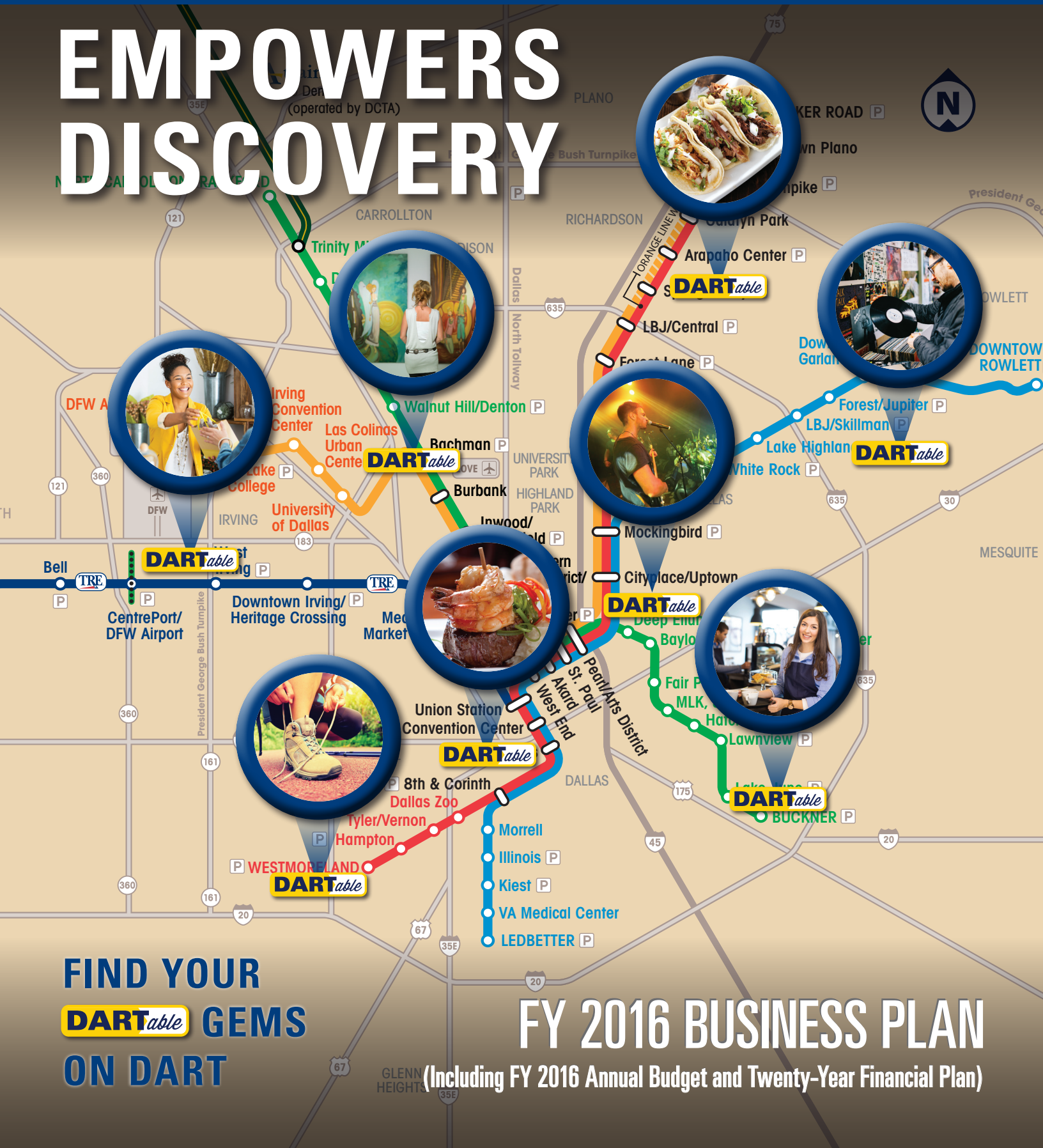


DART



EMPOWERS DISCOVERY



FIND YOUR
DARTable GEMS
ON DART

FY 2016 BUSINESS PLAN

(Including FY 2016 Annual Budget and Twenty-Year Financial Plan)



Discover where DART can take you. Find the hidden “Gems” of the area. From neighborhood dives to hipster hangouts, DARTable Gems are the legendary locales, beloved cultural institutions, unique boutiques, and other surprisingly delightful places that make our community a great place to be. And the best part? DART can get you there. Yeah – they’re DARTable! So let’s go!



On the go? No problem! Use GoPassSM – DART’s mobile ticketing product – that permits you to purchase tickets and download them to your phone, 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! Plus, of course, you can find DARTable Gems, and maybe a DARTable deal, rate the Gem – and even submit your own DARTable Gem!



How to Use This Book

What's in this Book

This book contains the Business Plan for Fiscal Year 2016 (FY 2016 – which ends September 30, 2016) 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 2016 Annual Budget, the FY 2016 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 who are 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.

The **Annual Budget** describes the agency's strategic priorities as the framework for the annual budget and then enumerates the FY 2016 amounts for operating expenses, capital and non-operating costs, and debt service; including 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, a 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 2016 Business Plan

(Including FY 2016 Annual Budget and
FY 2016 Twenty-Year Financial Plan)



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

August 7, 2015

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 Fiscal Year 2016.

This document outlines how DART will employ projected resources to achieve our strategic priorities over the next twenty years – with the Fiscal Year (FY) 2016 budget representing the first step in that journey.

Financial Overview

In the proposed Twenty-Year Financial Plan for the period FY 2016 through FY 2035, the sources of funds total \$24.9 billion. This represents an 18.2% (\$3.8 billion) increase over the previous Plan, which covered the period FY 2015 through FY 2034. The Plan projects a greater amount of sales tax revenues than the previous Plan, incorporating the recent robust increases over budget, while reflecting a return to more representative growth rates. In addition, the Plan includes an improvement in operating revenue per trip reflecting service improvements and marketing initiatives. Given the uncertain status of federal funding, the Plan contains a level amount over the twenty-year period.

The total uses of funds in the proposed Twenty-Year Financial Plan for the period FY 2016 through FY 2035 sum to \$24.7 billion, a 15.6% (\$3.3 billion) increase over the FY 2015 through FY 2034 Plan. Operating expense of \$12.3 billion reflects a 0.5% decrease from the previous Plan due to lower fuel and overall inflation expectations. Capital expenditures have increased \$4.1 billion from the previous Plan, to \$7.1 billion, as the Twenty-Year Plan now includes construction of rail service along the Cotton Belt corridor across the northern part of the Dallas area. Debt service increased \$0.4 billion to \$5.4 billion reflecting borrowing associated with Cotton Belt construction. This is reflected in the higher debt balance of \$5.1 billion at the end of FY 2035, as compared the balance of \$2.9 billion at the end of FY 2034 in the previous Plan.

Importantly, coverage ratios meet DART financial standards throughout the twenty-year period. These standards require an internal coverage ratio (revenues available to pay for operations, minus operating expense, must cover current year debt service) of 1.00 or better, and an external coverage ratio (annual sales tax revenues divided by debt service) of 2.00 or better. These ratios demonstrate the long-term financial health of the Agency.

The combined FY 2016 recommended budget totals \$971.1 million. This represents a decrease of \$12.8 million from the FY 2015 budget. The amount for operating expense, of \$494.9 million, reflects a 4.0% (\$19.1 million) increase over the FY 2015 budget. Debt service increases by \$6.7 million to \$197.8 million in FY 2016. Capital and non-operating expenditures of \$278.3 million show a decrease of \$38.6 million. The budget does not require a fare increase or service reduction.

Customer Service

Is it DARTable? Let's Go! With a view to further extend our reach to potential customers and strengthen connection with both regular and occasional riders, DART has embarked on a brand repositioning. This introduces the notion of *DARTable*, accessible via DART, to discover the hidden “gems” of the area – those delightful places that make our community a great place to be. Marketing efforts will also continue to leverage GoPassSM, DART’s mobile ticketing product, to combine the purchase of a transit pass with the purchase of tickets for area events and destinations such as the State Fair of Texas and Dallas Zoo. Additional partnerships with ride-sharing and car-sharing providers look to make transit more attractive by completing the customer’s journey.

The agency looks to continue and expand its 5 Star initiatives designed to provide outstanding customer service. This includes training internal champions (Customer Experience Officers), customer outreach events at rail stations, and agency process improvement projects. Additional strategies for ridership development include expanded streetcar operation, improved service reliability and timeliness, and enhancements to GoPass.

DART will soon finish a comprehensive operations analysis (COA). This study will be incorporated into the agency’s 2040 Transit System Plan. The planning effort evaluates the effectiveness of all DART bus routes and identifies a strategy for optimizing the bus network.

The next expansion of light rail service is the extension of the Blue Line (SOC-3) to the University of North Texas (UNT) – Dallas campus. Expected completion is the fourth quarter of calendar year 2016. Further expansion plans in the not-too-distant future include the Core Capacity Program of Interrelated Projects. The program consists of three projects expected to be completed by 2021: Phase 1 of the second light rail alignment in downtown Dallas, extension of the Dallas streetcar system linking the modern streetcar line in Oak Cliff to Bishop Arts and the historic McKinney Avenue streetcar line, and platform extensions to the initial at-grade stations in the light rail system along the Red and Blue lines. The second alignment and streetcar connections are dependent on federal funding. The platform extensions will be substantially funded by a grant from TxDOT.

Workforce and 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 designed to provide the safest transportation network for customers and citizens of our service area, and the safest work environment for employees.

Further, consistent with the recommendations regarding safety oversight contained within the most recent federal transportation legislation, DART established the existing safety team as a stand-alone organization reporting directly to the Chief Executive Officer. The elevation of this function within the agency 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. In addition, the implementation of Positive Train Control on our commuter rail system, will entail a companion set of new compliance and reporting obligations. Finally, we expect an increase in the involvement of the DART safety department with the Dallas Streetcar and McKinney Avenue Transit Authority streetcar.

Looking to the Future

During the upcoming year we will be preparing for many future developments. There are plans underway by a private developer to connect Dallas to Houston with high-speed rail service. Connectivity between DART's current and future transportation modes, high speed rail, and other relevant transportation modes will be critical to the mobility success of our urban core. As previously mentioned, the FY 2016 Financial Plan includes the construction of rail service along the Cotton Belt corridor. This envisions connecting DART's Green Line in Carrollton and the Red Line in Plano with service from DFW Airport through the north Dallas area to Plano. The TEX Rail project being developed by the Fort Worth Transportation Authority (The T) will also connect to DFW Airport. In May 2015, the DART Board approved a new contract for commuter rail operations in North Texas including an option to include the TEX Rail service.

We continue to review policies relative to connecting service to cities outside the DART Service Area, such as those currently in place to Arlington and Mesquite, and possible service along the corridor between Plano and McKinney.

DART Board of Directors
August 7, 2015
Page 4

Closing Comments

The attached document defines and explains the many ways in which we look to achieve the DART vision of being “your preferred choice of transportation for now and in the future.” We will strive to enhance revenues and constrain costs, as we deliver quality, affordable service, in the upcoming fiscal year. The FY 2016 Budget and Financial Plan presented here reflect these efforts, and those that prepare and plan for the future. Your approval is respectfully requested.

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

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, 2014

A handwritten signature in black ink, reading 'Jeffrey R. Egan'.

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Award to Dallas Area Rapid Transit for its annual budget for the fiscal year beginning October 1, 2014. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



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FY 2016 BUSINESS PLAN

Section 1

Who We Are



Who We Are

We are Dallas Area Rapid Transit – DART.
Your preferred choice of transportation for now and in the future.

Is it DARTable? Well then...Let's go!

DART gets you around Dallas and twelve surrounding cities with modern public transit services and customer facilities tailored to make your trip fast, comfortable, and economical. Our extensive network of DART Rail, Trinity Railway Express (TRE), and bus services moves more than 220,000 passengers per day across our 700-square-mile service area.

Discover where DART can take you. Find the hidden “Gems” of the area. From neighborhood dives to hipster hangouts, DARTable Gems are the legendary locales, beloved cultural institutions, unique boutiques, and other surprisingly delightful places that make our community a great place to be. And the best part? DART can get you there. Yeah – they’re DARTable! So let’s go!

On the go? No problem! Use GoPassSM – DART’s mobile ticketing product – that permits you to purchase tickets and download them to your phone, 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! Plus, of course, you can find DARTable Gems, and maybe a DARTable deal, rate the Gem – and even submit your own DARTable Gem!

Organization

Dallas Area Rapid Transit (DART) is a subregional 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 (on page 6). Our headquarters is 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 2.4 million in the Dallas, Texas area. DART has operated bus service since its inception in 1983. The first segment of light rail 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, which also opened in 1996, 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 on page 12 is the DART System Map.

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.

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.

Board Strategic Priorities – To achieve this mission and ensure Agency alignment, in April 2015 the Board adopted the following six Strategic Priorities:

1. Continually improve service and safety experiences and perceptions
2. Optimize and preserve (state of good repair) the existing transit system
3. Optimize DART’s influence in regional transportation planning
4. Expand DART’s transportation system to serve cities inside and outside the current service area
5. Pursue excellence through employee engagement, development, and well-being
6. Innovate to improve levels of service, business processes, and funding

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 municipalities 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(s) 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 APPOINTED TO BOARD	OCCUPATION
Faye Moses Wilkins, <i>Chair</i>	Farmers Branch and Plano	1999	Telecommunications & Systems Integration Consultant
Richard Carrizales, <i>Vice Chair</i>	Dallas	2010	Attorney
Gary Slagel, <i>Secretary</i>	Addison, Highland Park, Richardson, and University Park	2011	Technology Executive
Jerry Christian, <i>Assistant Secretary</i>	Dallas	2007	Minister
Jim Adams	Dallas	2012	Financial Executive
Michael T. Cheney	Garland	2011	Retired Financial Executive/Consultant
Amanda Moreno Cross	Dallas	2013	Entrepreneur
Mark C. Enoch	Garland, Rowlett, and Glenn Heights	1997	Attorney
Pamela Dunlop Gates	Dallas	2006	Attorney
Timothy Hayden	Carrollton and Irving	2015	Risk Control Consultant
Michele Wong Krause	Dallas	2014	Attorney
Richard H. Stopfer	Irving	2013	Retired Automotive Consultant
Robert W. Strauss	Dallas	2006	Attorney
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.

DART Board Members



Jim Adams

City of Dallas



Richard Carrizales
Vice Chair

City of Dallas



Michael T. Cheney

City of Garland



Jerry L. Christian
Assistant Secretary

City of Dallas



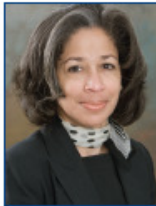
**Amanda
Moreno Cross**

City of Dallas



Mark C. Enoch

Cities of Garland,
Rowlett and
Glenn Heights



**Pamela
Dunlop Gates**

City of Dallas



Tim Hayden

Cities of Carrollton
and Irving



**Michele Wong
Krause**

City of Dallas



Gary A. Slagel
Secretary

Cities of Richardson
and University Park,
Towns of Addison and
Highland Park



Rick Stopfer

City of Irving



Robert W. Strauss

City of Dallas



**William
Velasco, II**

Cities of Dallas
and Cockrell Hill



Paul N. Wageman

City of Plano



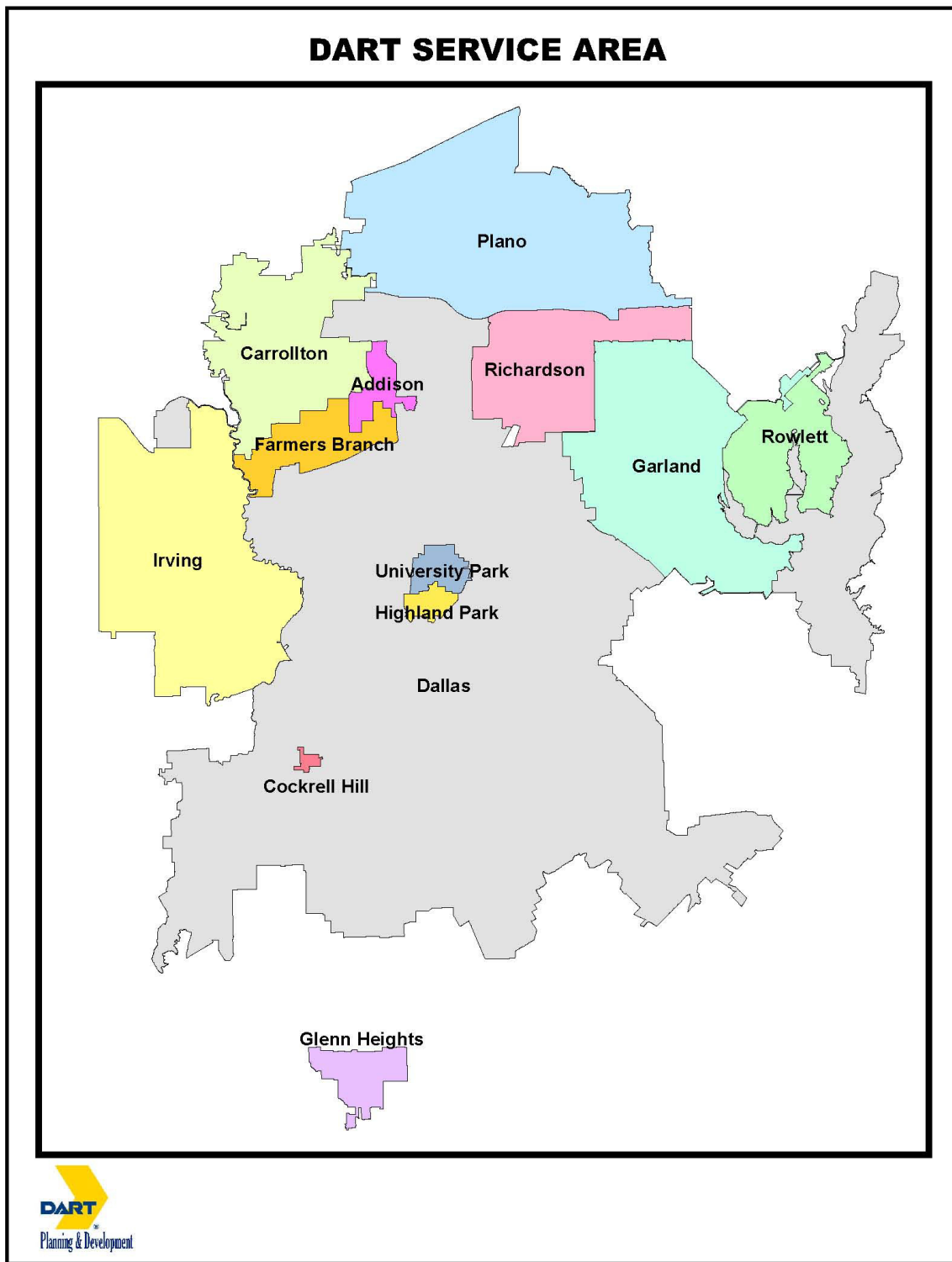
Faye Moses Wilkins
Chair

Cities of Plano and
Farmers Branch

REV 12/10/15

Exhibit 2 depicts a map of the DART Service Area.

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, and 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
Scott Carlson	General Counsel	2012
Joseph G. Costello	Senior Vice President, Finance	2014
Doug Douglas	Vice President, Mobility Management Services	1990
Nicole Fontayne-Bárdowell	Vice President, Chief Information Officer	2014
Garrome Franklin	Vice President, Chief Safety Officer	2015
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
Maureen McCole	Vice President, Commuter Rail	2014
Michael Miles	Vice President, Government Relations	1982
Michael Muhammad	Vice President, Diversity/Innovative Services	2004
Timothy Newby	Vice President, Transportation	1997
Cheryl D. Orr	Vice President, Chief People Officer	2015
Todd Plesko	Vice President, Planning & Development	2009
Stephen Salin	Vice President, Rail Planning	2000
David Schulze	Vice President, Policy and Strategy	2004
James Spiller	Vice President, DART Chief of Police and Emergency Management	2001

Employees and Employee Relations

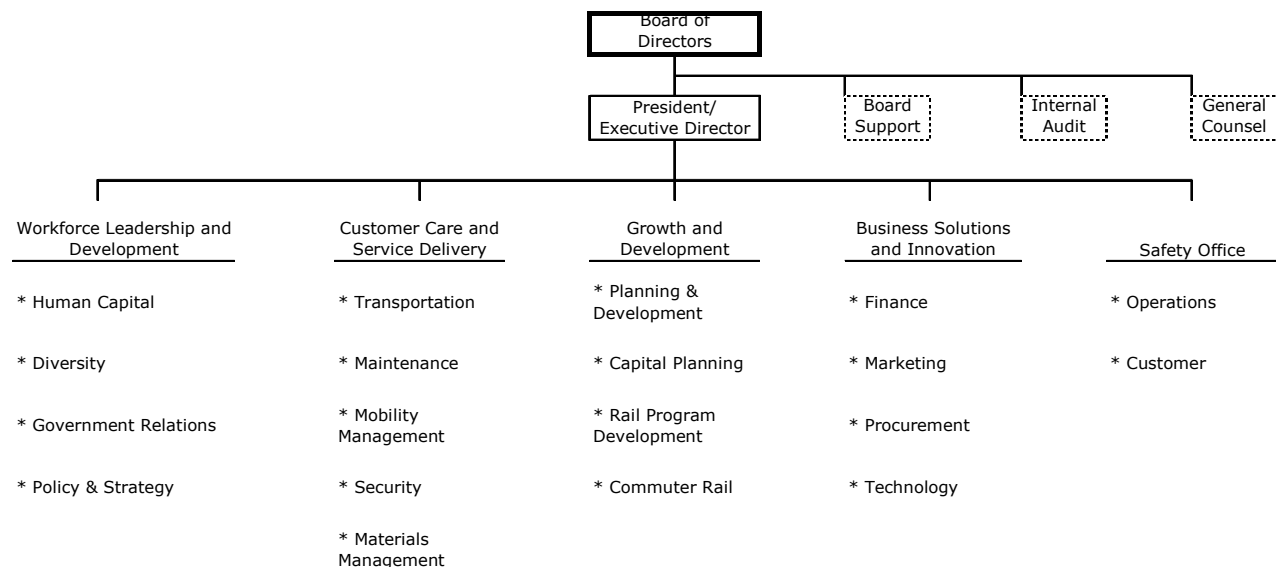
There are 3,719 salaried and hourly positions included in the FY 2016 Annual Budget.

The Amalgamated Transit Union, Local 1338, represents the majority of our operators, mechanics, and call center personnel. As a Texas governmental entity, we are not legally permitted to 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, Director of Internal Audit, and Director of the Office of Board Support.

Exhibit 4
Dallas Area Rapid Transit
Functional Organization Chart



The DART Transportation System

Our current public transportation services include:

- Bus Transit service (including DART On-Call and Flex services);
- Light Rail Transit service;
- Commuter Rail service;
- DART Mobility Management services including ADA Complementary Paratransit services;
- RideShare matching services for carpools and vanpools; and
- Special event service, provided through the modes listed above.

Exhibit 5 highlights total system ridership by mode for the last ten years along with budgeted ridership for Fiscal Year (FY) 2015 and FY 2016. During Fiscal Year 2014, we carried 69.2 million fixed route passengers and 92.1 million total passengers, which was a decrease of 0.6% and 14.3%, respectively, compared to Fiscal Year 2013. HOV lane construction closures on IH-635, IH-30, and IH-35 over the last several years have substantially lowered ridership. These lanes are scheduled to reopen as Managed HOV lanes (known as TEXpress Lanes) between FY 2016 and FY 2018.

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
2014	37.4	29.5	2.3	21.4	0.8	0.9	92.1
2015	36.5	29.9	2.2	22.3	0.8	0.9	92.5
2016B	36.5	29.9	2.2	24.1	0.8	0.9	94.4

*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%.

Note: Totals may not tie due to rounding.

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 (39.5% of total system ridership in Fiscal Year 2015)

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 along their stop segments. Service is provided six or seven days a week, depending on the particular route.

Light Rail Transit (32.3% of total system ridership in Fiscal Year 2015)

Light Rail Transit is an electrically powered rail system that generally operates at street level. A 20-mile "Starter System," consisting of the Red and Blue Lines opened in phases from June 1996 through May 1997, connected South and West Oak Cliff, downtown Dallas, and the North Central Expressway corridor as far north as Park Lane in Dallas. In 2001-2002, 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. In July 2012, the first segment of the Orange Line to Irving opened for service. In December 2012, Irving-2 and the Rowlett extension of the Blue Line opened for service. In August 2014, rail service opened to the Dallas-Fort Worth International Airport. We currently operate a 90-mile light rail system.

Commuter Rail (2.4% of total system ridership in Fiscal Year 2015)

Our commuter rail system, commonly referred to as the Trinity Railway Express (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., dispatches and maintains the corridor as well as operates the service and maintains the rolling stock used in the service.

Paratransit (0.8% of total system ridership in Fiscal Year 2015)

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 (with contractor-provided vehicles and per trip billing replacing per hour billing) and a new contractor, MV Transportation, Inc. (MV), for providing Paratransit service. MV provides, operates, and maintains a fleet of 80 Starcraft vehicles in dedicated service. MV also oversees and manages a fleet of 116 Dodge Entervans outfitted by Braun, which are taxi vehicles provided and operated by Irving Holdings.

High Occupancy Vehicle ("HOV") Lanes (24.1% of total system ridership in Fiscal Year 2015)

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 was the operation of the barrier transfer machine on the I-30 HOV lane. On October 1, 2014, TxDOT assumed all operating responsibilities for the HOV lanes. DART continues to be a capital funding partner in regional HOV Lanes.

Transportation Demand Management (Vanpool is 0.9% of total system ridership in Fiscal Year 2015)

We work with area employers to develop strategies for reducing employee trips, such as carpools, vanpools, and flexible work schedules. We provide up to 228 vans for our vanpool program through a third party contractor. We also assist customers in forming carpools. Prospective carpools can call and provide us with information for our RideShare database. We then work to link customers with common trip origins and destinations.

Exhibit 6 is the current DART System Map.

Exhibit 6



DART in the Industry

- DART is an established leader within the transit industry. Board members and staff continue to be involved in many significant ways in key transit industry associations. President/Executive Director Gary Thomas served as the Chair of the American Public Transportation Association (APTA) during 2011 and 2012 and, along with other DART staff, continues to serve on APTA's Board of Directors. APTA is a nonprofit international association of more than 1,500 public and private organizations involved in transit. Mr. Thomas is Chairman of the Board of Directors of RailVolution, a non-profit organization that is the intersection of transit, livable communities, and transit-oriented development. DART will host the annual RailVolution conference in October 2015.
- DART has earned many industry awards during 2014-2015, including:
 - American Council of Engineering Companies – “Orange Line” Engineering Excellence Award
 - 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) with Special Performance Measures Recognition
 - Greater Dallas Planning Council – Built Project Award, Orange Line to DFW Airport
 - National Purchasing Institute – Achievement in Excellence for Procurement
 - National Association of Government Communicators – Award of Excellence, Mobile (GoPass/State Fair ticket bundle)
 - Rowlett Chamber of Commerce – Business of the Year
 - Southwest Transit Association – Social Media, DART Daily
 - Telly Award – five awards for video production related to CBD rail replacement
 - Texas Comptroller Leadership Circle – Silver Designation
 - Tramways and Urban Transit Global Light Rail Awards – Outstanding Engineering Achievement – DFW Airport Station



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FY 2016 BUSINESS PLAN

Section 2

FY 2016 Twenty-Year Financial Plan

FY 2016 Twenty-Year Financial Plan

The Twenty-Year Financial Plan (the “Plan”) represents a robust long-term projection of DART revenues, 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 of the Plan requires an affirmative vote of two-thirds of the appointed and qualified members of the DART Board. Approval of the Annual Budget (which corresponds to the first year of the Plan) requires a simple majority vote.

The FY 2016 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. Since August 2009, the light rail system has doubled in size, increasing to 90 miles with the connection to the Dallas/Fort Worth International Airport in 2014. As this period of rapid expansion draws to a close, the Twenty-Year Financial Plan reflects an increasing focus on retaining current customers and attracting new customers with responsive service and a sustainable system. The Annual Budget portion of this business plan document describes a number of DART customer-facing initiatives, grouped under each DART strategic priority. The capital program, discussed later in this section of this document, reflects a shift from construction and system expansion, to maintaining and replacing our assets, i.e., keeping the system in a state of good repair. Notable additions to this focus include a Program of Interrelated Projects to increase the core capacity of DART’s rail service, and the initiation of service along the Cotton Belt corridor in the northern part of the DART Service Area.

The underlying trend in the Twenty-Year Financial Plan is continued economic expansion which includes modest growth in employment, ridership, and sales tax receipts. DART’s financial policies structure the Agency’s financial condition to weather the inevitable downturns. These policies generate an FY 2016 Financial Plan that reflects conservative revenue forecasts for DART’s major sources of funds, including sales taxes (forecasted below local economist projections) and continued federal formula funding at existing levels. The DART policies also promote continual cost containment efforts to achieve a balanced budget throughout the twenty-year planning horizon.

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 light rail system is nearing completion. DART is now 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 over the twenty-year life of the Plan. However, there are three major capital expansion programs remaining in the 20-Year Plan.

- South Oak Cliff-3 (SOC-3),
- The Program of Interrelated Projects (Core Capacity program), and
- Cotton Belt (added to the Plan this year).

Each of these projects is discussed in this section.

With that as the backdrop, DART's FY 2016 Financial Plan contains one significant change from the FY 2015 Plan – inclusion of rail service along the Cotton Belt corridor beginning in 2035. 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 20 years.

1. Continually improve service and safety experiences and perceptions
2. Optimize and preserve (state of good repair) the existing transit system
3. Optimize DART's influence in regional transportation planning
4. Expand DART's transportation system to serve cities inside and outside the current service area
5. Pursue excellence through employee engagement, development, and well-being
6. Innovate to improve levels of service, business processes, and funding

These priorities guide the development of the FY 2016 Annual Budget and Twenty-Year Financial Plan.



Board Approvals

The approval of the Annual Budget requires a simple majority vote of the Board of Directors. Approval of the Twenty-Year Financial Plan requires an affirmative vote of two-thirds of the appointed and qualified members of the Board. The DART Board of Directors approved the FY 2016 Annual Budget and Twenty-Year Financial Plan on September 22, 2015.

Financial Plan Format

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

Each category in the FY 2016 Twenty-Year Financial Plan is described in detail in this portion of our 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 2016 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 95, and the approved FY 2016 Financial Standards are located at Exhibit 96 in the *Reference Section* of this document.



FY 2015 – FY 2016 Comparison

FY 2015 Recap

DART continued to experience significant service-related changes during Fiscal Year 2015. Some of those transitions continue, and additional changes are planned for FY 2016 and beyond.

The light rail system expansion continued. Fiscal Year 2015 marked the first full year of service for the Irving-3 line segment to DFW Airport, which opened on August 18, 2014. This latest addition brought the total light rail system in operation to 90 miles.

In March, DART opened the Oak Cliff Streetcar line. This 1.6 mile line operates on a single at-grade track in a dedicated, bi-directional streetcar lane located outside the southbound travel lane from Union Station over the Houston Street Viaduct. South of the Trinity River, the track alignment transitions to a double-track non-dedicated configuration on Zang Boulevard and extends along the median of the roadway. The track alignment remains in the median-running configuration as it transitions from Zang and runs along Colorado Boulevard, terminating at the intersection of Colorado and Beckley Avenue. A Southern extension to the Bishop Arts District is underway and is expected to open in August 2016. A northern extension to Lamar Street is also in design.

DART also completed the Urban Circulator Streetcar project. This project extended the streetcar line of the McKinney Avenue Transit Authority (MATA) from the previous terminus at Ross and St. Paul down to Federal Street and then back up to McKinney Avenue via Olive Street. This extension provides a much better transportation link between the DART Cityplace/Uptown and St. Paul light rail stations, along with McKinney Avenue, the Uptown area, the Dallas Arts District and Klyde Warren Park. This project opened in June 2015.

For each of the two streetcar projects mentioned above, the assets are owned by the City of Dallas. DART acted as the owner's representative in delivering those projects. DART also operates the Oak Cliff Streetcar on behalf of the City. MATA, a private non-profit organization, operates service along the Urban Circulator.

In 2015, DART continued the four-year program of replacing our entire bus fleet. Under a contract with North American Bus Industries (NABI), 459 buses have been delivered over the last three years. In December 2014, DART exercised an option in the NABI contract for the purchase of 46 over-the-road coaches to replace DART's Express Bus fleet. These vehicles will be delivered in 2016. In addition to simply replacing old vehicles, this current fleet replacement program also changes the fuel that DART's buses use. While a portion of the outgoing fleets used Liquefied Natural Gas (LNG), most of the older buses used ultra-low sulfur diesel fuel. All of the new vehicles purchased in this fleet replacement cycle are fueled with environmentally-friendly compressed natural gas (CNG). There are currently no more LNG buses and fewer than 100 diesel-fueled buses remaining in operation.



The mobile ticketing application, *GoPass*SM, the first phase of a Comprehensive Fare Payment System (CFPS), was a solid success with sales of over 700,000 passes in FY 2014. That figure is expected to reach 1.1 million for FY 2015, accounting for 9-10% of all DART fixed-route pass sales.

The second phase of the CFPS will introduce a new state-of-the-art, integrated, electronic fare payment, distribution, collection, and processing system. This 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. This new methodology will be accomplished by creating an electronic payment infrastructure for transportation and other services that is ultimately capable of being deployed region-wide, using prepaid cards and contactless devices such as smart cards, credit and debit cards, RFID tags, secure barcodes, and Near Field Communication (NFC) devices. System deployment is scheduled to be completed by March 2017.

According to 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) in phases beginning in October 2012. As of October 1, 2014, DART had completed the transition of the remaining lanes to TxDOT. While no longer involved in HOV lane operations, DART remains a capital funding partner in the IH635 HOV/Managed Lane construction which was completed in September 2015 by TxDOT.

The Agency continued the implementation of a multi-year initiative called "5 Star Service." Led 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."

FY 2016 and Beyond

DART completed the solicitation and award process on a new contract for commuter rail operations. The new 10-year contract was approved by the DART Board in May 2015, and was awarded to the current contractor, Herzog Transit Services, Inc. This new contract may include the operations and maintenance obligations for the Trinity Railway Express (TRE) operated jointly by DART and the Fort Worth Transportation Authority (The T), the Denton County Transportation Authority's (DCTA) A-Train (for one year), and includes an option for the forthcoming TEX Rail project from the T, currently scheduled to open in 2018. The selection of the current contractor ensures continuity for our passengers and a smooth transition from the current contract.

Design and construction will continue on the final light rail line section in the current system build-out, South Oak Cliff-3 (SOC-3). This line section is scheduled to open in late 2016, two years ahead of schedule. This 2.6-mile extension of the Blue Line south extends from Ledbetter Station to the University of North Texas Dallas campus.

DART is in the planning stage on two additional infill stations along the Orange Line in Irving, Loop 12 and Carpenter Ranch. These stations are completely funded by external contributions and are expected to generate additional ridership.

DART continues work toward implementation of the Program of Interrelated Projects (the Core Capacity program) that was incorporated into the FY 2015 Financial Plan. This program consists of three projects:

- The second downtown light rail alignment (known as D2);
- Extension of the Dallas streetcar system, linking the Oak Cliff and McKinney Avenue streetcar lines; and
- Platform extensions for the oldest stations in the light rail system along the Red and Blue lines to accommodate 3-car trains.

These projects are expected to be completed by 2020.

DART is currently undergoing a Comprehensive Operations Analysis (COA) in conjunction with the development of a new 2040 Transit System Plan. The COA is a thorough examination of all DART services, with particular emphasis on the bus system, that analyzes demographic and travel data, transit service provided, and transit service needs over the next decade and beyond. The COA is being performed by AECOM and Connectics Transportation Group and is expected to be completed in late 2015. DART will review the results of the COA and, with input from the Board, make any service adjustments necessary to improve the service to our riders while ensuring that changes fit within the framework of the budget and affordability. Any resulting service changes will likely take effect no earlier than the end of calendar 2016.

DART is in the process of generating the 2040 Transit System Plan. The planning process includes:

- Assessment of mobility needs in the DART Service Area and a larger regional study area, including changes in demographics, travel patterns, and congestion,
- Definition of corridor opportunities and various service strategies to meet the identified mobility needs, and
- Evaluation of alternatives, including a trade-off analysis within financial constraints through 2040.



The Cotton Belt – 2035

The FY 2016 Financial Plan also includes development of rail service along the Cotton Belt corridor from DFW Airport, through the North Dallas area, to Plano. This service will connect with DART's Green Line in Carrollton and the Red Line in Plano.

During 2013 and 2014, 41 separate service alternatives were studied for this corridor including different types of service delivery (double-track rail, single-track rail, and Bus Rapid Transit), segments of the corridor being developed (the full DFW-Plano alignment as well as several sub-segment configurations), and vertical profiles through North Dallas (at-grade, shallow trench, or tunnel). They also included two alternatives at the east end of the alignment (a north and a south route) as well as the inclusion or exclusion of a Cypress Waters station in the Northlake area of Irving. Each of these alternatives was detailed with capital and operating costs as well as ridership and revenue potential. The results of this study and the cost of each option were presented to the service area cities and the DART Board in June 2014.

Service is currently programmed to begin in 2035, but this is a project of high regional interest and options are being studied in an attempt to advance that service date.



Exhibit 7 is a summary of the changes in the sources and uses of funds between the FY 2015 Financial Plan and the FY 2016 Plan, for the five-year period from FY 2016 through FY 2020.

Exhibit 7
5-Year Sources and Uses of Funds Comparison (FY 2016 – FY 2020)
(in Millions)

Line	Description	FY15 Plan	FY16 Plan	\$ Variance	% Variance
SOURCES OF FUNDS					
1	Sales Tax Revenues	\$2,829.1	\$2,853.8	\$24.7	0.9%
2	Operating Revenues	471.4	463.1	(8.3)	(1.8%)
3	Interest Income	66.3	60.2	(6.0)	(9.1%)
4	Formula Federal Funding	348.7	413.7	65.1	18.7%
5	Discretionary Federal Funding	420.4	428.2	7.8	1.8%
6	Debt Issuances	400.0	400.0	0.0	0.0%
7	Other Sources	197.1	160.5	(36.7)	(18.6%)
8	Total Sources of Funds	\$4,733.0	\$4,779.5	\$46.5	1.0%
USES OF FUNDS					
Operating Expenses:					
10	Bus	\$1,291.9	\$1,334.5	\$42.6	3.3%
11	Light Rail Transit	884.6	890.5	5.9	0.7%
12	Commuter Rail/RR Management	168.6	156.0	(12.6)	(7.5%)
13	Paratransit	209.5	197.1	(12.4)	(5.9%)
14	HOV Transitways	0.0	0.0	0.0	0.0%
15	General Mobility - TDM	14.9	12.1	(2.8)	(19.0%)
16	Total Operating Expenses	\$2,569.5	\$2,590.2	\$20.7	0.8%
Capital and Non-Operating:					
17	Agency-wide	\$69.3	\$115.5	\$46.2	66.6%
18	Bus	95.4	114.6	19.2	20.2%
19	Light Rail Transit	1,003.3	1,086.9	83.6	8.3%
20	Streetcar	121.3	119.8	(1.5)	(1.2%)
21	Commuter Rail/RR Management	79.8	124.3	44.5	55.7%
22	Paratransit	0.9	1.6	0.7	81.2%
23	HOV Transitways	9.0	9.0	0.0	0.0%
24	Capital P & D, Start-Up, Non-Operating	37.5	49.5	11.9	31.9%
25	General Mobility - Road Impr./ITS	9.8	18.9	9.0	91.9%
26	Total Capital and Non-Operating	\$1,426.4	\$1,640.1	\$213.7	15.0%
Debt Service					
27	Principal - LT/ST Debt	\$296.6	\$293.0	(\$3.7)	(1.2%)
28	Interest and Fees - LT/ST Debt	782.3	773.2	(9.1)	(1.2%)
29	Total Debt Service	\$1,079.0	\$1,066.2	(\$12.8)	(1.2%)
30	Total Uses of Funds	\$5,074.9	\$5,296.5	\$221.6	4.4%

Structural Balance of the Budget and Financial Plan

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 53) performs a related control function. Annual sources of funds are sufficient to pay for all ongoing obligations (operating and debt service) in every year of the FY 2016 Financial Plan. This can be seen on line 16 (highlighted in orange) in Exhibit 8, noting that no existing cash reserves are required for operating expenses during any year of the Plan. For example, Exhibit 8 shows FY 2016 operating expenses of \$494.9 million, and debt service of \$197.8 million, for a total of \$692.7 million. These on-going obligations are funded by annual sources of funds of operating revenues (\$86.6 million), interest income (\$8.0 million), local funding for TRE operations (\$12.7 million), federal formula funds (\$105.9 million), and sales taxes (\$281.8 million for operating and \$197.8 million for debt service). In this manner, Exhibit 8 illustrates how DART's sources of funds will be applied to uses of funds over the next five years.

Exhibit 9 shows the FY 2016 Financial Plan. DART will use debt issuances and existing cash to pay for additional capital requirements through 2022, but not to pay for operating expenses or debt service costs. After 2022, cash balances again begin to increase.



Exhibit 8
FY 2016 – FY 2020 Structural Budget Balance
(in Millions)

	Category	2016	2017	2018	2019	2020	5-Year
	Sources of Funds						
1	Sales Tax Revenues	\$542.4	\$563.6	\$563.6	\$580.5	\$603.8	\$2,853.8
2	Operating Revenues	86.6	85.2	95.5	96.9	98.9	463.1
3	Interest Income	8.0	11.2	11.7	14.2	15.2	60.2
4	Formula Federal Funding	119.2	76.3	72.8	72.8	72.8	413.7
5	Discretionary Federal Funding	21.1	64.9	102.2	140.0	100.0	428.2
6	Net Debt Issuances	120.0	(30.0)	70.0	270.0	(30.0)	400.0
7	Other Sources	36.4	47.4	30.1	21.9	24.6	160.5
8	Total Sources of Funds	\$933.7	\$818.5	\$945.8	\$1,196.2	\$885.3	\$4,779.5
	Sources of Funds						
9	Operating Expenses	\$494.9	\$504.7	\$518.1	\$529.6	\$542.8	\$2,590.2
	Funding Sources:						
10	Operating Revenues	\$86.6	\$85.2	\$95.5	\$96.9	\$98.9	\$463.1
11	Interest Income	8.0	11.2	11.7	14.2	15.2	60.2
12	T/Mid Cities TRE Ops Contributions	12.7	11.4	13.5	13.8	14.1	65.4
13	Formula Funds (Capital Preventive Maint.)	105.9	67.3	67.3	67.3	67.3	375.0
14	Other Sources	0.0	0.0	0.0	0.0	0.0	0.0
15	Sales Taxes allocated to Operations	281.8	329.6	330.2	337.6	347.3	1,626.4
16	General Operating Fund (existing cash)	0.0	0.0	0.0	0.0	0.0	0.0
17	Total Sources for Operating Expenses	\$494.9	\$504.7	\$518.1	\$529.6	\$542.8	\$2,590.2
18	Capital/Non Operating Expenditures	\$278.3	\$273.0	\$419.9	\$432.5	\$236.4	\$1,640.1
	Funding Sources:						
19	Formula Funds	\$13.3	\$9.0	\$5.5	\$5.5	\$5.5	\$38.7
20	Discretionary Grant Funds	21.1	64.9	102.2	140.0	100.0	428.2
21	Current Debt Issuances	120.0	(30.0)	70.0	270.0	(30.0)	400.0
22	Other Sources	23.7	36.0	16.6	8.1	10.5	95.0
23	Sales Taxes Allocated to Capital	62.8	25.7	24.2	8.9	23.4	145.1
24	General Operating Fund/Prior Debt Issues	37.4	167.4	201.4	0.0	126.9	533.1
25	Total Sources for Capital/Non Operating	\$278.3	\$273.0	\$419.9	\$432.5	\$236.4	\$1,640.1
26	Debt Service Costs	\$197.8	\$208.2	\$209.2	\$217.9	\$233.0	\$1,066.2
	Funding Sources:						
27	Sales Taxes Allocated to Debt Service	\$197.8	\$208.2	\$209.2	\$217.9	\$233.0	\$1,066.2
28	Total Uses of Funds	\$971.1	\$985.9	\$1,147.2	\$1,180.0	\$1,012.2	\$5,296.5
29	Net Differential Between Sources and Uses	(\$37.4)	(\$167.4)	(\$201.4)	\$16.1	(\$126.9)	(\$517.0)

Exhibit 9
FY 2016 Twenty-Year Financial Plan

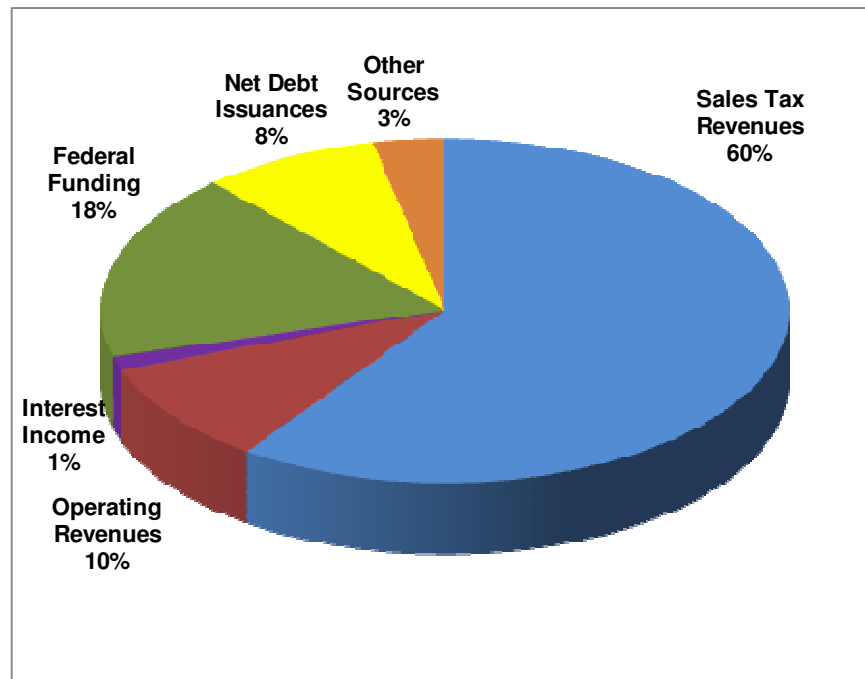
Dallas Area Rapid Transit FY 2016 Financial Plan Draft as Approved September 22, 2015 Twenty Year Sources and Uses of Cash (\$ Millions - Inflated Dollars)																							
Line	Description	2016	2017	2018	2019	2020	5 Year Total	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	20 Year Total
SOURCES OF FUNDS																							
1	Sales Tax Revenues	\$542.4	\$563.6	\$580.5	\$603.8	\$630.8	\$2,853.8	\$634.0	\$672.1	\$705.7	\$734.0	\$756.0	\$786.8	\$826.5	\$876.1	\$919.9	\$956.7	\$985.4	\$1,024.8	\$1,076.0	\$1,098.4	\$15,498.4	
2	Operating Revenues	86.6	85.2	95.5	98.9	100.2	\$463.1	101.0	103.0	115.9	117.2	119.4	121.7	124.0	139.3	140.8	143.4	146.0	166.1	167.6	182.3	2,499.5	
3	Interest Income	8.0	11.2	11.7	14.2	15.2	\$60.2	13.3	13.1	15.1	18.6	20.3	26.3	33.9	33.4	36.4	39.1	43.3	58.0	68.3	67.5	577.0	
4	Formula Federal Funding	119.2	76.3	72.8	72.8	72.8	\$413.7	72.8	72.8	72.8	72.8	72.8	72.8	72.8	72.8	72.8	72.8	72.8	72.8	72.8	72.8	1,505.1	
5	Discretionary Federal Funding	21.1	64.9	102.2	140.0	100.0	\$428.2	0.0	0.0	0.0	0.0	12.4	12.8	6.3	6.1	0.0	0.0	100.0	100.0	100.0	100.0	865.9	
6	Debt Issuances	120.0	(30.0)	70.0	270.0	(30.0)	\$400.0	(30.0)	(20.0)	0.0	0.0	370.0	120.0	510.0	50.0	0.0	0.0	450.0	950.0	750.0	(50.0)	3,450.0	
7	Other Sources	36.4	47.4	30.1	21.9	24.6	\$160.5	18.3	23.3	19.2	22.2	36.0	30.6	23.6	21.5	20.8	26.4	21.7	30.5	25.0	29.1	31.8	540.4
8	Total Sources of Funds	\$933.7	\$918.5	\$945.8	\$1,096.2	\$885.3	\$4,779.5	\$809.2	\$864.2	\$928.6	\$964.7	\$1,365.0	\$1,140.2	\$1,553.8	\$1,150.1	\$1,143.8	\$1,198.8	\$1,186.2	\$1,802.0	\$2,357.3	\$2,212.6	\$1,480.3	\$24,936.3
USES OF FUNDS																							
9	Sales Taxes for Operations	73.8%	72.4%	72.9%	72.1%	71.0%	n/a	68.8%	66.3%	62.9%	61.4%	62.7%	59.8%	56.2%	54.6%	52.8%	51.8%	52.5%	49.3%	49.1%	48.8%	n/a	
10	Operating Expenses:																						
11	Light Rail Transit	\$257.6	\$262.3	\$266.3	\$271.8	\$276.5	\$1,334.5	\$277.8	\$282.9	\$288.7	\$294.0	\$300.0	\$305.4	\$310.5	\$316.1	\$322.5	\$328.3	\$334.9	\$341.0	\$347.8	\$353.3	\$359.5	\$6,097.1
12	Commuter Rail/RR Management	108.4	174.5	178.0	181.8	187.8	\$890.5	191.8	195.3	199.3	202.9	207.0	210.7	215.0	218.8	223.2	227.2	231.7	235.8	240.5	244.2	248.4	4,182.1
13	Paratransit	36.1	38.5	39.5	40.8	42.3	\$197.1	43.8	45.4	47.3	49.1	51.0	53.0	55.1	57.2	59.5	61.8	64.3	66.8	69.5	72.0	73.6	1,066.6
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	2.3	2.4	2.4	2.5	2.5	\$12.1	2.6	2.6	2.6	2.7	2.8	2.8	2.9	2.9	3.0	3.0	3.1	3.1	3.2	3.3	3.3	\$5.9
16	Total Operating Expenses	\$494.9	\$504.7	\$518.1	\$529.6	\$542.8	\$2,590.2	\$506.6	\$516.9	\$527.4	\$538.4	\$549.7	\$561.2	\$574.8	\$587.6	\$602.1	\$615.5	\$628.6	\$646.6	\$710.4	\$738.8	\$775.0	\$12,254.9
Operating & P&D Start-Up																							
17	Capital Projects and Non-Operating:																						
18	Agency-Wide	\$37.2	\$45.6	\$12.0	\$9.3	\$11.4	\$115.5	\$9.9	\$12.5	\$23.5	\$16.1	\$15.5	\$18.9	\$93.4	\$10.2	\$10.7	\$21.2	\$16.0	\$18.7	\$10.0	\$15.8	\$23.8	\$331.7
19	Light Rail Transit	53.9	17.6	23.3	8.7	11.0	\$106.9	7.5	17.8	21.1	30.3	139.3	148.6	92.8	78.3	5.9	2.8	6.5	19.4	30.9	21.4	11.3	\$486.6
20	Streetcar	116.3	145.2	322.3	347.2	155.9	\$1,086.9	13.4	27.2	18.2	14.7	30.1	20.5	237.0	243.7	9.2	10.0	33.0	17.0	22.5	42.0	42.5	2,137.9
21	Commuter Rail/RR Management	24.7	31.5	22.4	18.5	27.2	\$124.3	9.6	21.1	20.4	23.5	47.1	35.0	18.7	10.7	7.5	77.3	154.6	613.2	979.0	985.7	231.1	\$3,582.7
22	Paratransit	0.5	0.4	0.4	0.1	0.2	\$1.6	0.0	0.8	0.0	0.2	0.1	0.0	0.0	0.6	0.4	0.5	0.3	0.2	0.1	0.1	0.1	5.3
23	HOV Transits	9.0	0.0	0.0	0.0	0.0	\$9.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.3
24	Capital P&D Start-Up, Non-Operating	9.7	11.6	9.0	9.0	10.2	\$49.5	11.3	10.4	11.9	12.3	12.7	10.3	10.5	10.7	12.1	14.5	14.8	15.0	14.1	15.1	14.6	230.6
25	General Mobility - Road Impr./ITS	10.1	1.2	2.9	2.7	2.0	\$18.9	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	0.0	23.3
26	Total Capital and Non-Operating	\$278.3	\$273.0	\$419.9	\$432.5	\$236.4	\$1,640.1	\$51.7	\$89.8	\$97.4	\$97.7	\$515.5	\$233.9	\$422.9	\$354.3	\$45.8	\$126.3	\$255.4	\$683.5	\$1,056.6	\$1,080.1	\$323.3	\$7,074.2
27	Debt Service	\$3,644.7	\$3,716.5	\$3,631.0	\$3,643.3	\$3,851.4	n/a	\$3,751.7	\$3,648.7	\$3,552.2	\$3,471.9	\$3,387.8	\$3,671.9	\$3,699.0	\$4,111.9	\$4,054.6	\$3,942.3	\$3,824.6	\$3,651.2	\$3,971.8	\$4,779.9	\$5,368.9	n/a
28	Total Debt OS Beginning-of-Year	\$3,716.5	\$3,631.0	\$3,643.3	\$3,851.4	\$3,751.7	\$3,648.7	\$3,552.2	\$3,471.9	\$3,387.8	\$3,671.9	\$3,699.0	\$4,111.9	\$4,054.6	\$3,942.3	\$3,824.6	\$3,651.2	\$3,971.8	\$4,779.9	\$5,368.9	\$5,139.8	n/a	n/a
29	Principal - LT Debt	\$48.2	\$55.6	\$57.6	\$62.0	\$69.7	\$293.0	\$75.0	\$76.6	\$80.3	\$84.1	\$85.9	\$92.9	\$97.1	\$107.3	\$112.3	\$117.7	\$123.4	\$129.4	\$141.9	\$161.0	\$179.1	\$1,984.9
30	Cost of Debt (Interest and Fees)	\$199.6	\$208.2	\$209.2	\$217.9	\$233.0	\$773.2	\$193.2	\$155.2	\$149.0	\$152.6	\$159.8	\$165.8	\$183.9	\$179.8	\$179.8	\$174.4	\$167.3	\$165.6	\$244.8	\$208.8	\$208.8	\$3,440.4
31	Total Debt Service Costs	\$197.8	\$208.2	\$209.2	\$217.9	\$233.0	\$1,066.2	\$232.3	\$231.8	\$229.3	\$229.3	\$233.4	\$252.6	\$263.0	\$263.8	\$291.1	\$292.1	\$292.1	\$296.7	\$338.5	\$405.8	\$449.9	\$5,953.3
32	External Coverage Ratio	2.76	2.73	2.72	2.69	2.61	n/a	2.74	2.91	3.08	3.21	3.18	3.09	3.12	2.98	3.15	3.31	3.44	3.35	2.99	2.57	2.42	n/a
33	Internal Coverage Ratio	1.13	1.13	1.13	1.13	1.11	n/a	1.21	1.33	1.50	1.60	1.55	1.53	1.59	1.61	1.74	1.87	1.97	1.89	1.78	1.53	1.44	n/a
34	Total Uses of Funds	\$971.1	\$985.9	\$1,472.2	\$1,180.0	\$1,012.2	\$5,296.5	\$834.6	\$883.4	\$901.3	\$913.4	\$1,348.7	\$1,098.6	\$1,240.7	\$1,283.0	\$990.1	\$1,083.9	\$1,197.1	\$1,674.8	\$2,105.5	\$2,224.6	\$1,548.2	\$24,724.0
35	Net Inc (Dec) in cash	(37.4)	(167.4)	(520.4)	(316.1)	(5126.9)	(8517.0)	(825.4)	(819.2)	(27.3)	(551.3)	(16.3)	(41.6)	(213.9)	(313.9)	(533.7)	(114.9)	(511.0)	(127.2)	(251.7)	(512.0)	(567.8)	\$2,212.0
36	Change in Balance Sheet Assets	9.4	(9.4)	32.8	3.6	(53.0)	(516.6)	(49.0)	6.3	(0.9)	1.2	86.8	(48.3)	29.6	(20.0)	(76.0)	(0.2)	28.5	97.7	80.4	13.3	(177.6)	(47.8)
37	Cash, Beg of Period	943.1	915.2	738.4	569.7	589.5	943.1	409.5	335.1	322.2	348.6	401.0	504.2	497.6	740.3	587.4	665.1	779.8	794.3	1,019.2	1,351.3	1,352.6	947.6
38	Cash, End of Period	915.2	738.4	569.7	589.5	409.5	409.5	335.1	322.2	348.6	401.0	504.2	497.6	740.3	587.4	665.1	779.8	794.3	1,019.2	1,351.3	1,352.6	1,107.3	1,107.3
39	Less Cash Reserves & Restricted Funds	(76.4)	(76.1)	(75.8)	(75.6)	(75.4)	(75.4)	(75.3)	(75.2)	(75.2)	(75.1)	(75.1)	(75.0)	(74.9)	(74.7)	(74.6)	(74.4)	(74.3)	(74.1)	(73.8)	(73.5)	(73.5)	(73.5)
40	Less Advanced Funding (Core Capacity Grant)	(84.5)	(41.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
41	Less Working Cash Requirement	(123.7)	(126.2)	(129.5)	(132.4)	(135.7)	(135.7)	(137.7)	(140.5)	(143.7)	(146.6)	(149.9)	(153.0)	(156.2)	(159.4)	(163.0)	(166.4)	(170.2)	(173.7)	(177.6)	(184.7)	(193.7)	(193.7)
42	Less Capital Reserve	(21.8)	(22.8)	(24.2)	(26.1)	(28.4)	(28.4)	(31.1)	(34.5)	(38.6)	(43.2)	(48.1)	(53.2)	(58.7)	(64.4)	(70.4)	(76.7)	(83.3)	(90.4)	(97.7)	(105.5)	(113.6)	(113.6)

Sources of Funds

Total sources of funds for the period FY 2016 through FY 2020 are projected to increase \$46.5 million (1.0%) from the FY 2015 Plan.

