



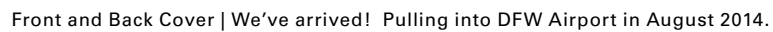
FY 2015 BUSINESS PLAN

DALLAS AREA RAPID TRANSIT

(Including FY 2015 Annual Budget and Twenty-Year Financial Plan)

We've Arrived!

DFW Airport Station

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How to Use This Book

What's in this Book

This book contains the Business Plan for Fiscal Year 2015 (FY 2015 – which ends September 30, 2015) for Dallas Area Rapid Transit (DART or the Agency).

The Business Plan provides the DART Board of Directors, customers, taxpayers, elected officials, and other stakeholder groups 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 2015 Annual Budget, the FY 2015 Twenty-Year Financial Plan, the Transit System Plan, and the Agency's Strategic Plan.

A brief summary of the information contained in the various sections follows.

The formal **Letter of Transmittal** summarizes priorities and issues for the upcoming year.

The section titled **Who We Are** should help those not familiar with DART to understand the basis from which the Agency operates. This section also contains an organization chart along functional lines.

The **Twenty-Year Financial Plan** represents a robust long-term projection of DART operating revenues, funding, operating expenses, capital expenditures, and other financial information. The Plan validates the affordability of system expansion and maintenance commitments, operating requirements, and debt repayment. Approval of the Plan requires an affirmative vote of two-thirds of the appointed and qualified members of the DART Board. The Annual Budget requires a majority vote and corresponds to the first year of the Plan.

"If you read only one section, read the transmittal letter"

The **Annual Budget** enumerates the FY 2015 amounts for operating expenses, capital and non-operating costs, and debt service – and describes the underlying bases, issues, and factors.

The **Organizational Units** section contains modal key performance indicators, as well as the goals and budget detail by organizational unit.

Finally, the **Reference** section contains supporting information including the process employed to develop the Twenty-Year Financial Plan, description of DART financial policies, supplemental financial schedules such as sales tax and debt detail, data on fares, and definitions of terms and acronyms.



Dallas Area Rapid Transit

FY 2015 Business Plan

(Including FY 2015 Annual Budget and
FY 2015 Twenty-Year Financial Plan)



Dallas Area Rapid Transit
P.O. Box 660163
Dallas, Texas 75266-0163
214/749-3278

August 8, 2014

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 2015. The FY 2015 Business Plan outlines how DART will employ projected resources to achieve Board-approved FY 2015 goals as well as its strategic priorities over the next twenty years, with the FY 2015 budget representing the first step in that journey.

Financial Overview

The total recommended budget for FY 2015 is \$983,905,986. This compares to the FY 2014 total approved budget of \$1,042,013,414. The FY 2015 Operating Budget is \$475.9 million, compared to \$459.3 million in FY 2014; the Capital and Non-Operating Budget is \$316.9 million, compared to \$406.0 million in FY 2014; and the Debt Service Budget is \$191.1 million, compared to \$176.7 million in FY 2014, net of interest income, (excluding the \$8.079 million in FY 2015 debt service that was fully defeased in June 2014).

The proposed total uses of funds as shown in the Twenty-Year Financial Plan for the period FY 2015 through FY 2034 is \$21.4 billion as compared to \$20.2 billion for the period FY 2014 through FY 2033. Operating expenses for the twenty-year period are estimated to be \$12.3 billion. Capital expenditures are estimated to total \$4.1 billion, and total expenditures for debt service are estimated to be \$5 billion. Total debt outstanding at the end of FY 2034 is estimated to be \$2.9 billion, compared to debt outstanding at the end of the twenty-year period in the FY 2014 Financial Plan of \$3.1 billion in FY 2033. The external coverage ratio (sales tax receipts divided by debt service) is estimated to be 3.65 in FY 2034 compared to 3.55 in the FY 2014 Plan. The internal coverage ratio (total recurring revenues divided by total recurring operating and debt service expenses) is estimated to be 1.92 in FY 2034 versus 1.93 in the FY 2014 Plan. 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.

The status of federal funding support for transit continues to be in a state of flux. In late July both the House and the Senate approved Legislation that funds the current level of expenditures supported by the Highway Trust Fund until May 2015. This confirms that the level of formula funds DART will receive will continue at least for another year. We have no real insight regarding discretionary capital grant programs nor for the longer term prospects for transit in general. Virtually all transit and transportation agencies are advocating the adoption of a six-year funding program and the identification of new funding sources to support the diminishing productivity of the Highway Trust Fund.

The 2015 Budget does not require a fare increase nor is a reduction in service in any of our modes contemplated. There will be adjustments to our bus service in the north Irving area with the introduction of light rail to DFW Airport. Our contract for a bus route to the City of Arlington will continue at least through August 2015. We are currently in discussions with the City of Mesquite about a revised contract that would permit a continuation of this service until December 2017.

Workforce Overview

The total authorized full-time equivalent headcount is lower at approximately 3,682 positions versus 3,694 in FY 2014. 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 significant increases in medical costs associated with employee health insurance. Overall claims costs for medical expenses, excluding out-of-pocket payments paid directly by the employee, are estimated to be approximately \$55 million in FY 2015, up from \$50 million projected in FY 2014. If employee out-of-pocket expenses are included, the total estimated costs for FY 2015 will approach \$75 million. The continuing upward escalation in medical claims requires a fundamental review of the entire manner in which health insurance is provided, in respect to the coverage, the funding participation between the Agency and the covered employee, and the manner in which the program is administered.

The health coverage package offered in 2015 will include selected revisions in the overall plan, each of which is designed to reduce the overall financial burden to the organization. These adjustments will address such items as spouses or dependents who are eligible to be covered by another plan, employees who elect to smoke, or employees who elect not to participate in the wellness program. There will be some inevitable shifting of certain costs from the Agency to the individual employee, especially in regard to raising the amount of out-of-pocket expenses that will be borne by the employee. These expenses are items where the employee has more opportunity to exercise control regarding their use of emergency room facilities, use of generic drugs, or use of out-of-network physicians. We will also introduce some degree of proportional pricing which will require more highly compensated employees to pay a larger premium.

Our staff will devote much of the fall of 2014 and the spring of 2015 to the comprehensive examination of alternative approaches to the delivery of health care coverage to our employees. It is essential to DART's long-term financial position to find a solution that contains health care costs and limits future increases to levels that do not jeopardize the ability of the Agency to provide essential transportation services.

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. 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 is nearing completion on the Orange Line extension into DFW International Airport Terminal A, and revenue service will begin on August 18, 2014 fully five months ahead of schedule and well under budget. The first segment of the Oak Cliff streetcar line, currently under construction, is also scheduled to open in early 2015.

While we will be fiscally constrained from undertaking a construction program similar to the previous ten years, we have several new projects that we have an obligation to advance if at all possible. It is imperative that we augment the core capacity in downtown Dallas for light rail. Fortunately, due to the recent announcement of a \$60 million grant award from the Texas Department of Transportation, the prospect of a similar sized grant through the Regional Transportation Council, plus the ability of our construction team to achieve significant savings on our current set of capital projects, we are now prepared to proceed with the first phase of a long-term core capacity program. The proposed program of work will include extending Red and Blue line platforms to accommodate three-car trainsets, thus increasing capacity without the need for additional alignments. The program would also include a new streetcar segment running from the Union Terminal east on Main Street and connecting with the new streetcar segment currently under construction near the Dallas Arts District.

Should DART be successful in obtaining a \$350 million Core Capacity grant from the FTA, covering roughly one half of the \$700 million cost, a new subway connection between Victory Station and Union Station will be constructed to provide additional relief to train capacity limitations through the transitway mall.

We also have an obligation to continue to seek system options and associated funding solutions for the Cotton Belt project which would permit commuter rail or, in the alternative, bus rapid transit (BRT) service between the Richardson-Plano area and DFW Airport, using the existing Cotton Belt right-of-way owned by the Agency. DART staff has identified over 40 different development scenarios, involving alternative track configurations and modal solutions and various options for phasing construction and introducing revenue service. We look forward to continue working with our stakeholders on the identification of a plan that can be advanced earlier than the current estimate of 2035.

Capital projects are not always about system additions or expansions. As DART has significantly increased light rail assets, we also need to consider our state of good repair obligations to maintain and replace those assets. Two projects in particular will occupy a great deal of our attention in the FY15-16 timeframe. 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 that 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 million. Funding was provided for within the FY 2014 Budget and Twenty-Year Financial Plan, and work will begin in the fall of 2014.

Several years ago Congress imposed an unfunded mandate on commuter rail operators by requiring the implementation of new train control systems, commonly referred to as Positive Train Control. By the end of 2015, commuter rail operators around the country are mandated to have installed these new control systems. The cost to commuter rail operators of implementing the required system in the North Texas region was 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). Recent cost estimates suggest the costs may be even higher but we believe we will be able to keep the project within current budget estimates. 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 was included in the FY 2014 Financial Plan.

Customer Service and Ridership

The one challenging area was the decline in overall ridership between 2013 and 2014. There is no question that the poor weather we experienced in December and January adversely impacted our ridership. More recently we are seeing improvements. Comparing June 2013 to June 2014 we have year-over-year increases in light rail (+10.2%) and commuter rail (+12.7%). Bus was up slightly (+0.7%). We would expect further increases on light rail after the introduction of the new service to DFW Airport.

We will not rely on service additions alone to stimulate ridership growth. We will continue to expand the 5 Star Service initiative which is designed to focus on enhancing the customer experience in all of the areas where we interact with our customers. We will also augment our successful mobile ticketing program known as GoPass which now has generated over 175,000 downloads. GoPass offerings will be expanded to provide for the delivery of combined tickets on the customer's mobile phone such as the Dallas Zoo and the State Fair of Texas. Further, with the introduction of airport service, we are going to inaugurate a year-long advertising media promotion which will allow the Agency to highlight DART service opportunities in our marketplace.

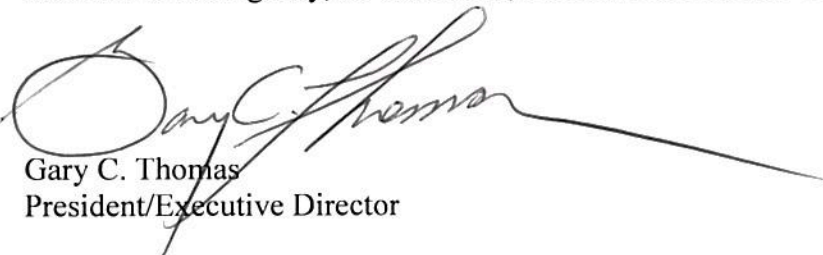
Workforce and Customer Safety

DART has always considered the safety of our customers, employees, and contractors of paramount importance. We have developed and implemented a System Safety Program Plan designed to provide the safest transportation network for customers and citizens of our service area, and the safest work environment for employees. A series of unfortunate public transit and commuter rail incidents around the country in the past ten years has prompted Congress to adopt new regulatory oversight and compliance obligations that require DART to further refine our program and elevate even further the emphasis on safety throughout the organization. DART can anticipate more safety oversight auditing and reporting obligations to both the State of Texas and the Federal Transit Administration. With the implementation of Positive Train Control on our Commuter Rail system, there will be a companion set of new compliance and reporting obligations.

Therefore, effective October 1, 2014, the existing safety team presently residing within the Risk Management Division of the Finance Department will become a stand-alone organization with a newly-established Director of the safety program who will report directly to the Chief Executive Officer. This is consistent with the recommendations regarding safety oversight contained within MAP-21. While this change does not represent a wholesale change in our current program, the elevation of the program within the reporting structure and the appointment of a senior executive to oversee the expanded role of safety within the organization will demonstrate to everyone the importance safety should and must play in our daily operations.

Closing Comments

We look forward to the challenges and opportunities that FY 2015 will produce. DART's management and staff are eager to serve our customers and stakeholders, with the daily delivery of convenient, accessible, efficient, and safe transit service, the introduction of the new airport service, the operation of a modern streetcar connecting Dallas to Oak Cliff, and the continuation of the agency-wide rollout of the 5 Star Service initiative. The Budget and Financial Plan presented in the following pages represent the direction management believes will best serve the interests of the Agency, its customers, and stakeholders in FY 2015. Your approval is requested.



Gary C. Thomas
President/Executive Director



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Dallas Area Rapid Transit
Texas**

For the Fiscal Year Beginning

October 1, 2013

Executive Director



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FY 2015 BUSINESS PLAN

Section 1

Who We Are



Who We Are

We are Dallas Area Rapid Transit – DART.

We've arrived!

We've arrived! Pulling into Dallas/Fort Worth International Airport in August 2014 is just one of many ways in which DART has arrived. Indeed, DART has arrived at 61 other light rail stations – not to mention ten commuter rail stations and over 12,000 bus stops – throughout its service area. Witness that in the past five years, DART has doubled the size of its light rail system (from 45 miles in August of 2009 to 90 miles currently).

Further, DART has not only expanded its physical system, we have expanded our information system. The past twelve months have seen the successful implementation of a mobile ticketing product called GoPassSM that permits customers to purchase tickets and download them to their phones, obtain trip plans and status of buses and trains, and receive information about area events – even combine the purchase of a transit pass with the purchase of tickets for those events! We've arrived at the information age – providing information and connections to destinations around the Dallas area. The DART system provides mobility options.

Organization

Dallas Area Rapid Transit (DART) is a regional transportation authority, created by a voting majority of the citizens on August 13, 1983, to organize and provide public transportation and complementary services to jurisdictions pursuant to Chapter 452 of the Texas Transportation Code (the "Act"). Our service area is comprised of 13 North Texas cities (Addison, Carrollton, Cockrell Hill, Dallas, Farmers Branch, Garland, Glenn Heights, Highland Park, Irving, Plano, Richardson, Rowlett, and University Park) as shown in Exhibit 2, and our headquarters are located in downtown Dallas. Under the Act, we are authorized to collect a 1% sales and use tax on certain transactions.

DART provides bus, light rail, commuter rail, paratransit, and other services to our 13 municipalities across a 700 square mile service area with a population of 2.3 million in the Dallas, Texas area. DART has operated bus service since its inception in 1983; the first segment of the light rail system opened in 1996. Since then, DART has worked to expand light rail considerably. As of August 2014 DART operates a total of 90 miles of light rail, with an extension to UNT-Dallas scheduled to open in 2016 bringing the total to 93 miles. DART operates commuter rail service jointly with the Fort Worth Transportation Authority (The T) along a 34-mile rail line between the cities of Dallas and Fort Worth. Exhibit 6 is the DART System Map as of August 18, 2014.

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

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 – DART's Five-Year Strategic Plan is grounded in DART's Values Statement, as follows:

- 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.

Governance and Management Structure

The Board of Directors

DART is governed by a 15-member Board of Directors. The governing bodies of the participating municipalities appoint members to our Board according to the ratio of the population of each participating municipality to the total population within our service area. A participating municipality having a population which entitles it to make a fraction of an appointment may combine that fraction with one or more other participating municipality to make one appointment; but no participating municipality may appoint more than 65% of the members of the Board. The Board is restructured whenever there is a change in the participating municipalities or every fifth year after the date census data or population estimates become available.

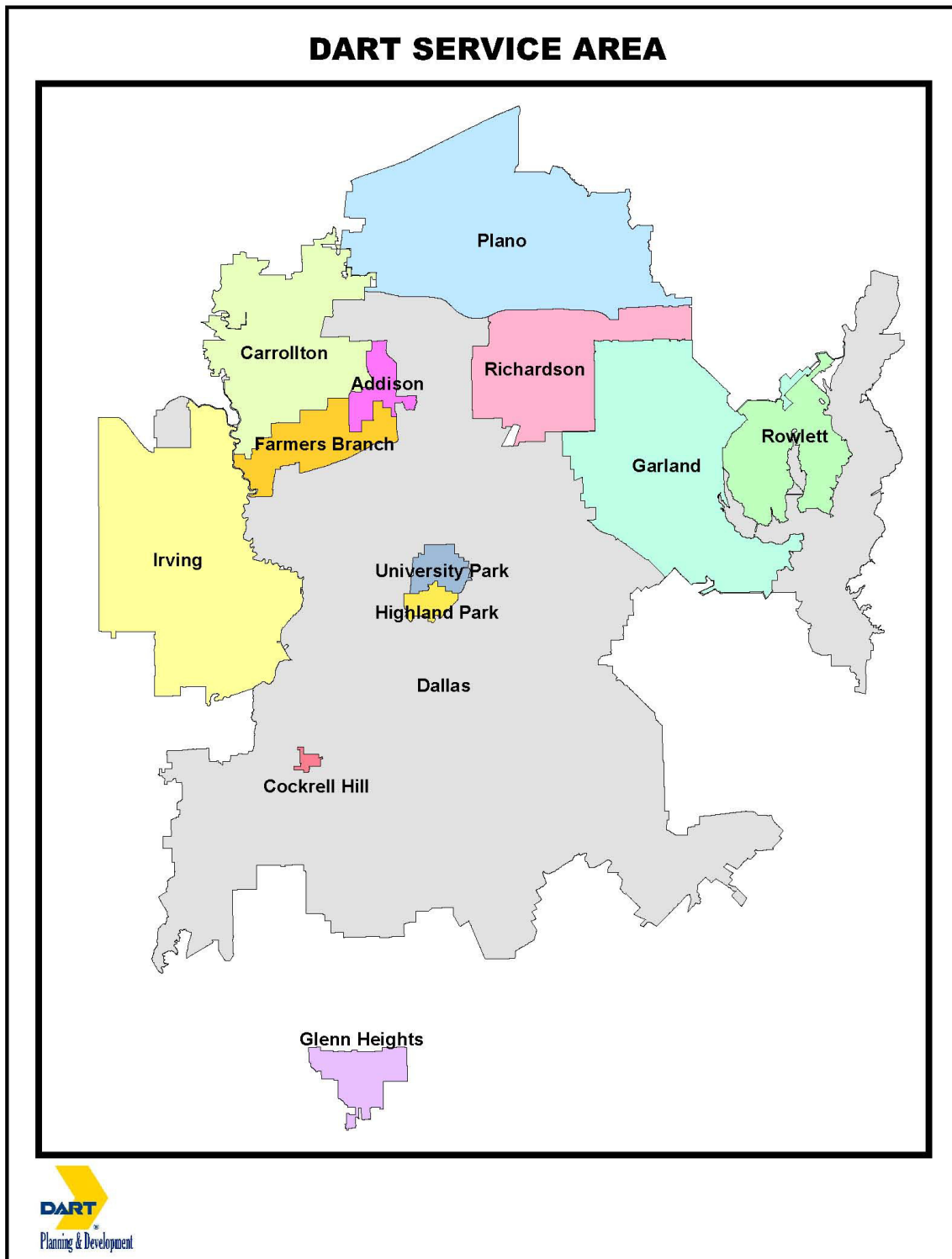
Each Board member serves at the pleasure of the governing municipal unit that appoints the member. Board members serve staggered two-year terms. Eight of the member terms begin July 1 of odd-numbered years, and seven of the member terms begin on July 1 of even-numbered years. Each member is entitled to receive \$50 for each Board meeting attended and is reimbursed for necessary and reasonable expenses incurred in the discharge of the member's duties. Exhibit 1 sets forth information regarding our current Board of Directors.

Exhibit 1

MEMBERS AND OFFICERS OF THE BOARD OF DIRECTORS			
NAME	REPRESENTS	YEAR OF APPOINTMENT To Board	OCCUPATION
Robert W. Strauss, Chair	Dallas	2006	Attorney
Faye Wilkins, Vice Chair	Farmers Branch and Plano	1999	Telecommunications & Systems Integration Consultant
Richard Carrizales, Secretary	Dallas	2010	Attorney
Gary Slagel, Assistant Secretary	Addison, Highland Park, Richardson, and University Park	2011	Technology Executive
Jim Adams	Dallas	2012	Financial Executive
Michael T. Cheney	Garland	2011	Retired Financial Executive/Consultant
Randall D. Chrisman	Carrollton and Irving	2002	Commercial Real Estate Broker
Jerry Christian	Dallas	2007	Minister
Amanda Moreno Cross	Dallas	2013	Entrepreneur
Mark C. Enoch	Garland, Rowlett, and Glenn Heights	1997	Attorney
Pamela Dunlop Gates	Dallas	2006	Attorney
Michele Wong Krause	Dallas	2014	Attorney
Richard H. Stopfer	Irving	2013	Retired Automotive Consultant
William M. Velasco, II	Dallas and Cockrell Hill	2001	Tax and Insurance Business Owner
Paul N. Wageman	Plano	2012	Attorney

The Board appoints from its members a chair, vice chair, secretary, and assistant secretary as shown in the table. These appointments are made in October of each year.

Exhibit 2



DART's Management

The Board appoints our President/Executive Director, who also serves as our Chief Executive Officer. The Chief Executive Officer's duties include:

- Overseeing our daily operations, including the hiring, compensation, and removal of employees.
- Awarding contracts for services, supplies, capital acquisitions, real estate, and construction if the amount of any such contract does not exceed \$100,000.
- Awarding contracts of up to \$250,000 for standard off-the-shelf commercial products.
- Presiding over the growth of our transit system.
- Providing regional leadership and national visibility regarding the transportation needs in North Central Texas.

Exhibit 3 provides a summary of our executive management team:

Exhibit 3 DART'S EXECUTIVE MANAGEMENT		
NAME	POSITION	JOINED DART
Gary C. Thomas	President/Executive Director	1998
Jesse Oliver	Deputy Executive Director	2012
Carol Wise	Executive Vice President, Chief Operations Officer	2012
David Leininger	Executive Vice President, Chief Financial Officer	2008
Timothy H. McKay	Executive Vice President, Growth/Regional Development	2001
John Adler	Vice President, Procurement	2006
Albert Bazis	Director of Internal Audit	2001
Mauro Calcaño	Vice President, Chief People Officer	2012
Scott Carlson	General Counsel	2012
Joseph G. Costello	Vice President, Finance	2014
Doug Douglas	Vice President, Mobility Management Services	1990
Nicole Fontayne-Bardowell	Vice President, Chief Information Officer	2014
Nevin Grinnell	Vice President, Chief Marketing Officer	2011
Michael C. Hubbell	Vice President, Maintenance	1995
Nancy Johnson	Director of the Office of Board Support	1999
Michael Miles	Vice President, Government Relations	1982
Michael Muhammad	Vice President, Diversity/Innovative Services	2004
Timothy Newby	Vice President, Transportation	1997
Todd Plesko	Vice President, Planning & Development	2009
Stephen Salin	Vice President, Rail Planning	2000
James Spiller	Vice President, DART Chief of Police	2001
Vacant	Vice President, Commuter Rail	n/a

Employees and Employee Relations

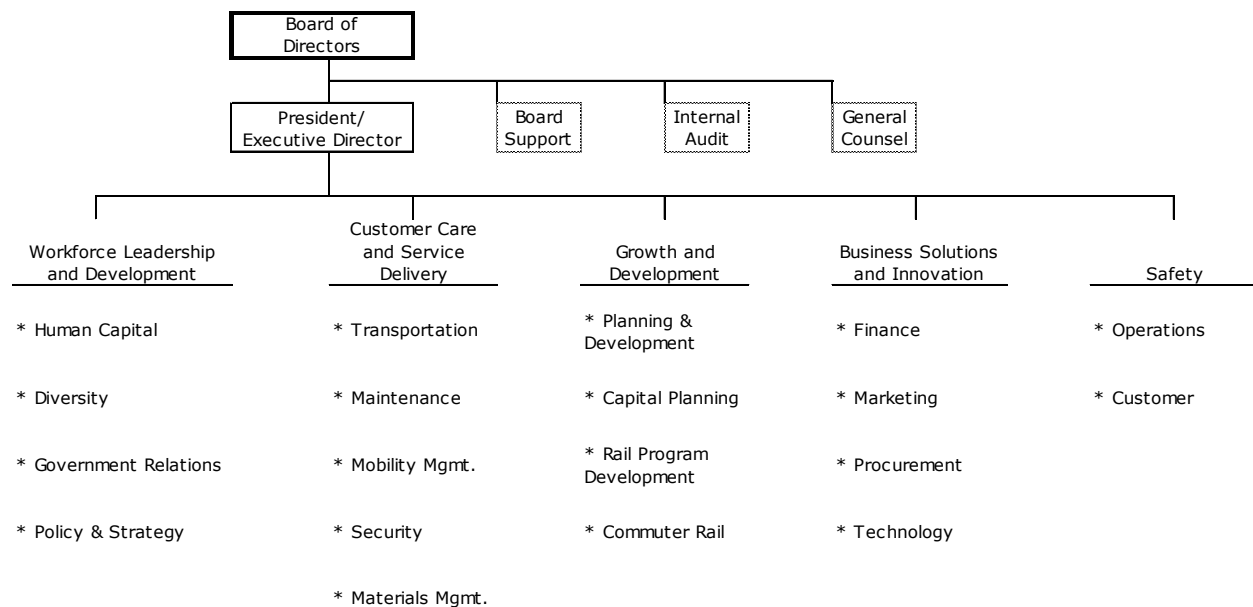
There are 3,682 salaried and hourly positions included in the FY 2015 Annual Budget.

The Amalgamated Transit Union, Local 1338, represents the majority of our operators, mechanics, and call center personnel. As a Texas governmental agency, we do not collectively bargain or sign labor contracts with these employee representatives. We do, however, meet and confer with these representatives on hourly employee issues, compensation, and benefits.

DART is organized broadly along the following functional lines ("organizational units"; see Exhibit 4). *Workforce Leadership and Development* looks to develop and provide effective leadership. *Customer Care and Service Delivery* is charged with providing effective, efficient, safe, secure transportation service. *Growth and Development* oversees the planning and development of the overall system. *Business Solutions and Innovation* looks to maximize Agency resources through attractive marketing, innovative technology, and astute financial management. The DART Safety Office ensures a safe environment for customers, employees, and DART business partners operating on our system and facilities.

Additional staff positions that report directly to the Board include the General Counsel, a Director of Internal Audit, and a Director of the Office of Board Support.

Exhibit 4
Dallas Area Rapid Transit
Functional Organization Chart



The DART Transportation System

Our current mass transit services include:

- Regular route bus service;
- Light rail transit service;
- Commuter rail service;
- DART Mobility Management services including Paratransit and DART On-Call;
- RideShare matching services for carpools and vanpools; and
- Special event service.

During Fiscal Year 2013, we carried 107.5 million passengers, which was an increase of 2.5% compared to Fiscal Year 2012. Exhibit 5 highlights total system ridership by mode for the last ten years.

Exhibit 5
Ridership by Mode
(in Millions)

Fiscal Year	Bus	LRT*	Commuter Rail	HOV	Paratransit	Vanpool	Total
2005	40.1	17.5	2.1	37.4	0.6	0.4	98.1
2006	44.4	18.6	2.4	36.1	0.7	0.4	102.6
2007	44.5	17.9	2.5	37.6	0.7	0.5	103.7
2008	45.0	19.4	2.7	48.1	0.7	0.7	116.6
2009	43.1	18.9	2.8	51.0	0.8	0.9	117.5
2010	38.0	17.8	2.5	50.1	0.8	0.9	110.1
2011	37.2	22.3	2.4	48.0	0.8	1.0	111.7
2012	38.7	27.7	2.3	34.4	0.8	1.0	104.9
2013	38.0	29.5	2.1	36.3	0.8	0.9	107.5
2014B	39.2	30.9	2.1	36.5	0.8	1.1	110.6
2014P	36.7	28.9	2.3	22.4	0.8	1.0	92.1

*Automatic Passenger Counter (APC) data used beginning in 2012. These counters have proven to be considerably more accurate than our current manual ridership counting methodology. The APCs show that we have been underreporting ridership by approximately 15.5%.

We contract for all of our paratransit and commuter rail services. While we remain responsible for these programs, our contracts establish operating performance standards which the contractors are expected to meet. We maintain an aggressive program to monitor and audit contractor compliance.

Bus Transit (35.3% of total system ridership in Fiscal Year 2013)

Our bus system provides local, express, crosstown, on-call, flex, feeder bus routes, and site specific shuttles. Local routes are focused on the Dallas Central Business District and serve the largest and most dense concentration of employment in the service area. The routes are characterized by stops at one- to two-block intervals. Service is generally provided six to seven days a week.

Light Rail Transit (27.4% of total system ridership in Fiscal Year 2013)

Light Rail Transit is an electrically powered rail system that generally operates at street level. A 20-mile "Starter System," opened in phases from June 1996 through May 1997, with lines from South and West Oak Cliff through downtown Dallas, and along the North Central Expressway corridor to Park Lane in Dallas. In 2002, DART's light rail was extended to North Dallas, Garland, Richardson, and Plano. In 2009, the first phase of the Green Line opened southeast of downtown Dallas with the remainder opening in 2010. DART also opened its first infill station, Lake Highlands Station, in December 2010 on the Blue Line. In 2012, the first 5-mile segment of the Orange Line to Irving opened for service in July. In December 2012, the second phase of the Orange Line extension and the Rowlett extension of the Blue Line opened for service. As of August 18, 2014, we operate a 90-mile light rail system with the extension of the Orange Line to DFW International Airport.

Commuter Rail (2.0% of total system ridership in Fiscal Year 2013)

Our commuter rail system, commonly referred to as the Trinity Railway Express (the "TRE"), provides diesel-powered passenger railroad services on the TRE Corridor between Dallas and Fort Worth, in mixed traffic with freight railroad operations. The 34-mile corridor is jointly owned by DART and the Fort Worth Transportation Authority (The T). TRE service is provided pursuant to an interlocal agreement between DART and The T. This agreement was originally entered into in 1994 and was restated and adopted by both Boards in 2003. Pursuant to Trackage Rights Agreements, the Burlington Northern Santa Fe, the Dallas Garland and Northeastern, and the Union Pacific railroads pay a fee for the right to operate freight services on the TRE corridor. TRE, through its contractor, Herzog Transit Services, Inc., provides dispatching and maintains the corridor as well as operates the service and maintains the rolling stock used in the service.

Paratransit (0.7% of total system ridership in Fiscal Year 2013)

We are responsible for providing complementary paratransit service in accordance with the Americans with Disabilities Act of 1990 (the "ADA"). In Fiscal Year 2013, we transitioned to a new service delivery model and a new contractor, MV Transportation, Inc. (MV), for providing paratransit service. MV provides, operates, and maintains a fleet of 8 MV-1s and 92 Starcraft vehicles, along with 11 DART-provided On-Call vans. During the first year of the contract (FY 2013), 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.

High Occupancy Vehicle ("HOV") Lanes (33.8% of total system ridership in Fiscal Year 2013)

Interim HOV lanes are constructed within the right-of-way of existing freeways to provide access for multi-passenger vehicles and to relieve congestion levels. Buses, vanpools, motorcycles, and carpools with two or more occupants may use the HOV lanes. DART was responsible for operations, enforcement, and maintenance of the lanes until September 30, 2013. Beginning October 1, 2013 until the end of Fiscal Year 2014, DART's only financial responsibility will be the operation of the barrier transfer machine on the I-30 HOV lane. Starting on October 1, 2014, TxDOT will assume all operating responsibilities for the HOV lanes.

Transportation Demand Management (Vanpool is 0.8% of total system ridership in Fiscal Year 2013)

We work with area employers to develop strategies for reducing employee vehicle trips through such programs as carpools, vanpools, and flexible work schedules. We provide 206 vans for our vanpool program through a third-party contractor. We also assist customers in forming carpools. Prospective carpoolers can call in and provide us with information for our RideShare database. We then work to link-up customers with common trip origins and destinations.

Special Events Service

Every year, we operate special event services (bus, light rail, and TRE) to the Texas State Fair, the New Year's Eve celebration in downtown Dallas, concerts, basketball, hockey games, and a wide variety of other events. We also continue to use the managed HOV lanes on I-30W in support of large professional baseball and football games and concerts in Arlington at AT&T Stadium. Due to FTA regulations, we are restricted in the use of buses for charter activity. Consequently, most special event services are provided on the light rail, commuter rail, and HOV systems. Bus involvement is generally restricted to supplementing the capacity of the rail system during periods of very high usage.

Exhibit 6



DART in the Industry

- DART President/Executive Director Gary Thomas served as the Chair of the American Public Transportation Association (APTA) from October 2011 to September 2012. APTA is a nonprofit international association of more than 1,500 public and private organizations involved in transit. Mr. Thomas is Vice President of the Board of Directors of RailVolution, a non-profit charitable organization that is the intersection of transit, livable communities, and transit-oriented development.
- In 2013, APTA honored DART Board Member Randall Chrisman with the Outstanding Public Transportation Board Member Award. Mr. Chrisman is vice chair of APTA's Transit Board Member Committee, Chair of the Transit Board Members Legislative Subcommittee, and Vice Chair of APTA's Authorization Task Force.
- DART has received many awards, including:
 - American Council of Engineering Companies – "Monroe Shops" Engineering Excellence Award
 - Engineering News-Record – "Owner of the Year"
 - Regional Hispanic Contractors Association – "Public Entity" Pillar Award
 - American Public Transportation Association – AdWheel First Place, Newsletter "Inmotion Redesign"
 - Dallas Black Chamber of Commerce – "Public Entity of the Year"
 - International Association of Business Communicators (Southern Region) – Award of Excellence (First Place), Safety Communication, "It's Our DART: Safety and Security Campaign"
 - Telly Award – 250 Millionth DART Rail customer celebration video
 - Award for Distinguished Budget Presentation and Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (premier professional organization in governmental finance)
 - Certificate of Distinction for DART Investment Policy from Government Treasurers' Organization of Texas
 - Texas Comptroller Leadership Circle – Silver Designation
 - Women in Transportation Seminar (Dallas/Fort Worth area) – Innovative Transportation Solutions Award for mobile ticketing smart phone app



FY 2015 BUSINESS PLAN

Section 2

FY 2015 Twenty-Year Financial Plan

FY 2015 Twenty-Year Financial Plan

The Twenty-Year Financial Plan (the “Plan”) represents a robust long-term projection of DART operating revenues, other funding sources, operating expenses, capital expenditures, and other financial information. The Plan validates the affordability of system expansion and maintenance commitments, operating requirements, and debt repayment. An updated Plan is approved each year (or more often, if necessary). Approval or amendment of the Plan requires an affirmative vote of two-thirds of the appointed and qualified members of the DART Board. The Annual Budget, which requires a simple majority vote, corresponds to the first year of the Plan.

The FY 2015 Twenty-Year Financial Plan demonstrates that DART has the financial capacity to meet the Agency’s Transit System Plan commitments and to continue the programmed levels of bus, rail, and other transportation services, based on current information and assumptions.

Our View

DART has developed a transportation system that provides mobility options to the residents of North Texas. doubled in size (from 45 90 miles currently) – the Dallas/Fort Worth 2014. The Twenty-Year increasing focus on customers with responsive system. The Annual Budget document describes a facing initiatives. The capital program, discussed later in this section of the document, reflects a shift from expansion to maintaining and replacing our assets – keeping the system in a state of good repair.

"We look to develop & deploy our human, financial, and capital resources in a manner that not only ensures long-term sustainability but also system vibrancy."

The light rail system has miles in August of 2009 to including the connection to International Airport in Financial Plan reflects an attracting and retaining service and a sustainable portion of this business plan number of DART customer-

The underlying trend in the Twenty-Year Financial Plan is continued economic expansion which includes modest growth in employment, ridership, and sales tax receipts. The Plan looks for growth over the long-term – while DART’s financial policies structure the Agency’s financial condition to weather the inevitable downturns. The Plan reflects continued DART cost containment efforts to achieve a balanced budget throughout the twenty-year planning horizon. Lastly, the DART Twenty-Year Financial Plan reflects continued federal formula funding at existing levels.

DART is nearing the end 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. Now the initial planned light rail system is nearing completion. DART is operating 90 miles (97%) of its total programmed 93-mile system. As a result, capital expenditures are dropping significantly. The Agency's primary focus for the next several years will be on improving the efficiency, effectiveness, and quality of the services it delivers. Capital expenditures will be primarily directed toward asset maintenance and replacement rather than system expansion until 2018, when the design and construction of core capacity improvements in downtown Dallas (referred to as "D2") will become the next major system expansion.

With that as the backdrop, DART's FY 2015 Financial Plan contains no sweeping changes from the FY 2014 Plan except for the D2 core capacity projects. There are some changes to revenues, service levels, debt issuances, and the level of other capital expenditures over the next 20 years, as there always are, but DART's financial outlook remains generally consistent with last year's Plan.

Our Priorities

The DART Board has adopted a set of strategic priorities to guide the transition, described above, and to address external factors that we expect will have an impact on DART over the next twenty years.

- I. Strive to exceed customer expectations
- II. Manage system development and maintain infrastructure
- III. Build and maintain DART's regional transportation leadership
- IV. Drive change through employee engagement
- V. Maximize funding resources
- VI. Use technology to integrate and advance services and system

With this as guidance, the development of the annual budget starts with an update and review of the Twenty-Year Financial Plan.

Board Approvals

The approval of the annual budget requires a simple majority vote. Approval of the Twenty-Year Financial Plan requires an affirmative vote of two-thirds of the appointed and qualified members of the Board. The FY 2014 Financial Plan was adopted by the Board on September 24, 2013. The DART Board of Directors approved the FY 2015 Annual Budget and Twenty-Year Financial Plan on September 16, 2014.



Financial Plan Format

The discussion of the Plan categories follows a Sources and Uses of Funds format.

Each category in the FY 2015 Twenty-Year Financial Plan is described in detail in this portion of our Business Plan document:

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

The following pages also outline the major assumptions used to develop the FY 2015 Financial Plan, discuss changes from prior plans, and illustrate 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 99, and the approved FY 2015 Financial Standards are located at Exhibit 100 in the *Reference Section* of this document.

Exhibit 7 is a summary of the changes in the sources and uses of cash between the FY 2014 Financial Plan and the FY 2015 Plan, for the five-year period from FY 2015 through FY 2019.

FY 2014 – FY 2015 Comparison

FY 2014 Recap

DART continued to experience significant service-related changes during Fiscal Year 2014. Some of those transitions continue, and additional changes are planned for FY 2015 and beyond.

The light rail system expansion continued. Irving Belt Line Station to DFW Airport service began on August 18, 2014, completing construction of the Orange Line and bringing the total light rail system in operation to 90 miles and 62 stations.



In FY 2013 DART transitioned to a new service delivery model and a new contractor, MV Transportation, for providing paratransit services. The "Mobility Management" approach reduced the core of dedicated vehicles significantly and supplemented that core with variable transportation resources from around the service area as demand required. Initially, it was projected that DART would realize at least \$90 million in savings (combined capital and operating) over the seven-year term of the contract. But experience during the first year of operation led to a modification of the contract, involving fewer trips, higher rates, and elimination of some exclusions, with a net increase to the operating budget of approximately \$3.4 million per year. The transition has been challenging, but key performance measures and service quality are trending upwards.

Fiscal Year 2014 was the second year of a four-year program to replace DART's full-sized bus fleet. Under a contract with North American Bus Industries (NABI), 459 buses were ordered and are in the process of being delivered. Delivery of the final buses will be in 2016. 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 expanded the use of a number of significant new operating technologies including a new radio system, the expanded use of security cameras on platforms and aboard vehicles, automatic passenger counters (APCs) for buses and light rail vehicles, and Public Address/Variable Message Boards (PA/VMB) at rail stations.

The mobile ticketing application, *GoPass*SM, the first phase of a Comprehensive Fare Payment System (CFPS), is a solid success, with sales projections of over 700,000 passes for FY 2014 and over one million for FY 2015.

DART, working in concert with Downtown Dallas, Inc., the City of Dallas, and the Oak Cliff Chamber of Commerce, introduced a new bus service called D-Link in November 2013 that provides convenient access to established destinations within the downtown Dallas area and connects with the Bishop Arts district of Oak Cliff. The service has its own route number (722), and the buses serving the route are "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 are outfitted with distinctive signs as well. This service connects to the DART Light Rail system at the Pearl/Arts District, West End, and Convention Center stations.

FY 2015 and Beyond

The Agency is moving forward with a multi-year initiative called "5 Star Service." Initiated by Customer Care and Service Delivery, 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 began operating contracted bus service with the City of Arlington under a two-year pilot program in August 2013. The Metro-Arlington Express ("MAX") recently approached the goal of 500 riders per day, and ridership surveys show considerable interest in adding new stops—which would make the service more like DART's typical urban routes rather than a point-to-point express. Arlington has no plans at this point to expand the service before the end of the pilot. Additional cities may follow as the DART Board amended its Policy III.07 on Fixed-Route Services Beyond the Service Area Boundary, 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 light rail line section in the current system build-out. Opening in late 2016 (three years ahead of schedule) will be the South Oak Cliff-3 (SOC-3) line section. This 2.6-mile extension of the Blue Line south extends from Ledbetter Station to the University of North Texas Dallas campus.

DART continues work on two separate streetcar projects. The first is a City of Dallas Union Station to Oak Cliff Streetcar project that 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 agreement with the City of Dallas. The first phase of this project is scheduled to open in mid-FY 2015.

A second streetcar project is a 0.65-mile (3,432-ft) urban streetcar trackway connecting the Dallas Olive Street extension of the McKinney Avenue Transit Authority (MATA) M-Line to the existing MATA alignment on St. Paul Street. DART is the project sponsor. This project will provide direct pedestrian access from the McKinney Trolley to the existing DART Rail St. Paul Station. The project is expected to be completed in FY 2015.

On October 1, 2013, per the terms of an interlocal agreement, DART transferred responsibility for the operations, maintenance, and enforcement of all local HOV lanes to the Texas Department of Transportation (TxDOT) with the exception of the lanes on I-30 East that involve operations of the movable barrier. As of October 1, 2014, DART completed the transition of the remaining lanes to TxDOT. DART remains a capital funding partner in the IH635 HOV/Managed Lane, currently under construction by TxDOT.

The Twenty-Year Financial Plan also includes funding for Central Business District (CBD) Rail Replacement, intended to be done in the next two years, and for Positive Train Control (PTC).



The FY 2015 Plan includes funding for \$983 million in new core capacity projects. Fiscal Year 2015 will be the last year of the current Commuter Rail Service contract with Herzog Transit Services. The solicitation for the follow-on contract is underway, with award anticipated in early calendar year 2015.

Exhibit 7
5-Year Sources and Uses of Funds Comparison (FY15 – FY19)
(in Millions)

Description	FY14 Plan	FY15 Plan	\$ Variance	% Variance
SOURCES OF FUNDS				
Sales Tax Revenues	\$2,722.8	\$2,722.8	\$0.0	0.0%
Operating Revenues	463.5	453.5	(10.0)	(2.2%)
Interest Income	47.2	54.4	7.2	15.2%
Formula Federal Funding	345.0	364.8	19.8	5.7%
Discretionary Federal Funding	35.7	333.3	297.5	832.6%
Debt Issuances	80.0	450.0	370.0	462.5%
Other Sources	135.1	230.2	95.1	70.4%
Total Sources of Funds	\$3,829.3	\$4,609.0	\$779.7	20.4%
USES OF FUNDS				
Operating Expenses:				
Bus	\$1,217.0	\$1,269.4	\$52.4	4.3%
Light Rail Transit	880.5	862.1	(18.3)	(2.1%)
Commuter Rail/RR Management	163.2	159.7	(3.6)	(2.2%)
Paratransit	200.9	198.4	(2.5)	(1.2%)
HOV Transitways	0.0	0.0	0.0	n/a
General Mobility - TDM	16.3	14.6	(1.7)	(10.4%)
Total Operating Expenses	\$2,477.9	\$2,504.1	\$26.3	1.1%
Capital and Non-Operating:				
Agency-wide	\$74.9	\$86.8	\$11.9	15.9%
Bus	136.7	142.1	5.4	4.0%
Light Rail Transit	295.2	955.8	660.6	223.8%
Streetcar	43.2	117.0	73.8	170.7%
Commuter Rail/RR Management	94.2	110.2	16.0	17.0%
Paratransit	0.9	1.7	0.8	91.9%
HOV Transitways	24.9	21.0	(3.8)	(15.4%)
Capital P & D, Start-Up, Non-Operating	43.5	39.3	(4.2)	(9.6%)
General Mobility - Road Impr./ITS	15.2	19.6	4.4	28.9%
Total Capital and Non-Operating	\$728.6	\$1,493.5	\$764.9	105.0%
Debt Service				
Principal - LT/ST Debt	\$270.0	\$264.8	(\$5.3)	(2.0%)
Interest and Fees - LT/ST Debt	774.0	768.7	(5.4)	(0.7%)
Total Debt Service	\$1,044.0	\$1,033.4	(\$10.6)	(1.0%)
Total Uses of Funds	\$4,250.5	\$5,031.1	\$780.5	18.4%



Structural Balance of the Budget

DART maintains a structural balance to its budget. This means 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 48) performs a related control function. Annual sources of funds are sufficient to pay for all on-going obligations (operating and debt service) in every year of the FY 2015 Financial Plan. This can be seen on line 16 in Exhibit 8, noting that no existing cash reserves are required for operating expenses during any year of the Plan. Exhibit 8 shows how DART's sources of funds will be applied to uses of funds over the next five years.

Exhibit 9 shows the FY 2015 Financial Plan. DART will use debt issuances and existing cash to pay for additional capital requirements through 2022, but not for operating expense or debt service. After 2025, cash balances again begin to increase. Line references throughout this section refer to the lines in the Twenty-Year Financial Plan in Exhibit 9.



Exhibit 8
FY 2015 – FY 2019 Structural Budget Balance
(in Millions)

Category	2015	2016	2017	2018	2019	5-Year
Total Sources of Funds	\$764.1	\$862.5	\$759.6	\$960.9	\$1,261.9	\$4,609.0
Sales Tax Revenues	\$503.0	\$523.6	\$544.1	\$565.2	\$586.9	\$2,722.8
Operating Revenues	83.8	84.9	87.2	98.2	99.5	453.5
Interest Income	7.8	9.4	10.0	10.4	16.8	54.4
Formula Federal Funding	85.9	69.7	69.7	69.7	69.7	364.8
Discretionary Federal Funding	12.8	28.5	51.1	100.8	140.0	333.3
Net Debt Issuances	20.0	120.0	(30.0)	70.0	270.0	450.0
Other Sources	50.8	26.3	27.5	46.6	79.0	230.2
Operating Expenses	\$475.9	\$486.0	\$501.5	\$513.5	\$527.3	\$2,504.1
Funding Sources:						
Operating Revenues	\$83.8	\$84.9	\$87.2	\$98.2	\$99.5	\$453.5
Interest Income	7.8	9.4	10.0	10.4	16.8	54.4
T/Mid Cities TRE Ops Contributions	11.7	12.0	12.4	12.7	13.1	61.8
Formula Funds (Capital Preventive Maint.)	62.6	62.6	62.6	62.6	62.6	313.1
Other Sources	0.2	0.4	1.6	1.6	1.7	5.5
Sales Taxes allocated to Operations	309.7	316.6	327.7	328.0	333.6	1,615.7
General Operating Fund (existing cash)	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding Sources	\$475.9	\$486.0	\$501.5	\$513.5	\$527.3	\$2,504.1
Capital/Non Operating Expenditures	\$316.9	\$241.7	\$145.4	\$357.1	\$432.4	\$1,493.5
Funding Sources:						
Other Formula Funds	\$23.3	\$7.1	\$7.1	\$7.1	\$7.1	\$51.7
Discretionary Grant Funds	12.8	28.5	51.1	100.8	140.0	333.3
Current Debt Issuances	20.0	120.0	(30.0)	70.0	270.0	450.0
Other Sources	38.9	13.9	13.5	32.3	64.2	162.8
Sales Taxes Allocated to Capital	2.1	4.3	7.3	26.9	33.1	73.6
General Operating Fund/Prior Debt Issues	219.8	67.9	96.4	120.1	(82.0)	422.1
Total Funding Sources	\$316.9	\$241.7	\$145.4	\$357.1	\$432.4	\$1,493.5
Debt Service Costs	\$191.1	\$202.7	\$209.0	\$210.3	\$220.2	\$1,033.4
Funding Sources:						
Sales Taxes Allocated to Debt Service	\$191.1	\$202.7	\$209.0	\$210.3	\$220.2	\$1,033.4
Total Uses of Funds	\$983.9	\$930.4	\$856.0	\$1,081.0	\$1,179.9	\$5,031.1
Net Differential Between Sources and Uses	(\$219.8)	(\$67.9)	(\$96.4)	(\$120.1)	\$82.0	(\$422.1)

Exhibit 9
FY 2015 Twenty-Year Financial Plan

Dallas Area Rapid Transit FY 2015 Financial Plan as of September 16, 2014 Twenty Year Sources and Uses of Cash (\$ Millions - Inflated Dollars)																							
Line	Description	2015	2016	2017	2018	2019	5 Year Total	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	20 Year Total
SOURCES OF FUNDS																							
1	Sales Tax Revenues	\$503.0	\$523.6	\$544.1	\$565.2	\$585.9	\$2,772.8	\$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	\$1,026.1	\$14,740.3
2	Operating Revenues	83.8	84.9	87.2	98.2	99.5	\$453.5	101.7	103.9	106.0	119.4	120.9	123.3	125.7	128.1	144.1	145.7	148.5	151.3	154.1	172.9	175.4	2,474.4
3	Interest Income	7.8	9.4	10.0	10.4	15.8	\$54.4	19.6	16.5	15.5	14.1	13.1	15.9	23.3	22.3	19.8	16.4	16.5	18.5	21.2	26.4	335.6	
4	Formula Federal Funding	85.9	69.7	69.7	69.7	69.7	\$364.8	69.7	69.7	69.7	69.7	69.7	69.7	69.7	69.7	69.7	69.7	69.7	69.7	69.7	69.7	1,410.8	
5	Discretionary Federal Funding	12.8	28.5	51.1	100.8	140.0	\$333.3	100.0	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	471.4	
6	Debt Issuances	20.0	120.0	(30.0)	70.0	270.0	\$450.0	(30.0)	(30.0)	(20.0)	0.0	0.0	0.0	100.0	300.0	100.0	(50.0)	(50.0)	(50.0)	(50.0)	(100.0)	0.0	
7	Other Sources	50.8	26.3	27.5	46.6	73.0	\$230.2	17.8	18.2	18.2	22.8	22.8	19.7	22.4	25.1	26.7	27.3	33.3	24.6	25.2	32.5	596.1	
8	Total Sources of Funds	\$764.1	\$862.5	\$759.6	\$960.9	\$1,261.9	\$4,609.0	\$888.2	\$910.9	\$846.1	\$903.3	\$933.8	\$1,480.2	\$1,114.1	\$1,340.5	\$1,186.0	\$1,064.2	\$1,106.3	\$1,138.7	\$1,177.7	\$1,230.1	\$21,098.5	
USES OF FUNDS																							
9	Sales Taxes for Operations	76.4%	74.8%	74.3%	71.6%	70.0%	n/a	68.9%	69.1%	68.5%	66.7%	66.1%	65.4%	63.6%	63.2%	60.9%	60.9%	60.7%	60.1%	59.4%	57.0%	n/a	
Operating Expenses:																							
10	Bus	\$246.3	\$249.5	\$252.3	\$257.5	\$263.8	\$1,269.4	\$268.9	\$277.4	\$283.6	\$289.4	\$294.8	\$303.1	\$308.9	\$315.8	\$323.5	\$331.5	\$338.6	\$345.6	\$354.1	\$362.4	\$701.1	
11	Light Rail Transit	163.0	166.8	173.2	177.4	181.7	\$862.1	185.5	189.8	193.8	201.1	205.3	210.1	214.5	219.5	224.0	229.2	234.0	239.4	244.3	249.9	\$250.0	
12	Commuter Rail/RR Management	27.6	29.0	33.3	34.3	35.3	\$159.7	36.5	37.9	39.3	40.8	42.4	44.0	45.6	47.4	49.2	51.1	53.0	55.1	57.2	59.4	61.7	
13	Paratransit	36.1	37.8	39.8	41.4	43.3	\$198.4	47.2	49.3	51.4	53.6	55.9	58.4	60.9	63.6	66.3	69.3	72.2	75.4	78.6	82.2	\$85.7	
14	HOV Transbay	0.0	0.0	0.0	0.0	0.0	\$80.0	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	
15	General Mobility - TDM	2.8	2.8	2.9	3.0	3.0	\$14.6	3.1	3.2	3.2	3.3	3.4	3.5	3.5	3.6	3.7	3.8	3.9	4.0	4.0	4.1	4.2	
16	Total Operating Expenses	\$475.9	\$486.0	\$501.5	\$513.5	\$527.3	\$2,504.1	\$541.2	\$557.5	\$571.3	\$588.3	\$601.8	\$619.1	\$633.5	\$650.0	\$666.7	\$684.8	\$701.6	\$719.5	\$738.2	\$758.0	\$767.7	
Operating - HOV Start Up																							
17	Capital Projects and Non-Operating:	\$463.8	\$493.2	\$510.4	\$519.2	\$532.9	\$2,539.4	\$547.0	\$563.4	\$577.3	\$594.5	\$608.1	\$626.8	\$642.9	\$661.6	\$681.0	\$702.3	\$723.1	\$741.4	\$760.6	\$780.9	\$800.1	
18	Agency-Wide	\$33.1	\$26.9	\$9.4	\$8.8	\$5.6	\$96.8	\$15.6	\$15.5	\$31.3	\$45.6	\$38.4	\$17.2	\$15.7	\$18.2	\$13.2	\$10.4	\$8.7	\$6.4	\$14.9	\$19.6	\$41.7	
19	Bus	56.5	52.1	3.3	28.2	2.0	\$142.1	9.8	14.4	10.3	9.8	54.3	146.8	151.4	88.4	43.1	1.2	42.8	12.2	12.8	14.8	14.5	
20	Light Rail Transit	142.0	90.1	85.5	27.1	36.2	\$955.8	189.6	12.7	7.7	15.3	13.1	301.6	19.0	230.5	241.4	21.3	15.9	18.6	14.7	20.1	17.9	
21	Streetcar	14.1	16.8	21.5	27.7	35.9	\$117.0	18.4	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	135.4	
22	Commuter Rail/RR Management	39.0	35.8	13.5	11.6	13.4	\$110.2	8.6	8.9	6.5	13.7	19.4	15.2	5.1	11.0	13.7	17.4	38.1	29.0	6.0	2.7	16.1	
23	Paratransit	0.8	0.4	0.3	0.0	0.1	\$1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.1	0.0	0.0	0.1	2.2	
24	HOV Transbay	12.0	9.0	0.0	0.0	0.0	\$21.0	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	21.0	
25	Capital P & D, Start-Up, Non-Operating	9.6	8.2	9.1	5.9	5.5	\$39.3	7.8	8.0	8.0	8.5	8.9	10.5	11.0	13.8	14.5	18.9	22.9	23.4	25.1	23.2	24.4	
26	General Mobility - Road Impr./ITS	9.7	2.3	3.0	2.9	1.7	\$19.6	0.0	0.0	0.0	2.2	0.5	0.7	0.7	0.4	0.0	0.0	0.0	0.0	0.0	0.0	24.0	
27	Total Capital and Non-Operating	\$316.9	\$241.7	\$145.4	\$357.1	\$432.4	\$1,493.5	\$249.8	\$59.4	\$63.7	\$95.1	\$134.5	\$492.0	\$202.9	\$325.9	\$69.3	\$148.4	\$99.5	\$73.5	\$80.5	\$114.7	\$4,065.3	
Debt Service																							
28	Total Debt O/S Beginning-of-Year	\$3,662.9	\$3,644.7	\$3,716.6	\$3,630.2	\$3,641.3	\$3,641.3	n/a	\$3,748.1	\$3,644.5	\$3,547.5	\$3,466.6	\$3,381.9	\$3,295.4	\$3,198.7	\$3,099.6	\$2,999.4	\$2,896.2	\$2,795.5	\$2,693.0	\$2,590.7	n/a	
29	Total Debt O/S End-of-Year	\$3,644.7	\$3,716.6	\$3,630.2	\$3,641.3	\$3,641.3	n/a	\$3,748.1	\$3,644.5	\$3,547.5	\$3,466.6	\$3,381.9	\$3,295.4	\$3,198.7	\$3,099.6	\$2,999.4	\$2,896.2	\$2,795.5	\$2,693.0	\$2,590.7	\$2,487.3	n/a	
30	Principal - LT Debt	\$38.2	\$48.1	\$56.3	\$59.0	\$63.1	\$264.8	\$70.1	\$73.5	\$77.1	\$80.9	\$84.7	\$86.5	\$96.7	\$101.1	\$108.2	\$113.2	\$118.7	\$124.5	\$130.5	\$136.8	\$1,810.6	
31	Cost of Debt (Interest and Fees)	\$52.9	\$54.6	\$52.7	\$51.3	\$51.1	\$788.7	\$56.6	\$52.5	\$58.1	\$51.7	\$47.9	\$45.3	\$47.2	\$48.8	\$51.1	\$53.2	\$55.9	\$58.9	\$62.9	\$66.9	\$3,192.8	
Total Debt Service Costs																							
32	External Coverage Ratio	2.63	2.61	2.61	2.69	2.67	n/a	2.58	2.68	2.80	2.93	3.05	3.09	2.84	2.87	2.82	2.92	3.05	3.19	3.33	3.49	3.65	
33	Internal Coverage Ratio	1.01	1.04	1.04	1.13	1.15	n/a	1.13	1.16	1.22	1.32	1.38	1.41	1.34	1.36	1.39	1.43	1.49	1.57	1.66	1.81	1.92	
Total Uses of Funds																							
34	Net Inc (Dec) in Cash	\$985.9	\$930.4	\$856.0	\$1,081.0	\$1,176.9	\$5,031.1	\$1,072.7	\$852.9	\$870.2	\$916.0	\$965.0	\$1,349.1	\$1,105.2	\$1,288.4	\$1,288.4	\$1,046.5	\$1,140.5	\$1,107.5	\$1,098.1	\$1,122.0	\$1,172.9	
35	Change in Balance Sheet Accts	(219.8)	(67.9)	(96.4)	(120.1)	\$82.0	(\$422.1)	(\$139.5)	(\$42.0)	(\$12.8)	(\$35.2)	\$131.1	\$68.8	\$52.1	(\$98.1)	\$17.6	(\$44.2)	\$31.2	\$71.5	\$55.7	\$157.2	(\$282.6)	
36	Cash, Beg of Period	13.1	(20.4)	(27.1)	34.3	18.1	\$18.1	(34.5)	(39.4)	(8.9)	4.7	7.0	73.8	(50.5)	20.2	(5.0)	(59.1)	3.1	(11.3)	(11.8)	(4.5)	2.4	
37	Cash, End of Period	986.7	780.0	691.8	568.3	482.5	986.7	582.6	408.6	327.2	294.2	286.1	257.9	462.8	421.1	493.5	390.4	348.9	317.9	337.8	397.5	448.7	
38	Less Cash Reserves & Restricted Funds	780.0	691.8	568.3	482.5	582.6	\$262.6	408.6	327.2	294.2	286.1	257.9	462.8	421.1	493.5	390.4	348.9	317.9	337.8	397.5	448.7	608.4	
39	Less Cash Reserves for Operating Deficits	(69.3)	(69.5)	(69.9)	(70.6)	(71.0)	(72.0)	(73.8)	(75.9)	(78.6)	(81.4)	(84.4)	(87.5)	(90.7)	(94.1)	(97.6)	(101.4)	(105.2)	(109.3)	(113.6)	(118.0)	(122.6)	
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	
41	Net Available Cash	(119.0)	(121.5)	(125.4)	(128.4)	(131.8)	(131.8)	(135.3)	(139.4)	(142.8)	(147.1)	(150.5)	(154.8)	(158.4)	(162.5)	(166.2)	(171.2)	(175.4)	(179.9)	(184.5)	(189.5)	(194.2)	

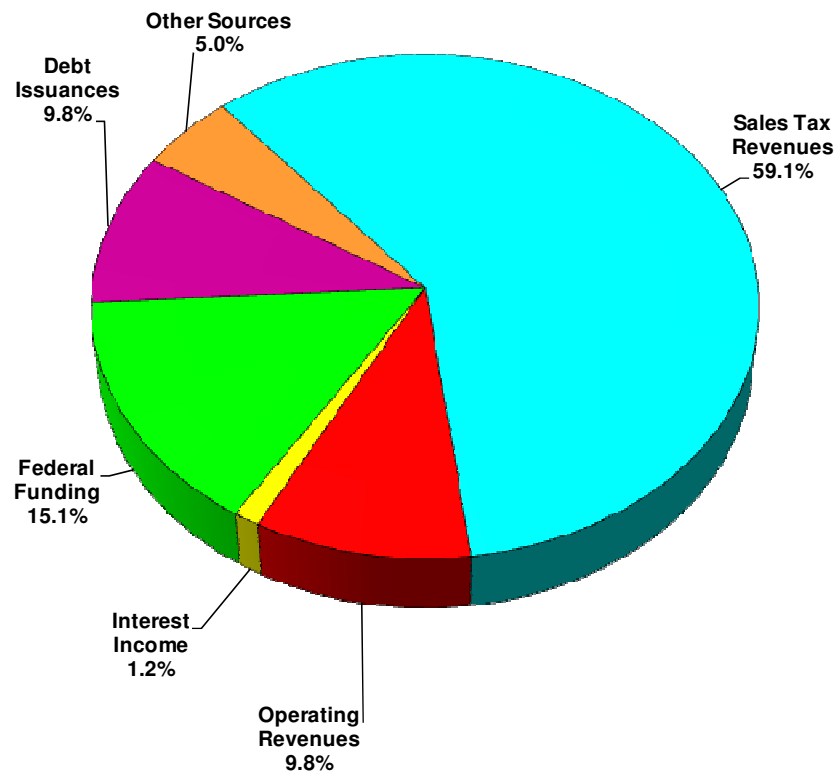
Sources of Funds

Total sources of funds for the period FY 2015 through FY 2019 are projected to increase \$780 million (20%) from the FY 2014 Plan. There are two primary causes for this increase:

1. A \$317.4 million increase in federal funding during the period, principally due to the assumption of new "core capacity" grants (see Page 28) for a detailed discussion of this subject), plus additional associated debt issuances of \$370 million;
2. An increase of \$95.1 million in Other Sources of Funds. The primary component of this increase is a projected \$60 million grant from TxDOT in support of the core capacity projects.

