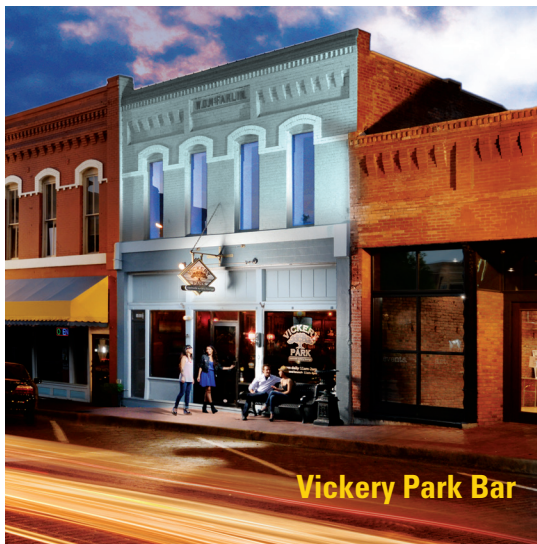
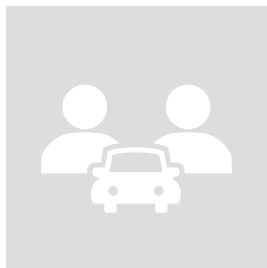
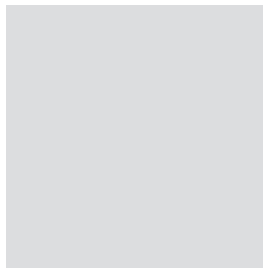
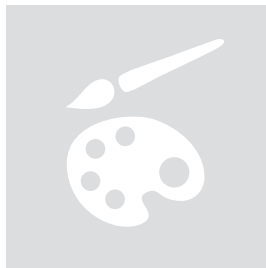
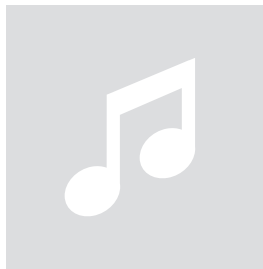


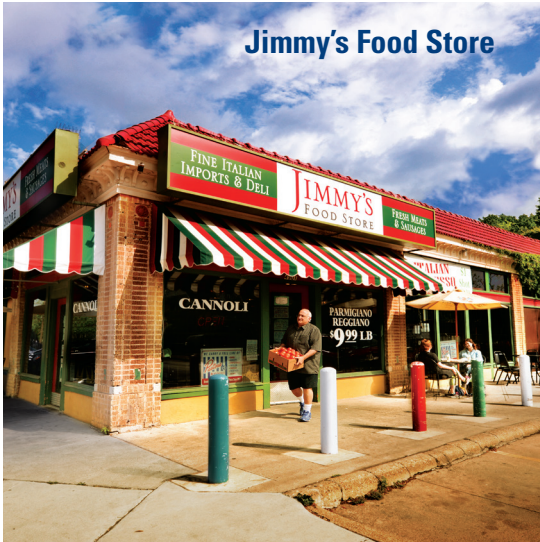
# FY 2017 BUSINESS PLAN

(Including FY 2017 Annual Budget and Twenty-Year Financial Plan)



Discover more.

## Jimmy's Food Store



Dallas Area Rapid Transit helps residents and visitors discover all North Texas has to offer. Our extensive network of light rail, Trinity Railway Express commuter rail, bus routes and paratransit services moves more than 220,000 passengers per day across a 700-square-mile service area.

Explore North Texas and discover something new on DART. From off-the-beaten-path venues to the trendiest spots in town, every trip can be an adventure. Many of these “DARTable” places are an easy walk from a DART rail station or bus stop, and the free GoPass<sup>SM</sup> app makes discovering them easy.

If your journey begins or ends in places not easily served by DART, you now can take the train or bus for the longest portion of the trip, and use Uber or Lyft for the short leg. Customers can access the Uber, Lyft and Zipcar apps through GoPass<sup>SM</sup> by selecting “Connect 2 Car” in the Travel Tools section.

**Visit [DART.org/DARTable](https://www.dart.org/DARTable)** for a list of possibilities that span arts, culture, sports, recreation, and dining, shopping and special events.



## How to Use This Book

### *What's in this Book*

This book contains the Business Plan for Fiscal Year 2017 (FY 2017 – which runs from October 1, 2016 through September 30, 2017) 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 2017 Annual Budget, the FY 2017 Twenty-Year Financial Plan, the Transit System Plan, and the Agency's Strategic Plan.

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

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

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

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

The **Annual Budget** enumerates the FY 2017 amounts for operating expenses, capital and non-operating costs, and debt service – including the underlying bases, issues, and factors – with an introductory section that describes the agency's strategic priorities as the framework for the annual budget.

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

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



# Dallas Area Rapid Transit

## FY 2017 Business Plan (Including FY 2017 Annual Budget and FY 2017 Twenty-Year Financial Plan)





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

August 5, 2016

Board of Directors  
Dallas Area Rapid Transit

On behalf of the DART Management Team, I respectfully present the proposed Fiscal Year 2017 Annual Budget and Twenty-Year Financial Plan.

The Twenty-Year Financial Plan represents a carefully considered long-term projection of DART's operating revenues, funding, operating expenses, capital expenditures, and debt obligations. The Plan demonstrates that DART has the financial capacity to achieve its strategic priorities over the next twenty years – with Fiscal Year 2017 corresponding to the first year.

In 2016 we are celebrating 20 years of light rail and commuter rail service. We have not stopped working to help create a vibrant tomorrow for the cities we serve. We have a significant amount of capital investment included in the FY 2017 Budget and Twenty-Year Financial Plan for projects such as the "Core Capacity Program of Interrelated Projects" (comprised of rail platform extensions, a second Dallas central business district rail alignment, and an integrated streetcar system); rail service in the Cotton Belt corridor; completion of the bus fleet conversion to CNG; and commuter rail Positive Train Control.

Further, we have a number of ongoing initiatives including improvements to our operations and administrative systems, an operations center and technology network consolidation, implementation of a transit asset management system, a possible relocation of our headquarters, and a review of our employee healthcare program. We are also working on an array of service improvements stemming from our Comprehensive Operations Analysis, expanded connection to ride-sourcing services, a new fare payment system, as well as service outside the DART Service Area. Of course, we also have our 5 Star Continuous Improvement Projects.

#### Financial Overview

Importantly, the coverage ratios in the proposed FY 2017 Twenty-Year Financial Plan, which covers the period from FY 2017 through FY 2036, meet DART's Financial Standards throughout the twenty-year period. These standards require an internal coverage ratio (revenues available to pay for operations, minus operating expense, divided by 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 total sources of funds in the proposed FY 2017 Financial Plan are \$24.1 billion. This represents an \$885 million (3.5%) decrease from the FY 2016 Plan (which covered the period FY 2016 through FY 2035). Note that debt issuances have decreased by \$1.5 billion, so total sources of funds excluding debt have actually increased by \$576 million (2.7%). Federal formula funding has remained essentially flat while Federal discretionary funding has decreased by \$251 million.

The total uses of funds in the proposed FY 2017 Twenty-Year Financial Plan have decreased by \$743 million (3.0%) to \$24.0 billion. The changes are composed of a \$787 million (6.4%) increase in operating expenses, a \$1.8 billion (25.2%) decrease in capital expenditures, and a \$253 million (4.7%) increase in debt service costs over the life of the Plan

A primary driver of the changes from the FY 2016 Plan is the 13-year advancement of revenue service along the Cotton Belt corridor from 2035 to 2022. This change increases operating costs and debt service, while decreasing capital costs and debt issuances. Accelerated borrowing associated with Cotton Belt corridor construction results in a \$253 million increase in debt service over the life of the Plan, from \$5.4 billion to \$5.6 billion. However, while there is more debt service in the near term, total interest expense over the life of the debt to be issued for the Cotton Belt has decreased by over \$2 billion, opening up more capacity for future projects and services, such as that which will be recommended in the 2040 Transit System Plan. This increase in capacity is shown by the lower amount of outstanding debt at the end of the Plan. The proposed FY 2017 Plan shows \$3.3 billion in debt outstanding at the end of FY 2036, compared to \$5.1 billion outstanding at the end of FY 2035 in the previous Plan.

Operating expense and capital investment increases also reflect expanded bus service recommended by the Comprehensive Operations Analysis.

#### Customer Service

Fiscal Year 2017 will see the fifth year of the 5 Star Service program. This agency-wide initiative encompasses a culture change with employees holding themselves accountable for the customer experience, developing DART as a center of excellence, and moving to an extraordinary image and brand with improved services and high performance. DART continues to add to its roster of Customer Experience Officers – those employees that have received leadership training and serve as 5 Star champions. Continuous Improvement Teams tackle customer service issues including less obvious support functions, facilities, and equipment that ultimately impact service. Printed and electronic materials, employee recognition, and culture change speakers all reinforce and personalize the 5 Star goals.

In October 2016, we will add three more miles to the longest light rail system in North America by extending the Blue Line to the University of North Texas-Dallas campus. There are increased service levels for the Trinity Railway Express (TRE) for improved mid-day service and full-day service on Saturday. The extension of streetcar service to the Bishop Arts District – named one of America’s “cool streets” by real estate advisors Cushman & Wakefield – is also included in the FY 2017 Plan.

Platform expansion work has begun on the original Red and Blue line stations to accommodate three-car trains, which will add capacity to those lines and alleviate over-crowding experienced during peak periods. Engineering work continues on a second rail alignment through the Dallas central business district – known as D2 – which will have a positive impact on all our light rail lines.

As previously mentioned, favorable economic and budgetary trends have enabled us to accelerate the development of commuter rail service on the Cotton Belt right-of-way through the northern part of our service area. When completed, this service will connect to the Red, Orange, and Green lines and travel through Plano, Richardson, Dallas, Addison, and Carrollton to DFW International Airport. Service is now slated to begin in 2022.

We will begin to see bus service improvements stemming from our recently completed Comprehensive Operations Analysis in the upcoming year. This planning effort evaluates the effectiveness of all DART bus routes and identifies strategies to optimize our bus network.

A new fare payment system will expand choices for our riders. In addition to the popular GoPass mobile app, customers will have the option of purchasing a GoPass card at hundreds of retail locations throughout our service area. The card will have value, much like a gift card – but will allow customers to add value at those retail locations. To ride DART, customers tap a “validator” at bus fareboxes or on platforms before boarding the train. The payment system will deduct the appropriate amount from the customer’s account – always providing the customer with “best fare” (such as charging no more than the cost of a day pass for someone who rides the system throughout the day). Scheduled to “go live” next summer, the new system will have a number of welcomed features, such as registered customers not losing their account balance due to a lost card.

#### Workforce and Customer Safety

The Safety Department has stepped up its efforts to improve safety experiences and perceptions for our customers. The department has established an aggressive, proactive visible safety program designed to educate and inform both our internal customers (employees) and our external customers (passengers) of efforts undertaken to ensure their safety. The department has ongoing campaigns to update constituents on safety trends and concerns as well as detailed programs and procedures for investigating and mitigating unsafe activities that could lead to accidents. The Safety Department operates on a covered watch schedule of 24 hours a day, 7 days a week, to ensure availability to reconcile accidents and incidents without adversely impacting DART revenue service operations.



To provide increased safety on the TRE commuter rail corridor, DART continues work to incorporate a Positive Train Control system. This federally-mandated system monitors and controls train movements regarding train collision avoidance and speed enforcement.

#### Looking to the Future

Our region continues its amazing growth story. But this growth comes with mobility challenges. DART is meeting those challenges with traditional bus and rail service, vanpools, shuttles, and other approaches that address the varied mobility landscape of our region. Further, DART will continue to explore innovative approaches to meet service challenges using ride-sourcing and other demand-responsive options. We will continue to work on solutions to the delivery of public transit services to areas currently outside the DART Service Area. Further, we will continue to be prepared to assist our region in addressing periodic, short-term mobility challenges so our region's most vulnerable residents are not left without viable means to meet their daily transportation needs. We are especially pleased to have been able to put together such a response for the northern portion of Collin County, working in concert with the contributions from Toyota Motor North America, Inc. and the North Central Texas Council of Governments.

#### In Closing

The proposed FY 2017 Annual Budget is balanced, both in terms of revenues and expenditures as well as in terms of funding priorities among modes and within geographical areas. The budget and financial plan provide a roadmap to achieving the DART vision of being the preferred choice of transportation for now and in the future. The attached document describes the many ways that DART strives to effectively use its resources to provide quality service that is safe and affordable – whether travelling to work, school, medical appointments, errands, or simply having fun exploring all of what our region has to offer. The FY 2017 Budget and Financial Plan presented here demonstrates our financial stewardship to ensure this purpose today and in the future. Your approval is requested.



Gary C. Thomas  
President/Executive Director



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Dallas Area Rapid Transit  
Texas**

For the Fiscal Year Beginning

**October 1, 2015**

A handwritten signature in black ink, appearing to read '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, 2015. 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 2017 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.

### Discover more

DART is far more than just "the thing you ride." It is your "trusted guide" to discovering all that North Texas has to offer.

Our extensive network of light rail, Trinity Railway Express commuter rail, bus routes, and paratransit services and vanpools enables more than 220,000 passengers per day get to where they need to go across our 700-square-mile service area.

Explore North Texas and discover something new on DART. From off-the-beaten-path venues to the trendiest spots in town, every trip can be an adventure. Many of these “DARTable” places are an easy walk from a DART rail station or bus stop, and the GoPass<sup>SM</sup> app makes discovering them easy.

If your journey begins or ends in places not easily served by DART, you now can take the train or bus for the longest portion of the trip, and use Uber or Lyft for the short leg. Customers can access the Uber, Lyft, and Zipcar apps through GoPass by selecting “Connect 2 Car” in the Travel Tools section.

Visit [DART.org/DARTable](http://DART.org/DARTable) for a list of possibilities that span arts, culture, sports, recreation, dining, shopping, and special events.

### Organization

Dallas Area Rapid Transit (DART) is a sub-regional transportation authority, created by a voting majority of the citizens on August 13, 1983, to organize and provide public transportation and complementary services to jurisdictions pursuant to Chapter 452 of the Texas Transportation Code (the “Act”). Our service area is comprised of 13 North Texas municipalities (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, vanpool, 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, and the 20-mile Light Rail Starter System was completed in May 1997. Since then, DART has worked to expand light rail considerably. DART currently operates a total of 93 miles of light rail; including an extension to UNT-Dallas that opened October 24, 2016.



DART operates commuter rail service, which also opened in 1996, jointly with the Fort Worth Transportation Authority (FWTA) along a 34-mile rail corridor between the cities of Dallas and Fort Worth. Exhibit 6 on page 13 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 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.

## **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 can be 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<br>APPOINTED<br>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                                 |
| Sue Bauman                                  | Dallas  | 2016                          | Faculty, Richland College                           |
| 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                             |
| Jonathan Kelly                              | Garland   | 2016                          | Investment Advisor                                  |
| Michele Wong Krause                         | Dallas  | 2014                          | Attorney  |
| Richard H. Stopfer                          | Irving  | 2013                          | Retired Automotive Consultant                       |
| William M. Velasco, II                      | Dallas and Cockrell Hill                                | 2001                          | Tax and Insurance Business Owner                    |
| Paul N. Wageman                             | Plano   | 2012                          | Attorney  |

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

## DART Board Members

**Jim Adams**

City of Dallas

**Sue Bauman**

City of Dallas

**Richard Carrizales**  
*Vice Chair*

City of Dallas

**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**Jonathan R. Kelly**

City of Garland

**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

**William  
Velasco, II**Cities of Dallas  
and Cockrell Hill**Paul N. Wageman**

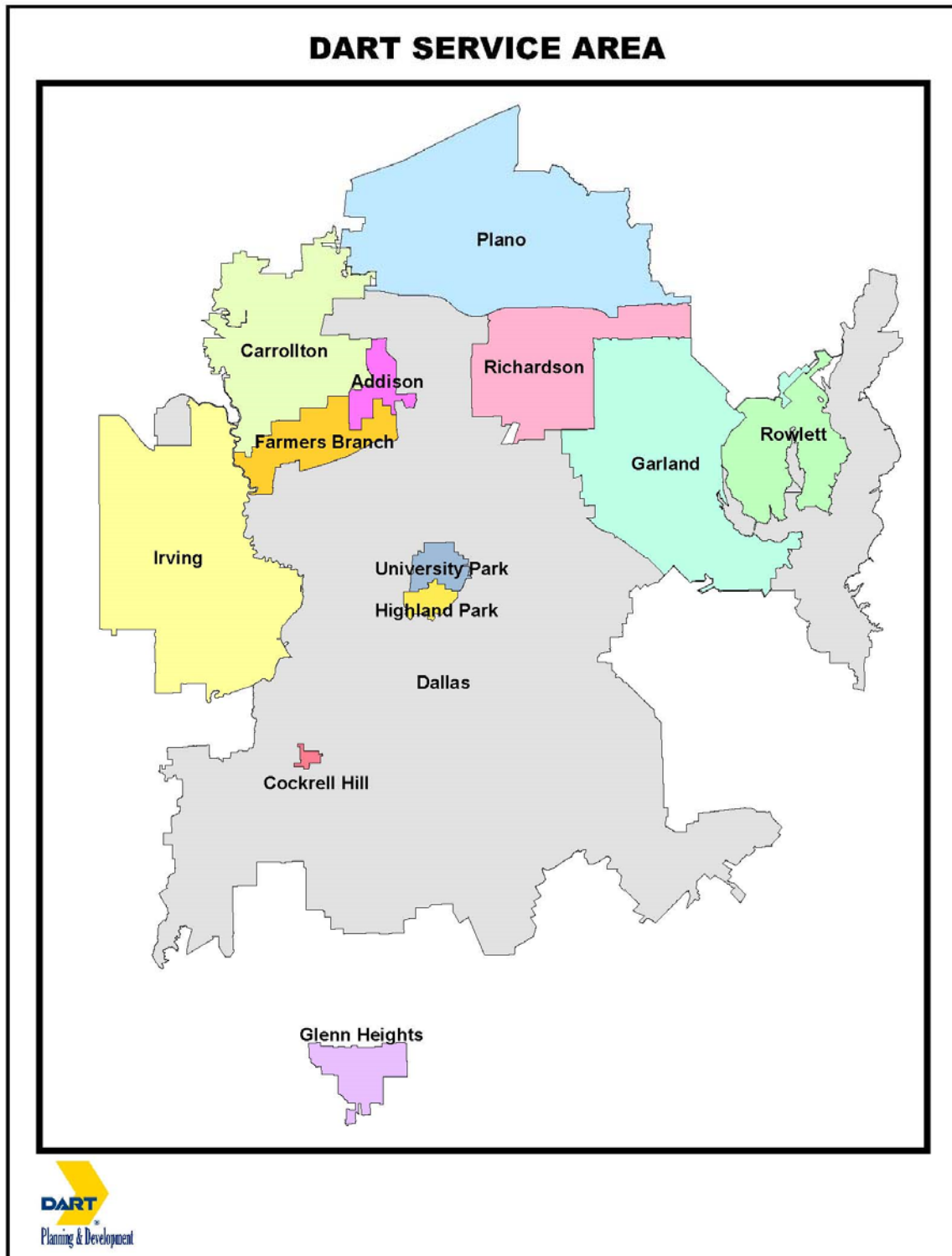
City of Plano

**Faye Moses Wilkins**  
*Chair*Cities of Plano and  
Farmers Branch



Exhibit 2 is 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, on the following page, is 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        |
| David Leininger           | Executive Vice President, Chief Financial Officer              | 2008        |
| Timothy H. McKay          | Executive Vice President, Growth/ Regional Development         | 2001        |
| Carol Wise                | Executive Vice President, Chief Operations Officer             | 2012        |
| 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        |
| John Rhone                | Vice President, Capital Design & Construction                  | 2002        |
| 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        |
| Robert W. Strauss         | Vice President, Real Property and Transit Oriented Development | 2016        |

## Employees and Employee Relations

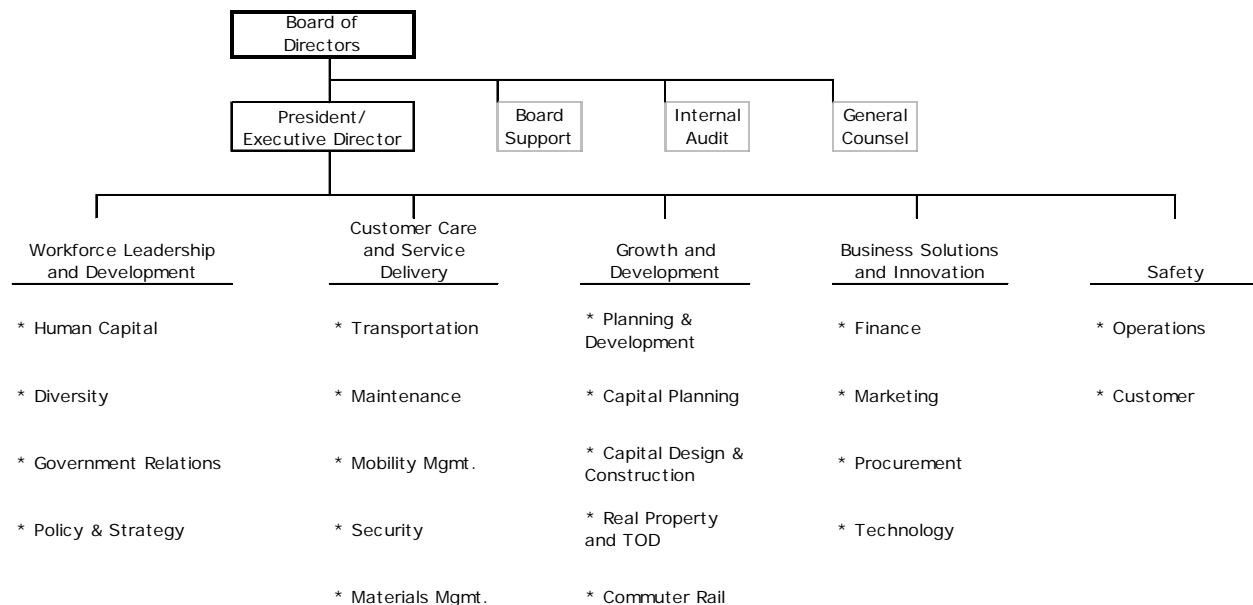
There are 3,775 salaried and hourly positions included in the FY 2017 Annual Budget.

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* develops and provides 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) 2016 and FY 2017. During FY 2015, we carried 68.6 million fixed route passengers and 70.2 million total passengers, which was a decrease of 0.87% and 0.85%, respectively, compared to FY 2014.

Exhibit 5  
Ridership by Mode  
(in Millions)

| Fiscal Year | Bus  | LRT* | Commuter Rail | Paratransit | Vanpool | Total** |
|-------------|------|------|---------------|-------------|---------|---------|
| 2006        | 44.4 | 18.6 | 2.4           | 0.7         | 0.4     | 66.5    |
| 2007        | 44.5 | 17.9 | 2.5           | 0.7         | 0.5     | 66.1    |
| 2008        | 45.0 | 19.4 | 2.7           | 0.7         | 0.7     | 68.5    |
| 2009        | 43.1 | 18.9 | 2.8           | 0.8         | 0.9     | 66.5    |
| 2010        | 38.0 | 17.8 | 2.5           | 0.8         | 0.9     | 60.0    |
| 2011        | 37.2 | 22.3 | 2.4           | 0.8         | 1.0     | 63.7    |
| 2012        | 38.7 | 27.7 | 2.3           | 0.8         | 1.0     | 70.5    |
| 2013        | 38.0 | 29.5 | 2.1           | 0.8         | 0.9     | 71.3    |
| 2014        | 37.4 | 29.5 | 2.3           | 0.8         | 0.9     | 70.8    |
| 2015        | 36.5 | 29.9 | 2.2           | 0.8         | 0.9     | 70.2    |
| 2016B       | 36.5 | 29.9 | 2.2           | 0.8         | 0.9     | 70.2    |
| 2017B       | 34.8 | 30.8 | 2.2           | 0.8         | 0.9     | 69.5    |

\* Streetcar ridership is included in the LRT totals

\* 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%.

\*\*Reporting of HOV ridership was discontinued effective 10/01/2015. Without HOV, Total Agency Ridership will not match previously reported totals.

*Bus Transit (52.0% 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 (42.6% 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 via the Orange Line. A Blue Line extension to the University of North Texas-Dallas opened in October 2016, bringing the total light rail system to 93 miles.

We contract for all of our paratransit, commuter rail, and vanpool 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.

*Commuter Rail (3.1% 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 (FWTA). TRE service is provided pursuant to an interlocal agreement between DART and the FWTA. 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 (1.1% of total system ridership in Fiscal Year 2015)*

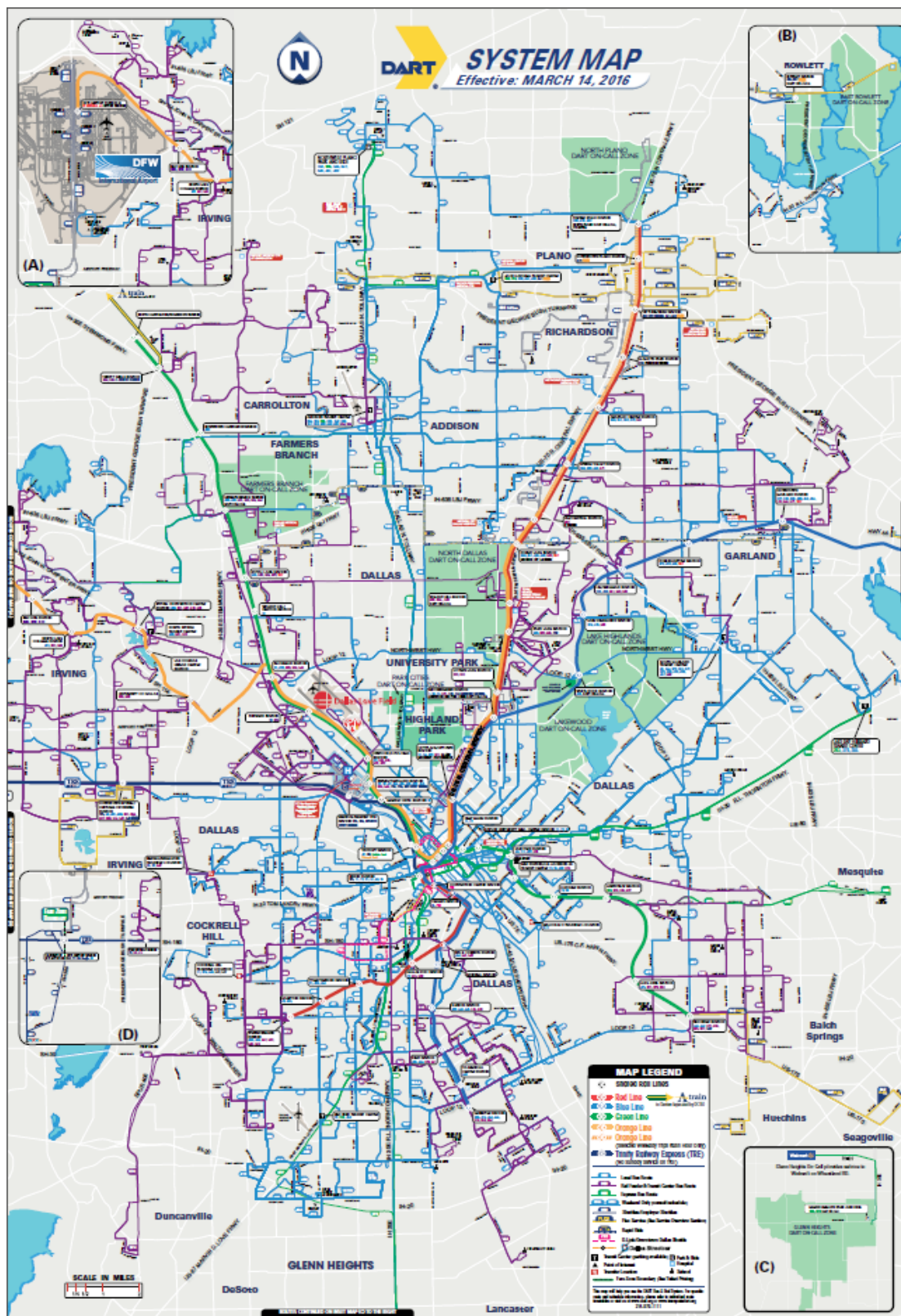
We are responsible for providing complementary paratransit service in accordance with the Americans with Disabilities Act of 1990 (the “ADA”). In Fiscal Year 2013, we transitioned to a new service delivery model (with contractor-provided vehicles and per trip billing replacing per hour billing) and a 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.

*Transportation Demand Management (Vanpool is 1.2% 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.

On the following page is shown the current DART System Map as Exhibit 6.

## 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 has earned many industry awards during 2015-2016, including:
  - APTA's Outstanding Public Transportation Manager of the Year for 2016
  - 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



# FY 2017 BUSINESS PLAN

## Section 2

### FY 2016 Twenty-Year Financial Plan

## **FY 2017 Twenty-Year Financial Plan**

DART's 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 (and amended, 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 2017 Twenty-Year Financial Plan demonstrates that DART has the financial capacity to meet the Agency Transit System Plan commitments and to provide 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. From August of 2009 to August 2014, the light rail system doubled in size, increasing to 90 miles with the connection to the Dallas/Fort Worth International Airport in 2014. An additional 2.6 miles opened in October 2016, bringing the system total to 93 miles.

Despite the completion of the current phase of Light Rail expansion, system expansion continues. The Program of Interrelated Projects is underway to increase the core capacity of DART's Light Rail system. It includes three separate initiatives:

- Platform extensions to the twenty-eight older stations on the Red and Blue lines to accommodate three-car trains;
- The construction of a second rail corridor through downtown Dallas (known as D2) which will both increase throughput and provide a rerouting option in the event of a service disruption. DART is currently pursuing a federal grant to aid in the construction of this line; and
- Expansion of the Dallas Streetcar network through the central business district (CBD), connecting the modern Dallas Streetcar line in Oak Cliff with the McKinney Avenue Streetcar line.

In addition to these projects, the FY 2017 Financial Plan includes the acceleration of service along the Cotton Belt corridor in the northern part of the DART Service Area. As proposed, this line runs from Plano, through Richardson, North Dallas, Addison, and Carrollton and into DFW International Airport. This line will be designed to link up with the TEX Rail project currently under construction by the Fort Worth Transportation Authority (FWTA), which runs from downtown Fort Worth to DFW Airport. This could potentially allow for a single-seat ride from Plano all the way to Fort Worth.

The Cotton Belt project was included in the FY 2016 Financial Plan with a revenue service date of 2035. In the FY 2017 Twenty-Year Financial Plan, the service has been brought forward to 2022. However, in order to make this accelerated date affordable in the Financial Plan, initial construction and operating plans have been scaled back to a single track operation with sidings and passing tracks, as opposed to full double-track. Headways would be 30-minute rather than 20-minute in the peak periods. The line will also include funding over the next 20 years from a variety of sources, some of which will help fund construction and some of which will be used to pay for annual operating and/or debt service costs.

In addition to expansion, the Plan reflects an increasing focus on attracting and retaining customers with responsive service and a sustainable system. The *Annual Budget Section* 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, includes both expansion programs previously described as well as sufficient funds dedicated to maintaining and replacing our assets; i.e., keeping our entire transportation system in a state of good repair.

The underlying trend in the FY 2017 Twenty-Year Financial Plan is continued economic expansion which includes modest long-term 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 a FY 2017 Financial Plan that reflects conservative revenue forecasts for 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.

With that as the backdrop, DART's FY 2017 Financial Plan illustrates the affordability of its capital and operating plans, and contains \$2.83 billion over the next 20 years devoted to State of Good Repair capital asset maintenance and replacement, higher service levels, and strong debt service coverage ratios.



## Our Priorities

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

1. Continually improve service and safety experiences and perceptions for customers and the public
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 2017 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 2017 Annual Budget on September 27, 2016 and the Twenty-Year Financial Plan on October 25, 2016.





## Financial Plan Format

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

Each category in the FY 2017 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 2017 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 101, and the approved FY 2017 Financial Standards are located at Exhibit 102 in the *Reference Section* of this document.

Please Note: 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.

## FY 2016 – FY 2017 Highlights

### FY 2016 Recap

2016 was a historic year as DART celebrated 20 years of rail in Dallas. The first 20 miles of DART's Light Rail system opened in several phases, beginning in June 1996. Trinity Railway Express began service just six months later.

After all of the system expansion over the last 7 years which doubled the size of the Light Rail system, FY 2016 has been a quiet year, at least in terms of new service openings. The only such event was the opening of the 0.75-mile southern extension of the Oak Cliff Streetcar line to the Bishop Arts District in mid-August. This addition brings the streetcar line to 2.5 miles.



But just because that was the only opening during FY 2016 does not mean that little progress was made toward system development. Construction continued on the Blue Line South extension (SOC-3), which opened on October 24, 2016.

Work continued on the second downtown light rail alignment (D2) project, and community meetings were held to discuss accelerating the project to develop commuter rail service on the Cotton Belt corridor.

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

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

These projects are expected to be completed by 2023.

DART has completed 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. DART has reviewed the recommendations of the COA and has begun to implement service enhancements

and 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. DART has incorporated \$10 million in additional annual bus operating expenses in FY 2019 to start implementation of the recommendations resulting from the COA. While the \$10 million budget placeholder is included in the Plan in FY 2019, the actual service changes may be spread over several years.

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 2017 and Beyond

Construction was completed on the final light rail line section in the current system build-out, South Oak Cliff-3 (SOC-3). This line section opened on October 24, 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. The line includes two stations – the Camp Wisdom Station near the intersection of Camp Wisdom and Lancaster, and the UNT Dallas Station at the end of the line.

DART will complete its five-year bus fleet replacement program with receipt of the final 46 vehicles from North American Bus Industries (NABI) in the first quarter of FY 2017. At that time, all of DART’s buses will either be electric-powered or fueled by compressed natural gas (CNG). There will be no more diesel or liquefied natural gas buses remaining in the fleet.

The mobile ticketing application, *GoPass*<sup>SM</sup>, 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 surpass 1.4 million for FY 2016, accounting for 12% 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, Radio Frequency Identification (RFID) tags, secure barcodes, and Near Field Communication (NFC) devices. System deployment is scheduled to be completed in stages starting in the third quarter FY 2019.



DART is in the planning stage on two additional infill stations along the Orange Line in Irving. These stations, at Loop 12 and Carpenter Ranch, are expected to be completed in FY 2019.

The stations are completely funded by external contributions and are expected to generate additional ridership.

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.

#### Cotton Belt Rail Service

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.

The FY 2016 Financial Plan included the development of rail service along the Cotton Belt corridor from Plano, through the North Dallas area, to DFW Airport. This service will connect with DART's Green Line in Carrollton and the Red Line in Plano. Service was programmed to begin in 2035, but several regional sources of funds and scope modifications allowed for the FY 2017 Financial Plan to include revenue service along the Cotton Belt Corridor in 2022. This plan also includes external funding sources and requires environmental clearance.

A combination of the 13-year acceleration (less inflation) and the scope modifications lowered the cost of the line from \$2.9 billion in the FY 2016 Plan to \$1.1 billion in the FY 2017 Plan. Note: This is a preliminary cost estimate based on 5% design documents. As the design is advanced further and the scope of the project becomes better defined, the overall cost may change. While this does have the effect of tightening financial resources over the next 15 years, it opens up significantly more financial capacity for projects that may be recommended in the 2040 Transit System Plan and its subsequent updates.



Exhibit 7 is a summary of the changes in the sources and uses of funds between the FY 2016 Financial Plan and the FY 2017 Plan, for the 5-year period FY 2017 through FY 2021.

Exhibit 7  
5-Year Sources and Uses of Funds Comparison (FY 2017 – FY 2021)  
(in Millions)

| Line                       | Description                            | FY16 Plan        | FY17 Plan        | \$ Variance     | % Variance    |
|----------------------------|--|------------------|------------------|-----------------|---------------|
| <b>SOURCES OF FUNDS</b>    |  |                  |                  |                 |               |
| 1                          | Sales Tax Revenues                     | \$2,945.4        | \$2,981.3        | \$35.9          | 1.2%          |
| 2                          | Operating Revenues                     | 477.5            | 454.0            | (23.5)          | (4.9%)        |
| 3                          | Interest Income                        | 65.5             | 46.8             | (18.7)          | (28.5%)       |
| 4                          | Formula Federal Funding                | 367.3            | 391.2            | 23.9            | 6.5%          |
| 5                          | Discretionary Federal Funding          | 407.0            | 448.6            | 41.5            | 10.2%         |
| 6                          | Debt Issuances                         | 250.0            | 1,110.0          | 860.0           | 344.0%        |
| 7                          | Other Non-Operating Sources            | 65.4             | 80.2             | 14.7            | 22.5%         |
| 8                          | Other Capital Sources                  | 76.9             | 112.5            | 35.6            | 46.3%         |
| 9                          | <b>Total Sources of Funds</b>          | <b>\$4,655.0</b> | <b>\$5,624.5</b> | <b>\$969.5</b>  | <b>20.8%</b>  |
| <b>USES OF FUNDS</b>       |  |                  |                  |                 |               |
| Operating Expenses:        |  |                  |                  |                 |               |
| 10                         | Bus                                    | \$1,354.7        | \$1,396.5        | \$41.9          | 3.1%          |
| 11                         | Light Rail Transit                     | 903.7            | 875.1            | (28.5)          | (3.2%)        |
| 12                         | Streetcar                              | 10.3             | 10.7             | 0.5             | 4.6%          |
| 13                         | Commuter Rail/RR Management            | 160.2            | 167.0            | 6.8             | 4.3%          |
| 14                         | Paratransit                            | 204.8            | 198.5            | (6.3)           | (3.1%)        |
| 15                         | General Mobility - TDM                 | 12.3             | 10.6             | (1.7)           | (14.1%)       |
| 16                         | <b>Total Operating Expenses</b>        | <b>\$2,645.9</b> | <b>\$2,658.4</b> | <b>\$12.5</b>   | <b>0.5%</b>   |
| Capital and Non-Operating: |  |                  |                  |                 |               |
| 17                         | Agency-wide                            | \$88.2           | \$117.2          | \$29.1          | 33.0%         |
| 18                         | Bus                                    | 68.2             | 147.2            | 79.0            | 115.8%        |
| 19                         | Light Rail Transit                     | 984.1            | 514.1            | (469.9)         | (47.8%)       |
| 20                         | Streetcar                              | 102.9            | 105.5            | 2.6             | 2.5%          |
| 21                         | Commuter Rail/RR Management            | 109.2            | 1,271.7          | 1,162.5         | 1,064.6%      |
| 22                         | Paratransit                            | 1.2              | 1.1              | (0.0)           | (2.0%)        |
| 23                         | Capital P & D, Start-Up, Non-Operating | 51.0             | 67.6             | 16.6            | 32.6%         |
| 24                         | General Mobility - Road Impr./ITS      | 8.8              | 23.4             | 14.7            | 167.7%        |
| 25                         | <b>Total Capital and Non-Operating</b> | <b>\$1,413.5</b> | <b>\$2,248.0</b> | <b>\$834.5</b>  | <b>59.0%</b>  |
| Debt Service               |  |                  |                  |                 |               |
| 26                         | Principal - LT/ST Debt                 | \$317.8          | \$296.4          | (\$21.4)        | (6.7%)        |
| 27                         | Interest and Fees - LT/ST Debt         | 782.9            | 740.4            | (42.4)          | (5.4%)        |
| 28                         | <b>Total Debt Service</b>              | <b>\$1,100.7</b> | <b>\$1,036.8</b> | <b>(\$63.8)</b> | <b>(5.8%)</b> |
| 29                         | <b>Total Uses of Funds</b>             | <b>\$5,160.0</b> | <b>\$5,943.2</b> | <b>\$783.2</b>  | <b>15.2%</b>  |



## 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 ongoing 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 51) perform 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 2017 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, FY 2017 operating expenses are \$494.9 million, and debt service requirements are \$191.5 million, for a total of \$686.4 million. These ongoing obligations are funded by annual sources of funds including operating revenues (\$85.3 million), interest income (\$5.7 million), federal formula funds (\$78.3 million), local funding for TRE (from FWTa) and Streetcar (City of Dallas) operations (\$13.2 million), and sales taxes (\$502.5 million). 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, on page 25, shows the FY 2017 Financial Plan. There is also a full-sized version attached at the back of this document.

Exhibit 8  
FY 2017 – FY 2021 Structural Budget Balance  
(in Millions)

|           | Category   | 2017             | 2018             | 2019             | 2020             | 2021             | 5-Year           |
|-----------|--|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>1</b>  | <b>Total Sources of Funds</b>                    | <b>\$787.0</b>   | <b>\$917.0</b>   | <b>\$1,251.9</b> | <b>\$1,241.0</b> | <b>\$1,427.5</b> | <b>\$5,624.5</b> |
| 2         | Sales Tax Revenues                               | \$563.6          | \$563.6          | \$586.2          | \$615.5          | \$652.5          | \$2,981.3        |
| 3         | Operating Revenues                               | 85.3             | 83.3             | 94.7             | 94.3             | 96.3             | 454.0            |
| 4         | Interest Income                                  | 5.7              | 7.6              | 8.8              | 11.3             | 13.3             | 46.8             |
| 5         | Formula Federal Funding                          | 82.4             | 87.0             | 74.0             | 74.0             | 74.0             | 391.2            |
| 6         | Discretionary Federal Funding                    | 32.2             | 88.0             | 73.3             | 30.0             | 225.0            | 448.6            |
| 7         | Net Debt Issuances                               | (30.0)           | 35.0             | 370.0            | 390.0            | 345.0            | 1,110.0          |
| 8         | Other Non-Operating Sources                      | 14.7             | 14.5             | 16.6             | 17.0             | 17.4             | 80.2             |
| 9         | Other Capital Sources                            | 33.1             | 38.0             | 28.3             | 9.0              | 4.0              | 112.5            |
| <b>10</b> | <b>Operating Expenses</b>                        | <b>\$494.9</b>   | <b>\$513.8</b>   | <b>\$538.8</b>   | <b>\$550.2</b>   | <b>\$560.7</b>   | <b>\$2,658.4</b> |
|           | Funding Sources:                                 |                  |                  |                  |                  |                  |                  |
| 11        | Operating Revenues                               | \$85.3           | \$83.3           | \$94.7           | \$94.3           | \$96.3           | \$454.0          |
| 12        | Interest Income                                  | 5.7              | 7.6              | 8.8              | 11.3             | 13.3             | 46.8             |
| 13        | Formula Funds (Capital Preventive Maint.)        | 78.3             | 77.3             | 70.3             | 70.3             | 70.3             | 366.3            |
| 14        | FWTA TRE Ops / Dallas Streetcar Contributions    | 13.2             | 13.5             | 15.6             | 16.0             | 16.4             | 74.7             |
| 14        | Other Non-Operating Sources                      | 1.5              | 1.0              | 1.0              | 1.0              | 1.0              | 5.5              |
| 15        | Sales Taxes allocated to Operations              | 311.0            | 331.1            | 348.4            | 357.3            | 363.3            | 1,711.2          |
| 16        | General Operating Fund (existing cash)           | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              |
| <b>17</b> | <b>Total Funding Sources</b>                     | <b>\$494.9</b>   | <b>\$513.8</b>   | <b>\$538.8</b>   | <b>\$550.2</b>   | <b>\$560.7</b>   | <b>\$2,658.4</b> |
| <b>18</b> | <b>Capital/Non Operating Expenditures</b>        | <b>\$289.1</b>   | <b>\$354.9</b>   | <b>\$458.8</b>   | <b>\$531.8</b>   | <b>\$613.4</b>   | <b>\$2,248.0</b> |
|           | Funding Sources:                                 |                  |                  |                  |                  |                  |                  |
| 19        | Formula Funds                                    | \$4.1            | \$9.7            | \$3.7            | \$3.7            | \$3.7            | \$24.9           |
| 20        | Discretionary Grant Funds                        | 32.2             | 88.0             | 73.3             | 30.0             | 225.0            | 448.6            |
| 21        | Current Debt Issuances                           | 0.0              | 35.0             | 316.4            | 448.7            | 345.0            | 1,145.2          |
| 22        | Other Capital Sources                            | 33.1             | 38.0             | 28.3             | 9.0              | 4.0              | 112.5            |
| 23        | Sales Taxes Allocated to Capital                 | 61.1             | 37.2             | 37.1             | 40.4             | 57.5             | 233.3            |
| 24        | General Operating Fund/Prior Debt Issues         | 158.5            | 146.9            | 0.0              | 0.0              | 0.0              | 305.4            |
| <b>25</b> | <b>Total Funding Sources</b>                     | <b>\$289.1</b>   | <b>\$354.9</b>   | <b>\$458.8</b>   | <b>\$531.8</b>   | <b>\$635.2</b>   | <b>\$2,269.8</b> |
| <b>26</b> | <b>Debt Service Costs</b>                        | <b>\$191.5</b>   | <b>\$195.3</b>   | <b>\$200.7</b>   | <b>\$217.8</b>   | <b>\$231.6</b>   | <b>\$1,036.8</b> |
|           | Funding Sources:                                 |                  |                  |                  |                  |                  |                  |
| 26        | Sales Taxes Allocated to Debt Service            | \$191.5          | \$195.3          | \$200.7          | \$217.8          | \$231.6          | \$1,036.8        |
| <b>27</b> | <b>Total Uses of Funds</b>                       | <b>\$975.5</b>   | <b>\$1,063.9</b> | <b>\$1,198.3</b> | <b>\$1,299.8</b> | <b>\$1,405.6</b> | <b>\$5,943.2</b> |
| <b>28</b> | <b>Net Differential Between Sources and Uses</b> | <b>(\$188.5)</b> | <b>(\$146.9)</b> | <b>\$53.6</b>    | <b>(\$58.7)</b>  | <b>\$21.9</b>    | <b>(\$318.7)</b> |



Exhibit 9  
FY 2017 Twenty-Year Financial Plan

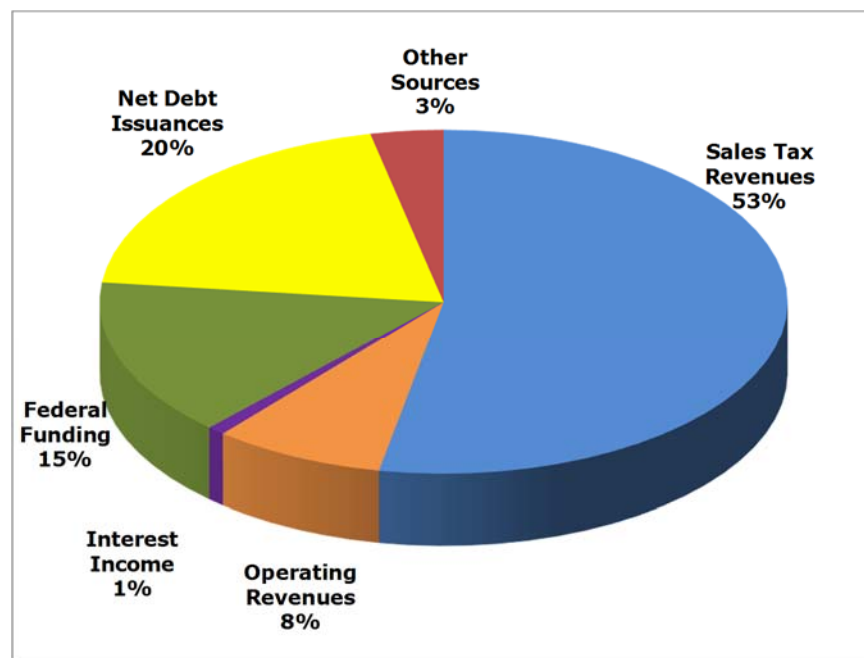
| Dallas Area Rapid Transit<br>FY 2017 Financial Plan as Approved October 25, 2016<br>Twenty Year Sources and Uses of Cash<br>(\$ Millions - Inflated Dollars) |  |           |           |           |           |           |              |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |               |
|--|--|-----------|-----------|-----------|-----------|-----------|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------------|
| Line   | Description                                | 2017      | 2018      | 2019      | 2020      | 2021      | 5 Year Total | 2022      | 2023      | 2024      | 2025      | 2026      | 2027      | 2028      | 2029      | 2030      | 2031      | 2032      | 2033      | 2034      | 2035      | 2036      | 20 Year Total |
| SOURCES OF FUNDS   |  |           |           |           |           |           |              |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |               |
| 1  | State Tax Revenues                         | \$501.6   | \$503.6   | \$506.2   | \$508.7   | \$511.3   | \$5,085.3    | \$503.7   | \$512.6   | \$514.0   | \$515.4   | \$516.8   | \$518.2   | \$519.6   | \$521.0   | \$522.4   | \$523.8   | \$525.2   | \$526.6   | \$528.0   | \$529.4   | \$530.8   | \$14,582.7    |
| 2  | Operating Revenues                         | 83.3      | 83.3      | 84.7      | 84.3      | 84.3      | 426.0        | 80.1      | 104.6     | 111.1     | 113.5     | 115.9     | 118.3     | 120.7     | 123.1     | 125.5     | 127.9     | 130.3     | 132.7     | 135.1     | 137.5     | 139.9     | 2,802.5       |
| 3  | Interest Income                            | 3.7       | 7.6       | 11.5      | 13.3      | 15.1      | 46.8         | 15.4      | 17.1      | 17.1      | 18.6      | 21.3      | 24.0      | 26.7      | 29.4      | 32.1      | 34.8      | 37.5      | 40.2      | 42.9      | 45.6      | 48.3      | 584.4         |
| 4  | Funds Held Fund                            | 82.4      | 87.0      | 91.6      | 96.2      | 100.8     | 456.0        | 74.0      | 74.0      | 74.0      | 74.0      | 74.0      | 74.0      | 74.0      | 74.0      | 74.0      | 74.0      | 74.0      | 74.0      | 74.0      | 74.0      | 74.0      | 1,229.9       |
| 5  | Discretionary Federal Funding              | 32.2      | 88.0      | 71.3      | 30.0      | 225.0     | 446.5        | 250.0     | 200.0     | 0.0       | 12.4      | 12.8      | 13.2      | 13.6      | 14.0      | 14.4      | 14.8      | 15.2      | 15.6      | 16.0      | 16.4      | 16.8      | 499.6         |
| 6  | Net Debt Issuance                          | (350.0)   | 35.0      | 370.0     | 390.0     | 345.0     | 1,318.0      | 220.0     | 200.0     | 150.0     | 150.0     | 120.0     | 110.0     | 100.0     | 90.0      | 80.0      | 70.0      | 60.0      | 50.0      | 40.0      | 30.0      | 20.0      | 2,430.0       |
| 7  | Other Non-Operating Sources                | 14.7      | 14.3      | 14.8      | 17.0      | 17.4      | 88.2         | 21.0      | 21.6      | 22.1      | 22.7      | 23.2      | 23.7      | 24.2      | 24.7      | 25.2      | 25.7      | 26.2      | 26.7      | 27.2      | 27.7      | 28.2      | 489.0         |
| 8  | Other Capital Sources                      | 33.1      | 38.0      | 28.3      | 9.0       | 4.0       | 112.6        | 10.0      | 21.6      | 8.2       | 17.1      | 11.5      | 11.5      | 11.5      | 11.5      | 11.5      | 11.5      | 11.5      | 11.5      | 11.5      | 11.5      | 11.5      | 285.1         |
| 9  | Total Sources of Funds                     | \$797.9   | \$917.9   | \$1,251.9 | \$1,241.8 | \$1,477.5 | \$6,024.5    | \$1,277.6 | \$1,355.4 | \$1,324.8 | \$1,369.4 | \$1,409.3 | \$1,449.2 | \$1,489.1 | \$1,529.0 | \$1,568.9 | \$1,608.8 | \$1,648.7 | \$1,688.6 | \$1,728.5 | \$1,768.4 | \$1,808.3 | \$14,784.1    |
| USES OF FUNDS  |  |           |           |           |           |           |              |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |               |
| 10   | State Taxes for Operations                 | 71.7%     | 71.0%     | 74.3%     | 72.2%     | 69.1%     | n/a          | 68.9%     | 67.7%     | 65.9%     | 67.4%     | 65.9%     | 64.8%     | 62.5%     | 59.3%     | 56.1%     | 52.9%     | 49.7%     | 46.5%     | 43.3%     | 40.1%     | 36.9%     | n/a           |
| 11   | Operating Expenses                         | \$218.8   | \$209.3   | \$201.3   | \$208.5   | \$202.4   | \$1,366.5    | \$207.1   | \$100.4   | \$108.4   | \$115.7   | \$123.6   | \$131.5   | \$139.4   | \$147.3   | \$155.2   | \$163.1   | \$171.0   | \$178.9   | \$186.8   | \$194.7   | \$202.6   | \$6,417.6     |
| 12   | Light Rail Transit                         | 166.1     | 172.4     | 171.5     | 178.7     | 182.3     | 875.1        | 183.0     | 189.8     | 193.5     | 197.4     | 201.1     | 205.0     | 208.9     | 212.8     | 216.7     | 220.6     | 224.5     | 228.4     | 232.3     | 236.2     | 240.1     | 4,082.8       |
| 13   | Investment                                 | 1.3       | 1.6       | 1.6       | 1.6       | 4.4       | 18.7         | 4.5       | 4.6       | 4.7       | 4.8       | 4.9       | 5.0       | 5.1       | 5.2       | 5.3       | 5.4       | 5.5       | 5.6       | 5.7       | 5.8       | 5.9       | 88.1          |
| 14   | Commuter Rail P&D Management               | 29.2      | 30.1      | 34.8      | 35.8      | 36.9      | 167.8        | 36.7      | 38.4      | 40.2      | 41.9      | 43.7      | 45.5      | 47.3      | 49.1      | 50.9      | 52.7      | 54.5      | 56.3      | 58.1      | 59.9      | 61.7      | 1,218.4       |
| 15   | Personnel                                  | 37.2      | 38.3      | 39.5      | 41.0      | 42.5      | 198.5        | 44.0      | 45.8      | 47.7      | 49.6      | 51.6      | 53.7      | 55.8      | 57.9      | 60.0      | 62.1      | 64.2      | 66.3      | 68.4      | 70.5      | 72.6      | 1,083.4       |
| 16   | Commuter Mobility - TDM                    | 2.0       | 2.1       | 2.1       | 2.1       | 2.2       | 10.6         | 2.2       | 2.3       | 2.3       | 2.4       | 2.4       | 2.5       | 2.5       | 2.6       | 2.6       | 2.7       | 2.7       | 2.8       | 2.8       | 2.9       | 2.9       | 49.1          |
| 17   | Total Operating Expenses                   | \$485.9   | \$493.8   | \$498.8   | \$508.2   | \$508.7   | \$2,480.2    | \$489.6   | \$495.9   | \$501.7   | \$507.9   | \$514.0   | \$520.1   | \$526.2   | \$532.3   | \$538.4   | \$544.5   | \$550.6   | \$556.7   | \$562.8   | \$568.9   | \$575.0   | \$13,888.1    |
| 18   | Capital Projects and Non-Operating         | \$303.3   | \$322.8   | \$342.3   | \$361.7   | \$381.1   | \$1,511.6    | \$309.7   | \$314.1   | \$318.5   | \$322.9   | \$327.3   | \$331.7   | \$336.1   | \$340.5   | \$344.9   | \$349.3   | \$353.7   | \$358.1   | \$362.5   | \$366.9   | \$371.3   | \$11,212.2    |
| 19   | Agency Wide                                | \$28.5    | \$43.7    | \$26.6    | \$13.7    | \$10.7    | \$137.2      | \$10.9    | \$13.0    | \$9.2     | \$9.4     | \$13.0    | \$13.8    | \$10.3    | \$4.9     | \$2.0     | \$1.7     | \$1.7     | \$1.7     | \$1.7     | \$1.7     | \$1.7     | \$428.1       |
| 20   | Bus  | 45.6      | 40.1      | 21.0      | 23.1      | 11.4      | 147.2        | 16.2      | 18.1      | 20.7      | 109.0     | 133.8     | 102.3     | 84.9      | 23.0      | 10.0      | 6.1       | 4.2       | 3.4       | 2.7       | 2.0       | 1.4       | 809.4         |
| 21   | Light Rail Transit                         | 88.2      | 81.2      | 81.5      | 68.0      | 191.3     | 514.3        | 458.7     | 420.7     | 240.6     | 281.3     | 90.2      | 277.8     | 186.7     | 52.0      | 19.7      | 29.7      | 20.0      | 16.8      | 43.4      | 41.4      | 41.4      | 2,672.9       |
| 22   | Commuter Rail P&D Management               | 83.0      | 145.7     | 284.9     | 377.7     | 338.4     | 1,271.7      | 127.6     | 128.1     | 132.9     | 293.3     | 244.8     | 130.0     | 110.0     | 23.1      | 17.1      | 35.1      | 27.2      | 22.3      | 40.1      | 31.5      | 1,731.6   | 3,731.6       |
| 23   | Personnel                                  | 0.4       | 0.4       | 0.1       | 0.2       | 0.0       | 1.1          | 0.8       | 0.0       | 0.2       | 0.1       | 0.0       | 0.0       | 0.0       | 0.6       | 0.4       | 0.5       | 0.1       | 0.2       | 0.1       | 0.1       | 1.2       | 6.8           |
| 24   | HOV Transfers                              | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 0.0          | 0.0       | 0.0       | 0.0       | 0.0       | 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, Non-Operating                 | 14.2      | 11.4      | 10.0      | 10.2      | 21.8      | 67.6         | 12.2      | 9.9       | 10.7      | 10.9      | 10.5      | 11.3      | 11.0      | 12.4      | 12.6      | 12.9      | 13.1      | 13.1      | 13.1      | 13.1      | 13.1      | 247.5         |
| 26   | Commuter Mobility - Road Improvements      | 13.3      | 3.9       | 1.0       | 2.0       | 1.2       | 23.4         | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 23.4          |
| 27   | Total Capital and Non-Operating            | \$298.1   | \$354.9   | \$404.8   | \$451.8   | \$493.4   | \$1,871.4    | \$304.2   | \$314.8   | \$324.6   | \$334.4   | \$344.2   | \$354.0   | \$363.8   | \$373.6   | \$383.4   | \$393.2   | \$403.0   | \$412.8   | \$422.6   | \$432.4   | \$442.2   | \$11,616.4    |
| 28   | Debt Service                               | \$3,114.4 | \$3,430.4 | \$3,698.3 | \$3,720.1 | \$4,047.9 | \$18,011.5   | \$3,128.0 | \$4,479.2 | \$4,603.8 | \$4,673.0 | \$4,673.0 | \$4,673.0 | \$4,673.0 | \$4,673.0 | \$4,673.0 | \$4,673.0 | \$4,673.0 | \$4,673.0 | \$4,673.0 | \$4,673.0 | \$4,673.0 | n/a           |
| 29   | Total Debt O/S Beginning of Year           | \$3,430.4 | \$3,430.4 | \$3,430.4 | \$3,430.4 | \$3,430.4 | \$18,011.5   | \$3,430.4 | \$3,430.4 | \$3,430.4 | \$3,430.4 | \$3,430.4 | \$3,430.4 | \$3,430.4 | \$3,430.4 | \$3,430.4 | \$3,430.4 | \$3,430.4 | \$3,430.4 | \$3,430.4 | \$3,430.4 | \$3,430.4 | n/a           |
| 30   | Total Debt O/S End of Year                 | \$3,430.4 | \$3,430.4 | \$3,430.4 | \$3,430.4 | \$3,430.4 | \$18,011.5   | \$3,430.4 | \$3,430.4 | \$3,430.4 | \$3,430.4 | \$3,430.4 | \$3,430.4 | \$3,430.4 | \$3,430.4 | \$3,430.4 | \$3,430.4 | \$3,430.4 | \$3,430.4 | \$3,430.4 | \$3,430.4 | \$3,430.4 | n/a           |
| 31   | Principal - LT Debt                        | \$54.0    | \$53.9    | \$53.5    | \$52.1    | \$50.9    | \$256.4      | \$50.8    | \$51.5    | \$50.8    | \$50.1    | \$49.4    | \$48.7    | \$48.0    | \$47.3    | \$46.6    | \$45.9    | \$45.2    | \$44.5    | \$43.8    | \$43.1    | \$42.4    | \$2,571.1     |
| 32   | Cost of Debt (Interest and Fees)           | \$17.5    | \$18.4    | \$18.2    | \$18.1    | \$18.0    | \$86.6       | \$18.1    | \$18.3    | \$18.2    | \$18.1    | \$18.0    | \$17.9    | \$17.8    | \$17.7    | \$17.6    | \$17.5    | \$17.4    | \$17.3    | \$17.2    | \$17.1    | \$17.0    | \$4,021.1     |
| 33   | Total Debt Service Costs                   | \$71.5    | \$72.3    | \$71.7    | \$70.2    | \$68.9    | \$343.0      | \$68.9    | \$69.8    | \$69.0    | \$68.1    | \$67.5    | \$66.6    | \$65.7    | \$64.8    | \$63.9    | \$63.0    | \$62.1    | \$61.2    | \$60.3    | \$59.4    | \$58.5    | \$5,592.2     |
| 34   | Interest Coverage Ratio                    | 2.97      | 2.92      | 2.85      | 2.85      | 2.84      | n/a          | 2.90      | 2.84      | 2.78      | 2.63      | 2.54      | 2.35      | 2.37      | 2.40      | 2.71      | 2.79      | 2.79      | 2.90      | 3.05      | 3.20      | 3.39      | n/a           |
| 35   | Interest Coverage Ratio                    | 1.33      | 1.17      | 1.20      | 1.22      | 1.30      | n/a          | 1.36      | 1.35      | 1.35      | 1.34      | 1.23      | 1.27      | 1.32      | 1.39      | 1.43      | 1.50      | 1.46      | 1.54      | 1.70      | 1.85      | 1.99      | n/a           |
| 36   | Total Uses of Funds                        | \$975.5   | \$1,054.9 | \$1,251.9 | \$1,241.8 | \$1,477.5 | \$6,024.5    | \$1,277.6 | \$1,355.4 | \$1,324.8 | \$1,369.4 | \$1,409.3 | \$1,449.2 | \$1,489.1 | \$1,529.0 | \$1,568.9 | \$1,608.8 | \$1,648.7 | \$1,688.6 | \$1,728.5 | \$1,768.4 | \$1,808.3 | \$14,784.1    |
| 37   | Net New Cash (in cash)                     | (\$187.6) | (\$147.0) | (\$23.0)  | (\$23.0)  | (\$23.0)  | (\$187.6)    | (\$187.6) | (\$187.6) | (\$187.6) | (\$187.6) | (\$187.6) | (\$187.6) | (\$187.6) | (\$187.6) | (\$187.6) | (\$187.6) | (\$187.6) | (\$187.6) | (\$187.6) | (\$187.6) | (\$187.6) | (\$187.6)     |
| 38   | Change in Balance Sheet Assets             | 11.7      | 10.1      | 25.4      | 18.4      | (23.0)    | 46.8         | (1.4)     | (24.0)    | (27.0)    | 24.7      | (31.0)    | 31.2      | (21.0)    | (57.0)    | (57.0)    | (57.0)    | (57.0)    | (57.0)    | (57.0)    | (57.0)    | (57.0)    | (57.0)        |
| 39   | Cash, Beg. of Period                       | 861.6     | 684.7     | 540.0     | 620.0     | 389.0     | 691.4        | 661.4     | 548.7     | 525.3     | 443.1     | 477.2     | 364.2     | 332.2     | 332.2     | 332.2     | 332.2     | 332.2     | 332.2     | 332.2     | 332.2     | 332.2     | 332.2         |
| 40   | Cash, End of Period                        | 684.7     | (72.1)    | (71.9)    | (71.9)    | (71.9)    | (71.9)       | (71.9)    | (71.9)    | (71.9)    | (71.9)    | (71.9)    | (71.9)    | (71.9)    | (71.9)    | (71.9)    | (71.9)    | (71.9)    | (71.9)    | (71.9)    | (71.9)    | (71.9)    | (71.9)        |
| 41   | Less: Cash Reserves & Restricted Funds     | (60.0)    | (60.0)    | (60.0)    | (60.0)    | (60.0)    | (60.0)       | (60.0)    | (60.0)    | (60.0)    | (60.0)    | (60.0)    | (60.0)    | (60.0)    | (60.0)    | (60.0)    | (60.0)    | (60.0)    | (60.0)    | (60.0)    | (60.0)    | (60.0)    | (60.0)        |
| 42   | Less: Advanced Funding (Cash Equity Costs) | (123.7)   | (123.4)   | (123.4)   | (123.4)   | (123.4)   | (123.4)      | (123.4)   | (123.4)   | (123.4)   | (123.4)   | (123.4)   | (123.4)   | (123.4)   | (123.4)   | (123.4)   | (123.4)   | (123.4)   | (123.4)   | (123.4)   | (123.4)   | (123.4)   | (123.4)       |
| 43   | Less: Working Capital Requirement          | 0.0       | (0.0)     | (0.0)     | (0.0)     | (0.0)     | (0.0)        | (0.0)     | (0.0)     | (0.0)     | (0.0)     | (0.0)     | (0.0)     | (0.0)     | (0.0)     | (0.0)     | (0.0)     | (0.0)     | (0.0)     | (0.0)     | (0.0)     | (0.0)     | (0.0)         |
| 44   | Less: Capital Reserve                      | 0.0       | (0.0)     | (0.0)     | (0.0)     | (0.0)     | (0.0)        | (0.0)     | (0.0)     | (0.0)     | (0.0)     | (0.0)     | (0.0)     | (0.0)     | (0.0)     | (0.0)     | (0.0)     | (0.0)     | (0.0)     | (0.0)     | (0.0)     | (0.0)     | (0.0)         |
| 45   | Unrestricted Cash (Net Available Cash)     | \$428.1   | \$416.8   | \$426.8   | \$426.8   | \$426.8   | \$426.8      | \$426.8   | \$426.8   | \$426.8   | \$426.8   | \$426.8   | \$426.8   | \$426.8   | \$426.8   | \$426.8   | \$426.8   | \$426.8   | \$426.8   | \$426.8   | \$426.8   | \$426.8   | \$426.8       |

## Sources of Funds

Total sources of funds for the period FY 2017 through FY 2021 are projected to increase \$969 million (20.8%) from the FY 2016 Plan. \$860 million of this increase is associated with debt issuances and capital contributions for advancing the Cotton Belt by 13 years.

Exhibit 10 illustrates the distribution of DART's sources of funds for the first five years of the FY 2017 Financial Plan. Each source of funding is detailed below.

Exhibit 10  
FY 2017 – FY 2021 Distribution of Sources of Funds



### Sales Tax Revenues (line 1 of the Financial Plan)

Sales tax revenues comprise 53% of DART's total projected sources of funds through FY 2021 (66% of total sources excluding debt issuances). This is a \$35.9 million (1.2%) increase over the amount projected in the FY 2016 Financial Plan for the same 5-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 6.68% from FY 2011 – FY 2015.

Beginning in the FY 2016 Financial Plan and continuing into the current Plan, DART has taken a different approach from previous years with regard to incorporating sales taxes into the Financial Plan. Instead of using the straight-line approach to sales tax growth (as is generated by the regression model provided by the Perryman Model), the 2016 Plan incorporated periodic mild 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 similar to what 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 \$1.38 billion (7.8%) less than if we had strictly used Perryman's growth rates for the next 20 years.

A comparison of sales tax growth rates and receipts from the FY 2016 Plan, the FY 2017 Plan, and the Perryman projections is shown in Exhibit 11.





