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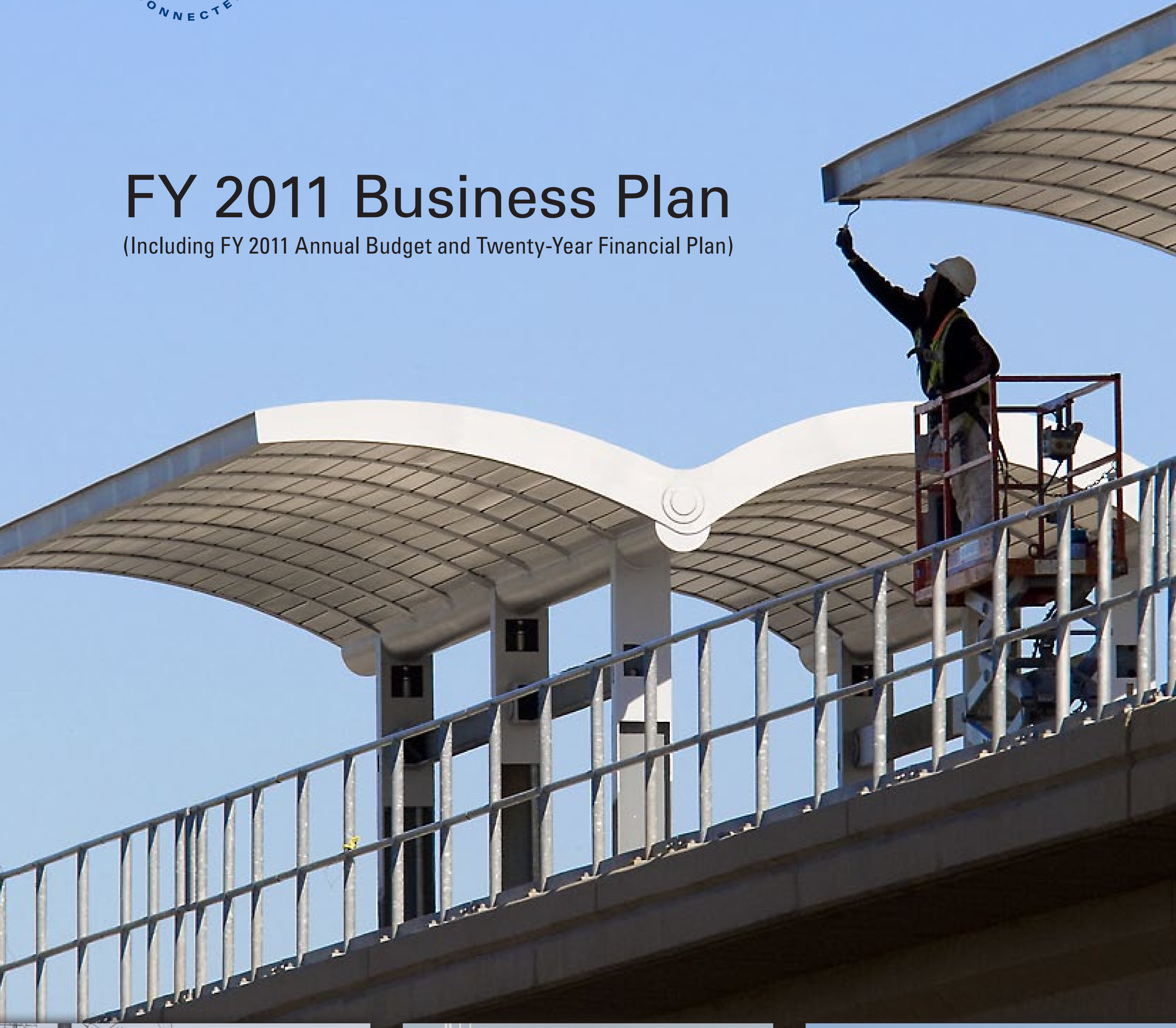
Dallas Area Rapid Transit

FY 2011 Business Plan

(Including FY 2011 Annual Budget and Twenty-Year Financial Plan)



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INTEROFFICE MEMORANDUM

DATE: August 6, 2010

TO: DART Board

FROM: Gary C. Thomas

SUBJECT: Proposed FY 2011 Annual Budget and FY 2011 Twenty-Year Financial Plan

On behalf of DART's management team, I am pleased to submit the proposed operating and capital budgets for FY 2011, and the FY 2011 Twenty-Year Financial Plan for the period FY 2011-FY 2030.

The proposed budget totals $1.25 billion as compared to $1.6 billion for FY 2010. The operating budget is $422 million as compared to $402.7 million. The capital budget is $689 million as compared to $1.14 billion, reflecting the impact of the completion of the Green Line in December 2010. Finally, the debt service budget is $139.4 versus $123.4 million. The lower amount for the upcoming year is directly attributable to a refunding opportunity available to DART due to the low interest rate environment.

Overview

The Board of Directors is well aware of the exciting but challenging times in which we live. Before I address the economic challenges, it is appropriate to call attention to the many successes DART has enjoyed and will continue to enjoy in the coming years.

Opening the 28-mile Green Line light rail corridor represents the culmination of years of planning and sacrifice by all communities served by the Agency. It is the longest light rail line under construction in North America and, combined with our Blue Line and Orange Line projects, represents 25% of all light rail under construction on the continent. The line extends from the Pleasant Grove area in southeast Dallas to Carrollton in the northwest portion of our service area, linking thousands of employees with workplaces in the CBD, two medical districts, and the office and industrial parks along the line. The first portion of the Green Line opened in September 2009, connecting the CBD with Fair Park, introducing passenger rail service to Fair Park after a 52-year absence. To say that response to service to Fair Park during the State Fair was overwhelming would be an understatement.

Within the same time frame, the Agency will open a Blue Line infill station, Lake Highlands, in December 2010 and has two other light rail expansion projects underway. The Orange Line will extend from the Bachman Lake station on the Green Line through the northern portion of the Las Colinas area of Irving. The first two sections will be open by the end of 2012 with service to DFW to hopefully follow in a relatively short time thereafter. The Blue Line is being extended from downtown Garland to the City of Rowlett and is scheduled to open in December 2012 as well.

It is important not to lose sight of our accomplishments and work program for our existing fixed route modes. In the spring of 2010, the Board approved the purchase of a long-term natural gas contract, thus moving the Agency firmly toward the full introduction of a CNG-powered bus fleet. The first phase of the procurement of the new fleet should be completed this fall, with actual delivery of buses in late 2012 and early 2013.

There are also significant improvements in commuter rail passenger service underway. The grade separation and elevation and double-tracking of the TRE rail line in south Irving is nearing completion. This project reduces the noise to the adjacent neighborhoods, increases average train speeds, and eliminates north/south traffic bottlenecks that have been a challenge of south Irving businesses and residents for years.

To the north, the Agency will connect with another commuter passenger rail system, the A Train of the Denton County Transportation Authority (DCTA), in the summer of 2011. The two systems will connect at the Trinity Mills Station in north Carrollton. Riders will be able to travel from downtown Denton and the three university campuses located in that vicinity to anywhere in the DART and Ft. Worth "T" service areas.

Additionally, the Agency will have completed the system-wide level boarding project by December 2010, a major commitment to the ridership of the service area to assure easy on/off access to our vehicles by all of our riders. By the end of September 2011 we will have replaced and upgraded all of our ticket vending machines located on each rail platform as well as introducing these to our bus transit centers. The new machines accept credit cards and allow for the purchase of 7-day and 31-day passes, thus greatly improving customer convenience as they make their fare payment choices.

All of these accomplishments occurred during one of the most severe economic downturns in our history. Our primary revenue source is the sales tax, which is nearly seven times as great as our next largest source of income--our revenues from farebox and pass sales. In FY 2009 it was forecast that sales tax receipts would be $431 million, up from the preceding year's total of $416 million. Instead, the Agency received $377 million. Fortunately, DART received ARRA stimulus funding of $63 million in the spring of 2009 and another $78 million advance refunding payment on our Green Line Full Funding Grant Agreement later in the summer. For the current year the budget forecast for sales tax receipts was $387 million, but current projections indicate that the receipts will be $375 million. Farebox revenue was projected to increase by $11 million after the adoption of a new fare structure that went into effect in September 2009, but they will only rise by $4 million; the difference largely attributable to the soft economy and higher unemployment that has reduced our system ridership.

This past Spring, the Finance Department, working in conjunction with three outside economists, determined that the long-term sales tax forecasts for the Agency needed to be recalibrated downward due to updated data on long-term population and employment trends in the DART Service Area. Approximately $3 billion in projected sales tax revenue had to be removed from the twenty-year forecast.

The Requirements Needed to Meet Our Budgetary Challenges

This revision, which has been the subject of four separate briefings to the Budget and Finance Committee throughout the spring and summer of this year, has required significant and far-reaching changes to DART's Twenty-Year Financial Plan. Taking into account the use of sales tax projections to leverage additional debt, spending for the Agency over the next twenty years has to be reduced by nearly $8.8 billion. Approximately $6.6 billion of this reduction is attributable to scaling back proposed capital expansion projects, another $1.2 billion would be associated with reduction in debt service due to fewer debt issuances, and, finally, another $1 billion needs to be achieved through permanent reductions in operating expenditures. With respect to the operating budget, management has worked diligently to develop a cost reduction proposal that would minimize the impact on ridership. The Agency must reduce annual operating expenditures by at least $30 million. To accomplish that objective it has been necessary to make substantial reductions in capital planning and development and administrative overhead, achieving annual reductions in the $20 million range.

The remaining $10 million in operating savings are targeted to come from a combination of service refinements across all of the operating modes: HOV, commuter rail, light rail, bus, and paratransit. The largest savings (approximately $5.6 million) will be accomplished through the adjustment of light rail system headways from 10 minutes at peak to 15 minutes, with insert trains at peak hours shifting from 5 minutes to 7-minute headways. These changes will take effect in December coincident with the opening of the Green Line and the change in bus schedules.

Relatively modest adjustments in commuter rail service (largely associated with the elimination of late night weekday service) and HOV will achieve another $1 million in reductions. Additionally, Paratransit management is considering a new system of coordinated dispatch and delivery of services that they estimate will have the potential of significant operating and capital savings over the life of the twenty-year financial plan.

Management hopes to achieve the remaining $3.5 million in savings in the bus mode but without a reduction in actual services. Our staff is proposing the introduction of a smaller vehicle to serve an approximate demand of 85 to 90 vehicles at peak travel times on low volume routes. These routes typically generate less than 15 to 18 passengers an hour per trip at peak and can be served by an under-30 foot vehicle that costs one-third the price of a standard 35 to 40-foot transit bus. This bus is less costly to maintain and is typically associated with a lower wage scale for the operator. It would be our objective to place these vehicles in service by the fourth calendar quarter of 2012, more or less coincident with the introduction of light rail service in Irving and Rowlett and at the time of our next major service change.

All of these adjustments will translate into the need for a smaller workforce overall. Our previous forecast for total positions by the end of 2013 was 4,100. Our revised estimate, tailored to fit our budgetary limitations, is approximately 3,750 positions. The light rail expansion will increase the need for operators, mechanics, and police. Consequently, staff reductions will be required in the balance of the Agency. It will be our objective to accomplish the staffing adjustments through the elimination of vacant positions where possible, normal attrition, and an early retirement incentive package. Should these not be sufficient and a mandatory reduction-in-force be required, our established severance policies will apply. Although it is our fervent hope that we can avoid the latter, it would be inappropriate to suggest that we can avoid mandatory reductions altogether.

The challenges to the operating budget are more than matched by the limitations the Agency faces in completing future capital expansion projects currently in the 2030 System Plan and the Twenty-Year Financial Plan. Suffice it to say that, with several exceptions, most of the new expansion projects can no longer be supported within the constraints of the financial plan forecast and must be shifted to a status of deferred and unfunded.

Passenger rail expansion projects

The revised and reduced financial plan will fully accommodate all of the projects currently under construction or in current stages of procurement (such as the bus fleet replacement). Equally important, all state-of-good-repair commitments over the forecast period, including orderly replacement of the rail car fleet in the mid-2020s, are provided for in the new plan.