Exhibit 10 illustrates the distribution of DART's sources of funds for the first five years of the FY 2015 Twenty-Year Plan.

Exhibit 10
FY 2015 – FY 2019 Distribution of Sources of Funds



Sales Tax Revenues (line 1) (line numbers refer to Exhibit 9)

Sales tax revenues comprise 59% of DART's total projected sources of funds through FY 2019 (66% 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 four years, with year-over-year growth of 7.2% in FY 2011, 7.5% in FY 2012, 5.4% in FY 2013, and 6.0% through the first ten months of FY 2014.

The sales tax percentage growth projections contained in the FY 2015 Financial Plan are essentially the same as those contained in the FY 2014 Plan. The total 20-year sales tax collections contained in the FY 2015 Financial Plan are \$729 million (4.7%) below the most recent Perryman projections, obtained this past March. A comparison of sales tax growth rates and receipts from the FY 2014 Plan, the FY 2015 Plan, and the Perryman projections is shown in Exhibit 11.



Exhibit 11
20-Year Cumulative Sales Tax Receipts (2015 – 2034)
(in Millions)

Year	FY 2014 Financial Plan			FY 2015 Financial Plan			Perryman 2014		
	%	\$	5-Yr Total	%	\$	5-Yr Total	%	\$	5-Yr Total
2014B	5.2%	\$478.5		5.8%	\$482.0		5.0%	\$477.3	
2015	5.1%	503.0		4.4%	503.0		4.9%	500.7	
2016	4.1%	523.6		4.1%	523.6		4.8%	524.5	
2017	3.9%	544.1		3.9%	544.1		4.6%	548.9	
2018	3.9%	565.2		3.9%	565.2		4.6%	573.9	
2019	3.8%	586.9	\$2,722.8	3.8%	586.9	\$2,722.8	4.5%	599.6	\$2,747.6
2020	3.8%	609.3		3.8%	609.3		4.4%	626.2	
2021	3.8%	632.6		3.8%	632.6		4.4%	653.7	
2022	3.8%	656.6		3.8%	656.6		4.3%	682.0	
2023	3.8%	681.5		3.8%	681.5		4.3%	711.2	
2024	3.8%	707.3		3.8%	707.3		4.2%	741.5	
2025	3.8%	734.0		3.8%	734.0		4.2%	772.6	
2026	3.8%	761.8		3.8%	761.8		4.2%	804.8	
2027	3.8%	791.0		3.8%	791.0		4.1%	838.1	
2028	3.8%	821.2		3.8%	821.2		4.1%	872.4	
2029	3.8%	852.2		3.8%	852.2		4.1%	907.8	
2030	3.8%	884.5		3.8%	884.5		4.0%	944.4	
2031	3.8%	917.9		3.8%	917.9		4.0%	982.1	
2032	3.8%	952.6		3.8%	952.6		4.0%	1,021.1	
2033	3.8%	988.7		3.8%	988.7		3.9%	1,061.3	
2034	3.8%	1,026.1		3.8%	1,026.1		3.9%	1,102.7	
20-Year Total		\$14,740.3			\$14,740.3			\$15,469.6	

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 \$453.5 million (9.8%) of DART's sources of funds through FY 2019. Exhibit 12 details projected operating revenues for the next five years.

Exhibit 12
Operating Revenues
(in Millions)

Operating Revenues	2015	2016	2017	2018	2019	5-Year Total	20-Year Total
Fixed Route Passenger Revenues	\$66.2	\$67.6	\$69.6	\$80.0	\$80.7	\$364.1	\$2,000.9
Other Passenger Fares	3.2	3.3	3.3	3.8	3.9	17.6	104.2
Total Passenger Revenues	\$69.3	\$70.9	\$73.0	\$83.8	\$84.7	\$381.6	\$2,105.1
Leases & Rentals	\$6.6	\$6.6	\$6.8	\$7.0	\$7.2	\$34.2	\$170.7
Advertising	4.2	4.8	5.0	5.2	5.5	24.7	146.5
Vanpool (NCTCOG/FHWA)	1.6	1.6	1.6	1.7	1.7	8.2	38.9
Operating Grants (JARC/New Freedom)	0.0	0.4	0.3	0.0	0.0	0.7	0.7
Other	2.1	0.6	0.5	0.5	0.5	4.1	12.5
Total Operating Revenues	\$83.8	\$84.9	\$87.2	\$98.2	\$99.5	\$453.5	\$2,474.4

Passenger revenues are the primary component of operating revenues, representing approximately \$381.6 million, or 84.1% 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 (FY 2018). The most recent fare increase went into effect in December 2012.

Exhibit 13 details the projected fixed route average fares by mode over the life of the Plan.

Exhibit 13
Projected Fixed-Route Average Fare

Year	Bus	LRT	CR	Fixed Route
FY15 - FY17	\$0.85	\$0.86	\$3.01	\$0.93
FY18 - FY22	\$0.99	\$1.00	\$3.53	\$1.09
FY23 - FY27	\$1.16	\$1.18	\$4.13	\$1.27
FY28 - FY32	\$1.35	\$1.37	\$4.83	\$1.49
FY33 -FY34	\$1.59	\$1.61	\$5.65	\$1.75

The current fare structure is included at Exhibit 107 in the *Reference Section* of this document.



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 \$1 – \$2 million per year might be attainable in the next several years, with an additional \$4 million or more possible in the longer term. 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 \$54.4 million (1.2%) of total sources of funds for the next five years. This is a 42% increase over the amount contained in the FY 2014 Plan, but is still significantly below projections from several years ago due 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 50 – 125 basis points throughout the year (0.50% – 1.25%, varying by fund) in 2015, 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.

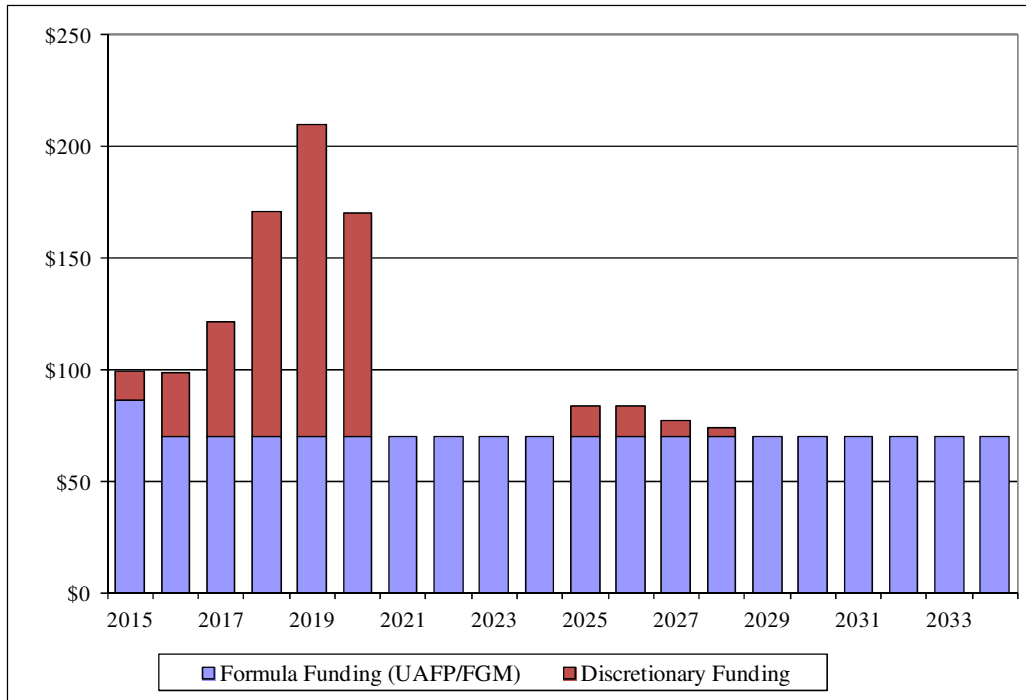
Formula funds include Urbanized Area Formula program (UAFP) and Job Access/Reverse Commute (JARC) dollars received under 49 U.S.C. § 5307, State of Good Repair (formerly Fixed Guideway Modernization funds) (§ 5337), Bus and Bus Facilities Formula Grants (§ 5339), and High Density States and Growing States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

Discretionary funds are authorized under 49 U.S.C. § 5309 (New Starts/Core Capacity/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, and was set to expire on September 30, 2014. However, on July 31, 2014, Congress passed legislation to extend the expiration to May 31, 2015. On August 8, 2014, the President signed into law H.R. 5021, the Highway and Transportation Funding Act of 2014, which transferred \$10.8 billion into the Highway Trust Fund and extended the surface transportation funding authorizations and policies of the MAP-21 law from October 1, 2014 to May 31, 2015.

Exhibit 14 details the anticipated receipt of both discretionary and formula Federal Funds over the life of the Plan.

Exhibit 14
Anticipated Capital Grant Funding (FY 2015 – FY 2034)
(in Millions)



Formula Federal Funding (line 4)

Formula funds are \$364.8 million (7.9% of total sources of funds) through FY 2019. This represents an increase of \$19.8 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, after receiving \$85.9 million in 2015, DART has programmed to receive \$69.7 million in future annual formula grant allocations. According to the Board-approved Financial Standard B-10 (shown in Exhibit 100 in the *Reference Section* of this document), "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 \$333.3 million (7.2%) of total sources through FY 2019, a \$297.6 million (70%) increase from the FY 2014 Plan. This large increase is based on projections for major awards under MAP-21's "program of interrelated projects" category of grants for combinations of fixed guideway and/or "core capacity" projects. Planned core capacity projects include adding the first phase of a second LRT alignment in the Dallas Central Business District (CBD) – a tunnel from Victory Station to Union Station, expanding platforms on the Red and Blue lines outside the CBD to accommodate 3-car trains, and a streetcar project in Dallas.

DART has been very conservative with regards to programming new discretionary federal funding. There are only two assumptions for new, uncommitted discretionary funds in the Financial Plan other than the projects just described: \$9.5 million for electric buses (newly proposed for FY 2015), and 10% federal participation in future bus replacements (\$2.6 million in 2016 and \$38.1 million between 2025 and 2028).

Debt Issuance (line 6)

Long-term Debt

DART plans to issue \$550 million in new long-term debt over the next five years. This is an increase of \$400 million over the FY 2014 Plan. This increase is due entirely to the financing requirements of the core capacity projects mentioned above.

Commercial Paper

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, \$200 million of which is backed by self-liquidity. If market conditions and cashflow needs dictate, DART can 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 has established a Commercial Paper Self-Liquidity Program. When an investor purchases a commercial paper note, the investor has an expectation that when the note matures the seller will return the par value of the note plus interest. The seller needs to demonstrate that the expectation can be satisfied. One way to do so is through a third-party bank's promise to provide the funds if the seller 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 CP seller to identify its own funds that will be used to repay CP notes. This is called a self-liquidity program. The ability to meet this obligation is monitored by rating agencies and is reflected in the seller's short-term debt rating. DART anticipates using self-liquidity for approximately \$200 million in commercial paper over the next five years.

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 \$230.2 million between FY 2015 and FY 2019 and represent 5.0% of total sources of funds for that same period. This category of funds has increased by \$95.1 million (70.4%) from the same period in the FY 2014 Plan. The primary component of this increase is a projected \$60 million grant from TxDOT for the core capacity projects. The remainder is essentially due to timing of receipts previously expected to be received in prior years.

Uses of Funds

Operating Expenses (lines 10 – 16)

Many of DART's services underwent significant changes over the last several years. The changes from FY 2012 through FY 2014 included the following major elements:

- A change in contractor (from Veolia to MV Transportation) and a change in service delivery method for Paratransit services including using contractor-provided vans instead of DART-provided, a reduced core fleet, and utilization of taxis to provide supplemental service;
- Flex Route service changed from contractor-operated (Veolia) to DART-operated;
- Beginning the replacement of the entire full-size bus fleet, a process that will take four years to complete and will replace 628 vehicles; including
 - Introduction of the Small Bus service using 123 smaller vehicles (Arbocs) to provide service on lower demand routes at a lower cost;

- Transition from diesel and liquefied natural gas (LNG) fuels to compressed natural gas (CNG) fuel for all new fleets; and
- Completing the Orange Line to DFW Airport and the Blue Line north extension from Garland to Rowlett.

Looking a little further down the road, the Plan includes two more Light Rail openings:

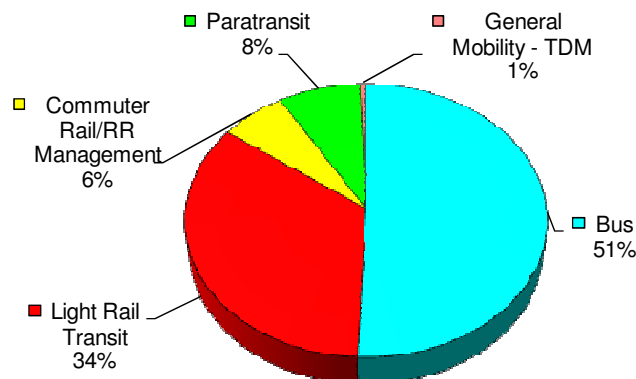
- 1) South Oak Cliff-3 to the University of North Texas, Dallas Campus in late 2016; and
- 2) Phase 1 of the second alignment through downtown Dallas (known as "D2"), the Orange Line tunnel from Victory Station to Union Station, currently anticipated to begin service in late 2020.

Total operating expenses for FY 2015 through FY 2019 are projected to be \$2.5 billion, which is within approximately 1% of the cost published in the FY 2014 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 100 in the *Reference Section*). 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.

Exhibit 15 shows the modal distribution of total operating expenses for the five-year period of FY 2015 through FY 2019.

Exhibit 15
Operating Expenses by Mode (FY 2015 – FY 2019)





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 which will end DART's involvement in the HOV program 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).

Modal Expenses (lines 10 – 15)

Exhibit 16 compares the projected 5-year modal operating expenses (2015 – 2019) based on the FY 2014 Financial Plan and the FY 2015 Financial Plan.

Exhibit 16
5-Year Modal Expense Comparison (2015 – 2019)
(in Millions)

	FY14 Financial Plan	FY15 Financial Plan	\$ Variance FY14 FP to FY15 FP	% Variance FY14 FP to FY15 FP
Bus	\$1,217.0	\$1,269.4	\$52.4	4.3%
Light Rail Transit	880.5	862.1	(18.3)	(2.1%)
Commuter Rail/RR Management	163.2	159.7	(3.6)	(2.2%)
Paratransit	200.9	198.4	(2.5)	(1.2%)
General Mobility (Vanpool, etc.)	16.3	14.6	(1.7)	(10.4%)
Total Operating Expenses	\$2,477.9	\$2,504.1	\$26.3	1.1%

The following details relate to the modal expense line items:

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.

Five-year operating expenses are up \$26.3 million (1.1%) from the FY 2014 Plan, almost entirely due to increased health care cost allocations, but because of the cost reductions due to the service changes described above, they are down over 10% from where expenses were expected to be before the Great Recession.



Even with the continued light rail expansion, bus expenses still represent the largest portion of DART's operating costs (50.7%) over the next five years. The bus mode includes DART's Innovative Services (On-Call, Flex-Route, and site-specific shuttle services). Five-year Bus modal expenses are up \$52.4 million (4.3%) from the same period in the FY 2014 Plan. This is a result of allocation changes (indirect and general and administrative (G&A) costs), diesel fuel cost increases, and the addition of several bus routes. While these additional bus routes add cost, 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 three additional bus routes (404/Medical District, 533/Farmers Branch Station, and 21/Red Bird Transit Center) supported by JARC grants (Job Access/Reverse Commute program).

With the extension of the Orange Line to DFW Airport, DART currently operates and maintains a 90-mile light rail system. Completion of SOC-3 in FY 2017 will add another 2.6 miles, bringing the total system to 93 miles. As such, light rail costs will continue to represent an increasing percentage of the budget. Over time, light rail costs will have increased from 21% of the FY 2009 operating budget (just prior to the Green Line opening) to a projected 35% by 2017.

As noted earlier, the Commuter Rail services contract for TRE is being resolicited with award anticipated in early calendar year 2015.

Mobility Management Services (Paratransit) is operating under a contract with MV Transportation to provide passenger services. (Please see Page 140 for specifics of this arrangement.)

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 FY 2015.

For a more detailed explanation of specific programs and information on the cost drivers for each mode, please refer to the *Organizational Units Section* of this document.

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

Exhibit 17 shows 5-year capital expenditures for the period from the FY 2014 Financial Plan and the FY 2015 Plan.

Exhibit 17
Comparison of 5-Year Capital Expenditures (2015 – 2019)
(in Millions)

Description	FY14 FP	FY15 FP	\$ Variance FY14 to	% Variance FY14 to
Agency-wide	\$74.9	\$86.8	\$11.9	15.9%
Bus	136.7	142.1	5.4	4.0%
Light Rail Transit	295.2	955.8	660.6	223.8%
Streetcar	43.2	117.0	73.8	170.7%
Commuter Rail/RR Management	94.2	110.2	16.0	17.0%
Paratransit	0.9	1.7	0.8	91.9%
HOV Transitways	24.9	21.0	(3.8)	(15.4%)
Capital P & D, Start-Up, Non-Operating	43.5	39.3	(4.2)	(9.6%)
General Mobility - Road Impr./ITS	15.2	19.6	4.4	28.9%
Total Capital Expenditures	\$728.6	\$1,493.5	\$764.9	105.0%

Capital and Non-Operating expenditures are budgeted at \$317 million for FY 2015 and \$1.49 billion for the five years through FY 2019. This is a five-year increase of \$764.9 million (105%) over the same period compared to the FY 2014 Plan. There are several primary components of this increase:

- 1) The core capacity projects:
 - a. An Orange Line tunnel linking Victory Station and Union Station;
 - b. Platform extensions on the Red and Blue Lines;
 - c. The DART streetcar project;
- 2) The electric bus project;
- 3) The Human Capital Information System upgrade; and
- 4) \$90.6 million in other new capital projects, \$30.7 million of which is funded from existing capital reserves, while the remainder is funded from external sources including The T and grant funds as well as savings from other capital projects.

Beyond 2014, there are two more Light Rail openings scheduled: South Oak Cliff-3 which extends the Blue Line south 2.6 miles in the fall of 2016 and the Orange Line tunnel as part of the core capacity projects mentioned above, scheduled to open in late 2020.



In addition to these light rail lines, interest in the Cotton Belt Corridor project continues. See Page 61 for further discussion.

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 \$9.6 million for 2015. As the Light Rail build-out is completed over the next few years, these costs will continue to be reduced, to as low as \$5.9 million in 2018, but will begin to increase again from that year forward.

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 include: consulting costs for the Transit System Plan revision, Dallas TIGER (Transportation Investment Generating Economic Recovery) Streetcar Vehicles, 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 \$19.6 million over the next five years. In addition to these programs, there is approximately \$2 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 FY 2015 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. These reserves constitute more than 60% of the total 20-year capital expenditures.



Capital Projects Listing

Exhibit 18 contains the list of approved capital and non-operating projects and capital reserves included in the Financial Plan. These tables are categorized by mode of service, type (Expansion/Enhancement, State of Good Repair, and Other) and identify the FY 2015, 5-year, and 20-year costs; any associated external grant funding or partner contributions; and the anticipated operating cost or savings.

Exhibit 18
FY 2015 Capital/Non-Operating Project Budget List
(in Thousands)

#	PROJECT NAME:	Expansion/ Enhancement Projects	State of Good Repair	Other	FY2015	5 Year Total	20 Year Total	External Funding	Operating cost/ (Saving)
AGENCY-WIDE									
1	Comprehensive Fare Payment System				\$4,000	\$11,610	\$11,610	\$3,000	(\$1,500)
2	DART Police Facility				2,000	4,300	4,300		
3	Payroll Time and Attendance System				1,900	2,400	2,400		
4	DART Spanish Translation				1,904	1,904	1,904		30
5	2121 Regency Facility- Revenue Service Operations				1,000	1,450	1,450		(30)
6	S & I Consolidated Dispatch				1,200	1,200	1,200		
7	FileNet Dept. File Plan Implementation Support				185	185	185		
8	Expansion of Display Screens for Transit Centers				121	121	121		5
9	On-Board Video Camera Training Equipment				113	113	113		5
10	4G broadband communications for 42 supv. NRV				65	65	65		
11	Surveillance Camera System				43	43	43		
12	Radio Systems Replacement Reserve - Maintenance					3,224	125,674		
13	Non-Revenue Vehicle Replacement Reserve - Maintenance					12,867	63,752		
14	Agency-Wide Reserve				3,023	12,723	61,257		
15	Equipment Replacement/Maintenance Reserve - IT				1,349	10,731	55,402		
16	Surveillance Camera System Replacement Reserve - IT						15,041		
17	SPEAR System Replacement				7,000	11,901	11,901		
18	Comprehensive Fare Payment System Replacement Reserve - Finance						11,193		
19	Administrative Facility Maintenance Reserve				248	1,489	10,879		
20	Payroll Time and Attendance System						6,486		
21	Police Mobile Data Computers (MDCs) Reserve - IT				399	810	6,220		
22	Radio Systems Replacement				2,200	5,200	5,200		
23	Equipment Replacement Reserve - DART Police					591	4,351		
24	State of Good Repair deferrals				(5,652)	(15,613)	4,165		
25	FY15 NRV Replacement Program					3,100	3,100		
26	Electronic Parts Catalog Reserve - Maintenance					1,267	2,871		
27	Equipment Replacement Reserve - Marketing					663	2,270		
28	System-wide Pathfinder Signage Improvements				1,500	1,500	1,500		
29	FY14 NRV Replacement Program				1,055	1,454	1,454		
30	NRV Replacement Program - FY13				1,272	1,272	1,272		
31	Passenger Facility Accessibility Mods FY14				573	1,145	1,145		
	Expansion/Enhancement Projects								
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserve								
	Other								



Exhibit 18 (continued)
FY 2015 Capital/Non-Operating Project Budget List
(in Thousands)

#	PROJECT NAME:	Expansion/ Enhancement Projects	State of Good Repair	Other	FY2015	5 Year Total	20 Year Total	External Funding	Operating cost/ (Saving)
AGENCY-WIDE (continued)									
32	Technology Consulting Services				1,100	1,100	1,100		
33	Equipment Replacement Reserve - Transportation					299	991		
34	Artwork Restoration Repairs System-wide				800	800	800		
35	HVAC/Mech Equip Replacement (PA FY 14)				380	760	760		
36	PA - Carpet Replacement DART HQ Building				750	750	750		
37	Equipment Replacement Reserve - Finance					122	693		
38	Escalator Replacement for 1401 Pacific					660	660		
39	LRT at Grade Rail Platform Rehab Mockingbird				560	560	560		
40	Laptop Replacement				540	540	540		15
41	CBD West, East & Addison Restoration/Expansion				427	427	427		
42	HVAC Replacement				380	380	380		(17)
43	Equipment Replacement Reserve - Legal					67	294		
44	Passenger Facilities for Accessibility Compliance				271	271	271		
45	HVAC System Replacement (HQ-NOC)				205	205	205		
46	Ledbetter Sta. Parking Lot LED Lighting Retrofit				195	195	195		
47	Windows O/S & MS Office Upgrade				174	174	174		
48	PA Upgrade of Headquarter Interior Doors				150	150	150		2
49	Vehicle Communication router				145	145	145		10
50	DART Police Skywatch Towers - Replacement				143	143	143		
51	Station Concierge Workstations at Transit Centers				135	135	135		
52	Station Agent Workstation Modification				103	103	103		
53	Data Communications Network Study				100	100	100		
54	Storage Strategy & Implementation				95	95	95		
55	Customer Communication Program				90	90	90		20
56	Pioneer Warehouse Personnel and Equipment Monitor				90	90	90		
57	Enterprise Data Backup Upgrade				80	80	80		
58	HQ Parking Garage LED Lighting Retrofit				60	60	60		
59	Equipment Replacement Reserve - Planning				10	10	53		
60	Laser Printer Maintenance				50	50	50		
61	Plotter Replacement				45	45	45		4
62	TeleStaff Upgrade				45	45	45		
63	Voice Over IP Network Monitoring				45	45	45		4
64	Digital Dashboard Display Replacement Project				13	13	13		6
65	Employee Career Development Center				121	121	121		
66	IT Service and Change Management				100	100	100		10
67	Enterprise Application Technology Refresh Analysis				100	100	100		
68	Safety Video (Augmented Reality)				75	75	75		
69	Expansion of Taser pilot program				15	15	15		1
	Expansion/Enhancement Projects				12,530	23,390	23,390	3,000	(1,490)
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserve				20,147	63,032	405,376		44
	Other				411	411	411		11
	TOTAL AGENCY-WIDE				33,089	86,833	429,177	3,000	(1,435)



Exhibit 18 (continued)
FY 2015 Capital/Non-Operating Project Budget List
(in Thousands)

#	PROJECT NAME:	Expansion/ Enhancement Projects	State of Good Repair	Other	FY2015	5 Year Total	20 Year Total	External Funding	Operating cost/ (Saving)
BUS									
70	NW Plano Park & Ride				\$800	\$1,800	\$1,800		
71	Yard Management Automation				1,300	1,300	1,300		(350)
72	Auto Passenger Counter on Fixed-Route Buses				500	500	500		
73	Bus Replacement Reserve - Maintenance					25,851	407,318	40,732	
74	Innovative Services Vans Replacement Reserve - Maintenance					27,905	101,011		
75	Bus Maintenance Program Reserve						72,076		
76	Equipment Replacement/Maint. Reserve - Maintenance					8,947	69,214		
77	Bus Purchase (2013-2015)				41,343	50,459	50,459		(3,307)
78	Farebox Replacement Reserve - Finance						17,688		
79	Zero Emission Electric Bus (ZEEB) Project				200	13,090	13,090	9,526	100
80	Bus Farebox Replacement				6,203	12,406	12,406	5,567	(145)
81	BRT Elm & Commerce Bus Lanes Reconstruction				3,400	7,000	7,000		
82	On-Street Passenger Facilities				1,500	4,500	4,500	3,600	
83	State of Good Repair deferrals				(2,059)	(15,711)	4,191		
84	Eight (8) Bus Operator Crew Rooms				1,461	1,461	1,461		16
85	Equipment Replacement Reserve - Transportation					243	1,247		
86	Equipment Replacement Reserve - Planning						1,090		
87	Southern Sector Modifications				250	679	679		
88	Inground Bus Lift Replacement at ED				500	500	500		
89	Bus Lane & Parking Lot Concrete Repair(PA FY 14)				281	281	281		
90	Bus CNG Fueling Stations				176	176	176		
91	201 Peak St Building rehab				140	140	140		
92	Camera Upgrades for Bus Employees				86	86	86		2
93	NW Replace the bus lift in the steam cleaning bay				75	75	75		
94	101 Peak and 201 Peak fire alarm replacements due to obsolescence.				70	70	70		
95	Fire Protection Piping Upgrade/ Replacement				56	56	56		
96	NWBOF Transportation building rehab				50	50	50		
97	Replace 2 ea. Boilers at 101 N. Peak St.				50	50	50		
98	WestEnd Transit Center cameras				42	42	42		5
99	Northwest Bus Shop bus exhaust system replacement				30	30	30		
100	High Pressure Air Compressor Replacements				16	16	16		
101	SIG - Diagnostic Rate Decoders (Qty. 3)				16	16	16		
102	Workstation at Parkland Location				60	60	60		
	Expansion/Enhancement Projects				2,600	3,600	3,600		(350)
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserve				53,885	138,419	765,018	59,425	(3,329)
	Other				60	60	60		
	TOTAL BUS				56,545	142,079	768,678	59,425	(3,679)



Exhibit 18 (continued)
FY 2015 Capital/Non-Operating Project Budget List
(in Thousands)

#	PROJECT NAME:	Expansion/ Enhancement Projects	State of Good Repair	Other	FY2015	5 Year Total	20 Year Total	External Funding	Operating cost/ (Saving)
COMMUTER RAIL									
103	Positive Train Control				\$16,052	\$32,752	\$32,752	\$22,626	\$3,500
104	Valley View to W. Irving Double Tracking				5,620	11,420	11,420	4,373	
105	Cotton Belt				1,505	2,094	2,094		
106	TRE Station Enhancements				800	800	800		
107	TRE Train Set Phase I				800	800	800	200	
108	Beltline Grade Separation				500	500	500		
109	TRE ROW/Signal Maintenance Reserve - DFW						44,107	24,353	
110	TRE ROW/Signal Maintenance Programs - Madill						41,371		
111	New FY15 Requests DART & FWTa				4,752	40,812	40,812	20,406	
112	TRE Rail Vehicles Replacement Reserve						37,233	18,616	
113	Positive Train Control Replacement						31,867	15,934	
114	TRE Vehicle Maintenance Reserve						22,332	11,166	
115	New FY15 Requests DART				2,222	19,082	19,082		
116	State of Good Repair deferrals				(7,818)	(21,087)	5,625	2,813	
117	R-1, R-2 and Madill				5,055	5,055	5,055		
118	Locomotive Overhaul (2) F59PHI					4,637	4,637	3,158	
119	Locomotive Overhaul Program Reserve						3,717	1,858	
120	Bi-Level Fleet Overhaul Program Reserve						3,612	1,806	
121	FY14 DFW Rail Replacement				1,250	2,501	2,501	1,250	
122	Bi-Level Fleet Overhaul				2,000	2,000	2,000	1,000	
123	DFW Bridge Replacement Program FY-13 MP-639.62				2,000	2,000	2,000		
124	FY14 DFW Tie Replacement				837	1,673	1,673	837	
125	FY14 TRE Vehicle Maintenance				660	1,320	1,320	660	
126	Valwood Bridge -MP 703.5				950	950	950		3
127	FY14 Madill Rail Replacement				375	750	750		
128	FY14 DFW ROW/Signals Maintenance				654	654	654	327	
129	FY14 HEP Engine Replacement				310	620	620	310	
130	TRE Passenger Amenities Reserve - Maintenance					214	519		
131	MP 640.4 Inwood Bridge				221	443	443		
132	EMF Facility Upgrade				156	156	156	78	
133	EMF Fuel Platform Drainage				60	60	60	30	
134	FY14 McKinney Line Surface Trans Brd Abandoned				18	18	18		
135	Cotton Belt No Trespassing Signs				16	16	16		
	Expansion/Enhancement Projects				25,277	48,366	48,366	27,199	3,500
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserve				13,701	61,858	273,113	104,603	3
	Other				16	16	16		
	TOTAL COMMUTER RAIL				38,995	110,240	321,495	131,802	3,503
HOV									
136	IH 635 (LBJ)				12,000	21,050	21,050		
137	Expansion/Enhancement Projects				12,000	21,050	21,050		
	TOTAL HOV				12,000	21,050	21,050		



Exhibit 18 (continued)
FY 2015 Capital/Non-Operating Project Budget List
(in Thousands)

#	PROJECT NAME:	Expansion/ Enhancement Projects	State of Good Repair	Other	FY2015	5 Year Total	20 Year Total	External Funding	Operating cost/ (Saving)
LRT									
138	Orange:Line to Union Station (Phase I of D2)				\$7,068	\$565,457	\$706,822	\$350,000	
139	Red & Blue Line Platform Extensions				1,844	147,511	184,388	60,000	
140	Phase III (SOC3)				76,581	124,983	124,983		2,628
141	Phase II B (Irving & Rowlett)				15,859	15,859	15,859		
142	CCTV - 48 SLRVs				4,000	4,000	4,000	2,044	
143	Phase II A (NW/SE)				2,500	3,500	3,500		
144	High Rail Equipment (Vehicles) Phase II				366	1,402	1,402		
145	Dallas Fair Park Link at DART SE-1				1,000	1,000	1,000		
146	CBD II Study				500	500	500		
147	S&I Expansion - Phase II				491	491	491		
148	LRVs Replacement Reserve - Maintenance						716,338		
149	Equipment Replacement/Maint. Reserve - Maintenance					15,311	74,644		
150	LRV Maintenance Reserve					4,034	52,379		
151	LRT Vehicle Business Systems (VBS) Replacement Reserve - IT					1,611	44,314		
152	WSA-Central Business District(CBD)Rail Rplcmnt				13,000	41,469	41,469		
153	TVM Model Replacement Reserve - Finance						20,532		
154	LRT Traffic Signal Priority (TSP) Replacement Reserve - IT					4,704	17,346		
155	Hi-Rail NRV Replacement Reserve - Maintenance				1,201	2,285	11,904		
156	Anti-Graffiti Window Film, Light Rail Vehicles Reserve - Maintenance					1,553	9,976		
157	TES - Starter System TPSS Rectifier Replacement						9,348		
158	Uninterrupted Wayside Signal Power Systems - Maintenance						8,707		
159	LRV Maintenance Programs FY13-FY17				3,197	8,288	8,288		
160	Uninterrupted Wayside Signal Power Systems				500	8,000	8,000		
161	Propulsion Retrofit to DARTs Existing LRVs Phase II				6,000	6,000	6,000		
162	State of Good Repair deferrals				(5,189)	(17,088)	4,559		
163	TES - Starter System TPSS Rectifier Replacement				3,500	3,950	3,950		
164	PA/VMB Signs at CBD Stations Replacement Reserve - IT						3,466		
165	Sensitive Edge Conversion for SLRV Doors			1,100	1,100	1,100			
166	LRT Traffic Signal Priority (TSP)			1,025	1,025	1,025			
167	US75 LRT Bridge			1,000	1,000	1,000			
168	PA Refurbishment of Red Line Elevators			464	927	927			
169	Installation of Fiber Optic Cable in the Starter System.			300	600	600		(84)	
170	System-wide Lift Equipment Upgrade and Overhaul			523	523	523			
171	Comms Interface Cabinets Replacement-Starter Sys			250	500	500			
172	Propulsion Retrofit to DARTs Existing LRVs Phase I			461	461	461			
173	Lancaster Guideway Fence at Median			424	424	424			
174	PA Refurbish Staircases - LRT Aerial Stations			200	400	400			
175	Signals - Local Control Panel Replacement(SS)			400	400	400			
	Expansion/Enhancement Projects								
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserve								
	Other								



Exhibit 18 (continued)
FY 2015 Capital/Non-Operating Project Budget List
(in Thousands)

#	PROJECT NAME:	Expansion/ Enhancement Projects	State of Good Repair	Other	FY2015	5 Year Total	20 Year Total	External Funding	Operating cost/ (Saving)
LRT (continued)									
176	LRV #144 Structural Damage Repair				400	400	400		
177	SIG Signal House Replacement at Meadow Crossing				370	370	370		
178	LRT Vehicle Business Systems (VBS)				341	341	341		
179	Rail Facilities Concrete Replacement (PA FY 14)				281	281	281		
180	Simmons Stanray Machine Software				267	267	267		
181	TES Phase 2 Motorized OCS Switches				255	255	255		15
182	Fire Management Panel Replacement (PA-FY 14)				200	200	200		
183	SIG-Battery Replacement (Starter System)				153	153	153		
184	TRK Frog & Switch Components CROF Yard				153	153	153		5
185	Additional Ticket Writers					149	149		
186	Hwy Grade Crossing Panel Replacement (TRK -SS)				100	100	100		
187	TRK Highway Grade Crossing Panel Replacement				100	100	100		
188	Comms Tunnel Ventmaster System Replacement				85	85	85		
189	CROF - WSA Bldg. Rehab Improvements				85	85	85		
190	NRVs for Transportation Operations				84	84	84		15
191	TES - TPSS Access Road Repair (FY 14)				83	83	83		
192	Customer Information Panels for Pylons and TVMs				80	80	80		
193	Special Track Work Tie Replacement				75	75	75		
194	Replace TVM 6000 on Blue & Red North Line				33	33	33		
195	NWROF 30-Ton Sand Silo				31	31	31		(8)
196	NWROF Steam Room Drainage Repair				26	26	26		
197	Intrusion detection system at CROF				20	20	20		5
198	SCADA for CROF station office				7	7	7		1
199	WSA Secured Key Control System				150	150	150		
200	Access Control for NWROF				62	62	62		
	Expansion/Enhancement Projects				110,209	864,702	1,042,945	412,044	2,628
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserve				31,583	90,854	1,051,958		(51)
	Other				212	212	212		
	TOTAL LRT				142,004	955,769	2,095,114	412,044	2,577
MOBILITY MANAGEMENT									
201	Veterans Transportation & Community Living Initiative				\$348	\$1,068	\$1,068	\$1,068	
202	Equipment Replacement Reserve - Paratransit					178	644		
203	Senate Street Facility Roof & Siding				359	359	359		
204	NRVs for Mobility Management Services - Operations FY15				126	126	126		30
	Expansion/Enhancement Projects				348	1,068	1,068	1,068	
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserve				359	537	1,003		
	Other				126	126	126		30
	TOTAL MOBILITY MANAGEMENT				832	1,731	2,196	1,068	30
	Expansion/Enhancement Projects				162,964	962,176	1,140,418	443,311	4,288
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserve				119,676	354,699	2,496,467	164,027	(3,333)
	Other				825	825	825		41
	TOTAL CAPITAL				283,465	1,317,700	3,637,710	607,338	996



Exhibit 18 (continued)
FY 2015 Capital/Non-Operating Project Budget List
(in Thousands)

#	PROJECT NAME:	Expansion/ Enhancement Projects	State of Good Repair	Other	FY2015	5 Year Total	20 Year Total	External Funding	Operating cost/ (Saving)
NON-OPERATING									
205	Server & Software Enhancements - Growth & Regional				\$600	\$1,000	\$1,000		\$200
206	Asset Assessment and Non-Operating Reserve - Finance				144	1,167	7,002		
207	Transit System Plan Regional Server Reserve - Planning					881	10,246		
208	Capital Service Planning Reserve					3,500	5,500		
209	State of Good Repair deferrals				(1,714)	(7,012)	1,871		
210	Capital Planning FY15				500	1,500	1,500		
211	Capital Planning and Design FY13				1,000	1,000	1,000		
212	Transit System Plan				200	800	800		
213	75 Corridor BRT - Preliminary Planning & Engineering				250	500	500		
214	Regional On-Board Survey				330	330	330		
215	Energy Savings Study				100	100	100		
216	CR/RRM Professional Svcs/Feasibility Studies				100	100	100		
217	GLF on Section NC-3				78	78	78		
218	HVAC Engineering/Mechanical Study (PA FY 12)				75	75	75		
219	Three Pilot Studies for Collision Reduction				45	45	45		
	Expansion/Enhancement Projects				600	1,000	1,000		200
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserve				144	1,167	7,002		
	Other				965	1,897	22,145		
	TOTAL NON-OPERATING COSTS				1,709	4,064	30,147		200
STEREETCAR									
220	DART Streetcar Extension				922	73,755	92,194	\$40,000	
221	Dallas Streetcar Extension				800	30,800	30,800	30,800	
222	Olive - St. Paul Streetcar				4,900	4,900	4,900	4,900	
223	Dallas TIGER Streetcar Vehicles				4,500	4,500	4,500		
224	Dallas TIGER Streetcar Design Build				3,000	3,000	3,000	3,000	
	Expansion/Enhancement Projects				922	73,755	92,194	40,000	
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserve								
	Other				13,200	43,200	43,200	38,700	
	TOTAL STREETCAR PROJECT				14,122	116,955	135,394	78,700	



Exhibit 18 (continued)
FY 2015 Capital/Non-Operating Project Budget List
(in Thousands)

#	PROJECT NAME:	Expansion/ Enhancement Projects	State of Good Repair	Other	FY2015	5 Year Total	20 Year Total	External Funding	Operating cost/ (Saving)
ROAD IMPROVEMENT									
225	TSM Street Repair Reserve					\$9,700	\$9,700		
226	Lemmon Ave. at Bluffview				2,245	2,245	2,245		
227	TSM Street Repair other Cities				110	2,010	2,010		
228	Forest Lane From Plano Rd. to Garland				1,200	1,200	1,200		
229	Skillman/Audelia Interchange				991	991	991		
230	State of Good Repair deferrals				(1,732)	(3,488)	931		
231	Plano Rd. from Buckingham to Forest Ln.				900	900	900		
232	Senate St. & Dilido Road				643	643	643		
233	Bonnie View Road				547	547	547		
234	Coit Rd				541	541	541		
235	Morgan Drive & Nandina Drive				500	500	500		
236	Hampton Rd. (Fort worth Ave. to US 67)				470	470	470		
237	City of Dallas - Oak/Keeneland Project				380	380	380		
238	Lemmon Ave. from Bluffview to Airdrome				323	323	323		
239	Pinewood Drive				310	310	310		
240	Garland Master Plan				300	300	300		
241	Airdrome from Lemmon to Mockingbird				283	283	283		
242	Keeneland Parkway				279	279	279		
243	Integrated Corridor Management - US75				272	272	272		
244	Gladwood Lane & Boundbrook Ave.				244	244	244		
245	Materhorn Drive-Section 2				213	213	213		
246	Live Oak Street				192	192	192		
247	Garrison St.				124	124	124		
248	Materhorn Drive-Section 1				106	106	106		
249	DART TSM Street Repair at 3 Locations				93	93	93		
250	Harry Hines Blvd. at Mockingbird				80	80	80		
251	Harry Hines Blvd. at Mockingbird				71	71	71		
252	Lindsley Avenue				26	26	26		
	Expansion/Enhancement Projects								
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserve				9,710	19,555	23,973		
	Other								
	TOTAL ROAD IMPROVEMENTS				9,710	19,555	23,973		
	Expansion/Enhancement Projects				164,486	1,036,931	1,233,612	483,311	4,488
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserve				129,530	375,421	2,527,442	164,027	(3,333)
	Other				14,990	45,922	66,170	38,700	41
	TOTAL CAPITAL & NON-OPERATING				309,006	1,458,274	3,827,224	686,038	1,196
	Capital P & D, Start-Up Cost				7,899	35,249	238,028		
	GRAND TOTAL				\$316,905	\$1,493,524	\$4,065,252	\$686,038	\$1,196

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 bonds backed by multiple revenue sources.

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: a) fund DART's capital acquisition program; b) refund \$150 million in outstanding North Central Light Rail Project Notes; and c) fund DART's self-insurance program. Based on the new short-term financing plan for DART bus and small bus purchases, the program is proposed to be \$320 million including use of both bank-backed liquidity facility and self-liquidity facility programs. DART currently has a \$200 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 used 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, 2014, 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 \$180 million in CP.

Debt Program Implementation

Commercial Paper – DART estimates that it will issue \$20 million in CP in FY 2015. By the end of 2015 the total CP outstanding will be \$200 million. It is planned that this \$200 million will be retired by 2022. Additional issues will begin in 2026, totaling \$300 million, which will be repaid by 2033.

Short-term interest rate assumptions begin at 25 basis points (0.25%) in 2015, 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 FY 2016. This VRDN issuance will be used to finance the SOC-3 light rail line section.

After 2016, DART's next long-term debt issuances will be \$400 million for "core capacity" projects and \$700 million planned between 2025 and 2027 to fund the replacement/refurbishment of the first light rail vehicle fleet (95 vehicles).

Exhibit 19 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 19
FY 2015 Financial Plan Debt Assumptions

Description	Commercial Paper (CP)		Long-Term Debt (LTD)	
	FY 2015	Future	FY 2015	Future
Term	Rolling for up to 7 years	Rolling for up to 7 years	Up to 35 years	Up to 35 years
Interest rates + fees	0.25%-0.75%	0.33%-4.0%		1.4% - 4.25% Variable Rate; 6.0% Fixed Rate
Principal Repayment	None	All CP will be retired by 2034	NA	Level Debt
Net CP* / Total Long-Term Debt issued**	\$180M	\$300M	n/a	\$1.25B
End of Year - Maximum debt outstanding	\$200M	\$300	\$3.6B	\$4.0B
Year of maximum debt outstanding	n/a	FY 2028	n/a	FY 2028
Cash reserves required?	Yes	Yes	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 long-term debt amounts shown on this line are gross issuances.

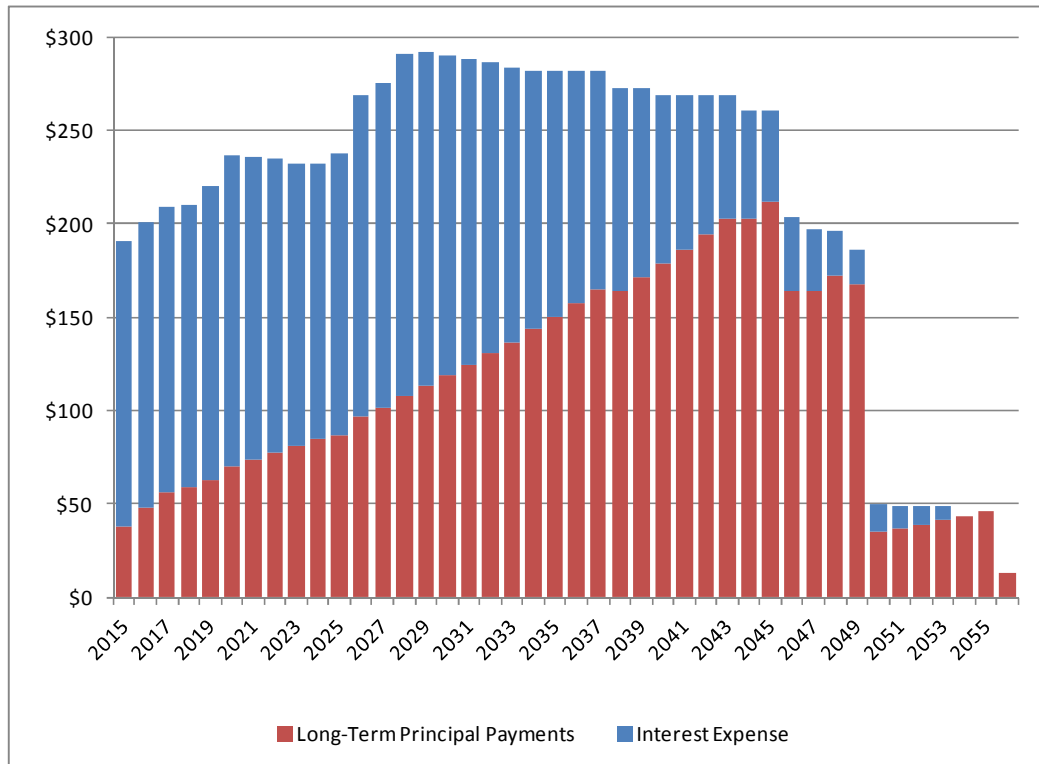
** Amounts shown are for issuances between 2015 and 2034 and are shown at par value.

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 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 7.2%. This amounts to \$17.5 million over the remaining 8 years.

Total Debt Service Costs

Exhibit 20 illustrates debt service costs for all existing and projected debt issuances contained in the FY 2015 Financial Plan. Interest expense payments are shown net of the (BABs) subsidy, thus showing only DART's net interest cost.

Exhibit 20
FY 2015 Financial Plan Principal and Interest Payments
(in Millions)



Coverage Ratios (lines 32 – 33) (line numbers refer to Exhibit 9)

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. The lowest external coverage value in the FY 2015 Financial Plan is 2.58 in 2020.

DART also has a goal stated in the same financial 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 21 compares the projected annual values of the internal and external coverage ratios between the FY 2014 Financial Plan and the FY 2015 Plan.

Exhibit 21
Projected Coverage Ratio Comparison

Year	FY14 Financial Plan		FY15 Financial Plan	
	Coverage	Coverage	Coverage	Coverage
2015	2.51	1.01	2.63	1.01
2016	2.54	1.04	2.61	1.04
2017	2.60	1.07	2.61	1.04
2018	2.69	1.16	2.69	1.13
2019	2.78	1.22	2.67	1.15
2020	2.88	1.28	2.58	1.13
2021	2.99	1.33	2.68	1.16
2022	3.11	1.40	2.80	1.22
2023	3.27	1.52	2.93	1.32
2024	3.42	1.61	3.05	1.38
2025	3.45	1.63	3.09	1.41
2026	3.17	1.55	2.84	1.34
2027	3.19	1.56	2.87	1.36
2028	3.02	1.55	2.82	1.39
2029	3.01	1.54	2.92	1.43
2030	3.15	1.61	3.05	1.49
2031	3.29	1.70	3.19	1.57
2032	3.43	1.79	3.33	1.66
2033	3.55	1.93	3.49	1.81
2034	3.69	2.04	3.65	1.92

Exhibit 22 shows the interest rate assumptions contained in the FY 2015 Financial Plan.

Exhibit 22
Interest Rate Assumptions 2015 – 2034

Year	Commercial Paper	30-Year Fixed Rate Bonds	Interest Income
2015	0.76%	4.50%	0.91%
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%
2034	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 104. Exhibit 105 is a history of DART's long-term bond issuance credit ratings. These exhibits are in the *Reference Section* of this document.

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 23.



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 \$12.5 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 \$46.1 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 FY 2015 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 2015 Financial Plan, the minimum value of Net Available Cash is \$23.0 million, occurring in 2024. 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 2024 inclusive of all reserves and restricted funds is projected at \$257.9 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 Plan.

Exhibit 23
FY 2015 Financial Plan
Five-Year Balance Sheet
(in Millions – Inflated Dollars)

DESCRIPTION	2015	2016	2017	2018	2019
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$780.0	\$691.8	\$568.3	\$482.5	\$582.6
Sales taxes receivable	87.5	91.1	94.7	98.3	102.1
Transit revenue receivable, net	2.9	3.0	3.1	3.4	3.5
Due from other governments	9.9	9.8	12.1	17.1	21.0
Material and supplies inventory	32.5	33.5	34.5	35.5	36.6
Interest Receivable	1.0	1.3	1.3	1.4	2.2
Prepaid Expenses	22.5	23.2	22.4	21.6	20.9
TOTAL CURRENT ASSETS	\$936.3	\$853.6	\$736.3	\$659.9	\$768.9
Notes Receivable & Investment in Joint Venture	\$19.3	\$17.9	\$16.6	\$15.2	\$13.9
Property, Plant & Equipment, Net	5,293.0	5,289.4	5,181.5	5,283.6	5,457.9
Capital Lease Liabilities	201.1	204.3	207.8	211.5	215.5
Net Pension & OPEB Asset	0.0	0.0	0.0	0.0	0.0
TOTAL ASSETS	\$6,449.8	\$6,365.2	\$6,142.2	\$6,170.2	\$6,456.3
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	\$137.9	\$126.6	\$112.6	\$151.5	\$167.0
Commercial Paper notes payable	200.0	\$170.0	\$140.0	\$110.0	\$80.0
Current portion of long-term debt payable	38.2	48.1	56.3	59.0	63.1
Local Assistance Program payable	1.5	0.0	0.0	0.0	\$0.0
Retainage payable	23.7	21.6	14.8	19.5	31.1
Other	93.7	93.7	93.7	93.7	93.7
TOTAL CURRENT LIABILITIES	\$495.0	\$460.0	\$417.4	\$433.7	\$434.9
Senior Lien Sales Tax Revenue Bonds Payable	\$3,444.7	\$3,546.6	\$3,490.2	\$3,531.3	\$3,768.2
Capital Lease Liabilities	201.1	204.3	207.8	211.5	215.5
TOTAL LIABILITIES	\$4,140.8	\$4,211.0	\$4,115.4	\$4,176.4	\$4,418.6
NET ASSETS (EQUITY)	\$2,308.9	\$2,154.2	\$2,026.7	\$1,993.7	\$2,037.7
TOTAL LIABILITIES & NET ASSETS	\$6,449.8	\$6,365.2	\$6,142.2	\$6,170.2	\$6,456.3

Funds and Fund Balances

Interested parties often look at a government's funds and fund balances to verify that resources are available for anticipated and unanticipated needs. DART uses "reserves" as well as "funds" to ensure resources are available for such needs. Note, however, that the activities of DART are accounted for in a single enterprise fund. As such, reserves and funds are not accounted for in separate funds in a governmental accounting sense. Rather, DART utilizes separate general ledger accounts which roll up into Current Assets on its balance sheet. Further, DART uses separate bank and investment accounts to segregate some reserves and funds.

The DART Board has adopted financial policies ("standards") regarding funds and reserves. These can be found in Exhibit 100 in the *Reference Section* of this document.

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 normally 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 four years or less with ten 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 four years or less with ten 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 no less frequently than 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 (SEAF)

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 (Bond 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 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.