Exhibit 11  
20-Year Cumulative Sales Tax Receipts (2017 – 2036)  
(in Millions)

| Year                 | FY 2016 Financial Plan |                   |            | FY 2017 Financial Plan |                   |            | Perryman 2016 |                   |            |
|----------------------|------------------------|-------------------|------------|------------------------|-------------------|------------|---------------|-------------------|------------|
|                      | %                      | \$                | 5-Yr Total | %                      | \$                | 5-Yr Total | %             | \$                | 5-Yr Total |
| 2016*                | 5.1%                   | \$542.4           |            | 7.3%                   | \$543.0           |            | 4.8%          | \$543.4           |            |
| 2017                 | 3.9%                   | \$563.6           |            | 3.8%                   | \$563.6           |            | 4.9%          | \$570.0           |            |
| 2018                 | 0.0%                   | 563.6             |            | 0.0%                   | 563.6             |            | 5.0%          | 598.7             |            |
| 2019                 | 3.0%                   | 580.5             |            | 4.0%                   | 586.2             |            | 5.0%          | 628.4             |            |
| 2020                 | 4.0%                   | 603.8             |            | 5.0%                   | 615.5             |            | 4.6%          | 657.0             |            |
| 2021                 | 5.0%                   | 634.0             | \$2,945.4  | 6.0%                   | 652.5             | \$2,981.3  | 4.5%          | 686.6             | \$3,140.7  |
| 2022                 | 6.0%                   | 672.1             |            | 5.0%                   | 685.1             |            | 4.4%          | 717.2             |            |
| 2023                 | 5.0%                   | 705.7             |            | 4.0%                   | 712.6             |            | 4.4%          | 748.7             |            |
| 2024                 | 4.0%                   | 734.0             |            | 3.0%                   | 734.0             |            | 4.3%          | 781.2             |            |
| 2025                 | 0.0%                   | 734.0             |            | 0.0%                   | 734.0             |            | 4.3%          | 814.8             |            |
| 2026                 | 3.0%                   | 756.0             |            | 4.0%                   | 763.4             |            | 4.2%          | 849.3             |            |
| 2027                 | 4.1%                   | 786.8             |            | 5.1%                   | 802.1             |            | 4.2%          | 885.0             |            |
| 2028                 | 5.0%                   | 826.5             |            | 6.0%                   | 850.6             |            | 4.1%          | 921.7             |            |
| 2029                 | 6.0%                   | 876.1             |            | 5.0%                   | 893.1             |            | 4.1%          | 959.5             |            |
| 2030                 | 5.0%                   | 919.9             |            | 4.0%                   | 928.8             |            | 4.1%          | 998.5             |            |
| 2031                 | 4.0%                   | 956.7             |            | 3.0%                   | 956.7             |            | 4.0%          | 1,038.6           |            |
| 2032                 | 0.0%                   | 956.7             |            | 0.0%                   | 956.7             |            | 4.0%          | 1,079.8           |            |
| 2033                 | 3.0%                   | 985.4             |            | 4.0%                   | 994.9             |            | 3.9%          | 1,122.3           |            |
| 2034                 | 4.0%                   | 1,024.8           |            | 5.0%                   | 1,044.7           |            | 3.9%          | 1,165.9           |            |
| 2035                 | 5.0%                   | 1,076.0           |            | 6.0%                   | 1,107.4           |            | 3.8%          | 1,210.8           |            |
| 2036                 | 6.0%                   | 1,140.6           |            | 5.0%                   | 1,162.7           |            | 3.8%          | 1,256.9           |            |
| <b>20-Year Total</b> |                        | <b>\$16,096.6</b> |            |                        | <b>\$16,308.0</b> |            |               | <b>\$17,690.9</b> |            |

**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 of the Financial Plan)

Operating revenues are projected to contribute \$454.0 million (8.1%) of DART's sources of funds through FY 2021. Exhibit 12 details projected operating revenues for the next five years.

Exhibit 12  
Operating Revenues  
(in Millions)

| Operating Revenues              | 2017          | 2018          | 2019          | 2020          | 2021          | 5-Year Total   | 20-Year Total    |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|------------------|
| Fixed Route Passenger Revenues  | \$66.1        | \$66.8        | \$77.2        | \$76.3        | \$77.8        | \$364.1        | \$2,036.8        |
| Other Passenger Fares           | 3.2           | 3.3           | 3.8           | 3.9           | 4.0           | 18.2           | 109.0            |
| <b>Total Passenger Revenues</b> | <b>\$69.2</b> | <b>\$70.1</b> | <b>\$81.0</b> | <b>\$80.2</b> | <b>\$81.8</b> | <b>\$382.2</b> | <b>\$2,145.7</b> |
| Leases & Rentals                | \$6.8         | \$7.0         | \$7.2         | \$7.3         | \$7.5         | \$35.8         | \$170.7          |
| Advertising                     | 3.8           | 4.0           | 4.2           | 4.4           | 4.6           | 20.9           | 121.9            |
| Vanpool (NCTCOG/FHWA)           | 1.3           | 1.3           | 1.3           | 1.4           | 1.4           | 6.8            | 32.1             |
| DCTA Access & Impact Fees       | 2.5           | 0.6           | 0.6           | 0.6           | 0.6           | 5.0            | 16.7             |
| Other                           | 1.6           | 0.4           | 0.4           | 0.4           | 0.4           | 3.3            | 15.2             |
| <b>Total Operating Revenues</b> | <b>\$85.3</b> | <b>\$83.3</b> | <b>\$94.7</b> | <b>\$94.3</b> | <b>\$96.3</b> | <b>\$454.0</b> | <b>\$2,502.3</b> |

Passenger revenues are the primary component of operating revenues, representing approximately \$382.2 million, or 84% of operating revenues.

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. The most recent fare increase went into effect in December 2012 (FY 2013). The next increase was originally scheduled for October 2017 (FY 2018). However, to coordinate with the implementation of the new Comprehensive Fare Payment System, it was decided to delay the fare increase. The current DART Fare Structure is included at Exhibit 110 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 |
|-------------|--------|--------|--------|-------------|
| FY17 - FY18 | \$0.86 | \$0.88 | \$3.16 | \$0.97      |
| FY19 - FY23 | \$1.01 | \$1.03 | \$3.69 | \$1.14      |
| FY24 - FY28 | \$1.18 | \$1.20 | \$4.32 | \$1.33      |
| FY29 - FY33 | \$1.38 | \$1.41 | \$5.06 | \$1.56      |
| FY34 - FY36 | \$1.62 | \$1.65 | \$5.92 | \$1.82      |





Operating revenues other than fare revenues include such items as: advertising revenue, lease & rental income, contract service revenues from Mesquite and Arlington, shuttle service agreement revenue from UT-Dallas and the Surface Transportation Program/Metropolitan Mobility (STP/MM) vanpool contribution.

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 of the Financial Plan)

Interest income is projected to contribute \$46.8 million (0.8%) of total sources of funds for the next five years. This is a \$18.7 million (28.5%) decrease from the amount contained in the FY 2016 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 2016. 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 2024.

#### Federal Funding (lines 4 and 5 of the Financial Plan)

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

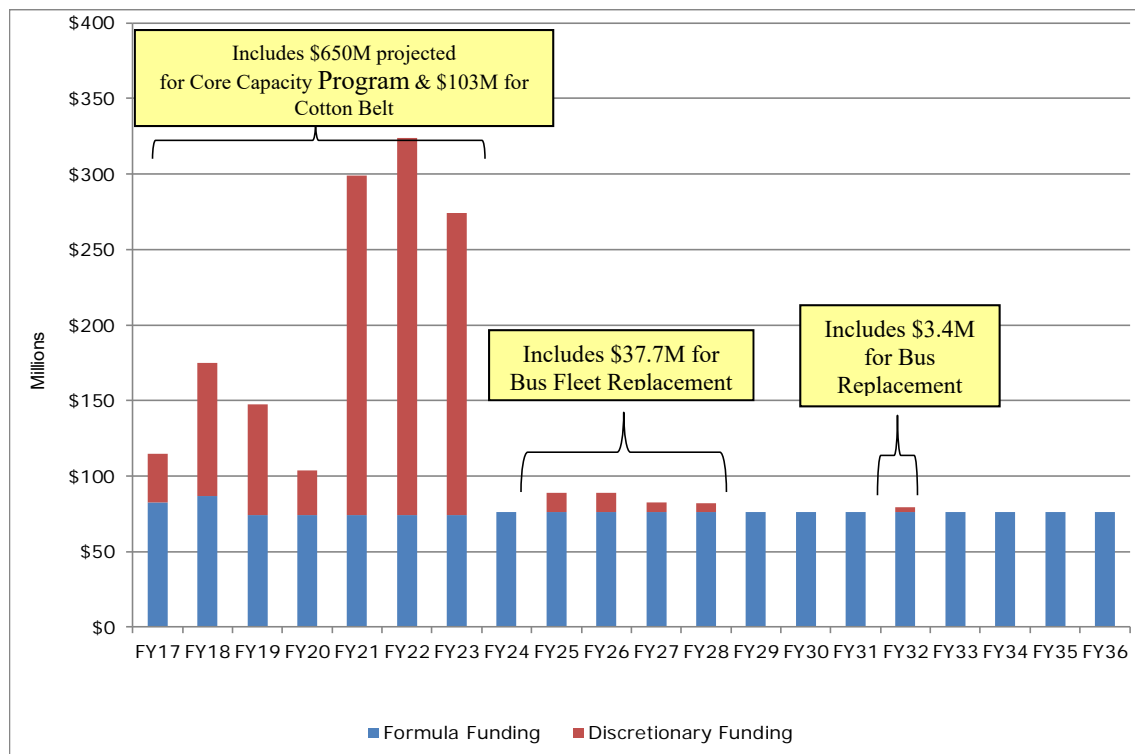
Formula funds include Urbanized Area Formula program (UAFP) and Job Access/Reverse Commute (JARC, § 5316) dollars received under 49 U.S.C. § 5307, State of Good Repair (formerly Fixed Guideway Modernization funds) (§ 5337), Bus and Bus Facilities Formula Grants (§ 5339), and High Density States and Growing 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).

In the surface transportation bill enacted in December 2015, known as the Fixing America's Surface Transportation Act, or "FAST Act," Congress provided funding for highways and transit through federal fiscal year 2020. The bill provides slight increases in the near-term over prior funding levels and affords DART an opportunity to develop and finance multi-year projects. Because Congress chose not to raise the federal gas tax, this federal transportation program can no longer be called a user-financed program. Instead, Congress transferred approximately \$70 billion from non-transportation sources to the Highway Trust Fund to ensure its solvency. This imbalance will grow during each of the five years of the FAST Act, making the fiscal cliff much steeper and harder to address. The Congressional Budget Office estimates that for the next 5-year bill – from 2021 to 2026 – the Highway Trust Fund will need a transfer of \$121 billion, without any increase in transportation spending. Pressure will build on the next President and Congress to develop options that are politically viable to ensure the federal government can remain an effective partner in building and maintaining the nation's transportation infrastructure.

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 2017 – FY 2036)  
(in Millions)



### Formula Federal Funding (line 4 of the Financial Plan)

Formula funds are \$391.2 million (7.0% of total sources of funds) through FY 2021. This represents an increase of \$23.9 million (6.5%) from the FY 2016 Plan. The current annual DART allocation for formula funds is \$74.0 million per year, which totals \$370 million (94.5% of the total amount) for the 5-year period. The increase from the FY 2016 Plan is due to a \$1.2 million increase in the annual allocation and carryover of unspent funds from the prior year.

According to the Board-approved Financial Standard B-10 (shown in Exhibit 102 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.” There may be some variances from year to year early in the Plan as some funds may not be spent in the current year may be rolled forward into future years. These levels are adjusted each year based on the most current information available. An exception to that would be for new rail segments. When service begins on the Cotton Belt in 2022, it will generate additional formula funds beginning in 2024. An estimate of \$2.3 million has been made for these additional funds based on current federal apportionment values.

### Discretionary Federal Funding (line 5 of the Financial Plan)

Discretionary federal funding comprises \$448.6 million (8.0%) of total sources through FY 2021. This is a \$41.5 million (10.2%) increase from the FY 2016 Plan. The increase is the net effect of extending the completion of D2, accelerating the Cotton Belt project, and the expectation of \$59 million for the Platform Extension project. The Plan assumes \$10 million (46.5% federal participation) for new bus purchases by 2020. Early indications are that the actual federal contribution may exceed this amount. Also, up to \$40 million in discretionary funding is assumed for the Dallas Streetcar Central link project.

DART has been very conservative with regard to programming new discretionary federal funding. There is only one assumption for future discretionary funds in the Financial Plan other than the projects just described, and that is for 10% federal participation in future bus replacements, totaling \$41.1 million between 2025 and 2028 and in 2032.

### Debt Issuance (line 6 of the Financial Plan)

#### *Long-term Debt*

DART plans to issue \$1.26 billion in new long-term debt over the next five years. This, netted against the retirement of \$150 million of commercial paper during the same time period results in the \$1.110 billion amount shown in the Plan. The issuances include \$125 million during FY 2018 - FY 2021 for the Core Capacity Program mentioned above and other infrastructure projects, and \$1.1 billion for the Cotton Belt project. DART is currently pursuing a loan from the Federal Railroad Administration’s Railroad Rehabilitation & Improvement Financing (RRIF) program to finance the project. If such a loan can be obtained, it would come at a substantially lower interest rate than conventional tax-exempt debt.



### *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 is using self-liquidity for the \$170 million in CP that is currently outstanding.

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

### Other Non-Operating Sources (lines 7 & 8 of the Financial Plan)

These line items are predominantly composed of non-grant contributions from other public entities, such as: the FWTAs contribution toward its share of the operating and capital costs for the Trinity Railway Express (TRE), City of Dallas contributions toward Streetcar Operating Expenses, 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 \$192.6 million between FY 2017 and FY 2021 and represent 3.4% of total sources of funds for that same period. This category of funds has increased by \$50.3 million (35.3%) from the same period in the FY 2016 Plan. This increase includes \$26.6 and \$8.4 million, respectively, for contributions from the FWTAs for capital projects and operating expenses. Other increases include external (non-federal grant) contributions to the Cotton Belt and City of Dallas funds for expanded Streetcar operations.



## Uses of Funds

### Operating Expenses (lines 10 – 17 of the Financial Plan)

Many of DART's services underwent significant changes over the last several years. The changes from FY 2012 through FY 2016 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 to DART-operated;
- The replacement of the entire full-size bus fleet including the introduction of 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;
- Approval of a new 10-year service contract with Herzog Transit Services, Inc. for the continued provision of Commuter Rail services along the TRE Corridor;
- 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 and its extension to the Bishop Arts District in August 2016.

FY 2017 includes the following service changes:

- The opening of the South Oak Cliff-3 (SOC-3) line segment to the University of North Texas, Dallas Campus in October;
- Two bus service changes, in March and August of 2017, which add another roughly 1.3% to DART's bus service designed to address the rapidly growing employment areas of Legacy in Plano and Cypress Waters in Dallas; and
- A restructuring of the TRE schedule which more efficiently utilizes deadhead moves and provides more midday service. These changes will add nearly 15% more service.

Looking a little further down the road, the Plan includes even more service enhancements:

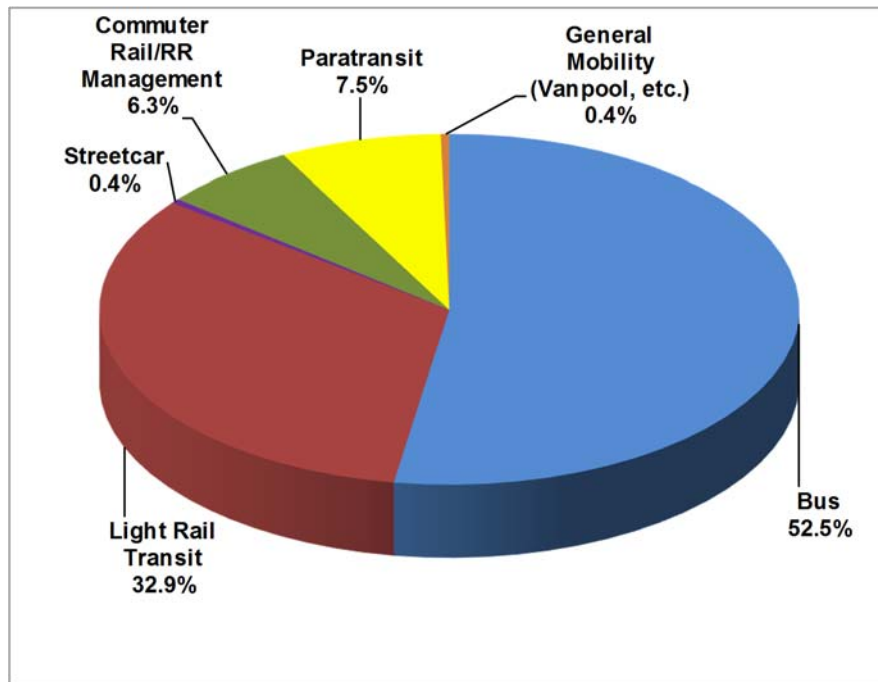
- \$10 million of additional bus service as a result of the COA with the service changes intended to be phased in beginning in 2019;
- Two new in-fill stations along the Orange Line in Irving (Loop 12 and Carpenter Ranch, currently in the planning stage);
- The second light rail alignment through downtown Dallas (known as “D2”), currently anticipated to begin service in 2023 with a refined subway alignment to be determined in FY 2017;
- An expanded Streetcar Rail network by 2023; and
- Commuter Rail service along the Cotton Belt corridor from Plano to DFW Airport in 2022.

Total operating expenses for FY 2017 through FY 2021 are projected to be \$2.66 billion which, despite all of the service increases, is virtually unchanged from the cost published in the FY 2016 Plan over the same period of time. DART’s FY 2017 Operating Budget is also unchanged from the FY 2016 budget at \$494.9 million despite adding nearly \$6 million in additional transportation services and employee compensation adjustments.

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 102 in the *Reference Section*). Standards B-3 and B-4 relate to fixed-route service, which accounts for approximately 92% 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 (TRE), and fuel/electricity prices.

On the following page, Exhibit 15 shows the modal distribution of total operating expenses for the 5-year period.

Exhibit 15  
Operating Expenses by Mode (FY 2017 – FY 2021)



Modal Expenses (lines 11 – 16 of the Financial Plan)

Exhibit 16 compares the projected 5-year modal operating expenses (2017 - 2021) based on the FY 2016 Financial Plan and the FY 2017 Plan.

Exhibit 16  
5-Year Modal Expense Comparison (2017 – 2021)  
(in Millions)

|                                  | FY16 FP          | FY17 FP          | \$ Variance<br>FY16 to FY17 | % Variance<br>FY16 to FY17 |
|----------------------------------|------------------|------------------|-----------------------------|----------------------------|
| Bus                              | \$1,354.7        | \$1,396.5        | \$41.9                      | 3.1%                       |
| Light Rail Transit               | 903.7            | 875.1            | (28.5)                      | (3.2%)                     |
| Streetcar                        | 10.3             | 10.7             | 0.5                         | 4.6%                       |
| Commuter Rail/RR Management      | 160.2            | 167.0            | 6.8                         | 4.3%                       |
| Paratransit                      | 204.8            | 198.5            | (6.3)                       | (3.1%)                     |
| General Mobility (Vanpool, etc.) | 12.3             | 10.6             | (1.7)                       | (14.1%)                    |
| <b>Total Operating Expenses</b>  | <b>\$2,645.9</b> | <b>\$2,658.4</b> | <b>\$12.5</b>               | <b>0.5%</b>                |

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 \$12.5 million (0.5%) from the FY 2016 Plan, primarily due to the previously unplanned service increases described above. However, because of the cost reductions and savings initiatives instituted in response to the recession of 2008-2009, operating expenses are still \$320 million (11%) 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 (52.5%) 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 \$41.9 million (3.1%) over the FY 2016 Financial Plan. There are several reasons for this increase: 1) the inclusion of 62 additional bus operator positions over the last two years to comply with APTA fitness for duty and minimum rest standards and the development of AM/PM extra boards at each division; 2) an overall increase in administrative costs (particularly in the areas of safety and information technology); and 3) service increases.

Over the last seven years, DART will have completed an expansion program that has seen the light rail system grow from 48 miles in the summer of 2009 to 93 miles with the SOC-3 opening in early FY 2017. As such, light rail costs have continued to represent an increasing percentage of DART's budget. They have increased from 21% of the FY 2009 operating budget to 34% of the FY 2017 budget. Despite the opening of SOC-3, five-year costs have decreased by \$28.1 million or 3.1% due to cost containment efforts.

As noted earlier, TRE Commuter Rail services are provided by Herzog Transit Services, Inc. The new contract began in FY 2016 and expires at the end of 2025. The contract includes service costs for TRE and the TEX Rail project, which is being advanced by FWTa and is scheduled to open in late 2018.



Mobility Management Services (Paratransit) is operating under a contract with MV Transportation to provide passenger services (please see page 154 in the *Organizational Units Section* for specifics of this arrangement). Projected ridership over the next five years is up 79,282 (1.8%) from the FY 2016 Plan. Five-year costs are \$6.3 million lower than the FY 2016 Plan due to cost containment.

General Mobility programs consist mainly of vanpool services. Participants and the North Central Texas Council of Governments (NCTCOG) will contribute more than 95% of the cost of this program. The maximum authorized number of vanpools is 228 for FY 2017. 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. Five-year Vanpool costs have decreased by \$1.7 million (\$14.1%). Vanpool utilization has not met expectations over the last several years resulting in a reduced budget allocation for these services. Should demand begin to grow again, the budget may need to be revisited.

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 18 – 27 of the Financial Plan)

Exhibit 17 compares capital expenditures by mode for the 5-year period 2017 – 2021 from the FY 2016 Plan to the FY 2017 Plan. Agency-wide is used for projects that benefit more than one mode.

Exhibit 17  
Comparison of 5-Year Capital Expenditures (2017 – 2021)  
(in Millions)

|                                      | FY16 FP          | FY17 FP          | \$ Variance<br>FY16 to FY17 | % Variance<br>FY16 to FY17 |
|--------------------------------------|------------------|------------------|-----------------------------|----------------------------|
| Agency-wide                          | \$88.2           | \$117.2          | \$29.1                      | 33.0%                      |
| Bus                                  | 68.2             | 147.2            | 79.0                        | 115.8%                     |
| Light Rail Transit                   | 984.1            | 514.1            | (469.9)                     | (47.8%)                    |
| Streetcar                            | 102.9            | 105.5            | 2.6                         | 2.5%                       |
| Commuter Rail/RR Management          | 109.2            | 1,271.7          | 1,162.5                     | 1,064.6%                   |
| Paratransit                          | 1.2              | 1.1              | (0.0)                       | (2.0%)                     |
| HOV Transitways                      | 0.0              | 0.0              | 0.0                         | 0.0%                       |
| Capital P&D, Start-Up, Non-Operating | 51.0             | 67.6             | 16.6                        | 32.6%                      |
| General Mobility - Road Impr./ITS    | 8.8              | 23.4             | 14.7                        | 167.7%                     |
| <b>Total Capital Expenditures</b>    | <b>\$1,413.5</b> | <b>\$2,248.0</b> | <b>\$834.5</b>              | <b>59.0%</b>               |



Capital and Non-Operating expenditures are budgeted at \$289.1 million for FY 2017 and \$2.25 billion for the five years through FY 2021. This is a 5-year increase of \$834.5 million (59%) over the same period compared to the FY 2016 Plan. The increase is the net result of the extension of the completion of D2, the acceleration of the Cotton Belt project, and other project timing changes and other new project requests including: additional funding needed to complete the Positive Train Control (PTC) project (\$50 million); rehabilitation of bridges along both the TRE and Madill corridors (\$41 million); 41 new buses to implement the COA service recommendations (\$21.5 million); a new Consolidated Dispatch Center (\$7.5 million); and assorted other smaller capital projects. As a result of local input, the D2 solution has been changed from the original Locally Preferred Alternative which was half-subway, half at-grade to a full below-grade solution. The full list of Capital and Non-Operating projects (including all new projects) is shown at Exhibit 18 beginning on page 41.

#### Capital Planning, Start-up Costs, and Non-Operating (line 25 of the Financial Plan)

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 \$7.8 million for 2017. \$750,000 of start-up costs for SOC-3 are also programmed in FY 2017.

Non-operating costs relate to projects/programs that do not meet capitalization criteria for accounting purposes, are not operating costs and are not capitalized as a DART asset. Examples of non-operating costs include: consulting costs for the Transit System Plan revision, the Headquarters Relocation Study, and the Regional On-Board Survey.

#### General Mobility, Road Improvement, and Intelligent Transportation Systems (ITS) Programs (line 26 of the Financial Plan)

Financial Standard B-7 limits General Mobility Road Improvement Programs to funding allowed under the terms of the approved Interlocal Agreements (ILA). Road improvement programs include the Principal Arterial Street System (PASS), Transportation System Management (TSM), and ITS projects. These programs total \$23.4 million over the next five years. In addition to these programs, there is approximately \$685,000 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 that are either for 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 2017 Financial Plan includes over \$2.8 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 almost 49% of the total 20-year capital expenditures.





## Capital Projects Listing

Exhibit 18 contains the list of capital and non-operating projects and capital reserves included in the Financial Plan. These projects are indicated as Expansion/Enhancement (increase volume or quality of service), State of Good Repair (timely maintenance and replacement of assets), and Other (regulatory compliance, etc.) and identify the FY 2017, 5-year, and 20-year costs; any associated external grant funding or partner contributions; and the anticipated operating cost or savings.

Exhibit 18  
FY 2017 Capital/Non-Operating Project Budget List  
(in Thousands)

| FY 2017 Capital/Non-Operating Project Budget List<br>(in Thousands) |  |                                       |                         |       |         |                 |                  |                     |                                    |
|---|--|---------------------------------------|-------------------------|-------|---------|-----------------|------------------|---------------------|------------------------------------|
| #   | PROJECT NAME   | Expansion/<br>Enhancement<br>Projects | State of Good<br>Repair | Other | 2017    | 5 Year<br>Total | 20 Year<br>Total | External<br>Funding | Operating<br>Expense/<br>(Savings) |
| <b>AGENCY-WIDE</b>  |  |                                       |                         |       |         |                 |                  |                     |                                    |
| 1   | Comprehensive Fare Payment System                      |                                       |                         |       | \$5,700 | \$10,700        | \$10,700         | \$0                 | \$0                                |
| 2   | Facility for Revenue Service Operations                |                                       |                         |       | 1,200   | 1,200           | 1,200            |                     | -30                                |
| 3   | Agency-Wide Information Management Program             |                                       |                         |       | 515     | 515             | 515              |                     | 165                                |
| 4   | FileNet Dept. File Plan Implementation Support         |                                       |                         |       | 370     | 370             | 370              |                     |                                    |
| 5   | Communications - SGR Reserve                           |                                       |                         |       | 0       | 1,195           | 73,685           |                     |                                    |
| 6   | Infrastructure Technology - SGR Reserve                |                                       |                         |       | 0       | 11,381          | 70,796           |                     |                                    |
| 7   | Total SGR Reserve - Administration                     |                                       |                         |       | 4,310   | 15,766          | 58,888           |                     |                                    |
| 8   | NRV/Equipment Replacement - SGR Reserve                |                                       |                         |       | 0       | 9,839           | 60,213           |                     |                                    |
| 9   | Application Technology - SGR Reserve                   |                                       |                         |       | 0       | 3,760           | 51,276           |                     |                                    |
| 10  | Administration HQ - SGR Reserve                        |                                       |                         |       | 0       | 5,519           | 18,589           |                     |                                    |
| 11  | SPEAR System Replacement                               |                                       |                         |       | 9,000   | 12,000          | 12,000           |                     |                                    |
| 12  | Consolidated Dispatch Facility <sup>(1)</sup>          |                                       |                         |       | 0       | 7,500           | 7,500            |                     |                                    |
| 13  | Intelligent Transportation Systems (ITS) - SGR Reserve |                                       |                         |       | 0       | 1,151           | 6,463            |                     |                                    |
| 14  | Network Upgrade for the Agency                         |                                       |                         |       | 2,000   | 6,000           | 6,000            |                     |                                    |
| 15  | NRV Replacement Program <sup>(2)</sup>                 |                                       |                         |       | 2,650   | 5,538           | 5,538            |                     |                                    |
| 16  | Electronic Parts Catalog Reserve - SGR Reserve         |                                       |                         |       | 0       | 1,093           | 4,283            |                     |                                    |
| 17  | DART Police Facility                                   |                                       |                         |       | 300     | 4,046           | 4,046            |                     |                                    |
| 18  | Oak Cliff NRV Facility - SGR Reserve                   |                                       |                         |       | 0       | 416             | 3,927            |                     |                                    |
| 19  | Total SGR Reserve - DART Police                        |                                       |                         |       | 0       | 1,030           | 3,838            |                     |                                    |
| 20  | Administration Police HQ - SGR Reserve                 |                                       |                         |       | 0       | 370             | 2,248            |                     |                                    |
| 21  | Total SGR Reserve - Marketing                          |                                       |                         |       | 0       | 285             | 1,892            |                     |                                    |
| 22  | Police Motorcycles Replacement Reserve - SGR Reserve   |                                       |                         |       | 212     | 444             | 1,801            |                     |                                    |
| 23  | S & I Consolidated Dispatch                            |                                       |                         |       | 500     | 1,500           | 1,500            |                     |                                    |
| 24  | Radio Systems Replacement                              |                                       |                         |       | 1,440   | 1,440           | 1,440            |                     |                                    |
| 25  | Passenger Facility Accessibility Mods FY14             |                                       |                         |       | 1,000   | 1,000           | 1,000            |                     |                                    |
| 26  | FY17 NRV Transit Police Replacement Program *          |                                       |                         |       | 420     | 840             | 840              |                     |                                    |
| 27  | Material Management Facility - SGR Reserve             |                                       |                         |       | 0       | 626             | 807              |                     |                                    |
| 28  | Desktop PC Replacement                                 |                                       |                         |       | 190     | 761             | 761              |                     |                                    |
| 29  | PA - Carpet Replacement DART HQ Building               |                                       |                         |       | 0       | 750             | 750              |                     |                                    |
| 30  | Escalator Replacement for 1401 Pacific                 |                                       |                         |       | 0       | 710             | 710              |                     |                                    |
| 31  | Artwork Restoration Repairs System-wide                |                                       |                         |       | 305     | 610             | 610              |                     |                                    |
| 32  | Total SGR Reserve - Finance                            |                                       |                         |       | 0       | 120             | 574              |                     |                                    |
| 33  | LRT at Grade Rail Platform Rehab Mockingbird           |                                       |                         |       | 546     | 546             | 546              |                     |                                    |
| 34  | HVAC/Mech Equip Replacement (PA FY 14)                 |                                       |                         |       | 253     | 506             | 506              |                     | -17                                |
| 35  | Transit Centers Network Upgrade                        |                                       |                         |       | 488     | 488             | 488              |                     | 205                                |
| 36  | HVAC System Replacement (HQ-NOC)                       |                                       |                         |       | 409     | 409             | 409              |                     |                                    |
| 37  | Multi-function Printer Replacement                     |                                       |                         |       | 163     | 453             | 453              |                     | 42                                 |
| 38  | Replacement of Police Mobile Data Computers (MDC) *    |                                       |                         |       | 200     | 400             | 400              |                     |                                    |
| 39  | Replace DARTs Access System *                          |                                       |                         |       | 0       | 375             | 375              |                     |                                    |
| 40  | Improvements at Convention Center Station *            |                                       |                         |       | 0       | 320             | 320              |                     |                                    |
|   | <b>Expansion/Enhancement Projects</b>                  |                                       |                         |       |         |                 |                  |                     |                                    |
|   | <b>State of Good Repair</b>                            |                                       |                         |       |         |                 |                  |                     |                                    |
|   | <b>Other</b>   |                                       |                         |       |         |                 |                  |                     |                                    |



Exhibit 18  
FY 2017 Capital/Non-Operating Project Budget List  
(in Thousands)

| #                              | PROJECT NAME:  | Expansion/<br>Enhancement<br>Projects | State of Good<br>Repair | Other | 2017            | 5 Year<br>Total  | 20 Year<br>Total | External<br>Funding | Operating<br>Expense/<br>(Savings) |
|--------------------------------|--|---------------------------------------|-------------------------|-------|-----------------|------------------|------------------|---------------------|------------------------------------|
| <b>AGENCY-WIDE (Continued)</b> |  |                                       |                         |       |                 |                  |                  |                     |                                    |
| 41                             | Total SGR Reserve - Legal                              |                                       |                         |       | \$0             | \$34             | \$261            | \$0                 | \$0                                |
| 42                             | Replacement of Digital In-car Police Video *           |                                       |                         |       | 0               | 250              | 250              |                     |                                    |
| 43                             | Bike Lids at Light Rail Stations *                     |                                       |                         |       | 0               | 231              | 231              |                     |                                    |
| 44                             | COMMs Radio Server System Hardware Replacement *       |                                       |                         |       | 0               | 212              | 212              |                     |                                    |
| 45                             | Purchase New Insulated Rolling Steel Garage Door *     |                                       |                         |       | 0               | 178              | 178              |                     |                                    |
| 46                             | Intelligent Transportation Systems/ITS Plan Update     |                                       |                         |       | 175             | 175              | 175              |                     |                                    |
| 47                             | INIT VBS Hardware Upgrade                              |                                       |                         |       | 125             | 125              | 125              |                     |                                    |
| 48                             | Urban Video Integration *                              |                                       |                         |       | 0               | 120              | 120              |                     |                                    |
| 49                             | Concept of Ops for Transit Systems Integration *       |                                       |                         |       | 100             | 100              | 100              |                     |                                    |
| 50                             | COMMs Microwave Radio System Replacement (BoA) *       |                                       |                         |       | 95              | 95               | 95               |                     |                                    |
| 51                             | Video Intelligence Analytics *                         |                                       |                         |       | 95              | 95               | 95               |                     | 14                                 |
| 52                             | Painting Exterior/Interior 1200 E Jefferson *          |                                       |                         |       | 79              | 79               | 79               |                     |                                    |
| 53                             | Transit Centers Workstation Remodeling *               |                                       |                         |       | 75              | 75               | 75               |                     |                                    |
| 54                             | Upgrade Johnson Controls HVAC Metasys system *         |                                       |                         |       | 47              | 47               | 47               |                     |                                    |
| 55                             | Additional T-3s, Three wheeled vehicle *               |                                       |                         |       | 45              | 45               | 45               |                     | 2                                  |
| 56                             | NWROF LRV Exterior Wash Pad Diverter Valve *           |                                       |                         |       | 36              | 36               | 36               |                     |                                    |
| 57                             | MDC Office Reconfiguration *                           |                                       |                         |       | 35              | 35               | 35               |                     |                                    |
| 58                             | PA SCISSOR LIFTS *                                     |                                       |                         |       | 33              | 33               | 33               |                     |                                    |
| 59                             | Emergency Preparedness Guides and Application *        |                                       |                         |       | 32              | 32               | 32               |                     | 3                                  |
| 60                             | Rail Service Disruption Stop Network *                 |                                       |                         |       | 30              | 30               | 30               |                     |                                    |
| 61                             | "E-Alerts" System (Electronic alerts) *                |                                       |                         |       | 25              | 25               | 25               |                     | 32                                 |
| 62                             | Dock Levelers at Pioneer Warehouse *                   |                                       |                         |       | 24              | 24               | 24               |                     |                                    |
| 63                             | Floor / Lot Scrubber *                                 |                                       |                         |       | 24              | 24               | 24               |                     |                                    |
| 64                             | Air Assist Mechanical Shear *                          |                                       |                         |       | 21              | 21               | 21               |                     |                                    |
| 65                             | Support Building *                                     |                                       |                         |       | 19              | 19               | 19               |                     |                                    |
| 66                             | Project Cashflow Timing Adjustments                    |                                       |                         |       | -7,662          | -1,728           | -5,420           |                     |                                    |
| 67                             | Data Center NOC Relocation                             |                                       |                         |       | 0               | 1,070            | 1,070            |                     | 222                                |
| 68                             | IT Security Program                                    |                                       |                         |       | 500             | 500              | 500              |                     |                                    |
| 69                             | Technology Consulting Services                         |                                       |                         |       | 500             | 500              | 500              |                     |                                    |
| 70                             | DART Conference Rooms Upgrade                          |                                       |                         |       | 0               | 491              | 491              |                     | 20                                 |
| 71                             | Connection Protection                                  |                                       |                         |       | 450             | 450              | 450              |                     |                                    |
| 72                             | Oracle Database Hardware Replacement *                 |                                       |                         |       | 405             | 405              | 405              |                     |                                    |
| 73                             | Web Development Improvement *                          |                                       |                         |       | 200             | 400              | 400              |                     | 80                                 |
| 74                             | Mobile Medical Services for DART Employees *           |                                       |                         |       | 350             | 350              | 350              |                     |                                    |
| 75                             | Additional Body Cameras <sup>(3)</sup>                 |                                       |                         |       | 0               | 200              | 200              |                     |                                    |
| 76                             | Clean Agent Fire Suppression                           |                                       |                         |       | 180             | 180              | 180              |                     | 2                                  |
| 77                             | Employee Career Development Center                     |                                       |                         |       | 144             | 144              | 144              |                     |                                    |
| 78                             | Computer-Based Enterprise Security Awareness Program * |                                       |                         |       | 83              | 83               | 83               |                     |                                    |
| 79                             | Architectural Consulting Services for DART Store       |                                       |                         |       | 50              | 50               | 50               |                     |                                    |
| 80                             | Implement of Telephonic Interpretation Services *      |                                       |                         |       | 12              | 12               | 12               |                     | 25                                 |
| 81                             | PA Parking Lot Striping Machine *                      |                                       |                         |       | 11              | 11               | 11               |                     |                                    |
|                                | <b>Expansion/Enhancement Projects</b>                  |                                       |                         |       | <b>\$7,785</b>  | <b>\$12,785</b>  | <b>\$12,785</b>  | <b>\$0</b>          | <b>\$135</b>                       |
|                                | <b>State of Good Repair</b>                            |                                       |                         |       | <b>\$17,838</b> | <b>\$99,597</b>  | <b>\$402,420</b> | <b>\$0</b>          | <b>\$281</b>                       |
|                                | <b>Other</b>   |                                       |                         |       | <b>\$2,885</b>  | <b>\$4,847</b>   | <b>\$4,847</b>   | <b>\$0</b>          | <b>\$349</b>                       |
|                                | <b>TOTAL AGENCY-WIDE</b>                               |                                       |                         |       | <b>\$28,508</b> | <b>\$117,229</b> | <b>\$420,052</b> | <b>\$0</b>          | <b>\$764</b>                       |



Exhibit 18  
FY 2017 Capital/Non-Operating Project Budget List  
(in Thousands)

| #          | PROJECT NAME:  | Expansion/<br>Enhancement<br>Projects | State of Good<br>Repair | Other | 2017            | 5 Year<br>Total  | 20 Year<br>Total | External<br>Funding | Operating<br>Expense/<br>(Savings) |
|------------|--|---------------------------------------|-------------------------|-------|-----------------|------------------|------------------|---------------------|------------------------------------|
| <b>BUS</b> |  |                                       |                         |       |                 |                  |                  |                     |                                    |
| 82         | CNG-Powered Standard Buses *                           |                                       |                         |       | \$1,050         | \$21,525         | \$21,525         | \$10,000            | \$0                                |
| 83         | On Street Passenger Facilities - FY2016-FY2019         |                                       |                         |       | 0               | 5,699            | 5,699            |                     |                                    |
| 84         | Equip Bus fleet with APC *                             |                                       |                         |       | 444             | 1,944            | 1,944            |                     | -35                                |
| 85         | NW Plano Park & Ride                                   |                                       |                         |       | 500             | 1,500            | 1,500            | 1,500               |                                    |
| 86         | Yard Management Automation                             |                                       |                         |       | 1,300           | 1,300            | 1,300            |                     | -350                               |
| 87         | On-Street Passenger Facilities                         |                                       |                         |       | 1,000           | 1,000            | 1,000            | 1,289               |                                    |
| 88         | Auto Passenger Counter on Fixed-Route Buses            |                                       |                         |       | 683             | 683              | 683              |                     |                                    |
| 89         | Trapeze Test Environment                               |                                       |                         |       | 297             | 297              | 297              |                     |                                    |
| 90         | FY16 APCs for ARBOC Buses                              |                                       |                         |       | 130             | 130              | 130              |                     | -30                                |
| 91         | Bus Replacement - SGR Reserve                          |                                       |                         |       | 0               | 0                | 410,628          | 41,063              |                                    |
| 92         | Bus Capital Maintenance Program - SGR Reserve          |                                       |                         |       | 0               | 10,770           | 92,235           |                     |                                    |
| 93         | Innovative Services Vans Replacement - SGR Reserve     |                                       |                         |       | 0               | 470              | 71,618           |                     |                                    |
| 94         | Innovative Services Vans Replacement                   |                                       |                         |       | 9,403           | 26,893           | 26,893           |                     |                                    |
| 95         | 2016 Suburban Bus Purchase                             |                                       |                         |       | 25,400          | 25,400           | 25,400           |                     |                                    |
| 96         | Passenger Amenities -Bus - SGR Reserve                 |                                       |                         |       | 637             | 4,891            | 24,932           |                     |                                    |
| 97         | East Dallas Bus Ops Facility - SGR Reserve             |                                       |                         |       | 0               | 3,677            | 24,290           |                     |                                    |
| 98         | Intelligent Transportation Systems (ITS) - SGR Reserve |                                       |                         |       | 280             | 2,748            | 18,003           |                     |                                    |
| 99         | Farebox Replacement - SGR Reserve                      |                                       |                         |       | 0               | 0                | 17,688           |                     |                                    |
| 100        | South Oak Cliff Bus Ops Facility - SGR Reserve         |                                       |                         |       | 0               | 1,445            | 16,966           |                     |                                    |
| 101        | Zero Emission Electric Bus (ZEEB) Project              |                                       |                         |       | 10,697          | 10,798           | 10,798           | 7,637               | 100                                |
| 102        | Bus Farebox Replacement                                |                                       |                         |       | 2,315           | 9,315            | 9,315            | 7,000               |                                    |
| 103        | North West Bus Ops Facility - SGR Reserve              |                                       |                         |       | 0               | 939              | 8,132            |                     |                                    |
| 104        | BRT Elm & Commerce Bus Lanes Reconstruction            |                                       |                         |       | 0               | 7,000            | 7,000            |                     |                                    |
| 105        | Underground Storage Tanks at EDBOF and NWBOF *         |                                       |                         |       | 900             | 2,900            | 2,900            |                     |                                    |
| 106        | Equipment Replacement SGR Reserve - Planning           |                                       |                         |       | 0               | 0                | 2,644            |                     |                                    |
| 107        | Bus Shelter and Pad Replacements                       |                                       |                         |       | 406             | 1,627            | 1,627            |                     |                                    |
| 108        | PA-LED Lighting Retrofit for DART Bus Facilities       |                                       |                         |       | 359             | 1,077            | 1,077            |                     | -353                               |
| 109        | Eight (8) Bus Operator Crew Rooms                      |                                       |                         |       | 1,000           | 1,000            | 1,000            |                     | 16                                 |
| 110        | South Oak Cliff Total Roof Replacement *               |                                       |                         |       | 0               | 946              | 946              |                     |                                    |
| 111        | Total SGR Reserve - Transportation                     |                                       |                         |       | 0               | 0                | 929              |                     |                                    |
| 112        | Bus Operator Crew Rooms - 4 Locations                  |                                       |                         |       | 475             | 475              | 475              |                     | 44                                 |
| 113        | SOC Cooling Tower and Hydronic Boiler Replacement *    |                                       |                         |       | 209             | 709              | 709              |                     |                                    |
| 114        | Bus Purchase (2013-2015)                               |                                       |                         |       | 400             | 400              | 400              |                     |                                    |
| 115        | PA - Bus Lane & Parking Lot Concrete Repair *          |                                       |                         |       | 265             | 265              | 265              |                     |                                    |
| 116        | Southern Sector Modifications                          |                                       |                         |       | 229             | 229              | 229              | 289                 |                                    |
| 117        | Transit Signal Priority (TSP) on Route 400 *           |                                       |                         |       | 0               | 165              | 165              |                     | 21                                 |
| 118        | TRUCK RACK HD 207 *                                    |                                       |                         |       | 0               | 145              | 145              |                     |                                    |
| 119        | Replace Both Boilers at the Northwest Shop             |                                       |                         |       | 100             | 100              | 100              |                     |                                    |
| 120        | ED & NW Station Office Remodeling *                    |                                       |                         |       | 87              | 87               | 87               |                     |                                    |
| 121        | COMM Bus Service Truck Transilite Laptop Install *     |                                       |                         |       | 53              | 53               | 53               |                     | 5                                  |
| 122        | Concrete Replacement NWBOF *                           |                                       |                         |       | 30              | 30               | 30               |                     |                                    |
| 123        | Rehab 10 Overhead Doors at NWBOF *                     |                                       |                         |       | 27              | 27               | 27               |                     |                                    |
| 124        | 4127 Elm air compressor replacement *                  |                                       |                         |       | 26              | 26               | 26               |                     |                                    |
| 125        | South Oak Cliff Training Office *                      |                                       |                         |       | 22              | 22               | 22               |                     |                                    |
| 126        | Recondition the Shop Floors at NWBOF *                 |                                       |                         |       | 18              | 18               | 18               |                     |                                    |
| 127        | Painting the NWBOF Bus Shop Common Areas *             |                                       |                         |       | 16              | 16               | 16               |                     |                                    |
| 128        | Rehab Men's Shower NWBOF *                             |                                       |                         |       | 16              | 16               | 16               |                     |                                    |
| 129        | Purchase Bus Safety Stands for NWBOF *                 |                                       |                         |       | 15              | 15               | 15               |                     |                                    |
| 130        | Project Cashflow Timing Adjustments                    |                                       |                         |       | -14,134         | -2,736           | -3,672           |                     |                                    |
| 131        | Correction of Security Audit Findings by DART Police   |                                       |                         |       | 550             | 550              | 550              |                     | 203                                |
| 132        | Decommission/Remove 2 LNG Bus Fuel Stations            |                                       |                         |       | 180             | 360              | 360              |                     |                                    |
| 133        | Bus Operator Crew Rooms - DCTA                         |                                       |                         |       | 230             | 230              | 230              | 230                 |                                    |
|            | <b>Expansion/Enhancement Projects</b>                  |                                       |                         |       | \$5,404         | \$34,078         | \$34,078         | \$12,789            | -\$415                             |
|            | <b>State of Good Repair</b>                            |                                       |                         |       | \$39,251        | \$111,957        | \$774,145        | \$55,989            | -\$167                             |
|            | <b>Other</b>   |                                       |                         |       | \$960           | \$1,140          | \$1,140          | \$230               | \$203                              |
|            | <b>TOTAL BUS</b>                                       |                                       |                         |       | <b>\$45,615</b> | <b>\$147,174</b> | <b>\$809,363</b> | <b>\$69,008</b>     | <b>-\$379</b>                      |



**Exhibit 18**  
**FY 2017 Capital/Non-Operating Project Budget List**  
**(in Thousands)**

| #                    | PROJECT NAME:  | Expansion/<br>Enhancement<br>Projects | State of Good<br>Repair | Other | 2017            | 5 Year<br>Total    | 20 Year<br>Total   | External<br>Funding | Operating<br>Expense/<br>(Savings) |
|----------------------|--|---------------------------------------|-------------------------|-------|-----------------|--------------------|--------------------|---------------------|------------------------------------|
| <b>COMMUTER RAIL</b> |  |                                       |                         |       |                 |                    |                    |                     |                                    |
| 134                  | Cotton Belt Construction                               |                                       |                         |       | \$25,000        | \$1,027,175        | \$1,135,000        | \$141,370           | \$17,199                           |
| 135                  | Positive Train Control <sup>(4)</sup>                  |                                       |                         |       | 20,150          | 81,650             | 81,650             | 47,075              | 3,500                              |
| 136                  | Valley View to W. Irving Double Tracking               |                                       |                         |       | 7,100           | 17,100             | 17,100             | 10,368              |                                    |
| 137                  | Locomotive Purchase                                    |                                       |                         |       | 0               | 5,750              | 5,750              | 5,175               |                                    |
| 138                  | Cotton Belt Planning & Study                           |                                       |                         |       | 1,500           | 2,400              | 2,400              |                     |                                    |
| 139                  | Vehicle Loco and Cab Car Cameras *                     |                                       |                         |       | 100             | 100                | 100                | 50                  |                                    |
| 140                  | Vehicle Maintenance - SGR Reserve                      |                                       |                         |       | 0               | 3,291              | 146,275            | 73,137              |                                    |
| 141                  | DFW ROW & Signals Maintenance - SGR Reserve            |                                       |                         |       | 1,137           | 26,241             | 126,343            | 66,962              |                                    |
| 142                  | Madill ROW & Signals Maintenance - SGR Reserve         |                                       |                         |       | 0               | 17,198             | 66,279             |                     |                                    |
| 143                  | Cotton Belt Preventive Maintenance                     |                                       |                         |       | 0               | 0                  | 35,281             |                     |                                    |
| 144                  | Madill Bridges *                                       |                                       |                         |       | 6,300           | 30,000             | 30,000             |                     |                                    |
| 145                  | PTC Refurbish / Replacement - SGR Reserve              |                                       |                         |       | 0               | 0                  | 18,268             | 9,134               |                                    |
| 146                  | Bi-level & Cab Car Overhauls *                         |                                       |                         |       | 8,000           | 16,000             | 16,000             | 8,000               |                                    |
| 147                  | Intelligent Transportation Systems (ITS) - SGR Reserve |                                       |                         |       | 0               | 0                  | 7,207              | 3,603               |                                    |
| 148                  | Obsession Bridge (additional funding) <sup>(5)</sup>   |                                       |                         |       | 3,500           | 7,000              | 7,000              |                     |                                    |
| 149                  | Facility Maintenance - SGR Reserve                     |                                       |                         |       | 0               | 1,760              | 6,113              | 3,056               |                                    |
| 150                  | Madill Track MOW - Rail Ties Undercutting *            |                                       |                         |       | 3,700           | 5,400              | 5,400              |                     |                                    |
| 151                  | Locomotive Overhaul (2) F59PHI <sup>(6)</sup>          |                                       |                         |       | 1,330           | 5,302              | 5,302              | 3,490               |                                    |
| 152                  | TRE DFW Track MOW *                                    |                                       |                         |       | 5,000           | 5,000              | 5,000              | 2,650               |                                    |
| 153                  | Widen Motor Street - (100%TXDOT)                       |                                       |                         |       | 2,000           | 3,000              | 3,000              | 3,000               |                                    |
| 154                  | Madill Rail Replacement                                |                                       |                         |       | 2,771           | 2,771              | 2,771              |                     |                                    |
| 155                  | DFW Bridge Replacement Program FY-13 MP-639.62         |                                       |                         |       | 2,607           | 2,607              | 2,607              |                     |                                    |
| 156                  | Bi-Level Fleet Overhaul                                |                                       |                         |       | 2,384           | 2,384              | 2,384              | 1,192               |                                    |
| 157                  | Medical District Drive *                               |                                       |                         |       | 1,050           | 2,050              | 2,050              |                     |                                    |
| 158                  | Inwood Bridge (additional funding) <sup>(7)</sup>      |                                       |                         |       | 1,000           | 2,000              | 2,000              |                     |                                    |
| 159                  | Facilities Dispatch Replacement *                      |                                       |                         |       | 1,400           | 1,400              | 1,400              | 700                 |                                    |
| 160                  | TRE DFW Rail Replacement                               |                                       |                         |       | 1,141           | 1,141              | 1,141              | 570                 |                                    |
| 161                  | Valwood Bridge -MP 703.5                               |                                       |                         |       | 949             | 949                | 949                |                     |                                    |
| 162                  | Passenger Amenities -TRE - SGR Reserve                 |                                       |                         |       | 0               | 279                | 793                |                     |                                    |
| 163                  | TRE Train Set Phase I                                  |                                       |                         |       | 741             | 741                | 741                | 370                 |                                    |
| 164                  | TRE DFW Tie Program                                    |                                       |                         |       | 724             | 724                | 724                | 362                 |                                    |
| 165                  | Calloway Cemetery Road MP 623.33 (100% The T)          |                                       |                         |       | 610             | 610                | 610                | 610                 |                                    |
| 166                  | Tarrant Main Road Crossing at MP 627.2 (100% The T)    |                                       |                         |       | 545             | 545                | 545                | 545                 |                                    |
| 167                  | Beltline Grade Separation                              |                                       |                         |       | 473             | 473                | 473                |                     |                                    |
| 168                  | Heritage Crossing Bridge - Paint                       |                                       |                         |       | 450             | 450                | 450                |                     |                                    |
| 169                  | FY16 MAP21 mandated TRE Condition Assessment           |                                       |                         |       | 380             | 380                | 380                | 190                 |                                    |
| 170                  | EMF Facility Upgrade                                   |                                       |                         |       | 256             | 256                | 256                | 128                 |                                    |
| 171                  | Station Signage *                                      |                                       |                         |       | 125             | 250                | 250                | 125                 |                                    |
| 172                  | Madill Infrastructure I35 / AGL / TXDOT *              |                                       |                         |       | 236             | 236                | 236                |                     |                                    |
| 173                  | TRE Fleet Bi-Level Fleet HPPL Signage and LLEPM        |                                       |                         |       | 258             | 258                | 258                | 129                 |                                    |
| 174                  | Replace Madill TO Brickyard Track *                    |                                       |                         |       | 200             | 200                | 200                |                     |                                    |
| 175                  | Infrastructure Technology - SGR Reserve                |                                       |                         |       | 0               | 52                 | 195                | 98                  |                                    |
| 176                  | Madill Bridge Panel Replacement *                      |                                       |                         |       | 190             | 190                | 190                |                     |                                    |
| 177                  | DFW - Bridge Panel Replacement *                       |                                       |                         |       | 168             | 168                | 168                | 89                  |                                    |
| 178                  | TRE EMF Fall Protection System *                       |                                       |                         |       | 115             | 115                | 115                | 58                  |                                    |
| 179                  | Signals and Communications Annual Appropriations *     |                                       |                         |       | 85              | 85                 | 85                 | 45                  |                                    |
| 180                  | EMF Facility Security                                  |                                       |                         |       | 75              | 75                 | 75                 | 38                  |                                    |
| 181                  | Replace 7th Street Crossing *                          |                                       |                         |       | 59              | 59                 | 59                 | 31                  |                                    |
| 182                  | Project Cashflow Timing Adjustments                    |                                       |                         |       | -18,808         | -4,145             | -9,971             |                     |                                    |
|                      | <b>Expansion/Enhancement Projects</b>                  |                                       |                         |       | \$53,850        | \$1,134,175        | \$1,242,000        | \$204,038           | \$20,699                           |
|                      | <b>State of Good Repair</b>                            |                                       |                         |       | \$31,151        | \$137,495          | \$489,603          | \$178,313           | \$0                                |
|                      | <b>Other</b>   |                                       |                         |       | \$0             | \$0                | \$0                | \$0                 | \$0                                |
|                      | <b>TOTAL COMMUTER RAIL</b>                             |                                       |                         |       | <b>\$85,001</b> | <b>\$1,271,670</b> | <b>\$1,731,603</b> | <b>\$382,351</b>    | <b>\$20,699</b>                    |





Exhibit 18  
FY 2017 Capital/Non-Operating Project Budget List  
(in Thousands)

| #          | PROJECT NAME:  | Expansion/<br>Enhancement<br>Projects | State of Good<br>Repair | Other | 2017   | 5 Year<br>Total | 20 Year<br>Total | External<br>Funding | Operating<br>Expense/<br>(Savings) |
|------------|--|---------------------------------------|-------------------------|-------|--------|-----------------|------------------|---------------------|------------------------------------|
| <b>LRT</b> |  |                                       |                         |       |        |                 |                  |                     |                                    |
| 183        | Orange Line to Union Station CBD                         |                                       |                         |       | 3,528  | \$264,080       | \$1,321,260      | \$650,000           | \$1,061                            |
| 184        | Red & Blue Line Platform Extensions                      |                                       |                         |       | 11,907 | 121,544         | 121,544          | 118,590             |                                    |
| 185        | Phase III (SOC3)   |                                       |                         |       | 41,125 | 41,125          | 41,125           |                     | 2,425                              |
| 186        | Phase II B ( Irving & Rowlett)                           |                                       |                         |       | 18,200 | 18,200          | 18,200           |                     |                                    |
| 187        | Carpenter Ranch Station                                  |                                       |                         |       | 700    | 12,000          | 12,000           | 12,000              |                                    |
| 188        | Loop 12 Station  |                                       |                         |       | 700    | 12,000          | 12,000           | 12,000              |                                    |
| 189        | CCTV - 163 SLRVs <sup>(8)</sup>                          |                                       |                         |       | 6,333  | 11,459          | 11,459           |                     |                                    |
| 190        | FY16 21 APCs for Fleet 52                                |                                       |                         |       | 1,400  | 1,400           | 1,400            |                     |                                    |
| 191        | Dallas Fair Park Link at DART SE-1                       |                                       |                         |       | 1,216  | 1,216           | 1,216            |                     |                                    |
| 192        | US75 LRT Bridge  |                                       |                         |       | 0      | 1,000           | 1,000            |                     |                                    |
| 193        | High Rail Equipment (Vehicles) Phase II                  |                                       |                         |       | 891    | 891             | 891              |                     |                                    |
| 194        | Estimated Saving from Existing Projects                  |                                       |                         |       | 0      | -30,000         | -30,000          |                     |                                    |
| 195        | LRVs Replacement - SGR Reserve                           |                                       |                         |       | 0      | 0               | 711,436          |                     |                                    |
| 196        | Right-Of-Way & Track - SGR Reserve                       |                                       |                         |       | 385    | 9,080           | 81,218           |                     |                                    |
| 197        | LRV Capital Maintenance Program - SGR Reserve            |                                       |                         |       | 0      | 9,635           | 57,450           |                     |                                    |
| 198        | Intelligent Transportation Systems (ITS) - SGR Reserve   |                                       |                         |       | 68     | 868             | 50,016           |                     |                                    |
| 199        | Passenger Amenities -LRT - SGR Reserve                   |                                       |                         |       | 1,029  | 5,915           | 40,926           |                     |                                    |
| 200        | TVM Model Replacement - SGR Reserve                      |                                       |                         |       | 0      | 0               | 37,027           |                     |                                    |
| 201        | WSA-Central Business District (CBD) Rail Replacement     |                                       |                         |       | 0      | 32,999          | 32,999           |                     |                                    |
| 202        | Uninterrupted Wayside Signal Power Systems - SGR Reserve |                                       |                         |       | 0      | 0               | 32,445           |                     |                                    |
| 203        | Traction Electrification System (TES) - SGR Reserve      |                                       |                         |       | 169    | 2,083           | 19,382           |                     |                                    |
| 204        | Central Rail Ops Facility - SGR Reserve                  |                                       |                         |       | 0      | 4,329           | 16,398           |                     |                                    |
| 205        | Hi-Rail NRV Replacement - SGR Reserve                    |                                       |                         |       | 0      | 2,716           | 12,381           |                     |                                    |
| 206        | Uninterrupted Wayside Signal Power Systems               |                                       |                         |       | 500    | 9,800           | 9,800            |                     |                                    |
| 207        | Communications - SGR Reserve                             |                                       |                         |       | 0      | 837             | 7,524            |                     |                                    |
| 208        | North West Rail Ops Facility - SGR Reserve               |                                       |                         |       | 0      | 2,117           | 7,509            |                     |                                    |
| 209        | Anti-Graffiti Window Film, LRVs- SGR Reserve             |                                       |                         |       | 0      | 887             | 5,696            |                     |                                    |
| 210        | PA-LED Lighting Retrofit for DART LRT Facilities         |                                       |                         |       | 1,531  | 4,593           | 4,593            |                     | -886                               |
| 211        | TES - Starter System TPSS Rectifier Replacement          |                                       |                         |       | 2,900  | 4,564           | 4,564            |                     |                                    |
| 212        | COMMs SONET System Replacement *                         |                                       |                         |       | 2,800  | 4,300           | 4,300            |                     |                                    |
| 213        | Signals - SGR Reserve                                    |                                       |                         |       | 0      | 500             | 4,230            |                     |                                    |
| 214        | Equipment Replacement SGR Reserve - Police               |                                       |                         |       | 0      | 149             | 3,535            |                     |                                    |
| 215        | Propulsion Retrofit to DARTs Existing LRVs Phase II      |                                       |                         |       | 3,375  | 3,375           | 3,375            |                     |                                    |
| 216        | LRV Maintenance Programs FY13-FY17                       |                                       |                         |       | 2,517  | 2,517           | 2,517            |                     |                                    |
| 217        | LRV PA Remote Unit Replacement *                         |                                       |                         |       | 36     | 1,536           | 1,536            |                     |                                    |
| 218        | Infrastructure Technology - SGR Reserve                  |                                       |                         |       | 0      | 0               | 1,529            |                     |                                    |
| 219        | Emergency Power Upgrade at CROF & S&I - SGR Reserve      |                                       |                         |       | 0      | 0               | 1,445            |                     |                                    |
| 220        | Application Technology - SGR Reserve                     |                                       |                         |       | 0      | 261             | 1,320            |                     |                                    |
| 221        | PA SGR Refurbishment - LRT Station Lift Equipment        |                                       |                         |       | 529    | 1,058           | 1,058            |                     |                                    |
| 222        | LRT Traffic Signal Priority (TSP)                        |                                       |                         |       | 0      | 1,015           | 1,015            |                     |                                    |
| 223        | Comms SCADA Front End Processor (FEP) Migration          |                                       |                         |       | 836    | 836             | 836              |                     |                                    |
| 224        | C-Car Reconfiguration - Prioritizing for Mobility *      |                                       |                         |       | 663    | 767             | 767              |                     | 63                                 |
| 225        | LRT Vehicle Business Systems (VBS)                       |                                       |                         |       | 641    | 641             | 641              |                     |                                    |
| 226        | Level Boarding Station Markers 2017 *                    |                                       |                         |       | 562    | 592             | 592              |                     |                                    |
| 227        | LRV Seat Cover Replacement *                             |                                       |                         |       | 295    | 590             | 590              |                     |                                    |
| 228        | PA Refurbishment of Red Line Elevators                   |                                       |                         |       | 586    | 586             | 586              |                     |                                    |
| 229        | Signals - Local Control Panel Replacement (SS)           |                                       |                         |       | 400    | 400             | 400              |                     |                                    |
| 230        | SIG Signal House Replacement at Meadow Crossing          |                                       |                         |       | 370    | 370             | 370              |                     |                                    |
| 231        | SIG - TWC Interrogator Replacement (SS & Ph 1) *         |                                       |                         |       | 0      | 326             | 326              |                     |                                    |
| 232        | Installation of Fiber Optic Cable in the Starter System. |                                       |                         |       | 300    | 300             | 300              |                     |                                    |
| 233        | TES Tunnel Lights Phase 2 *                              |                                       |                         |       | 0      | 285             | 285              |                     |                                    |
| 234        | PA Rail Facilities Concrete Replacement *                |                                       |                         |       | 0      | 273             | 273              |                     |                                    |
| 235        | TRK Highway Grade Crossing Panel Replacement (SS) *      |                                       |                         |       | 0      | 242             | 242              |                     |                                    |
| 236        | TES Phase 2 Motorized OCS Switches                       |                                       |                         |       | 236    | 236             | 236              |                     |                                    |
|            | <b>Expansion/Enhancement Projects</b>                    |                                       |                         |       |        |                 |                  |                     |                                    |
|            | <b>State of Good Repair</b>                              |                                       |                         |       |        |                 |                  |                     |                                    |
|            | <b>Other</b>   |                                       |                         |       |        |                 |                  |                     |                                    |



Exhibit 18  
FY 2017 Capital/Non-Operating Project Budget List  
(in Thousands)

| #                      | PROJECT NAME:  | Expansion/<br>Enhancement<br>Projects | State of Good<br>Repair | Other | 2017             | 5 Year<br>Total    | 20 Year<br>Total   | External<br>Funding | Operating<br>Expense/<br>(Savings) |
|------------------------|--|---------------------------------------|-------------------------|-------|------------------|--------------------|--------------------|---------------------|------------------------------------|
| <b>LRT (Continued)</b> |  |                                       |                         |       |                  |                    |                    |                     |                                    |
| 237                    | TES Bucket Truck Equipment *                             |                                       |                         |       | \$0              | \$195              | \$195              | \$0                 | \$0                                |
| 238                    | DFW Airport Station Customer Amenities *                 |                                       |                         |       | 171              | 180                | 180                |                     |                                    |
| 239                    | Fire Management Panel Replacement (PA-FY 14)             |                                       |                         |       | 175              | 175                | 175                |                     |                                    |
| 240                    | SIG-Battery Replacement (Starter System)                 |                                       |                         |       | 153              | 153                | 153                |                     |                                    |
| 241                    | TRK Frog & Switch Components CROF Yard                   |                                       |                         |       | 153              | 153                | 153                |                     |                                    |
| 242                    | Emergency Operations Center (EOC) *                      |                                       |                         |       | 0                | 147                | 147                |                     |                                    |
| 243                    | Track Trinity River Bridge Expansion Joint Replacement * |                                       |                         |       | 0                | 115                | 115                |                     |                                    |
| 244                    | TRK Highway Grade Crossing Panel Replacement             |                                       |                         |       | 100              | 100                | 100                |                     |                                    |
| 245                    | CROF Station Office Remodeling *                         |                                       |                         |       | 0                | 95                 | 95                 |                     |                                    |
| 246                    | Replacement of 21 Heater Units *                         |                                       |                         |       | 87               | 87                 | 87                 |                     |                                    |
| 247                    | Comms Tunnel Ventmaster System Replacement               |                                       |                         |       | 85               | 85                 | 85                 |                     |                                    |
| 248                    | Replacement of RTAC-1 and 2 (HVAC Package Units) *       |                                       |                         |       | 83               | 83                 | 83                 |                     |                                    |
| 249                    | Replacement of Digital Cross-Connect                     |                                       |                         |       | 81               | 81                 | 81                 |                     |                                    |
| 250                    | Electronic Bench Test Unit (EBTU) refurbishment *        |                                       |                         |       | 67               | 67                 | 67                 |                     |                                    |
| 251                    | Replace the Carpet at Pioneer Warehouse With Tile *      |                                       |                         |       | 65               | 65                 | 65                 |                     |                                    |
| 252                    | TRK Mitsubishi Fork Lift *                               |                                       |                         |       | 55               | 55                 | 55                 |                     |                                    |
| 253                    | NWROF 9000 Lb Capacity Fork lift *                       |                                       |                         |       | 49               | 49                 | 49                 |                     |                                    |
| 254                    | TRK Tie Changer Attachment for Geismar 360 Speed *       |                                       |                         |       | 42               | 42                 | 42                 |                     |                                    |
| 255                    | TES Trailer Mounted Height & Stagger Gauge *             |                                       |                         |       | 41               | 41                 | 41                 |                     |                                    |
| 256                    | Masterpact Low Voltage Switchgear Schneider Elec *       |                                       |                         |       | 32               | 32                 | 32                 |                     |                                    |
| 257                    | Rowlett Rail Station camera replacement *                |                                       |                         |       | 30               | 30                 | 30                 |                     |                                    |
| 258                    | TES Hydraulic Hanger Equipment (SS) *                    |                                       |                         |       | 26               | 26                 | 26                 |                     |                                    |
| 259                    | TPSS Sectionalizing Switches (SS)                        |                                       |                         |       | 25               | 25                 | 25                 |                     |                                    |
| 260                    | TRK Hydraulic Power Pack *                               |                                       |                         |       | 11               | 11                 | 11                 |                     |                                    |
| 261                    | TRK Portable Hand Tamper *                               |                                       |                         |       | 10               | 10                 | 10                 |                     |                                    |
| 262                    | Project Cashflow Timing Adjustments                      |                                       |                         |       | -20,098          | -54,459            | -5,833             |                     |                                    |
|                        | <b>Expansion/Enhancement Projects</b>                    |                                       |                         |       | \$86,001         | \$454,916          | \$1,512,096        | \$792,590           | \$3,486                            |
|                        | <b>State of Good Repair</b>                              |                                       |                         |       | \$2,173          | \$59,221           | \$1,159,941        | \$0                 | -\$823                             |
|                        | <b>Other</b>   |                                       |                         |       | \$0              | \$0                | \$0                | \$0                 | \$0                                |
|                        | <b>TOTAL LRT</b>   |                                       |                         |       | <b>\$88,174</b>  | <b>\$514,137</b>   | <b>\$2,672,037</b> | <b>\$792,590</b>    | <b>\$2,663</b>                     |
| <b>PARATRANSIT</b>     |  |                                       |                         |       |                  |                    |                    |                     |                                    |
| 263                    | Veterans Transportation & Community Living Initiative    |                                       |                         |       | \$348            | \$348              | \$348              | \$0                 | \$0                                |
| 264                    | Paratransit Ops Facility (Senate St.) - SGR Reserve      |                                       |                         |       | 32               | 795                | 5,493              |                     |                                    |
|                        | <b>Expansion/Enhancement Projects</b>                    |                                       |                         |       | \$348            | \$348              | \$348              | \$0                 | \$0                                |
|                        | <b>State of Good Repair</b>                              |                                       |                         |       | \$32             | \$795              | \$5,493            | \$0                 | \$0                                |
|                        | <b>Other</b>   |                                       |                         |       | \$0              | \$0                | \$0                | \$0                 | \$0                                |
|                        | <b>TOTAL PARATRANSIT</b>                                 |                                       |                         |       | <b>\$380</b>     | <b>\$1,143</b>     | <b>\$5,841</b>     | <b>\$0</b>          | <b>\$0</b>                         |
| <b>STREETCAR</b>       |  |                                       |                         |       |                  |                    |                    |                     |                                    |
| 265                    | Dallas Central Streetcar Link                            |                                       |                         |       | \$766            | \$92,194           | \$92,194           | \$40,000            | \$2,500                            |
| 266                    | Northern Streetcar Extension                             |                                       |                         |       | 7,091            | 7,091              | 7,091              | 7,091               |                                    |
| 267                    | Dallas TIGER Streetcar Design Build                      |                                       |                         |       | 4,000            | 4,000              | 4,000              | 4,000               |                                    |
| 268                    | Streetcar Vehicles - Extension                           |                                       |                         |       | 1,000            | 1,000              | 1,000              | 1,000               |                                    |
| 269                    | Urban Circulator Other Expense                           |                                       |                         |       | 1,000            | 1,000              | 1,000              | 1,000               |                                    |
| 270                    | Vehicle Maintenance Program SGR - Reserve                |                                       |                         |       | 0                | 242                | 1,304              |                     |                                    |
|                        | <b>Expansion/Enhancement Projects</b>                    |                                       |                         |       | \$13,857         | \$105,285          | \$105,285          | \$53,091            | \$2,500                            |
|                        | <b>State of Good Repair</b>                              |                                       |                         |       | \$0              | \$242              | \$1,304            | \$0                 | \$0                                |
|                        | <b>Other</b>   |                                       |                         |       | \$0              | \$0                | \$0                | \$0                 | \$0                                |
|                        | <b>TOTAL STREETCAR</b>                                   |                                       |                         |       | <b>\$13,857</b>  | <b>\$105,527</b>   | <b>\$106,590</b>   | <b>\$53,091</b>     | <b>\$2,500</b>                     |
|                        | <b>TOTAL CAPITAL PROJECTS</b>                            |                                       |                         |       | <b>\$261,534</b> | <b>\$2,156,880</b> | <b>\$5,745,484</b> | <b>\$1,297,040</b>  | <b>\$26,245</b>                    |



Exhibit 18  
FY 2017 Capital/Non-Operating Project Budget List  
(in Thousands)

| #   | PROJECT NAME:  | Expansion/<br>Enhancement<br>Projects | State of Good<br>Repair | Other | 2017             | 5 Year<br>Total    | 20 Year<br>Total   | External<br>Funding | Operating<br>Expense/<br>(Savings) |
|---|--|---------------------------------------|-------------------------|-------|------------------|--------------------|--------------------|---------------------|------------------------------------|
| <b>NON-OPERATING</b>  |  |                                       |                         |       |                  |                    |                    |                     |                                    |
| 271   | Transit System Plan - SGR Reserve                    |                                       |                         |       | \$0              | \$2,682            | \$11,013           | \$0                 | \$0                                |
| 272   | Asset Studies & Assessment Reserve                   |                                       |                         |       | 556              | 1,214              | 7,238              |                     |                                    |
| 273   | Capital Planning <sup>(9)</sup>                      |                                       |                         |       | 1,550            | 2,300              | 2,300              |                     |                                    |
| 274   | 2040 Transit System Plan                             |                                       |                         |       | 1,000            | 1,500              | 1,500              |                     |                                    |
| 275   | Capital Service Planning Reserve                     |                                       |                         |       | 0                | 1,500              | 1,500              |                     |                                    |
| 276   | Service Planning and Design for Non-DART             |                                       |                         |       | 500              | 1,000              | 1,000              |                     |                                    |
| 277   | Regional On-Board Survey                             |                                       |                         |       | 660              | 660                | 660                |                     |                                    |
| 278   | Transit System Plan                                  |                                       |                         |       | 200              | 400                | 400                |                     |                                    |
| 279   | HQ Relocation study                                  |                                       |                         |       | 300              | 300                | 300                |                     |                                    |
| 280   | TRE Planning/Design/Construction Management Services |                                       |                         |       | 297              | 297                | 297                | 149                 |                                    |
| 281   | WiFi on Revenue Vehicles Feasibility Study *         |                                       |                         |       | 250              | 250                | 250                |                     |                                    |
| 282   | Energy Savings Study                                 |                                       |                         |       | 100              | 100                | 100                |                     |                                    |
| 283   | TOD Investment Packages                              |                                       |                         |       | 100              | 100                | 100                |                     |                                    |
| 284   | HVAC Engineering/Mechanical Study (PA FY 12)         |                                       |                         |       | 75               | 75                 | 75                 |                     |                                    |
| 285   | Community Garden *                                   |                                       |                         |       | 62               | 62                 | 62                 |                     |                                    |
|   | <b>Expansion/ Enhancement Projects</b>               |                                       |                         |       | \$0              | \$0                | \$0                | \$0                 | \$0                                |
|   | <b>State of Good Repair</b>                          |                                       |                         |       | \$0              | \$0                | \$0                | \$0                 | \$0                                |
|   | <b>Other</b>   |                                       |                         |       | \$5,650          | \$12,440           | \$26,795           | \$149               | \$0                                |
|   | <b>TOTAL NON-OPERATING COSTS</b>                     |                                       |                         |       | <b>\$5,650</b>   | <b>\$12,440</b>    | <b>\$26,795</b>    | <b>\$149</b>        | <b>\$0</b>                         |
| <b>ROAD IMPROVEMENT</b>   |  |                                       |                         |       |                  |                    |                    |                     |                                    |
| 286   | TSM Street Repair SGR - Reserve                      |                                       |                         |       | \$0              | \$9,200            | \$9,200            | \$0                 | \$0                                |
| 287   | City of Dallas (TSM Program)                         |                                       |                         |       | 4,874            | 4,874              | 4,874              |                     |                                    |
| 288   | City of Dallas (PASS Program)                        |                                       |                         |       | 4,608            | 4,608              | 4,608              |                     |                                    |
| 289   | TSM Street Repair other Cities                       |                                       |                         |       | 1,580            | 2,480              | 2,480              |                     |                                    |
| 290   | City of Garland (PASS Program)                       |                                       |                         |       | 2,000            | 2,000              | 2,000              |                     |                                    |
| 291   | City of Garland (TSM Program)                        |                                       |                         |       | 268              | 268                | 268                |                     |                                    |
|   | <b>Expansion/ Enhancement Projects</b>               |                                       |                         |       | \$13,330         | \$23,430           | \$23,430           | \$0                 | \$0                                |
|   | <b>State of Good Repair</b>                          |                                       |                         |       | \$0              | \$0                | \$0                | \$0                 | \$0                                |
|   | <b>Other</b>   |                                       |                         |       | \$0              | \$0                | \$0                | \$0                 | \$0                                |
|   | <b>TOTAL ROAD IMPROVEMENT</b>                        |                                       |                         |       | <b>\$13,330</b>  | <b>\$23,430</b>    | <b>\$23,430</b>    | <b>\$0</b>          | <b>\$0</b>                         |
|   | <b>Expansion/ Enhancement Projects</b>               |                                       |                         |       | \$180,575        | \$1,765,016        | \$2,930,022        | \$1,062,508         | \$26,404                           |
|   | <b>State of Good Repair</b>                          |                                       |                         |       | \$90,444         | \$409,307          | \$2,832,906        | \$234,302           | -\$710                             |
|   | <b>Other</b>   |                                       |                         |       | \$9,495          | \$18,427           | \$32,782           | \$379               | \$552                              |
|   | <b>TOTAL CAPITAL &amp; NON-OPERATING</b>             |                                       |                         |       | <b>\$280,514</b> | <b>\$2,192,750</b> | <b>\$5,795,709</b> | <b>\$1,297,189</b>  | <b>\$26,245</b>                    |
|   | <b>CAPITAL PLANNING DEVELOPMENT, START-UP COST</b>   |                                       |                         |       | <b>\$8,580</b>   | <b>\$55,204</b>    | <b>\$220,733</b>   | <b>\$0</b>          | <b>\$0</b>                         |
|   | <b>GRAND TOTAL</b>                                   |                                       |                         |       | <b>\$289,094</b> | <b>\$2,247,955</b> | <b>\$6,016,442</b> | <b>\$1,297,189</b>  | <b>\$26,245</b>                    |
| * Project New in FY17<br>1) Budget increase of \$7.5M requested in FY17<br>2) Budget increase of \$1.89M requested in FY17<br>3) Budget increase of \$200K requested in FY17<br>4) Budget increase of \$500K requested in FY17<br>5) Budget increase of \$7M requested in FY17<br>6) Budget increase of \$663k requested in FY17<br>7) Budget increase of \$2M requested in FY17<br>8) Budget increase of \$7.25M requested in FY17<br>9) Budget increase of \$500k requested in FY17 |  |                                       |                         |       |                  |                    |                    |                     |                                    |

## 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* – The Board has authorized the issuance of up to \$200 million in Commercial Paper notes, backed by self-liquidity, for capital acquisition purposes. A requirement of the self-liquidity program is that DART maintains at least 2.0 times the debt service coverage amount for the notes and ensures that no more than \$35 million of the notes mature within five days. As of September 2016, DART had \$170 million in Commercial Paper debt outstanding.