Exhibit 10 illustrates the distribution of DART's sources of funds for the first five years of the FY 2016 Twenty-Year Plan. Each source of funding is detailed below.

Exhibit 10
FY 2016 – FY 2020 Distribution of Sources of Funds



Sales Tax Revenues (line 1)

Sales tax revenues comprise 60% of DART's total projected sources of funds through FY 2020 (65% of total sources excluding debt issuances). This is a \$24.7 million (0.9%) increase over the amount projected in the FY 2015 Financial Plan for the same five-year period.

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 municipal sales tax specialist Lewis McLain, Jr., for additional sales tax research. Sales taxes have trended significantly above forecast for the last five years, with year-over-year growth averaging 6.65% from FY 2011 – FY 2014. Growth through the first nine months of FY 2015 is even stronger: 8.55% above the same time period in FY 2014.

While it is not surprising that there has been a strong sales tax bounce-back from the 2008-2009 recession, one fascinating note has been the acceleration of population growth inside the DART Service Area during that time. Per US Census data, between 1990 and 2000 the DART Service Area increased by an average of 42,549 persons per year. In the next decade, this slowed by 73%, to only 11,474 per year. But from 2010 through 2013 the average annual population growth has more than tripled, back to 38,764 per year. That equates to a 1.7% annual growth rate and has been a major contributing factor to the strong recovery in sales taxes. The urban area is becoming denser, and that is good for the economy and good for transit. The Dallas area is booming once again!

DART has taken a different approach from previous years with regard to incorporating sales taxes into the FY 2016 Financial Plan. Instead of using generally a straight-line approach to sales tax growth (as is generated by the Perryman Model), the 2016 Plan has incorporated periodic recessions in seven-year cycles as an attempt to better match economic reality. As such, the Plan calls for a zero-growth year every seven years (the first such year being 2018) followed by a cyclical rebound for several years after that. This methodology should enable the Financial Plan to better weather the inevitable economic flat spots in the road. If, however, there is another crash and sales taxes decline by 10% over two years as occurred in 2009-2010, that would still require significant adjustments to the Plan. Incorporating that kind of generational event into the Plan seems unwise. With this approach, however, there are certain years in which the Financial Plan assumes higher rates of increase than the Perryman projections, but the overall growth rate over the 20-year life of the Plan is significantly lower and results in total sales tax revenues \$1.26 billion (7.5%) less than if we had strictly used Perryman's growth rates for the next 20 years, using the base of FY 2015 expected receipts.

A comparison of sales tax growth rates and receipts from the FY 2015 Plan, the FY 2016 Plan, and the Perryman projections is shown in Exhibit 11.



Exhibit 11
20-Year Cumulative Sales Tax Receipts (2016 – 2035)
(in Millions)

Year	FY 2015 Financial Plan			FY 2016 Financial Plan			Perryman 2015		
	%	\$	5-Yr Total	%	\$	5-Yr Total	%	\$	5-Yr Total
2015*	5.1%	\$503.0		7.3%	\$521.0		6.4%	\$521.0	
2016	4.1%	523.6		4.1%	542.4		4.8%	546.1	
2017	3.9%	544.1		3.9%	563.6		4.7%	571.7	
2018	3.9%	565.2		0.0%	563.6		4.6%	597.9	
2019	3.8%	586.9		3.0%	580.5		4.5%	624.9	
2020	3.8%	609.3	\$2,829.1	4.0%	603.8	\$2,853.8	4.4%	652.7	\$2,993.2
2021	3.8%	632.6		5.0%	634.0		4.4%	681.3	
2022	3.8%	656.6		6.0%	672.1		4.3%	710.9	
2023	3.8%	681.5		5.0%	705.7		4.3%	741.3	
2024	3.8%	707.3		4.0%	734.0		4.2%	772.7	
2025	3.8%	734.0		0.0%	734.0		4.2%	805.1	
2026	3.8%	761.8		3.0%	756.0		4.1%	838.4	
2027	3.8%	791.0		4.1%	786.8		4.1%	872.8	
2028	3.8%	821.2		5.0%	826.5		4.1%	908.1	
2029	3.8%	852.2		6.0%	876.1		4.0%	944.5	
2030	3.8%	884.5		5.0%	919.9		4.0%	982.0	
2031	3.8%	917.9		4.0%	956.7		3.9%	1,020.5	
2032	3.8%	952.6		0.0%	956.7		3.9%	1,060.1	
2033	3.8%	988.7		3.0%	985.4		3.8%	1,100.9	
2034	3.8%	1,026.1		4.0%	1,024.8		3.8%	1,142.7	
2035	3.8%	1,064.9		5.0%	1,076.0		3.8%	1,185.7	
20-Year Total		\$15,302.1			\$15,498.4			\$16,760.3	

* 2015 is Budget for the FY15 columns and Projected for the FY16 Column.

** Perryman calculation uses Perryman's annual growth rates adjusted to DART's projected FY15 sales taxes.

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. 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 (\$334,588) 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 \$463.1 million (9.7%) of DART's sources of funds through FY 2020. Exhibit 12 details projected operating revenues for the next five years.

Exhibit 12
Operating Revenues
(in Millions)

Operating Revenues	2016	2017	2018	2019	2020	5-Year Total	20-Year Total
Fixed Route Passenger Revenues	\$68.5	\$68.2	\$77.9	\$78.7	\$80.2	\$373.5	\$2,021.2
Other Passenger Fares	3.1	3.1	3.6	3.7	3.8	17.3	103.5
Total Passenger Revenues	\$71.5	\$71.4	\$81.5	\$82.4	\$84.0	\$390.8	\$2,124.6
Leases & Rentals	\$6.7	\$6.9	\$7.1	\$7.3	\$7.5	\$35.5	\$168.6
Advertising	4.2	4.9	5.2	5.4	5.7	25.4	151.4
Vanpool (NCTCOG/FHWA)	1.3	1.3	1.3	1.4	1.4	6.7	31.8
Operating Grants (JARC/New Freedom)	0.6	0.3	0.0	0.0	0.0	0.9	0.9
Other	2.2	0.4	0.4	0.4	0.4	3.7	22.2
Total Operating Revenues	\$86.6	\$85.2	\$95.5	\$96.9	\$98.9	\$463.1	\$2,499.5

Passenger revenues are the primary component of operating revenues, representing approximately \$390.8 million, or 84% 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 (FY 2013). The current DART Fare Structure is included at Exhibit 104 in the *Reference Section* of this document.

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
FY16 - FY17	\$0.89	\$0.86	\$3.26	\$0.98
FY18 - FY22	\$1.04	\$1.00	\$3.81	\$1.14
FY23 - FY27	\$1.22	\$1.18	\$4.46	\$1.33
FY28 - FY32	\$1.43	\$1.37	\$5.22	\$1.55
FY33 - FY35	\$1.67	\$1.61	\$6.10	\$1.81



Operating revenues other than fare revenues include such items as: advertising revenue, rental income, contract service revenues from Mesquite and Arlington, shuttle agreement revenue from UT-Dallas, 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. On April 14, 2015, the DART Board approved changes to Board policies that allow the program to be implemented. Early analysis indicates that revenues in the range of \$1 – \$2 million per year might be attainable in the next several years, with \$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 \$60.2 million (1.3%) of total sources of funds for the next five years. This is a \$6.0 million (9.1%) decrease from the amount contained in the FY 2015 Plan based on the Federal Reserve's continuation of an ultra-low interest rate policy designed to allow the economic recovery to continue.

Interest income rates are estimated to average approximately 50 – 125 basis points (0.50% – 1.25%, varying by fund) throughout the year in 2015. 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 larger 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).

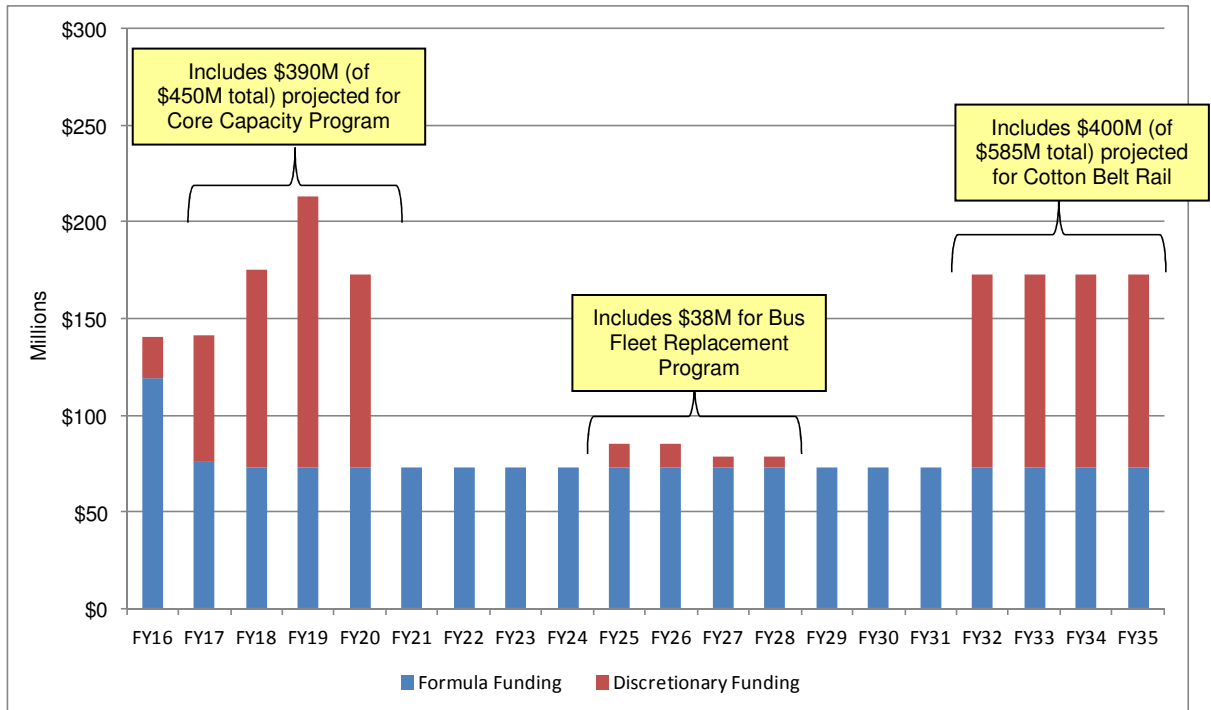
Discretionary funds are authorized under 49 U.S.C. § 5309 (New Starts/Core Capacity/Small Starts), Job Access/Reverse Commute (JARC) dollars received under 49 U.S.C. § 5316 and other programs such as Congestion Mitigation and Air Quality Improvement program (CMAQ) and the State of Texas Mobility Fund (TMF).



Federal surface transportation programs were authorized by MAP-21 (Moving Ahead for Progress in the 21st Century) in 2012 with the expiration date of September 30, 2014; however, prior to the expiration date, Congress extended the deadline of MAP-21 to October 29, 2015. Leadership in both chambers (U.S. House and U.S. Senate) has publicly objected to raising the federal excise tax on gasoline, which is the primary revenue generator for the Highway Trust Fund. The House Ways and Means Committee and the Senate Finance Committee both have recently held hearings to discuss alternative funding solutions as the Congressional Budget Office estimates the Highway Account and the Mass Transit Account will become insolvent in September and October, respectively, without new revenue. Without a consensus on how to generate new revenue, Congress may have no alternative but to transfer General Revenue or identify alternative funding means to support transportation programs at current funding levels. The final duration of the extension of current programs authorized by MAP-21 (or its successor legislation) is unknown at the time of this publication.

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 2016 – FY 2035)
(in Millions)



Formula Federal Funding (line 4)

Formula funds are \$413.7 million (8.7% of total sources of funds) through FY 2020. This represents an increase of \$65.1 million (18.7%). The current allocation for formula funds is \$72.8 million per year which totals \$364 million for the five-year period. The increase is due to carryover of funds from the prior year.

According to the Board-approved Financial Standard B-10 (shown in Exhibit 96 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 \$428.2 million (9.0%) of total sources through FY 2020, a \$7.8 million (1.8%) increase from the FY 2015 Plan. Of the total Discretionary amount, \$350 million is anticipated from a FTA Core Capacity Capital Grant and \$40 million from NCTCOG for the Program of Interrelated Projects. The remaining amount of \$38.2 million is committed funds which are comprised of CMAQ, Lo or No Emission Reduction Grant, TCEQ, and Bus Shelter grants that are for projects pending completion.

DART has been very conservative with regard 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, and that is for 10% federal participation in future bus replacements (\$37.7 million between 2025 and 2028) and 20% federal participation on the Cotton Belt (\$585 million total to be received between 2032 and 2037).

Debt Issuance (line 6)

Long-term Debt

DART plans to issue \$550 million in new long-term debt over the next five years. This amount is consistent with the FY 2015 Plan. \$150 million in variable rate notes (DART's first ever long-term variable-rate debt) is scheduled to be issued in FY 2016 in support of the SOC-3 light rail extension and \$400 million during FY 2018 – FY 2019 for the Core Capacity Program of 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 a maximum of \$200 million in commercial paper over the next five years.

\$200 million is currently outstanding. This commercial paper program will be reduced steadily over the next few years. By the end of FY 2022, all currently outstanding commercial paper will be retired. The program will resume in the mid-2020s in support of the Bus Fleet Replacement project.



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 \$160.5 million between FY 2016 and FY 2020 and represent 3.4% of total sources of funds for that same period. This category of funds has decreased by \$36.7 million (18.6%) from the same period in the FY 2015 Plan. This change relates to: 1) receipt of a \$60 million TxDOT payment expected during this period actually occurred during 2015; and 2) increases of external contributions on capital projects from The T and other funding partners and other sources.

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 2015 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 Bus service changed from contractor-operated (Veolia) to DART-operated;
- 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 ultra-low sulfur diesel and liquefied natural gas (LNG) fuels to compressed natural gas (CNG) fuel for all new fleets;
- Transition of HOV operations, maintenance, and enforcement responsibilities to TxDOT during FY 2013 and FY 2014;
- Completing the Orange Line to DFW Airport and the Blue Line north extension from Garland to Rowlett; and
- Opening of the Oak Cliff Streetcar project.

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

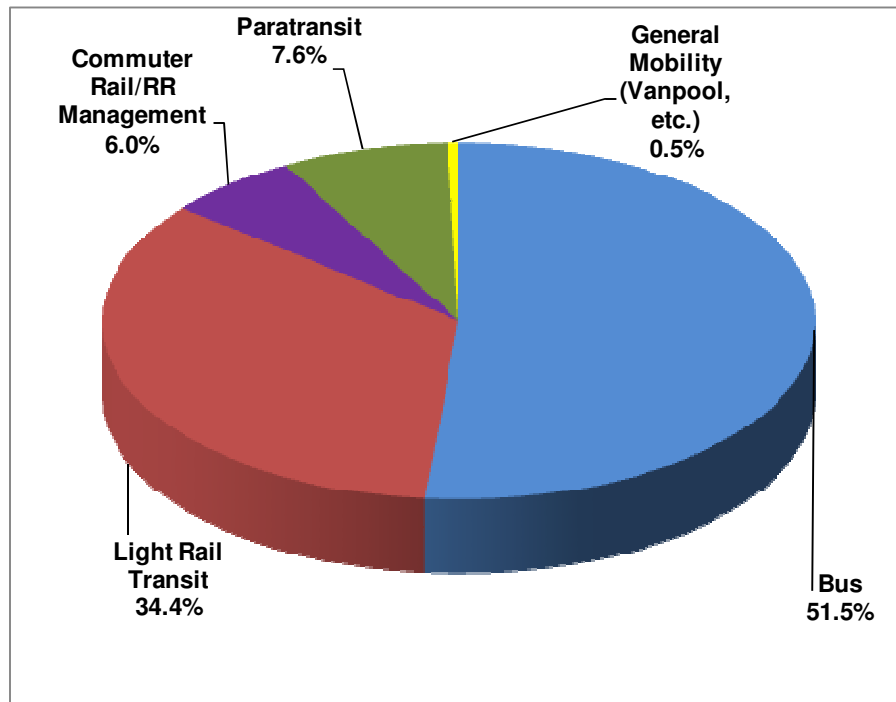
- 1) South Oak Cliff-3 to the University of North Texas, Dallas Campus in late 2016 (FY 2017); and
- 2) The second alignment through downtown Dallas (known as "D2"), currently anticipated to begin service in FY 2021.

Total operating expenses for FY 2016 through FY 2020 are projected to be \$2.59 billion, which is within 1% of the cost published in the FY 2015 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 96 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.

Exhibit 15
Operating Expenses by Mode (FY 2016 – FY 2020)





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 (known as TEXpress Lanes). To implement this decision, DART, TxDOT, and NCTCOG entered into a memorandum of understanding which ended DART's involvement in the HOV program on October 1, 2014. This transition of HOV services to TxDOT resulted 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 re-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 (2016 – 2020) based on the FY 2015 Financial Plan and the FY 2016 Plan.

Exhibit 16
5-Year Modal Expense Comparison (2016 – 2020)
(in Millions)

	FY15 FP	FY16 FP	\$ Variance FY15 to FY16	% Variance FY15 to FY16
Bus	\$1,291.9	\$1,334.5	\$42.6	3.3%
Light Rail Transit	884.6	890.5	5.9	0.7%
Commuter Rail/RR Management	168.6	156.0	(12.6)	(7.5%)
Paratransit	209.5	197.1	(12.4)	(5.9%)
General Mobility (Vanpool, etc.)	14.9	12.1	(2.8)	(19.0%)
Total Operating Expenses	\$2,569.5	\$2,590.2	\$20.7	0.8%

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 as estimates may vary.

Five-year operating expenses have increased \$20.7 million (0.8%) from the FY 2015 Plan, primarily due to costs incurred to come into compliance with the American Public Transportation Association's (APTA) service standards and increased investments in safety and technology. However, because of the cost reductions and savings initiatives instituted in response to the Great Recession of



2008-2009, FY 2016 operating expenses are still nearly 15% less than what they were projected to be in the FY 2009 Financial Plan (the last Plan before the recession) over the same five-year period.

Even with the continued light rail expansion, bus expenses still represent the largest portion of DART's operating costs (51.5%) 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 costs have increased by \$42.6 million (3.3%) over the FY 2015 Financial Plan. There are several reasons for this increase: 1) the addition of 27 additional bus operator positions to comply with APTA fitness for duty and minimum rest standards; 2) an overall increase in administrative costs (particularly in the areas of safety and information technology); 3) service changes resulting in increased costs; and 4) overhead allocation changes.

DART currently operates and maintains a 90-mile light rail system. Completion of SOC-3 in FY 2017 will bring the total system to 93 miles. As such, light rail costs will continue to represent an increasing percentage of the budget. They will have increased from 21% of the FY 2009 operating budget (just prior to the Green Line opening) to a projected 35% by 2017 when SOC-3 opens. Five-year costs have increased by \$5.9 million or 0.7% due to increasing the budget for six additional operator positions (APTA standards) and increasing overhead costs discussed in the previous paragraph.

As noted earlier, Commuter Rail services of the TRE are provided by Herzog Transit Services, Inc. The current contract expires at the end of FY 2015. However, a new contract was solicited and Herzog won the bid, ensuring a seamless transition. Costs are down \$12.6 million (7.5%) as a result of savings included in the new contract. Anomalous to the savings over the full length of the contract is that costs will actually be higher in FY 2016 because of the timing of certain periodic maintenance costs, which happen to occur in the first year of the contract.

Mobility Management Services (Paratransit) is operating under a contract with MV Transportation to provide passenger services (please see Page 157 in the *Organizational Units Section* for specifics of this arrangement). Projected ridership over the next five years is more than 2 million fewer trips than the FY 2015 Plan. Five-year costs are \$12.4 million lower than the FY 2015 Plan because lower projected ridership means lower purchased transportation costs.

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 has increased from 206 in FY 2015 to 228 for FY 2016. The contract cost of vanpools has dropped and because of the high rate of cost recovery on this service, much of that savings has been passed on to the customers. A new, lower-priced contract has reduced five-year costs by \$2.8 million (19%).



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 compares capital expenditures for the five-year period 2016 – 2020 from the FY 2015 Plan to the FY 2016 Plan.

Exhibit 17
Comparison of 5-Year Capital Expenditures (2016 – 2020)
(in Millions)

	FY15 FP	FY16 FP	\$ Variance FY15 to FY16	% Variance FY15 to FY16
Agency-wide	\$69.3	\$115.5	\$46.2	66.6%
Bus	95.4	114.6	19.2	20.2%
Light Rail Transit	1,003.3	1,086.9	83.6	8.3%
Streetcar	121.3	119.8	(1.5)	(1.2%)
Commuter Rail/RR Management	79.8	124.3	44.5	55.7%
Paratransit	0.9	1.6	0.7	81.2%
HOV Transitways	9.0	9.0	0.0	0.0%
Capital P & D, Start-Up, Non-Operating	37.5	49.5	11.9	31.9%
General Mobility - Road Impr./ITS	9.8	18.9	9.0	91.9%
Total Capital Expenditures	\$1,426.4	\$1,640.1	\$213.7	15.0%

Capital and Non-Operating expenditures are budgeted at \$278.3 million for FY 2016 and \$1.64 billion for the five years through FY 2020. This is a five-year increase of \$213.7 million (15.0%) over the same period compared to the FY 2015 Plan. There are two primary components of this increase. First, DART is currently projecting to underspend the FY 2015 capital budget by approximately \$130 million. Funds not anticipated to be spent during FY 2015 have been rolled into the FY 2016 – FY 2020 period. Second, a new list of requested capital projects includes such items as investment in several different technology initiatives to upgrade DART's information technology, on-street passenger facilities (benches and shelters), two in-fill stations along the Orange Line (Loop 12 and Carpenter Ranch), additional Automatic Passenger Counters for additional buses, and a long list of smaller items. These items and all existing capital projects can be seen at Exhibit 18.

Beyond 2015, there are three more Light Rail openings scheduled: South Oak Cliff-3 which extends the Blue Line south 2.6 miles in December 2016, two in-fill stations along the Orange Line in Irving (Loop 12 and Carpenter Ranch, currently in the planning stage), and the Orange Line extension as part of the core capacity projects mentioned above, scheduled to open in 2021.



In addition to these light rail lines, Commuter Rail service along the Cotton Belt Corridor from DFW Airport to Plano (discussed earlier in this section) is incorporated in this Financial Plan with a projected revenue service date of FY 2035.

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 \$8.5 million for 2016. There are no start-up costs programmed for FY 2016.

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 Streetcar project costs (included here instead of Capital because DART will not own the assets upon completion of the project), 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 \$18.9 million over the next five years. In addition to these programs, there is approximately \$1 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 mode and expenditure type.

The FY 2016 Financial Plan includes over \$2.4 billion in capital reserves (State-of-Good-Repair, or SGR for short) 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 34% of the total 20-year capital expenditures (58% of all expenditures, excluding the Cotton Belt).



Capital Projects Listing

Exhibit 18 contains the list of capital and non-operating projects and capital reserves included in the Financial Plan. These tables are separated by mode of service, type (Expansion/Enhancement, State of Good Repair, and Other) and identify the FY 2016, 5-year, and 20-year costs; any associated external grant funding or partner contributions; and the anticipated operating cost or savings.

Exhibit 18
FY 2016 Capital/Non-Operating Project Budget List
(in Thousands)

#	Project Name	Expansion/ Enhancement Projects	State of Good Repair	Other	FY 2016	5 Year Total	20 Year Total	External Funding	Annual Operating Cost/ (Savings)
AGENCY-WIDE									
1	Comprehensive Fare Payment System				\$6,000	\$12,700	\$12,700		
2	DART Spanish Translation				1,904	1,904	1,904		30
3	S & I Consolidated Dispatch				1,585	1,585	1,585		
4	Payroll Time and Attendance System				1,500	1,500	1,500		
5	2121 Regency Facility- Revenue Service Ops					1,200	1,200		(30)
6	Agency Wide Information Management Program				515	515	515		165
7	Connection Protection				450	450	450		
8	FileNet Dept. File Plan Implementation Support				370	370	370		
9	Trapeze Ops & TransitMaster Customization				100	100	100		20
10	Communications - SGR Reserve					1,164	75,217		
11	Infrastructure Technology - SGR					7,100	70,740		
12	Total SGR -Administration - Agency-wide				6,029	16,019	66,010		
13	Non-Revenue Vehicle/Equip.Repl. - SGR Reserve					11,712	61,663		
14	Administration HQ - SGR Reserve					7,441	22,670		
15	Application Technology - SGR Reserve					3,185	19,177		
16	SPEAR System Replacement				2,000	10,000	10,000		
17	SGR Deferral				(5,172)	(9,961)	9,818		
18	Intelligent Transportation Sys. (ITS) - SGR Reserve					874	9,300		
19	Oak Cliff NRV Facility - SGR Reserve					5,456	8,822		
20	Total SGR- Finance - Agency-wide					1,161	7,730		
21	Network Upgrade for the Agency					6,000	6,000		
22	DART Police Facility				500	4,546	4,546		
23	Electronic Parts Catalog Reserve - SGR Reserve					1,126	4,412		
24	FY16 NRV Replacement Program					2,592	2,592		
25	Radio Systems Replacement				2,480	2,480	2,480		
26	Police Motorcycles Repl. Reserve - SGR Reserve					251	2,003		
27	Total SGR - Marketing - Agency-wide					395	2,002		
28	FY15 NRV Replacement Program				100	2,000	2,000		
29	Administration Police HQ						1,549		
30	Material Management Facility - SGR Reserve					1,008	1,205		
31	Passenger Facility Accessibility Mods FY14				1,145	1,145	1,145		
	Expansion/Enhancement Projects								
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserve								
	Other								



Exhibit 18 (continued)
FY 2016 Capital/Non-Operating Project Budget List
(in Thousands)

#	Project Name	Expansion/ Enhancement Projects	State of Good Repair	Other	FY 2016	5 Year Total	20 Year Total	External Funding	Annual Operating Cost/ (Savings)
AGENCY-WIDE (continued)									
32	System-wide Pathfinder Signage Improvements				\$1,080	\$1,080	\$1,080		
33	FY14 NRV Replacement Program				1,055	1,055	1,055		
34	Technology Consulting Services				1,000	1,000	1,000		
35	Desktop PC Replacement				950	950	950		
36	NRV Replacement Program - FY13				865	865	865		
37	Artwork Restoration Repairs System-wide				800	800	800		
38	HVAC/Mech Equip Replacement (PA FY 14)				760	760	760		
39	PA - Carpet Replacement DART HQ Building				750	750	750		
40	Multi-Function Printer Replacement				700	700	700		42
41	Total SGR - DART Police - Agency-wide					193	678		
42	Escalator Replacement for 1401 Pacific				660	660	660		
43	LRT at Grade Rail Platform Rehab Mockingbird				574	574	574		
44	Laptop Replacement				540	540	540		15
45	HVAC Replacement				510	510	510		(17)
46	Microsoft Office Upgrade to Office 365				508	508	508		273
47	Transit Centers Network Upgrade				488	488	488		205
48	Total SGR - Legal - Agency-wide					34	319		
49	Passenger Facilities for Accessibility Compliance				300	300	300		
50	CBD West, East & Addison Restoration/Expansion				299	299	299		
51	Police Motorcycle Replacement				240	240	240		
52	Replace HQ HVAC Cooling Tower				210	210	210		
53	Data Communications Network Study				200	200	200		
54	Ledbetter Sta. Prkng Lot LED Lighting Retrofit				195	195	195		
55	Station Concierge Tablet PC Replacement				185	185	185		8
56	Server Replacement for Surveillance Cameras				170	170	170		
57	PA Upgrade of Headquarter Interior Doors				150	150	150		2
58	Vehicle Communication router				145	145	145		10
59	DART Police Skywatch Towers - Replacement				143	143	143		
60	Operation Facilities - Fitness Centers				143	143	143		
61	Station Concierge Workstations at Transit Centers				135	135	135		
62	INIT VBS Hardware upgrade				125	125	125		
63	Transit Center Rehab (SGR) at Lake June				109	109	109		
64	IT Hardware Capacity Needs				84	84	84		
65	Environmental (IDF/MDF Closets)				75	75	75		
66	System Wide Sign Replacement and Upgrade				72	72	72		
67	Air Chiller Replacement for 1200 E. Jefferson				64	64	64		
68	Mac Pro Desktop Technology Refresh				57	57	57		6
69	Laser Printer Maintenance				50	50	50		
70	TeleStaff Upgrade				45	45	45		
	Expansion/Enhancement Projects								
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserve								
	Other								



Exhibit 18 (continued)
FY 2016 Capital/Non-Operating Project Budget List
(in Thousands)

#	Project Name	Expansion/ Enhancement Projects	State of Good Repair	Other	FY 2016	5 Year Total	20 Year Total	External Funding	Annual Operating Cost/ (Savings)
AGENCY-WIDE (continued)									
71	Voice Over IP Network Monitoring				\$45	\$45	\$45		\$4
72	Plotter Replacement				45	45	45		4
73	Access System Panel Repl. and New Software				40	40	40		15
74	New 25 hp Rotary Compressors				25	25	25		
75	Digital Dashboard Display Replacement Project				13	13	13		1
76	General IT Services for Digital DART				1,000	1,000	1,000		
77	Data Center NOC Relocation					1,070	1,070		222
78	IT Security Program				648	648	648		
79	DART Conference Rooms Upgrade					491	491		20
80	Clean Agent Fire Suppression				180	180	180		2
81	Intelligent Transportation Systems/ITS Plan Update				175	175	175		
82	Bus and Rail Training System				158	158	158		
83	MS Enterprise SQL Server License Consolidation				155	155	155		
84	Employee Career Development Center				121	121	121		
85	IT Quality Assurance Tool				110	110	110		11
86	Police Body Cameras				100	100	100		5
87	IT Service and Change Management				100	100	100		10
88	Enterprise Application Technology Refresh Analysis				100	100	100		
89	Recover TSP in HQ Power Disaster				82	82	82		6
90	Safety Video (Augmented Reality)				75	75	75		
91	Architectural Consulting Services for DART Store				50	50	50		
92	Transit Center Services Mobile Workstation				50	50	50		5
93	Expansion of Taser Pilot Program				15	15	15		
	Expansion/Enhancement Projects				\$12,423	\$20,323	\$20,323		\$185
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserve				\$21,688	\$90,526	\$406,683		\$568
	Other				\$3,119	\$4,680	\$4,680		\$281
	TOTAL AGENCY-WIDE				\$37,230	\$115,529	\$431,687		\$1,033
BUS									
94	On-Street Passenger Facilities - FY2016-FY2019				\$1,501	\$7,199	\$7,199		
95	NW Plano Park & Ride				500	2,000	2,000		
96	Yard Management Automation				1,300	1,300	1,300		(350)
97	Bus Operator Crew Rooms - 4 Locations				475	950	950		44
98	Auto Passenger Counter on Fixed-Route Buses				500	500	500		
99	FY16 APCs for ARBOC Buses				130	130	130		(30)
100	Bus Replacement - SGR Reserve						376,744	37,674	
101	Bus Capital Maintenance Program - SGR Reserve					5,980	76,878		
102	Innovative Services Vans Repl. - SGR Reserve					0	70,887		
103	Innovative Services Vans Replacement				693	29,402	29,402		
104	2016 Suburban Bus Purchase				25,600	25,600	25,600	15,120	
105	East Dallas Bus Ops Facility - SGR Reserve					3,828	23,765		
106	Passenger Amenities -Bus - SGR Reserve					3,291	23,384		
107	Intelligent Transportation Sys. (ITS) - SGR Reserve					3,016	18,299		
108	Farebox Replacement - SGR Reserve						17,688		



Exhibit 18 (continued)
FY 2016 Capital/Non-Operating Project Budget List
(in Thousands)

#	Project Name	Expansion/ Enhancement Projects	State of Good Repair	Other	FY 2016	5 Year Total	20 Year Total	External Funding	Annual Operating Cost/ (Savings)
BUS (continued)									
109	South Oak Cliff Bus Ops Facility - SGR Reserve					\$1,143	\$15,624		
110	Zero Emission Electric Bus (ZEEB) Project				10,500	10,701	10,701	7,637	100
111	Bus Farebox Replacement				8,113	10,113	10,113	7,000	
112	North West Bus Ops Facility - SGR Reserve					876	7,079		
113	BRT Elm & Commerce Bus Lanes Reconstruction					7,000	7,000		
114	SGR Deferral				(7,686)	(13,652)	6,251		
115	17 CNG-Powered Standard Buses				4,000	4,000	4,000	3,176	
116	On-Street Passenger Facilities				2,500	2,500	2,500	976	
117	Bus Shelter and Pad Replacements				406	1,627	1,627		
118	Eight (8) Bus Operator Crew Rooms				1,498	1,498	1,498		16
119	Application Technology - SGR Reserve					219	1,125		
120	PA-LED Lighting Retrofit for DART Bus Facilities				44	1,121	1,121		(353)
121	Total SGR - Transportation - Bus						929		
122	Bus Purchase (2013-2015)				448	448	448		
123	Southern Sector Modifications				200	429	429	300	
124	Replace Both Boilers at the Northwest Shop				350	350	350		
125	Bus Lane/Parking Lot Concrete Repair(PA FY 14)				281	281	281		
126	Inground Bus Lift Replacement at ED				250	250	250		
127	Overhead Bay Door Replacement				239	239	239		
128	201 Peak St Building Rehab				140	140	140		
129	South Oak Lot Concrete Replacement and Seal				120	120	120		
130	NW Replace the Bus Lift in the Steam Cleaning Bay				100	100	100		
131	Camera Upgrades for Bus Employees				86	86	86		
132	101 Peak and 201 Peak Fire Alarm Replacements				70	70	70		
133	Replace 2 ea. Boilers at 101 N. Peak St.				50	50	50		
134	NWBOF Transportation building Rehab				50	50	50		
135	Maxwell Dynamometer Rehab				48	48	48		
136	WestEnd Transit Center Cameras				42	42	42		
137	Bus Vehicle Maintenance Programs				31	31	31		
138	Northwest Bus Shop Bus Exhaust System Repl.				30	30	30		
139	Rev. Veh. Wash Improvement & Winter Ops Study				30	30	30		
140	NWBOF Bus lot Repairs				30	30	30		
141	Repaint Parking Lot Striping at NWBOF				20	20	20		
142	Replace HVAC Units A-HP-10A & A-HP-10B				16	16	16		
143	Correct Security Audit Findings by DART Police				550	550	550		203
144	Decommission/Remove 2 LNG Bus Fuel Stations				220	439	439		
145	Bus Operator Crew Rooms - DCTA				230	230	230	230	
146	Bus Collision Reduction Project				140	140	140		
147	Workstation at Parkland Location				60	60	60		
	Expansion/Enhancement Projects				\$4,406	\$12,079	\$12,079		(\$336)
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserve				\$48,298	\$101,122	\$735,076	\$71,884	(\$237)
	Other				\$1,200	\$1,419	\$1,419	\$230	\$203
	TOTAL BUS				\$53,903	\$114,620	\$748,574	\$72,114	(\$370)



Exhibit 18 (continued)
FY 2016 Capital/Non-Operating Project Budget List
(in Thousands)

#	Project Name	Expansion/ Enhancement Projects	State of Good Repair	Other	FY 2016	5 Year Total	20 Year Total	External Funding	Annual Operating Cost/ (Savings)
COMMUTER RAIL									
148	Cotton Belt Construction						\$2,923,623	\$584,725	\$34,490
149	Positive Train Control				6,300	32,950	32,950	22,725	3,500
150	Valley View to W. Irving Double Tracking				5,000	10,800	10,800	3,023	
151	Cotton Belt Planning & Study				589	2,089	2,089		
152	TRE Station Enhancements				1,000	1,000	1,000	304	
153	Beltline Grade Separation				500	500	500		
154	DFW ROW & Signals Maintenance - SGR Reserve					6,635	104,888	52,444	
155	Vehicle Maintenance - SGR Reserve					2,211	97,896	48,948	
156	Madill ROW & Signals Maint. - SGR Reserve					2,215	48,116		
157	FY15 Requests DART & FWTa				4,752	40,812	40,812	22,706	
158	PTC Refurbish / Replacement - SGR Reserve						31,867	15,934	
159	FY15 Requests DART				2,222	19,082	19,082	7,190	
160	SGR Deferral				(6,269)	(13,268)	13,444		
161	Intelligent Transportation Sys. (ITS) - SGR Reserve						7,423		
162	Facility Maintenance - SGR Reserve					1,717	5,971	2,986	
163	Locomotive Overhaul (2) F59PHI					4,637	4,637	3,158	
164	Widen Motor Street - TXDOT				3,561	3,561	3,561	3,561	
165	Bi-Level Fleet Overhaul				2,384	2,384	2,384	1,192	
166	Valley View Dbl Track & Replc Bear Creek Bridge (Add'l Funds)					2,000	2,000		
167	DFW Bridge Repl. Program FY-13 MP-639.62				2,000	2,000	2,000		
168	Valwood Bridge -MP 703.5				950	950	950		
169	Passenger Amenities -TRE - SGR Reserve					276	796		
170	FY14 HEP Engine Replacement				620	620	620	558	
171	Heritage Crossing Bridge - Paint				450	450	450		
172	FY16 TRE Condition Assessment				380	380	380	190	
173	MP 640.4 Inwood Bridge				221	221	221		
174	Infrastructure Technology - SGR Reserve					54	201	101	
	Expansion/Enhancement Projects				\$13,389	\$47,339	\$2,970,961	\$610,776	\$37,990
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserve				\$11,271	\$76,936	\$387,698	\$158,965	
	Other								
	TOTAL COMMUTER RAIL				\$24,659	\$124,274	\$3,358,660	\$769,741	\$37,990
HOV									
175	IH 635 (LBJ)				\$9,050	\$9,050	\$9,050		
	Expansion/Enhancement Projects				\$9,050	\$9,050	\$9,050		
	TOTAL HOV				\$9,050	\$9,050	\$9,050		
LRT									
176	Orange Line to Union Station - CBD Phase I				\$21,136	\$706,754	\$706,754	\$350,000	
177	Platform Extensions Red & Blue Line (28 stations)				4,688	123,544	123,544	60,000	
178	Phase III (SOC3)				50,516	116,641	116,641		2,645
179	Loop 12 Station				1,200	12,000	12,000	12,000	
180	Carpenter Ranch Station				1,700	12,000	12,000	12,000	
181	Phase II B (Irving & Rowlett)				10,000	10,000	10,000		
182	CCTV - 48 SLRVs				2,000	4,000	4,000	1,617	
183	FY16 21 APCs for Fleet 52				1,400	1,623	1,623		
184	Dallas Fair Park Link at DART SE-1				1,216	1,216	1,216	1,216	



Exhibit 18 (continued)
FY 2016 Capital/Non-Operating Project Budget List
(in Thousands)

#	Project Name	Expansion/ Enhancement Projects	State of Good Repair	Other	FY 2016	5 Year Total	20 Year Total	External Funding	Annual Operating Cost/ (Savings)
LRT (continued)									
185	S&I Expansion - Phase II				\$491	\$491	\$491		
186	Hi-Rail Equipment (Vehicles) Phase II				417	453	453		
187	LRVs Replacement - SGR Reserve						716,338		
188	Right-Of-Way & Track - SGR Reserve					10,022	76,828		
189	LRV Capital Maintenance Program - SGR Reserve					5,629	55,128		
190	Intelligent Transportation Sys.(ITS) - SGR Reserve					546	50,649		
191	Passenger Amenities -LRT - SGR Reserve					4,621	37,725		
192	WSA-Central Business District (CBD) Rail Repl.					33,270	33,270		
193	TVM Model Replacement - SGR Reserve						20,532		
194	Traction Electrification Sys. (TES) - SGR Reserve					1,544	19,184		
195	Central Rail Ops Facility - SGR Reserve					2,271	16,930		
196	North West Rail Ops Facility - SGR Reserve					990	15,789		
197	Communications - SGR Reserve					7,260	14,995		
198	Uninterrupted Wayside Signal Power Systems						14,258		
199	Hi-Rail NRV Replacement - SGR Reserve					1,971	12,498		
200	SGR Deferral				(5,220)	(11,899)	9,748		
201	Uninterrupted Wayside Signal Power Sys. - SGR Reserve				9,000	9,500	9,500		
202	Anti-Graffiti Window Film, LRVs - SGR Reserve					600	8,783		
203	LRV Maintenance Programs FY13-FY17				1,574	5,091	5,091		
204	PA-LED Lighting Retrofit for DART LRT Facilities				184	4,777	4,777		(886)
205	TES - Starter System TPSS Rectifier Replacement				1,500	4,500	4,500		
206	Propulsion Retrofit to Existing LRVs Phase II				4,500	4,500	4,500		
207	Signals - SGR Reserve					515	4,329		
208	Emergency Power Upgrade at CROF S&I Facility - SGR Reserve						1,362		
209	PA SGR Refurbishment - LRT Station Lift Equip.				529	1,058	1,058		
210	System-wide Lift Equipment Upgrade and Overhaul				1,023	1,023	1,023		
211	LRT Traffic Signal Priority (TSP)				1,016	1,016	1,016		
212	US75 LRT Bridge					1,000	1,000		
213	Sensitive Edge Conversion for SLRV Doors				1,000	1,000	1,000		
214	PA Refurbishment of Red Line Elevators				464	927	927		
215	Comms SCADA Front End Processor Migration				836	836	836		
216	Install Fiber Optic Cable in the Starter System				300	600	600		
217	PA Refurbish Staircases - LRT Aerial Stations				200	400	400		
218	SIG Signal House Repl. at Meadow Crossing				370	370	370		
219	Liebert Chill Water Unit Replacements (21 units)				342	342	342		
220	PA HVAC Unit Replacement - LRT Wayside				299	299	299		
221	TRK Highway Grade Crossing Panel Replacement				288	288	288		
222	Simmons Stanray Machine Software				267	267	267		
223	TES Phase 2 Motorized OCS Switches				255	255	255		
224	Comms Interface Cabinets Repl.-Starter Sys				250	250	250		10
225	New Intrusion Detection System for CROF				250	250	250		
226	Rail Ops Troubleshooting Training Tool				225	225	225		
227	CBD Traffic Signal Priority Detection Upgrade				153	153	153		77
	Expansion/Enhancement Projects								
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserve								
	Other								



Exhibit 18 (continued)
FY 2016 Capital/Non-Operating Project Budget List
(in Thousands)

#	Project Name	Expansion/ Enhancement Projects	State of Good Repair	Other	FY 2016	5 Year Total	20 Year Total	External Funding	Annual Operating Cost/ (Savings)
LRT (continued)									
238	Comms LRT Battery Replacement (SS)				\$62	\$62	\$62		
239	TES Transformer Turns Ratio Test Set - (SS)				38	38	38		
240	TES UPS Battery Replacement				36	36	36		
241	NWROF 30-Ton Sand Silo				31	31	31		
242	NWROF Steam Room Drainage Repair				26	26	26		
243	Intrusion Detection System at CROF				20	20	20		
244	TES 8-Channel Chart Recorder				19	19	19		
245	NWROF Liebert N-Power 40/80 KVA Battery Repl.				18	18	18		
246	SIG - Diagnostic Rate Decoders (Qty. 3)				16	16	16		
247	High Pressure Air Compressor Replacements				16	16	16		
248	Update Intrusion Detection System at NWROF				15	15	15		5
249	COMMs Trapeze Test Environment				297	297	297		
250	3-Car Operations Study				175	175	175		
	Expansion/Enhancement Projects				\$94,765	\$988,723	\$988,723	\$436,833	\$2,645
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserve				\$21,052	\$97,715	\$1,148,722		(\$794)
	Other				\$472	\$472	\$472		
	TOTAL LRT				\$116,289	\$1,086,909	\$2,137,916	\$436,833	\$1,851
STREETCAR									
251	DART Streetcar				\$1,844	\$91,272	\$91,272	\$40,000	
252	Southern Streetcar Extension				3,500	13,500	13,500	13,500	
253	Streetcar Vehicles - Extension				8,000	8,000	8,000	8,000	
254	Northern Streetcar Extension				3,500	7,000	7,000	7,000	
	Expansion/Enhancement Projects				\$16,844	\$119,772	\$119,772	\$68,500	
	Total Streetcar				\$16,844	\$119,772	\$119,772	\$68,500	
PARATRANSIT									
255	Paratransit Ops Facility (Senate St.) - SGR					\$782	\$4,450		
256	Veterans Transportation/Community Living Initiative				372	720	720	720	
257	NRVs for Mobility Management Services Ops FY15				126	126	126		
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserve					\$782	\$4,450		
	Other				\$498	\$846	\$846	\$720	
	TOTAL PARATRANSIT				\$498	\$1,628	\$5,296	\$720	
#	Project Name	Expansion/ Enhancement Projects	State of Good Repair	Other	FY 2016	5 Year Total	20 Year Total	External Funding	Annual Operating Cost/ (Savings)
NON-OPERATING PROJECTS									
258	Total SGR- Project Management					\$1,000	\$10,484		
259	Capital Planning FY15				500	1,500	1,500		
260	2040 Transit System Plan				500	2,000	2,000		
261	SGR Deferral				(1,464)	(4,138)	1,934		
262	Capital Planning FY16				750	1,500	1,500		
263	Capital Planning and Design for Non-DART				500	1,000	1,000		
264	Transit System Plan				200	600	600		
265	75 Corridor BRT - Prelim. Planning & Engineering				250	250	250		
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserve					\$1,000	\$10,484		
	Other				\$1,236	\$2,712	\$8,784		
	TOTAL NON-OPERATING				\$1,236	\$3,712	\$19,268		



Exhibit 18 (continued)
FY 2016 Capital/Non-Operating Project Budget List
(in Thousands)

#	Project Name	Expansion/ Enhancement Projects	State of Good Repair	Other	FY 2016	5 Year Total	20 Year Total	External Funding	Annual Operating Cost/ (Savings)
NON-OPERATING PROJECTS									
258	Total SGR- Project Management					\$1,000	\$10,484		
259	Capital Planning FY15				500	1,500	1,500		
260	2040 Transit System Plan				500	2,000	2,000		
261	SGR Deferral				(1,464)	(4,138)	1,934		
262	Capital Planning FY16				750	1,500	1,500		
263	Capital Planning and Design for Non-DART				500	1,000	1,000		
264	Transit System Plan				200	600	600		
265	75 Corridor BRT - Prelim. Planning & Engineering				250	250	250		
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserve					\$1,000	\$10,484		
	Other				\$1,236	\$2,712	\$8,784		
	TOTAL NON-OPERATING				\$1,236	\$3,712	\$19,268		
ROAD IMPROVEMENT									
266	Lemmon Ave. at Bluffview				\$2,245	\$2,245	\$2,245		
267	Forest Ln. From Plano Rd. to Garland				1,512	1,512	1,512		
268	Plano Rd. from Buckingham to Forest Ln.				1,442	1,442	1,442		
269	Skillman/Audelia Interchange				991	991	991		
270	Hampton Rd. (Fort Worth Ave. to US 67)				470	470	470		
271	Lemmon Ave. from Bluffview to Airdrome				323	323	323		
272	Airdrome from Lemmon to Mockingbird				283	283	283		
273	Inwood Rd. (Forest Park & Mockingbird Ln.)				144	144	144		
274	Harry Hines Blvd. at Mockingbird (ROW)				80	80	80		
275	Harry Hines Blvd. at Mockingbird				71	71	71		
276	TSM Street Repair - SGR					9,200	9,200		
277	SGR Deferral				(409)	(1,756)	2,663		
278	TSM Street Repair other Cities				1,000	1,900	1,900		
279	Coit Rd				667	667	667		
280	Morgan Drive & Nandina Drive				647	647	647		
281	Highland Park, TX Street Repairs				500	500	500		
282	Garrison St.				171	171	171		
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserve				10,138	18,891	23,309		
	TOTAL ROAD IMPROVEMENTS				\$10,138	\$18,891	\$23,309		
	Expansion/Enhancement Projects				\$150,876	\$1,197,285	\$4,120,908	\$1,116,109	\$40,484
	State-of-Good-Repair Capital Asset Maintenance/Replacement Reserve				\$112,447	\$386,971	\$2,716,422	\$230,849	(\$463)
	Other				\$6,524	\$10,130	\$16,201	\$950	\$484
	TOTAL CAPITAL & NON-OPERATING				\$269,847	\$1,594,386	\$6,853,531	\$1,347,908	\$40,505
	Capital P & D, Start-Up Cost				\$8,491	\$45,745	\$220,662		
	GRAND TOTAL				\$278,338	\$1,640,131	\$7,074,193	\$1,347,908	\$40,505

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 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 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 DART's bus fleet replacement, 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 issued to meet temporary capital funding requirements and to access variable interest rates when the financial markets dictate that strategy to be advantageous. Long-term bonds are used as the ultimate capital financing instrument for long-lived assets such as buildings and rail lines.

As of September 30, 2016, it is projected that DART will have issued approximately \$4.5 billion in long-term debt at par value and will have approximately \$3.5 billion in bonds outstanding, as well as \$170 million in CP.

Debt Program Implementation

Commercial Paper – DART estimates that it will retire \$30 million in CP in FY 2016. By the end of 2016 the total CP outstanding will be \$170 million. It is planned that this \$170 million will be retired by 2022. Additional issuances will begin in 2025, totaling \$350 million, which will be repaid by 2036.

Short-term interest rates are expected to average 38 basis points (0.38%) in 2016, increasing slowly each year until they reach 4.00% by 2024.

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. While this issuance is currently planned to be variable-rate debt, it may be fixed-rate or variable-rate debt depending on which is in the best interest of DART at the time of issuance.

After 2016, DART's next long-term debt issuances will be \$400 million for the Program of Interrelated Projects (Core Capacity Program), \$700 million planned between 2025 and 2027 to fund the replacement/refurbishment of the first light rail fleet (95 vehicles), and \$2.3 billion in the early 2030s to fund the Cotton Belt Rail project.

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 2016 Financial Plan Debt Assumptions

Description	Commercial Paper (CP)		Long-Term Debt (LTD)	
	FY 2016	Future	FY 2016	Future
Term	Rolling for up to 7 years	Rolling for up to 11 years	Up to 35 years	Up to 35 years
Interest rates + fees	0.25%-0.75%	0.33%-4.0%	Variable Rate: 3.6% first year	1.4% - 4.25% Variable Rate; 6.0% Fixed Rate
Principal Repayment	n/a	All current CP will be retired by 2022	Level Debt	Level Debt
Net CP* / Total Long-Term Debt issued**	(\$30M)	(\$70M)	\$150M	\$3.40B
End of Year - Maximum debt outstanding	\$170M	\$350M	\$3.72B	\$5.37B
Year of maximum debt outstanding	n/a	FY2028-2030	n/a	FY 2034
Cash reserves required?	Yes	Yes	No	No
Uninsured Debt Rating assumed	A1+/P1	A1+/P1	AA+/Aa2	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.

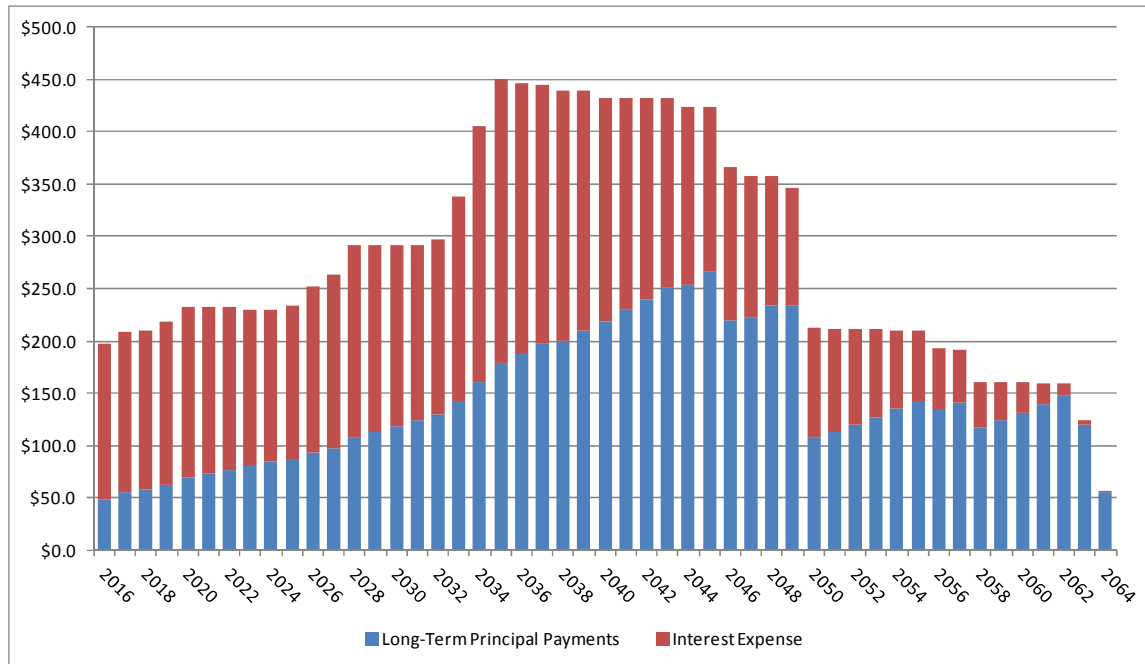
** Amounts shown are for issuances between 2016 and 2035 and are shown at par value.

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 has since been adjusted up to 7.3% and amounts to \$14.2 million lost over the period of the sequester.

Total Debt Service Costs

Exhibit 20 illustrates debt service costs for all existing and projected debt issuances contained in the FY 2016 Financial Plan. Interest expense payments are shown net of the (BABs) subsidy, thus showing only DART's net interest cost.

Exhibit 20
FY 2016 Financial Plan Principal and Interest Payments
(in Millions)



Coverage Ratios (lines 32 – 33)

Financial Standard D-7 requires that DART maintain a debt coverage ratio (the External Coverage Ratio) such that Gross Sales Tax Revenues must be at least two times the amount of annual Debt Service. This is the standard that DART is held to by the financial marketplace and in its own external debt documents. In those documents, DART agrees that it will not issue additional debt when it does not comply with this standard. In the FY 2016 Financial Plan, the lowest external coverage value is 2.42 in 2035.

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 1.11 in 2020.

Exhibits 21 and 22 compare the projected annual values of the internal and external coverage ratios from the FY 2015 Plan to those in the FY 2016 Plan. The reduced coverage ratios in the out years of the Plan are due to the inclusion of \$2.3 billion in debt to fund the Cotton Belt, which is new in the FY 2016 Plan.