The projects which are being retained in the funded plan include both the Orange Line light rail expansion to the DFW airport terminals (referred to as I-3) and the South Oak Cliff extension of the Blue Line to the UNT Dallas campus (referred to as SOC-3). Accommodating the inclusion of both of these expansion projects will require a sustained emphasis on revenue enhancement and cost containment. The financial plan assumes agencies that have made financial commitments in support of system additions will make their contributions on a timely basis.

Orange Line to DFW Terminal A

Through a combination of tactics in the upcoming year, including sweeping at least $100 million out of existing and proposed capital project budgets, structuring a new financial issue using low interest Build America Bonds with term bonds paying off in the 2038 to 2045 timeframe, and the inclusion of several net new revenue streams, it is possible to proceed with the third phase of the Orange Line and make the direct connection to the DFW airport terminals. The financial adjustment previously outlined will permit the Agency to proceed and still maintain appropriate financial coverages consistent with Board policy. Although the timeframe may be delayed by approximately one year from the previous goal, we should nonetheless be able to satisfy a long-standing commitment to cities within the DART Service Area.

Second Downtown Alignment (D-2)

The adjustment in light rail operating headways from 10 minutes to 15 minutes relieves the need to construct this second alignment for an extended period of time. In addition, new considerations associated with the potential inclusion of streetcar lines in the Central Business District and the planned streetcar line across the Trinity River to Oak Cliff have created the need to re-evaluate potential alignments for the second light rail line. Although the recommended financial plan does not include funding for the second light rail alignment in the Central Business District, the Agency will continue its current planning efforts, taking into account the new initiatives, and including the pursuit of a full funding grant agreement (FFGA).

Blue Line SOC-3

The changing circumstances associated with the D-2 alignment noted above suggest that it would be prudent to reconsider the sequence of expansion projects. If D-2 must be deferred, then the SOC-3 light rail extension would be the next logical project to advance after Irving-3 to the airport. The financial adjustments outlined above may permit the inclusion of the SOC-3 rail line extension, maintaining the forecasted opening date in late 2019. The Agency’s ability to comfortably support this project would be greatly improved if the state legislature, either in 2011 or 2013, would approve the imposition of sales taxes on residential utilities, similar to that imposed by all but one of the cities in the DART Service Area. Similarly, the federal surface transportation bill should be passed within the next 18 months and may also provide some funding opportunities for this project. The Agency has several years before contract procurement for this project. Therefore, given the importance of this rail line extension and the reasonable likelihood that future funding sources are likely to be identified, it is our recommendation that the project remain in the Twenty-Year Financial Plan.

Cotton Belt

It is also important to note the current efforts with regard to advancing the construction of the Cotton Belt passenger rail service. Budget allocations for this project, with the exception of the environmental and preliminary engineering studies currently underway, have been removed from the new financial plan. DART and The T are working with the North Central Texas Council of Governments and the Regional Transportation Council on an innovative financing initiative in an effort to seek new funding sources that could fund the capital and operating subsidy needs of the Cotton Belt line. The financial consultant team has been recently selected by the NCTCOG and will make their findings and recommendations known by February 2011.

Closing Comments

Much has been accomplished and there is more to do to develop the regional transit system we need. In retrospect, given that sales tax receipts were flat for the entire decade of the 2000s, it is rather amazing the Agency has been able to advance so many projects on so many fronts. While we certainly hope and believe that we are in the bottom of the economic cycle, we have to accept the reality that the future economic recovery could be weak or more modest than our advisors believe. Should that be the case we will be forced to confront even greater fiscal challenges. I have no doubt they can be responsibly addressed, but we be aware that the Agency could have to consider significant additional service cuts.

The overall set of recommendations presented in the FY 2011 Budget and the Twenty-Year Financial Plan should successfully respond to the challenging financial conditions, both near-term and long-term. Although our capital expansion program for passenger rail will have to be revised downward, it will not be discontinued. Through a comprehensive set of initiatives, including a thorough review of all current and proposed capital projects, an analysis of our debt management plan for a full 40-year duration and a careful assessment of new net revenue opportunities, we are now confident that it is appropriate for DART to proceed and complete the extension of the Orange Line into Terminal A at DFW airport. Moreover, we believe there is a sufficient basis of cost reduction and revenue generation opportunities to support the retention of the SOC-3 Blue Line extension to the UNT Dallas campus.

In order to retain our ability to provide the maximum amount of current transit services to our patrons, DART's management and staff are undertaking a wide-ranging set of initiatives, across virtually every mode of service. While our staffing levels and our financial resources will be smaller than anticipated in previous financial plans and we will therefore be required to operate differently, we believe we have a mandate to be better and we believe we can.

We know the next several years are going to be difficult. Our administrative services teams will be challenged as never before. Their workload will increase but their resources will decrease significantly; however, the quality of their work must not diminish. We have unfinished business regarding the funding of the important second rail alignment in downtown Dallas (D-2). Meeting the financial obligations required to build and operate the Cotton Belt passenger rail line, an important cross-regional connection serving many growing communities, is still a work in progress.

It is important to view this plan within the context of the next three to five years. Fiscal Year 2011 is a year of project completion and preparation for organizational transition. Beyond FY 2011 the Agency will complete its current light rail expansion projects, transition to a fleet of CNG-powered buses, including the introduction of 100 smaller vehicles, shift to a new mobility management program for paratransit services, and complete an organizational realignment that will result in more than \$30 million dollars in annual savings. The Agency will end FY 2010 with \$675 million in operating funds. We look forward to a successful sale of \$400 million in new bonds to support our construction projects and permit an orderly continuation of our fleet replacement program. By FY 2014, the Agency should be well positioned financially and operationally to begin the next phase of our mission for our citizens and patrons.

Finally, we owe a debt of gratitude to DART's employees for the great effort they have and will continue to put forward as we work through all of our challenges. This will be the second year that the senior management team will forego raises. The remainder of the Agency staff will be foregoing raises in the upcoming year. At the same time they will be asked to accept some greater cost-sharing burdens associated with our employee health program. They will be expected to absorb the additional work that the Green Line opening will introduce and continue to meet the service delivery standards of our Agency. DART's management and staff take great pride in the work of the Agency and its growing reputation as a leading transit Agency.

The opening of the Green Line and the successful implementation of the largest bus route change in the Agency's history would be challenge enough. Mix in all of the other variables mentioned above and the forthcoming year will be the definition of "interesting times." Management very much appreciates the support the Board of Directors provides to the management and staff of DART. We recognize the burdens that difficult circumstances place on the Board members and we remain committed to working diligently on behalf of the Board and the Agency.

Gary C. Thomas
President/Executive Director

Dallas Area Rapid Transit

FY 2011 Business Plan

(Including FY 2011 Annual Budget and
Twenty-Year Financial Plan)

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FY 2011 Annual Budget

Overview

Exhibit 1.1 shows the approved FY 2011 budget for Dallas Area Rapid Transit (DART). The total budget of $1.257 billion is divided into three categories: Operating Expense Budget, Capital and Non-Operating Budget, and Net Debt Service Budget.

Exhibit 1.1
FY 2011 Annual Budget
(in millions)

Description	FY11 Budget
Operating Expense Budget	$422.0
Capital and Non-Operating Budget	707.1
Net Debt Service	128.4
	$1,257.4

Budget Basis

DART's Annual Budget and Financial Plan are prepared in the same format and organization as DART's financial report, except the budget does not include depreciation or interest income and interest expense from leveraged lease transactions. Certain major repairs, one-time or non-routine projects that are not eligible for capitalization according to Generally Accepted Accounting Principles (GAAP) are budgeted as Capital/Non-Operating Projects instead of operating expenses, but are expensed in the year of expenditure. 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 not necessarily on an annual basis, with non-expended funds rolling forward into the next budget year until the project is completed.

Each of these non-cash transactions, however, is incorporated into the projected balance sheet included in APX-7.

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

Sources and Uses of Funds

The purpose of this section is to provide a detailed review of DART's sources and uses of funds for FY 2011 and variances between the FY 2010 and FY 2011 Budgets.

Exhibit 1.2 shows total funding sources for FY 2011 projected at approximately $1.49 billion, $675.4 million (82.9%) higher than the FY 2010 Budget. The increases are primarily due to Debt Issuances ($813.3 million), partially offset by decreases in Federal Funds (stimulus funds), and other sources (City of Irving contribution to the Orange Line). More information about Sources of Funds can be found in the *Financial Plan* section.

Also included in Exhibit 1.2 is a summary of the Uses of Funds. The operating budget increased by $19.2 million (4.8%) over the FY 2010 Budget, primarily as a result of the opening of 24 additional rail miles of the Green Line from Pleasant Grove in Southeast Dallas to Farmers Branch and Carrollton. Details can be found on pages BUD-7 through BUD-12.

The FY 2011 Capital Budget decreased $432.9 million (38.0%) from the FY 2010 Budget and is primarily a function of the Phase II LRT Build-out cash flow projections. Completion of the Green Line in early FY 2011 significantly reduces the amount of capital construction activities, and therefore capital expenditures.

The Debt Service Budget increased by $1.6 million (1.2%) primarily due to long-term interest expenses. See Exhibit 1.8 for more detail on the Net Debt Service Budget.

Exhibit 1.2
FY 2011 Sources and Uses of Funds
(in millions)

Description	FY10 Budget	FY11 Budget	$ Variance	% Variance
Sales Tax Revenues	$387.8	$393.9	$6.2	1.6%
Debt Issuances	-	813.3	813.3	100.0%
Federal Funds	249.1	167.2	(81.9)	-32.9%
Operating Revenues	70.8	71.1	0.3	0.4%
Interest Income	17.5	14.1	(3.4)	-19.3%
Other Sources	89.7	30.6	(59.1)	-65.9%
Total Sources of Funds	**$814.8**	**$1,490.2**	**$675.4**	**82.9%**
Operating Expense Budget	$402.8	$422.0	$19.2	4.8%
Capital and Non-Operating Budget	1,140.0	707.1	(432.9)	-38.0%
Debt Service	140.8	142.5	1.6	1.2%
Total Uses of Funds	**$1,683.6**	**$1,271.5**	**($412.1)**	**-24.5%**

Revenues

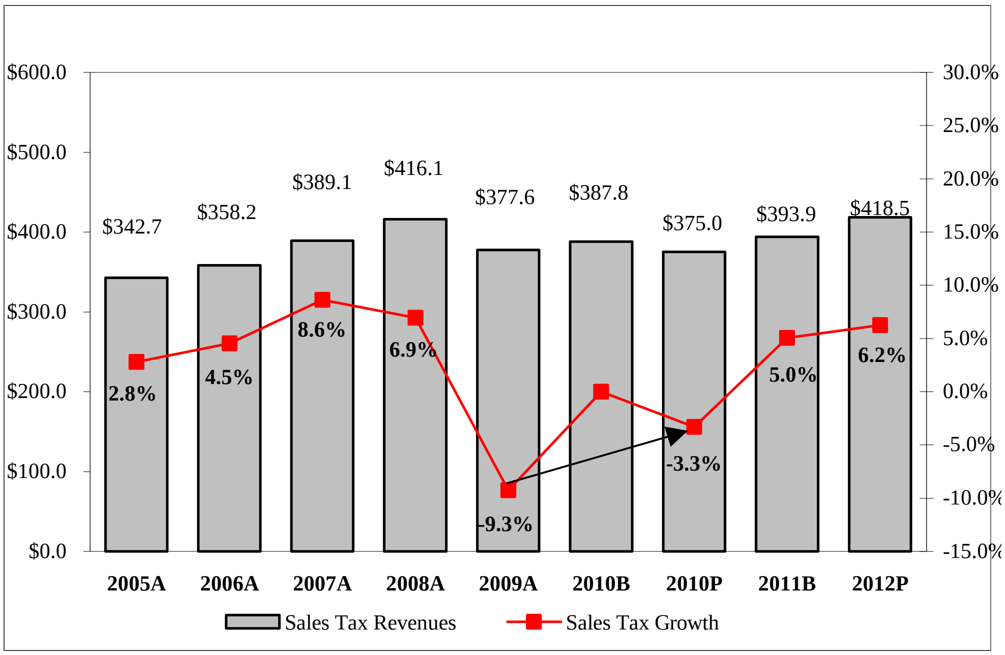
Exhibit 1.3 provides a more detailed review of the sources of funds listed in Exhibit 1.2. The changes to each major category are discussed in more detail following the chart.