### 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, 2017, it is projected that DART will have approximately \$3.27 billion in bonds outstanding, as well as \$140 million in CP.

### Debt Program Implementation

*Commercial Paper* – DART is planning to retire \$30 million in CP in each of the next five years, and the remaining \$20 million in 2022. Additional issuances will begin in 2025 to provide the initial funding for DART's bus fleet replacement, totaling \$350 million, which will be repaid by 2036.

Short-term interest rates are expected to average 65 basis points in 2017, increasing slowly each year until they reach 4.00% by 2026.



*Long-Term Bonds* – DART believes 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. DART has never issued variable rate long-term debt and has no current plans to do so. However, the market will be analyzed for each future debt issuance and either fixed-rate or variable-rate debt may be issued depending on which type of debt is in the best interest of DART at that time.

In the next five years, DART anticipates issuing \$1.26 billion in support of the Program of Interrelated Projects (Core Capacity Program), the Cotton Belt, and other capital projects. Beyond that, \$700 million of debt is planned between 2025 and 2027 to fund the replacement/refurbishment of the first light rail fleet (95 vehicles).

Exhibit 19 summarizes the major commercial paper and long-term debt assumptions. The exact timing, nature, and amounts of long-term debt issuances may be adjusted from Financial Plan estimates depending on interest rates and other considerations, as determined at the time of issuance.

Exhibit 19  
FY 2017 Financial Plan Debt Assumptions

| Description                             | Commercial Paper (CP)            |  | Long-Term Debt (LTD) |  |
|---|----------------------------------|--|----------------------|--|
|   | FY 2017                          | Future   | FY 2017              | Future                                   |
| <b>Term</b>                             | <b>Rolling for up to 7 years</b> | <b>Rolling for up to 11 years</b>                | <b>None</b>          | <b>Up to 32 years</b>                    |
| Interest rates + fees                   | 0.65%                            | 1.0% - 4.0%                                      | None                 | 2.2% - 5.0%<br>Fixed Rate                |
| Principal Repayment                     | n/a                              | All current CP will be retired by end of FY 2022 | \$54.0 M             | 5-Year Deferred Principal and Level Debt |
| Net CP* / Total Long-Term Debt issued** | (\$30M)                          | (\$170M)   | n/a                  | \$2.16B                                  |
| End of Year - Maximum debt outstanding  | \$140M                           | \$350M   | \$3.27B              | \$4.66B                                  |
| Year of maximum debt outstanding        | n/a                              | FY 2028-2030                                     | n/a                  | FY 2027                                  |
| Cash reserves required?                 | Yes                              | Yes  | No                   | No                                       |
| Uninsured Debt Rating assumed           | A1+/P1                           | A1+/P1   | n/a                  | AA+/Aa2                                  |

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

\*\* Amounts shown are for issuances between 2017 and 2036 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. From 2013 to 2016, the expected subsidy has been reduced by a

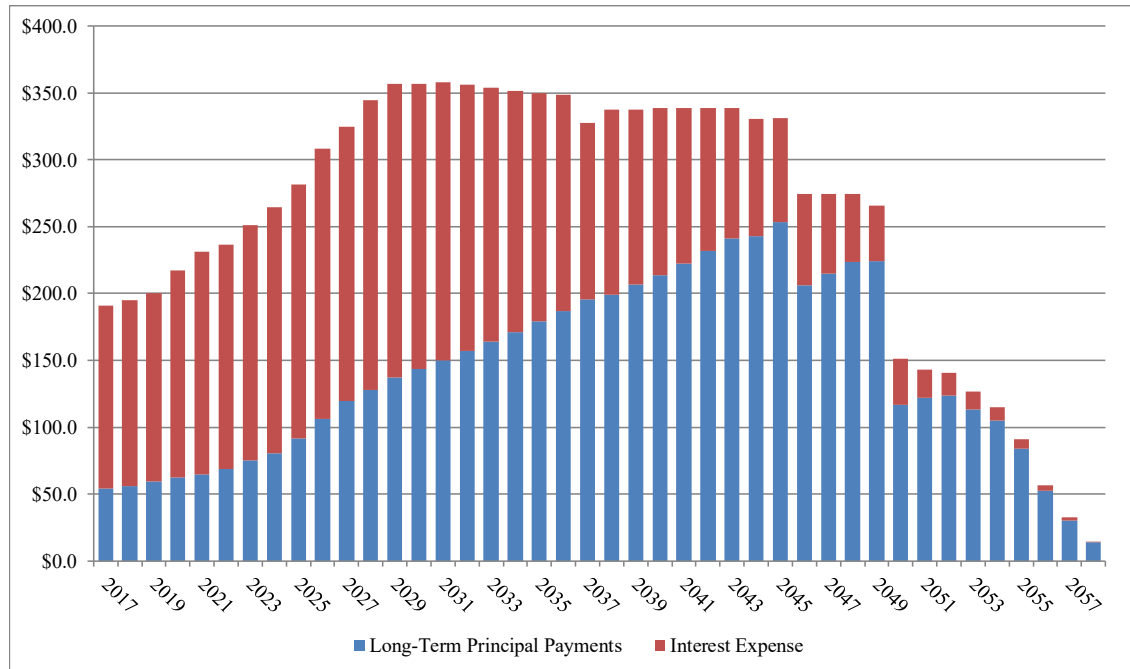
total of \$7.8 million (7.3%). These reductions are scheduled to last for a total of 12 years. Projecting future reductions based on the 2017 reduction percentage of 6.9%, an additional \$16.8 million of anticipated subsidy will not be received. That results in a total estimated subsidy reduction of \$24.6 million over the 12-year period of the sequester.



### Debt Service Costs (lines 30 - 32 of the Financial Plan)

Exhibit 20 illustrates debt service costs for all existing and projected debt issuances contained in the FY 2017 Financial Plan. Interest expense payments are shown net of the (BABs) subsidy, thus showing only DART's net interest cost.

Exhibit 20  
FY 2017 Financial Plan Principal and Interest Payments  
(in Millions)



### Coverage Ratios (lines 33 – 34 of the Financial Plan)

Financial Standard D-7 requires 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 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 2017 Financial Plan, the lowest external coverage value is 2.54 in 2026.

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 FY 2017 Financial Plan meets this standard for all years, with a minimum value of 1.17 in 2018.

Exhibits 21 and 22 compare the projected annual values of the internal and external coverage ratios from the FY 2016 Plan to those in the FY 2017 Plan. The reduced coverage ratios in the middle years of the Plan is reflective of new debt service for D2 and the earlier date of service for the Cotton Belt. But this also results in higher (and improving) coverage ratios in the out years of the Plan.

Exhibit 21  
Projected Coverage Ratio Comparison

| Year | FY16 Financial Plan |                   | FY17 Financial Plan |                   | Variance          |                   |
|------|---------------------|-------------------|---------------------|-------------------|-------------------|-------------------|
|      | External Coverage   | Internal Coverage | External Coverage   | Internal Coverage | External Coverage | Internal Coverage |
| 2017 | 2.73                | 1.13              | 2.97                | 1.33              | 0.24              | 0.20              |
| 2018 | 2.72                | 1.13              | 2.92                | 1.17              | 0.19              | 0.04              |
| 2019 | 2.69                | 1.13              | 2.95                | 1.20              | 0.26              | 0.07              |
| 2020 | 2.61                | 1.11              | 2.85                | 1.22              | 0.24              | 0.11              |
| 2021 | 2.74                | 1.21              | 2.84                | 1.30              | 0.09              | 0.10              |
| 2022 | 2.91                | 1.33              | 2.90                | 1.36              | (0.01)            | 0.02              |
| 2023 | 3.08                | 1.50              | 2.84                | 1.35              | (0.25)            | (0.16)            |
| 2024 | 3.21                | 1.60              | 2.78                | 1.35              | (0.43)            | (0.25)            |
| 2025 | 3.18                | 1.55              | 2.63                | 1.24              | (0.56)            | (0.31)            |
| 2026 | 3.09                | 1.53              | 2.54                | 1.23              | (0.55)            | (0.30)            |
| 2027 | 3.12                | 1.59              | 2.55                | 1.27              | (0.57)            | (0.32)            |
| 2028 | 2.98                | 1.61              | 2.57                | 1.32              | (0.41)            | (0.29)            |
| 2029 | 3.15                | 1.74              | 2.60                | 1.39              | (0.55)            | (0.35)            |
| 2030 | 3.31                | 1.87              | 2.71                | 1.45              | (0.60)            | (0.42)            |
| 2031 | 3.44                | 1.97              | 2.79                | 1.50              | (0.66)            | (0.47)            |
| 2032 | 3.35                | 1.89              | 2.79                | 1.46              | (0.57)            | (0.43)            |
| 2033 | 2.99                | 1.78              | 2.90                | 1.54              | (0.09)            | (0.24)            |
| 2034 | 2.57                | 1.53              | 3.05                | 1.70              | 0.48              | 0.17              |
| 2035 | 2.42                | 1.44              | 3.23                | 1.85              | 0.81              | 0.41              |
| 2036 | 2.57                | 1.54              | 3.39                | 1.99              | 0.83              | 0.46              |

Exhibit 22  
Projected Coverage Ratio Comparison

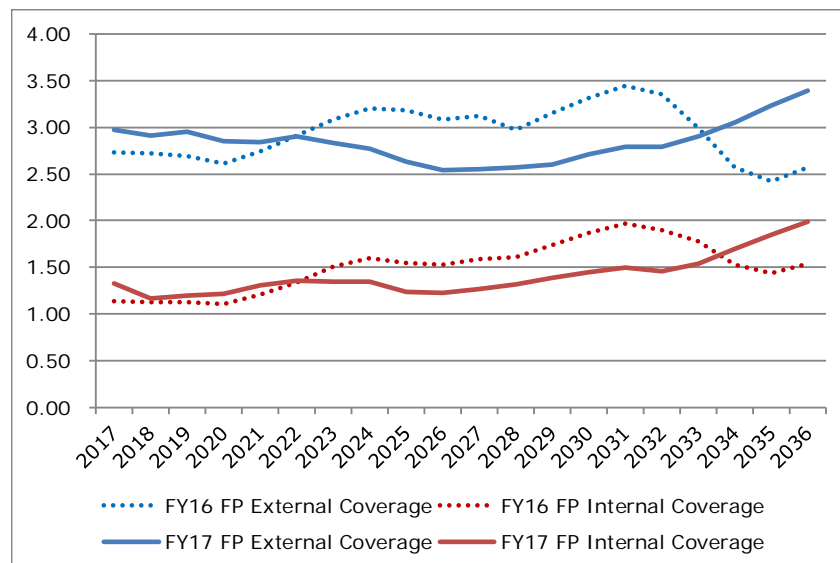


Exhibit 23 shows the interest rate assumptions contained in the FY 2017 Financial Plan.

Exhibit 23  
Interest Rate Assumptions 2017 – 2036

| Year | Commercial Paper | 30-Year Fixed Rate Bonds | Interest Income |
|------|------------------|--------------------------|-----------------|
| 2017 | 0.65%            | 3.75%                    | 0.75%           |
| 2018 | 1.00%            | 4.00%                    | 1.25%           |
| 2019 | 1.25%            | 4.25%                    | 1.55%           |
| 2020 | 1.50%            | 4.50%                    | 1.90%           |
| 2021 | 1.75%            | 4.75%                    | 2.25%           |
| 2022 | 2.00%            | 5.00%                    | 2.70%           |
| 2023 | 2.25%            | 5.25%                    | 3.15%           |
| 2024 | 2.50%            | 5.50%                    | 3.50%           |
| 2025 | 3.25%            | 5.75%                    | 4.25%           |
| 2026 | 4.00%            | 6.00%                    | 5.00%           |
| 2027 | 4.00%            | 6.00%                    | 5.00%           |
| 2028 | 4.00%            | 6.00%                    | 5.00%           |
| 2029 | 4.00%            | 6.00%                    | 5.00%           |
| 2030 | 4.00%            | 6.00%                    | 5.00%           |
| 2031 | 4.00%            | 6.00%                    | 5.00%           |
| 2032 | 4.00%            | 6.00%                    | 5.00%           |
| 2033 | 4.00%            | 6.00%                    | 5.00%           |
| 2034 | 4.00%            | 6.00%                    | 5.00%           |
| 2035 | 4.00%            | 6.00%                    | 5.00%           |
| 2036 | 4.00%            | 6.00%                    | 5.00%           |

#### 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 106. Exhibit 107 is a history of DART's long-term bond issuance credit ratings. Exhibit 108 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 36-37 of the Financial Plan)

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 2017 Financial Plan 5-Year Balance Sheet  
(in Millions – Inflated Dollars)

| Description                                    | 2017             | 2018             | 2019             | 2020             | 2021             |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>ASSETS</b>                                  |                  |                  |                  |                  |                  |
| <b>CURRENT ASSETS</b>                          |                  |                  |                  |                  |                  |
| Cash and cash equivalents & Investments        | \$684.7          | \$548.0          | \$628.0          | \$589.0          | \$605.4          |
| Sales taxes receivable                         | 98.1             | 98.1             | 102.0            | 107.1            | \$113.5          |
| Transit revenue receivable, net                | 3.0              | 2.9              | 3.3              | 3.3              | \$3.4            |
| Due from other governments                     | 11.5             | 17.5             | 14.7             | 10.4             | \$29.9           |
| Material and supplies inventory                | 38.0             | 39.2             | 40.4             | 41.6             | \$42.8           |
| Prepaid Expenses                               | 3.0              | 3.0              | 3.0              | 3.0              | 3.0              |
| <b>TOTAL CURRENT ASSETS</b>                    | <b>\$838.3</b>   | <b>\$708.6</b>   | <b>\$791.4</b>   | <b>\$754.4</b>   | <b>\$798.0</b>   |
| Notes Receivable & Investment in Joint Venture | \$16.6           | \$15.2           | \$13.9           | \$12.8           | \$9.4            |
| Property, Plant & Equipment, Net               | 4,518.3          | 4,549.7          | 4,644.2          | 4,839.9          | 5,105.9          |
| Capital Lease Liabilities                      | 111.7            | 113.9            | 116.2            | 118.7            | 121.2            |
| Unamortized debt issuance costs and other      | 0.3              | 0.3              | 0.3              | 0.3              | 0.3              |
| Investments in managed HOV lane agreements     | 13.6             | 13.6             | 13.6             | 13.6             | 13.6             |
| Deferred Outflows of Resources                 | 43.3             | 42.1             | 41.0             | 40.0             | 38.9             |
| <b>TOTAL ASSETS</b>                            | <b>\$5,542.1</b> | <b>\$5,443.5</b> | <b>\$5,620.7</b> | <b>\$5,779.6</b> | <b>\$6,087.4</b> |
| <b>LIABILITIES AND EQUITY</b>                  |                  |                  |                  |                  |                  |
| <b>CURRENT LIABILITIES</b>                     |                  |                  |                  |                  |                  |
| Accounts payable and accrued liabilities       | \$136.4          | \$151.1          | \$173.6          | \$188.3          | \$204.3          |
| Commercial Paper notes payable                 | 140.0            | 110.0            | 80.0             | 50.0             | 20.0             |
| Current portion of Long-term Debt Payable      | 54.0             | 55.9             | 59.5             | 62.1             | 64.9             |
| Local Assistance Program payable               | 0.7              | 0.0              | 0.0              | 0.0              | 0.0              |
| Retainage payable                              | 21.9             | 25.1             | 31.8             | 38.9             | 44.7             |
| Unearned Revenue & Other Liabilities           | 114.1            | 114.1            | 114.1            | 114.1            | 114.1            |
| <b>TOTAL CURRENT LIABILITIES</b>               | <b>\$467.0</b>   | <b>\$456.2</b>   | <b>\$458.9</b>   | <b>\$453.4</b>   | <b>\$447.9</b>   |
| Senior Lien Sales Tax Revenue Bonds Payable    | 3,290.4          | 3,299.5          | 3,640.1          | 3,997.9          | 4,308.0          |
| Net Pension Liability                          | 61.4             | 59.1             | 56.4             | 53.4             | 49.9             |
| Capital Lease Liabilities                      | 111.7            | 113.9            | 116.2            | 118.7            | 121.2            |
| <b>TOTAL LIABILITIES</b>                       | <b>\$3,930.5</b> | <b>\$3,928.7</b> | <b>\$4,271.6</b> | <b>\$4,623.4</b> | <b>\$4,927.0</b> |
| <b>NET ASSETS (EQUITY)</b>                     | <b>\$1,611.5</b> | <b>\$1,514.8</b> | <b>\$1,349.1</b> | <b>\$1,156.3</b> | <b>\$1,160.3</b> |
| <b>TOTAL LIABILITIES &amp; NET ASSETS</b>      | <b>\$5,542.1</b> | <b>\$5,443.5</b> | <b>\$5,620.7</b> | <b>\$5,779.6</b> | <b>\$6,087.4</b> |

Cash Reserves and Restricted Funds (line 40 of the Financial Plan)

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 \$10.0 million on September 30, 2016.

Financial Standard G-7 requires that sales tax collections that exceed budget during a fiscal year be placed in a "Financial Reserve" account. 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 Financial Reserve is at \$50 million so all future sales tax excesses will be placed in the Capital Reserve.

DART has pledged up to \$10 million of the Financial Reserve Fund as collateral 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 41 of the Financial Plan)

DART received 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 42 of the Financial Plan)

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 43 of the Financial Plan)

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, 2016 was approximately \$20.2 million. Any excess sales tax revenues over the FY 2016 budget will be added to this reserve on or before December 31, 2016. Note, the approved FY 2017 Financial Plan reflects the use of these funds for capital projects including the acceleration of the Cotton Belt commuter rail project.

Unrestricted Cash (Net Available Cash) (line 44 of the Financial Plan)

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 2017 Financial Plan, the minimum value of Unrestricted Cash is \$46.6 million, occurring in 2029. 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 on hand at the end of 2029 inclusive of all reserves and restricted funds is projected at \$314.5 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. Local government investment pools are used to provide diversity and facilitate daily funding of cash outflows.

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

DART Commercial Paper System Expansion & Acquisition Fund

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



### Financial Reserve Fund

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

### Insurance Reserve Fund

DART's self-insurance program for liability and workers' compensation claims requires the preservation of assets to ensure funding capability. The reserve amount required will vary on a yearly basis as new claims offset claims payments. The fund will be adjusted no less frequently than yearly to reflect the appropriate level, upon approval of the Investment Officers, and after consultation with Risk Management. The lack of liquidity requirements in this fund allows for an average maturity of four years or less, with a maximum maturity for any single holding of ten years. Capital preservation is valued above yield, but the stable balance and minimal cash outflow permits a higher level of interim market price volatility than in other DART portfolios.

### 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 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 in short-term securities that are issued or guaranteed by the U.S. government or U.S. government agencies, or direct obligations of the U.S. government and its agencies with maturities closely matched to specific payment requirements. The average maturity of these funds shall not exceed 90 days, with a maximum maturity of one year.

#### Capital Reserve Fund

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

#### DART Bond System Expansion & Acquisition Fund

The Bond proceeds in this fund are held up to 36 months between the sale of DART's long-term bonds and contract payments to finance capital projects. The investment goals in this fund will be to provide capital preservation, liquidity needs, and investment return. To meet the investment goals, investments will be in high grade corporate and government/agency instruments and local government investment pools. 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.

#### 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.



Exhibit 25 summarizes projected cashflows into and out of each fund for FY 2016 and FY 2017.

Exhibit 25  
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              |
|---|--------------------|-------------------|-----------------|-----------------|------------|-------------------|------------|-----------------|-----------------|--------------------|
| <b>Beginning Balance (10/1/15)</b>        | <b>\$728,282</b>   | <b>\$50,000</b>   | <b>\$3,960</b>  | <b>\$11,275</b> | <b>\$0</b> | <b>\$108,898</b>  | <b>\$0</b> | <b>\$60,001</b> | <b>\$7,575</b>  | <b>\$969,991</b>   |
| Revenues                                  |                    |                   |                 |                 |            |                   |            |                 |                 |                    |
| Sales Taxes                               | \$542,379          |                   |                 |                 |            |                   |            |                 |                 | 542,379            |
| Operating Revenues                        | 86,545             |                   |                 |                 |            |                   |            |                 |                 | 86,545             |
| Draws from Grants                         | 81,965             |                   |                 |                 |            |                   |            |                 |                 | 81,965             |
| Interest Income                           | 5,825              | 428               | 135             | 96              | 0          | 316               | 0          | 84              |                 | 6,884              |
| Other Revenues                            | 63,103             |                   |                 |                 | 0          |                   | 0          | 257             |                 | 63,360             |
| Transfers into Fund                       | 3,912              |                   | 16,002          |                 | 0          | 222,250           |            |                 | 4,945           | 247,109            |
| <b>Total Fund Sources</b>                 | <b>\$783,729</b>   | <b>\$428</b>      | <b>\$16,137</b> | <b>\$96</b>     | <b>\$0</b> | <b>\$222,566</b>  | <b>\$0</b> | <b>\$341</b>    | <b>\$4,945</b>  | <b>\$1,028,242</b> |
| Expenditures/Payments                     |                    |                   |                 |                 |            |                   |            |                 |                 |                    |
| Operating Expenses                        | 472,933            |                   |                 |                 |            |                   |            |                 |                 | 472,933            |
| Capital Expenditures                      | 159,914            |                   |                 |                 |            |                   |            |                 |                 | 159,914            |
| Interest Expense                          |                    |                   |                 |                 |            | 178,572           |            |                 |                 | 178,572            |
| Principal Payment                         |                    |                   |                 |                 |            | 48,115            |            |                 |                 | 48,115             |
| Other Expenditures                        | 30,000             |                   |                 |                 |            |                   |            |                 |                 | 30,000             |
| Transfers Out                             | 237,888            | 428               |                 | 1,349           | 0          |                   | 0          | 0               | 7,444           | 247,108            |
| <b>Total Fund Uses</b>                    | <b>\$900,734</b>   | <b>\$428</b>      | <b>\$0</b>      | <b>\$1,349</b>  | <b>\$0</b> | <b>\$226,687</b>  | <b>\$0</b> | <b>\$0</b>      | <b>\$7,444</b>  | <b>\$1,136,642</b> |
| <b>Projected Ending Balance (9/30/16)</b> | <b>\$611,276</b>   | <b>\$50,000</b>   | <b>\$20,097</b> | <b>\$10,022</b> | <b>\$0</b> | <b>\$104,776</b>  | <b>\$0</b> | <b>\$60,342</b> | <b>\$5,076</b>  | <b>\$861,590</b>   |
| Revenues                                  |                    |                   |                 |                 |            |                   |            |                 |                 |                    |
| Sales Taxes                               | \$563,578          |                   |                 |                 |            |                   |            |                 |                 | \$563,578          |
| Operating Revenues                        | 85,289             |                   |                 |                 |            |                   |            |                 |                 | \$85,289           |
| Draws from Grants                         | 114,634            |                   |                 |                 |            |                   |            |                 |                 | \$114,634          |
| Interest Income                           | 4,286              | 504               | 204             | 96              | 0          | 378               | 0          | 276             |                 | \$5,744            |
| Other Revenues                            | 75,946             |                   |                 |                 |            |                   |            |                 | 10,970          | \$86,916           |
| Transfers into Fund                       | 25,592             |                   | 504             |                 |            | 222,053           |            |                 |                 | \$248,149          |
| <b>Total Fund Sources</b>                 | <b>\$869,325</b>   | <b>\$504</b>      | <b>\$708</b>    | <b>\$96</b>     | <b>\$0</b> | <b>\$222,431</b>  | <b>\$0</b> | <b>\$276</b>    | <b>\$10,970</b> | <b>\$1,104,310</b> |
| Expenditures/Payments                     |                    |                   |                 |                 |            |                   |            |                 |                 |                    |
| Operating Expenses                        | 495,049            |                   |                 |                 |            |                   |            |                 |                 | \$495,049          |
| Capital Expenditures                      | 289,218            |                   |                 |                 |            |                   |            |                 |                 | \$289,218          |
| Interest Expense                          |                    |                   |                 |                 |            | 165,180           |            |                 |                 | \$165,180          |
| Principal Payment                         |                    |                   |                 |                 |            | 53,562            |            |                 |                 | \$53,562           |
| Other Expenditures                        | 30,000             |                   |                 |                 |            |                   |            |                 |                 | \$30,000           |
| Transfers Out                             | 222,053            | 504               |                 | 96              | 0          |                   | 0          | 11,904          | 13,592          | \$248,149          |
| <b>Total Fund Uses</b>                    | <b>\$1,036,320</b> | <b>\$504</b>      | <b>\$0</b>      | <b>\$96</b>     | <b>\$0</b> | <b>\$218,742</b>  | <b>\$0</b> | <b>\$11,904</b> | <b>\$13,592</b> | <b>\$1,281,157</b> |
| <b>Projected Ending Balance (9/30/17)</b> | <b>\$444,282</b>   | <b>\$50,000</b>   | <b>\$20,805</b> | <b>\$10,022</b> | <b>\$0</b> | <b>\$108,466</b>  | <b>\$0</b> | <b>\$48,714</b> | <b>\$2,454</b>  | <b>\$684,743</b>   |

## MAJOR FINANCIAL PLAN ASSUMPTIONS

### Sources of Funds

- The FY 2017 Twenty-Year Financial Plan contains an economic cycles approach to sales tax forecasting instead of a roughly straight-line approach used in financial plans prior to 2016. Actual sales tax revenues have been over budget for each of the last five years since bottoming in FY 2010 and are currently projected to be slightly over budget again in FY 2016. 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 2016 with \$543 million in sales tax receipts. That would equate to 4.7% growth over FY 2015 receipts and 6.3% average annual growth over the last six years. The FY 2017 Financial Plan calls for growth rates of 3.8% (over projected FY 2016 receipts) in FY 2017 and 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 3.9%. 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 110 and 111 in the *Reference Section*. The next fare increase had been programmed in the Financial Plan at the beginning of FY 2018. To coordinate with the implementation of the comprehensive fare payment system, this fare increase has been pushed back. According to the Plan, this fare change is estimated to increase fixed-route average fare by 17%. Future increases to fare revenue are programmed into the Plan in 2024 and at five-year intervals after that. 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 may 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.
- Ridership over the next few years will be affected by several different factors, including service changes. Over the last several years, Bus ridership has been declining and Rail ridership has been stagnant once new line segment openings have been factored out. Ridership information for each mode follows:

- Over the next five years, Bus Ridership is only projected to grow at an average rate of 1.054%. It is projected to be flat for 2017 and grow slightly in each of the next four years. Because of the fare increase scheduled for 2019, a loss in ridership would normally be projected for that year. But as mentioned earlier in this section, DART Bus service is currently undergoing a Comprehensive Operations Analysis (COA). As a result, DART has built \$10 million in additional annual bus service into the Plan beginning in FY 2019. This represents a 4-5% increase in service so any expected loss in ridership due to the fare increase is expected to be offset by the gains from the additional service. Please note that the Plan currently assumes all service changes will take place on October 1, 2018. This will likely not be the case and these changes may be factored in over the next several years.
- Another factor which might impact ridership is the installation of Automatic Passenger Counters (APCs) on the bus fleet over the next several years. There is a strong suspicion that bus ridership is actually higher than we are reporting, but we just aren't capturing it. The use of APCs was found to be much more accurate than manual counting and boosted reported ridership by 15% when they were implemented on the Light Rail system.
- Light Rail Ridership (including Streetcar) is projected to grow by an average of 0.78% per year over the next five years. This is inclusive of the opening of SOC-3, increased streetcar operations and is net of the depressive effect of the fare increase in FY 2019.
- TRE ridership is expected to grow by 4.7% from the 2.13 million passengers currently projected for 2016. This is primarily the result of a significant restructuring of the train schedule and an increase in revenue service. Beyond that, average annual growth is less than 0.5% per year once the impact of the 2019 fare increase is factored in.
- Paratransit ridership is expected to increase by approximately 2.5 – 3.0% over the life of the FY 2017 Financial Plan. FY 2017 ridership levels are projected at 833,000. Paratransit fares were not increased during the FY 2013 fare change and remained at \$3 per trip.
- Vanpool ridership has been below budget for the last several years due in part to falling gasoline prices and poor service from the prior vanpool contractor. The Vanpool vendor was changed in late 2015 and demand has begun to increase. Ridership is expected to increase 5.4% from a projected 795,000 passenger trips in FY 2016 to 838,000 in FY 2017 and by 1% per year thereafter. Vanpool riders do not pay fares in the traditional sense and therefore ridership is not negatively impacted by future fare increases.
- 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 2017 advertising revenues are budgeted at \$3.8 million, in line with expected 2016 revenues. These revenues are projected to 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% in 2026. They remain at that rate for the remainder of the Financial Plan.
- DART expects to receive \$82.4 million in Federal Formula allocations for Capital Preventive Maintenance, Fixed Guideway Modernization, Bus & Bus Facilities, Transit Enhancement and Security project funds in 2017. This includes DART's annual formula fund allocation plus the rollover of unspent funds that were allocated in prior years. Per Financial Standard B-10, these funds are to be programmed at the most recent known allocation throughout the life of the Plan and not increased, despite a history of growth. The current annual allocation of formula funds is \$74.0 million. An exception is made for formula funds that will be generated by the opening of the Cotton Belt in 2022.
- Congestion Mitigation/Air Quality (CMAQ) or Texas Mobility Funds (TMF) in the amount of \$9.4 million is programmed to be received in FY 2017 and another \$10.85 million in 2018. No additional CMAQ or TMF funds are included in the Financial Plan beyond 2021. 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 more than 15.6% of a \$6.02 billion 20-year capital program. Beyond already existing discretionary grants, DART has assumed the following federal participation in future programs:
  - \$758.6 million is assumed to be received between 2021 and 2023 for the Program of Interrelated Projects (Core Capacity Program);
  - \$103.3 million for Cotton Belt Rail scheduled to be received between 2018 and 2021;
  - \$17.6 million for bus purchases between 2017 and 2020. All future bus purchases are conservatively assumed to be 10% grant funded. These future grants total \$41.1 million between 2025 and 2032; and
  - \$19.0 million on various other capital projects.
- \$112.5 million in other external capital contributions between 2017 and 2021, including:
  - \$71.1 million from FWTa for their contribution to TRE capital programs;
  - \$9.1 million for Downtown Streetcar projects;
  - \$24 million to fund the Loop 12 and Carpenter Ranch in-fill stations on the Orange Line;
  - \$5 million Addison contribution to the Cotton Belt project; and
  - \$3.8 million in contributions for other capital projects.



- An additional \$33.1 million is expected from several sources between 2022 and 2035 to support operations, maintenance, and debt service for the Cotton Belt and \$139.5 million from FWTa to pay for their portion of TRE Capital Projects.

### Uses of Funds

#### *Operating Expenses*

- DART's operating budget is \$494.9 million in FY 2017. This is the same operating budget as in FY 2016. According to the FY 2016 Financial Plan, the budget was supposed to rise to \$504.7 million. However, two consecutive years resulting in savings vs. budget in excess of \$20 million resulted in a tightening of the budget for FY 2017, despite \$5.8 million in new services.
- 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 2.2-2.3% per year over the life of the Plan. This means that DART-allowed inflation per this standard is roughly 1.95% – 2.05% per year.
- Bus service costs have only grown by an average of 2.4% over the last 5 years. This has been accomplished primarily by savings in the following 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;
  - Selective service reductions on low-performing routes; and
  - The agency-wide budget tightening for FY 2017.
- Light Rail service costs have increased from \$79.4 million (21.6% of the total operating budget) in 2009 to \$166.1 million (33.5%) planned for 2017 as a result of DART more than doubling its Light Rail system from 45 miles at the beginning of FY 2009 to 93 miles early in FY 2017.
- TRE contract costs are programmed at contract rates for current service levels. Total contract costs will be less during FY 2017 than in FY 2016, but there will not be as much of a reduction as thought when last year's Plan was prepared. Instead of reducing costs, TRE will be expanding service significantly in FY 2017. Providing more frequent, and therefore more convenient service should help spur flagging ridership.
- 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 (~\$13 million per year), including both capital and operating savings. However, concurrent to the start of 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. As the population continues to age, ridership continues to increase. DART Mobility Management encourages those passengers that are able to ride fixed route service to do so, providing travel training as necessary as well as free fixed route fares for Paratransit-eligible patrons.

- 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 2017 Financial Plan remains authorized 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.
- 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 \$41.7 million over the FY 2016 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 (or its replacement) on DART's 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 2017 Financial Plan includes funding for the completion of 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). This line segment went into revenue service on October 24, 2016.
- The FY 2017 Plan includes \$1.5 billion in a Program of Interrelated Projects (the “Core Capacity Program”). \$809 million (54%) of these projects are to be funded by grants and external contributions. This program includes:
  - 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; and
  - An expanded streetcar system.
- 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 was the Full Double-track, DFW-to-Plano (Southern alignment) with a shallow trench across North Dallas and including a station at Cypress Waters. The total construction cost was \$2.9 billion. For the FY 2017 Financial Plan, service has been accelerated to begin in FY 2022. In order to accomplish this, the Plan includes approximately \$200 million combined in federal funds for construction and other local external contributions. The project has also been re-scoped to predominantly single-track with sidings. This reduces the projected cost to \$1.1 billion.
- DART is in the process of replacing its entire bus fleet, to be completed by early FY 2017. Through a contract with North American Bus Industries (NABI), 459 heavy-duty, low-floor, CNG-fueled, ADA-accessible buses provided by are already 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 late calendar 2016. The next bus fleet replacement is scheduled to occur 2025 – 2028.
- In the Capital/Non-Operating Program over the next 20 years, DART has allocated \$2.83 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.
- 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 were no start-up costs in the FY 2016 budget. The FY 2017 budget includes \$750,000 in start-up costs 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.

### *Debt Service*

- DART will retire all currently outstanding commercial paper by 2022. DART will then issue \$350 million in commercial paper between 2025 and 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. That \$350 million is scheduled to be repaid between 2031 and 2036.
- \$1.85 billion in debt is scheduled to be issued between 2018 and 2023 in support of the Program of Interrelated Projects, the Cotton Belt and other infrastructure projects.
- Through the completion of the current Service Plan elements described above, DART is anticipated to have issued \$5.5 billion in long-term bonds (excluding refunding bonds).
- \$700 million in long-term debt will be issued between 2025 and 2027 to fund the rehabilitation and replacement of DART's first fleet of Light Rail vehicles.
- 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), projects annual growth rates near 5% for the next several years before slowly declining to 3.8% by the end of the Plan. Because of the insertion of additional major capital projects over the last several years (Program of Interrelated Projects, Positive Train Control, and the Cotton Belt), DART is in a tightly constrained period of financial resources through the late 2020s before additional financial capacity opens up. As a result, any sizeable revenue shortfall in the next 10-15 years 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 surely 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 expansion of regional public transportation beyond borders of the DART service area, on December 8, 2015, the DART Board amended its Policy III.07 DART Services beyond the Service Area Boundary. Under this amended policy, DART or its Local Government Corporation is able to provide contract services to a municipality or county outside the service area, provided that: 1) the entity pays for 100% of the cost of the contracted service (including capital costs, access and impact fees); 2) a full transit system plan is developed within 36 months of the initial contract; and 3) a plan to become a DART member is developed.

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 2017 Plan includes \$74.0 million in annual allocations for each year and an additional \$2.3 million annually from the Cotton Belt beginning in FY 2024. If funding from the Fixing America's Surface Transportation Act, or "FAST Act," remains funded at the current levels, 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, if the annual allocations are reduced, it could have a significant negative impact on DART's operating expenses as well as future capital project planning.

DART currently has a significant amount of discretionary federal funding (\$758.6 million) programmed into the Financial Plan through 2023. A substantial amount of this relates to the Program of Interrelated Projects (Core Capacity Program) and the Cotton Belt. If this funding is not received for these projects, they will have to be delayed. The only assumptions of additional discretionary federal funding in the Plan beyond this five-year window are an anticipated 10% contribution for future bus purchases, totaling \$37.7 million in the mid-2020s, and \$3.4 million, also for new buses, in 2032.

Inflation is also addressed in DART's financial Standards. According to Financial Standard B-5, DART is constrained 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 over the last two years call for continued very low inflation, averaging only 2.2% over the life of the Financial Plan. That means that 90% of those inflation 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 2017 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 nearly double-digit annual increases in healthcare costs. DART will be completely reengineering its healthcare plans for 2018 with an eye toward both cost control and better service for employees and their families. This will be a very challenging task. In addition, the long-term impact of the Patient Protection and Affordable Care Act (or its replacement) on DART's budget and Financial Plan still remains to be determined. Because inflation affects sales tax revenues and both operating and capital expenditures, there are many risks and many potential opportunities associated with it.

Fuel and energy prices have been highly volatile over the last decade. During that time, DART has taken advantages of dips in the market to put both hedges and physical delivery contracts in place to benefit from advantageous forward pricing. As DART has transitioned from diesel and liquefied natural gas buses to compressed natural gas (CNG), the risk associated with that price volatility has been greatly reduced. DART currently has a contract for physical delivery of natural gas. DART has executed an extension to its contract for electricity with the Texas General Land Office for 2019 through 2023 resulting in a 5-year savings of \$14.8 million compared to what was in the FY 2016 Financial Plan. Anticipating a favorable contract, approximately 75% of these savings have already been incorporated into the FY 2017 Financial Plan. The remainder of the savings will be incorporated into the FY 2018 Financial Plan.

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 project costs 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.

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 an estimated 6.9% over the 12-year period of the sequester. This reduction has been incorporated into the Plan. At the time these bonds were issued, this kind of reduction 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 or at the very least revenues that did not grow as fast as anticipated. Reduced revenues combined with DART's fixed-rate debt obligations already outstanding could result in a significant contraction of Agency services.





# FY 2017 BUSINESS PLAN

## Section 3

### FY 2017 Annual Budget

## FY 2017 Annual Budget

In this section of our document, we provide the reader with an overview of the Board-approved Strategic Priorities followed by a description of what we anticipate to accomplish toward achieving those priorities through the use of our resources. This discussion is followed by a breakdown of the FY 2017 Annual Budget. This portion of our document is organized as follows:

- Overview
- Budget Basis and Process (pages 71 - 72)
- Strategic Priorities – which frame our budget decisions (pages 73 - 106)
- Financial Summary and Discussion (“Inside the Numbers”) – which enumerates the FY 2017 amounts for operating expenses, capital and non-operating costs, and debt service (pages 106 - 125)

### 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 2017 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 2017 Annual Budget reflects the continued improvement in 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 to address operational improvements. The list of all capital projects can be found in Exhibit II.12 in the *Twenty-Year Financial Plan Section* of this document, and reflect a key strength in the Plan of funding to keep the system in a state of good repair. Notable capital projects in the FY 2017 Plan include a program of interrelated projects to increase the core capacity of DART’s service, and the development of rail service along the Cotton Belt corridor in the northern part of the DART Service Area.



facing initiatives while responsibly meeting operating cost challenges.”

The FY 2017 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. These cost containment efforts have been so successful that the FY 2017 Operating budget is the same (\$494.9 million) as the FY 2016 budget.

As noted in the *Financial Plan Section*, in the surface transportation bill enacted in December 2015, known as the Fixing America's Surface Transportation Act, or "FAST Act," Congress provided funding for highways and transit through federal fiscal year 2020. The bill provides slight increases in the near-term over prior funding levels and affords DART an opportunity to develop and finance multi-year projects. Because Congress chose not to raise the federal gas tax, this federal transportation program can no longer be called a user-financed program. Instead, Congress transferred approximately \$70 billion from non-transportation sources to the Highway Trust Fund to ensure its solvency. This imbalance will grow during each of the five years of the FAST Act, making the fiscal cliff much steeper and harder to address. The Congressional Budget Office estimates that for the next five-year bill – from 2021 to 2026 – the Highway Trust Fund will need a transfer of \$121 billion, without any increase in transportation spending. Pressure will build on the next President and Congress to develop options that are politically viable to ensure the federal government can remain an effective partner in building and maintaining the nation's transportation infrastructure.

## **Our Priorities**

The DART Board has adopted strategic priorities to guide Agency initiatives which, in turn, drive the FY 2017 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 focuses on retaining and attracting 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 existing assets in a 'state of good repair' and capital asset replacement. A program of interrelated projects designed to increase the core capacity of DART's service through the Dallas Central Business District will benefit the entire service area. Accelerated rail service along the Cotton Belt corridor in the northern part of

the DART Service Area will provide a much-needed east-west connection between the Red Line and Orange and Green lines.

A full discussion of Agency initiatives in support of the Strategic Priorities can be found on pages 73 - 106. Also, see Exhibit 53 in the *Organizational Units* Section for an illustration 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.

### **Strategic Priorities as Framework for Agency Initiatives**

DART's leadership uses the Board-adopted Strategic Priorities as framework for the Agency's initiatives. The following information highlights a number of these initiatives. This discussion is followed, beginning on page 106, by the amounts for operating expenses, capital and non-operating costs, and debt service, in the FY 2017 budget to accomplish these initiatives.

### **Budget Basis**

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

DART's Annual Budget is prepared in the same format and organization as DART's financial reports, except the budget does not include depreciation, 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, but are expensed in the year the expense is incurred.

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.

Please Note: 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 current period cash inflows match the outgoing cash requirements for operating and debt service costs. The FY 2017 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 budget review period by the cities within the DART Service Area. The Board performs additional reviews in August and September, as necessary, before approving the Budget and Twenty-Year Financial Plan in September.

See *Section A (Business Plan Development)* on page 223 in the *Reference Section* of this document for further explanation of our process.

## **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.

#### Efforts to Improve Safety Experiences and Perceptions for Our Customers

The Safety Department has established an aggressive, proactive visible safety program designed to educate and inform both our internal customers (employees) and our external customers (passengers) of efforts undertaken to ensure their safety. We have ongoing campaigns to update these constituents on safety trends and concerns as well as detailed programs and procedures for investigating and mitigating unsafe activities that could lead to accidents. We operate on a covered watch schedule of 24 hours a day, 7 days a week, to ensure someone is available to reconcile accidents/incidents without adversely impacting DART's revenue service operations.



#### Customer Satisfaction Survey

The Customer Satisfaction Survey measures customer perceptions and provides a directional understanding of the areas that influence 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.

Overall satisfaction with DART remains strong. The most recent customer satisfaction survey was conducted in 2015 and compared against the 2014 survey. Scores represent the two top boxes (response rate). Key measures that impact overall satisfaction are:

- Timeliness of buses has increased from 61% to 68%
- Cleanliness on buses increased from 63% to 68%
- Satisfaction with Connection Waiting Times have increased from 62% to 70%
- Customer Service improved significantly among bus operators, from 71% to 75%
- Satisfaction with Safety and Security Measures remained steady, after significant increases in 2014



As a result of these key drivers of satisfaction gains, overall impressions of DART have sustained or increased:

- Overall satisfaction with DART has sustained at 84%
- Customer experience with DART versus a year ago has increased from 66% to 69%
- Net Promoter Score, a key measure of brand health, increased from 21 to 26 (the median score across brands studied is approximately 16). The Net Promoter Score scale runs from -100 to +100.

Other Measures:

- Through the marketing efforts supporting GoPass<sup>SM</sup>, awareness of the app reached 80% of riders versus 75% in 2015
- 58% of those riders purchased a ticket through the app versus 55% in 2014
- 27% of DART riders follow DART on social media, up from 21% in 2015

### 5 Star Service Program



This initiative is a major cultural transition for DART. The customer focus culture is a significant change in how we approach customer service internally and externally. 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 four years there has been a large focus on Culture Change and Improved Services, 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 reengineering 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 Concierge 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 2016 have yielded positive results among riders. Strategies to improve service and safety experiences and perceptions continuing into FY 2017 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 2016 and into FY 2017, DART will complete the Comprehensive Operational Analysis (COA) of all DART fixed routes. 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 preparation for this, DART has included an additional \$10 million in bus operating expenses per year, beginning in FY 2019.

In 2015, DART tested a prototype enhanced bus shelter. Construction of this shelter was 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. DART has also incorporated \$2.4 million in increased bus service to be implemented in stages during 2017.

In FY 2017, we will continue to leverage the new Computer Aided Dispatch/ Automatic Vehicle Location (CAD/AVL) System that is part of our new radio system to help us improve on-time performance, as well as transfer connections for our customers. This new system provides comprehensive, detailed information to Service Planning and Scheduling staff to assist them in the development of more realistic scheduled arrival and departure times during different periods of the day. The system also provides enhanced real-time monitoring and decision support tools to our operations personnel on the street as well as in the operations control centers. The CAD/AVL system also includes tools to enhance the connectivity within the system by monitoring critical transfer connections and alerting staff to the need for intervention to assure that these customer transfer opportunities are preserved. In FY 2016, we expanded the use of these “connection protection” tools for improved bus-to-bus connections and investigate the expansion of these tools from bus only, to bus and rail connections. 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? ®”.

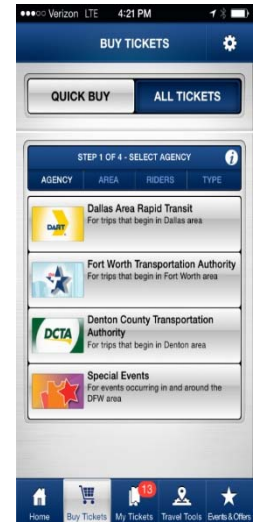
Customers traveling on the Trinity Railway Express (TRE) or the DCTA A-train now benefit from mobile websites developed by DART staff. Riders can plan a region-wide trip on DART, TRE, The Fort Worth Transportation Authority (FWTA), and DCTA routes using the DART mobile website. DART’s mobile site, [m.DART.org](http://m.DART.org), 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.

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



*Enhancement of GoPass Mobile Ticketing Solution* – In September 2013, DART introduced GoPass, a mobile ticketing application that enables riders to use smart phones to buy tickets in advance for DART, the Fort Worth Transportation Authority (FWTA), and DCTA. Since the launch, there have been over 500,000 downloads of the app, which have generated 3.3 million ticket sales. As GoPass evolves into a complete electronic ticketing application that includes a GoPass value-stored card and a back-end management system, the app will be reconfigured for additional capabilities and value added for customers.

As the vision and goal to reduce the need for customers to hassle with cash and to enable customers to navigate with our system easily and effectively, the GoPass platform will be an integral part to this effort. Additionally, this will allow DART to greatly reduce its cost of handling cash throughout the system.



*New Marketing and Promotion Initiatives* – As DART’s construction plan has been established, it’s becoming increasingly important to grow ridership organically, within the current infrastructure. Through marketing and promotional initiatives, DART will look to add value with current riders and also become more relevant to potential riders. Marketing will be entering year two of a brand repositioning effort supported by a focus on events and destination and by technology to drive awareness of the DART brand.

*Brand Repositioning* – Marketing is repositioning DART as “Empowering Discovery” for those in the North Texas area. By focusing on the many places DART can take customers throughout North Texas, DART will bring awareness to the connectivity DART has within this region. As DART enters into its second year of this effort, it will continue to focus on the “Gems” campaign by highlighting “Gems” submitted by DART riders in an effort to further connect and enhance our social connection with our customers.



In FY 2017, Marketing will also enhance the positioning by highlighting more than just accessibility to social places. Marketing will speak to the breadth of accessibility such as access to the North Texas college and university system, the airport connections, and access to the many employers moving to the region.

Improvements will also be made by branding the various services offered by DART. Currently, the bus schemes look the same for the majority of the buses. DART has found through the differentiated paint schemes of D-Link and Love Link shuttles and the resulting brand awareness, there is an opportunity to bring that awareness to other bus offerings; commuter, BRT, etc.





Marketing is continuing to focus on and to bring transparency to the many events that are hosted around the region. By tying into these events, DART will be able to market the accessibility, and alleviate traffic and parking issues. By working with cities in the service area, Convention and Visitors Bureaus (CVB), hotels, as well as internal functions, Marketing will be able to provide enhanced customer service to riders to events. Examples of events include: the State Fair of Texas, football games held at the Cotton Bowl, 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.

*Improved Strategies for Responding to Service Disruptions* – The expansion of the light rail system to 93 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
- Identify communications technology used by each group and data elements required
- Develop mapping of information flow
- Develop specifications for possible tools to disseminate internal communications
- Map the inter-relationship of the internal communication and the customer communication publisher used by the Operations Communication Liaisons

An internal website has been developed by the Information Technology team based on the needs identified by the Continuous Improvement team and is now in a testing phase. Enhancements have also been identified for DART's Customer Response Team and the Everbridge notification system, that also support communication with customers during service disruptions.

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.

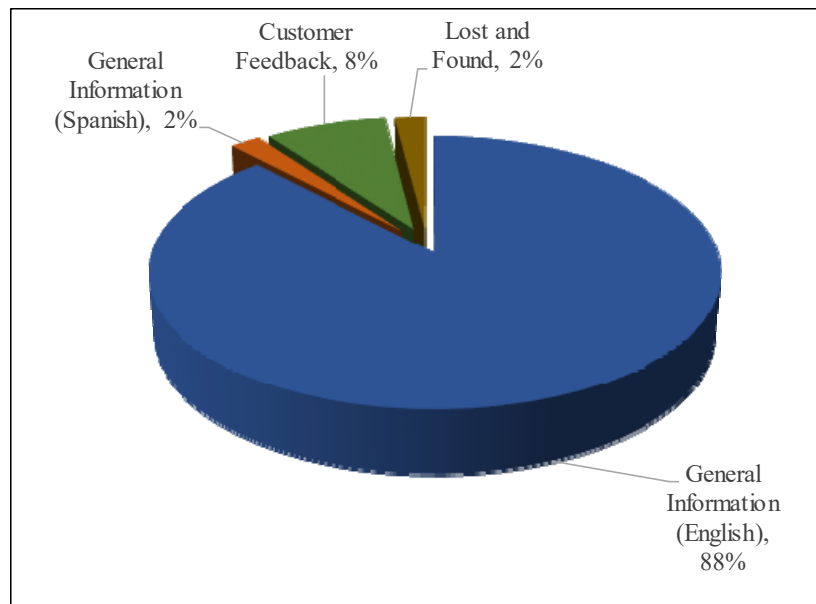
- Severe Winter Weather Contingency Plan – A contingency plan was developed during the 2014/2015 winter season to allow DART to provide more reliable services during major winter storms and to recover the system more quickly in the wake of a storm. The contingency plan was activated twice, in late February 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 has made 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 2017 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 dispositioned and appropriate modifications are made to our processes. In addition to the After-Action Reviews, Table-Top exercises and drills are also scheduled 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](http://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 26).

Exhibit 26  
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 financial 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 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.

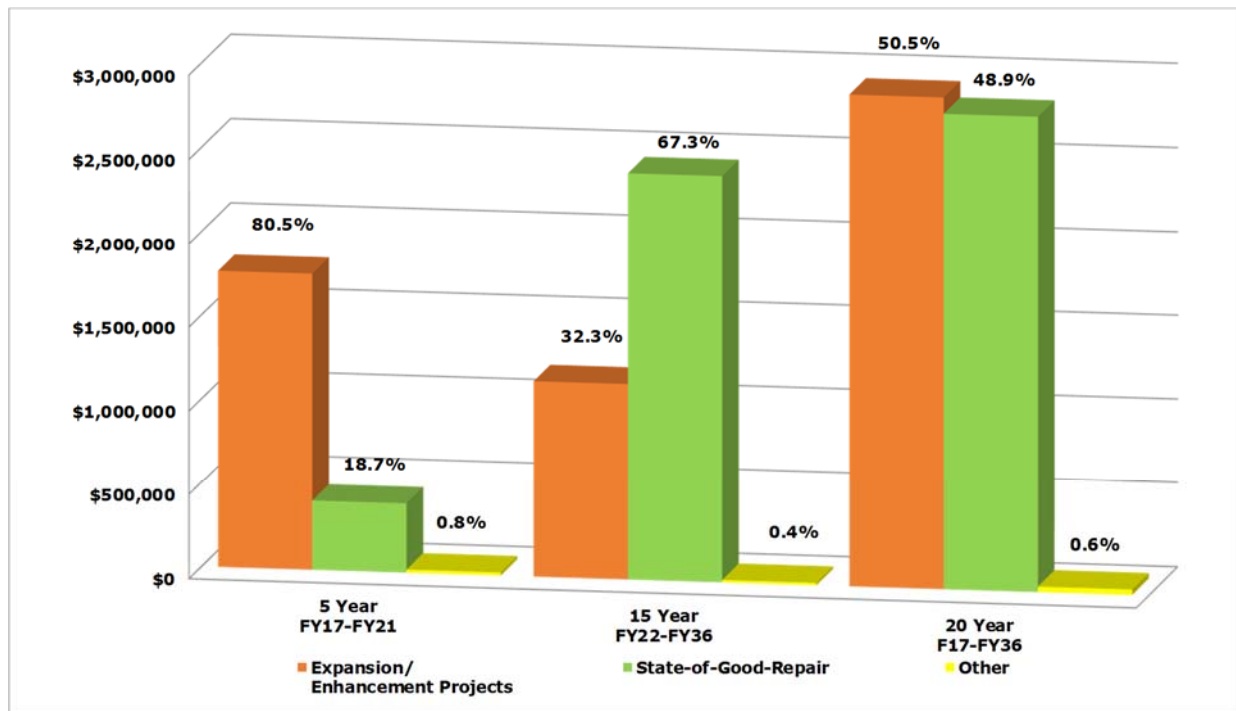
The FY 2017 budget reflects the continued transition from rail construction and system expansion to a proportionately larger financial emphasis on continuing operations and system maintenance. The Agency continues to concentrate on the core business of getting people where they need to go safely, reliably, 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*, reflects a shift from expansion to maintaining and replacing our assets – keeping the system in a state of good repair.



Exhibit 27 provides an overview of the capital and non-operating projects by category and highlights the increase in funding for state of good repair for DART's system.

Exhibit 27  
Capital/Non-Operating 20-Year Program by Category  
(in Millions)

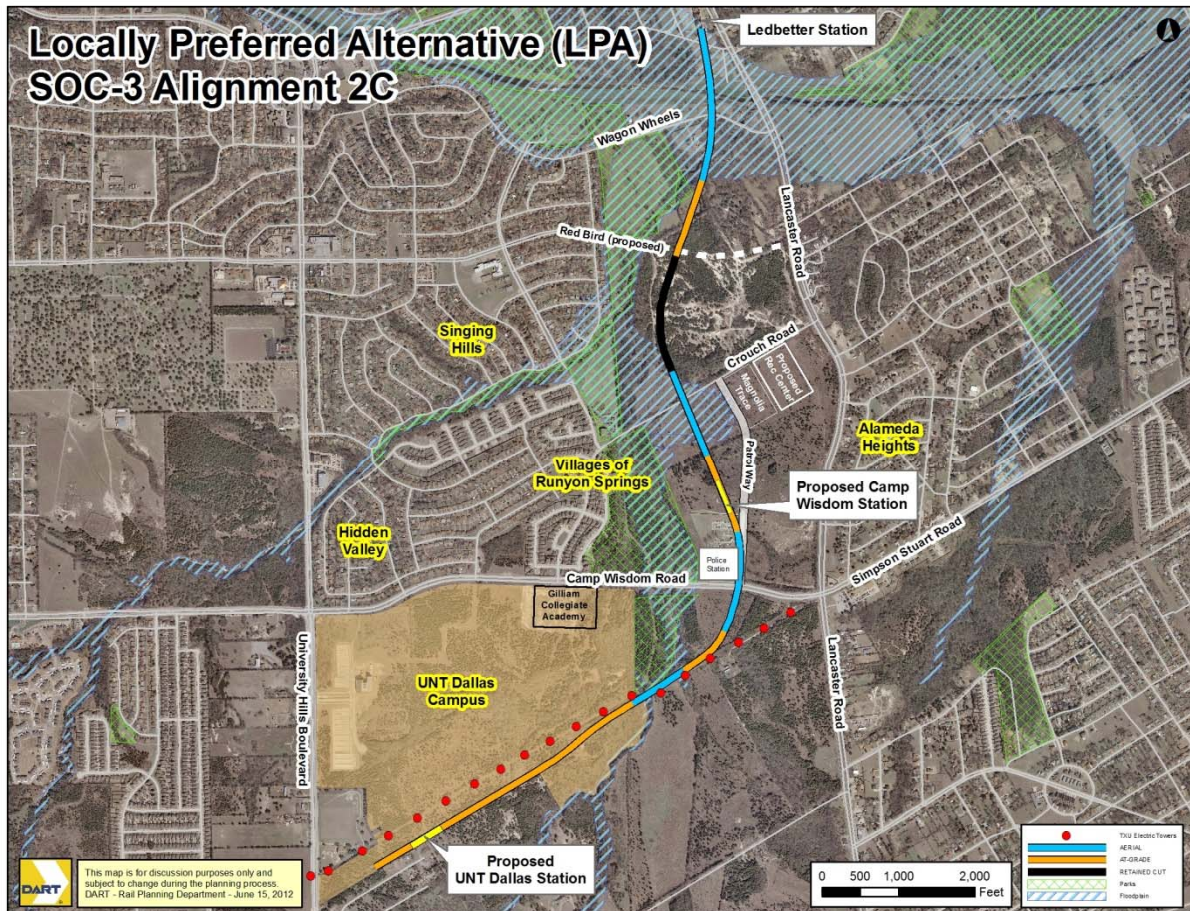


The capital expenditures included in the FY 2017 capital/non-operating budget total \$289.1 million as shown on Page 124 in this portion of the budget document.

## Light Rail Transit (LRT) System

The extension of the Blue Line (SOC-3) to the University of North Texas-Dallas (UNT) Campus (see Exhibit 28) opened in October 2016. 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). The opening of this extension brings the LRT system to 93 miles and 64 stations.

Exhibit 28  
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 second LRT alignment through downtown Dallas (known as D2) and LRT platform modifications. An alternatives analysis was completed in summer 2015 and culminated with the selection of a Locally Preferred Alternative (LPA), shown in Exhibit 29.

Given 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. DART's program consists of three significant projects; the second light rail alignment in the central business district (CBD) known as D2, 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 three projects combined would add significant core capacity and enhanced access to the DART system. The FY 2017 Financial Plan reflects funding for D2, platform modifications, and the central streetcar link. The Locally Preferred Alternative (LPA) shown below is subject to change as the project moves forward during the FTA Capital Investment Grant Program. DART will be undertaking LPA refinement activities during FY 2017 to develop a subway option for submittal to FTA in September 2017.

### Exhibit 29

Dallas CBD Second Light Rail Alignment (D2) Locally Preferred Alternative (September 2017)

#### LOCALLY PREFERRED **ALTERNATIVE**

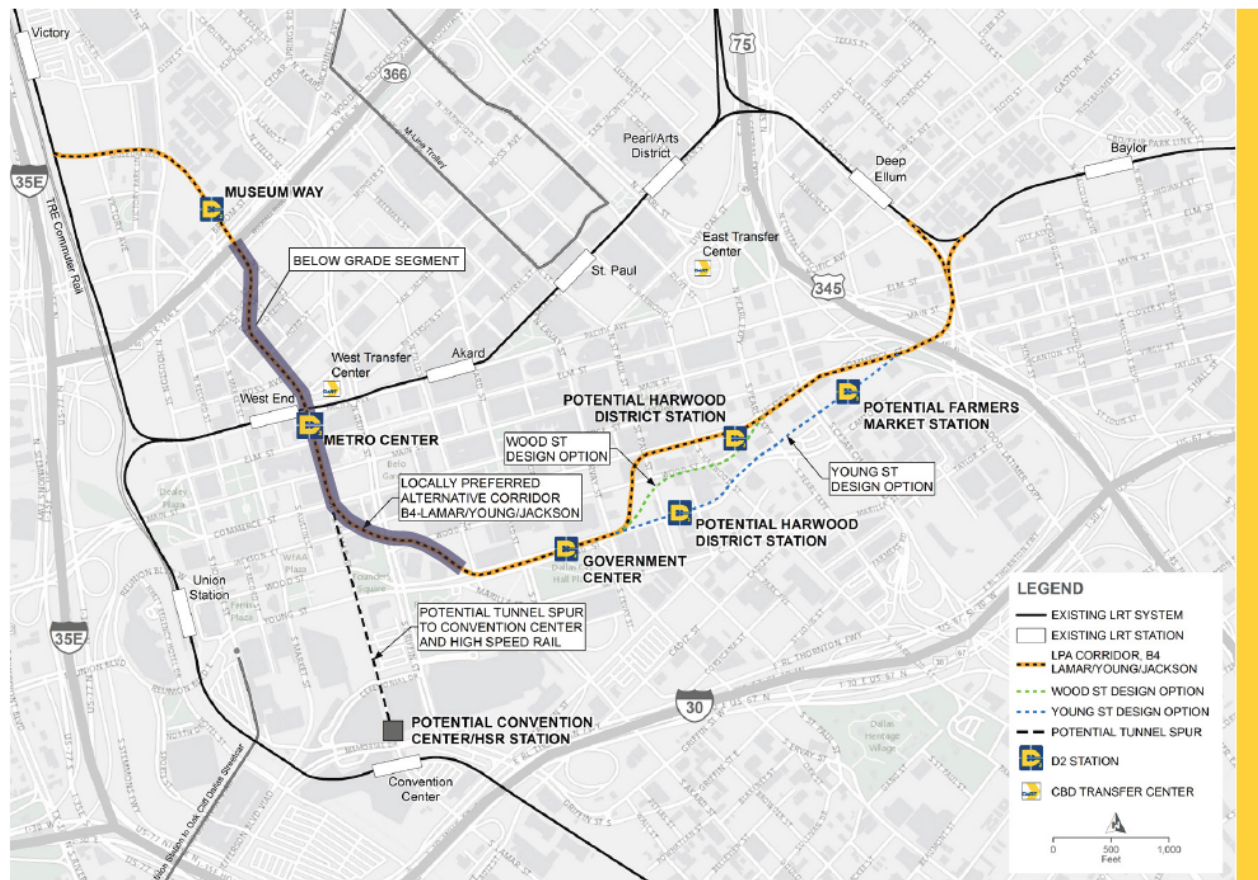




Exhibit 30 provides historical and prospective data on light rail expansion projects through the end of 2016.