Exhibit 21
Projected Coverage Ratio Comparison

Year	FY15 Financial Plan		FY16 Financial Plan		Variance	
	External Coverage	Internal Coverage	External Coverage	Internal Coverage	External Coverage	Internal Coverage
2016	2.61	1.04	2.76	1.13	0.15	0.09
2017	2.61	1.04	2.73	1.13	0.12	0.09
2018	2.69	1.13	2.72	1.13	0.03	0.00
2019	2.67	1.15	2.69	1.13	0.02	(0.02)
2020	2.58	1.13	2.61	1.11	0.03	(0.02)
2021	2.68	1.16	2.74	1.21	0.06	0.05
2022	2.80	1.22	2.91	1.33	0.11	0.11
2023	2.93	1.32	3.08	1.50	0.15	0.18
2024	3.05	1.38	3.21	1.60	0.16	0.22
2025	3.09	1.41	3.18	1.55	0.09	0.14
2026	2.84	1.34	3.09	1.53	0.25	0.19
2027	2.87	1.36	3.12	1.59	0.25	0.23
2028	2.82	1.39	2.98	1.61	0.16	0.22
2029	2.92	1.43	3.15	1.74	0.23	0.31
2030	3.05	1.49	3.31	1.87	0.26	0.38
2031	3.19	1.57	3.44	1.97	0.25	0.40
2032	3.33	1.66	3.35	1.89	0.02	0.23
2033	3.49	1.81	2.99	1.78	(0.50)	(0.03)
2034	3.65	1.92	2.57	1.53	(1.08)	(0.39)
2035	3.79	2.03	2.42	1.44	(1.37)	(0.59)

Exhibit 22
Projected Coverage Ratio Comparison

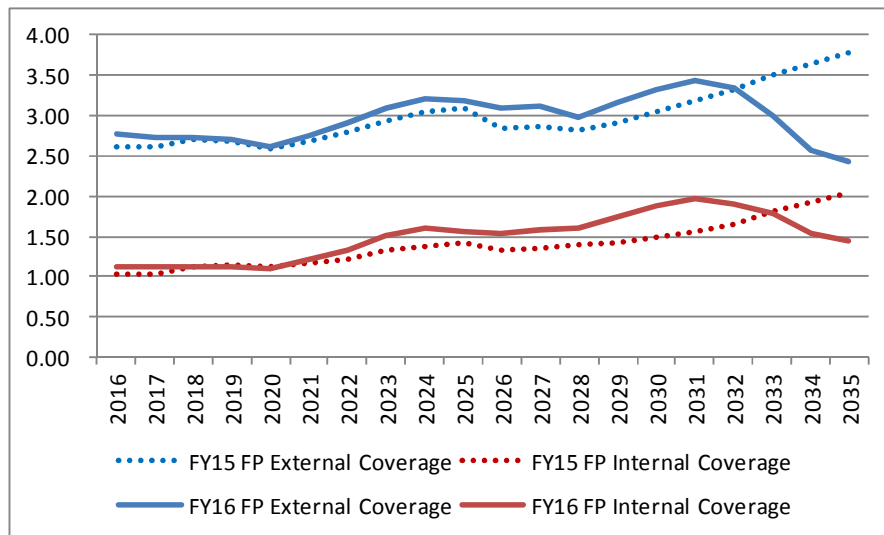


Exhibit 23 shows the interest rate assumptions contained in the FY 2016 Financial Plan.

Exhibit 23
Interest Rate Assumptions 2016 – 2035

Year	Commercial Paper	30-Year Fixed Rate Bonds	Interest Income
2016	0.38%	4.00%	0.88%
2017	0.88%	4.25%	1.38%
2018	1.38%	4.50%	1.88%
2019	1.70%	4.75%	2.53%
2020	2.00%	5.00%	3.00%
2021	2.50%	5.25%	3.50%
2022	3.00%	5.50%	4.25%
2023	3.50%	5.75%	4.75%
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%
2035	4.00%	6.00%	5.25%

Additional Debt Service Exhibits

A schedule of DART's annual debt service for the life of all existing long-term debt is included in Exhibit 100. Exhibit 101 is a history of DART's long-term bond issuance credit ratings. Exhibit 102 shows DART's weighted average interest rate. These exhibits are in the *Reference Section* of this document.

SUPPLEMENTAL FINANCIAL INFORMATION

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

Based on each year's programmed sources and uses of funds, DART has projected its Balance Sheet for each of the next five years. These line items reflect the net change in cash and non-cash balance sheet accounts. The Change in Balance Sheet Accounts line item is used as a compensating factor for the lag between the occurrence of an accounting transaction, which affects the balance sheet, and the actual receipt or disbursement of cash. DART's projected Balance Sheet for each of the first five years of the Financial Plan is included in Exhibit 24.

Exhibit 24
FY 2016 Financial Plan Five-Year Balance Sheet
(in Millions – Inflated Dollars)

DESCRIPTION	2016	2017	2018	2019	2020
ASSETS					
CURRENT ASSETS					
Cash, cash equivalents and investments	\$915.2	\$738.4	\$569.7	\$589.5	\$409.5
Sales taxes receivable	94.4	98.1	98.1	101.0	110.3
Transit revenue receivable, net	3.0	3.0	3.3	3.4	3.5
Due from other governments	4.3	6.8	6.8	10.2	14.0
Material and supplies inventory	33.5	34.5	35.5	36.6	37.7
Interest Receivable	1.1	1.5	1.6	1.9	2.0
Prepaid Expenses	21.8	21.0	20.3	19.7	19.0
TOTAL CURRENT ASSETS	\$1,073.2	\$903.2	\$735.4	\$762.2	\$596.0
Notes Receivable & Investment in Joint Venture	\$17.9	\$16.6	\$15.2	\$13.9	\$12.8
Property, Plant & Equipment, Net	5,347.6	5,364.7	5,526.6	5,698.5	5,670.6
Investments to pay Lease Liabilities	204.3	207.8	211.5	215.5	219.9
TOTAL ASSETS	\$6,643.0	\$6,492.3	\$6,488.7	\$6,690.1	\$6,499.3
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	\$134.6	\$135.3	\$163.2	\$167.4	\$135.6
Commercial Paper notes payable	170.0	\$140.0	\$110.0	\$80.0	\$50.0
Current portion of long-term debt payable	48.2	55.6	57.6	62.0	69.7
Local Assistance Program payable	0.1	0.0	0.0	0.0	\$0.0
Retainage payable	24.5	21.2	26.9	33.4	26.0
Other	93.7	93.7	93.7	93.7	93.7
TOTAL CURRENT LIABILITIES	\$471.0	\$445.8	\$451.4	\$436.4	\$374.9
Senior Lien Sales Tax Revenue Bonds Payable	\$3,546.5	\$3,491.0	\$3,533.3	\$3,771.4	\$3,701.7
Net Pension Liability	\$63.2	\$61.4	\$59.1	\$56.4	\$53.4
Capital Lease Liabilities	\$204.3	\$207.8	\$211.5	\$215.5	\$219.9
TOTAL LIABILITIES	\$4,285.0	\$4,205.9	\$4,255.4	\$4,479.8	\$4,350.0
NET ASSETS (EQUITY)	\$2,358.0	\$2,286.4	\$2,233.3	\$2,210.4	\$2,149.3
TOTAL LIABILITIES & NET ASSETS	\$6,643.0	\$6,492.3	\$6,488.7	\$6,690.2	\$6,499.3

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 \$11.3 million on September 30, 2015. 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 \$50 million on September 30, 2015. Once this fund balance reaches \$50 million, all additional funds will be placed in a Capital Projects Reserve. The Financial and Capital Projects 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. The balance in the Capital Projects Reserve fund should be approximately \$3.9 million as of the end of FY 2015. Also,



based on the expectation of sales tax receipts over budget during FY 2015, that overage (expected to be approximately \$18 million) will be transferred to the Capital Projects Reserve by December 31, 2015.

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.

Less Advance Funding (Core Capacity Grant) (line 40)

DART will receive advance funding in the amount of \$60 million from TxDOT in 2015 in support of the Core Capacity program. These funds are kept as restricted funds until qualifying core capacity expenditures are made. At that time, the general fund is reimbursed for those expenditures and the restricted fund amount is reduced accordingly.

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.

Capital Reserves (line 42)

In accordance with Financial Standard G-7, once the Financial Reserve Fund balance reaches \$50 million, all sales taxes in excess of budget are placed in a Capital Projects Reserve. The balance in that reserve as of September 30, 2015 was approximately \$4 million. Any excess sales tax revenues over the FY 2015 budget will be added to this reserve on or before December 30, 2015.

Unrestricted Cash (Net Available Cash) (line 43)

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 Financial Plan is affordable, given the assumptions used to build the Plan. In the FY 2016 Financial Plan, the minimum value of Unrestricted Cash is \$72.0 million, occurring in 2022. This amount is in addition to the reserves described in the previous paragraphs and as such, represents DART's unprogrammed cash balance. DART's total cash at the end of 2022 inclusive of all reserves and restricted funds is projected at \$322.2 million.

DART looks at Unrestricted 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.

Funds and Fund Balances

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

General Operating Fund

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

The average maturity of this portfolio shall not exceed two years; the maximum maturity for any single holding shall not exceed five years. Yield enhancing techniques applied to a core segment of this portfolio may include the use of Treasury notes in the 2-3 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 fund's primary objective is capital preservation. This fund may only be accessed with a two-thirds vote of the Board. Reasons to access this reserve may include a downturn in sales tax receipts, unanticipated capital overruns, or other financial difficulties. The need for liquidity is low. To maximize yield while maintaining a relatively stable market value, this portfolio will use an investment strategy of placing securities evenly spaced over a 1-5 year maturity range, commonly referred to as a ladder maturity structure, to ensure consistent availability of current funds for reinvestment or cash flow requirements. Securities will be evaluated on a risk-return basis, with bond swaps used to take advantage of market anomalies while maintaining market quality and structure. The average maturity of this portfolio is thirty months or less with five years as the maximum maturity for any single holding.

Capital Reserve Fund

Liquidity is the primary investment goal 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 1-6 month and 50% in the 6-12 month maturity range. The remainder of the portfolio will be invested by placing securities evenly spaced over a two to five year maturity range, commonly referred to as a ladder maturity structure, to ensure consistent availability of current funds for reinvestment or cash flow requirements. Securities will be evaluated on a risk-return basis, with bond swaps used to take advantage of market anomalies while maintaining market quality and structure. The average maturity of this portfolio is thirty months or less with five years as the maximum maturity for any single holding.

Insurance Reserve Fund

DART's self-insurance program for liability and workers' compensation claims requires the preservation of assets to ensure funding capability. The reserve amount required will vary on a yearly basis as new claims offset payments. The fund will be adjusted yearly to reflect the appropriate level, upon approval of the authorized 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 are 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.

Platform Fund

Amounts in this fund are held between their receipt from the Texas Mobility Fund and contract payments to finance the Platform Extension project in the future. The investment goals in this fund are to provide capital preservation and liquidity needs. To meet the investment goals, investments will be in high-grade corporate and government/agency instruments and money market mutual funds instruments. The investments purchased will have maturities that match forecasted payments. The average maturity for this fund is up to 30 months, with a maximum maturity of 36 months.

State or Local-Government-Provided Funds

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

Exhibit 25 compares and summarizes DART's projected fund balances as of September 30, 2014, 2015, and 2016.

Exhibit 25
DART Cash Fund Balances
(in Thousands)

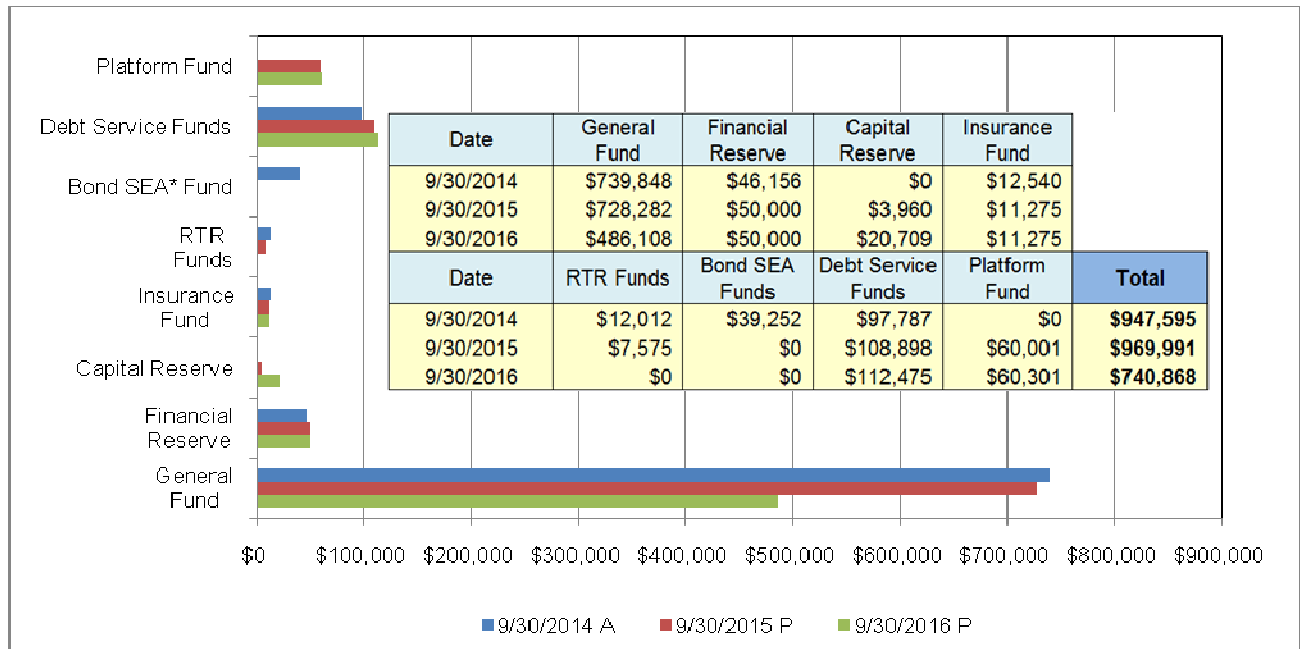




Exhibit 26 summarizes projected cashflows into and out of each fund for FY 2015 and FY 2016.

Exhibit 26
Cashflows by Fund
(in Thousands)

	General Fund	Financial Reserve	Capital Reserve	Insurance Fund	C/P SEAF	Debt Service Fund	Bond SEAF	Platform Fund	RTR Funds	Total
Beginning Balance (10/1/14)	\$739,848	\$46,156	\$0	\$12,540	\$0	\$97,787	\$39,252	\$0	\$12,012	\$947,595
Revenues										
Sales Taxes	\$516,256									\$516,256
Operating Revenues	134,994									134,994
Draws from Grants	167,304									167,304
Interest Income	5,196	540	13	103	0	133	15	1	0	6,001
Other Revenues	38,680			0	20,000		5,000		6,544	70,224
Transfers into Fund	9,362	3,826	3,947			228,509		60,000	10,741	316,385
Total Fund Sources	\$871,792	\$4,366	\$3,960	\$103	\$20,000	\$228,642	\$5,015	\$60,001	\$17,285	\$1,211,164
Expenditures/Payments										\$0
Operating Expenses	499,963									499,963
Capital Expenditures	154,886							0		154,886
Interest Expense						179,246				179,246
Principal Payment						38,215				38,215
Other Expenditures	0			3		70				73
Transfers Out	228,509	522		1,365	20,000		44,267	0	21,722	316,385
Total Fund Uses	\$883,358	\$522	\$0	\$1,368	\$20,000	\$217,531	\$44,267	\$0	\$21,722	\$1,188,768
Projected Ending Balance (9/30/15)	\$728,282	\$50,000	\$3,960	\$11,275	\$0	\$108,898	\$0	\$60,001	\$7,575	\$969,991
Revenues			\$0							
Sales Taxes	\$522,827									\$522,827
Operating Revenues	84,900									84,900
Draws from Grants	98,200									98,200
Interest Income	4,999	624	125	144	0	667	0	300		6,859
Other Revenues	67,769				0		0	0	23,812	91,581
Transfers into Fund	15,531		16,624		0	228,064				260,219
Total Fund Sources	\$794,226	\$624	\$16,749	\$144	\$0	\$228,731	\$0	\$300	\$23,812	\$1,064,585
Expenditures/Payments										
Operating Expenses	\$494,481									\$494,481
Capital Expenditures	283,854									283,854
Interest Expense						177,039				177,039
Principal Payment						48,115				48,115
Other Expenditures	30,000									30,000
Transfers Out	228,064	624		144	0		0	0	31,387	260,219
Total Fund Uses	\$1,036,399	\$624	\$0	\$144	\$0	\$225,154	\$0	\$0	\$31,387	\$1,293,708
Projected Ending Balance (9/30/16)	\$486,108	\$50,000	\$20,709	\$11,275	\$0	\$112,475	\$0	\$60,301	\$0	\$740,868

MAJOR FINANCIAL PLAN ASSUMPTIONS

Sources of Funds

- The FY 2016 Twenty-Year Financial Plan contains an economic cycles approach to sales tax forecasting instead of a roughly straight-line approach used in prior financial plans. Actual sales tax revenues have been over budget for each of the last four years since bottoming in FY 2010 and will be over budget again in FY 2015. In addition to a rebounding economy during that time period, 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 (the world's largest online retailer), beginning on July 1, 2012, based on a settlement agreement between Amazon and the State Comptroller. DART expects to conclude FY 2015 with \$521 million in sales tax receipts. That would equate to 7.3% growth over FY 2014 and 6.8% average annual growth over the last five years. The FY 2016 Financial Plan calls for growth rates of 4.1% (over projected FY 2015 receipts) in FY 2016 and 3.9% in FY 2017 before hitting a zero-growth year in FY 2018. These zero-growth years are then incorporated every seven years (FY 2025 and FY 2032). The average annual growth rate of the 20-year life of the Plan is 3.7%. See Page 26 for additional discussion of DART's process for sales tax projections.
- 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 103 and 104 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 fare by 17%. Beyond that date, increases to fare revenue are programmed into the Plan at five-year intervals. The exact timing and 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.
 - DART has taken a bit of a wait-and-see approach to forecasting fixed route ridership for 2016. Bus ridership has been declining the last several years and Rail ridership has been stagnant once new line segment openings have been factored out. As such, Fixed-Route ridership for FY 2016 is projected to have no growth from 2015. DART is currently undergoing a Comprehensive Operations Analysis which will be completed in early FY 2016. This analysis should provide additional information on opportunities to develop additional ridership. Once the report is digested,

recommendations will be presented to the Board on service configuration and ridership development. Any changes adopted by the Board would likely go into effect in FY 2017 and beyond. Projected ridership increases related to those service changes will be incorporated at that time.

- Beyond 2016, Fixed-Route Bus ridership is projected to grow on average by 0.7% percent per year. This is not done in a straight-line fashion. It follows a five-year cycle with some ridership being lost each time DART has a fare increase and then resuming growth until the next fare increase.
- 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 by 1% on average per year but in similar five-year cycles as discussed for Bus Ridership above, plus adjustments for system expansion.
- TRE ridership is expected to hold steady from the 2015 projected value of 2.1 million passengers. Growth over the next five years is expected at about 0.5% per year on average, also adjusted for years in which there is a fare increase.
- Paratransit ridership is expected to increase by approximately 2.5 – 3.0% over the life of the Plan. FY 2016 ridership levels are projected at 802,000. Paratransit fares were not increased with the most recent fare change and remain at \$3 per trip.
- It is estimated that HOV Ridership will increase by 7% from 22.5 million projected in FY 2015 to 24.1 million in FY 2016 as the new IH 635 LBJ Freeway TEXpress Lanes are opened. The exact opening date for these lanes is not yet known which makes the ridership estimates a little less certain than they would otherwise be. DART no longer operates, maintains or enforces the HOV Lanes but remains a capital funding partner.
- Vanpool ridership has been dropping substantially over the last several years due in part to falling gasoline prices and poor service from the vanpool contractor. In 2015, the vendor was changed and demand has begun to increase during the second half of the year. Ridership is projected to increase 20% from an estimated 774,000 passenger trips in FY 2015 to 929,000 in FY 2016.

- 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 2016 advertising revenues are budgeted at \$4.2 million. These revenues are projected to increase to \$4.9 million in FY 2017 and grow by approximately 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 for at least the next year although a small upward increase is anticipated. As a result, DART projects an interest income rate between 0.50% and 1.25% for FY 2016 (varies 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 are expected to increase slowly until they reach 5.25% in 2022. They remain at that rate for the remainder of the Plan.
- DART will receive approximately \$72.8 million in Federal Formula allocations for Capital Preventive Maintenance, Fixed Guideway Modernization, and Transit Enhancement funds in 2016. 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 2016, and a total of \$20.5 million during the five-year period ending 2020. No additional CMAQ or TMF funds are included in the Financial Plan beyond 2020. 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 12% of a nearly \$7.1 billion 20-year capital program. Beyond already existing discretionary grants, DART has assumed the following federal participation in future programs:
 - \$390 million is assumed to be received between 2017 and 2020 for the Core Capacity Program.
 - Assumed receipt of 10% funding for future bus purchases. These grants total \$38 million between 2025 and 2028.
 - Assumed receipt of \$585 million (20%) for Cotton Belt Rail, to be received between 2032 and 2037.
- \$95.0 million in other external contributions between 2016 and 2020, including:
 - \$38.7 million from The T for their contribution to TRE capital programs;
 - \$28.5 million for Downtown Streetcar projects;
 - \$24 million to fund the Loop 12 and Carpenter Ranch in-fill stations on the Orange Line; and
 - \$3.8 million in contributions for other capital projects.

Uses of Funds

Operating Expenses

- DART's operating budget is \$494.9 million in FY 2016.
- Per Financial Standard B-5, operating expenses are planned to grow by 90% of inflation plus new service, new programs, Board-approved contract increases, and adjustments related to fuel prices and actuarial analyses. Projections for rates of inflation are part of the same economic model that is provided by The Perryman Group each year to estimate sales tax revenue growth. Annual local inflation rates are anticipated to be approximately 2.0-2.1% per year over the life of the Plan. This is a significant decline from inflation rates projected a year ago (2.4-2.6%). Because DART operating expenses depend on these rates, 20-year operating expenses are down \$379.3 million when compared to the FY 2015 Plan.
- Bus service costs have been managed down by approximately \$18 million per year in FY 2016 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 (which are also less expensive to operate);
 - Conversion of the bus fleet from diesel and LNG fuel to CNG; and
 - Selective service reductions on low-performing routes.
- Light Rail service costs have been managed down by approximately \$7 million annually in FY 2016 from the FY 2009 Financial Plan primarily from the change from 10-minute to 15-minute peak headways. This was done in conjunction with the introduction of the Super Light Rail Vehicle (SLRV) which added a 'C-Car' insert to the prior A-B car configuration thereby offsetting some of the capacity reduction from the headway change.
- TRE contract costs are programmed at contract rates for current service levels. The contract does allow for additional services and if those services are approved at some point by the DART Board for inclusion in the budget, they will be added back into the Financial Plan. The new contract calls for cost escalation at inflation as calculated using the Consumer Price Index or 3%, whichever is lower. The Financial Plan escalates these contract costs at 3% so if lower inflation remains, DART costs as contained in the Financial Plan will be reduced. Service under the new contract will begin on October 1, 2015. There are also some periodic maintenance costs that are non-linear in nature. As such certain years will be more expensive and certain years will be less expensive. The first year of the contract (FY 2016) happens to be an expensive year with an additional \$2.2 million of these periodic costs. In fact, even with 3% annual inflation it will take until 2022 for costs under this contract to be as high as what is included in the FY 2016 budget.

- Upon award of the Paratransit Service contract to MV Transportation beginning in FY 2013, DART anticipated saving \$92 million over the seven-year life contract (roughly \$13 million per year), including both capital and operating savings. However, at the same time that MV began providing Paratransit services under that contract a new state contract was awarded to provide Medicare trips. An unforeseen impact of that state program and contract was that demand for DART-provided Paratransit trips dropped by more than 10% from projected levels. In response to this and in fairness to MV Transportation, the DART Board approved an equitable adjustment to the contract in 2014 to increase the cost paid per trip. This upward adjustment in trip rate totaled \$23.4 million. However, this increase was more than offset by the downward adjustment to ridership estimates which lowered estimated contract costs by \$37.2 million, resulting in a net additional \$13.8 million in savings over the life of the contract.
- The number of vanpools in the budget has grown from an allowed maximum of 145 in 2008 to 228 in the current budget. The FY 2016 Financial Plan budgets for the same 228 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. DART's contribution is primarily provided through administration and coordination of the program.
- To fund retiree health benefits (also referred to as "other post-employment benefits" or OPEB), \$5.3 million per year is included in the Plan in FY 2016, increasing slightly each year thereafter to approximately \$7 million by 2035.
- DART will make \$10.0 million in contributions in FY 2016 to the Defined Benefit Pension Plan. This plan has been closed since 1988 and because of this, DART's investments within the Pension Plan will need to become increasingly conservative, with more fixed income assets and a smaller percentage dedicated to equities. This has the impact of reducing yields and therefore the total contributions required to fully fund the Plan by 2030 (the estimated date that the last eligible DART employee retires) has increased by \$62.9 million over the FY 2015 Financial Plan. The actual contributions to these plans in future years are dependent on both fund earnings and actuarial analysis of the value of future benefits and may be adjusted annually.
- 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. DART undertook a dependent verification initiative during 2015 and that, combined with changing its policy regarding insuring spouses if other work-provided coverage was available resulted in approximately 800 covered lives (roughly 10%) being taken out of DART's insurance plans. As a result, the healthcare cost increase to the FY 2016 budget was relatively benign.

Capital & Non-Operating Expenditures

- The FY 2016 Financial Plan includes funding for the Blue Line South extension to the UNT-Dallas campus (SOC-3). A Construction Manager/General Contractor (CM/GC) contract for pre-construction and construction services with South Oak Cliff Alliance was approved by the DART Board on August 12, 2014 in the amount of \$105.0 million (including contingency).
- The FY 2016 Plan includes \$983 million in a Program of Interrelated Projects (the "Core Capacity Program"). \$450 million (46%) 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 debt issue of \$400 million as a financing tool in 2018 and 2019. The significant new capital costs include:
 - The second LRT alignment through downtown Dallas (known as "D2");
 - 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;
 - Two new rail stations on the Orange Line in Irving;
 - An electric bus demonstration project; and
 - An extension of the Oak Cliff Streetcar line.
- Preliminary engineering for the Cotton Belt project was taken to the 5% level as of Spring 2014 and a cost analysis of 41 different service configurations was performed. The DART Board and officials from the interested cities were briefed on the progress to date in June 2014. The service configuration (and associated cost) selected for inclusion in the FY 2016 Financial Plan is the Full Double-track, DFW-to-Plano (Southern alignment) with a shallow trench across North Dallas and includes a station at Cypress Waters. This was the most expensive service alternative presented that did not include a tunnel. It currently has a revenue service date of 2035, but options are being evaluated in an attempt to accelerate this date.
- DART is in the process of replacing its entire bus fleet, to be completed by FY 2017. 459 heavy-duty, low-floor, CNG-fueled, ADA-accessible buses provided by North American Bus Industries (NABI) are in revenue service. An additional 46 over-the-road buses are to be used on express service routes that will be placed into service in 2016. The next bus fleet replacement is scheduled to occur 2025 – 2028.
- Capital Planning & Development costs (Capital P&D) are costs spent inside the operating departments that are specifically for planning, management, oversight, and administration of capital projects but are costs that cannot be capitalized. As such, they are shown on budget reports as a credit to total departmental expenses and are deducted from that total (along with start-up costs described below) to calculate operating expenses.

- 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. There are no start-up costs in the FY 2016 budget. Approximately \$1.6 million will be spent in FY 2017 on start-up costs in preparation for SOC-3 revenue service. Start-up costs are shown on budget reports as a credit to total departmental expenses and are deducted from that total (along with Capital P&D costs described above) to calculate operating expenses.
- In the Capital/Non-Operating Program over the next 20 years, DART has allocated \$2.71 billion 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 \$350 million in commercial paper between FY 2025 and FY 2028 as the initial funding mechanism for our bus fleet replacement program. This will be done through the combined use of a bank-backed liquidity facility and a self-liquidity program, all to be repaid by FY 2036.
- \$150 million in long-term, variable-rate debt is scheduled to be issued in 2016 in support of construction costs for South Oak Cliff-3.
- Through the completion of the current Service Plan elements (through SOC-3 and the Core Capacity program), DART is anticipated to have issued \$4.5 billion in long-term bonds (excluding refunding bonds).
- \$700 million in long-term debt will be issued between 2025 and 2027 to fund the replacement of DART's fleet of Light Rail vehicles.
- In the FY 2016 Financial Plan, DART will issue \$2.3 billion in new, long-term debt in support of the Cotton Belt Project in the early 2030s.
- 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. Therefore they are also 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 from The Center for Economic Development at 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 future legislative efforts. Any attempt to pass such a tax increase would 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 city outside the service area 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), 2) a full transit system plan is developed, and 3) that city must call for an election for full DART participation 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. The FY 2016 Plan includes \$72.8 million in annual allocations for each year. 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. This will be as a result of: increases in ridership reported based on using Automatic Passenger Counters on the light rail system and the aging of the recent light rail system expansion. An additional allocation is provided for in the federal funding formula for fixed guideway segments which are more than seven years old. None of this likely future funding growth has 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 major impact on DART's operating expenses as well as future capital project planning.

DART currently has a significant amount of discretionary federal funding (\$428.2 million) programmed into the Financial Plan through 2020. A substantial amount of this relates to the Program of Interrelated Projects (Core Capacity Program). If this funding is not received, the core capacity projects may need to be deferred. The only two additional assumptions of discretionary federal funding in the Plan beyond that are an anticipated 10% contribution for future bus purchases beyond the current NABI contract for 459 buses, totaling \$37.7 million in the mid 2020s, and an anticipated \$585 million (20% participation) in the new Cotton Belt Project, to be received in the 2030s.

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. The Perryman projections received this year call for even lower inflation rates than previous projections. 90% of those projections fall in the range of 1.9% - 2.0% annual rate. This operating expense target is very difficult to achieve year after year. Over two-thirds of DART's FY 2016 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 but a new hedge for the remainder of FY 2015 and FY 2016 was entered into in May 2015. DART's exposure to diesel price increases has been dramatically reduced through the replacement of its entire bus fleet with natural-gas powered vehicles. The primary remaining demand for diesel fuel at DART comes from TRE and a portion of our non-revenue vehicle fleet. 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 2018. DART also secured a fixed price delivery contract for approximately 85% of its anticipated CNG needs through 2020. While it appeared to be a good deal at the time it was entered into (January 2010), prices for natural gas have remained low. So while DART is currently paying a significant premium over market rates for natural gas, DART is still saving more than a dollar per diesel gallon equivalent. DART is reviewing the market place to extend price certainty for both electricity and CNG beyond our current arrangements.

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 projections (and supported by the last 20 years of experience), inflation is estimated to remain low, averaging approximately 2.1% – 2.2% per year for the life of the Plan. Because inflation affects sales tax revenues and both operating and capital expenditures, there are many risks and many potential opportunities associated with it. Inflation in the heavy construction arena substantially exceeded general inflation through the middle of the 2000s, 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. While DART is close to completion of the last major light rail construction project from that set of projects, the inclusion of the Program of Interrelated Projects in the FY 2015 Financial Plan and the Cotton Belt into the FY 2016 Financial Plan ensure that 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 has kept them there. Between low interest rates and the Build America Bonds (BABs) 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 will be paid to DART in support of the Build America Bonds that DART issued in 2009 and 2010 by approximately 7-8%. 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, enhanced revenues or by accessing its cash reserves.

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 a significant contraction of Agency services.



FY 2016 BUSINESS PLAN

Section 3

FY 2016 Annual Budget

FY 2016 Annual Budget

In this section of our document, we first describe what we are looking to accomplish through the use of our resources and then we present the numbers. This portion of our document is organized as follows:

- Overview
- Budget Basis and Process (pages 75 – 77)
- Strategic Priorities – which frame our budget decisions (pages 77 – 110)
- Financial Summary and Discussion (“Inside the Numbers”) – which enumerates the FY 2016 amounts for operating expenses, capital and non-operating costs, and debt service (pages 111 – 127)

Overview

The Annual Budget corresponds to the first year of the DART Twenty-Year Financial Plan (The Plan). We present the Plan beginning on page 15 of this document. 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 2016 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 2016 Annual Budget reflects the continued transition of the Agency’s focus 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 attracting and retaining customers, as well as initiatives which look for operational improvements. The list of all planned capital projects, Exhibit 18 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. Notable additions to the capital program include a program of interrelated projects to increase the core capacity of DART’s light rail service, and the development of service along the Cotton Belt corridor in the northern part of the DART Service Area.



“We will increase our focus on customer-facing initiatives while responsibly meeting operating cost challenges.”

The FY 2016 budget projects continued economic expansion and therefore 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, federal surface transportation programs were authorized by MAP-21 (Moving Ahead for Progress in the 21st Century) in 2012 with the expiration date of September 30, 2014. However, prior to expiration, Congress extended the deadline of MAP-21 to July 31, 2015, followed by a subsequent extension to October 29, 2015. Leadership in both chambers (U.S. House and U.S. Senate) has publicly objected to raising the federal excise tax on gasoline, which is the primary revenue generator for the Highway Trust Fund. The House Ways and Means Committee and the Senate Finance Committee both have recently held hearings to discuss alternative funding solutions as the Congressional Budget Office estimates the Highway Account and the Mass Transit Account will become insolvent in September and October, respectively, without new revenue. Without a consensus on how to generate new revenue, Congress may have no alternative but to transfer General Revenue or identify an alternative funding means to support transportation programs at current funding levels. The final duration of the extension of current programs authorized by MAP-21 is unknown at the time of this publication.

Our Priorities

The DART Board has adopted a set of strategic priorities to guide Agency initiatives which, in turn, drive the FY 2016 budget.

Strategic Priorities

1. Continually improve service and safety experiences and perceptions
2. Optimize and preserve (state of good repair) the existing transit system
3. Optimize DART's influence in regional transportation planning
4. Expand DART's transportation system to serve cities inside and outside the current service area
5. Pursue excellence through employee engagement, development, and well-being
6. Innovate to improve levels of service, business processes, and funding

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. Now the initial light rail system is nearing completion. The Agency will continue its focus on attracting and retaining customers with responsive service, a sustainable system, and stronger branding. At the same time, the Agency will continue to explore service connection and partnerships regionally. Capital expenditures will increasingly be directed towards maintaining assets in a 'state of good repair.' Notable additions to this focus include a program of interrelated projects to increase the core capacity of DART's service, and improved service along the Cotton Belt corridor in the northern part of the DART Service Area.

A full discussion of Agency initiatives directed towards the Strategic Priorities can be found below on pages 77 – 110. Also, see Exhibit 50 in the *Organizational Units Section* for a discussion of DART's Strategic Alignment.

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.

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 simple 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, the offsetting interest income and interest expense from defeased lease transactions, and a small number of other non-system items such as pass-through grants. 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. Enterprise accounting is used to account for entities that operate in a manner similar to a private enterprise. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

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.

Structural Balance of the Budget and Financial Plan

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. The FY 2016 Budget and Financial Plan meet this test – demonstrating that DART has sufficient income to pay for ongoing operating costs and debt service in all years of the Plan. A more detailed discussion of structural balance can be found beginning on page 23 of the *Financial Plan Section*.

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, Chief Financial Officer, and the Budget Office (Business Planning & Analysis unit in the Finance Department) to discuss the respective budgets as well as any changes. All new proposed programs are evaluated for effectiveness and efficiency.

The Budget Office 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)* on page 225 in the *Reference Section* of this document for further explanation of our process.

Strategic Priorities as Framework for Agency Initiatives

DART's leadership uses the Board-adopted Strategic Priorities as framework for the Agency's initiatives. The discussion below highlights a number of these initiatives. This discussion is followed by the amounts in the FY 2016 budget for operating expenses, capital and non-operating costs, and debt service costs that will enable DART to accomplish these initiatives beginning on page 111.

Strategic Priority 1 **Continually Improve Service and Safety Experiences and Perceptions for Customers and the Public**

It is DART's goal to provide safe, secure, efficient, and effective services to our customers. The agency 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 agency programs and services.

Customer Satisfaction Survey

The Customer Satisfaction Survey measures customer perceptions and serves to gain a directional understanding of the areas that drive customer satisfaction against annual initiatives aligned to impact the drivers of satisfaction. The drivers of satisfaction consist of six areas: Timeliness, Safety and Security, Cleanliness, Customer Service, Convenience, and Communication.

Satisfaction with DART continues to improve. The most recent Customer Satisfaction Survey was conducted in 2014 and compared to the 2012 Survey. The scores shown below represent the two top boxes (response rate). Results impacting the drivers of perceived satisfaction are as follows:

- Timeliness has increased on buses from 50% to 61%
- Safety and Security increased across all key areas—on buses, at bus stops, at platforms
- Cleanliness on buses increased from 44% to 63%
- Customer Service improved significantly among bus operators, from 64% to 71%

As a result of the scores specifically against the driver of satisfaction, overall impressions of DART increased significantly:

- Overall satisfaction with DART has increased from 81% to 84%
 - Likelihood to continue using DART remained strong at 89%
- Perception that DART is a good value for the money has increased from 74% to 80%
- Overall, DART riders are having more positive riding experiences compared to a year ago
 - 65% rated it better or much better vs. 57% in 2012
- Net Promoter Score, a key measure of brand health, increased from 11 to 21. (Median score across brands studied is 16.)

Other Measures:

- Through the marketing efforts supporting *GoPass*SM, awareness of the app reached 73% of riders
 - 55% of those riders purchased a ticket through the app

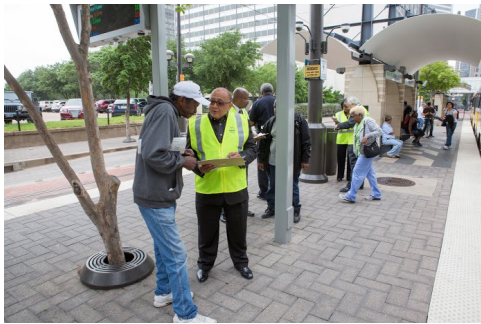
5 Star Service Initiative



This is an agency-wide initiative to change DART's internal culture toward outstanding customer service delivery; and to provide customer-driven service. The 5 Star Service Program has five parts: Culture Change, Center of Excellence, Improved Services, High Performance and Recognition, and Image and Brand. During the last three years there has been a large focus on Culture Change, Improved Services, Marketing and Momentum, but a stronger focus will occur in Center for Excellence (training), High Performance and Recognition, and Image and Brand. Focusing on all five parts of the 5 Star Service Program will result in a cultural shift that encompasses individuals, departments, and teams throughout the Agency.

Some of the key elements of the 5 Star Initiative include:

- Development and delivery of 5 Star training programs for all employees.
- Identification, training, and support for internal champions, known as "Customer Experience Officers," within each area to communicate and support the 5 Star Initiative.



- Outreach events at rail stations and transit centers involving staff from across the Agency who meet and greet customers as well as receive feedback and work to resolve customer concerns.

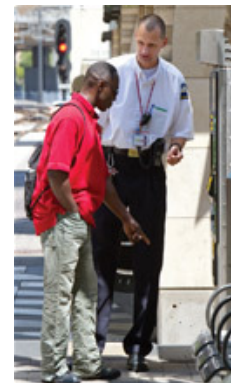
- Process re-engineering and process improvement projects to improve the internal and external customer

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 supervisors and station monitors to facilitate improved customer information delivery in the field.
- Deployment of 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.

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. 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 the fluctuation of the annual customer base include changes in residence, employer, or employment location and falling gasoline prices. 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.

Overall, the initiatives put in place in FY 2015 have yielded positive results among riders. Strategies to improve service and safety experiences and perceptions continuing into FY 2016 fall into the following major categories:

- Improved Bus Service
- Improved Service Reliability, Timeliness, and Service Connections
- In-Transit Customer Communication Services
- Mobile Platforms
- Enhancement of the GoPass Mobile Ticketing Solution
- New Marketing and Promotion Initiatives
- Improved Strategies for Responding to Service Disruptions

Improved Bus Service – During FY 2015 and into FY 2016, DART will complete the Comprehensive Operational Analysis (COA) of all DART fixed routes. The results of this study will be incorporated into the Agency’s 2040 Transit System Plan. The purpose of this planning project is to re-evaluate the effectiveness of all routes to determine if the service correctly meets the needs within the service area. The project will identify a phased strategy for improving the bus network that may be implemented over a 20-year period. In FY 2016, a series of bus service improvements will be implemented based upon research from the COA. Additional changes will be recommended to the DART Board for implementation in FY 2017 and beyond.

In 2015, DART tested a prototype enhanced bus shelter. Construction of this shelter will be completed in FY 2016, and the 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, Timeliness, and Service Connections – During FY 2015 DART implemented a series of bus and rail schedule changes designed to improve average on-time performance. During FY 2016 bus and rail service reliability, schedule timeliness, and improved connections will continue to be one of the most important focuses for service improvement.

In FY 2016, 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 both on-time performance and 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 2016, 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 include bus-to-rail connections. To increase the cross-functional focus of on-time performance, a new Continuous Improvement Team was organized to help ensure improvement in this area.



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 station platforms, digital displays at transit centers, and web-based applications for mobile devices. These 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 send/receive information on mobile platforms (smart phones and tablets) continues to be enhanced. More than 70 percent of all DART website activity occurs on mobile devices. To better support customers, the Agency has developed mobile tools that deliver real-time information on DART bus and light rail services. These apps are: “Where’s My Train?®”, “Where’s My Bus?®” and “Where’s My DART Stop?®”.

Customers traveling on the Trinity Railway Express (TRE) or the DCTA A-train now benefit from mobile websites developed by DART staff. Riders can 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. During FY 2016, DART will “go live” with a new transit-related mobile application currently being tested to be marketed with the region’s 511DFW traveler information program. This application includes customer information for transit services, as well as roadway construction that may impact transit travel.

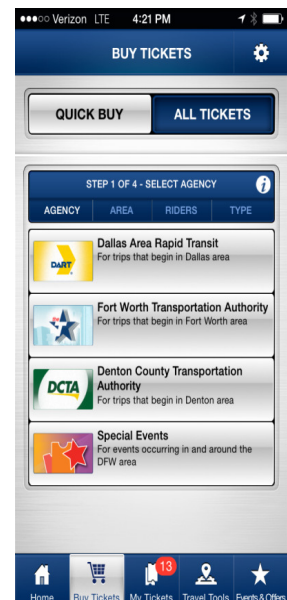


controllers with on-board and platform customer notices via the public address/variable message board system.

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

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 2016 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"). GoPass 2.0, which will include push technology and other improvements, will be implemented in FY 2016.



New Marketing and Promotion Initiatives – 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 DART in FY 2016 to drive awareness of the DART brand by focusing on the following initiatives:

- Establishment of a broad-based campaign that will 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 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 2016, the marketing and promotion initiatives will be directed toward those activities that best align with the enhanced branding efforts. The initiatives will leverage the breadth of activity in and around the region, 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 have a 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.

Improved Strategies for Responding to Service Disruptions – The expansion of the light rail system to 90 miles, together with certain characteristics of the rail system (e.g., having multiple junctions and all rail lines passing through the Dallas Central Business District) have resulted in an increased number of service disruptions over the past few years. In order to deal more effectively with the impact of service disruptions on passengers, a Continuous Improvement Team (CIT) has been established. Its charge is to develop an integrated internal communication process to assure consistent and accurate dissemination of information to all front-line staff regarding operations during service disruptions.

Its deliverables include the following:

- Identification of staff requiring information regarding service during disruptions
- Identification of communications technology used by each group and data elements required
- Mapping of information flow
- Specifications for possible tools to disseminate internal communications
- Map of the inter-relationship of the internal communication and the customer communication publisher used by the Operations Communication Liaisons
- Guidelines for operations managers relative to phasing and transitioning of plans to minimize negative impacts on communication
- Program implementation plan and timeline

Other efforts to address disruptions include:

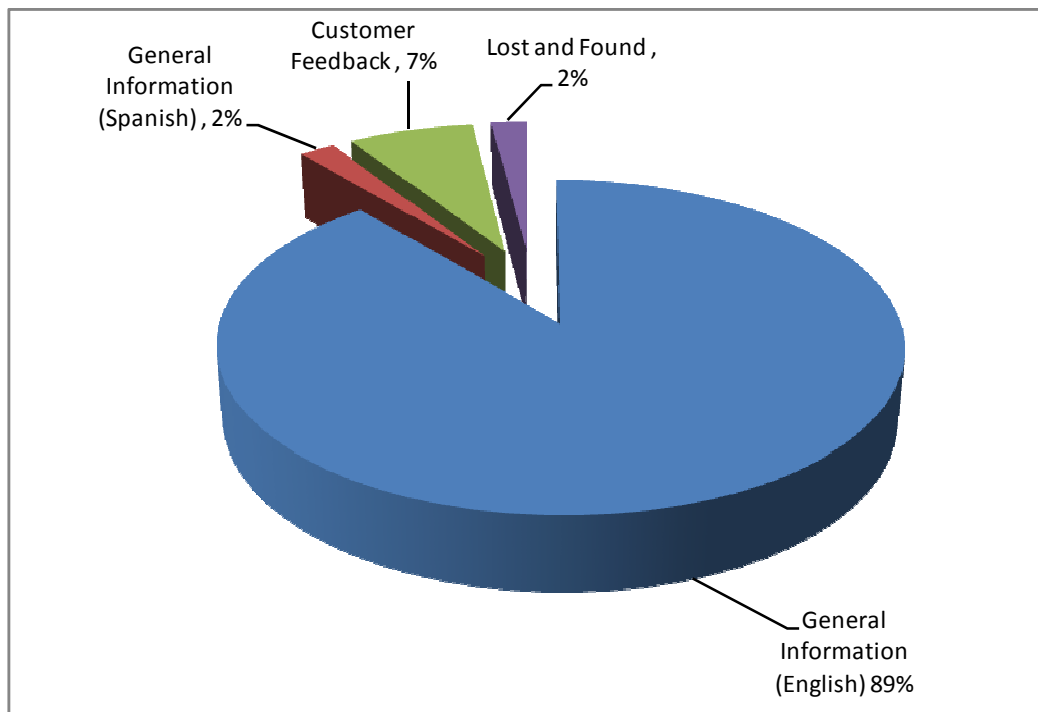
- In-Transit Customer Communications – The initiation of the changeable message signs on rail platforms and the introduction of Operations Communication Liaisons (OCL) in the Control Center have been in response to this increase in disruptions and have laid the foundation for improved customer communications during these incidents.
- Customer Response Team – The Customer Response Team (CRT) is comprised of administrative employees who are assigned to various rail stations to assist with customer communications during service disruptions. Procedures for the activation and deployment of the CRT are being reviewed and enhanced.
- Severe Winter Weather Contingency Plan – A contingency plan was developed during the 2014/2015 winter season to allow DART to provide more reliable services during major winter storms and to recover the system more quickly in the wake of a storm. The contingency plan was activated twice, in late February and early March 2015, and provided significant improvements in service reliability as compared to previous severe weather incidents. Management has evaluated the contingency plan and will implement adjustments to refine the plan and process.
- CBD Rail Disruption Contingency Plan – DART has experienced a number of rail service disruptions in the Dallas CBD as a result of weather, infrastructure failures, power failures, criminal activity, and other triggering incidents. A new CBD Rail Disruption Contingency Plan will be rolled out in FY 2016 to improve our response to these types of incidents. Four basic response plans have been developed and will be applied depending on the nature and extent of the disruption.
- After-Action Reviews, Table-Top Exercises, and Drills – After every major service disruption incident, After-Action Reviews are held to debrief all aspects of the incident and the response to the incident to identify lessons learned. All findings and recommendations are documented and tracked by Emergency Preparedness staff to assure that recommendations are reviewed and appropriate modifications are made to our processes. In addition to the After-Action Reviews, Table-Top exercises and drills are also conducted to reinforce training and procedures. Often these table-tops and drills include emergency response personnel from cities within the DART Service Area or other entities with whom DART needs to collaborate.

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 for lost and found items in person, by phone, or via DART.org.

The Customer Service division is responsible for quantifying customer contacts through the development of the Customer Feedback 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. Customer contacts are identified as belonging to one of three categories: general information (trip planning, events, promotions, advertisements, and DART initiatives); customer feedback (commendations, suggestions, and complaints); and lost and found (Exhibit 27).

Exhibit 27
Customer Service Call Types



Strategic Priority 2

Optimize and Preserve (state of good repair) the Existing Transit System

The Board-approved Strategic Priorities and Goals include initiatives for managing system improvements and maintaining infrastructure. 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.

Affordability

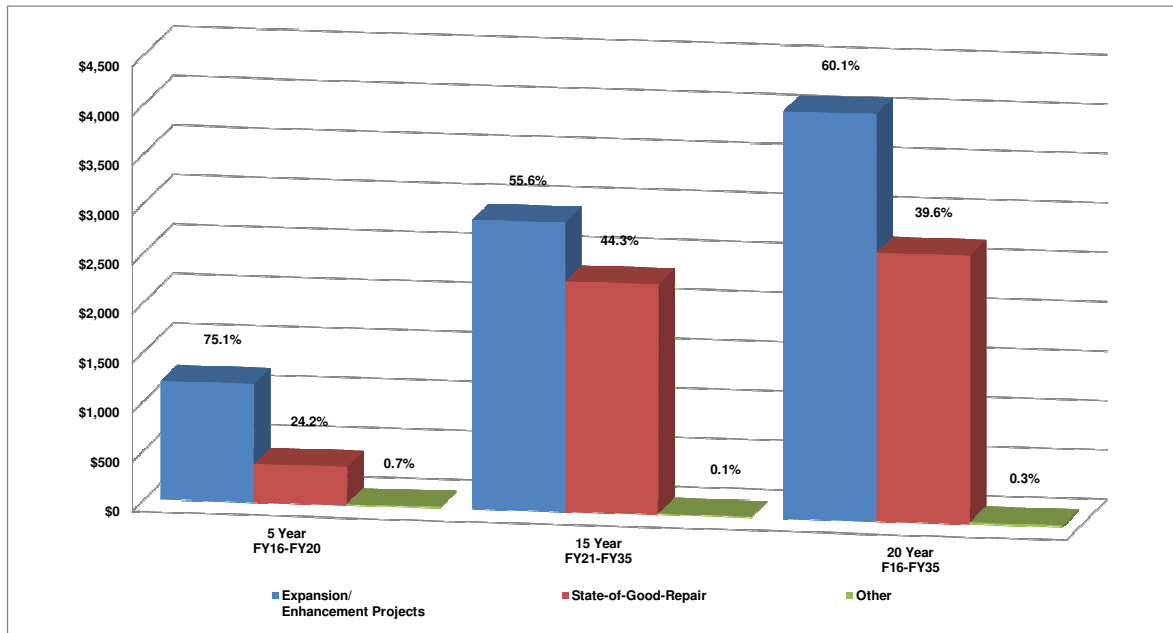
The Twenty-Year Financial Plan demonstrates that DART has the financial capacity to meet the Agency Transit System Plan commitments and to continue the programmed levels of bus, rail, and other transportation services, based on current information and assumptions.

The FY 2016 budget reflects the continued transition from rail construction and system expansion to more of a focus on continuing operations and system maintenance. The Agency continues to concentrate 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 28 provides an overview of the capital and non-operating projects by category and highlights the significant capital committed for funding the state of good repair of DART's transportation system.

Exhibit 28
Capital/Non-Operating 20-Year Program by Category
(Dollars in Millions)

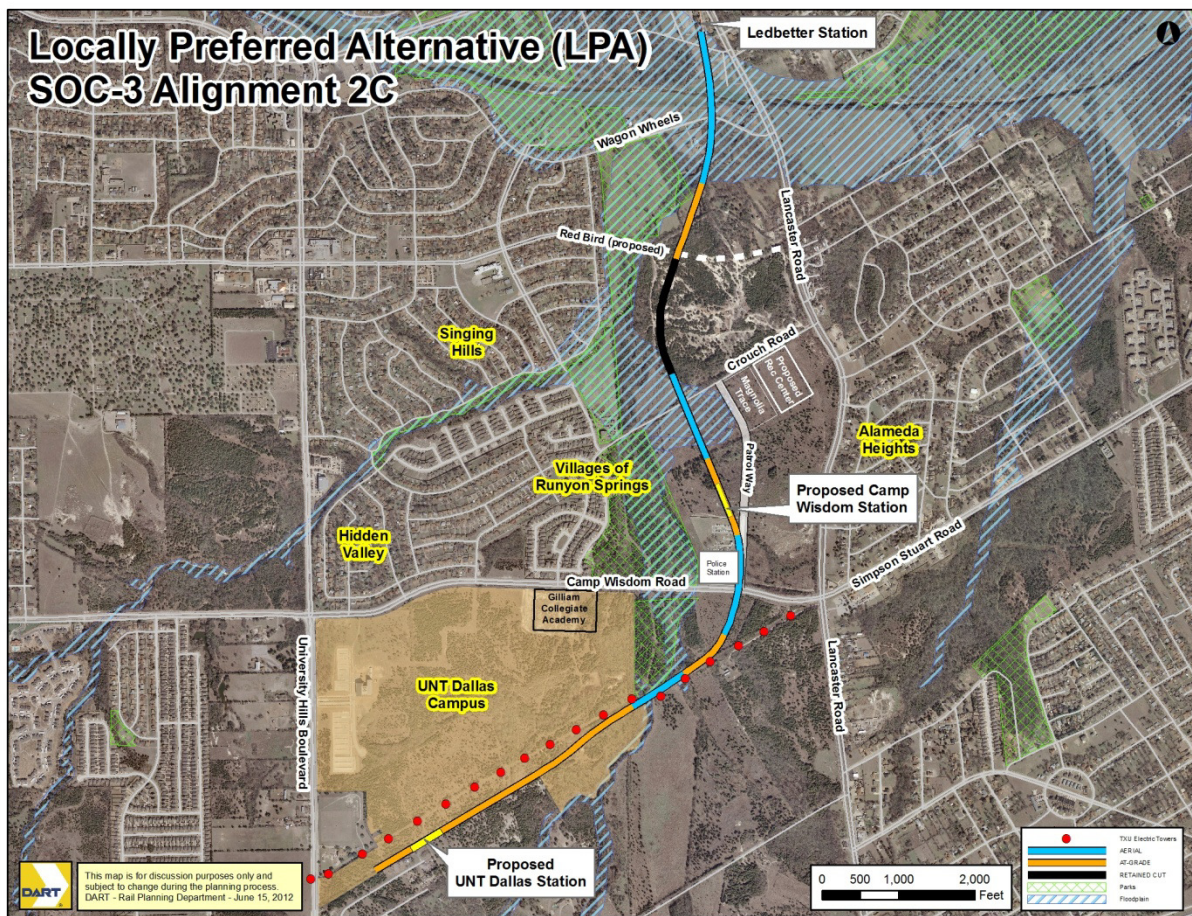


The capital expenditures included in the FY 2016 capital/non-operating budget total \$278.3 million as shown on Page 126 in this budget document.

Light Rail Train (LRT) System

The Irving-3 extension (Orange Line) to DFW International Airport, Terminal A, opened four months ahead of schedule on August 18, 2014. The extension of the Blue Line (SOC-3) to the University of North Texas-Dallas (UNT) Campus (see Exhibit 29) is currently under construction. Three 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 calendar year 2016 (FY 2017).

Exhibit 29
South Oak Cliff Blue Line Extension to UNT-Dallas
(SOC-3 Corridor)



The next major LRT investment will be related to core capacity, including a potential second LRT alignment through downtown Dallas (known as D2) and LRT platform modifications. An alternatives analysis is currently underway for D2 to determine the preferred alignment (see Exhibit 30 for range of alternatives under consideration). Depending on the alternative selected, funding may not be available for the full corridor.

Recognizing the capacity constraints in some parts of the system, DART is advancing a Program of Interrelated Projects to address capacity needs under the FTA Capital Investment Grant Program. The program consists of D2 (full project or phased implementation), platform modifications at 28 stations on the Red and Blue lines to accommodate three-car trains, and a central streetcar link in downtown Dallas. These projects combined would add significant core capacity and enhanced access to the DART system. The FY 2016 Financial Plan reflects funding for D2 (Phase 1 of the full corridor), platform modifications, and the central streetcar link.