Exhibit 1.3

FY09 Actuals	Category	FY10 Budget	FY11 Budget	$ Variance	% Variance
	FY 2009 - FY 2011 Revenue Comparison (in Thousands)				
	Operating Revenues				
$44,334	Fixed Route Passenger Revenue	$56,704	$54,919	($1,785)	-3.1%
$1,976	Paratransit Passenger Revenue	2,149	2,327	178	8.3%
$533	Vanpool Passenger Revenue	814	940	126	15.5%
$46,843	**Passenger Revenues**	**$59,667**	**$58,186**	**($1,481)**	**-2.5%**
$2,294	Rental Income - TRE Corridor	$2,451	$2,730	$279	11.4%
1,884	Rental Income - Other	1,748	1,973	225	12.9%
4,906	Advertising Revenue	2,700	2,486	(214)	-7.9%
965	Rental Income - LRT	929	633	(297)	-31.9%
2,589	Miscellaneous	280	443	164	58.5%
$12,638	**Advertising /Rental Income/Other Revenues**	**$8,108**	**$8,265**	**$157**	**1.9%**
239	Grant Revenue (COPS & other)	$1,572	$2,975	$1,403	89.2%
1,243	Vanpool Grant Revenue	1,413	1,697	285	20.2%
$1,482	**Operating Grant Revenues**	**$2,985**	**$4,672**	**$1,688**	**56.5%**
$60,964	**Total Operating Revenue**	**$70,760**	**$71,123**	**$364**	**0.5%**
$378,421	Sales Tax Revenue	$387,759	$393,922	$6,163	1.6%
11,996	Interest Income	17,486	14,112	(3,374)	-19.3%
8,555	Contributions for TRE Operations	8,862	9,009	147	1.7%
428	Other Non-Operating revenues		169	169	0.0%
$399,400	**Total Other Non-Operating**	**$414,107**	**$417,212**	**$3,105**	**0.7%**
$460,363	**Total Revenues**	**$484,867**	**$488,336**	**$3,469**	**0.7%**
	Other Sources of Funds				
$1,130,000	Debt Issuances		$813,300	$813,300	100.0%
	Federal Funds				
120,554	Formula Federal Funding	156,091	78,577	(77,514)	-49.7%
179,086	Discretionary Federal Funding	93,028	88,574	(4,453)	-4.8%
2,895	Other Sources	80,796	21,427	(59,369)	-73.5%
$1,432,535	**Total Other Sources**	**$329,915**	**$1,001,879**	**$671,964**	**203.7%**
$1,892,898	**Grand Total**	**$814,781**	**$1,490,214**	**$675,433**	**82.9%**

Sales Tax Revenues are the largest source of revenue for the Agency. Exhibit 1.4 includes actual and projected revenues from FY 2005 through FY 2012. A ten-year history of sales tax receipts by month is included at APX.8.

Exhibit 1.4
Sales Tax History
(in millions)



Between FY 2005 and FY 2008, sales tax receipts grew by an average of 6.7% per year, from $342.7 million to $416.1 million. Growth for FY 2008 was budgeted at 5% ($108.6 million increase), but actually grew by 6.9%. The sales tax projection for FY 2009 was $431.2 million (3.6% above the FY 2008 actuals), but ended the year with a 9.3% decline ($377.6 million) due to the slumping economy. When the FY 2010 budget was developed in the summer of 2009, revised sales tax estimates for FY09 actuals were $384.8 million. From that base, FY 2010 was predicted to essentially remain flat (<1% growth). However, FY09 actuals came in an additional $7 million below that revised target. The current projection for FY 2010 of $375.0 million represents another 0.7% decline from FY09. More discussion of future sales taxes is included in the *Financial Plan* section.

Operating Revenues are a direct correlation to fixed-route ridership and average fare. Fixed-route ridership is projected to increase by 10.7% in FY 2011, due to the opening of the Green Line. Previously, an overall average fare was used for fixed-route services (bus, light rail, and commuter rail). The FY11 Financial Plan considers three separate average fares due to the recent changes in the fare structure. The average fare used is as follows: Bus-$0.75, Light Rail-$0.81, and Commuter Rail $2.46.

Rental Income on the TRE corridor is expected to increase by 12.0% ($504,000) over FY 2010, due to additional freight revenues on the corridor primarily through Burlington Northern Santa Fe (BNSF).

Interest Income is expected to decline due to lower interest rates than were projected last year as well as lower cash balances due to lower than expected revenues.

Debt Issuances – DART anticipates issuing approximately $729 million of Build America Bonds (BABs) in Fall 2010. This program, under which the federal government subsidizes 35% of interest costs, allows DART to issue debt at a very low long-term interest rate. DART wishes to take maximum advantage of this program, which will end in December 2010. More discussion of the debt program is included in the *Financial Plan* section.

FY 2011 Operating Budget

The following assumptions were used to develop the operating budget and are tied to the FY 2011 Agency goals:

- **Salary and Wage Assumptions**
  - No merit or across-the-board wage increase is included for any DART personnel
  - $280,000 – Hourly wage progressions based on tenure and training will continue
  - $517,000 – Salaries and wages have been adjusted for the annualization of positions hired during 2010
  - Delay of the performance bonus programs (Division Level Measures and Reaching Performance Milestones), funding used for increase to Health Care programs
  - $5.4 million – Elimination of 142 existing vacant and FY 2011 positions (42 salaried and 100 hourly)
- **Benefits Assumptions**
  - $2.4 million – Co-pays and deductibles remain at the 2010 levels
  - $3.0 million – Health Benefits – 84/16 cost split (DART/Employee)
  - DART is self-insured for health insurance, with a third-party administrator
  - $900,000 – Savings for implementation of the 504 Panel
- **Contract Rates**
  - Rate increases:
    - $1.0 million – Paratransit (Veolia Transportation, Inc.)
    - $428,000 – TRE (Herzog, Inc.)
    - $483,000 – Annual software maintenance agreements
    - $263,000 – Tire contract
    - $24,000 – Shuttle service agreements
- **Fuel and Energy Assumptions**
  - $5.2 million savings – Diesel fuel for Bus, Paratransit, and TRE Services, is hedged at $2.1925 per gallon

- **Service Levels**
  - $5.0 million savings – Bus service modifications and realignments due to the Green Line opening
  - $1.2 million savings – Light Rail peak headways will be adjusted to 15 minutes on all branch lines (except for 7.5 minutes on the Red Line North) to better match demand
  - Paratransit services remain at the FY 2010 service levels
  - $100,000 savings – TRE service levels will be adjusted at the beginning of FY 2011. These changes include:
    - Elimination of two daily trips on weekdays
    - Elimination of four daily trips on Saturdays (but not on modified Saturday service days, such as the day after Thanksgiving)
    - Several train-size adjustments to better match capacity with demand
    - Other weekday and Saturday schedule time adjustments to better meet revised bus and rail schedules
  - $191,000 – Annualization of 198 vanpools

- **Capital Project Completion and Improvements Impact on Operating Expenses**
  - $8.9 million – On December 6, 2010 DART will open 24 additional miles of the Green Line, from Pleasant Grove in southeast Dallas to Farmers Branch and Carrollton, including:
    - 55 new positions (26 salaried and 29 hourly)
    - 15 new rail stations
    - 52 new track miles
  - Completion of the Lake Highlands Station, an infill station on the Blue Line
  - $4.2 million – Annualization of FY 2010 new positions (178) in support of the Light Rail openings
  - Annualization of Northwest Rail Operating Facility (NWROF) operations
  - New Police Facility – Monroe Shops Facility opening in mid-2011 (elimination of lease costs replaced with operations and maintenance)
  - $125,000 – On-street passenger facilities includes maintenance for 158 net new bus shelters and 250 new or replaced benches
  - $50,000 – Ten new police cars
  - $67,000 – Maintenance of vehicle business systems (VBS) on 25 new light rail vehicles
  - $40,000 – Installation of new software (Clarizen [an on-line Project Management tool] and NYMSYS [cash management software for revenue counting])

- **Reserves**
  - Funding ($542k) is included for possible increases or programs unknown during the budget process. These funds may or may not be used during the fiscal year.

Exhibit 1.5 provides a breakdown of the Operating Expense Budget by expenditure category and compares the FY 2010 Amended Budget to the Proposed FY 2011 Budget.

Exhibit 1.5
FY 2011 Operating Expense Budget by Expenditure Category
(in thousands)

FY09 Actuals	Category	FY10 Budget	FY11 Budget	$ Variance	% Variance
$53,765.4	Operator Wages	$55,623.2	$54,713.9	($909.4)	-1.6%
11,323.8	Operator Leave Wages	12,970.3	12,979.4	9.1	0.1%
476.3	Performance Bonus	438.2	0.0	(438.2)	-100.0%
$65,565.4	**Salaries & Wages - Operators Payroll**	**$69,031.8**	**$67,693.3**	**($1,338.5)**	**-1.9%**
$35,456.6	Non-Operator Hourly Wages	$41,219.5	$41,782.1	$562.6	1.4%
1,786.8	Overtime - Hourly	1,978.7	2,068.3	89.7	4.5%
286.0	Performance Bonus	477.0	0.0	(477.0)	-100.0%
$37,529.4	**Salaries & Wages - Non-Operator Payroll**	**$43,675.1**	**$43,850.5**	**$652.3**	**1.5%**
$73,043.1	Salaries	$82,802.7	$83,331.1	$528.5	0.6%
2,252.2	Overtime - Salaried	2,295.6	2,493.9	198.3	8.6%
912.0	Part-Time/Temporary	890.8	780.4	(110.3)	-12.4%
496.8	Performance Bonus	906.5	0.0	(906.5)	-100.0%
$76,704.2	**Salaries & Wages - Salaried**	**$86,895.6**	**$86,605.5**	**$616.5**	**0.7%**
$179,799.0	**Total Salaries & Wages**	**$199,602.5**	**$198,149.3**	**($69.7)**	**0.0%**
$23,830.8	Health, Life and Disability Insurance	$26,845.1	$32,209.3	$5,364.2	20.0%
19,722.4	Pension and 401K Plans	23,291.0	27,301.6	4,010.6	17.2%
13,446.8	FICA	15,526.7	15,562.6	35.8	0.2%
3,387.1	Workers Compensation	6,794.2	5,809.5	(984.7)	-14.5%
1,429.2	Paid Absences Liability	1,916.0	1,868.5	(47.5)	-2.5%
3,055.4	Service Incentive Pay	1,622.0	1,609.1	(12.9)	-0.8%
3,743.8	Retiree Benefits	4,714.4	3,788.7	(925.7)	-19.6%
541.2	Unemployment & Other Benefits	329.6	558.8	229.2	69.5%
$69,156.7	**Total Benefits**	**$81,039.0**	**$88,708.0**	**$7,669.1**	**9.5%**
$10,504.1	Contract Services	$11,803.3	$12,669.9	$866.6	7.3%
3,322.1	Advertising, Marketing & Public Information	3,324.0	3,451.0	126.9	3.8%
2,623.2	Financial, Legal & Governmental	2,834.4	3,374.3	539.9	19.0%
2,879.3	Computer & Communications	3,330.0	3,445.9	115.9	3.5%
4,165.0	Administration, Human Resources & MBE	4,399.7	4,674.8	275.1	6.3%
1,234.0	Vehicle & Equip Maintenance	2,253.8	2,936.9	683.1	30.3%
384.3	Engineering & Real Estate Acquisition	391.5	354.6	(36.9)	-9.4%
$25,112.2	**Total Services**	**$28,336.7**	**$30,907.4**	**$2,570.7**	**9.1%**

Exhibit 1.5 (continued)