### Exhibit 30 LRT Revenue Service Dates

| Corridor                                 | Line     | From                     | To                         | Miles       | Stations  | Opening Date           |
|--|----------|--------------------------|----------------------------|-------------|-----------|------------------------|
| <b>STARTER SYSTEM</b>                    |          |                          |                            |             |           |                        |
| 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/<br>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               |
| <b>Starter System Subtotal</b>           |          |                          |                            | <b>20.0</b> | <b>21</b> |                        |
| <b>RED/BLEU LINE EXTENSIONS</b>          |          |                          |                            |             |           |                        |
| North Central                            | Red      | Park Lane                | Parker Road                | 12.3        | 9         | July/Dec 2002          |
| Northeast                                | Blue     | Mockingbird              | Downtown Garland           | 11.2        | 5         | Sep 2001/<br>Nov 2002  |
| Northeast                                | Blue     | Downtown Garland         | Downtown Rowlett           | 4.6         | 1         | Dec 2012               |
| <b>Extension Subtotal</b>                |          |                          |                            | <b>28.1</b> | <b>15</b> |                        |
| <b>GREEN LINE</b>                        |          |                          |                            |             |           |                        |
| 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               |
| <b>Northwest Subtotal</b>                |          |                          |                            | <b>17.4</b> | <b>12</b> |                        |
| 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               |
| <b>Southeast Subtotal</b>                |          |                          |                            | <b>10.1</b> | <b>8</b>  |                        |
| <b>ORANGE LINE</b>                       |          |                          |                            |             |           |                        |
| 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               |
| <b>Orange Line Subtotal</b>              |          |                          |                            | <b>14.0</b> | <b>6</b>  |                        |
| <b>BLUE LINE EXTENSION</b>               |          |                          |                            |             |           |                        |
| South Oak Cliff                          | Blue     | Ledbetter                | UNT-Dallas                 | 2.6         | 2         | Oct 2016               |
| <b>Total Miles/Stations in Operation</b> |          |                          |                            | <b>93.0</b> | <b>64</b> |                        |

\* Total miles by 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 provides management and contract services required for the operation, dispatching, scheduling, and maintenance of the TRE commuter rail line, the Fort Worth Transit Authority's (FWTA) proposed TEX Rail, and various freight lines. At the beginning FY 2016, DART implemented a new ten-year contract for dispatching, operations, and capital maintenance for regional rail services for the TRE and Madill Subdivision with Herzog Transit Service, Inc. This contract included an option for FWTA's proposed TEX Rail commuter rail line.

##### 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. TAPS suspended service in January 2016. During FY 2016, DART was asked to provide senior and disabled demand responsive service to parts of Collin County left without transportation following the collapse of the TAPS. The NCTCOG contracted with the DART Bus Service, LGC to provide services in Allen, Wylie, and Fairview. This NCTCOG-funded service began in February 2016 and ended 90 days later in May 2016. This emergency service allowed DART to negotiate funding with Allen, Wylie, and Fairview along with NCTCOG to provide a similar service through FY 2017. DART was able to obtain a major grant from Toyota Motor North America, Inc., as well as NCTCOG for funding to permit the cities to have a longer time to evaluate their needs for public transportation. During FY 2017, DART will implement a program for Collin County like the Plano Ride Program to service seniors and disabled persons. In addition, during FY 2017, DART will collaborate with the cities in Collin County to complete a county-wide public transportation plan to guide future investments in transit.

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 2017.

### 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.

In addition, under Policy III.07, DART is in the process of conducting or preparing to conduct studies with non-DART communities to develop service plan opportunities in an effort to expand regional transit. A study with the City of Arlington is underway and is anticipated to be complete by the end of FY 2016, and the studies with the City of Mesquite and Collin County will follow during FY 2017.

### 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 first 511 system in the State of Texas 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 planning, design, and construction phases;
- 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 and facilitate 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 other stakeholder groups. These partnerships with key stakeholder groups allow 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. The DART 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 (DMWBEs)

DART's DMWBE Programs are designed to involve disadvantaged, minority, small and emerging, and woman-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 FY 2015, DART awarded 123 contracts. Over the last five fiscal years, DART has averaged an award of 129 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 2014 and 2015, DART established annual Agency goals of 32% and 33% for participation of minority and woman-owned business enterprises (M/WBE), respectively. In those years, D/M/WBE participation on all DART procurement activities exceeded goals, with 57% and 34% 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 any other transit authority in the country. Additionally, in 2015 the Diversity



Department underwent FTA's Triennial Review where the DBE program was rated in full compliance with a rating of "no findings."

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
- Schedule of subcontractors' work

Site visits are essential in identifying and solving any potential non-compliance issues. They also keep 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 primes and subcontractors.

Additionally, DART's ongoing involvement with approximately 26 minority chambers of commerce, minority contractor associations, woman-owned businesses, and minority supplier development groups has created outreach touch-point opportunities to more than 2,500 individuals. Business community outreach efforts have been expanded to engage the interest of an additional 47 minority organizations. The establishment of DART's Small Business Academy further assists 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.

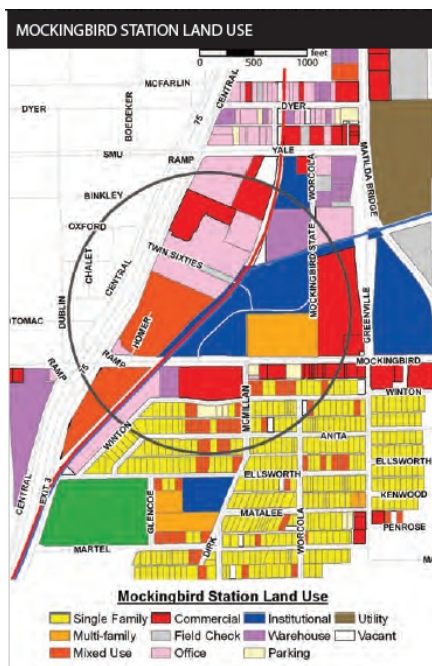
### Economic Development

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](http://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 period from 2003 through 2013, the average premium on office rents located within the same ¼ mile of a DART station was 14%. UNT is currently working with Economic Development staff to update the 2014 study; a final report should be available in late 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](http://www.DART.org/economicdevelopment)) which provides an overview of DART's transit-oriented development program including its TOD policy, 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* – In 2015, 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) . The City of Dallas is the owner of the original streetcar line, and of this extension further into Oak Cliff to the Bishop Arts District which opened in August 2016. DART designed and constructed this extension to Zang and Davis on the border of the Bishop Arts District. Construction funding was provided by Texas Mobility Funds (TMF), and operating funding will be provided by the City of Dallas. Conceptual design is complete for a northern loop extension from Union Station to the Convention Center. DART is coordinating with the City on this extension as well as the central streetcar link that would further extend the line from the Convention Center to the McKinney Avenue Transit Authority (MATA) M-Line, near St. Paul Station. Revenue service began in FY 2015.

DART was the project sponsor for the second streetcar project, a 0.65-mile urban streetcar trackway, connecting the Olive Street extension of the 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 funding for the MATA service in FY 2017 consistent with the DART Site Specific Shuttle Policy and our MATA agreement.

*On-Street Passenger Facilities Program* – This federally-funded program continues with the installation of bus stop improvements in a number of locations throughout the DART Service Area. During FY 2016, DART targeted the following improvements:

- 70 new benches, the majority of which are new-style metal benches with backs, arm rests, and lumbar support
- 50 new standard bus shelters with solar lighting and benches
- 8 stand-alone solar lighting improvements at bus stops
- 12 solar-retrofitted shelters

*New Downtown Light Rail Alignment (D2)* – Please see the discussion of this item on page 84, earlier in this section.

Federal funding was provided for the “on-street bus facility improvement program” which will be completed during FY 2017. Total improvements will include the testing of three SMART shelters, more than 200 bus shelters and benches, and additional solar lighting.

*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 bus 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 was completed in early 2016. Phase 2 of the 2040 plan will include prioritization and phase the COA recommendations 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 FY 2016 with other improvements completed through the timeframe of the 2040 Transit System Plan.

*Area Service Reviews and Service Changes* – Over the past two years, the Comprehensive Operations Analysis has reviewed the entire bus system as a part of efforts to develop a new 2040 Transit System Plan. This COA reviewed each DART route in detail, culminating in a series of recommendations for bus service changes that can be implemented over the next 10-15 years. A draft Service Plan has now been prepared that details potential service improvements. Timing and phasing of potential changes will be determined in FY 2017 as work on the larger 2040 Transit System Plan is completed.

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. During FY 2016, DART continued work on three service reviews: Farmers Branch/Carrollton, West Dallas/Oak Cliff, and Rowlett. Much of the technical work supporting the three reviews was completed during the COA effort, and planners expect to finish remaining work in late FY 2016 and early FY 2017. A Richardson service review is planned in FY 2017 after work on the other three has been completed. Service Planning staff will also focus on implementation of the first elements of the COA Service Plan.

March 2017 service changes address service to two rapidly-growing employment areas: Legacy (in Plano) and Cypress Waters (in Dallas). Proposed service changes to Legacy include a new express route from Parker Road Station, extension of the existing NW Plano Park & Ride service to major employer sites in Legacy, and changes to feeder service in the area. Changes proposed for Cypress Waters aim to reduce travel time from Belt Line Station. Both March and August 2017 service changes include a series of schedule adjustments targeting improved off-peak and weekend on-time performance.

*Plano Ride 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 has made a key program change that replaced paper vouchers with debit cards, which simplified record-keeping and administrative burdens. The program has been expanded 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.

DART has received requests for similar programs in Carrollton and Rowlett in areas with very limited or no regular fixed-route transit service. The pilot was deployed in Plano in November 2015, which will help determine if the approach has applications in other cities in the service area. This approach was investigated for cities in Collin County outside of DART's Service Area through the DART Bus Service, LGC, and taxi debit card services started in Wylie, Allen, and Fairview at the beginning of FY 2017.

*Cotton Belt Corridor* – DART owns 54 miles of the Cotton Belt rail corridor from north Fort Worth to downtown Wylie. The Fort Worth Transportation Authority (FWTA) is negotiating a Full Funding Grant Agreement with FTA 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. The project is anticipated to initiate service by the end of 2018. Plans include a future extension into 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 (or other appropriate mitigation) across North Dallas and a station at Cypress Waters was included in the FY 2016 Financial Plan. The FY 2017 Twenty-Year Financial Plan includes a 13-year acceleration of this project. The FY 2016 planned revenue service date was FY 2035. It is now FY 2022. As currently defined, the project would consist of new single at-grade track with passing sidings and up to eleven new stations. The corridor would be designed and constructed to accommodate a future double track configuration.

#### 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 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 through December 2017. This service is carrying 250-300 passengers per day.

The City of Arlington is considering changing the location of the intermediate stop on the route, currently located at Collins and Andrews. If there is a change to the stop location, it would happen in early 2017. DART, FUTA, and the City of Arlington began work in FY16 to develop a Comprehensive Operations Analysis (COA) for Arlington transit service. Much of the technical work has been completed, with a focus on future fixed-route service (including MAX), Arlington's Paratransit program, UT Arlington shuttle service, and Entertainment District service. After some delays, the City of Arlington has recently appointed a stakeholder group to review the COA work and potential transit options, and we now expect COA work will be completed in FY17.

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 which was anticipated to end at the end of December 2014 was expanded for an additional three years in a unique joint venture between STAR Transit, which will provide the buses and drivers, 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. An extension was approved in 2015 which extended the service contract through 2017. During the term of the agreement, DART and Mesquite will complete a short- and long-range transit plan for Mesquite. This plan is expected to be complete during FY 2017.

In addition to Arlington and Mesquite, both Collin County and the Best Southwest cities are interested in developing service plans to explore potential transit opportunities in the near and long-term.

### **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 FY 2017, 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 employee 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. The DART Human Capital department 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 provide learning environments 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 supervisory and/or management role.

The DART People Center will continue to play an important role in providing DART employees with information and access to assistance with all matters pertaining to their employment. General questions and assistance with routine 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 communication 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 with departments by accomplishing 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 by providing 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 employee engagement with the 5 Star Service Program.
- Strive to promote continuous process improvement, team learning, and personal development.
- Assist in the DART employee 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 employee 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 Human Capital deliverables, such as: succession planning, workforce planning, career development, and professional skill-enhancing programs.

#### Top Opportunities in Human Capital in FY 2017

Human Capital is committed to organizational effectiveness that requires Human Capital deliverables and programming to be accomplished 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 employees 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 employees to engage with Human Capital for information, problem solving, and learning opportunities.

- Develop and implement Standard Operating Procedures for all functions and change initiatives to improve effectiveness.
- Lead and support communication in the implementation of the employee engagement strategy.
- Lead and support enhancements of the benefits function in order to ensure that benefits plans and programs meet the needs of DART employees.
- Address workforce needs and expectations through an open and honest engagement process in terms of ability to understand and implement change.
- Get the right people in the right jobs and bring structure and discipline to compensation management.
- Develop continuous improvement programming for Human Capital functions including: personnel competencies assessments; job description review and update; and bottom-up engagement process in order to align task and deliverables with Human Capital functional direction.

During FY 2017 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 31 is a sample of the DLM scorecard from the Third Quarter, FY 2016, showing performance as a percentage of goals for Peer Group 1.

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

Exhibit 31  
Division Level Measurement (DLM) Program  
FY 2016, Third Quarter

| Category                            | East Dallas |                   | South Oak Cliff |                   | Northwest |                   | Rail    |                   |
|-------------------------------------|-------------|-------------------|-----------------|-------------------|-----------|-------------------|---------|-------------------|
|                                     | Actual      | Percent to Target | Actual          | Percent to Target | Actual    | Percent to Target | Actual  | Percent to Target |
| On-Time Performance                 | 83.6%       | 100.00%           | 77.9%           | 97.40%            | 77.7%     | 97.10%            | 93.1%   | 99.00%            |
| Complaints/100K Passengers [1]      | 19.0        | 100.00%           | 23.7            | 95.60%            | 27.5      | 88.90%            | 1.6     | 100.00%           |
| Unsched. Absences (Maint.)          | 9.44        | 100.00%           | 13.97           | 95.50%            | 13.60     | 98.10%            | 13.23   | 67.70%            |
| Unsched. Absences (Oper.)           | 17.18       | 96.00%            | 19.41           | 85.00%            | 18.04     | 91.50%            | 21.12   | 81.30%            |
| Unsched. Absences (WSA)             | N/A         | N/A               | N/A             | N/A               | N/A       | N/A               | 10.25   | 90.50%            |
| Late Pullouts                       | 18          | 100.00%           | 10              | 100.00%           | 28        | 85.00%            | 1.33    | 100.00%           |
| Miles Between Service Calls         | 10,949      | 99.70%            | 17,065          | 100.00%           | 9,953     | 90.60%            | 28,193  | 55.00%            |
| Accidents/100k Miles                | 1.86        | 100.00%           | 2.51            | 91.60%            | 1.88      | 100.00%           | N/A     | N/A               |
| Sfty Violations/100k Sched. Trn Mi. | N/A         | N/A               | N/A             | N/A               | N/A       | N/A               | 0.57    | 56.50%            |
| Ridership/Average Weekday           | 34,180      | 72.70%            | 29,690          | 91.70%            | 31,641    | 87.20%            | 79,153  | 81.10%            |
| Unit Cost Per Hour                  | \$37.73     | 100.00%           | \$52.79         | 100.00%           | \$41.11   | 100.00%           | 58.55   | 100.00%           |
| Unit Cost Per Mile                  | \$1.460     | 100.00%           | \$1.623         | 100.00%           | \$1.417   | 100.00%           | \$3.103 | 100.00%           |
| Overall Average for Quarter         |             | 96.84%            |                 | 95.68%            |           | 93.84%            |         | 85.93%            |

## **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.

*Interactive Map* – DART will be deploying an interactive map at the Dallas Love Field Airport as a pilot project. The interactive map will provide those arriving at the airport the ability to better engage the DART system by providing dynamic directions tailored to specific travel requests, directions on how and where to use the system, and the ability to text or email all directions directly to the person using the map. Based on its potential success, we see the possibility of deployment at other locations such as rail stations, bus transit centers, and key locations in downtown Dallas.

*InfoTransit Digital Signage* – The "InfoTransit" digital signage system on all buses displays information on the next and subsequent three stops for passengers. DART is now able to create slideshows onsite, update the "Next Stop" content, and present slideshow content by Stop ID or GPS. Additionally, this system provides customers with system-wide marketing campaigns relating to current and upcoming DART events.

*Broadband Data Communications to Buses and Surveillance Cameras* – All DART buses are 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 DART propriety smart media, contactless bank cards, and Near Field Communication (NFC) devices for Apple Pay, Android Pay, and Samsung acceptance once the fleet is equipped with validators.

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 late 2017. Capital projects are approved to replace the Sensys detection technology with infra-red detection devices. Intelligent Transportation Systems (ITS) is also adding business continuity in the event TSP systems housed at headquarters are unavailable, and simulate the impact of three-car trains on the transitway mall in the Dallas Central Business District.

*Automatic Passenger Counters (APC)* - The use of APCs 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. Additional APC equipment will be installed in FY 2017 to permit passenger counts to be estimated from APC counts rather than farebox data.

*TRE Next Train Project* – This system provides “Next Train” information at TRE’s ten stations and went live in the fall of 2015. This system includes Automatic Passenger Counters (APC), which will more accurately provide the Agency with timelier ridership data. The system also provides schedule adherence and the ability to make announcements onboard the vehicle and at station platforms.

*Comprehensive Fare Payment System (CFPS)* - DART engaged in a multi-year agreement with Vix Technology, a system integration firm in August 2015 to streamline DART’s fare payment environment by utilizing new innovative technologies. The goal of this project is to find better methods that permit customers to obtain and purchase fare media that is convenient and easy to understand.

This new solution incorporates an account-based back office system which utilizes 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. One goal of this solution is to allow DART to significantly reduce the total amount of physical cash that the agency must process. DART has determined that this 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, contactless bank cards, RFID tags, and Near Field Communication (NFC) enabled devices.

In addition to the system integrator selection, DART awarded a contract to PayNearMe (PNM) in April of 2016 to provide the retail distribution solution. PNM will provide over 900 retail locations within the DART Service Area for customers to purchase and reload smart cards for use in the new account-based system. PNM partners include Blackhawk Network, which provides access to the largest grocery store network in the U.S., and Fidelity Express, which provides access to independent and small grocery operators.

Vix and PNM will implement the state-of-the-art electronic fare payment, distribution, collection and processing system in phases beginning in the third quarter of FY 2017.

*GoPass Mobile Ticketing Enhancement (GoPass 2.0)* – DART embraced the concept of mobile payments and introduced a first-generation mobile ticketing and trip planning app in September 2013. In the interest of continuous improvement, DART elected to provide enhanced mobile ticketing capabilities (GoPass 2.0) as part of a larger platform being developed by Vix Technology in conjunction with the mobile ticketing provider. These new mobile ticketing system enhancements will include upgraded interfaces with Uber, Lyft, taxi providers, and other ride-sourcing services, and will further enhance the previous app offerings and improve the way in which customers pay their fares. GoPass 2.0 will introduce a quicker loading speed to the platform as well as allow customers to sign-in using their email address, provide direct customer feedback in the app, set up auto load for pass products, provide an interactive route and system map, and allow customers to purchase mobile tickets with cash via a retail solution (PayNearMe). The enhanced mobile ticketing platform will be implemented in phases beginning in the third quarter of FY 2017.



### 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 (three bus and one paratransit division)
- Completion of the light rail extensions to DFW Airport and the Dallas UNT Campus (October 2016)
- 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:

- *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.
- *Service Planning Committee* – This committee is chaired by the President/Executive Director and meets to discuss service planning, ridership, and related issues.
- *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.
- *Division Level Measurement (DLM) Steering Committee* – This committee recommends goals and provides guidance to the Division Level Measurement Program, engaging employees at all levels throughout the operational departments in achieving annual key performance metrics.
- *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 met on a monthly basis to review aspects that could have impacted 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.
- *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.
- *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.
- *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 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 including but not limited to, the Federal Transit Administration and the Federal Railroad Administration, 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 implementation of federal transportation policy authorized by the Fixing America's Surface Transportation or FAST Act, as well as annual appropriations items concerning DART's capital projects and federal funding requests. 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. Finally, staff actively monitors the U.S. Congress and the Administration for any 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 DART-owned commuter rail lines (55 miles), active freight lines (155 miles) and non-operated/freight abandoned lines (25 miles), including the administration of trackage rights agreements with freight railroads that are fulfilling DART's common carrier obligations to provide freight rail service along the freight lines. DART jointly owns the Trinity Railway Express (TRE) with the Fort Worth Transportation Authority (FWTA).

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 2,650 licenses on the TRE Corridor and other active freight lines. Revenues for the TRE corridor are projected at \$3.1 million for FY 2016 and budgeted for the same amount in FY 2017. The DART/FWTA 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 32 provides a summary of actual and projected revenue from all activities for FY 2011 through FY 2017 (projected), excluding oil and gas leases, which are shown in Exhibit 33.

Exhibit 32  
Railroad Management Revenue  
(in Millions)

| Fiscal Year                           | TRE           | DART          | Total         |
|---------------------------------------|---------------|---------------|---------------|
| 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                                  | 2.8           | 2.2           | 5.0           |
| 2016 (Projected)                      | 3.1           | 2.3           | 5.4           |
| 2017 (Projected)                      | 3.1           | 2.3           | 5.4           |
| <b>Total (Actual &amp; Projected)</b> | <b>\$20.4</b> | <b>\$14.6</b> | <b>\$35.0</b> |

### 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.

Lease royalty and bonus revenues from FY 2011 through FY 2017 are shown in Exhibit 33. 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. Oil and gas revenues for FY 2015 were \$50,408, FY 2016 is projected to be \$200,000, and FY 2017 is projected at \$100,000.

Exhibit 33  
Oil & Gas Lease Agreements  
(in Thousands)

| Fiscal Year                           | Amount           |
|---------------------------------------|------------------|
| 2011                                  | \$295.4          |
| 2012                                  | 145.5            |
| 2013                                  | 328.5            |
| 2014                                  | 455.6            |
| 2015                                  | 50.4             |
| 2016 (Projected)                      | 200.0            |
| 2017 (Projected)                      | 100.0            |
| <b>Total (Actual &amp; Projected)</b> | <b>\$1,575.4</b> |

## Budget Structure

Three major components comprise the agency's FY 2017 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 Board's Strategic Priorities (discussed on page 72), 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.

## Financial Summary

Exhibit 34 provides a summary view of the FY 2017 Annual Budget. The Agency's overall budget increased by \$4.4 million (0.5%) from FY 2016. The FY 2017 Operating Expense budget are \$494.9 million, the same as the FY 2016 Operating Expense budget. The Capital and Non-Operating budget is increasing by \$10.8 million (3.9%). The Debt Service budget is decreasing by \$6.4 million (3.2%).

Exhibit 34  
FY 2017 Annual Budget  
(in Millions)

| <b>FY15<br/>Actuals</b> | <b>Category</b>           | <b>FY16<br/>Budget</b> | <b>FY17<br/>Budget</b> | <b>\$<br/>Variance</b> | <b>%<br/>Variance</b> |
|-------------------------|---------------------------|------------------------|------------------------|------------------------|-----------------------|
| \$453.5                 | Operating                 | \$494.9                | \$494.9                | \$0.0                  | 0.0%                  |
| 167.9                   | Capital                   | 278.3                  | 289.1                  | 10.8                   | 3.9%                  |
| 189.6                   | Debt Service              | 197.8                  | 191.5                  | (6.4)                  | (3.2%)                |
| <b>\$811.0</b>          | <b>Total Expenditures</b> | <b>\$971.1</b>         | <b>\$975.5</b>         | <b>\$4.4</b>           | <b>0.5%</b>           |



## Inside the Numbers

### Revenue Factors

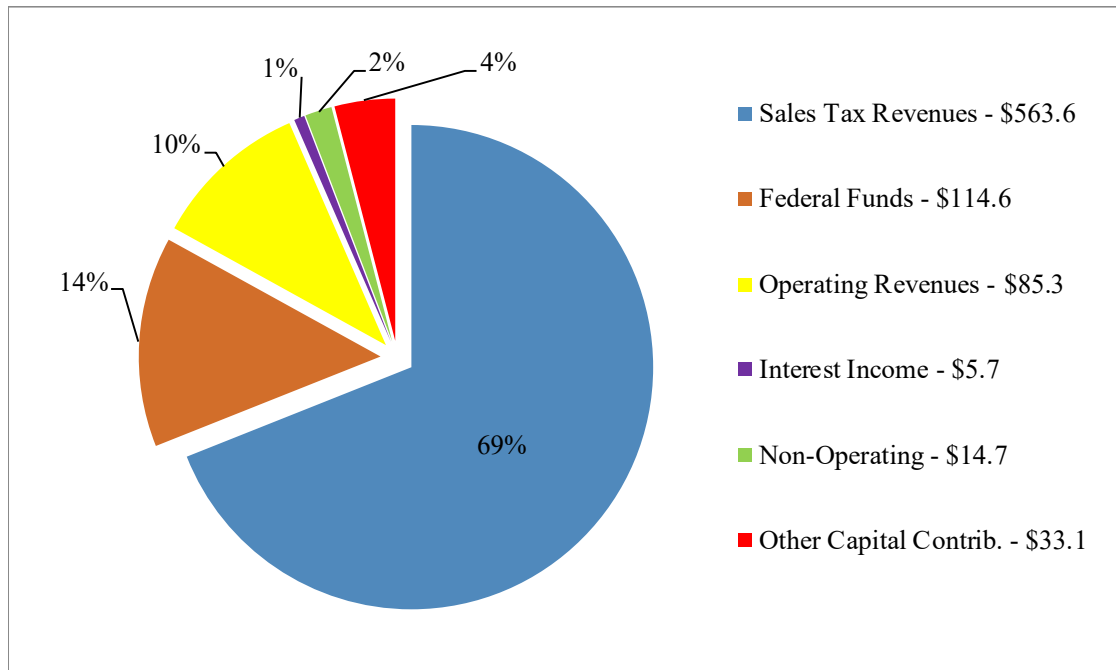
Total sources of funds as shown at Exhibit 35 are projected at \$787.0 million; \$146.7 million (15.7%) lower than the FY 2016 Budget. This includes a net decrease in budgeted Debt Issuances of \$150 million. In the FY 2016 budget it was assumed that DART would issue \$150 million in long-term debt combined with a retirement of \$30 million in Commercial Paper (CP). The CP was retired, but no additional long-term debt was issued. The FY 2017 Budget assumes the retirement of another \$30 million of CP and no new long-term debt. Increases in sales taxes (\$21.2 million), federal discretionary funds (\$12.4 million), and Other Non-Operating and Non-federal Capital Contributions (\$11.4 million) are generally offset by a decrease of \$38.1 million in federal formula funding, which is primarily a result of timing differences. Additional information about Sources of Funds over the next 20 years can be found in the *Financial Plan Section*.

Exhibit 35  
Sources of Funds  
(in Millions)

| FY15<br>Actuals | Category                                | FY16<br>Budget | FY17<br>Budget | \$<br>Variance   | %<br>Variance  |
|-----------------|---|----------------|----------------|------------------|----------------|
| \$518.6         | Sales Tax Revenues                      | \$542.4        | \$563.6        | \$21.2           | 3.9%           |
| 84.8            | Operating Revenues                      | 86.6           | 85.3           | (1.3)            | (1.5%)         |
| 6.1             | Interest Income                         | 8.0            | 5.7            | (2.3)            | (28.1%)        |
| 86.2            | Federal Formula Funds                   | 120.5          | 82.4           | (38.1)           | (31.6%)        |
| 10.6            | Federal Discretionary Funds             | 19.9           | 32.2           | 12.4             | 62.3%          |
| 25.0            | Net Debt Issuances / (CP Retirements)   | 120.0          | (30.0)         | (150.0)          | (125.0%)       |
| 11.2            | Non-Operating                           | 12.7           | 14.7           | 2.0              | 15.7%          |
| 23.6            | Other Non-Federal Capital Contributions | 23.7           | 33.1           | 9.4              | 39.4%          |
| <b>\$766.0</b>  | <b>Total Sources of Funds</b>           | <b>\$933.7</b> | <b>\$787.0</b> | <b>(\$146.7)</b> | <b>(15.7%)</b> |

Exhibit 36 provides a view of the sources of funds and the percentages of the total.

Exhibit 36  
Breakdown of FY 2017 Sources of Funds  
(\$ in Millions)



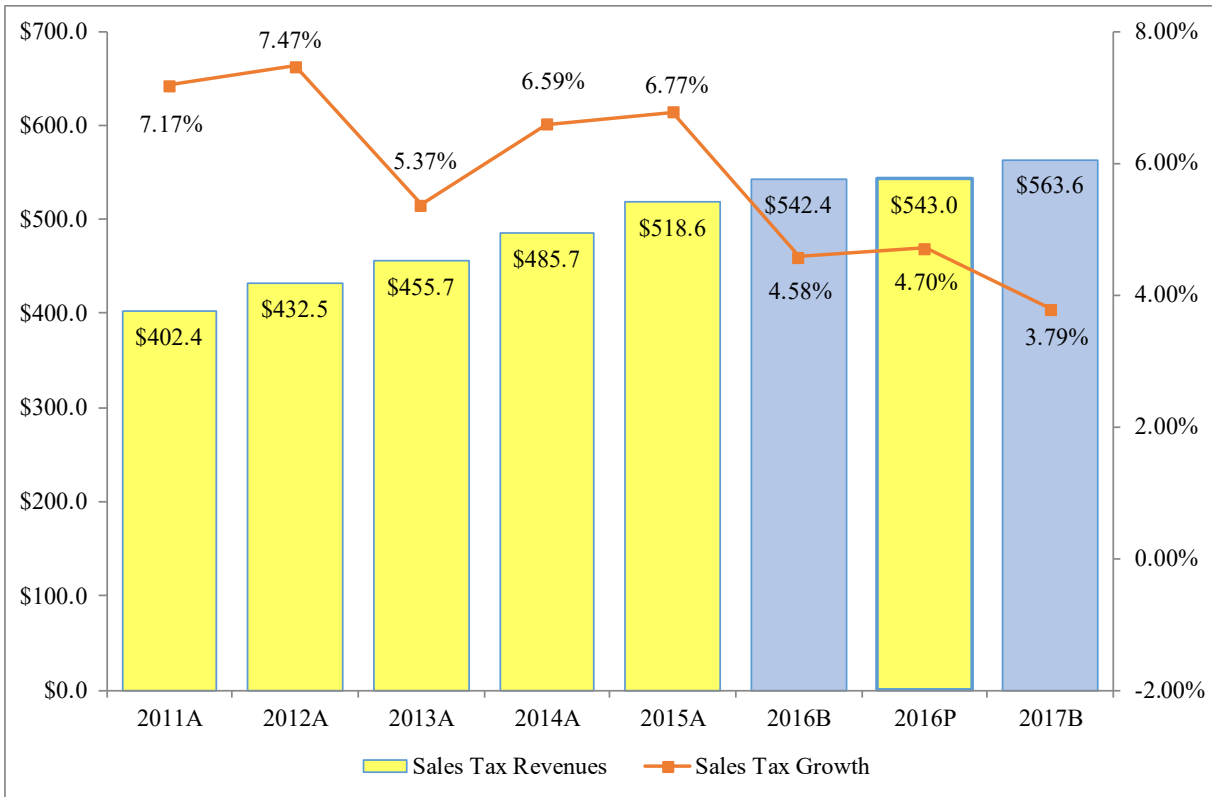
Sales Tax Revenues represent 69% of total sources of funds for FY 2017 and is the largest source of revenue for the Agency. A ten-year history of sales tax receipts by month is included at Exhibit 104 in the *Reference Section*.

The sales tax projections contained in the FY 2017 Budget are \$21.2 million higher than the FY 2016 budget. This represents a very conservative 3.9% increase from the FY 2016 budget, and 3.8% from FY 2016 projected receipts.

Exhibit 37, on the following page, shows the year-over-year growth of sales tax from FY 2011 Actual through FY 2017 Budget in terms of both dollars and percentages. More discussion of future sales taxes is included in the *Financial Plan Section*.



Exhibit 37  
Sales Tax Data, Historical and Projected  
(in Millions)



DART anticipates no new Debt Issuances during FY 2017, but will retire \$30 million in commercial paper.

The Federal Funds line items are programmed to decrease by \$25.7 million, include both formula and discretionary funds, and represent 14.6% of total sources. Formula funds include both the current year's allocation and carry-over of unspent funds from prior years. Changes in discretionary funds are primarily a result of timing of receipt of funds on several federally-funded projects.

The category of Operating Revenues totals \$85.3 million for FY 2017, a \$1.3 million (1.5%) decrease from FY 2016. The primary cause of the decrease is lower projected bus route ridership, and a lower average fixed route fare. Some of this decrease is offset by \$2.5 million in billings to Denton County Transit Authority (DCTA) for Impact Fee and Access Fee assessments between 2011 and 2016.

Interest Income is projected to decrease by \$2.3 million (28.1%) from the FY 2016 budget because of continued low interest rates and declining cash balances.

Non-Operating Income increased by \$2.0 million (15.7%) primarily as a result of increased contributions from FWTa for TRE operations (\$1.2 million) and the City of Dallas contribution to expanded Streetcar operations (\$826,000).

Other Non-Federal Capital Contributions increased by \$9.4 million (\$39.4%) due to increased TRE capital funding from FWTa. This increase is greater than the decrease in contributions from other capital project partners.

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 2017 operating budget includes a net increase of 16 salaried positions and 46 bus and light rail operators, and a decrease of 8 hourly maintenance positions (currently vacant).

The following assumptions were used to develop the FY 2017 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.
  - \$1 million reserve available for potential salary market adjustments and assumes a mid-year implementation.
- Benefits Assumptions
  - After years of rapidly escalating healthcare costs, DART has seen a leveling off of claims costs, and this is reflected in the budget. There will be little-to-no adjustment to employee premiums, moving DART closer to the premium cost split goal of 80% DART/20% employee.
  - DART is self-insured for health insurance claims with a third-party administrator.
  - Level funding at \$10 million to the defined benefit pension plan. This plan has been closed since 1988.

- Fuel and Energy Assumptions

- Replacement of the few remaining diesel buses with Compressed Natural Gas (CNG) powered vehicles by the first quarter of FY 2017.
- The majority of DART's CNG fuel costs are fixed-price by contract and result in an average cost of approximately \$0.97 per DGE (diesel gallon equivalent). CNG fuel is also used for all vehicles providing Paratransit service.
- Diesel fuel is budgeted at \$2.16 per gallon for TRE and the remaining diesel bus fleet.
- Electricity rates per kWh are budgeted at \$0.0869 with an assumption of 11.28 kWh/car mile consumption rate for light rail vehicles (LRV).

- Purchased Transportation Contract Rates

- Trinity Railway Express services are provided through a 10-year contract with Herzog Transit Services, Inc. FY 2017 is the second year of that contract.
- FY 2017 is the fifth year of the seven-year contract with MV Transportation for delivery of Paratransit services. Paratransit contract costs have increased by \$1.45 million related to both scheduled contract increases and anticipated growth in trips to be provided.
- DART provides Vanpool services through a third-party contractor (vRide).

- Service Levels

- Bus: DART will be increasing bus service by approximately 1% in FY 2017 through two service changes. The larger service change will occur in March 2017 followed by a smaller service change in August. These changes primarily address growing ridership in the high-employment Legacy area of Plano and Cypress Waters in Dallas.
- Light Rail: FY 2017 service levels include the opening of South Oak Cliff-3 (SOC-3) in October 2016.
- Streetcar: A 0.75-mile extension to the Dallas Streetcar System opened in August 2016. The FY 2017 budget reflects a full year of the increased services.
- TRE: FY 2017 service levels have increased by \$1.8 million from 2016.
- Vanpool: While the Vanpool program is authorized for up to 228 vans in operation, participation in this program has been under budget for several years so the program budget has been reduced for FY 2017 by \$260,000. As demand picks up again, additional resources may be allocated to the program.

- Reserves

- Funding in the amount of approximately \$700,000 is included in the FY 2017 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 38 shows DART's operating expenses by department for the fiscal years 2015 – 2017.

Exhibit 38  
FY 2015 – FY 2017 Departmental Expense Comparison  
(in Thousands)

| FY15<br>Actuals  | Department                                  | FY16 Budget      | FY16 YE<br>Projected | FY17 Budget      | \$ Var FY17<br>vs FY16<br>Budget |
|------------------|---|------------------|----------------------|------------------|----------------------------------|
| \$956            | Executive Admin                             | \$1,751          | \$1,102              | \$1,856          | \$106                            |
| 1,046            | Safety Office                               | 1,708            | 1,544                | 1,564            | (144)                            |
| <b>\$2,001</b>   | <b>Total President</b>                      | <b>\$3,458</b>   | <b>\$2,646</b>       | <b>\$3,420</b>   | <b>(\$38)</b>                    |
| \$846            | Deputy Exec Dir                             | \$1,296          | \$1,296              | \$1,252          | (\$44)                           |
| 2,231            | Diversity                                   | 2,404            | 2,344                | 2,376            | (28)                             |
| 1,151            | Government Relations                        | 1,170            | 1,156                | 1,187            | 18                               |
| 3,205            | Human Capital                               | 4,178            | 3,378                | 3,718            | (461)                            |
| <b>\$7,433</b>   | <b>Total Deputy Exec Director Reports</b>   | <b>\$9,048</b>   | <b>\$8,174</b>       | <b>\$8,533</b>   | <b>(\$515)</b>                   |
| \$773            | EVP Cust. Care/Srv. Delivery                | \$790            | \$619                | \$754            | (\$35)                           |
| 32,999           | DART Police                                 | 34,745           | 34,335               | 34,451           | (294)                            |
| 30,003           | Mobility Mgmt Svcs                          | 32,101           | 31,800               | 33,065           | 964                              |
| 6,749            | Materials Management                        | 7,291            | 6,882                | 7,095            | (195)                            |
| 144,654          | Maintenance                                 | 149,154          | 146,159              | 144,726          | (4,428)                          |
| 150,788          | Transportation                              | 154,720          | 151,715              | 152,795          | (1,925)                          |
| <b>\$365,967</b> | <b>Total EVP Customer Care/Svc Delivery</b> | <b>\$378,800</b> | <b>\$371,510</b>     | <b>\$372,886</b> | <b>(\$5,914)</b>                 |
| \$17,163         | Finance                                     | \$18,889         | \$18,470             | \$19,024         | \$135                            |
| 13,122           | Marketing & Communications                  | 13,816           | 12,807               | 13,167           | (649)                            |
| 3,562            | Procurement                                 | 3,816            | 3,586                | 3,615            | (201)                            |
| 12,929           | Technology                                  | 17,681           | 16,827               | 19,473           | 1,792                            |
| <b>\$46,777</b>  | <b>Total EVP Bus. Solutions/Innovation</b>  | <b>\$54,202</b>  | <b>\$51,690</b>      | <b>\$55,278</b>  | <b>\$1,076</b>                   |
| \$21,126         | Commuter Rail & RRMgmt                      | \$27,531         | \$25,061             | \$25,909         | (\$1,623)                        |
| 150              | RRROW                                       | 150              | 150                  | 150              | 0                                |
| 8,392            | Planning & Development                      | 9,548            | 8,323                | 9,470            | (78)                             |
| 4,710            | Rail Prog. Dev.                             | 1,372            | 5,282                | 5,736            | 4,365                            |
| 1,169            | Rail Planning                               | 5,488            | 1,206                | 1,364            | (4,124)                          |
| <b>\$35,548</b>  | <b>Total EVP Growth/Development</b>         | <b>\$44,089</b>  | <b>\$40,022</b>      | <b>\$42,628</b>  | <b>(\$1,460)</b>                 |
| \$675            | Board Support                               | \$837            | \$682                | \$725            | (\$113)                          |
| 1,463            | Internal Audit                              | 1,664            | 1,504                | 1,630            | (34)                             |
| 2,624            | General Counsel                             | 3,620            | 2,835                | 3,164            | (456)                            |
| <b>\$4,762</b>   | <b>Total Board Direct Reports</b>           | <b>\$6,121</b>   | <b>\$5,021</b>       | <b>\$5,519</b>   | <b>(\$602)</b>                   |
| \$5,535          | Agency Initiatives/Fuel Incentives/Reserves | \$7,587          | \$6,550              | \$15,256         | \$7,669                          |
| (6,967)          | Capital P&D Allocation                      | (8,491)          | (6,491)              | (8,580)          | (88)                             |
| <b>(\$1,432)</b> | <b>Total Other</b>                          | <b>(\$905)</b>   | <b>\$59</b>          | <b>\$6,676</b>   | <b>\$7,581</b>                   |
| <b>(\$7,563)</b> | Benefits*                                   | \$127            | (\$5,103)            | \$2              | (\$125)                          |
| <b>\$453,493</b> | <b>Grand Totals</b>                         | <b>\$494,940</b> | <b>\$474,020</b>     | <b>\$494,944</b> | <b>\$4</b>                       |

\* Benefits are allocated to depts during the budget preparation.



## Operating Budget Highlights

DART's Operating Expense budget remained at the FY 2016 level of \$494.9 million. Employee compensation, in the form of Salaries and Wages (\$237.6 million) and Benefits (\$109.4 million), comprised of 68.9% of the total operating budget. The third largest element of the operating budget is Purchased Transportation at 10.8% (\$54.4 million).

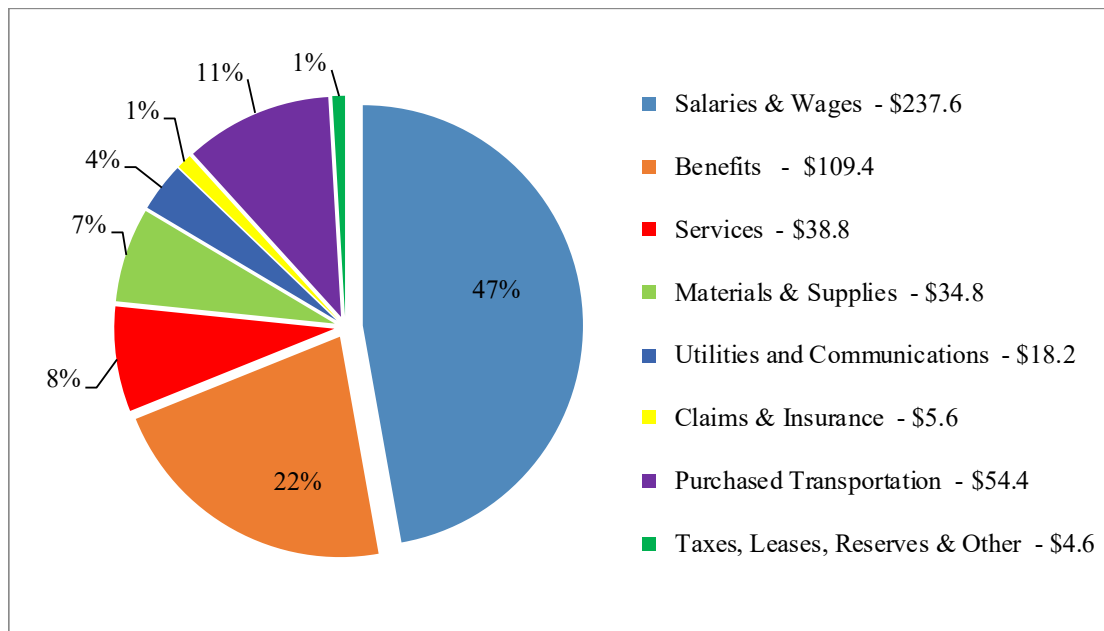
Exhibit 39 displays the Operating Expense budget by object classification and includes FY 2015 actual amounts, FY 2016 budget, and the FY 2017 budget. More detail by department can be found in the *Organizational Units Section*.

Exhibit 39  
Operating Expenses by Object Classification  
(in Thousands)

| FY15<br>Actuals  | Object Classification           | FY16<br>Budget   | FY17<br>Budget   | \$<br>Variance | %<br>Variance |
|------------------|---------------------------------|------------------|------------------|----------------|---------------|
| \$219,186        | Salaries & Wages                | \$233,282        | \$237,615        | \$4,333        | 1.9%          |
| 100,176          | Benefits                        | 114,937          | 109,369          | (5,568)        | (4.8%)        |
| 30,617           | Services                        | 35,093           | 38,816           | 3,723          | 10.6%         |
| 36,211           | Materials & Supplies            | 35,675           | 34,848           | (827)          | (2.3%)        |
| 17,978           | Utilities and Communications    | 19,015           | 18,205           | (810)          | (4.3%)        |
| 5,983            | Claims & Insurance              | 5,159            | 5,609            | 450            | 8.7%          |
| 45,608           | Purchased Transportation        | 54,150           | 54,420           | 270            | 0.5%          |
| 4,701            | Taxes, Leases, Reserves & Other | 6,120            | 4,642            | (1,478)        | (24.2%)       |
| <b>\$460,460</b> | <b>Sub-Total (All Expenses)</b> | <b>\$503,431</b> | <b>\$503,524</b> | <b>\$92</b>    | <b>0.0%</b>   |
| (6,967)          | Capital P&D                     | (8,491)          | (8,580)          | (88)           | 1.0%          |
| <b>\$453,493</b> | <b>Total Operating Expenses</b> | <b>\$494,940</b> | <b>\$494,944</b> | <b>\$4</b>     | <b>0.0%</b>   |

Exhibit 40 illustrates the operating budget, showing the amounts and relative proportions of each component.

Exhibit 40  
FY 2017 Operating Expenses by Component  
(in Millions)



Please note that the expenses totaled in Exhibit 40 above exceed the operating budget by \$8.6 million. This is the amount of departmental expenses classified as Capital Planning & Development costs (Capital P&D) and Start-up Costs.

Salaries and Wages – The FY 2017 Salaries and Wages budget is \$237.6 million, a \$4.3 million (1.9%) increase over the FY 2016 budget.

In the *Salaries and Wages* line item, there is a 3% pool for compensation increases programmed in the FY 2017 budget and a \$1 million reserve to address potential salary inequities as determined by a market survey. There is also 100% funding for the bonus programs (Division Level Measurements [DLM] and Reaching Performance Milestones [RPM]), along with the 5 Star Service Program.

Exhibit 41, on the following page, shows a reconciliation of the positions between FY 2016 and FY 2017. Total authorized positions have increased by a net of 54. The description of these position changes follows the exhibit.





### Exhibit 41 Budgeted Positions

| Full-Time Salaried Employees |  |                  |              |            |               |                  |
|------------------------------|--|------------------|--------------|------------|---------------|------------------|
| FY 2015                      | Department   | FY 2016          | Reorg / Mods | Eliminated | New Positions | Proposed FY 2017 |
| 4                            | Department of the President                        | 4                |              |            |               | 4                |
| 9                            | Safety Department                                  | 12               |              |            |               | 12               |
| 2                            | Deputy Executive Director                          | 3                | 1            |            |               | 4                |
| 5                            | Government Relations                               | 5                |              |            |               | 5                |
| 20                           | Diversity & Economic Opp.                          | 20               |              |            |               | 20               |
| 26                           | Human Capital                                      | 26               | (1)          |            |               | 25               |
| <b>66</b>                    | <b>Total President &amp; Deputy ED</b>             | <b>70</b>        | <b>-</b>     | <b>-</b>   | <b>-</b>      | <b>70</b>        |
| 96                           | Finance  | 95               |              |            |               | 95               |
| 64                           | Marketing & Communications                         | 64               |              |            |               | 64               |
| 33                           | Procurement  | 33               |              |            |               | 33               |
| 74                           | Technology   | 74               |              |            |               | 74               |
| <b>267</b>                   | <b>Total Business Solutions &amp; Innovation</b>   | <b>266</b>       | <b>-</b>     | <b>-</b>   | <b>-</b>      | <b>266</b>       |
| 35                           | EVP Customer Care/Service Delivery                 | 35               | (1)          |            |               | 34               |
| 366                          | DART Police  | 367              |              |            |               | 367              |
| 55                           | Mobility Management Services                       | 55               |              |            |               | 55               |
| 213                          | Maintenance  | 213              |              |            | 2             | 215              |
| 232                          | Transportation                                     | 232              |              |            | 4             | 236              |
| <b>901</b>                   | <b>Total EVP Customer Care &amp; Svc. Delivery</b> | <b>902</b>       | <b>(1)</b>   | <b>-</b>   | <b>6</b>      | <b>907</b>       |
| 15                           | Commuter Rail                                      | 15               |              |            |               | 15               |
| 28                           | Planning & Development                             | 28               |              |            |               | 28               |
| 37                           | Rail Program Development                           | 37               |              |            | 1             | 38               |
| 10                           | Rail Planning                                      | 10               |              |            |               | 10               |
| <b>90</b>                    | <b>Total EVP Growth &amp; Regional Dev</b>         | <b>90</b>        | <b>-</b>     | <b>-</b>   | <b>1</b>      | <b>91</b>        |
| 5                            | Board Support                                      | 5                |              |            |               | 5                |
| 9                            | Internal Audit                                     | 9                |              |            |               | 9                |
| 20                           | Legal  | 20               |              |            |               | 20               |
| <b>34</b>                    | <b>Total Board Directs</b>                         | <b>34</b>        | <b>-</b>     | <b>-</b>   | <b>-</b>      | <b>34</b>        |
|                              | New Positions Requested*                           |                  |              |            | 11            | 11               |
| <b>1,358</b>                 | <b>Total Salaried</b>                              | <b>1,362</b>     | <b>(1)</b>   | <b>-</b>   | <b>18</b>     | <b>1,379</b>     |
| Full-Time Hourly Employees   |  |                  |              |            |               |                  |
| FY 2015                      | Department   | Approved FY 2016 | Reorg / Mods | Eliminated | New Positions | Proposed FY 2017 |
| 20                           | Finance  | 20               |              |            |               | 20               |
| 58                           | Marketing & Communications                         | 58               |              |            |               | 58               |
| <b>78</b>                    | <b>Total Business Solutions &amp; Innovation</b>   | <b>78</b>        | <b>-</b>     | <b>-</b>   | <b>-</b>      | <b>78</b>        |
| 769                          | Maintenance  | 769              |              | (7)        |               | 762              |
| 49                           | Materials Management                               | 49               |              |            |               | 49               |
|                              | Transportation Operators                           |                  |              |            |               |                  |
| 1,199                        | Bus  | 1,226            |              |            | 35            | 1,261            |
| 185                          | Rail   | 191              |              |            | 11            | 202              |
| 44                           | Non Operator                                       | 44               |              |            |               | 44               |
| <b>2,246</b>                 | <b>Total EVP Customer Care &amp; Svc. Delivery</b> | <b>2,279</b>     | <b>-</b>     | <b>(7)</b> | <b>46</b>     | <b>2,318</b>     |
| <b>2,324</b>                 | <b>Total Hourly</b>                                | <b>2,357</b>     | <b>-</b>     | <b>(7)</b> | <b>46</b>     | <b>2,396</b>     |
| <b>3,682</b>                 | <b>Grand Total Full-Time Employees</b>             | <b>3,719</b>     | <b>(1)</b>   | <b>(7)</b> | <b>64</b>     | <b>3,775</b>     |

Following is a description of the position changes shown in Exhibit 41:

- EVP Customer Care/Svc Delivery has a net increase of 42 positions.
  - Transportation added 11 additional Rail Operators to implement APTA Fit-for-Duty standards and 35 additional Bus Operators to fulfill Optimal Operator Calculation aimed at reducing no-pullout instances due to lack of available operators.
  - Transportation added four new salaried positions include 2 Rail Field Supervisors (Streetcar), 1 Station Supervisor, and 1 Training Specialist.
  - The Maintenance Department eliminated 8 hourly positions that are currently vacant.
- EVP Growth and Regional Development includes 1 new position.
  - The Vice President, Real Property & Transit Oriented Development (TOD), added one new position to leverage the viability of the transit system through economic development and to work with Service Area Cities to identify and implement TOD opportunities and generate new opportunities to create revenue for DART and opportunities for environmentally sustainable livable communities that are focused on transit accessibility.

Please note: Funding for 11 new requested positions has been included in the Agency Initiatives line item of the budget, but the President/Executive Director has not given final approval on these positions

**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 2017 Benefits budget is \$109.5 million, a \$5.4 million (4.7%) decrease from the FY 2016 budget, as shown in Exhibit 42.

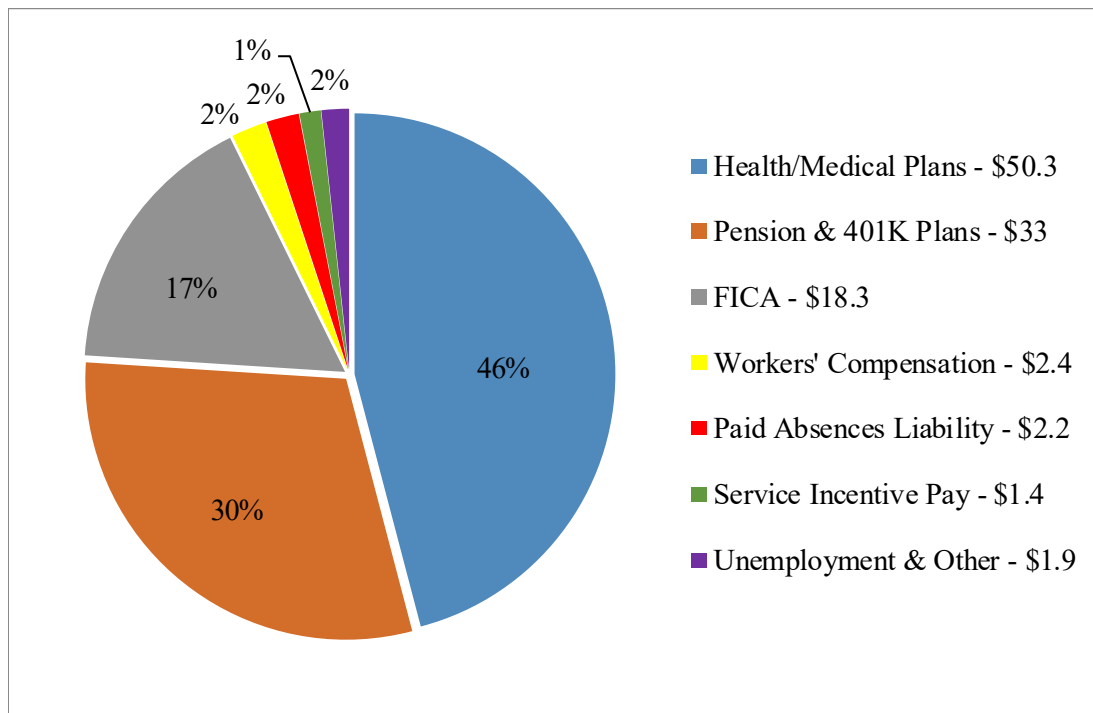
Exhibit 42  
Benefits Expenses by Type  
(in Thousands)

| FY15<br>Actuals  | Object Classification               | FY16<br>Budget   | FY17<br>Budget   | \$<br>Variance   | %<br>Variance |
|------------------|-------------------------------------|------------------|------------------|------------------|---------------|
| \$48,730         | Health/Medical Plans <sup>[1]</sup> | \$56,057         | \$50,288         | (\$5,769)        | (10.3%)       |
| 28,474           | Pension & 401K Plans                | 32,320           | 32,959           | 639              | 2.0%          |
| 16,121           | FICA                                | 17,811           | 18,313           | 501              | 2.8%          |
| 1,347            | Workers' Compensation               | 2,400            | 2,400            | 0                | 0.0%          |
| 2,268            | Paid Absences Liability             | 2,242            | 2,242            | 0                | 0.0%          |
| 1,361            | Service Incentive Pay               | 1,448            | 1,448            | 0                | 0.0%          |
| 1,875            | Unemployment & Other                | 2,659            | 1,869            | (790)            | (29.7%)       |
| <b>\$100,176</b> | <b>Total Benefits</b>               | <b>\$114,937</b> | <b>\$109,519</b> | <b>(\$5,418)</b> | <b>(4.7%)</b> |

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

Exhibit 43 is an overview of the percentage of expenditure to major components within the Benefits category for the FY 2017 budget.

Exhibit 43  
FY 2017 Benefits Budget by Component  
(in Millions)



- *Health, Life, and Disability* insurance remains the major cost driver of all DART benefits. The decrease year-over-year is approximately \$5.8 million (10.3%). The dependent verification and policy change eliminating eligibility of spouses who have access to other health insurance conducted in 2015, combined with a reduction in high-cost claims over the last year-and-a-half has resulted in the budget decrease.
- 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 2017 budget remains basically the same as in FY 2016 at \$2.4 million, including legal fees associated with workers' compensation claims.

Services – The FY 2017 Services budget of \$38.8 million represents 7.7% of the total agency budget. This is an increase of \$3.1 million (8.7%) over the FY 2016 budget. Computer Services & Software Licenses, Other Consulting Services, and HR & Benefits-Related Services show the largest dollar value increases at \$1.5 million, \$1.0 million, and \$753,000 respectively.



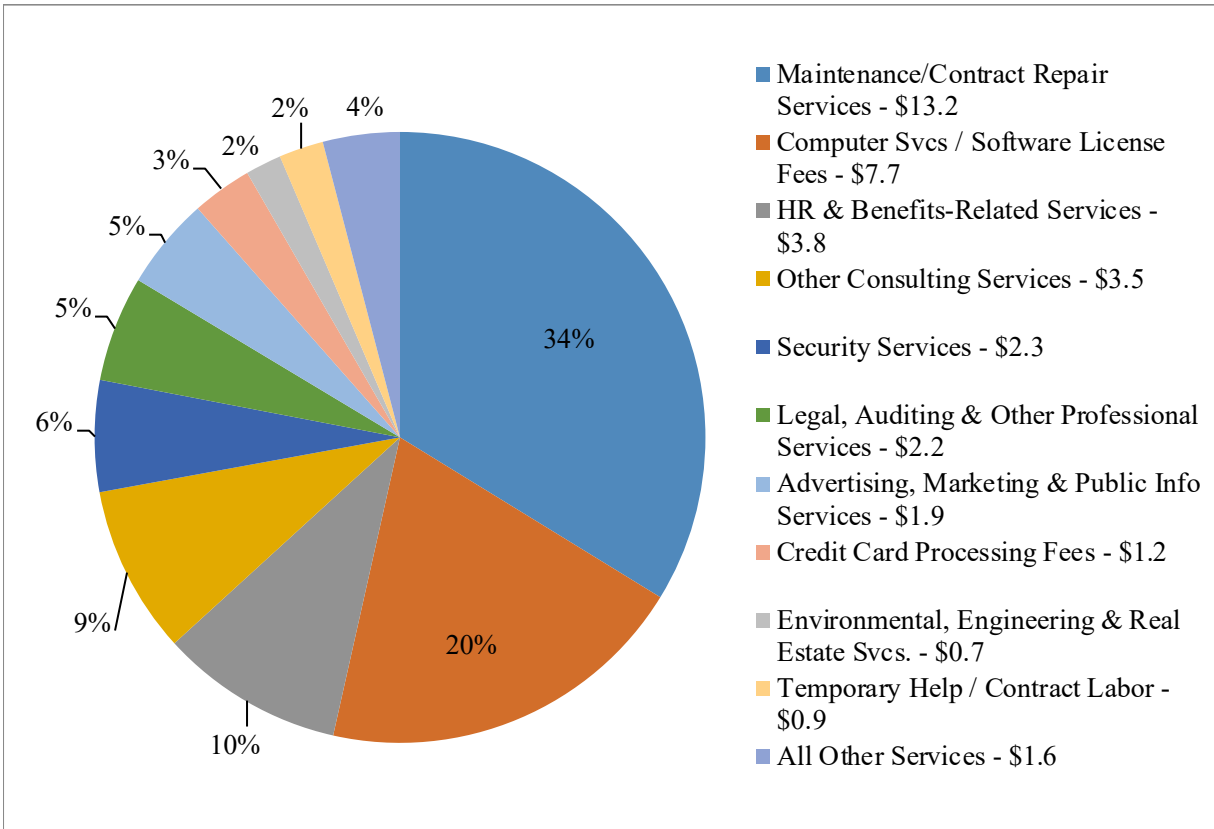
Exhibit 44 details the Services component of the budget.

Exhibit 44  
Services Expenses by Type  
(in Thousands)

| FY15<br>Actuals | Object Classification                          | FY16<br>Budget  | FY17<br>Budget  | \$<br>Variance | %<br>Variance |
|-----------------|--|-----------------|-----------------|----------------|---------------|
| \$12,028        | Maintenance/Contract Repair Services           | \$13,500        | \$13,165        | (\$334)        | (2.5%)        |
| 4,110           | Computer Svcs / Software License Fees          | 6,205           | 7,699           | 1,494          | 24.1%         |
| 2,919           | HR & Benefits-Related Services                 | 3,035           | 3,788           | 753            | 24.8%         |
| 1,347           | Other Consulting Services                      | 2,440           | 3,468           | 1,028          | 42.1%         |
| 1,805           | Security Services                              | 2,422           | 2,300           | (122)          | (5.0%)        |
| 1,113           | Legal, Auditing & Other Professional Services  | 1,822           | 2,180           | 358            | 19.6%         |
| 2,616           | Advertising, Marketing & Public Info Services  | 2,235           | 1,898           | (337)          | (15.1%)       |
| 747             | Credit Card Processing Fees                    | 1,100           | 1,240           | 140            | 12.7%         |
| 712             | Environmental, Engineering & Real Estate Svcs. | 744             | 744             | 0              | 0.0%          |
| 685             | Temporary Help / Contract Labor                | 599             | 921             | 322            | 53.7%         |
| 2,534           | All Other Services                             | 1,753           | 1,587           | (167)          | (9.5%)        |
| <b>\$30,617</b> | <b>Total Services</b>                          | <b>\$35,855</b> | <b>\$38,990</b> | <b>\$3,135</b> | <b>8.7%</b>   |

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

Exhibit 45  
FY 2017 Services Budget by Component  
(in Millions)



Materials and Supplies – The budget for *Materials and Supplies* decreased year-over-year by 2.9% (\$1.0 million).

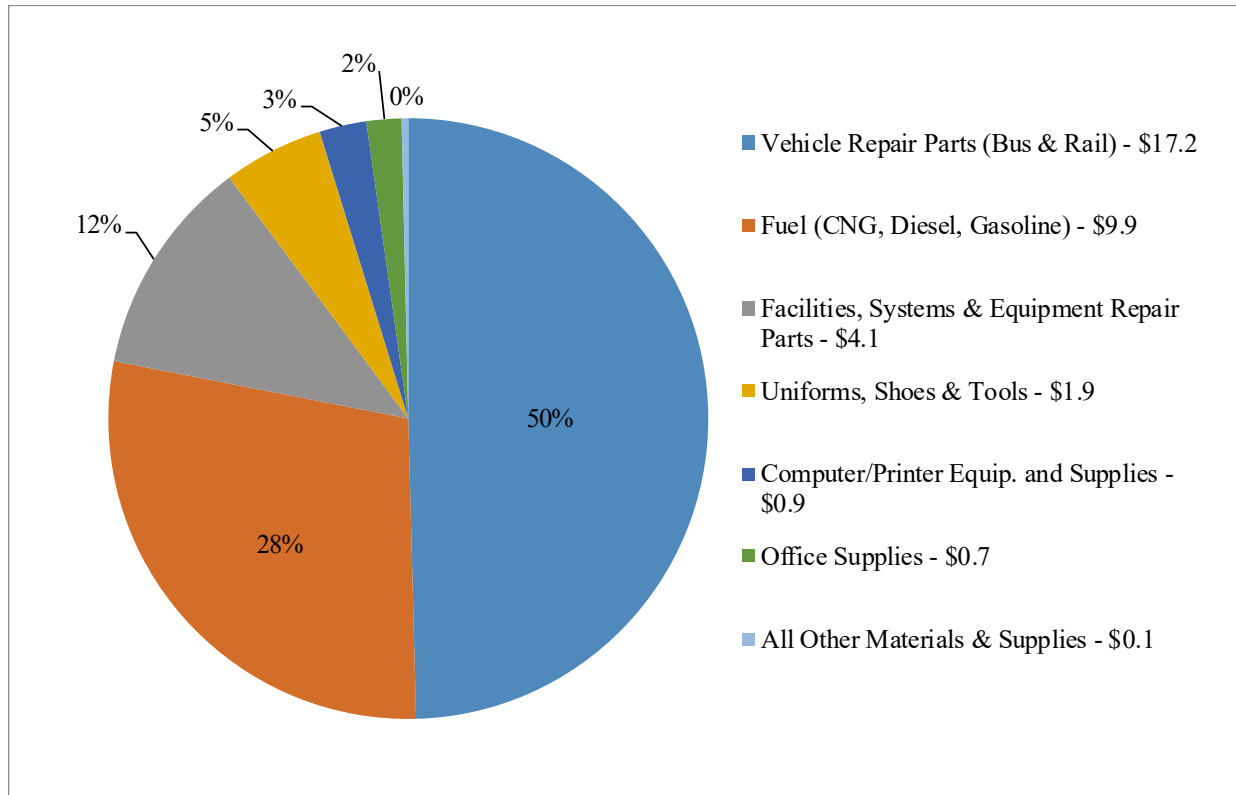
- The continued replacement of diesel-fueled buses with CNG-fueled buses resulted in significant savings (\$1.3 million, or 11.6%).
- Escalating rail parts cost are the driving factor for the increase in Vehicle Repair Parts which has increased by \$1.3 million (7.9%)
- Computer and other supplies decreased by \$1.0 million

Exhibits 46 and 47 provide details about the Materials & Supplies component of the budget.

Exhibit 46  
Materials & Supplies Expenses by Type  
(in Thousands)

| FY15<br>Actuals | Object Classification                        | FY16<br>Budget  | FY17<br>Budget  | \$<br>Variance   | %<br>Variance |
|-----------------|--|-----------------|-----------------|------------------|---------------|
| \$18,408        | Vehicle Repair Parts (Bus & Rail)            | \$15,916        | \$17,173        | \$1,257          | 7.9%          |
| 10,448          | Fuel (CNG, Diesel, Gasoline)                 | 11,152          | 9,864           | (1,288)          | (11.6%)       |
| 4,151           | Facilities, Systems & Equipment Repair Parts | 4,219           | 4,074           | (144)            | (3.4%)        |
| 1,797           | Uniforms, Shoes & Tools                      | 2,075           | 1,866           | (210)            | (10.1%)       |
| 739             | Computer/Printer Equip. and Supplies         | 1,453           | 880             | (573)            | (39.4%)       |
| 513             | Office Supplies                              | 733             | 650             | (83)             | (11.3%)       |
| 155             | All Other Materials & Supplies               | 127             | 126             | (1)              | (0.7%)        |
| <b>\$36,211</b> | <b>Total Materials &amp; Supplies</b>        | <b>\$35,675</b> | <b>\$34,633</b> | <b>(\$1,042)</b> | <b>(2.9%)</b> |

Exhibit 47  
FY 2017 Materials & Supplies Budget by Component  
(in Millions)

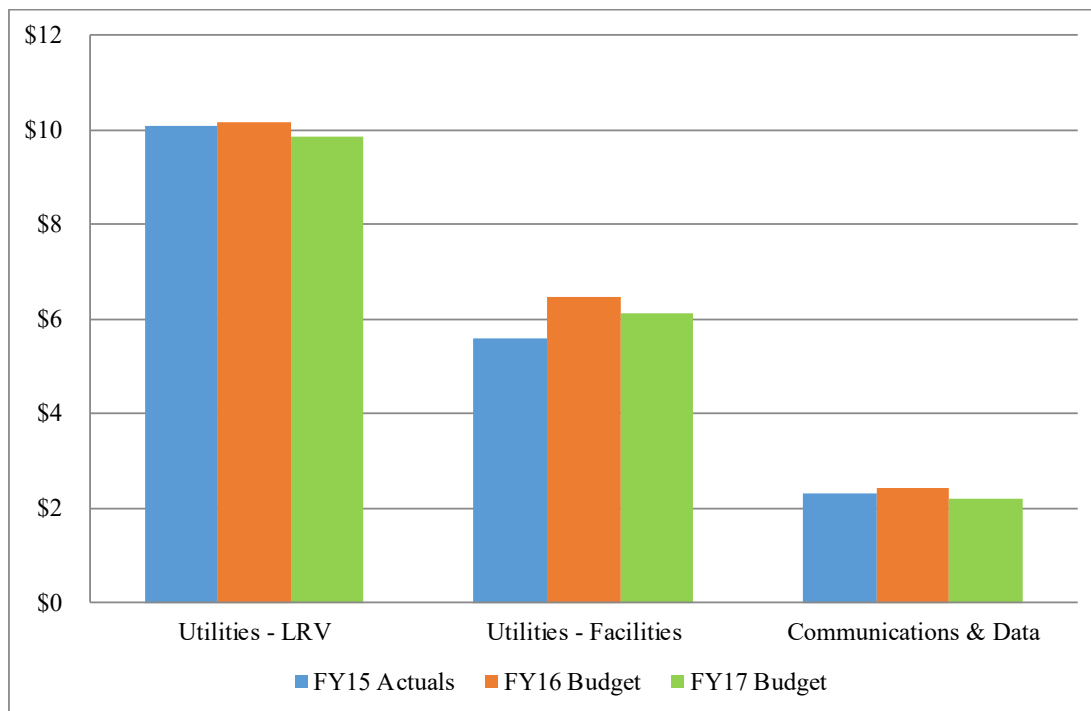




Utilities and Communications – This category includes electricity for the Light Rail system and DART facilities, as well as phone and data services for the agency. The budget for FY 2017 is \$18.284 million a 4.0% decrease year over year. This category represents 3.6% of the total Agency’s operating budget.