Exhibit 30
Second CBD Alignment (D2) Alternatives

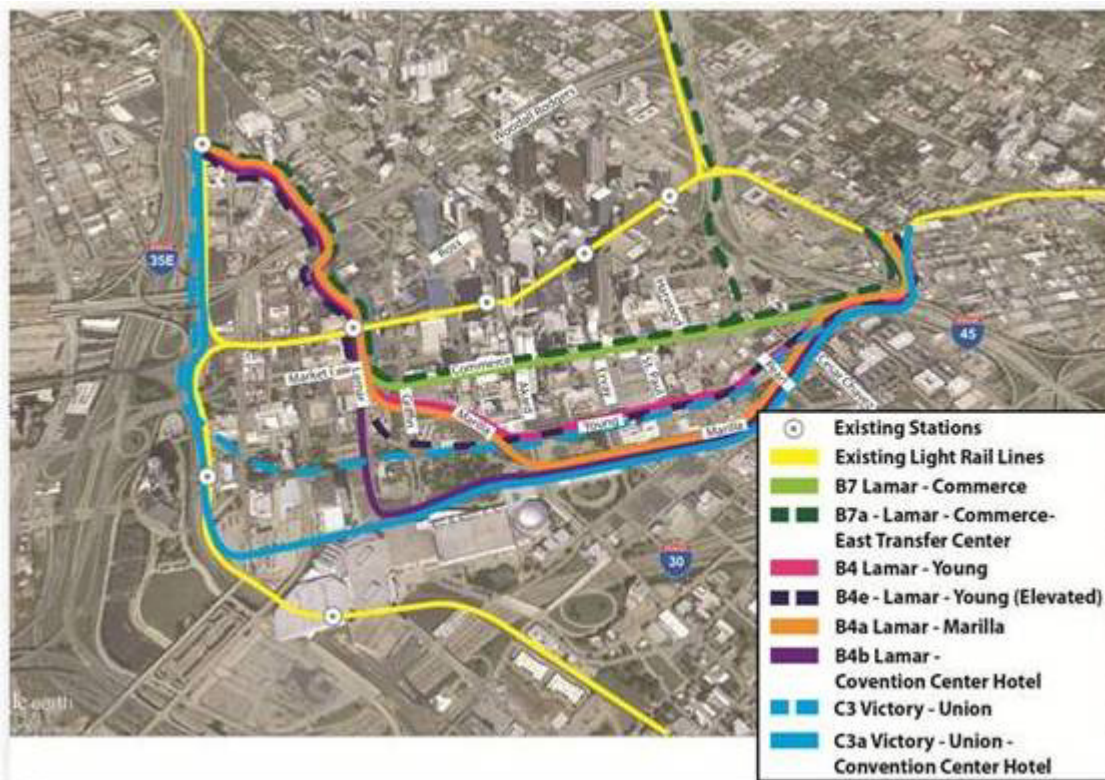




Exhibit 31 provides historical and prospective data on light rail expansion projects.

Exhibit 31
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	Sep 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	Sep 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
Northwest-Irving/DFW (I-3)	Orange	Belt Line	DFW Airport	5.0	1	Aug 2014
Orange Line Subtotal				14.0	6	
Total Miles/Stations in Operation				89.6	62	
FUTURE LRT EXPANSION THROUGH 2016						
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	

* Total miles by 2016 includes approximately 0.75 miles of pocket track.

Strategic Priority 3

Optimize DART's Influence in Regional Transportation Planning

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.

Regional Rail Corridor Strategic Management

Leveraging DART's ownership of 254 miles of regional rail corridors, DART is seeking to provide management and contract services required for the operation, dispatching, scheduling, and maintenance of the TRE commuter rail line, The T's proposed TexRail, and various freight lines. During FY 2016, DART will implement a new ten-year contract for dispatching, operations, and capital maintenance for regional rail services for the TRE, the TexRail commuter rail line, and, subject to further negotiations, DCTA's A-train.

Regional Transit Access Agreements

To support the regional objective to expand opportunities for transit services outside the DART Service Area, DART negotiated an umbrella agreement for access funding with the North Central Texas Council of Governments (NCTCOG). Separate agreements were negotiated with STAR Transit for access to DART's Lawnview and Buckner stations, and Texoma Area Paratransit System (TAPS) for bus access connections at Parker Road Station from McKinney, Allen, and Sherman. DART also negotiated a general agreement with NCTCOG for funding for the TRE from non-service area cities called the Mid-Cities Fund. This agreement allows access for a commuter bus service called the Arlington MAX between UTA-Downtown Arlington and the TRE at CentrePort Station. These agreements will continue in FY 2016.

Regional Transportation Planning

DART is a voting member of the Regional Transportation Council (RTC) of NCTCOG, which is the public body responsible for the long-range regional planning and programming of Federal and State funding within the region for highways and transit.

DART actively participates on NCTCOG's Surface Transportation Technical Committee (STTC) with two formal members. The STTC provides technical advice and makes recommendations for the RTC policy body on transportation planning and capital funding issues.

DART staff also formally participates on various NCTCOG subcommittees involving bike and pedestrian issues, Intelligent Transportation System issues, Vanpool and other clean air initiatives, clean energy and alternative fuels, special event planning, Managed Lanes (known as TEXpress Lanes), elderly and disabled transportation, and transit planning.

Regional Integrated Corridor Management-511 Traveler Information

DART has provided primary leadership for the DFW Region in managing and operating the Region's Integrated Corridor Management (ICM) Demonstration within the US 75 Corridor since 2006. In 2013 DART implemented the State of Texas's first 511 system to provide multi-modal, multi-agency traveler information as an outgrowth to the ICM system.

Community Engagement

Community Engagement involves linking DART to the various communities it serves; ensuring the Agency 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.

Community Engagement team members continue strengthening and expanding 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 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, state, and DART 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.

In Fiscal Year 2014, DART awarded 176 contracts. Over the last five fiscal years, DART has averaged an award of 144 contracts. With the exception of "Transit Vehicle Manufacturer" procurements, the Diversity Department reviews scopes of work, terms, and specifications for all contracts. This is done to access and identify subcontracting opportunities that will allow DMWBEs an equitable opportunity to compete in the procurement process.

In fiscal years 2013 and 2014, DART established annual Agency goals of 33% and 32% for participation of minority- and woman-owned business enterprises (M/WBE), respectively. D/M/WBE participation on all DART procurement activities exceeded goals, with 49% and 57% participation, respectively. For fiscal year 2014, a Federal Transit Administration (FTA) report recognized DART as having awarded more dollars to Disadvantaged Businesses on a percentage basis than did any other transit authority in the country.

On average, 400 active contracts are managed annually for compliance through targeted vendor site visits where applicable, vendor payment reporting, and other forms of communication and correspondence. During site visits, a myriad of topics are discussed with both prime contractors and subcontractors such as:

- Payments reported vs. payments received
- Missing documentation from invoices
- Prompt payment
- Subcontractor utilization
- Working relationship
- Work performed

Site visits are essential in identifying and solving any potential non-compliance, by both parties, and keeps the Program involved on a frontline level with DART's small business community. DART also works to mediate and resolve any disputes that may arise between prime and subcontractors.

Additionally, DART's ongoing involvement with approximately 26 minority chambers of commerce, minority contractor associations and women-owned businesses, and minority supplier development groups has created outreach touch-point opportunities to more than 2,500 individuals. The establishment of DART's Small Business Academy further assisted with the development of small businesses to participate and compete for DART procurement opportunities. Some small businesses have established a contracting partnership with DART after participating in the Academy.

DART strives to ensure that economic opportunities are available to the whole community.

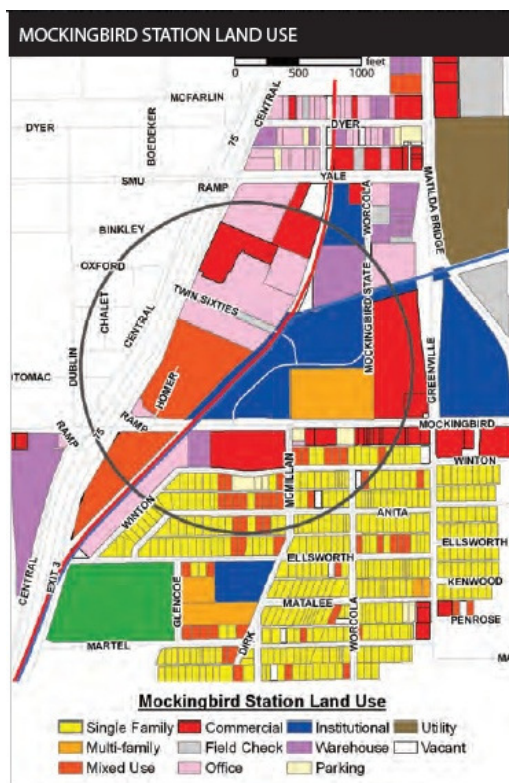
Economic Development

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 Section G of the *Reference Section* of this document as well as on the DART website, www.DART.org.

DART's 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 engages 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 latest 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%. UNT is currently working with Economic Development staff to update the 2014 study; a final report should be available in early 2016.



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.

Strategic Priority 4

Expand DART's Transportation System to Serve Cities Inside and Outside the Current Service Area

The DART Board's Strategic Priorities and Goals include major initiatives for expanding service to the cities inside the current service area, as well as improving the connection to, and provision of, service to cities outside the DART cities' limits.

Service to Cities Inside the Current Service Area

Streetcar Service Expansion – DART completed 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 opened on April 13, 2015. Construction of the streetcar service is primarily funded by a \$23 million Transportation Investment Generating Economic Recovery (TIGER) grant. The City of Dallas is the owner of the streetcar line, and DART is responsible for operating it through a contract with the City. The City of Dallas is pursuing future extensions of this streetcar line further into Oak Cliff to the Bishop Arts District. DART will design and construct an extension of the Oak Cliff Streetcar to Zang and Davis on the border of the Bishop Arts district. With funding provided by NCTCOG for capital construction, and operating funding provided by the City of Dallas, DART anticipates revenue service on the extended streetcar line in August 2016.

DART was 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 provides direct pedestrian access from the McKinney Trolley to the existing DART St. Paul Station. Revenue service began in May 2015. DART will provide increased funding for the MATA service in FY 2016 consistent with the DART Site-Specific Shuttle Policy.

On-Street Passenger Facilities Program – This federally-funded program (formerly called the Amenities Program) continues with the installation of bus stop improvements in a number of locations throughout the DART Service Area. During FY 2015, DART installed the following improvements:

- 100 new bench installations, the majority of which are new-style metal benches with backs, arm rests, and lumbar support
- 450 new standard blue shelters with solar lighting and benches
- 50 stand-alone solar lighting improvements at bus shelters

Major federal funding for the "on-street bus facility improvement program" will be completed during FY 2016. Improvements will include a testing of three SMART shelters, more than 200 bus shelters and benches, and additional solar lighting.

Area Service Reviews and Service Changes – 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. Based upon work completed in FY 2015, it is anticipated that bus and OnCall service changes will take place in FY 2016 in the following communities: Carrollton, Farmers Branch, Garland, Glenn Heights, Irving, Richardson, and Rowlett. There will also be several changes related to the extension of the Dallas Streetcar to Zang at Davis, including changes to D-Link service. Feeder service planning will be completed in FY 2016 to support the startup of the SOC-3 light rail extension to the University of North Texas Station and Camp Wisdom Station. Routes operating in the area will be realigned to better serve the new stations.

Plano Taxi Voucher Program – For several years, DART has partnered with the City of Plano to support 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. DART is working on a series of changes to, and expansion of, the current program in FY 2016. 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 or Paratransit services.

During FY 2016 DART will implement the three-year, federally-funded stored value taxi voucher program. Tasks which will be completed in FY 2016 include modification of software to allow it to work with the taxi provider's technology before full rollout in winter of calendar 2015.

DART has received requests for similar programs in Carrollton and Rowlett in areas with very limited or no regular fixed-route transit service. A pilot will be completed in Plano to determine if the approach has applications in other cities in the service area.

Comprehensive Operations Analysis – During FY 2015 DART Capital Planning and Service Planning staff began work on the Agency's first Comprehensive Operations Analysis – commonly called a COA. This effort is the first phase of the development of a new 2040 Transit System Plan. The COA is a thorough examination of all DART services—with an emphasis on the bus system—that analyzes demographic and travel data, transit service provided, and transit service needs over the next decade and beyond. The COA is being performed by AECOM and Connectics Transportation Group and is expected to be complete in late CY 2015. DART will review the results of the COA, and—with input from the Board—make any service adjustments necessary to improve the service to our riders while ensuring that changes fit within the framework of the budget and affordability. Any resulting service changes will likely take effect no earlier than the end of CY 2016 with other improvements completed through the timeframe of the 2040 Transit System Plan.



Cotton Belt Corridor – DART owns 54 miles of the Cotton Belt rail corridor from north Fort Worth to downtown Wylie. The T received FTA approval to begin preliminary engineering for the TEX Rail project, which proposes to use the segment of the Cotton Belt west of DFW Airport, 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.

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 was taken to the 5% level as of Spring 2014, and a cost analysis of 41 different service configurations was performed. The DART Board and officials from the interested cities were briefed on the progress to date. The service configuration (and associated cost) of Full Double-track, DFW-to-Plano (Southern alignment) with a shallow trench across North Dallas and includes a station at Cypress Waters was included in the FY 2016 Financial Plan. It currently has a revenue service date of 2035, but options are being evaluated in an attempt to accelerate this date.

Service to Cities Outside the Current Service Area

Regional Service Policies and Operations – In 2012, the DART Board modified its policy relating to fixed-route service beyond the service area boundary. Board Policy III.07 was modified to authorize providing contract bus service for cities outside the DART Service Area. This resulted in contracts with the City of Mesquite to operate the Compass Route connecting Mesquite, Texas with the Lawnview Station and a contract with the City of Arlington for Arlington MAX service connecting Arlington with CentrePort Station on the TRE commuter rail line. DART will provide alternative approaches to modify Policy III.07 for Board consideration during FY 2016.

DART currently works through a Local Government Corporation (LGC) to manage these 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.

The Metro ArlingtonXpress (MAX) service began in August 2013 with a single weekday route connecting College Park in Arlington to CentrePort Station on the TRE line, with one stop in the Arlington Entertainment District. Under the original agreement, DART was to operate service through August 2015; the agreement has been extended for another year, to August 2016. This service is carrying 250-300 passengers per day.

DART and the City of Arlington will soon begin work to develop a Comprehensive Operations Analysis (COA) of Arlington transit service. This review will look at existing services in Arlington (including MAX, UT-Arlington shuttle operations, and Arlington's Paratransit program) and potential near- and longer-term improvements. The Arlington COA will be completed during FY 2016.

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 was originally set to expire at the end of December 2014 was extended for an additional three years in a unique joint venture between STAR Transit and DART. During this additional term, DART will work with Mesquite to complete the required service plan to guide improvements within the City of Mesquite. Mesquite has also expressed some interest in exploring creation of a second route and the possibility of moving forward with an operating plan. The agreement uses an innovative venture with STAR Transit which will provide the buses and drivers. During the term of the agreement, DART and Mesquite will complete a short- and long-range transit plan for Mesquite.

Strategic Priority 5

Pursue Excellence Through Employee Engagement, Development, and Well-Being

The DART Board's Strategic Priorities and Goals include major initiatives for increasing the Agency's return on its investment in human capital. The Agency has Employee Values and organizational change strategies that balance the expectations and needs of the organization and its employees. During FY16, steps will be taken to achieve demonstrable improvement in customer service through the 5 Star Service Program and through improved employee engagement and leadership development.

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 seek means to enhance DART People status as an important investment and to focus on their growth and development within the Agency

The Human Capital (HC) function strives to provide maximum support and responsiveness to operational needs and programs. DART Human Capital embraces contemporary business practices and functions as a business facilitator of efficient and effective delivery systems and programs.

Human Capital has partnered with Southern Methodist University Cox School of Business to enhance program initiatives for Leadership DART and 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.

The DART People Center will continue to play an important role in providing DART People with information and access to assistance with all matters pertaining to their employment. General questions and assistance with routing matters will be answered by staff in the People Center while more complex issues will be referred to senior staff that has more specialized expertise. Employee communications will continue to be refined and more specifically targeted to reach the intended audiences more effectively and efficiently. Such refinements will include a continuing focus on communications strategies and tools such as DARTnet and opportunities to reach individual employees through other official electronic channels.

Establish Consistency in DART 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 DART People engagement with the 5 Star Service Program.
- Strive to promote continuous process improvement, team learning, and personal development.
- Assist in the DART 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 DART People involvement and participation within a climate that fosters learning and growth.

- Increase development and training programs to focus and build on workforce contributions and commitments to DART by providing opportunities for a worthwhile and satisfying work experience.
- Create partnerships in order to achieve the Agency's objectives and provide excellent Human Capital services. 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 2016

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 all DART People feel 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 which motivates DART People 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 in the implementation of the people engagement strategy.
- Lead and support enhancements of the benefits function in order to ensure that benefits plans and programs meet the needs of DART People.
- Address workforce needs and expectations through an open and honest 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.

During FY 2016 Human Capital will continue to provide and enhance services and deliverables in support of Agency goals.

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 Concierges)
- Maintenance Central Support Sections' personnel

Peer Group #3

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

Exhibit 32 is a sample of the DLM scorecard from the Third Quarter, FY 2015, showing performance as a percentage of goals for Peer Group 1.

For example, 98.90% performance on Complaints/100k Passengers for Northwest indicates that the actual number of complaints per 100k passengers was either at or below the targeted complaints for the quarter.

Exhibit 32
Division Level Measurement (DLM) Program
FY 2015, Third Quarter

Category	Northwest		East Dallas		Rail		South Oak Cliff	
	Actual	Percent to Target	Actual	Percent to Target	Actual	Percent to Target	Actual	Percent to Target
On Time Performance	78.6%	95.30%	82.2%	99.60%	93.7%	98.60%	78.5%	95.20%
Late Pullouts	15.67	100.00%	17.00	100.00%	3.33	100.00%	21.67	74.00%
Miles Between Service Calls	9,106	77.40%	8,194	69.60%	59,631	100.00%	14,587	100.00%
Unsched. Absences (Maint.)	10.97	100.00%	12.36	100.00%	7.51	100.00%	13.74	98.20%
Unsched. Absences (Oper.)	13.19	100.00%	13.55	100.00%	15.27	87.40%	17.74	84.30%
Accidents/100K Miles	2.12	89.60%	2.36	80.50%	N/A	N/A	2.82	67.40%
Safety Violations/100K Miles	N/A	N/A	N/A	N/A	0.50	100.00%	N/A	N/A
Complaints/100K Passengers ^[1]	26.43	98.90%	26.34	93.00%	2.07	86.45%	24.28	100.00%
Ridership/Average Weekday	37,910	100.00%	42,128	88.00%	95,284	97.00%	31,680	96.10%
Unit Cost per Hour	\$40.36	100.00%	\$37.74	100.00%	\$58.57	92.50%	\$51.78	100.00%
Unit Cost per Mile	\$1.51	100.00%	\$1.48	100.00%	\$ 3.38	100.00%	\$1.62	100.00%
Overall Average for Quarter		96.12%		93.07%		94.39%		91.52%

[1] - Rail Complaints/100K Passengers presented as an average of Rail and WSA.

Strategic Priority 6 Innovate to Improve Levels of Service, Business Processes, and Funding

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

Improve Levels of Service

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 regarding 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. This system is capable of providing wireless update of content and software at bus divisions. The “Next Stop” content was deployed in FY 2015. This feature allows display for the next and subsequent three stops for passengers to view. DART is now able to create slide-shows onsite, update the “Next Stop” content, and present slideshow content by Stop ID or GPS.

Broadband Data Communications to Buses and Surveillance Cameras – The new bus fleet is also equipped with surveillance cameras and “4G” LTE (Long-Term Evolution) cellular communications for police and other authorized parties to view current video streams from the video cameras on the bus in case of an incident. The video is recorded and tagged and is then offloaded automatically from the vehicle in the operating division garage or by special request. The health of the “4G” LTE cellular communications link on the bus is regularly monitored, as is the bus’s ability to connect to the wireless network at the garages.

Future systems will have monitoring capabilities so those devices can be monitored. Finally, broadband cellular communications will be used for real-time validation of electronic fare media such as the barcode on the mobile ticketing application once the fleet is equipped with validations.

The agency continues to improve the use of technology to provide timely, accessible, and reliable services and information to customers

Leveraging Technology for Maximum Benefit to the Agency and Stakeholders

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 2018. A new capital project has been recommended to replace the Sensys detection technology with infra-red detection devices that have proven to be better detection devices for performance and maintenance. In addition, a comprehensive study will determine the impact of three-car trains on the TSP system.

TRE Next Train Project – This project will provide “Next Train” information at TRE’s ten stations and is currently in the service quality testing phase with a “go live” full implementation planned for the fall of 2015. This project includes an Automatic Passenger Counter (APC) system, which will more accurately provide the agency with ridership data on a more timely basis. The project also provides schedule adherence and in-vehicle and platform announcements.

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 retail 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 is to find methods that permit the customer to buy 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 Information Technology, Maintenance, Marketing and Communications, Service Planning, and Transportation departments, is in the process of developing a new system-wide contemporary fare payment system that has the capability of handling smart cards, credit cards, and prepaid cards. This is connected to a robust “back office” software support system to integrate the various POS systems within the agency.

Challenge, Redefine, and Update the DART Business Model

Over the last several years, DART has undergone significant changes in its operating modes. All of these items are either in process or have seen successful completion:

- 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
- Implementation of a new delivery model for paratransit services
- Contract bus services for cities outside the service area
- Award of a new 10-year contract for regional commuter rail services
- 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
- Transition of HOV services from DART-operated to TxDOT-operated



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.

- *5 Star Continuous Improvement Teams* – These cross-functional teams focus on identifying improvements in five to six key process areas twice each year. Recommendations are focused on enhancing the customer experience for external as well as internal customers.
- *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.
- *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.
- *On-Time Performance Data and Radio Team* – This team focuses on refinements to the Bus Computer Aided Dispatch/Automatic Vehicle Location System (CAD/AVL system) in order to enhance DART's ability to monitor and optimize the on-time performance and connectivity of the bus and rail networks. The team includes representatives from Planning, Scheduling, Transportation, Maintenance, and Technology who are charged with developing systems and processes to improve on-time performance by at least 5% within the next year.
- *New Fare Technology Committee* – This cross-functional committee will focus on implementing 21st Century fare technology which may dramatically change how people obtain fare media and pay for their transit service.
- *Service Disruption Committee* – This continuous improvement team focuses on improving the processes and procedures necessary to more quickly respond to service disruptions and reduce the negative impact on our customers.

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

- Creation of a library of reports for On-Time Performance utilizing information from the new radio system.
- Evaluation of a new, easy-to-use visualization tool for analysis and management reporting of ad-hoc data that housed in a cloud-based repository that enables collaboration and sharing of these analyses, and improves technology infrastructure performance.
- Implementation of 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.

Funding: 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 members of their staff, 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, South West Transit Association, Texas Transit Association, Dallas Regional Mobility Coalition, Transit Coalition of North Texas, and the Regional Transportation Council. Government Relations oversees 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. The staff provides timely updates on the status of any grant applications submitted by DART to the U.S. Department of Transportation. Staff monitors the 114th Congress for developments relating to potential funding for projects identified in DART's Twenty-Year Financial Plan.



Funding: Rail Right-of-Way

DART owns a total of approximately 254 miles of rail track. The Railroad Management Division of the Commuter Rail Department is responsible for management of approximately 235 miles that include: DART-owned freight/commuter lines (175 miles) and non-operated/freight abandoned lines (25 miles), and LRT/FRT shared corridor (35 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. DART jointly owns the Trinity Railway Express (TRE) with the Fort Worth Transportation Authority.

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.

In total, the division manages approximately 2,600 licenses on the TRE Corridor and other active freight lines. Revenues for the TRE corridor were \$2.8 million in FY 2014 and are projected to be the same in FY 2015, increasing to \$3.1 million in 2016. 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 non-TRE revenues are allocated to DART's general fund. Exhibit 33 provides a summary of actual and projected revenue from all activities for FY 2010 through FY 2016 (projected), excluding oil and gas leases, which are shown in Exhibit 34.

Exhibit 33
Railroad Management Revenue
(in Millions)

Fiscal Year	TRE	DART	Total
2010	\$2.5	\$1.9	\$4.4
2011	2.8	1.7	4.5
2012	2.9	1.9	4.8
2013	2.9	2.0	4.9
2014	2.8	2.2	5.0
2015 (Projected)	2.8	2.2	5.0
2016 (Projected)	3.1	2.3	5.4

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 to TRE of \$1,444,180 in FY 2006 and \$107,957 in FY 2009. Each bonus was paid individually to the TRE owners; therefore, only one-half of the bonuses are reflected in the revenues shown in Exhibit 34.

Lease royalty and bonus revenues from FY 2006 through FY 2016 are shown in Exhibit 34. In recent years, oil and gas lease revenues have fallen due to decreases in both well production and a sharp drop in natural gas prices. Revenues for FY 2014 were \$448,393. Oil and gas revenues for FY 2015 are projected to be \$134,720 and FY 2016 is projected to be higher at \$200,000.

Exhibit 34
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	455.6
2015 (Projected)	134.7
2016 (Projected)	200.0
Total (Actual and Projected)	\$3,084.9

Budget Structure

Three major components comprise the agency's FY 2016 Annual 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. The end result is a fiscally responsible plan that clearly supports the agency's mission.

FY 2016 Annual Budget Summary

Exhibit 35 provides a summary view of the FY 2016 Annual Budget. The Agency's overall budget decreased by \$12.8 million (1.3%) from FY 2015. Total estimated expenditures for the FY 2016 Operating Expense budget are \$494.9 million, a \$19.1 million (4.0%) increase over FY 2015. The Capital and Non-Operating budget is decreasing by \$38.6 million (12.2%). The Debt Service budget is increasing (without the net effect of interest income) by \$6.7 million (3.5%).

Exhibit 35
FY 2016 Annual Budget
(in Millions)

FY14 Actuals	Category	FY15 Budget	FY16 Budget	\$ Variance	% Variance
\$452.4	Operating Expenses	\$475.9	\$494.9	\$19.1	4.0%
230.9	Capital and Non-Operating Expenditures	316.9	278.3	(38.6)	(12.2%)
178.0	Debt Service	191.1	197.8	6.7	3.5%
\$861.3	Total Uses of Funds	\$983.9	\$971.1	(\$12.8)	(1.3%)

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. We felt that using the 'Gross Debt Service' would provide a better method of depicting these costs.

Inside the Numbers

Revenue Factors

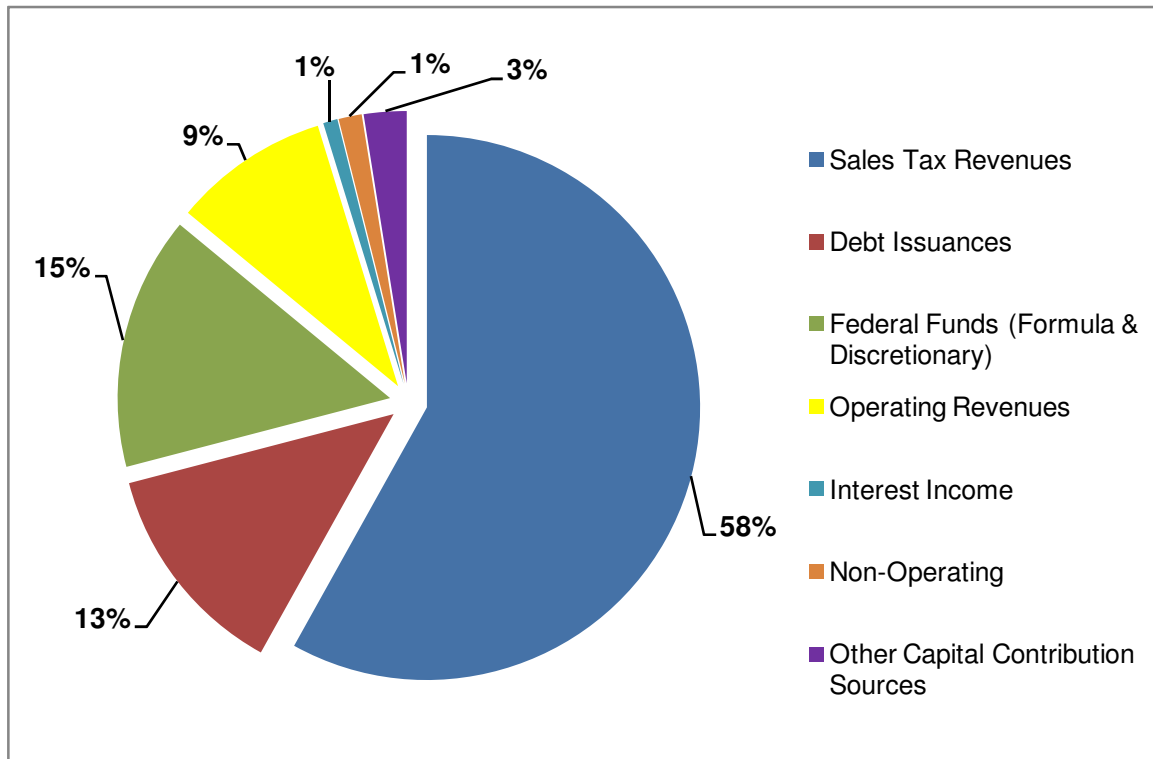
Total sources of funds as shown at Exhibit 36 are projected at \$933.7 million, \$169.6 million (22.2%) higher than the FY 2015 Budget. The increase is primarily due to a net increase in Debt Issuances of \$100 million as compared to FY 2015. This will be an issuance of \$150 million in long-term debt combined with a retirement of \$30 million in Commercial Paper (CP). Additional information about Sources of Funds over the next 20 years can be found in the *Financial Plan Section*.

Exhibit 36
Sources of Funds
(in Millions)

FY14 Actuals	Category	FY15 Budget	FY16 Budget	\$ Variance	% Variance
\$485.7	Sales Tax Revenues	\$503.0	\$542.4	\$39.4	7.8%
130.0	Debt Issuances	20.0	120.0	100.0	500.0%
129.9	Federal Funds (Formula & Discretionary)	98.7	140.4	41.6	42.1%
86.2	Operating Revenues	83.8	86.6	2.8	3.4%
5.8	Interest Income	7.8	8.0	0.2	2.3%
10.0	Non-Operating	11.9	12.7	0.8	6.4%
20.0	Other Non-Federal Capital Contributions	38.9	23.7	(15.2)	(39.0%)
\$867.6	Total Sources of Funds	\$764.1	\$933.7	\$169.6	22.2%

Exhibit 37 provides a view of the sources of funds and the percentages of the total that each source represents.

Exhibit 37
Breakdown of FY 2016 Sources of Funds

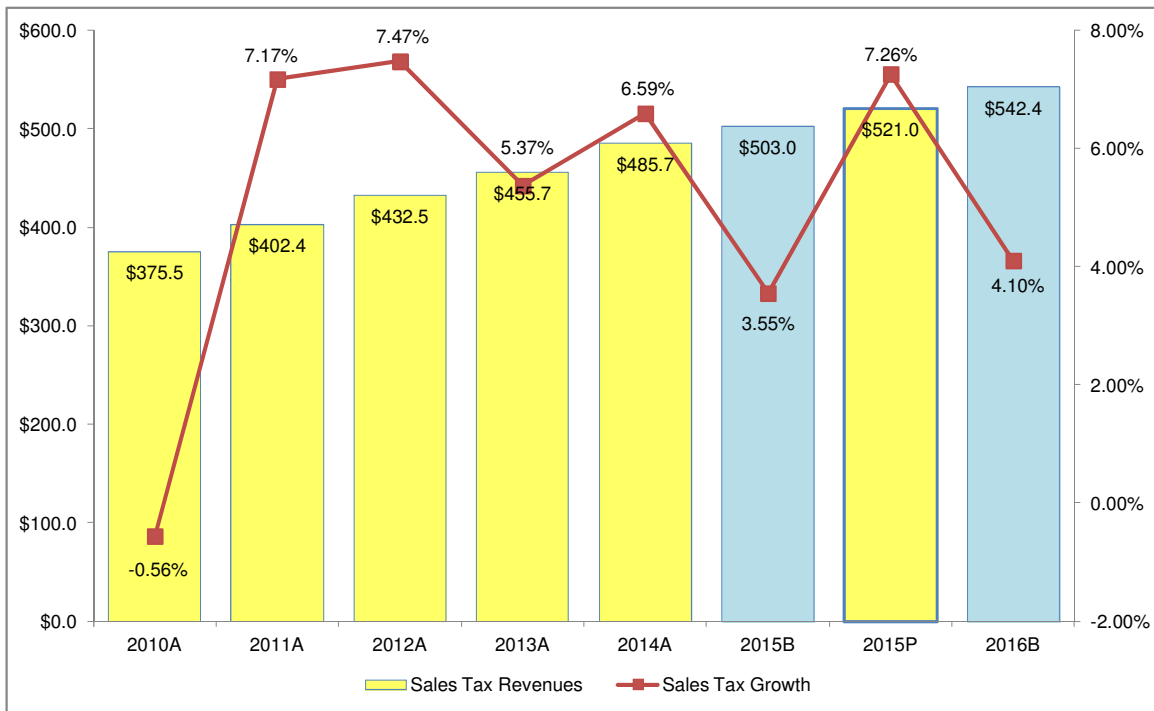


Sales Tax Revenues represent 58.2% of total sources of funds for FY 2016 and is the largest source of revenue for the Agency. A ten-year history of sales tax receipts by month is included at Exhibit 98 in the *Reference Section*.

The sales tax projections contained in the FY 2016 Financial Plan are significantly higher than those in the FY 2015 Plan. Collections in FY 2015 are projected to exceed the budgeted amount by approximately \$18 million (3.6%), thereby increasing the amount upon which future growth is based.

Exhibit 38 shows the growth year over year of sales tax from FY 2010 through the FY 2016 Budget both in amount and percentage. More discussion of future sales taxes is included in the *Financial Plan Section*.

Exhibit 38
Sales Tax Data, Historical and Projected
(Dollars in Millions)



DART anticipates net Debt Issuances of \$120 million during FY 2016: issuing \$150 million in long-term debt and retiring \$30 million in commercial paper.

The Federal Funds line item includes both formula and discretionary funds and represents 15.1% of total sources. The 42.1% increase is primarily a function of timing, with a certain amount of funds anticipated to be received during FY 2015 delayed until FY 2016.

The category of Operating Revenues totals \$86.6 million for FY 2016, a \$2.8 million (3.4%) increase over FY 2015, the largest components of which include increases in Parkland Shuttle, UTD Shuttle and Railroad Management revenues.

Interest Income is projected to increase by \$0.2 million (2.3%) from the FY 2015 budget.

Other Non-Federal Capital Contributions decreased just because of the timing of these contributions and the project expenditures they relate to.

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

Operating Expense Assumptions

The Operating Expense Budget is approved in total by the Board of Directors in late September of each year. The FY 2016 operating budget includes a net increase of 2 salaried positions and 33 bus and light rail operators.

The following assumptions were used to develop the FY 2016 Operating Budget:

- *Salary and Wage Assumptions*
 - 3% pool available for adjustments to compensation and related salary-driven benefits
 - Any funds available for wage increases will be applied across-the-board for hourly personnel and based on performance for salaried personnel
 - Hourly wage progressions based on tenure and training will continue
 - \$2 million reserve available for potential market adjustments
- *Benefits Assumptions*
 - High-deductible Consumer-Directed Healthcare Plans (CDHP) is DART's primary healthcare benefit offering. The DART EPO (Exclusive Provider Organization) Plan is also offered but is closed to new employees.
 - DART is self-insured for health insurance claims with a third-party administrator
- *Fuel and Energy Assumptions*
 - Complete the replacement of the entire diesel and LNG-powered bus fleets (begun in 2013) with new Compressed Natural Gas (CNG) powered vehicles by the end of FY2016.
 - 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 \$2.06 per gallon for TRE and the remaining diesel bus fleet.
 - Electricity rates per kWh are budgeted at \$0.08358 with an assumption of 11.33 kWh/car mile consumption rate for light rail vehicles (LRV).
- *Purchased Transportation Contract Rates/Service Levels*
 - Trinity Railway Express services are provided through a contract with Herzog Transit Services, Inc. FY 2016 will be the first year of a new contract with a different billing structure from the previous contract. While most costs will increase with inflation (capped at 3% per year) some of the right-of-way and vehicle maintenance costs are periodic in nature and may vary from year to year.

- The current contract with MV Transportation for delivery of Paratransit services is in the fourth year of a seven-year contract. Paratransit contract costs have increased by \$937,000 related to both scheduled contract increases and anticipated growth in trips to be provided.
- Service Levels
 - Bus: Bus service levels change slightly, reflecting adjustments to Parkland Hospital service with the opening of a new hospital facility, more frequent midday service on Route 463, and conversion of LoveLink shuttles to large buses. Late in the year D-Link services will see adjustments as the Dallas Streetcar is extended to the Bishop Arts District.
 - Rail: FY 2016 service levels reflect full-year operation of the Dallas Streetcar and very minor adjustments to light rail schedules.
 - TRE: service remains at FY 2015 levels.
 - Vanpool: with a new provider contract and reduced DART costs/user fees, the program is targeting 228 vans in operation for FY 2016.
- Reserves
 - Funding in the amount of approximately \$700,000 is included in the FY 2016 Budget for possible cost increases or programs unknown during the budget process. These funds may or may not be used during the fiscal year.

Exhibit 39 shows DART's operating expenses by department for the fiscal years 2014 – 2016.



Exhibit 39
FY 2014 – FY 2016 Departmental Expense Comparison
(in Thousands)

FY14 Actuals	Department	FY15 Budget	FY15 YE Projected	FY16 Budget	\$ Var FY16 vs FY15 Budget
\$1,009	Executive Admin	\$1,708	\$1,172	\$1,715	\$7
1,178	Safety Office	1,152	1,049	1,688	535
\$2,187	Total President	\$2,860	\$2,222	\$3,403	\$543
\$586	Deputy Exec Dir	\$658	\$649	\$1,188	\$530
2,157	Diversity	2,353	2,281	2,352	(1)
1,103	Government Relations	1,188	1,175	1,153	(35)
3,366	Human Capital	4,025	3,876	4,234	210
\$7,212	Total Deputy Exec Director Reports	\$8,223	\$7,981	\$8,927	\$703
\$716	EVP Cust. Care/Srv. Delivery	\$771	\$771	\$783	\$12
32,169	DART Police	33,554	33,656	34,194	640
28,493	Mobility Mgmt Svcs	31,653	29,995	31,990	337
5,997	Materials Management	6,896	6,853	7,158	262
146,233	Maintenance	148,553	145,387	147,448	(1,105)
142,269	Transportation	147,708	150,908	151,349	3,641
\$355,877	Total EVP Customer Care/Svc Delivery	\$369,135	\$367,570	\$372,923	\$3,788
\$15,501	Finance	\$18,240	\$17,602	\$18,674	\$434
12,893	Marketing & Communications	13,593	12,574	13,544	(49)
3,335	Procurement	3,740	3,612	3,743	3
12,473	Technology	14,931	13,222	17,350	2,419
\$44,203	Total EVP Bus. Solutions/Innovation	\$50,504	\$47,009	\$53,312	\$2,808
\$22,128	Commuter Rail & RRMgmt	\$25,071	\$22,368	\$27,509	\$2,438
100	RRROW	150	150	150	0
9,218	Planning & Development	8,983	8,422	9,489	506
4,837	Rail Prog. Dev.	5,270	4,870	5,401	131
1,208	Rail Planning	1,355	1,210	1,351	(4)
\$37,492	Total EVP Growth/Development	\$40,830	\$37,021	\$43,900	\$3,070
\$762	Board Support	\$824	\$735	\$826	\$2
1,458	Internal Audit	1,562	1,456	1,637	75
2,542	General Counsel	3,575	2,929	3,561	(14)
\$4,762	Total Board Direct Reports	\$5,961	\$5,120	\$6,024	\$63
\$5,066	Agency Initiatives/Fuel Incentives/Reserves	\$6,238	\$4,740	\$14,816	\$8,578
(7,565)	Capital P&D Allocation	(7,899)	(6,701)	(8,491)	(592)
(\$2,498)	Total Other	(\$1,661)	(\$1,961)	\$6,325	\$7,986
\$3,127	Benefits *	\$0	(\$850)	\$127	\$127
\$452,360	Grand Totals	\$475,852	\$464,112	\$494,940	\$19,088

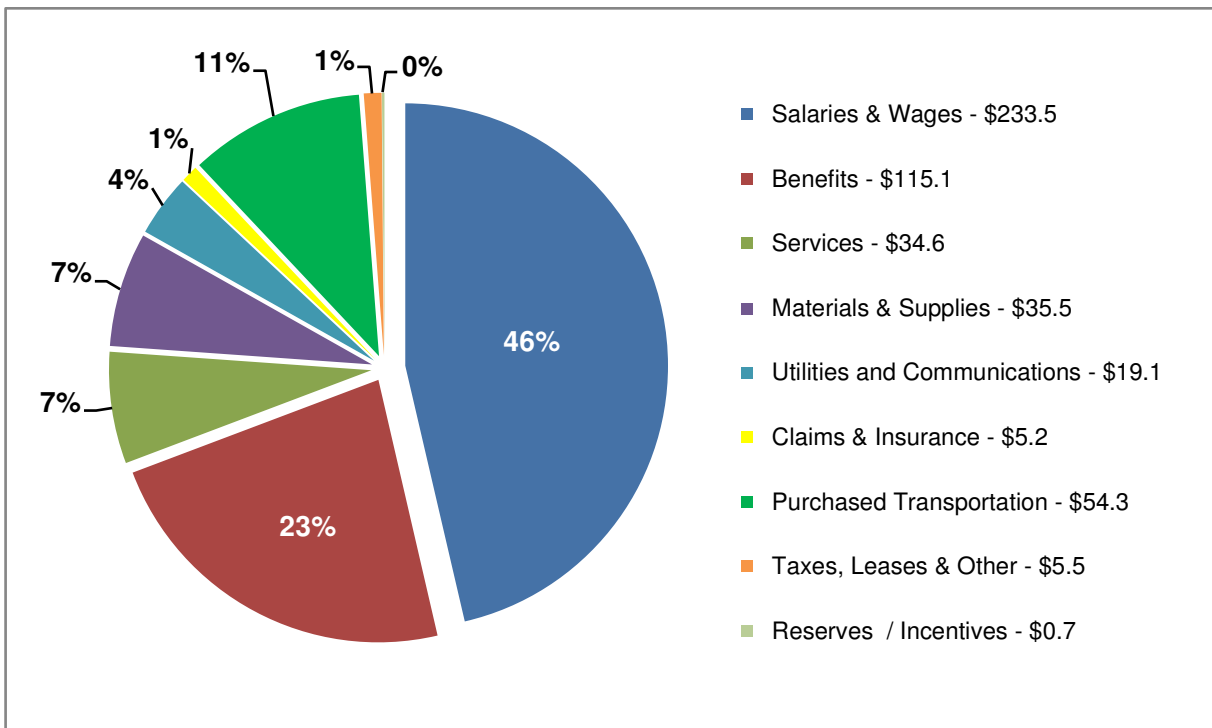
* Benefits are allocated to depts during the budget preparation.

Operating Budget Highlights

Employee compensation, in the form of Salaries and Wages (\$233.5 million) and Benefits (\$115.1 million) comprise 69.2% of the total operating budget. The third largest element of the operating budget is Purchased Transportation at 10.8% (\$54.3 million). This category is composed of the TRE services (\$23.5 million), Paratransit services (\$24.2 million), Vanpool services (\$2.0 million) and other Shuttle services (\$4.6 million).

Exhibit 40 illustrates the various components of the operating budget.

Exhibit 40
Operating Expenditures by Object Classification
(Dollars in Millions)



Please note that the expenses totaled in Exhibit 40 above exceed the operating budget by \$8.5 million. This is the amount of departmental expenses classified as Capital Planning & Development costs (Capital P&D). This acts as a credit against departmental expenses when calculating DART's annual operating budget. These expenses are included in DART's Capital/Non-operating Budget.

The total FY 2016 operating budget is \$494.9 million, a \$19.1 million (4.0%) increase from the FY 2015 Budget.

Exhibit 41 displays the Operating Expense budget by object classification and includes FY 2014 actual amounts, the FY 2015 budget, and the FY 2016 budget. More detail by department can be found in the *Organizational Unit Section*.

Exhibit 41
Operating Expense Budget by Object Classification
(in Thousands)

FY14 Actuals	Object Classification	FY15 Budget	FY16 Budget	\$ Variance	% Variance
\$214,891	Salaries & Wages	\$221,435	\$233,458	\$12,023	5.4%
101,546	Benefits	110,822	115,145	4,323	3.9%
28,390	Services	33,601	34,642	1,041	3.1%
42,092	Materials & Supplies	38,539	35,472	(3,067)	(8.0%)
17,151	Utilities and Communications	17,688	19,073	1,385	7.8%
4,582	Claims & Insurance	5,291	5,159	(132)	(2.5%)
46,900	Purchased Transportation	49,711	54,300	4,589	9.2%
4,373	Taxes, Leases & Other	5,264	5,454	190	3.6%
0	Reserves / Incentives	1,400	729	(671)	(47.9%)
\$459,925	Sub-Total (All Expenses)	\$483,751	\$503,432	\$19,681	4.1%
(\$7,565)	Capital P&D	(\$7,899)	(\$8,491)	(592)	7.5%
\$452,360	Total Operating Expenses	\$475,852	\$494,940	\$19,088	4.0%

Salaries and Wages – The FY 2016 Salaries and Wages budget is \$233.5 million, a \$12.0 million (5.4%) increase over the FY 2015 budget.

In the *Salaries and Wages* line item, there is a limited pool (approximately 3%) for compensation increases programmed in the FY 2016 budget and a \$2 million reserve to address potential market survey inequities. 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 42 shows a reconciliation of the positions between FY 2015 and FY 2016. Total authorized positions have increased by a net of 35, as detailed below:

- EVP Customer Care/Svc Delivery has an increase of 33 positions. Operators – 5 additional Rail Operators to implement APTA Fit for Duty standards; 27 additional Bus Operators and 1 additional Rail Operator to fulfill Optimal Operator Calculation aimed at reducing instances of missing pullouts due to lack of available operators.
- There is a net addition of 2 positions in the Office of the President.
 - Safety Specialist – Additional Safety personnel to implement the President's Bus and Rail Safety program.
 - Quantitative Specialist – Collecting and analyzing statistical trends of safety data.



Exhibit 42
FY 2016 Budgeted Positions

FY 2014	Department	FY 2015	Reorg / Mods	Eliminated	New Positions	Approved FY 2016
4	Department of the President	4				4
-	Safety Department	9	1		2	12
2	Deputy Executive Director	2	1			3
5	Government Relations	5				5
20	Diversity & Economic Opp.	20				20
25	Human Capital	26				26
56	Total President & Deputy ED	66	2	-	2	70
104	Finance	96	(1)			95
64	Marketing & Communications	64				64
33	Procurement	33				33
64	Technology	74				74
265	Total Business Solutions & Innovation	267	(1)	-	-	266
35	EVP Customer Care/Svc Delivery	35				35
366	DART Police	366	1			367
55	Mobility Management Services	55				55
212	Maintenance	213				213
225	Transportation	232				232
893	Total EVP Customer Care & Service Delivery	901	1	-	-	902
13	Commuter Rail	15				15
32	Planning & Development	28				28
40	Rail Program Development	37				37
10	Rail Planning	10				10
95	Total EVP Growth & Regional Dev	90	-	-	-	90
5	Board Support	5				5
9	Internal Audit	9				9
20	Legal	20				20
34	Total Board Directs	34	-	-	-	34
1,343	Total Salaried	1,358	2	-	2	1,362
Full Time Hourly Position Summary by Department						
FY 2014	Department	FY 2015	Reorg / Mods	Eliminated	New Positions	Approved FY 2016
20	Finance	20				20
64	Marketing & Communications	58				58
84	Total Business Solutions & Innovation	78	-	-	-	78
-	Planning & Development	-				
-	Total EVP Growth & Regional Dev	-	-	-	-	-
49	EVP Customer Care/Svc Delivery - MMgmt	49				49
776	Maintenance	769				769
	Transportation					
49	Non Operator	44				44
	Operators					
1,199	Bus	1,199			27	1,226
194	Rail	185			6	191
2,267	Total EVP Customer Care & Service Delivery	2,246	-	-	33	2,279
2,351	Total Hourly	2,324	-	-	33	2,357
3,694	Grand Total	3,682	2	-	35	3,719

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 2016 Benefits budget is \$115.1 million, a \$4.3 million (3.9%) increase over the FY 2015 budget, as shown in Exhibit 43.

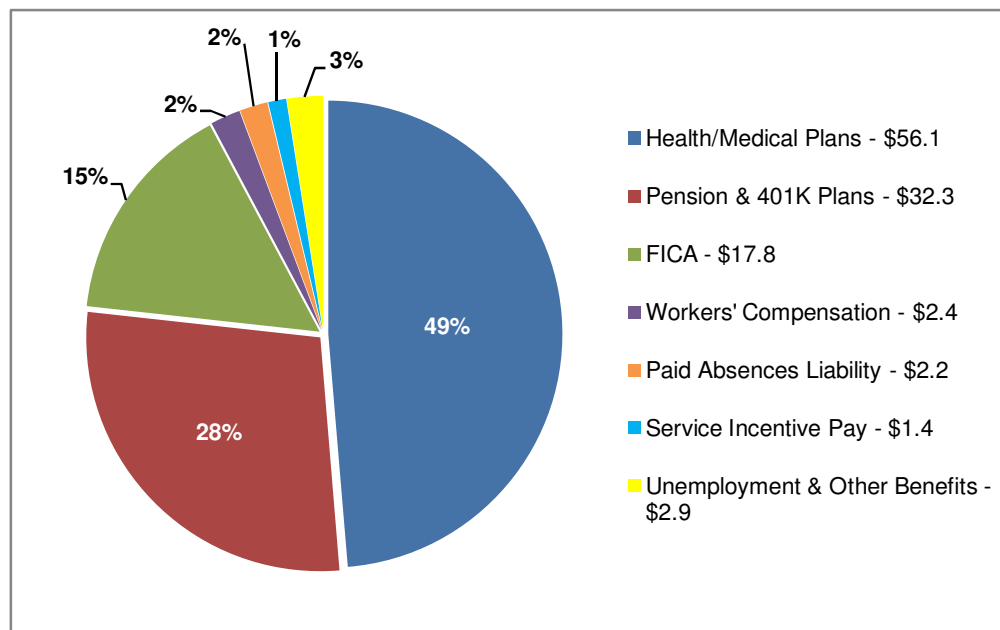
Exhibit 43
Benefits Overview
(in Thousands)

FY14 Actuals	Object Classification	FY15 Budget	FY16 Budget	\$ Variance	% Variance
\$51,848	Health/Medical Plans ^[1]	\$50,923	\$56,057	\$5,134	10.1%
28,493	Pension & 401K Plans	32,695	32,320	(375)	(1.1%)
15,848	FICA	16,987	17,811	824	4.9%
947	Workers' Compensation	4,430	2,400	(2,030)	(45.8%)
1,833	Paid Absences Liability	2,300	2,242	(58)	(2.5%)
1,460	Service Incentive Pay	1,448	1,448	0	0.0%
1,117	Unemployment & Other Benefits	2,039	2,867	828	40.6%
\$101,546	Total Benefits	\$110,822	\$115,145	\$4,323	3.9%

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

Exhibit 44 is an overview of the percentage of expenditure to major components within the Benefits category for the FY 2016 budget.

Exhibit 44
Benefits by Expenditure
(in Millions)

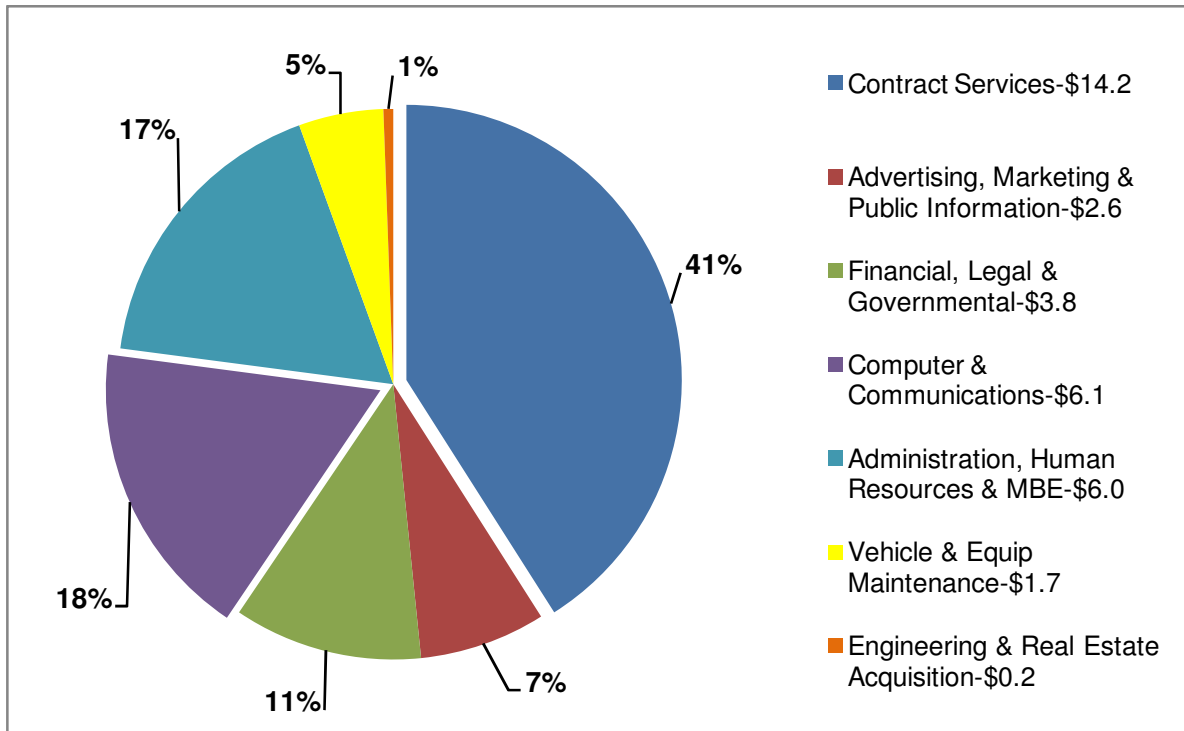


- Health, Life, and Disability insurance remains the major cost driver of all DART benefits. The increase year over year is approximately \$5.1 million (10.1%). FY 2015 has seen an increase in the number of areas that are impacting the results for FY 2016. There are many items which are impacting these costs, some up and some down. These items include but are not limited to:
 - Change in Third Party Administrators (TPA);
 - Express Script is the TPA for pharmacy claims;
 - Program encouraging use of generic drugs when approved by doctor;
 - Blue Cross Blue Shield has committed to effectively increase the discounts on medical provider fees;
 - The Plans in 2015 excluded coverage for spouses that have medical coverage available from their employer;
 - DART conducted a Dependent Eligibility Verification Program for 2015 plan year. Ineligible dependents were removed from the plan;
 - The monthly employee health plan contributions increased for 2015; and
 - 24.3% increase in pharmacy costs.
- DART continues to reap benefits in the Workers' Compensation program and has seen success in controlling the rate of increase over the past few years. The FY 2016 budget was reduced from FY 2015 by approximately \$2.0 million (45.8%).

Services – The FY 2016 Services budget of \$34.6 million represents 7.0% of the total agency budget. This is an increase of \$1.1 million (3.4%) over the FY 2015 budget. Computer & Communications increased 18%; this increase is being driven by the DART Technology Transformation initiative and 5 Star Service Initiative.

Exhibit 45 illustrates the composition of the Services line item of the budget.

Exhibit 45
Services Budget
(in Millions)



Materials and Supplies – The budget for *Materials and Supplies* decreased year-over-year by 8% (\$3.1 million). This savings is primarily due to fuel and parts (\$3.2 million) areas of savings:

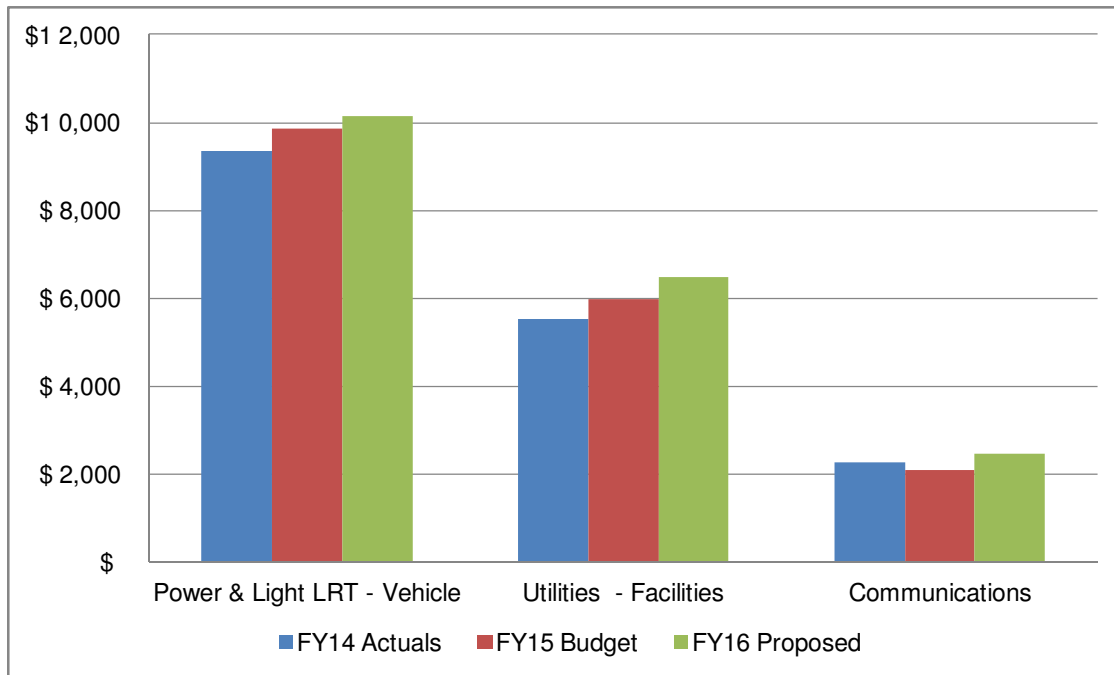
- The continued replacement of diesel-fueled buses with CNG-fueled buses resulted in significant savings (\$2.3 million).
- DART has implemented solutions to resolve the problem of flat rail wheels. The impact is a savings of (\$918,000) to the materials and supplies budget.