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 24 summarizes DART's projected fund balances as of September 30, 2014 and 2015.

Exhibit 24
DART Cash Fund Balances
(in Thousands)

	FY 2014	FY 2015
General Fund	\$808,288	\$612,319
Financial Reserve	46,180	50,292
Capital Reserve	0	0
Insurance Fund	12,540	12,540
Debt Service Funds	95,120	104,860
Bond SEA* Fund	19,869	0
RTR Funds	4,691	0
Total Cash (End of Year)	\$986,688	\$780,011

* System Expansion & Acquisition



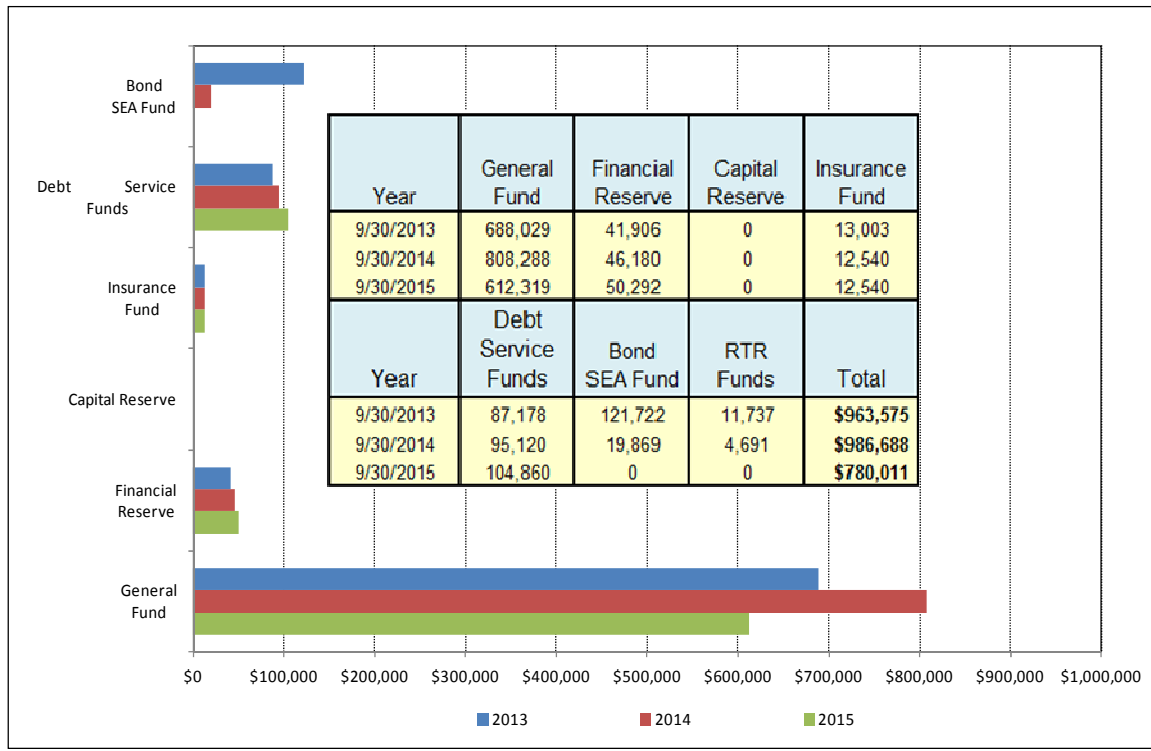
Exhibit 25 summarizes cashflows into and out of each fund.

Exhibit 25
Cashflows by Fund
(in Thousands)

	General Fund	Financial Reserve	Capital Reserve	Insurance Fund	SEAF	Debt Service Funds	Bond SEA Fund	RTR Funds	Total
Beginning Balance (10/1/13)	\$688,029	\$41,906	\$0	\$13,003	\$0	\$87,178	\$121,722	\$11,737	\$963,575
Revenues									
Sales Taxes	479,745								479,745
Operating Revenues	121,361								121,361
Draws from Grants	158,400								158,400
Interest Income	4,252	282		97		327	225		5,183
Other Revenues	52,613	15			80,000		60,000	11,476	204,104
Transfers into Fund	257,183	3,977				221,623		1,573	484,356
Total Fund Sources	\$1,073,554	\$4,274	\$0	\$97	\$80,000	\$221,950	\$60,225	\$13,049	\$1,453,149
Expenditures/Payments									
Operating Expenses	459,300								459,300
Capital Expenditures	272,372								272,372
Interest Expense						180,733			180,733
Principal Payment						33,175			33,175
Other Expenditures	0					100			100
Transfers Out	221,623			560	80,000		162,078	20,095	484,356
Total Fund Uses	\$953,295	\$0	\$0	\$560	\$80,000	\$214,008	\$162,078	\$20,095	\$1,430,036
Ending Balance (9/30/14)	\$808,288	\$46,180	\$0	\$12,540	\$0	\$95,120	\$19,869	\$4,691	\$986,688
Revenues									
Sales Taxes	502,986								502,986
Operating Revenues	83,800								83,800
Draws from Grants	98,700								98,700
Interest Income	5,832	612		156		399	8		7,007
Other Revenues	78,969				20,000			9,718	108,687
Transfers into Fund	50,942	3,500				226,163			280,605
Total Fund Sources	\$821,229	\$4,112	\$0	\$156	\$20,000	\$226,562	\$8	\$9,718	\$1,081,785
Expenditures/Payments									
Operating Expenses	482,934								482,934
Capital Expenditures	308,101								308,101
Interest Expense						178,607			178,607
Principal Payment						38,215			38,215
Other Expenditures									0
Transfers Out	226,163			156	20,000		19,877	14,409	280,605
Total Fund Uses	\$1,017,198	\$0	\$0	\$156	\$20,000	\$216,822	\$19,877	\$14,409	\$1,288,462
Projected Ending Balance (9/30/15)	\$612,319	\$50,292	\$0	\$12,540	\$0	\$104,860	\$0	\$0	\$780,011

Exhibit 26 shows the changes in fund balances from FY 2013 – FY 2015.

Exhibit 26
Fund Balances FY 2013 – FY 2015
(in Thousands)



MAJOR FINANCIAL PLAN ASSUMPTIONS

Sources of Funds

- The FY 2015 Twenty-Year Financial Plan contains substantially similar sales tax growth rates to those contained in the FY 2014 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, LLC (an electronic commerce company which has become the world's largest online retailer), beginning on July 1, 2012 based on a settlement agreement between Amazon and the Texas State Comptroller. DART has experienced growth averaging 5.83% over the last 30 months. The FY 2015 Financial Plan calls for growth rates of 4.4% (over projected FY 2014 receipts) and 4.1% for FY 2015 and FY 2016, respectively, before tapering down to 3.9% annually by 2017. The most recent projections by Dr. Perryman (see Page 23 for discussion of DART's process for sales tax projections) 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 107 and 108 in the *Reference Section*. The next fare increase is programmed in the Financial Plan at the beginning of FY 2018 and is estimated to increase fixed-route average fares by 17%. Beyond that date, 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 showed that the APCs are considerably more accurate than manual counting and that manual counting had been understating ridership by approximately 15.5%. All LRT ridership reported prior to FY 2012 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, and temporary reductions as fare increases are implemented.
- TRE ridership is expected to hold steady from the 2014 projected value of 2.1 million passengers. Future growth is expected to be between 1.0% and 1.5% for the next several years. TRE hopes to boost future ridership through a combination of service adjustments to better match customer needs, the MAX bus route in Arlington connecting to the TRE Station, and targeted marketing.
- Paratransit ridership is expected to increase by approximately 2.5 – 3.0% over the life of the Plan. FY 2015 ridership levels are projected at 800,000. 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, FY 2015 advertising revenues are budgeted at \$4.2 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. As a result, DART projects an interest income rate between 0.50% and 1.25% for FY 2015 (projections vary by fund). 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 \$69.7 million in Federal Formula allocations for Capital Preventive Maintenance, Fixed Guideway Modernization, and Transit Enhancement funds in 2015. 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.

- Congestion Mitigation/Air Quality (CMAQ) or Texas Mobility Funds (TMF) in the amount of \$9.6 million will be received in 2015, and a total of \$83.3 million during the five-year period ending 2019. No additional CMAQ or TMF funds are included in the Financial Plan beyond 2019. As additional funds become available and projects are identified to access these funds, additional CMAQ and/or TMF funds will be programmed into the Plan.
- Over the life of the Financial Plan, federal discretionary funding represents slightly over 11% of a nearly \$4.1 billion 20-year capital program.
 - \$350 million is assumed to be received between 2017 and 2020 for the Orange Line tunnel.
 - The only other discretionary funding projected in the Financial Plan is the assumed receipt of 10% funding for future bus purchases. These grants total \$38 million.
- \$162.8 million in other external capital contributions and discretionary grant funding will be received between 2015 and 2019, including:
 - \$60 million from TxDOT for the core capacity platform extensions;
 - \$38.4 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;
 - \$40 million for the Downtown Streetcar project, including its expanded scope; and
 - 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 FY 2015 operating budget is \$475.9 million.
- 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 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.
- Bus service costs have been managed down by approximately \$23 million in FY 2015 from the FY 2009 Financial Plan. These cost savings have come primarily from four areas:

- Costs associated with elimination of service duplicated by new light rail service;
 - Conversion of approximately 20% of the bus fleet to smaller, less expensive vehicles;
 - Conversion of the bus fleet from diesel and LNG fuel to CNG; and
 - Selective service reductions on low-performing routes.
- TRE contract costs are programmed at known contract rates, which call for a 3% annual escalation through 2015, when the current contract ends. Proposals are being reviewed 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. Service under the new contract will begin on October 1, 2015. Rates from the new contract will be incorporated into the FY 2016 Financial Plan.
 - DART anticipated saving \$92 million over the seven-year life of the 2012 Paratransit 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 was left in the Financial Plan as a reserve in case the service delivery model needs to be enhanced. Experience thus far with performance under the contract has led to requests for contract modifications from the vendor, and the level of savings to be realized is likely to be somewhat reduced.
 - The number of vanpools in the budget has grown from an allowed maximum of 145 in 2008 to 206 in the current budget. The FY 2015 Financial Plan includes funding for the same 206 vanpools throughout the life of the Plan. This program has historically covered approximately 95% of its costs with vanpool user fees and support from the NCTCOG.
 - To fund retiree health benefits (also referred to as other post-employment benefits or OPEB), over \$5 million per year is included in the Plan in FY 2015, increasing each year thereafter.
 - DART will make \$9.0 million in contributions in FY 2015 to the Defined Benefit Pension Plan. This pension plan has been closed to new participants since 1988. As a result, it is projected that the required contribution will decline steadily until it reaches zero in 2033. The actual contributions to this plan 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, but rapidly increasing healthcare costs continue to be one of the major challenges to controlling the growth of operating expenses.

Capital & Non-Operating Expenditures

- The FY 2015 Financial Plan includes funding for the Blue Line South extension to the UNT-Dallas campus (SOC-3). The DART Board has approved a Construction Manager/General Contractor (CM/GC) contract for pre-construction and construction services with South Oak Cliff Alliance in the amount of \$105.0 million (including contingency).
- The FY 2015 Plan includes \$983 million in core capacity projects plus \$91 million in other new capital projects; \$482 million (45%) of these projects are to be funded by grants and external contributions. Another \$31 million will come from existing capital reserves. The remaining amount will be funded from savings and deferral of other existing capital projects. The Plan reflects the use of a \$400 million debt issuance as a financing tool. The significant new capital costs include:
 - A tunnel for the Orange Line connecting Victory Station to Union Station;
 - Platform extensions on the Red and Blue lines to enable the use of three-car trains rather than two-car trains;
 - Replacement of rail in the Dallas Central Business District;
 - An electric bus demonstration project; and
 - An extension of the Oak Cliff Streetcar line.
- Preliminary engineering for the Cotton Belt project has been taken at least to the 5% level as of spring 2014, and a cost analysis of 41 different service configurations has been performed. The DART Board and officials from interested cities have been briefed on the progress to date. Follow-up work will continue in 2015 based on the collective wills of DART and the cities to determine which service alternative to pursue and how to fund development of the corridor. The FY 2015 Capital Planning & Development budget for this project is \$7.9 million, consistent with 2014. 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, expansion of core capacity in downtown Dallas ("D2"), or other significant new construction projects.
- There are no start-up costs in the FY 2015 budget. Approximately \$1.6 million will be spent in FY 2017 on start-up costs in preparation for SOC-3. 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 and anticipates this to be completed by FY 2017. 370 of the 459 heavy-duty, low-floor, CNG-fueled, ADA-accessible buses provided by North American Bus Industries (NABI) are in revenue service with the remaining 89 buses due for delivery in the first quarter of FY 2015. This purchase will be followed by the delivery of 46 over-the-road buses to be used on express service routes that will be placed into service in 2016. Negotiations are currently under way to exercise options available in the NABI contract. NABI was purchased by New Flyer Industries in June 2013, but no impact to the delivery schedule is expected.
- With the majority of the Light Rail build-out complete, DART's focus turns from construction/expansion to ongoing operations. Consequently, 66% of DART's capital spending plan (\$2.5 billion out of a total \$4.07 billion 20-year capital program) is allocated to funding state of good repair projects and capital reserves. 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.

Debt Service

- DART will issue \$320 million in commercial paper by FY 2028 through the combined use of a bank-backed liquidity facility and a self-liquidity program, all to be repaid by FY 2033.
- 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).
- \$150 million in long-term, variable-rate debt will be issued in 2016. This is \$45 million lower than the amount included in the FY 2013 Financial Plan based on lower-than-anticipated construction costs for South Oak Cliff-3.
- Through the completion of the current Transit Service Plan elements (through the SOC-3 and the core capacity expansion), DART is anticipated to have issued \$4.2 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

As sales tax receipts represent the largest single source of revenues, sales tax projections 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. DART is in the most constrained 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. As a result, any revenue shortfall will significantly impact operations.

An area of 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 for its one cent. 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. However, any attempt to pass such a tax increase will be met with stiff opposition.

DART may be able to build its sales tax revenue base through the addition of new cities to the service area or through the pursuit of other legislative changes. The nature and timing of such changes would determine the potential financial impact.

Helping to pave the way for possible tax 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: 1) the city pays for 100% of the cost of the contracted service (including capital costs); and 2) within this time period, a full transit system plan is developed and that city calls for an election for full DART membership which would be accomplished by providing a one-cent sales tax (or equivalent) upon the availability of funds or expiration of other encumbrances.

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 budgeted for 2014 increased by \$64.2 million over 2013. If the formula program remains funded at the current levels, and in a similar form to MAP-21, 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. However, the continuation of programs similar to MAP-21 is by no means certain, as it will require bipartisan agreement in Washington. If this is not achieved, it could have a drastic effect on future capital project planning.

DART currently has a significant amount of discretionary federal funding (\$433.3 million) programmed into the Financial Plan through 2020. A substantial amount of this relates to the core capacity projects. If this funding is not received, the core capacity projects may need to be deferred. The only discretionary federal funding in the Plan beyond that is an anticipated 10% contribution for future bus purchases beyond the current NABI contract for 459 buses, totaling \$38.1 million in the mid-2020s.

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. Over two-thirds of DART's FY 2015 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 trend of double-digit annual increases in healthcare costs. In 2012, DART introduced Consumer-Directed Healthcare plans (CDHP) as an alternative to the Exclusive Provider Organization (EPO) Plan. These plans looked to provide significant savings to the Agency. However, continuing increases in healthcare costs have more than absorbed any savings generated. 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, but may need to consider other approaches to keep healthcare costs to the Agency manageable. In addition, the long-term impact of the Patient Protection and Affordable Care Act on DART's budget and Financial Plan still remains to be determined.

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 two years, reducing DART's fuel price risk. Diesel fuel will continue to be used to power commuter rail service. DART has also contracted for electricity at highly favorable fixed rates. As a result, DART saves approximately \$3 million per year on electricity compared to prior years. This contract is in effect through 2022.

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 2.4% – 2.6% 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. Costs for specific commodities such as steel, concrete, aluminum, and copper in particular, had escalated at unprecedented rates during 2007 and 2008, and then fell. This caused DART to revise its cost estimates in 2008 on all capital construction projects going forward. These changes were included in the FY 2008 Plan and are continued at those levels into the FY 2015 Plan. With the last major light rail construction project underway, DART's near-to-intermediate term risk has been viewed as very limited. But with the major core capacity projects now being 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 of Agency services.



FY 2015 BUSINESS PLAN

Section 3

FY 2015 Annual Budget

FY 2015 Annual Budget

The Annual Budget enumerates the FY 2015 amounts for operating expenses, capital and non-operating costs, and debt service – and describes the underlying bases, issues, and factors. This portion of our document is organized as follows:

- Overview
- Budget Basis and Process
- Strategic Priorities
- Financial Summary and Discussion

Overview

The Annual Budget corresponds to the first year of the DART Twenty-Year Financial Plan (Plan). The Plan represents a robust long-term projection of DART's operating revenues, funding, operating expenses, capital expenditures, and other financial information. The Plan validates the affordability of system expansion and maintenance commitments, operating requirements, and debt repayment.

The FY 2015 Twenty-Year Financial Plan demonstrates that DART has the financial capacity to meet the Agency's Transit System Plan commitments and to continue the programmed levels of bus, rail, and other transportation services, based on current information and assumptions.

The FY 2015 budget reflects the continued transition from rail construction and system expansion to improving the efficiency, effectiveness, and quality of the services we deliver. The pages that follow describe a number of DART's customer-facing initiatives aimed at retaining customers, as well as initiatives which look for operational improvements. The capital program, the full schedules of which can be found in the *Twenty-Year Financial Plan Section* of this document, reflects a shift from expansion to maintaining and replacing our assets – keeping the system in a state of good repair.

["We will increase our focus on customer-facing initiatives while responsibly meeting operating cost challenges."](#)

The FY 2015 budget projects continued economic expansion and therefore modest growth in employment, ridership, and sales tax receipts. The budget reflects a number of cost-containment efforts to address cost pressures and achieve a balanced budget.

As noted in the *Financial Plan Section* of this document, 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, was set to expire on September 30, 2014. On July 31, 2014, Congress passed legislation to extend the expiration of MAP-21 to May 31, 2015. On August 8, 2014, the President signed into law H.R. 5021, the Highway and Transportation Funding Act of 2014, which transferred \$10.8 billion into the Highway Trust Fund and extended the surface transportation funding authorizations and policies of the MAP-21 law from October 1, 2014 to May 31, 2015. The FY 2015 budget reflects continued federal funds at existing levels. Lastly, the FY 2015 budget does not include any new debt issuances for capital projects.

Our Priorities

The DART Board has adopted a set of strategic priorities to guide Agency initiatives which, in turn, drive the FY 2015 budget.

- I. Strive to exceed customer expectations
- II. Manage system development
- III. Build & maintain DART's regional transportation leadership
- IV. Drive change through employee engagement
- V. Manage existing infrastructure
- VI. Maximize funding resources

Documentation prepared by management for Board briefings and action items include an explanation of the way in which each item supports one or more of these priorities.

These priorities provide guidance to the Agency as it continues its transition process. Rail construction and system expansion have been the driving force and focus of the organization since its inception in 1983. The Agency will continue its focus on attracting and retaining customers with responsive service and a sustainable system. Capital expenditures will increasingly be directed towards maintaining assets in a 'state of good repair.'

What Is In This Budget (Budget Basis)

The Twenty-Year Financial Plan drives the annual budget. Approval of the Financial Plan requires an affirmative vote of two-thirds of the appointed and qualified members of the Board. The annual budget, which is approved by a majority vote of the Board, corresponds to the first year of the Plan.

DART's Annual Budget is prepared in the same format and organization as DART's financial reports, except the budget does not include depreciation or the offsetting interest income and interest expense from defeased lease transactions. The activities of DART are accounted for in 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 for capital and non-operating projects in the current year roll forward into the next budget year until the project is completed.

DART's fiscal year runs from October 1 through September 30. Section 452 of the Texas Transportation Code provides 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.

Schedules are presented and rounded to millions or thousands (as indicated), but are based on actual raw numbers. Consequently, certain schedules may not tie exactly or add properly, 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

The budget process begins with Strategic Priorities and Board-approved Financial Standards that establish parameters within which management must operate. Targets are established, maintained, and highlighted throughout this document.

Departmental targets are set based on projections from the approved Twenty-Year Financial Plan and other known factors or programs (e.g., increases in health care, contract rates, or fuel costs). Based on direction from executive 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 for the budget 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 September.

See *Section A (Business Plan Development)* in the *Reference Section* of this document for further explanation of our process.

Priorities

The Strategic Priorities reflect three focus areas: Customer, Employee, and Stakeholder. The Customer focus is designed to improve the customer experience and increase ridership. 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 56 in the *Organizational Unit Section* for a discussion of DART's Strategic Alignment.

Strategic Priority I Strive to Exceed Customer Expectations

The Board-approved Strategic Priorities include initiatives for exceeding customer expectations (Exhibit 27).

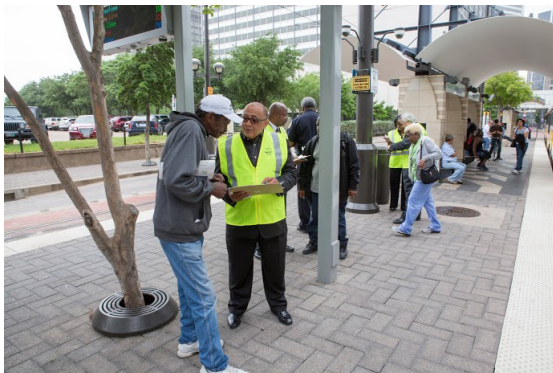
Exhibit 27 Strategic Priority I: Strive to Exceed Customer Expectations	
1.	Optimize ridership and market share by implementing a concrete action plan with specific steps to encourage first-time trial and increase rider retention.
2.	Create a seamless network of services that maximizes current and future 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.

5 Star Service Initiative

This is an Agency-wide initiative to change DART's internal culture toward outstanding customer service delivery; and to provide customer-driven service. Implemented in FY 2014, some of the key elements of the 5 Star Initiative 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

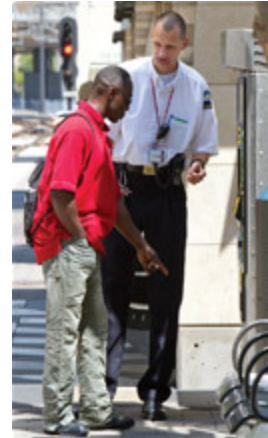
external customer experience in identified areas, such as improved customer experience relative to bus/rail connections and improved response time to operator requests for police or supervisor assistance.

- Distribution of tablet PCs to 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 special events and 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.

The initial phase of the 5 Star Initiative has focused on the operations areas because of the direct interface these departments have with DART's external customers. The initiative was kicked-off in the administrative departments in FY 2014, and the entire Agency will be engaged in FY 2015.

Enhance Customer Satisfaction and Rider Retention

This customer service 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.



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. 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 ridership retention and development continuing into FY 2015 fall into the following major categories:

- DFW Rail Service Implementation
- Streetcar Service Implementation
- Enhanced Bus Service
- Improved Service Reliability and Service Connections
- In-Transit Customer Communication Services
- Mobile Platforms
- Enhancement of GoPassSM Mobile Ticketing Solution
- New Marketing and Promotion Initiatives
- On-Street Passenger Facilities Program

DFW Rail Service Implementation – The Orange Line I-3 extension to DFW International Airport, Terminal A, began revenue service on August 18, 2014. Marketing and communications initiatives to promote this new airport linkage will be a major focus in FY 2015.

Streetcar Service – DART continues to work on two separate streetcar projects. The first phase of a modern electric streetcar line, operating from Union Station to Colorado Boulevard and Beckley Avenue in Oak Cliff is scheduled to open for revenue service in mid-2015. Construction of the streetcar service is primarily funded by a \$23 million Transportation Investment Generating Economic Recovery (TIGER) grant. The City of Dallas will be the owner of the streetcar line, and DART will be responsible for operating the line. The City of Dallas is pursuing future extensions of this streetcar line further into Oak Cliff to the Bishop Arts District.

DART is the project sponsor for the second streetcar project, a 0.65-mile urban streetcar trackway, connecting the 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 St. Paul Station. Project completion is slated for 2015.

Enhanced Bus Service – DART will continue to build upon the new enhanced crosstown bus service on Routes 987 and 404 that were introduced 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 2015, DART plans to build a prototype enhanced bus shelter in the Route 987 corridor and, 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.

Improved Service Reliability and Service Connections – Bus and Rail service reliability and connections continue to be one of the most important service characteristics for our customers. In FY 2015, we will continue to leverage the new Computer Aided Dispatch/Automatic Vehicle Location (CAD/AVL) System that is part of our new radio system to help us improve on-time performance, as well as transfer connections for our customers. This new system provides comprehensive, detailed information to Service Planning and Scheduling staff to assist them in the development of more realistic scheduled arrival and departure times during different periods of the day. The system also provides enhanced real-time monitoring and decision support tools to our operations personnel on the street as well as in the operations control centers. The CAD/AVL system also includes tools to enhance the connectivity within the system by monitoring critical transfer connections and alerting staff to the need for intervention to assure that these customer transfer opportunities are preserved. In FY 2015, we will expand the use of these “connection protection” tools for improved bus-to-bus connections and investigate the expansion of these tools from bus only, to bus and rail connections.

In-Transit Customer Communications Program – This program, co-sponsored by Marketing, External Relations, and Information Technology, 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 at 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 email, 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 and FY 2014. 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. DART’s mobile site, m.DART.org, was updated in August 2014 to improve access to rider tools.

To improve in-transit customer communication, the Agency uses Operations Communications Liaisons who are part of the External Relations Division 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 the public address/variable message board system. In early FY 2014, the Agency added a third operations communication liaison. This will expand coverage to later evenings and weeknights. This also provides additional support during afternoon peak service, helping the Agency deliver more information to more customers using the bus mode.

Enhancement of GoPass Mobile Ticketing Solution – In the fourth quarter of FY 2013, DART introduced GoPass, a mobile ticketing application 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 GoPass app will receive continued updates through FY 2015 to add new features and functionality, including corporate and student passes. 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 of use ("We can go as a group and buy our tickets in advance.").

Marketing and Promotion Initiatives – The Agency made significant strides in FY 2013 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 2013. The GoPass 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.

As DART looks to further expand its reach to potential customers and strengthen its connection with both regular and occasional riders, Marketing will look to reposition and rebrand in FY 2015 and will drive awareness of the DART 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 GoPass will all be marketed under the same umbrella campaign for consistency on thematic messaging.
- Continuing to look at events as an opportunity to introduce public transportation to non-riders. Examples of events include the State Fair of Texas, football games held at the Cotton Bowl, the NCAA National Championship and Country Music Awards to be held at the AT&T Stadium in Arlington, the annual Thanksgiving Day Turkey Trot, Adolphus Children's Parade, St. Patrick's Day Parade, New Year's Eve celebrations, the Dallas Marathon, Dallas Mavericks and Dallas Stars home games at the American Airlines Center, and other large events that impact DART ridership. These big events increase our promotional footprint to further increase the brand awareness and enhance the positioning of the DART brand.

Also for FY 2015, 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, the Dallas Mavericks, and the Dallas Stars.

In addition, 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 the Hispanic, Asian, and African American communities 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 that began 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.

Front-Line Employee Engagement

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 in order to drive improved service and increased ridership. The DLM Program also targets improvements in service quality through enhanced data analysis, communications, and problem solving. Peer groups compete with one another on a number of performance measures. Each year the peer groups are reviewed and updated. Below is the listing of the current 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' personnel, including Rail Operations, Rail Fleet Services, and Ways, Structures, and Amenities
 - 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 (Station Concierge)
- Maintenance Central Support Sections' personnel

Peer Group #3

- Non-Revenue Vehicle Maintenance personnel
- TVM Sections' personnel
- Materials Management personnel

Exhibit 28 is a sample of the DLM scorecard from the Second Quarter, FY 2014, showing performance as a percentage of goals for Peer Group 1.

For example, 100% performance on Complaints/100k Passengers for Northwest indicates that the actual number of complaints per 100k passengers was either at or below the maximum allowable complaints for the quarter.

Exhibit 28
Division Level Measurement (DLM) Program
FY 2014, Second Quarter

Category	Northwest		Rail		East Dallas		South Oak Cliff	
	Actual	Percent to Target	Actual	Percent to Target	Actual	Percent to Target	Actual	Percent to Target
On-Time Performance	81.2%	98.4%	96.2%	100.0%	81.2%	98.4%	81.2%	98.4%
Late Pullouts	61	28.9%	6.3	79.0%	53	29.8%	32	50.9%
Miles Between Service Calls	8,049	100.0%	53,146	100.0%	8,365	100.0%	6,965	97.3%
Unsched. Absences (Maint.)	12.19	96.9%	11.79	94.5%	18.9	62.5%	18.44	64.1%
Unsched. Absences (Oper.)	21.13	85.4%	25.37	52.6%	21.67	83.3%	29.34	61.5%
Accidents/100K Miles	2.05	92.5%	NA	N/A	2.23	85.2%	2.74	69.4%
Safety Violations/100K Miles	N/A	N/A	0.37	100.0%	N/A	N/A	N/A	N/A
Complaints/100K Passengers	24.2	100.0%	3.84	98.5%	18.06	100.0%	24.86	100.0%
Ridership/Average Weekday	38,744	100.0%	92,835	97.6%	44,129	87.4%	31,779	100.0%
Unit Cost per Hour	\$50.98	90.8%	\$55.90	93.2%	\$47.39	98.2%	\$52.03	94.7%
Unit Cost per Mile	\$1.65	98.0%	\$3.23	90.1%	\$1.65	100.0%	\$1.97	100.0%
Overall Average for Quarter		89.1%		92.0%		84.5%		83.6%

Today, DART has an increasingly customer-focused culture and has institutionalized the team-based improvement philosophy and process to increase efficiencies within the organization.



DART currently has more than 20 cross-functional process teams, from all levels, actively engaged to identify efficiencies and quality improvements to ensure DART attains the highest level of performance excellence for their customers, employees, and stakeholders. Examples of these teams include:

- *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 operations 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 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 and Engagement 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.
- *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 Blue Line (SOC-3) extension 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 in late 2016.

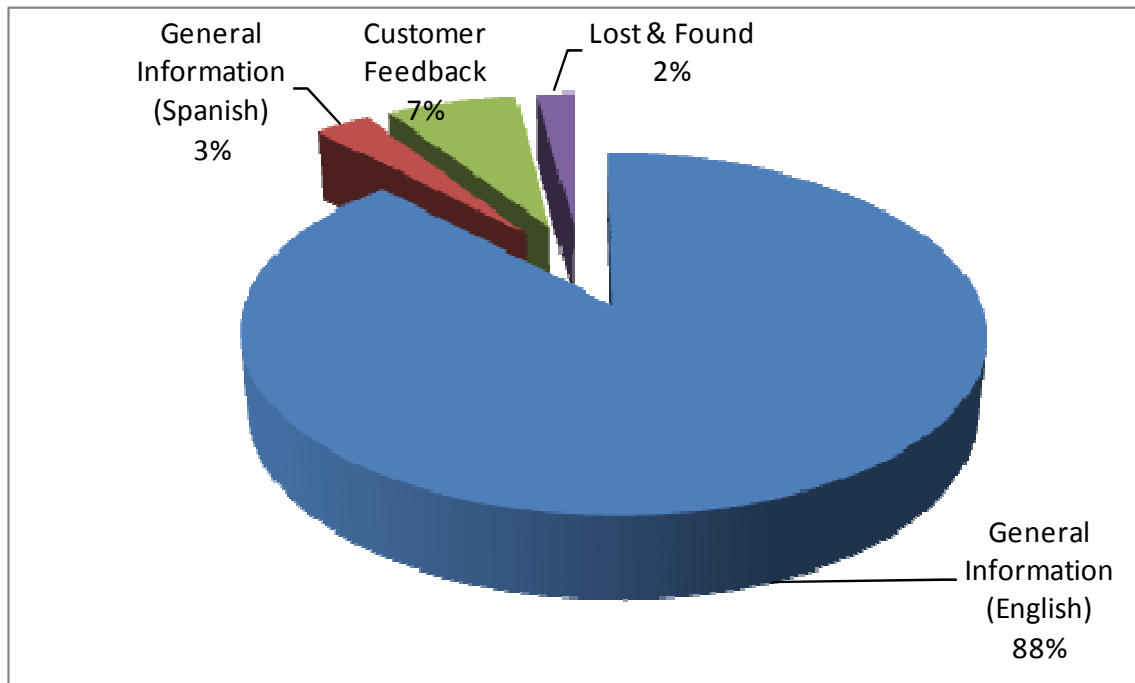
- *Ridership Steering Committee* – This cross-functional steering committee develops and monitors a coordinated plan focused on Ridership Development.

Providing Customer Service

DART's Customer Service division receives approximately 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 every day of the year except for Thanksgiving and Christmas Day. 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 29).

Exhibit 29
Customer Service Call Types



Strategic Priority II

Manage System Development and Maintain Infrastructure

The Board-approved Strategic Priorities and Goals include initiatives for managing system development and maintaining infrastructure. (Exhibit 30). DART uses its annual process to develop a twenty-year plan to ensure the Agency identifies the resources necessary to maintain and operate its existing and planned infrastructure.

Exhibit 30 Strategic Priority II: Manage System Development and Maintain Infrastructure	
1.	Plan, design, and construct a transportation improvement program which meets regional and stakeholder needs, within financial constraints.
2.	Operate and maintain all DART infrastructure, including facilities, vehicles, and systems to meet Agency standards for equity.
3.	Continuously improve the environmental sustainability of DART's system.

Affordability

The Twenty-Year Financial Plan demonstrates that DART has the financial capacity to meet the Agency Transit System Plan commitments and to continue the programmed levels of bus, rail, and other transportation services, based on current information and assumptions.

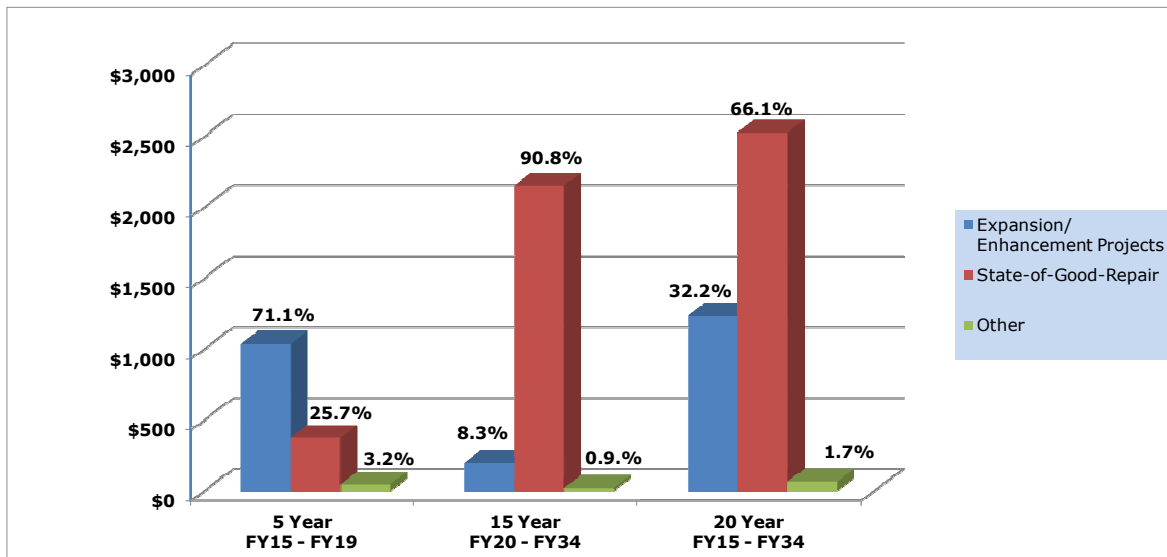
Preferred Choice of Transportation

The FY 2015 Budget reflects the continued transition from rail construction and system expansion to improving the efficiency, effectiveness, and quality of the services we deliver. The Agency continues concentrating on the core business of getting people where they need to go safely, reliably, and affordably, as well as attracting and retaining customers with responsive service and a sustainable system.

The capital program, the full schedules of which can be found in the *Twenty-Year Financial Plan Section* of this document, reflects a shift from expansion to maintaining and replacing our assets – keeping the system in a state of good repair.

Exhibit 31 provides an overview of the capital and non-operating projects by category and highlights the increase in funding for state of good repair for DART's system.

Exhibit 31
Capital/Non-Operating 20-Year Program by Category
(in Millions)



The capital expenditures for FY 2015 total \$316.9 million as shown on Page 98 in this portion of the budget document.

LRT Extension

The Irving-3 extension (Orange Line) to DFW International Airport, Terminal A, opened four months ahead of schedule on August 18, 2014 (see Exhibit 32). The next major DART Rail expansion of LRT is the extension of the Blue Line (SOC-3) to the University of North Texas-Dallas (UNT) Campus (see Exhibit 33). Two years ago the SOC-3 rail line was accelerated 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). An alternatives analysis is currently underway for D2 to determine the preferred alignment. While funding is not available for the full corridor, DART is exploring the opportunity to advance a portion of the project early through the FTA Capital Investment Program. The FY 2015 Plan reflects funding for Phase 1 of D2, along with the platform extensions along 28 stations on the Red and Blue lines to accommodate three-car super light rail vehicles (SLRV) which would add significant core capacity to the system.

Exhibit 32 Orange Line to DFW Airport (Irving Corridor)



Exhibit 33
South Oak Cliff Blue Line Extension to UNT-Dallas
(SOC-3 Corridor)

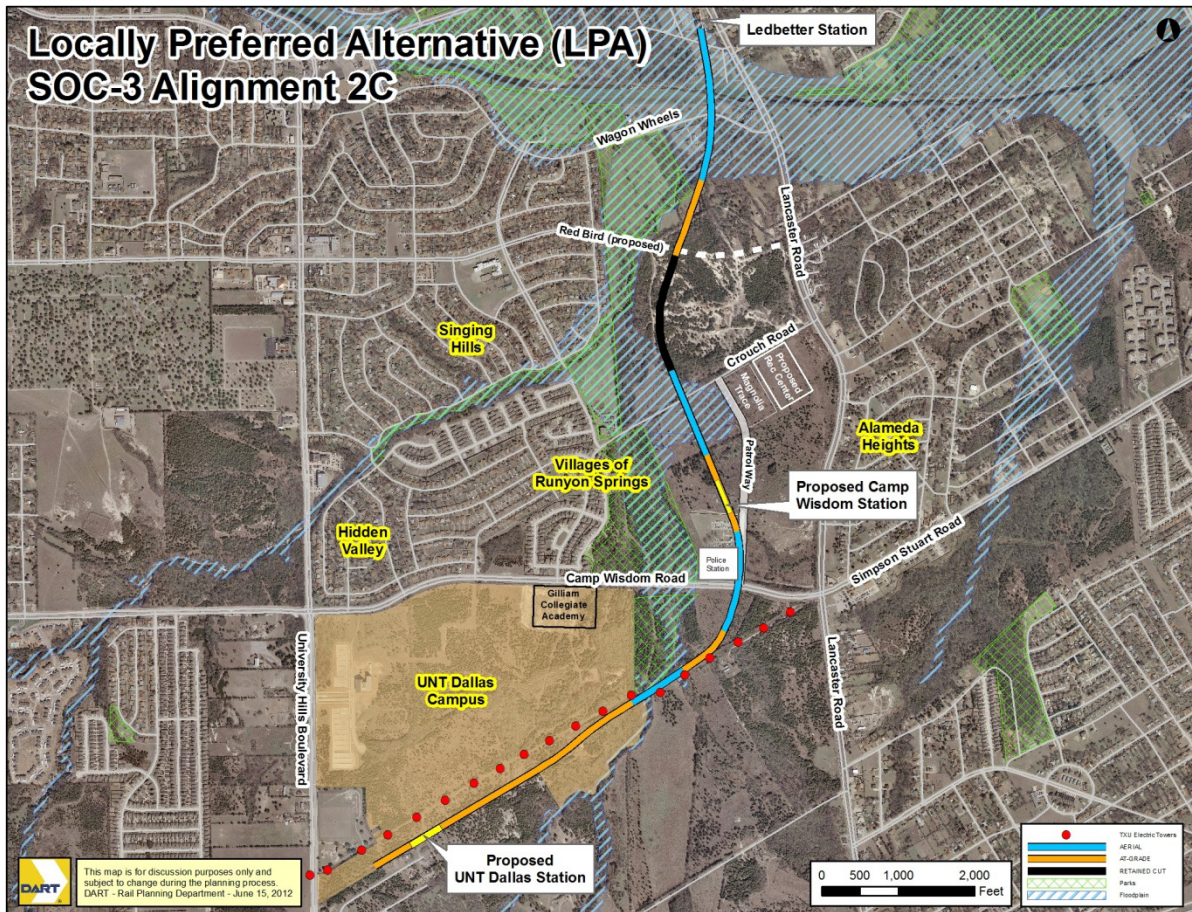


Exhibit 34 provides historical and prospective data on light rail expansion projects. The opening dates are predicated on assumptions that are detailed in the *Financial Plan Section*.

Exhibit 34
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	Aug 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	

Strategic Priority III

Build and Maintain DART's Regional Transportation Leadership

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 – a stakeholder focus (Exhibit 35).

Exhibit 35 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.
4.	Lead in public transit procurement practices.
5.	Maintain contracting equity.

Community Affairs

Community Affairs involves linking DART to 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. There are three main areas of focus:

- Provide factual and timely information regarding specific projects to ensure public involvement opportunities in the various stages of the DART project;
- Support various departments by coordinating and conducting public hearings for such issues as Federal Transit Administration grants and other federal compliance initiatives; and,
- Work 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, this activity 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 Opportunity for Disadvantaged, Minority, and Woman-Owned Business Enterprises (DMWBE)

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 DART 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.

Strategic Priority IV Drive Change through Employee Engagement

The DART Board's Strategic Priorities and Goals include major initiatives for increasing the Agency's return on its investment in human capital – "Satisfied Employees Contribute to Satisfied Customers" (Exhibit 36).

Exhibit 36 Strategic Priority IV: Drive Change through Employee Engagement	
1.	Create a learning organization committed to innovation.
2.	Position DART as a performance-based employer-of-choice.
3.	Foster an inclusive environment where diverse perspectives are respected in the pursuit of DART's mission.
4.	Ensure successful integration and retention of employees into the desired culture.

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 and development
- Direct the Human Capital function to recognize employees as an important investment and to focus on their growth and development within the Agency

The Human Capital (HC) function underwent somewhat of a transformation in the past two years – including changing the name from Human Resources to Human Capital – with the purpose to recognize employees as an important investment and to focus on their growth and development; enhancing an already diverse workforce. In FY 2014 Human Capital reorganized the department to be a more flattened organizational structure in order to enhance communication with employees and promote employee-centric processes and services.

Human Capital partnered with SMU Cox School of Business in FY 2014 to enhance program initiatives for Leadership DART and the formation of Management DART. Leadership DART is an accelerated development program for supervisors and managers designed to create a pool of professionals capable of leading DART into the future. Management DART is an introductory program aimed at supporting new supervisors in overcoming the challenges unique to transitioning from an individual contributor role to a management role.

With the partnership with SMU, Human Capital was able to create two different development programs from what it originally cost to operate one Leadership DART Program. As a result, 19 DART employees graduated from Leadership DART, and 50 supervisors striving for entry level management positions were provided with a professional leadership opportunity. During FY 2015 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.

Establish Consistency in People Practices

Human Capital's goal is to achieve business partner status and set the direction with the following:

- 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 the Agency's goal to achieve improvement in service quality through increasing employee engagement with the 5 Star Service Program. The program and Human Capital Department strive to 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 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.
- 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 a worthwhile and satisfying experience 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, such as: succession planning, workforce planning, career development, and professional skill-enhancing programs.

Top Opportunities in Human Capital in FY 2015

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 feel the ability to engage with Human Capital.

- Develop and implement Standard Operating Procedures for all functions and change initiatives to improve effectiveness.
- Lead and support communication, as well as the engagement function, in the implementation of the people engagement strategy.
- Lead and support the realignment of the benefits function in order to ensure that benefits plans and programs are at the forefront of the HC deliverables and transactions.
- 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.
- Develop continuous improvement programming for HC functions including: personnel competencies assessments, job description review, and bottom-up engagement process in order to align task and deliverables with HC functional direction.

Strategic Priority V Maximize Funding Resources

DART maximizes Agency resources through attractive marketing, innovative technology, and astute financial management (Exhibit 37).

Exhibit 37 Strategic Priority V: Maximize Funding Resources	
1.	Increase and broaden grant funding.
2.	Maximize real estate and Transit Oriented Development (TOD) revenue opportunities.
3.	Optimize concessions, advertising, and billboard income.
4.	Protect sales tax and expand legislative revenue opportunities.
5.	Introduce new fare, contract, and user revenue opportunities.
6.	Obtain full value for the use of right-of-way (ROW) corridors.
7.	Strengthen long-range financial planning and governance mechanisms.
8.	Sustain cost containment initiatives for the Agency.
9.	Challenge, redefine, and update the DART business model.

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 (TCNT) 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 to develop appropriate advocacy strategies for securing Agency objectives for both operations and capital projects.

DART Government Relations staff monitors 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 coordinates 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 monitors the 113th Congress for developments relating to potential funding for projects identified in DART's Twenty-Year Financial Plan.

Continuing in the first quarter of FY 2015 will be the ongoing interim study committees of the 83rd Texas Legislature, 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 continue to monitor closely the activities of these interim legislative study committees for issues potentially impacting DART and engaging as necessary to ensure DART's position is effectively communicated and advocated. Staff also will continue to monitor and provide relevant agency data and transit project financing expertise to the House Select Committee on Transportation Funding, Expenditures and Finance.

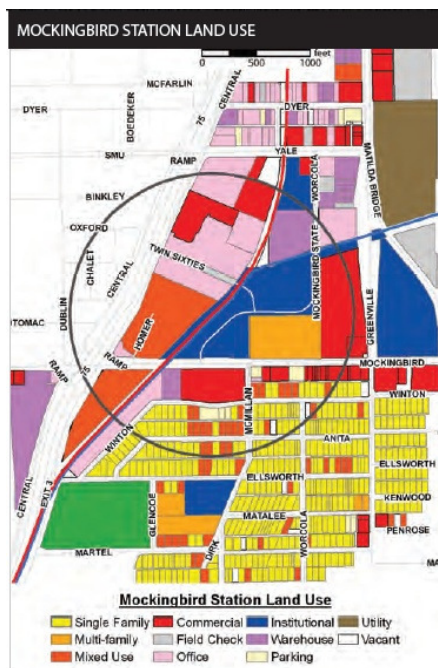
Government Relations staff will also monitor the outcome of the general election held on November 4, 2014, for any changes to the make-up of the agency's congressional and state legislative delegations. Staff will brief executive management and the Board of Directors on the results of the election and provide analysis of its potential impact on the political landscape in Washington and Austin as it relates to DART's legislative goals and agenda.

Government Relations also 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.

Economic Development

The economic impact of DART on the regional economy has been significant, exceeding \$7.4 billion, according to a study by the University of North Texas (UNT). The study, which was completed during January 2014, shows that for the period from FY 2003 – FY 2013, DART's Light Rail construction activities have generated over \$4 billion in local economic activity. This includes the creation of over 7,122 jobs or 54,000 person-years that paid in excess of \$3.3 Billion in salaries wages and benefits. Researchers also extended the study horizon out to 2017, and found that DART will boost the regional economic activity by \$8.8 billion and support over 63,700 person years of employment. A copy of this study is included in the *Reference Section* of this document as well as on the DART website.

The DART investment continues to be a catalyst for investment near DART transit facilities to create transit-oriented development opportunities that result in vibrant, livable communities, increasing transit ridership and generating new sources of revenue.



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. Management continues to support DART's Economic Development staff and continues to monitor, identify, evaluate, and develop opportunities in partnership with service area cities. Additionally, DART Economic Development staff periodically engage the UNT Center for Economic Development and Research to monitor and assess the impact of all DART assets that have the potential for future transit-oriented development (TOD). The recent study, also completed in January 2014, identified the impact of private investment (built, under construction, and planned) in TOD within ¼ mile of rail stations to be over \$5.4 billion over the period of 2003-2013. It should be noted that this does not include public projects such as hospitals, educational, and governmental construction. Additionally, the study found that over the study period from 2003 through 2013, the average premium on office rents located within the same ¼ mile of a DART station to be 14%.

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.

GoPass 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 from 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 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 GoPass mobile ticketing initiative has begun the process of improving customer service, decreasing cash handling, and reducing capital investment in farebox and ticket vending machine devices. The Finance Department, working in close coordination with the Transportation, Maintenance, Marketing and Communications, Technology, and Planning departments, will undertake a new system-wide 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.

Rail Right-of-Way

DART and the Fort Worth T own a total of approximately 254 miles of rail track. The Railroad Management Division of the Commuter Rail Department is responsible for management of DART-owned active freight lines (155 miles), non-operated/freight abandoned lines (25 miles), including the administration of trackage rights agreements with freight railroads that are fulfilling DART’s common carrier obligations to provide freight rail service along the freight lines.

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 2013 and are projected to be \$2.8 million in FY 2014. The decrease in FY 2014 is due to the effects of a change in the Union Pacific Railroad (UPRR) fee structure for trackage rights revenues. The DART/T ILA specifies that revenues generated on 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 (natural gas wells) is discussed further below.

The Regional Rail Right-of-Way Company, a wholly-owned subsidiary of DART, holds the common carrier authority, and manages the trackage rights agreements and collection of trackage rights fees for the DART-owned active freight rail corridors.

The non-TRE revenues are allocated to DART's general fund. Exhibit 38 provides a summary of actual and projected revenue from all activities for FY 2010 through FY 2015 (projected), excluding oil and gas leases, which are shown in Exhibit 39.

Exhibit 38
Railroad Management Revenue
(in Millions)

Fiscal Year	TRE	DART	Total
2010	\$2.5	\$1.9	\$4.5
2011	\$2.8	\$1.7	\$4.5
2012	\$2.9	\$1.9	\$4.8
2013	\$2.9	\$2.0	\$4.9
2014 (projected)	\$2.7	\$2.0	\$4.8
2015 (projected)	\$2.8	\$2.1	\$4.9

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 \$1,444,180 and in FY 2009 of \$107,957 to TRE. Each bonus was paid individually to the TRE owners; therefore, only one-half of the bonuses are reflected in the revenues shown in Exhibit 38.

Royalty and bonus revenue from the lease, from FY 2006 through FY 2014, is shown in Exhibit 39. In FY 2012 oil and gas lease revenues fell due to decreases in both well production and a sharp drop in natural gas prices. Revenues for FY 2013 were \$328,500 as new gas wells were brought on line and a one-time payment of \$146,000 was received for royalties for prior years' productions. Oil and gas revenues for FY 2014 are projected to be \$130,800 and FY 2015 is projected to be slightly higher at \$175,000.

Exhibit 39
Oil & Gas Lease Agreements
(in Thousands)

Fiscal Year	Amount
2006	\$100.3
2007	\$324.1
2008	\$506.1
2009	\$314.3
2010	\$280.4
2011	\$295.4
2012	\$145.5
2013	\$328.5
2014 (projected)	\$130.8
2015 (projected)	\$175.0
Total – (actual and projected)	\$2,600

Challenge, Redefine, and Update the DART Business Model

DART has established a timeline that ensures the significant changeover in operating modes, including:

- Full replacement of the bus fleet
- Deployment of CNG fueling facilities in all four operating divisions
- Completion of the light rail extensions to DFW Airport and the Dallas UNT Campus
- Initiation of a new delivery model for paratransit services
- Contract bus services for cities outside the service area

- Introduction of modern, convenient payment systems that will permit the customer to buy tickets, parking passes, event tickets, and other items in a single purchase

Strategic Priority VI
Use Technology to Integrate and Advance Services and System

The Agency continues to improve the use of technology to provide timely, accessible, and reliable services and information to customers (Exhibit 40).

Exhibit 40 Strategic Priority VI: Use Technology to Integrate and Advance Services and System	
1.	Apply technology to provide timely, accessible, and reliable services and information to customers.
2.	Leverage technology for maximum benefit to Agency and stakeholders.

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. The Agency continues a focus on business intelligence to provide greater insight into DART services for continuous improvement.

The existing Point-to-Point rail trip planning application has been modified to provide arrival predictions instead of scheduled times. System enhancements have increased stability and availability of this service.

To address a major customer concern--missed connections--connection protection software is being piloted at selected key transfer locations. This system 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.

InfoTransit Digital Signage – On the new bus fleet, the "InfoTransit" digital signage system shows a marketing slideshow providing customers with system-wide marketing campaigns relating to current and upcoming DART events. Phase II, implemented in FY 2014, provides for wireless update of content and software at bus divisions. In the future, the system will provide customers with "Next Stop" content for the next and subsequent three stops for passenger convenience.

Broadband Data Communications to Buses and Surveillance Cameras – The new bus fleet is equipped with surveillance cameras and “4G” LTE (Long-Term Evolution) cellular communications so that police and other authorized parties can view current video streams from the video cameras on the bus should there be an incident. Video is recorded and tagged then is offloaded from the bus wirelessly in the garage automatically or by special request. A monitoring system is being developed to manage the reliability of on-board vehicle technology, especially the security system. Finally, the broadband cellular communications 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

Digital Dashboard Transit Center Extension – Digital dashboards were deployed to sixteen transit centers in FY 2014 to provide real-time bus departure information and customer alert RSS (Rich Site Summary) feeds. This enhances Transportation’s ability to provide customers with real-time system information.

Field Supervisors’ Mobile Data Computers (MDC) – A project to replace the current Field Supervisors’ MDCs was begun in FY 2014. This Tablet solution is planned for deployment in FY 2015. The Tablet platform will enable field supervisors to maximize use of staff and provide new technology to business.

Traffic Signal Priority (TSP) – This system continues to serve the Agency well. The City of Dallas is implementing new traffic controller hardware and software and testing the controller system. Installation is scheduled to begin in December 2015. The CBD (central business district) rail replacement project will require removal and replacement of the Sensys Sensor vehicle detection system.

Application Systems – Key administrative system upgrades will continue through FY 2015, including the Lawson Procurement Phase II software upgrade and implementation of the grants module.

Business Intelligence – Significant progress has been made in the area of Business Intelligence in the past year, including:

- A library of reports for On-Time Performance utilizing the new radio system information.
- Evaluation of a new, easy-to-use visualization tool for analysis and management reporting of ad-hoc data that has a Cloud-based repository that enables collaboration and sharing of these analyses and improves technology infrastructure performance.
- Implementing analysis tools for schedule optimization and service delivery performance. This environment should enable DART to identify significant operational cost savings and improve customer satisfaction by optimizing the delivery of services to our customers.

- Upgrade of the Business Intelligence (BI) environment used in the budget planning process to the current software version that allows the use of new BI reporting and data manipulation tools in that process.

Budget Structure

Three major components comprise the Agency's FY 2015 Budget:

- Operating Expense Budget
- Capital and Non-Operating Budget
- Debt Service Budget

The Operating Expense, Capital and Non-Operating, and Debt Service budgets have been developed to support the Strategic Priorities identified in the Strategic Plan, while retaining a focus on the core strategic objective of maintaining financial stability.

Due to fiscal pressures affecting both revenues and expenses, the task of developing the FY 2015 Operating Expense Budget has been particularly challenging. Many difficult decisions were required to allocate resources among competing programs and initiatives. However, the end result is a fiscally responsible plan that clearly supports the agency's mission.

Financial Summary

Exhibit 41 provides a summary view of the FY 2015 Annual Budget. The Agency's overall budget decreased by \$61.4 million (5.9%) from FY 2014. Total estimated expenditures for the FY 2015 Operating Expense budget are \$475.9 million, a \$16.5 million (3.6%) increase over FY 2014. The Capital and Non-Operating budget is decreasing by \$89.1 million (21.9%). The Debt Service budget is increasing (without the net effect of interest income) by \$11.2 million (6.2%).

Exhibit 41
FY 2015 Annual Budget
(in Millions)

FY14 Budget	Category	FY15 Budget	\$ Variance	% Change
\$459.3	Operating Expense Budget	\$475.9	\$16.5	3.6%
406.0	Capital and Non-Operating Budget	316.9	(89.1)	-21.9%
180.0	Debt Service Budget	191.1	11.2	6.2%
\$1,045.3	Total Uses of Funds	\$983.9	(\$61.4)	-5.9%

Please note that a change was made in the method of presentation of the Debt Service budget beginning in FY 2015. DART previously submitted a 'Net Debt Service' budget which included interest income as a credit against the total cost of debt service. Beginning in FY 2015, we feel that using the 'Gross Debt Service' will provide a better method of depicting these costs.