Exhibit 48 compares the Utilities & Communications expenses over the last three years.

Exhibit 48  
FY 2017 Utilities & Communications Expense Comparison  
(in Millions)



Claims and Insurance – This category includes DART’s liability claims and property insurance costs. DART is 100% self-insured for liability claims relating to bus accidents and other operations. On rail operations liability, DART is self-insured for the initial \$3 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 2017 budget for this category increased by \$450,000 (8.7%) compared to FY 2016.

Purchased Transportation – These services are purchased through a third party to provide transportation services for DART. The budget for this category increased by \$1.0 million (8.7%) in the FY 2017 budget over FY 2016 due to increases in contract rates and service levels.

Exhibit 49 compares Purchased Transportation expenses between FY 2015 and FY 2017.

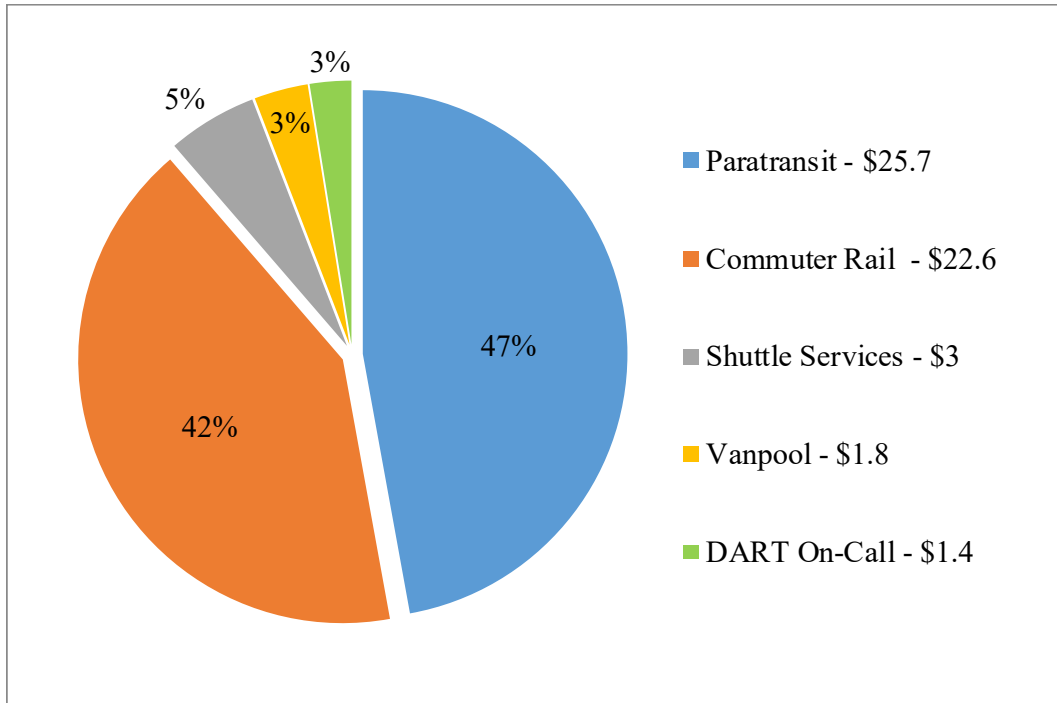
Exhibit 49  
Purchased Transportation Expenses by Type  
(in Thousands)

| <b>FY15<br/>Actuals</b> | <b>Object Classification</b>          | <b>FY16<br/>Budget</b> | <b>FY17<br/>Budget</b> | <b>\$<br/>Variance</b> | <b>%<br/>Variance</b> |
|-------------------------|---------------------------------------|------------------------|------------------------|------------------------|-----------------------|
| \$22,811                | Paratransit                           | \$24,152               | \$25,657               | \$1,505                | 6.2%                  |
| 17,907                  | Commuter Rail                         | 22,591                 | 22,610                 | 19                     | 0.1%                  |
| 1,778                   | Shuttle Services                      | 3,167                  | 2,982                  | (184)                  | (5.8%)                |
| 1,741                   | Vanpool                               | 2,046                  | 1,789                  | (257)                  | (12.6%)               |
| 1,371                   | DART On-Call                          | 1,432                  | 1,382                  | (50)                   | (3.5%)                |
| <b>\$45,608</b>         | <b>Total Purchased Transportation</b> | <b>\$53,388</b>        | <b>\$54,420</b>        | <b>\$1,032</b>         | <b>100.0%</b>         |

- Paratransit contract costs increased by \$1.5 million (6.2%) because of both contract rate increases and projected increase in demand for trips.
- Trinity Railway Express costs remained essentially flat. This is a combination of a decrease in certain periodic maintenance fees that happen to occur during the first year of the new contract and an increase in service levels.
- Vanpool costs were reduced in the budget by \$257,000 (12.6%) based on continued lower-than-expected demand.

Exhibit 50 highlights the components of the Purchased Transportation category.

Exhibit 50  
FY 2017 Purchased Budget by Component  
(in Millions)



The FY 2017 Taxes, Leases and Other expense budget is \$4.6 million, a \$1.5 million (24.2%) decrease from FY 2016. This is inclusive of a \$1.2 million agency-credit for savings to be identified during the year.



## Capital and Non-Operating Budget

Exhibit 51 is a summary of the Capital and Non-Operating Project Expenditures from FY 2015-FY 2017, which includes: Light Rail Transit (LRT) expansion; 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 18 in the *Financial Plan Section*.

Exhibit 51  
Capital & Non-Operating Project Expenditure Comparison  
(in Thousands)

| FY15<br>Actuals   | Category   | FY16<br>Budget   | FY17<br>Budget   | \$<br>Variance  |
|---|--|------------------|------------------|-----------------|
| \$157,792   | Total Capital Projects                                       | \$258,473        | \$261,534        | \$3,061         |
| 6,967   | Capital Planning & Development                               | 8,491            | 7,830            | (662)           |
| 0   | Start-up   | 0                | 750              | 750             |
| 2,569   | Non-Operating  | 1,236            | 5,650            | 4,414           |
| <b>\$167,328</b>  | <b>Sub-Total Capital / Non-Operating</b>                     | <b>\$268,200</b> | <b>\$275,764</b> | <b>\$7,564</b>  |
| <i>Road Improvements</i>  |  |                  |                  |                 |
| 0   | PASS Program   | \$7,562          | \$6,608          | (\$954)         |
| 17  | TSM (General & Street Repair Program)                        | 2,576            | 6,722            | 4,146           |
| 543   | Regional & DART/TxDOT ITS                                    | 0                | 0                | 0               |
| <b>\$560</b>  | <b>Sub-total Road Improvements</b>                           | <b>\$10,138</b>  | <b>\$13,330</b>  | <b>\$3,192</b>  |
| <b>\$167,888</b>  | <b>Total Capital &amp; Non-Op./Road Imp.</b>                 | <b>\$278,338</b> | <b>\$289,094</b> | <b>\$10,756</b> |
| \$646   | LAP/CMS Program*   | \$0              | \$0              | \$0             |
| <b>\$168,534</b>  | <b>Total Capital &amp; Non-Op./Road Imp./LAP/CMS Program</b> | <b>\$278,338</b> | <b>\$289,094</b> | <b>\$10,756</b> |
| * Please note that although no further funds are being allocated to these programs, funds allocated in prior years may be expended. |  |                  |                  |                 |

## Debt Service Budget

The FY 2017 Debt Service Budget is shown below in Exhibit 52. Additional information on DART's Debt Program can be found in the *Financial Plan Section* on beginning on page 48.

Exhibit 52  
Debt Service Expense Comparison  
(in Millions)

| FY 2015<br>Actual | Description                       | FY 2016<br>Budget | FY 2017<br>Budget | \$<br>Variance  |
|-------------------|-----------------------------------|-------------------|-------------------|-----------------|
| \$150.8           | Long-Term Debt Interest Expense*  | \$148.3           | \$135.8           | (\$12.4)        |
| 0.3               | Commercial Paper Program Expenses | 0.7               | 1.2               | 0.5             |
| 0.2               | Financial Advisor and Other Fees  | 0.6               | 0.5               | (0.2)           |
| <b>\$151.4</b>    | <b>Total Expenses</b>             | <b>\$149.6</b>    | <b>\$137.5</b>    | <b>(\$12.1)</b> |
| \$38.2            | Principal Repayments - Bonds      | \$48.2            | \$54.0            | \$5.8           |
| <b>\$189.6</b>    | <b>Total Debt Service Budget</b>  | <b>\$197.8</b>    | <b>\$191.5</b>    | <b>(\$6.4)</b>  |

\* Net interest expense including Build-America Bonds (BABs).



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# FY 2017 BUSINESS PLAN

## Section 4

### Organizational Units

## **Organizational Units**

This section contains key performance indicators and budget details by mode, as well as goals and functions 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 Program
- 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
- Capital Design & Construction
- Commuter Rail and Railroad Management
- Real Property and Transit Oriented Development (TOD)

## 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 (who 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 2017 Operating Budget and positions by department are shown in the *FY 2017 Annual Budget* section, in Exhibits 41 and 42, respectively.

DART’s leadership uses a framework of aligned strategic planning tools to ensure DART employees understand how their jobs and performance are linked to the Agency’s mission statement, direction, and strategic priorities. DART’s Strategic Alignment Structure is shown in Exhibit 53. 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.

```

graph LR
    subgraph BoardPolicy [Board Policy and Direction]
        direction TB
        MVS[Mission & Vision Statements  
DART's purpose]
        SP[Strategic Priorities  
Broad agency-wide objectives]
        SysP[System Plan  
Commitments on future system build-out]
        FS[Financial Standards  
Expected business results and debt limits]
        BP[Board Policies  
Broad direction on certain issues]
    end

    subgraph ManagementAction [Management Action Plans and Performance Measurements]
        direction TB
        EV[Employee Values  
Vision of success and how we treat each other]
        AG[Agency Goals  
Mgmt's strategies to achieve Board direction]
        BI[Other Strategic Input  
External climate review  
Surveys  
Business results  
Benchmark studies]
        BP1[Business Plan  
* Projected operational & fin'l performance  
* Multi-year work program]
        AB[Annual Budget  
* Revenues and expenses  
* Variance explanations]
        TWFP[Twenty-Year Financial Plan  
* 20-year projections  
* Sources/uses of funds  
* Affordability of plans]
    end

    subgraph EmployeePerformance [Employee Performance]
        direction TB
        SPM[Senior Mgmt's PMP*  
Agency/modal scorecards  
Departmental scorecards  
Work program initiatives  
Competencies/KSAs**  
Organizational values]
        EMP[Employee PMP*  
Regular assignments (Div/Section scorecards)  
Work program initiatives  
Competencies/KSAs**  
Organizational values]
    end

    BoardPolicy --> ManagementAction
    ManagementAction --> EmployeePerformance

    MVS --> EV
    SP --> AG
    SP --> BP1
    SP --> AB
    SP --> TWFP
    SysP --> AG
    FS --> AG
    BP --> AG

    BI --> AG
    AG --> BP1
    AG --> AB
    AG --> TWFP

    BP1 --> SPM
    AB --> SPM
    TWFP --> SPM
    SPM <--> EMP
  
```

**Board Policy and Direction**

- Mission & Vision Statements**
  - DART's purpose
- Strategic Priorities**
  - Broad agency-wide objectives
- System Plan**
  - Commitments on future system build-out
- Financial Standards**
  - Expected business results and debt limits
- Board Policies**
  - Broad direction on certain issues

**Management Action Plans and Performance Measurements**

- Employee Values**
  - Vision of success and how we treat each other
- Agency Goals**
  - Mgmt's strategies to achieve Board direction
- Other Strategic Input**
  - External climate review
  - Surveys
  - Business results
  - Benchmark studies
- Business Plan**
  - \* Projected operational & fin'l performance
  - \* Multi-year work program
- Annual Budget**
  - \* Revenues and expenses
  - \* Variance explanations
- Twenty-Year Financial Plan**
  - \* 20-year projections
  - \* Sources/uses of funds
  - \* Affordability of plans

**Employee Performance**

- Senior Mgmt's PMP\***
  - Agency/modal scorecards
  - Departmental scorecards
  - Work program initiatives
  - Competencies/KSAs\*\*
  - Organizational values
- Employee PMP\***
  - Regular assignments (Div/Section scorecards)
  - Work program initiatives
  - Competencies/KSAs\*\*
  - Organizational values

\*PMP = Performance Management Plan  
\*\*KSA = Knowledge, Skills, & Attitudes

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 2017 Annual Budget and 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](http://DART.org).

DART’s Strategic Measurements – Exhibit 54 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 54, 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 54  
DART’s Strategic Measurements

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



## DART Key Performance Indicators

DART's Scorecard of Key Performance Indicators (KPIs) is shown in Exhibit 55. Fiscal years 2014 and 2015 indicate actual values. Fiscal Year 2016 Qtr 3 are for the four-quarter rolling period ending June 30, 2016. Fiscal Years 2016 and 2017 are the budget (target) values for those years.

Exhibit 55  
DART Scorecard of Key Performance Indicators (KPIs)

|                          | Indicators                                      | FY14A    | FY15A   | FY16<br>Qtr 3 | FY16B   | FY17B    |
|--------------------------|---|----------|---------|---------------|---------|----------|
| Ridership<br>Performance | Total Agency Ridership (M)                      | 70.8     | 70.2    | 68.7          | 70.3    | 69.5     |
|                          | Fixed-Route Ridership (M)                       | 69.1     | 68.6    | 67.0          | 68.5    | 67.9     |
|                          | Ridership - Bus (M)                             | 37.4     | 36.5    | 34.7          | 36.5    | 34.8     |
|                          | Ridership - LRT (M)                             | 29.5     | 29.9    | 30.2          | 29.9    | 30.8     |
|                          | Ridership - TRE (M)                             | 2.3      | 2.2     | 2.1           | 2.2     | 2.2      |
|                          | Ridership - Paratransit (000s)                  | 753.4    | 781.8   | 817.4         | 802.0   | 833.3    |
|                          | Ridership - Vanpool (000s)                      | 893.0    | 871.4   | 889.4         | 929.0   | 838.0    |
| Efficiency<br>Measures   | Subsidy Per Passenger - Total System            | \$5.19   | \$5.28  | \$5.53        | \$5.83  | \$5.93   |
|                          | Subsidy Per Passenger - Fixed-Route             | \$4.87   | \$4.95  | \$5.17        | \$5.49  | \$5.56   |
|                          | Subsidy Per Passenger - Bus                     | \$5.32   | \$5.47  | \$5.78        | \$5.97  | \$6.38   |
|                          | Subsidy Per Passenger - LRT                     | \$4.21   | \$4.24  | \$4.27        | \$4.66  | \$4.42   |
|                          | Subsidy Per Passenger - TRE                     | \$5.96   | \$6.11  | \$7.94        | \$8.72  | \$8.50   |
|                          | Subsidy Per Passenger - Paratransit             | \$39.59  | \$40.02 | \$40.34       | \$41.79 | \$41.90  |
|                          | Subsidy Per Passenger - Vanpool                 | (\$0.11) | \$0.09  | \$0.23        | \$0.16  | (\$0.19) |
|                          | Farebox Recovery Ratio - Fixed-Route            | 15.3%    | 16.0%   | 15.4%         | 15.6%   | 15.0%    |
|                          | Administrative Ratio                            | 8.7%     | 8.6%    | 8.8%          | 9.6%    | 9.6%     |
| Service<br>Quality       | On-Time Performance - Fixed Route               | 91.5%    | 90.4%   | 90.1%         | 91.0%   | 90.3%    |
|                          | On-Time Performance - Bus                       | 80.8%    | 79.2%   | 79.6%         | 80.0%   | 80.0%    |
|                          | On-Time Performance - LRT                       | 95.1%    | 93.6%   | 93.0%         | 95.0%   | 94.0%    |
|                          | On-Time Performance - TRE                       | 98.6%    | 98.3%   | 97.8%         | 98.0%   | 97.0%    |
| Customer<br>Satisfaction | Complaints Per 100,000 Passengers - Fixed-Route | 37.3     | 37.2    | 40.2          | 38.1    | 37.4     |
|                          | Complaints Per 100,000 Passengers - Bus         | 55.8     | 57.1    | 59.6          | 57.0    | 57.0     |
|                          | Complaints Per 100,000 Passengers - LRT         | 16.5     | 15.3    | 20.6          | 17.5    | 17.5     |
|                          | Complaints Per 100,000 Passengers - TRE         | 2.7      | 3.1     | 4.6           | 2.8     | 5.5      |
|                          | Complaints Per 1,000 Trips - Paratransit        | 5.3      | 4.3     | 4.5           | 3.0     | 3.0      |
| Safety                   | Accidents Per 100,000 Miles - Fixed-Route       | 1.91     | 2.07    | 1.94          | 1.93    | 1.98     |
|                          | Accidents Per 100,000 Miles - Bus               | 2.29     | 2.51    | 2.35          | 2.30    | 2.30     |
|                          | Accidents Per 100,000 Train Miles - LRT         | 0.25     | 0.32    | 0.31          | 0.35    | 0.35     |
|                          | Accidents Per 100,000 Train Miles - TRE [1]     | 1.62     | 1.59    | 1.32          | 0.74    | 1.00     |

[1] The measure has been restated from Accidents/Car Mile to Accidents/Train Mile and therefore will not tie to previous reports.

## Customer Care & Service Delivery

Customer Care & Service Delivery is charged with providing effective, efficient, safe, and secure transportation service. The Executive Vice President, Chief Operations Officer, has oversight of DART bus, light rail, and paratransit services, as well as Materials Management and the DART Police Department. The Executive Vice President reports to DART's President/Executive Director and is the management liaison for the Board's Operations, Safety, and Security Committee for departmental matters.

*5 Star Service Program* – This initiative is a major cultural transition for DART. Fiscal Year 2017 will be the fifth year of moving the agency towards a customer-oriented culture. The customer focus culture is a significant change in how we approach customer service internally and externally. In addition, the program emphasizes moving toward accountability. Accountable employees at every level of the organization have a role in facilitating the change and demonstrating ownership needed for making true progress, both for the individual, department, and organization. Three new initiatives this year are:

- The 5 Star Program Steering Committee – Provides oversight on long-term strategies in support of 5 Star program goals, definition achievement, values culture change, continuous improvement, high performance, recognition, image, and brand. The committee is comprised of twenty vice presidents from each business unit of the organization and three graduate customer experience officers.
- Practicing, Leading, and Serving: A New Management Course – A 20-hour training course has been developed to help employees become better leaders, replace old leadership styles with new behaviors that can be integrated into daily routines of work to improve employee relationships and team performance. The key principles of the course include: Person of Character, Put People First, Skilled Communicator, Compassionate Collaborator, Foresights, Systems Thinker, and Leads with Moral Authority. This course will use the culture of collaboration and accountability to advance DART employees to the next level of leadership.
- 5 Star Service Program Website – An internal DART website is under development. This will allow employees to access 5 Star Service Program information and current events. The information will include program objectives and collateral materials housed in the following pillars: Culture Change, Center of Excellence, Improved Services, High Performance and Recognition, and Image and Brand. Additional information includes a photo gallery, videos, training materials, and program guidelines.

The following 5 Star initiatives are the cornerstones of the program and will continue in 2017:

- Customer Experience Officers (CEOs) are 5 Star Program champions in their respective work units. These persons are selected in each department by an employee application and interview process.

- Continuous Improvement Teams (CIT) are problem-solving groups that include approximately 60 employees at any given time, 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. Fifteen teams have implemented their projects to date.
- The Culture Change Management Series is a schedule of three guest speakers per year. The program has been a huge success with employees. Speakers have included representatives from Disney, Southwest Airlines, and Interstate Batteries, as well as college professors from across the country.
- 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. 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.
- Ongoing 5 Star training is provided to front-line employees as part of their refresher or recertification training; leadership and communication training is being rolled out to all management staff, initially within the operating departments that are responsible for providing leadership to customer-facing team members.
- 5 Star Suggestions – Employee ideas submitted through the workflow process continues to be a positive venue in which employees let management know of innovative and useful ways to improve DART. To date, the program has received 704 suggestions and approximately 500 are in progress and/or implemented. Suggestions include a wide range of areas such as: employee recognition, equipment and signage enhancements, training, communication upgrades, and service improvements.

The 5 Star Service Program has five pillars:

- ✓ Culture Change
- ✓ Center of Excellence
- ✓ Improved Services
- ✓ High Performance and Recognition
- ✓ Image and Brand.



## 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 650 buses and maintains extensive passenger amenity and facility infrastructure including approximately: 11,383 bus stops, 1,510 bus shelters, 1,484 benches, 9 transit centers, 2 passenger transfer locations, 20 enhanced shelters, multiple information pylons, and all operating divisions and corporate offices, for a total of approximately 70 million square feet. The Vice President of Transportation directs the overall activities of the department and reports directly to the Executive Vice President/Chief Operations Officer.

### Bus Scorecard – Key Performance Indicators

Exhibit 56 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, and secure transportation service. The numbers in the columns for fiscal years 2014 and 2015 indicate actual values. Fiscal Year 2016 Qtr 3 is for the four-quarter rolling period ending June 30, 2016. The numbers in the columns for fiscal years 2016 and 2017 are the budget (target) values for those years.

Exhibit 56  
Bus Scorecard – Key Performance Indicators

| Customer Quality | Indicators                          | FY14A | FY15A | FY16 Qtr 3 | FY16B  | FY17B  |
|------------------|-------------------------------------|-------|-------|------------|--------|--------|
|                  | Fixed-Route Bus Ridership (M)       | 37.4  | 36.5  | 34.7       | 36.5   | 34.8   |
|                  | Revenue Miles (M)                   | 25.1  | 25.2  | 25.1       | 25.0   | 25.0   |
|                  | Passengers per Mile                 | 1.49  | 1.45  | 1.38       | 1.46   | 1.39   |
|                  | Farebox Recovery Ratio              | 13.4% | 13.4% | 13.1%      | 13.3%  | 11.1%  |
|                  | Complaints per 100K Passengers      | 55.8  | 57.1  | 59.6       | 57.0   | 57.0   |
|                  | On Time Performance                 | 80.8% | 79.2% | 79.6%      | 80.0%  | 80.0%  |
|                  | Mean Distance Between Service Calls | 7,970 | 9,977 | 10,235     | 11,846 | 12,220 |
|                  | Veh. Accidents Per 100K Miles       | 2.3   | 2.5   | 2.3        | 2.3    | 2.3    |

| Financial Efficiency | Indicators                     | FY14A   | FY15A   | FY16 Qtr 3 | FY16B   | FY17B   |
|----------------------|--------------------------------|---------|---------|------------|---------|---------|
|                      | Expenses - Fully Allocated (M) | \$235.9 | \$236.6 | \$237.0    | \$257.6 | \$258.8 |
|                      | Revenues (M)                   | \$37.0  | \$36.9  | \$36.8     | \$39.7  | \$36.5  |
|                      | Net Subsidy (M)                | \$199.0 | \$199.7 | \$200.2    | \$217.9 | \$222.3 |
|                      | Subsidy Per Passenger          | \$5.32  | \$5.47  | \$5.78     | \$5.97  | \$6.38  |
|                      | Cost Per Revenue Mile          | \$9.40  | \$9.41  | \$9.46     | \$10.29 | \$10.35 |

*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 the 70%-to-80% range. See Exhibit 56 on Page 136 for the impact on DART’s on-time performance beginning in FY 2014.

*On-Time Performance Initiatives* – Bus on-time performance will continue to be a major emphasis in FY 2017 with enhanced data provided by the new radio system and the associated AVL and Computer-Aided Dispatch (CAD) subsystems.

- The new AVL System is allowing DART to:
  - Collect 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 2017, the CAD/AVL system will be used to improve the reliability of connections, so that a bus departure can be held for a few minutes to allow a late-running connecting bus to arrive. This use of the system 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. Additional APC equipment will be installed in FY 2017 to permit passenger counts to be estimated from APC counts rather than farebox data. 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.

*Fatigue Management* – Beginning in FY 2014, DART initiated pilot programs focused on better managing operator work assignments to reduce the potential for operator fatigue. One element of Fatigue Management has been the reconfiguration of the Extra Board (those operators who work fill-in assignments to cover vacations or sick time) into an AM and PM Board, providing operators with improved consistency in the span of their work hours and providing greater assurance of adequate rest time between one work day and the next. These modifications in work assignments are critical to supporting enhanced safety, as well as employee health and quality of life.

The AM and PM Extra Board reconfiguration has been successfully piloted for Rail operators and Smart Bus operators. DART Management has been working with ATU, Local 1338, to develop plans to introduce a pilot program for operators of full-size buses, as well as to provide a mandatory rest period of nine hours between work days.

*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 2017.

*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.

*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 2017, 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 eight On-Call zones throughout the service area, including: Farmers Branch, Glenn Heights, Lakewood, Lake Highlands, North Dallas, North Central Plano, Park Cities, and Rowlett. All zones now have midday service, including the Park Cities On-Call zone, added in FY 2015



and the Glenn Heights zone, added in FY 2016. Additional On-Call zones are being considered based upon DART's Comprehensive Operational Analysis.

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 2016. The university-oriented shuttle serving the University of Texas at Dallas continues to build a very solid ridership base, exceeding 6,000 riders per day during the fall semester. In late FY 2015, the new Parkland Hospital facility adjacent to Parkland Station opened, resulting in a major modification in the Parkland Shuttle. Because most employees and patients were able to walk to the hospital when it opened, shuttle ridership declined. In FY 2017, the Parkland Clinic will open adjacent to the Parkland Station and bus facility. This change will result in further modifications to the Parkland Shuttle. Exhibit 57 is an overview of the uses of the funds and allocated operating positions for the Bus mode.

Exhibit 57  
Bus Overview

| Overview                         | FY14A   | FY15A   | FY16B   | FY17B   |
|----------------------------------|---------|---------|---------|---------|
| Allocated Operating Expenses (M) | \$235.9 | \$236.6 | \$257.6 | \$258.8 |
| Capital Expenditures (M)*        | \$41.2  | \$102.6 | \$53.9  | \$45.6  |
| Allocated Operating Positions**  | 2,054   | 2,067   | 2,073   | 2,105   |

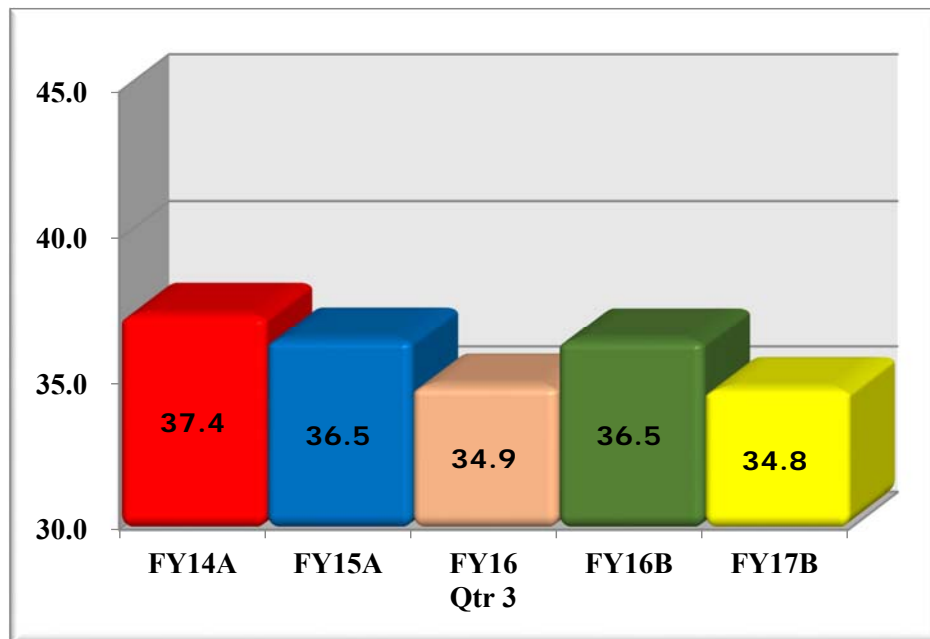
\* These amounts are the actual or budgeted capital for this mode only and do NOT include an allocation of Agency-wide capital.

\*\* Allocated positions are based on budgeted position counts.



Exhibit 58 highlights Bus Ridership. Fiscal years 2014 and 2015 indicate actual values. Fiscal Year 2016 Qtr 3 is for the four-quarter rolling period ending June 30, 2016. Fiscal Years 2016 and 2017 are the budget (target) values for those years.

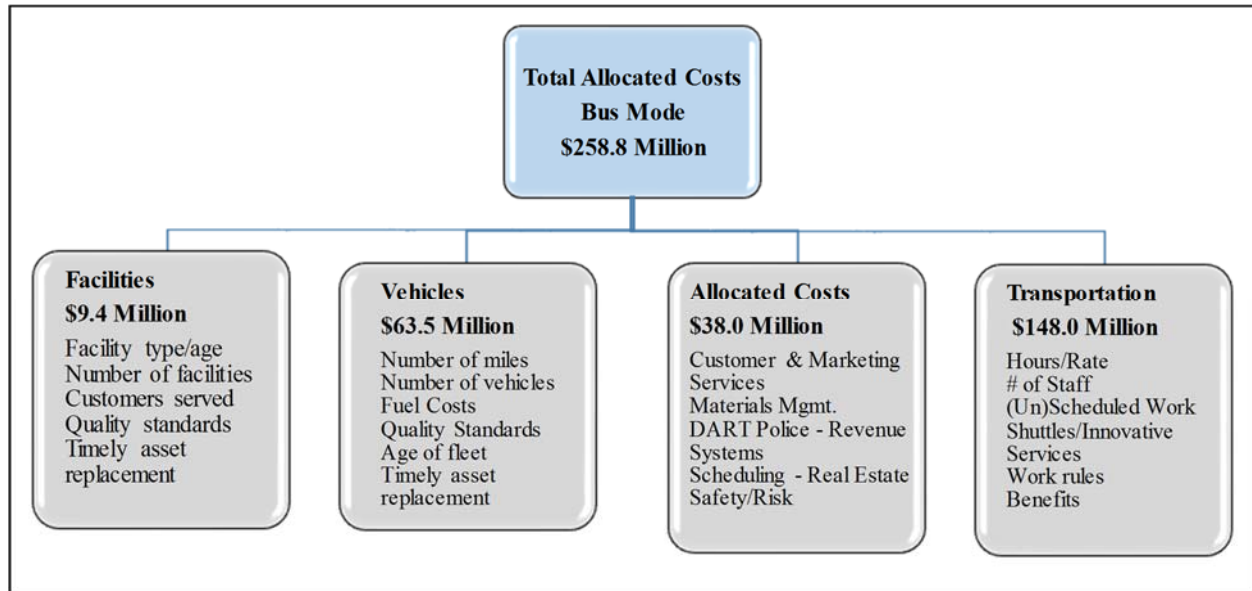
Exhibit 58  
Bus Ridership  
(in Millions)



Please see Pages 262 through 266 in the *Reference Section* for a discussion of ridership trends.

Exhibit 59 is the cost model for the bus system. The cost of transportation (the operator and related costs) is the largest cost element of the bus mode accounting for \$148.0 million, or 57.2% of the cost.

Exhibit 59  
FY 2017 Bus Cost Model



## Light Rail System

In FY 2017, DART will operate and maintain 93 miles of light rail, including 64 stations, 163 modern light rail vehicles, 2.5 miles of the Dallas Streetcar Rail system and 4 modern streetcars. Two rail operating facilities, the Central Rail Operating Facility (CROF) and the Northwest Rail Operating Facility (NWROF), support light rail and streetcar 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 96 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 was completed in October 2016. This opening completes this phase of the Light Rail buildout and adds 2.6 miles and two stations to the system.

### Light Rail Scorecard – Key Performance Indicators

Exhibit 60 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 2014 and 2015 indicate actual values. Fiscal Year 2016 Qtr 3 is for the four-quarter rolling period ending June 30, 2016. Fiscal Years 2016 and 2017 are the budget (target) values for those years.

Exhibit 60  
Light Rail Scorecard – Key Performance Indicators

| Customer Quality | Indicators   | FY14A  | FY15A  | FY16 Qtr 3 | FY16B  | FY17B  |
|------------------|--|--------|--------|------------|--------|--------|
|                  | Fixed-Route LRT Ridership (M)                      | 29.5   | 29.9   | 30.2       | 29.9   | 30.8   |
|                  | Revenue Miles                                      | 9.5    | 10.2   | 10.3       | 10.2   | 10.4   |
|                  | Passengers per Mile                                | 3.09   | 2.93   | 2.94       | 2.93   | 2.96   |
|                  | Farebox Recovery Ratio                             | 18.4%  | 18.2%  | 17.7%      | 16.1%  | 16.1%  |
|                  | Complaints per 100K Passengers                     | 16.5   | 15.3   | 20.6       | 17.5   | 17.5   |
|                  | On Time Performance                                | 95.1%  | 93.6%  | 93.0%      | 95.0%  | 94.0%  |
|                  | Mean Distance Between Service Calls                | 45,662 | 40,891 | 29,530     | 51,222 | 51,222 |
|                  | Veh. Accidents Per 100K Train Miles <sup>[1]</sup> | 0.25   | 0.32   | 0.31       | 0.35   | 0.35   |

[1] FY14 actuals have been restated to Train Miles, therefore, will not tie to previously published values.

| Financial Efficiency | Indicators                     | FY14A   | FY15A   | FY16 Qtr 3 | FY16B   | FY17B   |
|----------------------|--------------------------------|---------|---------|------------|---------|---------|
|                      | Expenses - Fully Allocated (M) | \$156.3 | \$158.2 | \$159.6    | \$168.4 | \$167.7 |
|                      | Revenues (M)                   | \$32.2  | \$31.5  | \$30.4     | \$29.3  | \$31.5  |
|                      | Net Subsidy (M)                | \$124.0 | \$126.7 | \$129.2    | \$139.1 | \$140.6 |
|                      | Subsidy Per Passenger          | \$4.21  | \$4.24  | \$4.27     | \$4.66  | \$4.42  |
|                      | Cost Per Revenue Mile          | \$16.40 | \$15.50 | \$15.55    | \$16.52 | \$16.15 |

**Fatigue Management** – Beginning in FY 2014, DART initiated pilot programs focused on better managing operator work assignments to reduce the potential for operator fatigue. One element of Fatigue Management has been the reconfiguration of the Extra Board (those operators who work fill-in assignments to cover vacations or sick time) into an AM and PM Board, providing operators with improved consistency in the span of their work hours and providing greater assurance of adequate rest time between one work day and the next. These modifications in work assignments are critical to supporting enhanced safety, as well as employee health and quality of life.

The AM and PM Extra Board reconfiguration has been successfully piloted for Rail operators and Smart Bus operators.

Exhibit 61 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 61  
LRT Overview

| Overview                         | FY14A   | FY15A   | FY16B   | FY17B   |
|----------------------------------|---------|---------|---------|---------|
| Allocated Operating Expenses (M) | \$156.3 | \$158.2 | \$168.4 | \$167.7 |
| Capital Expenditures (M)*        | \$69.3  | \$69.5  | \$116.3 | \$88.2  |
| Allocated Operating Positions**  | 1,266   | 1,253   | 1,248   | 1,268   |

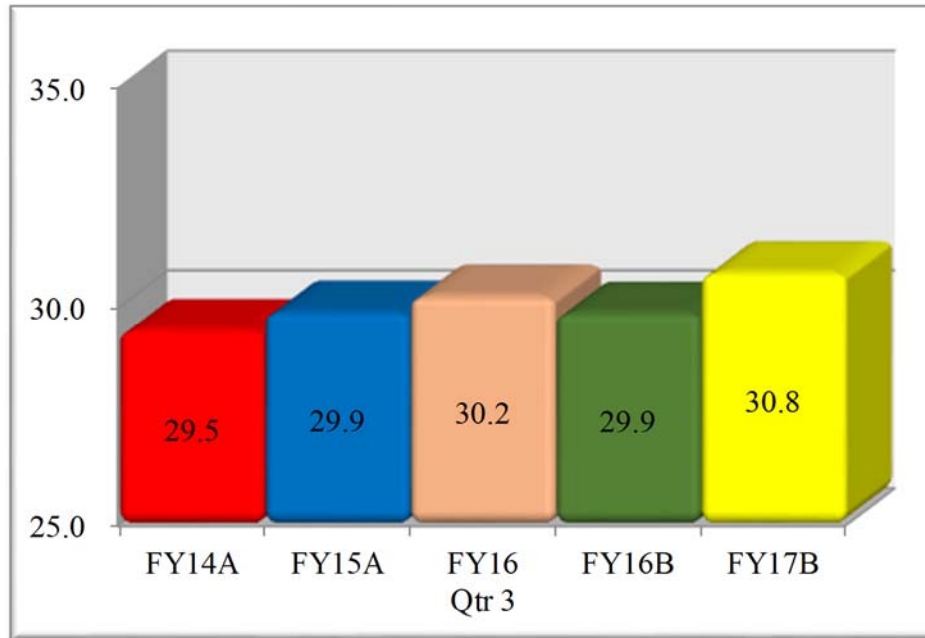
\* These amounts are the actual or budgeted capital for this mode only and do NOT include an allocation of Agency-wide capital.

\*\* Allocated positions are based on budgeted position counts.

## LRT Ridership

Exhibit 62 highlights LRT Ridership. Fiscal years 2014 and 2015 indicate actual values. Fiscal Year 2016 Qtr 3 are for the four-quarter rolling period ending June 30, 2016. Fiscal Years 2016 and 2017 are the budget (target) values for those years.

Exhibit 62  
LRT Ridership  
(in Millions)



Please see pages 258 through 259 in the *Reference Section* for a discussion of ridership trends.

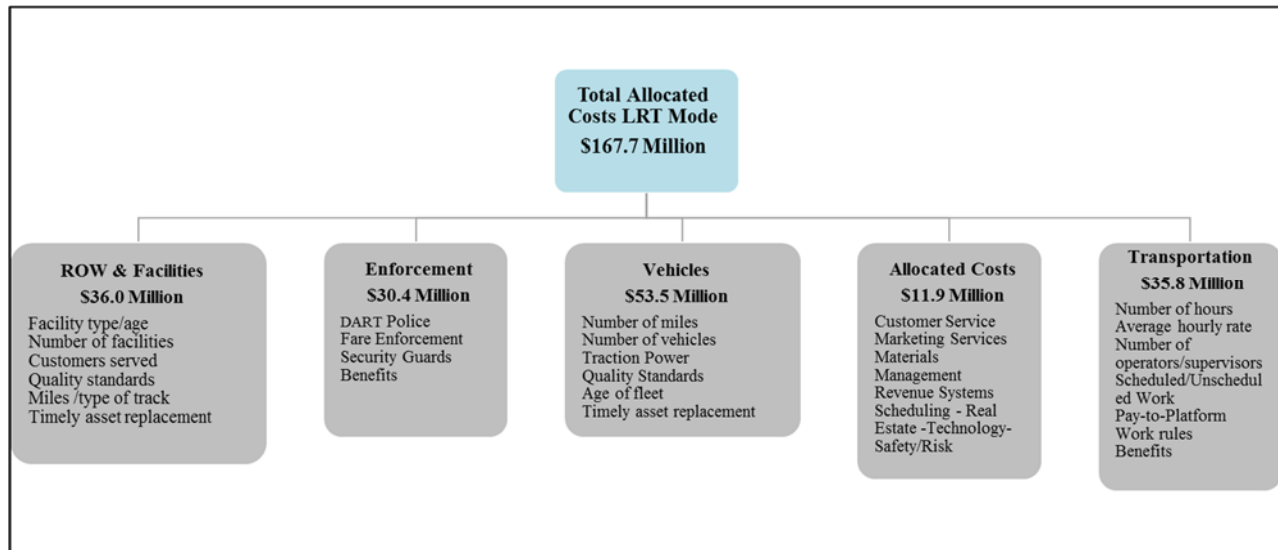
In September 2016, DART entered into an arrangement with the Texas General Land Office fixing the price of DART's electricity from FY 2019 through FY 2023. The average price over those five years is \$0.692/kwh. This is below our current price of electricity and well within the Parameters Resolution approved by the Board on May 24, 2016, which established a maximum price of \$0.085/kwh. This price lock represents a \$14.8 million savings versus the cost contained in the FY 2016 Financial Plan. Anticipating a favorable contract, approximately 75% of these savings have already been incorporated into the FY 2017 Financial Plan. The remainder of the savings will be incorporated into the FY 2018 Financial Plan.

## LRT Cost Model

Exhibit 63 highlights the cost structure for LRT (including Streetcar). 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. Additionally, right-of-way and facility maintenance is a major cost driver for light rail but relatively small for the bus mode. Total maintenance costs for vehicles and facilities represent \$89.5 million (53.4%) of the total \$167.7 million LRT cost structure – versus only 3.6% for bus. Transportation costs, on the other hand, represent only 21.3% (\$35.8 million) of the total LRT cost structure – versus 57.2% for bus. Security and fare enforcement costs are also significant for light rail accounting for \$30.4 million (18.1%) of light rail modal costs.

Exhibit 63  
FY 2017 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 977 skilled, non-skilled, professional, management, and support staff. This department is responsible for maintaining a state of good repair of approximately \$6.0 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 650 fixed-route buses, 163 light rail cars, 4 streetcars, and 740 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.

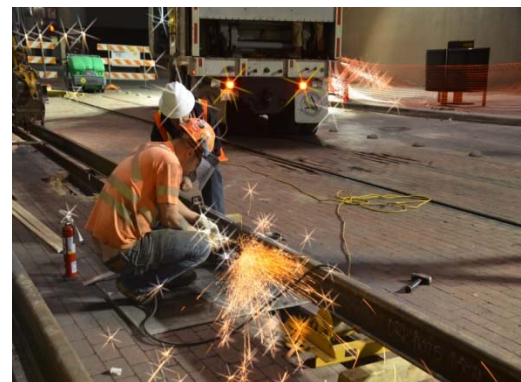
- *Bus Fleet Services* – The primary functions of the Bus Fleet Service sections are to perform preventive maintenance, corrective maintenance, campaigns, fleet modifications, servicing, fueling, and cleaning of the DART-operated bus fleet. Additionally, each bus fleet service section is responsible 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 208.58 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, 183 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 Dallas Streetcar, 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, 6 Dallas Streetcar Sheltered Stations, 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 208 miles of overhead catenary including 3.6 miles for the Dallas Streetcar, support structures, conductors, cable, hardware, 76 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 3,257 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, Train-to-Wayside Control System, and traffic pre-emption along the Dallas Streetcar segment. Time-based, corrective, and condition-based maintenance and repairs are performed on 266 main line switches, 136 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 also maintains SCADA, the Communications Transmission System, 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, 157 communication interface cabinets, 4 remote radio sites, and a fiber optic communications

network. Other systems supported include the digital voice recording system, 1,644 CCTV cameras, 156 public address/visual message boards, Harris OpenSky Radio System (including 1,304 portable radios, 330 mobile radios, 330 NRV radios and 500 bus radios), and 130 passenger emergency call phones. 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 \$39 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 2016.
- 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 sectors to allow the officers to more efficiently patrol the rail system.
- The primary duty of Fare Enforcement Officers is to inspect passengers 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. The Vice President of Mobility Management Services directs the overall activities of the department and reports directly to the Executive Vice President/Chief Operations Officer.

A new business model was implemented in FY 2013 to increase 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 64 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 2014 and 2015 indicate actual values. Fiscal Year 2016 Qtr 3 is for the four-quarter rolling period ending June 30, 2016. Fiscal Years 2016 and 2017 are the budget (target) values for those years.

Exhibit 64  
Paratransit Scorecard – Key Performance Indicators

| Customer Quality | Indicators                                  | FY14A  | FY15A  | FY16 Qtr3 | FY16B  | FY17B  |
|------------------|---|--------|--------|-----------|--------|--------|
|                  | Actual Ridership (000)                      | 753    | 782    | 817       | 802    | 833    |
|                  | Actual Trips (000)                          | 692    | 687    | 671       | 729    | 787    |
|                  | On Time Performance                         | 91.4%  | 90.8%  | 89.2%     | 95.0%  | 95.0%  |
|                  | Accidents Per 100K Miles                    | 1.09   | 0.67   | 0.66      | 2.00   | 2.00   |
|                  | Percentage of Trips Completed               | 99.9%  | 99.8%  | 99.8%     | 98.9%  | 99.0%  |
|                  | Passenger Canceled Trips Ratio              | 18.9%  | 21.1%  | 21.2%     | 15.0%  | 15.0%  |
|                  | Passenger No Shows Ratio                    | 3.2%   | 2.7%   | 2.6%      | 4.0%   | 4.0%   |
|                  | Complaints Per 1K Trips                     | 5.3    | 4.3    | 4.5       | 3.0    | 3.0    |
|                  | Service Level - Scheduling (3 minutes)      | 94.0%  | 95.0%  | 96.4%     | 95.0%  | 95.0%  |
|                  | Service Level - Scheduling (5 minutes)      | 99.0%  | 98.0%  | 99.0%     | 99.0%  | 99.0%  |
|                  | Service Level - Where's My Ride (3 minutes) | 95.1%  | 96.0%  | 96.0%     | 95.0%  | 95.0%  |
|                  | Service Level - Where's My Ride (5 minutes) | 98.2%  | 99.0%  | 99.5%     | 99.0%  | 99.0%  |
|                  | Certified Riders                            | 11,540 | 11,770 | 11,947    | 11,700 | 12,320 |

| Financial Efficiency | Indicators                     | FY14A   | FY15A   | FY16 Qtr3 | FY16B   | FY17B   |
|----------------------|--------------------------------|---------|---------|-----------|---------|---------|
|                      | Expenses - Fully Allocated (M) | \$31.86 | \$33.49 | \$35.23   | \$36.06 | \$37.21 |
|                      | Revenues (M)                   | \$2.03  | \$2.20  | \$2.25    | \$2.55  | \$2.30  |
|                      | Net Subsidy (M)                | \$29.83 | \$31.29 | \$32.97   | \$33.51 | \$34.92 |
|                      | Subsidy Per Trip               | \$43.08 | \$45.53 | \$49.11   | \$45.95 | \$44.37 |
|                      | Subsidy Per Actual Passenger   | \$39.59 | \$40.02 | \$40.34   | \$41.79 | \$41.90 |

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%. As part of the contract modification in FY 2014, MV is also required to meet an Average Ride Time of 35 minutes or less. The current target for complaints under this contract is 3 per 1,000 passenger trips. MV struggled to reach several of the established goals in the first year they operated the service (FY 2013). However, considerable improvements have been made since then. The complaints statistic reported in the Business Plan is inclusive of all complaints received related to the Department of Mobility Management Services. For contract compliance purposes however, only those complaints for which MV Transportation is responsible are counted.

Exhibit 65 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 65  
Paratransit Overview

| Overview                         | FY14A  | FY15A  | FY16B  | FY17B  |
|----------------------------------|--------|--------|--------|--------|
| Allocated Operating Expenses (M) | \$31.9 | \$33.5 | \$36.1 | \$37.2 |
| Capital Expenditures (M)*        | \$0.3  | \$0.8  | \$0.5  | \$0.4  |
| Allocated Operating Positions**  | 66     | 66     | 65     | 66     |

\* These amounts are the actual or budgeted capital for this mode only and do NOT include an allocation of Agency-wide capital.

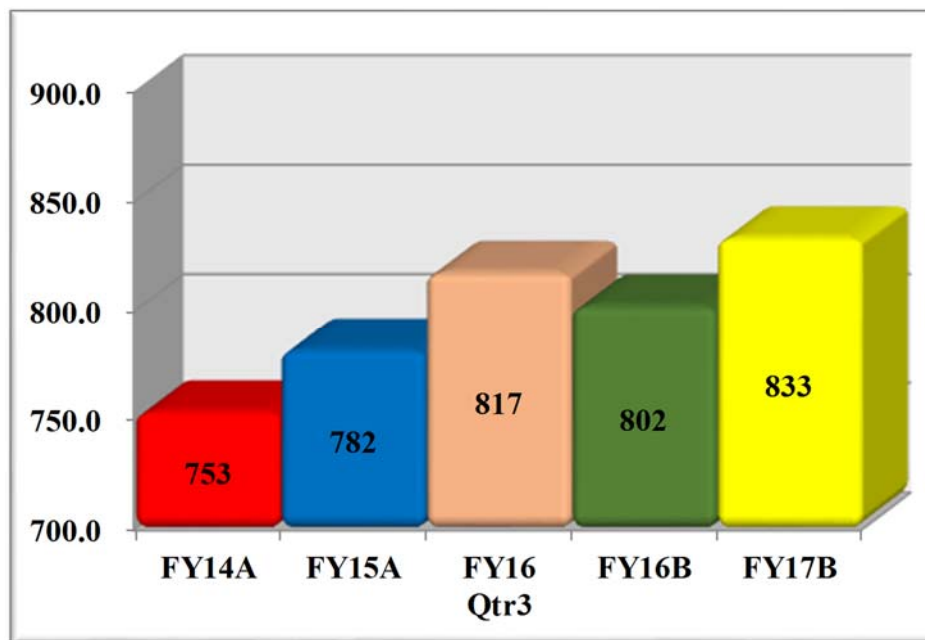
\*\* Allocated positions are based on budgeted position counts.

### Paratransit Ridership

One of Mobility Management's goals is to increase 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 66 highlights Paratransit ridership. Fiscal years 2014 and 2015 indicate actual values. Fiscal Year 2016 Qtr 3 is for the four-quarter rolling period ending June 30, 2016. Fiscal Years 2016 and 2017 are the budget (target) values for those years.

Exhibit 66  
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.

### 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, persons with disabilities, and the general public 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 2016, 274 individuals and 40 groups have been trained. DART anticipates that this program will continue to grow and an even larger percentage of people will participate in FY 2017.

*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. This project, called “My Rides North Texas,” is in the final stages toward implementation.

*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 2017 is projected at approximately 12,320. This represents a 4.7% increase from the number of certified riders at the end of FY 2015. This increase reflects the overall population growth and general aging in the DART Service Area. As of June 2016, approximately 12,075 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 2017, 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

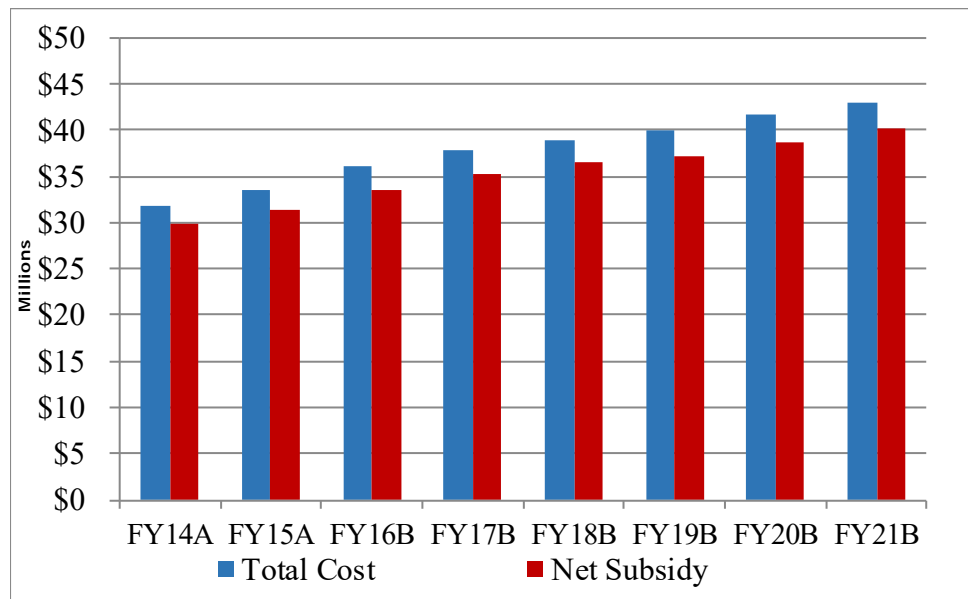
A purchased transportation contract with MV began on October 1, 2012, and runs through September 30, 2019.

#### Paratransit Costs and Subsidy Per Passenger

Exhibit 67 compares Paratransit cost and net subsidy actual results for FY 2014 through FY 2015 with budget and projections for FY 2016 through FY 2021. Net Subsidy represents the total cost of the service not covered by passenger fares. The calculation for Subsidy per Passenger (see Exhibit 68) takes this number and divides it by actual ridership.

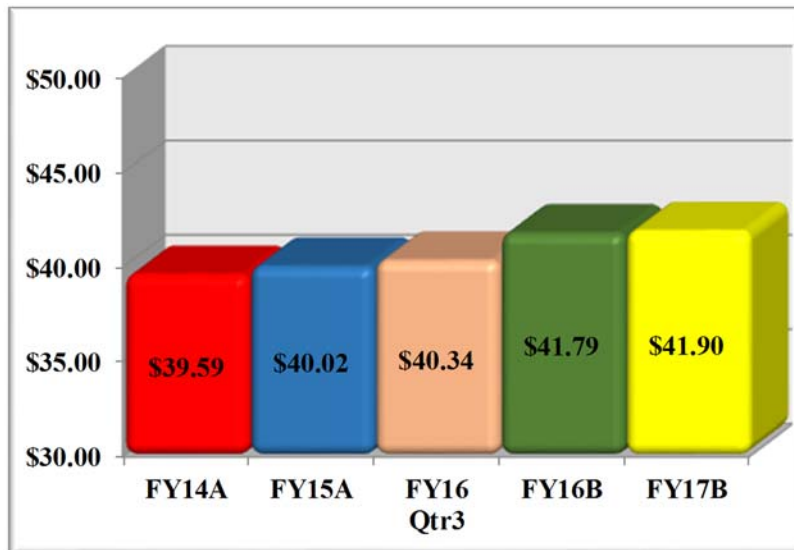
Total Paratransit costs and net subsidy have been rising along with increasing ridership. Subsidy per passenger was rising as well, but at a slower rate as more and more trips were squeezed into the system. The change in the service delivery model did significantly reduce costs (subsidy per passenger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

Exhibit 67  
Paratransit Net Subsidy Comparison



\Exhibit 68 highlights Paratransit Subsidy per Passenger. Fiscal years 2014 and 2015 indicate actual values. Fiscal Year 2016 Qtr 3 is for the four-quarter rolling period ending June 30, 2016. Fiscal Years 2016 and 2017 are the budget (target) values for those years.

Exhibit 68  
Paratransit Subsidy per Passenger

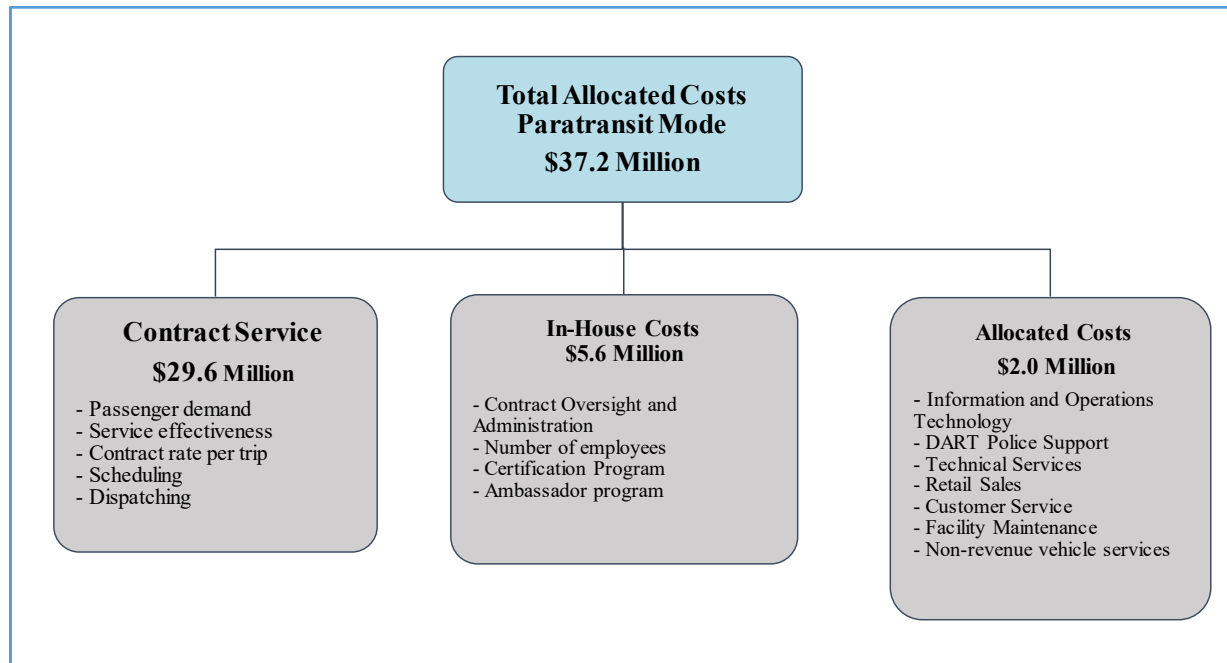




## Paratransit Cost Model

Exhibit 69 is the Paratransit Cost Model. 79.6% (\$29.6 million) of modal costs are contract services costs. 91.3% (\$27.0 million) of contract costs are actual purchased transportation cost.

Exhibit 69  
FY 2017 Paratransit Cost Model



## **Business Solutions & Innovation**

Business Solutions & Innovation maximizes Agency resources through effective business processes, astute financial management, attractive marketing, and innovative technology. The Executive Vice President, Chief Financial Officer has oversight of the Finance Department, Risk Management Division, Information Technology Department, Marketing & Communications Department, and the Procurement Department. The Executive Vice President reports to DART's President/Executive Director and is the management liaison for the Board's Budget & Finance Committee and Revenue & Public Relations Committee and jointly for the Administrative Committee with the Deputy Executive Director for departmental matters.

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](http://DART.org).

#### Accounting Division

This division has three sections: Financial Accounting and Reporting, Payroll, and Accounts Payable. The Accounting Division is responsible for financial recordkeeping, financial reporting, payroll, accounts payable, and management of the corporate card function at DART.

The Financial Accounting and Reporting section is responsible for managing the annual financial audit and recording all of DART's business transactions in accordance with generally accepted accounting principles (GAAP). This section includes accounts receivable, cash accounting, fixed assets, general ledger, and financial reporting. Financial reports prepared by this section include: monthly, quarterly, and annual financial reports; DART's three retirement plan financial reports; and the DART Comprehensive Annual Financial Report, as well as reporting for DART subsidiaries and interests.

This section also maintains proper accounting records and delivers consistent, accurate, and timely reporting of financial results, which: builds stakeholder confidence that DART is being a good steward of public funds; ensures that financial information is accessible to accommodate the interest of the purchasers and holders of debt issued by the agency; assists in the ability to track financial targets and goals; and provides financial data that supports grant reporting and enhances DART's ability to obtain grants in the future.

Exhibit 70 illustrates the KPIs tracked for Financial Reporting.

Exhibit 70  
Financial Reporting KPIs

| Key Performance Indicators   | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|--|---------|---------|---------|---------|---------|
| Monthly Close/On-Time Percentage (5 days)                            | 95%     | 102%    | 100%    | 96%     | 90%     |
| Number of financial statements issued                                | 21      | 21      | 30      | 33      | 36      |
| Financial Statement Issuance/On-Time Percentage                      | 100%    | 100%    | 100%    | 100%    | 100%    |
| Clean Opinion on Audited Financials                                  | 100%    | 100%    | 100%    | 100%    | 100%    |
| Received GFOA Certificate of Achievement for Excellence in Reporting | Yes     | Yes     | Yes     | Yes     | Yes     |

The Payroll Section is responsible for ensuring that all employees are paid accurately, timely, and in compliance with DART policies and state, and federal regulations. This section is also responsible for: ensuring that all statutory and non-statutory deductions are made; filing of employee-related taxes; W-2 issuance; and maintaining employee payment records and reports required by DART and state and federal governmental agencies.

The Payroll section is implementing a time and attendance system to replace the various scheduling systems DART currently uses to collect time worked by DART employees. The new system will improve the efficiency and accuracy of payments to employees and make payment information more accessible. The Kronos software will replace existing systems with a time and attendance system that can capture actual hours worked and can be programmed with work rules and pay policies resulting in improved service to our employees and an efficient, effective, payroll process. Prompt and accurate processing of payroll, direct deposit, and other services give DART employees peace of mind.

Exhibit 71 highlights the KPIs for the Payroll section:

Exhibit 71

| Payroll Processing Key Performance Indicators    | FY 2014 | FY 2015 | Q3 FY 2016 |
|--|---------|---------|------------|
| Number of out-of-cycle checks                    | 243     | 308     | 147        |
| Total number of checks                           | 106,994 | 104,716 | 78,117     |
| Percent on time statutory reporting              | 100%    | 100%    | 100%       |
| Service requests volume                          | 3,478   | 3,579   | 2,401      |
| Average service request turn-around time in days | 11.4    | 11.2    | 7.8        |

The Accounts Payable section includes vendor payment and administration of the corporate card program. This section is responsible for: ensuring that vendor payments are made accurately, timely, and in compliance with DART payment policies and the prompt payment act; invoice payment resolution; the escheatment process; and 1099 issuance. Accounts Payable is also responsible for the DART Corporate Card program including the administrative functions, reporting, training, and annual audit of all cardholders.

The following outlines the Accounting Division's work plan and the key performance indicators to track the effectiveness of the work plan in supporting the Agency strategic goals and initiatives.

A record of prompt and proper payment of vendor invoices provides confidence to the business community when doing business with DART. Prompt payment is particularly important to the small business community which includes many minority-owned businesses. Accounts Payable also administers the corporate card program including an annual audit of all corporate cardholders. The corporate card program not only improves the efficiency at which small purchases are made, but the annual audit builds stakeholder confidence that DART is being a good steward of public funds.

Exhibits 72 and 73 highlight KPIs for the Accounts Payable section.

Exhibit 72  
Accounts Payable Payments Processed

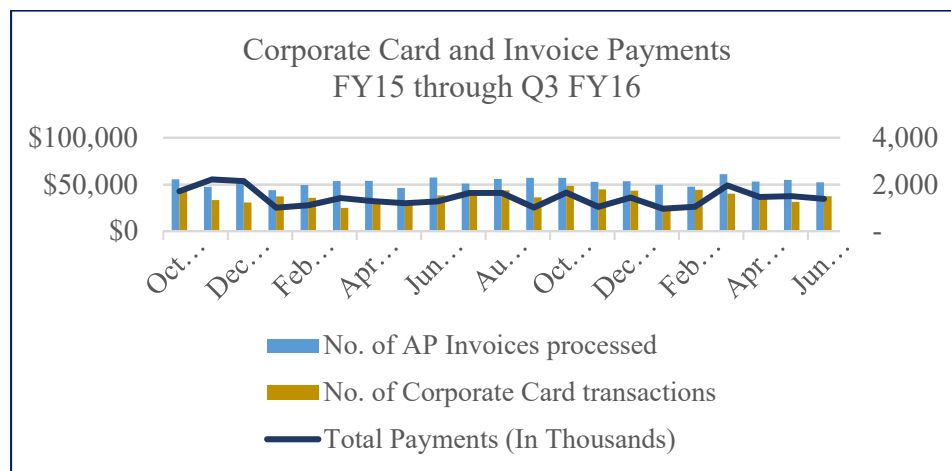
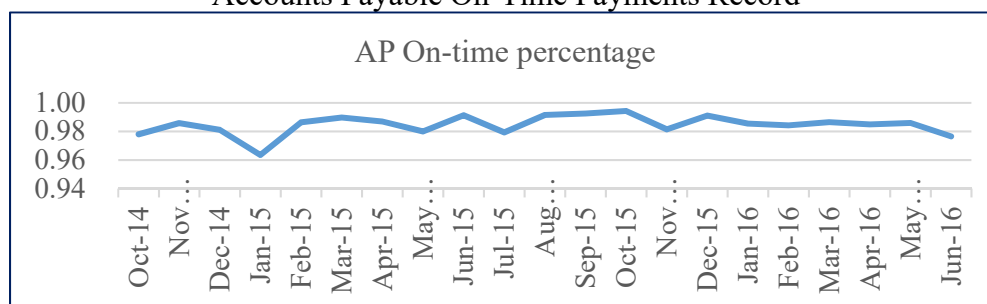


Exhibit 73  
Accounts Payable On-Time Payments Record



### Business Planning and Analysis Division

This division 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 2017 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:

- Revenue, Operating Expense, and Capital budgets
- The Twenty-Year Financial Plan
- The Business Plan
- Sales tax results and projections
- Quarterly Operating, Performance, and Compliance Report
- Agency Division Level Measurement (DLM) program report

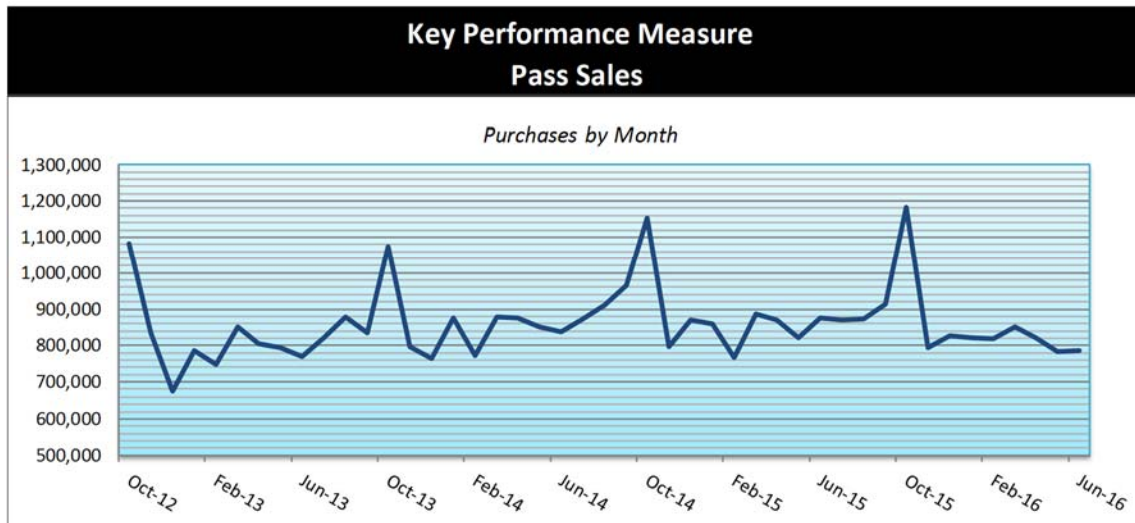
### Revenue Division

This division consists of Revenue Administration and Revenue Systems.

Revenue Administration consists of two separate sections within the Revenue Division (Revenue Administration and Finance Distribution). The primary responsibilities of these sections include ridership and revenue reporting, pass sales, preparation and distribution of payroll and accounts payable checks, payroll tax transmissions, Payment Card Industry (PCI) compliance oversight, fare media inventory and procurement, and fare collection systems software administration and reconciliation for fareboxes, ticket vending machines (TVM), GoPass mobile ticketing, and courtroom currency collections software. In addition, Revenue Administration is providing project management and implementation oversight for the Comprehensive Fare Payment System (CFPS) project 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 data to regulatory agencies, such as the National Transit Database (NTD), American Public Transportation Association (APTA), and the Texas Department of Transportation (TxDOT). Exhibit 74 shows the fare media purchases by month from October 2012 to June 2016.

# Exhibit 74 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 TVMs. The Fare Equipment Dispatch unit deploys available resources to bus or rail 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 under contract to Denton County Transportation Authority (DCTA), and submit information to the Accounting Division on a regular basis so DCTA can be invoiced for those services. 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 75 is an example of the Division Level Measurements for the revenue technicians assigned to TVM service and fare equipment maintenance personnel.