FY09 Actuals	Category	FY10 Budget	FY11 Budget	$ Variance	% Variance
$21,211.7	Diesel, NRV and LNG Fuel & Lube	$22,945.6	$18,065.4	($4,880.1)	-21.3%
15,157.0	Motor Vehicle Parts & Supplies - Bus	17,224.5	14,905.7	(2,318.8)	-13.5%
5,251.6	Light Rail Parts	5,938.5	8,665.7	2,727.2	45.9%
1,784.9	Facilities Operations - Material & Supplies	1,815.2	2,062.7	247.4	13.6%
1,955.8	Office Equipment & Supplies	2,431.0	2,240.5	(190.4)	-7.8%
1,371.4	Uniforms, Tools & Shoes	1,903.4	1,913.2	9.8	0.5%
$46,732.4	**Total Materials & Supplies**	**$52,258.2**	**$47,853.3**	**($4,404.9)**	**-8.4%**
$6,450.1	Power & Light LRT - Vehicle	$7,113.0	$9,598.5	$2,485.6	34.9%
4,678.9	Utilities - Facilities	5,349.1	5,589.7	240.6	4.5%
1,232.8	Communications	1,463.8	1,786.4	322.6	22.0%
$12,361.8	**Total Utilities and Communications**	**$13,925.9**	**$16,974.7**	**$3,048.8**	**21.9%**
$1,955.5	Liability & Property Insurance	$2,539.6	$2,612.6	$73.0	2.9%
1,364.9	Liability Claims	1,744.4	1,765.0	20.6	1.2%
$3,320.4	**Total Claims & Insurance**	**$4,283.9**	**$4,377.6**	**$93.6**	**2.2%**
$23,076.9	Paratransit Services	$25,608.9	$25,735.5	$126.6	0.5%
16,723.4	Trinity Railway Express	18,545.5	17,788.8	(756.7)	-4.1%
2,597.1	DART-on-Call Services	2,944.0	2,991.7	47.8	1.6%
1,446.2	DART Shuttle Services	1,470.2	1,541.6	71.4	4.9%
1,865.6	TDM - Vanpool	2,310.5	2,453.3	142.8	6.2%
1,581.9	HOV Services	1,515.6	1,515.6	0.0	0.0%
$47,291.1	**Total Purchased Transportation**	**$52,394.7**	**$52,026.5**	**($368.1)**	**-0.7%**
$1,605.1	Fuel & Lube/Other Taxes	$1,612.3	$1,541.7	($70.6)	-4.4%
1,375.8	Training/Travel	1,942.6	1,679.8	(262.9)	-13.5%
963.7	Facilities & Equip - Leases	1,119.9	891.8	(228.1)	-20.4%
813.7	Employee Programs, Dues & Subscriptions	1,432.5	1,219.8	(212.7)	-14.8%
397.0	Public Information	370.1	397.0	26.8	7.3%
$5,155.2	**Total Taxes, Leases & Other**	**$6,477.4**	**$5,730.0**	**($747.4)**	**-11.5%**
$.0	Fuel Reserves/Tax Credits	$.0	$.0	$.0	-100.0%
0.0	Management Reserve	2,863.7	541.8	(2,321.9)	-81.1%
$.0	**Total Reserves**	**$2,863.7**	**$541.8**	**($2,321.9)**	**-81.1%**
$388,928.8	**Sub-total**	**$441,181.9**	**$445,268.7**	**$5,470.2**	**1.2%**
($18,587.4)	Capital P&D	($21,499.2)	($19,258.0)	$2,241.2	-10.4%
(8,989.8)	Start-Up Costs	(16,911.2)	(4,052.3)	12,858.9	-76.0%
($27,577.2)	**Total Other**	**($38,410.4)**	**($23,310.3)**	**$15,100.1**	**-39.3%**
$361,351.6	**Total Expenses**	**$402,771.5**	**$421,958.3**	**$20,570.3**	**5.1%**

In response to the economic downturn and its impact on sales tax receipts, the FY 2011 Operating Budget has been reduced by $3.3 million compared to the FY 2011 budget target contained in the approved FY 2010 Financial Plan. Additional reductions are planned for future years. Details are included in the *Financial Plan* section.

The FY 2011 budget includes reductions in administrative and non-operating costs, bus service modifications, savings from the diesel fuel hedge, and modifications to health benefits co-pays. While opening the longest light rail line currently under construction in North America, we continue to add staff in Rail Operations (55 new positions). As we implement cost savings in FY 2011, service quality will remain a high priority.

The reductions are spread over several categories throughout the operating budget.

In the *Salaries and Wages* line item, there is no salary or wage increase programmed in the FY 2011 budget. The Agency will eliminate 17 net salaried and 71 net hourly positions. All positions were open or will be eliminated through attrition. Following is a recap of the eliminated positions:

Eliminated 143 positions (104 hourly and 39 salaried)

- Eliminated 84 hourly positions – for modifications to current bus service;
- Eliminated 36 positions (20 salaried and 16 hourly) due to a change in light rail headway and changes to the staffing plan for the Northwest Rail Operating Facility (NWROF) which opened in April 2010;
- Eliminated 23 open positions (19 salaried and 4 hourly) due to expense reductions in response to a lower long-term outlook on sales tax revenues.

Added 55 new positions (26 salaried and 29 hourly) in support of the Green Line opening.

The Agency has performed an extensive review of all benefit programs offered to employees, including comparing benefits costs to the current market. To address the current revenue shortfall and in contemplation of potential reductions in this area, DART employees were asked to respond to an employee survey to determine what benefits were important to them. As a result of that effort, management was able to make better decisions for benefits for FY 2011 and future years.

Health insurance remains the major cost driver of all DART benefits. DART is self-insured and pays all administrative fees and claims through a third-party administrator. Approximately 3,300 employees participated in all health plans during FY 2010, with a total of approximately 7,200 covered lives. The transit industry continues to see double-digit growth in healthcare claims. For the past few years, DART has experienced lower claims costs due to limited plan changes and the favorable impact of DART's wellness program. Increases to employee contributions have been minimal. However, beginning in FY 2010, due to external and internal factors, DART's claims experience has been less favorable, and the trend has started to rise.

In order to mitigate these costs over the next several years, management has incorporated changes to current co-pays and deductibles for FY 2011, and full replacement of current health insurance plans with a high deductible, consumer-directed healthcare plan (or CDHP), in FY 2012. In FY 2009, DART introduced a high deductible plan (CDHP) as an alternative to the standard Exclusive Provider Organization (EPO) plan. This plan has higher deductibles and includes a co-insurance provision at 85%, but these higher costs are offset by lower monthly premiums. Approximately 14% of total healthcare insurance participants have selected this plan. Management has chosen to begin the full conversion to this type of plan in FY 2012 with higher deductibles and a co-insurance ranging from 70% to 90% (three-option plan) and a DART funded Health Reimbursement Account (HRA). This is an attempt to control the future growth of a significant Agency cost. While consumer-directed plans are relatively new, early studies have indicated lower long-term cost growth under these types of plans when compared with traditional managed health care plans (HMO/EPO/PPO).

Total *Pension and 401(k)* expenses have increased due to an increase to the Defined Benefit Plan due to market evaluation, and the continuation of auto-enrollment and auto-increment programs related to the 401(k) plan. The Defined Benefit plan is a closed plan and has approximately 444 active participants and 918 retirees. The Defined Contribution Plan includes approximately 3,200 other active staff, and DART contributes 7.7% to this plan.

Currently 90% of DART's 3,600 plus employees are enrolled in the *401(k)* retirement plan. DART matches 50% of the employee's contribution up to a maximum of 3% (6% for the employee). Employees are automatically enrolled in the plan at 4% participation when hired (unless they specifically opt out of the plan); the DART matching contribution begins after six months. Each January the employee's contribution percentage is automatically increased by 1% until the employee contribution reaches 6%. The increase in costs for this line item over FY 2010 is mainly due to the automatic increment program.

Management continues to review our process to identify efficient ways to reduce the cost of *Workers' Compensation* benefits, and improve our return-to-work results. Over the past few years, Risk Management staff has worked with Dallas County Schools (DCS) and Dallas Independent School District (DISD) to develop a program that will provide proactive medical care to employees injured on the job. Political Subdivisions are able to take advantage of Chapter 504.053(b)(2) in the Texas Labor Code that allows them to streamline the process of developing a 504 doctor panel that meets the specific needs of its employees. DART desires to move its present workers' compensation claims into a Chapter 504 program. DCS has already put the program in place and has made it available to DART. In order to access the program's benefits, DART obtained Board approval on August 24, 2010 to enter into an Interlocal Agreement (ILA) with DCS.

While the program provides employees with professional medical services, DART will continue to self-insure its workers' compensation claims. The potential savings from the program far outweigh the annual cost. DART and its service area will benefit by reducing the costs of providing state-mandated workers' compensation benefits and increasing efficiency by returning employees to work more quickly. With implementation scheduled for early 2011, DART anticipates annual savings of approximately $900,000 in *Workers' Compensation* expenses.

Services

The FY 2011 ***Services*** budget projects a $2.6 million (9.1%) increase over FY 2010. As we open 16 new rail stations and the new police facility, the need for increased janitorial, landscaping, and security is an additional direct expense. *Vehicle and equipment maintenance* is increasing in direct proportion to the increase in light rail revenue miles of service provided.

Materials and Supplies

The fuel hedge and modifications to bus service are the major drivers of the reductions seen in the ***Materials and Supplies*** category ($4.9 million and $2.3 million, respectively). As light rail service increases with the Green Line opening and the price of parts increase, the *Light Rail Parts* line continues to show growth ($2.7 million or 45.9%). These costs are below the FY 2011 target in the FY 2010 Financial Plan. The service modifications increasing branch headways during peak hours to 15-minutes results in fewer overall revenue car miles and therefore lower parts expense.

Utilities

DART has fixed rates for 97% of the electricity used by our light rail service. The current contract will expire September 30, 2013. The current contract rate is $0.1031 per kwh and assumed 13.38 kwh/car mile consumption rate. The consumption rate increased from 12.71 per kwh in FY 2010 due to the implementation of the larger Super Light-Rail Vehicles (SLRV). The Agency is exploring the possibility of ‘blend and extend’ options to lengthen its budget security for electricity.

Purchased Transportation

Trinity Railway Express (TRE) provides service jointly with the Fort Worth Transportation Authority (The T). TRE offers commuter rail services from Union Station in downtown Dallas to downtown Fort Worth. TRE commuter rail service is provided and contracted by Herzog Transit Services, Inc. In September 2009, the Herzog contract was extended to 2015 adding five additional years. Based on the negotiated extension, DART realized a $10.1 million savings to the financial plan.

The savings in this category are due to the hedge for the fuel DART purchases to support purchased transportation operations. In FY 2010, the average price was $2.81 per gallon for diesel fuel; for FY 2011 the price is $2.1925 per gallon.

Taxes, Leases & Other

The FY 2011 ***Taxes, Leases and Other*** expenses budget is $5.9 million, a $0.6 million (9.4%) decrease from FY 2010. Due to the current decline in sales tax revenues, departments have reduced their training and travel requests by 13.5% from FY 2010. Travel and training represents less than 1% of the Agency's total budget (0.38%). While the Agency remains focused on being a performance-based organization and will continue to train current employees, more of the focus will be on in-house training or local training opportunities will be utilized when possible.

DART Police will move from their current leased facility (located on Stemmons Freeway, just north of downtown Dallas), to their new, permanent location at Monroe Shops (at Illinois Station) in mid-FY 2011. The savings in *Facilities & Equip – Leases* reflects the savings from those lease costs for half the year.

Other

As noted throughout the Business Plan, DART is on the verge of opening the longest light rail line currently under construction in North America. With that opening, many of the costs that were programmed as *Start-Up Costs* in FY09 and FY10 have moved into operating expense categories that represent the direct and indirect costs associated with a system that is in revenue service.

FY 2011 Capital Budget

Shown in Exhibit 1.6 is a summary of the FY 2010 Capital and Non-Operating Budget which includes such things as: Light Rail Transit (LRT) expansion; HOV lane construction; TRE trackwork; vehicle and facility capital maintenance programs; scheduled replacement of vehicles, facilities, and infrastructure; etc.

Exhibit 1.6
Capital & Non-Operating
(in thousands)

FY10 Budget	Category	FY11 Budget	Variance
$1,074,436	Total Capital Projects	$662,359	($412,077)
21,499	Capital Planning & Development	19,258	(2,241)
16,911	Start-up	4,052	(12,859)
5,569	Non-Operating	5,436	(132)
	Road Improvements / ITS Programs		
0	LAP/CMS Program*	0	0
7,500	PASS Program	10,500	3,000
10,717	TSM (General & Street Repair Program)	4,000	(6,717)
3,885	Regional & DART/TxDOT ITS	1,500	(2,385)
$22,102	Total Road Improvements/ITS	$16,000	($6,102)
$1,140,517	**Total Capital & Non-Operating**	**$707,106**	**($433,411)**

* Please note that although no further funds are being allocated to these programs in FY 2011; previously unspent fund balances may be spent down.