Inside the Numbers

Revenue Factors

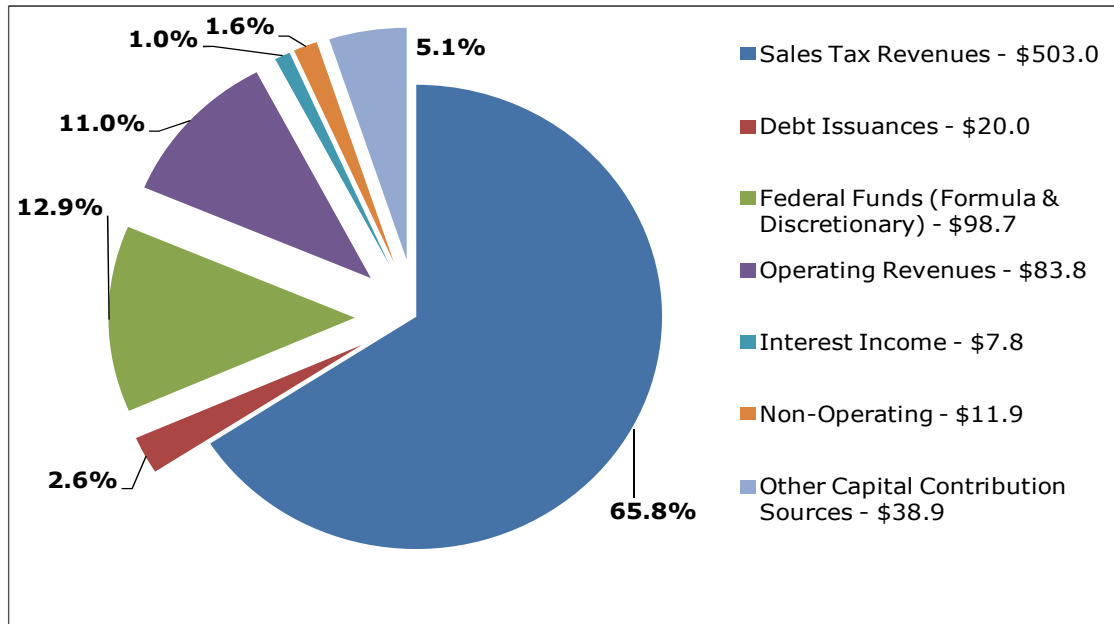
Total sources of funds as shown at Exhibit 42 are projected at approximately \$764.1 million; \$102.6 million (11.8%) lower than the FY 2014 Budget. The decrease is primarily due to a decrease in Debt Issuances (\$105.0 million). More information about Sources of Funds over the next 20 years can be found in the *Financial Plan Section*.

Exhibit 42
Sources of Funds
(in Millions)

FY13 Actuals	Category	FY14 Budget	FY15 Budget	\$ Variance	% Variance
\$455.7	Sales Tax Revenues	\$478.5	\$503.0	\$24.5	5.1%
202.8	Debt Issuances	125.0	20.0	(105.0)	-84.0%
144.2	Federal Funds (Formula & Discretionary)	114.9	98.7	(16.1)	-14.0%
84.3	Operating Revenues	86.7	83.8	(2.9)	-3.4%
3.6	Interest Income	3.2	7.8	4.6	140.7%
9.1	Non-Operating	11.9	11.9	(0.0)	-0.1%
19.3	Other Capital Contribution Sources	46.4	38.9	(7.5)	-16.2%
\$918.9	Total Sources of Funds	\$866.7	\$764.1	(\$102.6)	-11.8%

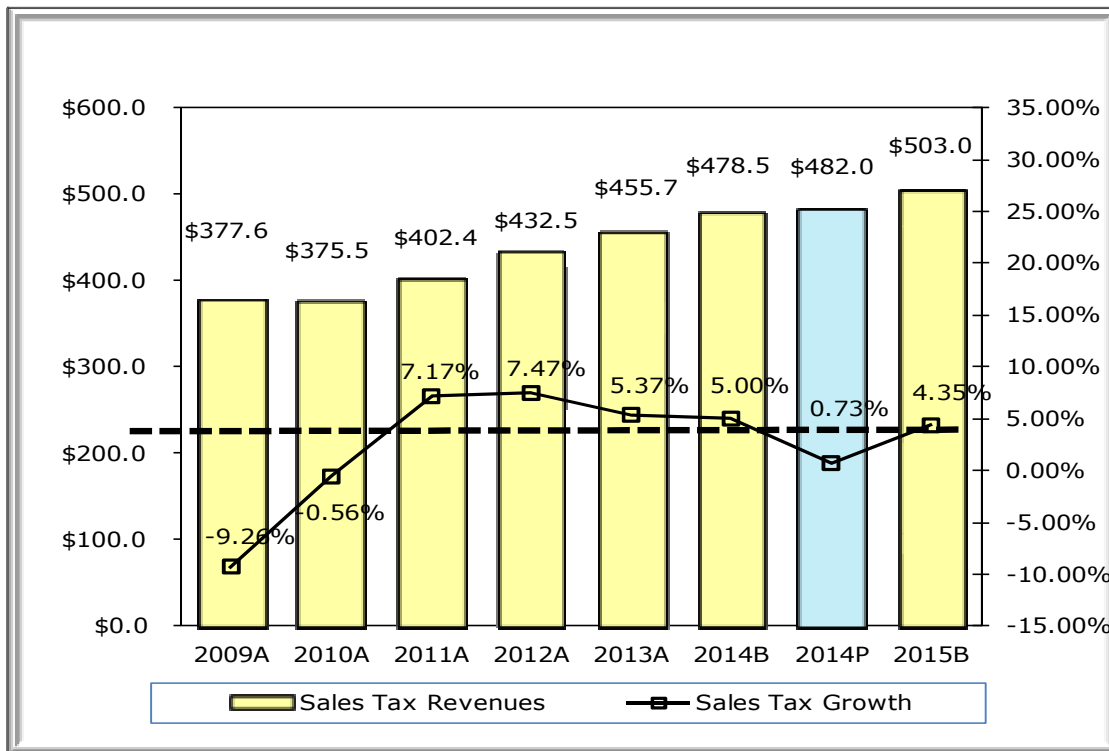
Exhibit 43 provides a view of the sources of funds and provides a percentage as compared to total sources of funds. Sales Tax Revenues represent 65.8% of total sources of funds and is the largest source of revenue for the Agency. A ten-year history of sales tax receipts by month is included at Exhibit 102 in the *Reference Section*.

Exhibit 43
Breakdown of FY 2015 Sources of Funds



The sales tax projections contained in the FY 2015 Financial Plan are essentially the same as those contained in the FY 2014 Plan. Exhibit 44 shows the growth year over year of sales tax from FY 2009 – FY 2015 Budget. More discussion of future sales taxes is included in the *Financial Plan Section*.

Exhibit 44
Sales Tax Data, Historical and Projected
(in Millions)



Debt Issuances – DART anticipates issuing \$20 million in new commercial paper for the bus fleet replacement program during FY 2015.

Federal Funds – This line item includes both formula and discretionary funds and represents 12.9% of total sources. The 14.0% decrease reflects not receiving a grant under the Transportation Investment Generating Economic Recovery (TIGER) program. DART had applied for \$16.0 million for the CBD rail replacement project, but did not receive an award.

The category of Operating Revenues totals \$83.8 million for FY 2015, a \$2.9 million (3.4%) decrease over FY 2014. The majority of the decrease in Operating Revenues was grant related:

- Reclassification of federal grants received under the Job Access/Reverse Commute (JARC) program from Operating Revenues to Discretionary Federal Funds (\$1.2 million)
- The completion of a JARC grant in FY 2014 (\$417,000)

The elimination of revenues from three sources also contributed to the decrease:

- Elimination of revenues for services related to high-occupancy vehicle (HOV) lanes outside the DART Service Area (\$655,000)
- The December 2014 end of Mesquite shuttle services (\$244,000)
- Cancellation of the paid parking program (\$75,000)

Lastly, projected revenues see a decline in two areas:

- Vanpool – due to the loss of vans at the beginning of FY 2015 (\$219,000)
- Advertising (\$333,000)

Improved revenues in two areas partly offset:

- The addition of funding for the D-Link service from the City of Dallas and Downtown Dallas, Inc. (\$600,000)
- Increased rental income (\$95,000)

A significant increase in interest rates from record low rates seen in recent years causes the category of Interest Income to increase by 140.7% (\$4.6 million) from FY 2014 budget.

More discussion of the debt program and Federal Funds are included in the *Financial Plan Section*.

Operating Expense Factors

The Operating Expense Budget is approved in total by the Board of Directors in late September of each year. The FY 2015 operating budget includes a net reduction of 12 positions. Cost reductions are included for the elimination of the barrier transfer services contract for the I-30 East High Occupancy Vehicle (HOV) lanes (responsibility for this is being transferred to the Texas Department of Transportation [TxDOT] on October 1, 2014), net fuel and energy savings due to a new utility contract, and the small bus transition.

The following assumptions were used to develop the FY 2015 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 average 80%/20%
- 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**

- Replacement of 89 diesel and Liquefied Natural Gas (LNG) buses with new Compressed Natural Gas (CNG) powered vehicles
- CNG fuel prices are fixed by contract and result in an average cost of \$1.04 per DGE (diesel gallon equivalent). CNG fuel 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. There is currently no fuel hedge in place for diesel fuel.
- Electricity rates per kWh are budgeted at \$0.08358 with an assumption of 11.33 kWh/car mile consumption rate on light rail vehicles (LRV).

- **Purchased Transportation Contract Rates/Service Levels**

- The current contract with Herzog, Inc. for Trinity Railway Express services includes a 3% rate increase. This is the final year of the contract with Herzog, Inc. A new solicitation for commuter rail services is currently underway with award anticipated in late 2014.
- The current contract with MV Transportation for delivery of Paratransit services is in the third year of a seven-year contract. The number of trips year over year was decreased by 6.8% (52,457 trips) with a per trip cost increase of \$5.56.
- TxDOT took over all HOV 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 FY 2015 Budget eliminates the cost of this contract.

- **Service Levels**

- FY 2015 shows a slight decrease (1.2%) in Bus service levels due to changes to Route 500, which travels to DFW Airport between the CentrePort Station and the Belt Line Station (DFW – Centreport – Beltline Station). A portion of this route was replaced by the completion of the Orange Line to DFW Airport Terminal A on August 18, 2014.
- A 5.8% increase in rail service hours due to the Orange line completion (Irving-3)
- TRE service remains at the FY 2014 service levels
- The Vanpool program has a target of 206 vans by year-end

- **Reserves**

- Funding in the amount of approximately \$1.4 million is included in the FY 2015 Budget for possible cost increases or programs unknown during the budget process. These funds may or may not be used during the fiscal year.

Operating Budget Highlights

Employee compensation, in the form of Salaries and Wages (\$221.4 million) and Benefits (\$110.8 million) comprised of 69.8% of the total operating budget. The second largest element of the operating budget is Purchased Transportation at 10.5%. This category is composed of the TRE services (\$21.0 million), Paratransit services (\$23.2 million), Vanpool services (\$2.5 million) and other Shuttle services (\$3.0 million). Exhibit 45 illustrates the various components of the operating budget.

Exhibit 45
Expenditure Percentage to Agency Total

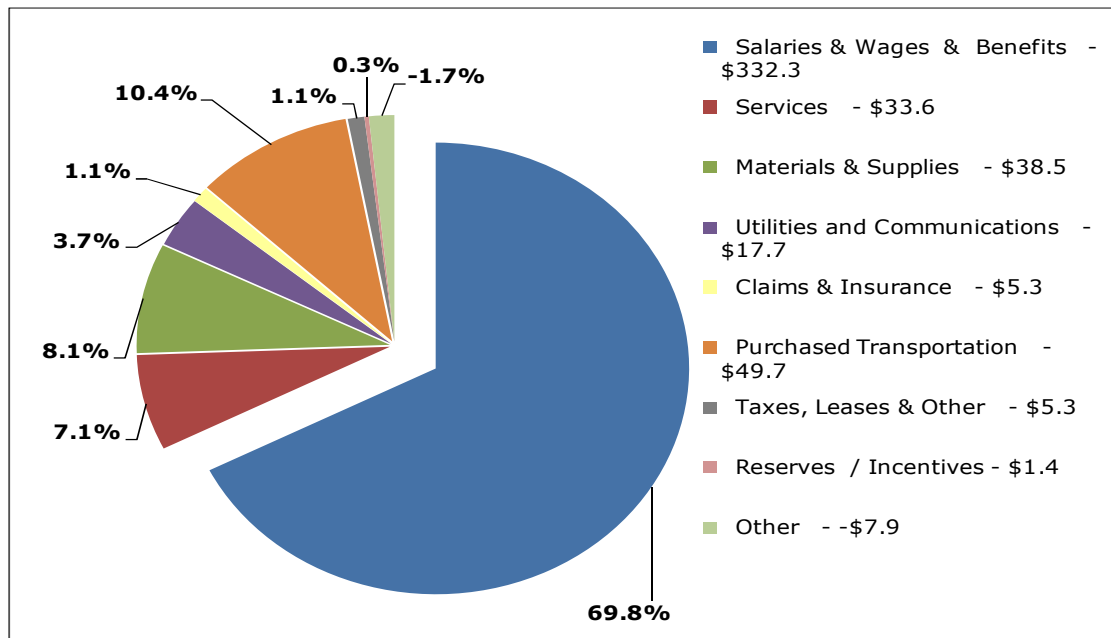


Exhibit 46 displays the Operating Expense budget by object classification and includes the FY 2013 actuals, FY 2014 Budget, and the FY 2015 Budget. More detail by department can be found in the *Organizational Unit Section*.

Exhibit 46
Operating Expense Budget by Object Classification
(in Thousands)

FY13 Actuals	Object Classification	FY14 Budget	FY15 Budget	\$ Variance	% Variance
\$210,303	Salaries & Wages	\$214,404	\$221,435	\$7,031	3.3%
88,696	Benefits	100,892	110,822	9,930	9.8%
28,044	Services	32,236	33,601	1,365	4.2%
50,934	Materials & Supplies	43,712	38,539	(5,173)	-11.8%
20,946	Utilities and Communications	17,656	17,688	32	0.2%
5,329	Claims & Insurance	4,737	5,291	554	11.7%
43,716	Purchased Transportation	47,758	49,711	1,953	4.1%
4,847	Taxes, Leases & Other	5,629	5,264	(365)	-6.5%
0	Reserves / Incentives	1,702	1,400	(302)	-17.8%
\$452,815	Sub-Total	\$468,726	\$483,751	\$15,024	3.2%
(\$9,548)	Other	(\$9,410)	(\$7,899)	\$1,511	16.1%
\$443,266	Total Expenses	\$459,316	\$475,852	\$16,535	3.6%

The total FY 2015 operating budget is \$475.9 million, a \$16.5 million (3.6%) increase from the FY 2014 Budget. Please see Exhibit 91 in the *Organizational Units Section* for a budget by department.

Salaries and Wages – The FY 2015 Salaries and Wages Budget is \$221.4 million, a \$7.0 million (3.3%) increase over the FY 2014 Budget.

In the *Salaries and Wages* line item, there is a limited pool (approximately 3%) to address compensation issues programmed in the FY 2015 Budget. There is also 100% funding for the bonus programs (Division Level Measurements [DLM] and Reaching Performance Milestones [RPM]), along with the new 5 Star initiatives.

Exhibit 47 shows a reconciliation of the positions between FY 2014 and FY 2015. Total authorized positions have decreased by a net reduction of 12, as detailed below:

- Deputy Director has 1 additional Sr. Business Analyst to support Human Capital Department initiatives.
- EVP Customer Care/Svc Delivery has a net reduction of 13 positions. Twenty-six open positions were eliminated due to the smart bus transition and a reallocation of assignments in the Transportation Department. The addition of 13 positions is in support of the new light rail opening and the Streetcar project.

- There was a net addition of 5 positions in the EVP Business Solutions and Innovation departments. A net reduction of 6 open positions in Marketing and Communications and one open position in Finance were offset by the addition of 10 positions in Technology to support the ever-increasing use of technology devices and services. An additional two positions are being added to the newly created Safety Office Department.
- The employee count within EVP Growth & Regional Services continues to decline for a variety of reasons: major capital projects are closed out (3 open positions eliminated); HOV services are fully turned over to TxDOT (3 filled and 1 open position were eliminated); and positive train control project (2 positions added).

Exhibit 47
FY 2015 Budgeted Positions

FY 2014			Department	FY 2015			Change FY15 vs FY14
Salaried	Hourly	Total		Salaried	Hourly	Total	
56	-	56	President & Deputy Exec. Director	57	-	57	1
898	2,262	3,160	EVP Customer Care/Service Delivery	901	2,246	3,147	(13)
265	84	349	EVP Business Solutions & Innovation	276	78	354	5
95	-	95	EVP Growth & Regional Services	90	-	90	(5)
34	-	34	Board Support	34	-	34	-
1,348	2,346	3,694	Grand Total Departments	1,358	2,324	3,682	(12)

Benefits – The Benefits line 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 2015 Benefits budget is \$110.9 million, a \$10.0 million (9.8%) increase over the FY 2014 Budget, as shown in Exhibit 48.

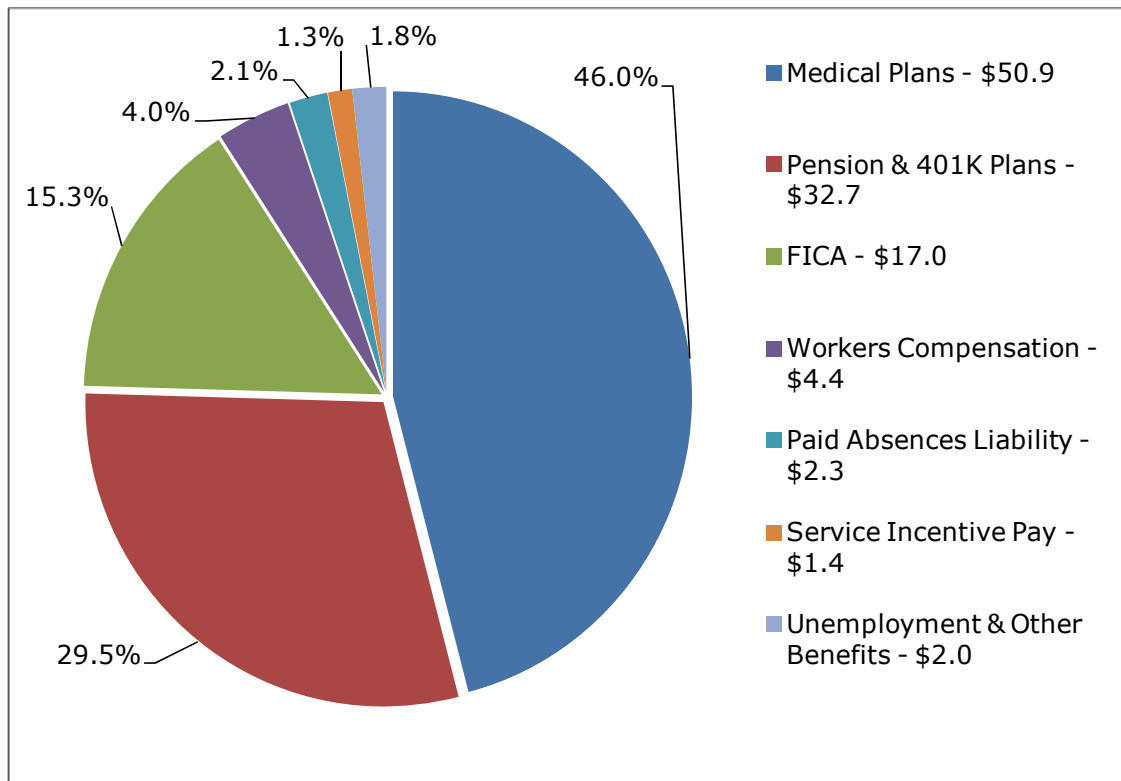
Exhibit 48
Benefits Overview
(in Millions)

FY13 Actuals	Object Classification	FY14 Budget	FY15 Budget	\$ Variance	% Variance
\$40,460	Medical Plans [1]	\$42,501	\$50,923	\$8,421	19.8%
27,596	Pension & 401K Plans	31,910	32,695	785	2.5%
15,581	FICA	16,498	16,987	489	3.0%
813	Workers' Compensation	4,705	4,430	(275)	-5.8%
2,329	Paid Absences Liability	1,775	2,300	525	29.6%
1,417	Service Incentive Pay	1,448	1,448	0	0.0%
500	Unemployment & Other Benefits	2,055	2,039	(16)	-0.8%
\$88,696		\$100,892	\$110,822	\$9,930	9.8%

[1] Medical plans include medical, vision, dental claims and employee contributions for active and retirees)

Shown here (Exhibit 49) is an overview of the percentage of expenditure to major components within the Benefits category for the FY 2015 budget.

Exhibit 49
Benefits by Expenditure

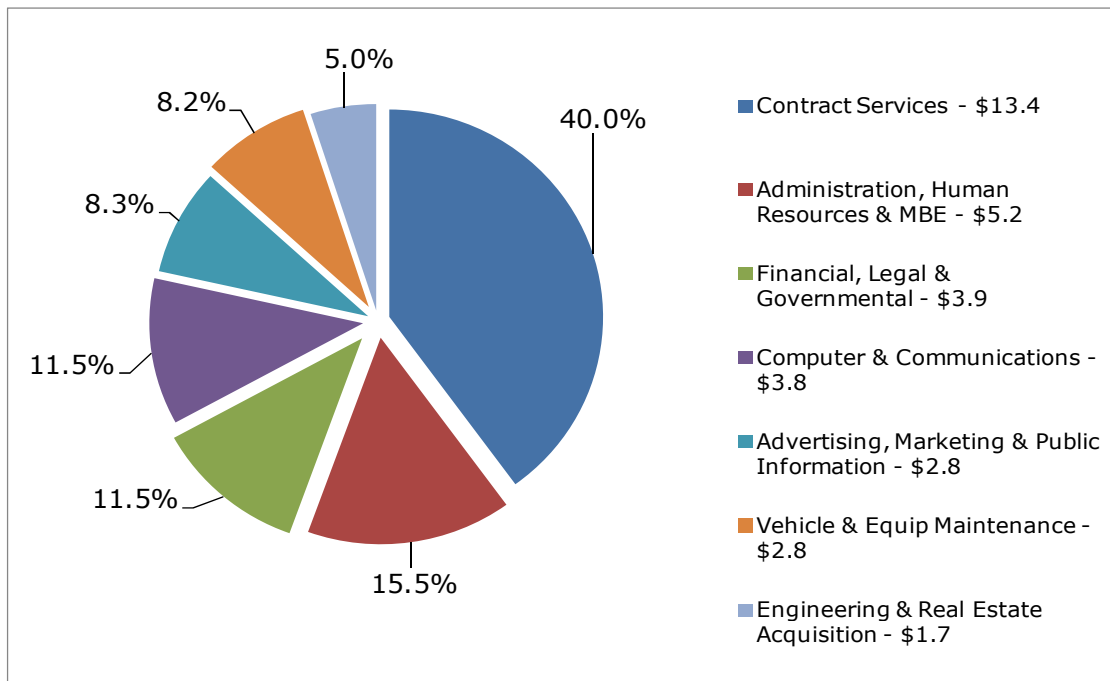


- *Health, Life, and Disability insurance* remains the major cost driver of all DART benefits. The increase year over year is approximately \$8.2 million (21.3%). The increases are attributed to an increase in Healthcare claims. FY 2014 has seen an increase in the number of areas that are impacting the results for FY 2015. Items contributing to the overall change include but are not limited to:
 - 20% increase in high cost claimants;
 - 20.3% increase in high cost claimants paid amounts;
 - 13.8% increase in inpatient utilization;
 - 14.8% increase in admissions;
 - 14.5 decrease in average length of stay;
 - 10.0 increase in inpatient surgeries;
 - 11.6% increase in ambulatory paid and surgeries; and
 - 24.3% increase in pharmacy.
- Employee contributions will increase by \$2.0 million in the overall budget. This represents an increase of approximately 22-30% for employees.
- DART continues to reap the benefits in the Workers' Compensation program and has seen success in controlling the rate of increase over the past few years. The FY 2015 budget was reduced from FY 2014 by approximately \$275,000 (5.8%).

Services – The FY 2015 Services budget of \$33.6 million represents 7.1% of the total agency budget. This is an increase of \$1.4 million (4.2%) over the FY 2014 budget. The increase is related to Integrated Corridor Management (ICM) vehicle and equipment maintenance that is partially funded by a federal grant.

Exhibit 50 illustrates the composition of the Services line item of the budget.

Exhibit 50
Services Budget
(in Millions)



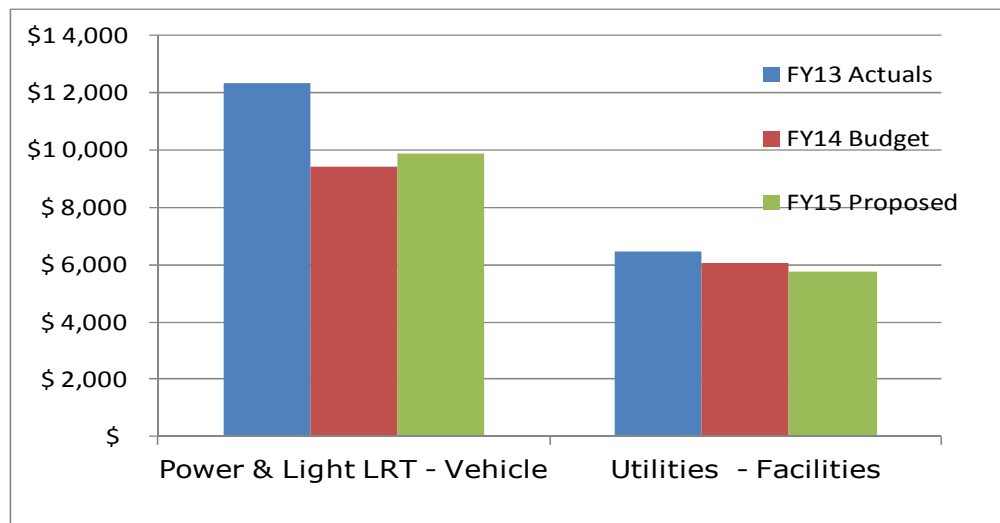
Materials and Supplies – The budget for *Materials and Supplies* decreased year-over-year by 11.8% (\$5.2 million).

- The bus fleet replacement is the primary driver of the savings (\$6.7 million), broken down into four distinct areas of savings:
 - The replacement of 89 diesel-fueled buses to CNG-fueled buses results in an estimated savings of approximately \$2 per gallon (\$3.04 per diesel gallon to \$1.04 per compressed DGE [diesel gallon equivalent]) and the reduction of bus miles combine for approximately \$4.0 million savings in FY 2015.
 - Replacement of 15-year old vehicles with new vehicles naturally carries with it some parts cost savings (\$2.7 million).
 - 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 corresponding costs for a full-sized bus.
- The Agency continues to see light rail parts increase year over year due to the flat tires (flat spots on the light rail vehicle wheels). DART is implementing solutions to the system that should resolve the problem in 2015. The impact is an additional \$1.3 million (15.2%) to the materials and supplies budget.

Utilities and Communications – This category includes electricity for the Light Rail system and DART facilities, as well as phone and data services for the agency. The budget for FY 2015 is projected to stay about the same at \$17.7 million. This category represents 3.7% of the total Agency operating budget.

- Shown in Exhibit 51 is the effect of the negotiated rate DART locked into in 2013 for five years (ending in FY 2018) for electricity. The negotiated rate saved DART \$12.5 million over five years.

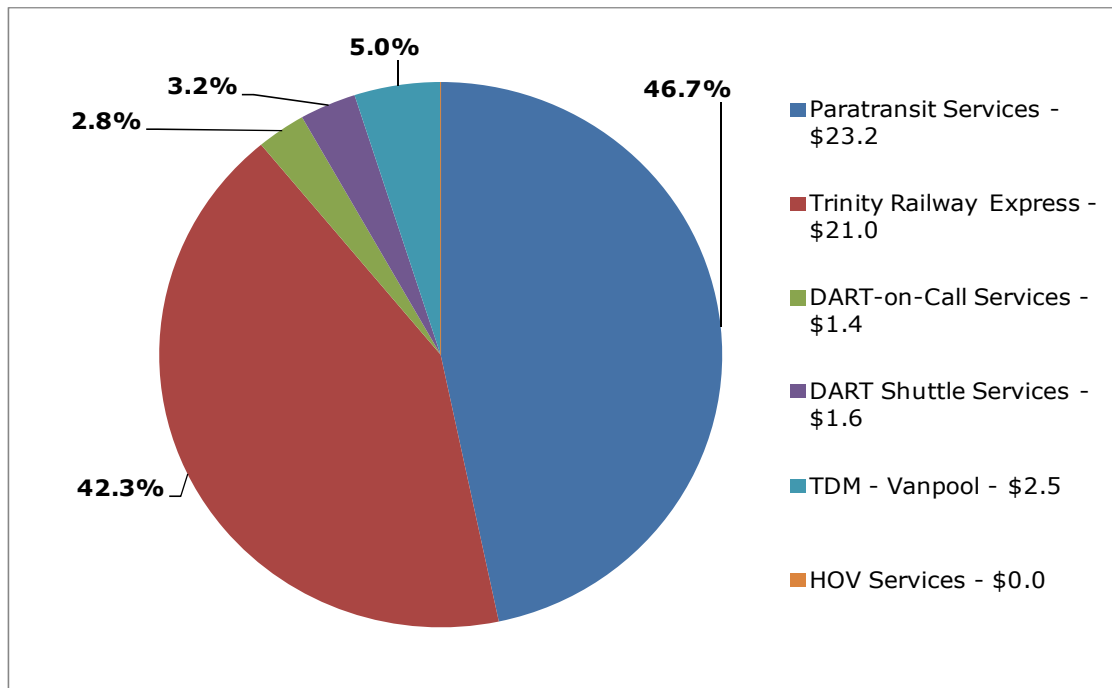
Exhibit 51
Utilities & Communications Comparison
(in Millions)



- **Claims and Insurance** – This category includes DART’s liability claims and property insurance costs. DART is 100% self-insured for liability claims relating to bus accidents 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.
 - The FY 2015 budget for this category increased by \$554,300 (11.7%) over FY 2014 due to the expected asset increase related to the opening of the Irving-3 line section, the new streetcar project, and an estimated increase in liability claims due to an increase in incidents related to the new bus fleet.

- **Purchased Transportation** – These services are purchased through a third party to provide transportation services for DART. The budget for this category increased by \$2.0 million (4.1%) in FY 2015 over FY 2014 due to an increase in contract rates and service levels. Exhibit 52 shows the components of the Purchased Transportation category.
- *Paratransit Services* costs increased by \$3.4 million due to new contract rates and a decrease in the number of budgeted trips. The number of budgeted trips year over year decreased by 6.8% (52,457 trips).
- *HOV Services* costs of \$1.7 million paid to a third-party for operation of the barrier transfer vehicles on I-30E was eliminated. TxDOT took over all operations of HOV lanes effective October 1, 2014, and the vehicles were sold.

Exhibit 52
Purchased Transportation Comparison



The FY 2015 **Taxes, Leases and Other** expense budget is \$5.3 million, a \$0.4 million (6.5%) decrease from FY 2014.

- The primary component of this savings is approximately \$343,000 in Fuel & Lube/Other Taxes savings due to the reduced consumption of diesel fuel attributed to the conversion of the bus fleet to compressed natural gas.

Capital and Non-Operating Budget

Shown in Exhibit 53 is a summary of the FY 2015 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 18 in the *Financial Plan Section*.

Exhibit 53
FY 2015 Capital & Non-Operating
(in Thousands)

FY13 Actuals	Category	FY14 Budget	FY15 Budget	\$ Variance
\$243,777	Total Capital Projects	\$359,090	\$283,465	(\$75,625)
9,071	Capital Planning & Development	9,410	7,899	(1,511)
493	Start-up	0	0	0
15,108	Non-Operating	29,071	15,830	(13,240)
\$268,450	Sub-Total Capital / Non-Operating	\$397,571	\$307,195	(\$90,376)
<i>Road Improvements / ITS Programs</i>				
	LAP/CMS Program*	0	0	
\$2,899	PASS Program	\$1,891	\$6,563	\$4,672
4,167	TSM (General & Street Repair Program)	6,200	2,875	(3,325)
130	Regional & DART/TxDOT ITS	300	272	(28)
\$7,195	Sub-total Road Improvements/ITS	\$8,391	\$9,710	\$1,320
\$275,645	Total Capital & Non-Operating/Road Imp./ITS	\$405,962	\$316,905	(\$89,056)

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

Debt Service Budget

The FY 2015 Debt Service Budget is shown below in Exhibit 54. Additional information can be found under the *Financial Plan Section* on Pages 44 through 49.

Exhibit 54
Debt Service Budget
(in Thousands)

Category	FY14 Budget	FY15 Budget	\$ Variance
Long-Term Debt Fixed-Rate Interest	\$150,151	\$148,043	(\$2,108)
Long-Term TIFIA Interest	3,197	3,056	(141)
Commercial Paper Program	846	1,625	779
Transaction Costs	310	210	(100)
Total Interest & Fees	\$154,504	\$152,934	(\$1,570)
Principal Repayments	\$25,480	\$38,215	\$12,735
Gross Debt Service Budget	\$179,984	\$191,149	\$11,165

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 2015 Financial Plan. A more detailed discussion of structural balance can be found on Page 19 of the *Financial Plan Section*.

DART Key Performance Indicators

DART's Scorecard of Key Performance Indicators (KPIs) (Exhibit 55) is shown below and represents fiscal years 2012 through 2013 actual values while fiscal years 2014 through 2015 are the budget and projected values. Numbers represented under FY 2014 Q3 are four-quarter rolling numbers (4th quarter of FY 2013 and three quarters of FY 2014).

The KPIs under *Efficiency Measures* were adversely impacted due to the overall budget increase and the reduction in total agency ridership.

Exhibit 55
DART Scorecard of Key Performance Indicators (KPIs)

	Indicators	FY12A	FY13A	FY 2014 Qtr 3	FY14B	FY15B
Ridership Performance	Total Agency Ridership (M)	104.8	107.5	95.2	110.6	100.3
	Fixed-Route Ridership (M)	68.6	69.5	68.5	72.2	69.9
	Ridership - Bus (M)	38.7	38.0	37.2	39.2	37.5
	Ridership - LRT (M)	27.7	29.5	29.0	30.9	30.1
	Ridership - TRE (M)	2.3	2.1	2.3	2.1	2.4
	Ridership - Paratransit (000s)	801.8	763.5	751.8	778.1	799.9
	Ridership - HOV (M)	34.4	36.3	25.0	36.5	28.6
	Ridership - Vanpool (000s)	1,033.0	947.0	911.0	1,055.7	1,053.5
Efficiency Measures	Subsidy Per Passenger - Total System	\$3.36	\$3.36	\$3.88	\$3.38	\$3.93
	Subsidy Per Passenger - Fixed-Route	\$4.48	\$4.67	\$4.89	\$4.75	\$5.16
	Subsidy Per Passenger - Bus	\$5.09	\$5.26	\$5.43	\$5.10	\$5.63
	Subsidy Per Passenger - LRT	\$3.52	\$3.82	\$4.13	\$4.11	\$4.44
	Subsidy Per Passenger - TRE [1] [2]	\$5.63	\$5.93	\$5.94	\$7.76	\$6.89
	Subsidy Per Passenger - Paratransit	\$44.93	\$35.00	\$38.79	\$37.64	\$42.43
	Subsidy Per Passenger - HOV	\$0.24	\$0.26	\$0.09	\$0.03	\$0.00
	Subsidy Per Passenger - Vanpool	\$0.30	\$0.23	(\$0.03)	\$0.17	\$0.21
	Fixed-Route Farebox Recovery Ratio	15.0%	15.9%	16.0%	16.3%	15.7%
	Administrative Ratio [1]	8.3%	7.8%	8.2%	8.5%	9.6%
Service Quality	On-Time Performance - Fixed Route	96.5%	95.9%	91.5%	91.2%	91.7%
	On-Time Performance - Bus	95.0%	95.3%	84.3%	82.0%	82.5%
	On-Time Performance - LRT	96.7%	93.8%	95.1%	94.0%	95.0%
	On-Time Performance - TRE	97.9%	98.7%	98.5%	97.5%	97.5%
Customer Satisfaction	Complaints Per 100,000 Passengers - Fixed-Route	44.7	33.7	32.8	40.3	40.3
	Complaints Per 100,000 Passengers - Bus	66.4	50.0	49.1	60.0	57.0
	Complaints Per 100,000 Passengers - LRT	17.5	15.0	14.4	17.5	17.5
	Complaints Per 100,000 Passengers - TRE	4.75	3.77	2.9	7.6	7.6
	Complaints Per 1,000 Passengers - Paratransit	3.09	8.32	5.6	3.0	3.0
	Complaints Per 100,000 Commuters - HOV	0.36	0.19	n/a	n/a	n/a
Safety	Accidents Per 100,000 Miles - Fixed-Route	1.40	1.50	1.73	1.45	1.45
	Accidents Per 100,000 Miles - Bus	1.84	2.01	2.33	1.90	1.90
	Accidents Per 100,000 Train Miles - LRT [3]	0.20	0.34	0.31	0.55	0.53
	Accidents Per 100,000 Miles - TRE	0.17	0.11	0.43	0.25	0.25

[1] FY13 actuals did not include advertising revenues in the calculation, this was an oversight, the result has been restated.

[2] FY14 Qtr 2 - the revenues and expenses for the T for the 4th qtr of FY13 was not included in prior calculations and has been restated.

[3] This indicator was previously reported as Car miles and was revised based on DART Safety Committee decision to report compared to train revenue miles



FY 2015 BUSINESS PLAN

Section 4

Organizational Units

Organizational Units

This section contains modal key performance indicators, as well as the goals and budget detail by organizational unit.

Overview

DART is organized broadly along the following functional lines (“organizational units”).

Customer Care & Service Delivery

Providing effective, efficient, safe, secure service.

- 5 Star Service Initiative
- Bus & Light Rail System Transportation
- Bus & Light Rail System Maintenance
- Materials Management
- System Police & Security
- Mobility Management Services
 - Paratransit

Business Solutions & Innovation

Maximizing Agency resources through attractive marketing, innovative technology, and astute financial management.

- Finance
- Risk Management
- Information Technology
- Marketing & Communications
- Procurement

Workforce & Customer Safety

Providing for a structure for a safe transportation network for customers and citizens of the DART Service Area, and the safest work environment for employees and people on DART property and construction sites.

- Operations
- Customers

Growth & Development

Planning & Development of the overall system.

- Planning & Development
- Capital Planning
- Rail Program Development
- Commuter Rail and Railroad Management

Workforce Leadership & Intergovernmental Relations

Providing effective leadership.

- Human Capital
- Diversity & Labor Services
- Government Relations
- Office of Policy & Strategy

Functional Units Reporting Directly to the Board of Directors

The **Office of the General Counsel** represents the Agency in all judicial and administrative proceedings, including Equal Employment Opportunity Commission, employee grievance, and construction matters. The Office also provides advice, guidance, and counsel to the Board of Directors and Agency staff on ethics, transactional, real estate, procurement, labor/employment, and regulatory matters. The Office oversees the Open Records function in coordination with representatives in the various agency departments.

In accordance with DART's Audit Committee Charter and the Internal Audit Department Charter, the **Office of Internal Audit** operates as an independent appraisal function within DART, reporting to the Board of Directors through the Audit Committee of the Board. The Internal Audit Department conducts audits of operational functions, including information technology, to assess the control of the risks to business objectives and audits of contracts for compliance.

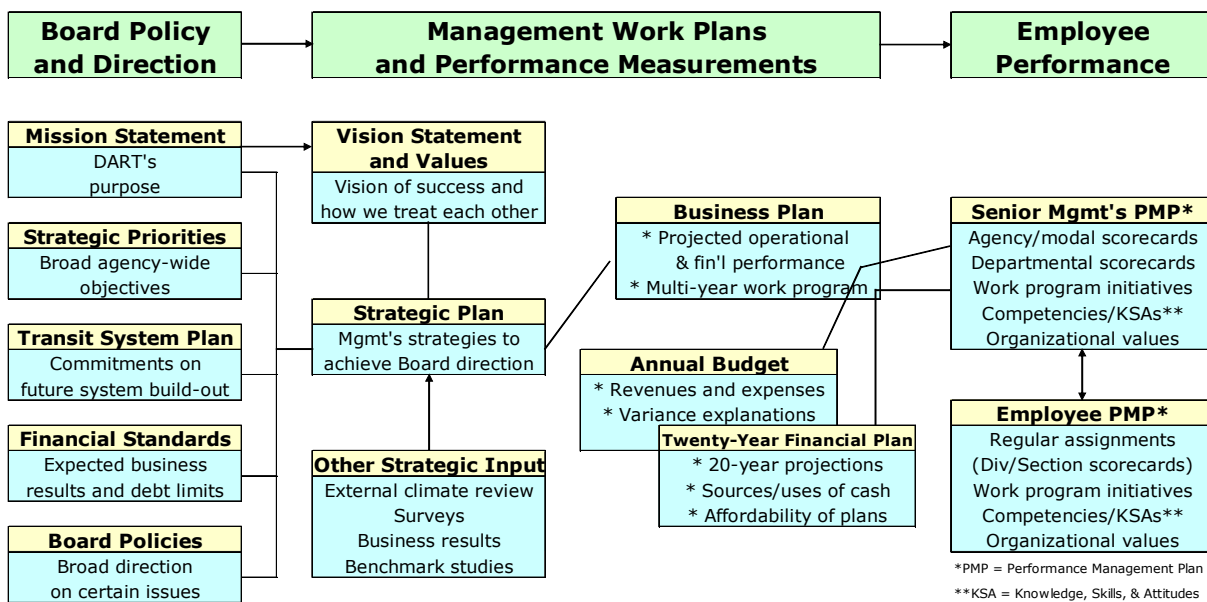
The **Office of Board Support** provides administrative support to the Board of Directors, plus administrative/clerical support for the Trial Board (which renders decisions on hourly employee grievances), and for the Administrative Law Judges (which render decisions on contract disputes). Staff support includes coordination of Board and Committee meeting dates and times, and the management of all official DART records or Board and Committee meetings.

The FY 2015 Operating Budget and positions by department are shown on Pages 199 and 200 in this section.

Development of Unit Goals

DART's leadership uses a framework of aligned strategic planning tools to ensure that DART employees understand how their jobs and performance are linked to the Agency's mission statement, direction, and strategic priorities. The leadership matrix is shown in Exhibit 56. 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 56
DART's Strategic Alignment Structure



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

DART 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 is currently being updated and 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 measure of progress 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 2015 Annual Budget and the FY 2015 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 review a copy of DART’s Quarterly Operating and Financial Performance Report which is available on DART’s website, DART.org.

DART’s Strategic Measurements – Exhibit 57 highlights DART’s strategic measurements. 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 the Glossary in the *Reference Section* of this document.

Exhibit 57
DART's Strategic Measurements

Strategic Priority	Examples of Key Leading Indicators	Examples of Key Lagging Indicators
I. Strive to exceed customer expectations	<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
II. Manage system development and maintain infrastructure	<ul style="list-style-type: none"> * Revenue miles/hours * Actual schedule vs. plan for system expansion * 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"> * Ridership * Passengers per mile/hour * Customer satisfaction surveys * Subsidy per passenger * Administrative ratio * Sales taxes for operations * Unused financing capacity
III. Build and maintain DART's regional transportation leadership	<ul style="list-style-type: none"> * Complaints/commendations * Newsclippings and other media 	<ul style="list-style-type: none"> * Climate satisfaction survey * Completion of TSP commitments * Joint development created
IV. Drive change through employee engagement	<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
V. Maximize funding resources	<ul style="list-style-type: none"> * Passenger revenues * Advertising and other revenues * Federal Funding 	<ul style="list-style-type: none"> * Sales taxes for operations * Administrative ratio * Unused financing capacity
VI. Use technology to integrate advance services and systems	<ul style="list-style-type: none"> * Cycle time/process measurements * Project implementation vs. plan * Benchmark comparisons 	<ul style="list-style-type: none"> * Ridership

Customer Care & Service Delivery

Customer Care & Service Delivery is charged with providing effective, efficient, safe, secure transportation service. This includes the operation of the DART bus and light rail system and paratransit services.

5 Star Service Initiative – A major program initiated by Customer Care & Service Delivery is the 5 Star Service Initiative. Implementation of a comprehensive initiative to shift DART's internal culture toward outstanding customer service delivery has been a major focus throughout FY 2014 and will continue through FY 2015. Key elements of the 5 Star Service Initiative include:

- Development and delivery of 5 Star training programs for all operations employees;
- Implementation of 5 Star initiatives within the Agency's administrative departments.
- Identification, training, and support for internal champions, known as "Customer Experience Officers," within each area of the operating and administrative departments to communicate and support the 5 Star Initiative;
- 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;
- 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;
- 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; 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.

Bus & Light Rail System Transportation

Bus System

DART endeavors 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 facilities: East Dallas, Northwest, and South Oak Cliff. DART operates a total of 652 buses and maintains extensive passenger amenity and facility infrastructure including approximately: 11,973 bus stops, 1,055 bus shelters, 1,405 benches, 9 transit centers, 2 passenger transfer locations, 20 enhanced shelters, 62 light rail platforms (as of August 2014), 5 commuter rail stations, multiple information pylons, and all operating divisions and corporate offices, for a total of approximately 70 million square feet.

Bus Scorecard – Key Performance Indicators

Exhibit 58 highlights the Bus Key Performance Indicators (KPIs) presented in scorecard format. Fiscal years 2012 and 2013 indicate actual values. Fiscal Year 2014 Qtr 3 is a four-quarter rolling average ending June 30, 2014. Fiscal Years 2014 and 2015 are the budget values for those years.

Exhibit 58
Bus Scorecard – Key Performance Indicators

Customer Quality	Indicator:	FY12A	FY13A	FY14 Qtr 3	FY14B	FY15B
	Fixed Route Bus Ridership (M)	38.7	38.0	37.2	39.2	37.2
	Revenue Miles (M)	24.9	25.2	25.1	25.3	25.0
	Passengers per Mile	1.55	1.51	1.48	1.55	1.49
	Farebox Recovery Ratio	11.8%	13.0%	13.1%	13.7%	12.9%
	Complaints per 100k passengers	66.4	50.0	49.1	60.0	57.0
	On Time Performance *	95.0%	95.3%	84.3%	82.0%	82.5%
	Veh. Accidents Per 100k Miles	1.84	2.01	2.33	1.90	1.90

* A discussion of the change in the way On-Time Performance is calculated starting in FY14 is included following the KPIs.

Financial / Efficiency	Indicator:	FY12A	FY13A	FY14 Qtr 3	FY14B	FY15B
	Expenses - Fully Allocated (M)	\$228.9	\$235.6	\$239.1	\$238.0	\$246.3
	Revenues (M)	\$31.6	\$35.9	\$37.1	\$38.2	\$37.0
	Net Subsidy (M)	\$197.3	\$199.7	\$202.0	\$199.8	\$209.4
	Subsidy Per Passenger [1]	\$5.09	\$5.26	\$5.43	\$5.10	\$5.63
	Cost per Revenue Mile	\$9.19	\$9.37	\$9.52	\$9.40	\$9.85

[1] Changes made to ridership after publication impacted subsidy per passenger in FY12 from \$5.10 to \$5.09

On-time Performance – Beginning in FY 2014, DART changed the way on-time performance was measured. The Automatic Vehicle Location (AVL) technology that is part of the new radio system enables us to measure the location of each bus at every stop and time point 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. See Exhibit 58 on the previous page for the impact on DART's on-time performance.

On-Time Performance Initiatives – Bus on-time performance will continue to be a major emphasis in FY 2015 with enhanced data provided by the new radio system and the associated AVL and Computer-Aided Dispatch subsystems installed in FY 2012.

- The 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, improve the timing of system connections, 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 2015, 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 more than 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. New software was installed in FY 2014 which will significantly improve the analysis of CAD/AVL and APC data to obtain more accurate schedule running time information.



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 new 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 vehicles. The first 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 refueling station is located at each bus division, and one is at the Paratransit operating facility. These stations are a critical element in the overall transition of DART’s bus (and Paratransit) fleets to CNG over the next two years.

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 2015, DART will all but complete 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 Paratransit 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 nine On-Call zones throughout the service area, including: Farmers Branch, Glenn Heights, Lakewood, Lake Highlands, North Dallas, North Central Plano, Park Cities, Richardson, and Rowlett. The Park Cities On-Call service has been expanded to add midday operation in FY 2015.

Flex service, a variation of the On-Call service approach, has been in operation for a number of 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 pick-ups 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 MV Transportation, Inc. (MV). MV will also schedule customer deviations for the Flex service.

Activity Center Shuttles

Shuttle services developed in partnership with employers and major activity centers are another cost-reducing way for DART to provide improved 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.

Overall shuttle ridership growth continued for FY 2014, especially the university-oriented shuttle serving the University of Texas-Dallas and the 24-7 shuttle serving Parkland Hospital. The Parkland Shuttle now carries over 5,300 passengers per weekday, and has become the busiest bus route in the DART system. For FY 2015, Parkland Hospital expects to open its new facility adjacent to Parkland Station, and the University of Texas-Southwestern will open the new University Hospital. DART is working with our partners to implement shuttle route changes associated with these openings.

Exhibit 59 is an overview of the uses of the funds and allocated operating positions for the Bus mode of service.

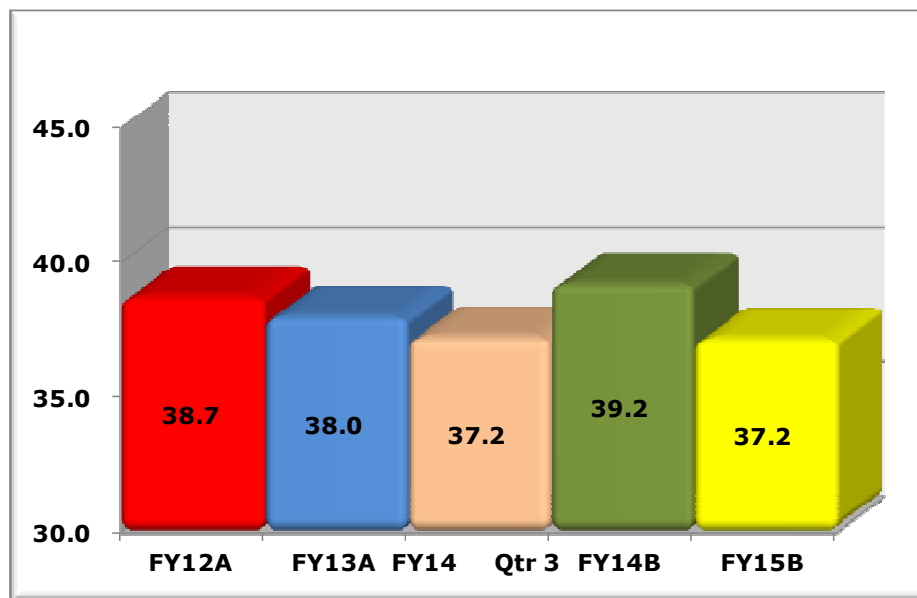
Exhibit 59
Bus Overview

Overview	FY12A	FY13A	FY14B	FY15B
Allocated Operating Budget (M)	\$228.9	\$235.6	\$238.0	\$246.3
Capital Budget* (000s)	58.5	102.1	91.7	56.5
Allocated Operating Positions**	2,058	2,052	2,054	2,067

* 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

Exhibit 60 highlights Bus Ridership. Fiscal years 2012 and 2013 indicate actual values. Fiscal Year 2014 Qtr 3 is a four-quarter rolling average ending June 30, 2014. Fiscal Years 2014 and 2015 are the budget values for those years.

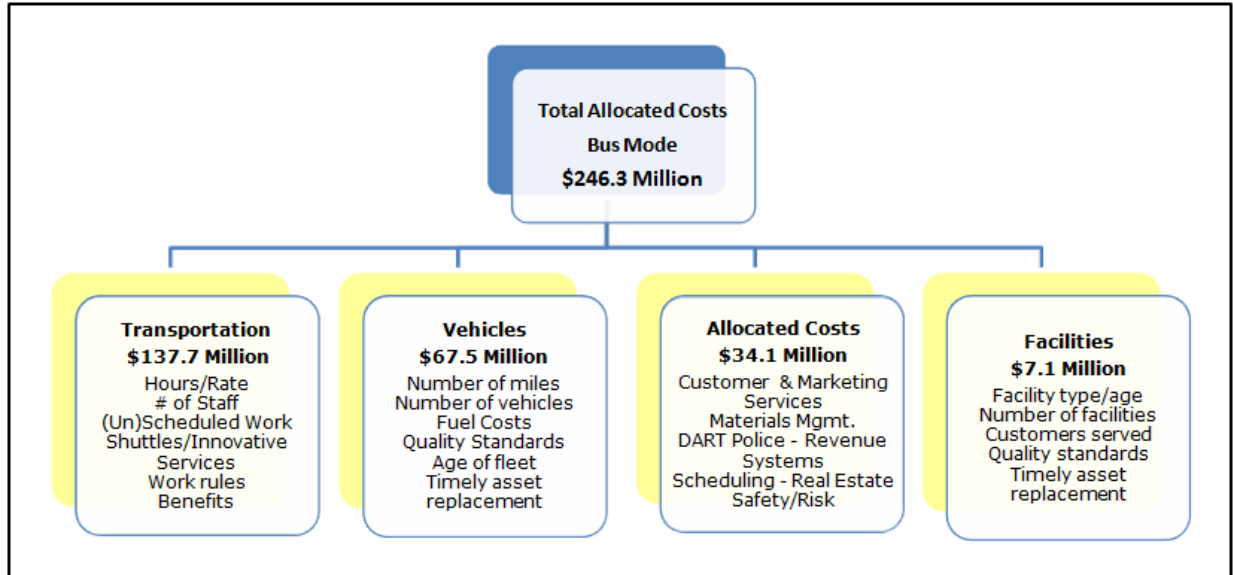
Exhibit 60
Bus Ridership (in Millions)



Please see Pages 239 through 242 in the *Reference Section* for a discussion of ridership trends.

Exhibit 61 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 \$137.7 million, or 55.9% of the cost.

Exhibit 61
FY 2015 Bus Cost Model



Light Rail System

DART currently operates and maintains 90 miles of light rail, including 62 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. The Orange Line extension to DFW International Airport, Terminal A, opened on August 18, 2014, bringing DART's total light rail system to 90 miles. A map of the current rail system is included as Exhibit 94 in the *Reference Section*.

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 is scheduled for a completion date in late 2016.

Light Rail Scorecard – Key Performance Indicators

Exhibit 62 highlights LRT's Key Performance Indicators (KPIs) presented in scorecard format. Fiscal years 2012 and 2013 indicate actual values. Fiscal Year 2014 Qtr 3 is a four-quarter rolling average ending June 30, 2014. Fiscal Years 2014 and 2015 are the budget values for those years.

Exhibit 62
Light Rail Scorecard – Key Performance Indicators

Customer Quality	Indicator:	FY12A	FY13A	FY14 Qtr 3	FY14B	FY15B
	Fixed Route LRT Ridership (M)	27.7	29.5	29.0	30.9	30.1
	Revenue Miles (M)	8.0	9.1	9.6	9.6	10.1
	Passengers per Mile	3.47	3.24	3.02	3.22	2.97
	Farebox Recovery Ratio [1]	19.4%	19.0%	18.8%	17.8%	16.7%
	Complaints per 100k passengers	17.5	15.0	14.4	17.5	17.5
	On Time Performance	96.7%	93.8%	95.1%	94.0%	95.0%
	Veh. Accidents Per 100k Train Miles [2]	0.20	0.34	0.29	0.55	0.53

[1] An error in the calculation was discovered after publication changing the results from 21.5% to 19% in FY13. [2] This indicator was previously reported as Car miles and was revised based on DART Safety Committee decision to report compared to train revenue miles

Financial / Efficiency	Indicator:	FY12A	FY13A	FY14 Qtr 3	FY14B	FY15B
	Expenses - Fully Allocated (M)	\$123.2	\$141.7	\$150.6	\$157.8	\$163.0
	Revenues (M)	\$25.7	\$29.2	\$30.7	\$30.8	\$29.5
	Net Subsidy (M)	\$97.5	\$112.6	\$119.9	\$127.0	\$133.5
	Subsidy Per Passenger	\$3.52	\$3.82	\$4.13	\$4.11	\$4.44
	Cost per Revenue Mile	\$15.43	\$15.58	\$15.70	\$16.45	\$16.09

Exhibit 63 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 63
LRT Overview

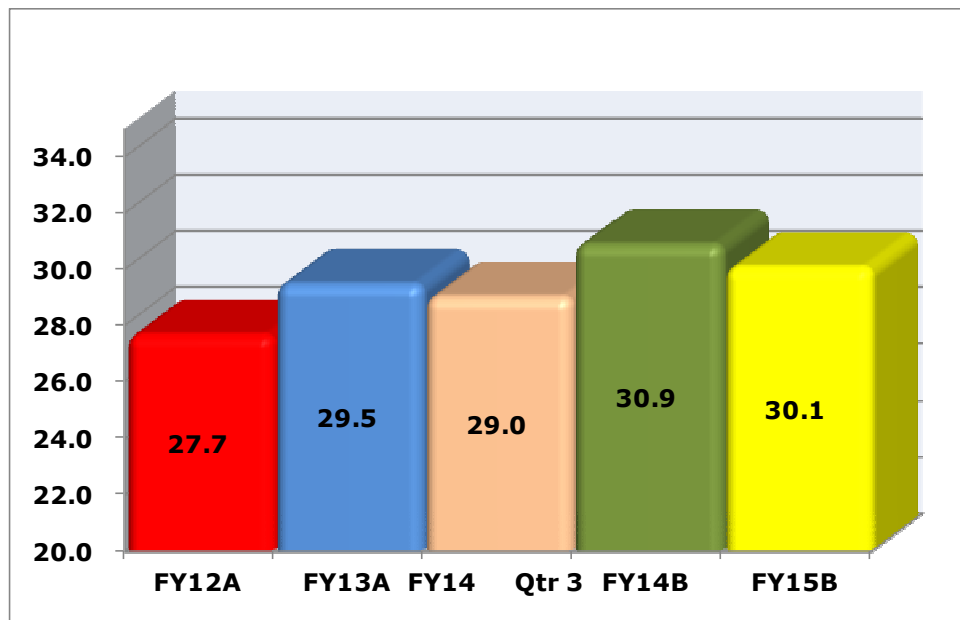
Overview	FY12A	FY13A	FY14B	FY15B
Allocated Operating Budget (M)	\$123.2	\$141.7	\$157.8	\$163.0
Capital Budget* (000s)	206.2	112.9	207.6	156.1
Allocated Operating Positions**	1,092	1,124	1,266	1,253

* 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.