Exhibit 75  
Division Level Measurement Scorecard – Revenue – TVM

| 2015 Results |        |        |         |   | 2016 Goals |        |        |         |
|--------------|--------|--------|---------|---|------------|--------|--------|---------|
| Q1           | Q2     | Q3     | Q4      |   | Q1         | Q2     | Q3     | Q4      |
| 12.58        | 14.37  | 12.87  | 12.63   | <b>Complaints/100k Passengers</b>                 | 12.41      | 12.41  | 12.41  | 12.41   |
| 12.41        | 20.54  | 10.61  | 13.69   | <b>Unscheduled Absences (Per Person Annually)</b> | 13.02      | 13.02  | 13.02  | 13.02   |
| 101,827      | 94,055 | 95,284 | 100,216 | <b>Average Weekday Ridership - Rail</b>           | 100,366    | 91,922 | 97,591 | 102,365 |
| 93.04%       | 96.66% | 96.42% | 97.99%  | <b>% TVMs In Service</b>                          | 99.24%     | 99.24% | 99.24% | 99.24%  |
| 3,877        | 2,905  | 3,157  | 3,104   | <b>Service Calls Completed</b>                    | 3,494      | 3,494  | 3,494  | 3,494   |
| 82           | 75     | 127    | 149     | <b>PMIs Completed</b>                             | 184        | 184    | 184    | 184     |

| 2015 Results |           |           |           |                                     | 2016 Goals |           |           |           |
|--------------|-----------|-----------|-----------|-------------------------------------|------------|-----------|-----------|-----------|
| Q1           | Q2        | Q3        | Q4        |                                     | Q1         | Q2        | Q3        | Q4        |
| 263.00       | 274.33    | 262.33    | 270.00    | <b>Complaints</b>                   | 319.33     | 288.38    | 296.05    | 313.92    |
| 2,147,911    | 1,911,720 | 2,034,620 | 2,136,788 | <b>Ridership - Rail</b>             | 2,610,127  | 2,357,167 | 2,419,811 | 2,565,895 |
| 20           | 30        | 18        | 21        | <b>Unsched. Absences 8 Hr. Days</b> | 22         | 22        | 22        | 22        |
| 19           | 19        | 20        | 20        | <b>Employees</b>                    | 20         | 20        | 20        | 20        |
| 3,877        | 2,905     | 3,157     | 3,104     | <b>Service Calls Completed</b>      | 3,494      | 3,494     | 3,494     | 3,494     |
| 82           | 75        | 127       | 149       | <b>PMIs Completed</b>               | 184        | 184       | 184       | 184       |

### Treasury Division

This 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 Transportation Improvement Program/State Transportation Improvement Program system 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 of federal and state funds and coordinates the responses to requests for information. 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.



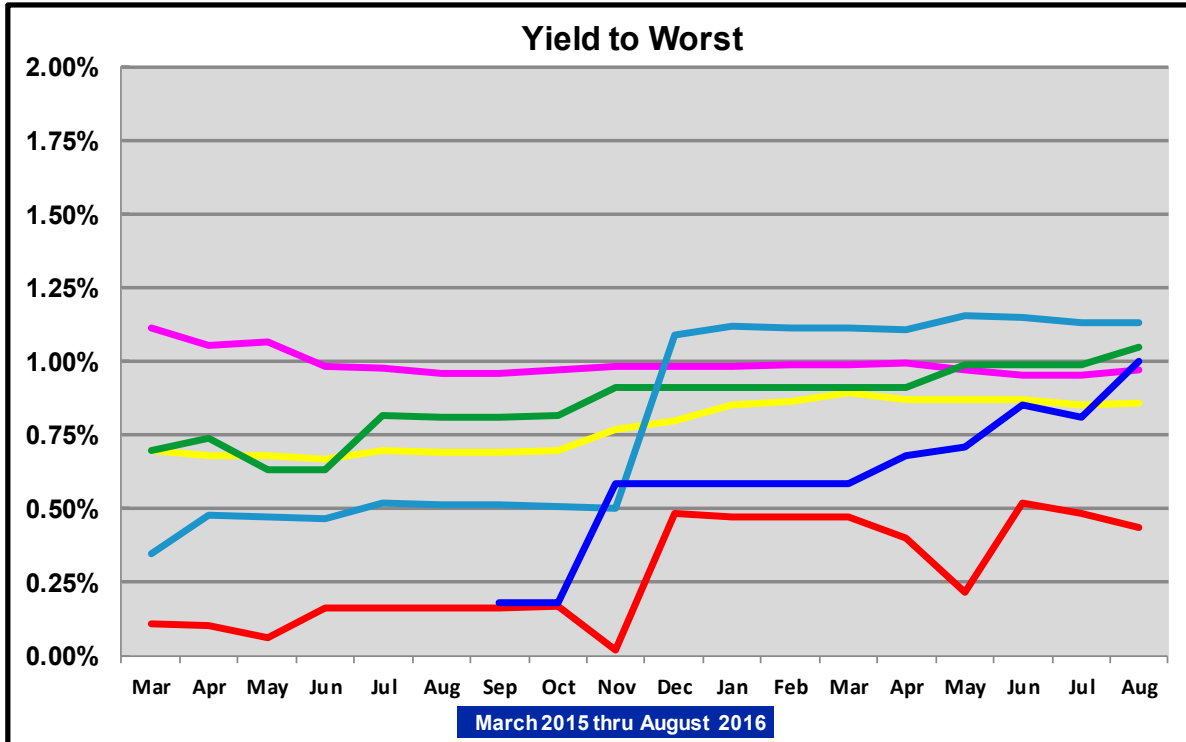
The Treasury Division maintains strict compliance with the Texas Public Funds Investment Act (PFIA) and DART Board resolutions for allowable investment types, qualitative ratings, and both weighted average maturities and maximum individual maturities by actively managing the various portfolios. All available 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 76 for an example of the information tracked by the Treasury Division.

# Exhibit 76 Fund Yields

## Fund Yields

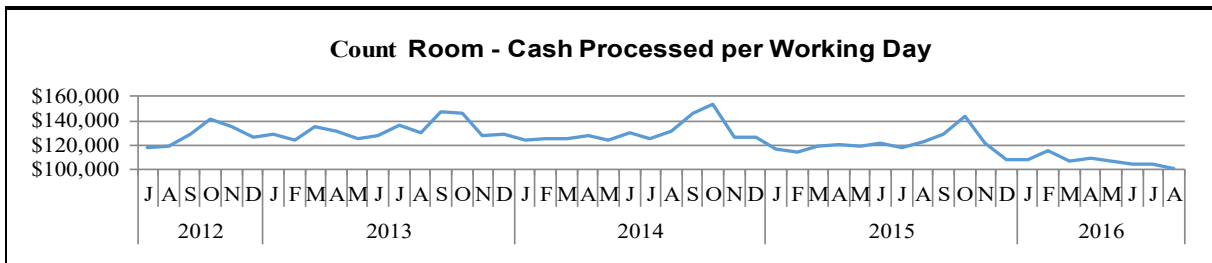
AUG FY16



|        | Operating | Fin Res | Cap Res | Ins   | Platform | Debt Srv |
|--------|-----------|---------|---------|-------|----------|----------|
| Mar 15 | 0.70%     | 1.11%   | 0.35%   | 0.69% |          | 0.11%    |
| Apr 15 | 0.68%     | 1.06%   | 0.48%   | 0.74% |          | 0.10%    |
| May 15 | 0.68%     | 1.06%   | 0.47%   | 0.63% |          | 0.06%    |
| Jun 15 | 0.67%     | 0.98%   | 0.46%   | 0.63% |          | 0.16%    |
| Jul 15 | 0.69%     | 0.98%   | 0.52%   | 0.81% |          | 0.16%    |
| Aug 15 | 0.69%     | 0.96%   | 0.51%   | 0.81% |          | 0.16%    |
| Sep 15 | 0.69%     | 0.96%   | 0.51%   | 0.81% | 0.18%    | 0.16%    |
| Oct 15 | 0.69%     | 0.97%   | 0.51%   | 0.81% | 0.18%    | 0.17%    |
| Nov 15 | 0.77%     | 0.98%   | 0.50%   | 0.91% | 0.58%    | 0.02%    |
| Dec 15 | 0.80%     | 0.98%   | 1.09%   | 0.91% | 0.58%    | 0.48%    |
| Jan 16 | 0.85%     | 0.98%   | 1.12%   | 0.91% | 0.58%    | 0.47%    |
| Feb 16 | 0.86%     | 0.99%   | 1.11%   | 0.91% | 0.58%    | 0.47%    |
| Mar 16 | 0.89%     | 0.99%   | 1.11%   | 0.91% | 0.58%    | 0.47%    |
| Apr 16 | 0.87%     | 0.99%   | 1.11%   | 0.91% | 0.68%    | 0.40%    |
| May 16 | 0.87%     | 0.97%   | 1.15%   | 0.99% | 0.71%    | 0.22%    |
| Jun 16 | 0.87%     | 0.95%   | 1.15%   | 0.99% | 0.85%    | 0.52%    |
| Jul 16 | 0.85%     | 0.95%   | 1.13%   | 0.99% | 0.81%    | 0.48%    |
| Aug 16 | 0.86%     | 0.97%   | 1.13%   | 1.05% | 1.00%    | 0.44%    |

The Count Room section within the Treasury Division is responsible for processing cash collected 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 (see Exhibit 77).

Exhibit 77  
Count Room Productivity



### 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 Disability 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 Medical Compliance 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 Vice President, Chief Information Officer, directs the overall activities of the department.

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 in a highly integrated manner, managing business applications, data centers, networks, computers, laptops, technology equipment for conference rooms, and mobile devices. The department also manages operations technology such as the Vehicle Business System and Traffic Signal Prioritization systems.

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"><li>• Lawson Financials, Human Capital, Payroll, and Procurement</li><li>• Kronos for Time and Attendance</li><li>• Trapeze Planning and Scheduling for bus and rail</li><li>• Spear Asset and Inventory Management</li><li>• Vehicle Business System</li><li>• Network and System Security</li></ul> | <ul style="list-style-type: none"><li>• Telestaff for DART Police scheduling</li><li>• Time Reporting</li><li>• Document Management, Business Analytics, and Reporting</li><li>• Traffic Signal Prioritization</li><li>• Microsoft Office Suite (including MS Project)</li></ul> |
|---|--|

The department's goal is to deliver "beautiful systems." These are systems that achieve DART's process, service, and information goals. This is 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, initiatives, and accomplishments that are part of the transformation:

- Collaboration with internal clients to deliver 5 Star service, support, and communication
- Be a driver for communication with the community (signage at bus/rail stations, GoPass, alerts, etc.)
- Improve resiliency by renovating obsolete systems and creating the "right" redundancies
- Effectively market capabilities and project outcomes
- Adopting best practices and automated tools to improve productivity, including IT Infrastructure Library (ITIL)
- Establish an improved capability to successfully deploy the applications and business processes defined by the Agency

The department has a strong commitment to adopting best practices methodology such as Information Technology Infrastructure Library (ITIL) and PMP/Agile Development. Experienced staff are leading the transformation in these areas along with formal training for other staff. 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 78 depicts the major areas of focus.

Exhibit 78  
Major IT Focus Areas



#### Key Foundational Initiatives:

- A strong focus on information security
- Security Information Event Monitoring to increase the enterprise network protection to address known and unknown threats, and effectively detect and appropriately respond to security events
- Program Office to continue instilling Development Best Practices
- IT Infrastructure Upgrade
  - Primary Data Center Migration
  - WAN/LAN Replacement
  - Phone System Upgrade
  - Risk Mitigation
  - ITIL Best Practices

- Information Management/Decision Support to improve data quality and accessibility, data integration, and consolidate reporting to positively impact the agency's decision making capabilities
- 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 improved quality assurance processes

#### Technology and Systems Delivery Initiatives

##### ➤ Network Security Operations

- ✓ Project: SCADA Security
  - Provide security support, applications, and collaboration with the Maintenance Department in enhancing SCADA security. IT will aid in the processes and tools used to track/control/prevent network access by devices on the SCADA systems.
- ✓ Project: Information and Network Security
  - Activities will focus on the DART enterprise network infrastructure. In the strengthening and sustainment of the network infrastructure security, critical and high risk conditions mitigation tools will be implemented in order to reduce the probability and severity of future incidents. This project will provide DART with in-depth network security, both at the perimeter and for internal network domains.
- ✓ Project: Major Agency Security Initiatives
  - Provide technical requirements, applications, risk and security assessment, design reviews, and/or vendor selection services for the following projects:
    - Comprehensive Fare Payment System
    - Enterprise Asset Management
    - Enterprise Project Management
    - Trapeze Upgrade
    - Network Infrastructure Upgrade
    - Legacy Operating Systems Upgrade
    - Data Center Relocation
    - Open Enrollment Security Parameters
    - Oracle Database Masking/Database Security
    - Continuity of Operations (COOP)
    - Disaster Recovery Planning
    - DARTnet and DART.org Security
- ✓ Program: Computer-Based Enterprise Security Awareness Program



- The project will improve the capabilities of information, physical, and network security, and increase employee alertness to malicious attacks using an automated training environment.
- ✓ Program: Information and Network Security Governance Council
  - Create and lead the implementation of an effective DART-wide information and network security council related to policy and guidance for DART business organizational interests.
- Business Systems
  - ✓ Project: Upgrade Agency Document/Records Management Systems
    - FileNet is an Enterprise Content Management system that is used to store official agency records and destroy them based on a retention schedule.
    - An upgrade was completed to the FileNet system in FY 2016. This will allow staff to take advantage of the new technology. As part of the project staff was trained, and a training curriculum established for new staff.
  - ✓ Project: Trapeze Upgrade
    - Upgrade Trapeze application and underlying database to newer version.
  - ✓ Project: Migration of DART.org to Microsoft Azure
    - DART currently hosts its own data center. Migration of DART.org to Azure will serve as an extension to the data center, allowing some on-premise data sources to be integrated with DART.org while leveraging Microsoft Cloud capabilities. This will provide high availability and increased scalability.
  - ✓ Project: Web Content Management Tool (WCM)
    - Acquisition of a Web Content Management Tool to manage all web content and provide power users with better self-service capabilities and stronger auditability of web content. Publishing of web content will be improved through increased capabilities, version control of content, and roles and security.
  - ✓ Project: Intelligent Business Process Management (iBPM)
    - Business Process Rules engine to enhance workflow capabilities currently in DARTnet. This will allow for quicker delivery of workflows and enhance user self-service for workflow modifications.
  - ✓ Program: Enterprise Asset Management/Enterprise Project Management (EAM/EPM)
    - Acquisition and deployment of an Enterprise Asset Management and Project tool. The EAM solution will replace the current Spear application, and the EPM tool will be used to manage Enterprise capital projects, such as D2.
  - ✓ 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: InfoTransit Phase III – In-vehicle technology
    - Continue to support efforts of the Marketing & Communications Department to improve the Infotransit system on the bus fleet by introducing dynamic messaging to the existing system.
  - ✓ Project: Traffic Signal Prioritization (TSP)
    - Support the City of Dallas in deployment and testing of a new traffic controller, and enhance the existing TSP communication and detection in the Central Business District by 2018.
  - ✓ Project: Agency WiFi Initiatives
    - Evaluation and testing of WiFi technology for all DART rail, bus, and transit centers. This effort will improve a customer's experience while using the DART system.
  - ✓ Project: Cameras for 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.
  - ✓ Project: TSP Continuity Project
    - Add new 4G LTE network layer to TSP Network to provide continued operations in the event of loss of communications room network, or a disaster at headquarters. This will be a first for DART to deploy 4G LTE as a backup network to production systems. This project will also provide redundant 4G LTE communication between Pearl Station and the South East Junction (SEJ) Signal House.
  - ✓ Project: TSP Three-Car Study Project
    - Simulation and study of impact of three-car light rail vehicles in the CBD to TSP system and junctions. This will simulate the maximum number of three-car trains that the rail system can absorb in the CBD transitway mall without causing rail congestion in the tunnel.
  - ✓ Project: Transit Center E-Tablets
    - ITS is deploying a second set of rugged tablets to Transit Center Concierge staff to provide a solid computing platform for communications with customers. Tablets will have 4G LTE and a Windows 10 operating system like tablets issued to Field Supervisors.
  - ✓ Project: Yard Management Automation
    - The Yard Management Automation Project will assist Transportation, Finance, and Maintenance by providing real-time location of all buses at operating divisions. ITS is revisiting the project cost estimate and available technology to see if integration options can be deployed as part of this project.

- ✓ Project: HQ/Bus Operating Division Firewall
  - Implementation of a firewall solution for networks at various locations including bus operating divisions.
- *Information Management/Decision Support Systems*
  - ✓ Program: Enterprise Data Warehouse Expansion
    - Develop a framework that consumes data from across multiple systems in the agency, integrates and prepares it for end-user consumption via available reporting solutions.
    - Redesign and develop the Kildrummy process on the Enterprise Data Warehouse, providing an efficient way to integrate data.
    - Identify and track key performance indicators across individual departments for reporting. Ensure data quality and integrity is maintained.
    - Build a self-service reporting model that allows departments to build and run reports by using Tableau.
    - Expand Business Intelligence footprint across the agency by providing end-user training to empower departments to understand their data and any anomalies within the data.
    - Automate Finance Quarterly Report to refresh data on a daily basis and make it available to end-users.
  - ✓ Program: Schedule Optimization
    - Identify opportunities for service delivery optimization and accountability.
    - 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 disruption events and conditions in real time.
    - Communication plan development.
    - Capture stop/trip/block level service deviations and reflect in Customer-facing applications.
  - ✓ Program: GIS Enterprise Program
    - Continue work with Service Planning on expanding GIS capabilities by developing additional Web Map Applications.
    - ARC/GIS Map Application and Amenities.
    - Broaden GIS access and capabilities by implementing ArcGIS Server.
    - GIS Reporting for Safety Department to track accidents on a map.

- ✓ Program: Data Governance
  - Continue to move the Data Governance initiative forward by involving Data Stewards.
  - Identify work process modifications to support data quality improvements.
  - Identify and minimize duplicate data capturing, tracking, and reporting efforts.
  - Consolidate data themes to Data Warehouse where appropriate.
  - Prepare for expanded Automatic Passenger Counter (APC) deployment by supporting creation of Maintenance plans.
  - Continue to work towards elimination of dependence on Microsoft Access within the business units.
- ✓ Program: Enterprise Databases
  - Implement Masking and Encryption on DART's Oracle Databases as part of Information Security initiative. This allows databases to be more secure and private, ensuring sensitive information is not available to everyone.
  - Upgrade Enterprise databases to current versions. This allows unsupported databases to be upgraded to the most recent version and be supported by the vendor.
  - Consolidate SQL Server resources by implementing cluster server model. This project allows all disparate SQL Server databases existing in the agency to be consolidated into a single cluster, thereby providing effective maintenance capabilities.
- Financial and Operational Support
  - ✓ Project: DART Police Systems Upgrade
    - Upgrade and improve service for DART Police systems and infrastructure
      - Telestaff servers
      - Telestaff version upgrade
  - ✓ Program: 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.
  - ✓ Program: 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
    - Provide ITS communication for validators and redundancy on the TVM Network

- ✓ Program: Procurement Business Process Improvement
  - Phase I of eProcurement initiative as outlined in the Procurement master plan by implementing EDI or other electronic data transmission methodology to issue purchase orders. The anticipated benefits of this phase are:
    - Speed procurement cycles by up to 61%. Exchange transactions in minutes instead of days or weeks of wait time.
    - Improve data quality, delivering at least a 30-40% reduction in transaction errors due to illegible handwriting, lost faxes/mail, and keying and re-keying errors.
    - Using EDI to reduce the order-to-cash cycle time by more than 20%, improving business partner transactions and relationships.
- ✓ Project: ERP Cloud Migration
  - Move ERP to cloud-based system to reduce costs and system administration tasks, standardize functionality, and increase capability to improve functionality of products and service. The anticipated Outcomes are:
    - Reduced IT operating costs
    - Access to automatic updates
    - Increased scalability
    - Increased Disaster Recovery capability
    - Increased collaboration efficiency
    - Greater flexibility of work practices
- System Infrastructure
  - ✓ Program: Product Life-Cycle Management
    - 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, compatibilities, security, and functionality
    - 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
- System Maintenance
  - ✓ Continue maintenance and support of all systems and infrastructure – prompt system support to DART business units consumes approximately 60% of the Technology Department's efforts.
- Enterprise Architecture
  - ✓ Project: Major Agency Architecture Initiatives
    - Provide technical requirements, architecture, design reviews, and vendor selection services for the following projects:
      - Comprehensive Fare Payment System
      - Enterprise Asset Management
      - Enterprise Project Management
      - Trapeze Upgrade
  - ✓ Project: Application Rationalization
    - Identify unused, redundant, and out-of-date applications, reduce portfolio through application consolidation.
  - ✓ Project: Records Management/Enterprise Content Management (ECM)
    - Lead activities for ECM meetings, coordinate communications, and assist in process and design decisions.
  - ✓ Project: SharePoint Governance and Deployment
    - Lead governance activity for Microsoft SharePoint that creates a set of policies, responsibilities, and processes to ensure a successful deployment.
  - ✓ Project: DART IT Strategy Document
    - Maintain a one-page IT Strategy document developed with the IT leadership team that displays business strategy, IT focus areas, IT programs, and projects to demonstrate business and IT alignment. Serves as a communications tool for stakeholders.
  - ✓ Project: IT Innovation Program
    - Lead the establishment of a program to foster the Technology team's capacity to innovate while improving performance and services.

## **Marketing and Communications Department**

The Marketing and Communications Department (Marketing) serves to drive community and key stakeholder awareness of DART and increase ridership. This is done through advertising, promotions and public relations, education, community outreach, and event-specific participation. Marketing 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 farebox and non-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. The Vice President, Chief Marketing Officer, directs the overall activities of the department.

For FY 2017, the department has several major initiatives: support of agency capital development projects; continued rollout of the new brand positioning and campaign; heightened engagement and participation in events in and around North Texas; and the deployment, rollout, and adoption of the new fare payment system.

To support capital projects, Marketing is responsible for conducting informational meetings and providing communication material and promotional support to drive awareness, assisting with the launch/opening, and encouraging ridership through longer-term marketing efforts. Agency development projects include: station platform expansion program, D-Link realignment, the opening of the Blue Line extension to UNT-Dallas, and the second light rail alignment through downtown Dallas (D2).

Marketing recently rolled out a new brand positioning, “Empowering Discovery” for those in the North Texas area. By focusing on the many places DART can take customers throughout North Texas, DART will bring awareness to the connectivity the agency has within this region. The new positioning will be supported by its second year of advertising through traditional and digital/social channels. Marketing will seek promotional opportunities that further support the positioning. And lastly, Marketing will work to ensure all programs tied to the agency support the brand positioning.

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 (CVB), hospitality and hotel associations and organizations, and respective city event coordinators to better align with events happening in and around the region. For FY 2017, Marketing, in concert with IT, will develop a new event tracking program that will provide the agency with clear line of sight of all events throughout the region and serve to engage key stakeholders (Dallas CVB, cities, etc.) as a depository for this information. Additionally, Marketing will develop and execute a new policy that will address events and talk to internal engagement and resource support.

One of the most critical projects for FY 2017 is the rollout of the new fare payment system under the GoPass banner. GoPass, launched in September 2013, has had over 500,000 downloads and over 3.3 million tickets sold. With the objective of minimizing the use of cash, this system, through a redesigned app, new stored-value card and a backend management system will enable customers



to travel cash free. Marketing will have a critical role in driving awareness and adoption while communicating the important benefits and features. This effort will be implemented in the summer of 2017.

The remaining consumer programs scheduled for FY 2017 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 materials and supplies, purchased transportation, services including construction, etc. used by the agency, with the specific exceptions of real estate, legal services, and some utilities. The Vice President, Procurement, directs the overall activities of the department.

The Procurement Department's primary role is to support the mission of DART and all departments of DART. This makes Procurement a contributor in most, if not all DART objectives. The Department's high priorities are linked to the Board's Strategic Priorities as shown:

- 1) Award all capital project, system and program service contracts on time and under budget per the procurement plan (Strategic Priorities 2 and 4).
- 2) Improve procurement process compliance, efficiency, and timeliness (Strategic Priority 6).
- 3) Improve Materials Management supplier delivery performance (Strategic Priorities 2 and 4).
- 4) Augment Sustainable Procurement (Strategic Priority 3).
- 5) Educate employees and customers on procurement policy, regulations and processes (Strategic Priorities 5 and 6).
- 6) Continue to improve customer satisfaction, achieving better than 90% on annual survey (Strategic Priority 1).
- 7) Update DART Procurement policies and procedures (Strategic Priority 6).

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 requests 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. Procurement Administration maintains the vendor database, issues public notices and advertisements of procurement opportunities, makes procurement-related postings to DART's supplier portal, and manages 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. The section also 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.

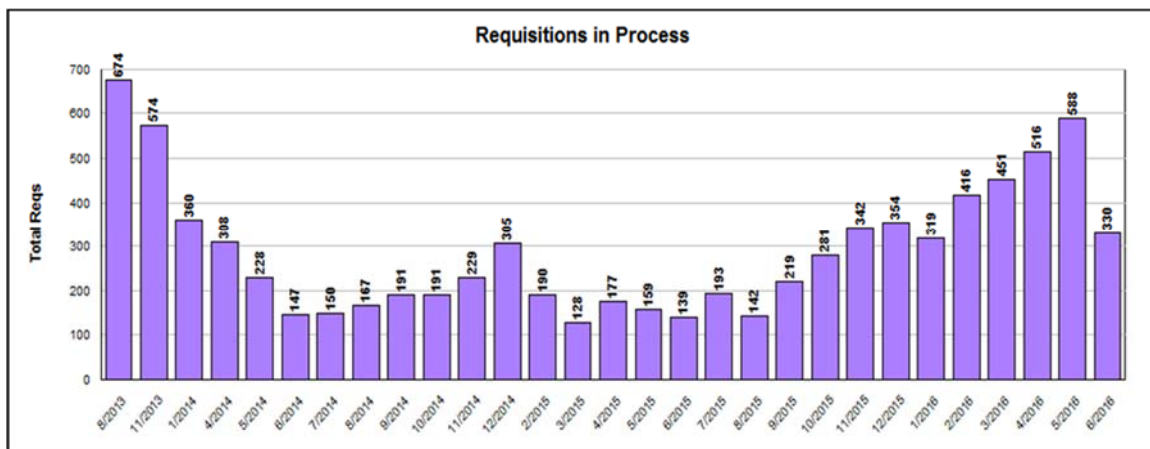
#### Key Performance Indicators (KPIs) for FY 2017

- 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

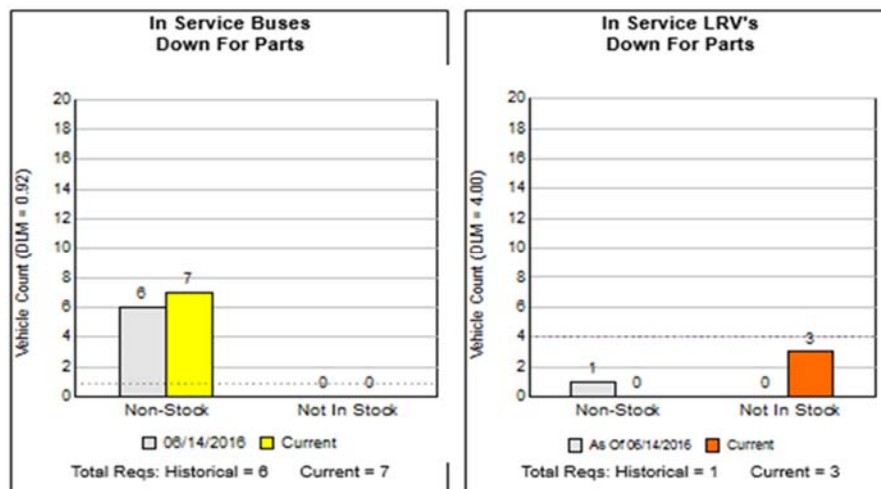
Exhibit 79 illustrates a reduction in transactions as a result of consolidating purchase activity under contracts and automating the delivery order process.

Exhibit 79  
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 80 shows the number of bus and light rail vehicles (LRVs) that are down for parts on a weekly basis.

Exhibit 80  
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. Under the Federal Transit Administration's adopted principles of Safety Management System (SMS), 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, under an Interlocal Agreement (ILA) with the City of Dallas we have agreed to operate the Dallas Streetcar as a contractor. We have experienced an increase in the involvement of DART's Safety Department with the Dallas Streetcar and expect this to continue throughout the term of the agreement. DART serves in a technical advisory capacity supporting the McKinney Avenue Transit Authority streetcar.

The Vice President, Chief Safety Officer, reports to DART's President/Executive Director. The location of this position within the Agency's reporting structure emphasizes the importance safety should and does 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. It is fully expected that once the Safety Management System (SMS) is fully implemented, the SSPP will be incorporated intact.

### **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 all 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. A senior safety professional has been designated as the single point for the delivery of training to ensure continuity of the safety message. This training is supplemented by the remaining safety professionals who conduct task-specific training. DART's Operational Safety Training Program includes the following:

- Light Rail Worker Protection
- DART Police
- Quarterly Safety Training
- Collision Avoidance
- Defensive Driving
- Industrial Health and Safety 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, standard operating procedures, and work instructions. Over 3,000 individuals are trained annually.

### **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.
- 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 of the American Public Transportation Association.

#### Bus and Light Rail Accidents per 100,000 Miles

Exhibit 81 shows the results of Bus Accidents per 100,000 miles for FY 2014-FY 2016. The results show a 8.1% increase from FY 2014 to FY 2015. As a result of technologies such as Smart Drive, more accidents are identified and reported. The results for FY 2016 year-to-date show a downward trend.

Exhibit 81  
Bus Accidents per 100,000 Miles

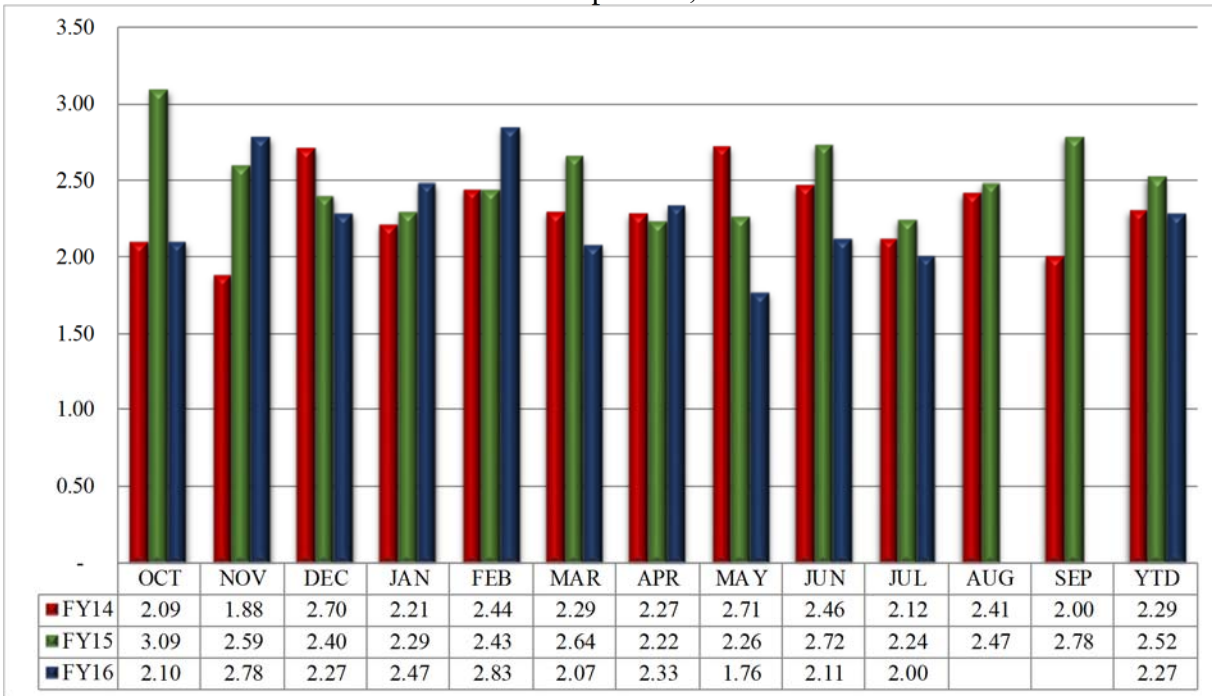
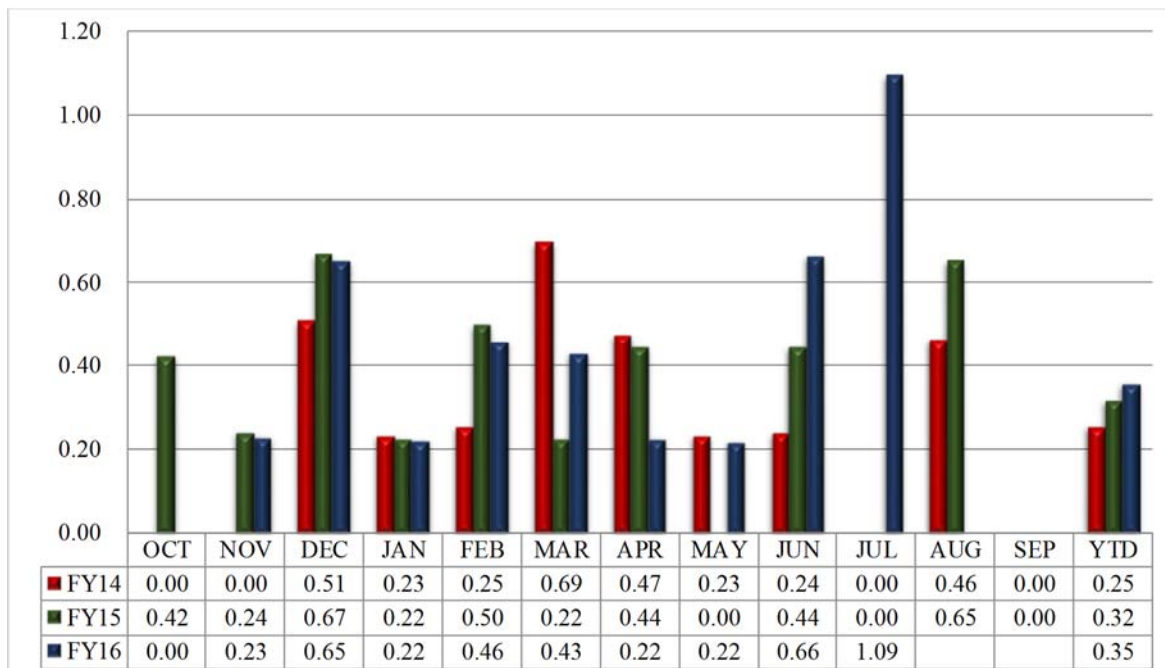


Exhibit 82, shows the history of Rail Accidents per 100,000 Train Miles for FY 2014 to FY 2016 year-to-date.

Exhibit 82  
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, Trinity Railway Express, Bus, Paratransit, Transportation, Maintenance, Dallas Streetcar System, 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 Capital Design & Construction 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 transportation systems and management infrastructure. The following elements represent critical components of each safety discipline:

The **Construction Safety and Security Program (CSSP)** was established by DART to promote safety and security and to mitigate and control hazards and risks associated with construction, repair, maintenance, and related services for DART, Trinity Railway Express (TRE), and Dallas Streetcar Systems.

- Management, contractual, and contractor compliance, design integration, enforcement of federal regulations 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 Rail Train Safety Orientation, Federal Railroad Administration (FRA), and 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), Fire Life Safety Committee (FLSC), and System Safety Certification Readiness Team (SSCRT).

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 \$0.21 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 83 depicts scope increases and cost successes of the Construction Safety Program since the initial introduction of the LRT system, from the earliest phases (Starter System) to current Phase III Capital Build-Out Program.

Exhibit 83  
Construction Safety

| <b>DART Construction Safety Program</b> |                           |                    |   |
|---|---------------------------|--------------------|---|
|   | <b>LRT Starter System</b> | <b>LRT Phase I</b> | <b>LRT Phase II &amp; III (to date)</b> |
| <b>Total Man-Hours Worked</b>           | <b>8,115,525</b>          | <b>6,372,080</b>   | <b>17,843,712</b>                       |
| Total "Recordable" Accidents            | 982                       | 321                | 147                                     |
| Total "Lost Time" Accidents             | 271                       | 46                 | 35                                      |
| <b>Total "Cost" per Man-Hour</b>        | <b>\$1.31</b>             | <b>\$0.58</b>      | <b>\$0.21</b>                           |
| Program Costs                           | \$900 M                   | \$900 M            | \$1.9 B                                 |
| Construction Costs                      | \$500-\$600 M             | \$500-\$600 M      | \$1.5 B                                 |

The **System Safety Program (SSP)** 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.

- Management of the agency’s Capital System Safety Certification, Start-Up, and Integrated Testing programs. Establishes processes and methodologies, for formalized testing, evaluation, and acceptance for LRVs, subsystems, i.e., Traction Power Substations (TPSS), Overhead Catenary System (OCS), Communications, Signals, and Fare Collection, in conjunction and other critical rail related systems.
- Directs development, implementation, evaluation, and revision of policies, procedures, standards, and publications relative to system integration testing (Integrated Test Plan)

programs. Coordinates development of hazard analysis processes, programs, and methodologies as defined in PHA, OHA, FMEA, TVA, MIL-STD-882.

- Develops technical reports, formal presentations, etc. Interfaces with Federal (FTA and FRA) and State of Texas Safety Oversight (SSO), and Project Management Oversight Committee (PMOC) representatives and officials.
- Identifies and conducts 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.
- Collaborates on development and implementation of plans and procedures to efficiently transfer completed capital projects to the DART Maintenance and Transportation departments. Provides liaison between the Rail Program division and these departments during rail-related projects and design developments.

**System Safety Certification Program (SSCP)** 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 & III Project and Dallas Streetcar System 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, 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.

- Collaborates with Jurisdictions Having Authority (JHA), DART Maintenance, Transportation, and Police to conduct First Responder system familiarization training. Conducts federally-mandated Readiness Drill program by developing exercise criteria and jointly stage and conduct simulated rail vehicle emergency situations.

Collaboration and teamwork with DART personnel, contractors, subcontractors, and consultants has institutionally and effectively achieved a demonstrably high level of success in the workforce and systems safety environments and the overall integrated effectiveness of the agency's Construction Safety, System Safety Start-Up and Integration, and Safety Certification program.

## **Growth/Regional Development**

The Executive Vice President of Growth/Regional Development has oversight of the Planning & Development, Commuter Rail & Railroad Management, Capital Planning, Capital Design & Construction, and Real Property & Transit Oriented Development (TOD) departments. The Executive Vice President reports to DART's President/ Executive Director and is the management liaison for the Board's Rail Program Committee, Planning Committee, and TOD 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 Vice President of Planning & Development directs the overall activities of the department. The strategic workplan for FY 2017 includes the following programs and projects:

*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 for the benefit of the commuter and the traveling public, the entire corridor is managed as one system rather than individual networks. A corridor is defined as an entire geographical area that may consist of highways, arterials, toll roads, parking systems, managed lanes, local bus, express bus, and light rail systems. The program includes freeway management, 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 in FY 2016, 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 2017. 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. Effective October 1, 2016, DART, TxDOT, Richardson, and Plano will end the operation of the ICM project.

The workplan for FY 2016 included implementation of the mobile 511DFW app, 511DFW Twitter feed, upgrade of the ICM-511 software from SMARTNET to Ecotrafix, and an evaluation of the

511DFW to determine how to make the system more effective. Additionally, the FY 2016 work program included 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.

Based upon the NCTCOG consultant evaluation of the 511DFW program in FY 2016, Regional Transportation Council has agreed to assign responsibility for the 511DFW to NCTCOG by April 1, 2017. This change has a significant positive benefit to DART by eliminating its major responsibility for project management, procurement, and financing the program. NCTCOG has committed federal funding for three additional years and will invest in a major upgrade of the traveler information program called 511DFW Next Generation beginning in FY 2017. TxDOT and DART will continue to provide local match funding to the program.

*Bus Shelter Project* – After completion of the acceleration of 437 shelter and bench installations in June 2015, the workplan will return to a more standard program of 100 shelters, 100 benches, and 40 free-standing light projects for FY 2017. During FY 2016, DART installed and tested three “SMART” shelters providing “next bus” signage, security cameras, and enhanced lighting, powered solely with larger solar panels and storage batteries. The passenger amenities group will complete the capital program for passenger amenities based upon the remaining funding in the financial plan. It is anticipated that no more than 100 shelters, 100 benches, and 40 solar lights will be installed.

An outgrowth of the Bus Shelter Program which will continue in FY 2017 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. The stop removal program will be phased in with the semi-annual service changes.

*Reserved Parking Program* – 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 the next day.

A total of 828 parking spaces were 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 2016, the program was evaluated to measure compliance. Compliance was found to be good but the evaluation also found that fewer reserved spaces were needed. During FY 2016, the number of spaces reserved for residents of DART cities was reduced to 628. This change provided unused spaces to be available for non-service area customers unable to find space at Parker Road. The reserved resident program will be continued in FY 2017.



*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 five out-of-service area contracts: a tri-party service agreement with the City of Arlington and the Fort Worth Transportation Authority for services in Arlington; an agreement with the City of Mesquite for services between Hanby Stadium and the DART Lawnview LRT Station; and agreements with Wylie, Allen, and Fairview to provide services for seniors and disabled persons.

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 through December 2016. This service is carrying an average of 300 passengers per day.

In FY 2016, DART and the City of Arlington began 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. It is anticipated that the future of DART's involvement with Arlington will be determined by December 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 FY 2017, DART will work with Mesquite to complete the required service plan to guide future transit improvements within the City of Mesquite.

During FY 2016, DART was asked to provide senior and disabled demand responsive service to parts of Collin County left without transportation following the collapse of the Texoma Area Paratransit System. The NCTCOG contracted with the DART Bus Service, LGC to provide services in Allen, Wylie, and Fairview. This NCTCOG-funded service began in February 2016 and ended 90 days later in May 2016. This emergency service allowed DART to negotiate funding with Allen, Wylie, and Fairview along with NCTCOG to provide a similar service through FY 2017. DART was able to obtain a major grant from Toyota Motor North America, Inc., as well as NCTCOG for funding to permit the cities to have a longer time to evaluate their needs for public transportation. During FY 2017, DART will implement a program for Collin County like the Plano Ride Program to service seniors and disabled persons. In addition, during FY 2017, DART will collaborate with the cities in Collin County to complete a county-wide public transportation plan to guide future investments in transit.

*Plano Ride 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 has made a key



program change that replaced paper vouchers with debit cards, which simplified record-keeping and administrative burdens. The program has been expanded 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.

DART has received requests for similar programs in Carrollton and Rowlett in areas with very limited or no regular fixed-route transit service. The pilot was deployed in Plano in November 2015 which will help determine if the approach has applications in other cities in the service area. This approach is also being investigated for cities in Collin County outside of DART's service area through the DART Bus Service, LGC, and we expect taxi debit card services to start in Wylie, Allen, and Fairview at the beginning of FY 2017.

*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 HDR and Connectics Transportation Group and is expected to be complete in late Calendar Year (CY) 2016. 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 Twenty-Year Financial Plan. Any resulting service changes will likely take effect no earlier than March 2017 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. During FY 2016, DART conducted three service reviews; Farmers Branch/Carrollton, Rowlett, and Oak Cliff/West Dallas. Some of the work for these efforts borrows from COA activities that were occurring at the same time. Some early Oak Cliff/West Dallas service changes will occur in late FY 2016 and through FY 2017, including the extension of the Dallas Streetcar to Zang at Davis, changes to D-Link service, and bus feeder routes that support the startup of the SOC-3 light rail extension to the University of North Texas Station and Camp Wisdom Station. Other changes in these areas will be implemented over the next five years. A service review for Richardson will commence during FY 2017, when the Rowlett work is complete.

*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 and FY 2017 workplans 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 October 2016, targeting five to ten routes for each major service change. In FY 2017, DART

will implement revised schedules for up to ten routes at each of the major service changes in March 2017 and August 2017. Most of the FY 2016 and FY 2017 adjustments target off-peak schedules; weekday peak changes are planned for later years when new buses are available to augment peak service.

*Legacy Area Transportation Study* – Due to the explosive employment and residential growth in the Legacy area of northwest Plano, the City of Plano completed a major transportation study to evaluate options to reduce congestion and improve mobility in the area in FY 2016. DART participated by preparing the transit element of the plan for Plano and adjacent communities as part of our FY 2016 work program. In FY 2017, DART will implement several of the recommended route changes from the Legacy Plan in March 2017. Other changes will be implemented in future years based upon COA recommendations.

*Downtown Shuttle* – In FY 2016, DART developed 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 August 2016, the Dallas Streetcar was extended to Bishop Arts allowing D-Link to be restricted to serve only the downtown area. During FY 2017, DART will perform an evaluation of the revised Downtown Shuttle to present to the funding partners.

#### 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 84 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 2014 and 2015 indicate actual values. Fiscal Year 2016 Qtr 3 is for the four-quarter rolling period ending June 30, 2016. Fiscal Years 2016 and 2017 are the budget (target) values for those years.

Exhibit 84  
Vanpool Scorecard – Key Performance Indicators

| Customer Quality | Indicators               | FY14A  | FY15A  | FY16 Qtr 3 | FY16B  | FY17B  |
|------------------|--------------------------|--------|--------|------------|--------|--------|
|                  | Van Pool Ridership (000) | 892.97 | 871.35 | 889.00     | 929.00 | 838.00 |
|                  | Number of Vanpools       | 181    | 164    | 172        | 228    | 228    |

| Financial Efficiency | Indicators                     | FY14A    | FY15A  | FY16 Qtr 3 | FY16B  | FY17B    |
|----------------------|--------------------------------|----------|--------|------------|--------|----------|
|                      | Expenses - Fully Allocated (M) | \$2.4    | \$2.0  | \$1.9      | \$2.3  | \$2.0    |
|                      | Revenues (M)                   | \$2.5    | \$1.9  | \$1.7      | \$2.2  | \$2.2    |
|                      | Net Subsidy (M)                | (\$0.1)  | \$0.1  | \$0.2      | \$0.2  | (\$0.2)  |
|                      | Subsidy Per Passenger          | (\$0.11) | \$0.09 | \$0.23     | \$0.16 | (\$0.19) |

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 to support programs other than the vanpool program.

Vanpool funding is expected to be capped at or slightly below current levels for FY 2017. Nevertheless, we expect to be able to continue under the current funding arrangement, with NCTCOG funding remaining at approximately 45% of eligible expenses, and user fees covering up to 55% of program costs.

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 operated at or close to the cap for a 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) experienced 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, pricing reductions and better contractor performance reversed some these recent trends, and we have seen formation of new vanpools during the second half of FY 2016. We expect this trend to continue in FY 2017, particularly with the pricing for the vanpool program. We anticipate exceeding 200 vanpools during 2017. The program has been authorized for up to 228 vanpools.

Exhibit 85 is an overview of the uses of the funds and allocated operating positions for the Vanpool mode of service.

Exhibit 85  
Vanpool Overview

| Overview                         | FY14A | FY15A | FY16B | FY17B |
|----------------------------------|-------|-------|-------|-------|
| Allocated Operating Expenses (M) | \$2.0 | \$1.9 | \$2.3 | \$2.0 |
| Capital Expenditures (M)*        | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| Allocated Operating Positions**  | 2     | 2     | 2     | 2     |

\* These amounts are the actual or budgeted capital for this mode only and do NOT include an allocation of Agency-wide capital.

\*\* Allocated positions are based on budgeted position counts.

### Road Improvement Programs

The Road Improvement Programs shown in Exhibit 86 represent all of the Board-approved road programs with cities in the service area 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 86  
General Mobility & Road Improvement Programs  
(in Millions)

| Program                      | FY13A         | FY14A        | FY15A        | FY16B         | FY17B         |
|------------------------------|---------------|--------------|--------------|---------------|---------------|
| LAP/CMS                      | \$3.4         | \$0.5        | \$0.6        | \$0.0         | \$0.0         |
| Transit Pass                 | 0.1           | (0.0)        | 0.0          | 7.6           | 6.6           |
| TSM (includes street repair) | 4.2           | 0.7          | 0.0          | 2.6           | 6.7           |
| ITS                          | 2.9           | 1.4          | 0.5          | 0.0           | 0.0           |
| <b>Total</b>                 | <b>\$10.6</b> | <b>\$2.6</b> | <b>\$1.2</b> | <b>\$10.1</b> | <b>\$13.3</b> |

\*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 87 reflects the current LAP/CMS payable to each service area city. All LAP funds are anticipated to be drawn down by 2017. However, the timing of the draw-downs is dependent upon the request of the service area cities with remaining balances.

Exhibit 87  
LAP/CMS Program – Remaining Balances

| Service Area City | 6/30/16<br>LAP/CMS<br>Balance | 6/30/16<br>LAP/CMS<br>Committed<br>Amount |
|-------------------|-------------------------------|---|
| Addison           | \$306,497                     | \$3,064,970                               |
| Carrollton        | 211,606                       | 211,606                                   |
| Dallas County     | 23,235                        | 0   |
| Glenn Heights     | 65                            | 0   |
| Irving            | 50,000                        | 50,000                                    |
| Plano             | 93,525                        | 93,525                                    |
| <b>Total</b>      | <b>\$684,928</b>              | <b>\$3,420,101</b>                        |

Transit Principal Arterial Street System (PASS) – The Transit PASS program is funded in the amount of \$150 million by DART, TxDOT (through the Federal Highway Administration), 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 requested that the PASS funds be transferred to street repair projects. Like Garland, the City of Dallas has asked DART to transfer its budgeted PASS and street repair funding to the City, which has agreed to construct the projects. It is anticipated that these transfers will take place in FY 2017.

Transportation System Management (TSM) – A total of \$16.1 million TSM funding is available for the first 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 has asked DART to draft an ILA for several high priority street repair projects. As with PASS funding, Dallas has requested that DART transfer the street repair funding to the City of Dallas for construction.

*Intelligent Transportation Systems (ITS)* – ITS is an element of DART's Transit System Plan, which 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 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 phase II construction began in FY 2016 and the facility improvements will be completed in 2017.

*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 2017, 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 included completion of the design and bid packages for all 13 crew rooms. It is anticipated that the construction package will be bid and awarded in the first quarter of FY 2017 and pre-fabricated units will be installed during 2017.

## **Capital Planning Department**

The primary responsibilities for this department 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. The Vice President of Capital Planning directs the overall activities of the department.

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.

### 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 northern extension to the Convention Center
- Central Dallas Streetcar Link
- High Speed Rail Coordination
- Cotton Belt Corridor Regional Rail Project

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 is in the process of developing a new 20-year Transit System Plan to guide the Agency in its efforts to develop more and broader support for public transportation.



- Phase I of the 2040 Plan Update, including Comprehensive Operations Analysis (COA) and Bus Service Plan recommendations are complete, with phasing and prioritization to be developed as part of Phase 2.
- Continue public and agency involvement through FY 2017.
- Complete Phase 2 of the 2040 Plan update, focusing on long-range programs and regional expansion opportunities in FY 2017.

## **Capital Design & Construction Department**

The Capital Design & Construction Department has the primary responsibility for the design, construction, testing, and acceptance of capital projects including light rail and streetcar expansions, commuter rail, and other assigned projects, including State of Good Repair. The Vice President of Capital Design & Construction directs the overall activities of the department.

### Rail Program Division

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

Systems Engineering – Systems Engineering is responsible for preliminary design, management, and coordination of final design. Included are light rail and streetcar vehicles, overhead catenary system, traction power substations, signal system (train protection and highway crossing protection), communications and control systems (radio and hard line transmissions, train control center, etc.), and fare vending equipment as well as technical support for DART's radio systems and Maintenance 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, and interfaces with outside organizations during construction including the community and jurisdictional authorities.

*Contract Administration* – Efforts associated with solicitation preparation, contractor and consultant selection, document review for compliance with contract requirements, conflict resolution, dispute processing, claims management, invoice certification, acceptance of the work, and contract close-out.

### **Real Property & Transit Oriented Development (TOD) Department**

The Vice President of Real Property & Transit Oriented Development directs the overall activities of the department. The department has the primary responsibility for:

- Real property assets
- Leveraging the viability of the Transit System
- Adding value to the Community
- Federal, regional, and local initiatives
- Working in close partnership with Service Area Cities to:
  - Identify and implement TOD opportunities
  - Generate new opportunities to create revenue for DART and environmentally sustainable livable communities that are focused on transit accessibility

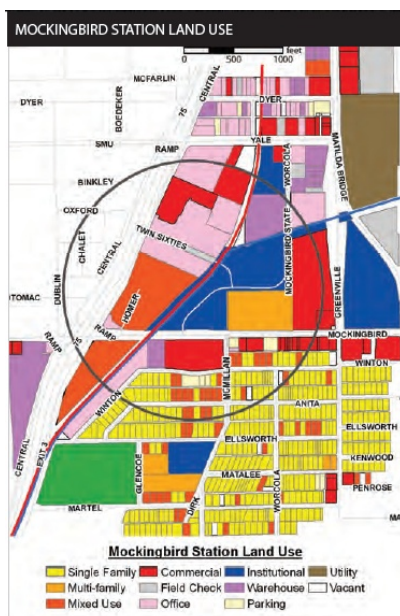
### Economic Development

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](http://www.DART.org).

DART's investment continues to be a catalyst for investment near DART transit facilities to create TOD 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 TOD projects have been constructed along the rail corridors since the launch of DART Rail in 1996. Management 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 same period, 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. The final report should be available in late 2016.



To support efforts such as these and provide information to the public and development community, DART has established a TOD website ([www.DART.org/economicdevelopment](http://www.DART.org/economicdevelopment)) which provides an overview of DART's TOD program including its TOD policy, TOD guidelines, and draft process and procedures.

## **Commuter Rail & Railroad Management Department**

The purpose of this section is to highlight the Commuter Rail (Trinity Railway Express or more simply, TRE) business plan, including key indicators and strategic initiatives. TRE passenger service is provided jointly with the Fort Worth Transportation Authority (FWTA) pursuant to an Interlocal Agreement as restated by the two transit authorities in September 2003. The Vice President of Commuter Rail & Railroad Management directs the overall activities of the department.

### Commuter Rail – TRE Scorecard – Key Performance Indicators

Exhibit 88 highlights Commuter Rail – TRE’s Key Performance Indicators (KPIs) presented in scorecard format. Fiscal Years 2014 and 2015 indicate the actual values. Fiscal Year 2016 Qtr 3 is a four-quarter rolling average ending June 30, 2016, while figures for Fiscal Years 2016 through 2017 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 FWTA. 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 2017 revenues include \$2.2 million of FWTA’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 FWTA’s allocated costs of \$2.4 million.

Exhibit 88  
Commuter Rail – TRE Scorecard (System wide)  
Key Performance Indicators

| Customer Quality | Indicators  | FY14A | FY15A | FY16 Qtr 3 | FY16B | FY17B |
|------------------|---|-------|-------|------------|-------|-------|
|                  | Fixed-Route TRE Ridership (M)                       | 2.3   | 2.2   | 2.1        | 2.2   | 2.2   |
|                  | Revenue Car Miles (M)                               | 1.6   | 1.6   | 1.6        | 1.7   | 2.0   |
|                  | Passengers Per Revenue Car Mile                     | 1.47  | 1.39  | 1.35       | 1.27  | 1.12  |
|                  | Revenue Train Hours (000)                           | 17.5  | 17.6  | 17.6       | 21.8  | 26.2  |
|                  | Farebox Recovery Ratio                              | 34.8% | 33.0% | 28.7%      | 30.2% | 29.2% |
|                  | On Time Performance                                 | 98.6% | 98.3% | 97.8%      | 98.0% | 97.0% |
|                  | Complaints per 100K Passengers                      | 2.7   | 3.1   | 4.6        | 2.8   | 5.5   |
|                  | Accidents Per 100K Train Miles - TRE <sup>[1]</sup> | 1.62  | 1.59  | 1.32       | 0.74  | 1.00  |

[1] The measure has been restated from Accidents/Car Mile to Accidents/Train Mile and therefore will not tie to previous reports.

| Financial Efficiency | Indicators                                    | FY14A   | FY15A  | FY16 Qtr 3 | FY16B  | FY17B   |
|----------------------|---|---------|--------|------------|--------|---------|
|                      | Expenses - Fully Allocated (M) <sup>[2]</sup> | \$25.5  | \$24.9 | \$28.0     | \$32.3 | \$31.6  |
|                      | Revenues (M) <sup>[2]</sup>                   | \$11.9  | \$11.7 | \$11.2     | \$13.3 | \$12.7  |
|                      | Net Subsidy (M)                               | \$13.6  | \$13.3 | \$16.9     | \$19.0 | \$18.9  |
|                      | Subsidy Per Passenger                         | \$5.96  | \$6.11 | \$7.94     | \$8.72 | \$8.50  |
|                      | Cost Per Revenue Car Mile                     | \$16.42 | \$16.0 | \$17.8     | \$18.9 | \$15.82 |

[2] Fully Allocated Expenses and Revenues for FY16B and FY17B include data from the Fort Worth Transportation Authority.

***TRE Fuel Hedge*** – A fuel hedge was put in place starting in May 2015 and will run through the end of FY 2017. Exhibit 89 shows the fuel hedge costs in place from FY 2015 – FY 2017. With the completion of the transition to CNG-fueled buses, DART’s exposure to diesel price fluctuations are limited to TRE and a few non-revenue vehicles.

Exhibit 89  
Fuel Hedge Costs by Fiscal Year

| Fiscal Year | Fuel Hedge Cost per Gallon |
|-------------|----------------------------|
| 2015        | \$1.7625                   |
| 2016        | \$2.0650                   |
| 2017        | \$2.1590                   |
| 2018        | \$1.6590                   |
| 2019        | \$1.7645                   |
| 2020        | \$1.8465                   |

Exhibit 90 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 90  
Commuter Rail Overview

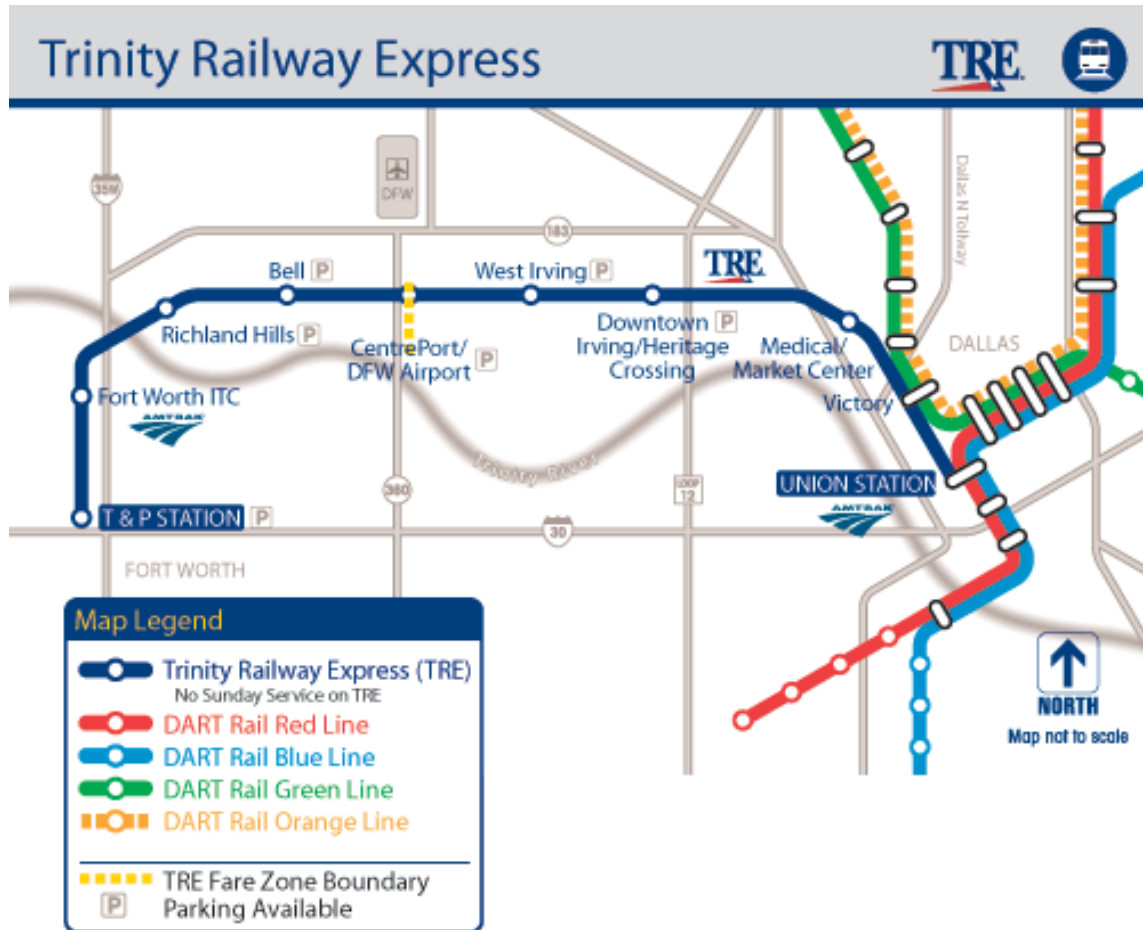
| Overview                         | FY14A  | FY15A  | FY16B  | FY17B  |
|----------------------------------|--------|--------|--------|--------|
| Allocated Operating Expenses (M) | \$25.5 | \$24.9 | \$32.3 | \$31.6 |
| Capital Expenditures (M)*        | \$6.6  | \$9.4  | \$24.7 | \$85.0 |
| Allocated Operating Positions**  | 13     | 19     | 19     | 19     |

*\* These amounts are the actual or budgeted capital for this mode only and do NOT include an allocation of Agency-wide capital.*

*\*\* Allocated positions are based on budgeted position counts.*

Exhibit 91 is a map that includes the TRE Corridor.

Exhibit 91  
Trinity Railway Express Corridor



### TRE Ridership and Subsidy Per Passenger

Through the second quarter of FY 2016, ridership decreased 2.1% from 1.11 million riders in FY 2015 to 1.09 million. The decrease in ridership is attributed to continued lower gasoline prices. Service level enhancements planned for FY 2017 are anticipated to restore base weekday ridership as well as to increase Saturday ridership.

Exhibit 92 graphically depicts actual and budgeted TRE ridership and Exhibit 93 depicts TRE subsidy per passenger. In both exhibits, Fiscal Years 2014 and 2015 indicate the actual values, Fiscal Year 2016 Qtr 3 is a four-quarter rolling average ending June 30, 2016, while figures for Fiscal Years 2016 and 2017 represent the budget for those years.



Exhibit 92  
TRE Ridership  
(in Millions)

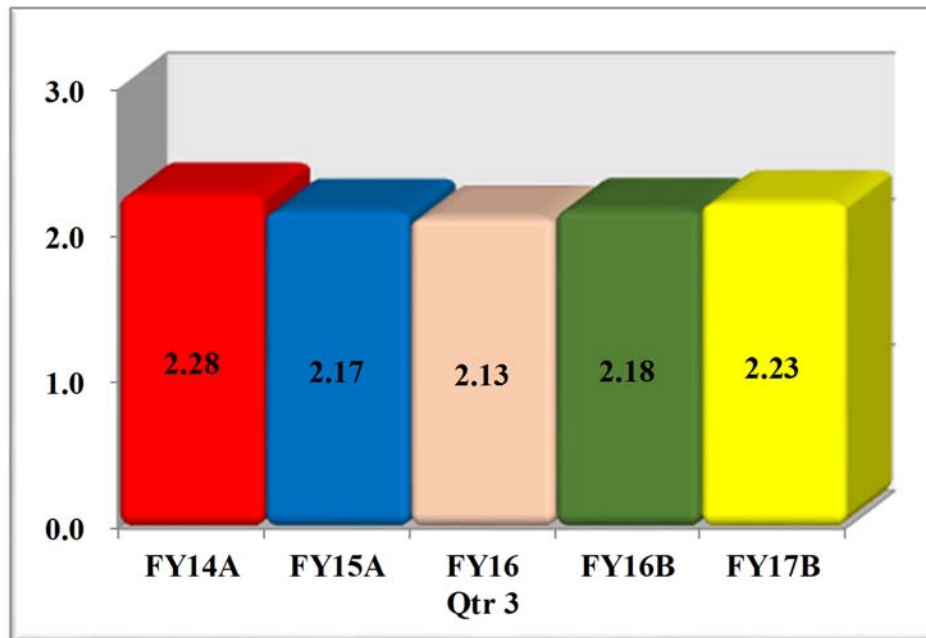
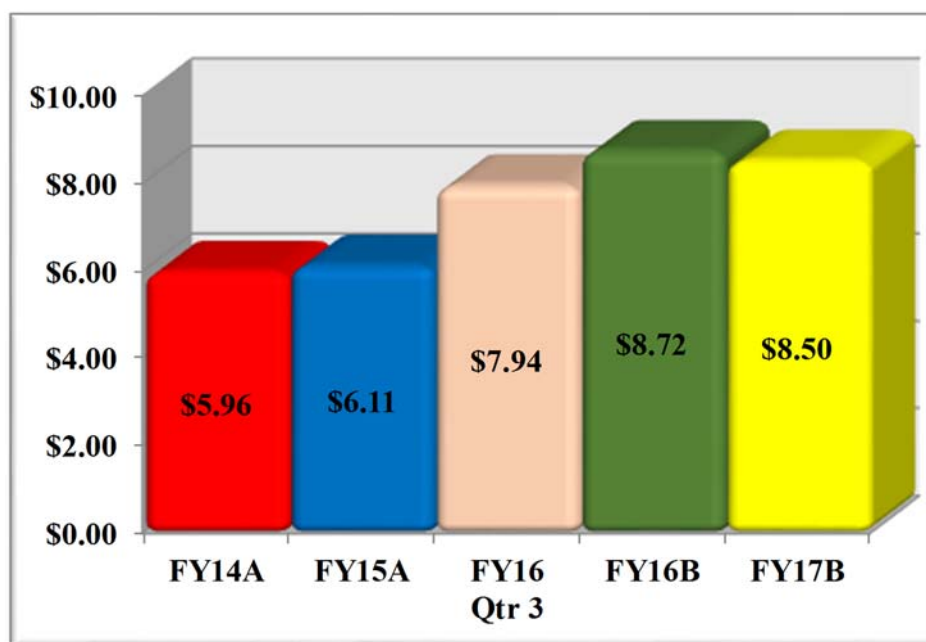


Exhibit 93  
Commuter Rail – TRE Subsidy Per Passenger



Subsidy Per Passenger – This metric increased starting in FY 2016 because of higher first-year contract costs. While those first year costs do not apply in 2017, the majority of those savings have been reinvested into a revised schedule that is expected to boost ridership by 4-5%. While these costs will go down in the subsequent fiscal years, the overall subsidy per passenger will continue to increase in FY 2018 and beyond due to additional operating costs associated with the federal mandate for Positive Train Control (PTC). Please see page 215 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 FWTa for TRE services that their citizens utilize. None of the Mid-Cities currently belong to either DART or FWTa. Several additional ILAs have been negotiated over the past few years. NCTCOG, DART, and FWTa 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 FWTa, 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 public and 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 recently extended through December 2016. MAX Express ridership is estimated to exceed 73,200 in FY 2016.



Weekend Service – Starting in October 2016, Saturday service will be expanded to include earlier morning and late night service with standardized 60-minute headways. Sunday service is not currently offered because maintenance and construction activities within the right-of-way are performed on Sundays. The majority of the double-tracking projects remaining to be done are in Tarrant County, and the project cost is not included in DART's Twenty-Year Financial Plan, as they will be incurred by FWTa.

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%. Weekday service improvements will be implemented in October 2016 with an additional 130 trains being added – enhancements include 30-minute peak and 60-minute off peak headways, and a longer service day. 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 2017. Amtrak's intercity passenger rail service was moved from the Union Pacific corridor to the TRE corridor in 2016. Amtrak also utilizes two TRE stations: the Intermodal Transportation Center in Fort Worth and Union Station in Dallas. Negotiations were completed in December 2015, and Amtrak service is now provided across 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 is anticipated to begin construction in FY 2017. 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 2017 Strategic Priorities* section below. Reserves have been established within DART's Twenty-Year 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, and future commuter rail service on the Cotton Belt corridor.

- Contract operation – DART, on behalf of DART and FFWTA, 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. During 2014, the operation and maintenance contract was resolicited. Herzog was chosen to be awarded a ten-year contract commencing at the beginning of FY 2016. The contract expires on September 30, 2025.
- Service – TRE service operates Monday through Saturday between downtown Dallas and downtown Fort Worth. This line covers a distance of 34.5 miles and includes a total of 10 stations, 5 of which are maintained by DART and 5 by FFWTA.
- Operating Fleet – The operating fleet consists of 9 locomotives, 17 bi-level coaches, and 8 bi-level cab cars (all jointly owned by DART and FFWTA). DART also owns 13 rail diesel cars (RDCs) that have not been actively used in service since 2013.
- Sharing of Costs – The DART/FFWTA 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

FWTA based on revenue seat miles operated in each county. DART's share for FY 2015 was 46.25% and FY 2016 was 46.11%, and is projected to decrease in FY 2017 to 43.22%, as a result of the new train schedule. Except for employees that are 100% dedicated to TRE, DART and FWTA 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 Subdivision, which is achieved through the contract with Herzog. This is currently a freight-only corridor. The City of Dallas deeded the northern section of the Madill Subdivision to DART in exchange for easements related to Hike and Bike Trails. The Madill Subdivision located between Irving and Carrollton is now owned in its entirety by DART.

*Departmental Emphasis on Strategic Priorities* – Strategic Priorities that will be the subject of special emphasis during the year are:

- Strategic Priority 1: Continually improve service and safety experiences and perceptions
- Strategic Priority 2: Optimize and preserve (state of good repair) the existing transit system
- Strategic Priority 3: 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, 2025. The contract provides 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 FWTA, 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 PTC, including configuration management
- Provision of Federal Railroad Administration (FRA) required Roadway Worker Protection services for the maintenance of the corridors, capital projects, and other contractors on the corridors

The new contract will provide O&M services for the TRE and Madill Subdivision, with an option for FWTA's TEX Rail line currently estimated to be in revenue service in the fourth quarter of 2018.

