEO	Equal Employment Opportunity
ATIS	Advanced Traveler Information Systems	ELT	Executive Leadership Team
ATMS	Advanced Traffic Management Systems	EMF	Equipment Maintenance Facility
ATU	Amalgamated Transit Union	EMS	Emergency Management System
AVA	Automated Voice Announcements	EMT	Executive Management Team
AVL	Automated Vehicle Locator	EOY	End of Year
AVP	Assistant Vice-President	EPA	Environmental Protection Agency
B	Billions	EPO	Exclusive Provider Organization
BABs	Build America Bonds	EVP	Executive Vice President
BBL	Barrel	FAA	Federal Aviation Administration
BI	Business Intelligence	FFGA	Full Funding Grant Agreement
BNSF	Burlington, Northern & Santa Fe Railroad	FGM	Fixed-Guideway Modernization
BPP	Business Planning Parameter	FHWA	Federal Highway Administration
BRT	Bus Rapid Transit	FICA	Federal Insurance Contributions Act
BTU	Barrier Transfer Vehicle	FLSC	Fire Life Safety Committee
CAD	Computer-Aided Dispatch	FP	Financial Plan
CAR	Condition Assessment Report	FRA	Federal Railroad Administration
CBD	Central Business District	FS-B	Financial Standards-Business Planning Parameter
CCTV	Closed Circuit Television	FS-D	Financial Standards-Debt Service
CDHP	Consumer-Directed Health Care Plan	FS-G	Financial Standards-General
CDL	Commercial Driver's License	FT	Full-Time
CEO	Customer Experience Officer	FTA	Federal Transit Administration
CFPS	Comprehensive Fare Payment System	FWTA	Fort Worth Transportation Authority
CIP	Capital Investment Plan	FY	Fiscal Year
CMAQ	Congestion Mitigation/Air Quality	FYxxA	Actual year-end cost for FY(xx)
CMGC	Construction Manager/General Contractor	FYxxB	Budget cost for FY(xx)
CNG	Compressed Natural Gas	FYxxP	Projected cost for FY(xx)
COGNOS	Budget Software	G&A	General & Administrative
COPS	Community Oriented Policing Services (grant)	GAAP	General Accepted Accounting Principles
CP	Commercial Paper	GASB	Government Accounting Standards Board
CPTED	Crime Prevention Through Environmental Design	GFI	GenFare, Inc.
CPU	Central Processing Unit	GLO	General Land Office
CR	Commuter Rail	GM	General Mobility
CROF	Central Rail Operating Facility	GPS	Global Positioning System
CRT	Customer Response Team	HEP	Head End Power
CS	Central Services	HMO	Health Maintenance Organization
CST	Customer Service Team	HOT	High-Occupancy/Tolling (lanes)
CTC	Centralized Traffic Control	HOV	High Occupancy Vehicle (lane)
CY	Current Year	HQ	Headquarters
D2	Dallas Central Business District Second Alignment	HRA	Health Reimbursement Account
DART	Dallas Area Rapid Transit	HVAC	Heating, Ventilation, Air Conditioning
DB	Defined Benefit Retirement Plan	IACP	International Association of Chiefs of Police
DC	Defined Contribution Retirement Plan	ICM	Integrated Corridor Management
DCTA	Denton County Transportation Authority	IH	Interstate Highway
DCURD	Dallas County Utility and Reclamation District	I-1	Irving LRT Line Section – Northwest Hwy. To Las Colinas Urban Center



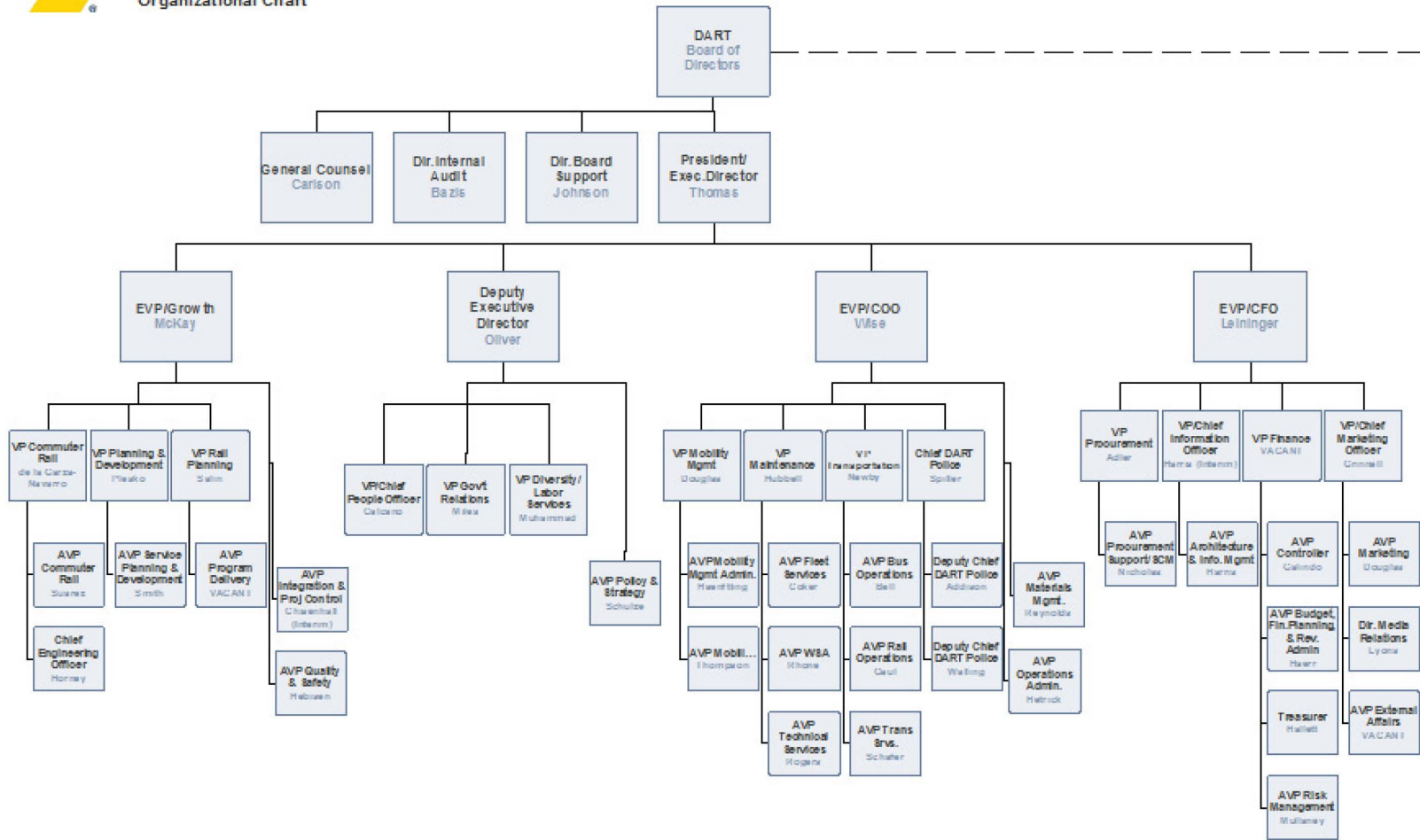
Exhibit APX.13 (cont'd)			