LRT Ridership

Exhibit 64 highlights LRT Ridership. Fiscal years 2012 and 2013 indicate actual values. Fiscal Year 2014 Qtr 3 is a four-quarter rolling average ending June 30, 2014. Fiscal Years 2014 and 2015 are the budget values for those years.

Exhibit 64
LRT Ridership (in Millions)

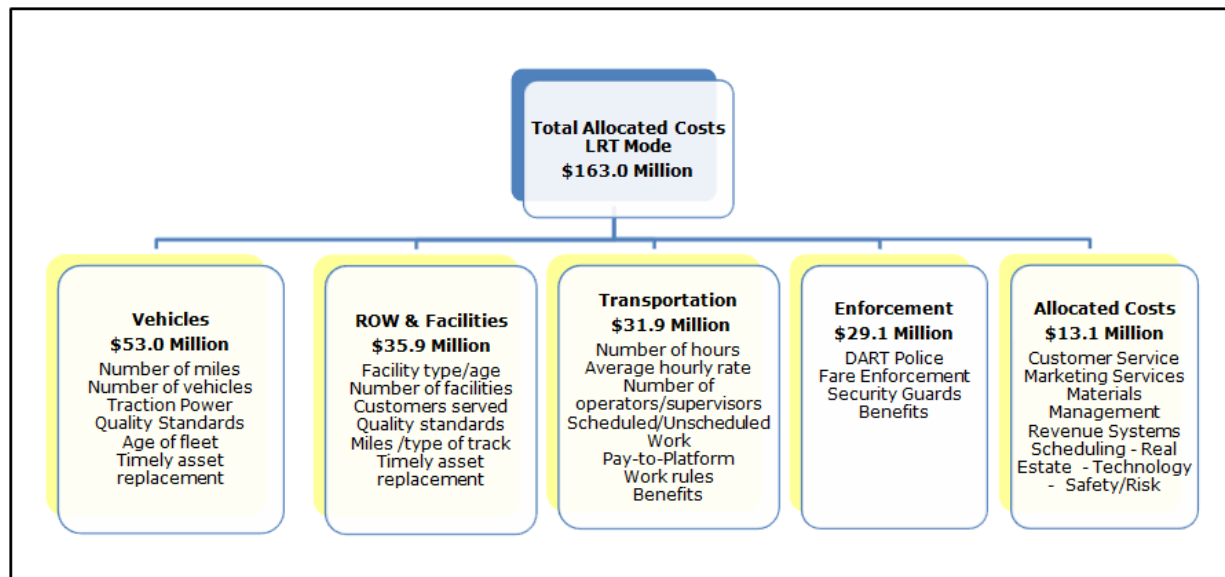


Please see pages 239 through 242 in the *Reference Section* for a discussion of ridership trends.

LRT Cost Model

Exhibit 65 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 \$35.9 million (22.0%) of the total \$163.0 million LRT cost structure – versus only 2.9% for bus. Transportation costs, on the other hand, represent only 19.6% (\$31.9 million) of the total LRT cost structure – versus 55.9% for bus. For a full comparison, contrast the bus cost model (Exhibit 61) with the LRT cost model (Exhibit 65).

Exhibit 65
FY 2015 Light Rail Cost Model



Bus & Light Rail Transit (LRT) System Maintenance

Function/Organization

The Maintenance Department is the second largest and most diverse department, employing 982 skilled, non-skilled, professional, management, and support staff. This department is responsible for maintaining a state-of-good-repair of approximately \$4.5 billion in assets including all DART-operated vehicles, operating facilities, transit centers, passenger shelters and stops, light rail right-of-way systems, and commuter rail stations. This department provides preventive and corrective maintenance services for all DART-operated revenue and non-revenue vehicles. Maintenance also manages major vehicle repair projects, provides technical training for maintenance employees, performs engineering studies for facility construction and rehabilitation projects, and develops specifications for vehicles, components, services, and consumable products. The Vice President of Maintenance directs the overall activities of the department and reports directly to the Executive Vice President/Chief Operations Officer. The department consists of three major divisions:

- Technical Services
- Fleet Services
- Ways, Structures, & Amenities

Technical Services Division

This division provides technical service support to the Fleet Services and Ways, Structures, & Amenities divisions. Additionally, it supports the Agency's mobility services for compliance with the equipment maintenance requirements of the contract, and provides liaison and oversight project management support for all systems integration or changes to the passenger amenities, operating facilities, right-of-way, vehicles, and equipment.

- Fleet Engineering: This section provides electrical and mechanical engineering support to the Fleet Services Division. Additionally, the section provides assistance to the Fleet Services Division to troubleshoot all vehicle systems and components to isolate cause of failure, and develop and document equipment configuration changes when required. Specifications, procedures, and requirements for the purchase, maintenance, and improvement of vehicles and equipment are developed by the section, as well as the development, review, and approval of all technical information related to the vehicles and equipment to ensure that rolling stock assets are maintained in accordance with the manufacturer's and/or industry recommended procedures.

- Facilities and Systems Engineering: This section provides civil, electrical, and mechanical engineering support to the Ways, Structures, & Amenities Division. Additionally, the section provides assistance to the Ways, Structures, & Amenities Division to troubleshoot facility and systems structural, electrical, pneumatic, mechanical systems, sub-systems, and components to isolate cause of failure and develop and document equipment configuration changes when required. Specifications, procedures, and requirements for the purchase, maintenance, and improvement of systems and facilities are developed by the section, as well as the development, review, and approval of all technical information related to the systems and facilities to ensure that fixed assets are maintained in accordance with the manufacturer's and/or industry's recommended procedures. This section is also responsible for management of the On-Call Construction Services contract. This contract is used to complete construction projects that have a value less than \$250,000 that are identified for facility repair, upgrade, expansion, reconfiguration, and new system finish-out.
- Training and Document Management: This section develops and implements training programs for mechanics, supervisors, and other maintenance personnel. In addition this section has primary responsibility for assuring that training and maintenance documentation for all new systems and vehicles and validation of maintenance documentation in support of improving vehicle and systems reliability needs are met. This includes providing direction on the development of specification requirements for new systems and vehicles; evaluating submittals related to the manuals and documents; and approving the format, scheduling, and delivery of the training. This section is also responsible for maintenance document management through Maintenance Document Control. This area develops and maintains the online manual system and the Maintenance Document Control Workflow used to review and approve all maintenance documents.
- Warranty & Maintenance Services: The section maintains service quality development, analysis, and distribution of maintenance reports and data. This group has primary responsibility for the measurement tool calibration program and technical responsibility for the DART tire lease contract. In addition, the section administers and processes all vehicle, equipment, and facility warranties; and monitors fluids through contaminant and wear metals analysis to prevent system or sub-system failures.

Fleet Services Division

This division is responsible for the repair, maintenance, and upkeep of all operating facilities and 654 fixed-route buses, 163 light rail cars, and 746 support vehicles/equipment. It includes bus fleet service facilities at the East Dallas, South Oak Cliff, and Northwest facilities; a non-revenue vehicle maintenance facility; and rail fleet service facilities at the Central Rail Operating (CROF) and Northwest Rail Operating facilities (NWROF). Fleet Services is also responsible for maintenance and repair of the materials management main warehouse and the mobility management operating facility.

- Bus Fleet Services: The primary functions of the Bus Fleet Service sections are to perform preventive maintenance, corrective maintenance, campaigns, fleet modifications, servicing, fueling, and cleaning of the DART-operated bus fleet. Additionally, each bus fleet service section is responsible for the repair and maintenance of its operating facility including all associated buildings and equipment, which includes air compressors, vehicle lifts, pumps, vehicle washers, service stations, and other structures.
- Bus and Rail Central Support: The Central Support section is divided into three units: Body Support, Bus Central Support, and Rail Central Support. Bus and Rail Central Support are responsible for fleet fixed scheduled maintenance, rebuilding major and small vehicle components, providing major and small vehicle components, providing major campaign modification support, and capital program support for DART-operated bus and LRV fleets. Body Support is responsible for body preventive maintenance, accident repair (minor and major), and upholstery rebuilding for the DART-operated bus and LRV fleets. Bus Central Support is responsible for new bus make-ready and disposal of retired buses.
- Non-Revenue Vehicle (NRV) Services: The Non-Revenue Vehicle (NRV) Services section is responsible for preventive maintenance, corrective maintenance, campaigns, fleet modifications, servicing, new vehicle make ready, retired vehicle disposal, and cleaning of the DART-operated support vehicle fleet. Additionally, NRV Services is responsible for the repair and maintenance of its operating facility including all associated buildings and equipment, which includes air compressors, vehicle lifts, pumps, and other structures.
- Rail Fleet Services: The primary functions of the Rail Fleet Service sections are to perform preventive maintenance inspections and repairs, corrective repairs, troubleshooting, running repairs, campaigns, electronic equipment, new vehicle qualification and acceptance testing, and fleet modifications. Additionally, each rail fleet service section is responsible for the repair and maintenance of its operating facility and equipment, which includes air compressors, vehicle lifts, pumps, vehicle washers, and other structures.

- Fleet Services Support: The Fleet Services Support section is responsible for administration and compliance of services, commodities, and fuel contracts supporting bus, rail, mobility management, and NRV services operations and facilities.

Mean Distance Between Service Calls is a 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. Goals for FY 2015 along with the history for FY 2012 through FY 2014 for both bus and rail are included in Exhibit 66.

Exhibit 66
Mean Distance Between Service Calls

	FY12A	FY13A	FY14 Qtr 3	FY14B	FY15B
Bus (miles)	5,442	5,911	7,049	7,147	11,267
LRT (miles)	33,328	35,625	41,816	44,348	48,783

Ways, Structures, & Amenities Division

The Ways, Structures, & Amenities Division provides maintenance for DART's Light Rail System, inclusive but not limited to the maintenance of the light rail transit (LRT) right-of-way. This includes Track & Right-of-Way, Passenger Amenities/Facility Services, Signal Systems, Traction Electrification Systems, and the Communication & Control Systems. The Division is located in the Ways, Structures, & Amenities (WSA) building at CROF, at 3021 Oak Lane in Dallas, and also at a second location at NWROF located at 9717 Abernathy in Dallas. The Division consists of five sections:

- Track and Right-of-Way: This section inspects, maintains, repairs, and replaces the track, special track work, right-of-way, track-related structures, culverts, crossings, and other rail-related facilities along the right-of-way. Additionally, the section performs any emergency repairs necessary to maintain service and is responsible for maintaining a zero tolerance graffiti program for light rail property.

- Passenger Amenities/Facility Services: The section inspects, maintains, and repairs passenger facilities including transit centers, LRT at-grade rail platforms, LRT aerial platforms, LRT subsurface platform, commuter rail platforms, park & rides, passenger transfer locations, transfer centers, enhanced shelters, crew quarters, bus shelters, benches, bus stops/trail blazers, information pylons, guide-a-rides, and tunnel equipment maintenance including fire life safety equipment. The section is also responsible for DART Headquarters, DART Police Administrative Facilities, and Police sub-stations property management (building maintenance and repair); Agency moving services, coffee services, cubicle reconfigurations, furniture procurement, space planning, as well as vending services and the parking garage management at Headquarters. Facilities Services is also responsible for the setup and breakdown for all special events.
- Traction Electrification Systems: This section inspects, tests, performs preventive maintenance, unscheduled maintenance, modifications, and repairs of the traction electrification system including overhead catenaries, support structures, conductors, cable, hardware, DC traction power substations which are used to supply power to the light rail trains and electrical power to the communication and signal systems, AC power substations for the tunnel system and facilities maintenance, station canopy lights and tunnel lights.
- Signal Systems: This section performs inspections, tests, preventive maintenance, corrective maintenance, modifications, and repairs to signal systems to ensure safe train operations. Time-based, corrective, and condition-based maintenance and repairs consist of, but are not limited to: switches, automatic highway grade crossing warning signals, wayside signals/indicators (including green bands), train coming signs, relays, and other electromagnetic apparatus, cables, wayside ATP equipment, and all train stop apparatus.
- Communication & Control Systems: This section is responsible for preventive and corrective maintenance of DART's mobile and wireless communication systems, supervisory control systems, the Operations Control Center's Bus Dispatch Integrated Radio System, Operations Control Center's Rail SCADA System, Light Rail Transit (LRT) Communications Systems, and DART Police Dispatch communications equipment. This includes all fixed-base, mobile, and portable equipment.

Materials Management

Materials Management has the primary responsibility of managing the ordering, receiving, distribution, and disposal of materials and equipment for the agency. The division manages over \$35 million in inventory for eight satellite warehouses and one outside yard.

System Police & Security

The Agency endeavors to maintain a safe and peaceful environment for its customers and employees. The following are the goals of the DART Police Department:

- 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 2014.
- Meet or exceed a system-wide fare compliance rate of greater than 97%.
- Maintain a 91% uniformed presence on scheduled light rail vehicles.

The DART Police Department is charged with implementing strategies addressing crime, fare enforcement, emergency preparedness, and video surveillance for DART employees, customers, facilities, and vehicles throughout DART’s 700 square mile service area. The Vice President/Chief of Police and Emergency Management reports directly to the Executive Vice President/Chief Operations Officer.

Major Functions and Duties

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

The *Administrative Support Section* develops and monitors the department’s budget and procures equipment and supplies for the department’s needs.

- Records Section – the department’s Records Section maintains and processes all offense reports, accident reports, and citations. They also file citations with the appropriate courts and submit reports to State and Federal agencies as required.
- Quartermaster – Manages the fleet vehicles and acts as the department’s liaison with building management.

Field Operations provides police services for customers, employees, Trinity Railway Express (TRE), Mobility Management, and DART facilities. Field Operations is comprised of the following divisions:

- Rail Operations – DART Police is responsible for providing police services aboard light rail and TRE commuter rail vehicles. This group also includes DART's Fare Enforcement Officers. The department has divided the rail system into 10 sectors to allow the officers to more efficiently patrol the rail system.
 - Fare Enforcement Officers: The primary duty of these officers 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. While fare enforcement officers possess no police power, they do provide a uniformed presence on DART light rail and TRE trains and provide a high level of customer service to patrons.
 - Rail Police Officers provide police visibility, protection, and security on the light rail trains, at rail stations, and light rail platforms. They take fare enforcement actions to ensure fare compliance and provide customer service.
- Patrol Operations provides police services to the bus and paratransit systems, board and ride buses along bus routes, conduct visits of bus stops, transit centers, passenger transfer locations, and park and ride facilities, as well as at all DART Administrative and Operations facilities.
 - Canine Handlers (K-9 Unit) – Through a Transportation Security Administration (TSA) cooperative agreement, the department has four explosives detection canines, along with four Ford Expeditions to facilitate K-9 deployment. Explosives detection canine teams greatly increase the Agency's responsiveness to explosive threats on buses, trains, and other DART property and facilities.
 - Counter-Terrorism Team (CTT) – With funding from the Department of Homeland Security, DART Police established a four-man counter-terrorism team which specializes in deterrence and detection of terroristic activities. The team also coordinates enhanced security presence at DART light rail stations, transfer centers, and on DART buses with visible intermodal protection response (VIPER) teams from Dallas/Fort Worth International Airport and Dallas Love Field Airport.

Operations Support is comprised of criminal investigations, emergency preparedness, hiring and recruiting, and public safety technology.

- The Criminal Investigations 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.
- Emergency Preparedness is responsible for planning and preparing for emergencies, to include 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.
 - Police Telecommunications is 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.
 - Facility Access Systems administers the personnel and vehicle access system for all DART facilities, which also includes issuance of ID/Access cards and the management/maintenance of requisite hardware and software systems.
- The DART Police *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.
 - 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 is responsible for the procurement, installation, and coordination of maintenance and software support with DART Maintenance and Information Technology for all closed circuit televisions at DART light rail stations, onboard buses, and at DART facilities.

Mobility Management Services (Paratransit)

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, innovative solutions to enhance the customer experience, 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 Persons with Disabilities, and operation of DART's On-Call service.

DART contracts with MV Transportation, Inc. (MV), to provide, operate, and maintain a fleet of 95 MV-1s and 47 Starcraft vehicles, along with 11 DART-provided On-Call vans. During the first pilot year of the contract (FY 2013), 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 contact and the elimination of the MV-1 vehicles. MV also oversees and manages a fleet of approximately 200 taxi vehicles provided by Yellow Cab and All Citizens Transport.

Paratransit Services Scorecard – Key Performance Indicators

Exhibit 67 highlights the Paratransit Mode's Key Performance Indicators (KPIs). Fiscal years 2012 and 2013 indicate actual values, while figures for fiscal years 2014 and 2015 represent the budget values. Fiscal Year 2014 Qtr 3 is a four-quarter rolling average ending June 30, 2014. KPIs for FY 2014 reflected a higher quality of service based on implementation of the new service delivery model.

Exhibit 67
Paratransit Scorecard – Key Performance Indicators

Customer Quality	Indicator:	FY12A	FY13A	FY14 Qtr 3	FY14B	FY15B
	Actual Ridership (000s)	802	763	752	778	800
	Actual Trips [1]		693	684	708	708
	Revenue Hours (000s)	466	523			
	On-Time Performance	87.0%	88.9%	91.4%	95.0%	95.0%
	Accidents per 100K Miles [3]	0.31	1.50	1.16	2.00	2.00
	Percentage of Trips Completed	99.9%	99.7%	99.9%	99.0%	99.0%
	Passenger Canceled Trips Ratio	10.3%	19.0%	15.8%	15.0%	15.0%
	Passenger No Shows Ratio	4.7%	4.1%	3.2%	4.0%	4.0%
	Complaints per 1k trips			5.6	3.0	3.0
	Service Level - Scheduling (3 minutes) [2]	79.2%	90.8%	99.3%	95%	95%
	Service Level - Scheduling (5 minutes) [2]		96.0%	99.9%	99%	99%
	Service Level - Where's My Ride (3 minutes) [2]		84.2%	95.6%	95%	95%
	Service Level - Where's My Ride (5 minutes) [2]		91.9%	98.6%	91%	99%
	Certified Riders	11,549	11,462	11,495	11,816	11,948

[1] Actual Trips represented under FY14 qtr 2 was published incorrectly and has been adjusted here. FY14 Target was adjusted after negotiations with third party vendor from 767k to 708k in FY14. [2] In past years these were based on calls related to scheduling. In FY13 and forward, these are based on ALL calls. [3] Restated FY13A due to a change to data after the report was published.

Financial / Efficiency	Indicator:	FY12A	FY13A	FY14 Qtr 3	FY14B	FY15B
	Expenses - Fully Allocated (M)	\$38.3	\$28.8	\$31.2	\$31.9	\$36.1
	Revenues (M)	\$2.3	\$2.1	\$2.0	\$2.6	\$2.2
	Net Subsidy (M)	\$36.0	\$26.7	\$29.2	\$29.3	\$33.9
	Subsidy Per Trip [1]			\$42.62	\$41.36	\$47.94
	Subsidy Per Actual Passenger	\$44.93	\$35.00	\$38.79	\$37.64	\$42.43

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 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 current target for complaints under this contract is 3 per 1,000 passenger trips. MV struggled to reach several of the established goals; however, considerable improvements were made during the last half of FY 2013 and throughout FY 2014.

Exhibit 68 is an overview of the uses of funds and allocated operating positions for the paratransit 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 68
Paratransit Overview

Overview	FY12A	FY13A	FY14B	FY15B
Allocated Operating Budget (M)	\$38.3	\$28.8	\$31.9	\$36.1
Capital Budget* (000s)	-	(0.1)	0.8	36.1
Allocated Operating Positions**	72	70	66	66

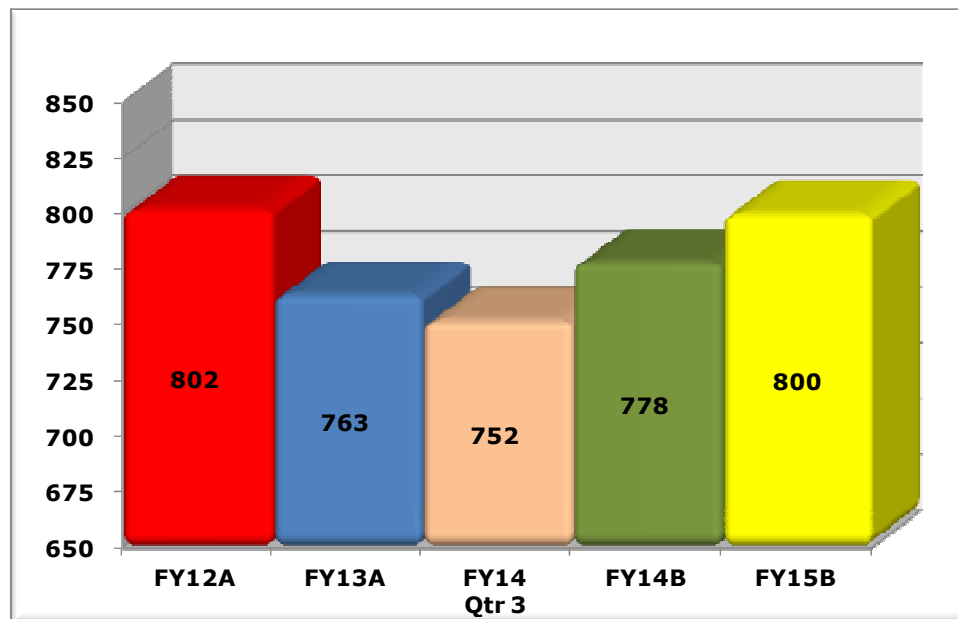
* This represents the modal capital actual or expected expenditure which does not include an allocation of agency-wide capital expenditures. ** Allocated positions are based on budgeted counts only

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.

Exhibit 69 highlights Paratransit ridership. Fiscal years 2012 and 2013 indicate actual values. Fiscal Year 2014 Qtr. 3 is a four-quarter rolling average ending June 30, 2014. Fiscal Years 2014 and 2015 are the budget values for those years.

Exhibit 69
Paratransit Ridership
(in Thousands)



The increase in vehicles and flexibility that accompanied the MV contract has helped to ease the strain on available resources and has 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:

- Use of "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 disabilities with DART's fixed-route system; and 2) 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 customers 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. Customers 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 and 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 fixed-route 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.

The number of certified riders for FY 2014 is projected at approximately 11,800. This represents a 3.1% increase from the 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. As of July 2014, approximately 11,500 riders are eligible to use Paratransit services.

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.

The Travel Ambassador program was implemented at DART in FY 2013. For a rider to transition to fixed-route services, Mobility Management Travel Ambassadors perform route checks to ensure there are no environmental barriers that would impede the rider's travel, and have been successful at educating a number of groups and individuals on using DART's fixed-route services. During its inaugural year, the Travel Ambassador Program successfully trained 22 individuals and 5 groups to use DART fixed-route services. At the conclusion of June 2014, 35 individuals and 11 groups have been trained. DART anticipates that this program will continue to grow and an even larger percentage of people will participate in FY 2015.

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 FY 2013 greatly reduced the strain on resources and is returning trips to more tolerable travel times with improved 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 15% range. These ratios are consistent throughout the transit industry for paratransit services.

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 began on October 1, 2012, and runs through September 30, 2019.

Paratransit Costs and Subsidy Per Passenger

Exhibit 70 compares Paratransit cost and net subsidy actual results for FY 2012 and FY 2013 with budget and projections for FY 2014 through FY 2019. Net subsidy represents the total cost of the service not covered by passenger fares. The calculation for Subsidy per Passenger takes this number and divides it by actual ridership. In the exhibit, Total Costs and Net Subsidy use the scale on the left side of the graph, while Subsidy per Passenger uses the scale on the right side.

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 did significantly reduce costs, as evidenced by the drop in 2013 and 2014, but program costs will continue to escalate.

Exhibit 70
Paratransit Net Subsidy Comparison

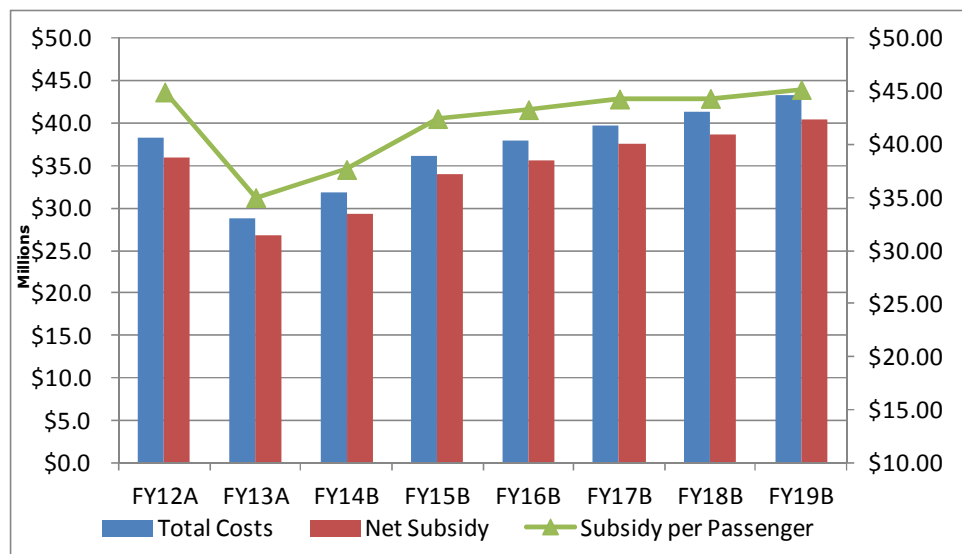
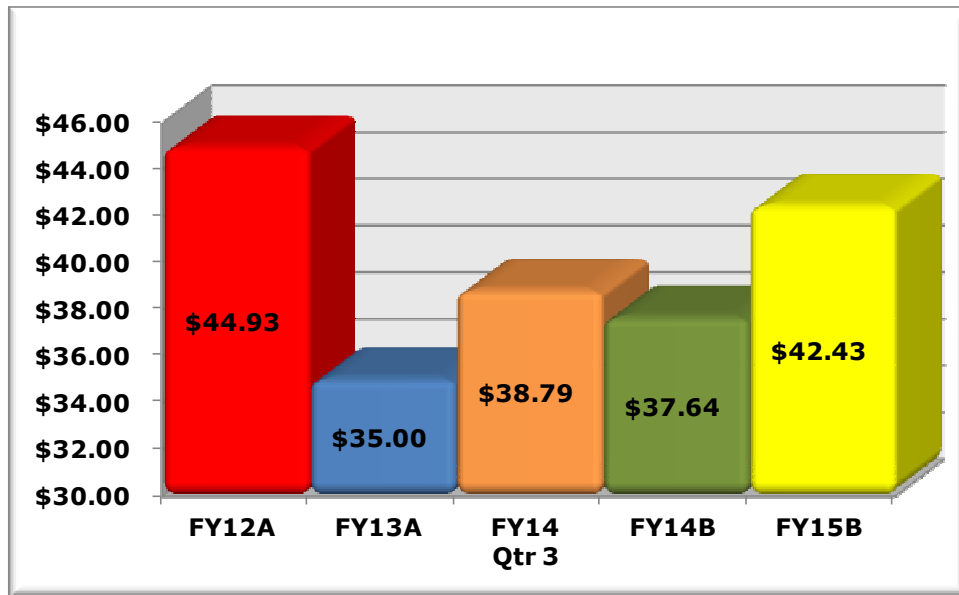


Exhibit 71 highlights Paratransit Subsidy per Passenger. Fiscal years 2012 and 2013 indicate actual values. Fiscal Year 2014 Qtr. 3 is a four-quarter rolling average ending June 30, 2014. Fiscal Years 2014 and 2015 are the budget values for those years.

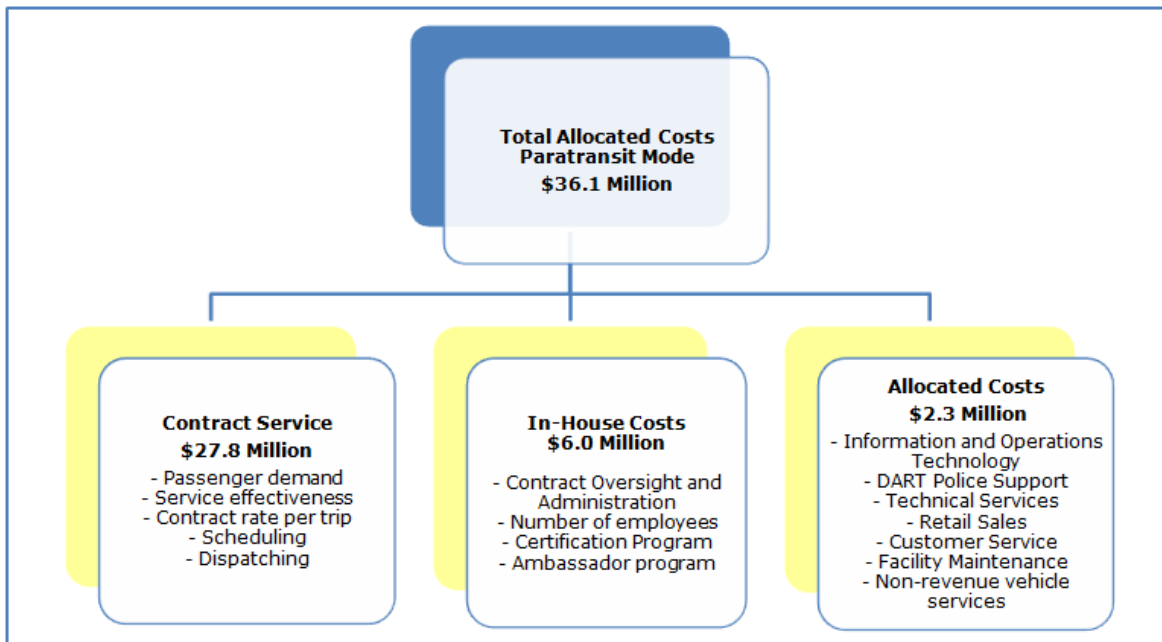
Exhibit 71
Paratransit Subsidy per Passenger



Paratransit Cost Model

Exhibit 72 is the Paratransit Cost Model.

Exhibit 72
FY 2015 Paratransit Cost Model



Business Solutions & Innovation

Business Solutions & Innovation looks to maximize Agency resources through attractive marketing, innovative technology, and astute financial management. This unit includes the following functions:

- Finance
- Risk Management
- Information Technology
- Marketing
- Procurement

Finance Department

Finance looks to effectively collect passenger fares, pay DART employees and its business partners in a timely manner, ensure cash is available to meet payment obligations in a cost efficient manner, and collect and provide financial information to DART management and other stakeholders to make informed decisions. Accounting (including payroll and accounts payable), budgeting and financial planning, revenue systems and administration, risk management, and treasury comprise the Finance Department. Performance reporting from the various Finance Department divisions is included in the DART Quarterly Operating and Financial Performance Report which is available on DART's website, DART.org.

Accounting – This division has three sections (Accounts Payable, Payroll, and General Ledger) and is responsible for recordkeeping, financial reporting, payroll, accounts payable, and management of the corporate card function at DART. Accounts Payable is responsible for ensuring that vendor payments are made accurately and timely in accordance with payment related policies, invoice payment resolution, escheatment activity, and 1099 issuance. Accounts Payable is also responsible for the corporate card administrative functions. Payroll is responsible for ensuring that all employees are paid accurately and timely, and ensuring that policy and federal regulation pertaining to payroll operations are followed. The General Ledger section includes accounts receivable, cash, fixed assets, and maintaining the balance sheet and expense records at DART. This section is responsible for recording and reporting on all DART business transactions in accordance with generally accepted accounting principles (GAAP).

Budget and Financial Planning – This area develops and administers the annual budget, capital budget, long-range financial plan, and preparation of the annual business plan. This includes revenue tracking and reporting, business analysis project support, and performance reporting (e.g., key performance indicators).

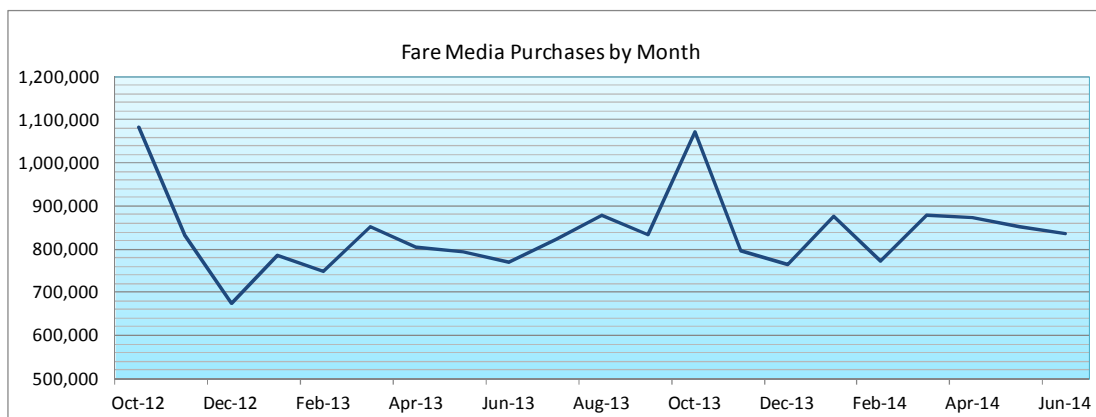
The operating budget section implements financial target analysis reporting, works with all departments to ensure that budget targets are maintained, and monitors departmental budgets and assists departments with their budgets throughout the year. The capital budget section provides maintenance and administration for the capital budget and Twenty-Year Financial Plan, performs a thorough review of estimated final funding requirements for all current capital projects, and maintains current tracking and reporting systems for all capital projects. One of the primary functions of this group in FY 2015 will be the analysis of all state of good repair projects and the upgrade of the current financial modeling software. Key performance measures for this area include on-time reporting by established deadlines for documents such as:

- Operating expense and revenue budget
- Sales tax results and projections
- Quarterly operating, performance, and compliance report
- Division Level Measurement (DLM) program report

Revenue – This area consists of Revenue Administration and Revenue Systems.

The primary responsibilities of the Revenue Administration section include reconciliation of passenger revenues received through fare collection systems; ridership and revenue reporting; pass sales; preparation and distribution of payroll and accounts payable checks; electronic payment transfers; payroll tax transmissions; Payment Card Industry-Data Security Standard (PCI-DSS) compliance; fare media procurement and inventory; and fare collection systems software administration and reconciliation, including the roll-out of the GoPass mobile ticketing application. This section prepares monthly, quarterly, and annual ridership, financial data, and agency services and safety and security data to regulatory agencies, such as the National Transit Database (NTD), American Public Transportation Association (APTA), and the Texas Department of Transportation (TxDOT). Exhibit 73 shows the fare media purchases by month from October 2012 to June 2014.

Exhibit 73





The Revenue Systems section includes all Fare Equipment Dispatch responsibilities, Revenue Technicians, Bus Yard Control, and the maintenance personnel assigned to repair Ticket Vending Machines (TVMs). The Fare Equipment Dispatch unit deploys available resources to rail or bus stations that have equipment in need of service or repair on a day-to-day basis. The dispatchers log all revenue equipment issues, coordinate all TVM repairs, and track both revenue technician and mechanic work progress throughout the day. They track all services provided to Denton County Transportation Authority (DCTA), and invoice for those services on a regular basis. They investigate all customer complaints relating to TVMs. The revenue technicians perform routine TVM service including the removal of coin and currency from collection containers, replenishing pass stock, change supply, and receipt paper. They clear jams and perform the first line of troubleshooting for any TVM problems.

The revenue technicians that provide 24/7/365 bus yard control functions are located at each of the bus divisions and issue the buses to bus operators, collect the ridership data and revenue from bus fareboxes when the buses return to the divisions, and keep the buses parked on the yard in an organized manner. The Fare Equipment Maintenance personnel are responsible for all TVM field repairs, repair of Ticket Reader/Issue Machine (TRiM) units, and vault and probing systems at all bus divisions, fare collection component rebuilds, and TVM preventive maintenance. This unit works closely with fleet service and materials management to ensure that parts are available to keep fareboxes in working condition on the buses.

Exhibit 74 is an example of the Division Level Measurements for the revenue technicians assigned to TVM service and fare equipment maintenance personnel.

Exhibit 74
Division Level Measurement Scorecard – Revenue – TVM

2013 Results					2014 Goals			
Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4
10.49	16.67	7.30	11.92	Unsched. Absences	10.04	10.04	10.04	10.04
31.90	34.33	30.57	29.47	Cmpls /100k Psngrs	7.84	8.59	8.07	7.66
98.00%	98.40%	96.45%	96.72%	% TVMs In Service	99.24%	99.24%	99.24%	99.24%
45	39	61	184	PMIs Completed	260	260	200	200
3,714	3,194	4,023	3,972	Service Calls Completed	3,726	3,726	3,726	3,726

2013 Results				Details for Actuals	2014 Goals			
Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4
17.00	25.64	12.68	18.33	Unsched. Absences 8 Hr. Days	13.22	13.22	13.22	13.22
678	678	613	218	Complaints	207	207	207	207
2,141,649	1,963,956	1,977,355	1,370,022	Ridership	2,636,250	2,404,802	2,559,769	2,694,845
98.00%	98.40%	96.45%	64.48%	% TVMs In Service	99.24%	99.24%	99.24%	99.24%
20	20	20	20	Employees	20	20	20	20
45	39	61	184	PMIs Completed	260	260	200	200
3,714	3,194	4,023	3,972	Service Calls Completed	3,726	3,726	3,726	3,726

The Treasury Division has responsibility over securing and monitoring grants, cash and investment management, cash processing, sales tax monitoring and forecasting, and debt management.

Employees in this division submit all federal and state grants, track all outstanding grant funds not yet received, and secure payment on a timely basis. The Grants Section monitors grant cash receipts against the Annual Financial Plan and the total amount of grant awards. They also track the available funding opportunities for which DART applies and the impact on the Financial Plan.

The Treasury Division maintains strict compliance with the Texas Public Funds Investment Act (PFIA) by shielding all DART funds from exposure to loss, keeping all available cash proceeds invested at all times, and exceeding the benchmark yields for all investment categories. PFIA compliance is monitored through the preparation of reports such as the Portfolio Analysis by Fund, Fund Yields, and Average Yield to Maturity. In addition, compliance with the PFIA is monitored through attainment of the Government Treasurers of Texas Investment Policy Certificate of Distinction Award as awarded in March 2013. The Treasury staff also maintains tight controls over all cash held by the depository bank or any other institution holding funds on DART's behalf. They maintain strict compliance with debt covenants, make all debt payments on time, and prepare contingency plans to address any potential impacts from actions by Congress. See Exhibit 75 for an example of the information tracked by Treasury. This type of information is provided to DART's Board of Directors on a monthly basis.

Another section within the Treasury Division is responsible for processing cash from fareboxes and ticket vending machines. Treasury prepares a report (Exhibit 76) for monitoring cash processed per working day to gain insight into the effects of fare increases, alternative pass sales methods, or significant changes to existing service revenue derived from cash. This report is also included in the monthly financial report to the DART Board.

Exhibit 75

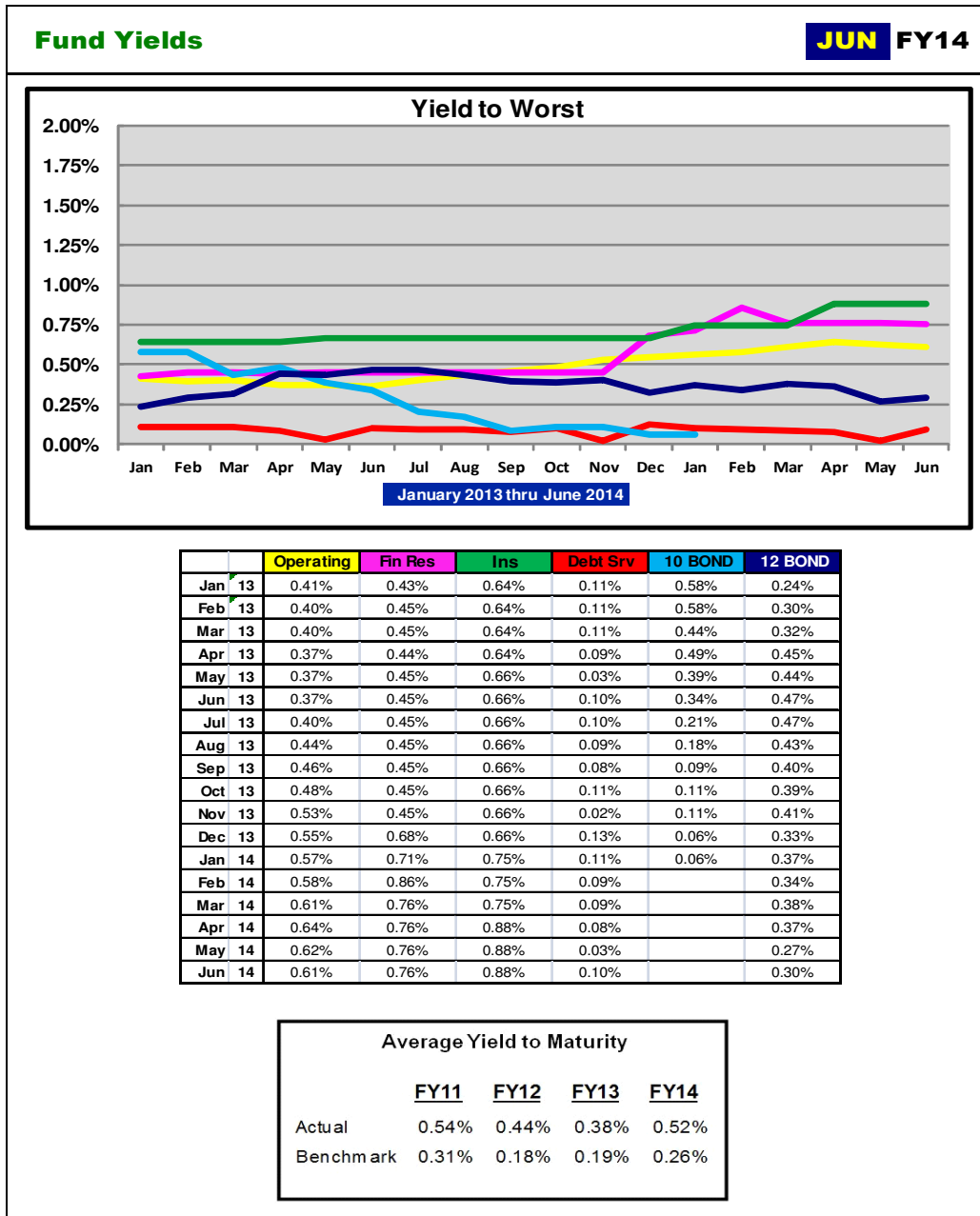
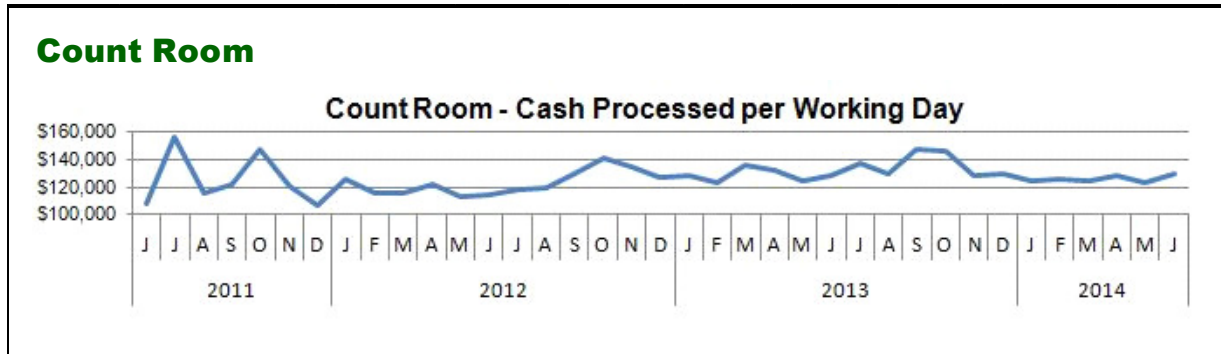


Exhibit 76



Risk Management Division

The Risk Management Division provides oversight of all property and casualty insurance programs, property claims management, and employee lost time and drug testing programs. The division has maintained a high standard of performance in the cost containment achievements in the management of the insurance programs with special emphasis in FY 2015 of the Owner Controlled Insurance Program (OCIP) and professional liability programs for SOC-3 and active participation in the crafting of new insurance programs to address the introduction of AMTRAK service on the TRE commuter rail line.

The Division maintains timely, cost-effective handling of claims while endeavoring to integrate the 5 Star Service Initiative into all activities by the end of FY 2015. The lost time section is responsible for the agency's drug testing and employee health monitoring programs.

Information Technology Department

This department provides support to DART business systems and partners with other DART departments to leverage technology for improved customer service and to enable DART to operate more efficiently and effectively. These activities include the areas of ITS (intelligent transportation systems), business system applications and overall system architecture, and system hardware and related infrastructure.

The following projects are considered the largest and highest priority for IT, although there are a number of concurrent smaller projects to be addressed.

ITS Projects – Improve transportation effectiveness through the use of technology.

- TRE Next Train – Advance the deployment of INIT controllers on TRE trains and signs on platforms to inform passengers of the next arrival of trains.

- Internal Digital Dashboard equipment replacement. – Replace older internal digital dashboard units at divisions.
- In-vehicle technology – Continue the deployment of on-board technology on the bus fleet for 4G LTE modems, camera systems and video off-load, and advance the development of monitoring tools and break/fix processes with Maintenance for effective support of the devices. Implement distributed AMS system and integration of Dedicated Micros DVR into rocket 4G LTE modem. InfoTransit phase III integration into rocket 4G LTE.
- Traffic Signal Prioritization (TSP) – Continue to support the City of Dallas in development and testing of new traffic controller software and plan the deployment of TSP in the CBD.
- Agency WiFi initiatives – Testing and implementation of WiFi technology for all DART rail, bus, and transit centers.
- Comprehensive Fare Payments System – Assist the Finance Department in implementation of fare payments system.
- Transportation Tablets Project – Work with Transportation to implement Tablet Solution. Completion FY 2015.
- Maintenance and Support – Provide prompt system support to ITS and DART application business units.

Applications Projects – Implement improved business systems which support DART operations.

- Time and Attendance System
- DART Police System Upgrade
- Lawson Version 10 Upgrade
- Enterprise Asset Management System Replacement to ensure compliance with federal transportation legislation

Architecture and Information Management Projects – Partner with other DART units to implement more effective comprehensive business systems.

- Enterprise Architecture
- Information Management
- Comprehensive Fare Payment System

Infrastructure Projects – Ensure system infrastructure operates securely, efficiently, effectively, and without interruption.

Maintenance and Support – Prompt system support to DART business units. This responsibility consumes approximately 60% of the IT Department's efforts.

Marketing & Communications Department

Marketing links DART to its customers and the public at large. This includes conventional advertising, event-specific communication, traditional and newer social media relations, education, and consumer research. The Marketing and Communications Department has four main objectives: (1) to increase brand relevance by tracking customer trends in the customer satisfaction survey under the Net Promoter Score; (2) to increase ridership as measured by our forecast, or against the specific consumer segments identified; (3) to increase revenue as measured by our forecast, for both non-farebox and farebox revenue; and (4) to be responsive as measured by our ability to meet the established turnaround times for requests in marketing, communications, and public relations.

The department has several major initiatives. The first is to support transit expansion by providing launch materials, marketing, communication and other tactics to drive awareness and ridership. This includes frequent attention to ridership metrics in order to course-correct as needed. Initiatives in support of transit expansion include shuttle and new bus launches (downtown, airport, rapid, Legacy, etc.), new fleet roll out, airport station launch development, and safety and security support.

The next major initiative is consumer program activation, or the development and implementation of programs to achieve objectives. Fiscal year 2015 consumer programs include mobile application rollout (actually starting on August 13, 2014). Also included are designated consumer promotions which are bigger and tailored to drive DART brand awareness and encourage ridership, and brand repositioning which positions the brand to obtain the greatest leverage to drive cultural change internally and externally. The remaining consumer programs scheduled for fiscal year 2015 are of a strategic nature and include customer service tracking and strategy, DART retail store strategy, ad revenue strategy, and continued activity to highlight and drive the DFW Airport station.

For fiscal year 2015 the Marketing and Communications Department will focus on specific consumer segments which may include: corporate sales, cultural focus, student riders, and those living within the major metro core.

Procurement Department

The Procurement Department is responsible for purchasing all commodities, services, and construction, with the specific exceptions of real estate, legal services, and some utilities. The Vice President, Procurement, directs the overall activities of the department.

Specific missions assigned to the Procurement Department include:

Acquisition planning	Contract award
Strategic sourcing of suppliers	Contract administration
Supply chain analysis	Contract dispute resolution
Solicitation preparation and issuance	Contract close-out
Contract development	Procurement outreach
Cost and price analysis	Small Purchases
Negotiations	Supplier Management

Contract Specialists are responsible for the preparation and issuance of formal and informal solicitations exceeding \$50,000 in value; receipt and evaluation of bids/offers; preparation of required reports and analyses; preparation of contracts below, and proposed awards in excess of established thresholds for Board approval. After award, they are responsible for contract administration, resolution of disputes, and all actions necessary to close out contracts (including terminations for default or for the convenience of the Agency).

The Purchasing section's Buyers are responsible for the preparation and issuance of request for quotes (RFQs); receipt and award purchase orders or blanket purchase orders for goods and services estimated in value of less than or equal to \$50,000.

The Capital Projects Division consists of two sections responsible for procuring professional services and construction, operations and maintenance contracts, and capital acquisitions. This Division also provides cost and price analysis support for the Department.

The Strategic Sourcing Division consists of two sections responsible for operational, maintenance, and business services procurements in support of all DART departments. This Division procures a wide variety of goods and services, including small purchases, technology, marketing services, and business products and services.

Procurement Administration provides administrative, technical, and policy-related support to the Procurement Department, and responds to questions from internal customers and vendors regarding vendor registrations, contracts, and the solicitation process. They maintain the vendor database, issue public notices and advertisements of procurement opportunities, make procurement-related postings to DART's supplier portal, and manage the receipt and storage of bids and offers.

This section is responsible for technical support, including the development of reports, coordination with IT staff, assisting with the development and enhancement of applications, and assisting staff with IT requirements. This section identifies process improvements and business/system process solutions to meet business objectives.

Policy support includes coordination with internal and external audit/review teams, updating policies and procedures, responding to public record requests, and other activities.

Key Performance Indicators (KPIs) for FY 2015

- 32% D/M/WBE Participation
- 100% capital project contracts awarded on-time and under budget
- 90% of contracts extended before original expiration date
- 90% of contract extensions to Board 180 days or more before expiration date
- 90% customer satisfaction
- 85% supplier satisfaction
- 3 or more bidders on at least 90% of our solicitations
- Measured savings 10x budget
- 100% of protests responded to on time
- 100% compliance with FTA requirements, where applicable.

Workforce & Customer Safety

DART has always considered the safety of our customers, employees, and contractors to be of paramount importance. We have developed and implemented a System Safety Program Plan (SSPP) designed to provide the safest transportation network for customers and citizens of our service area, and the safest work environment for employees. A series of unfortunate public transit and commuter rail incidents around the country in the past ten years has prompted Congress to adopt new regulatory oversight and compliance obligations that require DART to further refine our program and elevate even further the emphasis on safety throughout the organization. DART can anticipate more safety oversight auditing and reporting obligations to both the State of Texas and the Federal Transit Administration. And, of course, with the implementation of Positive Train Control on our Commuter Rail system, there will be a companion set of new compliance and reporting obligations.

Effective October 1, the existing safety team presently residing within the Risk Management Division of the Finance Department will become a stand-alone organization with a newly-established Director of the safety program who will report directly to the Chief Executive Officer. This is consistent with the recommendations regarding safety oversight contained within MAP-21. While this change does not represent a wholesale change in our current program, the elevation of the program within the reporting structure and the appointment of a senior executive to oversee the expanded role of safety within the organization should make obvious to everyone within DART what importance safety should and must play in our daily operations.

Each DART department is directed and empowered to administer the SSPP and its specific activities for the prevention, control, and resolution of unsafe conditions and actions. DART's successful safety record results from the use of this plan, as well as from the regular review and revision process in place to keep the SSPP current.

DART Safe Work Practices Policy

DART's safety policy is guided by the following principles:

- Injuries and occupational illness can be prevented.
- Preventing injuries and incidents is good business.
- Operating exposures can be safeguarded.
- Management will train all employees to work safely.
- Appropriate safety equipment will be available to all employees.
- Safety is the responsibility of every employee.

DART's senior management is responsible for providing leadership in promoting safety and ensuring employees are committed to the safety of DART's customers, employees, property, and the general public who come into contact with the system.

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, DART provides safety-specific training for DART operations. Safety rules and techniques are integrated into the task-specific training associated with each departmental discipline. Safety personnel or qualified departmental instructors conduct task-specific training. DART's safety training program includes the following:

- Light Rail Worker Protection
- Fire Department
- DART Police
- Operation Lifesaver
- Quarterly Safety Training
- Collision Avoidance
- Defensive Driving
- Environmental and Health Training

Mandatory quarterly safety training meetings are held in October, January, April, and July of each year for Transportation and Maintenance department personnel. The topics and curriculum are based upon current events, recurrent training required by law, or training required by changes in safety-related laws, regulations, guidelines, DART policy, SOPs, and work instructions. Over 3,000 individuals are trained annually.

Rules Compliance and Procedures Review

DART maintains Standard Operating Procedures (SOPs), work instructions, and rulebooks for the operation and maintenance of LRVs, buses, rights-of-way, structures. Operating rules and procedures promote safe, efficient, and timely transit operations. Therefore, the Transportation and Maintenance departments have developed rules compliance programs. The two departments conduct ongoing reviews of established rules and procedures to evaluate their continued effectiveness. Safety personnel audit the procedural documentation and are active members on the Bus and LRT Rules Committees. The rules committees review operations rules annually and incorporate related interim bulletins into their respective Rule Books.

Facilities, Equipment, and Inspections

Facilities and equipment are inspected and tested on predetermined schedules. Repairs are accomplished as conditions require. Checklists for specific inspections are located in the Maintenance Department and are accessed electronically. The asset management system tracks and manages inventory, training records, preventive maintenance, running repair, and other activities pertinent to facility and equipment maintenance.

Operations Safety Functions

DART's safety program includes the following:

- Audits of various components of the system regularly based on safety rules, operating practices, and traffic laws for the Maintenance and Transportation departments, and other audits as requested.
- Light rail safety audits as mandated by the Federal Transit Administration (FTA) and State Safety Oversight.
- Job safety analyses to recommend mitigation strategies for the risks inherent in performing specific tasks. This, in turn, affects the safety requirements within the Standard Operating Procedures and Work Instructions.
- Ergonomic evaluations to analyze workspaces, improving worker efficiency and well-being.
- Investigation of all collision accidents to determine preventability as well as an appeal process associated with preventability decisions.
- Involvement in integrated testing prior to the opening of new light rail sections.

- Leadership of the activities of the Rail and Bus Safety Committees, which report to the DART Safety Committee (DSC). The DSC is composed of DART Executive Management, and is responsible for safety policymaking, performance accountability, oversight of the subordinate safety committees, and assignment of safety responsibilities throughout the agency.
- Oversight of changes in configuration to bus, rail, and other systems, ensuring adherence to change management principles and processes.
- Oversight and documentation of medical monitoring for lead and hexavalent chromium.
- Coordination of the Texas Department of Transportation (TxDOT)-mandated physical program for revenue operating personnel.
- Direction of DART's substance abuse prevention program in accordance with Federal regulations.
- Primary contact for all state safety oversight issues such as compliance with federal and state regulations and serious accident investigation and reporting.
- Primary contact to the National Transportation Safety Board.
- Development and implementation of accident reduction initiatives and implementation of operational policies and procedures.
- Coordination of the National Safety Council's safe-driver recognition program.
- Participation in the development and implementation of the safety initiatives by the American Public Transportation Association (APTA).