- Positive Train Control (PTC) – The Rail Safety Improvement Act of 2008 defines PTC and mandated 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. Federal legislation was passed in December 2015 that extended the implementation deadline to December 2018.
- State of Good Repair and Capital Investment Plan – The TRE performed a State of Good Repair (SGR) review that included the infrastructure, facilities and rolling stock that addressed the immediate needs from FY 2016 through FY 2026. The team is in the process of extending the SGR program out an additional ten years to address the needs over the next twenty years. The Condition Assessment and Capital Investment Plan (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 Subdivision. This enables DART and FWTa 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 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. On the TRE, two bridges in Dallas County (Obsession and Inwood) will undergo design and construction; Stemmons will be raised and repaired; Medical Market will be replaced in partnership with Dallas County, TxDOT, and the City of Dallas; and the Trinity River Bridge in Tarrant County is planned to start design in FY 2017. On the Madill Subdivision, the M&M Bridge design has been substantially completed and the Elm Fork Bridge design will be started in FY 2017.
- Next Train Customer Communication System – To improve customer communications, the effort to expand the Next Train system to the TRE vehicles and train stations was completed in August 2016. 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 onboard the TRE vehicles. In FY 2013 Variable Message Boards (VMB) were installed at the ten TRE stations 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 was tied to the TEX Rail and Amtrak agreements with DART that were executed in December 2015. The funding and construction agreements between the FRA, TxDOT, and DART were executed in June 2016 to allow for the project activities to commence once the FRA issues Notice to Proceed which is expected in the first quarter of FY 2017.
- Vehicle Maintenance – Beginning in FY 2017, TRE will start an overhaul program that will extend over the next three years and will include up to six coaches, two cab cars, and two locomotives. The solicitation for the locomotive overhauls is planned for the first quarter of FY 2017.
- Vehicle Expansion – In FY 2014, TRE performed a study to determine spare fleet ratio requirements. The results of the study indicated 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 fleet, 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 has developed a statement of work and an estimate for the use of these funds to procure an additional locomotive in FY 2017.

Cotton Belt Corridor – DART owns 54 miles of the Cotton Belt rail corridor from north Fort Worth to downtown Wylie. In 2016, FWTA received FTA approval to begin final engineering and construction for the TEX Rail project, which proposes to use the western segment of the Cotton Belt at DFW Airport, and continue south into downtown Fort Worth to the existing TRE Intermodal Transportation Center and the T&P Station. In the summer of 2016, FWTA received a Letter of No Prejudice from the FTA to allow the project to move forward prior to receiving a Full Funding Grant Agreement, which is expected in the Fall of 2016.

Preliminary engineering for DART's Cotton Belt project is at the 5% level as of Spring 2014 that included a cost analysis of 41 different service configurations. 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. The project is currently being evaluated to accelerate the design and construction of the project for completion by 2022, with a pre-qualification solicitation issued by the end of the second quarter of FY 2017.



*Denton County Transportation Authority (DCTA)* – DCTA is a coordinated county transportation authority, created by law in 2001, and approved by Denton County voters in 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, FFWTA, and DCTA executed an Equipment Lease and Operations and Maintenance Agreement. In accordance with the agreement, DART leased Rail Diesel Cars (RDCs) to DCTA, maintained the right-of-way and equipment, operated the A-train commuter rail service, and provided dispatching. All RDCs were returned to DART in February 2013 upon receipt of new vehicles by DCTA. DART, FFWTA, and DCTA signed a new Equipment Lease, Operating, and Maintenance Agreement which went into effect January 1, 2013 and expired September 2015.

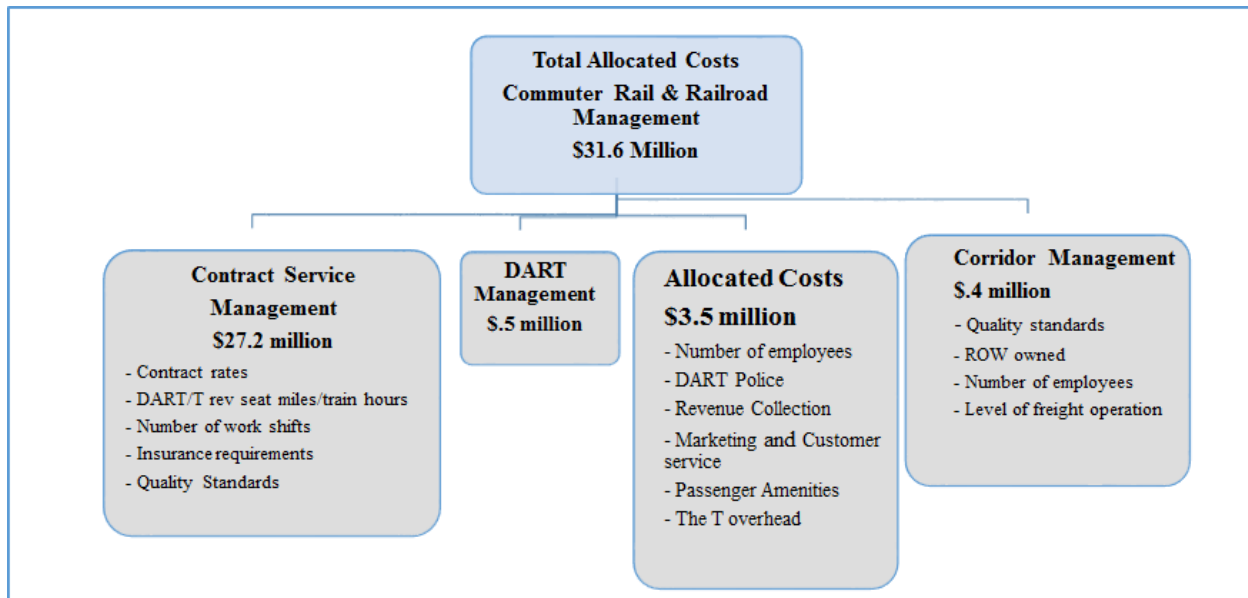
On September 22, 2015, the DART Board approved a Shared Services Agreement with DCTA for a period of one year, set to expire on September 30, 2016. An extension of this Agreement is currently being negotiated by DART and DCTA for FY 2017.

### Commuter Rail and Railroad Management Department Cost Model

Exhibit 94 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 2017 are budgeted at \$3.1 million and \$2.3 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 2017 include \$2.36 million of indirect costs from FWTa.

Exhibit 94  
FY 2017 Commuter Rail and Railroad Management Cost Model



## **Workforce Leadership & Intergovernmental Relations**

The Deputy Executive Director has oversight of the Human Capital, Governmental Relations, Diversity, and Office of Policy and Strategy departments. The Deputy Executive Director reports to DART's President/Executive Director and is the management liaison for the Board's Administrative Committee for departmental matters.

### **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 human resource services and is uniquely positioned to embrace contemporary human capital business practices in order to provide efficient and effective human capital services and programs. The Vice President of Human Capital directs the overall activities of the department.

Human Capital must provide for the development of people and support resources necessary for talent acquisition and compensation in support of DART's operations. 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 best practices.

Human Capital will assume ownership for the resolution of people issues, assess situations, and create change models to help facilitate and guide relevant Human Capital programming. Human Capital will provide guidance for performance management and eliminate barriers to success by providing services and resources which will enhance each individual employee's contribution. Human Capital will demonstrate the interdependencies between business success and "living the DART values" while measuring operational progress against critical success factors and key performance indicators.

### **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 (DMWBE), Equal Employment Opportunity/Affirmative Action (EEO/AA) Program, and Employee and Labor Relations. It is also responsible for compliance with the Americans with Disabilities Act (ADA) 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. The Vice President of Diversity directs the overall activities of the department.

- *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, formalizing a Veterans' Recruitment Program, 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 actions, 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 issues.
- *Outreach* is responsible for developing and implementing a contract-specific focused outreach program and developing a DMWBE strategic plan to educate disadvantaged and minority business owners.

### **Federal, State, Local, and Regional Government Relations**

DART's Government Relations Department acts as the liaison between DART and its external political environment. The Vice President of Government Relations directs the overall activities of the department.

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 the accurate, consistent, and timely 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 including but not limited to: the Federal Transit Administration, the Federal Railroad Administration, and the Texas Legislature. 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 implementation of federal transportation policy authorized by the Fixing America's Surface Transportation or FAST Act, as well as annual appropriations items concerning DART's capital projects and federal funding requests. 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. Finally, staff actively

monitors the U.S. Congress and the Administration for any developments relating to potential funding for projects identified in DART's Twenty-Year Financial Plan.

Working with DART's Austin legislative counsel team, staff will monitor closely the activities of the 85<sup>th</sup> Texas Legislature convening on January 10, 2017, 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 November 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. The Vice President, Policy and Strategic Planning, directs the overall activities of the department.

*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 2017, the Office of Policy and Strategy will continue to refine 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 under the leadership of the Office of Policy and Strategy. Key activities in FY 2017 will include a continuing review of current practices and processes along with an analysis of potential efficiencies with implementation dependent on shared resources.



# FY 2017 BUSINESS PLAN

## Section 5

## Reference



## Reference

### A. BUSINESS PLAN DEVELOPMENT

#### Purpose of Business Plan

The FY 2017 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 2017 Annual Budget, the FY 2017 Twenty-Year Financial Plan, the Transit System Plan, and the Agency's Strategic Plan. The resolutions shown at Exhibit 98 approve the funding levels for the FY 2017 Annual Budget and at Exhibit 99 approve the FY 2017 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 95 highlights the business planning, compilation, and approval process used at DART.

Exhibit 95  
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 98 and 99). 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 102, FS-G9). These changes require the affirmative vote of two-thirds of the number of appointed and qualified members of the Board. The FY 2017 Twenty-Year Financial Plan is shown in Exhibit 99 and a full-sized version is attached as the last page of this document.

### **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**

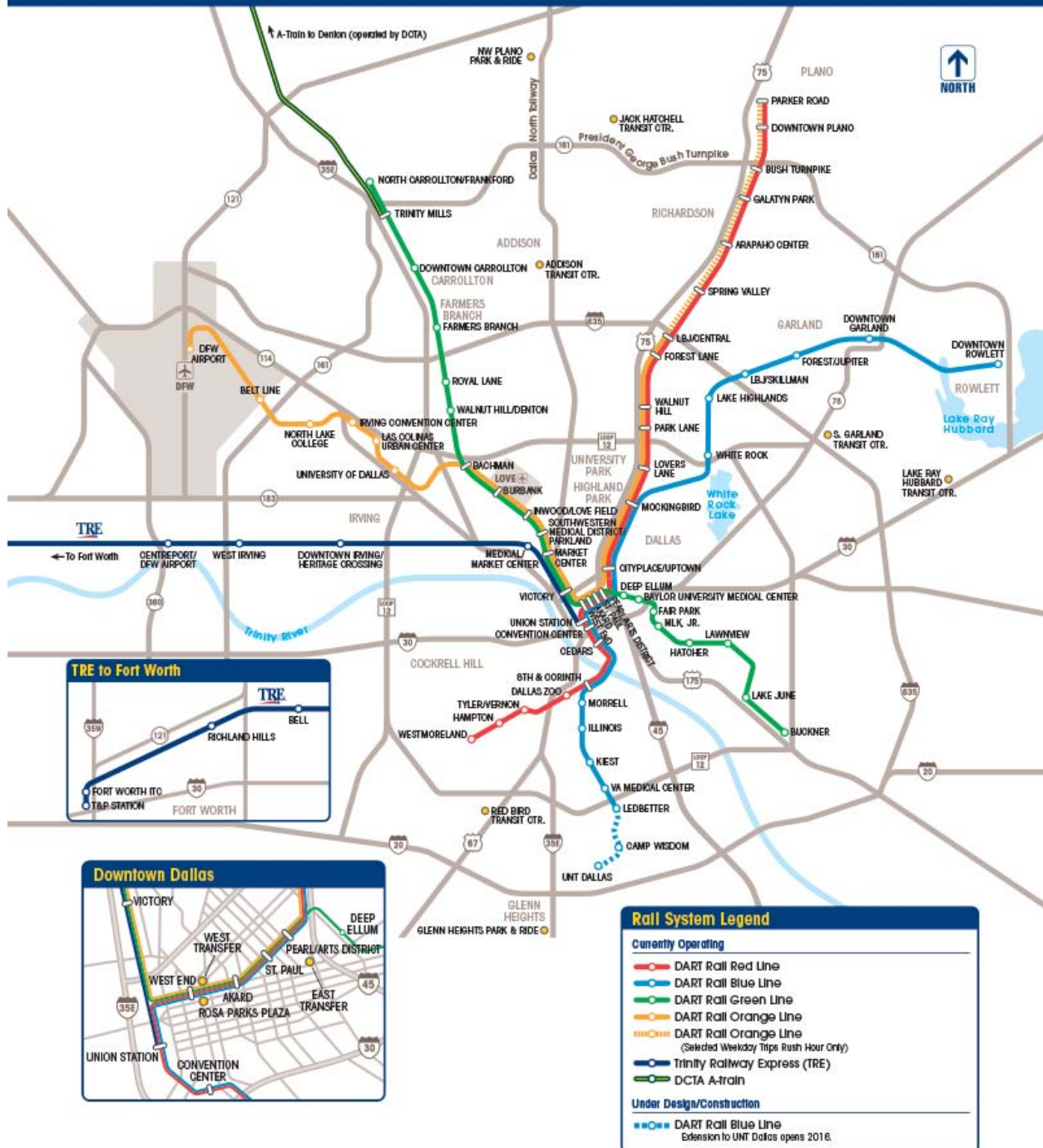
Several related reports are referenced in this document. Readers may wish to refer to these for a more comprehensive understanding of DART's plans and operations. These documents may be obtained from DART's Finance or Capital Planning departments. See Exhibit 97 for an illustration of how the Transit 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 bus service recommendations, light rail and regional rail project development phasing schedules, paratransit strategies, as well as recommendations associated with system-wide mobility elements, and transit-oriented development. The Transit System Plan is closely coordinated with development of the North Central Texas Council of Governments' Metropolitan Transportation Plan and undergoes a major revision every five to ten years. The most recent revision to the Transit System Plan, the 2030 Plan, was approved by the Board in early FY 2007 and focused on transit needs and opportunities within the context of a 2030 horizon. The DART Current and Future Services to 2016 map is located at Exhibit 96. The plan is financially constrained and is thus closely coordinated with the DART Twenty-Year Financial Plan. Exhibit 112 shows a history of light rail revenue service dates.

*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, regional 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 late 2000's resulted in placing a number of major capital projects in the 2030 Transit System Plan in a deferred/unfunded status. However, many of these projects may be incorporated into the 2040 Transit System Plan, currently under development. For more information regarding the 2040 Transit System Plan see page 228.

Exhibit 96

# DART Current and Future Services to 2016





2040 Transit System Plan – The DART Board has initiated a revision to the existing 2030 Transit System Plan using a two-phased approach. Phase 1 included a Comprehensive Operations Analysis (COA) of the bus system to develop recommendations for improvements to the bus network. Phase 2 is underway and is focused on evaluating potential high capacity transit corridors, including those deferred from the 2030 Transit System Plan. Phase 2 will also integrate the COA bus recommendations while focusing on system sustainability including low cost initiatives to grow ridership, improve accessibility, and increase operating efficiency, maintaining the system in a state of good repair, and regional opportunities. 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 2017 and will be a financially constrained plan.

Program of Interrelated Projects (Core Capacity) – Three projects that will increase core capacity and maximize the overall capacity of the existing DART light rail system within the Dallas central business district (CBD) were incorporated in DART's Twenty Year Financial Plan beginning in FY 2015. These projects are:

Platform extensions for the twenty-eight oldest stations in the light rail system along the Red and Blue lines to accommodate three-car trains;

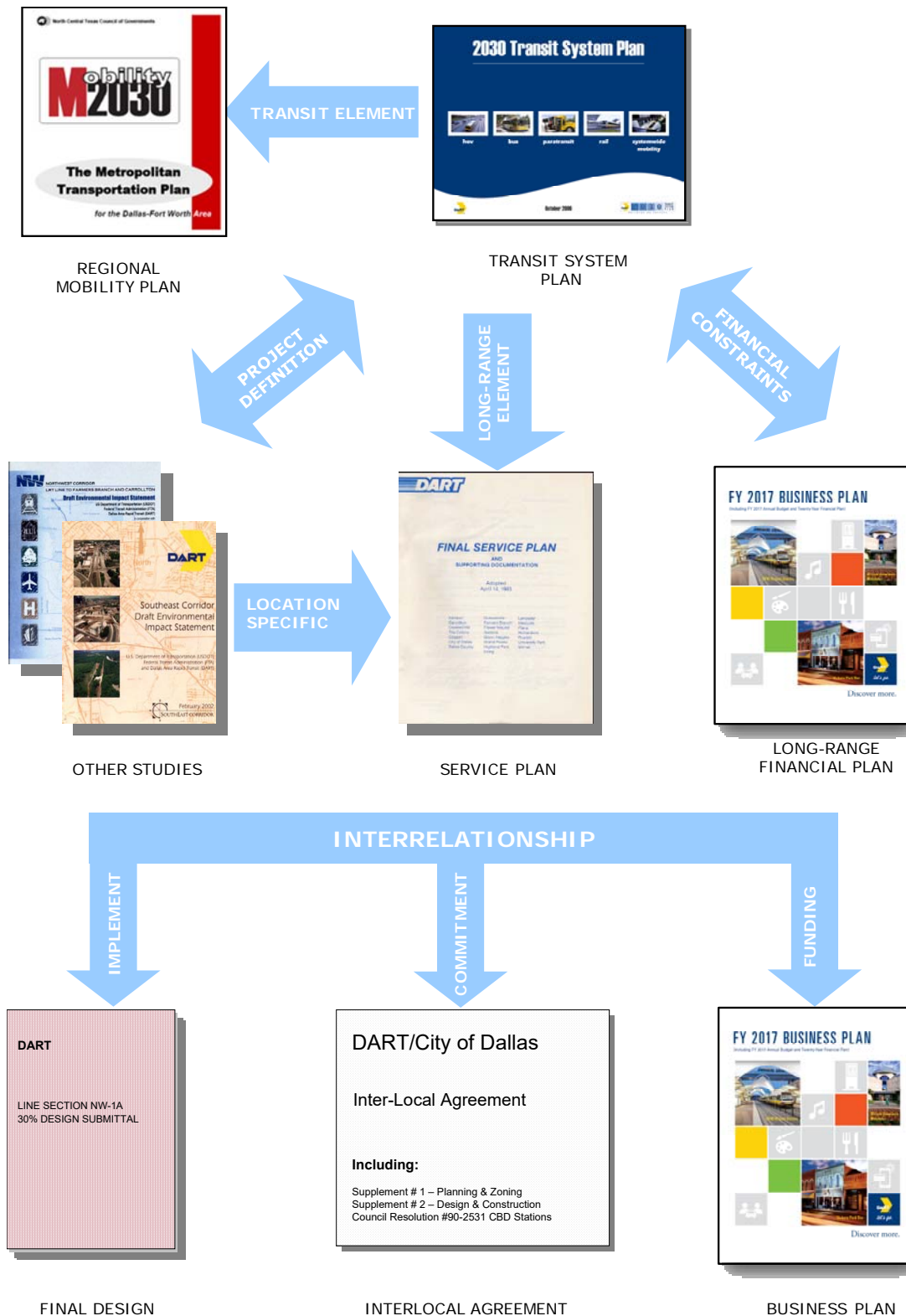
The second downtown light rail alignment (known as D2), for which a locally preferred alternative (LPA) was adopted in September 2015. Given recent support for a subway alignment, DART will be undertaking alignment refinement in FY 2017 to enable approval of a refined subway LPA by September 2017; and

Extension of the Dallas streetcar system through the CBD, linking the Oak Cliff and McKinney Avenue streetcar lines; and

Cotton Belt – The FY 2016 Financial Plan included the development of rail service along the Cotton Belt corridor from Plano, through the North Dallas area, to DFW Airport. This service will connect with DART's Green Line in Carrollton and the Red Line in Plano. Service was programmed to begin in 2035, but several regional sources of funds and scope modifications allowed for the FY 2017 Financial Plan to include revenue service along the Cotton Belt Corridor in 2022. This plan requires confirmation of external funding sources and obtaining environmental clearance. Many communities through which the Cotton Belt rail corridor passes have expressed a strong support for an earlier service date.

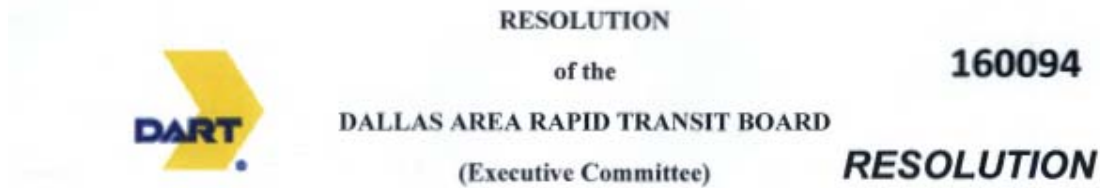
Quarterly Operating and Financial Performance Reports – DART's Quarterly Operating and Financial Performance Reports provide updates on management's progress against financial and operating projections for the current year and provide status reports on ridership, planning, and capital projects in progress. These reports are available on DART's website, [DART.org](http://DART.org).

## Exhibit 97 Interrelationship of System Plan with Other Documents





## Exhibit 98

**Approval of Fiscal Year (FY) 2017 Annual Budget**

WHEREAS, on May 24, 2016 (Resolution No. 160056), 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 2017 Annual Budget; and

WHEREAS, the Board has been briefed on the assumptions used to prepare the FY 2017 Annual Budget; and

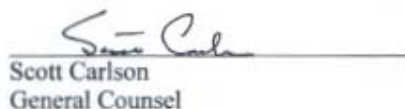
WHEREAS, the proposed FY 2017 Annual Budget was sent to the governing bodies of the municipalities within the DART Service Area at least thirty days prior to Board approval in accordance with Section 452.113(3) of the Texas Transportation Code.

NOW, THEREFORE, BE IT RESOLVED by the Dallas Area Rapid Transit Board of Directors that the FY 2017 Annual Budget is approved in the amount of \$975,500,815.

|                                    |                      |
|------------------------------------|----------------------|
| Annual Operating Budget            | \$494,944,001        |
| Capital Budget                     | 289,094,176          |
| Debt Service Budget                | 191,462,638          |
| <b>Total FY 2017 Annual Budget</b> | <b>\$975,500,815</b> |

  
Gary Slagel  
Secretary  
Faye Moses Wilkins  
Chair

APPROVED AS TO FORM:

  
Scott Carlson  
General Counsel

ATTEST

  
Gary C. Thomas  
President/Executive DirectorSeptember 27, 2016  
Date

## Exhibit 99

## RESOLUTION

of the

160109



DALLAS AREA RAPID TRANSIT BOARD

(Executive Committee)

**RESOLUTION****Approval of Fiscal Year (FY) 2017 Twenty-Year Financial Plan**

WHEREAS, on May 24, 2016 (Resolution No. 160056), 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 2017 Twenty-Year Financial Plan; and

WHEREAS, the Board has been briefed on the assumptions used to prepare the FY 2017 Twenty-Year Financial Plan; and

WHEREAS, the proposed FY 2017 Twenty-Year Financial Plan was sent to the governing bodies of the municipalities within the DART Service Area at least thirty days prior to Board approval in accordance with Article VI, Section 3, of the Board Bylaws; and

WHEREAS, on September 27, 2016, Resolution No. 160093, the Board approved a resolution deferring adoption of the FY 2017 Twenty-Year Financial Plan until October 25, 2016; and

WHEREAS, during August, September, and early October, the Board discussed the financial impact of variations to the Core Capacity Program of Interrelated Projects (D2, Platform Extensions, and Dallas Central Streetcar link) and construction of commuter rail service in the Cotton Belt corridor, which was advanced from a revenue service date in 2035 to a revenue service date in 2022; and

WHEREAS, DART will identify and regularly engage with stakeholders along the entirety of the Cotton Belt corridor, including municipalities, to collaborate and address design and aesthetic issues and potential operational issues including mitigation measures associated with the operation of the Cotton Belt.

NOW, THEREFORE, BE IT RESOLVED by the Dallas Area Rapid Transit Board of Directors that the FY 2017 Twenty-Year Financial Plan is approved as shown in Exhibit 1 to the Resolution.

  
Gary Stigel  
Secretary  
Faye Moses Wilkins  
Chair

APPROVED AS TO FORM:

  
Scott Carlson  
General Counsel

ATTEST

  
Gary C. Thomas  
President/Executive DirectorOctober 25, 2016  
Date

Exhibit 100 (Proposed FY 2017 20-year Financial Plan)  
(Exhibit 1 to Resolution)

| Dallas Area Rapid Transit<br>FY 2017 Financial Plan as Approved October 25, 2016<br>Twenty Year Sources and Uses of Cash<br>(\$ Millions - Inflated Dollars) |  |           |           |           |           |           |                 |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |                  |
|--|--|-----------|-----------|-----------|-----------|-----------|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------------|
| Line   | Description                                  | 2017      | 2018      | 2019      | 2020      | 2021      | 5 Year<br>Total | 2022      | 2023      | 2024      | 2025      | 2026      | 2027      | 2028      | 2029      | 2030      | 2031      | 2032      | 2033      | 2034      | 2035      | 2036      | 20 Year<br>Total |
| SOURCES OF FUNDS   |  |           |           |           |           |           |                 |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |                  |
| 1  | Sales Tax Revenues                           | \$563.6   | \$563.6   | \$563.2   | \$615.5   | \$652.5   | \$2,481.3       | \$685.1   | \$712.6   | \$734.0   | \$734.0   | \$763.4   | \$802.1   | \$850.6   | \$891.1   | \$928.8   | \$956.7   | \$956.7   | \$964.9   | \$1,044.7 | \$1,107.4 | \$1,162.7 | \$16,308.0       |
| 2  | Operating Revenues                           | 83.3      | 83.3      | 84.3      | 94.3      | 94.3      | 454.0           | 102.1     | 104.6     | 117.1     | 118.5     | 120.7     | 123.0     | 125.9     | 140.9     | 142.3     | 144.9     | 147.5     | 150.2     | 168.1     | 169.7     | 172.7     | 2,602.3          |
| 3  | Interest Income                              | 5.7       | 7.6       | 8.8       | 11.3      | 13.3      | 46.8            | 15.4      | 17.1      | 17.1      | 18.6      | 21.3      | 16.4      | 16.6      | 16.9      | 16.8      | 18.5      | 19.0      | 19.0      | 20.5      | 23.3      | 27.0      | 336.4            |
| 4  | Federal Financial Funding                    | 82.4      | 87.0      | 74.0      | 74.0      | 74.0      | 391.2           | 74.0      | 74.0      | 74.0      | 74.2      | 74.2      | 74.2      | 74.2      | 74.2      | 74.2      | 74.2      | 74.2      | 74.2      | 74.2      | 74.2      | 74.2      | 1,529.8          |
| 5  | Discretionary Federal Funding                | 32.2      | 88.0      | 73.3      | 30.0      | 22.0      | 446.6           | 250.0     | 200.0     | 0.0       | 12.4      | 12.8      | 6.3       | 6.1       | 0.0       | 0.0       | 0.0       | 0.0       | 3.4       | 0.0       | 0.0       | 0.0       | 939.6            |
| 6  | Net Debt Issuances                           | (30.0)    | 35.0      | 370.0     | 390.0     | 345.0     | 1,110.0         | 220.0     | 210.0     | 150.0     | 370.0     | 120.0     | 110.0     | 250.0     | 50.0      | 0.0       | 0.0       | (50.0)    | (50.0)    | (50.0)    | (100.0)   | (100.0)   | 2,480.0          |
| 7  | Other Non-Operating Sources                  | 14.7      | 14.5      | 14.6      | 17.0      | 17.4      | 88.2            | 21.0      | 21.6      | 22.1      | 22.7      | 23.2      | 23.8      | 24.5      | 25.1      | 25.8      | 26.3      | 27.0      | 27.8      | 28.5      | 29.3      | 30.1      | 489.0            |
| 8  | Other Capital Sources                        | 33.1      | 38.0      | 38.3      | 9.0       | 4.0       | 112.5           | 10.0      | 5.6       | 8.2       | 11.1      | 11.5      | 8.9       | 6.9       | 6.5       | 14.7      | 9.8       | 14.6      | 8.8       | 12.5      | 24.7      | 12.7      | 286.1            |
| 9  | Total Sources of Funds                       | \$779.0   | \$917.0   | \$1,251.9 | \$1,241.0 | \$1,427.5 | \$8,624.5       | \$1,377.6 | \$1,358.4 | \$1,214.8 | \$1,269.4 | \$1,169.3 | \$1,346.7 | \$1,368.8 | \$1,280.7 | \$1,261.6 | \$1,252.5 | \$1,194.4 | \$1,226.9 | \$1,309.6 | \$1,438.6 | \$1,581.5 | \$24,794.4       |
| USES OF FUNDS  |  |           |           |           |           |           |                 |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |                  |
| 10   | Sales Taxes for Operations                   | 71.7%     | 75.0%     | 74.3%     | 72.2%     | 69.1%     | n/a             | 68.9%     | 67.7%     | 65.9%     | 67.4%     | 65.9%     | 64.8%     | 62.5%     | 59.5%     | 58.7%     | 58.2%     | 59.5%     | 58.6%     | 55.5%     | 53.4%     | 51.9%     | n/a              |
| 11   | Operating Expenses:                          |           |           |           |           |           |                 |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |                  |
| 11   | Bus  | \$238.3   | \$269.3   | \$285.3   | \$298.3   | \$326.4   | \$1,396.5       | \$297.1   | \$303.4   | \$309.4   | \$315.7   | \$321.6   | \$327.2   | \$333.5   | \$340.3   | \$346.6   | \$353.7   | \$360.3   | \$367.5   | \$374.2   | \$381.7   | \$388.9   | \$6,517.6        |
| 12   | Light Rail Transit                           | 166.1     | 172.4     | 175.5     | 178.7     | 182.3     | 875.1           | 185.0     | 189.8     | 193.5     | 197.4     | 201.1     | 205.3     | 209.2     | 213.4     | 217.4     | 221.8     | 225.9     | 230.4     | 234.5     | 239.2     | 243.7     | 4,082.8          |
| 13   | Streetcar                                    | 1.5       | 1.6       | 1.6       | 1.6       | 1.6       | 10.7            | 4.5       | 4.6       | 4.7       | 4.8       | 4.9       | 5.0       | 5.0       | 5.1       | 5.2       | 5.4       | 5.4       | 5.6       | 5.7       | 5.8       | 5.9       | 88.1             |
| 14   | Commuter Rail/RTD Management                 | 29.2      | 30.1      | 34.8      | 35.8      | 36.9      | 167.0           | 56.7      | 58.4      | 60.2      | 61.9      | 63.7      | 65.7      | 67.6      | 69.6      | 71.6      | 73.6      | 76.0      | 78.3      | 80.5      | 83.0      | 85.4      | 1,219.4          |
| 15   | Paratransit                                  | 37.2      | 38.3      | 39.3      | 41.0      | 42.5      | 198.5           | 44.0      | 43.8      | 47.3      | 46.6      | 51.6      | 53.7      | 53.9      | 58.2      | 60.5      | 63.0      | 65.3      | 68.2      | 70.8      | 73.8      | 76.7      | 1,083.4          |
| 16   | General Mobility - TDA                       | 2.0       | 2.1       | 2.1       | 2.1       | 2.2       | 10.6            | 2.2       | 2.3       | 2.3       | 2.4       | 2.4       | 2.5       | 2.5       | 2.6       | 2.6       | 2.7       | 2.7       | 2.8       | 2.8       | 2.9       | 2.9       | 46.1             |
| 17   | Total Operating Expenses                     | \$404.9   | \$431.8   | \$458.8   | \$489.2   | \$506.7   | \$2,458.4       | \$489.6   | \$504.3   | \$517.7   | \$531.8   | \$546.3   | \$561.7   | \$573.7   | \$589.2   | \$604.0   | \$619.8   | \$636.2   | \$652.6   | \$669.5   | \$686.4   | \$703.5   | \$13,806.5       |
| 18   | Operating P&ID - Short-Lp                    | \$509.5   | \$522.6   | \$547.8   | \$559.3   | \$580.4   | \$2,719.6       | \$599.7   | \$614.1   | \$627.7   | \$642.0   | \$657.6   | \$669.9   | \$684.3   | \$700.1   | \$717.2   | \$731.6   | \$747.4   | \$764.4   | \$780.6   | \$798.7   | \$816.1   | \$11,261.2       |
| Capital Projects and Non-Operating   |  |           |           |           |           |           |                 |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |                  |
| 18   | Agency Wide                                  | \$28.5    | \$43.7    | \$20.6    | \$13.7    | \$10.7    | \$117.2         | \$10.9    | \$15.0    | \$8.2     | \$9.4     | \$15.0    | \$70.7    | \$23.9    | \$13.6    | \$18.8    | \$32.2    | \$20.5    | \$12.7    | \$13.1    | \$16.0    | \$21.8    | \$428.1          |
| 19   | Bus  | 45.6      | 40.1      | 21.0      | 23.1      | 11.4      | 147.2           | 16.2      | 18.1      | 20.7      | 109.0     | 133.8     | 102.3     | 84.9      | 23.0      | 10.7      | 6.1       | 42.1      | 34.8      | 24.2      | 20.7      | 14.2      | 899.4            |
| 20   | Light Rail Transit                           | 88.2      | 81.2      | 85.5      | 68.0      | 101.3     | 514.1           | 436.7     | 420.7     | 240.6     | 208.3     | 90.2      | 227.8     | 186.7     | 52.0      | 19.7      | 29.7      | 20.0      | 20.0      | 36.8      | 43.4      | 45.4      | 2,672.0          |
| 21   | Streetcar                                    | 13.9      | 8.5       | 27.7      | 36.9      | 18.6      | 166.5           | 0.0       | 0.0       | 0.1       | 0.0       | 0.1       | 0.0       | 0.0       | 0.1       | 0.0       | 0.1       | 0.0       | 0.0       | 0.0       | 0.0       | 0.3       | 106.6            |
| 22   | Commuter Rail/RTD Management                 | 85.0      | 165.7     | 284.9     | 377.7     | 338.4     | 1,271.7         | 127.6     | 128.1     | 152.2     | 293.1     | 246.8     | 248.1     | 150.0     | 11.0      | 23.1      | 17.8      | 35.5      | 27.2      | 22.3      | 40.1      | 33.5      | 1,731.6          |
| 23   | Paratransit                                  | 0.4       | 0.4       | 0.1       | 0.2       | 0.0       | 1.1             | 0.8       | 0.0       | 0.2       | 0.1       | 0.0       | 0.0       | 0.0       | 0.0       | 0.4       | 0.3       | 0.2       | 0.2       | 0.1       | 0.1       | 1.2       | 5.8              |
| 24   | HOV Transitsways                             | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 0.0             | 0.0       | 0.0       | 0.0       | 0.0       | 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, Short-Lp, Non-Operating       | 14.2      | 11.4      | 10.0      | 10.2      | 21.8      | 67.6            | 12.2      | 9.9       | 10.7      | 10.9      | 10.5      | 11.3      | 11.0      | 12.4      | 12.6      | 12.9      | 14.3      | 12.1      | 13.1      | 13.3      | 12.8      | 247.5            |
| 26   | General Mobility - Road Impr./ITS            | 13.3      | 3.9       | 3.0       | 2.0       | 1.2       | 23.4            | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 23.4             |
| 27   | Total Capital and Non-Operating              | \$209.1   | \$364.9   | \$468.8   | \$551.8   | \$613.4   | \$2,248.0       | \$604.2   | \$679.6   | \$296.6   | \$477.1   | \$719.3   | \$438.9   | \$322.1   | \$314.4   | \$84.9    | \$99.3    | \$132.6   | \$107.1   | \$109.5   | \$133.6   | \$129.2   | \$6,016.1        |
| Debt Service   |  |           |           |           |           |           |                 |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |                  |
| 28   | Total Debt O/S Beginning-of-Year             | \$1,514.4 | \$1,430.4 | \$1,409.5 | \$1,720.1 | \$4,047.9 | n/a             | \$4,328.0 | \$4,479.2 | \$4,603.8 | \$4,673.0 | \$4,951.3 | \$4,963.2 | \$5,155.3 | \$5,277.3 | \$5,139.9 | \$4,996.3 | \$4,796.0 | \$4,588.9 | \$4,374.7 | \$4,153.4 | \$3,924.6 | n/a              |
| 29   | Total Debt O/S End-of-Year                   | \$1,430.4 | \$1,409.5 | \$1,720.1 | \$4,047.9 | \$4,047.9 | n/a             | \$4,479.2 | \$4,603.8 | \$4,673.0 | \$4,951.3 | \$4,963.2 | \$5,155.3 | \$5,277.3 | \$5,139.9 | \$4,996.3 | \$4,796.0 | \$4,588.9 | \$4,374.7 | \$4,153.4 | \$3,924.6 | \$3,697.3 | n/a              |
| 30   | Principal LT Debt                            | \$54.0    | \$55.9    | \$95.5    | \$62.1    | \$66.9    | \$296.4         | \$68.8    | \$75.5    | \$80.8    | \$91.7    | \$106.1   | \$118.9   | \$128.0   | \$137.4   | \$163.7   | \$150.2   | \$157.1   | \$164.2   | \$173.3   | \$179.0   | \$187.1   | \$2,257.1        |
| 31   | Cost of Debt (Interest and Fees)             | 12.5      | 139.4     | 244.2     | 145.2     | 166.6     | 786.8           | 184.3     | 138.1     | 162.4     | 192.4     | 202.8     | 212.3     | 212.3     | 202.2     | 212.3     | 212.3     | 202.2     | 192.4     | 184.8     | 171.2     | 162.2     | 2,652.1          |
| 32   | Total Debt Service Costs                     | \$190.5   | \$185.3   | \$240.7   | \$207.3   | \$233.5   | \$1,083.2       | \$271.1   | \$251.8   | \$246.0   | \$284.1   | \$308.9   | \$321.5   | \$324.5   | \$348.3   | \$337.6   | \$337.6   | \$337.6   | \$337.6   | \$337.6   | \$337.6   | \$337.6   | \$5,892.2        |
| 33   | External Coverage Ratio                      | 2.97      | 2.92      | 2.95      | 2.85      | 2.84      | n/a             | 2.90      | 2.84      | 2.78      | 2.63      | 2.54      | 2.55      | 2.57      | 2.60      | 2.71      | 2.79      | 2.79      | 2.90      | 3.05      | 3.23      | 3.39      | n/a              |
| 34   | Interest Coverage Ratio                      | 1.33      | 1.17      | 1.20      | 1.22      | 1.30      | n/a             | 1.36      | 1.35      | 1.35      | 1.34      | 1.23      | 1.27      | 1.32      | 1.39      | 1.45      | 1.50      | 1.46      | 1.54      | 1.70      | 1.85      | 1.99      | n/a              |
| 35   | Total Uses of Funds                          | \$975.5   | \$1,063.9 | \$1,398.3 | \$1,299.8 | \$1,405.6 | \$8,643.2       | \$1,430.9 | \$1,532.3 | \$1,179.3 | \$1,369.9 | \$1,229.3 | \$1,421.8 | \$1,401.8 | \$1,161.1 | \$1,148.6 | \$1,171.2 | \$1,171.2 | \$1,224.4 | \$1,214.3 | \$1,279.2 | \$1,279.2 | \$1,946.0        |
| 36   | Net Inc./Dec in Cash                         | (518.5)   | (546.9)   | (513.6)   | (558.7)   | (521.9)   | (8318.7)        | (553.4)   | (524.6)   | (554.3)   | (517.0)   | (579.0)   | (553.0)   | (515.8)   | (547.6)   | (581.1)   | (554.4)   | (544.4)   | (512.6)   | (570.3)   | (560.4)   | (599.5)   | (5101.7)         |
| 37   | Change in Balance Sheet Assets               | 11.7      | 10.1      | 26.5      | 19.8      | (5.0)     | 62.6            | (3.4)     | (26.0)    | (27.0)    | 24.7      | (33.9)    | 22.7      | (25.6)    | (32.0)    | (19.9)    | (1.9)     | 8.3       | (9.4)     | (8.0)     | (4.5)     | (8.6)     | (105.8)          |
| 38   | Cash, Beg of Period                          | 861.6     | 684.7     | 548.0     | 620.0     | 599.0     | 861.6           | 609.4     | 548.7     | 625.3     | 468.3     | 477.2     | 566.2     | 332.0     | 322.2     | 314.5     | 325.7     | 405.3     | 382.8     | 385.8     | 447.3     | 503.2     | 961.6            |
| 39   | Cash, End of Period                          | 684.7     | 548.0     | 620.0     | 599.0     | 605.4     | 684.7           | 548.7     | 525.3     | 468.3     | 477.2     | 566.2     | 332.0     | 322.2     | 314.5     | 325.7     | 405.3     | 382.8     | 385.8     | 447.3     | 503.2     | 594.1     | (69.8)           |
| 40   | Less: Cash Reserves & Restricted Funds       | (72.4)    | (72.4)    | (71.9)    | (71.7)    | (71.7)    | (71.7)          | (71.6)    | (71.6)    | (71.4)    | (71.4)    | (71.4)    | (71.4)    | (71.4)    | (71.2)    | (71.2)    | (71.0)    | (70.0)    | (70.0)    | (70.4)    | (70.1)    | (69.8)    | (69.8)           |
| 41   | Less: Advanced Funding (Cash Capacity Grant) | (60.0)    | (60.0)    | 0.0       | 0.0       | 0.0       | 0.0             | 0.0       | 0.0       | 0.0       | 0.0       | 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)   | (128.4)   | (134.7)   | (137.5)   | (140.2)   | (640.2)         | (147.4)   | (151.1)   | (154.4)   | (158.0)   | (161.3)   | (164.8)   | (168.4)   | (172.3)   | (178.0)   | (181.3)   | (184.0)   | (188.1)   | (192.1)   | (194.6)   | (200.9)   | (206.9)          |
| 43   | Less: Capital Reserves                       | 0.0       | (0.0)     | (1.4)     | (2.4)     | (3.6)     | (3.6)           | (3.0)     | (6.7)     | (8.7)     | (11.2)    | (14.3)    | (17.3)    | (20.9)    | (24.4)    | (28.1)    | (32.0)    | (36.2)    | (40.3)    | (44.0)    | (48.7)    | (54.7)    | (64.7)           |
| 44   | Unrestricted Cash (Net Available Cash)       | \$428.6   | \$316.4   | \$420.8   | \$377.4   | \$398.8   | \$999.8         | \$354.7   | \$294.6   | \$299.2   | \$236.4   | \$117.2   | \$79.2    | \$91.6    | \$46.4    | \$77.6    | \$122.2   | \$91.7    | \$86.4    | \$129.8   | \$186.8   | \$268.5   | \$268.5          |

## **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 101) 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 102) 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 103 highlights which Financial Standards correlate with the major sources and uses of cash included in the Annual Budget and Twenty-Year Financial Plan.



Exhibit 101  
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)                        |

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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 102  
FY 2017 Financial Standards  
Resolution No. 160056

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 2017 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.

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.

**FY 2017 Financial Standards – General (cont.)**

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 2017 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 2017 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 2017 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 2017 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 103 shows the linkages between DART's Financial Standards and its financial information.

Exhibit 103  
Relationship of Financial Standards to  
Sources and Uses of Cash

| <b>Description</b>              | <b>Where Covered</b> |
|---------------------------------|----------------------|
| <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 104 and 105 provide sales tax information for DART and for the cities within DART's Service Area.

Exhibit 104  
Sales Tax History, FY 2006 – FY 2016  
(in Millions)

|                 | FY06           | FY07           | FY08           | FY09           | FY10           | FY11           | FY12           | FY13           | FY14           | FY15           | FY16           |
|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Oct             | \$27.2         | \$28.6         | \$31.4         | \$30.2         | \$28.7         | \$29.0         | \$33.3         | \$35.4         | \$38.0         | \$41.3         | \$42.2         |
| Nov             | 27.3           | 28.9           | 31.6           | 27.3           | 26.6           | 30.2           | 31.7           | 32.1           | 36.3           | 38.1           | 40.4           |
| Dec             | 40.3           | 42.8           | 44.8           | 43.5           | 41.7           | 43.0           | 46.1           | 47.8           | 50.2           | 55.9           | 57.5           |
| Jan             | 27.0           | 28.3           | 31.4           | 27.2           | 28.3           | 29.1           | 30.8           | 35.5           | 35.0           | 38.4           | 40.3           |
| Feb             | 26.2           | 28.2           | 29.5           | 27.0           | 25.8           | 27.5           | 31.8           | 32.9           | 36.1           | 37.0           | 39.8           |
| Mar             | 35.3           | 37.7           | 37.9           | 35.8           | 36.7           | 39.7           | 39.5           | 41.1           | 44.5           | 49.5           | 51.8           |
| Apr             | 28.7           | 29.5           | 32.0           | 29.7           | 29.0           | 31.9           | 33.4           | 35.8           | 39.2           | 41.8           | 41.9           |
| May             | 29.9           | 30.2           | 33.9           | 29.6           | 29.7           | 31.1           | 33.9           | 37.9           | 36.8           | 39.6           | 42.7           |
| Jun             | 35.5           | 37.2           | 41.6           | 37.3           | 37.3           | 39.5           | 40.9           | 43.0           | 44.7           | 50.1           | 51.9           |
| Jul             | 28.3           | 30.7           | 33.3           | 28.8           | 27.8           | 33.3           | 37.2           | 36.5           | 39.7           | 39.3           | 42.3           |
| Aug             | 29.0           | 30.2           | 31.4           | 27.7           | 28.7           | 29.6           | 34.8           | 36.0           | 40.1           | 39.8           |                |
| Sep             | 35.8           | 36.8           | 37.4           | 33.4           | 35.3           | 38.4           | 39.1           | 41.7           | 45.2           | 47.9           |                |
| <b>FY Total</b> | <b>\$370.5</b> | <b>\$389.1</b> | <b>\$416.1</b> | <b>\$377.6</b> | <b>\$375.5</b> | <b>\$402.4</b> | <b>\$432.5</b> | <b>\$455.7</b> | <b>\$485.8</b> | <b>\$518.6</b> | <b>\$450.8</b> |

|                 | FY06           | FY07           | FY08           | FY09           | FY10           | FY11           | FY12           | FY13           | FY14           | FY15           | FY16           |
|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Oct             | \$27.2         | \$28.6         | \$31.4         | \$30.2         | \$28.7         | \$29.0         | \$33.3         | \$35.4         | \$38.0         | \$41.3         | \$42.2         |
| Nov             | 27.3           | 28.9           | 31.6           | 27.3           | 26.6           | 30.2           | 31.7           | 32.1           | 36.3           | 38.1           | 40.4           |
| Dec             | 40.3           | 42.8           | 44.8           | 43.5           | 41.7           | 43.0           | 46.1           | 47.8           | 50.2           | 55.9           | 57.5           |
| Jan             | 27.0           | 28.3           | 31.4           | 27.2           | 28.3           | 29.1           | 30.8           | 35.5           | 35.0           | 38.4           | 40.3           |
| Feb             | 26.2           | 28.2           | 29.5           | 27.0           | 25.8           | 27.5           | 31.8           | 32.9           | 36.1           | 37.0           | 39.8           |
| Mar             | 35.3           | 37.7           | 37.9           | 35.8           | 36.7           | 39.7           | 39.5           | 41.1           | 44.5           | 49.5           | 51.8           |
| Apr             | 28.7           | 29.5           | 32.0           | 29.7           | 29.0           | 31.9           | 33.4           | 35.8           | 39.2           | 41.8           | 41.9           |
| May             | 29.9           | 30.2           | 33.9           | 29.6           | 29.7           | 31.1           | 33.9           | 37.9           | 36.8           | 39.6           | 42.7           |
| Jun             | 35.5           | 37.2           | 41.6           | 37.3           | 37.3           | 39.5           | 40.9           | 43.0           | 44.7           | 50.1           | 51.9           |
| Jul             | 28.3           | 30.7           | 33.3           | 28.8           | 27.8           | 33.3           | 37.2           | 36.5           | 39.7           | 39.3           |                |
| Aug             | 29.0           | 30.2           | 31.4           | 27.7           | 28.7           | 29.6           | 34.8           | 36.0           | 40.1           | 39.8           |                |
| Sep             | 35.8           | 36.8           | 37.4           | 33.4           | 35.3           | 38.4           | 39.1           | 41.7           | 45.2           | 47.9           |                |
| <b>FY Total</b> | <b>\$370.5</b> | <b>\$389.1</b> | <b>\$416.1</b> | <b>\$377.6</b> | <b>\$375.5</b> | <b>\$402.4</b> | <b>\$432.5</b> | <b>\$455.7</b> | <b>\$485.8</b> | <b>\$518.6</b> | <b>\$408.4</b> |



**Exhibit 105**  
**Sales Tax Collections by City Since Inception (\$000s)**

**DART SALES TAX COLLECTIONS BY CITY (January 1984 - July 2016)**

| FISCAL YEAR       | DART              | ADDISON        | BUCKINGHAM*      | CARROLLTON       | COCKRELL HILL  | DALLAS           | FARMERS BRANCH  | GARLAND              |
|-------------------|-------------------|----------------|------------------|------------------|----------------|------------------|-----------------|----------------------|
| Yrs. 1984 to 1999 | \$3,429,800       | \$89,685       | \$1,407          | \$152,503        | \$941          | \$1,986,023      | \$128,229       | \$172,391            |
| 2000              | 373,781           | 9,430          | 0                | 17,995           | 37             | 201,494          | 13,660          | 17,138               |
| 2001              | 357,883           | 9,060          | 0                | 17,584           | 45             | 193,830          | 11,793          | 16,763               |
| 2002              | 325,545           | 8,186          | 0                | 15,833           | 35             | 176,904          | 10,172          | 15,673               |
| 2003              | 311,818           | 8,074          | 0                | 16,139           | 45             | 165,809          | 9,046           | 15,150               |
| 2004              | 332,396           | 8,546          | 0                | 17,207           | 67             | 176,897          | 9,411           | 15,704               |
| 2005              | 341,757           | 8,733          | 0                | 17,528           | 65             | 177,708          | 9,686           | 16,148               |
| 2006              | 370,519           | 8,765          | 0                | 18,361           | 165            | 190,406          | 10,602          | 18,340               |
| 2007              | 389,129           | 9,407          | 0                | 19,617           | 95             | 198,850          | 11,996          | 19,328               |
| 2008              | 416,148           | 9,937          | 0                | 20,063           | 159            | 214,308          | 12,091          | 20,605               |
| 2009              | 377,597           | 8,828          | 0                | 19,264           | 246            | 191,124          | 11,550          | 18,645               |
| 2010              | 375,471           | 8,531          | 0                | 18,471           | 298            | 189,197          | 10,427          | 18,498               |
| 2011              | 402,404           | 9,140          | 0                | 20,480           | 253            | 202,934          | 11,544          | 18,812               |
| 2012              | 432,478           | 10,682         | 0                | 23,046           | 254            | 218,145          | 12,122          | 20,135               |
| 2013              | 455,700           | 12,020         | 0                | 24,677           | 258            | 230,959          | 12,944          | 21,113               |
| 2014              | 485,740           | 13,083         | 0                | 26,483           | 311            | 243,594          | 12,724          | 22,101               |
| 2015              | 518,624           | 12,671         | 0                | 30,091           | 314            | 260,892          | 13,809          | 23,846               |
| 2016              | 450,774           | 10,642         | 0                | 28,658           | 285            | 234,082          | 11,497          | 23,963               |
| <b>TOTAL</b>      | <b>10,147,563</b> | <b>255,421</b> | <b>1,407</b>     | <b>503,998</b>   | <b>3,873</b>   | <b>5,453,156</b> | <b>323,306</b>  | <b>494,351</b>       |
| <b>% of 2016</b>  |                   | <b>2.28%</b>   | <b>0.00%</b>     | <b>6.14%</b>     | <b>0.06%</b>   | <b>50.12%</b>    | <b>2.46%</b>    | <b>5.13%</b>         |
| <b>% of Total</b> |                   | <b>2.51%</b>   | <b>0.01%</b>     | <b>4.96%</b>     | <b>0.04%</b>   | <b>53.65%</b>    | <b>3.18%</b>    | <b>4.86%</b>         |
| FISCAL YEAR       | GLENN HEIGHTS     | HIGHLAND PARK  | IRVING           | PLANO            | RICHARDSON*    | ROWLETT          | UNIVERSITY PARK | COPELL/ FLOWER MOUND |
| Yrs. 1984 to 1999 | \$698             | \$16,724       | \$341,255        | \$299,315        | \$200,017      | \$13,744         | \$23,836        | \$2,991              |
| 2000              | 102               | 1,488          | 41,643           | 43,639           | 23,175         | 1,789            | 2,191           | 0                    |
| 2001              | 113               | 1,517          | 37,480           | 43,893           | 21,441         | 2,232            | 2,131           | 0                    |
| 2002              | 112               | 1,459          | 34,078           | 41,556           | 17,186         | 2,406            | 1,947           | 0                    |
| 2003              | 133               | 1,422          | 32,652           | 41,899           | 17,197         | 2,491            | 1,761           | 0                    |
| 2004              | 158               | 1,557          | 34,630           | 45,208           | 18,402         | 2,825            | 1,782           | 0                    |
| 2005              | 125               | 1,743          | 36,805           | 46,826           | 19,577         | 3,342            | 3,471           | 0                    |
| 2006              | 175               | 1,857          | 39,697           | 53,949           | 18,831         | 6,560            | 2,810           | 0                    |
| 2007              | 198               | 2,012          | 41,717           | 56,365           | 21,171         | 5,574            | 2,800           | 0                    |
| 2008              | 221               | 2,250          | 47,195           | 59,440           | 21,480         | 5,498            | 2,902           | 0                    |
| 2009              | 208               | 2,122          | 43,870           | 52,547           | 21,239         | 5,264            | 2,690           | 0                    |
| 2010              | 237               | 2,240          | 41,005           | 54,756           | 23,174         | 5,780            | 2,858           | 0                    |
| 2011              | 333               | 2,418          | 45,300           | 59,389           | 23,112         | 5,443            | 3,247           | 0                    |
| 2012              | 353               | 2,769          | 45,852           | 67,616           | 23,722         | 4,662            | 3,118           | 0                    |
| 2013              | 398               | 2,814          | 50,191           | 66,404           | 25,556         | 5,154            | 3,210           | 0                    |
| 2014              | 436               | 3,272          | 54,525           | 71,695           | 28,481         | 5,395            | 3,639           | 0                    |
| 2015              | 493               | 3,351          | 60,124           | 73,711           | 29,757         | 5,732            | 3,833           | 0                    |
| 2016              | 437               | 3,036          | 53,133           | 65,556           | 27,003         | 5,471            | 3,278           | 0                    |
| <b>TOTAL</b>      | <b>4,931</b>      | <b>54,052</b>  | <b>1,081,151</b> | <b>1,243,765</b> | <b>580,521</b> | <b>89,360</b>    | <b>71,504</b>   | <b>2,991</b>         |
| <b>% of 2016</b>  | <b>0.09%</b>      | <b>0.65%</b>   | <b>11.38%</b>    | <b>14.04%</b>    | <b>5.78%</b>   | <b>1.17%</b>     | <b>0.70%</b>    | <b>0.00%</b>         |
| <b>% of Total</b> | <b>0.05%</b>      | <b>0.53%</b>   | <b>10.64%</b>    | <b>12.24%</b>    | <b>5.71%</b>   | <b>0.88%</b>     | <b>0.70%</b>    | <b>0.03%</b>         |

## **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 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* – The Board has authorized the issuance of up to \$200 million in Commercial Paper notes, backed by self-liquidity, for capital acquisition purposes. DART maintains at least 2.0 times the debt service coverage amount for the notes and ensures that no more than \$35 million of the notes mature within five days. As of August 2016, DART had \$170 million in Commercial Paper debt outstanding.

### **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.





Exhibit 106 is DART's Annual Debt Service Schedule.

Exhibit 106  
DART Annual Debt Service Schedule (\$000s)

| Fiscal Year | Principal   | Interest    | BABS<br>Reimbursement | Net Interest | Total Net Debt<br>Service |
|-------------|-------------|-------------|-----------------------|--------------|---------------------------|
| FY17        | \$53,962    | \$168,992   | (\$28,391)            | \$140,601    | \$194,562                 |
| FY18        | 55,936      | 166,456     | (28,391)              | 138,065      | 194,000                   |
| FY19        | 58,291      | 164,058     | (28,391)              | 135,667      | 193,959                   |
| FY20        | 60,914      | 161,442     | (28,391)              | 133,052      | 193,966                   |
| FY21        | 63,689      | 158,662     | (28,391)              | 130,272      | 193,960                   |
| FY22        | 66,530      | 155,824     | (28,391)              | 127,433      | 193,963                   |
| FY23        | 69,518      | 152,829     | (28,391)              | 124,439      | 193,957                   |
| FY24        | 72,683      | 149,410     | (28,147)              | 121,264      | 193,947                   |
| FY25        | 73,711      | 145,802     | (29,666)              | 116,136      | 189,847                   |
| FY26        | 76,735      | 142,223     | (29,110)              | 113,114      | 189,849                   |
| FY27        | 79,126      | 138,445     | (28,530)              | 109,914      | 189,041                   |
| FY28        | 82,450      | 134,522     | (27,927)              | 106,595      | 189,046                   |
| FY29        | 87,516      | 130,155     | (27,298)              | 102,857      | 190,373                   |
| FY30        | 91,695      | 125,316     | (26,643)              | 98,673       | 190,368                   |
| FY31        | 96,110      | 120,224     | (25,962)              | 94,262       | 190,373                   |
| FY32        | 100,734     | 114,890     | (25,252)              | 89,638       | 190,372                   |
| FY33        | 105,500     | 109,376     | (24,512)              | 84,864       | 190,364                   |
| FY34        | 110,078     | 103,659     | (23,742)              | 79,917       | 189,996                   |
| FY35        | 115,250     | 97,677      | (22,940)              | 74,737       | 189,987                   |
| FY36        | 120,599     | 91,508      | (22,122)              | 69,386       | 189,984                   |
| FY37        | 126,176     | 85,099      | (21,288)              | 63,811       | 189,987                   |
| FY38        | 126,725     | 78,477      | (19,985)              | 58,492       | 185,218                   |
| FY39        | 131,298     | 71,655      | (18,197)              | 53,458       | 184,756                   |
| FY40        | 135,405     | 64,628      | (16,345)              | 48,283       | 183,687                   |
| FY41        | 140,729     | 57,371      | (14,426)              | 42,945       | 183,674                   |
| FY42        | 146,267     | 49,832      | (12,437)              | 37,394       | 183,661                   |
| FY43        | 152,068     | 41,962      | (10,366)              | 31,595       | 183,663                   |
| FY44        | 149,822     | 33,956      | (8,210)               | 25,747       | 175,569                   |
| FY45        | 156,091     | 25,837      | (5,974)               | 19,863       | 175,953                   |
| FY46        | 104,698     | 19,124      | (4,261)               | 14,862       | 119,560                   |
| FY47        | 108,768     | 13,871      | (3,091)               | 10,780       | 119,548                   |
| FY48        | 113,008     | 8,414       | (1,883)               | 6,531        | 119,539                   |
| FY49        | 112,330     | 2,816       | (634)                 | 2,182        | 114,512                   |
|             | \$3,344,410 | \$3,284,514 | (\$677,685)           | \$2,606,829  | \$5,951,239               |

Exhibit 107 is a history of DART's long-term bond issuance credit ratings:

Exhibit 107  
Long-Term Bond Credit Ratings

|              | Standard & Poor's<br>Rating Services | Moody's Investors<br>Services | Fitch<br>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 |
| Series 2015  | AA+                                  | Aa2                           | No rating sought |
| Series 2016A | AA+                                  | Aa2                           | No rating sought |

Exhibit 108 shows DART's weighted average interest rate on long-term debt as of June 30, 2016.

Exhibit 108  
Weighted Average Interest Rate

| Series   | All-In<br>Rate<br>At Issue | Remaining<br>Principal<br>(000s) | Final Payment<br>Date |
|--|----------------------------|----------------------------------|-----------------------|
| <b>Bond Principal Outstanding &amp; Ras of 9/30/16</b> |                            |                                  |                       |
| 2007   | 4.492%                     | \$138,645                        | 12/1/2032             |
| 2008   | 4.973%                     | \$26,845                         | 12/1/2018             |
| 2009A  | 3.957%                     | \$53,655                         | 12/1/2018             |
| 2009B *  | 4.010%                     | \$829,615                        | 12/1/2044             |
| 2010A  | 2.740%                     | \$61,500                         | 12/1/2023             |
| 2010B *  | 3.260%                     | \$729,390                        | 12/1/2048             |
| 2012   | 3.513%                     | \$121,235                        | 12/1/2042             |
| 2014   | 3.307%                     | \$426,035                        | 12/1/2043             |
| TIFIA  | 2.910%                     | \$105,000                        | 12/1/2047             |
| 2015   | 2.171%                     | \$117,470                        | 12/1/2027             |
| 2016A  | 3.780%                     | \$482,530                        | 12/1/2048             |
| 2016B  | 2.912%                     | \$228,900                        | 12/1/2038             |
| Combined Weighted Average                              | 3.532%                     | Total                            | \$3,320,820           |

\* 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 109. DART's current fare structure is shown at Exhibit 110.

Exhibit 109  
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 utilizing cashless TVMs at high traffic stations which provide faster transaction times, reduces service calls, and lowers 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 31-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 Comprehensive Fare Payment System

DART engaged in a multi-year agreement with Vix Technology, a system integration firm in August 2015 to streamline DART's fare payment environment by utilizing new innovative technologies. The goal of this project is to find better methods that permit customers to obtain and purchase fare media that is convenient and easy to understand.

This new solution incorporates an account-based back office system which utilizes 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. One goal of this solution is to allow DART to significantly reduce the total amount of physical cash that the agency must process. DART has determined that this 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, contactless bank cards, RFID tags, and Near Field Communication (NFC) enabled devices.

In addition to the system integrator selection, DART awarded a contract to PayNearMe (PNM) in April 2016 to provide the retail distribution solution. PNM will provide over 900 retail locations within the DART Service Area for customers to purchase and reload smart cards for use in the new account-based system. PNM partners include Blackhawk Network, which provides access to the largest grocery store network in the U.S. and Fidelity Express, which provides access to independent and small grocery operators.

Vix and PNM will implement the state-of-the-art electronic fare payment, distribution, collection and processing system by August 2017.

### **Mobile Ticketing (GoPass<sup>SM</sup>)**

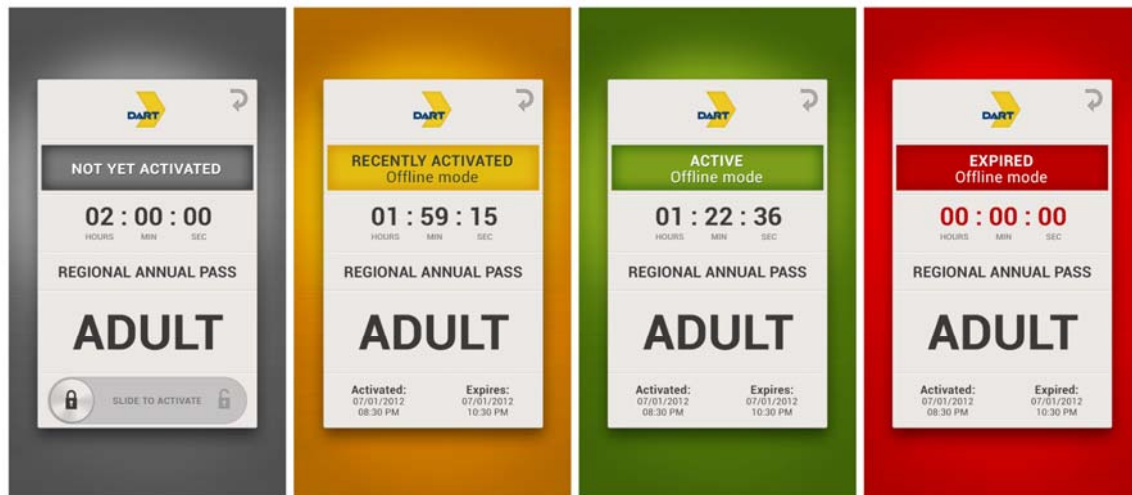


DART has successfully implemented a mobile ticketing product called GoPass that permits customers to purchase tickets and download them to their phones, obtain trip plans and status of buses and trains, and receive information about area events – even combine the purchase of a transit pass to the purchase 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 use 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 (FWTA), 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. The application permits users to buy bundled tickets such as an admissions ticket to the State Fair of Texas with a transit pass to the venue. GoPass has since deployed annual and semester passes for corporate, college, and university clients.

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.



In the interest of continuous improvement, DART elected to provide enhanced mobile ticketing capabilities (GoPass 2.0) as part of a larger platform being developed by Vix Technology in conjunction with the mobile ticketing provider. These new mobile ticketing system enhancements will include upgraded interfaces with Uber, Lyft, taxi providers, and other ride-sourcing services, and will further enhance the previous app offerings and improve the way in which customers pay their fares. GoPass 2.0 will introduce a quicker loading speed to the platform as well as allow customers to sign-in using their email address, provide direct customer feedback in the app, set up autoload for pass products, provide an interactive route and system map, and allow customers to purchase mobile tickets with cash via a retail solution (PayNearMe). The enhanced mobile ticketing platform will be implemented by August 2017.