Exhibit 1.7 is a list of all capital projects included in the FY 2011 Budget and Twenty-Year Financial Plan.

Exhibit 1.7
FY 2011 Capital/Non-Operating Project Budget List
(in thousands)

PROJECT NAME:	Under way	State of Good Repair	Other	FY2011	5-Year Total	20-Year Total	External Funding	Reserve Funds
AGENCY-WIDE								
Radio Systems Replacement				$19,563	$34,563	$34,563	$4,743	
DART Police Facility				19,006	21,006	21,006		
Surveillance Camera System				2,500	5,408	5,408	1,067	
Enterprise Software Application & Procurement				777	777	1,448		
Electronic Parts Catalog				1,000	1,000	1,000		
Disaster Recovery Implementation				930	930	930		
50 DART Police Vehicles				626	626	626		
Passenger Facilities for Accessibility Compliance				600	600	600		
Non-Revenue Vehicle Type 1 replacement program				406	406	406		
Anti-Terrorism Team Equipment				300	300	300		
Customer Service Interactive Voice Response (IVR) Replacement				255	255	255		
Sedans/Vans/Lt. Trucks-class1				245	245	245		
Transit Center Access System				240	240	240		
Mapping of the Cottonbelt Line				185	185	185		
MDF/IDF Closet Infrastructure Upgrade (Additional Funding)				35	35	82		
FileNet Dept. File Plan Implementation Support				60	60	60		
Personal Video Recording Device & Server				48	48	48		
Land Records Data Acquisition				35	35	35		
Computer Storage Hardware for Agency Travel Forecasting				0	25	25		
IBM FileNet P8 Application Upgrade				20	20	20		
Radio Systems Replacement Reserve				0	0	80,450		
Non-Revenue Vehicle Replacement Reserve				218	8,794	58,776		
Agency-Wide Reserve				1,000	9,618	52,741		
Equipment Replacement/Maintenance Reserve - IT				63	928	24,662		
Surveillance Camera System Replacement Reserve				0	0	15,041		
DART Police Mobile Data Computers (MDCs) Reserve				0	1,596	8,078		
Administrative Facility Maintenance Reserve				435	1,386	7,246		
Equipment Replacement Reserve - DART Police				0	674	3,702		
Equipment Replacement Reserve - Transportation				0	501	3,458		
Equipment Replacement Reserve - Marketing				0	0	2,865		
Equipment Replacement Reserve - Finance				0	39	1,213		

Project is underway / under contract / under construction

State-of-Good-Repair Capital Asset Maintenance/Replacement/Reserves

Other

Exhibit 1.7 (continued)

PROJECT NAME:	Under way	State of Good Repair	Other	FY2011	5-Year Total	20-Year Total	External Funding	Reserve Funds
AGENCY-WIDE (continued)								
Windows O/S and MS Office Upgrade					$800	$800		
FY11 Non-Revenue Vehicle Replacement Program				719	719	719		719
Escalator Replacement for 1401 Pacific				670	670	670		
Equipment Replacement Reserve - Planning				0	65	588		
Network Equipment Replacement above 5K				80	170	514		
Multi-Function Printer Replacements				0	452	452		
Upgrade Telephone PBX Switches				400	400	400		
Carpet Replacement for HQ Building				273	273	273		
Equipment Replacement Reserve - Legal				0	29	271		
COGNOS Metric Mgr & BI Tools				0	214	214		
Data Communications Network Study				200	200	200		
IT Hardware/Software Replacements/Upgrades				40	160	160		
HVAC System Replacement (HQ-NOC)				150	150	150		
DART Police Skywatch Towers - Replacement				0	143	143		
Enterprise Application Technology Refresh Analysis				100	100	100		
Facility Emergency Power Needs Assessment Study				75	75	75		
RapidCard (Fare Collection System)				2,450	31,750	31,750	25,400	
RapidCard (Fare Collection System) Replacement Reserve				0	0	31,367		
Desktop Architecture				0	900	4,555		
Solar Panel Installation at DART Facilities				0	3,000	3,000	3,000	
Electronic Parts Catalog Reserve				0	0	2,871		
Business Intelligence Reporting and Delivery System				500	500	2,531		
S & I Consolidated Dispatch				595	1,595	1,595		
Secure Printing Service				150	150	759		
Storage Strategy and Implementation				300	300	728		
Lawson Process Flow Integrator Software				90	90	456		
NWROF / Transit Police Support Vehicles Request				25	25	127		
Improve Irving Warehouse Security				24	24	24		24
TOTAL AGENCY-WIDE				**$55,388**	**$133,254**	**$411,205**	**$34,210**	**$743**

Project is underway / under contract / under construction

State-of-Good-Repair Capital Asset Maintenance/Replacement/Reserves

Other

Exhibit 1.7 (continued)

PROJECT NAME:	Under way	State of Good Repair	Other	FY2011	5-Year Total	20-Year Total	External Funding	Reserve Funds
BUS								
Bus Purchase (2013-2015)				$332	$230,672	$230,672	$19,316	
Bus CNG Fueling Stations and Rehab				4,472	39,439	39,439		
Bus Fleet Service Extension Project				5,720	10,398	10,398		
On-Street Passenger Facilities				2,632	9,944	9,944	7,080	
NW Plano Park and Ride				3,750	8,500	8,500		
Bus Vehicle Maintenance Programs				1,994	1,994	1,994		
Southern Sector Modifications				547	1,027	1,027		
Auto Passenger Counter on Fixed-Route Buses				765	765	765		
External Bicycle Racks for Bus Fleet				424	424	424		
Fire Alarm Upgrades for ED Maintenance Facilities				330	330	330		
Service Station / Washer Paint / Rehab. ED Facility				250	250	250		
Glenn Heights Park & Ride Parking Expansion				206	206	206		
Bus Replacement Reserve				0	0	414,935	41,493	
Innovative Services Vans Replacement Reserve				0	14,359	72,671		
Equipment Replacement/Maint. Reserve - Maintenance				749	7,467	48,076		
Bus Maintenance Program Reserve				0	0	44,559		
Farebox Replacement Reserve				0	0	32,626		
Equipment Replacement Reserve - Planning				0	31	1,229		
Equipment Replacement Reserve - Transportation				0	24	864		
Bus Station - Bus Lane & Pkng Lot Concrete Repair				258	258	258		258
Repair Northwest Bus Lot				75	75	75		75
BRT Elm and Commerce Bus Lanes Reconstruction				0	7,000	7,000		
Electronic Transit Yard Management System				2,300	2,300	5,391		
Security Cameras on Operating Facility Parking Lots				90	90	90		
Flex Service VBS Application for Data Collection				25	25	25		
TOTAL BUS				**$24,918**	**$335,576**	**$931,746**	**$67,889**	**$333**

Project is underway / under contract / under construction

State-of-Good-Repair Capital Asset Maintenance/Replacement/Reserves

Other

Exhibit 1.7 (continued)

PROJECT NAME:	Under way	State of Good Repair	Other	FY2011	5-Year Total	20-Year Total	External Funding	Reserve Funds
COMMUTER RAIL								
Valley View to W. Irving Double Tracking				$3,000	$13,000	$13,000	$11,002	
Cotton Belt				7,000	12,491	12,491		
Positive Train Control				1,000	15,800	15,800	7,900	
Bi-Level Fleet Overhaul Program				5,375	5,375	5,375	4,739	450
TRE Train Set Phase I				2,417	2,417	2,417	2,000	
Locomotive Overhaul Program				2,353	2,353	2,353		
TRE Station Enhancements				1,696	2,204	2,204	2,060	
Beltline Grade Separation				2,137	2,137	2,137	7,743	
ROW Maintenance DFW				1,000	1,000	1,000		
ROW Maintenance Madill				977	977	977		
360 Culvert Repair				700	700	700	350	
NARROW BANDING Radio System				385	385	385	193	
Maintenance of Way Information System (MOWIS)				135	135	135		
TRE ROW/Signal Maintenance Reserve - DFW				4,237	7,211	52,544	26,839	
TRE ROW/Signal Maintenance Programs - Madill				3,368	7,352	45,044		
TRE Vehicle Maintenance Reserve				968	5,746	27,088	26,833	
TRE Rail Vehicles Replacement Reserve				0	0	23,646	11,823	
Bi-Level Fleet Overhaul Program Reserve				0	0	20,278		
Locomotive Overhaul Program Reserve				0	0	6,300		
Union Station Upgrade				775	775	775		
TRE Passenger Amenities Reserve				0	0	519		
Bear Creek Channel				500	500	500	250	
Turnout Replacement - Madill				116	116	116		
TRE Platform Extensions - W & S Irving,& Med/Mkt				0	7,721	7,721		
Valwood Bridge				0	950	950		
Dispatch (DCTA)				478	478	478	478	
TOTAL COMMUTER RAIL				**$38,618**	**$89,825**	**$244,935**	**$102,210**	**$450**

Project is underway / under contract / under construction

State-of-Good-Repair Capital Asset Maintenance/Replacement/Reserves

Other

Exhibit 1.7 (continued)

PROJECT NAME:	Under way	State of Good Repair	Other	FY2011	5-Year Total	20-Year Total	External Funding	Reserve Funds
HOV								
SH 114 HOV				$9,724	$19,449	$19,449		
In-Car Camera System (HOV)				60	120	120		
Barrier Transfer Vehicle Reserve				0	2,688	13,184		
Equipment Replacement Reserve - Planning				0	0	10,573		
Police Motorcycles Replacement Reserve				0	628	3,569		
Equipment Replacement Reserve - DART Police				0	179	1,440		
IH 635 (LBJ)				9,472	57,488	57,488		
Reserve for HOV Audit Adjustment				0	10,032	10,032		
HOV Tolling Infrastructure				3,866	6,310	6,310		
HOV Lane Incident Mgmt Cameras				0	600	600		
Dynamic Message Sign along I-35				0	388	388		
TOTAL HOV				**$23,123**	**$97,880**	**$123,151**		

PROJECT NAME:	Under way	State of Good Repair	Other	FY2011	5-Year Total	20-Year Total	External Funding	Reserve Funds
LRT								
Orange Line (Irving -1,2 & 3)				$159,897	$597,680	$597,680	$53,584	
Green Line				171,914	172,487	172,487	264,674	
Rowlett-1 (Blue Line Extension)				82,134	151,084	151,084		
Orange & Blue Line Support Projects (NWROF, Vehicles, etc.)				67,293	125,376	125,376		
SOC-3 (Blue Line Extension)				(0)	18,267	229,419	100,000	
Second Downtown Dallas Alignment (CBD)				4,918	20,430	20,430		
Capital Project Savings				(50,000)	(140,000)	(140,000)		
LRV Maintenance - 5-Year Program				7,356	10,190	10,190		
Replace TVM 6000 on Blue and Red North Line				7,590	7,590	7,590	6,643	
LRT Vehicle Business Systems (VBS)				1,209	4,512	4,512		
Lake Highlands LRT Station				4,196	4,196	4,196	5,600	
Cedars/Lamar Land-use JV				3,799	3,799	3,799	2,565	
Bryan Street Bridge Ramp Replacement at US 75				3,687	3,687	3,687		
Frankford Station Additional Parking				2,828	2,828	2,828		
Vehicles (20)				2,471	2,471	2,471		
LRT Traffic Signal Priority (TSP)				1,535	1,535	1,535		

Project is underway / under contract / under construction

State-of-Good-Repair Capital Asset Maintenance/Replacement/Reserves

Other

Exhibit 1.7 (continued)