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 2016 is \$19.1 million a 6.5% increase year over year. This category represents 3.9% of the total Agency operating budget.

In 2013, DART locked into a favorable five-year fixed price contract for electricity. The negotiated rate will save DART \$12.5 million through 2018.

Exhibit 46 shows the components of Utilities & Communications over the last three years.

Exhibit 46
Utilities & Communications Comparison
(in Thousands)



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 first \$3 million 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.

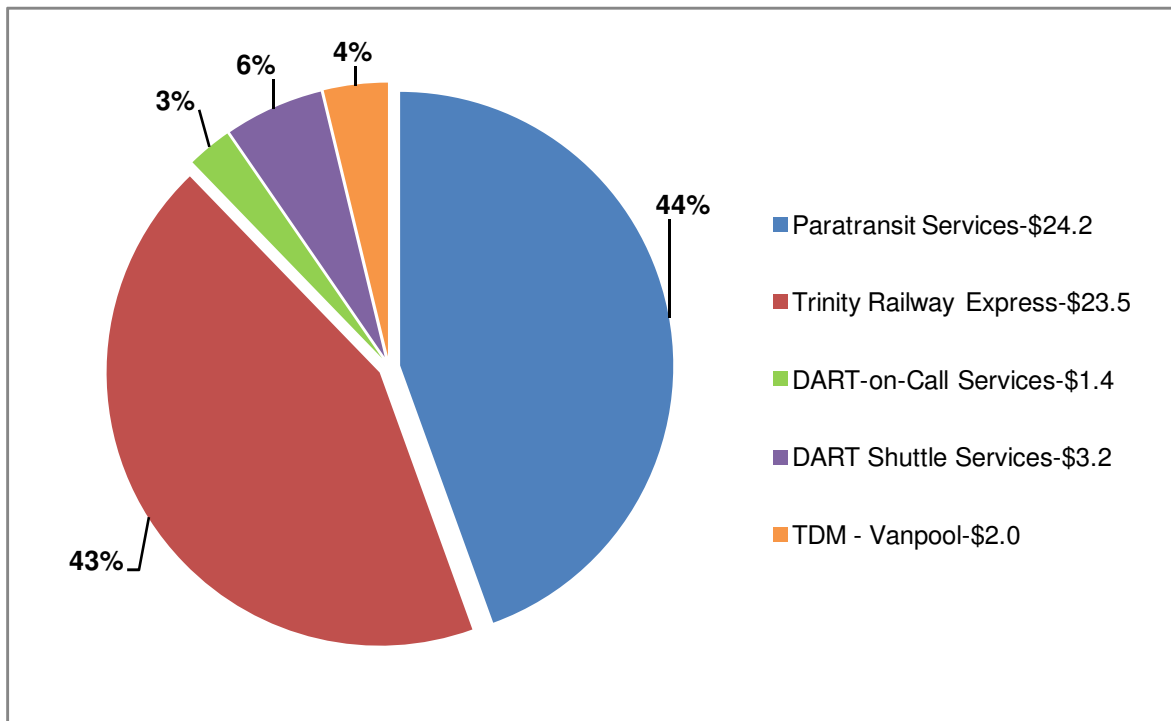
The FY 2016 budget for this category decreased by \$132,000 (2.5%) compared to FY 2015.

Purchased Transportation – This category represents transportation services that are purchased from and provided by a third party. The budget for this category increased by \$4.6 million (9.2%) in FY 2016 over FY 2015 due to an increase in contract rates and service levels.

- Trinity Railway Express costs increased by \$2.5 million (12%) primarily due to periodic maintenance fees that happen to occur during the first year of the new contract. These costs will be lower during FY 2017.
- Paratransit contract costs increased by \$937,000 (4%) for both contract rate increases and projected increase in demand for trips.
- DART Shuttle services costs increased by \$1.6 million (97%) predominantly associated with increased service levels for the University of Texas at Dallas shuttle. This was partially offset by an increase of nearly \$800,000 in increased shuttle revenues.

Exhibit 47 shows the components of the Purchased Transportation category.

Exhibit 47
Purchased Transportation Comparison
(in Millions)



The FY 2016 Taxes, Leases and Other expense budget is \$5.4 million, a \$200,000 (3.8%) increase from FY 2015 related to increased training costs.



Capital and Non-Operating Budget

Shown in Exhibit 48 is a summary of the FY 2016 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 comprehensive list showing all capital and non-operating projects (and associated reserves) is contained in Exhibit 26 in the *Financial Plan Section*.

Exhibit 48
FY 2016 Capital & Non-Operating
(in Thousands)

FY14 Actuals	Category	FY15* Budget	FY16 Budget	\$ Variance
\$219,143	Total Capital Projects	\$297,587	\$258,473	(\$39,114)
7,565	Capital Planning & Development	7,899	8,491	592
0	Start-up	0	0	0
1,631	Non-Operating	1,709	1,236	(473)
\$228,339	Sub-Total Capital / Non-Operating	\$307,195	\$268,200	(\$38,994)
<i>Road Improvements / ITS Programs</i>				
\$500	LAP/CMS Program**	\$0	\$0	\$0
(28)	PASS Program ***	6,563	7,562	998
660	TSM (General & Street Repair Program)	2,875	2,576	(299)
1,432	Regional & DART/TxDOT ITS	272	0	(272)
\$2,564	Sub-total Road Improvements/ITS	\$9,710	\$10,138	\$427
\$230,904	Total Capital & Non-Operating/Road Imp./ITS	\$316,905	\$278,338	(\$38,567)
<p>* During 2015, Streetcar expenditures were reclassified from Non-Operating to Capital.</p> <p>** Please note that although no further funds are being allocated to these programs, funds allocated in prior years may be expended.</p> <p>*** Actual amount was less than the amount accrued in the prior year¹</p>				



Debt Service Budget

The FY 2016 Debt Service Budget is shown below in Exhibit 49. Additional information on DART's Debt Program can be found under the *Financial Plan Section* beginning on page 49.

Exhibit 49
Debt Service Budget
(in Thousands)

FY14 Actuals	Category	FY15 Budget	FY16 Budget	\$ Variance
\$152,118	Long-Term Debt Fixed-Rate Interest	\$151,099	\$148,292	(\$2,807)
130	Commercial Paper Program	1,625	705	(920)
301	Transaction Costs	210	635	425
\$152,549	Total Interest & Fees	\$152,934	\$149,632	(\$3,302)
\$25,480	Principal Repayments	\$38,215	\$48,190	\$9,975
\$178,029	Debt Service Budget	\$191,149	\$197,822	\$6,673



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FY 2016 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 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/Regional 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.

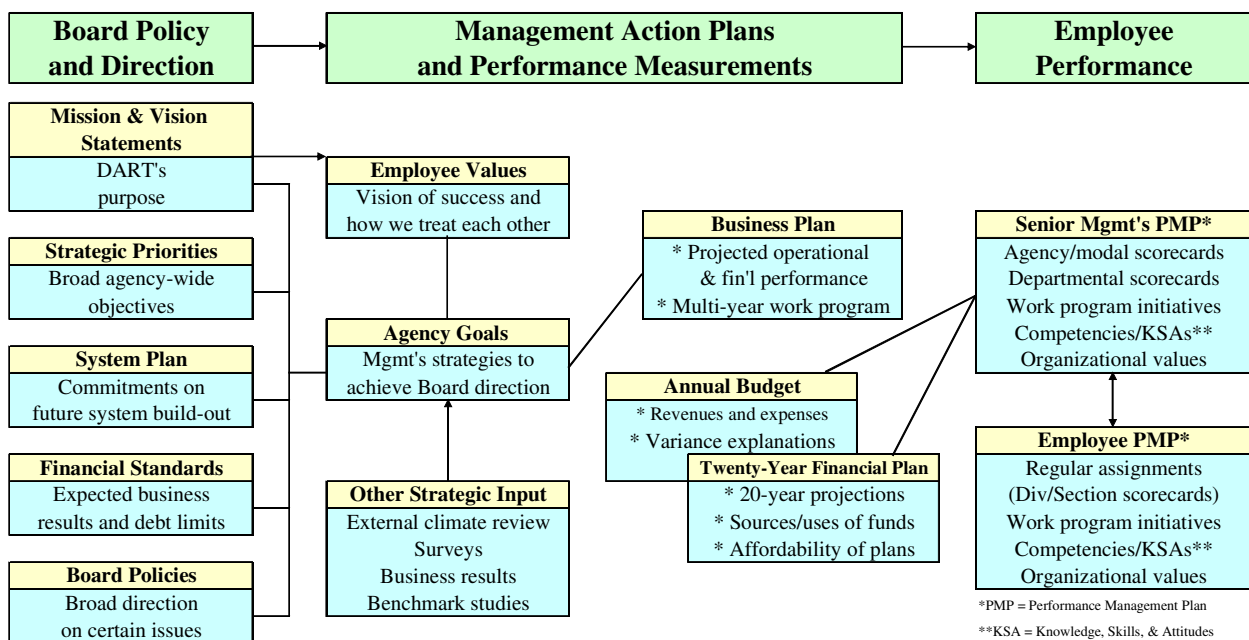
The **Office of Board Support** provides administrative support to the Board of Directors, plus administrative/clerical support for the Trial Board (which renders decisions on hourly employee grievances), and for the Administrative Law Judges (which render decisions on contract disputes). Staff support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

The FY 2016 Operating Budget and positions by department are shown in the *FY 2016 Annual Budget* section, in Exhibits 39 and 42, respectively.

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 50. 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 50
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.

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...

Board Strategic Priorities – To achieve this mission and ensure Agency alignment, in April 2015 the Board adopted the following six Strategic Priorities for FY 2016 through FY 2020:

1. Continually improve service and safety experiences and perceptions
2. Optimize and preserve (state of good repair) the existing transit system
3. Optimize DART’s influence in regional transportation planning
4. Expand DART’s transportation system to serve cities inside and outside the current service area
5. Pursue excellence through employee engagement, development, and well-being
6. Innovate to improve levels of service, business processes, and funding

DART Organizational Values – The Agency’s values statement is:

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 require 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 Strategic Plan identifies, integrates, and aligns DART’s priorities, goals, and tactical objectives. The Plan provides a dynamic structure for staying on track with long-term financial, development, and operational commitments within a rapidly changing political and economic context.

The Strategic Plan identifies what needs to be accomplished; the Business Plan defines how management intends to achieve it. Management’s Goals, Department Objectives, and Department Performance Measures indicate progress toward the Strategic Plan’s priorities.

The Strategic Plan and the events and initiatives contained in the Business Plan are the basis for the FY 2016 Annual Budget and the FY 2016 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 51 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.

The measurements in Exhibit 51, as well as other measurements, are used by the DART organizational units to assess success towards performance that supports the achievement of DART strategic goals. These measurements (“key performance indicators” or KPIs) can be found in more than one organizational unit – as many agency activities support each strategic priority.

Exhibit 51
DART’s Strategic Measurements

Strategic Priority	Examples of Key Leading Indicators	Examples of Key Lagging Indicators
1. Continually improve service and safety experiences and perceptions for customers and the public	<ul style="list-style-type: none"> On-time performance Accidents per 100k miles Complaints per 100k passengers Call Center service levels 	<ul style="list-style-type: none"> Ridership Passengers per mile/hour Customer satisfaction surveys Passenger revenues Passengers per mile/hour
2. Optimize and preserve (state of good repair) the existing transit system	<ul style="list-style-type: none"> Revenue miles/hours Average system speed Timely replacement of assets Mean distance between service calls 	<ul style="list-style-type: none"> Ridership Customer satisfaction surveys
3. Optimize DART’s influence in regional transportation planning	<ul style="list-style-type: none"> News clippings and other media Actual schedule vs. plan for system expansion Complaints/Commendations 	<ul style="list-style-type: none"> Completion of Transportation System Plan commitments Joint development created Regional funding
4. Expand DART’s transportation system to serve cities inside and outside the current service area	<ul style="list-style-type: none"> Actual schedule vs. plan for system expansion Revenue miles/hours 	<ul style="list-style-type: none"> Number of arrangements to provide service to cities outside the current service area Ridership
5. Pursue excellence through employee engagement, development, and well-being	<ul style="list-style-type: none"> Employee verbal feedback Number of grievances Corrective disciplinary actions Retention/Absenteeism Operator lost-time claims Unscheduled absences 	<ul style="list-style-type: none"> Employee satisfaction survey
6. Innovate to improve levels of service, business processes, and funding	<ul style="list-style-type: none"> Passenger revenues Advertising and other revenues Federal Funding Cycle time/process measurements Project implementation vs. plan Benchmark comparisons Deadhead ratio Pay-to-platform ratio 	<ul style="list-style-type: none"> Ridership Subsidy per passenger Administrative ratio Sales taxes for operations Unused financing capacity



DART Key Performance Indicators

DART's Scorecard of Key Performance Indicators (KPIs) is shown in Exhibit 52 and represents fiscal years 2013 and 2014 actual values while fiscal years 2015 through 2016 are the budget and projected values. Numbers represented under FY 2015 Q3 are four-quarter rolling numbers (4th quarter of FY 2014 and three quarters of FY 2015).

The KPIs under *Efficiency Measures* were adversely impacted due to the overall operating budget increase with no budgeted growth in fixed route ridership.

Exhibit 52
DART Scorecard of Key Performance Indicators (KPIs)

	Indicators	FY13A	FY14A	FY15 Qtr 3	FY15B	FY16B
Ridership Performance	Total Agency Ridership (M)	107.5	92.1	93.7	100.1	94.4
	Fixed-Route Ridership (M)	69.5	69.1	69.0	69.6	68.5
	Ridership - Bus (M)	38.0	37.4	36.9	37.2	36.5
	Ridership - LRT (M)	29.5	29.5	29.9	30.1	29.9
	Ridership - TRE (M)	2.1	2.3	2.2	2.4	2.2
	Ridership - Paratransit (000s)	763.5	753.4	774.7	799.9	802.0
	Ridership - HOV (M)	36.3	21.4	23.1	28.6	24.1
	Ridership - Vanpool (000s)	947.0	893.0	815.1	1,009.4	929.0
Efficiency Measures	Subsidy Per Passenger - Total System	\$3.36	\$3.99	\$3.99	\$3.93	\$4.35
	Subsidy Per Passenger - Fixed-Route	\$4.67	\$4.87	\$4.98	\$5.16	\$5.69
	Subsidy Per Passenger - Bus	\$5.26	\$5.32	\$5.48	\$5.63	\$5.97
	Subsidy Per Passenger - LRT	\$3.82	\$4.21	\$4.30	\$4.44	\$4.66
	Subsidy Per Passenger - TRE ^{[1] [2]}	\$5.93	\$5.96	\$6.07	\$6.89	\$8.76
	Subsidy Per Passenger - Paratransit	\$35.00	\$39.59	\$39.29	\$42.43	\$41.79
	Subsidy Per Passenger - HOV	\$0.26	\$0.05	n/a	n/a	n/a
	Subsidy Per Passenger - Vanpool	\$0.23	(\$0.11)	\$0.02	\$0.21	\$0.16
	Farebox Recovery Ratio - Fixed-Route	15.9%	15.3%	15.8%	15.7%	15.5%
	Administrative Ratio ^{[1] [3]}	7.8%	8.7%	8.5%	9.6%	9.6%
Service Quality	On-Time Performance - Fixed Route	95.9%	91.5%	90.3%	91.7%	91.0%
	On-Time Performance - Bus ^[4]	95.3%	80.8%	79.3%	82.5%	80.0%
	On-Time Performance - LRT ^[4]	93.8%	95.1%	93.6%	95.0%	95.0%
	On-Time Performance - TRE	98.7%	98.6%	98.8%	97.5%	98.0%
Customer Satisfaction	Complaints Per 100,000 Passengers - Fixed-Route	33.7	37.3	37.5	38.3	38.1
	Complaints Per 100,000 Passengers - Bus	49.9	55.8	57.6	57.0	57.0
	Complaints Per 100,000 Passengers - LRT	15.0	16.5	15.5	17.5	17.5
	Complaints Per 100,000 Passengers - TRE	3.8	2.7	2.8	7.6	2.8
	Complaints Per 1,000 Trips - Paratransit	n/a	5.3	4.6	3.0	3.0
	Complaints Per 100,000 Commuters - HOV	0.2	n/a	n/a	n/a	n/a
Safety	Accidents Per 100,000 Miles - Fixed-Route	1.7	1.9	2.0	1.7	1.7
	Accidents Per 100,000 Miles - Bus ^[4]	2.0	2.3	2.4	1.9	2.3
	Accidents Per 100,000 Train Miles - LRT ^[5]	0.3	0.3	0.3	0.5	0.4
	Accidents Per 100,000 Miles - TRE	0.1	0.4	0.2	0.2	0.2

[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 were not included in prior calculations and have been restated.

[3] FY15 Qtr 2 - a calculation error was discovered and corrected subsequent to publication of the Quarterly Report.

[4] The FY16 target is worse than the FY15 target but would represent an improvement from the last 12 months of actual data (FY15 Qtr 2).

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



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Customer Care & Service Delivery

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

5 Star Service Initiative – The 5 Star Program is a major agency-wide culture change initiative led by Customer Care & Service Delivery. Fiscal Year 2016 will be the fourth year of employee growth and development in the program. The culture change initiative includes several key elements designed to influence changes in employee behaviors by developing competencies within employees and employee teams that will enable them to attain and sustain high performance:

- Customer Experience Officers (CEOs) are 5 Star Program champions in their respective work units. These persons are selected in each department either by an employee application and interview process or through appointment by the department head. CEOs receive monthly 5 Star training and project management opportunities throughout their two-year term of office. They are expected to spread the 5 Star message through their behavior of “modeling the way” and are provided with special uniform items and supplies to support their activities. CEOs that have completed their two-year assignment are invited to continue their service to the program as 5 Star Yoda Masters. These employees receive leadership training and serve as advisors to new CEOs and are assigned to work on special projects over a two-year period. There are 30 CEOs and 20 Yoda Masters.
- Continuous Improvement Teams (CIT) are problem-solving groups that include approximately 60 employees selected by departments to solve technical problems, improve processes, or create new ways to improve working relationships within the agency or with the agency’s customers. New teams are created once each year and are expected to define their project, complete their work, and present recommendations within approximately four months. Implementation and sustainability of the recommendations is monitored through quarterly update reports. Ten teams have been created over the past two years.
- The Culture Change Speaker series is a schedule of three guest presenters per year addressing management staff audience to help them better understand the importance of their roles in employee behavior changes and improving the performance of the agency.

- Customer Service Events are a scheduled series of direct interaction activities at rail stations, transit centers, divisions, departments, and special occasions. Refreshments and small giveaways are provided for internal and external customers. These activities are primarily managed by the DART Police and Transportation departments with support provided by the CEOs and other agency employees. A specially-equipped customer service van is used to attract customers at these events and to provide video presentation capability. Approximately 40-50 activities are scheduled each year.
- Marketing and Momentum activities include creation and distribution of printed materials, creation of video and PowerPoint presentations, employee recognition events, event photography, and placement of weekly 5 Star messages on DARTnet.
- Employee Recognition includes events, plaques, trophies, and nominal prizes to recognize achievements such as CEO training completion, CIT accomplishments, outstanding "Wow" customer service by an employee, etc.

The 5 Star Service Program has five parts: Culture Change, Center of Excellence, Improved Services, High Performance and Recognition, and Image and Brand.



Over the last three years there has been a large focus on Culture Change, Improved Services, Marketing and Momentum, but a stronger focus will occur in Center for Excellence (training), High Performance and Recognition, and Image and Brand. Focusing on all five parts of the 5 Star Service Program will result in a cultural shift that encompasses individuals, departments, and teams throughout the agency.

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, 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 53 highlights the Bus Key Performance Indicators (KPIs) presented in scorecard format. These KPIs measure our success towards achieving the goal of providing effective, efficient, safe, secure transportation service. Fiscal years 2013 and 2014 indicate actual values. Fiscal Year 2015 Qtr 3 is a four-quarter rolling average ending June 30, 2015. Fiscal Years 2015 and 2016 are the budget (target) values for those years.

Exhibit 53
Bus Scorecard – Key Performance Indicators

	Indicator:	FY13A	FY14A	FY15 Qtr 3	FY15B	FY16B
Customer Quality	Fixed-Route Bus Ridership (M)	38.0	37.4	36.9	37.2	36.5
	Revenue Miles (M)	25.2	25.1	25.2	25.0	25.0
	Passengers per Mile	1.51	1.49	1.47	1.49	1.46
	Farebox Recovery Ratio	13.0%	13.4%	13.2%	12.9%	12.1%
	Complaints per 100K Passengers	50.0	55.8	57.6	57.0	57.0
	On Time Performance *	95.3%	80.8%	79.3%	82.5%	80.0%
	Mean Distance Between Service Calls	5,911	7,970	9,820	11,267	11,846
	Veh. Accidents Per 100K Miles	2.0	2.3	2.4	1.9	2.3

* A discussion of the change in reporting methodology for On-Time Performance beginning in FY 2014 is included following the KPIs.

	Indicator:	FY13A	FY14A	FY15 Qtr 3	FY15B	FY16B
Financial Efficiency	Expenses - Fully Allocated (M)	\$235.6	\$235.9	\$239.0	\$246.3	\$257.6
	Revenues (M)	\$35.9	\$37.0	\$37.0	\$37.0	\$39.7
	Net Subsidy (M)	\$199.7	\$199.0	\$202.0	\$209.4	\$217.9
	Subsidy Per Passenger	\$5.26	\$5.32	\$5.47	\$5.63	\$5.97
	Cost Per Revenue Mile	\$9.37	\$9.40	\$9.49	\$9.85	\$10.32

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 53 on a 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 2016 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 provide for 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 customer complaint resolution.

In 2016, 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 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 is significantly improving 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 fueling stations are now in operation; one 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 2016, DART will 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) was projected to save \$190 million (as compared to diesel fuel) in operating expenses through 2029 but if natural gas prices continue to remain low, DART will save millions of dollars above and beyond that projection. DART is in the process of locking in favorable pricing at least through 2025.

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 outcome.

DART Innovative Services

DART On-Call 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 zone was expanded to add midday operation in FY 2015.

Flex, a variation of the On-Call approach, has been in operation for a number of years. Flex combines aspects of conventional fixed-route service with the demand-response characteristics of On-Call. Passengers may choose to board Flex buses at regular 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 has 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-requested deviations for the Flex trips.

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-Dallas, the City of Richardson (Galatyn Shuttle), Parkland Hospital, and Baylor University Medical Center.

Overall shuttle ridership growth continued in FY 2015, where the strongest services – the university-oriented shuttle serving the University of Texas-Dallas and the 24/7 shuttle serving Parkland Hospital – continue to build a very solid ridership base. The Parkland Shuttle now carries over 5,300 passengers per weekday, and the UT-Dallas shuttle has approached 6,000 riders per day during the busy fall periods. In late FY 2015 the new Parkland Hospital facility adjacent to Parkland Station will open. The Clements University Hospital was opened in late 2014, and DART has worked with our partners at the University of Texas-Southwestern Medical Center to implement shuttle route changes associated with these openings.

Exhibit 54 is an overview of the uses of the funds and allocated operating positions for the Bus mode.

Exhibit 54
Bus Overview

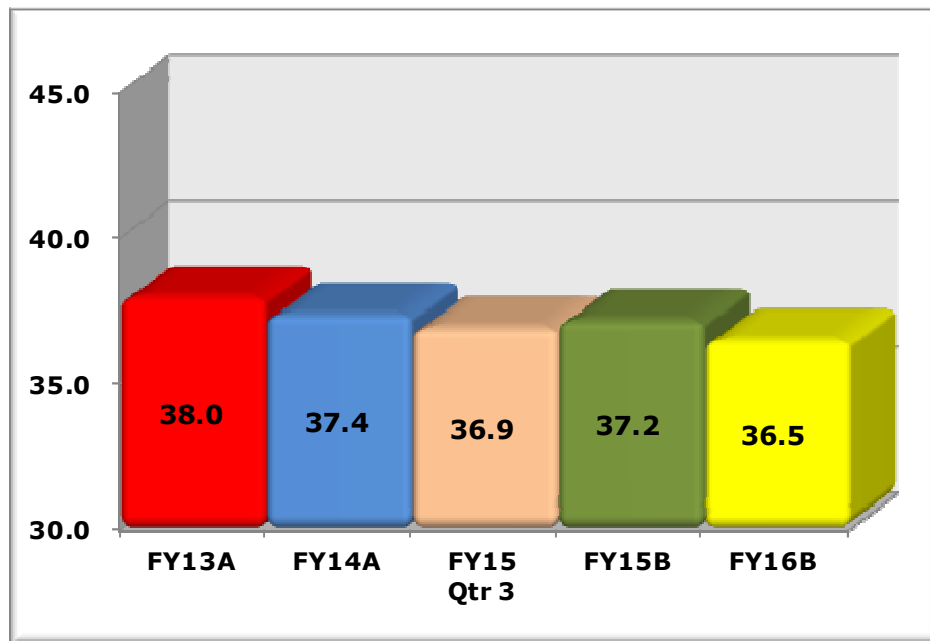
Overview	FY13A	FY14A	FY15B	FY16B
Allocated Operating Budget (M)	\$235.6	\$235.9	\$246.3	\$257.6
Capital Budget* (M)	\$102.1	\$102.6	\$56.5	\$53.9
Allocated Operating Positions**	2,052	2,054	2,067	2,073

* This represents the actual or budgeted modal capital expenditures which does NOT include an allocation of Agency-Wide Capital expenditures.

**Actual Positions are based on budgeted position counts.

Exhibit 55 highlights Bus Ridership. Fiscal years 2013 and 2014 indicate actual values. Fiscal Year 2015 Qtr 3 is a four-quarter rolling average ending June 30, 2015. Fiscal Years 2015 and 2016 are the budget values for those years.

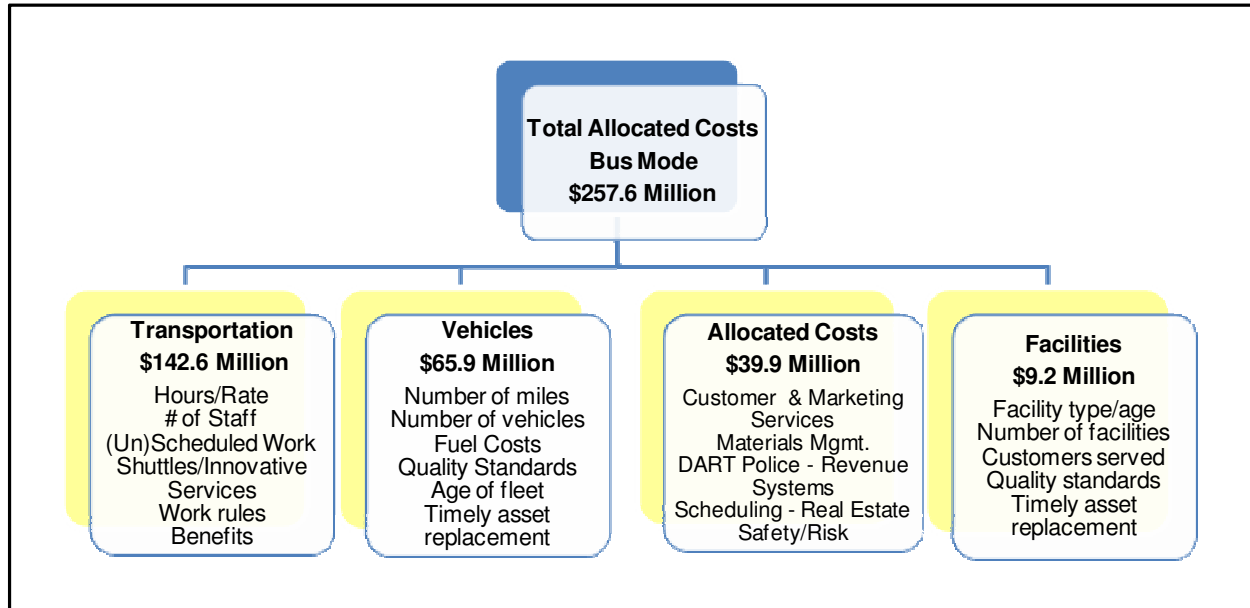
Exhibit 55
Bus Ridership
(in Millions)



Please see Pages 263 through 265 in the *Reference Section* for a discussion of ridership trends.

Exhibit 56 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 \$142.6 million, or 55.4% of the cost.

Exhibit 56
FY 2016 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, 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 90 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 completion in late 2016.

Light Rail Scorecard – Key Performance Indicators

Exhibit 57 highlights LRT's Key Performance Indicators (KPIs) presented in scorecard format. These KPIs measure our success towards achieving the goal of providing effective, efficient, safe, secure transportation service. Fiscal years 2013 and 2014 indicate actual values. Fiscal Year 2015 Qtr 3 is a four-quarter rolling average ending June 30, 2015. Fiscal Years 2015 and 2016 are the budget values for those years.

Exhibit 57
Light Rail Scorecard – Key Performance Indicators

Customer Quality	Indicator:	FY13A	FY14A	FY15 Qtr 3	FY15B	FY16B
	Fixed-Route LRT Ridership (M)	29.5	29.5	29.9	30.1	29.9
	Revenue Miles (M)	9.1	9.5	10.1	10.1	10.2
	Passengers per Mile	3.24	3.09	2.95	2.97	2.92
	Farebox Recovery Ratio	19.0%	17.3%	19.2%	16.7%	16.1%
	Complaints per 100K Passengers	15.0	16.5	15.5	17.5	17.5
	On Time Performance	93.8%	95.1%	93.6%	95.0%	95.0%
	Mean Distance Between Service Calls	35,625	45,662	45,455	48,783	51,222
	Veh. Accidents Per 100K Train Miles ^[1]	0.34	0.25	0.30	0.53	0.35

1 - FY13 and FY14 actuals have been restated to Train Miles, therefore, will not tie to historical actuals.

Financial Efficiency	Indicator:	FY13A	FY14A	FY15 Qtr 3	FY15B	FY16B
	Expenses - Fully Allocated (M)	\$141.7	\$156.3	\$160.8	\$163.0	\$168.4
	Revenues (M)	\$29.2	\$32.2	\$32.0	\$29.5	\$29.3
	Net Subsidy (M)	\$112.6	\$124.0	\$128.7	\$133.5	\$139.1
	Subsidy Per Passenger	\$3.82	\$4.21	\$4.30	\$4.44	\$4.66
	Cost Per Revenue Mile	\$15.58	\$16.40	\$15.87	\$16.09	\$16.47

Exhibit 58 is an overview of the uses of the funds and allocated operating positions for Light Rail. To determine these amounts, each department identifies the percentage of time and money spent on each mode to determine how the expenses and positions are allocated.

Exhibit 58
LRT Overview

Overview	FY13A	FY14A	FY15B	FY16B
Allocated Operating Budget (M)	\$141.7	\$156.3	\$163.0	\$168.4
Capital Budget* (M)	\$112.9	\$69.3	\$142.0	\$116.3
Allocated Operating Positions**	1,124	1,266	1,253	1,248

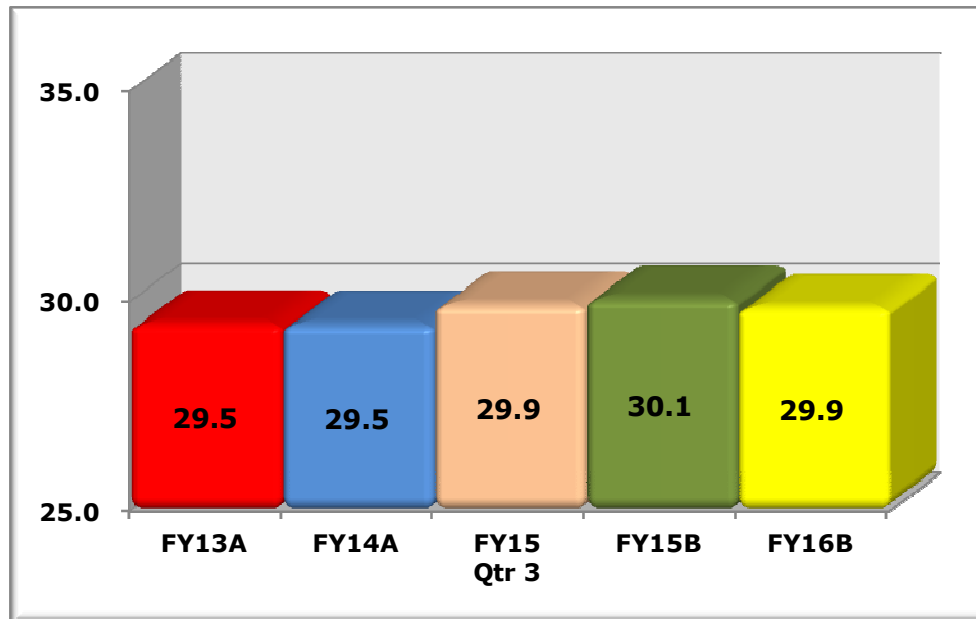
** This represents the actual or budgeted modal capital expenditures which does NOT include an allocation of Agency-Wide Capital expenditures. Also, in the FY15 Business Plan, streetcar capital expenditures were included under LRT.*

***Actual Positions are based on budgeted position counts.*

LRT Ridership

Exhibit 59 highlights LRT Ridership. Fiscal years 2013 and 2014 indicate actual values. Fiscal Year 2015 Qtr 3 is a four-quarter rolling average ending June 30, 2015. Fiscal Years 2015 and 2016 are the budget values for those years.

Exhibit 59
LRT Ridership
(in Millions)

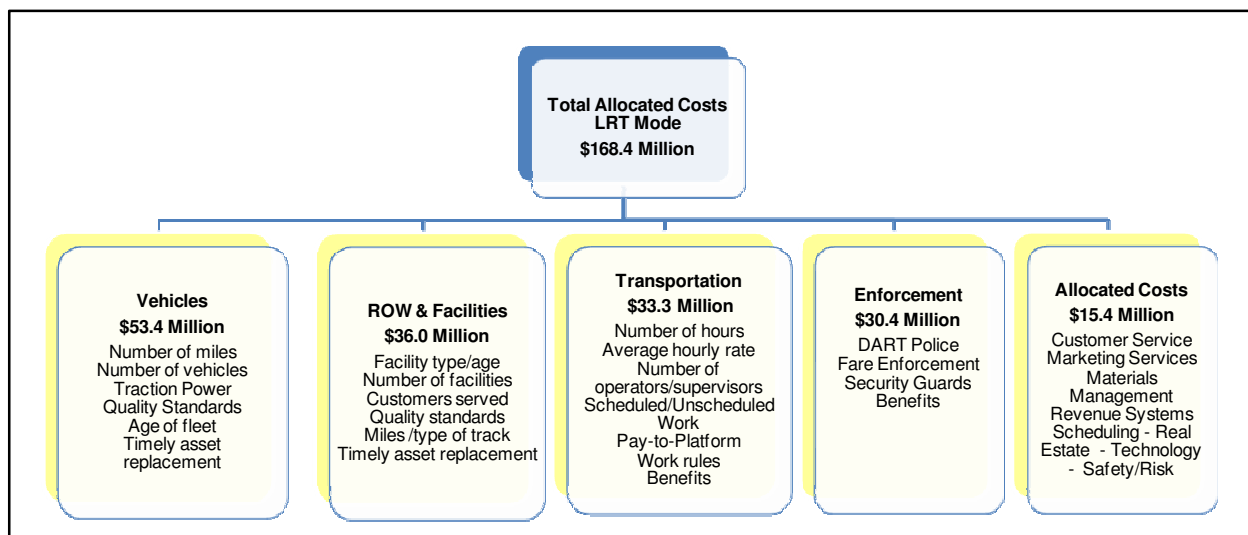


Please see pages 263 through 265 in the *Reference Section* for a discussion of ridership trends.

LRT Cost Model

Exhibit 60 highlights the cost structure for LRT. Although LRT and Bus have very different cost structures, the 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 \$36.0 million (21.4%) of the total \$168.4 million LRT cost structure – versus only 3.6% for bus. Transportation costs, on the other hand, represent only 19.8% (\$33.3 million) of the total LRT cost structure – versus 55.4% for bus.

Exhibit 60
FY 2016 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 (WSA) 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 WSA. Additionally, the section provides assistance to WSA 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. This section has primary responsibility for assuring that training and maintenance documentation needs are met for all new systems and vehicles and validation of maintenance documentation in support of improving vehicle and systems reliability. 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 processes and administers all vehicle, equipment, and facility warranties; and monitors fluids through wear metal and contaminant 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 approximately 668 fixed-route buses, 163 light rail cars, 2 streetcars, and 751 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 campaign modification support, and capital program support for the DART-operated Bus, Light Rail, and Dallas Streetcar fleets. Body Support is responsible for body preventive maintenance, accident repair (minor and major), and upholstery rebuilding for the DART-operated Bus, Light Rail, and Dallas Streetcar 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 on both light rail vehicles and modern streetcars. 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.

Ways, Structures, & Amenities Division

The Ways, Structures, & Amenities Division provides maintenance for DART's 204.93 miles of light rail transit (LRT) right-of-way and systems, including the Dallas Streetcar, Bus/LRT/Commuter Rail passenger facilities, major administrative facilities, and agency-wide radio communications systems. This includes Track & Right-of-Way, Passenger Amenities/Facility Services, Signal Systems, Traction Electrification Systems, and the Communication & Control Systems. The Division consists of the following five sections:

- *Track and Right-of-Way* – This section inspects, maintains, and repairs all light rail and Dallas Streetcar track. Time-based, corrective, and condition-based maintenance and repairs are performed on all track turnouts/switches, 182 road crossings, various right-of-way track-related structures, culverts, and other rail related facilities along the right-of-way. Additionally, this section is responsible for maintaining a zero tolerance graffiti program for DART property.



- *Passenger Amenities/Facility Services* – This section inspects, maintains, and repairs passenger facilities for DART's Bus, Rail, and Commuter Rail services. Time-based, corrective, and condition-based maintenance and repairs are performed on 9 transit centers, 53 LRT at-grade rail platforms, 10 LRT aerial platforms, 1 LRT subsurface platform, 6 commuter rail platforms, 2 Park & Rides, 2 Passenger Transfer Locations, 2 Transfer Centers, 20 enhanced shelters, 19 crew quarters, 1,510 bus shelters, 1,484 benches, 12,048 bus stops/trail blazers, multiple information pylons, Guide-a-rides, and tunnel equipment maintenance including fire life safety equipment. The section is also responsible for the property management of DART Headquarters, DART Police Administrative Facilities and Police sub-stations (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.

- *Traction Electrification Systems* – This section maintains the Traction Electrification System for DART's light rail transit. Time-based, corrective, and condition-based maintenance and repairs are performed on 204.93 miles of overhead catenary including 2.4 miles for the Dallas Streetcar, support structures, conductors, cable, hardware, 73 DC-Traction Power Substations (including a substation for the Dallas Streetcar) providing power to the light rail trains and electrical power to the communication and signal systems, 8 AC power substations for the tunnel system and facilities maintenance, and 3,097 station canopy and tunnel lights.
- *Signal Systems* – This section performs inspections, tests, and conducts preventive maintenance for DART's Signal Systems to ensure safe scheduled train operations. The section will also maintain the switches, signals, TWCS, and traffic pre-emption along the Dallas Streetcar segment. Time-based, corrective, and condition-based maintenance and repairs are performed on 395 main line switches, 139 automatic highway grade crossing warning signals, 867 wayside signals/indicators, train coming signals and green bands, 134 yard switches, 64 signal power distribution centers, 114 TWC interrogators, and approximately 10,000 relays, cab signaling equipment, and other electromagnetic apparatus, cables, and train stop apparatus.
- *Communication & Control Systems* – This section provides two-way radio and data communications to support the operations of the Transportation, Maintenance, and DART Police departments. Communications support is also provided to DART Marketing, Information Technology, and the City of Dallas emergency services. This section maintains real-time data communication links from field units such as traction power substations and signal houses via a Supervisory Control and Data Acquisition (SCADA) system to the Train Control Center (TCC) and real-time data via the Trapeze TransitMaster CAD/AVL system to Bus Dispatch.

The section will also maintain SCADA, the Fiber Optics Link, and all communication devices along the right-of-way for the Dallas Streetcar line segment. Time-based, corrective, and condition-based maintenance and repairs are performed on all communications-related hardware including 57 communication houses, 142 communication interface cabinets, 4 remote radio sites, and a fiber optic communications network. Other systems supported include the digital voice recording system, CCTV cameras, public address/virtual message boards, Harris OpenSky Radio System, and passenger emergency call phones. The control system programmers provide system administration and programming on all software applications, databases, and operating systems used to support Train Control and Bus Dispatch operations.

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 \$36 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 2% each compared to FY 2015.
- Meet or exceed a system-wide customer fare compliance rate at or greater than 97%.

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 Services Section provides day-to-day services for internal customers, employees, and external customers. These services are provided through the following areas:

- Budget – The Police Department’s budget is monitored to ensure fiscal responsibility. Monthly updates of the department’s expenditures are provided to the department head. Purchase proposals are evaluated for cost effectiveness and need. Small purchases are monitored to ensure budget compliance.
- Records Section – The department’s Records Section is the first point of contact for customers visiting our Police Headquarters building. They direct visitors and handle all police records requests to include open records requests. They maintain and process all offense reports, accident reports,

and citations. They file citations with the appropriate courts weekly and submit reports to state and federal agencies as required. During FY 2015, the Records Section began using a new crime analysis software, BAIR Analytics. This has assisted in the weekly statistical reports and crime statistical data for field operations to reduce or eliminate crime throughout the DART Service Area.

- Quartermaster – The Quartermaster manages the DART Police fleet of patrol, administrative, and specialized vehicles, vans, and motorcycles. They coordinate the preventive maintenance and recalls of all police vehicles. This includes the coordination of deployment of vehicles through a key machine, KeyWatcher. They issue police equipment daily and are responsible for processing new employees with all the equipment needed to perform their jobs. The Quartermaster communicates and visits with vendors regarding picking up equipment and ordering needed items for inventory
 - Building Management – The Quartermaster acts as the department's liaison for the Police Headquarters building with DART Maintenance. They ensure facility issues are addressed with contractors like janitorial services and facility maintenance and coordinate repairs for equipment within the building to ensure it is in good working condition.

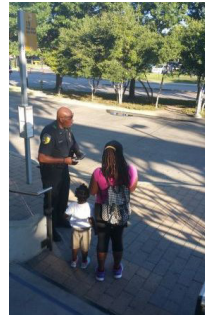
Field Operations provides police services for customers, employees, Trinity Railway Express, Mobility Management, and DART facilities. Field Operations is comprised of the following divisions:

- 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 7 areas to allow the officers to more efficiently patrol the rail system.



- The primary duty of Fare Enforcement 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 in addition to fare enforcement. Rail Support Officers provide police visibility, protection and support to Rail and Fare Enforcement Officers in addition to providing police services to rail station and rail platforms.
- 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.
- Special Operations consist of two categories:
 - Special Operations Team (SOT) – With funding from the Department of Homeland Security, DART Police established a five-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.
 - 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.



Operations Support is comprised of criminal investigations, emergency preparedness, special services, 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, tabletop and full scale 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 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 Special Services section oversees hiring and recruiting and training for the department.
 - Hiring and Recruiting is responsible for complying with all State requirements in the hiring of department personnel, as well as recruiting to fill vacant positions.
 - 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 television cameras at DART light rail stations, onboard buses, and at DART facilities.
 - This section is also responsible for the procurement, installation and maintenance of all police technology used by DART Police including the computer aided dispatch (CAD) system, records management system (RMS), mobile data computers and in-car camera systems deployed in police vehicles as well as the hand-held mobile citation devices used by fare enforcement and police officers.

Mobility Management Services (Paratransit)

DART, through the Department of Mobility Management Services, provides accessible, origin-to-destination and 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.

A new business model was implemented in FY 2013 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 were 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 80 Starcraft vehicles through dedicated service. MV also oversees and manages a fleet of 116 Dodge Entervans outfitted by Braun, which are taxi vehicles provided and operated by Irving Holdings.

Paratransit Services Scorecard – Key Performance Indicators

Exhibit 61 highlights the Key Performance Indicators (KPIs) for Paratransit. These KPIs measure our success towards achieving the goal of providing effective, efficient, safe, secure transportation service. Fiscal years 2013 and 2014 indicate actual values, while figures for fiscal years 2015 and 2016 represent the budget values. Fiscal Year 2015 Qtr 3 is a four-quarter rolling average ending June 30, 2015. KPIs for FY 2014 reflected a higher quality of service based on implementation of the new service delivery model along with the contract modification executed in FY 2014.

Exhibit 61
Paratransit Scorecard – Key Performance Indicators

Customer Quality	Indicator:	FY13A	FY14A	FY15 Qtr 3	FY15B	FY16B
	Actual Ridership (000)	763	753	775	800	802
	Actual Trips (000)	693	692	711	708	729
	Revenue Hours (000)	523				
	On Time Performance	88.9%	92.1%	91.1%	95.0%	95.0%
	Accidents Per 100K Miles	1.50	0.93	0.66	2.00	2.00
	Percentage of Trips Completed	99.7%	99.9%	99.8%	98.9%	99.0%
	Passenger Canceled Trips Ratio	19.0%	18.9%	21.1%	15.0%	15.0%
	Passenger No Shows Ratio	4.1%	4.0%	2.9%	4.0%	4.0%
	Complaints Per 1K Trips		5.3	4.6	3.0	3.0
	Service Level - Scheduling (3 minutes)	90.8%	94.0%	94.0%	95.0%	95.0%
	Service Level - Scheduling (5 minutes)	96.0%	99.0%	97.0%	99.0%	99.0%
	Service Level - Where's My Ride (3 minutes)	84.2%	95.1%	95.0%	95.0%	95.0%
	Service Level - Where's My Ride (5 minutes)	91.9%	98.2%	98.0%	99.0%	99.0%
	Certified Riders	11,462	11,540	11,758	11,816	11,700

Financial Efficiency	Indicator:	FY13A	FY14A	FY15 Qtr 3	FY15B	FY16B
	Expenses - Fully Allocated (M)	\$28.84	\$31.86	\$32.60	\$36.10	\$36.06
	Revenues (M)	\$2.12	\$2.03	\$2.16	\$2.16	\$2.55
	Net Subsidy (M)	\$26.72	\$29.83	\$30.44	\$33.94	\$33.51
	Subsidy Per Trip		\$43.08	\$42.83	\$47.93	\$45.95
	Subsidy Per Actual Passenger	\$35.00	\$39.59	\$39.29	\$42.43	\$41.79

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, throughout FY 2014, and are continuing to be made in FY 2015. The complaints statistic reported in the Business Plan are inclusive of all complaints received related to the Department of Mobility Management Services. For contract compliance purposes, only those for which MV Transportation are responsible are counted.

Exhibit 62 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 62
Paratransit Overview

Overview	FY13A	FY14A	FY15B	FY16B
Allocated Operating Budget (M)	\$28.8	\$31.9	\$36.1	\$36.1
Capital Budget* (M)	(\$0.1)	\$0.3	\$0.8	\$0.5
Allocated Operating Positions**	70	66	66	65

* This represents the actual or budgeted modal capital expenditures which does NOT include an allocation of Agency-Wide Capital expenditures.

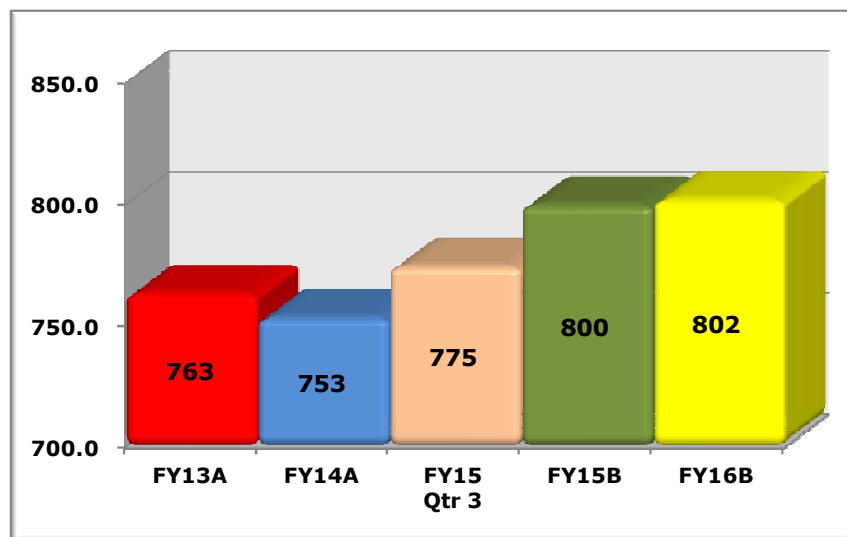
**Actual Positions are based on budgeted position counts.

Paratransit Ridership

One of Mobility Management's goals is to increase productivity and efficiency while delivering excellent customer service. The service delivery model implemented in FY 2013 consists of both dedicated and non-dedicated vehicles as well as a diverse fleet mix.

Exhibit 63 highlights Paratransit ridership. Fiscal years 2013 and 2014 indicate actual values. Fiscal Year 2015 Qtr 3 is a four-quarter rolling average ending June 30, 2015. Fiscal Years 2015 and 2016 are the budget values for those years.

Exhibit 63
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 several years prior to the change. Ultimately, this change has improved 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 strives 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 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/or accompanying first-time users on customized transit trips. The travel trainers 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.

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. As of June 2015, 76 individuals and 52 groups have been trained. DART anticipates that this program will continue to grow and an even larger percentage of people will participate in FY 2016.

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.

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 prevents that passenger, unconditionally or under certain circumstances, from using fixed-route service.

The number of certified riders for FY 2015 is projected at approximately 11,700. This represents a 1.2% increase from the number of certified riders at the end of FY 2014. This annual increase reflects the overall population growth and general aging in the DART Service Area. As of June 2015, approximately 11,600 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 includes 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 riders feel 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.

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 2016, 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.

Additional Technology/Interactive Communications – In 2014 a contract modification was executed which included the addition of new technologies and communication methods for Mobility Management Services riders.

A call waiting queue announcement was implemented in April 2014 which informed customers of what their expected wait time was to speak to a representative when calling the reservations and "Where's My Ride?" lines.

An IVR call feature was added in November 2014. This enhancement provides riders with a phone call ten minutes prior to their vehicle's arrival so that individuals do not have to endure the elements while awaiting the arrival of the vehicle.

In June 2014, Bus.mobi, a new vehicle tracking technology, was made available which allowed riders to go online to see when they could expect their vehicle to arrive as early as 90 minutes prior to their trip. In 2015 this tool was updated to also give riders the ability to view the vehicle location in real time on a map as well as the ability to cancel trips online and see trips scheduled for the next day.

Most recently, in March 2015, web booking became available to Paratransit riders. This technology allows riders to book trips online up to four days in advance, view scheduled trips regardless of their booking method, and cancel trips.

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 64 compares Paratransit cost and net subsidy actual results for FY 2013 and FY 2014 with budget and projections for FY 2015 through FY 2019. Net subsidy represents the total cost of the service not covered by passenger fares. The calculation for Subsidy per Passenger (Exhibit 65) takes this number and divides it by actual ridership.

Total Paratransit costs 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 (subsidy per passenger dropped from \$44.93 in FY 2012 to \$35.00 in FY 2013) but program costs will continue to escalate in the future as the population continues to age, resulting in increased demand for these services.

Exhibit 64
Paratransit Net Subsidy Comparison

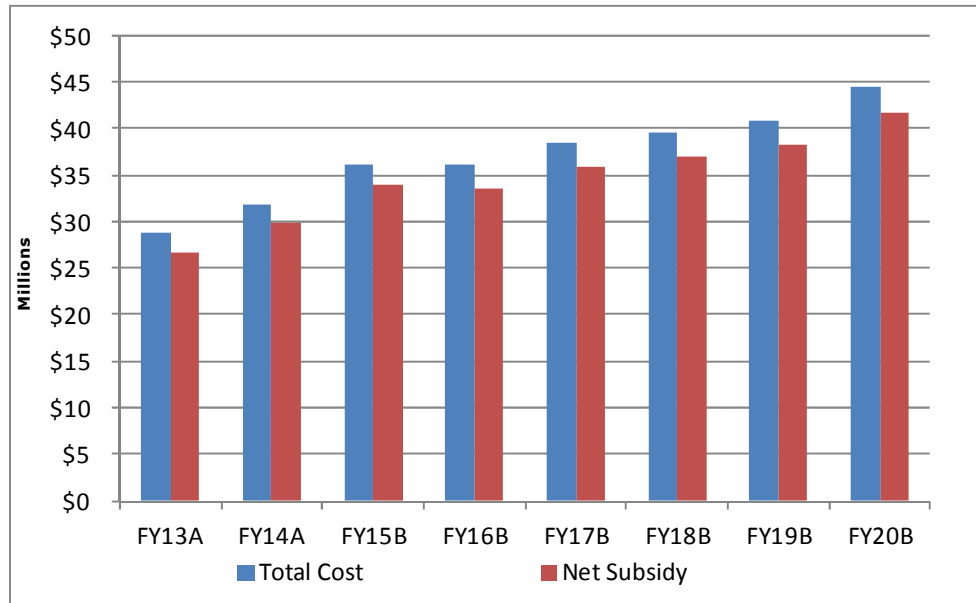
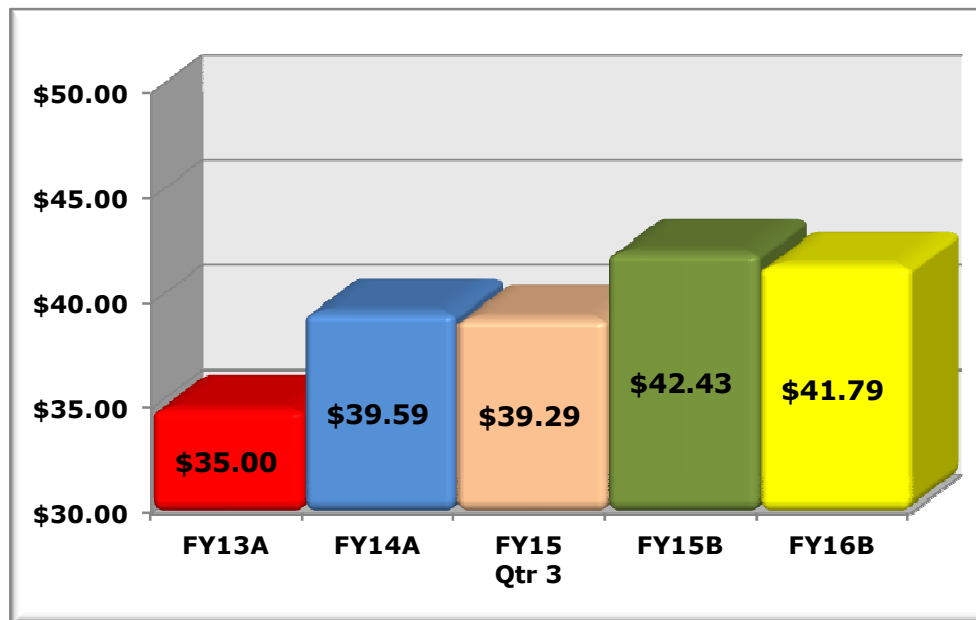


Exhibit 65 highlights Paratransit Subsidy per Passenger. Fiscal years 2013 and 2014 indicate actual values. Fiscal Year 2015 Qtr 3 is a four-quarter rolling average ending June 30, 2015. Fiscal Years 2015 and 2016 are the budget values for those years.