Bus and Light Rail Accidents per 100,000 Miles

Exhibit 77 shows the results of Bus Accidents per 100,000 miles for FY 2012-FY 2014. The results show a 8.6% increase from FY 2012 to FY 2013, due to challenges experienced with the delivery of a new type of buses. However, the results of FY 2014 year-to-date shows slight improvements.

Exhibit 77
Bus Accidents per 100,000 Miles

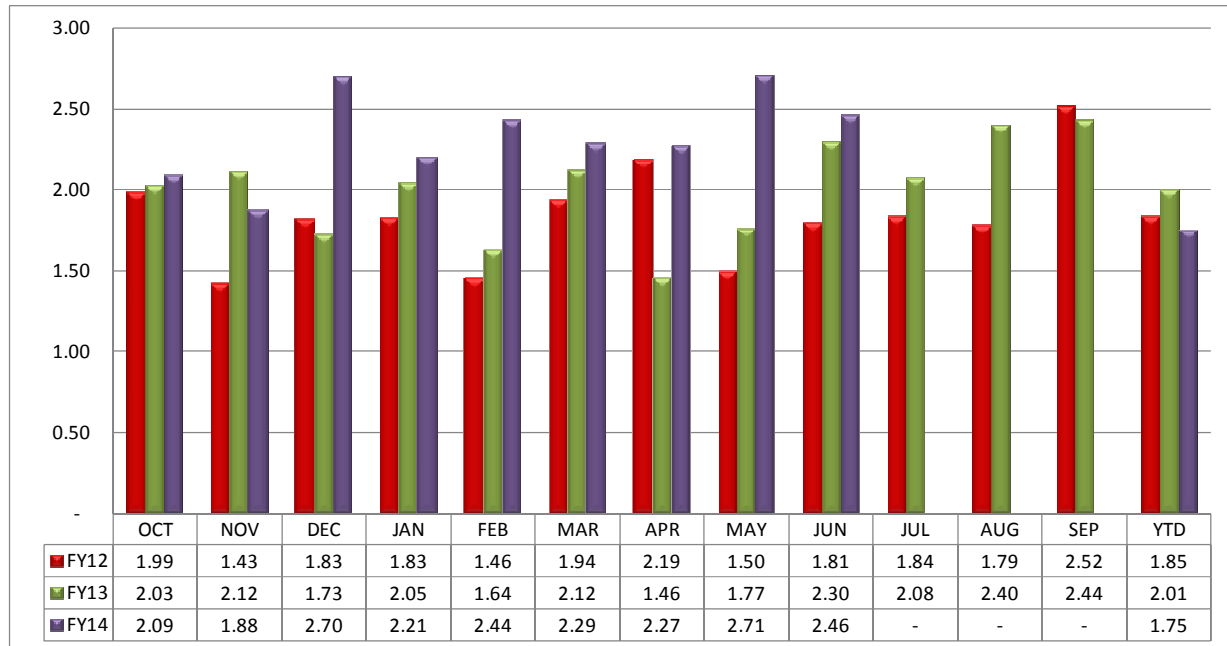
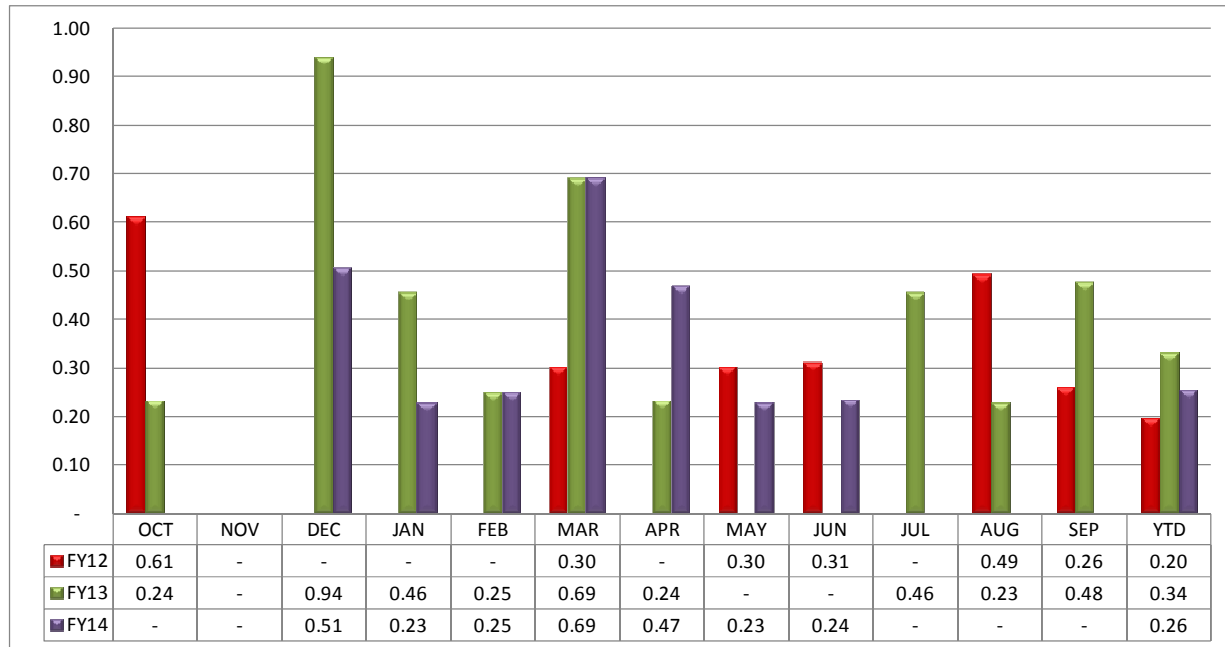


Exhibit 78, shows the history of Rail Accidents per 100,000 Train Miles for FY 2012 to FY 2014 year-to-date.

Exhibit 78
Rail Accidents per 100,000 Train 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)
- 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 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. With systematic refinements, the construction safety and security program successfully lowered the costs associated with injuries from \$1.31 per man-hour worked on the Light Rail Starter System to \$0.21 per man-hour worked on the LRT Phase II Build-out (see Exhibit 79). These results compare very favorably to published national averages as well as departmental goals.

Exhibit 79
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

Technical Services

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, and Failure Mode and Effects Criticality Analysis. Safety and security certification checklists are developed and reviewed by the Safety and Security Certification Review Team to assure compliance prior to being placed into service.



Fire Life Safety

DART's Fire Life Safety Committee (FLSC) interfaces with emergency response organizations throughout the Service Area 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 prior to revenue service.

Growth & Development

Planning & Development Department

The work plan for the Planning & Development Department consists of a broad range of planning development activities, from ongoing refinement of the current bus system, to conceptualizing future services and projects and advancing them through various levels of development.

The strategic workplan for FY 2015 includes the following programs and projects:

Transfer of HOV Program 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 the 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 with the exception of the barrier-separated lanes along I-30 East. 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 BTV machines will be sold to the future TxDOT operator of the HOV Lanes prior to October 1, 2014. The full transition of all of the lanes to TxDOT was 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 HOV usage (i.e., ridership) and the 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 operations.

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 lanes, 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 and Systems Requirements by all eight sites, DART's application was one of the three chosen by the US DOT for the second phase or 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.

The one-year real-time pilot test of the application of the system began on October 28, 2013. The program includes Freeway Management, HOV Lane Monitoring, Arterial Street Monitoring, Responsive Traffic Signal System, Parking Management, Real Time Transit Vehicle and Park and Ride Lot Information, Regional Trip Planner, Weather Information, and the DFW 511, which is the State's first multi-modal Traveler Information System. The federally-funded ICM Program is a joint effort of DART, TxDOT, North Central Texas Council of Governments (NCTCOG), North Texas Tollway Authority (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. Due to the support of DART's partners in the region, the 511 DFW program will continue in FY 2015 and discussion are underway with NCTCOG and TxDOT to continue the program for FY 2016 through FY 2018 with higher regional financial support.

Bus Shelter Project – DART has accelerated our aggressive program to improve passenger amenities at many of the nearly 12,000 bus stops in the DART network. Grant funds continue to provide significant financial support for the installation of new shelters and benches and the replacement of aging structures throughout the system. As new shelters are installed or replaced, solar-powered lighting has also been added, and stand-alone solar lighting devices are being added at strategic locations, as needed.

The acceleration of shelter and bench installations began in December 2013. Under the program, a total of 437 new and replacement shelters will be installed by June 2015. Monthly reports to the Board's Planning Committee have documented the process. As of June 2014 (six months into the accelerated schedule), 183 shelters (42% of the project total) had been installed or replaced.

Reserved Parking Program – In late 2013, the DART Board of Directors decided to allow the non-resident Paid Parking demonstration program to end without renewal. Paid parking ended at the four designated locations on April 2, 2014. Out of concern for the ability of service area residents to find close-in parking at Parker Road Station, DART established a follow-up Reserved Parking program at Parker Road. This new program began on April 3, 2014.

A total of 828 parking spaces have been reserved for service area residents with a valid DART resident permit. Another 1,231 spaces at Parker Road are open to all users. Eligibility for the program requires verification of service area residency and verification of vehicle ownership, and residence permits issued under the former Paid Parking program are accepted. Station Concierges at Parker Road issue the reserved parking permits, and DART Police provide enforcement.

Traffic Signal Priority for Light Rail Transit (LRT) in Dallas Central Business District (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. This phase is scheduled for completion by the end of 2014.

Regional Service Policies and Operations – DART continues to work on the provision of transit services outside of the DART Service Area under Board Policy III.07. DART currently works through a Local Government Corporation (LGC) to manage two out-of-service area contracts: a tri-party service agreement with the City of Arlington and the Fort Worth T for services in Arlington; and an agreement with the City of Mesquite for services between Hanby Stadium and DART Lawnview Station.

Arlington service began in August 2013 with a single weekday route connecting College Park to CentrePort Station on the TRE line. Under the agreement, DART operates service through August 2015. This service is carrying 250-300 passengers per day. An additional stop in the Arlington Entertainment District was added later in 2013.

Mesquite service began operation in March 2012 with a single weekday route connecting Mesquite's Hanby Stadium to Lawnview Station on the Green Line. This agreement expires at the end of December 2014, and as of late in FY 2014 Mesquite was considering proposals for a new three-year service program that would add midday service to the current morning and afternoon peak schedule.

DART staff is conducting a review of current Board policies governing non-Service Area services, and will bring proposals for potential changes to Policy III.07 to the Board of Directors for consideration before the end of FY 2014.

Plano Taxi Voucher Program – For several years, DART has partnered with the City of Plano to manage the Plano Senior Rides program, a program providing taxi vouchers to help fund transportation for Seniors who are unable to use DART fixed-route or Paratransit services. For FY 2015, DART is working on a series of changes to and expansion of the current program. One key change would replace paper vouchers with debit cards, which will simplify record-keeping and administrative burdens. Perhaps the greatest change, however, will be the expansion of the program to include the addition of Plano residents who are former customers of the now-defunct Collin County Area Rural Transit (CCART) system, but do not qualify or are unable to use DART fixed-route programs or Paratransit programs.

Comprehensive Operations Analysis – DART Capital Planning and Service Planning staff will begin work on the Agency's first Comprehensive Operations Analysis – commonly called a COA – in late FY 2014, with work continuing through FY 2015. This effort, which is the first phase of the development of a new 2040 Transit System Plan, will conduct a comprehensive look at DART services, with a focus on the bus system: considering what is working, what is not, and how DART may be able to reallocate resources to improve ridership and system effectiveness. We expect that this effort will drive service changes and service planning efforts over the next ten years.

Area Service Reviews – DART conducts periodic detailed service reviews in different sectors of the DART Service Area. These reviews include a careful analysis of the demographics and performance of services in the respective areas, looking for gaps in coverage and other changes that can be implemented in a three to five year time horizon. Three service reviews are underway and will continue through FY 2015: West Dallas/Oak Cliff; Rowlett; and Farmers Branch/Carrollton. Upon completion of the Rowlett work, we expect to start work on a new Richardson service review. West Dallas/Oak Cliff represents the largest effort due to the large number of routes, high transit ridership, and significant transit needs throughout that community.

Vanpool Program

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

Vanpool Scorecard

Exhibit 80 highlights Vanpool Key Performance Indicators (KPIs) presented in scorecard format. Fiscal Years 2012 and 2013 indicate actual values, while figures for Fiscal Years 2014 and 2015 represent the budget and projected values. Fiscal Year 2014 Qtr 3 is a four-quarter rolling average ending June 30, 2014.

Exhibit 80
Vanpool Scorecard – Key Performance Indicators

Customer Quality	Indicator:	FY12A	FY13A	FY14 Qtr 3	FY14B	FY15B
	Vanpool Ridership (M)	1.03	0.95	0.91	1.06	1.01
	Number of Vanpools	196	181	178	196	206

Financial / Efficiency	Indicator:	FY12A	FY13A	FY14 Qtr 3	FY14B	FY15B
	Expenses - Fully Allocated (M)	\$2.86	\$2.73	\$2.55	\$3.03	\$2.78
	Revenues (M)	\$2.54	\$2.51	\$2.57	\$2.86	\$2.57
	Net Subsidy (M)	\$0.31	\$0.22	(\$0.03)	\$0.18	\$0.21
	Subsidy Per Passenger	\$0.30	\$0.23	(\$0.03)	\$0.17	\$0.21

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. The vanpool program also allows DART to receive over \$1 million of federal formula funds based to support programs other than the vanpool program.

Vanpool funding is expected to continue at current levels during FY 2015, with NCTCOG funding remaining at approximately 45% of eligible expenses, and user fees covering up to 55% of program costs. DART is currently finalizing the procurement of a new vanpool services contract, which will start during FY 2015. Based upon current pricing proposals and industry competition, we expect that current vanpool fees may be reduced during FY 2015.

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. However, vanpool programs in the region (including DART's) have seen reductions in participation over the past two years, spurred in large part by employee reductions at several employers participating in the program. By Summer 2014, the total number of vanpools in operation had decreased to 179.

DART expects that a more aggressive marketing campaign and pricing reductions will allow formation of new vanpools during FY 2015.

Exhibit 81 is an overview of the uses of the funds and allocated operating positions for the Vanpool mode of service.

Exhibit 81
Vanpool Overview

Overview	FY12A	FY13A	FY14B	FY15B
Allocated Operating Budget (M)	\$2.9	\$2.7	\$3.0	\$2.8
Capital Budget* (000s)	-	-	-	-
Allocated Operating Positions**	2	2	2	2

* 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

Road Improvement Programs

The Road Improvement Programs shown in Exhibit 82 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 82
General Mobility & Road Improvement Programs
(in Millions)

Program	FY12A	FY13A	FY14B	FY15P	FY16P
LAP/CMS	\$8.2	\$3.4	\$0.0	\$0.0	\$0.0
Transit PASS	0.8	0.1	1.9	6.6	0.0
TSM (includes street repair)	1.3	4.2	6.2	2.9	2.3
ITS	2.8	2.9	0.3	0.3	0.0
Total	\$13.1	\$10.6	\$8.4	\$9.7	\$2.3

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 83 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 83
LAP/CMS Program – Remaining Balances

Member City	6/30/2014 LAP/CMS Balance	6/30/2014 LAP/CMS Committed Amount
Addison	\$306,497	\$306,438
Carrollton	967,218	771,002
Dallas County	23,235	0
Glenn Heights	65	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 2015 and 2016, 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; new projects are under construction in Garland and Cockrell Hill; and the remaining projects are in various stages of design or procurement.

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. In FY 2015, DART will also install enhanced park and ride equipment for security and real-time next bus information at the Northwest Plano Park & Ride facility.

Pathfinder Signage Plan – Pathfinder signs help direct motorists to DART and TRE Park & Ride lots from major regional highways and along frontage and arterial roads in the DART Service Area. In order to comply with updated US DOT and TxDOT Uniform Standards for highway signage, DART has initiated a project to replace current pathfinding signs with new, compliant versions. DART anticipates completion of this project during FY 2015.

Capital Planning

The primary responsibilities for this section are to implement the Transit System Plan, provide policy and capital project coordination with regional partners, develop conceptual and preliminary engineering, and complete environmental clearance documents for a variety of transit projects. Capital Planning provides policy and technical support to all departments requiring support during a wide range of activities including state of good repair, bus facilities, special events planning, and other infrastructure improvements that support the DART Mission.

Capital Planning consists of three program areas:

- Programming, which focuses on local, state, and federal regulatory and funding programs.
- System Planning, which focuses on development and updates to the Transit System Plan as well as broad policy initiatives both locally and with regional partners.
- Corridor Planning, which focuses on planning and environmental review for a range of transportation projects. This section also provides support for new capital improvements around the system, including state of good repair efforts and bus facilities.

The Modeling team provides support to both System and Corridor Planning efforts.

National Leadership

Prepare for the Next Authorization – DART is committed to ensuring that there is a Federal role in public transportation and that the next authorization bill provides a stable, predictable, and growing funding mechanism for public transportation.

Growth & Regional Development – Encourage the development of an internal Legislative Action Committee with representatives from key departments to provide timely reviews, comments, and input on the activities of the state and national legislatures.

DART will work cooperatively with APTA and other key stakeholders to advocate for and ensure long-term funding and financing solution for transit.

Growth & Regional Development – Focus on coalition building efforts, providing timely reviews and comments, participating on industry committees, panels and discussion forums at the national level as well as support APTA advocacy efforts.

State and Regional Leadership

DART will focus its attention on understanding and ensuring that DART is a credible source of knowledge on changing market structures and alternative service and capital project delivery structures in Texas and in North America.

The focus will be on business models which provide financial efficiency, program acceleration and quality of service, and a reexamination of procurement practices and service delivery.

- Develop technical materials (scope, schedule and cost) for transit services available to non-DART cities
- Establish new procedures/process for capital programming

Project Milestones

DART will advance the Capital Program per Board direction consistent with published schedules for:

- South Oak Cliff (SOC-3) Blue Line Extension to University of North Texas-Dallas
- Red and Blue Line Platform Extensions
- Downtown Dallas Second Light Rail Alignment (D2)
- Dallas Streetcar to Oak Cliff/Bishop Arts District
- Central Dallas Streetcar Link
- High Speed Rail Coordination

Capital Planning will provide support to construction and system integration efforts prior to revenue service and continue support to Operations and Maintenance teams. Mitigation monitoring programs will be implemented after environmental clearance.

DART 2040 Transit System Plan

DART will revise and develop a new 20-year Transit System Plan to guide the Agency in its efforts to develop more and broader support for public transportation.

- Finalize scope for Transit System Plan by Spring 2014
- Conduct on-board survey of DART services by Spring 2014. Review data in FY 2015 for incorporation into 2040 Transit System Plan.
- Initiate Phase I of 2040 Plan Update, including Comprehensive Operational Analysis (COA) in Summer 2014.
- Initiate public and Agency involvement by Fall 2014.
- Initiate Phase 2 of the 2040 Plan update, focusing on long-range programs and regional expansion opportunities by Spring 2015.

Rail Program Development Department

The Rail Program Development Department has the primary responsibility for the design, construction, testing and acceptance of the following capital projects:

- Light Rail Transit (LRT)
- Commuter Rail
- Real property acquisitions, leases, licenses, easements, relocation, demolition, and property management
- Environmental assessment and hazardous material abatement
- Bus operating and maintenance facility capital improvements
- Capital projects including State of Good Repair

Rail Program Development also serves to furnish engineering services and support to DART Operations and other departments upon request.

The Executive Vice President directs the overall activities of the department and reports to DART's President/Executive Director. The Executive Vice President is also the management liaison for the Board's Rail Program Committee for departmental matters.

The department consists of the following five divisions, which report to the Executive Vice President:

- Engineering and Construction
- Real Estate
- Quality & Safety
- Systems Integration
- Project Controls

Engineering and Construction Division

This division is responsible for management and coordination of engineering for facilities and systems designs and construction implementation oversight.

Systems Engineering – Systems Engineering is responsible for preliminary design, management and coordination of final design. Included are light rail vehicles, traction power distribution system, substations, signal system (train protection and highway crossing protection), communications (radio and hard line transmissions, train control center, etc.), and fare vending equipment as well as technical support for DART's radio systems and Operations department engineering requests.

Facilities Engineering – Facilities Engineering is responsible for management and coordination of engineering design, architectural design and construction document production efforts associated with the development of DART's fixed facilities. This includes stations, rail track guideways, bridges, service areas and other improvements. Related activities include implementation of the Art & Design Program and coordination with public agencies regarding facility design, zoning, permits and certificates of occupancy.

Construction Management – Construction Management is responsible for administering a construction program including LRT and commuter rail line sections with stations, aerial structures, and guideway including track installation; bus and rail operating facilities; transit centers; shelter installation; and renovations of existing facilities.

The major elements of construction management are constructability analysis, construction planning, construction engineering and safety engineering. Managing construction includes quality control/assurance, materials testing, contract administration, coordination of contracts, conflict resolution, quantity verifications, cost and schedule adherence, interfaces with outside organizations during construction including the community and jurisdictional authorities.

Real Estate Division

The function of the Real Estate Division is to make available, by acquisition, lease, or licensing, land and right-of-way necessary for development and operation of the DART bus and rail system. The Board sets the value to be offered for real property (determination of just compensation) for acquisition by agreement and administrative settlement; or, seeks approval from other governmental entities to proceed with eminent domain through the courts. All displaced parties are relocated by the division in compliance with federal rules and regulations.

Property management functions include management of leases and licenses of property utilized by DART, securing of property prior to demolition and construction, demolition of structures down to the slab, license and leases of land use for DART owned property, and sale of property found surplus to DART needs.

The Real Estate division also has the responsibility of providing Environmental Compliance (Phases I and II site investigations, remediation and abatement, underground storage tanks/LNG and industrial hygiene) resources for the agency.

Environmental Compliance activities include: Storm Water Management, Phase I & II Environmental Site Assessments, Waste Management, Remediation, Lead Paint and Asbestos Abatements, Underground and Above Storage Tanks, and industrial hygiene.

Quality and Safety Division

Functions performed by this Division include, but are not limited to, Construction Safety, Engineering Document Control (EDC) and Records Management, Systems Safety Certification, and Information Technology support to Growth/Regional Development Department.

Construction Safety provides oversight of all active construction contracts to ensure contractors compliance to DART's safety and security plans. Oversight includes field surveillance activities as well as Contractor record documentation audits.

The creation of databases and implementation of scanned images for records management (including web development, Raster, EDC, File Room, Real Estate and Environmental) are a significant part of this area. Other activities include the administration, coordination, and preparation of the as-builts for civil construction capital projects as needed. Also, disaster recovery administration and other support is provided for various Rail Program Development groups.

Systems Integration Division

This division is responsible for Systems Integration activities including interface management, operations and maintenance planning, system safety, integrated testing and startup of capital projects. Interface management includes coordination with DART Operations on design and construction issues, in addition to all turnover activities for revenue service. The division is also responsible for System Safety Certification activities including coordination with State Safety Oversight in the delivery and certification of design and construction of the capital projects.

Project Controls Division

Project Controls activities include: cost, scheduling, budget management and value engineering in support of capital projects. Project controls assembles cost and schedule information of all projects managed by Rail Program Development and provides reporting to track project cost and schedule baseline adherence. They also provide independent cost estimates for validation of project and/or change costs and support to DART's Finance and Grants Management areas.

Commuter Rail & Railroad Management Department

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 87 is a map that includes the TRE Corridor.

Commuter Rail – TRE Scorecard – Key Performance Indicators

Exhibit 84 highlights Commuter Rail – TRE's Key Performance Indicators (KPIs) presented in scorecard format. Fiscal Years 2012 and 2013 indicate the actual values, while figures for Fiscal Years 2014 through 2015 represent the budget for those years. Fiscal Year 2014 Qtr 3 is a four-quarter rolling average ending June 30, 2014.

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.

Fiscal Year 2015 revenues include \$2.6 million of The T's passenger revenues allocated to the TRE. Expenses include all direct and indirect costs allocated to TRE, including The T's allocated costs of \$1.7 million.

Exhibit 84
Commuter Rail – TRE Scorecard (Systemwide)
Key Performance Indicators

Customer Quality	Indicator:	FY12A	FY13A	FY14 Qtr 3	FY14B	FY15B
	Fixed Route TRE Ridership (M)	2.3	2.1	2.3	2.1	2.4
	Revenue Car Miles (M)	1.5	1.6	1.6	1.6	1.7
	Passengers per Revenue Car Mile	1.48	1.35	1.45	1.33	1.38
	Revenue Train Hours (000s)	17.0	17.5	17.6	18.7	18.7
	Farebox Recovery Ratio	32.7%	36.3%	35.2%	30.7%	33.1%
	On Time Performance	97.9%	98.7%	98.5%	97.5%	97.5%
	Complaints per 100k passengers	4.8	3.8	2.9	7.6	7.6
	Veh. Accidents Per 100k Miles	0.17	0.11	0.43	0.25	0.25

Financial / Efficiency	Indicator:	FY12A	FY13A	FY14 Qtr 3	FY14B	FY15B
	TRE Expenses Fully Allocated (M) [1]	\$24.2	\$24.2	\$25.3	\$28.2	\$29.3
	TRE Revenues (M) [1]	\$11.5	\$11.8	\$11.9	\$11.7	\$12.1
	TRE Net Subsidy (M)	\$12.7	\$12.4	\$13.4	\$16.5	\$17.1
	TRE Subsidy Per Passenger [2]	\$5.63	\$5.93	\$5.94	\$7.76	\$7.24
	TRE Subsidy Per Passenger Mile	\$0.29	\$0.31	\$0.31	\$0.41	\$0.38
	TRE Cost per Revenue Car Mile	\$15.90	\$15.59	\$16.21	\$17.64	\$17.12

[1] Includes the Ts overhead expenses and/or passenger revenues. [2] An error was discovered after publication of the FY13A, changing the results from \$5.94 to \$5.93 (The T expenses and revenues for the 4th qtr were not included).

TRE Fuel Hedge – 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 per gallon compared to the FY 2013 budgetary 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. The FY 2015 fuel budget was reduced by \$4.00 to \$3.74 per gallon. As of the 3rd quarter of FY 2014, the actual price being paid per gallon is \$3.08.

Exhibit 85 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 85
Commuter Rail Overview

Overview	FY12A	FY13A	FY14B	FY15B
Allocated Operating Budget (M)	\$24.2	\$24.2	\$28.2	\$29.3
Capital Budget* (M)	10.9	10.8	19.1	39.0
Allocated Operating Positions**	11	11	13	19

* 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

Exhibit 86 is a Proforma Sources and Uses of Funds for Trinity Railway Express.

Exhibit 86
Proforma Sources and Uses of Funds
(in Millions)

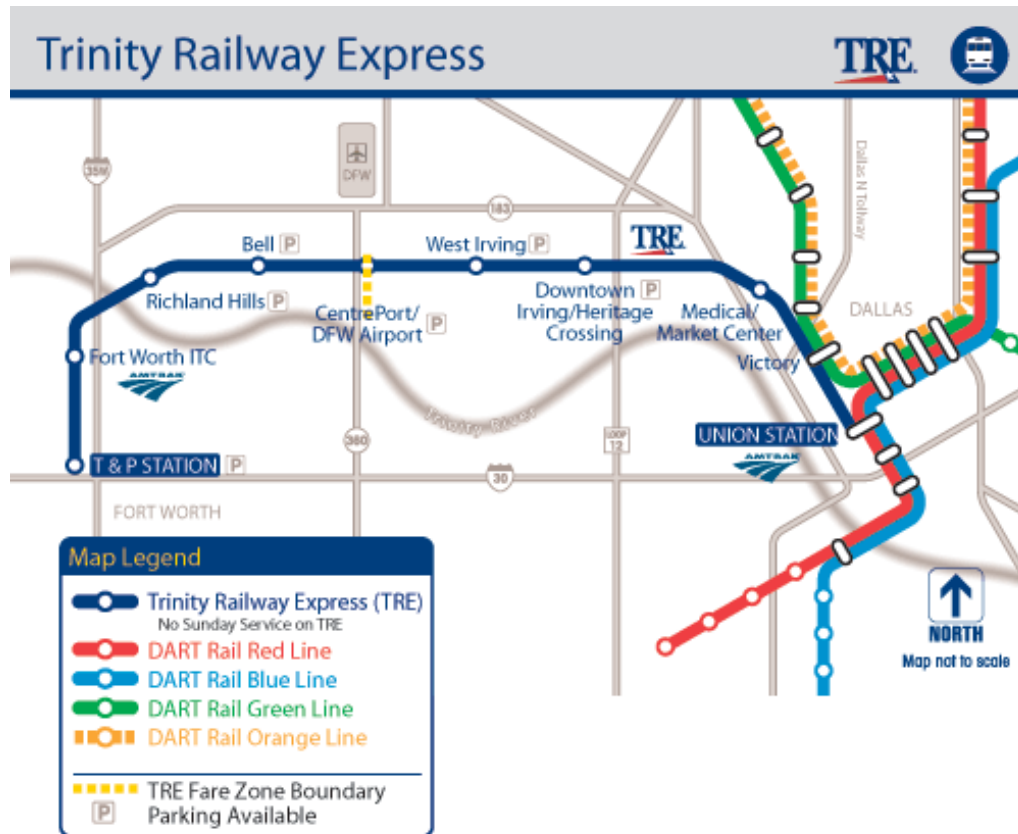
FY13 Actuals	Category	FY14 Plan	FY15 Plan	\$ Variance	% Variance
Operating - Sources of Funds					
\$3.4	Customers - leases & rentals	\$3.3	\$3.3	\$.0	0.0%
8.7	The T Contribution	9.2	9.4	.2	2.3%
8.8	DART Contribution	8.9	9.4	.5	5.3%
1.4	DCTA's Share of Costs	1.4	1.4	.0	0.0%
\$22.3	Total Sources of Funds	\$22.8	\$23.5	\$.7	3.0%
Operating - Uses of Funds					
\$19.9	Payments to Contractor for TRE Service (Herzog)	\$20.4	\$21.0	\$.6	3.0%
1.0	Property and Liability Insurance	1.0	1.1	.0	3.1%
.8	TRE Management (Labor and Benefits)	.9	.9	.0	3.1%
.6	Other TRE Operating Costs	.5	.5	.0	2.9%
\$22.3	Total Uses of Funds	\$22.8	\$23.5	\$.7	3.0%
Capital - Sources of Funds					
\$.6	Grant Funding	\$.5	\$9.6	\$9.6	1796.1%
2.5	Contribution from the T	2.8	10.5	7.7	278.2%
3.1	Contribution from DART	3.5	18.9	15.4	441.3%
\$6.2	TRE Source Funds - Capital	\$6.8	\$39.0	\$32.7	481.6%
Capital - Uses of Funds					
\$6.2	Payments to Contractors	\$6.8	\$39.0	\$32.2	473.5%
\$6.2	Uses of Funds - Capital	\$6.8	\$39.0	\$32.2	473.5%

Notes:

- 1 FY13 numbers are actual amounts
- 2 FY14 actual numbers through July 2014 annualized
- 3 FY15 uses of funds for operating are increased by 3% from FY14 amounts
- 4 For capital, FY15 is based on FY15 Financial Plan numbers
- 5 It is assumed that passenger revenues and preventive maintenance grants are kept by each agency and applied toward its contribution.

Exhibit 87 is a map that includes the TRE Corridor.

Exhibit 87
Trinity Railway Express Corridor



TRE Ridership and Subsidy Per Passenger

Through the third quarter of FY 2014, ridership increased 10.35% to 1.71 million compared to the FY 2013 actuals of 1.55 million. The increase in ridership is attributed to the Arlington MAX service, NCAA Final Four, and an improved economy. With no service level enhancements planned for FY 2015, ridership is expected to remain consistent with FY 2014.

Exhibit 88 graphically depicts actual TRE ridership for Fiscal Years 2012 and 2013. Figures for Fiscal Years 2014 through 2015 represent the budget for those years. Exhibit 89 graphically depicts actual and budgeted TRE subsidy per passenger. Fiscal Year 2014 Qtr 3 is a four-quarter rolling average ending June 30, 2014 for both exhibits.

Exhibit 88
TRE Ridership
(in Millions)

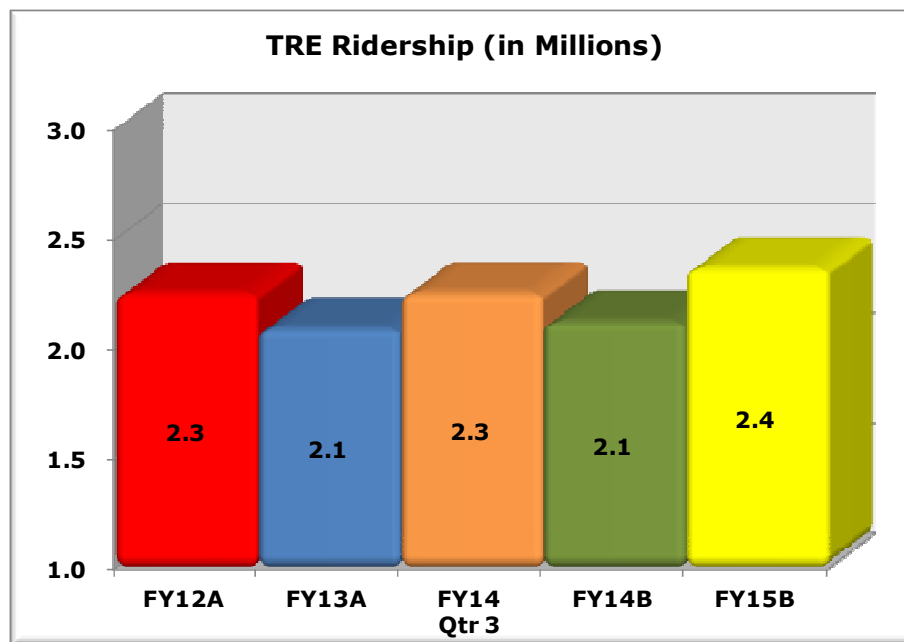
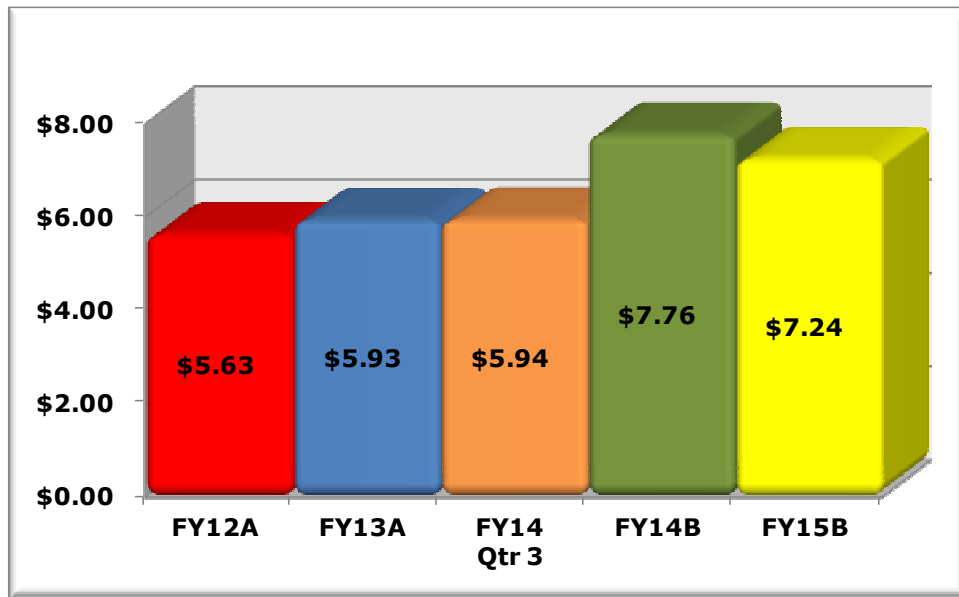


Exhibit 89
Commuter Rail – TRE Subsidy Per Passenger



Subsidy Per Passenger is projected to increase in FY 2016 and FY 2017 due to additional operating costs associated with the Positive Train Control (PTC) federal mandate. Please see page IV-75 for more information on this program.

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. MAX Express ridership exceeded 57,000 from August 2013 to June 2014.



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 2014, TRE conducted a Summer Fun promotional contest. The contest was sponsored by Fox 4 News and promoted taking TRE to summer fun activities in both Dallas and Fort Worth. Eight contest winners (4 from Dallas and 4 from Fort Worth) received TRE passes. Fort Worth winners received tickets to the Dallas Zoo and Perot Museum, Dallas winners received tickets to the Fort Worth Zoo, Fort Worth museum of Modern Art, and Fort Worth Museum of Science and History. Additionally, two grand prize winners (one from each city) received an iPad Mini and a monthly TRE pass. TRE will continue the Holiday Train promotion for Christmas 2014; however, this year we are seeking a partner to sponsor our holiday train and events in the future. The promotions are designed to promote increased awareness of TRE brand and services.

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 20-25 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 2015.

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 2015 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 was resolicited in FY 2014. More discussion on this solicitation is provided in the *Departmental Emphasis on FY 2015 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).
- 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 2013 was 46.65% and FY 2014 was 46.79%, and is projected to remain the same for FY 2015. Except for employees that are 100% dedicated to TRE, DART and The T separately absorb their own staff, administrative, and station maintenance costs.

Departmental Emphasis on FY 2015 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 was on the development of a regional specification and the solicitation, and selection of a new O&M provider contract. Contract award and mobilization efforts will occur in FY 2015. 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, 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 help to 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 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. This program began during FY 2013 and is expected to be completed in FY 2015. 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 2015.

- Vehicle Maintenance – Maintaining the TRE fleet in a state of good repair included upgrading the electrical systems for three locomotives. Beginning in FY 2015, TRE will begin another fleet overhaul program that includes six coaches, two cab cars, and two locomotives. The overhaul program will be implemented over the next three years.
- Vehicle Expansion - In FY 2014, TRE underwent a study to determine spare fleet ratio requirements. The results of the study indicated that the TRE fleet should consist of two additional locomotives and an additional cab car to protect service levels and allow for maintenance, inspection, overhaul activities, and a ready set. In line with the study, and in anticipation of removing the RDCs from active status from the TRE fleet, in FY 2014 TRE began the process of developing specifications to solicit and purchase a rebuilt locomotive for fleet expansion.

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 a regional innovative finance initiative to design, construct, and finance the project. However, the initiative did not sustain momentum, and the Dallas segment of the Cotton Belt remains in the Transit System Plan with a post-2030 revenue date until an alternative phasing and/or financing plan is developed to advance its implementation.

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.

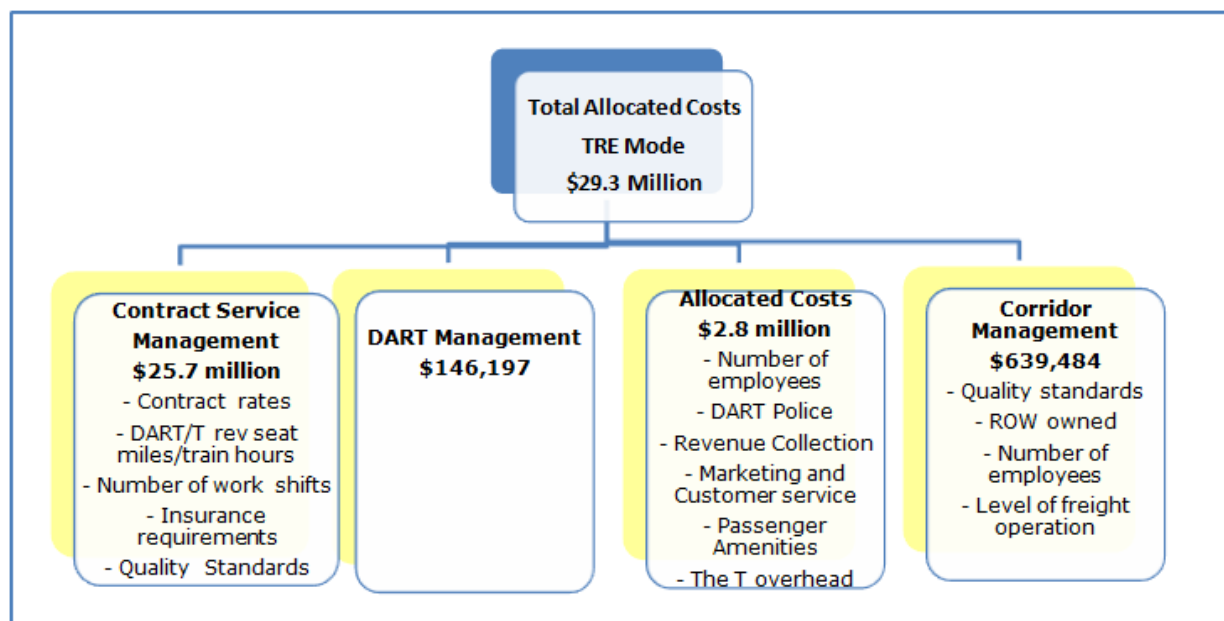
An Interlocal Agreement between DART and DCTA was signed in September 2007 to modify the DART design for the Trinity Mills Station in order to accommodate DCTA tracks. An additional Interlocal Cooperation Agreement was signed by DART and DCTA in March 2009 to allow DART's construction contractor to perform 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 and expires September 2015.

Commuter Rail and Railroad Management Department Cost Model

Exhibit 90 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 2015 are budgeted at \$2.8 million and \$2.1 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 2015 include \$1.7 million of indirect costs from The T.

Exhibit 90
Commuter Rail and Railroad Management Cost Model





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Workforce Leadership & Intergovernmental Relations

Human Capital Department

The Human Capital department has undergone a series of changes, designed to ensure the right person, in the right job, at the right time. The department has consolidated in response to the need to become more responsive to operational demands and programs.

Human Capital positions are becoming more demanding in response to the new paradigm shift. This new focus has placed a demand for human capital people to possess the ability to lead and manage, and be the linking-pin between people management and compliance management to provide best-in-class transactional services. DART Human Capital is now uniquely positioned to embrace contemporary human capital business practices, and to position the function as a business facilitator of efficient and effective human capital delivery systems and programs.

In practice, Human Capital must maintain the development of people and provide the support and resources as it relates to compensation and recruitment in concert with DART leadership. Human Capital must build consensus at every step of the management process, and leverage the knowledge base by ensuring commitment in support of the services that are systematically planned and based on Human Capital competency modeling.

Human Capital will take ownership for the people issues, access situations, and create change models to help facilitate and guide the relevant Human Capital programming.

Human Capital will create a shared mindset about the DART and Human Capital Values by developing a transactional strategy in order to provide subject matter insight and create standard operating procedures that are key to Human Capital deliverables.

Human Capital will improve performance by managing barriers to success by strengthening the awareness of each individual's contribution to ensure commitment and ownership. Human Capital will explain the interdependencies between business success and "living the values" while measuring progress by providing a basis for reviewing critical success factors and key performance indicators achievement.

Diversity Department

The Diversity Department is responsible for the development, evaluation, implementation, coordination, and monitoring of DART's Disadvantaged Business Enterprise Program, Minority and Woman-Owned Business Enterprise Program, Equal Employment Opportunity/Affirmative Action (EEO/AA) Program, and Employee and Labor Relations. It is also responsible for compliance with the American's with Disabilities Act and Title VI of the Civil Rights Act. The functional areas of the department are: Civil Rights, Diversity and Equal Employment Opportunity, Employee and Labor Relations, and Outreach.

- Civil Rights is responsible for managing and administering DART's Disadvantaged Business Enterprise (DBE); Minority and Woman-Owned Business Enterprise (MWBE); and Small Business Enterprise (SBE) Programs. This division also monitors and ensures compliance with the Americans with Disabilities Act and Title VI of the Civil Rights Act.
- Diversity and EEO is responsible for developing and managing DART's EEO/AA Program; investigating EEO discrimination complaints; conducting EEO training; developing a focused recruitment plan and diversity strategy; and providing ADA job accommodations for employees.
- Employee and Labor Relations is responsible for developing and managing DART's Personnel Manuals; conducting training to improve communications between employees and management; investigating formal and informal complaints; processing and resolving general grievances and complaints; coordinating disciplinary and corrective action; coordinating Trial Board and Management Appeal Hearings; tracking and monitoring general grievances and complaints; ensuring adherence to labor policies; and working with employees and unions regarding labor and employee relations.
- Outreach is responsible for developing and implementing a contract-specific focused outreach program; developing a DMWBE strategic plan to educate the disadvantaged and minority businesses; and updating the department's webpage to maintain open communication, awareness and access to DART's programs. Outreach also participates in the recruitment of potential employees.

Federal, State, Local, and Regional Government Relations

DART's Government Relations Department acts as the liaison between DART and its external political environment. The 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.

The Government Relations staff monitors 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 coordinates 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 the TIGER program, when necessary. The staff provides 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.

Continuing in the first quarter of FY 2015 will be the ongoing interim study committees of the 83rd Texas Legislature, 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 continue to closely monitor the activities of these interim legislative study committees for issues potentially impacting DART and will engage as necessary to ensure DART's position is effectively communicated and advocated. Staff will continue to monitor and provide relevant agency data and transit project financing expertise to the House Select Committee on Transportation Funding, Expenditures, and Finance.

Government Relations staff will monitor the outcome of the general election held on November 4, 2014, for any changes to the make-up of the agency's congressional and state legislative delegations. Staff will brief executive management and the Board of Directors on the results of the election and provide an analysis of the potential impact on the political landscape in Washington and Austin relating to DART's legislative goals and agenda.

Government Relations actively maintains a strong presence in local government activities through regular attendance at service area city council meetings and work sessions, and continues strong relationships with service area city staff, 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.

Office of Policy and Strategy

The Office of Policy and Strategy was created in FY 2014 with the selection of the Assistant Vice President of Policy and Strategy. Executive management's recognition that agency-wide coordination and consistent management of policies and related processes was a prime motivation for the creation of this Office.

Strategic Planning. The Office leads and supports DART's strategic planning and development initiatives. Goal-setting, policy analysis, policy development, organizational strategy, and high-level issue analysis are significant parts of the strategic planning process that is led by the Office.

In FY 2015, the Office of Policy and Strategy will oversee a comprehensive review of DART's Strategic Plan and formalize processes to ensure that strategic planning, tracking, reporting, and revision is timely completed in meaningful ways. In support of the Strategic Plan, the Office will design, develop, lead, and facilitate projects and teams that plan, communicate, and implement strategic initiatives that are aligned with or that need to be brought into alignment with DART's Strategic Plan. This effort will require working with cross-functional teams at a variety of levels.

Policy Analysis, Review and Coordination. Another major focus during FY 2015 will be a comprehensive review and analysis of DART's Administrative Policies which will result in a system for consistently ensuring that the policies are updated on a regular basis and that all strategic planning documents and Administrative Policies are readily available to DART employees.

Support for Strategic Initiatives. The Office of Policy and Strategy provides administrative and executive level strategic project management and support. This function requires highly responsible and responsive review and analysis of matters including governmental reports, regulations, and policies. Leadership, support, and management for other complex, high-priority administrative and executive level projects and initiatives is another function of the Office. The importance of consistency across Agency functions requires a high level of engagement, access to and coordination with key decision-makers and executives, and broad knowledge of all aspects of the Agency's business.

Exhibit 91 provides a breakdown of the Operating Expense Budget by department. The exhibit below shows the FY 2013 actuals, FY 2014 Budget and Projected Year-end numbers, and the FY 2015 Budget.

Exhibit 91
FY 2013 – FY 2015 Departmental Expense Comparison
(in Thousands)

FY13 Actuals	Department	FY14 Budget	FY14 YE Projected	FY15 Budget	\$ Var FY15 vs FY14 Budget
\$994	Executive Admin	\$1,683	\$1,597	\$1,708	\$25
\$994	Total President	\$1,683	\$1,597	\$1,708	\$25
381	Deputy Exec Dir	651	648	658	6
1,664	Diversity	2,292	2,192	2,353	61
1,025	Government Relations	1,129	1,113	1,188	59
3,378	Human Capital	3,750	3,256	4,025	275
\$6,447	Deputy Exec Director Reports	\$7,822	\$7,209	\$8,223	\$401
\$6,859	EVP Cust. Care/Srv. Delivery	\$7,239	\$7,195	\$7,667	428
32,781	DART Police	32,223	32,471	33,554	1,331
25,544	Mobility Mgmt Svcs	28,562	29,677	31,653	3,091
148,871	Maintenance	146,969	145,631	148,553	1,584
135,982	Transportation	141,827	141,889	147,708	5,881
\$350,037	Total EVP Customer Care/Svc Delivery	\$356,821	\$356,864	\$369,135	\$12,315
\$16,780	Finance	\$18,287	\$17,348	\$18,240	(47)
12,394	Marketing & Communications	12,860	12,777	13,593	733
3,302	Procurement	3,575	3,456	3,740	165
	Safety Office			1,152	1,152
11,983	Technology	13,403	12,794	14,931	1,528
\$44,459	Total EVP Bus. Solutions/Innovation	\$48,125	\$46,375	\$51,657	\$3,532
\$20,831	Commuter Rail & RRMgmt	\$24,819	\$24,442	\$25,071	252
150	RRROW	100	100	150	50
14,806	Planning & Development	10,347	9,856	8,983	(1,363)
4,882	Rail Prog. Dev.	5,629	5,366	5,270	(359)
1,157	Rail Planning	1,272	1,239	1,355	83
\$41,825	Total EVP Growth/Development	\$42,167	\$41,004	\$40,830	(\$1,337)
\$685	Board Support	\$780	\$865	\$824	43
1,399	Internal Audit	1,503	1,491	1,562	58
2,915	General Counsel	3,388	2,876	3,575	188
\$4,998	Total Board Direct Reports	\$5,671	\$5,232	\$5,961	\$289
\$10,256	Agency Initiatives/Fuel Incentives/Reserves	\$6,437	\$5,894	\$6,238	(200)
(9,548)	Capital P&D Allocation	(9,410)	(8,419)	(7,899)	1,511
\$707	Total Other	(\$2,973)	(\$2,525)	(\$1,661)	\$1,311
(\$6,201)	Benefits *		(\$328)		
\$443,267	Grand Totals	\$459,316	\$455,429	\$475,852	\$16,535

* Benefits are allocated to depts during the budget preparation.



Exhibit 92 summarizes position changes by department from the FY 2014 budget to the FY 2015 budget.

Exhibit 92
FY 2015 Budgeted Positions

FY 2013	FY 2014	Department	Reorg / Mods	Eliminated	New Positions	Approved FY15
4	4	Department of the President	-	-	-	4
2	2	Deputy Executive Director	-	-	-	2
5	5	Government Relations	-	-	-	5
14	20	Diversity & Economic Opp.	-	-	-	20
28	25	Human Capital	-	-	1	26
53	56	Total President & Deputy ED	-	-	1	57
102	104	Finance	(7)	(1)	-	96
62	64	Marketing & Communications	-	(2)	2	64
33	33	Procurement	-	-	-	33
-	-	Safety Office	7	-	2	9
63	64	Technology	-	-	10	74
260	265	Total Business Solutions & Innovation	-	(3)	14	276
32	35	EVP Customer Care/Svc Delivery	-	-	-	35
340	366	DART Police	-	-	-	366
55	55	Mobility Management Services	-	-	-	55
211	212	Maintenance	-	(2)	3	213
222	225	Transportation	5	-	2	232
860	893	Total EVP Customer Care & Service Delivery	5	(2)	5	901
11	13	Commuter Rail	-	-	2	15
45	32	Planning & Development	-	(4)	-	28
41	40	Rail Program Development	-	(3)	-	37
10	10	Rail Planning	-	-	-	10
107	95	Total EVP Growth & Regional Dev	-	(7)	2	90
5	5	Board Support	-	-	-	5
9	9	Internal Audit	-	-	-	9
21	20	Legal	-	-	-	20
35	34	Total Board Directs	-	-	-	34
1,315	1,343	Total Salaried	5	(12)	22	1,358
Full Time Hourly Position Summary by Department						
FY 2013	FY 2014	Department	Reorg / Mods	Eliminated	New Positions	Approved FY15
20	20	Finance	-	-	-	20
64	64	Marketing & Communications	-	(6)	-	58
84	84	Total Business Solutions & Innovation	-	(6)	-	78
46	-	Planning & Development	-	-	-	-
46	-	Total EVP Growth & Regional Dev	-	-	-	-
49	49	EVP Customer Care/Svc Delivery - MMgmt	-	-	-	49
758	776	Maintenance	-	(13)	6	769
-	-	Transportation	-	-	-	-
50	49	Non Operator	(5)	-	-	44
-	-	Operators	-	-	-	-
1,199	1,199	Bus	-	-	-	1,199
157	194	Rail	-	(11)	2	185
2,213	2,267	Total EVP Customer Care & Service Delivery	(5)	(24)	8	2,246
2,343	2,351	Total Hourly	(5)	(30)	8	2,324
3,658	3,694	Grand Total	-	(42)	30	3,682



FY 2015 BUSINESS PLAN

Section 5

Reference

Reference

A. BUSINESS PLAN DEVELOPMENT

Purpose of Business Plan

The FY 2015 Business Plan provides the DART Board of Directors, DART customers, and the region's taxpayers, elected officials, and other stakeholders 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 2015 Annual Budget, the FY 2015 Twenty-Year Financial Plan, the Transit System Plan, and the Agency's Strategic Plan. The resolutions shown at Exhibit 96 approve the funding levels for the FY 2015 Annual Budget and at Exhibit 97 approve the FY 2015 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 key operating, financial, and quality measures that identify the initiatives necessary to improve performance, ridership, and financial targets.

Business Planning Process

Exhibit 93 highlights the business planning, compilation, and approval process used at DART.

Exhibit 93 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	Management presents proposed Budget and Twenty-Year Financial Plan to Board
Aug	Board approves issuance of the Budget and Twenty-Year Financial Plan to the cities within the DART Service Area
Aug – Sep	Service area cities provide input to DART
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.

The Board reviews projected business and financial results, including proposed new operating and capital programs, beginning in the Spring. Departmental targets are set based on projections from the Twenty-Year Financial Plan and other known factors or programs (e.g., increases in health care, contract rates, 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 review by the cities within the DART Service Area. The Board performs additional reviews in August and September, before approving the Budget and Twenty-Year Financial Plan in September.

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, employees, and other stakeholders;
- Compliance with long-range plans of the Agency, such as the Strategic Plan, Transit System Plan, and Twenty-Year Financial Plan;
- 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 (such as infrastructure maintenance), discrete projects cannot be specifically identified, or the timing of equipment replacement cannot be accurately determined. 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

Annual Budget – DART’s legislation requires the Board to approve an annual budget. The proposed annual budget must be made available to the governing bodies of the participating municipalities at least 30 days prior to final budget adoption.

Twenty-Year Financial Plan – The Twenty-Year Financial Plan addresses the affordability of the Transit System Plan and the timing of service and capital expansion projects. The Twenty-Year Financial Plan details projected sources and uses of cash for twenty years. The first year of the Plan corresponds with the coming year’s budget. The Plan validates the affordability of our long-range Transit System Plan, and includes our commitments for future system expansion and the issuance and repayment of debt.

The Board approves two resolutions prior to the start of each new fiscal year (see Exhibits 96 and 97). The Board approves the Annual Budget including operating expense, capital, and 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 DART’s share of an 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 Exhibit 100, FS-G9). These changes require the affirmative vote of two-thirds of the number of appointed and qualified members of the Board. The FY 2015 Twenty-Year Financial Plan is shown at Exhibit 98.

Budget Basis and Presentation of Amounts and Years

DART's Annual Budget is presented on the same basis as our audited financial statements, but does 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 23 in the *Financial Plan Section*.

Schedules are presented and rounded to millions 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.