PROJECT NAME:	Under way	State of Good Repair	Other	FY2011	5-Year Total	20-Year Total	External Funding	Reserve Funds
LRT (continued)								
Tunnel Delamination Study/Project				$1,222	$1,222	$1,222	$400	
Hawkins St. Rail Junction				1,175	1,175	1,175		
LRV 8 C-cars				872	872	872		
Computer System Upgrades at Santa Fe Junction Interlocking				795	795	795		
LRV Paint Program				547	547	547		
Dallas Fair Park Link at DART SE-1				475	475	475		
Propulsion Retrofit to DARTs Existing LRVs				461	461	461		
S&I Expansion - Phase II				459	459	459		
Corinth St/OC-2 Bridge Repair				438	438	438		
PGBT Station Parking Expansion				353	353	353		
Pylon Structures Green/Orange Line Build-out				245	245	245		
Parker Rd. Station Parking Expansion				223	223	223		
Tunnel Uninterruptible Power Supply for Emergency Lighting				205	205	205		
LRV Electrical Door Operator Conversion Project - Pilot				200	200	200		
LRV 173 - Outsource Accident Repair				139	139	139		
LRT Station & Parking Lot Upgrade/Overhaul FY07				114	114	114		
Amend 13 A/U-100 Cab Signals				113	113	113		
TES Tree Trimming and Removal				99	99	99		
Green Line Build-out Signage				71	71	71		
Building Rooftop ACU-6,7,& 8 Replacement WSA				52	52	52		
Amend 13 A/U-100 Cab Signals				0	0	0		
Thanksgiving Square Rail Replacement				0	0	0		
Portable Air Compressor				0	0	0		
LRVs Replacement Reserve				0	0	1,016,338		
Equipment Replacement/Maint. Reserve - Maintenance				503	5,392	65,617		
LRV Maintenance Reserve				0	6,571	45,536		
TVM Model Replacement Reserve				0	0	22,394		
LRT Vehicle Business Systems (VBS) Replacement Reserve				0	0	20,659		
LRT Traffic Signal Priority (TSP) Replacement Reserve				0	0	11,025		
Hi-Rail NRV Replacement Reserve				0	1,629	10,126		
LRV Propulsion Systems ("bricks")				3,000	6,000	6,000		

Project is underway / under contract / under construction

State-of-Good-Repair Capital Asset Maintenance/Replacement/Reserves

Other

Exhibit 1.7 (continued)

PROJECT NAME:	Under way	State of Good Repair	Other	FY2011	5-Year Total	20-Year Total	External Funding	Reserve Funds
LRT (continued)								
High Rail Equipment (Vehicles) Phase II				$1,942	$2,949	$3,248		
Sensitive Edge Conversion for SLRV Doors				0	1,380	1,380		1,380
VCP Self-Propelled OHL Access Unit-Phase II				407	407	407		
Union Station Tunnel and Platform Repair				398	398	398		
Rail Station Bus Lane & Pkng Lot Concrete Repair				258	258	258		258
Static Inverter (SIV)				250	250	250		250
S & I Maintenance Building HVAC Replacement				227	227	227		
Rectifier Transformer TES - Phase I				190	190	190		
Track/ROW Rail Applicators				153	153	153		153
Rail for Track & ROW				120	120	120		120
UPS Battery Replacements (Equipment and Lighting)				120	120	120		120
TRK Hwy Grade Crossing Panel Replacement Starter				117	117	117		117
Replacement of Digital Cross Connect				95	95	95		95
15K Pound GVWR Bucket Truck for CCTV				85	85	85		85
Replace Extreme Networks 6808 Switch				85	85	85		85
3 - Half Ton SWB Crew Cab Trucks (PA)				75	75	75		
Replace Network Timing Sources - COMMs				35	35	35		
Comms Manlift and Trailer				16	16	16		16
Steam Cleaner Replacement				12	12	12		12
Love Field				0	21,655	28,873		
Major Capital Project Reserve				4,050	13,050	13,050		
PA/VMB Signs at CBD Stations Replacement Reserve				0	0	5,453		
CCTV - 48 SLRVs				4,976	4,976	4,976		
PA/VMB Signs at CBD Stations				3,250	3,250	3,250	1,209	
Streetcars Engineering Consultant				2,188	2,750	2,750	2,750	
Victory Plaza Expansion				0	1,378	1,378		
US75 LRT Bridge				500	1,000	1,000		
Capitalized Interest				17,820	45,320	45,320		
TOTAL LRT				**$519,954**	**$1,114,329**	**$2,516,555**	**$437,426**	**$2,691**

Project is underway / under contract / under construction

State-of-Good-Repair Capital Asset Maintenance/Replacement/Reserves

Other

Exhibit 1.7 (continued)

PROJECT NAME:	Under way	State of Good Repair	Other	FY2011	5-Year Total	20-Year Total	External Funding	Reserve Funds
PARATRANSIT								
Paratransit CNG Fueling Station								
8998 Senate St. fuel farm improvements				200	200	200		
Dilido St. Permanent Paving				44	44	44		
Paratransit Vans Replacement Reserve				0	0	0		
Paratransit Web-Based Trip Booking & Information				0	983	5,230		
8998 Senate St. fuel farm improvements				115	115	115		
TOTAL PARATRANSIT				**$359**	**$1,343**	**$5,589**		
TOTAL CAPITAL PROJECTS				**$662,359**	**$1,772,207**	**$4,233,182**	**$641,735**	**$4,217**
PROJECT NAME:	**Under way**	**State of Good Repair**	**Other**	**FY2011**	**5-Year Total**	**20-Year Total**	**External Funding**	**Reserve Funds**
NON-OPERATING								
Capital design & Planning				$1,435	$1,435	$1,435		
Transit System Plan				704	1,267	1,267		
Attorney fees on GLF Claim				281	281	281		
TOD Investment Packages				140	140	140		
TRE Planning/Design/Construction Management Services				0	500	500	250	
CR & RRM Professional Svcs/Feasibility Studies				375	375	375		
CR/RRM Asset Condition Study				250	250	250	100	
Capital Planning Reserve FY11-15				2,000	10,000	10,000		
Non-Operating Reserve				252	1,498	9,749		
TOTAL NON-OPERATNIG				**$5,436**	**$15,746**	**$23,996**	**$350**	**$**
PROJECT NAME:	**Under way**	**State of Good Repair**	**Other**	**FY2011**	**5-Year Total**	**20-Year Total**	**External Funding**	**Reserve Funds**
ROAD IMPROVEMENT								
PASS Program Garland and Dallas				$10,500	$17,385	$17,385	$9,797	
DART/ TXDOT ITS				1,500	2,676	2,676		
TSM Street Repair Program				4,000	21,814	21,814		
TOTAL ROAD IMPROVEMENT				**$16,000**	**$41,875**	**$41,875**	**$9,797**	
TOTAL CAPITAL , NON-OPERATING & ROAD IMPROVEMENTS				**$683,795**	**$1,829,828**	**$4,299,053**	**$651,882**	**$4,217**

Project is underway / under contract / under construction

State-of-Good-Repair Capital Asset Maintenance/Replacement/Reserves

Other

Exhibit 1.7 (continued)

FY 2011 Draft Financial Plan Capital / Non-Operating Project Budget Summary Report (in $000)

	FY2011	5-Year Total	20-Year Total	External Funding	Reserve Funds
Project is Underway / Under Contract / Under Construction	$598,599	$1,464,395	$1,676,266	$511,456	$450
State-of-Good-Repair Capital Asset Maintenance/Replacement and Capital Reserves	25,680	106,912	2,298,825	107,589	3,743
Other	59,516	258,521	323,961	32,837	24
TOTAL CAPITAL , NON-OPERATING & ROAD IMPROVEMENTS	$683,795	$1,829,828	$4,299,053	$651,882	$4,217
CAPITAL P&D AND START-UP					
CAPITAL P&D	19,258	53,116	148,588		
START-UP	4,052	7,855	11,510		
TOTAL CAPITAL P&D AND START-UP	23,310	60,971	160,098	0	0
GRAND TOTAL	$707,106	$1,890,799	$4,459,150	$651,882	$4,217

FY 2011 Net Debt Service Budget

The FY 2011 Net Debt Service Budget shown in Exhibit 1.8 assumes that DART will issue Build America Bonds (BABs) and new bonds to do an advanced refunding of selected long-term maturities that are currently outstanding. The planned issuance will result in approximately $3.0 billion in long-term debt outstanding at fiscal year end. It is also assumed that a second revenue pledge on the new BABs issue is not restricted by the $2.9 billion voter authorization limit. Because of the planned issuance of BABs to fund most of DART's capital program, $100 million in commercial paper issuance is projected for FY 2011, which will result in $250 million outstanding by fiscal year end.

Exhibit 1.8
Net Debt Service Budget*
(in thousands)

FY10 Budget	Category	FY11 Budget	$ Variance
$2,663	Commercial Paper Program Interest & Fees	$1,125	($1,538)
119,265	Long-Term Debt Program Interest**	120,560	1,295
	Long-Term Variable Rate Interest	0	0
986	Financial Advisor and Other Fees	1,995	1,009
$122,914	**Total Expenses**	**$123,680**	**$766**
$17,935	Principal Repayments	$18,790	$855
$140,849	**Total Debt Service Budget**	**$142,470**	**$1,621**
($17,486)	Less: Interest Income***	($14,112)	$3,374
$123,363	**Total Net Debt Service Budget**	**$128,358**	**$4,995**

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

**Interest expense is shown net of the 35% Federal interest subsidy on the Series 2009 and 2010 bonds. Build America Bonds (to be issued in October, 2010).

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

Position Summary

Exhibit 1.9 summarizes position changes by department. See discussion on BUD-9 for more details.

Exhibit 1.9
FY 2011 Budgeted Positions

Full-Time Salaried Position Summary - By Department							
FY09 Budget Total	**FY10 New/ Eliminated**	**FY10 Original Budget**	**Department**	**FY10 Reorg / Mods**	**FY10 As Amended**	**FY11 New/ Eliminated/ Mods**	**FY11 Budget Total**
12	0	12	Commuter Rail	-	12	-	12
324	40	364	DART Police	-	364	9	373
18	0	18	Economic Opportunity	-	18	(7)	11
30	1	31	EVP Administration	-	31	(4)	27
32	2	34	EVP Operations	-	34	-	34
6	0	6	Executive Administration	-	6	10	16
83	3	86	Finance	-	86	3	89
25	0	25	General Counsel	-	25	-	25
38	0	38	Human Resources	(1)	37	(1)	36
13	0	13	Internal Audit	-	13	(1)	12
194	19	213	Maintenance	7	220	(9)	211
69	0	69	Marketing & Communications	-	69	-	69
6	0	6	Office of Board Support	-	6	-	6
52	0	52	Paratransit	(1)	51	-	51
57	0	57	Planning & Development	-	57	(9)	48
44	0	44	Procurement	-	44	(2)	42
64	0	64	Project Management	-	64	1	65
70	2	72	Technology Group	1	73	(4)	69
204	17	221	Transportation	1	222	(3)	219
1,341	**84**	**1,425**	**Total Salaried Positions**	**7**	**1,432**	**(17)**	**1,415**
Full-Time Hourly Position Summary - By Department							
FY09 Budget Total	**FY10 New/ Eliminated**	**FY10 Original Budget**	**Department**	**FY10 Reorg / Mods**	**FY10 As Amended**	**FY11 New/ Eliminated/ Mods**	**FY11 Budget Total**
44	8	52	EVP Operations	-	52	-	52
			Finance	-	-	24	24
58	10	68	Marketing & Communications	-	68	(8)	60
713	68	781	Maintenance	(15)	766	(37)	729
16	0	16	Paratransit	-	16	-	16
50	0	50	Planning & Development	-	50	(4)	46
			Transportation				
50	3	53	Non Operator	-	53	-	53
1,451	0	1,454	Operators		1,454	(46)	1,408
2,382	**89**	**2,474**	**Total Hourly Positions**	**(15)**	**2,459**	**(71)**	**2,388**
3,723	**173**	**3,899**	**Grand Total**	**(8)**	**3,891**	**(88)**	**3,803**

Exhibit 1.10 shows the allocation of the budgeted Agency positions over the various modes.

Exhibit 1.10
Positions Allocated by Mode

Mode	FY10	FY10 Mods	FY11	Variance
Bus	2,143		2,058	(85)
Light Rail (includes Startup)	1,063	(8)	1,131	76
Commuter Rail	21		16	(5)
HOV	87		76	(11)
Paratransit	83		81	(2)
General Mobility	4		2	(2)
Capital	156		153	(3)
G&A	342		286	(56)
Grand Total	**3,899**	**(8)**	**3,803**	**(88)**

Major variations are due to changes in modal allocations.

DART Key Performance Indicators

Exhibit 1.11 is the DART Scorecard of Key Performance Indicators (KPIs). Fiscal Years 2008 through 2009 are the actual values while Fiscal Years 2010 through 2012 are the budget and projected values. Numbers represented under FY10 Q3 are four-quarter rolling numbers (1 quarter FY09 and 3 quarters of FY10). Each of these indicators is discussed in more detail in this report.