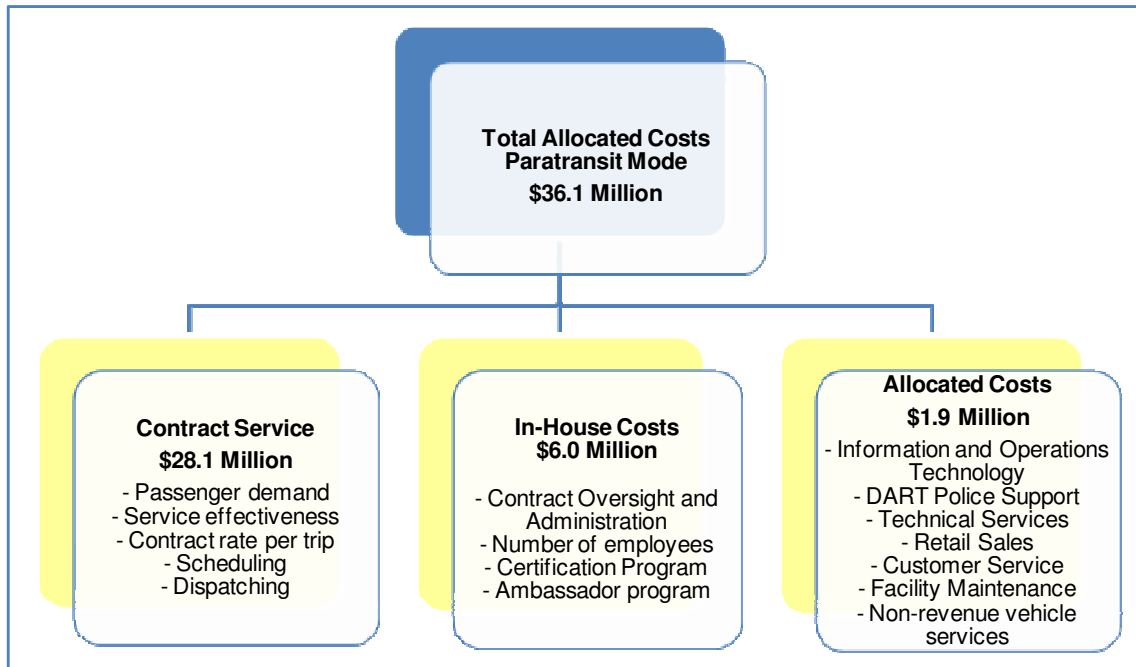
Exhibit 65
Paratransit Subsidy per Passenger



Paratransit Cost Model

Exhibit 66 is the Paratransit Cost Model. 77.8% (\$28.1 million) of modal costs are contract services costs. 86.0% (\$24.2 million) of this category is actual purchased transportation cost.

Exhibit 66
FY 2016 Paratransit Cost Model





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Business Solutions & Innovation

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

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

Each of these functional areas has objectives directed towards achieving the goal of maximizing Agency resources through attractive marketing, innovative technology, effective business processes, and astute financial management.

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 Division – 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. Accounts Payable is also responsible for invoice payment resolution, escheatment activity, Form 1099 issuance, and 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 manages the financial records of DART and is responsible for recording and reporting on all DART business transactions in accordance with generally accepted accounting principles (GAAP). This section prepares the DART Comprehensive Annual Financial Report, all Pension Plan financial reports, and is responsible for financial reporting on DART subsidiaries and interests.

Budget and Financial Planning Division – This area develops and administers the annual budget, capital budget, long-range financial plan, and preparation of the annual business plan, and the quarterly operating and financial performance report. 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 2016 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:

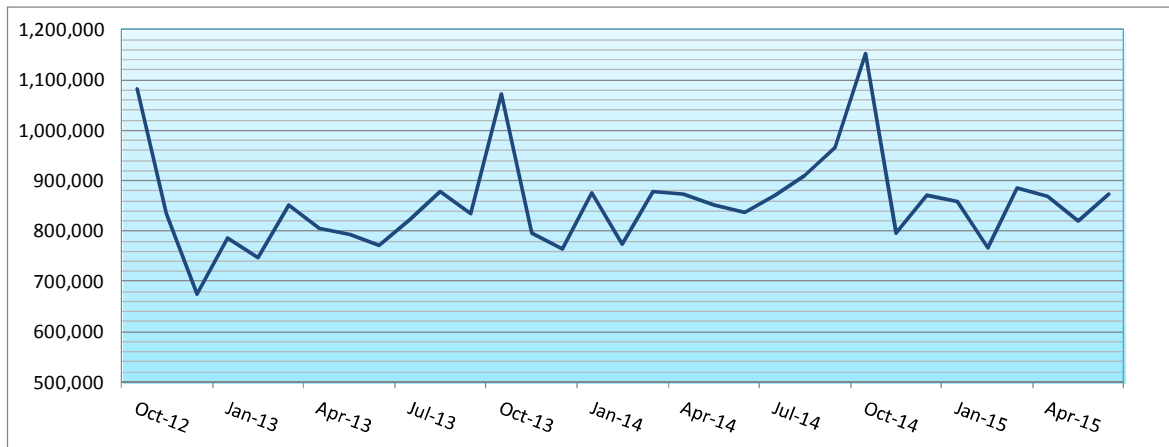
- Operating expense and revenue budget
- Sales tax results and projections
- Quarterly operating, performance, and compliance report
- Agency Division Level Measurement (DLM) program report

Revenue Division – 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 Comprehensive Fare Payment System (CFPS) which is DART's state-of-the-art, integrated electronic fare payment, distribution, collection, and processing system.

Revenue Administration also 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 67 shows the fare media purchases by month from September 2012 to June 2015.

Exhibit 67
Fare Media Purchases by Month



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) under contract, and invoice for those services on a regular basis. Section personnel 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 68 is an example of the Division Level Measurements for the revenue technicians assigned to TVM service and fare equipment maintenance personnel.



Exhibit 68
Division Level Measurement Scorecard – Revenue – TVM

2014 Results					2015 Goals			
Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4
8.76	9.17	7.73	15.00	Complaints/100k Passengers Unscheduled Absences (Per Person Annually) Average Weekday Ridership - Rail % TVMs In Service Service Calls Completed PMIs Completed	8.04	8.04	8.04	8.04
13.89	14.83	12.11	9.09		7.93	7.93	7.93	7.93
99,882	92,835	93,235	101,104		101,066	92,563	98,272	103,079
95.90%	97.60%	96.60%	95.28%		99.24%	99.24%	99.24%	99.24%
3,880	3,563	3,688	3,555		3,726	3,726	3,726	3,726
102	143	137	179		200	200	200	200

2014 Results					2015 Goals			
Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4
22.92	22.81	21.01	13.99	Unscheduled Absences (8 Hour Days) Number of Hourly Employees Total Number of Complaints Number of Passengers Number of Service Calls Completed Number of PMs Completed	13.22	13.22	13.22	13.22
20	20	20	20		20	20	20	20
180	179	153	326		211	191	196	208
2,046,541	1,948,610	1,990,265	2,154,653		2,628,327	2,373,603	2,436,683	2,583,787
3,880	3,563	3,688	3,555		3,726	3,726	3,726	3,726
102	143	137	179		200	200	200	200

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

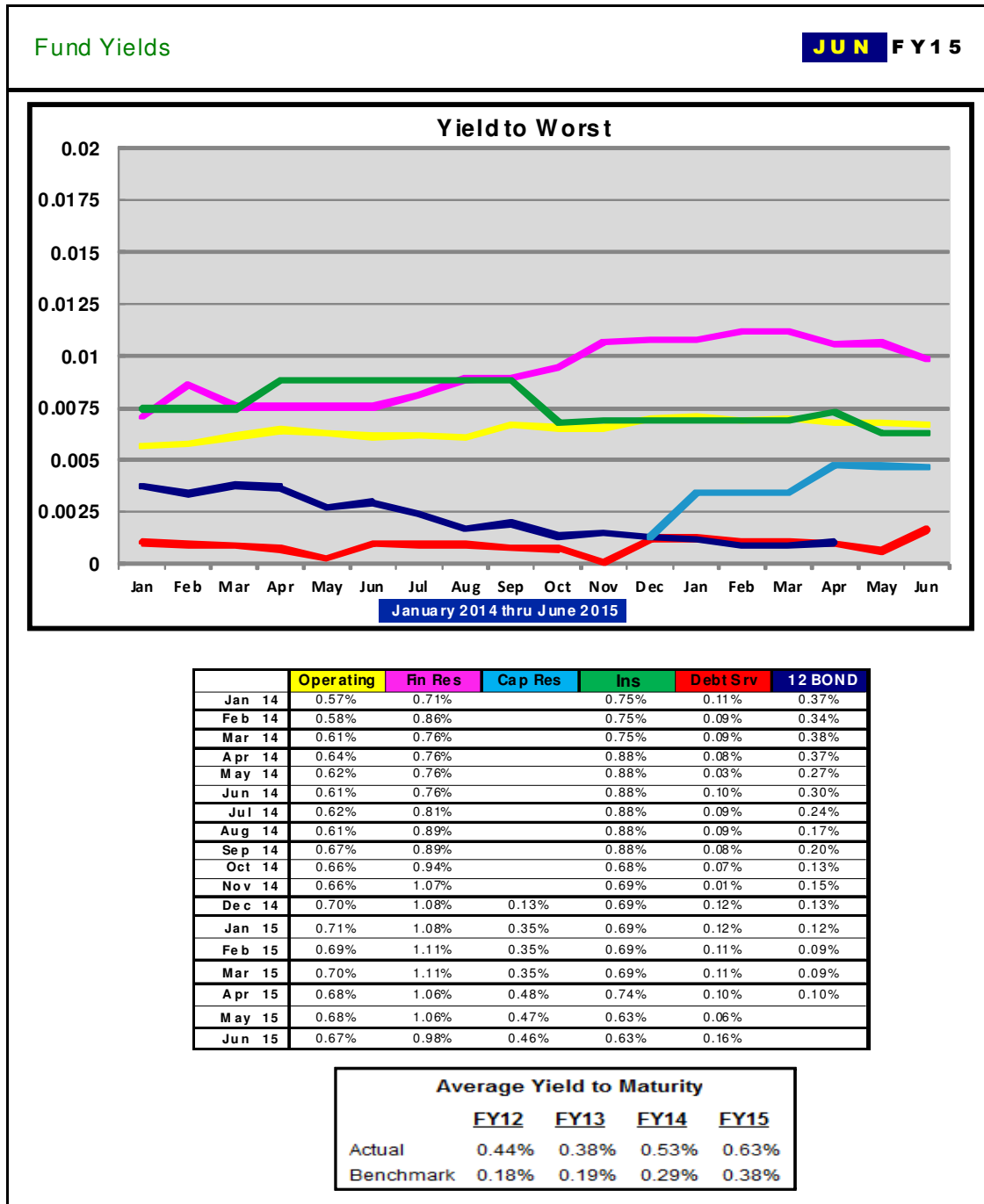
The Grants Section handles all federal, state, and miscellaneous sources of funding and ensures compliance with the regulations associated with each. Employees in this section search for new funding opportunities, assist in the preparation of grant applications, and submit the applications to the appropriate entity. Once funding is awarded, the grant information is entered into the TIP/STIP through the North Central Texas Council of Governments (NCTCOG), as well as into DART's accounting system for tracking. When expenditures occur, reimbursement requests are submitted, receipt of funds is monitored, and information is properly recorded in DART's general ledger. The Grants Section takes the lead on all external audits on federal and state funds and coordinates the responses to requests for information. A conversion from a stand-alone Microsoft Access Database to a fully integrated Lawson Grants Module (GM) system is in process.

Employees in this section also track expenditures that are funded by Bond Issuances, Commercial Paper, and designated funding sources such as the operations and maintenance of the Dallas Streetcar.

The Treasury Division maintains strict compliance with the Texas Public Funds Investment Act (PFIA) and DART Board resolutions for allowable investment type, qualitative ratings, and both weighted average maturities and maximum individual maturities by actively managing the various portfolios. All available cash proceeds are invested at all times and exceed the benchmark yields for all investment categories. PFIA compliance is monitored through an extensive series of reports prepared daily, monthly, and quarterly. The Government Treasurers of Texas Investment Policy Certificate of Distinction Award has been awarded to DART since March 2013, in recognition of the outstanding Investment Policy and Procedures produced by the Treasury Division.

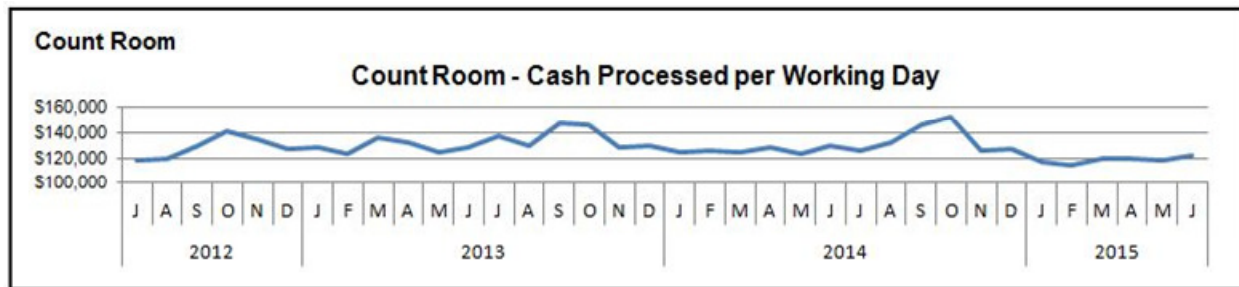
Treasury staff also maintains tight controls over all cash held by the depository bank or any other institution holding funds on DART's behalf. They maintain strict compliance with debt covenants, make all debt payments on time, and stay informed on industry changes resulting from economic factors or actions by Congress. See Exhibit 69 for an example of the information tracked by Treasury.

Exhibit 69
Fund Yields



The Count Room section within the Treasury Division is responsible for processing cash from fareboxes and ticket vending machines. A report is prepared that monitors cash processed to gain insight into the effects of fare increases, alternative pass sales methods, or significant changes to existing service revenue derived from cash. This is shown in Exhibit 70.

Exhibit 70



Risk Management Division

The Risk Management Division consists of four sections that focus on cost containment and risk reduction with a focus on 5 Star service to both internal and external customers.

- The Integrated Benefits Section is responsible for: oversight of work-related injuries; alternative duty assignments to bring injured workers back to work; short- and long-term disability claims for non-work related injuries; the mandatory family and medical leave program; and the employee assistance program.
- The Liability Claims Section is responsible for the intake, management, and resolution of all bodily injury and property damage claims arising out of DART operations, responding to open records requests, identification and maintenance of video evidence from the smart drive camera system, and subrogation or recovery of damages from responsible third parties.
- The Substance Abuse Program Section is responsible for pre-employment physicals, drug and alcohol testing, DOT physicals, mandatory drug awareness training, and rehabilitation opportunities.
- The Risk Management Programs Section manages DART's property and casualty insurance programs, vendor insurance recommendations and compliance, review of operating agreements including licenses, leases, trackage rights, and access agreements to identify risks and recommend appropriate solutions, oversight of the Owner Controlled Insurance Program (OCIP) and professional liability program for SOC-3, and facilitation of contract and insurance program closeouts for previous construction projects.

The section's primary objectives are to: reduce the cost of employee injuries, through return-to-work initiatives, maintain compliance with Workers' Compensation and Family and Medical Leave Act statutory requirements, maintain a ratio of one claim closed for every claim opened, actively pursue recovery of damage to property injuries to employees by responsible third parties, support hiring initiatives and DOT requirements, and ensure that the Agency's cost of risk stays within industry norms.

Information Technology Department

The Information Technology (IT) Department delivers innovation in partnership with other departments and plays a critical role in creating improvements and capabilities that positively impact the DART business units, ridership, and other stakeholders. The IT team is committed to performance, excellence, and 5 Star service to its customers.

The vision and mission of the department are:

IT, your trusted advisor for DART technology solutions.

To deliver "beautiful systems," reliable technology, and innovative information solutions with extraordinary customer service.

The IT Department delivers and maintains critical business systems and infrastructure in support of DART's service delivery, operational performance, and administrative processes. The department operates on a 24/7/365-day program to ensure that critical business systems operate in a highly integrated manner. The department manages business applications, data centers, networks, operations technology, computers, laptops, and other mobile devices.

Divisions within IT are responsible for a variety of projects and programs in order to:

- Improve transportation effectiveness through the use of technology
- Support and improve business systems which support DART operations
- Partner with other DART units to implement more effective comprehensive business systems
- Ensure that the system infrastructure operates securely, efficiently, effectively, and without interruption
- Support agency utilization of data to facilitate policy and work process improvements

A few of the business systems supported are:

- | | |
|---|--|
| <ul style="list-style-type: none">• Lawson Financials, Human Capital, and Payroll• Trapeze Planning and Scheduling for bus and rail• Spear Asset and Inventory Management• Vehicle Business System | <ul style="list-style-type: none">• Telestaff for DART Police scheduling• Time Reporting• Document Management• Business Analytics and Reporting• Traffic Signal Prioritization |
|---|--|

The department's goal is to deliver "beautiful systems." These are systems that achieve DART's process, service, and information goals. This will be accomplished through data and operational integration and consistency across the diverse applications and therefore business processes at DART. For example:

- Pair in-vehicle technologies with operational systems
- Integrate and connect operational systems to support the sharing of critical information
- Deliver information management and analytics to improve decision-making through clarity of business results

The department examined its strengths and shortcomings prior to launching a multi-year organizational transformation. Following are drivers and concerns that needed to be addressed:

- | | |
|---|---|
| <ul style="list-style-type: none">• Collaborate with internal customers to deliver 5 Star service, support, and communication• Be a driver for communication with the community (signage in bus/rail stations, GoPass, alerts)• Improve resiliency by renovating obsolete systems and creating the "right" redundancies• Effectively market capabilities and project outcomes• Improve productivity through the adoption of best practices and automated tools. Best practices include ITIL (IT Infrastructure Library) | <ul style="list-style-type: none">• Establish an improved capability to successfully deploy the applications and business processes defined by the Agency• Mitigate the risk of undocumented institutional knowledge and dispersed documentation• Replace Google Mail with a comprehensive collaboration platform• Establish a firm architectural and platform strategy for DARTnet<ul style="list-style-type: none">◦ Industry standard technologies◦ Leverage experience and expertise• Leverage the Cloud for those functions which are appropriate |
|---|---|

The department has a strong commitment to adopting best practices methodology such as Information Technology Infrastructure Library (ITIL) and PMP/Agile Development. Collaboration is at the core allowing all staff to stay conversant, become more productive, remain focused, apply better use of time, and allow everyone to be part of the team.

Exhibit 71 depicts the major areas of focus over the next year.

Exhibit 71
Major IT Focus Areas



Key Foundational Initiatives:

- Business Intelligence to consolidate efforts and positively impact the agency's decision-making
- Program Office to begin to instill Development Best Practices
- IT Infrastructure
 - Risk Mitigation
 - ITIL Best Practices
- DARTnet Architecture Refresh to establish reliable industry standard technologies and practices
- Link new application initiatives to a Collaborative Framework in which Architecture is a key consideration
- Establish a dedicated Quality Assurance practice

Technology and Systems Delivery Initiatives

- ✓ Business Systems
 - Project: Upgrade Agency Document/Records Management Systems
 - Upgrade current FileNet system to latest version and expand use to all departments. FileNet is an Enterprise Content Management system that is used to store official agency records and destroy them based on a retention schedule.
 - Program: Application Remediation for Rail Program Development (RPD)
 - This program consists of multiple projects to upgrade key technology components for various applications used by RPD such as upgrading server operating systems, database software, and server virtual machines.
 - Program: Migration of custom desktop applications to web platforms
 - The agency has upward of 50 custom applications that will require migration to a web platform (i.e., .NET).
- ✓ Intelligent Transportation Systems (systems for improved safety and responsiveness):
 - Project: 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. Installation of equipment on TRE vehicles is scheduled for completion by the end of FY 2015.
 - Project: InfoTransit Phase III – 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 the Maintenance Department for effective support of the devices. Implement distributed AMS system and integration of dedicated Micros DVR into rocket 4G LTE modem.
 - Project: 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 Central Business District by 2018.
 - Project: Agency WiFi Initiatives
 - Testing and implementation of WiFi technology for all DART rail, bus, and transit centers. Improve customer communication especially in critical situations through messaging and information systems.
 - Project: Transit Center Digital Dashboard
 - Acquisition and installation of an enterprise server that allows for central control of dashboard content. This project will allow for central control of dashboard content on vehicles.
 - Project: Cameras of Light Rail Vehicles and Bus Shelters
 - Continue the installation and testing of cameras on DART's light rail vehicles and assist with the new bus shelter program that will incorporate cameras at select shelters in our system.

- ✓ Business Intelligence/Information Management Systems
 - Program: Schedule Optimization
 - Identify opportunities for service delivery optimization.
 - Continue to develop ridership data capture, data warehouse, and reporting to help increase ridership by analyzing demand at more granular levels to adjust schedules and deploy capacity more effectively.
 - UTA Ridership/Schedule Analysis Tool development for schedule reliability planning
 - Connection Protection/Real-Time Bus-to-Train Connector Model
 - Program: Service Disruption Communication
 - Continue to work on ability to capture and share immediate service disrupting events and conditions in real time.
 - Communication plan development
 - Program: Asset Management/Property Program
 - Continue work with the Planning Department on the Enhanced Bus Shelter project
 - ARC/GIS Map Application and Amenities
 - DART system-wide signage tracking
 - Land records application to a web platform
- ✓ Financial and Operational Support
 - Project: Time and Attendance System
 - Kronos Time reporting to extend governance, improve accuracy, and reduce manual processes.
 - Technology delivers project management, infrastructure delivery, and integration with other systems.
 - Project: DART Police Systems Upgrade
 - Upgrade and improve service for DART Police systems and infrastructure
 - Telestaff servers
 - Telestaff version upgrade
 - Project: Lawson Version 10 Upgrade
 - Continue work with clients to improve back-office user experience by implementing mobile applications in numerous modules
 - Upgrade to improve performance and reliability
 - Implement ION application to create an opportunity to simplify interfaces to communicate between enterprise applications
 - Implemented Procurement improvements (Procurement Phase II) to back-office user applications
 - Project: Comprehensive Fare Payment System
 - Innovation in revenue and fare payment processes
 - Customer awareness and behavioral analysis
 - Better control of revenue and more timely reporting of transactions
 - Reduced cash handling
 - Improved metrics and fine grain data capture of patterns of usage and customer demand

- ✓ System Infrastructure
 - Program: End of Life Replacements
 - Replacement of infrastructure where maintenance and upgrades have either expired or will expire over the next year and will no longer be supported by the vendors. In most cases the upgrade/replacement will provide the agency with productivity tools that are more comprehensive and have greater integrated capabilities.
 - Agency Network Infrastructure Replacement
 - HP Enterprise Virtual Array Storage Decommission
 - Windows 10 Upgrade
 - Telecommunications services
 - Computer Hardware Refresh
 - Major System Center configuration manager
 - Program: Modernize to reduce duplication, increase capabilities, security, and functionality
 - Updates are required of many current systems to bring them up to the latest versions to increase the capabilities, compatibilities, and functionalities. The updates will reduce or avoid future maintenance costs, increase performance, and improve processes.
 - Disaster Recovery Validation
 - HP 3PAR Storage
 - C7000 Server Platform
 - Oracle
 - Storage Fabric
 - Conference Room A/V
 - Visual Studio
 - HP-Unix Systems
 - Backup Transformation
 - VMware Upgrade
 - SQL Database Consolidation
 - Microsoft Intune tool set
 - Service Now implementation
 - Continue maintenance and support of all systems and infrastructure – prompt system support to DART business units 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 and promotions, social media, education, community outreach, and event-specific participation. The Marketing and Communications Department has four main objectives: 1) to increase brand relevance as measured by tracking customer perception in the customer satisfaction survey; 2) to increase ridership as measured by forecasts and against the specific identified consumer segments; 3) to increase revenue as measured by forecasts, for both non-farebox and farebox revenue; and 4) to be responsive to internal and external requests as measured by the ability to meet the established turnaround times for requests in marketing, communications, and public relations.

For FY 2016, the department has several major initiatives: support of transit expansion; continued rollout of the new brand positioning and campaign; heightened engagement and participation in events in and around North Texas; and support of technology and innovation benefiting our current riders.

To support transit expansion, the Marketing and Communications Department provides communication launch materials and promotional and event marketing programming to drive awareness and ridership. Initiatives in support of transit expansion include: shuttle and new bus launches (downtown, airport, Legacy, etc.); new fleet roll out; airport station service; and the light rail Blue Line extension to UNT Dallas.

The department recently rolled out a new brand positioning and marketing and advertising campaign and will continue to enhance the campaign with additional elements, consisting of a strong digital/social component, advertising on DART assets, promotional opportunities tied to local merchants, and internal initiatives aligned with the 5 Star program.

The department will be increasing its level of engagement with events in the North Texas area and has already aligned with the region's convention and visitor bureaus, hospitality and hotel associations and organizations, and respective city event coordinators to better align with events happening in and around the region. This effort will have logistics and promotional tie-in benefits to drive ridership. For an engagement example, the most notable event, the State Fair of Texas, generates approximately a +20% ridership lift.

The focus on innovation has been through the use of technology. Marketing has played an integral role in driving consumer research on the front-end to identify customer insights and drive product design and delivery, and developing marketing tools to drive awareness of the new items. Initiatives supported include alternative payment methods, mobile app upgrades, intelligent bus stops, interactive maps, etc.

The remaining consumer programs scheduled for FY 2016 are of a strategic nature and include customer service tracking and strategy, DART retail store strategy, ad revenue strategy and specific consumer segment targeting, 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 supplies, 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	Contract administration
Supply chain analysis	Contract dispute resolution
Solicitation preparation and issuance	Contract close-out
Contract development	Procurement outreach
Cost and price analysis	Small/Micro 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).

Buyers are responsible for the preparation and issuance of request for quotes (RFQs); receipt and award of purchase orders or blanket purchase orders for goods and supplies 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 supplies 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.

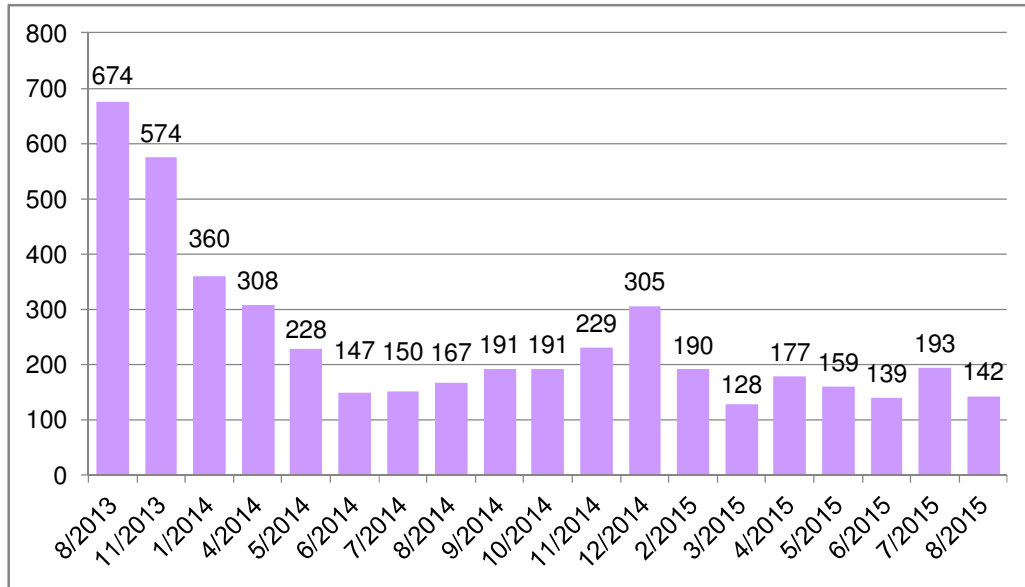
Policy support includes coordination with internal and external audit/review teams, updating policies and procedures, responding to public record requests, and other activities.

Key Performance Indicators (KPIs) for FY 2016

- 32% D/M/WBE Participation
- 100% capital project contracts awarded on-time and within 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 solicitations
- Measured savings 10x budget
- 100% of protests responded to on time
- 100% compliance with FTA requirements, where applicable.

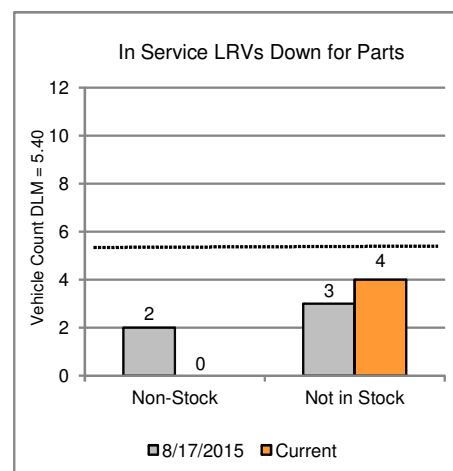
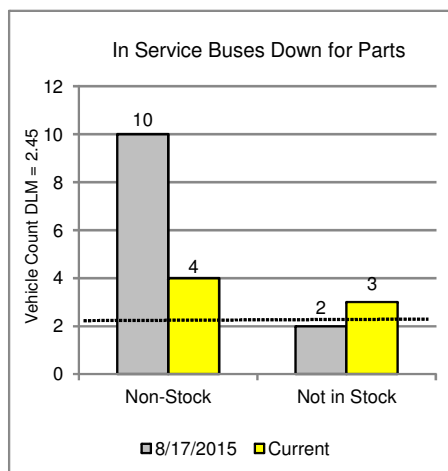
Exhibit 72 illustrates a reduction in transactions as a result of consolidating purchase activity under contracts and automating the delivery order process.

Exhibit 72
Requisitions in Process



DART management and Procurement Department management receive an Executive Dashboard and a Procurement Dashboard on a daily basis. The dashboards identify measurements toward Key Performance Indicators (KPIs) on a weekly basis. Exhibit 73 shows the number of bus and light rail vehicles (LRVs) down for parts on a weekly basis.

Exhibit 73
Buses and LRVs Down for Parts



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. These new regulations 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. In addition, with the implementation of Positive Train Control on our Commuter Rail system, there will be a companion set of new compliance and reporting obligations. Finally, we expect an increase in the involvement of DART's Safety Department with the Dallas Streetcar and McKinney Avenue Transit Authority streetcar. This technical advisory profile is captured in local agreements with the City of Dallas.

Effective October 1, 2014, the existing safety team became a newly-established stand-alone organization with a newly-appointed Vice President, Chief Safety Officer reporting directly to the Chief Executive Officer. This is consistent with the recommendations regarding safety oversight contained within MAP-21. The elevation of the program within the Agency's 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 DART 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, and 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.

Bus and Light Rail Accidents per 100,000 Miles

Exhibit 74 shows the results of Bus Accidents per 100,000 miles for FY 2013-FY 2015. The results show a 13.9% increase from FY 2013 to FY 2014. As a result of technologies such as Smart Drive, more accidents are identified and reported. The results for FY 2015 year-to-date continue to show an upward trend.

Exhibit 74
Bus Accidents per 100,000 Miles

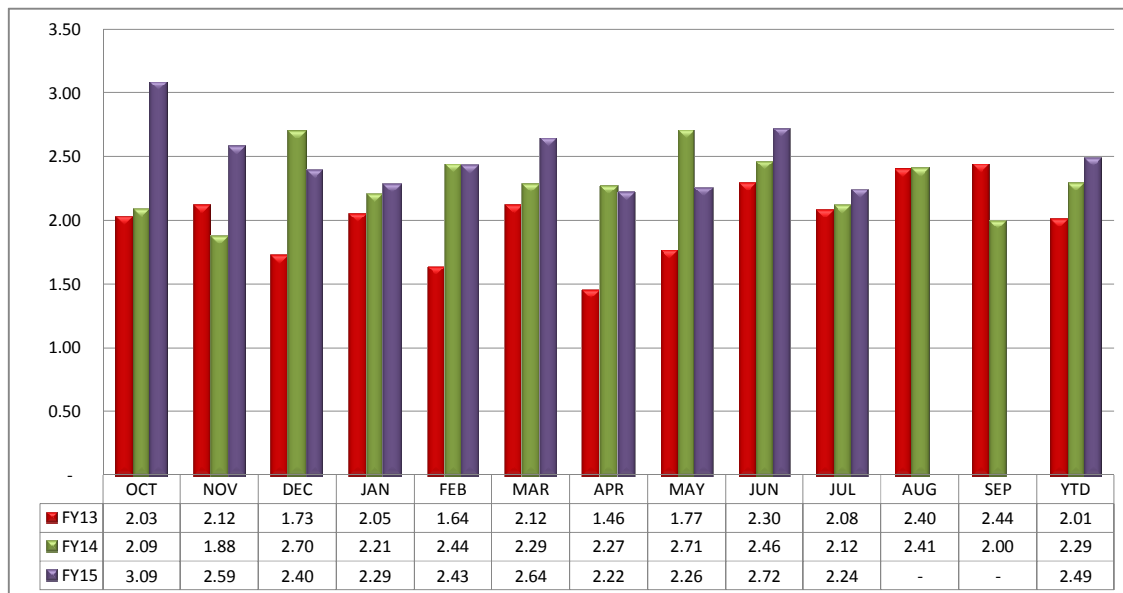
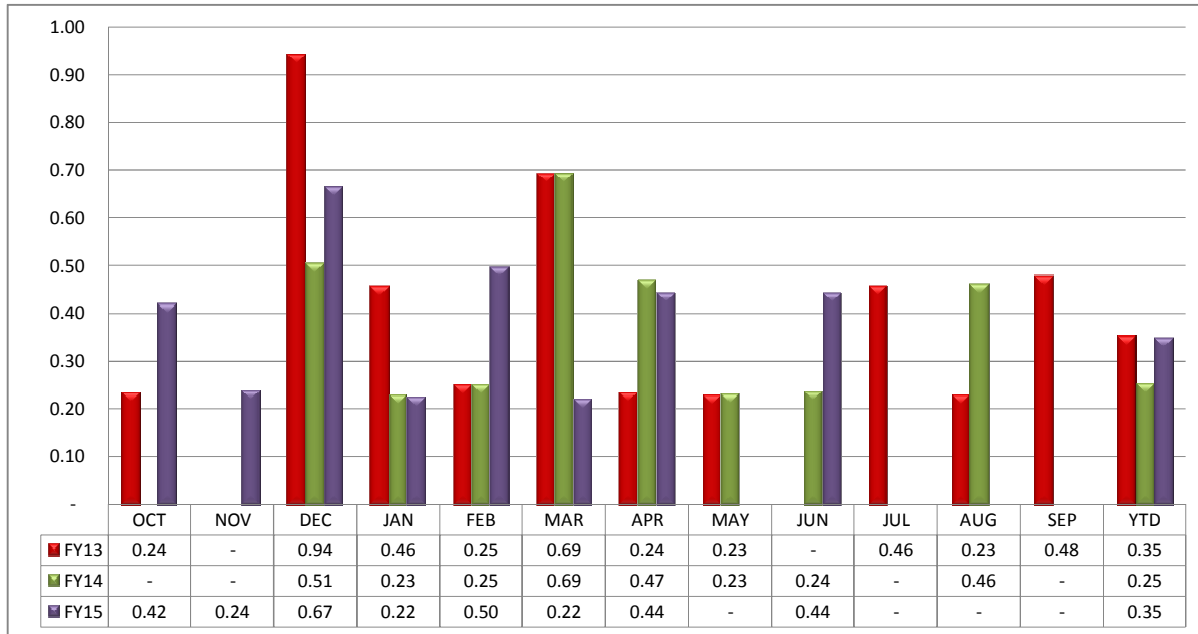


Exhibit 75, shows the history of Rail Accidents per 100,000 Train Miles for FY 2013 to FY 2015 year-to-date.

Exhibit 75
Rail Accidents per 100,000 Train Miles



Rail Program Development – Safety Program(s)

Safety and security are primary concerns that encompass all aspects of planning, design, construction, and subsequent operations of the DART Rail and Dallas Streetcar systems, Trinity Railway Express, Bus, Paratransit, Transportation, Maintenance, and management facilities and assets. As a result, all of DART's Engineering and Construction staff, support staff, and rail consultants are charged with the responsibility of ensuring the safety and security of patrons, employees, and general public who come into contact either directly or indirectly with DART transportation systems and facilities. Subsequently, the Rail Program Development (RPD) Department directs development, deployment, and management of three separate but integrated safety disciplines: Construction Safety, System Safety, and System Safety Certification. These three elements are the initial safety processes introduced into authority designs, installations, integrated testing, start-up and the final safety certification of all DART's transportations systems and management infrastructure. The following elements represent critical components of each safety discipline:

The Construction Safety and Security Program was established by DART and the Fort Worth Transportation Authority (The T) to promote safety and security and to mitigate and control hazards and risks associated with construction, repair, maintenance, and related services required for the Trinity Railway Express (TRE).

- Management, contractual, and contractor compliance, design integration, enforcement of federal regulation and statutes (OSHA, FRA, FTA), State regulations (TxDOT), National/Industry Consensus Standards (NFPA, NEC, ANSI, AREMA, ASTM, etc.), and Agency safety requirements, policies, and procedures.
- The Comprehensive Inspection/Assessment and Inspection Program focuses on jobsite construction safety, workforce (personnel) safety, and environmental health. Detailed/specific safety element audits and validation of contractual compliance are conducted and written reports with supporting photographic documentation are prepared for record-keeping requirements.
- Investigations of accidents/incidents and property damage claims. Identifying causal factors, determining abatement, and follow-on actions. Develops and implements accident reduction initiatives and implementation of operational policies and procedures.
- Management of comprehensive bilingual safety education and training programs, i.e., construction, systems safety, Light Railway Worker Protection Program (LRWPP), and the Federal (FRA) Roadway Worker Protection (RWP).
- Establishment and participation of Safety Committees; Construction Safety and Security Advisory Committee (CSSAC); DART Safety Committee (DSC); and several subordinate safety committees; e.g., Bus, Rail, Commuter Rail (TRE), and Fire Life Safety Committee (FLSC); liaison with regional municipalities, franchise utilities, regional commercial railroad companies, and other state and federal agencies/organizations.

As a result of these construction safety processes, DART has achieved an unprecedented low worker injury rate. Since the mid-1990s, DART's construction projects have now exceeded 50+ million man-hours, (with the most recent Phase II and Phase III projects approaching 18 million man-hours alone.) The team of seasoned construction professionals has created a culture that promotes a high level of safety awareness that permeates every aspect/element of work being performed. With systematic refinements, the construction safety and security program successfully lowered the medical costs associated with injuries from \$1.31 per man-hour worked on the Light Rail Starter System to a laudable \$0.24 per man-hour worked on the LRT Phase II Build-out. These results compare most favorably to published national averages as well as departmental goals and have clearly elevated our integrated construction safety and security program to "world class" status. Exhibit 76 depicts scope increases and cost successes of the Construction Safety Program since the initial introduction of the LRT systems, from the earliest phases (Starter System) to current Phase III Capital Build-Out Program.

Exhibit 76
DART Construction Safety Program

DART Construction Safety Program			
	LRT Starter System	LRT Phase I	LRT Phase II & III (to date)
Total Man-Hours Worked	8,115,525	6,372,080	17,231,063
Total "Recordable" Accidents	982	321	143
Total "Lost Time" Accidents	271	46	34
Total "Cost" per Man-Hour	\$1.31	\$0.58	\$0.24
Program Costs	\$900 million	\$900 million	\$1.8 billion
Construction Costs	\$500-\$600 million	\$500-\$600 million	\$1.1 billion

The System Safety Program applies engineering and management principles, criteria, and techniques to achieve acceptable risk, within the constraints of operational effectiveness, 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. Comprehensive safety and security certification checklists are developed and reviewed by committee to assure compliance prior to the transportation system being placed into active revenue service.

- Directs development and management of the agency's System Safety and Integration and Testing programs. Establishes processes, methodologies, for formalized testing, evaluation, and acceptance for LRVs, subsystems (Traction Power Substations [TPSS]), Overhead Catenary System (OCS), communications, signals and fare collection, and other critical on-track related systems.
- Directs development, implementation, evaluation, and revision of policies, procedures, standards, and publications relative to system integration, testing (Integrated Test Plan), and applicable engineering. Manages development of hazard analysis processes, programs, and methodologies as defined in PHA, OHA, FTA, FMEA, TVA, REMCA, MIL-STD-882, and other applicable State, Federal, and agency requirements.
- Develops technical reports, formal presentations, etc. Interfaces with Federal (FTA, FRA) and State of Texas Safety Oversight (SSO), and Project Management Oversight Committee (PMOC) representatives and officials.

- Identifying and conducting integrated testing activities prior to the start of revenue service. Testing includes safety functions of major system elements, i.e., traction power, overhead catenary system, communications, signals, fare collection, and the interoperability of these systems. The published Integrated Test Plan (ITP) includes descriptions of each system's elements test, personnel required to perform the test, and criteria for determining successful completion of the test
- Develops and implements operations plans and procedures to efficiently transfer completed capital projects to the DART Maintenance and Transportation departments. Provides liaison between Rail Program (RPD) division and these departments during rail-related projects, and design developments.
- Conducts federally-mandated Readiness Drill program. Collaborates with Jurisdictions Having Authority (JHA), DART Maintenance, Transportation, and Police to develop exercise criteria and jointly stage and conduct simulated rail vehicle emergency situations.

Safety Certification is the process of verifying compliance with a predetermined and approved set of formal safety and security requirements. Specifically, it involves issuing Certificates of Compliance that document that the safety and security requirements of the LRT Build-Out Phase II Project have been achieved.

- Identifies processes by which projects will be formally certified as being safe to operate in revenue service. Safety and Security Certification verifies that systems, as designed and constructed, meet or exceed the stated requirements (specifications, manufacturers' criteria, etc.) for safe operation, security, and maintenance prior to entering revenue service.
- Emphasizes security requirements through a collaborative effort with the DART Police. Accordingly the SSCP addresses safety and security as the project progresses from planning, to design, through construction, installation, and testing and finally revenue service. The primary objective is to achieve a state of acceptable risk parameters that achieve a major system security obligation to minimize or eliminate threats and vulnerabilities to the most practical levels.
- Validates that safety and security design criteria and standards are properly incorporated into appropriate design drawings and contract specifications. Project elements are reviewed for safety and security certification upon completion of design, construction/installation, and development of operating procedures (if applicable). During design and final construction/installation, final verification activities are performed, which include inspections and integrated testing. Upon successful completion of the verification process, the project element is certified as being safe and secure for revenue service.



Collaboration and teamwork with DART personnel, contractors, subcontractors, and consultants has institutionally and effectively achieved a demonstrably high level of success in the safety culture and effectiveness of agency's Construction Safety, System Safety, and Safety Certification program.



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Growth/Regional Development

The Executive Vice President of Growth/Regional Development directs the overall activities of the Rail Program Development Department with additional oversight of the Planning & Development, Commuter Rail & Railroad Management, and Capital Planning departments. The Executive Vice President reports to DART's President/Executive Director and is the management liaison for the Board's Rail Program Committee for departmental matters.

Planning & Development Department

The work plan for the Planning & Development Department consists of a broad range of service planning and project development activities. These include refinement of the current bus system and developing concepts for future services and advancing them to implementation. Planning & Development Department activities also include planning, designing, and constructing various service-related capital projects.

The strategic workplan for FY 2016 includes the following programs and projects:

Transfer of HOV Program to TxDOT – During FY 2015, DART completed the three-year transition of the entire HOV program to TxDOT. This transition included the execution of a new interlocal agreement with TxDOT to eliminate DART's responsibility for operations, maintenance, and enforcement of the regional HOV lanes. DART also sold its barrier transfer machines to TxDOT's contractor responsible for the barrier transfer function.

The final strategic work scheduled for FY 2016 includes execution of a new interlocal agreement with TxDOT based upon the Regional Managed Lane Policy, documenting DART's right to share in excess toll revenue collected on HOV lanes that are converted to tolled lanes for which DART has invested. The tolled managed lanes (known as TEXpress Lanes) for which DART anticipates potential revenue include SH114-Loop 12 and the new I-635 (LBJ). TxDOT anticipates starting construction on SH114-Loop 12 in FY 2016. Construction on I-635 (W) between I35E and US 75 is scheduled for completion in FY 2016.

Despite TxDOT's takeover of the operations and maintenance of HOV lanes, DART will continue to report HOV carpool 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. Currently, the United States Department of Transportation (US DOT) does not permit fixed guideway funding from HOV lanes. However, DART does receive higher rates for revenue miles operated for buses using HOV lanes. During FY 2016, Managed HOV Lanes which have been closed for conversion to tolled lanes will begin to resume daily operations. The new I-635 TEXpress lanes and the I-30W TEXpress lanes also will be opened for traffic in FY 2016. It is possible that I-35E will also be completed in 2016.

Integrated Corridor Management (ICM) – Developed by the 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 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 511DFW, 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.

At the culmination of nine years of research and testing of the ICM concept technology and software with its partners, DART completed a mandatory US DOT one-year real time pilot test of the ICM project in the US 75 corridor. The results of the demonstration are being evaluated by US DOT and will be published in early FY 2016. Preliminary assessments of the program's value by DART, TxDOT, Dallas, Richardson, Plano, and NCTCOG resulted in funding for the program for FY 2015 and increased funding in FY 2016.

The workplan for FY 2016 includes implementation of the mobile 511DFW app, 511DFW Twitter feed, upgrade of the ICM-511 software from SMARTNET to Ecotrafix, an evaluation of the 511DFW to determine how to make the system more effective. Additionally, the FY 2016 work program will include a major initiative to evaluate ICM technology for use within DART to improve management of service disruptions. DART also anticipates expansion of the number of participating cities in the cooperative program.

Bus Shelter Project – The acceleration of 437 shelter and bench installations began in December 2013 and was completed by June 2015. The workplan for FY 2016 includes the installation of approximately 180 shelters, 100 benches, and 40 free-standing light projects which will deplete the original capital grant used to improve passenger amenities. One unique project includes the installation and testing of three "SMART" shelters providing "next bus" signage, security cameras, and enhanced lighting, powered solely with larger solar panels and storage batteries.

An outgrowth of the Bus Shelter Program which will be completed in FY 2016 is a study to reduce the number of ineffective, redundant, and closely-spaced bus stops. It is anticipated that this planning study will allow DART to improve the travel speeds of bus routes and improve a larger percentage of the bus stops with shelters and benches.

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.

During FY 2015, the program was evaluated to measure compliance. Evaluation generally found compliance but also found the potential to reduce the number of reserved resident spaces. Recommendations to improve the program will be completed and implemented in FY 2016.

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 (Fixed Route Service Beyond Service Area Boundary). 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 the DART Lawnview LRT Station.

The Metro ArlingtonXpress (MAX) service began in August 2013 with a single weekday route connecting College Park in Arlington to CentrePort Station on the TRE line, with one stop in the Arlington Entertainment District. Under the original agreement, DART operated service through August 2015; the agreement has now been extended for another year to August 2016. This service is carrying 250-300 passengers per day.

DART and the City of Arlington will soon begin work to develop a Comprehensive Operations Analysis (COA) of Arlington transit service. This review will look at existing services in Arlington (including MAX, UT-Arlington shuttle operations, and Arlington's Paratransit program) and potential near- and longer-term improvements. The Arlington COA will be completed during FY 2016.

Mesquite service began in March 2012 with a single weekday route connecting Mesquite's Hanby Stadium to Lawnview Station on the Green Line. This agreement which was set to expire at the end of December 2014 was extended for an additional three years in a unique joint venture between STAR Transit and DART. During this additional three years, DART will work with Mesquite to complete the required service plan to guide improvements within the City of Mesquite. Mesquite has also expressed some interest in exploring creation of a second route and the possibility of moving forward with an operating plan. DART will provide alternative approaches to modify Policy III.07 for Board consideration during FY 2016.

Plano Taxi Voucher Program – For several years, DART has partnered with the City of Plano to support 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. DART is working on a series of changes to and expansion of the current program in FY 2016. 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.

During FY 2016 DART will implement the three-year, federally-funded stored value taxi voucher program. Tasks which will be completed in FY 2016 include modification of software to allow it to work with the taxi provider's technology before full rollout in winter of CY 2015.

DART has received requests for similar programs in Carrollton and Rowlett in areas with very limited or no regular fixed-route transit service. An evaluation pilot will be completed in Plano to determine if the approach has applications in other cities in the DART Service Area.

Comprehensive Operations Analysis – During FY 2015 DART Capital Planning and Service Planning staff began work on the Agency's first Comprehensive Operations Analysis – commonly called a COA. This effort, which is the first phase of the development of a new 2040 Transit System Plan, consists of a comprehensive look at DART transit services. The COA is a thorough examination of all DART services—with an emphasis on the bus system—that analyzes demographic and travel data, transit service provided, and transit service needs over the next decade and beyond. The COA is being performed by AECOM and Connectics Transportation Group and is expected to be complete in late CY 2015. DART will review the results of the COA, and—with input from the Board—make any service adjustments necessary to improve the service to our riders while ensuring that changes fit within the framework of the budget and affordability. Any resulting service changes will likely take effect no earlier than the end of CY 2016 with other improvements completed through the timeframe of the 2040 Transit System Plan.

Area Service Reviews and Service Changes – 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. Based upon area service review planning work completed in FY 2015, it is anticipated that bus and OnCall service changes will take place in FY 2016 in the following communities: Carrollton, Farmers Branch, Garland, Glenn Heights, Irving, Richardson, and Rowlett. There will also be several changes related to the extension of the Dallas Streetcar to Zang at Davis, including changes to D-Link service. Feeder service planning will be completed in FY 2016 to support the startup of the SOC-3 light rail extension to the University of North Texas Station and Camp Wisdom Station. Routes operating in the area will be realigned to better serve the new stations.

On-Time Performance Project – DART completed a comprehensive analysis of bus on-time performance and recovery during FY 2015. This study identified the routes which perform below DART's service standard for on-time performance and identified some of the reasons for that level of performance. A major focus of Service Planning's FY 2016 workplan is an effort to reschedule deficient bus routes to adjust running times to better match field operations, increase recovery time, and improve schedule adherence. DART will implement schedule improvements in March and December 2016, targeting five to ten routes for each major service change.

Legacy Area Transportation Study – Due to the explosive employment and residential growth in the Legacy area of northwest Plano, the City of Plano will complete a major transportation study to evaluate options to reduce congestion and improve mobility in the area in FY 2016. DART will participate by preparing the transit element of the plan for Plano and adjacent communities as part of our FY 2016 work program.

Downtown Shuttle – DART will develop a revised routing plan for the downtown Dallas shuttle, D-Link. This project, jointly funded by the City of Dallas, Downtown Dallas, Inc., and DART, was originally designed to provide a free downtown shuttle between major activity centers. The current routing also includes a linkage to the Bishop Arts District, which is outside of downtown Dallas. In FY 2016, the Dallas Streetcar will be extended to Bishop Arts allowing D-Link to be restricted to serve only the downtown area. Planning work will be completed in FY 2016 to permit the route to be modified by August 2016.

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 77 highlights Vanpool Key Performance Indicators (KPIs) presented in scorecard format. These KPIs measure our success towards achieving the goal of providing effective, efficient, safe, secure transportation service. Fiscal Years 2013 and 2014 indicate actual values. Fiscal Year 2015 Qtr 3 is a four-quarter rolling average ending June 30, 2015, while figures for Fiscal Years 2015 and 2016 represent the budget and projected values.

Exhibit 77
Vanpool Scorecard – Key Performance Indicators

Customer Quality	Indicator:	FY13A	FY14A	FY15 Qtr 3	FY15B	FY16B
	Van Pool Ridership (M)	0.95	0.89	0.81	1.01	0.93
	Number of Vanpools	181	181	164	206	228

Financial Efficiency	Indicator:	FY13A	FY14A	FY15 Qtr 3	FY15B	FY16B
	Expenses - Fully Allocated (M)	\$2.73	\$2.43	\$2.09	\$2.78	\$2.32
	Revenues (M)	\$2.51	\$2.52	\$2.07	\$2.57	\$2.16
	Net Subsidy (M)	\$0.22	(\$0.10)	\$0.02	\$0.21	\$0.15
	Subsidy Per Passenger	\$0.23	(\$0.11)	\$0.02	\$0.21	\$0.16

DART currently offers vans in a range of capacities (up to 15 passengers) through a third-party contractor (vRide). 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 2016, with NCTCOG funding remaining at approximately 45% of eligible expenses, and user fees covering up to 55% of program costs. Vanpool fees were reduced during FY 2015, and no major adjustments are expected during FY 2016.

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 a drop in participation over the past two years, spurred in large part by employee reductions at several employers participating in the program and falling gasoline prices. By summer 2014, the total number of vanpools in operation had decreased to 179.

A more aggressive marketing campaign and pricing reductions have reversed some of the recent trends, and we have seen formation of new vanpools during the second half of FY 2015. We expect this trend to continue in FY 2016, particularly with the pricing for the vanpool program and we anticipate exceeding 200 vanpools during 2016. Funding in FY 2016 has been authorized for up to 228 vanpools.

Exhibit 78 is an overview of the uses of the funds and allocated operating positions for the Vanpool mode of service.

Exhibit 78
Vanpool Overview

Overview	FY13A	FY14A	FY15B	FY16B
Allocated Operating Budget (M)	\$2.7	\$2.4	\$2.8	\$2.3
Capital Budget* (M)	\$0.0	\$0.0	\$0.0	\$0.0
Allocated Operating Positions**	2	2	2	2

* This represents the actual or budgeted modal capital expenditures which does NOT include an allocation of Agency-Wide Capital expenditures.

**Actual Positions are based on budgeted position counts.

Road Improvement Programs

The Road Improvement Programs shown in Exhibit 79 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 79
General Mobility & Road Improvement Programs
(in Millions)

Program	FY12A	FY13A	FY14A	FY15B	FY16P
LAP/CMS	\$8.2	\$3.4	\$0.5	\$0.0	\$0.0
Transit Pass*	0.8	0.1	(0.0)	6.6	7.6
TSM (includes street repair)	1.3	4.2	0.7	2.9	2.6
ITS	2.8	2.9	1.4	0.3	0.0
Total	\$13.1	\$10.6	\$2.6	\$9.7	\$10.1

*Note: A small reimbursement was received back on this program during FY 2014.

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 80 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 80
LAP/CMS Program – Remaining Balances

Service Area City	9/30/15 LAP/CMS Balance	9/30/15 LAP/CMS Committed Amount
Addison	\$306,497	\$306,438
Carrollton	306,605	253,599
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	\$1,335,916	\$1,254,590

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 was approved whereby DART Pass funding would be reallocated to several key projects in Garland and the City of Dallas. The City of Garland will construct the projects and DART will transfer its funding to Garland to complete DART's responsibility. The City of Dallas has requested additional time to consider if DART should proceed with the projects in light of the major growth in traffic in the Love Field area.

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 in Garland and Cockrell Hill were completed in FY 2015; and the remaining projects are in various stages of design or procurement. The City of Dallas is drafting an ILA with DART for several high priority street repair projects. It is anticipated that these projects will be bid out for construction beginning in FY 2016.

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 also completed the design and construction bid package for the enhanced park and ride equipment for security and real-time next bus information at the Northwest Plano Park & Ride facility. The facility improvements will be completed in 2016.

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 completed a project to replace current pathfinding signs with new, compliant versions. During FY 2016 DART will complete the GIS mapping of all pathfinder locations allowing more effective state of good repair maintenance.

Crew Room Projects – During FY 2015 DART completed a planning-design study to construct up to 13 bus operator crew rooms. With the rapid build-out of the rail system and modification of bus service to serve the rail lines, DART has identified locations to provide access to restroom facilities during operator recovery periods. These facilities are essential to help improve on-time performance and improve work conditions for bus operators. The FY 2016 work program includes completion of the design package for all 13 crew rooms. It is anticipated that these pre-fabricated units will be installed during 2016.

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 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 Modifications
- 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.

- Complete Phase I of the 2040 Plan Update, including Comprehensive Operational Analysis (COA) and 10-Year Service Plan options by end of calendar 2015.
- Continue public and agency involvement through FY 2016.
- Conduct Phase 2 of the 2040 Plan update, focusing on long-range programs and regional expansion opportunities in FY 2016.

Rail Program Development Department

The Executive Vice President, Growth/Regional Development directs the overall activities of the Rail Program Development Department. The 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 department consists of the following three divisions, which report to the Executive Vice President:

- Capital Design and Construction
- Real Estate
- Capital Program Support

Capital Design 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

Acquisition – 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 DART 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 – 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.

Environmental Compliance – 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 and II Environmental Site Assessments, Waste Management, Remediation, Lead Paint and Asbestos Abatements, Underground and Above Storage Tanks, and industrial hygiene.

Capital Program Support

Quality and Safety – 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 departments.

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 – 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 – Project Controls activities include: cost, scheduling, budget management, and value engineering in support of capital projects. The division 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.

Commuter Rail – TRE Scorecard – Key Performance Indicators

Exhibit 81 highlights Commuter Rail – TRE's Key Performance Indicators (KPIs) presented in scorecard format. Fiscal Years 2013 and 2014 indicate the actual values. Fiscal Year 2015 Qtr 3 is a four-quarter rolling average ending June 30, 2015, while figures for Fiscal Years 2015 through 2016 represent the budget for those years.