Board Planning Documents

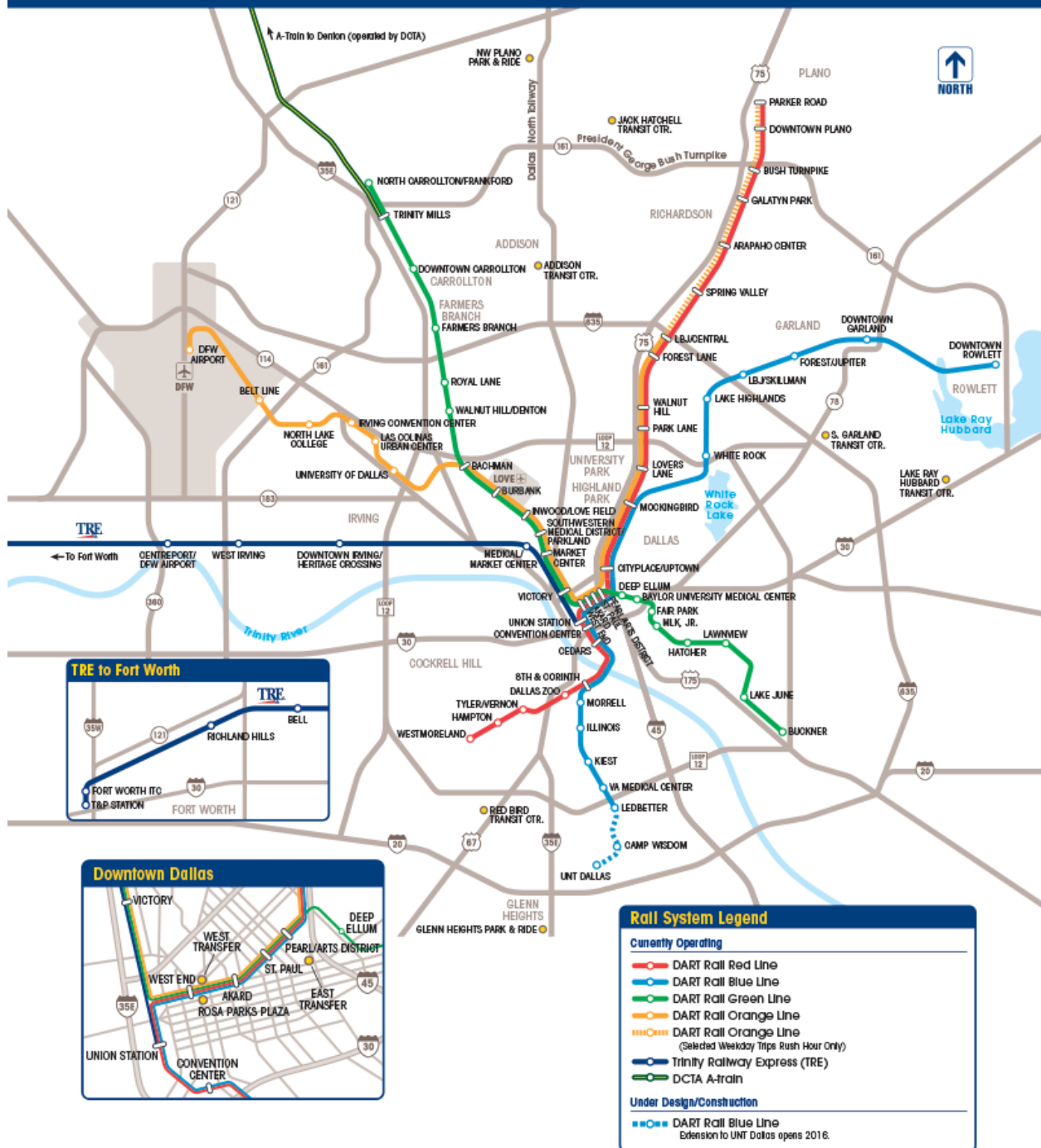
Several related reports are referenced in this document. Readers may wish to refer to these for a more comprehensive understanding of DART's plans and operations. These documents may be obtained from DART's Finance or Capital Planning departments. See Exhibit 95 for an illustration of how the Transit System Plan interrelates with other documents.

Service Plan and 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 provides detailed discussions of light rail, commuter rail construction and service schedules, Intelligent Transportation Systems, and general mobility commitments and time phasing. 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 Transit System Plan Current and Future Services to 2016 map is located at Exhibit 94. 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 109.

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 [previously] 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. The economic slowdown of the last several years resulted in placing a number of major capital projects in the 2030 Transit System Plan in a deferred/unfunded status.

Exhibit 94

DART Current and Future Services to 2016



Core Capacity: The FY 2015 Business Plan includes three projects that will increase core capacity and maximize the overall capacity of the existing DART light rail system while completing the central link of the Dallas streetcar network within the Dallas central business district.

Cotton Belt: 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 the early engineering and environmental documentation of the project on the eastern portion of the corridor extending from DFW airport to Plano. Preliminary engineering has been taken to the 5% level as of Spring 2014, and a cost analysis of 41 different service configurations has been performed. The DART Board and officials from the interested cities were briefed on the progress to date. Follow-up work will continue in 2015 based on the collective interest of DART and the cities to determine which service alternative to pursue and how to fund development of the corridor.

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.

Quarterly Operating and Financial Performance Reports – DART's 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. These reports are available on DART's website, DART.org.

Exhibit 95 Interrelationship of System Plan with Other Documents

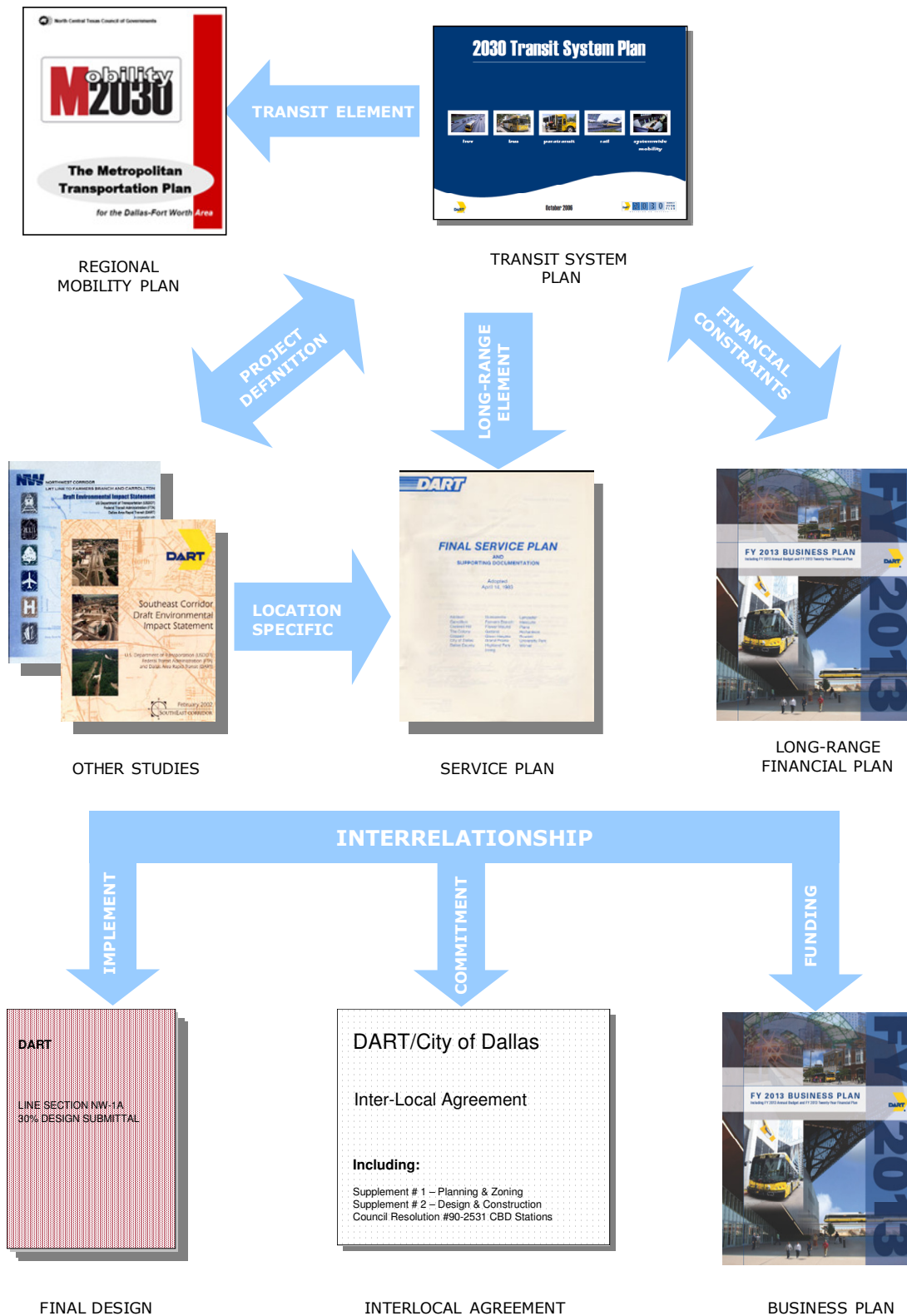


Exhibit 96

RESOLUTION

of the

140100



DALLAS AREA RAPID TRANSIT BOARD

(Executive Committee)

RESOLUTION

Approval of Fiscal Year (FY) 2015 Annual Budget

WHEREAS, the Board approved the Financial Standards (including the General Standards, Business Planning Parameters, and Debt Service Standards) on April 22, 2014 (Resolution No. 140037), which were the basis for compiling the FY 2015 Annual Budget; and

WHEREAS, the Board has been briefed on the assumptions used to prepare the FY 2015 Annual Budget; and

WHEREAS, the Proposed FY 2015 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 2015 Annual Budget is approved in the amount of \$983,905,986.

Operating Expense Budget	\$475,851,781
Capital & Non-Operating Budget	316,905,221
Debt Service Budget	191,148,983
Total FY 2015 Annual Budget	\$983,905,986



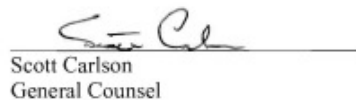
Richard Carrazales
Secretary



Robert Strauss
Chair

APPROVED AS TO FORM:

ATTEST



Scott Carlson
General Counsel



Gary C. Thomas
President/Executive Director

September 16, 2014
Date

Exhibit 97



RESOLUTION
of the
DALLAS AREA RAPID TRANSIT BOARD
(Executive Committee)

140101
RESOLUTION

Approval of Fiscal Year (FY) 2015 Twenty-Year Financial Plan

WHEREAS, the Board approved the Financial Standards (including the General Standards, Business Planning Parameters, and Debt Service Standards) on April 22, 2014 (Resolution No. 140037), which were the basis for compiling the FY 2015 Twenty-Year Financial Plan; and

WHEREAS, all Financial Standards have been met in the compilation of the Proposed FY 2015 Twenty-Year Financial Plan; and

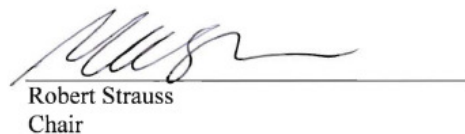
WHEREAS, the Board has been briefed on the assumptions used to prepare the FY 2015 Twenty-Year Financial Plan; and

WHEREAS, the Proposed FY 2015 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 2015 Twenty-Year Financial Plan as shown in Exhibit 1 is approved.

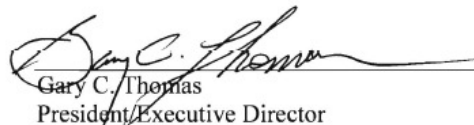

Richard Carrizales
Secretary


Robert Strauss
Chair

APPROVED AS TO FORM:

ATTEST:


DART Counsel


Gary C. Thomas
President/Executive Director

September 16, 2014
Date



Exhibit 98

Dallas Area Rapid Transit FY 2015 Financial Plan As Approved September 16, 2014 Twenty Year Sources and Uses of Cash (\$ Millions - Inflated Dollars)																							
Line	Description	2015	2016	2017	2018	2019	5 Year Total	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	20 Year Total
SOURCES OF FUNDS																							
1	Sales Tax Revenues	\$503.0	\$523.6	\$544.1	\$565.2	\$586.9	\$2,722.8	\$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	\$1,026.1	\$14,740.3
2	Operating Revenues	83.8	84.9	87.2	89.2	99.5	\$463.5	101.7	105.9	106.0	119.4	120.9	123.3	125.7	128.1	144.1	145.7	148.5	151.3	154.1	172.9	175.4	2,474.4
3	Interest Income	7.8	9.4	10.0	10.4	16.8	\$54.4	19.6	16.5	15.5	14.1	13.1	15.9	23.3	22.3	22.1	19.8	16.4	16.5	18.5	21.2	26.4	335.6
4	Federal Financial Funding	85.9	69.7	69.7	69.7	69.7	\$364.8	69.7	69.7	69.7	69.7	69.7	69.7	69.7	69.7	69.7	69.7	69.7	69.7	69.7	69.7	69.7	1,410.8
5	Discretionary Federal Funding	12.8	28.5	51.1	100.8	140.0	\$333.3	100.0	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	0.0	471.4
6	Debt Issuances	20.0	120.0	(30.0)	70.0	270.0	\$450.0	(30.0)	(30.0)	(20.0)	0.0	0.0	50.0	100.0	300.0	100.0	(50.0)	(50.0)	(50.0)	(50.0)	(100.0)	0.0	1,070.0
7	Other Sources	50.8	26.3	27.5	46.6	79.0	\$230.2	17.8	18.2	18.2	18.5	22.8	23.6	19.7	22.4	25.1	26.7	37.3	33.3	24.6	25.2	32.5	596.1
8	Total Sources of Funds	\$764.1	\$862.5	\$759.6	\$960.9	\$1,261.9	\$4,609.0	\$888.2	\$810.9	\$846.1	\$903.3	\$933.8	\$1,140.2	\$1,141.1	\$1,140.5	\$1,186.0	\$1,064.2	\$1,106.3	\$1,138.7	\$1,169.6	\$1,177.7	\$1,330.1	\$21,098.5
USES OF FUNDS																							
9	Sales Taxes for Operations	76.4%	74.8%	74.3%	71.6%	70.0%	n/a	68.9%	69.1%	68.5%	66.7%	66.1%	65.4%	63.6%	63.2%	60.9%	60.9%	60.7%	60.1%	59.4%	57.0%	56.0%	n/a
10	Operating Expenses:																						
11	Light Rail Transit	\$246.3	\$249.5	\$252.3	\$257.5	\$263.8	\$1,269.4	\$268.9	\$277.4	\$283.6	\$289.4	\$294.8	\$303.1	\$308.9	\$315.8	\$323.5	\$331.5	\$338.6	\$345.6	\$354.1	\$362.4	\$370.1	\$6,037.2
12	Commuter Rail/RR Management	27.6	29.0	33.3	34.3	35.4	\$199.7	36.5	37.9	39.3	40.8	42.4	44.0	45.6	47.4	49.2	51.1	53.0	55.1	57.2	59.4	61.7	880.4
13	Paratransit	36.1	37.8	39.8	41.4	43.3	\$198.4	47.2	49.3	51.4	53.6	55.9	58.4	60.9	63.6	66.3	69.3	72.2	75.4	78.6	82.2	85.7	1,168.4
14	HOV Transits	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
15	General Mobility - TDM	2.8	2.8	2.9	3.0	3.0	\$14.6	3.1	3.2	3.2	3.3	3.4	3.5	3.5	3.6	3.7	3.8	3.9	4.0	4.0	4.1	4.2	69.1
16	Total Operating Expenses	\$475.9	\$486.0	\$501.5	\$513.5	\$527.3	\$2,504.1	\$541.2	\$557.5	\$571.3	\$588.3	\$601.8	\$619.1	\$633.5	\$650.0	\$666.7	\$684.8	\$701.6	\$719.5	\$738.2	\$758.0	\$776.7	\$12,312.4
Operating-F&D-Start Up																							
17	Capital Projects and Non-Operating:																						
18	Agency-Wide	\$33.1	\$26.9	\$9.4	\$8.8	\$8.6	\$86.8	\$15.6	\$15.5	\$31.3	\$45.6	\$38.4	\$17.2	\$15.7	\$18.2	\$13.2	\$10.4	\$28.7	\$16.4	\$14.9	\$19.6	\$41.7	\$429.2
19	Light Rail Transit	56.5	52.1	3.3	28.2	2.0	\$142.1	9.8	14.4	10.3	9.8	54.3	166.8	151.4	88.4	43.1	1.2	42.8	12.2	12.8	14.8	14.5	768.7
20	Streetcar	14.1	16.8	21.5	27.7	36.9	\$95.8	18.4	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	2,095.1
21	Commuter Rail/RR Management	39.0	35.8	13.5	11.6	10.4	\$100.2	8.6	8.9	6.5	13.7	19.4	15.2	5.1	11.0	13.7	17.4	38.1	29.0	6.0	2.7	16.1	321.5
22	Paratransit	0.8	0.4	0.3	0.0	0.1	\$1.7	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	0.0	2.2
23	HOV Transits	12.0	9.0	0.0	0.0	0.0	\$21.0	7.8	8.0	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	21.0
24	Capital P & D, Start-Up, Non-Operating	9.6	8.2	9.1	5.9	6.5	\$39.3	7.8	8.0	8.5	8.9	10.5	11.0	13.8	14.5	18.9	22.9	23.4	25.1	25.2	24.4	24.4	268.2
25	General Mobility - Road Impr./ITS	9.7	2.3	3.0	2.9	1.7	\$19.6	0.0	0.0	0.0	2.2	0.5	0.7	0.7	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24.0
26	Total Capital and Non-Operating	\$316.9	\$241.7	\$145.4	\$37.1	\$43.2	\$1,493.5	\$249.8	\$29.4	\$63.7	\$95.1	\$134.5	\$402.0	\$202.9	\$262.5	\$325.9	\$69.3	\$48.4	\$99.5	\$73.5	\$80.5	\$114.7	\$4,065.1
Debt Service																							
27	Total Debt O/S Beginning-of-Year	\$3,662.9	\$3,644.7	\$3,716.6	\$3,630.2	\$3,641.3	n/a	\$3,848.2	\$3,748.1	\$3,644.5	\$3,547.5	\$3,466.6	\$3,381.9	\$3,298.4	\$3,198.7	\$3,097.6	\$3,000.0	\$2,900.0	\$2,800.0	\$2,700.0	\$2,600.0	\$2,500.0	n/a
28	Total Debt O/S End-of-Year	\$3,644.7	\$3,716.6	\$3,630.2	\$3,641.3	\$3,648.2	n/a	\$3,748.1	\$3,644.5	\$3,547.5	\$3,466.6	\$3,381.9	\$3,298.4	\$3,198.7	\$3,097.6	\$3,000.0	\$2,900.0	\$2,800.0	\$2,700.0	\$2,600.0	\$2,500.0	\$2,400.0	n/a
29	Principal - LT Debt	\$38.2	\$48.1	\$56.3	\$59.0	\$63.1	\$264.8	\$70.1	\$73.5	\$77.1	\$80.9	\$84.7	\$86.5	\$96.7	\$101.1	\$108.2	\$113.2	\$118.7	\$124.5	\$130.5	\$136.8	\$143.4	\$1,810.6
30	Cost of Debt (Interest and Fees)	152.9	154.6	152.7	151.3	157.1	768.7	166.6	162.5	158.1	151.7	147.9	151.5	172.2	174.8	183.3	179.2	171.7	164.0	155.9	146.7	138.1	3,192.8
31	Total Debt Service Costs	\$191.1	\$202.7	\$209.0	\$210.3	\$220.2	\$1,033.4	\$236.7	\$236.0	\$235.2	\$232.6	\$232.6	\$238.0	\$268.9	\$275.9	\$291.4	\$292.4	\$290.4	\$288.5	\$286.5	\$283.5	\$281.5	\$5,003.4
32	External Coverage Ratio	2.63	2.61	2.61	2.69	2.67	n/a	2.58	2.68	2.80	2.93	3.05	3.09	2.84	2.87	2.82	2.92	3.05	3.19	3.33	3.49	3.65	n/a
33	Internal Coverage Ratio	1.01	1.04	1.04	1.13	1.15	n/a	1.13	1.16	1.22	1.32	1.38	1.41	1.34	1.36	1.39	1.43	1.49	1.57	1.66	1.81	1.92	n/a
Total Uses of Funds																							
34	Net Inc (Dec) in cash	(\$219.8)	(\$67.9)	(\$96.4)	(\$120.1)	\$82.0	(\$422.1)	(\$139.5)	(\$42.0)	(\$24.1)	(\$12.8)	(\$35.2)	\$131.1	\$8.8	\$52.1	(\$98.1)	\$17.6	(\$34.2)	\$31.2	\$71.5	\$55.7	\$157.2	(\$826.6)
35	Change in Balance Sheet Assets	13.1	(20.4)	(27.1)	34.3	18.1	\$18.1	(34.5)	(39.4)	(8.9)	4.7	7.0	73.8	(50.5)	20.2	(5.0)	(59.1)	3.1	(11.3)	(11.8)	(4.5)	2.4	(95.8)
36	Cash, Brg of Period	986.7	780.0	691.8	568.3	482.5	\$986.7	582.6	408.6	327.2	294.2	286.1	257.9	462.8	421.1	493.5	390.4	348.9	317.9	337.8	397.5	448.7	986.7
37	Cash, End of Period	780.0	691.8	568.3	482.5	582.6	\$986.7	408.6	327.2	294.2	286.1	257.9	462.8	421.1	493.5	390.4	348.9	317.9	337.8	397.5	448.7	487.5	608.4
38	Less Cash Reserves & Restricted Funds	(69.3)	(69.5)	(69.9)	(70.6)	(72.0)	(720.9)	(73.8)	(75.9)	(78.6)	(81.4)	(84.4)	(87.5)	(90.7)	(94.1)	(97.6)	(101.4)	(105.2)	(109.3)	(113.6)	(118.0)	(122.6)	(122.6)
39	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
40	Less Working Cash Requirement	(119.0)	(121.5)	(125.4)	(128.4)	(131.8)	(131.8)	(135.3)	(139.4)	(142.8)	(147.1)	(150.5)	(154.8)	(158.4)	(162.5)	(166.7)	(171.2)	(175.4)	(179.2)	(184.5)	(189.5)	(194.2)	(194.2)
41	Net Available Cash	\$591.8	\$500.8	\$373.0	\$383.5	\$78.8	\$78.8	\$199.6	\$111.9	\$72.8	\$57.6	\$33.0	\$20.5	\$172.0	\$236.9	\$126.1	\$76.4	\$37.2	\$48.6	\$99.4	\$141.2	\$291.5	\$291.5



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B. FINANCIAL POLICIES

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 99) 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 100) 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 (for example, increase ridership and improve subsidy per passenger). Exhibit 101 highlights which Financial Standards correlate with the major sources and uses of cash included in the Annual Budget and Twenty-Year Financial Plan.

Exhibit 99
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 100
FY 2015 Financial Standards
Resolution No. 140037

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 2015 Financial Standards – General

- G1. Complete and accurate accounting records shall be maintained in accordance with Generally Accepted Accounting Principles as promulgated by the Government Accounting Standards Board. DART's fiscal year-end for financial reporting purposes shall be September 30.
- G2. Funds of the Authority shall be invested within the guidelines of the Board's approved Investment Policy and Investment Strategy, and in compliance with applicable State law, including Section 452.102 of the Texas Transportation Code, Article 717q V.T.C.S., the Texas Public Funds Investment Act, and applicable Federal law. The Board shall approve the signatories for all Agency checking and savings accounts.
- G3. An independent accounting firm shall perform an examination of DART's consolidated financial statements (including Single Audit requirements) and DART's retirement plan financial statements on an annual basis. The Agency's goal is to receive an unqualified opinion on the financial statements and an opinion that DART is in compliance with Federal Single Audit requirements in all material respects.
- G4. An annual actuarial analysis shall be performed on the Defined Benefit Plan. This Plan shall be funded in accordance with guidance received from the actuaries.

FY 2015 Financial Standards – General (cont.)

- G5. Appropriate insurance coverage shall be maintained to mitigate the risk of material loss. For self-insured retentions, a separately funded Master Insurance Reserve shall be maintained in an amount equal to the estimated liability for incurred losses and a reasonable allowance for claims incurred but not filed. An actuarial review of self-insured retentions will be made at least once every three years to ensure adequacy of the Master Insurance Reserve.
- G6. Since sales taxes are received on a monthly basis, the unrestricted cash balance at the end of the year shall not be less than one-twelfth of the difference between the subsequent year's total sources of cash (excluding sales taxes) and total uses of cash as projected in the Twenty-Year Financial Plan. This reserve will be invested in accordance with the investment strategy for the Operating Fund.
- G7. In order to provide a buffer against an unanticipated shortfall in sales tax collections, DART will maintain a Financial Reserve. The goal of this reserve is to maintain a balance of at least 10% of the current year's sales tax budget. During periods in which sales taxes exceed the budget, the excess collections will be deposited into the Reserve by January 1 of the following year, up to a maximum fund balance of \$50 million. Once the \$50 million maximum balance is reached, all interest from the reserve and all future sales tax collections that exceed the budget will be placed into a Capital Project Reserve to help ensure that DART can meet its capital program commitments. Authorization to spend Reserve funds requires the affirmative vote of two-thirds of the appointed and qualified members of the Board.
- G8. The fiscal year of DART shall end on September 30 of each year. At the beginning of the budget and financial planning process each year, the Board should review and approve a set of Financial Standards that can be used by management as a framework for developing the following year's Budget, Business Plan, and Twenty-Year Financial Plan. The Board shall approve the Budget and Twenty-Year Financial Plan by September 30 of each fiscal year. The Annual Budget shall be the first year of the Twenty-Year Financial Plan.
- G9. Twenty-Year Financial Plan amendments shall require a two-thirds vote of the number of appointed and qualified Board members. An amendment is necessary when DART's share of the addition of a new capital project or the cumulative modification of an existing capital project is in excess of \$1 million or DART's share of the addition of a new operating program or increase in an existing operating program is in excess of \$500,000.

FY 2015 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.

FY 2015 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.

FY 2015 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.

The following table (Exhibit 101) identifies the link between DART's Financial Standards and its financial information.

Exhibit 101 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



C. SALES TAX (through August 2014)

Exhibits 102 and 103 provide sales tax information for DART and for the cities within DART's Service Area.

Exhibit 102
Sales Tax History, FY 2005 – FY 2014
(in Millions)

	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14
Oct	\$25.7	\$27.2	\$28.6	\$31.4	\$30.2	\$28.7	\$29.0	\$33.3	\$35.4	\$38.0
Nov	25.5	27.3	28.9	31.6	27.3	26.6	30.2	31.7	32.1	36.3
Dec	36.9	40.3	42.8	44.8	43.5	41.7	43.0	46.1	47.8	50.2
Jan	24.6	27.0	28.3	31.4	27.2	28.3	29.1	30.8	35.5	35.0
Feb	24.1	26.2	28.2	29.5	27.0	25.8	27.5	31.8	32.9	36.1
Mar	33.8	35.3	37.7	37.9	35.8	36.7	39.7	39.5	41.1	44.5
Apr	25.5	28.7	29.5	32.0	29.7	29.0	31.9	33.4	35.8	39.2
May	26.5	29.9	30.2	33.9	29.6	29.7	31.1	33.9	37.9	36.8
Jun	34.5	35.5	37.2	41.6	37.3	37.3	39.5	40.9	43.0	44.7
Jul	25.2	28.3	30.7	33.3	28.8	27.8	33.3	37.2	36.5	39.7
Aug	26.3	29.0	30.2	31.4	27.7	28.7	29.6	34.8	36.0	40.1
Sep	33.1	35.8	36.8	37.4	33.4	35.3	38.4	39.1	41.7	
FY Total	\$341.8	\$370.5	\$389.1	\$416.1	\$377.6	\$375.5	\$402.4	\$432.5	\$455.7	\$440.6

NOTE: Numbers may not foot properly due to rounding.



Exhibit 103
Sales Tax Collections by City

DART SALES TAX COLLECTIONS BY CITY (January 1984 - August 2014)										
FISCAL YEAR	DART	ADDISON	BUCKINGHAM*	CARROLLTON	COCKRELL HILL	DALLAS	FARMERS BRANCH	GARLAND		
Yrs. 1984 to 1996	2,489,701,327.68	65,360,124.01	1,407,038.81	108,426,389.73	773,431.61	1,470,590,006.18	93,817,026.64	126,653,806.38		
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	55,291.35	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	245,556.87	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	288,487.24	230,959,311.90	12,944,142.84	21,112,605.21		
2014	440,557,918.16	11,978,847.83	0.00	23,904,096.78	286,615.06	220,885,784.67	11,518,939.07	20,159,862.20		
TOTAL	\$9,132,982,592.61	\$231,003,248.69	\$1,407,241.56	\$442,670,582.78	\$3,249,351.84	\$4,935,474,533.90	\$296,794,151.01	\$444,601,439.63		
% of 2014	100.00%	2.72%	0.00%	5.43%	0.07%	50.14%	2.61%	4.58%		
% of Total	100.00%	2.53%	0.02%	4.85%	0.04%	54.04%	3.25%	4.87%		
FISCAL YEAR	GLENN HEIGHTS	HIGHLAND PARK	IRVING	PLANO	RICHARDSON*	ROWLETT	UNIVERSITY PARK	COPELL/ FLOWER MOUND		
Yrs. 1984 to 1996	458,606.83	12,793,341.48	237,884,151.75	199,197,617.45	141,912,335.12	9,285,946.14	18,108,010.04	2,990,824.48		
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		
2014	393,755.27	2,954,612.61	49,559,560.49	65,073,395.64	25,732,580.29	4,863,009.15	3,246,859.08	0.00		
TOTAL	\$3,957,458.84	\$47,347,182.81	\$962,929,159.34	\$1,097,875,623.76	\$521,012,752.31	\$77,624,631.73	\$64,001,738.95	\$2,990,824.48		
% of 2014	0.09%	0.67%	11.25%	14.77%	5.84%	1.10%	0.74%	0.00%		
% of Total	0.04%	0.52%	10.54%	12.02%	5.70%	0.85%	0.70%	0.03%		

D. DEBT PROGRAM

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 \$300 million including use of both bank-backed liquidity facility and self-liquidity facility programs. DART currently has a \$200 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 Section*.

Exhibit 104 is DART's Annual Debt Service Schedule.



Exhibit 104
DART Annual Debt Service Schedule

<u>Fiscal Year</u>	<u>Principal Repayment</u>	<u>Interest Repayment</u>	<u>Total Gross Debt Service</u>	<u>BABs Subsidy</u>	<u>Total Net Debt Service</u>
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	33,175	180,388	213,563	28,269	185,294
FY15	38,215	180,130	218,345	28,269	190,076
FY16	48,115	177,964	226,079	28,269	197,810
FY17	52,522	175,557	228,079	28,269	199,810
FY18	55,101	173,032	228,133	28,269	199,864
FY19	57,761	170,327	228,088	28,269	199,819
FY20	60,649	167,439	228,088	28,269	199,819
FY21	63,689	164,397	228,086	28,269	199,817
FY22	66,860	161,229	228,089	28,269	199,820
FY23	70,203	157,881	228,084	28,269	199,815
FY24	73,643	154,190	227,833	30,201	197,632
FY25	74,956	150,294	225,250	29,666	195,584
FY26	78,330	146,362	224,692	29,110	195,582
FY27	81,821	142,287	224,108	28,530	195,578
FY28	85,440	138,069	223,509	27,927	195,582
FY29	89,386	133,486	222,872	27,298	195,574
FY30	93,665	128,553	222,218	26,644	195,574
FY31	98,135	123,402	221,537	25,962	195,575
FY32	102,844	117,984	220,828	25,252	195,576
FY33	107,715	112,363	220,078	24,512	195,566
FY34	112,793	106,524	219,317	23,742	195,575
FY35	118,175	100,337	218,512	22,940	195,572
FY36	123,809	93,880	217,689	22,122	195,567
FY37	129,696	87,161	216,857	21,288	195,569
FY38	126,725	80,377	207,102	19,985	187,117
FY39	131,763	73,542	205,305	18,198	187,107
FY40	137,015	66,435	203,450	16,345	187,105
FY41	142,479	59,039	201,518	14,426	187,092
FY42	148,167	51,349	199,516	12,438	187,078
FY43	154,123	43,318	197,441	10,366	187,075
FY44	152,052	35,140	187,192	8,210	178,982
FY45	158,106	26,838	184,944	5,975	178,969
FY46	106,908	19,930	126,838	4,261	122,577
FY47	111,188	14,468	125,656	3,091	122,565
FY48	115,651	8,784	124,435	1,883	122,552
FY49	115,220	2,943	118,163	634	117,529
Total	\$ 3,549,995	\$ 4,435,878	\$ 7,985,873	\$ 849,300	\$ 7,136,573

Exhibit 105 is a history of DART's long-term bond issuance credit ratings:

Exhibit 105
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	No rating sought
Series 2010	AA+	Aa2	No rating sought
Series 2012	AA+	Aa2	No rating sought
Series TIFIA	AA+	Aa2	No rating sought



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E. FARES

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 106. DART's current fare structure is shown at Exhibit 107.

Exhibit 106 DART Fare Structure History As of December 3, 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.

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. The cashless machines have been installed at various rail stations and at two transit centers.



GFI TVM Capabilities – The TVM issues magnetic encoded tickets that can be swiped on our current GFI bus fareboxes to validate authenticity. Electronic validation is much more efficient for bus operators and customers. Customers have the ability to buy extended period passes, such as 7-Day and 30-Day passes, on these machines. The GFI TVMs are also configured to process credit/debit card transactions. The magnetic encoding provides enhanced ridership data for customers who buy a ticket at a TVM and transfer to a bus allowing further analysis of ride patterns for system planning purposes. The TVMs provide configurable change-making options that will better support nickel/dime-based fare adjustments, if needed.

Future of Fare Payment Systems

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. This goal can be accomplished by creating an electronic payment infrastructure for transportation and other services that is ultimately capable of being deployed region-wide, using third-party produced and distributed prepaid cards and contactless devices such as smart cards, credit and debit cards, RFID tags, secure barcodes, and Near Field Communication (NFC) devices. Furthermore, it is DART's intention to leverage its existing investments in communications infrastructure to the maximum extent feasible as part of the Comprehensive Fare Payment System (CFPS). The new state-of-the-art, integrated, electronic fare payment, distribution, collection, and processing system will utilize best practices of modern technologies in the consumer and fare payment sectors, capable of interfacing with both bank and non-bank financial clearing systems for transaction processing and settlement. Deployment of the new system is scheduled to be complete by December 2016.

Mobile Ticketing (GoPassSM)

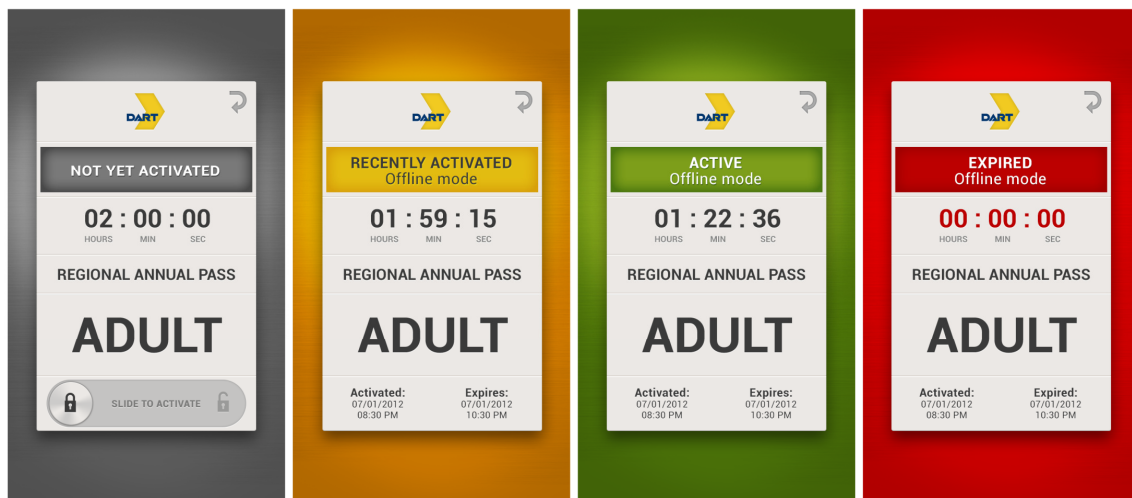


The past twelve months have seen successful implementation of a mobile ticketing product called GoPass that permits customers to purchase tickets and download them to their phones, obtain trip plans and status of buses and trains, and receive information about area events – even combine the purchase of a transit pass to the purchase of tickets for those events! The new mobile application (GoPass) developed by Danish software vendor Unwire represents the first step towards a cashless fare solution for the Dallas/Fort Worth region. This mobile ticketing application allows 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.

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 result of the beta test illustrated testers highly favored GoPass due to its simplicity, purchasing ease, and its substantial customer benefits. The launch of the mobile application was September 16, 2013.

Passengers are 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). GoPass 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. Although still in its initial stage, the application permits users to buy bundled tickets such as an admissions ticket to an area concert with a transit pass to the venue. GoPass has since deployed annual and semester passes for corporate, college, and university clients. Future features will include a web portal to purchase and transfer passes to friends and family, a registry to allow for high school and college pass purchases and a customer loyalty program.

In addition to product features, the mobile application provides invaluable means for checking and validating various fares. Each ticket on the mobile phone displays 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 barcode also appears 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.



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, by reducing the number of fare types and ensuring multi-pass pricing is equivalent throughout the fare structure. Additionally, these changes were designed to minimize the impact on transit-dependent riders and balance peak loads by encouraging additional off-peak ridership, by offering economical fares to transit-dependent customers and passengers who have time-flexibility.



Exhibit 107
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.

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 107 (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.)
- (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 107 (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%

III. Corporate and Residential Programs:

- (a) Annual passes, known as Corporate annual passes, may be purchased by businesses, apartments/condominium complexes, or other employer organizations. Minimum purchase requirements 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.

Exhibit 107 (cont'd)
DART Fare Structure
Effective – December 3, 2012

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 students who wish to use	\$120	\$160	\$120	\$160	\$120	\$160

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 conclusion of the special event that supports the value of the barter used to pay for the passes.

VI. Fees for the Paid Parking Demonstration ended on April 2, 2014, and these fees are no longer applicable.

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 108 identifies the fares by types that DART customers can purchase based on the approved fare structure. This also provides the estimated sales and revenue by fare type.



Exhibit 108 Revenue by Fare Type Analysis

Type of Fare (in thousands)	FY 2013 Actual		FY 2014 Projected		FY 2015 Proposed	
	Actual Units	Actual Revenue	Projected Units	Projected Revenue	Estimated Units	Estimated Revenue
Single Fare						
Local	489.0	\$861.4	0.0	\$0.0	0.0	\$0.0
System	7.5	26.2	0.0	0.0	0.0	0.0
Regional	8.0	40.1	0.0	0.0	0.0	0.0
Reduced	143.6	123.2	0.0	0.0	0.0	0.0
Paratransit Coupon	34.3	1,029.1	35.8	1,074.8	36.7	1,101.7
Total Single Fare	682.5	\$2,080.0	35.8	\$1,074.8	36.7	\$1,101.7
2-Hour						
Local	2,372.8	\$6,192.2	3,689.2	\$9,222.9	3,781.4	\$9,453.5
Regional	28.3	141.7	36.4	182.2	37.3	186.7
Reduced	312.8	391.0	545.2	681.6	558.9	698.6
Mesquite	0.3	1.1	0.8	2.9	0.8	2.9
High School	171.2	214.0	295.8	369.7	303.2	379.0
College/Trade	74.2	92.7	91.5	114.4	93.8	117.2
Total 2-Hour	2,959.5	\$7,032.6	4,658.9	\$10,573.6	4,775.4	\$10,837.9
Midday						
Local	400.6	\$701.1	782.5	\$1,369.3	802.0	\$1,403.5
Regional	3.2	11.2	3.4	12.1	3.5	12.4
Total Midday	403.8	\$712.3	785.9	\$1,381.4	805.5	\$1,415.9
Day Passes						
Local	3,961.9	\$19,813.3	3,849.2	\$19,246.0	3,945.4	\$19,727.2
System	19.6	137.1	0.0	0.0	0.0	0.0
Regional	47.4	474.2	48.6	486.1	49.8	498.3
Reduced	1,156.6	2,729.6	1,019.4	2,548.5	1,044.9	2,612.2
High School	225.4	563.5	225.3	563.3	231.0	577.4
College/Trade	113.8	284.4	142.7	356.8	146.3	365.7
Mesquite	1.3	9.4	2.3	16.0	2.3	16.4
Vouchers (book of ten)	58.6	1,819.4	71.3	2,138.2	73.1	2,191.6
Total Day Passes	5,584.6	\$25,830.9	5,358.8	\$25,354.9	5,492.8	\$25,988.8
7-Day Passes						
Local	110.5	\$2,650.5	98.1	\$2,452.8	100.6	\$2,514.1
System	0.6	20.7	0.0	0.0	0.0	0.0
Regional	0.7	36.9	0.8	39.3	0.8	40.3
Total 7-Day Passes	111.8	\$2,708.1	98.9	\$2,492.1	101.4	\$2,554.4
Monthly Passes						
Local	122.3	\$9,471.0	120.2	\$9,619.5	123.2	\$9,860.0
System	1.8	182.4	0.0	0.0	0.0	0.0
Regional	4.2	625.4	3.0	474.0	3.0	485.8
Reduced	41.9	1,569.0	33.6	1,344.3	34.4	1,377.9
Mesquite	0.3	26.2	0.2	22.9	0.2	23.5
Lone Star - Local	0.2	6.0	0.1	2.8	0.1	2.9
Lone Star - Regional	0.1	3.1	0.0	0.7	0.0	0.7
High School	23.0	919.8	33.0	1,318.2	33.8	1,351.1
College/Trade	14.1	562.5	4.0	159.4	4.1	163.3
Total Monthly Passes	207.7	\$13,365.3	194.1	\$12,941.7	198.9	\$13,265.2
Annual Passes						
Local	0.2	\$175.1	0.2	\$150.6	0.2	\$158.3
System	0.0	0.0	0.0	0.0	0.0	0.0
Regional	0.0	13.3	0.0	12.7	0.0	14.8
Senior	0.1	43.0	0.1	41.6	0.1	42.8
Corporate Programs - Local	16.3	10,306.1	13.8	7,944.4	14.2	8,143.0
Corporate Programs - System	0.0	0.0	0.0	30.0	0.0	30.8
Corporate Programs - Regional	0.0	0.0	2.1	2,386.4	2.1	2,446.1
Total Annual Passes	16.6	\$10,537.4	16.2	\$10,565.6	16.6	\$10,835.6
Other Programs						
Secondary/College Decals	35.1	\$1,033.4	20.5	\$765.5	21.0	\$784.7
Special Events	24.2	150.7	11.8	86.5	12.1	88.6
Total Other Programs	59.4	\$1,184.1	32.3	\$852.0	33.1	\$873.3
	10,025.9	\$63,450.8	11,180.9	\$65,236.0	11,460.4	\$66,872.8
Without Paratransit Coupons	9,991.6	\$62,421.7	11,145.1	\$64,161.2	11,423.7	\$65,771.1



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F. OPERATIONAL INFORMATION

Historical data: The data that follows reflects the construction mode that DART has been in since the early 1990s. Exhibit 109 denotes key dates regarding the construction of the DART light rail system. On August 13, 1983, DART was created when 58 percent of voters in 14 cities and Dallas County cast more than 101,000 ballots in favor of regional transportation. DART assumed operations of Dallas Transit System and cut the base bus fare from 70 to 50 cents, and senior fares from 25 to 15 cents. In January 1984, the voter-approved one-cent sales tax took effect, and DART officially began operations. On June 14, 1996, the first 11.2 miles of DART's 20-mile light rail transit starter system opened on time and within budget, with weekend festivities followed by a week of free rides. Revenue service began on June 24. With the opening of the Irving-3 Light Rail segment from Belt Line Road to DFW International Airport Terminal A on August 18, 2014, DART now has 90 miles of light rail in service. This is currently the longest light rail system in North America. A map of DART Current and Future Services to 2016 is located at Exhibit 94.

Exhibits 114 through 122 provide operational information for fiscal years 2004 through 2013. Exhibit 123 is a comparison of DART and eight similar transit agencies for Fiscal Year 2012 for selected metrics.



Exhibit 109 LRT Revenue Service Dates

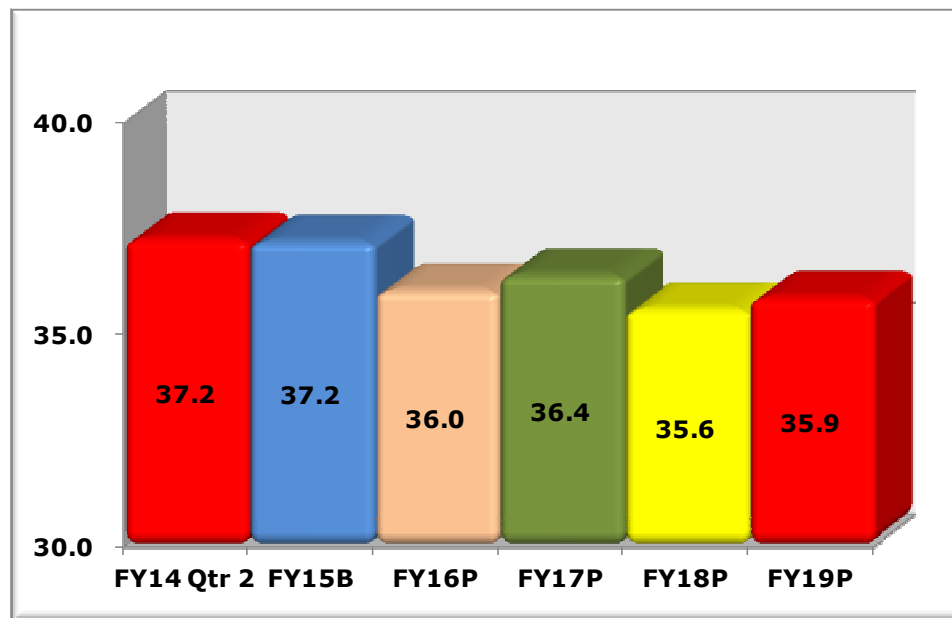
Corridor	Line	From	To	Miles	Stations	Opening Date
STARTER SYSTEM						
Central Business District	All	West End	Pearl	1.0	4	June 1996
Oak Cliff	Red/Blue	West End	8th & Corinth	3.8	4	June 1996
South Oak Cliff	Blue	8th & Corinth	Ledbetter	4.6	5	June 1996/May 1997
West Oak Cliff	Red	8th & Corinth	Westmoreland	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	Aug 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	

Ridership Trends

Recently, we have seen a decline in bus ridership. A recovery in ridership was seen in 2012 as a result of an improved economy and the introduction of popular new services (most prominently, the Parkland Shuttle). Bus ridership was significantly impacted by incidents of inclement weather during FY 2014, including winter weather in February and rains during the March St. Patrick's Day celebrations in Dallas. Cold, icy, or winter weather tends to result in reduced ridership levels throughout the system, and there were an unusual number of adverse weather days.

Exhibit 110 provides an overview of bus ridership projections for the next five years.

Exhibit 110
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 opening of the new Parkland Hospital facility in late FY 2015; many of the current Parkland Shuttle customers will be able to walk directly from trains or parking lots to their work site.

DART has installed automated passenger counters (APCs) on approximately 170 buses in the fleet, and we have been testing and calibrating the new units in a process parallel to changes on light rail trains. Staff is examining variations between farebox-based counts and APC-based counts—especially where there are high boarding volumes that do not involve physical farebox transactions—to determine whether or not APC-based counts may be more appropriate for measurement of bus ridership over the long term.

For FY 2015, DART will conduct its first Comprehensive Operations Analysis (COA) which consists of a detailed review and evaluation of the ridership and performance of the entire bus system. The review will be followed with recommendations aimed at improving system ridership and effectiveness, and will help drive service changes through the next ten years.

LRT Ridership

Ridership counting on light rail was conducted manually from the opening of the light rail system in 1996 through 2011 and was based on a sampling approach. As shown in Exhibit 111, 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 112, 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. DART received approval from the FTA to use the APC ridership data as our official data beginning in FY 2012.

Exhibit 113 compares projected LRT ridership through FY 2019.

Exhibit 111
LRT Manual Counting

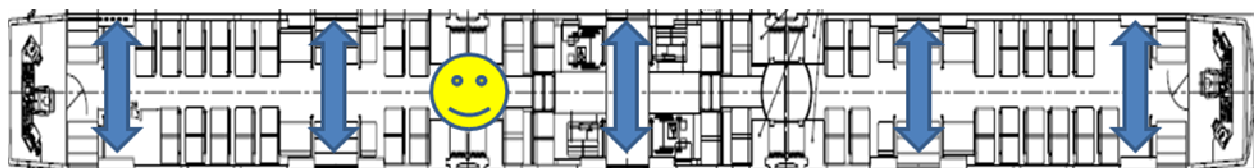


Exhibit 112
APCs

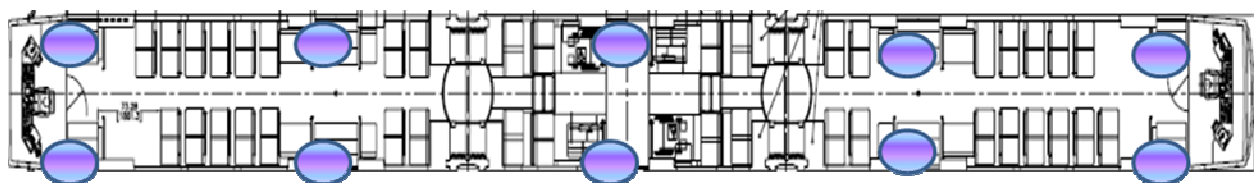
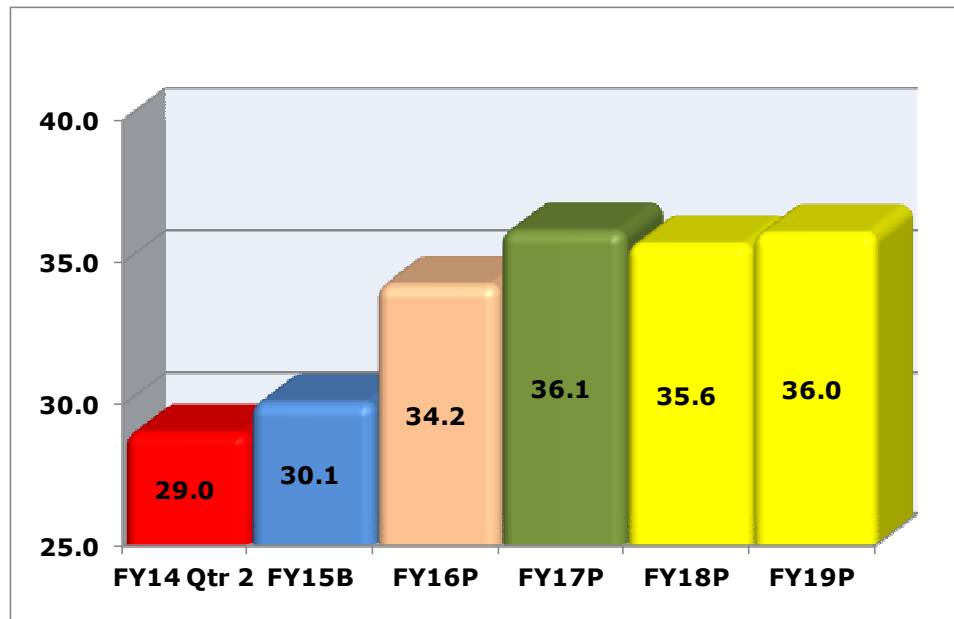


Exhibit 113
LRT Ridership
(in Millions)



For FY 2015 and future years, 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 numbers were still higher for 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.

Exhibit 114
Number of Employees by Function

DALLAS AREA RAPID TRANSIT NUMBER OF EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS											
FUNCTION	Fiscal Year										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Transport Operations											
Bus Operations	1,483	1,532	1,510	1,516	1,534	1,539	1,537	1,451	1,487	1,522	
Commuter Rail Operations	14	16	15	14	15	16	14	13	14	14	
HOV Lane Operations	42	43	42	58	71	69	67	63	63	55	
Light Rail Operations	173	171	160	176	192	225	272	266	313	292	
Paratransit Operations	67	69	72	68	67	71	67	64	63	59	
Van Pool Operations	2	2	2	2	2	2	2	2	2	2	
	1,781	1,833	1,801	1,834	1,881	1,922	1,959	1,859	1,942	1,944	
Maintenance											
Vehicle Maintenance	571	577	580	599	609	626	695	657	630	738	
Non-vehicle Maintenance	186	169	187	187	197	214	282	303	342	270	
	757	746	767	786	806	840	977	960	972	1,008	
Public Safety and Fare Enforcement	158	168	171	171	189	221	309	309	319	340	
Operations Total	2,696	2,747	2,739	2,791	2,876	2,983	3,245	3,128	3,233	3,292	
Administration	403	423	415	419	433	447	435	398	359	369	
Total	3,099	3,170	3,154	3,210	3,309	3,430	3,680	3,526	3,592	3,661	

Note – Number of employees presented here is actual head count of full-time, temporary and part-time employees at the end of each fiscal year.

Source: DART's personnel data

Exhibit 115 Level of Service - Average Weekday

DALLAS AREA RAPID TRANSIT LEVEL OF SERVICE - AVERAGE WEEKDAY LAST TEN FISCAL YEARS											
	Fiscal Year										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
AVERAGE WEEKDAY PASSENGERS (RIDERSHIP)											
Bus	133,963	131,177	152,123	151,869	153,693	146,023	128,532	126,426	131,186	129,683	
Light Rail	55,227	59,259	62,007	60,596	65,757	64,381	59,785	71,748	90,182	96,354	
Commuter Rail (1)	4,780	4,748	5,218	5,357	5,371	5,839	8,689	8,482	8,080	7,556	
Demand Response	2,437	2,559	2,695	2,899	3,150	3,662	4,004	4,001	4,001	1,845	
Vanpool	1,479	1,390	1,741	1,969	2,755	3,481	3,640	3,893	4,067	3,728	
	197,886	199,133	223,784	222,690	230,726	223,386	204,650	214,550	237,516	239,166	
AVERAGE WEEKDAY REVENUE MILES											
Bus	93,456	99,413	90,962	90,600	90,302	89,839	89,626	84,194	87,949	88,750	
Light Rail	16,914	17,064	16,966	17,483	17,476	16,627	16,123	21,897	23,688	28,022	
Commuter Rail (1)	2,409	1,932	1,972	1,972	2,379	1,768	4,421	3,815	3,866	3,992	
Demand Response	24,220	24,463	25,564	25,396	27,456	26,319	28,660	29,242	29,898	14,481	
Vanpool	5,655	5,536	6,670	7,809	10,870	13,022	13,803	15,086	15,432	14,301	
	142,654	148,408	142,134	143,260	148,483	147,575	152,633	154,234	160,833	149,546	
AVERAGE WEEKDAY REVENUE HOURS											
Bus	6,521	6,904	6,422	6,462	6,547	6,545	6,552	6,353	6,468	6,792	
Light Rail	787	795	788	811	809	778	804	1,105	1,194	1,377	
Commuter Rail (1)	123	88	90	91	100	87	180	166	169	171	
Demand Response	1,469	1,392	1,642	1,560	1,500	1,542	1,752	1,779	1,811	1,035	
Vanpool	162	158	163	190	265	318	345	377	386	358	
	9,062	9,337	9,105	9,114	9,221	9,270	9,633	9,780	10,028	9,733	
AVERAGE WEEKDAY PASSENGERS PER REVENUE MILE											
Bus	1.43	1.32	1.67	1.68	1.70	1.63	1.43	1.50	1.49	1.46	
Light Rail	3.27	3.47	3.65	3.47	3.76	3.87	3.71	3.28	3.81	3.44	
Commuter Rail (1)	1.98	2.46	2.65	2.72	2.26	3.30	1.97	2.22	2.09	1.89	
Demand Response	0.10	0.10	0.11	0.11	0.11	0.14	0.14	0.14	0.13	0.13	
Vanpool	0.26	0.25	0.26	0.25	0.25	0.27	0.26	0.26	0.26	0.26	
	1.39	1.34	1.57	1.55	1.55	1.51	1.34	1.39	1.48	1.60	
AVERAGE WEEKDAY PASSENGERS PER REVENUE HOUR											
Bus	20.54	19.00	23.69	23.50	23.48	22.31	19.62	19.90	20.28	19.09	
Light Rail	70.17	74.54	78.69	74.72	81.28	82.75	74.36	64.93	75.33	69.97	
Commuter Rail (1)	38.86	53.95	57.98	58.87	53.71	67.11	48.37	51.10	47.81	44.19	
Demand Response	1.66	1.84	1.64	1.86	2.10	2.37	2.29	2.25	2.21	1.78	
Vanpool	9.13	8.80	10.68	10.36	10.40	10.95	10.53	10.33	10.54	10.41	
	21.84	21.33	24.58	24.43	25.02	24.10	21.24	21.94	23.69	24.57	

Notes

(1) Average weekday information for commuter rail for fiscal years 2004 to 2009 does not include service provided outside DART Service Area.