Exhibit 1.11
DART Scorecard of Key Performance Indicators
Strategic Priority – Agency

KPI Measure	FY08A	FY09A	FY10 Q3	FY10B	FY11B	FY12P
Ridership						
Total System (M)	117.1	117.3	111.5	112.7	102.8	102.9
Fixed Route (M)	67.6	64.8	59.6	64.7	65.0	68.5
Efficiency						
Subsidy Per Passenger - Total System	$2.50	$2.57	$2.92	$2.96	$3.43	$3.45
Subsidy Per Passenger - Fixed Route	$3.73	$4.01	$4.73	$4.50	$4.75	$4.55
Administrative Ratio	8.2%	8.2%	9.7%	8.8%	8.6%	8.3%
Service Quality						
On-Time Performance - Bus	92.0%	93.4%	92.4%	92.0%	92.0%	92.0%
On-Time Performance - LRT	96.6%	95.0%	95.4%	95.5%	95.5%	95.5%
On-Time Performance - TRE	97.8%	98.6%	98.7%	97.0%	98.0%	98.0%
Customer Satisfaction						
Complaints Per 100k Passengers - Fixed Route	40.0	40.0	52.8	37.0	TBD	TBD
Complaints Per 100k Passengers - Bus	52.7	64.5	69.4	50.0	70.0	70.0
Complaints Per 100k Passengers - Light Rail	30.9	19.9	21.7	28.2	TBD	TBD
Complaints Per 100k Passengers - TRE	5.2	6.5	7.2	6.0	7.0	7.0
Managed Growth						
Sales Tax for Operations	65.0%	76.0%	84.7%	66.1%	86.0%	82.0%

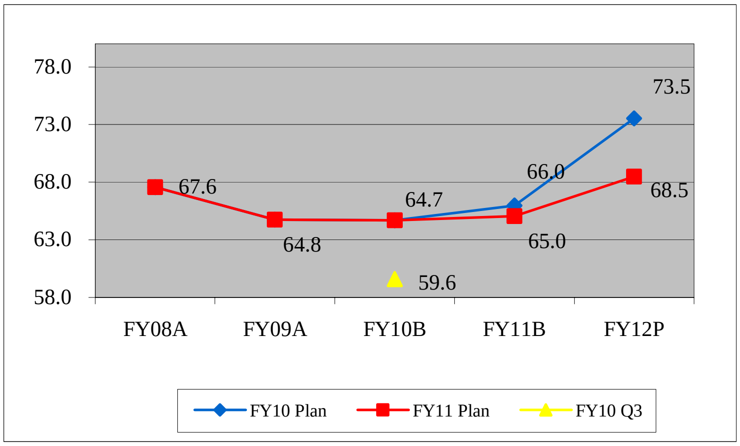
Focus on the Customer

DART is constantly striving to improve the quality, effectiveness, and efficiency of the system. Effectiveness is achieved by increasing ridership and the number of passengers carried for each hour/mile of service operated. Efficiency is achieved by minimizing the net cost to move those passengers (i.e., subsidy per passenger).

Effectiveness: Fixed-Route Ridership was budgeted to be 64.7 million in FY 2010 and Total System Ridership Projected to be 112.7 million. Ridership information is based on unlinked passenger trips (i.e., each time a person boards a vehicle).

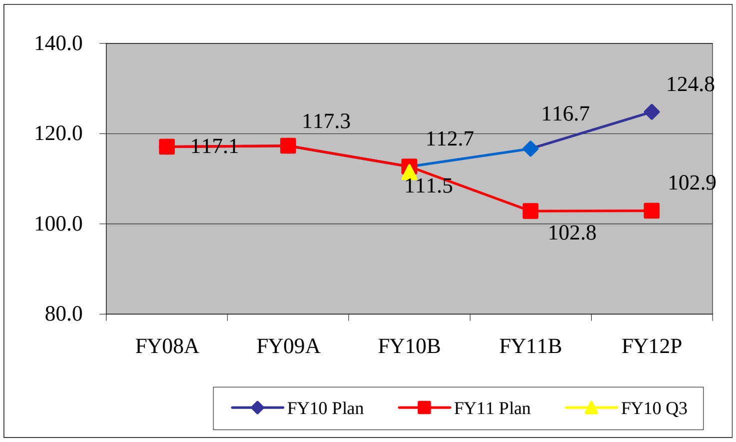
Exhibit 1.12 illustrates the ridership projections for fixed-route service. Fixed-route service includes bus, light rail, and commuter rail. Fixed-route ridership has been negatively impacted by high unemployment, moderate gas prices (as compared to the Summer of 2008), and the September 2009 fare increase. Increases projected for FY11 are due to the Green Line light rail opening in December mitigated somewhat by concurrent reduction in bus service.

Exhibit 1.12
Fixed-Route Ridership
(in millions)



Total system ridership (Exhibit 1.13) includes the fixed-route ridership previously discussed, as well as paratransit services, vanpool, and HOV ridership. In addition to the factors discussed above, Total System ridership is significantly reduced by the anticipated Texas Department of Transportation (TxDOT) construction work which will take the IH-635 HOV lane out of service in January 2011.

Exhibit 1.13
Total System Ridership – All Modes
(in millions)



__Efficiency: Subsidy per Passenger__ – Subsidy per passenger is defined as operating expenses less operating revenues divided by passenger trips. Exhibits 1.14 and 1.15 compare the projections for fixed-route and system-wide subsidy per passenger.

Exhibit 1.14
Subsidy per Passenger – Fixed-Route

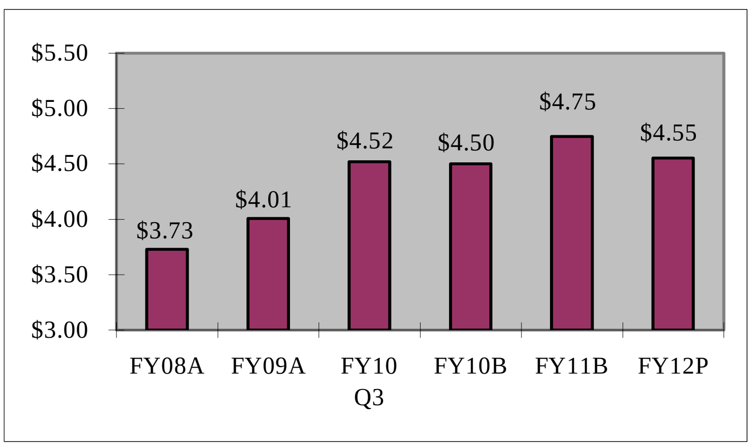


Exhibit 1.15
Subsidy per Passenger – All Modes

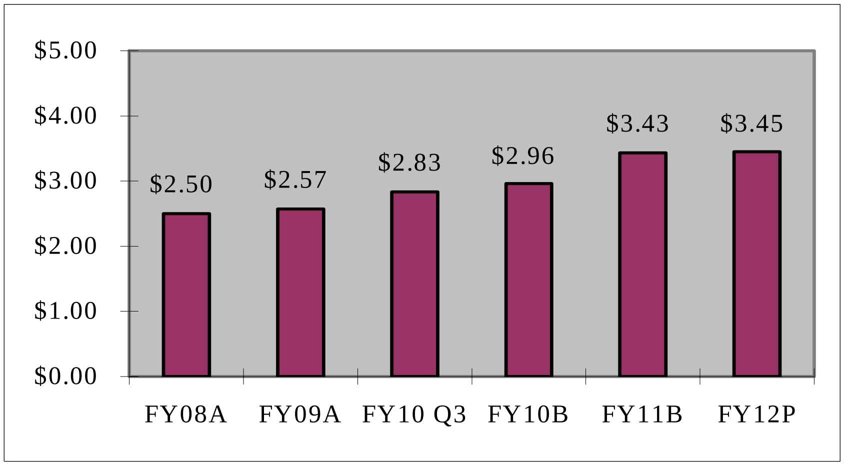


Exhibit 1.16 compares subsidy per passenger by mode.

Exhibit 1.16
Subsidy per Passenger Comparison

Mode	FY08A	FY09A	FY10 Qtr 3	FY10B	FY11B	FY12P
Bus	$3.89	$4.10	$4.91	$4.56	$4.95	$4.75
LRT	3.01	3.45	3.96	3.74	4.18	4.06
TRE	6.33	7.00	7.57	7.86	6.59	6.75
Total Fixed Route	**$3.73**	**$4.01**	**$4.52**	**$4.50**	**$4.75**	**$4.55**
HOV	$0.18	$0.18	$0.21	$0.23	$0.27	$0.29
Paratransit	42.69	42.23	41.31	43.93	42.77	36.01
Vanpool	0.22	0.83	0.59	0.69	0.27	0.25
Total System	**$2.50**	**$2.57**	**$2.83**	**$2.96**	**$3.43**	**$3.45**

FY 2012 and FY 2013 Budget Considerations

DART is in a period of transition. The current economic situation and its impact on DART's sales tax revenues have resulted in DART working to manage down annual expenditures by $30 million. This is in addition to the $22.5 million of reductions identified in May 2009. The implementation of these significant reductions is a multi-year effort and will have an impact on the 2012 and 2013 budgets.

Structural Balance of the Budget

DART strives to maintain structural balance to its budget, meaning that current period cash inflows match the outgoing cash requirements. During periods of major construction, that is not always possible.

During two of the next three years, DART will spend down existing cash to pay for ongoing operating costs. That is a structurally imbalanced budget. This situation is accepted during this period in order to maintain the Light Rail Buildout schedule despite falling revenues, but it cannot continue long-term. Exhibit 2.7 shows how DART's sources of funds will be applied to uses of funds over the next five years. Note that the debt issued in 2013 is partially paying for 2012 capital projects, thus the negative value in 2013 in the capital funding section. Exhibit 2.8 shows the FY 2011 Financial Plan.

Section 2
FY 2011 Twenty-Year Financial Plan
Index of Exhibits

FY 2011 Twenty-Year Financial Plan

Introduction

The purpose of this section is to provide an overview of the FY 2011 Twenty-Year Financial Plan (the "FY11 Plan" or "the Plan"). The first year of the FY11 Plan corresponds with the FY 2011 Annual Budget, and the first five years of the Financial Plan comprise the FY 2011 Business Plan.

The purpose of the final 15 years of the Twenty-Year Financial Plan (through 2030) is to validate the affordability of DART's long-range Transit System Plan, which includes the Agency's commitments for future system expansion and the issuance and repayment of debt. The FY11 Plan demonstrates that, based on current information and assumptions, DART has the financial capacity to meet the Agency's Transit System Plan commitments (as contained herein) and to continue the programmed levels of bus, rail, and other transportation services.

Each section of the FY 2011 Twenty-Year Financial Plan is described in detail:

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

This section also provides definitions of terms, outlines the major assumptions used to develop the FY11 Plan, discusses changes from prior plans, and illustrates some potential financial risks and opportunities. References are made throughout this section to DART's Financial Standards. See *Exhibit APX.2* for more discussion of Financial Standards and see *Exhibit APX.4* for DART's approved FY 2011 Financial Standards.

Board Approvals

The approval of the annual budget requires a simple majority vote. Approval of the Twenty-Year Financial Plan requires a super-majority of the appointed and qualified members of the Board for approval (two-thirds, or 10 votes). On September 28, 2010, the DART Board of Directors approved the FY 2011 Annual Budget and Twenty-Year Financial Plan.

This section will also refer and make comparisons to the FY 2010 Financial Plan. On September 22, 2009, the Board approved the FY 2010 Financial Plan (the "Original FY10 Plan"). This Plan was subsequently amended on October 27, 2009 ("the FY10 Plan) to incorporate additional capital costs and operating savings related to the conversion of DART's Bus and Paratransit fleets from diesel to natural gas.