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 2016 revenues include \$2.6 million of The T's passenger revenues allocated to the TRE. These KPIs measure our success towards achieving the goal of providing effective, efficient, safe, secure transportation service. Expenses include all direct and indirect costs allocated to TRE, including The T's allocated costs of \$1.7 million.

Exhibit 81
Commuter Rail – TRE Scorecard (Systemwide)
Key Performance Indicators

Customer Quality	Indicator:	FY13A	FY14A	FY15 Qtr 3	FY15B	FY16B
	Fixed-Route TRE Ridership (M)	2.1	2.3	2.2	2.4	2.2
	Revenue Car Miles (M)	1.6	1.6	1.6	1.7	1.5
	Passengers Per Revenue Car Mile	1.35	1.47	1.42	1.38	1.52
	Revenue Train Hours (000)	17.49	17.50	17.52	18.70	21.80
	Farebox Recovery Ratio	36.3%	34.8%	34.2%	33.1%	23.2%
	On Time Performance	98.7%	98.6%	98.8%	97.5%	98.0%
	Complaints per 100K Passengers	3.8	2.7	2.8	7.6	2.8
	Veh. Accidents Per 100K Miles	0.11	0.44	0.22	0.25	0.20

Financial Efficiency	Indicator:	FY13A	FY14A	FY15 Qtr 3	FY15B	FY16B
	Expenses - Fully Allocated (M)	\$24.2	\$25.5	\$25.5	\$29.3	\$32.3
	Revenues (M)	\$11.8	\$11.9	\$12.2	\$12.1	\$13.2
	Net Subsidy (M)	\$12.4	\$13.6	\$13.4	\$17.1	\$19.1
	Subsidy Per Passenger	\$5.93	\$5.96	\$6.07	\$7.24	\$8.76
	Subsidy Per Passenger Mile	\$0.31	\$0.31	\$0.32	\$0.38	\$0.45
	Cost Per Revenue Car Mile	\$15.59	\$16.42	\$16.45	\$17.12	\$21.39

TRE Fuel Hedge – The FY 2015 fuel budget was reduced from \$4.00 to \$3.74 per gallon. Through the third quarter of FY 2015, the actual average price being paid per gallon is \$2.11. A new fuel hedge was put in place starting in May 2015 and running through the end of FY 2017. Exhibit 82 shows the fuel hedge costs by fiscal year:

Exhibit 82
Fuel Hedge Costs by Fiscal Year

Fiscal Year	Fuel Hedge Cost per Gallon
2015	\$1.7625
2016	\$2.0650
2017	\$2.1590

Exhibit 83 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 83
Commuter Rail Overview

Overview	FY13A	FY14A	FY15B	FY16B
Allocated Operating Budget (M)	\$24.2	\$25.5	\$29.3	\$32.3
Capital Budget* (M)	\$10.8	\$6.6	\$39.0	\$24.7
Allocated Operating Positions**	11	13	19	19

* This represents the actual or budgeted modal capital expenditures which does NOT include an allocation of Agency-Wide Capital expenditures.

**Actual Positions are based on budgeted position counts.

Exhibit 84 is a Proforma Sources and Uses of Funds for Trinity Railway Express.

Exhibit 84
Proforma Sources and Uses of Funds
(in Millions)

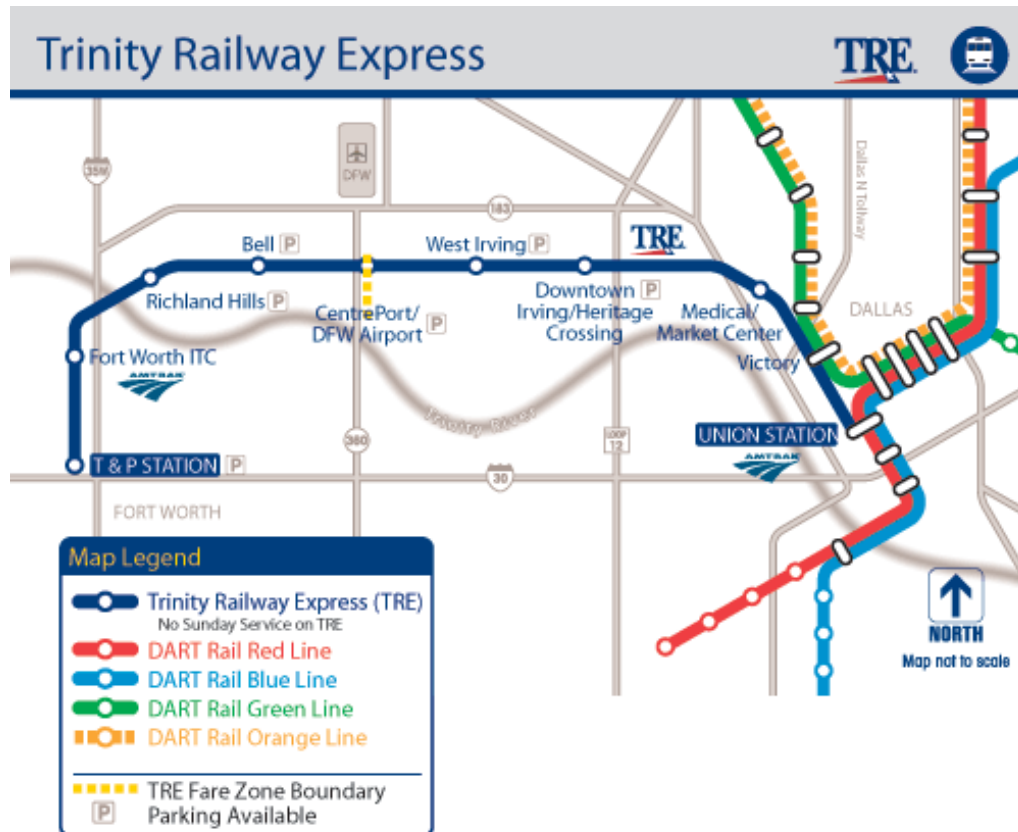
FY14 Actuals	Category	FY15 Projected	FY16 Plan	\$ Variance	% Variance
Operating - Sources of Funds					
\$9.5	Passenger and Leases & Rentals	\$10.1	\$10.2	\$0.1	0.7%
9.5	The T Contribution	8.7	10.9	2.2	25.3%
3.2	DART Contribution	5.4	7.3	1.9	35.0%
1.4	DCTA's Share of Costs	1.6	0.0	(1.6)	-100.0%
\$23.6	Total Sources of Funds	\$25.8	\$28.4	\$2.6	9.9%
Operating - Uses of Funds					
\$20.3	Payments to Contractor for TRE Services (Herzog)	\$22.6	\$23.5	\$0.9	4.0%
1.0	Property and Liability Insurance	0.9	1.0	0.1	6.1%
1.3	TRE Management (Labor and Benefits)	1.2	1.2	0.0	0.0%
1.0	Other TRE Operating Costs	1.1	2.7	1.6	145.5%
\$23.6	Total Uses of Funds	\$25.8	\$28.4	\$2.6	9.9%
Capital - Sources of Funds					
\$0.4	Grant Funding	\$2.0	\$0.0	(\$2.0)	-100.0%
3.2	Contribution from the T	0.9	0.0	(0.9)	-100.0%
3.0	Contribution from DART	0.4	24.7	24.3	6064.8%
\$6.6	TRE Source Funds - Capital	\$3.3	\$24.7	\$21.3	639.8%
Capital - Uses of Funds					
\$6.0	Payment to Contractor	\$3.3	\$24.7	\$21.3	639.8%
\$6.0	Uses of Funds - Capital	\$3.3	\$24.7	\$21.3	639.8%

Notes:

- 1 FY14 numbers are actual amounts
- 2 FY15 actual numbers through June 2015 annualized
- 3 FY16 uses of funds for operating are based on new contract
- 4 For capital, FY16 is based on FY16 Financial Plan numbers
- 5 It is assumed that passenger revenues and preventive maintenance grants are kept by each agency and applied toward its contribution. Passenger revenue is DART only.

Exhibit 85 is a map that includes the TRE Corridor.

Exhibit 85
Trinity Railway Express Corridor



TRE Ridership and Subsidy Per Passenger

Through the second quarter of FY 2015, ridership decreased 1.8% to 1.11 million compared to the FY 2015 actual of 1.13 million. The decrease in ridership is attributed to lower gasoline prices and unusually inclement weather in the winter and spring months. Service level enhancements planned for FY 2016 are anticipated to restore base weekday ridership.

Exhibit 86 graphically depicts actual TRE ridership for Fiscal Years 2013 and 2014. Exhibit 87 graphically depicts actual and budgeted TRE subsidy per passenger. In both exhibits, Fiscal Years 2013 and 2014 indicate the actual values, Fiscal Year 2015 Qtr 3 is a four-quarter rolling average ending June 30, 2015, while figures for Fiscal Years 2015 and 2016 represent the budget for those years.

Exhibit 86
TRE Ridership
(in Millions)

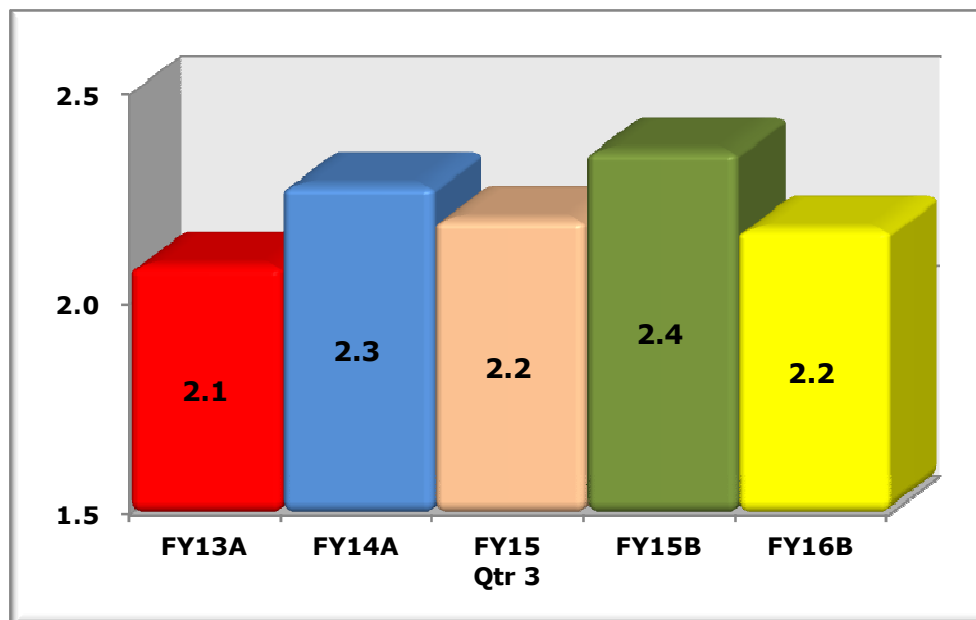
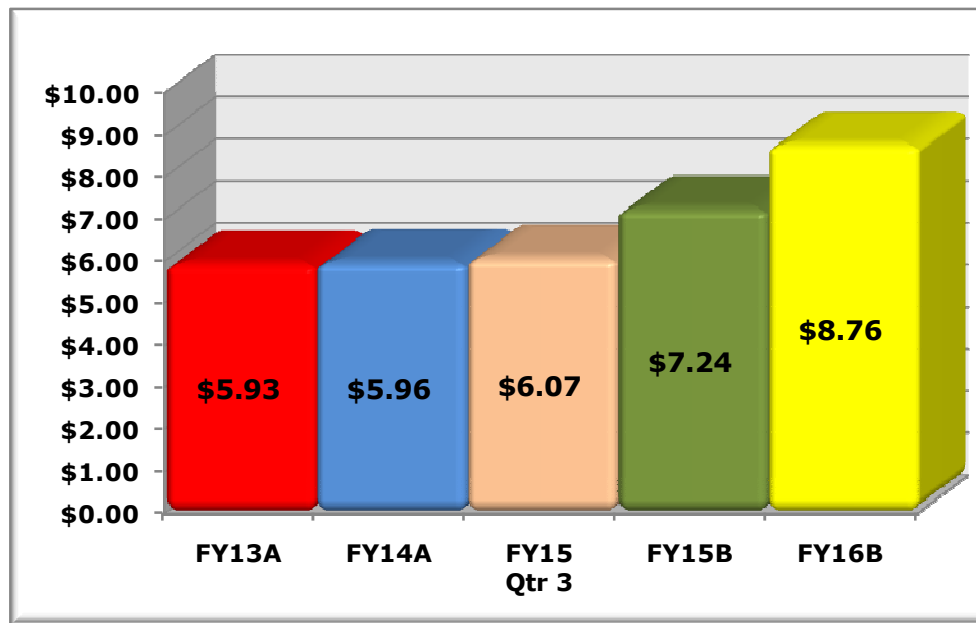


Exhibit 87
Commuter Rail – TRE Subsidy Per Passenger



Subsidy Per Passenger - This metric is projected to increase starting in FY 2016 because of higher first-year contract costs. While these costs will go down, subsidy per passenger will continue to increase in FY 2017 due to additional operating costs associated with the federal mandate for Positive Train Control (PTC). Please see page 216 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 service is separately branded as the Metro Arlington Express (MAX Express). The City of Arlington and its private sector participants are responsible for 100% of the cost of operating this service. The two transit agencies split 100% of all fare revenues generated from riders. This agreement was the first of its kind that DART has entered into under



the Board Policy that outlines how DART will offer this type of service to cities outside of the service area. This Agreement was extended for an additional year in May 2015 to run through August 18, 2016. MAX Express ridership exceeded 66,000 in FY 2015 through August 2015.

Weekend Service – A limited-schedule service operates on Saturday between Dallas and Fort Worth. Sunday service is not currently offered. Maintenance and construction activities within the right-of-way are performed on Sundays. The majority of the double-tracking projects are in Tarrant County and the project cost is not included in DART's Twenty-Year Financial Plan, as they will be incurred by The T.

Ensure Service Quality – There are a large number of railroads using the TRE (Amtrak, BNSF, DGNO, FW&W, and UP) which presents a challenge to maintaining on-time passenger service. The TRE has consistently maintained this metric 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 our freight customers utilizing the corridor to move as much freight traffic as can be done in a safe manner without disrupting TRE 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 TRE Operations and Maintenance contractor. On-time performance is targeted at 97.5% for FY 2016. Amtrak's intercity passenger rail service also utilizes two TRE stations—the Intermodal Transportation Center in Fort Worth and Union Station in Dallas. Negotiations are ongoing to move the Amtrak service from the Union Pacific corridor to the TRE corridor.

Constant monitoring of the track and signal systems is essential to ensure safe and continued operation of the railroad; but eventually, more sidings, double tracking, and bridge refurbishments and replacements will be required to support both current service levels and future service expansion. One such project is the Valley View double tracking project, which includes adding an additional 1.4 miles of track and the replacement of the Bear Creek Bridge. This project will be partially funded from a grant provided to TxDOT via the Federal Railroad Administration, and grants from the CMAQ and STIP programs.

The major capital projects proposed over the next few years to maintain and improve service quality and safety of the TRE are listed under *Departmental Emphasis on FY 2016 Strategic Priorities* section below. 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 and overhaul of assets, as well as allow for a certain amount of unanticipated future capital requirements.

Departmental Overview

The Commuter Rail Division is responsible for the operations and management of the TRE commuter rail service between Dallas and Fort Worth, the Madill Subdivision, DCTA's A-train service, and the Future TEX Rail project.

- 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 railroad 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. Herzog was chosen to be awarded a ten-year contract commencing at the beginning of FY 2016.
- 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 2014 was 46.79% and FY 2015 was 46.25%, and is projected to remain at 46.25% for FY 2016. Except for employees that are 100% dedicated to TRE, DART and The T separately absorb their own staff, administrative, and station maintenance costs.
- Madill Subdivision – The department is also responsible for the maintenance and operation of the Madill, which is achieved through the contract with Herzog. This is currently a freight-only corridor. The City of Dallas is in the process of deeding the northern section of the Madill to DART in exchange for easements related to Hike and Bike Trails.

Departmental Emphasis on Strategic Priorities – Strategic Priorities that will be the subject of special emphasis during the year are: Continually improve service and safety experiences and perceptions; Optimize and preserve (state of good repair) the existing transit system, and optimize DART's influence in regional transportation planning. 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 the Commuter Rail & Railroad Management 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 2015 was on the regional solicitation and selection of a new O&M provider contract. 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 5 Star 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, Madill Subdivision, and, potentially, the DCTA A-train. Services for The T's TEX Rail line will be provided through this contract upon initiation of revenue service, currently estimated to be the fourth quarter of 2018.

- 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 the 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 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. Federal legislation is currently being considered that would extend the implementation deadline to December 2018.

- 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 the Commuter Rail & Railroad Management Department 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 for both the TRE and Madill subdivisions. 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 assets. 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, the department is performing preliminary engineering for bridge enhancements and replacements in accordance with the SGR for the TRE and Madill. Two bridges in Dallas County (Obsession and Inwood) will undergo design and construction, and one bridge will be replaced in Tarrant County (Trinity River) in FY 2016.
- 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 the fourth quarter of FY 2015. This project includes automatic voice announcements of stops, 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 1.4 miles between the Dallas/Tarrant County Line and the existing siding west of West Irving Station. A new bridge will also be constructed over Bear Creek. This project is tied to the TEX Rail and Amtrak agreements with DART that are currently being negotiated and are expected to move forward in the first quarter of FY 2016.
- Vehicle Maintenance – Beginning in FY 2016, TRE will begin another 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. In FY 2015, the TRE received a grant to purchase a locomotive using CMAQ funds. The department is currently developing a work plan and an estimate for the use of these funds to address the needs identified in the TRE fleet study.

Railroad Management Revenue Project – The Railroad Management group is currently reviewing license agreements along the railroad rights-of-way for cities outside the DART Service Area as well as other entities (e.g., utilities) to ensure the fee structures in place reflect the market rates. This project is anticipated to increase license revenues. To date, 33 licenses have been renegotiated with an increase in revenues of \$35,087 for FY 2016.

Cotton Belt Corridor – DART owns 54 miles of the Cotton Belt rail corridor from north Fort Worth to downtown Wylie. The T 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.

Preliminary engineering for the Cotton Belt project 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 in June 2014. The service configuration (and associated cost) selected for inclusion in the FY 2016 Financial Plan is the Full Double-track, DFW-to-Plano (Southern alignment) with a shallow trench across North Dallas and includes a station at Cypress Waters. This was the most expensive service alternative presented that did not include a tunnel. It currently has a revenue service date of 2035, but options are being evaluated with the intent to accelerate this date.

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.

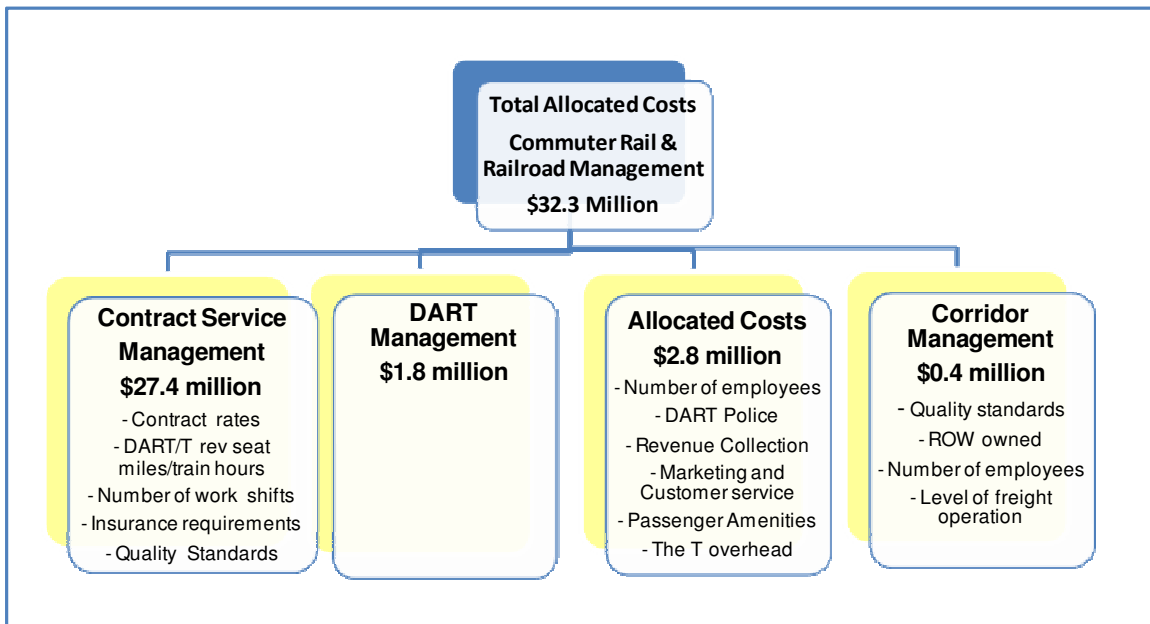
In March 2011, DART, The T, and DCTA executed an Equipment Lease and Operations and Maintenance Agreement. In accordance with the agreement, DART leased Rail Diesel Cars (RDCs) to DCTA, maintains the right-of-way and equipment, operates the A-train commuter rail service, and provides dispatching. All 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.

On September 22, 2015, the DART Board approved an interlocal agreement for shared services with DCTA for a period of one year, to expire on September 30, 2016.

Commuter Rail and Railroad Management Department Cost Model

Exhibit 88 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 2016 are budgeted at \$3.1 million and \$2.2 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 2016 include \$1.75 million of indirect costs from The T.

Exhibit 88 Commuter Rail and Railroad Management Cost Model



Workforce Leadership & Intergovernmental Relations

Human Capital Department

The Human Capital department responds to operational demands and programs by working to ensure the right person is in the right job at the right time. Human Capital strives to provide best-in-class transactional services, is uniquely positioned to embrace contemporary human capital business practices, and acts as a facilitator of efficient and effective human capital delivery systems and programs.

Human Capital must provide for the development of people and provide support and resources necessary for talent acquisition and compensation in support of 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 of the people issues, will assess situations, and create change models to help facilitate and guide relevant Human Capital programming. Human Capital will improve performance and eliminate barriers to success by strengthening the awareness of each individual's contribution, thereby ensuring commitment and ownership. Human Capital will explain the interdependencies between business success and "living the values" while measuring progress against critical success factors and key performance indicator 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, South West Transit Association, Texas Transit Association, Dallas Regional Mobility Coalition, Transit Coalition of North Texas, and the Regional Transportation Council. 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.

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 114th Congress for developments relating to potential funding for projects identified in DART's Twenty-Year Financial Plan.

During FY 2016 interim charges of the 84th Texas Legislature will be studied by legislative committees of both the Texas Senate and Texas House of Representatives leading up to the next regular legislative session, the 85th Texas Legislature convening on January 10, 2017. Working with DART's Austin legislative counsel team, staff will monitor closely 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 capital project and maintenance and operational financing expertise as requested to the House Committee on Transportation's Subcommittee on Long-term Infrastructure Planning, which is currently considering all matters pertaining to the transportation needs of the state during the next ten years and funding mechanisms to provide for meeting those needs.

Government Relations staff also will monitor the primary and general elections held in March and November respectively in 2016 for any changes to the make-up of the agency's congressional and state legislative delegations as well as the outlook for transit under a new Democratic or Republican Administration in the White House. Staff will brief executive management and the Board of Directors on the results of the elections and provide analysis of the potential impacts on the political landscapes 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 to provide agency-wide coordination and consistent management of policies and related processes.

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 2016, the Office of Policy and Strategy will continue to 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.

Policy Analysis, Review and Coordination – Another major focus is the continuing comprehensive review and analysis of DART’s Administrative Policies and implementation of a system for regular review and updates. A separate but related activity focuses on making all strategic planning documents and Administrative Policies easily 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, coordination with key decision-makers and executives, and broad knowledge of all aspects of the Agency’s business.

Records Management – Responsibility for records management as contemplated by Board Policy is a new function under the leadership of the Office of Policy and Strategy. Key activities in FY 2016 will include a review of current practices and processes along with an analysis of potential efficiencies with implementation dependent on shared resources.



FY 2016 BUSINESS PLAN

Section 5

Reference

Reference

A. BUSINESS PLAN DEVELOPMENT

Purpose of Business Plan

The FY 2016 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 2016 Annual Budget, the FY 2016 Twenty-Year Financial Plan, the Transit System Plan, and the Agency's Strategic Plan. The draft resolutions shown at Exhibit 92 approve the funding levels for the FY 2016 Annual Budget and at Exhibit 93 approve the FY 2016 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 89 highlights the business planning, compilation, and approval process used at DART.

Exhibit 89	
Business Plan Development Schedule	
Date	Description
	Management reviews Strategic Plan every five years
Dec – Feb	Management reviews and makes recommendations for changes to Financial Standards
Feb – Mar	Board reviews and approves Financial Standards
Mar – 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 92 and 93). 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 96, FS-G9). These changes require the affirmative vote of two-thirds of the number of appointed and qualified members of the Board. The FY 2016 Twenty-Year Financial Plan is shown at Exhibit 94.

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 24 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

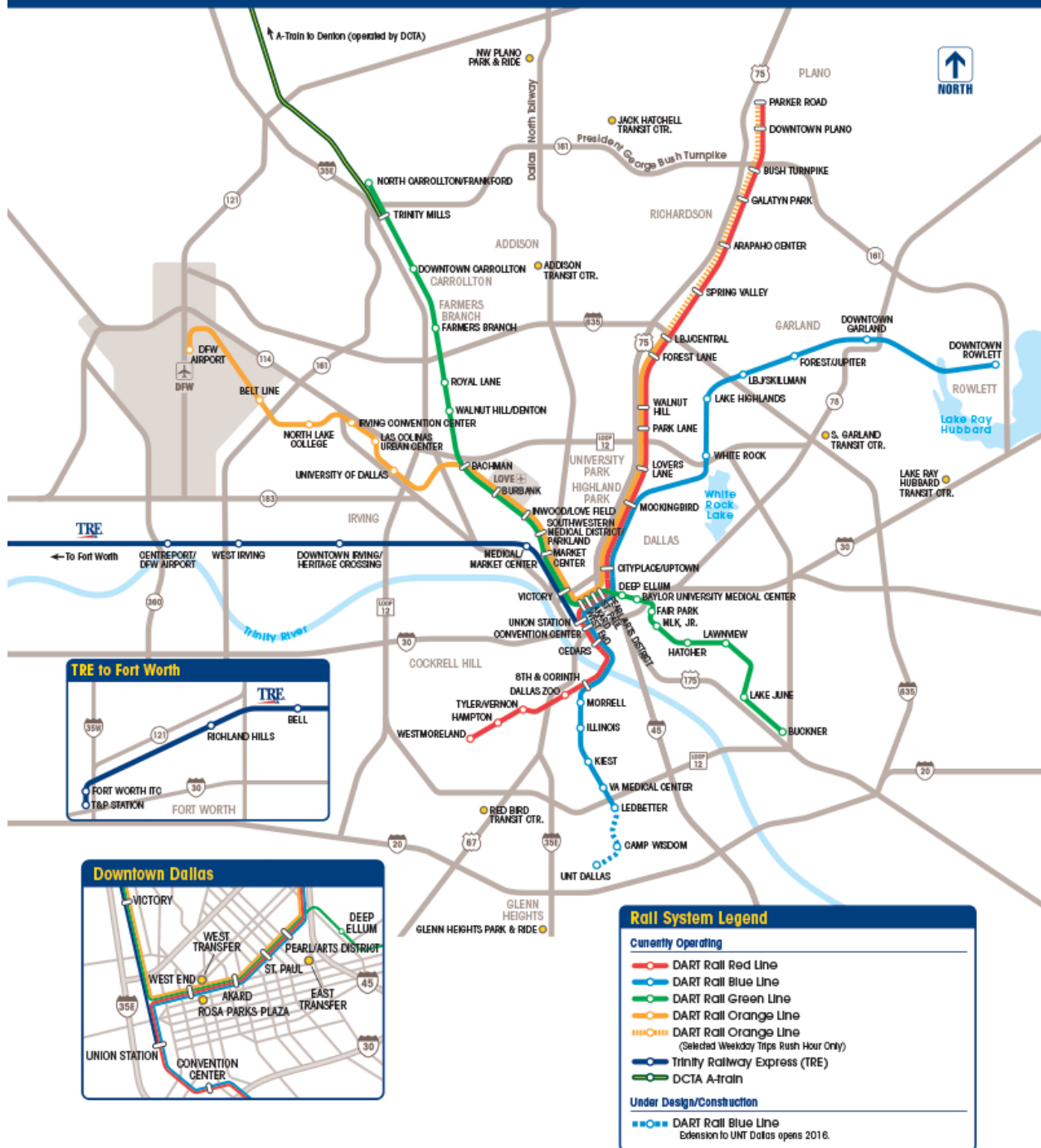
Several related reports are referenced in this document. Readers may wish to refer to these for a more comprehensive understanding of DART's plans and operations. These documents may be obtained from DART's Finance or Capital Planning departments. See Exhibit 91 for an illustration of how the Transit 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 90. 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 106.

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 90

DART Current and Future Services to 2016



Program of Interrelated Projects (Core Capacity) – The FY 2015 Financial Plan incorporated 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. These projects are:

- Phase I of the second downtown light rail alignment (known as D2),
- Extension of the Dallas streetcar system, linking the Oak Cliff and McKinney Avenue streetcar lines, and
- Platform extensions for the oldest stations in the light rail system along the Red and Blue lines.

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 was taken to the 5% level as of Spring 2014, and a cost analysis of 41 different service configurations was performed. The DART Board and officials from the interested cities were briefed on the progress to date. The service configuration (and associated cost) of Full Double-track, DFW-to-Plano (Southern alignment) with a shallow trench across North Dallas and includes a station at Cypress Waters was included in the FY 2016 Financial Plan. This project currently has a revenue service date of 2035, but options are being evaluated in an attempt to accelerate this date.

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

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 91 Interrelationship of System Plan with Other Documents

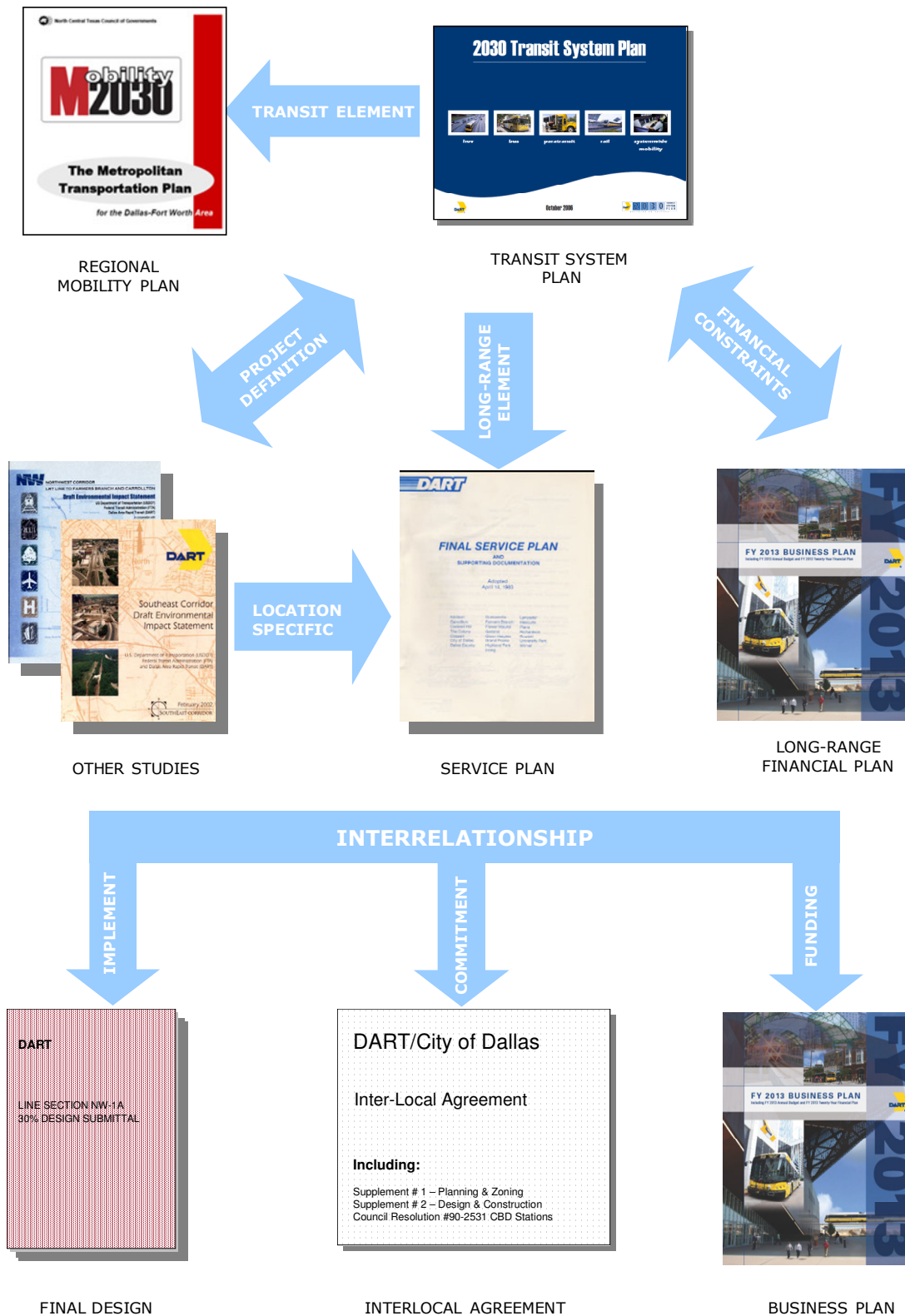


Exhibit 92

RESOLUTION

of the

150097



DALLAS AREA RAPID TRANSIT BOARD

(Executive Committee)

RESOLUTION**Approval of Fiscal Year (FY) 2016 Annual Budget**



WHEREAS, on April 28, 2015 (Resolution No. 150045), the Board approved the Financial Standards (including the General Standards, Business Planning Parameters, and Debt Service Standards) which were the basis for compiling the FY 2016 Annual Budget; and

WHEREAS, the Board has been briefed on the assumptions used to prepare the FY 2016 Annual Budget; and


WHEREAS, the proposed FY 2016 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 2016 Annual Budget is approved in the amount of \$971,100,343.

Operating Expense Budget	\$494,940,438
Capital & Non-Operating Budget	278,338,107
Debt Service Budget	197,821,798
Total FY 2016 Annual Budget	\$971,100,343


Richard Carrizales
Secretary
Robert Strauss
Chair

APPROVED AS TO FORM:


Scott Carlson
General Counsel

ATTEST


Gary C. Thomas
President/Executive Director

September 22, 2015

Date

Exhibit 93

**RESOLUTION**

of the

150098**DALLAS AREA RAPID TRANSIT BOARD
(Executive Committee)****RESOLUTION****Approval of Fiscal Year (FY) 2016 Twenty-Year Financial Plan**

WHEREAS, on April 28, 2015 (Resolution No. 150045), the Board approved the Financial Standards (including the General Standards, Business Planning Parameters, and Debt Service Standards) which were the basis for compiling the FY 2016 Twenty-Year Financial Plan; and



WHEREAS, all Financial Standards have been met in the compilation of the proposed FY 2016 Twenty-Year Financial Plan; and

WHEREAS, the Board has been briefed on the assumptions used to prepare the FY 2016 Twenty-Year Financial Plan; and

WHEREAS, the proposed FY 2016 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 2016 Twenty-Year Financial Plan as shown in Exhibit 1 is approved.


Richard Carrizales
Secretary
Robert Strauss
Chair

APPROVED AS TO FORM:

ATTEST

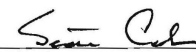

Scott Carlson
General Counsel
Gary C. Thomas
President/Executive DirectorSeptember 22, 2015
Date

Exhibit 94 (20-year Financial Plan)
(Exhibit 1 to Resolution 150098)

150098

Dallas Area Rapid Transit FY 2016 Financial Plan as Approved September 22, 2015 Twenty Year Sources and Uses of Cash (\$ Millions - Inflated Dollars)																							
Line	Description	2016	2017	2018	2019	2020	5 Year Total	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	20 Year Total
SOURCES OF FUNDS																							
1	Sales Tax Revenues	\$542.4	\$563.6	\$580.5	\$603.8	\$630.8	\$2,853.8	\$634.0	\$672.1	\$705.7	\$734.0	\$774.0	\$786.8	\$826.5	\$876.1	\$919.9	\$956.7	\$956.7	\$956.7	\$956.7	\$956.7	\$1,024.8	\$15,498.4
2	Operating Revenues	86.6	85.2	95.5	96.9	98.9	\$463.1	101.0	103.0	115.9	117.2	119.4	121.7	124.0	139.3	140.8	143.4	146.0	148.6	148.6	167.6	182.3	2,499.5
3	Interest Income	11.2	11.2	11.2	11.2	11.2	\$45.8	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2
4	Federal Funding	119.2	76.3	72.8	72.8	72.8	\$417.7	72.8	72.8	72.8	72.8	72.8	72.8	72.8	72.8	72.8	72.8	72.8	72.8	72.8	72.8	72.8	72.8
5	Discretionary Federal Funding	21.1	64.9	102.2	140.0	100.0	\$428.2	0.0	0.0	0.0	0.0	12.4	12.8	6.3	6.1	0.0	0.0	0.0	100.0	100.0	100.0	100.0	865.9
6	Debt Issuances	120.0	(30.0)	70.0	270.0	(30.0)	\$400.0	(30.0)	(20.0)	0.0	0.0	370.0	120.0	120.0	510.0	50.0	0.0	(50.0)	450.0	950.0	750.0	(50.0)	3,450.0
7	Other Sources	36.4	47.4	30.1	21.9	24.6	\$160.5	18.3	23.3	19.2	22.2	36.0	30.6	23.6	21.5	20.8	26.4	21.7	30.5	25.0	29.1	31.8	540.4
8	Total Sources of Funds	\$933.7	\$888.5	\$945.8	\$1,096.2	\$885.3	\$4,779.5	\$899.2	\$864.2	\$928.6	\$964.7	\$1,065.0	\$1,140.2	\$1,155.3	\$1,150.1	\$1,143.8	\$1,198.8	\$1,186.2	\$1,202.0	\$2,357.3	\$2,212.6	\$1,480.3	\$24,936.3
USES OF FUNDS																							
9	Sales Taxes for Operations	73.8%	72.4%	72.9%	72.1%	71.0%	n/a	68.8%	66.3%	62.9%	61.4%	62.7%	61.4%	59.8%	56.2%	54.6%	52.8%	51.8%	52.5%	49.3%	49.1%	48.8%	n/a
10	Operating Expenses:																						
11	Bus	\$257.6	\$262.3	\$266.3	\$271.8	\$276.5	\$1,334.5	\$277.8	\$282.9	\$288.7	\$294.0	\$300.0	\$305.4	\$310.5	\$316.1	\$322.5	\$328.3	\$334.9	\$341.0	\$347.8	\$353.3	\$359.5	\$6,097.1
12	Light Rail Transit	168.4	174.5	178.0	181.8	187.8	\$890.5	191.8	195.3	199.3	202.9	207.0	210.7	215.0	218.8	223.2	227.2	231.7	235.8	240.5	244.2	248.4	4,182.1
13	Commuter Rail/RR Management	30.5	27.2	31.8	32.8	33.7	\$156.0	34.7	35.7	36.8	37.8	39.0	40.1	41.4	42.6	43.9	45.2	46.6	47.9	49.4	50.9	52.4	853.1
14	Paratransit	36.1	38.5	39.5	40.8	42.3	\$197.1	43.8	45.4	47.3	49.1	51.0	53.0	55.1	57.2	59.5	61.8	64.3	66.8	69.5	72.0	73.6	1,066.6
15	HOV Transways	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
16	General Mobility - TDM	2.3	2.4	2.4	2.5	2.5	\$12.1	2.6	2.6	2.7	2.7	2.8	2.8	2.9	2.9	3.0	3.0	3.1	3.1	3.2	3.3	3.3	55.9
17	Total Operating Expenses	\$494.9	\$504.7	\$518.1	\$529.6	\$542.8	\$2,590.2	\$550.6	\$561.9	\$574.6	\$586.4	\$599.7	\$612.0	\$624.8	\$637.6	\$652.1	\$665.5	\$680.6	\$694.6	\$710.4	\$738.8	\$775.0	\$12,254.9
18	Operating P&ID Start-Up	\$503.4	\$515.0	\$526.9	\$538.6	\$552.0	\$2,635.9	\$560.0	\$571.4	\$584.4	\$596.3	\$609.8	\$622.3	\$635.3	\$648.3	\$661.0	\$673.8	\$686.2	\$704.5	\$724.5	\$753.2	\$789.6	\$12,254.9
Capital Projects and Non-Operating:																							
19	Agency-Wide	\$37.2	\$45.6	\$12.0	\$9.3	\$11.4	\$115.5	\$9.9	\$12.5	\$23.5	\$16.1	\$15.5	\$18.9	\$93.4	\$10.2	\$10.7	\$21.2	\$16.0	\$18.7	\$10.0	\$15.8	\$23.8	\$431.7
20	Light Rail Transit	\$33.9	\$37.6	\$23.3	\$7.1	\$11.0	\$114.6	\$7.5	\$17.8	\$21.1	\$30.3	\$39.3	\$48.6	\$92.8	\$8.3	\$9.2	\$28.8	\$6.5	\$9.4	\$30.9	\$21.4	\$11.3	\$78.6
21	Streetscar	\$16.8	\$20.0	\$27.7	\$69.9	\$18.4	\$109.8	\$13.4	\$27.2	\$82.2	\$14.7	\$30.1	\$20.5	\$27.0	\$23.7	\$23.7	\$23.7	\$23.7	\$23.7	\$23.7	\$23.7	\$23.7	\$23.7
22	Commuter Rail/RR Management	\$24.7	\$31.5	\$22.4	\$18.5	\$27.2	\$124.3	\$9.6	\$21.1	\$20.4	\$25.5	\$21.1	\$25.0	\$18.7	\$10.7	\$7.5	\$7.3	\$15.6	\$13.2	\$9.0	\$8.7	\$23.1	\$3,587.7
23	Paratransit	\$0.5	\$0.4	\$0.4	\$0.1	\$0.2	\$1.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
24	HOV Transways	\$9.0	\$0.0	\$0.0	\$0.0	\$0.0	\$9.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
25	Capital P & D Start-Up, Non-Operating	\$9.7	\$11.6	\$9.0	\$9.0	\$10.2	\$49.5	\$11.3	\$10.4	\$11.9	\$12.3	\$12.7	\$10.3	\$10.5	\$10.7	\$12.1	\$14.5	\$14.8	\$15.0	\$14.1	\$15.1	\$14.6	\$29.9
26	General Mobility - Road Impr./ITS	\$10.1	\$1.2	\$2.9	\$2.7	\$2.0	\$18.9	\$0.0	\$0.0	\$2.2	\$0.7	\$0.7	\$0.7	\$0.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$23.3
27	Total Capital and Non-Operating	\$78.3	\$73.0	\$419.9	\$432.5	\$236.4	\$1,640.1	\$15.7	\$89.8	\$97.4	\$97.7	\$115.5	\$233.9	\$45.8	\$34.3	\$45.8	\$126.3	\$225.4	\$683.5	\$1,056.6	\$1,080.1	\$323.3	\$7,743.2
Debt Service																							
28	Total Debt O/S Beginning of Year	\$3,644.7	\$3,716.5	\$3,631.0	\$3,643.3	\$3,851.4	\$17,517.7	\$3,751.7	\$3,648.7	\$3,552.2	\$3,471.9	\$3,387.8	\$3,671.9	\$3,699.0	\$4,111.9	\$4,054.6	\$3,942.3	\$3,824.6	\$3,651.2	\$3,771.8	\$4,779.9	\$5,368.9	\$5,368.9
29	Total Debt O/S End of Year	\$3,716.5	\$3,631.0	\$3,643.3	\$3,851.4	\$3,751.7	\$17,517.7	\$3,648.7	\$3,552.2	\$3,471.9	\$3,387.8	\$3,671.9	\$3,699.0	\$4,111.9	\$4,054.6	\$3,942.3	\$3,824.6	\$3,651.2	\$3,771.8	\$4,779.9	\$5,368.9	\$5,368.9	\$5,368.9
30	Principal - LT Debt	\$48.2	\$55.6	\$57.6	\$62.0	\$69.7	\$293.0	\$75.0	\$76.6	\$80.3	\$84.1	\$85.9	\$92.9	\$97.1	\$107.3	\$112.3	\$117.7	\$123.4	\$129.4	\$141.9	\$161.0	\$179.1	\$1,954.9
31	Cost of Debt (Interest and Fees)	\$149.6	\$152.2	\$151.6	\$152.0	\$153.4	\$752.2	\$152.3	\$155.2	\$159.8	\$162.6	\$167.6	\$172.6	\$177.6	\$182.6	\$187.6	\$192.6	\$197.6	\$202.6	\$207.6	\$212.6	\$217.6	\$222.6
32	Total Debt Service Costs	\$197.8	\$208.2	\$209.2	\$214.0	\$223.0	\$1,065.2	\$227.3	\$231.8	\$239.3	\$246.7	\$253.5	\$260.5	\$267.5	\$274.5	\$281.5	\$288.5	\$295.5	\$302.5	\$309.5	\$316.5	\$323.5	\$330.5
33	External Coverage Ratio	2.76	2.73	2.72	2.69	2.61	n/a	2.74	2.91	3.08	3.21	3.18	3.09	3.12	2.98	3.15	3.31	3.44	3.35	2.99	2.57	2.42	n/a
34	Internal Coverage Ratio	1.13	1.13	1.13	1.13	1.11	n/a	1.21	1.33	1.50	1.60	1.55	1.53	1.59	1.61	1.74	1.87	1.97	1.89	1.78	1.53	1.44	n/a
35	Total Uses of Funds	\$971.1	\$985.9	\$1,147.2	\$1,180.0	\$1,012.2	\$5,296.5	\$844.6	\$883.4	\$901.3	\$913.4	\$1,048.7	\$1,098.6	\$1,140.7	\$1,283.0	\$990.1	\$1,083.9	\$1,107.1	\$1,174.8	\$2,105.5	\$2,232.6	\$1,482.2	\$24,243.3
36	Net Use (Dec) in cash	(\$37.4)	(\$167.4)	(\$201.4)	(\$186.0)	(\$126.9)	(\$517.0)	(\$25.4)	(\$19.3)	(\$27.3)	(\$51.3)	(\$16.3)	(\$41.6)	(\$21.3)	(\$132.9)	(\$153.7)	(\$141.9)	(\$81.0)	(\$127.2)	(\$251.7)	(\$512.0)	(\$67.8)	\$726.4
37	Change in Balance Sheet Assets	9.4	(9.4)	32.8	3.6	(53.0)	(\$16.0)	(49.0)	6.3	(0.9)	1.2	86.8	(48.3)	29.6	(20.0)	(76.0)	(0.2)	25.5	97.7	80.4	13.3	(177.6)	(47.8)
38	Cash, Beg of Period	943.1	915.2	738.4	569.7	589.5	943.1	409.5	335.1	322.2	348.6	401.0	504.2	497.6	740.3	587.4	665.1	779.8	794.3	1,019.2	1,351.3	1,352.6	947.6
39	Cash, End of Period	915.2	738.4	569.7	589.5	409.5	409.5	335.1	322.2	348.6	401.0	504.2	497.6	740.3	587.4	665.1	779.8	794.3	1,019.2	1,351.3	1,352.6	1,107.3	1,107.3
40	Less Cash Reserves & Restricted Funds	(76.4)	(76.1)	(75.8)	(75.4)	(75.4)	(75.4)	(75.3)	(75.2)	(75.2)	(75.2)	(75.1)	(75.0)	(74.9)	(74.8)	(74.7)	(74.6)	(74.5)	(74.4)	(74.3)	(74.2)	(74.1)	(73.5)
41	Less Advanced Funding (Core Capacity Grant)	(54.5)	(41.6)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
42	Less Working Cash Requirement	(123.7)	(126.2)	(129.5)	(132.4)	(135.7)	(135.7)	(137.7)	(140.5)	(143.7)	(146.6)	(149.9)	(153.0)	(156.2)	(159.4)	(163.0)	(166.4)	(170.2)	(173.7)	(177.6)	(184.7)	(193.7)	(193.7)
43	Less Capital Reserve	(21.8)	(22.8)	(24.2)	(26.1)	(28.4)	(28.4)	(31.1)	(34.5)	(38.6)	(43.2)	(48.1)	(53.2)	(58.7)	(64.4)	(70.4)	(76.7)	(83.3)	(90.4)	(97.7)	(105.6)	(113.6)	(113.6)



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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 95) 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 96) 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 97 highlights which Financial Standards correlate with the major sources and uses of cash included in the Annual Budget and Twenty-Year Financial Plan.

Exhibit 95
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 96
FY 2016 Financial Standards
Resolution No. 150045

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 2016 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 2016 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 2016 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 2016 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 2016 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.

FY 2016 Financial Standards – Debt Service (continued)

D7. Certain debt service coverage ratios are required to access the financial markets. For financial planning purposes, annual sales tax revenues must exceed DART's current year debt service obligations by a factor of at least two (External Coverage Ratio). It is a goal of DART that for financial planning purposes, for long-term debt, sales tax revenues plus operating revenues, plus interest income, less operating expenses (excluding debt service and depreciation), for any twelve consecutive months of the prior eighteen months, must be sufficient to cover maximum annual debt service (ratio greater than 1.0). However, the DART Board may choose to grant exceptions to this standard in the interest of expediting the completion of the System Plan.

Exhibit 97 shows the linkages between DART's Financial Standards and its financial information.

Exhibit 97 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

Exhibits 98 and 99 provide sales tax information for DART and for the cities within DART's Service Area.

Exhibit 98
Sales Tax History, FY 2005 – FY 2015
(in Millions)

	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15
Oct	\$25.7	\$27.2	\$28.6	\$31.4	\$30.2	\$28.7	\$29.0	\$33.3	\$35.4	\$38.0	\$41.3
Nov	25.5	27.3	28.9	31.6	27.3	26.6	30.2	31.7	32.1	36.3	38.1
Dec	36.9	40.3	42.8	44.8	43.5	41.7	43.0	46.1	47.8	50.2	55.9
Jan	24.6	27.0	28.3	31.4	27.2	28.3	29.1	30.8	35.5	35.0	38.4
Feb	24.1	26.2	28.2	29.5	27.0	25.8	27.5	31.8	32.9	36.1	37.0
Mar	33.8	35.3	37.7	37.9	35.8	36.7	39.7	39.5	41.1	44.5	49.5
Apr	25.5	28.7	29.5	32.0	29.7	29.0	31.9	33.4	35.8	39.2	41.8
May	26.5	29.9	30.2	33.9	29.6	29.7	31.1	33.9	37.9	36.8	39.6
Jun	34.5	35.5	37.2	41.6	37.3	37.3	39.5	40.9	43.0	44.7	50.1
Jul	25.2	28.3	30.7	33.3	28.8	27.8	33.3	37.2	36.5	39.7	39.3
Aug	26.3	29.0	30.2	31.4	27.7	28.7	29.6	34.8	36.0	40.1	39.8
Sep	33.1	35.8	36.8	37.4	33.4	35.3	38.4	39.1	41.7	45.2	47.9
FY Total	\$341.8	\$370.5	\$389.1	\$416.1	\$377.6	\$375.5	\$402.4	\$432.5	\$455.7	\$485.8	\$518.6



Exhibit 99
Sales Tax Collections by City Since Inception

DART SALES TAX COLLECTIONS BY CITY (January 1984 - September 2015)

FISCAL YEAR	DART	ADDISON	BUCKINGHAM*	CARROLLTON	COCKRELL HILL	DALLAS	FARMERS BRANCH	GARLAND
Yrs. 1984 to 1999	3,429,799,661.97	89,684,917.78	1,407,241.56	152,502,513.23	941,011.83	1,986,022,649.11	117,093,673.75	157,792,395.11
2000	373,781,008.77	9,430,392.49	0.00	17,994,653.72	36,963.18	201,494,258.20	13,660,064.56	17,137,646.90
2001	357,883,458.19	9,060,346.29	0.00	17,584,181.42	44,824.28	193,829,670.18	11,793,363.61	16,763,396.04
2002	325,545,132.91	8,186,132.88	0.00	15,832,673.37	34,521.18	176,903,516.53	10,171,821.18	15,673,108.21
2003	311,817,725.15	8,073,825.27	0.00	16,139,349.11	45,012.61	165,809,204.52	9,045,722.94	15,149,640.04
2004	332,395,506.32	8,546,276.53	0.00	17,207,162.47	67,428.23	176,897,339.06	9,410,952.00	15,704,262.68
2005	341,756,750.54	8,733,350.40	0.00	17,528,415.78	64,534.81	177,707,684.72	9,686,372.23	16,148,234.60
2006	370,518,725.69	8,765,382.04	0.00	18,360,947.00	165,333.04	190,405,760.61	10,602,483.73	18,339,527.35
2007	389,129,397.15	9,406,503.75	0.00	19,616,620.89	95,445.79	198,850,278.45	11,996,338.84	19,327,708.46
2008	416,147,831.34	9,936,553.89	0.00	20,062,606.44	158,748.05	214,308,231.24	12,091,439.48	20,604,634.43
2009	377,596,791.51	8,827,700.98	0.00	19,263,590.67	245,956.87	191,124,355.22	11,550,048.06	18,644,521.97
2010	375,470,796.75	8,530,958.78	0.00	18,470,778.05	297,563.21	189,196,793.31	10,426,972.00	18,498,361.57
2011	402,403,999.18	9,140,005.70	0.00	20,479,573.43	252,709.29	202,934,416.71	11,544,474.50	18,811,831.07
2012	432,478,059.28	10,681,577.88	0.00	23,046,438.19	254,197.16	218,145,279.46	12,122,452.58	20,135,334.07
2013	455,699,829.70	12,020,476.20	0.00	24,676,982.16	258,487.24	230,959,311.85	12,944,142.73	21,112,605.21
2014	485,740,400.14	13,082,857.92	0.00	26,483,167.04	311,377.67	243,593,762.42	12,724,445.67	22,101,231.48
2015	518,623,932.17	12,671,131.70	0.00	30,090,788.18	313,998.22	260,893,737.89	13,809,020.13	23,846,000.98
TOTAL	\$9,696,789,006.77	\$244,778,390.49	\$1,407,241.56	\$475,340,441.16	\$3,588,112.67	\$5,219,076,249.50	\$300,673,788.00	\$455,790,440.16
% of 2015	100.00%	2.44%	0.00%	5.80%	0.06%	50.30%	2.66%	4.60%
% of Total	100.00%	2.52%	0.01%	4.90%	0.04%	53.82%	3.10%	4.70%
FISCAL YEAR	GLENN HEIGHTS	HIGHLAND PARK	IRVING	PLANO	RICHARDSON*	ROWLETT	UNIVERSITY PARK	COPELL/ FLOWER MOUND
Yrs. 1984 to 1999	697,746.08	16,723,889.50	341,254,540.47	299,315,490.35	200,017,100.55	13,744,015.01	23,835,722.57	2,990,824.48
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	50,191,496.06	66,403,844.41	25,555,927.63	5,154,160.87	3,210,336.62	0.00
2014	436,374.36	3,272,492.74	54,524,583.48	71,694,855.87	28,481,174.51	5,395,458.06	3,638,618.93	0.00
2015	489,995.39	3,350,601.43	60,124,471.43	73,711,943.11	29,757,106.17	5,732,201.28	3,832,936.25	0.00
TOTAL	\$4,490,073.32	\$51,015,664.37	\$1,028,018,653.75	\$1,178,209,027.08	\$553,518,452.70	\$83,889,281.91	\$68,226,435.04	\$2,990,824.48
% of 2015	0.09%	0.65%	11.59%	14.21%	5.74%	1.11%	0.74%	0.00%
% of Total	0.05%	0.53%	10.60%	12.15%	5.71%	0.87%	0.70%	0.03%

*Note: Buckingham was incorporated into the City of Richardson in 1996.

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 100 is DART's Annual Debt Service Schedule.