### 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 110  
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 110 (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 110 (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.

| <b>Passes Purchased</b> | <b>Discount</b> |
|-------------------------|-----------------|
| 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:

| <b>Local Annual Pass</b> | <b>Regional Annual Pass</b> |
|--------------------------|-----------------------------|
| \$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 110 (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 111, shown on the next page, 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 111**  
**Revenue by Fare Type Analysis**

| Type of Fare                       | FY 2014<br>ACTUAL |                      | FY 2015<br>ACTUAL |                      | FY 2016<br>Projected |                      |
|------------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|
|                                    | Actual<br>Units   | Actual<br>Revenue    | Actual<br>Units   | Actual<br>Revenue    | Actual<br>Units      | Actual<br>Revenue    |
| <b>Single Fare</b>                 |                   |                      |                   |                      |                      |                      |
| Local                              | -                 | \$ -                 | -                 | \$ -                 | -                    | \$ -                 |
| System                             | -                 | -                    | -                 | -                    | -                    | -                    |
| Regional                           | -                 | -                    | -                 | -                    | -                    | -                    |
| Reduced                            | -                 | -                    | -                 | -                    | -                    | -                    |
| Paratransit (book of ten)          | 35,490            | 1,064,700            | 35,712            | 1,071,360            | 33,577               | 1,007,300            |
| <b>Total Single Fare</b>           | <b>35,490</b>     | <b>\$ 1,064,700</b>  | <b>35,712</b>     | <b>\$ 1,071,360</b>  | <b>33,577</b>        | <b>\$ 1,007,300</b>  |
| <b>2-Hour</b>                      |                   |                      |                   |                      |                      |                      |
| Local                              | 3,718,150         | \$ 9,295,375         | 3,932,378         | \$ 9,830,945         | 3,916,635            | \$ 9,791,587         |
| Regional                           | 36,014            | 180,070              | 39,523            | 197,615              | 42,739               | 213,696              |
| Reduced                            | 562,018           | 702,523              | 638,686           | 798,358              | 708,203              | 885,253              |
| Mesquite                           | 951               | 3,329                | 1,344             | 4,704                | 884                  | 3,094                |
| High School                        | 265,824           | 332,280              | 272,049           | 340,061              | 304,307              | 380,384              |
| College/Trade                      | 93,145            | 116,431              | 105,997           | 132,496              | 115,176              | 143,970              |
| <b>Total 2-Hour</b>                | <b>4,676,102</b>  | <b>\$ 10,630,007</b> | <b>4,989,977</b>  | <b>\$ 11,304,180</b> | <b>5,087,944</b>     | <b>\$ 11,417,984</b> |
| <b>Midday</b>                      |                   |                      |                   |                      |                      |                      |
| Local                              | 793,485           | \$ 1,388,598         | 862,303           | \$ 1,509,030         | 900,602              | \$ 1,576,054         |
| Regional                           | 3,565             | 12,494               | 3,646             | 12,761               | 3,568                | 12,488               |
| <b>Total Midday</b>                | <b>797,050</b>    | <b>\$ 1,401,092</b>  | <b>865,949</b>    | <b>\$ 1,521,791</b>  | <b>904,171</b>       | <b>\$ 1,588,543</b>  |
| <b>Day Passes</b>                  |                   |                      |                   |                      |                      |                      |
| Local                              | 3,761,359         | \$ 18,806,795        | 3,571,794         | \$ 17,858,969        | 3,362,080            | \$ 16,810,398        |
| System                             | 453               | 3,171                | -                 | -                    | -                    | -                    |
| Regional                           | 45,981            | 459,810              | 42,802            | 428,020              | 40,577               | 405,773              |
| Reduced                            | 1,048,431         | 2,621,077            | 1,042,537         | 2,606,342            | 1,029,671            | 2,574,177            |
| High School                        | 218,446           | 546,115              | 182,894           | 457,235              | 161,541              | 403,852              |
| College/Trade                      | 144,009           | 360,023              | 153,079           | 382,698              | 162,615              | 406,538              |
| Mesquite                           | 2,413             | 16,891               | 2,253             | 15,771               | 1,631                | 11,418               |
| Vouchers (book of ten)             | 70,448            | 2,026,440            | 66,123            | 1,983,660            | 66,412               | 1,992,364            |
| <b>Total Day Passes</b>            | <b>5,291,540</b>  | <b>\$ 24,840,321</b> | <b>5,061,482</b>  | <b>\$ 23,732,695</b> | <b>4,824,527</b>     | <b>\$ 22,604,519</b> |
| <b>7-Day Passes</b>                |                   |                      |                   |                      |                      |                      |
| Local                              | 99,679            | \$ 2,491,975         | 99,592            | \$ 2,489,800         | 96,182               | \$ 2,404,550         |
| System                             | -                 | -                    | -                 | -                    | -                    | -                    |
| Regional                           | 711               | 35,550               | 608               | 30,400               | 721                  | 36,070               |
| <b>Total 7-Day Passes</b>          | <b>100,390</b>    | <b>\$ 2,527,525</b>  | <b>100,200</b>    | <b>\$ 2,520,200</b>  | <b>96,903</b>        | <b>\$ 2,440,620</b>  |
| <b>Monthly Passes</b>              |                   |                      |                   |                      |                      |                      |
| Local                              | 118,644           | \$ 9,491,520         | 118,784           | \$ 9,502,720         | 117,911              | \$ 9,432,876         |
| System                             | -                 | -                    | -                 | 3,100.00             | -                    | 1,281                |
| Regional                           | 2,637             | 421,920              | 2,720             | 435,200              | 2,216                | 354,535              |
| Reduced                            | 34,281            | 1,371,240            | 34,803            | 1,392,120            | 33,863               | 1,354,525            |
| Mesquite                           | 185               | 18,500               | 86                | 8,600                | 59                   | 5,945                |
| Lone Star - Local                  | 68                | 2,720                | 44                | 1,760                | 46                   | 1,850                |
| Lone Star - Regional               | 24                | 960                  | 16                | 640                  | 16                   | 641                  |
| High School                        | 27,119            | 1,084,760            | 28,776            | 1,151,040            | 30,630               | 1,225,190            |
| College/Trade                      | 11,702            | 468,080              | 3,761             | 150,440              | 3,050                | 121,996              |
| <b>Total Monthly Passes</b>        | <b>194,660</b>    | <b>\$ 12,859,700</b> | <b>188,990</b>    | <b>\$ 12,645,620</b> | <b>187,791</b>       | <b>\$ 12,498,839</b> |
| <b>Annual Passes</b>               |                   |                      |                   |                      |                      |                      |
| Local                              | 207               | \$ 150,581           | 198               | \$ 133,101           | 154                  | \$ 52,971            |
| System                             | -                 | -                    | -                 | -                    | -                    | -                    |
| Regional                           | 9                 | 12,667               | 11                | 16,000               | 8                    | 1,280                |
| Senior                             | 89                | 41,560               | 95                | 41,320               | 97                   | 16,360               |
| Corporate Programs                 | 17,409            | 10,960,624           | 17,540            | 10,899,700           | 16,630               | 10,347,668           |
| <b>Total Annual Passes</b>         | <b>17,714</b>     | <b>\$ 11,165,432</b> | <b>17,844</b>     | <b>\$ 11,090,121</b> | <b>16,889</b>        | <b>\$ 10,418,279</b> |
| <b>Other Programs</b>              |                   |                      |                   |                      |                      |                      |
| Secondary/College Decals           | 21,713            | \$ 1,411,432         | 29,415            | \$ 1,388,223         | 15,396               | \$ 752,588           |
| Special Events                     | 15,843            | 86,455               | 20,722            | 118,930              | 41,874               | 66,546               |
| <b>Total Other Programs</b>        | <b>37,556</b>     | <b>\$ 1,497,887</b>  | <b>50,137</b>     | <b>\$ 1,507,153</b>  | <b>57,270</b>        | <b>\$ 819,134</b>    |
| <b>Total Pass Sales</b>            | <b>11,150,501</b> | <b>65,986,665</b>    | <b>11,310,291</b> | <b>65,393,119</b>    | <b>11,209,071</b>    | <b>62,795,218</b>    |
| <b>Without Paratransit Coupons</b> | <b>11,115,011</b> | <b>\$ 64,921,965</b> | <b>11,274,579</b> | <b>\$ 64,321,759</b> | <b>11,175,494</b>    | <b>\$ 61,787,918</b> |

## **F. OPERATIONAL INFORMATION**

Historical data: The data that follows reflects the construction mode that DART has been in since the early 1990s. Exhibit 112 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 93 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 96.

Exhibits 115 through 123 provide operational information for fiscal years 2005 through 2014. Exhibit 124 is a comparison of DART and eight similar transit agencies for Fiscal Year 2014 for selected metrics.



## Exhibit 112 LRT Revenue Service Dates

| Corridor                                 | Line     | From                     | To                         | Miles       | Stations  | Opening Date           |
|--|----------|--------------------------|----------------------------|-------------|-----------|------------------------|
| <b>STARTER SYSTEM</b>                    |          |                          |                            |             |           |                        |
| 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/<br>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               |
| <b>Starter System Subtotal</b>           |          |                          |                            | <b>20.0</b> | <b>21</b> |                        |
| <b>RED/BLUE LINE EXTENSIONS</b>          |          |                          |                            |             |           |                        |
| North Central                            | Red      | Park Lane                | Parker Road                | 12.3        | 9         | July/Dec 2002          |
| Northeast                                | Blue     | Mockingbird              | Downtown Garland           | 11.2        | 5         | Sep 2001/<br>Nov 2002  |
| Northeast                                | Blue     | Downtown Garland         | Downtown Rowlett           | 4.6         | 1         | Dec 2012               |
| <b>Extension Subtotal</b>                |          |                          |                            | <b>28.1</b> | <b>15</b> |                        |
| <b>GREEN LINE</b>                        |          |                          |                            |             |           |                        |
| 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               |
| <b>Northwest Subtotal</b>                |          |                          |                            | <b>17.4</b> | <b>12</b> |                        |
| 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               |
| <b>Southeast Subtotal</b>                |          |                          |                            | <b>10.1</b> | <b>8</b>  |                        |
| <b>ORANGE LINE</b>                       |          |                          |                            |             |           |                        |
| 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               |
| <b>Orange Line Subtotal</b>              |          |                          |                            | <b>14.0</b> | <b>6</b>  |                        |
| <b>BLUE LINE EXTENSION</b>               |          |                          |                            |             |           |                        |
| South Oak Cliff                          | Blue     | Ledbetter                | UNT-Dallas                 | 2.6         | 2         | Oct 2016               |
| <b>Total Miles/Stations in Operation</b> |          |                          |                            | <b>93.0</b> | <b>64</b> |                        |

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



## **Ridership Trends**

Fixed Route Ridership has been mixed over the last several years, with Bus and Commuter Rail ridership down but Light Rail ridership increasing. Bus ridership has contracted by about 23% from its high of 45 million passengers in 2008. There are many reasons for that, predominant among them is that during the last decade, DART has nearly doubled its light rail system. So, while bus ridership was declining by 10.2 million passengers, light rail was increasing by 11.4 million. Commuter Rail also decreased by 20% during this time frame. Another prime driver of ridership is fuel prices, and while the economy has come back from the recession in 2008, fuel prices have remained low.

Even in the last year, bus ridership declined by more than 1.5 million riders. Much of this lost ridership was anticipated and was a result of the opening of the new Parkland Hospital facility in Dallas in late FY 2015. With this opening many of the current Parkland Shuttle riders are now able to walk directly from trains or parking lots to their work site, reducing shuttle ridership. Also, as experienced by many transit agencies nationwide, lower gasoline prices (which make driving more economical) has had the effect of shifting some riders from transit.

Bus ridership is expected to remain flat in 2017 and pick up with the service enhancement initiatives that will be implemented in March and August of next year and the initial route improvements stemming from the recent Comprehensive Operations Analysis (COA). Ridership should continue to increase slowly over the next several years. During FY 2016 and into early FY 2017, DART will be finalizing its first 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.

The next fare increase is scheduled for FY 2019, and while this would normally depress ridership, DART has also earmarked an additional \$10 million in new bus service and other service improvements for FY 2019. Gains from this new service should offset any declines from the fare increase.

Meanwhile, DART is in the process of completing the installation of automated passenger counters (APCs) on its bus fleet. Staff examined variations between farebox-based counts and APC-based counts – especially where there are high boarding volumes that do not involve physical farebox transactions – and verified that APC-based counts are more appropriate for measurement of bus ridership over the long term. A similar exercise was conducted for light rail, as noted below.

## **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 113, 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 114, the APCs are able to extract data from all five entry/exit points on each side of each car. The new equipment has been shown to be significantly more accurate than the manual counting method. The result is that ridership counts based on APC data are more than 15% higher than had been previously reported. The APCs also allow DART to count nine times as many cars as could be counted within the available budget using human counters. DART received approval from the FTA to use the APC ridership data as our official data beginning in FY 2012.

Exhibit 113  
LRT Manual Counting



Exhibit 114  
APCs



FY 2015 ridership was impacted by incidents of icy weather during February of that year, which resulted in reduced service levels throughout the system. FY 2016 did not experience the same unusually high number of adverse weather days and has shown a modest (1.3%) increase from FY 2015.

Ridership for FY 2017 should increase at a similar pace due to the extension of the Blue line south to the University of North Texas – Dallas campus (“SOC-3-line segment”). In addition to the bus service improvements noted above and greater service levels on TRE commuter rail ridership should increase as many bus and commuter rail passengers transfer to or from DART light rail to complete their trips.

### Commuter Rail (TRE) Ridership

As noted above, Commuter Rail ridership has been trending downward for nearly a decade. During FY 2017, DART and the FWTA have committed nearly an additional \$2 million in service that, with a reworked schedule and more frequency, should reverse that downward trend. DART is projecting nearly a 5% ridership increase for TRE in 2017 with a continued small gain in FY 2018 before the scheduled fare increase dampens the growth in FY 2019.

### Exhibit 115 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 116 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    |
| <b>AVERAGE WEEKDAY PASSENGERS (RIDERSHIP)</b>      |             |         |         |         |         |         |         |         |         |         |
| 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   | 7,556   | 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 |
| <b>AVERAGE WEEKDAY REVENUE MILES</b>               |             |         |         |         |         |         |         |         |         |         |
| 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   | 2,379   | 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 |
| <b>AVERAGE WEEKDAY REVENUE HOURS</b>               |             |         |         |         |         |         |         |         |         |         |
| 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  |
| <b>AVERAGE WEEKDAY PASSENGERS PER REVENUE MILE</b> |             |         |         |         |         |         |         |         |         |         |
| 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    |
| <b>AVERAGE WEEKDAY PASSENGERS PER REVENUE HOUR</b> |             |         |         |         |         |         |         |         |         |         |
| 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 117  
Ridership

DALLAS AREA RAPID TRANSIT  
RIDERSHIP  
LAST TEN FISCAL YEARS

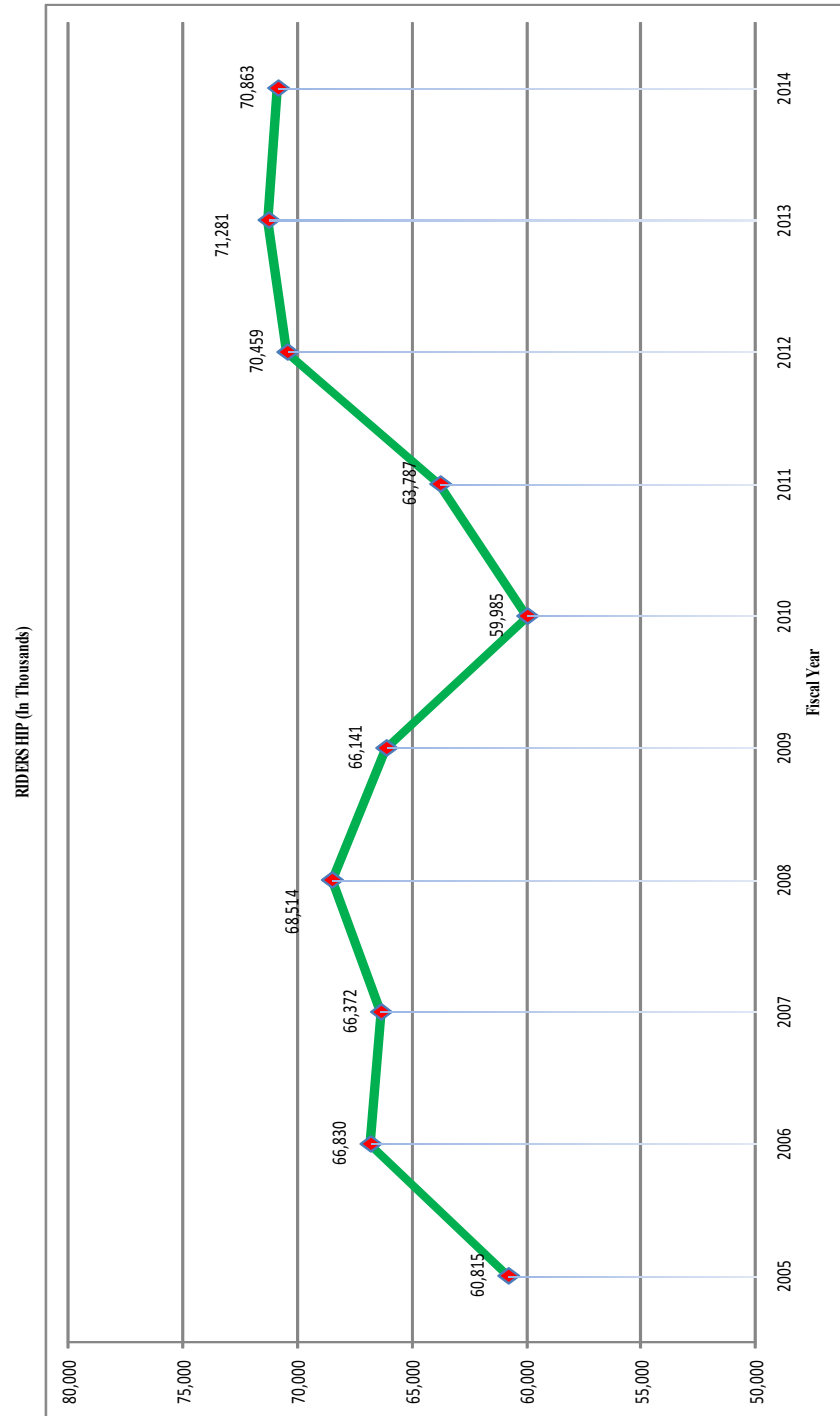


Exhibit 118  
Revenue Miles

DALLAS AREA RAPID TRANSIT  
REVENUE MILES  
LAST TEN FISCAL YEARS

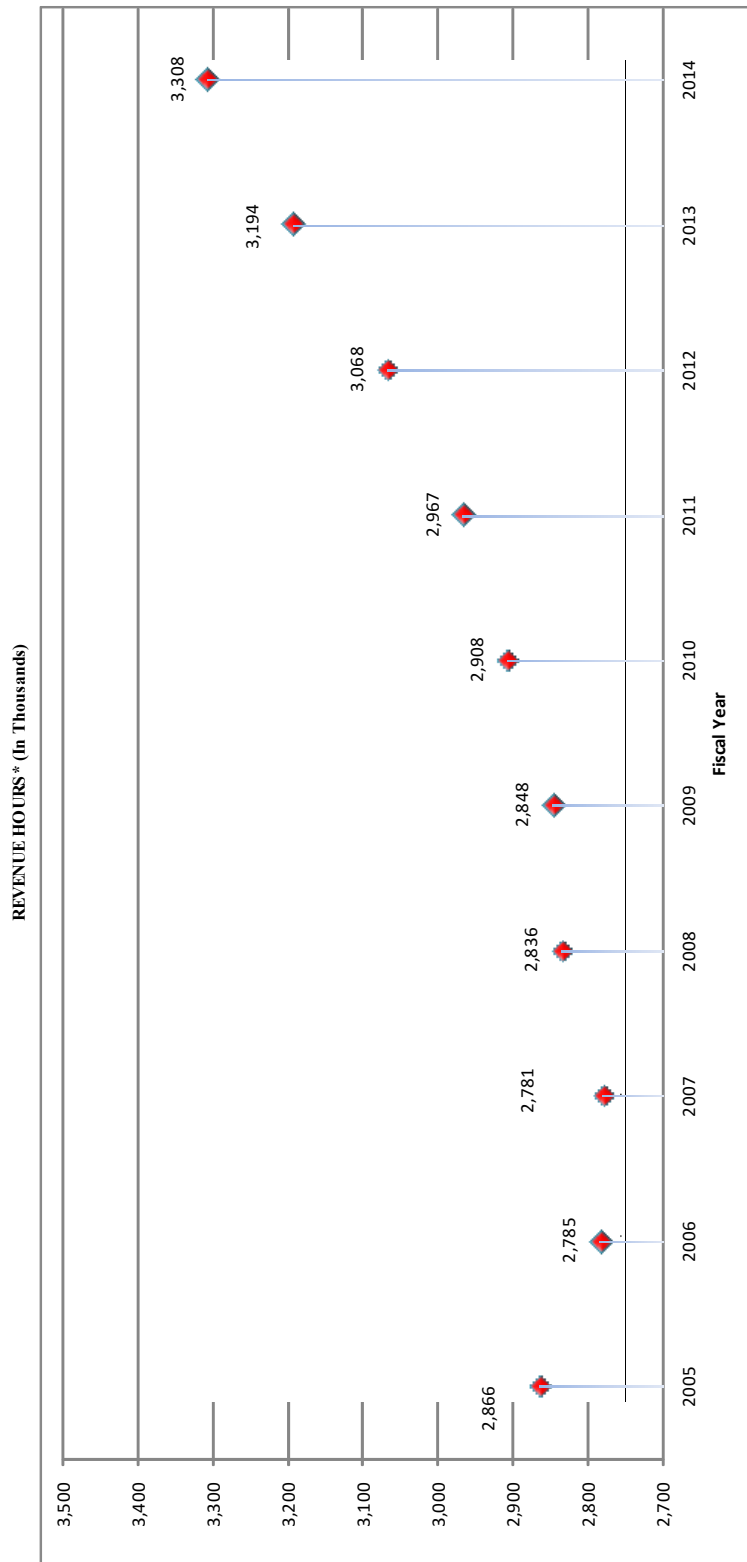
REVENUE MILES \* (In Thousands)



\* Revenue miles for rail services are car revenue miles.

Exhibit 119  
Revenue Hours

DALLAS AREA RAPID TRANSIT  
REVENUE HOURS  
LAST TEN FISCAL YEARS



\* Revenue hours for rail services are car revenue hours.



# Exhibit 120 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) <sup>1</sup> |                 |                                     | Ridership <sup>2</sup> (Amounts in Thousands) |               |                                     |
|----------------------------|--|-----------------|-------------------------------------|---|---------------|-------------------------------------|
|                            | 2014   | 2005            | Percentage Change from 2005 to 2014 | 2014  | 2005          | Percentage Change from 2005 to 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 <sup>3</sup> | 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%                              |
| <b>Total</b>               | <b>\$70,902</b>  | <b>\$37,131</b> | <b>91.0%</b>                        | <b>70,863</b>                                 | <b>60,814</b> | <b>16.5%</b>                        |
|                            |  |                 | 100.0%                              |   |               | 100.0%                              |

N/A= Not applicable

Note:

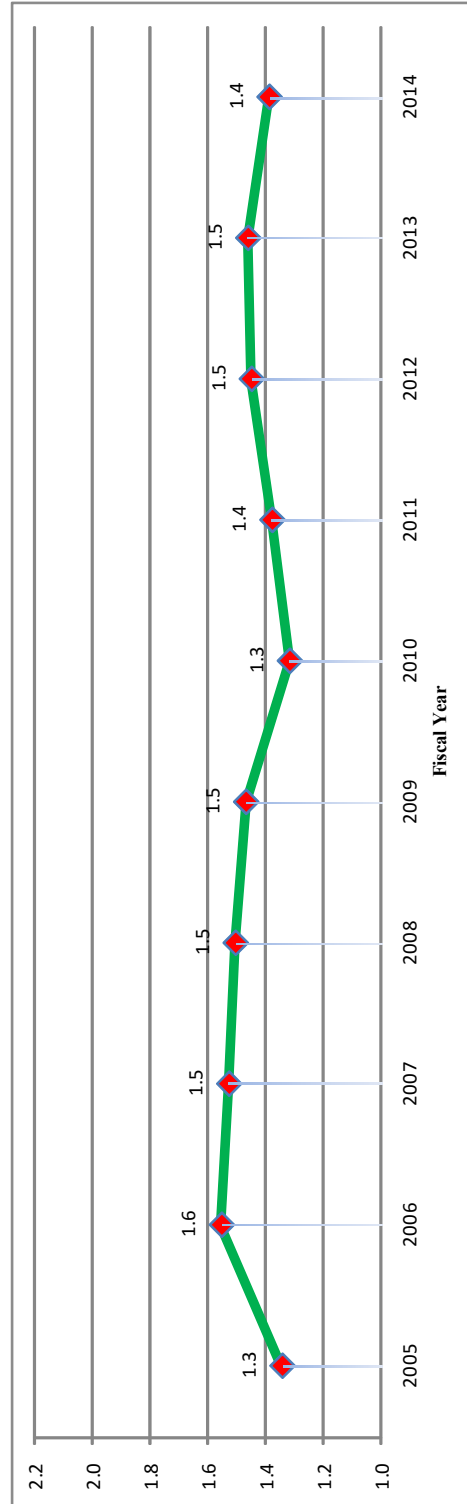
1. The increase in total passenger revenue from \$37.1 million in 2005 to \$70.9 million in 2014 is due to increases in ridership and fares.
2. Ridership is reported as unlinked passenger trips. For example, a passenger who transfers from a bus to rail is counted as two unlinked passenger trips. The 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 of the opening of 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

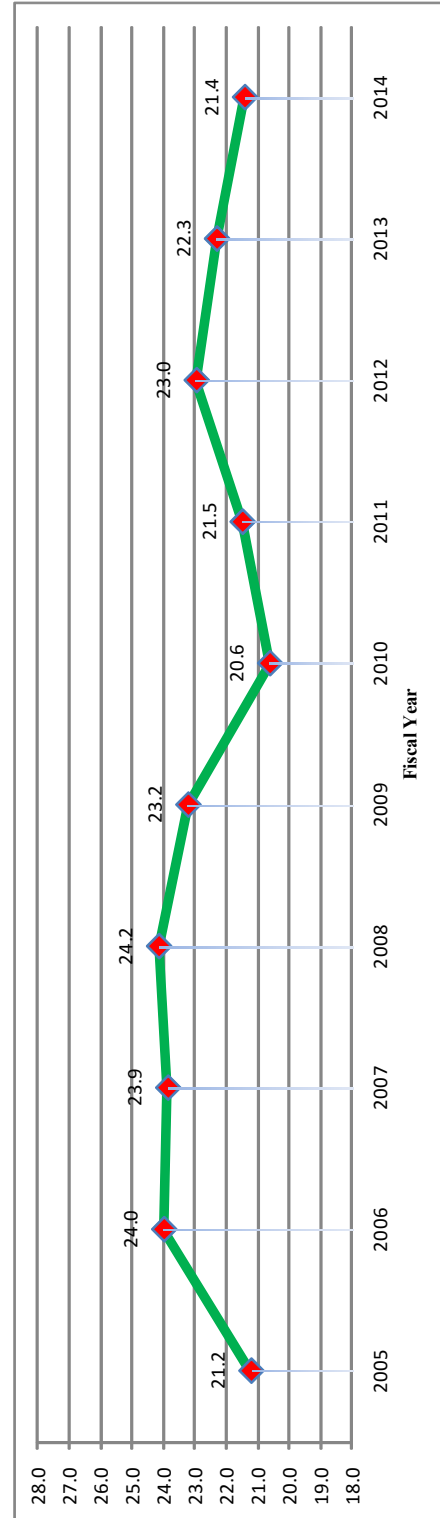
Exhibit 121  
Passengers per Revenue Mile and Revenue Hour

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

PASSENGERS PER REVENUE MILE



PASSENGERS PER REVENUE HOUR



## Exhibit 122

### 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         |
| <b>Number of vehicles available for service (1)</b>   |              |              |              |              |              |              |              |              |              |              |
| 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          |
| <b>Total</b>  | <b>1,133</b> | <b>1,159</b> | <b>1,193</b> | <b>1,233</b> | <b>1,198</b> | <b>1,216</b> | <b>1,277</b> | <b>1,251</b> | <b>1,227</b> | <b>1,235</b> |
| <b>Number of vehicles operated during weekday (1)</b> |              |              |              |              |              |              |              |              |              |              |
| 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          |
| <b>Total</b>  | <b>945</b>   | <b>922</b>   | <b>926</b>   | <b>981</b>   | <b>1,019</b> | <b>1,013</b> | <b>978</b>   | <b>987</b>   | <b>978</b>   | <b>973</b>   |
| <b>Operating Facilities (2)</b>                       |              |              |              |              |              |              |              |              |              |              |
| Bus   | 4            | 4            | 3            | 3            | 3            | 3            | 3            | 3            | 3            | 3            |
| Number of operating garages                           | 15           | 15           | 15           | 15           | 15           | 15           | 15           | 15           | 15           | 15           |
| Number of transit centers                             | 11,961       | 11,961       | 11,961       | 12,322       | 12,500       | 12,500       | 12,500       | 12,500       | 11,973       | 11,351       |
| Light Rail  | 45           | 45           | 45           | 45           | 48           | 48           | 72           | 77           | 85           | 90           |
| Miles of tracks                                       | 35           | 35           | 35           | 35           | 39           | 39           | 55           | 58           | 61           | 62           |
| Number of stations                                    | 1            | 1            | 1            | 1            | 1            | 1            | 2            | 2            | 2            | 2            |
| Commuter Rail   | 34           | 34           | 34           | 34           | 34           | 34           | 34           | 34           | 34           | 34           |
| Miles of tracks                                       | 10           | 10           | 10           | 10           | 10           | 10           | 10           | 10           | 10           | 10           |
| Number of stations                                    | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| Demand Response                                       | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| 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 123 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 Equipmen   | 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 Equipmen   | 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 124

### Transit Agency Comparison (2014 NTD)

| Transit Agency Comparison (2014 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         | 2,340        | 1,285           | 1,513                | 836                  | 533               | 716             | 558               |
| Service Area Population                                | 2,334,880     | 4,181,019     | 2,876,000    | 4,020,000       | 8,626,817            | 3,361,074            | 1,542,044         | 2,218,791       | 1,540,000         |
| <b>Annual Vehicles Revenue Miles (In Thousands)</b>    |               |               |              |                 |                      |                      |                   |                 |                   |
| Bus  | 26,786        | 23,659        | 35,597       | 332,718,098     | 75,665               | 40,260               | 19,562            | 17,195          | 18,510            |
| Heavy Rail   | N/A           | 23,134        | N/A          | N/A             | 7,067                | 17,048               | N/A               | N/A             | N/A               |
| Commuter Rail  | 1,152         | 23,332        | N/A          | N/A             | N/A                  | 19,048               | N/A               | N/A             | N/A               |
| Light Rail   | 9,207         | 5,933         | 11,159       | 1578            | 13,863               | N/A                  | 7,724             | 8,516           | 6,243             |
| Demand Response  | 7,083         | 18,072        | 10,477       | 17,423          | N/A                  | 10,935               | 7,484             | 3,638           | 5,315             |
| <b>Annual Vehicles Revenue Hours (In Thousands)</b>    |               |               |              |                 |                      |                      |                   |                 |                   |
| Bus  | 2,078         | 2,376         | 2,675        | 2,848           | 6,947                | 3,971                | 1,670             | 1,587           | 1,361             |
| Heavy Rail   | N/A           | 1,437         | N/A          | N/A             | 320                  | 875                  | N/A               | N/A             | N/A               |
| Commuter Rail  | 50            | 761           | N/A          | N/A             | N/A                  | 869                  | N/A               | N/A             | N/A               |
| Light Rail   | 452           | 629           | 651          | 126             | 685                  | N/A                  | 529               | 504             | 265               |
| Demand Response  | 465           | 1,436         | 695          | 1040            | N/A                  | 1,032                | 512               | 206             | 312               |
| <b>Annual Unlinked Trips (In Thousands)</b>            |               |               |              |                 |                      |                      |                   |                 |                   |
| Bus  | 37,383        | 117,852       | 76,657       | 68,724          | 361,601              | 177,399              | 59,750            | 51,630          | 30,087            |
| Heavy Rail   | N/A           | 178,462       | N/A          | N/A             | 50,365               | 99,289               | N/A               | N/A             | N/A               |
| Commuter Rail  | 2,284         | 35,252        | N/A          | N/A             | N/A                  | 37,690               | N/A               | N/A             | N/A               |
| Light Rail   | 29,458        | 72,482        | 26,363       | 12,701          | 63,705               | N/A                  | 38,195            | 39,695          | 17,466            |
| Demand Response  | 845           | 2,124         | 1,270        | 1,867           | N/A                  | 1,778                | 1,037             | 545             | 581               |
| <b>Fixed Guideway Directional Route Miles</b>          |               |               |              |                 |                      |                      |                   |                 |                   |
| Bus  | 0             | 21.1          | 5.6          | 0               | 41.4                 | 4.8                  | 3.3               | 2.7             | 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           | N/A          | N/A             | N/A                  | 446.9                | N/A               | N/A             | N/A               |
| Light Rail   | 182.4         | 51            | 94.2         | 25.4            | 136.3                | N/A                  | 104.3             | 108.4           | 91.1              |
| <b>Vehicles Available/Operated for Maximum Service</b> |               |               |              |                 |                      |                      |                   |                 |                   |
| Bus  | 861/544       | 954/805       | 1,101/834    | 1,277/1,054     | 2,410/1,904          | 1,388/1,182          | 608/518           | 607/459         | 383/314           |
| Heavy Rail   | N/A           | 430/336       | N/A          | N/A             | 104/70               | 369/286              | N/A               | N/A             | N/A               |
| Commuter Rail  | 35/23         | 481/416       | N/A          | N/A             | N/A                  | 412/338              | N/A               | N/A             | N/A               |
| Light Rail   | 163/148       | 180/150       | 172/143      | 37/27           | 171/144              | N/A                  | 131/104           | 162/96          | 87/58             |
| <b>Operating Expenses (In Thousands)</b>               |               |               |              |                 |                      |                      |                   |                 |                   |
| Bus  | \$238,552     | \$419,764     | \$327,030    | \$341,877       | \$661,588            | \$619,724            | \$240,940         | \$141,129       | \$150,397         |
| Heavy Rail   | N/A           | \$330,589     | N/A          | N/A             | \$132,142            | \$190,017            | N/A               | N/A             | N/A               |
| Commuter Rail  | \$25,886      | \$380,941     | N/A          | N/A             | N/A                  | \$252,456            | N/A               | N/A             | N/A               |
| Light Rail   | \$164,950     | \$166,258     | \$102,188    | \$37,852        | \$257,979            | N/A                  | \$108,122         | \$71,592        | \$71,613          |
| Demand Response  | \$33,874      | \$110,194     | \$48,090     | \$54,050        | N/A                  | \$55,963             | \$32,731          | \$15,471        | \$24,689          |
| <b>Fare Revenue (In Thousands)</b>                     |               |               |              |                 |                      |                      |                   |                 |                   |
| Bus  | \$32,564      | \$90,106      | \$79,411     | \$62,951        | \$259,886            | \$179,170            | \$65,529          | \$51,713        | \$31,987          |
| Heavy Rail   | N/A           | \$197,899     | N/A          | N/A             | \$35,300             | \$103,850            | N/A               | N/A             | N/A               |
| Commuter Rail  | \$8,478       | \$109,364     | N/A          | N/A             | N/A                  | \$148,939            | N/A               | N/A             | N/A               |
| Light Rail   | \$27,905      | \$82,214      | \$36,797     | \$4,735         | \$44,412             | N/A                  | \$46,404          | \$40,188        | \$18,547          |
| Demand Response  | \$2,071       | \$8,510       | \$4,425      | \$1,606         | N/A                  | \$5,887              | \$3,703           | \$2,093         | \$2,501           |

SOURCE: 2014 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.

## 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](http://DART.org).

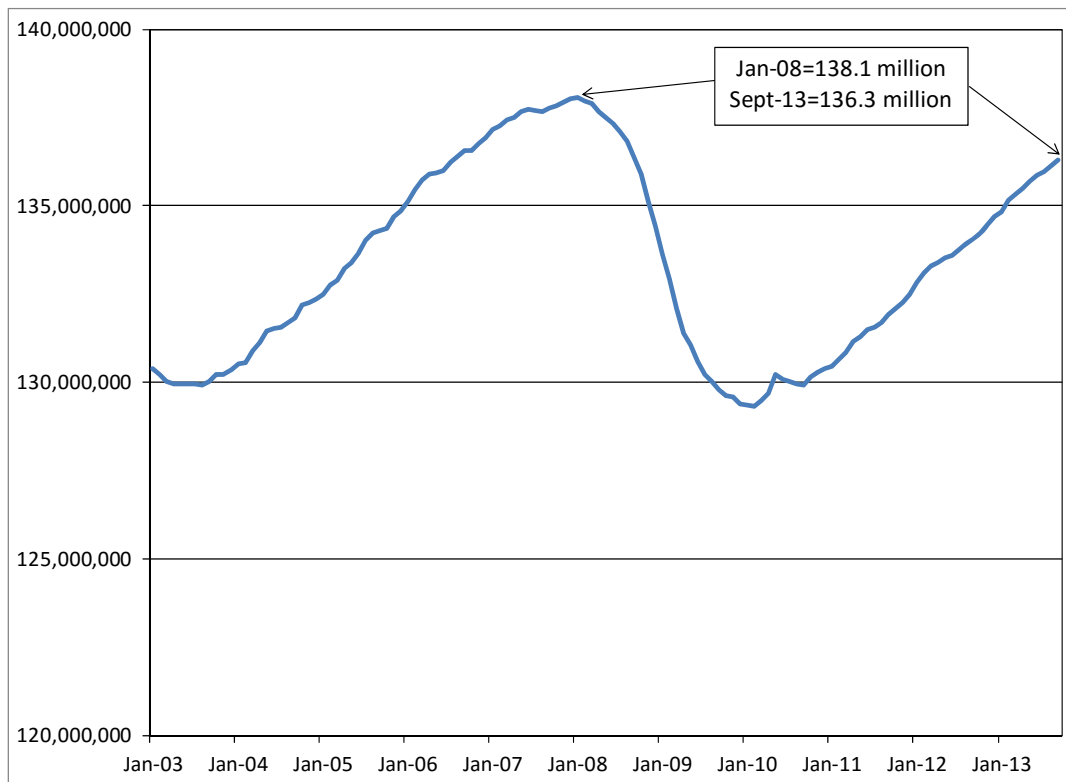
### *Through Recession and Recovery: Economic and Fiscal Impacts of Capital and Operating Spending by Dallas Area Rapid Transit*

#### 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.



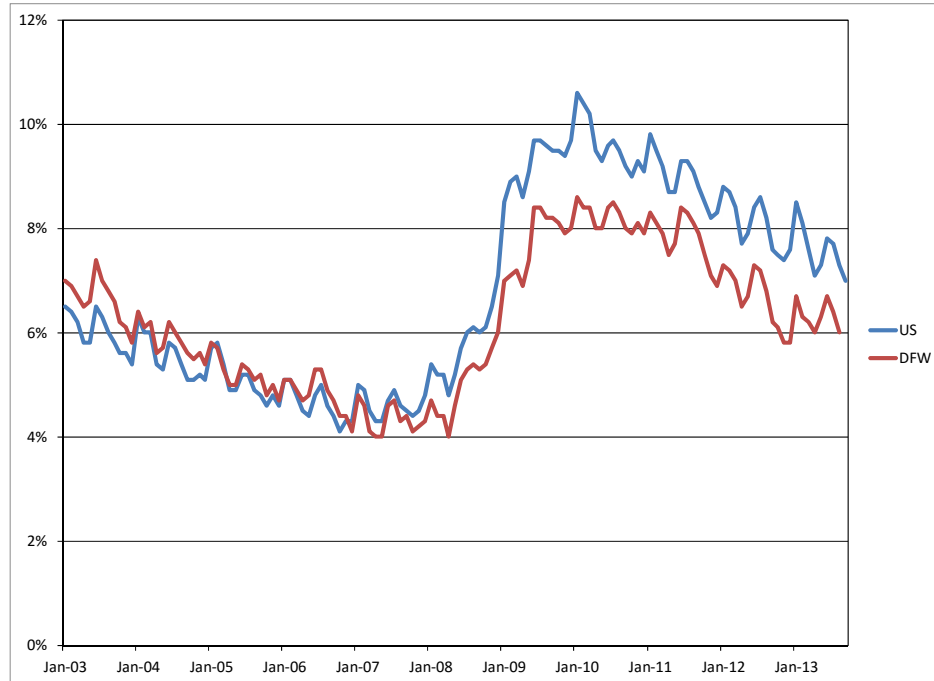
The U.S. economy entered its longest economic downturn since the Great Depression in the last quarter of 2007 and did not see consistent economic growth again for 19 months (July 2009). Since then the economy has seen uneven, mostly slow growth with the unemployment rate remaining above 7 percent and 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 in 2014.



Beginning in Fiscal Year (FY) 2003<sup>[1]</sup> 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 more than \$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) <sup>1</sup>  | 54,229          |
| State and Local Indirect Business Taxes <sup>2</sup>  | \$236,107,000   |
| <sup>1</sup> 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.<br><br><sup>2</sup> Includes state and local sales and use taxes, property taxes, and license and permit fees.<br>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 include 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.

<sup>1</sup> 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) <sup>1</sup>  | 63,752          |
| State and Local Indirect Business Taxes <sup>2</sup>  | \$280,714,000   |
| <sup>1</sup> 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.<br><sup>2</sup> Includes state and local sales and use taxes, property taxes, and license and permit fees.<br>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 <sup>1</sup>  | \$31,150,000  |
| <sup>1</sup> Includes state and local sales and use taxes, property taxes, and license and permit fees.<br>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 <sup>1</sup>  | \$305,081,000   |
| <sup>1</sup> Includes state and local sales and use taxes, property taxes, and license and permit fees.<br>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.<sup>[2]</sup> 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.

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 <sup>1</sup>  | \$126,586,000   |
| <sup>1</sup> Includes state and local sales and use taxes, property taxes, and license and permit fees.<br>Sources: DART, IMPLAN, and authors' estimates. |                 |

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



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 <sup>1</sup>  | \$307,815,000   |
| <sup>1</sup> Includes state and local sales and use taxes, property taxes, and license and permit fees.<br>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.*



## 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 125 provides general information about DART.

Exhibit 125  
DART Fast Facts

| <b>Agency Overview</b>  |  |   |
|---|--|---|
| 15 Board Members  | FY15 sales tax revenue \$518.6 million                 | 16-county region population – 6.5 million (2010 Census) |
| 13 participating cities providing 1 cent sales tax  | 700 square mile Service Area                           | 3,719 budgeted employees for FY 2016                    |
|   | Service Area population 2.38 million (1/1/16 Estimate) | Contracted service with Arlington and Mesquite          |
| <b>Ridership</b>  |  |   |
| Mode  | FY15 Annual  | FY15 Average Weekday                                    |
| Bus   | 36.5 million   | 122,000   |
| Light Rail  | 29.9 million   | 97,800  |
| Commuter Rail   | 2.2 million  | 7,800   |
| HOV*  | 22.3 million   | 87,400  |
| Paratransit   | 781,300  | 2,670   |
| Vanpool   | 871,000  | 3,400   |
| Total System  | 92 million   | 308,270   |
| * Note: DART no longer provides HOV services and will not be reporting HOV ridership going forward. These services are now provided by TxDOT. |  |   |
| <b>Operations and Performance (FY15)</b>  |  |   |
| <u>Fixed Route Revenue Miles</u>  | <u>Service Quality:<br/>On-Time Performance</u>        | <u>Subsidy per Passenger</u>                            |
| Annual Bus Revenue Miles – 25,151,244   | Bus – 79.2%  | Subsidy per Passenger – Total System – \$4.01           |
| Annual LRT Revenue Car Miles – 10,209,881   | LRT – 93.6%  | Subsidy per Passenger – Fixed Route – \$4.95            |
| Annual Commuter Rail Revenue Car Miles – 1,560,766  | TRE – 98.3%  |   |



Exhibit 125  
DART Fast Facts (cont'd)

| Fleet Overview   |  |   |
|--|--|---|
| Bus/Paratransit  | Light Rail   | Commuter Rail   |
| 459 NABI (CNG) Buses<br>Vehicle length: 31 feet and 40 feet<br>Capacity: Up to 40 seats  | 163 Kinkisharyo Super LRVs<br>Vehicle length: 123'8"<br>Capacity: 94 seated/274 crush (165 peak per DART policy) | 9 TRE locomotives<br>Vehicle length: 58'2"  |
| 70 NABI Suburban Buses<br>Vehicle length: 41 feet<br>Capacity: 41 seats  | Streetcar  | 17 bi-level coaches<br>Vehicle length: 85 feet<br>Capacity: 152 seats   |
| 121 Arboc Buses (CNG)<br>Vehicle length: 26 feet   | 4 Streetcars   | 8 bi-level cab cars<br>Vehicle length: 85 feet<br>Capacity: 132 to 138 seats  |
| 80 Starcraft Vans<br>Vehicle Length: 22 Feet<br>Capacity: 6-10 seated, 2-3 wheelchair  |  | 13 Rail Diesel Cars (RDCs)<br>Vehicle length: 85 feet<br>Capacity: 92 seats (4 wheelchair)  |
| Undedicated fleet of 116 Braun Entervans   |  |   |
| Facilities   |  |   |
| Bus  | Light Rail   | Commuter Rail   |
| 11,383 bus stops   | 64 stations – 53 at-grade; 10 aerial; 1 tunnel   | 10 stations (5 in DART Service Area)  |
| 1530 shelters; 1,484 benches; 15 bus transit centers/transfer centers/transfer locations/park-and-rides  | 2 operations & maintenance facilities  | 1 operations & maintenance facility   |
|  | Streetcar  | Administration  |
| 3 operations & maintenance facilities  | 6 Streetcar Sheltered Stations   | Agency Headquarters<br>DART Police Headquarters   |
| Infrastructure   |  |   |
| Light Rail   | Streetcar  | Commuter Rail   |
| 93 LRT miles, (3.2 miles in tunnel)  | 2.5 miles  | 33.8 TRE Miles  |
| Budget (FY16)  | Efficiency Measures (FY15)   |   |
| \$494.9 million Operating Budget<br>\$278.4 million Capital & Non-Operating Budget<br>\$543.0 million Projected Sales Tax Revenue  | Farebox Recovery:<br>Bus – 13.4%<br>Light Rail – 18.2%<br>Commuter Rail – 34.5%<br>Fixed Route – 15.9%           | Budget Subsidy Per Passenger:<br>Bus - \$5.47<br>Light Rail - \$4.24<br>Commuter Rail – \$6.09<br>Paratransit - \$40.09<br>Vanpool - \$0.08 |
| Rail Expansion Program   |  |   |
| Blue Line South Oak Cliff/UNT-Dallas extension – 2.6 miles opened October 2016<br>Future projects in planning: Program of Interrelated Projects<br>Red/Blue Line platform modifications<br>Phase 1 of D2 second CBD alignment<br>Central Dallas Streetcar Link<br>Cotton Belt Rail Service |  |   |

Exhibit 125  
DART Fast Facts (cont'd)

| <b><i>Economic and Fiscal Impacts</i></b>  |
|--|
| <p>DART Capital spending on rail expansion from FY03-FY17 results in:</p> <ul style="list-style-type: none"> <li>Boosting regional economic activity of almost \$8.8 billion</li> <li>Supporting more than 63,700 person-years of employment – an average of about 4,250 jobs per year for 15 years</li> <li>Increasing total state and local government revenues by \$281 million</li> </ul> <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 126 for population and employment breakdown by city).

Exhibit 126  
Service Area Population and Employment

| <b>City</b>   | <b>Population 2010<br/>Census</b> | <b>Population 2016<br/>Estimate</b> | <b>% Population<br/>Change</b> | <b>Employment<br/>2010</b> |
|---|-----------------------------------|-------------------------------------|--------------------------------|----------------------------|
| Addison   | 13,056                            | 15,530                              | 18.9%                          | 54,500                     |
| Carrollton  | 119,097                           | 127,980                             | 7.5%                           | 77,600                     |
| Cockrell Hill   | 4,193                             | 4,160                               | -0.8%                          | 750                        |
| Dallas  | 1,197,816                         | 1,257,730                           | 5.0%                           | 1,158,500                  |
| Farmers Branch  | 28,616                            | 30,480                              | 6.5%                           | 119,000                    |
| Garland   | 226,876                           | 234,300                             | 3.3%                           | 107,000                    |
| Glenn Heights   | 11,278                            | 11,680                              | 3.6%                           | 1,350                      |
| Highland Park   | 8,564                             | 8,430                               | -1.6%                          | 2,500                      |
| Irving  | 216,390                           | 231,040                             | 6.8%                           | 219,500                    |
| Plano   | 259,841                           | 274,960                             | 5.8%                           | 135,400                    |
| Richardson  | 99,223                            | 104,300                             | 5.1%                           | 120,500                    |
| Rowlett   | 56,199                            | 57,220                              | 1.8%                           | 11,200                     |
| University Park   | 23,068                            | 22,720                              | -1.5%                          | 9,700                      |
| <b>Total Service Area</b>   | <b>2,264,217</b>                  | <b>2,380,530</b>                    | <b>5.1%</b>                    | <b>2,017,500</b>           |
| <b>16-County NCTCOG Region</b>  | <b>6,539,950</b>                  | <b>7,058,920</b>                    | <b>7.9%</b>                    | <b>4,006,300</b>           |
| Sources: 2010 Census and North Central Texas Council of Governments (NCTCOG) 2016 population estimates. |                                   |                                     |                                |                            |

## I. GLOSSARY/ACRONYMS

### Exhibit 127 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 127  
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 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 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 inhibits 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 127  
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.

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

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

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

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

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

**Debt Service** – The payment of interest and the repayment of principal on long-term borrowed funds according to a predetermined schedule.

**Debt Service Coverage** – The measure of the Agency's ability to meet debt service payments. It is a ratio of cash flows to debt service requirements. See also *External Coverage Ratio* and *Internal Coverage Ratio*.

**Defeasance of Bonds** – The redemption of older higher-rate debt prior to maturity usually with replacement by 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.

$$\text{Calculation} = [\text{Modal Farebox Revenue} / \text{Modal Operating Expense}]$$

**Farebox Revenue** – All revenue from the sale of passenger tickets, passes, or other instruments of fare payment.

**Fares** – The amount charged to passengers for use of various services.



Exhibit 127  
Glossary of Terms/Definitions (cont'd)

**FAST Act – Fixing America’s Surface Transportation Act** - FAST Act was signed into law in December 2015 to provide funding for surface transportation.

**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, commuter rail, and streetcar).

**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 yearly amounts, and Board-adopted financial policies regarding funds and reserves in the preceding pages of this Reference section.

**Formula Grant** - Allocations of federal funding to states, territories, or local units of government determined by distribution formulas in the authorizing legislation and regulations. To receive a formula grant, the entity must meet all the eligibility criteria for the program, which are pre-determined and not open to discretionary funding decisions. Formula grants typically fund activities of a continuing nature and may not be confined to a specific project. Common elements in formulas include population, proportion of population below the poverty line, and other demographic information.

**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.

Exhibit 127  
Glossary of Terms/Definitions (cont'd)

**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.

**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 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, and general mobility projects. Operating expenses do not include the cost of road improvements or the staff costs associated with DART's capital programs.

Exhibit 127  
Glossary of Terms/Definitions (cont'd)

**Paratransit Service** – Any transit service required by the 1990 Americans with Disabilities Act (ADA), generally characterized by pre-arranged curb-to-curb service provided by accessible vehicles.

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

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

**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.

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

**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.

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

**Passengers per Hour - Scheduled** – The total number of Paratransit passengers scheduled per hour of revenue service. Management's objective is to increase this number.

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

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

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

**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.

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

**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.

Exhibit 127  
Glossary of Terms/Definitions (cont'd)

**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 yearly amounts, and Board-adopted financial policies regarding funds and reserves in the preceding pages of this Reference section.

**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.

$$\text{Calculation} = \text{Sum for all trips of } [\# \text{ of Revenue Train Miles operated} * \# \text{ of cars in the train}]$$

**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. 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, streetcar, 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.

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

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

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

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

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

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

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

Exhibit 127  
Glossary of Terms/Definitions (cont'd)

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

**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)** – A program administered by The U.S. Department of Transportation 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 regards to fostering economic development.

**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).

**Yield to worst** – The lowest yield that you can earn from a bond when holding to maturity, absent a default. It is a measure that is used in place of **yield to maturity** with callable bonds. As callable bonds can be bought back before their stated maturity date, **yield to maturity** does not provide an accurate picture of what an investor can expect to earn. **Yield to worst** allows apples to apples comparisons of bonds with varying call features and coupon payments.

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

Exhibit 128  
Acronyms  
(Pages 291-296)

|       |  |
|-------|--|
| 000s  | Thousands                                    |
| AAC   | American Airlines Center                     |
| ABC   | Activity-Based Costing                       |
| ADA   | Americans with Disabilities Act of 1990      |
| AHJ   | Authority Having Jurisdiction                |
| AMS   | Analysis, Modeling, and Simulation           |
| APC   | Automatic Passenger Counters                 |
| APT   | Area Personal Transit (Las Colinas)          |
| APTA  | American Public Transportation Association   |
| APTS  | Advanced Public Transportation Systems       |
| APU   | Auxiliary Power Unit                         |
| ARRA  | American Reinvestment & Recovery Act of 2009 |
| ATIS  | Advanced Traveler Information Systems        |
| ATMS  | Advanced Traffic Management Systems          |
| ATU   | Amalgamated Transit Union                    |
| AVA   | Automated Voice Announcements                |
| AVL   | Automated Vehicle Locator                    |
| AVP   | Assistant Vice-President                     |
| B     | Billions                                     |
| BABs  | Build America Bonds                          |
| BBL   | Barrel                                       |
| BI    | Business Intelligence                        |
| BNSF  | Burlington, Northern & Santa Fe Railroad     |
| BPP   | Business Planning Parameter                  |
| BRT   | Bus Rapid Transit                            |
| CAD   | Computer-Aided Dispatch                      |
| CAR   | Condition Assessment Report                  |
| CBD   | Central Business District                    |
| CCART | Collin County Area Rural Transit             |
| CCTV  | Closed Circuit Television                    |

|        |   |
|--------|---|
| CDHP   | Consumer-Directed Health Care Plan                  |
| CDL    | Commercial Driver's License                         |
| CEO    | Customer Experience Officer                         |
| CFPS   | Comprehensive Fare Payment System                   |
| CIP    | Capital Investment Plan                             |
| CIT    | Continuous Improvement Team                         |
| CMAQ   | Congestion Mitigation/Air Quality                   |
| CMGC   | Construction Manager/General Contractor             |
| CNG    | Compressed Natural Gas                              |
| COA    | Comprehen Operations Analysis                       |
| COGNOS | Budget Software                                     |
| COOP   | Continuity of Operations                            |
| COPS   | Community Oriented Policing Services (grant)        |
| CP     | Commercial Paper                                    |
| CPTED  | Crime Prevention Through Environmental Design       |
| CPU    | Central Processing Unit                             |
| CR     | Commuter Rail                                       |
| CROF   | Central Rail Operating Facility                     |
| CRT    | Customer Response Team                              |
| CS     | Central Services                                    |
| CSSAC  | Construction Safety and Security Advisory Committee |
| CSSP   | Construction Safety and Security Program            |
| CST    | Customer Service Team                               |
| CTC    | Centralized Traffic Control                         |
| CVB    | Convention and Visitors Bureaus                     |
| CY     | Current Year  |
| D2     | Dallas Central Business District Second Alignment   |
| DART   | Dallas Area Rapid Transit                           |



|        |  |
|--------|--|
| DB     | Defined Benefit Retirement Plan                              |
| DC     | Defined Contribution Retirement Plan                         |
| DCTA   | Denton County Transportation Authority                       |
| DCURD  | Dallas County Utility and Reclamation District               |
| DFW    | Dallas/Fort Worth International Airport                      |
| DGE    | Diesel Gallon Equivalent                                     |
| DGNO   | Dallas, Garland, and Northeastern Railroad                   |
| DLM    | Division Level Measurement                                   |
| DMU    | Diesel Multiple Unit   |
| DMWBE  | Disadvantaged, Minority, and Woman-Owned Business Enterprise |
| DOE    | Department of Energy   |
| DOT    | Department of Transportation                                 |
| DSC    | DART Safety Committee  |
| EA     | Environmental Assessment                                     |
| EAP    | Employee Assistance Program                                  |
| ED     | East Dallas Operating Facility                               |
| EEO    | Equal Employment Opportunity                                 |
| EEO/AA | Equal Employment Opportunity/Affirmative Action Plan         |
| ELT    | Executive Leadership Team                                    |
| EMF    | Equipment Maintenance Facility                               |
| EMS    | Emergency Management System                                  |
| EMT    | Executive Management Team                                    |
| EOY    | End of Year  |
| EPA    | Environmental Protection Agency                              |
| EPO    | Exclusive Provider Organization                              |

|       |   |
|-------|---|
| EVP   | Executive Vice President                        |
| FAA   | Federal Aviation Administration                 |
| FAST  | Fixing America's Surface Transportation Act     |
| FFGA  | Full Funding Grant Agreement                    |
| FGM   | Fixed-Guideway Modernization                    |
| FHWA  | Federal Highway Administration                  |
| FICA  | Federal Insurance Contributions Act             |
| FLSC  | Fire Life Safety Committee                      |
| FP    | Financial Plan                                  |
| FRA   | Federal Railroad Administration                 |
| FS-B  | Financial Standards-Business Planning Parameter |
| FS-D  | Financial Standards-Debt Service                |
| FS-G  | Financial Standards-General                     |
| FT    | Full-Time                                       |
| FTA   | Federal Transit Administration                  |
| FWTA  | Fort Worth Transportation Authority             |
| FY    | Fiscal Year                                     |
| FYxxA | Actual year-end cost for FY(xx)                 |
| FYxxB | Budget cost for FY(xx)                          |
| FYxxP | Projected cost for FY(xx)                       |
| G&A   | General & Administrative                        |
| GAAP  | General Accepted Accounting Principles          |
| GASB  | Government Accounting Standards Board           |
| GFI   | GenFare, Inc. (part of SPX Corp)                |
| GLO   | General Land Office                             |
| GM    | General Mobility                                |
| GPS   | Global Positioning System                       |
| HEP   | Head End Power                                  |



|      |  |
|------|--|
| HMO  | Health Maintenance Organization                                      |
| HOT  | High-Occupancy/Tolling (lanes)                                       |
| HOV  | High Occupancy Vehicle (lane)  |
| HQ   | Headquarters   |
| HRA  | Health Reimbursement Account   |
| HVAC | Heating, Ventilation, Air Conditioning                               |
| I-1  | Irving LRT Line Section – Northwest Hwy. To Las Colinas Urban Center |
| I-2  | Las Colinas Urban Center to State Hwy. 161                           |
| I-3  | State Hwy. 161 to DFW International Airport                          |
| IACP | International Association of Chiefs of Police                        |
| ICM  | Integrated Corridor Management                                       |
| IH   | Interstate Highway   |
| ILA  | Interlocal Agreement   |
| IRS  | Integrated Radio System  |
| IRV  | Irving   |
| IT   | Information Technology   |
| ITC  | Intermodal Transportation Center                                     |
| ITIL | IT Infrastructure Library  |
| ITP  | Integrated Test Plan   |
| ITS  | Intelligent Transportation System                                    |
| IVR  | Interactive Voice Response   |
| JARC | Joint Access/Reverse Commute (grant)                                 |
| JHA  | Jurisdictions Having Authority                                       |
| JV   | Joint Venture  |
| K    | Thousands  |
| kHz  | Kilohertz  |
| KPI  | Key Performance Indicator(s)   |
| kWh  | Kilowatt Hour  |

|           |   |
|-----------|---|
| LAN       | Local Area Network                                    |
| LAP/CMS   | Local Assistance Program/Congestion Management System |
| LBJ       | “Lyndon B. Johnson” Freeway                           |
| LCD       | Liquid Crystal Display                                |
| LED       | Light Emitting Diode                                  |
| LEED      | Leadership in Energy and Environmental Design         |
| LGC       | Local Government Corporation                          |
| LNG       | Liquefied Natural Gas                                 |
| LPA       | Locally Preferred Alternative                         |
| LPIS      | Locally Preferred Investment Study                    |
| LRT       | Light Rail Transit                                    |
| LRV       | Light Rail Vehicle                                    |
| LT or LTD | Long-Term Debt or Long-Term Disability                |
| M         | Millions  |
| MAP-21    | Moving Ahead for Progress in the 21st Century         |
| MATA      | McKinney Avenue Transit Authority                     |
| MAX       | Metro Arlington Express                               |
| MBE       | Minority-Owned Business Enterprise                    |
| MDC       | Mobile Data Computer                                  |
| MDT       | Mobile Data Terminal                                  |
| MIS       | Major Investment Study                                |
| MLK       | Martin Luther King, Jr.                               |
| MOU       | Memorandum of Understanding                           |
| MOWIS     | Maintenance of Way Information System                 |
| MPH       | Miles Per Hour  |
| MPLS      | Multi-Powered Label Switching                         |
| MS        | Microsoft   |
| MV        | MV Transportation, Inc. (Paratransit Provider)        |

|         |   |
|---------|---|
| NABI    | North American Bus Industries (now part of New Flyer Industries, Inc.)            |
| NC LRT  | North Central Light Rail Transit  |
| NCIC    | National Criminal Information Center  |
| NCTCOG  | North Central Texas Council of Governments  |
| NETRMA  | Northeast Texas Regional Mobility Authority                                       |
| NFC     | Near Field Communications   |
| NIMS    | National Incident Management System   |
| NOC     | Network Operations Center   |
| NOx     | Nitrogen Oxide  |
| NRV     | Non-Revenue Vehicle   |
| NTD     | National Transit Database   |
| NTTA    | North Texas Tollway Authority   |
| NW      | Northwest Corridor  |
| NW-1A   | Northwest LRT Line Section (Downtown to American Airlines Center/Victory Station) |
| NW-1B   | Victory Station to Inwood Station   |
| NW-2    | Inwood Station to Northwest Highway   |
| NW-3    | Northwest Highway to Valley View (Farmers Branch)                                 |
| NW-4    | Valley View to Frankford Rd (North Carrollton)                                    |
| NWROF   | Northwest Rail Operating Facility   |
| O&M     | Operations & Maintenance (contract)   |
| O/S     | Operating System  |
| O/S EOY | Outstanding End-of-Year   |
| OC      | Oak Cliff   |
| OCC     | Operations Control Center   |
| OCIP    | Owner-Controlled Insurance Program  |

|        |  |
|--------|--|
| OCL    | Operations Communications Liaisons                     |
| OCS    | Overhead Catenary System                               |
| OEM    | Original Equipment Manufacturer                        |
| OPEB   | Other Post-Employment Benefits                         |
| Ops    | Operations   |
| OSHA   | Occupational Safety Hazard Administration              |
| P&D    | Planning & Development                                 |
| PA/VMB | Public Announcement/Variable Message Boards            |
| PACE   | Professionals Achieving Communication Excellence       |
| PASS   | Principal Arterial Street System                       |
| PBX    | Private Branch Exchange                                |
| PCA    | Personal Care Attendant                                |
| PCI    | Payment Card Industry                                  |
| PE/EIS | Preliminary Engineering/Environmental Impact Statement |
| PEC    | Passenger Emergency Call                               |
| PMOC   | Project Management Oversight Committee                 |
| PMP    | Performance Management Plan                            |
| PMSA   | Primary Metropolitan Statistical Area                  |
| PNM    | PayNearMe  |
| POS    | Point of Sale  |
| PPO    | Preferred Provider Organization                        |
| PPP    | Public/Private Partnership                             |
| PT     | Part-Time  |
| PTC    | Positive Train Control                                 |
| PTO    | Paid Time Off  |
| PTP    | Pay-to-Platform  |
| Q      | Quarter  |
| R      | Registration (mark)                                    |



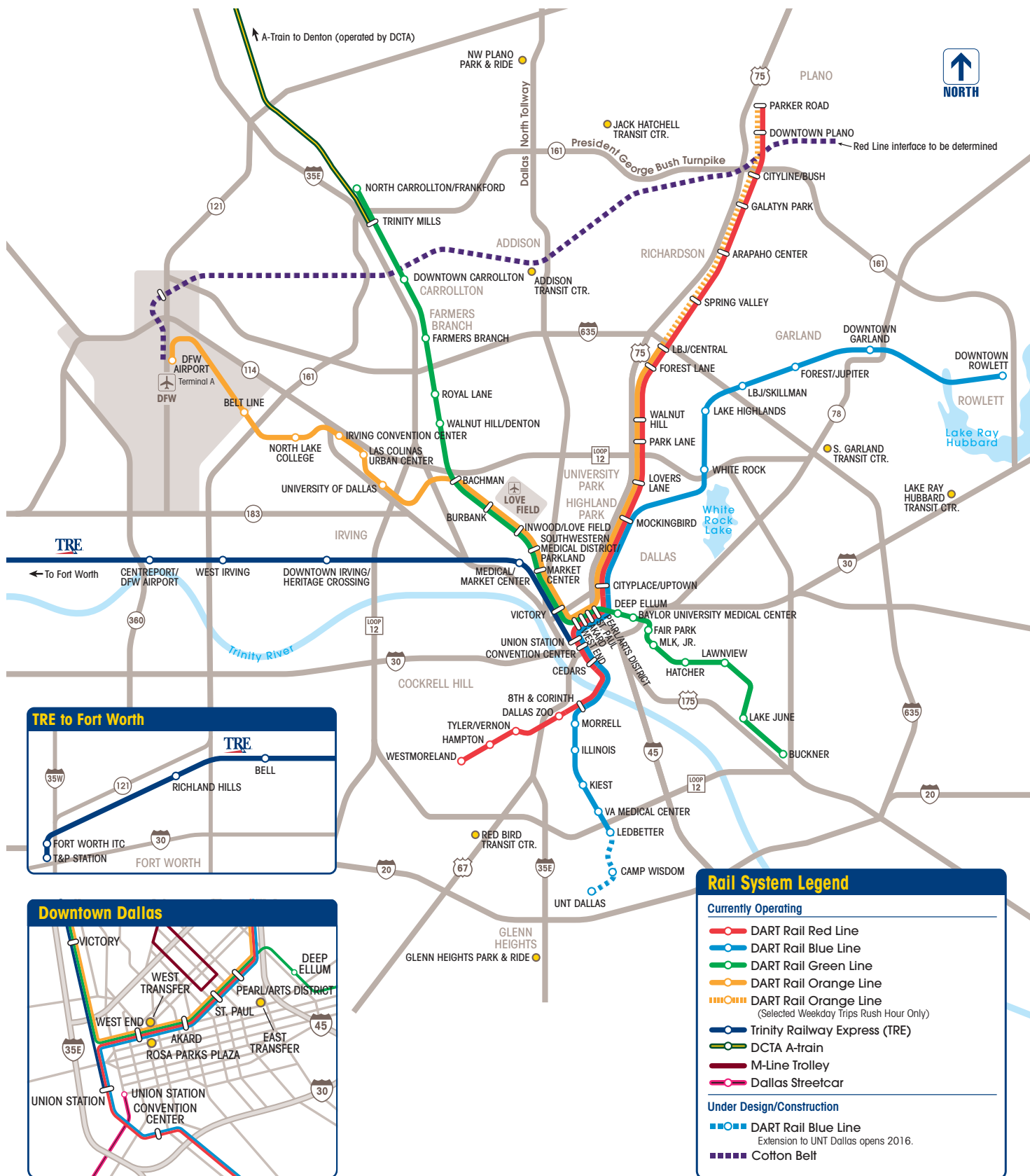
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|------------|--|
| R-1        | Rowlett LRT Line Section-Downtown Garland to Rowlett Park & Ride                     |
| RDC        | Rail Diesel Car  |
| RFI        | Request for Information  |
| RFID       | Radio Frequency Identification   |
| RITA       | Research and Innovative Technology Administration                                    |
| RMS        | Records Management System  |
| ROTC       | Refresher Operator Training Class  |
| ROW        | Right-of-Way   |
| RPD        | Rail Program Development   |
| RPM        | Reaching Performance Milestones  |
| RR         | Railroad   |
| RRIF       | Railroad Rehabilitation & Improvement Financing                                      |
| RRM        | Railroad Management  |
| RTC        | Regional Transportation Council  |
| RTR        | Regional Toll Roads  |
| RWP        | Roadway Worker Protection  |
| S&I        | Service & Inspection   |
| S&W        | Salaries & Wages   |
| SAFETEA-LU | Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users |
| SAP        | Shift Assignment Pay   |
| SDC        | Secondary Data Center  |
| SE         | Southeast Corridor   |
| SE-1A      | Southeast LRT Line Section – Downtown to Fair Park                                   |
| SE-1B      | Fair Park to Hatcher   |
| SE-2       | Hatcher to Buckner Blvd.   |
| SEAF       | System Expansion & Acquisition Fund  |
| SEJ        | South East Junction  |
| SGR        | State of Good Repair   |
| SH         | State Highway  |

|          |  |
|----------|--|
| SIP      | Service Incentive Pay                                    |
| SLRV     | Super LRV (LRV with additional low-floor section)        |
| SM       | Service Mark   |
| SMS      | Short Message Service                                    |
| SMS      | Safety Management System                                 |
| SOC-3    | South Oak Cliff LRT Line Section-Loop 12 to UNT          |
| SOCBOF   | South Oak Cliff Bus Operating Facility                   |
| SOP      | Standard Operating Procedure                             |
| SS       | Support Services   |
| SSCRT    | System Safety Certification Readiness Team               |
| SSPP     | System Safety Program Plan                               |
| ST       | Short-Term (debt)  |
| STD/FMLA | Short-Term Disability/Family Medical Leave Act           |
| STP/MM   | Surface Transportation Program/Metropolitan Mobility     |
| SU       | Start-Up   |
| T&P      | Texas & Pacific Station                                  |
| TBD      | To be determined   |
| TC       | Transit Center   |
| TCEQ     | Texas Commission on Environmental Quality                |
| TCIC     | Texas Criminal Information Center                        |
| TDM      | Transportation Demand Management                         |
| TES      | Traction Electrification System                          |
| The T    | Fort Worth Transportation Authority                      |
| TIFIA    | Transportation Infrastructure Finance and Innovation Act |
| TIGER    | Transportation Investment Generating Recovery            |
| TIP      | Transportation Improvement Program                       |
| TLETS    | Texas Law Enforcement Telecommunications System          |



|       |  |
|-------|--|
| TMA   | Transportation Management Association          |
| TMF   | Texas Mobility Funds                           |
| TOD   | Transit-Oriented Development                   |
| TPSS  | Traction Power Sub-Station                     |
| TRE   | Trinity Railway Express                        |
| TRIM  | Ticket Reader / Issue Machine                  |
| TSA   | Transportation Security Administration         |
| TSM   | Transportation System Management               |
| TSP   | Transit System Plan or Traffic Signal Priority |
| TTI   | Texas Transportation Institute                 |
| TVM   | Ticket Vending Machine                         |
| TxDOT | Texas Department of Transportation             |
| UAFP  | Urbanized Area Formula Program                 |
| ULEV  | Ultra-Low-Emission Vehicles                    |
| UNT   | University of North Texas                      |
| UP    | Union Pacific                                  |

|       |  |
|-------|--|
| UPS   | Uninterruptible Power Supply           |
| US    | United States                          |
| USC   | United States Code                     |
| UT    | University of Texas                    |
| UTA   | University of Texas at Arlington       |
| VAF   | Vehicle Acceptance Facility            |
| VBS   | Vehicle Business System                |
| VE    | Value Engineering                      |
| VIPER | Visible Intermodal Protection Response |
| VMB   | Variable Message Boards                |
| VoIP  | Voice over Internet Protocol           |
| VP    | Vice President                         |
| VRDN  | Variable Rate Demand Note              |
| WAN   | Wide-Area Network                      |
| WBE   | Women-Owned Business Enterprise        |
| WOC   | West Oak Cliff                         |
| WSA   | Ways, Structures & Amenities           |
| XPB   | X-Press Booking                        |
| ZEV   | Zero Emission Vehicles                 |



DALLAS AREA RAPID TRANSIT  
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DART's Financial Information is located online at:  
[www.dart.org/debtdocuments/investorinformation](http://www.dart.org/debtdocuments/investorinformation)