Source: National Transit Database and internal records

Exhibit 116
Ridership

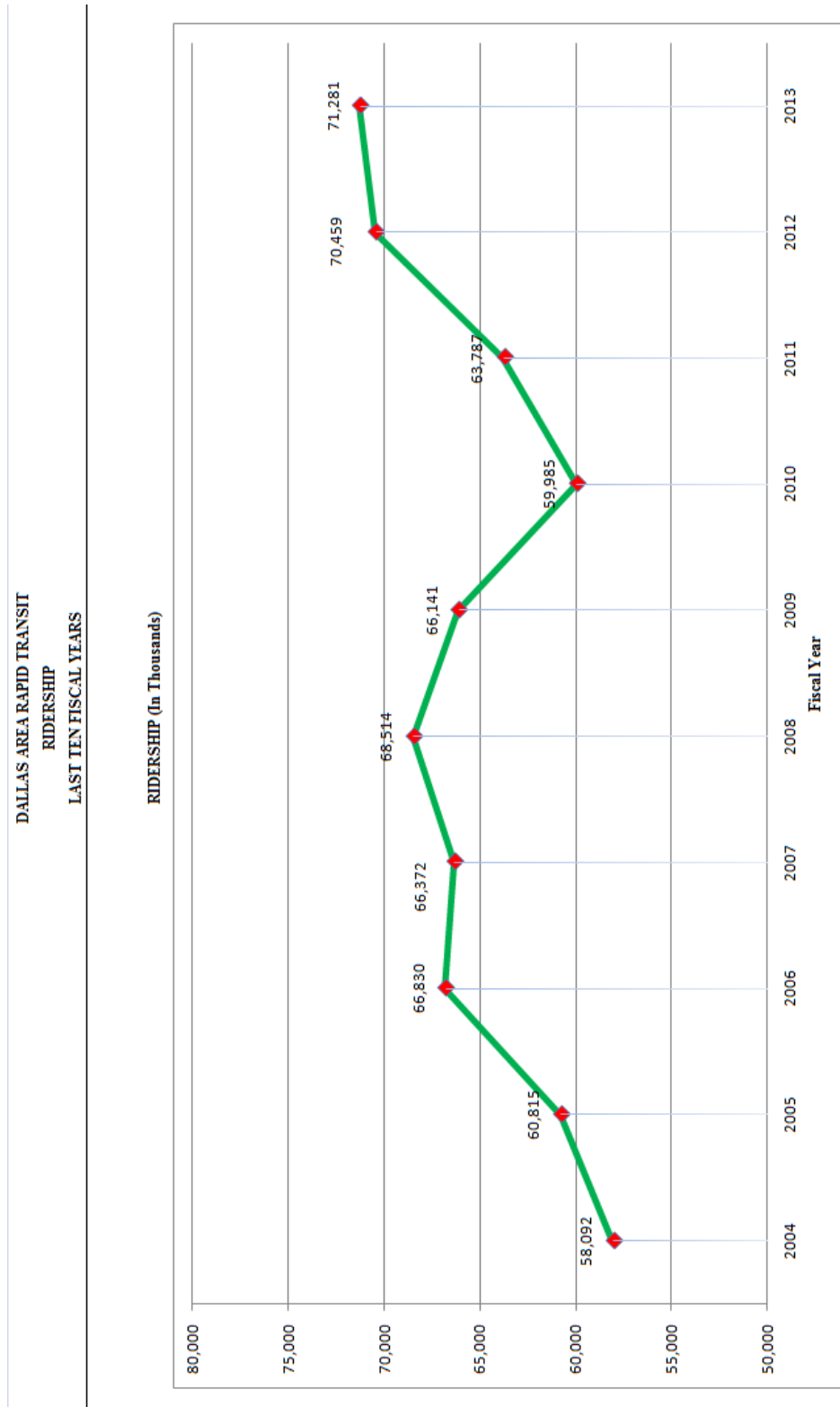


Exhibit 117
Revenue Miles

DALLAS AREA RAPID TRANSIT
REVENUE MILES
LAST TEN FISCAL YEARS

REVENUE MILES (in Thousands)

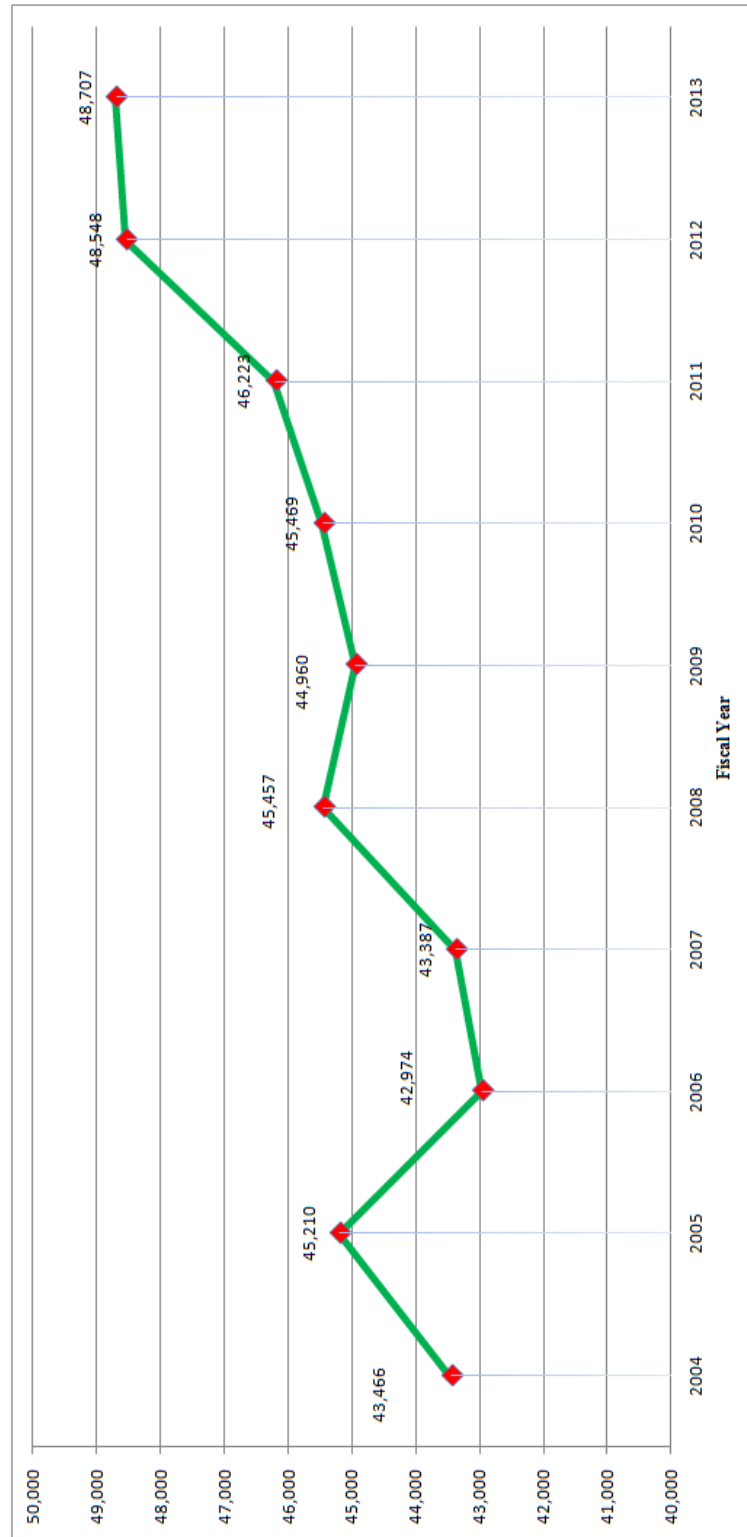


Exhibit 118
Revenue Hours

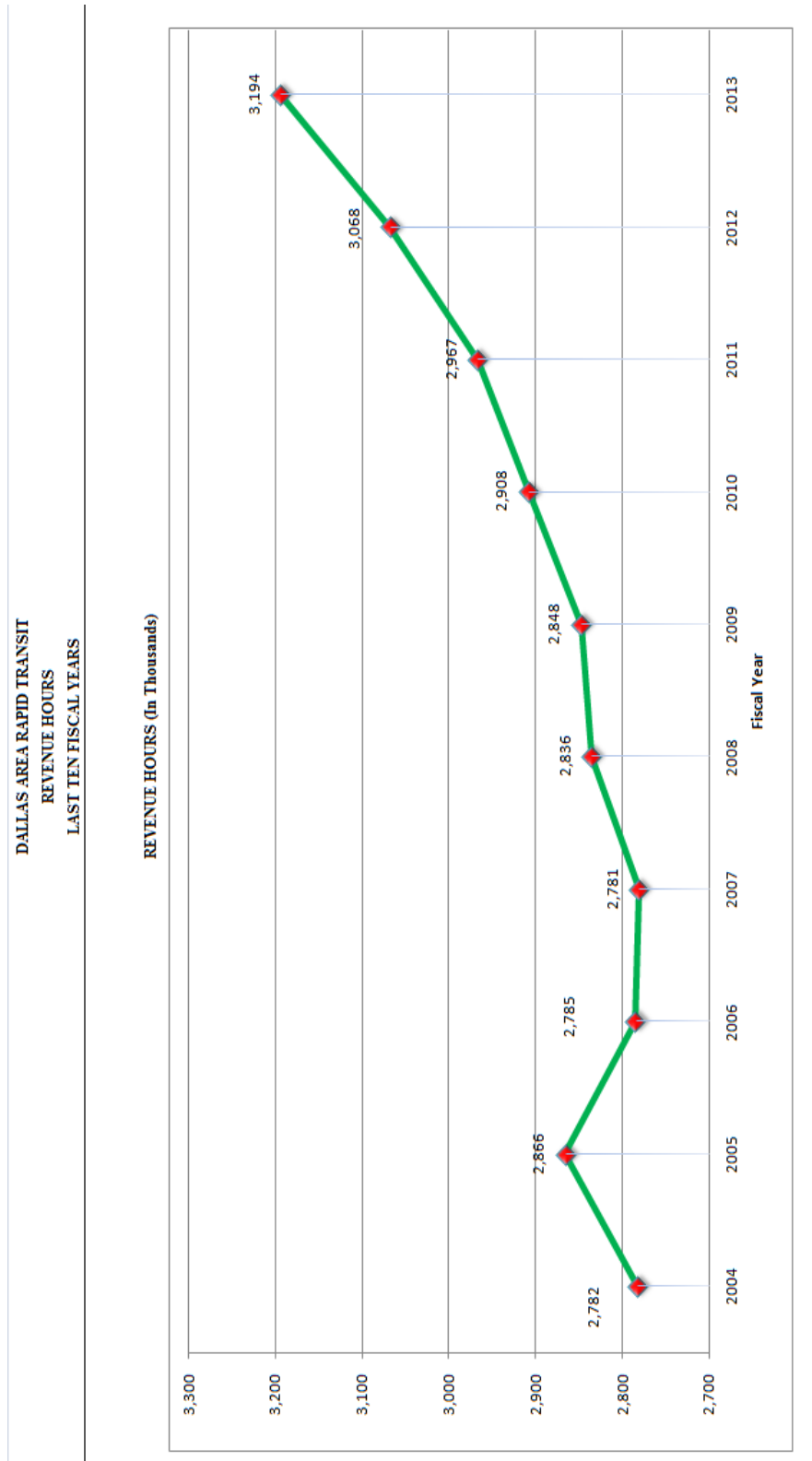


Exhibit 119 Passenger Fare Revenue and Ridership FY 2013 Compared to FY 2004

DALLAS AREA RAPID TRANSIT PASSENGER FARE REVENUE AND RIDERSHIP CURRENT FISCAL YEAR COMPARED TO NINE YEARS AGO

The second major local source of revenue for DART is passenger revenues (fare revenues) collected from customers who use DART's public transportation services. The following table shows passenger revenues and ridership for fiscal year 2013 compared to 2004.

Type of Service	Passenger Revenues (Amounts in Thousands) ¹			Ridership ² (Amounts in Thousands)		
	2013	2004	Percentage Change from 2004 to 2013	2013	2004	Percentage Change from 2004 to 2013
Bus	\$37,133	\$26,130	42.1%	37,937	38,481	-1.4%
Light Rail	20,435	7,232	182.6%	29,472	16,376	80.0%
Commuter Rail ³	6,880	719	856.9%	2,093	2,162	-3.2%
Demand Response	2,154	1,427	50.9%	832	695	19.7%
Van Pool	967	310	211.9%	947	379	150.1%
Total	\$67,569	\$35,818	88.6%	71,281	58,092	22.7%
			100.0%			100.0%

Note:

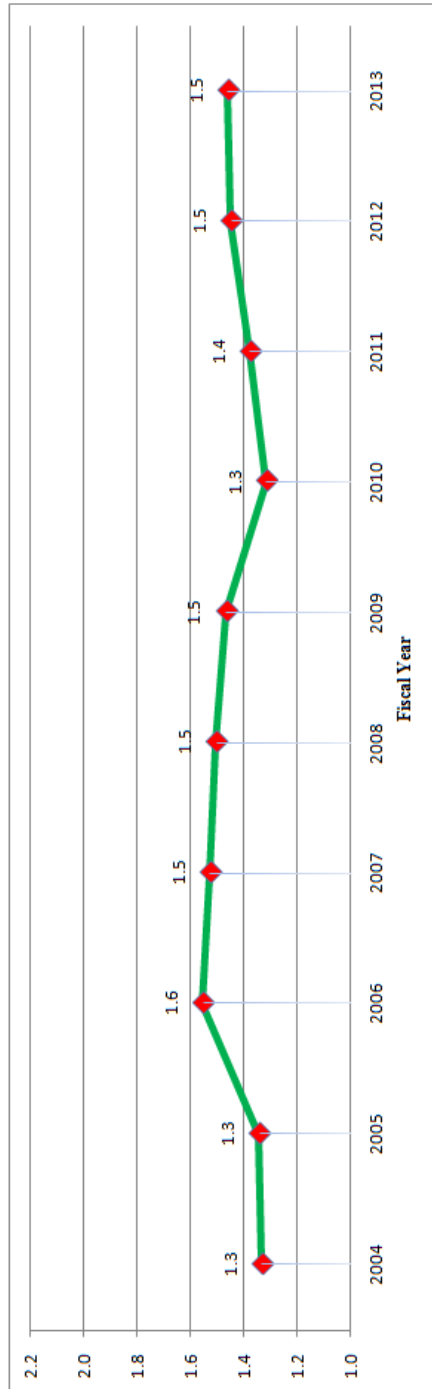
1. The increase in total passenger revenue from \$35.8 million in 2004 to \$67.6 million in 2013 is due to increases in ridership and fares.
2. Ridership is reported as unlinked passenger trips. For example, a passenger who transfers from a bus to rail is counted as two unlinked passenger trips. The decrease in bus ridership and increase in light rail ridership in 2013 compared to 2004 is due to the replacement of some bus routes with light rail lines as a result of the opening of the Green Line light rail service, the Orange Line light rail service and the Blue line extension between 2009 and 2013.
3. The increase in passenger revenue for the Commuter Rail mode is due to a change in the allocation method of passenger revenue to each mode in addition to fare increases.

Source: National Transit Database and internal financial and ridership records

Exhibit 120 Passengers per Revenue Mile and Revenue Hour

DALLAS AREA RAPID TRANSIT PASSENGERS PER REVENUE MILE AND REVENUE HOUR LAST TEN FISCAL YEARS

PASSENGERS PER REVENUE MILE



PASSENGERS PER REVENUE HOUR

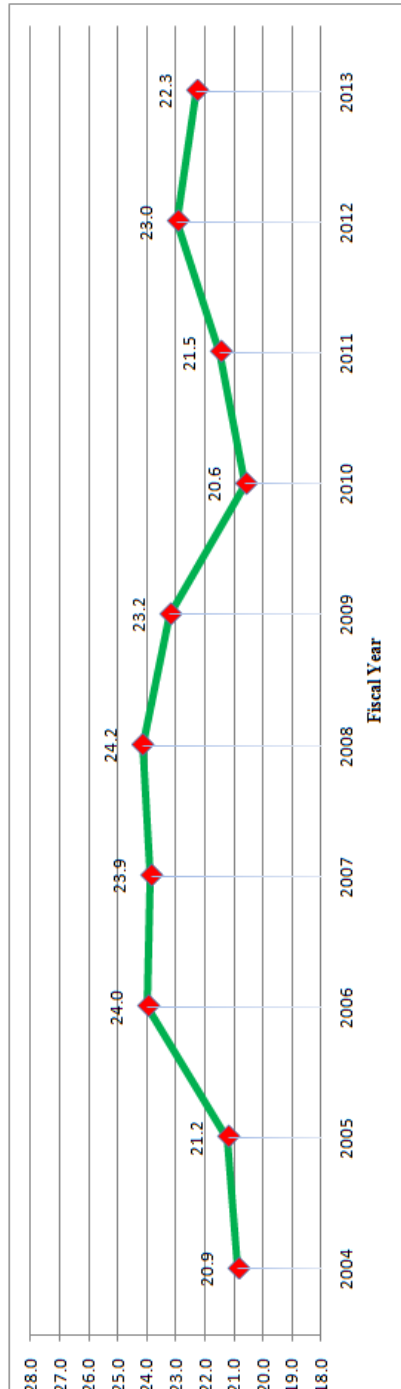


Exhibit 121 Number of Vehicles and Operating Facilities

DALLAS AREA RAPID TRANSIT NUMBER OF VEHICLES AND OPERATING FACILITIES LAST TEN FISCAL YEARS											
	Fiscal Year										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Number of vehicles available for service (1)											
Bus	786	742	742	740	728	663	663	658	629	650	
Light Rail	95	95	107	115	115	115	122	163	163	163	
Commuter Rail	36	36	36	36	36	36	44	47	35	35	
Demand Response	194	192	186	199	209	209	209	209	209	175	
Vanpool	66	68	88	103	145	175	178	200	215	204	
Total	1,177	1,133	1,159	1,193	1,233	1,198	1,216	1,277	1,251	1,227	1,227
Number of vehicles operated during weekday (1)											
Bus	651	605	565	559	564	564	556	507	509	527	
Light Rail	82	82	83	85	85	84	76	77	78	102	
Commuter Rail	21	21	21	21	19	19	18	18	18	18	
Demand Response	171	173	173	169	184	190	190	186	186	148	
Vanpool	66	64	80	92	129	162	173	190	196	183	
Total	991	945	922	926	981	1,019	1,013	978	987	978	978
Operating Facilities (2)											
Bus											
Number of operating garages	4	4	4	3	3	3	3	3	3	3	3
Number of transit centers	14	15	15	15	15	15	15	15	15	15	15
Number of bus stops	11,961	11,961	11,961	11,961	12,322	12,500	12,500	12,500	12,500	11,973	
Light Rail											
Miles of tracks	44	45	45	45	45	48	48	72	77	85	
Number of stations	34	35	35	35	35	39	39	55	58	61	
Number of operating garages	1	1	1	1	1	1	1	2	2	2	
Commuter Rail											
Miles of tracks	34	34	34	34	34	34	34	34	34	34	34
Number of stations	10	10	10	10	10	10	10	10	10	10	10
Number of operating garages	1	1	1	1	1	1	1	1	1	1	1
Demand Response											
Number of operating garages	1	1	1	1	1	1	1	1	1	1	1
Sources:											
1) National Transit Database											
2) Quarterly Performance Reports for the 4th quarter of each fiscal year.											

Sources:

1) National Transit Database

2) Quarterly Performance Reports for the 4th quarter of each fiscal year.

Exhibit 122 Cost of Capital Assets

DALLAS AREA RAPID TRANSIT COST OF CAPITAL ASSETS LAST TEN FISCAL YEARS (Amounts In Thousands)											
	Fiscal Year										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Non-Depreciable Capital Assets											
Land and right-of-way	\$384,102	\$387,010	\$387,009	\$388,000	\$387,934	\$398,914	\$397,997	\$548,904	\$554,714	\$578,169	
Capital projects in progress	301,044	328,470	469,652	745,171	1,210,357	1,755,739	2,305,270	859,872	701,352	257,514	
Total Non-Depreciable Capital Assets	685,146	715,480	856,661	1,133,171	1,598,291	2,154,653	2,703,267	1,408,776	1,256,066	835,683	
Depreciable Capital Assets											
Transit-ways	1,275,293	1,348,788	1,371,496	1,369,288	1,408,118	1,607,364	1,631,987	2,779,751	3,188,305	3,696,268	
Buildings and Improvements	359,501	364,689	366,067	369,411	404,477	416,472	419,849	696,102	702,179	745,314	
Revenue and Non-Revenue Vehicles and Equipmen	622,727	620,069	613,603	703,230	719,346	804,314	935,898	1,218,639	1,275,561	1,319,261	
Furniture, Fixtures, and Leasehold Improvements	35,210	33,315	31,423	33,083	35,370	38,189	38,940	43,242	49,537	61,184	
Total Depreciable Capital Assets	2,292,731	2,368,861	2,382,589	2,475,012	2,567,311	2,866,339	3,026,674	4,737,734	5,215,582	5,822,027	
Less Accumulated Depreciation											
Transit-ways	219,965	265,436	311,617	357,424	403,562	452,524	508,156	593,902	690,650	820,845	
Buildings and Improvements	128,226	143,736	139,854	175,430	191,518	207,275	221,232	240,967	265,881	292,055	
Revenue and Non-Revenue Vehicles and Equipmen	233,330	252,701	282,125	321,540	357,358	395,183	447,998	499,242	559,630	568,776	
Furniture, Fixtures, and Leasehold Improvements	28,599	32,398	29,740	31,244	29,214	31,868	31,939	36,569	38,929	46,450	
Total Accumulated Depreciation	610,120	694,271	783,336	885,638	981,652	1,086,850	1,209,325	1,370,680	1,555,090	1,728,126	
Net Depreciable Capital Assets	1,682,611	1,674,590	1,599,253	1,589,374	1,585,659	1,779,489	1,817,349	3,367,054	3,660,492	4,093,901	
Net Capital Assets	\$2,367,757	\$2,390,070	\$2,455,914	\$2,722,545	\$3,183,950	\$3,934,142	\$4,520,616	\$4,775,830	\$4,916,558	\$4,929,584	

Source: Annual financial statements

Exhibit 123 Transit Agency Comparison (2012 NTD)

TRANSIT AGENCY COMPARISON (2012 NTD)									
Metric	Dallas (DART)	Boston (MBTA)	Denver (RTD)	Houston (Metro)	Los Angeles (LACMTA)	Philadelphia (SEPTA)	Portland (TriMet)	San Diego (MTS)	St. Louis (Metro)
Service Area (Sq.Mi.)	700*	3,244	2,326	1,285	1,513	851	570	716	558
Service Area Population	2,423,480	4,181,019	2,619,000	3,527,625	8,626,817	3,320,234	1,489,796	1,960,088	1,540,000
Annual Vehicles Revenue Miles (In Thousands)									
Bus	27,140*	24,220	33,520	41,070	74,810	40,580	19,170	16,420	18,640
Heavy Rail	N/A	23,810	N/A	N/A	6,160	16,960	N/A	N/A	N/A
Commuter Rail	1,110*	22,720	N/A	N/A	N/A	18,370	160	N/A	N/A
Light Rail	7,560*	5,900	8,450	910	11,140	3,270	7,740	7,540	6,320
Demand Response	7,760*	24,420	10,480	15,850	N/A	9,950	7,540	3,010	5,130
Annual Vehicles Revenue Hours (In Thousands)									
Bus	2,010*	2,400	2,660	2,830	6,710	4,010	1,630	1,510	1,360
Heavy Rail	N/A	1,460	N/A	N/A	270	870	N/A	N/A	N/A
Commuter Rail	48*	770	N/A	N/A	N/A	680	8	N/A	N/A
Light Rail	380*	630	450	77	520	350	530	430	270
Demand Response	501*	1,670	670	910	N/A	1,000	510	180	310
Annual Unlinked Trips (In Thousands)									
Bus	37,900*	116,470	76,720	65,450	352,170	189,040	59,510	52,110	29,120
Heavy Rail	N/A	166,960	N/A	N/A	47,740	102,800	N/A	N/A	N/A
Commuter Rail	2,100*	36,080	N/A	N/A	N/A	36,900	420	N/A	N/A
Light Rail	29,470*	74,820	20,640	11,280	53,780	26,050	42,230	32,650	17,000
Demand Response	1,140	2,610	1,160	1,670	N/A	1,760	1,060	470	580

Source: 2013 National Transit Database
* DART self-reported data, FY 2013

G. DART's Economic Environment

DART periodically contracts with the Center for Economic Development and Research at the University of North Texas to perform a study of the economic and fiscal impacts of capital and operating spending by DART. The following is the most recent study which was released in January 2014. A companion study was also released in January 2014 entitled: *Developmental Impacts of the Dallas Area Rapid Transit Light Rail System*. Both studies are located on DART.org.

Through Recession and Recovery: Economic and Fiscal Impacts of Capital and Operating Spending by Dallas Area Rapid Transit

1. Introduction

The Dallas-Fort Worth Metropolitan Area enjoys a diversified economy with several key industries, important institutions, and the presence of economy-boosting infrastructure. These factors help to explain why the North Texas economy proved to be more resilient to the vicissitudes of the recession of 2008-2009 than many other U.S. major metropolitan areas. One of the most visible and important of these factors is Dallas Area Rapid Transit (DART), which serves as both a service-providing institution and builder of key transportation infrastructure. In previous studies, the Center for Economic Development and Research has documented the substantial economic, fiscal, and developmental impacts of capital spending and operations of DART. In the following, we update our previous analyses and call attention to the economic and fiscal impacts of DART spending during the period of time leading up to the recession and subsequent extended recovery.



The U.S. economy entered its longest economic downturn since the Great Depression in the last quarter of 2007 and did not see consistent economic growth again for 19 months (July 2009). Since then the economy has seen uneven, mostly slow growth with the unemployment rate remaining above 7 percent and total jobs count still below pre-recession peaks (see Figure 1 and Figure 2).

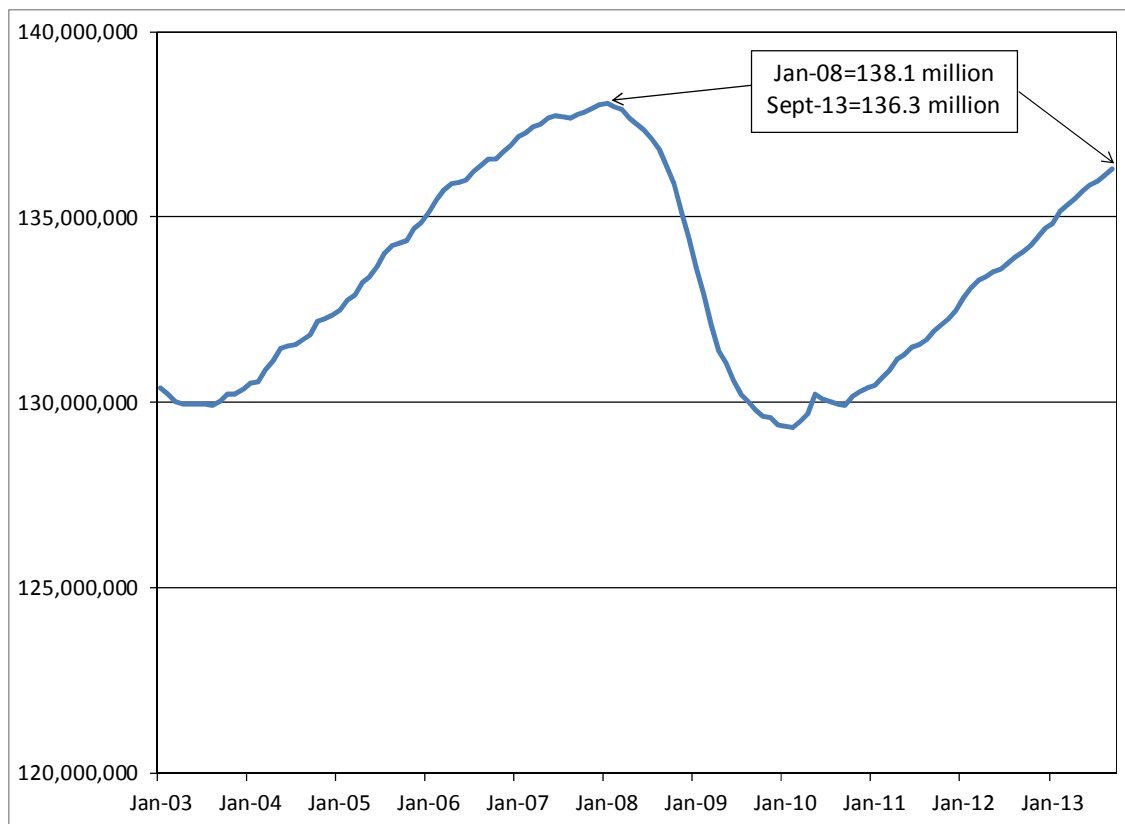


Figure 1. U.S. Jobs 2003-2013

Note: Most recent data for Sept. 2013.

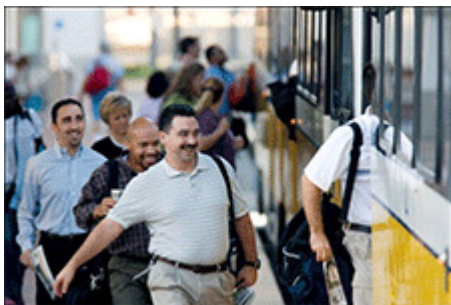
The North Texas economy certainly felt the effects of the national recession, though the local area unemployment rate stayed below national averages during the downturn. As shown in Figure 2, the unemployment rate for the Dallas-Fort Worth Metropolitan Area stayed about one percentage point to two percentage points below the national average during the recession and subsequent recovery.



Figure 2. Monthly U.S. and DFW Unemployment Rates 2003-2013

Note: U.S. data thru Sept. 2013; DFW data thru Aug. 2013.

Against this backdrop of economic growth, decline, and continuing recovery, Dallas Area Rapid Transit continued its long range expansion and capital improvement plans to enhance public transportation services supporting regional economic activity and increasing the livability of the Dallas area for a growing population. As a result of capital investments made by DART, North Texas is now home to the longest light rail transit system in the nation. (The developmental impacts of the DART Light Rail System will be explored in a companion report to this study.) The capital spending associated with DART's expansion program and recurring system operating expenditures generate economic activity and support thousands of regional jobs.



To assess the economic and fiscal impacts of spending by DART, we employ the IMPLAN economic input-output model developed by MIG, Inc. Input-output models estimate how spending flows through an economy and are based on data from the Economic Census conducted by the Census Bureau, Bureau of Labor Statistics, and the Bureau of Economic Analysis. The IMPLAN model is widely used in academic and professional research.

The spending by an organization creates direct, indirect, and induced impacts. Direct impacts relate to the value of DART spending, whether it is capital or operations spending, for supplies, materials, services, and labor. For example, in a light rail station construction project, DART's direct spending could include hiring a construction contractor.

Indirect impacts capture associated upstream spending such as the construction contractor purchasing materials or hiring an accounting service. Indirect impacts also include subsequent rounds of spending such as the accounting service purchasing office supplies, renting office space, and hiring a janitorial service, which in turn purchases cleaning supplies. Induced impacts capture the effects of employees of all of these firms spending a portion of their earnings in the regional economy for goods and services. At each round of impacts, the model adjusts for spending that leaves the region. For example, diesel fuel purchased by the construction contractor for dirt-moving equipment is not produced in the Dallas-Fort Worth Metropolitan Area; therefore, only a small portion of the price of the diesel fuel accounting for local sales and distribution expenses are captured as impacting the regional economy.

The IMPLAN model provides estimates of economic activity, labor income, employment, and indirect business taxes. Economic activity, sometimes referred to as "output," is essentially a measure of the value of transactions (spending). Labor income includes salaries, wages, and benefits paid to employees plus proprietors' income. Employment is the number of headcount jobs created by the spending. If the reported spending occurs over multiple years, such as development of the Orange Line, employment is expressed as person-years of employment. A person-year of employment is one job lasting for one year. Tax revenues are indirect property taxes; sales taxes; fees, licenses, and permits; and other sources of government revenues associated with indirect and induced spending. Direct spending by DART is tax-exempt.

In the following sections, we describe the assumptions, analysis, and findings of our examination of the impacts of capital and operating spending by DART. The final section offers our conclusions.

2. Economic Impacts of Capital Spending by DART

The past several years have seen a tremendous expansion of the DART Light Rail System along with additional spending to upgrade bus fleets and other system infrastructure. Most notably among the capital projects are expansions to the light rail system:

- Expansion of the Green Line (completed December 2010) to Buckner Station (Southeast) and North Carrollton/ Frankford Station (Northwest)
- Expansion of the Blue Line to include a new station at Lake Highlands and rail service to downtown Rowlett (completed December 2012)
- Expansion of the Orange Line to Belt Line Station in Irving (December 2012) with direct connectivity to Dallas/Fort Worth International Airport coming in 2014.



Beginning in Fiscal Year (FY) 2003^[1] through FY 2013, capital spending by Dallas Area Rapid Transit was almost \$5.3 billion. In estimating the impacts of this spending, we adjusted the dollar value by year for inflation. Expressed in 2013 dollars, total spending over this eleven-year period was \$4.7 billion. This spending generated over \$7.4 billion in regional economic activity creating over 54,000 person-years of employment that paid in excess of \$3.3 billion in salaries, wages, and benefits (see Table 1). Spillover spending and economic activity generated \$236 million in revenue for state and local taxing jurisdictions for sales and use taxes, property taxes, fees for licenses and permits, and other government revenue.

Table 1
Economic and Fiscal Impacts of Capital Spending by DART
FY 2003 through FY 2013
(2013\$)

Description	Impact
Capital Spending	\$5,283,718,000
Capital Spending (adjusted for inflation)	\$4,719,824,000
Output	\$7,447,165,000
Labor Income	\$3,310,057,000
Employment (person-years) ¹	54,229
State and Local Indirect Business Taxes ²	\$236,107,000
¹ Person years of employment. A person year of employment is one worker working for one year. It should not be interpreted as permanent employment for each individual. Actual employment levels will vary from year to year. ² Includes state and local sales and use taxes, property taxes, and license and permit fees. Sources: DART, IMPLAN, and authors' estimates.	

Dallas Area Rapid Transit's current capital improvement program, impressive as it has been, is not yet complete. In addition to the extension of the Orange Line to Dallas/Fort Worth International Airport, current plans includes expanding the Blue Line South Oak Cliff Corridor to the campus of the University of North Texas at Dallas scheduled for completion in late 2016. Extending the analysis time line to include future capital spending through FY 2017, DART's capital improvement program will total over \$5.6 billion, expressed in 2013 inflation-adjusted dollars. The impacts of this spending include boosting regional economic activity by almost \$8.8 billion, increasing area labor income by \$3.9 billion, and supporting over 63,700 person years employment – an average of about 4,250 jobs per year for 15 years (see Table 2). Total state and local government revenues associated with this spending will approach \$281 million.



¹ DART's fiscal year runs from October through September. Fiscal Year 2003 would be October 2002 through September 2003. All spending is reported as fiscal years.

Table 2
Economic and Fiscal Impacts Past and Future of Capital Spending by DART
FY 2003 through FY 2017
(2013\$)

Description	Impact
Capital Spending (adjusted for inflation)	\$5,631,607,000
Output	\$8,765,481,000
Labor Income	\$3,895,542,000
Employment (person-years) ¹	63,752
State and Local Indirect Business Taxes ²	\$280,714,000
¹ Person years of employment. A person year of employment is one worker working for one year. It should not be interpreted as permanent employment for each individual. Actual employment levels will vary from year to year. ² Includes state and local sales and use taxes, property taxes, and license and permit fees. Sources: DART, IMPLAN, and authors' estimates.	

While the impacts of DART's capital spending are very impressive and critically important to the region, they will cease once the current program ends. However, with each expansion of the DART System, recurring operating spending increases, creating a new stream of permanent impacts on the region. The following section examines the recurring impacts of DART operations.

3. Economic and Fiscal Impacts of DART Operations

The capital spending reported above has greatly expanded the scale of operations for the Dallas Area Rapid Transit System. To meet this increase in operations, more than 700 permanent staff have been added to DART's payroll between 2003 and 2013. In FY 2013, DART's recurring operational spending totaled more than \$490 million. This spending generated almost \$750 million in annual regional economic activity and supported over 7,100 direct, indirect, and induced jobs (see Table 3). Total regional labor income associated with DART's operations is almost \$492 million per year. Local and state government entities received over \$31 million in recurring annual revenue resulting from DART-related operational activities.

Table 3
Recurring Annual Economic and Fiscal Impacts of DART Operations
FY 2013

Description	Impact
Total Operating Expenditures	\$493,553,000
Economic Activity	\$749,255,000
Labor Income	\$491,977,000
Employment (jobs)	7,122
State and Local Indirect Business Taxes ¹	\$31,150,000
¹ Includes state and local sales and use taxes, property taxes, and license and permit fees. Sources: DART, IMPLAN, and authors' estimates.	

Examining the cumulative impacts of DART operations over the past several years we can better see the value this institution brings to the regional economy. From FY 2003 through FY 2013, DART's recurring operations have generated almost \$7.4 billion in economic activity supporting well over 70,000 person years of employment, and boosting regional labor income by \$4.7 billion (see Table 4). Total tax revenues paid to state and local entities over this period exceeded \$305 million.



Table 4
Recurring Economic and Fiscal Impacts of DART Operations
FY 2003 – FY 2013

Description	Impact
Economic Activity	\$7,393,655,000
Labor Income	\$4,720,615,000
Employment (person years of employment)	70,699
State and Local Indirect Business Taxes ¹	\$305,081,000
¹ Includes state and local sales and use taxes, property taxes, and license and permit fees. Sources: DART, IMPLAN, and authors' estimates.	

4. DART's Impacts in Recession and Recovery

As noted previously, though the North Texas economy did not fall as quickly or as far as the national economy during the 2008-2009 recession, we did see a significant downturn that had a dramatic effect on regional construction employment. Throughout the recession, which we equate with DART's spending in fiscal years FY 2008 and FY 2009, capital and operations spending provided a boost to the local economy. As a public agency with "shovel-ready" projects, DART was one of the relatively few North Texas entities able to obtain significant funding through the American Recovery and Reinvestment Act of 2009 program, totaling about \$61.5 million. Though this was a small piece of the DART capital improvement program, it did help keep the Orange Line expansion and other projects on target. Other federal funding of DART projects at this time included \$700 million in Federal Transit Administration Full-Funding Grant Agreement funds to support the development of the Green Line.^[2] Combining the impacts of DART's capital and operations spending during the recession, we find that the North Texas economy enjoyed almost \$3.9 billion in economic activity that supported an average of about 15,700 jobs each year over this two-year period (see Table 5). In total, these jobs paid almost \$2 billion in salaries, wages, and benefits and contributed over \$126 million to state and local tax revenues.

² The FFGA funds were originally awarded in 2006, but were spread over several years of project development including the study period for this analysis.

Table 5
Economic and Fiscal Impacts of DART Capital Spending & Operations
FY 2008 – FY 2009

Description	Impact
Economic Activity	\$3,895,215,000
Labor Income	\$1,980,298,000
Employment (person years of employment)	31,487
State and Local Indirect Business Taxes ¹	\$126,586,000
¹ Includes state and local sales and use taxes, property taxes, and license and permit fees. Sources: DART, IMPLAN, and authors' estimates.	



The recovery from the recession has been unusually protracted, but helping the regional economy through this slow recovery has been the consistent operating and capital spending by Dallas Area Rapid Transit. For purposes of this analysis, we define the recession recovery period for the North Texas economy to be through mid-summer 2012 when the local unemployment rate fell, and stayed, below 7.0 percent (still an elevated level by historic terms, but a rate that indicates improved economic conditions). The corresponding spending cycle for DART extends the "recovery" period through FY 2012, which ended in September of that year.

For the period FY 2008 through FY 2012, DART's capital and operations spending generated almost \$8.8 billion in regional economic activity that supported almost 72,000 person years of employment, or an average of about 14,400 jobs each year (see Table 6). Total labor income in the form of salaries, wages, and benefits during this five-year period approached \$4.6 billion. State and local tax revenues increased by \$307.8 million.

Table 6
Economic and Fiscal Impacts of DART Capital Spending & Operations
FY 2008 – FY 2012

Description	Impact
Economic Activity	\$8,765,684,000
Labor Income	\$4,594,135,000
Employment (jobs)	71,891
State and Local Indirect Business Taxes ¹	\$307,815,000
¹ Includes state and local sales and use taxes, property taxes, and license and permit fees. Sources: DART, IMPLAN, and authors' estimates.	

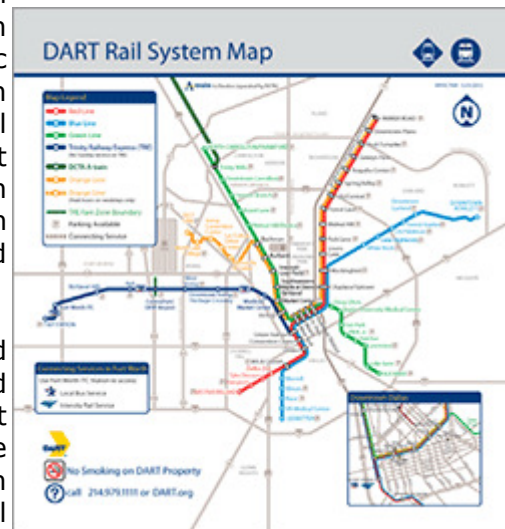
5. Conclusions

Dallas Area Rapid Transit continues to have a tremendous impact on the North Texas economy. Based on FY 2013 data, DART's recurring operations generates \$749 million in annual economic activity supporting over 7,100 permanent jobs that pay about \$492 million in salaries, wages, and benefits. Importantly, these impacts will increase as DART's capital improvement program expands system capacity first by having a direct connection to Dallas/Fort Worth International Airport and later with new stations in southern Dallas including the campus of the University of North Texas at Dallas.

Since FY 2003, DART's capital spending has exceeded \$5.3 billion generating almost \$7.5 billion in regional economic activity that created over 54,000 person-years of employment. Extending this time line to include capital spending from FY 2003 through FY 2017, total regional economic activity associated with DART's capital improvement program approaches \$8.8 billion, boosting labor income by about \$3.9 billion, and supporting an average of 4,250 jobs per year for this 15-year period.

During the 2008-2009 recession, Dallas Area Rapid Transit continued to support regional economic activity that helped lessen the severity of the economic downturn in North Texas. Including the regional economic recovery, which we count as lasting through DART's 2012 fiscal year, the agency's capital and operating spending combined to boost regional economic activity by over \$8.7 billion and supporting an average of 14,378 jobs each year – at a time when these jobs were needed most.

The economic and fiscal impacts of capital and operating spending by Dallas Area Rapid Transit are highly important to the Dallas-Fort Worth Metropolitan Area; however, these impacts are only part of the story. In companion reports to this study, we will examine the developmental impacts of DART's light rail system and how transit services contribute to DFW's emergence as a center of global commerce.



**SOURCE: THROUGH RECESSION AND RECOVERY: ECONOMIC AND FISCAL IMPACTS OF CAPITAL AND OPERATING SPENDING BY DALLAS AREA RAPID TRANSIT. Prepared for Dallas Area Rapid Transit by: Terry L. Clower, Ph.D., Michael Bomba, Ph.D., Owen Wilson-Chavez, Matthew Gray, Center for Economic Development and Research University of North Texas. January 2014.*



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H. DART FACTS

DART is a regional transportation authority created pursuant to Chapter 452 of the Texas Transportation Code (the "Act"). Our boundaries include the corporate limits of 13 North Texas cities and towns, and our headquarters are located in Dallas, Texas. Under the Act, we are authorized to provide public transportation and complementary services within such cities and towns.

DART has the longest light rail system in the U.S. Please see the inside cover of this document for a map of our light rail system, and the *Who We Are Section* for a map of our service area. Exhibit 124 provides general information about DART.

Exhibit 124
DART Fast Facts

Agency Overview		
15 Board Members	FY13 sales tax revenue \$455.7 million	16-county region population – 6.5 million (2010 Census)
13 participating cities providing 1 cent sales tax	700 square mile Service Area	3,691 employees (FY13)
	Service Area population 2.3 million (2010 Census)	
Ridership		
Mode	FY13 Annual	FY13 Average Weekday
Bus	37.9 million	128,500
Light Rail	29.5 million	96,300
Commuter Rail	2.1 million	7,550
HOV Lanes	36.3 million	111,550*
Paratransit	752,200	2,640
Vanpool	947,000 (192 Vanpools)	3,730
Total System	107.5 million	350,270
Operations and Performance (FY13)		
Annual Bus Revenue Miles – 27,250,700	Service Quality-On-Time Performance	Subsidy per Passenger – Total System – \$3.36
Annual Demand Response Revenue Miles – 7,556,000	Bus – 95.3%	Subsidy per Passenger – Fixed Route – \$4.67
Annual LRT Revenue Car Miles – 9,123,700	LRT – 93.8%	
Annual Commuter Rail Revenue Car Miles – 1,144,500	TRE – 98.7%	

Exhibit 124
DART Fast Facts (cont'd)

Fleet Overview		
Bus/Paratransit	Light Rail	Commuter Rail
357 Nova (LNG/Diesel) and 186 NABI (CNG) Buses Vehicle length: 40 feet Capacity: 40 seats	163 Kinkisharyo Super LRVs Vehicle length: 123'8" Capacity: 94 seated/274 crush (165 peak per DART policy)	9 TRE locomotives Vehicle length: 58'2"
111 Arboc Buses (CNG) Vehicle length: 26 feet Capacity: 17 seats		17 bi-level coaches Vehicle length: 85 feet Capacity: 152 seats
70 MV-1 Capacity: (seated/wheelchair) 2/1		81 bi-level cab cars Vehicle length: 85 feet Capacity: 132 to 138 seats
92 Starcraft (Multiple configurations) Vehicle length: 22 feet Capacity: (seated/ wheelchair) 12/1; 10/2; 6/3		13 Rail Diesel Cars (RDCs) Vehicle length: 85 feet Capacity: 92 seats (4 wheelchair)
Undedicated fleet of 200 taxis		
Facilities		
Bus	Light Rail	Commuter Rail
11,351 bus stops	62 stations – 50 at-grade; 9 aerial; 2 below-grade; 1 tunnel	10 stations (5 in DART Service Area)
929 shelters; 49 enhanced shelters; 1,336 benches	2 maintenance and operations facilities	1 maintenance and operations facility
14 bus transit centers/transfer centers/transfer locations/park-and-rides		
3 maintenance and operations facilities		
Infrastructure		
85 LRT miles	33.8 TRE Miles	HOV lanes transitioned to TxDOT on October 1, 2013
62 LRT Stations	10 TRE Stations	
3.2 miles in tunnel		
Operating and Capital Budget (FY14)		
\$406 million Capital and Non-Operating Budget \$459.3 million Operating Budget \$478.5 million Projected Sales Tax Revenue	Farebox Recovery: Bus – 13.7% Light Rail – 17.8% Commuter Rail – 30.7% Systemwide – 15.9%	Budget Subsidy Per Passenger: Bus - \$5.10 Light Rail - \$4.11 Commuter Rail – \$7.76 Paratransit - \$37.64 HOV - \$0.03 Vanpool - \$0.17
Rail Expansion Program		
Northwest Irving to DFW I-3 segment to DFW Airport opening August 2014 Blue Line South Oak Cliff/UNT-Dallas extension – 2.6 miles opening 2016 93 miles of Light Rail by 2016 Future projects in planning: D2 2nd CBD alignment; Cotton Belt regional rail		

Exhibit 124 DART Fast Facts (cont'd)

<i>Economic and Fiscal Impacts</i>
<p>DART Capital spending on rail expansion from FY03-FY17 results in:</p> <ul style="list-style-type: none"> Boosting regional economic activity of almost \$8.8 billion Supporting more than 63,700 person-years of employment – an average of about 4,250 jobs per year for 15 years Increasing total state and local government revenues by \$281 million Existing, under construction, and planned developments around DART stations total \$5.4 billion

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 2.3 million people (see Exhibit 125 for population and employment breakdown by city).

Exhibit 125 Service Area Population and Employment

City	Population 2000 Census	Population 2010 Census	% Population Change	Employment 2010
Addison	14,166	13,056	-8%	54,500
Carrollton	109,576	119,097	9%	77,600
Cockrell Hill	4,443	4,193	-6%	750
Dallas	1,188,580	1,197,816	1%	1,158,500
Farmers Branch	27,508	28,616	4%	119,000
Garland	215,768	226,876	5%	107,000
Glenn Heights	7,224	11,278	56%	1,350
Highland Park	8,842	8,564	-3%	2,500
Irving	191,615	216,390	13%	219,500
Plano	222,030	259,841	17%	135,400
Richardson	91,802	99,223	8%	120,500
Rowlett	44,503	56,199	26%	11,200
University Park	23,324	23,068	-1%	9,700
Total Service Area	2,149,381	2,264,117	5%	2,017,500
16-County NCTCOG Region	5,309,277	6,539,950	23%	4,006,300

Source: NCTCOG – Research and Information Services – 2000 and 2010 Census



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I. GLOSSARY/ACRONYMS

Exhibit 126 Glossary of Terms/Definitions

Accessible – As defined by FTA, a site, building, facility, or portion thereof that complies with defined standards and that can be approached, entered, and used by persons with disabilities.

Accessible Service – A term used to describe service that is accessible to non-ambulatory riders with disabilities. This includes fixed-route bus service with wheelchair lifts or paratransit service with wheelchair lift-equipped vehicles.

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.

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

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.

ADA (The Americans with Disabilities Act of 1990) – This federal act requires changes to transit vehicles, operations, and facilities to ensure that people with disabilities have access to jobs, public accommodations, telecommunications, and public services, including public transit.

ADA Paratransit Service – Non-fixed-route paratransit service utilizing vans and small buses to provide pre-arranged trips to and from specific locations within the service area to certified participants in the program.

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

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

Ambulatory Disabled – A person with a disability that does not require the use of a wheelchair. This would describe individuals who use a mobility aid other than a wheelchair or have a visual or hearing impairment.

American Recovery and Reinvestment Act (ARRA) – The American Recovery and Reinvestment Act was signed into law by President Barack Obama on February 17, 2009. ARRA included appropriations and tax law changes totaling approximately \$787 billion to support government-wide efforts to stimulate the economy. Goals of the statute include the preservation or creation of jobs and the promotion of an economic recovery, as well as the investment in transportation, environmental protection, and other infrastructure providing long-term economic benefits.

Arbitrage – Investment earnings representing the difference between interest paid on bonds and the interest earned on the investments made using bond proceeds.

Exhibit 126
Glossary of Terms/Definitions (cont'd)

Average Fare (calculated by mode) – Represents the average fare paid per passenger boarding on each mode of service during the period.

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.

Balanced Budget – A budget in which projected revenues equal projected expenses during a fiscal period.

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*.

Bus Rapid Transit (BRT) – BRT combines the quality of rail transit and the flexibility of buses. It can operate on exclusive transitways, High Occupancy Vehicle (HOV) lanes, expressways, or ordinary streets. A BRT system combines intelligent transportation systems, technologies, transit signal priority (TSP), cleaner and quieter vehicles, rapid and convenient fare collection, and integration with land use policies.

Capital – Funds that finance construction, renovation, and major repair projects or the purchase of machinery, equipment, buildings, and land.

Capital Expenditure – A cost incurred or planned to be incurred to acquire a new asset, or add capacity/improve the functionality of an existing asset, or extend the useful life of an existing asset beyond its original estimated useful life. The asset will have an expected life of one or more years and a value of \$5,000 or more.

Major Capital Transit Investment Program – A federal grants program providing capital assistance for new fixed guideway, extensions of existing fixed guideway, or a corridor-based bus rapid transit system. This program includes New Starts, Small Starts, and Core Capacity projects.

Car Mile or Vehicle Mile – A single bus, rapid transit car, light rail vehicle, or commuter rail car traveling one mile.

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.

*Calculation = [(Service Complaints Received / Modal Passenger Boardings) * 100,000]*

Exhibit 126
Glossary of Terms/Definitions (cont'd)

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.

Calculation = [Total Operating Expenses / 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.

Calculation = [Crimes Against Persons/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.

Calculation = [Crimes Against Property/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.

Depreciation – Expiration in the service life of fixed assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence. The portion of the cost of a fixed asset, other than a wasting asset, charged to expense during a particular period.

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.

Express Bus or Route – A suburban or intercity route that operates a portion of the route without stops or with a limited number of stops.

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.

Calculation = [Modal Farebox Revenue / Modal Operating Expense]

Farebox Revenue – All revenue from the sale of passenger tickets, passes, or other instruments of fare payment.

Fares – The amount charged to passengers for use of various services.

Exhibit 126
Glossary of Terms/Definitions (cont'd)

FEMA – Federal Emergency Management Agency – An agency of the U.S. Department of Homeland Security. This agency provides grant money to transit systems under the Freight Rail Security Grant Program and other such programs.

FTA (Federal Transit Administration) – The FTA is the federal agency that helps cities and communities provide mobility to their citizens. Through its grant programs, FTA provides financial and planning assistance to help plan, build, and operate bus, rail, and paratransit systems.

Fiscal Year – DART's fiscal year is from October 1 through September 30 of the following year.

Fixed-Route Service – Service that operate according to fixed schedules and routes (for DART that service is bus, light rail, and commuter rail).

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.

Full-Time Equivalent – A measurement equal to one staff person working a full-time work schedule for one year (2,080 hours).

Fund Balance – The difference between a fund's assets and liabilities (also called Fund Equity). Often this term refers to moneys set aside or earmarked for future needs. DART uses "reserves" as well as "funds" to ensure resources are available for anticipated and unanticipated needs. See **Funds and Fund Balances** at the end of the Twenty-Year Financial Plan portion of this document for FY 2013 through FY 2015 amounts, and Board-adopted financial policies regarding funds and reserves in the preceding pages of this Reference section.

Funding Formula – A specific formula used to determine a subsidy level.

General Operating Account – The operating account that is used to account for all financial resources and normal recurring activities except for those required to be accounted for in another fund.

Grants – Monies received from local, federal, and state governments to provide capital or operating assistance.

Headway – The time span between service vehicles (bus or rail) on a specified route.

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.

JARC (Job Access Reverse Commute)/New Freedom – JARC is a federally funded program that provides operating and capital assistance for transportation services planned, designed, and carried out to meet the transportation needs of eligible low-income individuals and of reverse commuters regardless of income. **The New Freedom program provides new public transportation services and public transportation alternatives beyond those required by the Americans with Disabilities Act (ADA).**

Labor Expenditure – The cost of wages and salaries (including overtime) to employees for the performance of their work.

Exhibit 126
Glossary of Terms/Definitions (cont'd)

Line Item – An appropriation that is itemized on a separate line in a budget or financial plan.

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*.

Maintenance Expenditure – Expenditures for labor, materials, services, and equipment used to repair and service transit and service vehicles and facilities.

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.

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

MAP-21 – The Moving Ahead for Progress in the 21st Century Act was signed into law by President Obama on July 6, 2012. MAP-21 provides over \$105 billion in funds for surface transportation programs in 2013 and 2014.

New Starts Program – A federal program which provides funding for fixed guideway transit projects which utilize and occupy a separate right-of-way or other high occupancy vehicle.

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 Budget – The planning of revenue and expenditures for a given period of time to maintain daily operations.

Off-Peak – Non-rush hour time periods.

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.

Paratransit Service – Any transit service that is not conventional fixed-route bus or rail service, including ADA Paratransit Services.

Exhibit 126
Glossary of Terms/Definitions (cont'd)

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.

Calculation = [# of Canceled Trips / Total # of Scheduled Trips]

Passenger Mile – A single passenger traveling one mile.

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.

Calculation = [# of No Shows / Total # of Scheduled Trips]

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]

Peak Period – Morning or evening rush hour.

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]

Principal – The amount borrowed or the amount still owed on a loan, separate from the interest.

Reduced Fares – Discounted fares for children elementary through middle school, seniors and non-Paratransit disabled with valid ID; high school fares are applicable on bus and rail on Monday through Friday only; college/trade school valid on bus and rail with a DART Student ID.

Repurchase Agreement – A money-market transaction in which one party sells securities to another while agreeing to repurchase those securities at a later date.

Reserves – DART uses “reserves” as well as “funds” to ensure resources are available for anticipated and unanticipated needs. See **Funds and Fund Balance** at the end of the Twenty-Year Financial Plan portion of this document for FY 2013 through FY 2015 amounts, and Board-adopted financial policies regarding funds and reserves in the preceding pages of this Reference section.

Exhibit 126
Glossary of Terms/Definitions (cont'd)

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.

Reverse Commute – City-to-suburb commute. This phrase refers to the fact that most riders commute from the suburbs to the city.

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]

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).

Exhibit 126
Glossary of Terms/Definitions (cont'd)

State of Good Repair (SGR) – Capital investment in infrastructure maintenance in order to improve the condition of current transit facilities and provide safe, reliability service.

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

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

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

Total Vehicle Miles – The sum of all miles operated by passenger vehicles, including mileage when no passengers are carried.

Transit Asset Management (TAM) – Measurement of the condition of capital assets such as equipment, rolling stock, infrastructure, and facilities.

Transit-Oriented Development (TOD) – Mixed-use development of residential, commercial, and retail uses within walking distance of a transit station or bus route.

Transit Signal Priority – Transit signal priority either gives or extends a green signal to public transit vehicles under certain circumstances to reduce passenger travel times, improve schedule adherence, and reduce operating costs.

TIGER (Transportation Investment Generating Economic Recovery) – The U.S. Department of Transportation appropriated over \$3 billion for capital investments in surface transportation infrastructure that are to be awarded on a competitive basis for projects that will have a significant impact on the Nation, a metropolitan area, or a region with regard to fostering economic development. Grants awarded will be no less than \$10 million and no more than \$200 million.

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*.

Vanpool – Consists of a group of 5 to 15 people who regularly travel together to work (typically 30 miles or more roundtrip) in a DART-provided van.

Vehicle Revenue Mile – Vehicle mile during which the vehicle is in revenue service (i.e., picking up and/or dropping off passengers).

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



Exhibit 127 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
BTM	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 127 (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 127 (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		



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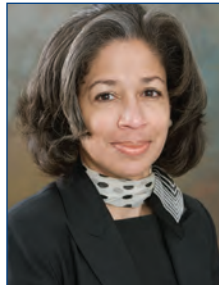
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