Exhibit 100
DART Annual Debt Service Schedule

Fiscal Year	Principal Repayment	Interest Repayment	Total Gross Debt Service	BABs Subsidy	Total Net Debt Service
FY15	\$ 38,215	\$ 178,468	\$ 216,683	\$ 28,239	\$ 188,444
FY16	48,115	176,376	224,491	28,269	196,222
FY17	52,522	173,979	226,501	28,269	198,232
FY18	54,456	171,483	225,939	28,269	197,670
FY19	57,056	168,839	225,895	28,269	197,626
FY20	59,864	166,036	225,900	28,269	197,631
FY21	62,814	163,081	225,895	28,269	197,626
FY22	65,920	159,980	225,900	28,269	197,631
FY23	69,188	156,703	225,891	28,269	197,622
FY24	72,558	153,083	225,642	28,026	197,616
FY25	73,791	149,267	223,058	29,666	193,391
FY26	77,145	145,358	222,503	29,110	193,394
FY27	80,676	141,243	221,920	28,530	193,389
FY28	84,340	136,979	221,319	27,927	193,392
FY29	88,266	132,418	220,684	27,298	193,386
FY30	92,465	127,561	220,026	26,643	193,382
FY31	96,875	122,471	219,347	25,962	193,385
FY32	101,519	117,120	218,639	25,252	193,387
FY33	106,325	111,566	217,891	24,512	193,379
FY34	110,943	105,807	216,750	23,742	193,008
FY35	116,185	99,754	215,938	22,940	192,998
FY36	121,639	93,482	215,121	22,122	192,999
FY37	127,326	86,963	214,288	21,288	193,000
FY38	126,725	80,284	207,009	19,985	187,024
FY39	131,763	73,449	205,213	18,197	187,015
FY40	136,695	66,351	203,045	16,345	186,700
FY41	142,144	58,971	201,115	14,426	186,689
FY42	147,812	51,300	199,112	12,437	186,674
FY43	153,753	43,288	197,041	10,366	186,674
FY44	151,662	35,130	186,792	8,210	178,583
FY45	158,106	26,838	184,943	5,974	178,969
FY46	106,908	19,929	126,837	4,261	122,576
FY47	111,188	14,467	125,655	3,091	122,564
FY48	115,653	8,783	124,436	1,883	122,553
FY49	115,220	2,942	118,162	634	117,528
TOTAL	\$ 3,455,830	\$ 3,719,750	\$ 7,175,580	\$ 733,219	\$ 6,442,361

Exhibit 101 is a history of DART's long-term bond issuance credit ratings:

Exhibit 101
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
Series 2014	AA+	Aa2	No rating sought

Exhibit 102 shows DART's weighted average interest rate on long-term debt as of June 30, 2015.

Exhibit 102
Weighted Average Interest Rate

Bond Series	All-In Rate At Issue	Weighted Avg Maturity (yrs)	Remaining Principal	Final Payment Date
2007	4.492%	20.7	\$ 386,790,000	12/1/2036
2008	4.973%	27.7	\$ 596,450,000	12/1/2048
2009A	3.957%	9.7	\$ 154,920,000	12/1/2022
2009B *	4.010%	26.5	\$ 829,615,000	12/1/2044
2010A	2.740%	8.5	\$ 65,935,000	12/1/2023
2010B *	3.260%	33.0	\$ 729,390,000	12/1/2048
2012	3.513%	19.0	\$ 123,480,000	12/1/2042
2014	3.307%	14.1	\$ 426,035,000	12/1/2043
TIFIA	2.910%	n/a	\$ 105,000,000	12/1/2047
	<u>3.908%</u>		<u>\$ 3,417,615,000</u>	
* Build America Bonds subject to federal subsidy changes.				



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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 103. DART's current fare structure is shown at Exhibit 104.

Exhibit 103 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 March 2017. DART has recommended a qualified system integrator capable of meeting these requirements for the CFPS project.

Mobile Ticketing (GoPassSM)

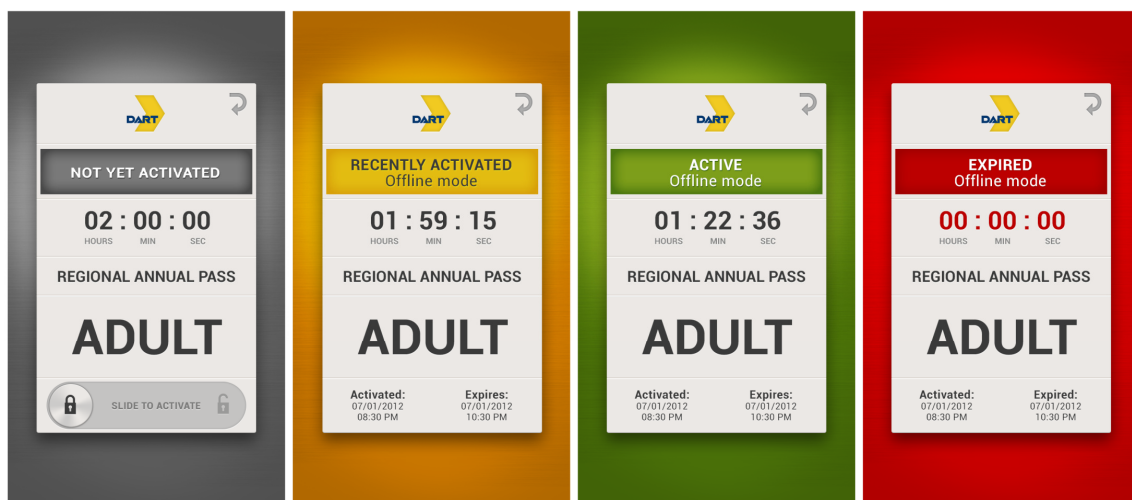


DART has successfully implemented a mobile ticketing product called GoPass that permits customers to purchase tickets and download them to their phones, obtain trip plans and status of buses and trains, and receive information about area events – even combine the purchase of a transit pass to the purchase of tickets for those events! The 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 104
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 104 (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 104 (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 104 (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 105 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 105 Revenue by Fare Type Analysis

Type of Fare (in thousands)	FY 2014 Actual		FY 2015 Projected		FY 2016 Proposed	
	Actual Units	Actual Revenue	Projected Units	Projected Revenue	Estimated Units	Estimated Revenue
Single Fare						
Local	0.0	\$0.0	0.0	\$0.0	0.0	\$0.0
System	0.0	0.0	0.0	0.0	0.0	0.0
Regional	0.0	0.0	0.0	0.0	0.0	0.0
Reduced	0.0	0.0	0.0	0.0	0.0	0.0
Paratransit Coupon	35.5	1,064.7	35.0	1,049.1	35.2	1,056.7
Total Single Fare	35.5	\$1,064.7	35.0	\$1,049.1	35.2	\$1,056.7
2-Hour						
Local	3,718.2	\$9,295.4	3,946.5	\$9,866.2	3,975.3	\$9,938.3
Regional	36.0	180.1	39.0	195.1	39.3	196.5
Reduced	562.0	702.5	635.3	794.1	639.9	799.9
Mesquite	1.0	3.3	1.3	4.7	1.3	4.7
High School	265.8	332.3	299.8	374.8	302.0	377.5
College/Trade	93.1	116.4	102.0	127.6	102.8	128.5
Total 2-Hour	4,676.1	\$10,630.0	5,024.0	\$11,362.4	5,060.7	\$11,445.4
Midday						
Local	793.5	\$1,388.6	868.6	\$1,520.0	874.9	\$1,531.1
Regional	3.6	12.5	3.6	12.5	3.6	12.6
Total Midday	797.0	\$1,401.1	872.2	\$1,532.5	878.5	\$1,543.7
Day Passes						
Local	3,761.4	\$18,806.8	3,665.5	\$18,327.3	3,692.2	\$18,461.2
System	0.5	3.2	0.0	0.0	0.0	0.0
Regional	46.0	459.8	43.1	430.5	43.4	433.7
Reduced	1,048.4	2,621.1	1,047.8	2,619.5	1,055.4	2,638.6
High School	218.4	546.1	191.5	478.7	192.9	482.2
College/Trade	144.0	360.0	148.0	369.9	149.1	372.6
Mesquite	2.4	16.9	2.2	15.6	2.2	15.7
Vouchers (book of ten)	70.4	2,026.4	69.8	2,095.5	70.4	2,110.8
Total Day Passes	5,291.5	\$24,840.3	5,167.8	\$24,337.0	5,205.6	\$24,514.8
7-Day Passes						
Local	99.7	\$2,492.0	97.4	\$2,434.7	98.1	\$2,452.4
System	0.0	0.0	0.0	0.0	0.0	0.0
Regional	0.7	35.6	0.5	25.9	0.5	26.1
Total 7-Day Passes	100.4	\$2,527.5	97.9	\$2,460.5	98.6	\$2,478.5
Monthly Passes						
Local	118.6	\$9,491.5	122.0	\$9,763.2	122.9	\$9,834.5
System	0.0	0.0	0.0	5.9	0.0	0.0
Regional	2.6	421.9	3.2	507.0	3.2	510.7
Reduced	34.3	1,371.2	37.9	1,516.3	38.2	1,527.3
Mesquite	0.2	18.5	0.1	10.1	0.1	10.2
Lone Star - Local	0.1	2.7	0.1	2.1	0.1	2.1
Lone Star - Regional	0.0	1.0	0.0	0.5	0.0	0.5
High School	27.1	1,084.8	36.6	1,462.3	36.8	1,472.9
College/Trade	11.7	468.1	4.6	184.6	4.6	185.9
Total Monthly Passes	194.7	\$12,859.7	204.5	\$13,451.9	205.9	\$13,544.2
Annual Passes						
Local	0.2	\$150.6	0.2	\$130.5	0.2	\$148.3
System	0.0	0.0	0.0	0.0	0.0	0.0
Regional	0.0	12.7	0.0	16.0	0.0	17.7
Senior	0.1	41.6	0.1	41.3	0.1	45.0
Corporate Programs	17.4	10,960.6	14.3	8,075.8	14.4	8,134.8
Corporate Programs - System	0.0	0.0	0.0	16.4	0.0	16.5
Corporate Programs - Regional	0.0	0.0	2.0	2,456.9	2.0	2,474.9
Total Annual Passes	17.7	\$11,165.4	16.6	\$10,736.9	16.7	\$10,837.1
Other Programs						
Secondary/College Decals	21.7	\$1,411.4	15.5	\$909.0	15.6	\$915.7
Special Events	15.8	86.5	9.6	35.6	9.7	35.9
Total Other Programs	37.6	\$1,497.9	25.1	\$944.6	25.3	\$951.5
Total Pass Sales	11,150.1	\$65,986.7	11,443.0	\$65,874.9	11,526.5	\$66,372.0
Without Paratransit Coupons	11,114.6	\$64,922.0	11,408.0	\$64,825.9	11,491.3	\$65,315.3



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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 106 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 90.

Exhibits 111 through 119 provide operational information for fiscal years 2005 through 2014. Exhibit 120 is a comparison of DART and eight similar transit agencies for Fiscal Year 2013 for selected metrics.



Exhibit 106 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	Sep 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	Sep 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
Northwest-Irving/DFW (I-3)	Orange	Belt Line	DFW Airport	5.0	1	Aug 2014
Orange Line Subtotal				14.0	6	
Total Miles/Stations in Operation				89.6	62	
FUTURE LRT EXPANSION THROUGH 2016						
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	

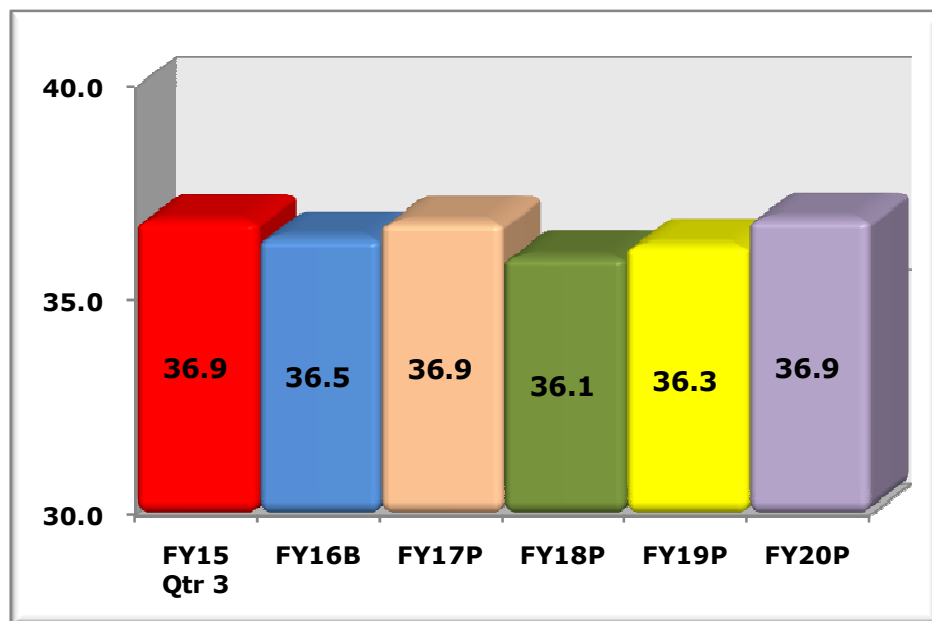
* Total miles by 2016 includes approximately 0.75 miles of pocket track.

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 2015, including winter weather in February and rains during the entire month of May. 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 107 provides an overview of bus ridership projections for the next five years.

Exhibit 107
Bus Ridership
(in Millions)



Ridership is projected to be flat from FY 2015 projected to FY 2016 and then 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. With this opening many of the current Parkland Shuttle customers will be able to walk directly from trains or parking lots to their work site, reducing shuttle ridership.

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.

DART is conducting 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 108, 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 109, 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 108
LRT Manual Counting

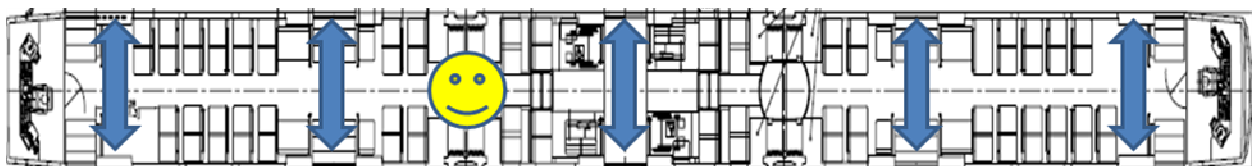


Exhibit 109
APCs

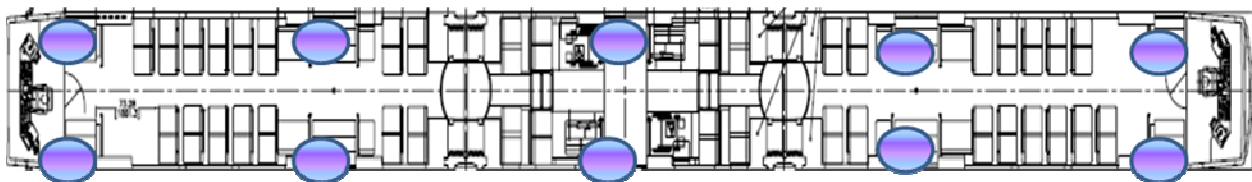
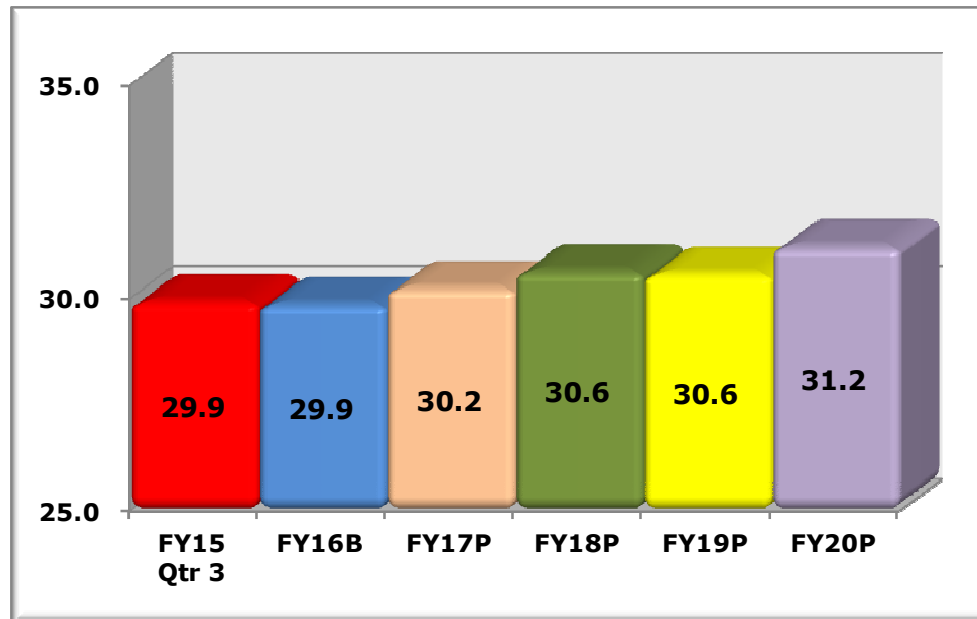


Exhibit 110 provides projected LRT ridership through FY 2020.

Exhibit 110
LRT Ridership
(in Millions)



For FY 2016 ridership is projected to be flat from FY 2015 and future years, small increases in ridership are anticipated as a result of 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.

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 111 Number of Employees by Function

DALLAS AREA RAPID TRANSIT NUMBER OF EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS

FUNCTION	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Transport Operations										
Bus Operations	1,532	1,510	1,516	1,534	1,539	1,537	1,451	1,487	1,522	1,470
Commuter Rail Operations	16	15	14	15	16	14	13	14	14	11
HOV Lane Operations	43	42	58	71	69	67	63	63	55	3
Light Rail Operations	171	160	176	192	225	272	266	313	292	298
Paratransit Operations	69	72	68	67	71	67	64	63	59	55
Van Pool Operations	2	2	2	2	2	2	2	2	2	2
	1,833	1,801	1,834	1,881	1,922	1,959	1,859	1,942	1,944	1,839
Maintenance										
Vehicle Maintenance	577	580	599	609	626	695	657	630	738	733
Non-vehicle Maintenance	169	187	187	197	214	282	303	342	270	302
	746	767	786	806	840	977	960	972	1,008	1,035
Public Safety and Fare Enforcement	168	171	171	189	221	309	309	319	340	352
Operations Total	2,747	2,739	2,791	2,876	2,983	3,245	3,128	3,233	3,292	3,226
Administration	423	415	419	433	447	435	398	359	369	353
Total	3,170	3,154	3,210	3,309	3,430	3,680	3,526	3,592	3,661	3,579

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 112
Level of Service - Average Weekday

DALLAS AREA RAPID TRANSIT
LEVEL OF SERVICE - AVERAGE WEEKDAY
LAST TEN FISCAL YEARS

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
AVERAGE WEEKDAY PASSENGERS (RIDERSHIP)										
Bus	131,177	152,123	151,869	153,693	146,023	128,532	126,426	131,186	129,683	127,432
Light Rail	59,259	62,007	60,596	65,757	64,381	59,785	71,748	90,182	96,354	96,523
Commuter Rail (1)	4,748	5,218	5,357	5,371	5,839	8,689	8,482	8,080	7,536	8,229
Demand Response	2,559	2,695	2,899	3,150	3,662	4,004	4,001	4,001	1,845	2,549
Demand Response-Taxi	-	-	-	-	-	-	-	-	-	14,796
Vanpool	1,390	1,741	1,969	2,755	3,481	3,640	3,893	4,067	3,728	3,516
	199,133	223,784	222,690	230,726	223,386	204,650	214,550	237,516	239,166	253,045
AVERAGE WEEKDAY REVENUE MILES										
Bus	99,413	90,962	90,600	90,302	89,839	89,626	84,194	87,949	88,750	87,178
Light Rail (2)	17,064	16,966	17,483	17,476	16,627	16,123	21,897	23,688	28,022	28,392
Commuter Rail (1) (2)	1,932	1,972	1,972	2,379	1,768	4,421	3,815	3,866	3,992	4,005
Demand Response	24,463	25,564	25,396	27,456	26,319	28,660	29,242	29,898	14,481	22,652
Demand Response-Taxi	-	-	-	-	-	-	-	-	-	162,866
Vanpool	5,536	6,670	7,809	10,870	13,022	13,803	15,086	15,432	14,301	13,492
	148,408	142,134	143,260	148,483	147,575	152,633	154,234	160,833	149,546	318,585
AVERAGE WEEKDAY REVENUE HOURS										
Bus	6,904	6,422	6,462	6,547	6,545	6,552	6,353	6,468	6,792	6,707
Light Rail (2)	795	788	811	809	778	804	1,105	1,194	1,377	1,383
Commuter Rail (1) (2)	88	90	91	100	87	180	166	169	171	172
Demand Response	1,392	1,642	1,560	1,500	1,542	1,752	1,779	1,811	1,035	1,433
Demand Response-Taxi	-	-	-	-	-	-	-	-	-	15,986
Vanpool	158	163	190	265	318	345	377	386	358	337
	9,337	9,105	9,114	9,221	9,270	9,633	9,780	10,028	9,733	26,018
AVERAGE WEEKDAY PASSENGERS PER REVENUE MILE										
Bus	1.32	1.67	1.68	1.70	1.63	1.43	1.50	1.49	1.46	1.46
Light Rail	3.47	3.65	3.47	3.76	3.87	3.71	3.28	3.81	3.44	3.40
Commuter Rail (1)	2.46	2.65	2.72	2.26	3.30	1.97	2.22	2.09	1.89	2.05
Demand Response	0.10	0.11	0.11	0.11	0.14	0.14	0.14	0.13	0.13	0.11
Demand Response-Taxi	-	-	-	-	-	-	-	-	-	0.09
Vanpool	0.25	0.26	0.25	0.25	0.27	0.26	0.26	0.26	0.26	0.26
	1.34	1.57	1.55	1.55	1.51	1.34	1.39	1.48	1.60	0.79
AVERAGE WEEKDAY PASSENGERS PER REVENUE HOUR										
Bus	19.00	23.69	23.50	23.48	22.31	19.62	19.90	20.28	19.09	19.00
Light Rail	74.54	78.69	74.72	81.28	82.75	74.36	64.93	75.53	69.97	69.79
Commuter Rail (1)	53.95	57.98	58.87	53.71	67.11	48.27	51.10	47.81	44.19	47.84
Demand Response	1.84	1.64	1.86	2.10	2.37	2.29	2.25	2.21	1.78	1.78
Demand Response-Taxi	-	-	-	-	-	-	-	-	-	0.93
Vanpool	8.80	10.68	10.36	10.40	10.95	10.55	10.33	10.54	10.41	10.43
	21.33	24.58	24.43	25.02	24.10	21.24	21.94	23.69	24.57	9.73

Notes

- (1) Average weekday information for commuter rail for fiscal years 2005 to 2009 does not include service provided outside DART Service Area.
 (2) Average weekday revenue miles and hours for rail services are car revenue miles and hours.

Source: National Transit Database and internal records

Exhibit 113
Ridership

DALLAS AREA RAPID TRANSIT
RIDERSHIP
LAST TEN FISCAL YEARS

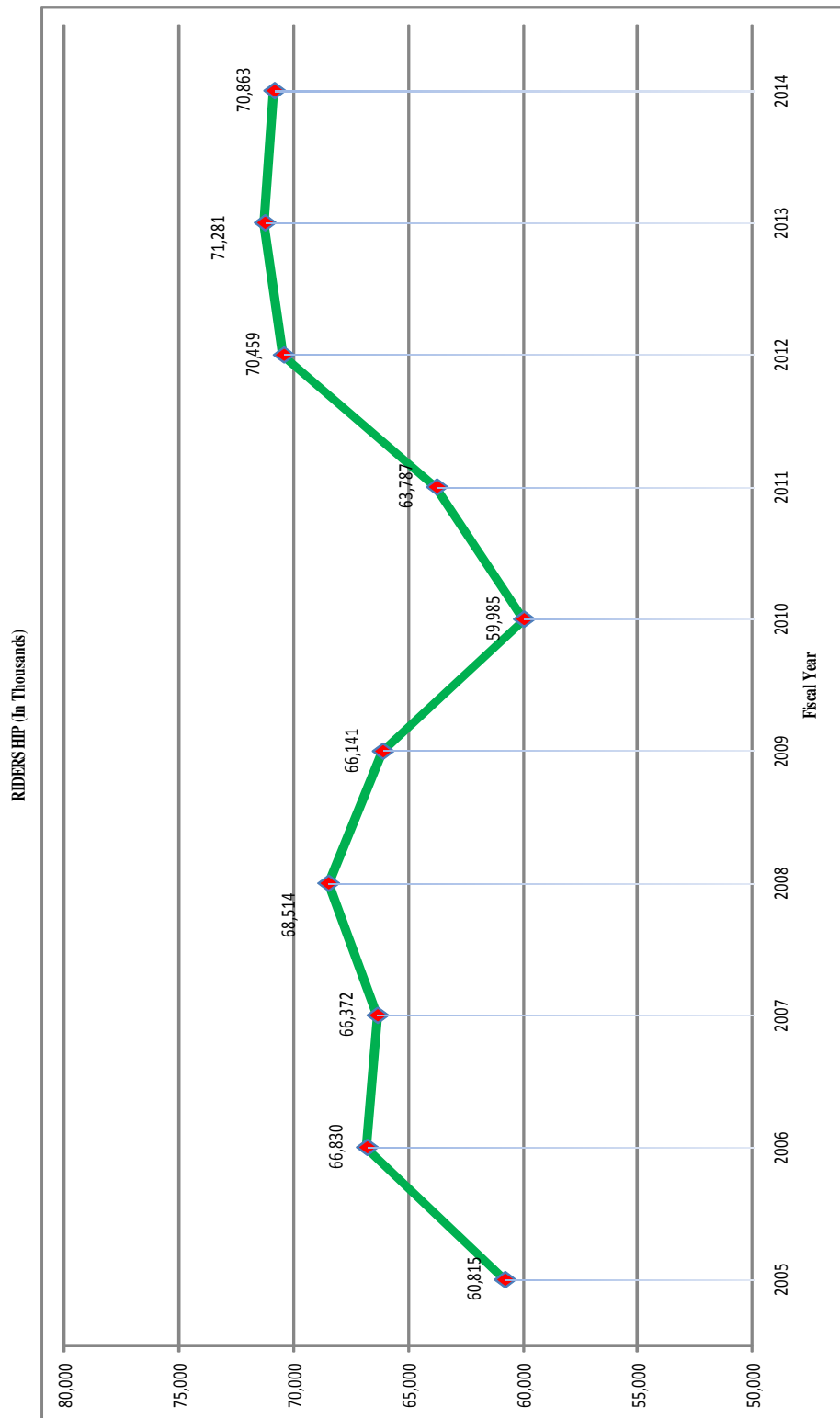


Exhibit 114
Revenue Miles

DALLAS AREA RAPID TRANSIT
REVENUE MILES
LAST TEN FISCAL YEARS

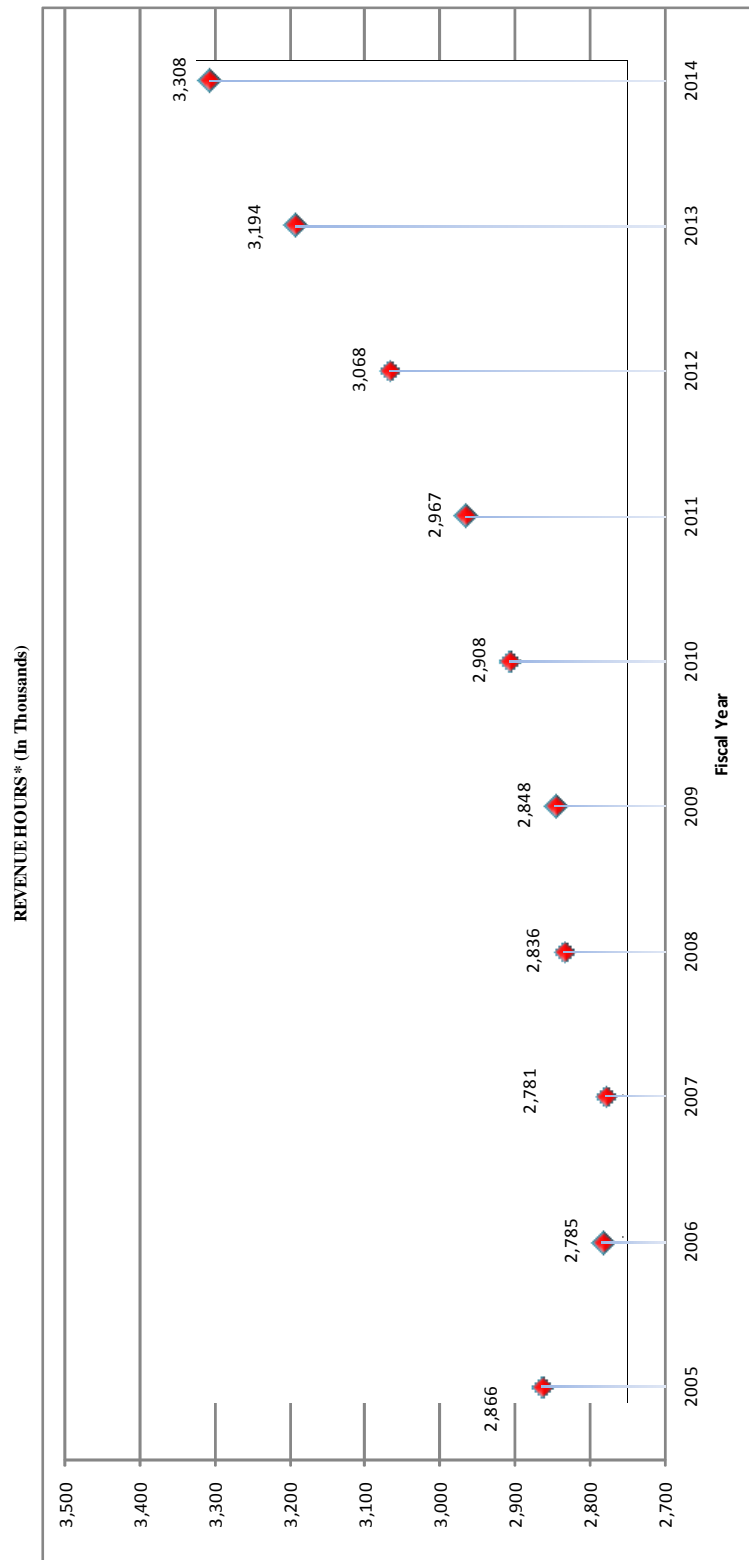
REVENUE MILES* (In Thousands)



* Revenue miles for rail services are car revenue miles.

Exhibit 115
Revenue Hours

DALLAS AREA RAPID TRANSIT
REVENUE HOURS
LAST TEN FISCAL YEARS



* Revenue hours for rail services are car revenue hours.

Exhibit 116
Passenger Fare Revenue and Ridership
FY 2014 Compared to FY 2005

DALLAS AREA RAPID TRANSIT
PASSENGER FARE REVENUE AND RIDERSHIP
CURRENT FISCAL YEAR COMPARED TO TEN 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 2014 compared to 2005.

Type of Service	Passenger Revenues (Amounts in Thousands) ¹			Ridership ² (Amounts in Thousands)		
	2014	2005	Percentage Change from 2005 to 2014	2014	2005	Percentage of total in 2014
Bus	\$32,564	\$25,751	26.5%	37,383	40,089	-6.7%
Light Rail	27,905	8,434	230.9%	29,458	17,487	68.5%
Commuter Rail ³	7,366	1,036	611.0%	2,284	2,151	6.2%
Demand Response	1,149	1,615	-28.9%	469	733	-36.0%
Demand Response-Taxi	922	0	N/A	376	0	N/A
Van Pool	996	295	237.6%	893	354	152.3%
Total	\$70,902	\$37,131	91.0%	70,863	60,814	16.5%
			100.0%			100.0%

N/A= Not applicable

Note:

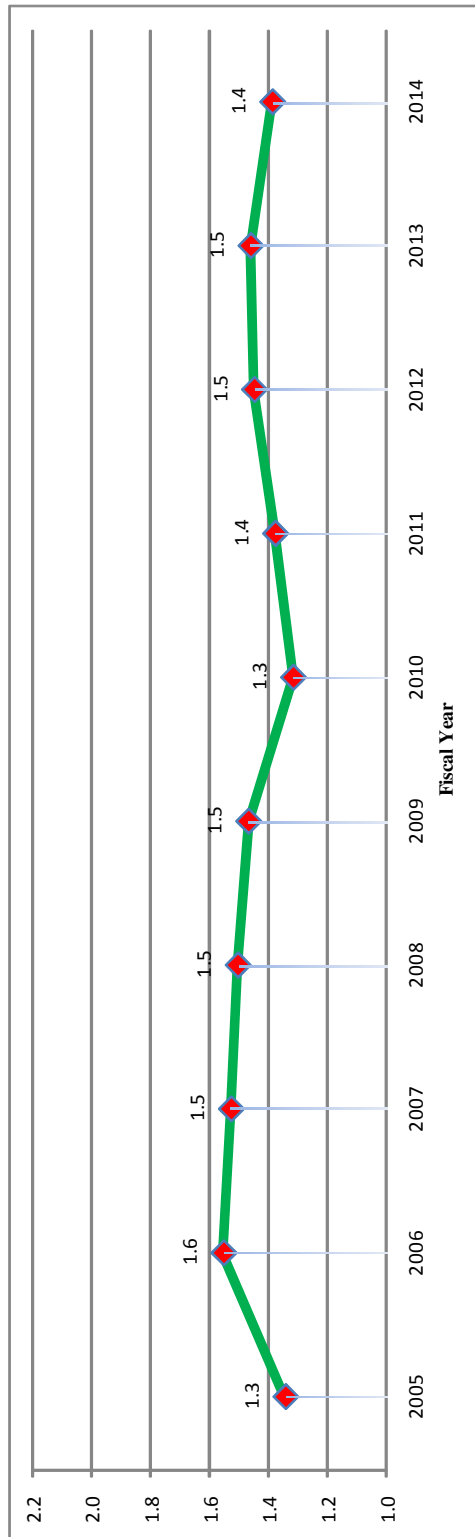
1. The increase in total passenger revenue from \$37.1 million in 2005 to \$70.9 million in 2014 is due to increases in ridership and fares.
2. Ridership is reported as unlinked passenger trips. For example, a passenger who transfers from a bus to rail is counted as two unlinked passenger trips.
The decrease in bus ridership and increase in light rail ridership in 2014 compared to 2005 is due to the replacement of some bus routes with light rail lines as a result the opening of the the Green Line light rail service, the Orange Line light rail service and the Blue line extension between 2009 and 2014.
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 117
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

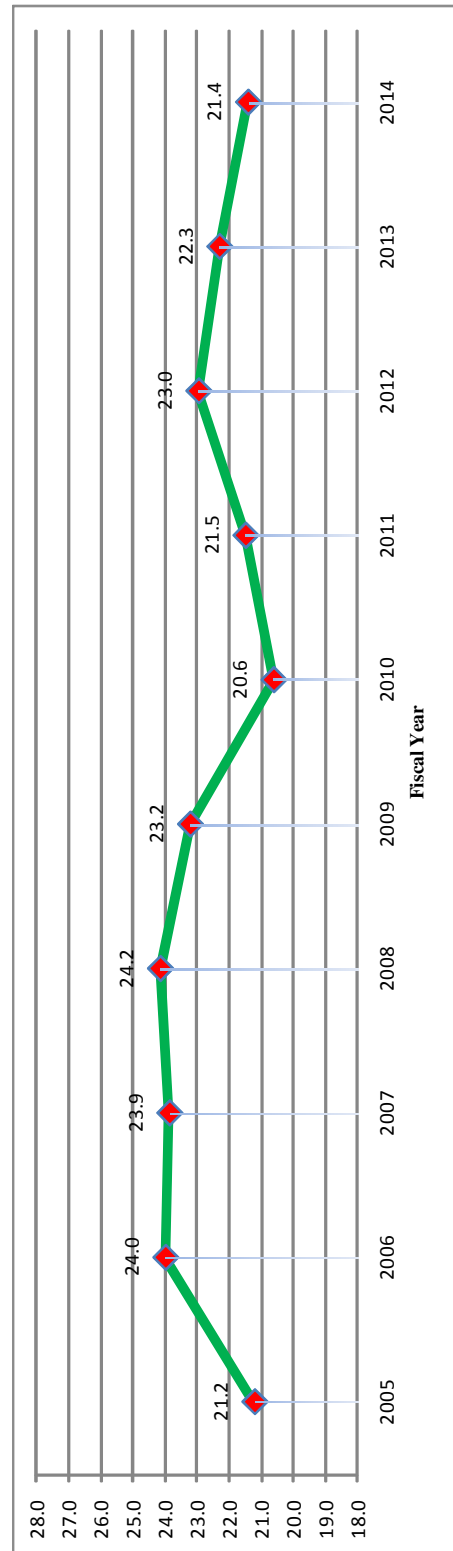


Exhibit 118 Number of Vehicles and Operating Facilities

DALLAS AREA RAPID TRANSIT NUMBER OF VEHICLES AND OPERATING FACILITIES LAST TEN FISCAL YEARS

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Number of vehicles available for service (1)										
Bus	742	742	740	728	663	663	658	629	650	656
Light Rail	95	107	115	115	115	122	163	163	163	163
Commuter Rail	36	36	36	36	36	44	47	35	35	32
Demand Response	192	186	199	209	209	209	209	209	175	115
Demand Response-Taxi	-	-	-	-	-	-	-	-	-	79
Vanpool	68	88	103	145	175	178	200	215	204	190
Total	1,133	1,159	1,193	1,233	1,198	1,216	1,277	1,251	1,227	1,235
Number of vehicles operated during weekday (1)										
Bus	605	565	559	564	564	556	507	509	527	485
Light Rail	82	83	85	85	84	76	77	78	102	103
Commuter Rail	21	21	21	19	19	18	18	18	18	23
Demand Response	173	173	169	184	190	190	186	186	148	100
Demand Response-Taxi	-	-	-	-	-	-	-	-	-	79
Vanpool	64	80	92	129	162	173	190	196	183	183
Total	945	922	926	981	1,019	1,013	978	987	978	973
Operating Facilities (2)										
Bus										
Number of operating garages	4	4	3	3	3	3	3	3	3	3
Number of transit centers	15	15	15	15	15	15	15	15	15	15
Number of bus stops	11,961	11,961	11,961	12,322	12,500	12,500	12,500	12,500	11,973	11,351
Light Rail										
Miles of tracks	45	45	45	45	48	48	72	77	85	90
Number of stations	35	35	35	35	39	39	55	58	61	62
Number of operating garages	1	1	1	1	1	1	2	2	2	2
Commuter Rail										
Miles of tracks	34	34	34	34	34	34	34	34	34	34
Number of stations	10	10	10	10	10	10	10	10	10	10
Number of operating garages	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

Sources:

1) National Transit Database

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

Exhibit 119 Cost of Capital Assets

DALLAS AREA RAPID TRANSIT COST OF CAPITAL ASSETS LAST TEN FISCAL YEARS (Amounts In Thousands)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Non-Depreciable Capital Assets										
Land and right-of-way	\$387,010	\$387,009	\$388,000	\$387,934	\$398,914	\$397,997	\$548,904	\$554,714	\$578,169	\$609,498
Capital projects in progress	328,470	469,652	745,171	1,210,357	1,755,739	2,305,270	859,872	662,567	205,542	70,845
Total Non-Depreciable Capital Assets	715,480	856,661	1,133,171	1,598,291	2,154,653	2,703,267	1,408,776	1,217,281	783,711	680,343
Depreciable Capital Assets										
Transit-ways	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	3,845,836
Buildings and Improvements	364,689	366,067	369,411	404,477	416,472	419,849	696,102	702,179	745,314	746,585
Revenue and Non-Revenue Vehicles and Equipment	620,069	613,603	703,230	719,346	804,314	935,898	1,218,639	1,275,561	1,319,261	1,303,485
Furniture, Fixtures, and Leasehold Improvements	35,315	31,423	33,083	35,370	38,189	38,940	43,242	49,537	61,184	59,872
Total Depreciable Capital Assets	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	5,955,778
Less Accumulated Depreciation										
Transit-ways	265,436	311,617	357,424	403,562	452,524	508,156	593,902	690,650	820,845	931,205
Buildings and Improvements	143,736	159,854	175,430	191,518	207,275	221,232	240,967	265,881	292,055	316,802
Revenue and Non-Revenue Vehicles and Equipment	252,701	282,125	321,540	357,358	395,183	447,998	499,242	559,630	568,776	527,137
Furniture, Fixtures, and Leasehold Improvements	32,398	29,740	31,244	29,214	31,868	31,939	36,569	38,929	46,450	50,973
Total Accumulated Depreciation	694,271	783,336	885,638	981,652	1,086,850	1,209,325	1,370,680	1,555,090	1,728,126	1,826,117
Net Depreciable Capital Assets	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	4,129,661
Net Capital Assets	\$2,390,070	\$2,455,914	\$2,722,545	\$3,183,950	\$3,934,142	\$4,520,616	\$4,775,830	\$4,877,773	\$4,877,612	\$4,810,004

Source: Annual financial statements



Exhibit 120
Transit Agency Comparison (2013 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.)	696	3,244	2,348	1,285	1,513	836	570	716	558
Service Area Population	2,437,820	4,181,019	3,157,520	3,695,527	8,626,817	3,355,152	1,489,796	2,218,791	1,540,000
Annual Vehicles Revenue Miles (In Thousands)									
Bus	27,250	23,420	35,520	41,230	73,550	39,760	19,110	16,870	18,470
Heavy Rail	N/A	23,280	N/A	N/A	6,870	16,880	N/A	N/A	N/A
Commuter Rail	1,440	22,070	N/A	N/A	N/A	18,680	160	N/A	N/A
Light Rail	9,120	5,820	10,180	990	13,240	3,380	7,720	7,760	6,230
Demand Response	7,560	17,030	10,030	16,590	N/A	11,020	7,430	3,290	5,250
Annual Vehicles Revenue Hours (In Thousands)									
Bus	2,100	2,340	2,610	2,830	6,690	3,880	1,620	1,560	1,350
Heavy Rail	N/A	1,440	N/A	N/A	300	870	N/A	N/A	N/A
Commuter Rail	50	740	N/A	N/A	N/A	690	7	N/A	N/A
Light Rail	450	620	570	83	650	380	530	470	260
Demand Response	500	1,420	670	970	N/A	1,000	500	190	310
Annual Unlinked Trips (In Thousands)									
Bus	37,940	114,700	76,350	68,690	350,390	184,860	58,660	51,890	29,410
Heavy Rail	N/A	168,720	N/A	N/A	49,520	101,040	N/A	N/A	N/A
Commuter Rail	2,090	35,230	N/A	N/A	N/A	37,170	440	N/A	N/A
Light Rail	29,470	70,030	23,770	11,320	63,650	27,430	39,170	29,700	17,050
Demand Response	830	2,110	1,230	1,750	N/A	1,710	1,040	510	590
Fixed Guideway Directional Route Miles									
Bus	66.1	6.2	43.6	50.9	141.9	2.4	3.3	17	N/A
Heavy Rail	N/A	76.3	N/A	N/A	31.9	74.9	N/A	N/A	N/A
Commuter Rail	72.3	776.1	N/A	N/A	N/A	446.9	29.2	N/A	N/A
Light Rail	171.4	51	94.2	14.8	136.3	82.9	104.3	108.4	91.1
Vehicles Available/Operated for Maximum Service									
Bus	650/527	955/784	1,029/819	1,257/1,048	2,320/1,860	1,389/1,172	597/505	543/437	378/312
Heavy Rail	N/A	430/336	N/A	N/A	104/70	369/286	N/A	N/A	N/A
Commuter Rail	35/23	512/416	N/A	N/A	N/A	412/334	4-Jun	N/A	N/A
Light Rail	163/102	184/151	172/139	37/22	171/144	159/126	320/275	175/96	87/58
Operating Expenses (In Thousands)									
Bus	\$248,810	\$380,740	\$313,100	\$352,300	\$931,760	\$596,070	\$239,130	\$145,750	\$145,370
Heavy Rail	N/A	\$315,540	N/A	N/A	\$117,010	\$186,690	N/A	N/A	N/A
Commuter Rail	\$26,970	\$351,360	N/A	N/A	N/A	\$246,820	\$7,040	N/A	N/A
Light Rail	\$151,020	\$151,780	\$87,140	\$18,390	\$234,860	\$65,510	\$99,330	\$66,350	\$64,810
Demand Response	\$30,740	\$104,590	\$46,930	\$46,190	N/A	\$51,790	\$35,590	\$14,500	\$21,880
Fare Revenue (In Thousands)									
Bus	\$37,130	\$97,130	\$66,190	\$63,000	\$254,420	\$172,210	\$63,820	\$53,090	\$31,690
Heavy Rail	N/A	\$191,850	N/A	N/A	\$34,750	\$95,720	N/A	N/A	N/A
Commuter Rail	\$8,820	\$168,960	N/A	N/A	N/A	\$137,430	\$470	N/A	N/A
Light Rail	\$20,440	\$89,940	\$49,410	\$4,480	\$44,560	\$30,590	\$46,440	\$35,550	\$18,610
Demand Response	\$2,150	\$7,320	\$2,480	\$1,600	N/A	\$5,920	\$4,140	\$2,010	\$2,480

SOURCE: 2013 National Transit Database Agency Profiles

NOTE: Fixed Guideway Directional Route Miles is reported as the mileage in each direction over which public transportation vehicles travel while in revenue service on fixed guideway (including HOV lanes), or exclusive Right-of-Way.



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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).

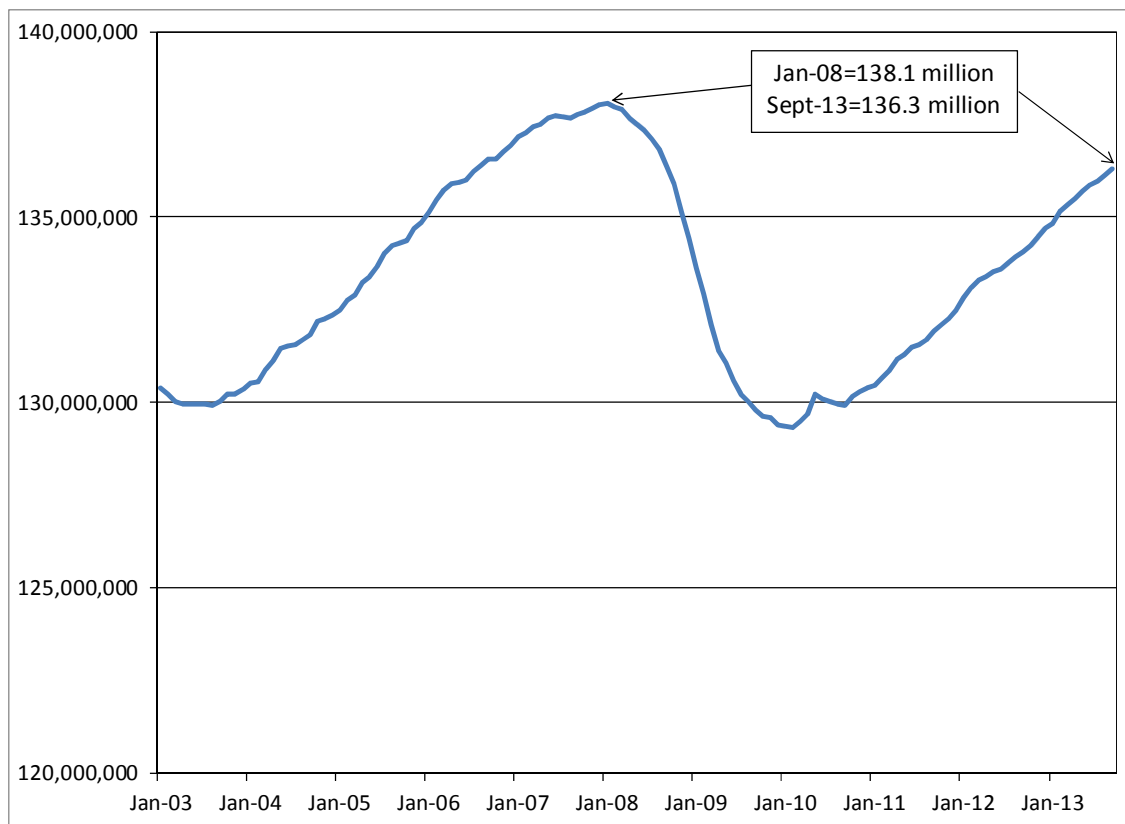


Figure 1. U.S. Jobs 2003-2013

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.

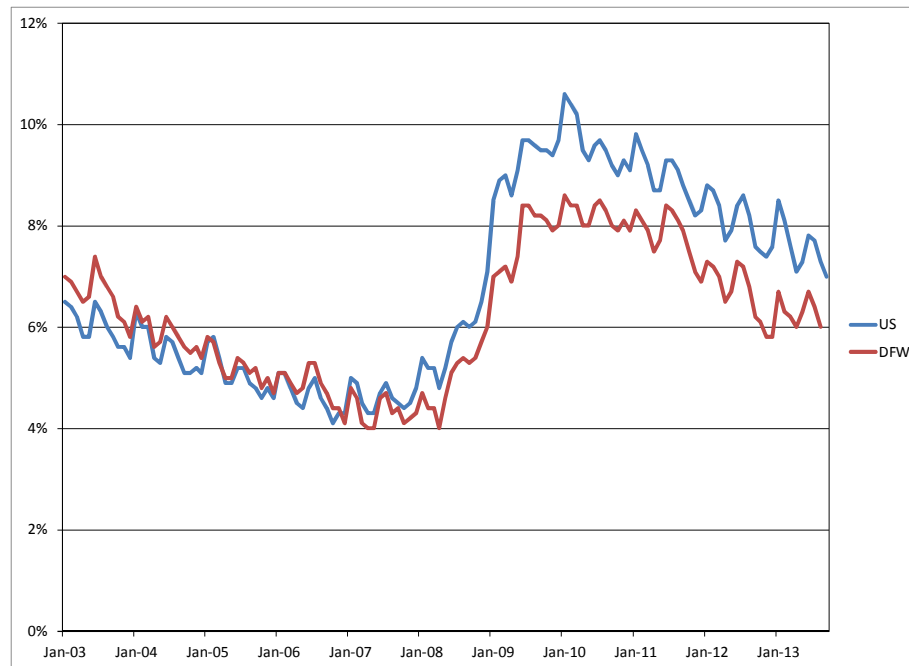
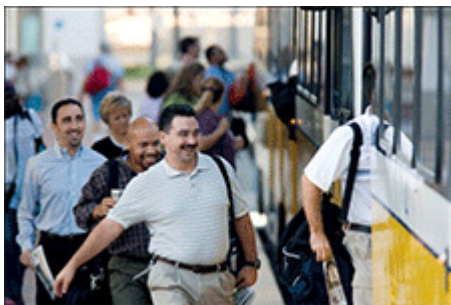


Figure 2. Monthly U.S. and DFW Unemployment Rates 2003-2013

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.	

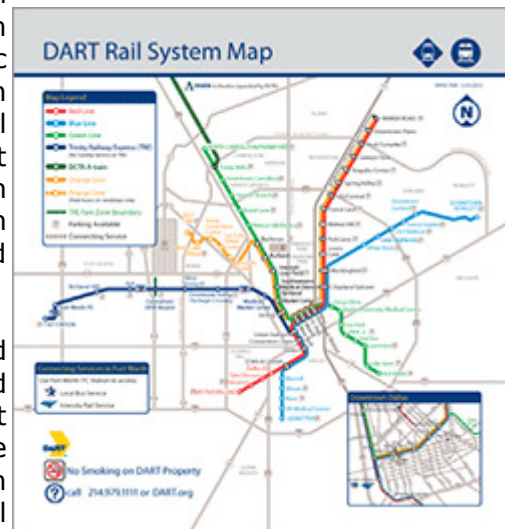
5. Conclusions

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 121 provides general information about DART.

Exhibit 121
DART Fast Facts

Agency Overview		
15 Board Members	FY14 sales tax revenue \$485.8 million	16-county region population – 6.5 million (2010 Census)
13 participating cities providing 1 cent sales tax	700 square mile Service Area	3,694 employees (FY14)
	Service Area population 2.3 million (2010 Census)	Contracted service with Arlington and Mesquite
Ridership		
Mode	FY14 Annual	FY14 Average Weekday
Bus	37.4 million	126,200
Light Rail	29.5 million	96,400
Commuter Rail	2.3 million	8,200
HOV Lanes	21.2 million	67,900*
Paratransit	752,200	2,570
Vanpool	893,000 (175 Vanpools)	3,500
Total System	92 million	304,770
Operations and Performance (FY14)		
Annual Bus Revenue Miles – 26,786,497	Service Quality-On-Time Performance	Subsidy per Passenger – Total System – \$3.99
Annual Demand Response Revenue Miles – 7,034,760	Bus – 81.1%	Subsidy per Passenger – Fixed Route – \$4.87
Annual LRT Revenue Car Miles – 9,340,069	LRT – 95.4%	
Annual Commuter Rail Revenue Car Miles – 1,152,028	TRE – 98.9%	



Exhibit 121
DART Fast Facts (cont'd)

Fleet Overview		
Bus/Paratransit	Light Rail	Commuter Rail
459 NABI (CNG) Buses Vehicle length: 31 feet and 40 feet Capacity: Up to 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"
80 NABI Suburban Buses Vehicle length: 41 feet Capacity: 41 seats		17 bi-level coaches
121 Arboc Buses (CNG) Vehicle length: 26 feet		Vehicle length: 85 feet Capacity: 152 seats
80 Starcraft Vans Vehicle Length: 22 Feet Capacity: 6-10 seated, 2-3 wheelchair		81 bi-level cab cars Vehicle length: 85 feet Capacity: 132 to 138 seats
Undedicated fleet of 116 Braun entervans		13 Rail Diesel Cars (RDCs) Vehicle length: 85 feet Capacity: 92 seats (4 wheelchair)
Facilities		
Bus	Light Rail	Commuter Rail
11,383 bus stops	62 stations – 50 at-grade; 9 aerial; 2 below-grade; 1 tunnel	10 stations (5 in DART Service Area)
964 shelters; 45 enhanced shelters; 1,308 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		
90 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 (FY15)		
\$416.9 million Capital and Non-Operating Budget \$475.9 million Operating Budget \$503.0 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 - \$5.63 Light Rail - \$4.44 Commuter Rail – \$6.89 Paratransit - \$42.43 Vanpool - \$0.21
Rail Expansion Program		
Northwest Irving to DFW I-3 segment to DFW Airport opened August 2014 Blue Line South Oak Cliff/UNT-Dallas extension – 2.6 miles opening 2016 93 miles of Light Rail by 2016 Streetcar projects opened in Spring 2015: Union Station to Oak Cliff Modern Streetcar; M-Line extension along Olive-St. Paul Loop Future projects in planning: Program of Interrelated Projects (Red/Blue Line platform modifications, Phase 1 of D2 second CBD alignment, Central Dallas Streetcar Link) Union Station to Oak Cliff Streetcar extensions to Bishop Arts and Convention Center Consideration of additional options for Cotton Belt Corridor		

Exhibit 121
DART Fast Facts (cont'd)

Economic and Fiscal Impacts
<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 <p>Existing, under construction, and planned developments around DART stations total \$5.4 billion</p>

DART currently consists of the following member jurisdictions: Addison, Carrollton, Cockrell Hill, Dallas, Farmers Branch, Garland, Glenn Heights, Highland Park, Irving, Plano, Richardson, Rowlett, and University Park. The DART Service Area is approximately 700 square miles and includes approximately 2.4 million people (see Exhibit 122 for population and employment breakdown by city).

Exhibit 122
Service Area Population and Employment

City	Population 2010 Census	Population 2015 Estimate	% Population Change	Employment 2010
Addison	13,056	15,530	18.9%	54,500
Carrollton	119,097	125,250	5.2%	77,600
Cockrell Hill	4,193	4,160	-0.8%	750
Dallas	1,197,816	1,244,270	3.9%	1,158,500
Farmers Branch	28,616	30,350	6.1%	119,000
Garland	226,876	232,960	2.7%	107,000
Glenn Heights	11,278	11,440	1.4%	1,350
Highland Park	8,564	8,440	-1.4%	2,500
Irving	216,390	228,610	5.6%	219,500
Plano	259,841	271,140	4.3%	135,400
Richardson	99,223	102,430	3.2%	120,500
Rowlett	56,199	56,910	1.3%	11,200
University Park	23,068	22,840	-1.0%	9,700
Total Service Area	2,264,217	2,354,330	4.0%	2,017,500
16-County NCTCOG Region	6,539,950	6,939,250	6.1%	4,006,300

Sources: 2010 Census and North Central Texas Council of Governments (NCTCOG) estimates.



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I. GLOSSARY/ACRONYMS

Exhibit 123 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.

Accrual Method of Accounting – An accounting method that measures the performance and position of a company by recognizing economic events in the period they occur regardless of when cash transactions occur (i.e., recognize revenue in the period in which it is earned rather than when the cash is received; and recognize expenses when incurred rather than when cash is paid).

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 123
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 123
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 123
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 123
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 123
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 123
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 123
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.

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

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 124 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
BTB	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 124 (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 124 (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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let's go.