Acronyms			
I-2	Las Colinas Urban Center to State Hwy. 161	NTD	National Transit Database
I-3	State Hwy. 161 to DFW International Airport	NTTA	North Texas Tollway Authority
ILA	Interlocal Agreement	NW	Northwest Corridor
IRS	Integrated Radio System	NW-1A	Northwest LRT Line Section (Downtown to American Airlines Center/Victory Station)
IRV	Irving	NW-1B	Victory Station to Inwood Station
IT	Information Technology	NW-2	Inwood Station to Northwest Highway
ITC	Intermodal Transportation Center	NW-3	Northwest Highway to Valley View (Farmers Branch)
ITS	Intelligent Transportation System	NW-4	Valley View to Frankford Rd (North Carrollton)
IVR	Interactive Voice Response	NWROF	Northwest Rail Operating Facility
JARC	Joint Access/Reverse Commute (grant)	OC	Oak Cliff
JV	Joint Venture	OCC	Operations Control Center
K	Thousands	OCIP	Owner-Controlled Insurance Program
kHz	Kilohertz	OCS	Overhead Catenary System
KPI	Key Performance Indicator(s)	OEM	Original Equipment Manufacturer
kWh	Kilowatt Hour	O&M	Operations & Maintenance (contract)
LAN	Local Area Network	OPEB	Other Post-Employment Benefits
LAP/CMS	Local Assistance Program/Congestion Management System	Ops	Operations
LBJ	"Lyndon B. Johnson" Freeway	O/S	Operating System
LCD	Liquid Crystal Display	O/S EOY	Outstanding End-of-Year
LED	Light Emitting Diode	OSHA	Occupational Safety Hazard Administration
LEED	Leadership in Energy and Environmental Design	OSR	Operating Speed Ratio
LGC	Local Government Corporation	PACE	Professionals Achieving Communication Excellence
LNG	Liquefied Natural Gas	PASS	Principal Arterial Street System
LPA	Locally Preferred Alternative	PA/VMB	Public Announcement/Variable Message Boards
LPIS	Locally Preferred Investment Study	P&D	Planning & Development
LRT	Light Rail Transit	PBX	Private Branch Exchange
LRV	Light Rail Vehicle	PCA	Personal Care Attendant
LT or LTD	Long-Term Debt or Long-Term Disability	PEC	Passenger Emergency Call
M	Millions	PE/EIS	Preliminary Engineering/Environmental Impact Statement
MAP-21	Moving Ahead for Progress in the 21st Century	PMP	Performance Management Plan
MATA	McKinney Avenue Transit Authority	PMSA	Primary Metropolitan Statistical Area
MAX	Metro Arlington Express	POS	Point of Sale
MBE	Minority-Owned Business Enterprise	PPO	Preferred Provider Organization
MDC	Mobile Data Computer	PPP	Public/Private Partnership
MDT	Mobile Data Terminal	PT	Part-Time
MIS	Major Investment Study	PTC	Positive Train Control
MLK	Martin Luther King, Jr.	PTO	Paid Time Off
MOU	Memorandum of Understanding	PTP	Pay-to-Platform
MOWIS	Maintenance of Way Information System	Q	Quarter
MPH	Miles Per Hour	R	Registration (mark)
MPLS	Multi-Powered Label Switching	R-1	Rowlett LRT Line Section-Downtown Garland to Rowlett Park & Ride
MS	Microsoft	RDC	Rail Diesel Car
MV	MV Transportation, Inc. (Paratransit Provider)	RFI	Request for Information
NABI	North American Bus Industries	RITA	Research and Innovative Technology Administration
NCIC	National Criminal Information Center	RMS	Records Management System
NC LRT	North Central Light Rail Transit	ROTC	Refresher Operator Training Class
NCTCOG	North Central Texas Council of Governments	ROW	Right-of-Way
NETRMA	Northeast Texas Regional Mobility Authority	RPD	Rail Program Development
NIMS	National Incident Management System	RPM	Reaching Performance Milestones
NOC	Network Operations Center	RR	Railroad
NOx	Nitrogen Oxide	RRM	Railroad Management
NRV	Non-Revenue Vehicle	RTC	Regional Transportation Council



Exhibit APX.13 (cont'd)			
Acronyms			
RTR	Regional Toll Roads	TLETS	Texas Law Enforcement Telecommunications System
SAP	Shift Assignment Pay	TMA	Transportation Management Association
SAFETEA-LU	Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users	TMF	Texas Mobility Funds
SDC	Secondary Data Center	TOD	Transit-Oriented Development
SE	Southeast Corridor	T&P	Texas & Pacific Station
SE-1A	Southeast LRT Line Section – Downtown to Fair Park	TPSS	Traction Power Sub-Station
SE-1B	Fair Park to Hatcher	TRE	Trinity Railway Express
SE-2	Hatcher to Buckner Blvd.	TSA	Transportation Security Administration
SEAF	System Expansion & Acquisition Fund	TSM	Transportation System Management
SGR	State of Good Repair	TSP	Transit System Plan or Traffic Signal Priority
SH	State Highway	TTI	Texas Transportation Institute
S&I	Service & Inspection	TVM	Ticket Vending Machine
SIP	Service Incentive Pay	TxDOT	Texas Department of Transportation
SLRV	Super LRV (LRV with additional low-floor section)	UAFP	Urbanized Area Formula Program
SM	Service Mark	ULEV	Ultra Low-Emission Vehicles
SMS	Short Message Service	UNT	University of North Texas
SOC-3	South Oak Cliff LRT Line Section-Loop 12 to LBJ Frwy.	UP	Union Pacific
SOCBOF	South Oak Cliff Bus Operating Facility	UPS	Uninterruptible Power Supply
SOP	Standard Operating Procedure	US	United States
SS	Support Services	USC	United States Code
ST	Short-Term (debt)	UT	University of Texas
STD/FMLA	Short-Term Disability/Family Medical Leave Act	UTA	University of Texas at Arlington
STP/MM	Surface Transportation Program/Metropolitan Mobility	VAF	Vehicle Acceptance Facility
SU	Start-Up	VBS	Vehicle Business System
S&W	Salaries & Wages	VE	Value Engineering
TBD	To be determined	VoIP	Voice over Internet Protocol
TC	Transit Center	VP	Vice President
TCEQ	Texas Commission on Environmental Quality	VRDN	Variable Rate Demand Note
TCIC	Texas Criminal Information Center	WAN	Wide-Area Network
TDM	Transportation Demand Management	WBE	Women-Owned Business Enterprise
TES	Traction Electrification System	WOC	West Oak Cliff
The T	Fort Worth Transportation Authority	WSA	Ways, Structures & Amenities
TIFIA	Transportation Infrastructure Finance and Innovation Act	XPB	X-Press Booking
TIGER	Transportation Investment Generating Recovery	ZEV	Zero Emission Vehicles
TIP	Transportation Improvement Program		



Dallas Area Rapid Transit
Organizational Chart



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DART SERVICE AREA