Overview

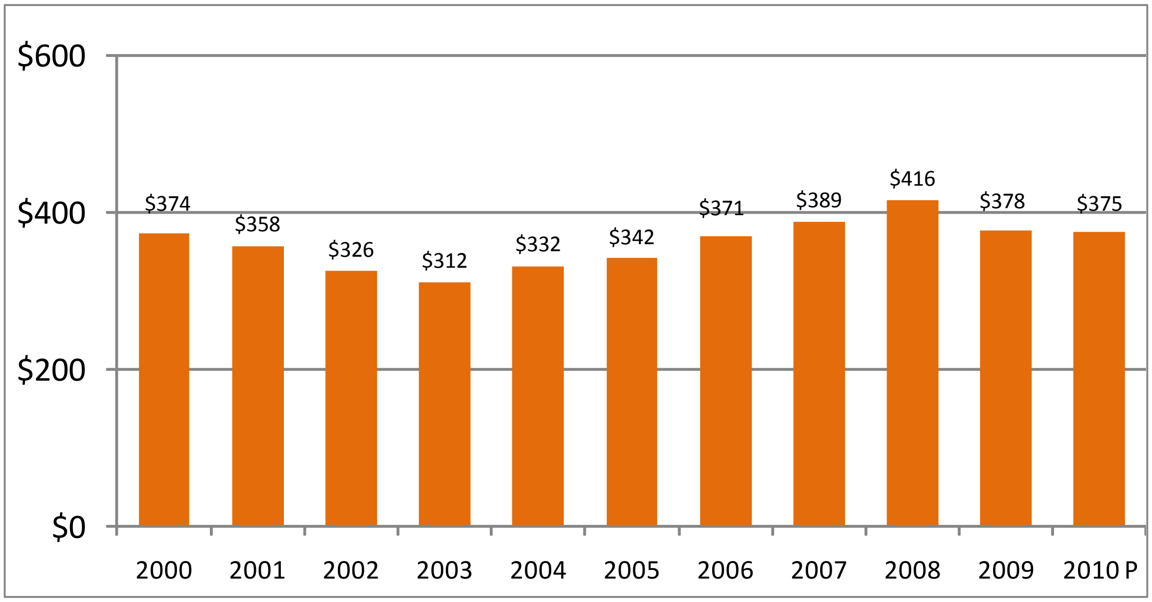
The lingering effects of the economic turmoil that began in the second half of 2008 are still hampering the regional economy. Consequently, as overall economic activity and related employment continue to remain below pre-recession levels, DART's primary sources of revenue (sales taxes and passenger fares) continue to be negatively impacted.

As 2009 sales tax receipts began coming in below 2008 levels, DART adjusted. The FY09 Financial Plan was amended in May 2009, incorporating the following major changes:

- Reduction of sales tax forecasts for FY09 from $431 million to $385 million. The long-term effects of that adjustment resulted in a reduction of over $400 million in projected 20-year sales tax receipts.
- Inclusion of $61.5 million in new funds to the Financial Plan through the American Reinvestment and Recovery Act of 2009 ("ARRA" or "economic stimulus") and the acceleration of $78.4 million of funds to be received through DART's $700 million FTA Northwest-Southeast (Green Line) Full-Funding Grant Agreement (FFGA) from 2014 to 2009. This $78.4 million was not new money, just acceleration in the timing of receipt of these funds.
- Adjustment of operating revenues based on the fare structure amendment approved by the Board on May 12, 2009, and a softer outlook for advertising revenues.
- Acknowledgement of an anticipated $60 million in savings on light rail construction costs from projects already underway.
- A reduction of operating expenses totaling in excess of $800 million over the 20-year life of the Plan. About 40% of this related to falling fuel prices as they came off their Summer 2008 highs. In addition to those savings, DART committed to finding another $22.5 million in annual operating expense reductions from the original FY09 target by the 2012 budget, with approximately $7.5 million of those reductions to be found in each of the three following budget years (2010 – 2012).

As the economy continued to sag into 2010, analysis of sales tax receipts within the DART Service Area showed that despite an 8% growth in service area population, DART sales tax receipts had not grown at all over the last 10 years. While certainly not static during the period, DART began the decade at approximately $374 million in sales tax receipts in the year 2000, and projects to finish FY 2010 at almost the identical amount. Exhibit 2.1 illustrates DART's sales tax receipts between 2000 and 2010 (projected).

Exhibit 2.1
'The Dismal Decade' – DART Sales Tax Receipts 2000 – 2010
(in millions)



In the wake of this realization, a more in-depth study of sales tax revenues and associated drivers was commissioned. This study involved two prominent local economists, Dr. M. Ray Perryman and Dr. Terry Clower, and sales tax specialist Lewis McLain, Jr. As the two major demographical drivers of business activity, population growth and employment growth, were analyzed using data from the North Central Texas Council of Governments (NCTCOG), some clarity began to emerge. In this study, the Dallas-Fort Worth region was subdivided into the DART Service Area, the Service Area+ (which includes the first ring of cities outside the service area), and the remainder of the 10-county urban area. This regional population and employment data is shown at Exhibits 2.2 and 2.3, respectively.

Exhibit 2.2
Regional Population Growth

ITEM	2000	2005	2010	2015	2020	2025	2030
POPULATION							
DART MEMBER CITIES	2,162,155	2,276,106	2,343,956	2,382,404	2,421,910	2,481,933	2,544,119
DART SERVICE AREA+	1,025,357	1,361,280	1,602,823	1,791,702	2,020,173	2,213,872	2,438,558
OTHER INTRA REGION	1,879,881	2,143,839	2,381,402	2,782,112	3,204,501	3,649,205	4,124,552
10-COUNTY URBAN REGION	5,067,393	5,781,225	6,328,181	6,956,218	7,646,584	8,345,010	9,107,229
POPULATION ALLOCATION							
DART MEMBER CITIES	42.67%	39.37%	37.04%	34.25%	31.67%	29.74%	27.94%
DART SERVICE AREA+	20.23%	23.55%	25.33%	25.76%	26.42%	26.53%	26.78%
OTHER INTRA REGION	37.10%	37.08%	37.63%	39.99%	41.91%	43.73%	45.29%
10-COUNTY URBAN REGION	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COMPOUNDED ANNUAL GROWTH RATES							
DART MEMBER CITIES	BASE YEAR	1.03%	0.59%	0.33%	0.33%	0.49%	0.50%
DART SERVICE AREA+	BASE YEAR	5.83%	3.32%	2.25%	2.43%	1.85%	1.95%
OTHER INTRA REGION	BASE YEAR	2.66%	2.12%	3.16%	2.87%	2.63%	2.48%
10-COUNTY URBAN REGION	BASE YEAR	2.67%	1.82%	1.91%	1.91%	1.76%	1.76%

Source: North Central Texas Council of Governments

Exhibit 2.3
Regional Employment Growth

ITEM	2000	2005	2010	2015	2020	2025	2030
EMPLOYMENT							
DART MEMBER CITY	1,715,735	1,889,986	2,016,850	2,147,554	2,288,349	2,375,055	2,466,437
DART SERVICE AREA+	493,705	590,285	682,450	766,057	868,515	944,081	1,035,267
OTHER INTRA REGION	948,762	1,088,930	1,197,653	1,347,213	1,501,805	1,704,279	1,915,014
10-COUNTY URBAN REGION	3,158,202	3,569,201	3,896,953	4,260,823	4,658,669	5,023,415	5,416,718
EMPLOYMENT ALLOCATION							
DART MEMBER CITY	54.33%	52.95%	51.75%	50.40%	49.12%	47.28%	45.53%
DART SERVICE AREA+	15.63%	16.54%	17.51%	17.98%	18.64%	18.79%	19.11%
OTHER INTRA REGION	30.04%	30.51%	30.73%	31.62%	32.24%	33.93%	35.35%
10-COUNTY URBAN REGION	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COMPOUNDED ANNUAL GROWTH RATES							
DART MEMBER CITY	BASE YEAR	1.95%	1.31%	1.26%	1.28%	0.75%	0.76%
DART SERVICE AREA+	BASE YEAR	3.64%	2.94%	2.34%	2.54%	1.68%	1.86%
OTHER INTRA REGION	BASE YEAR	2.79%	1.92%	2.38%	2.20%	2.56%	2.36%
10-COUNTY URBAN REGION	BASE YEAR	2.48%	1.77%	1.80%	1.80%	1.52%	1.52%

Source: North Central Texas Council of Governments

This data shows that while the Dallas-Fort Worth area is poised for strong growth (over 1.8% average annual population and 1.6% average annual employment growth) over the next 20 years, growth within the DART Service Area is significantly lower (0.4% and 1.0%, respectively). This analysis resulted in a fundamental shift in long-term thinking with regard to DART's future sales taxes. While the region currently is still in the throes of a recession, the maturing of the DART Service Area means that, with its current constituents, DART is not in a slump from which it will bounce back, but is instead entering into the long-term limited revenue growth phase. Exhibit 2.4 compares sales tax trend lines from 2009 to 2010, and Exhibit 2.5 compares projected sales tax receipts for the period 2010 – 2029 based on the original FY 2009 Financial Plan, the FY 2010 Financial Plan, and the FY 2011 Financial Plan.

Exhibit 2.4
Sales Tax Growth Rate Comparisons 2009 – 2010 (in millions)

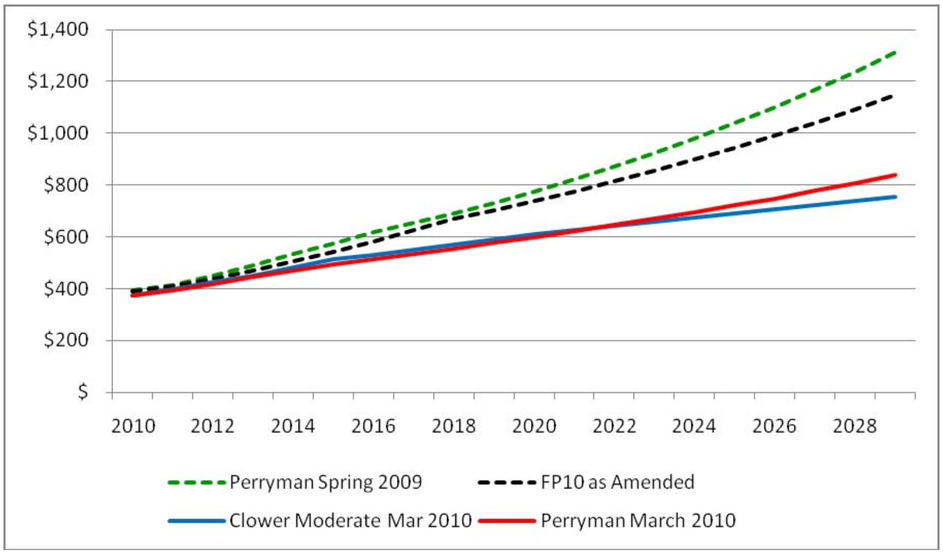
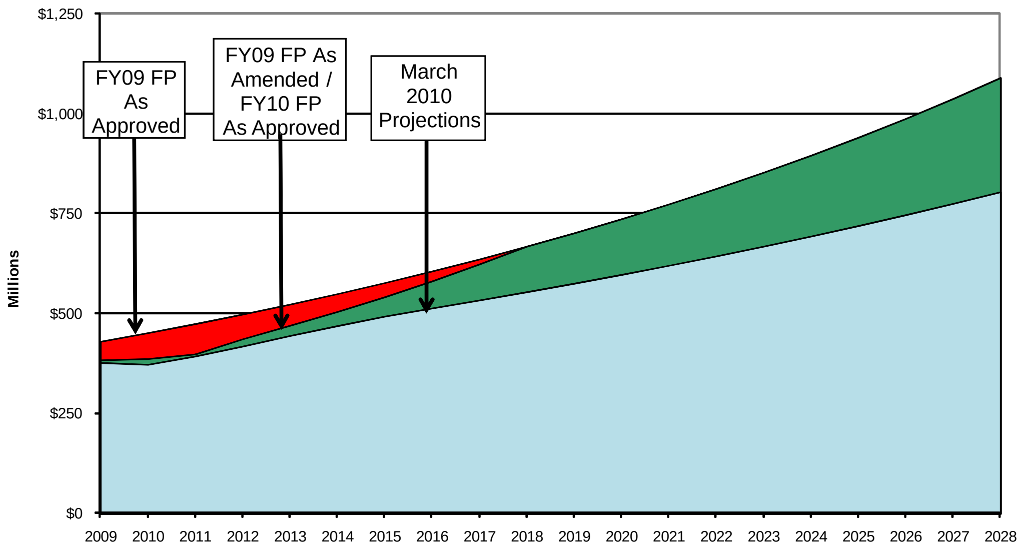


Exhibit 2.5
Sales Tax Receipts Comparison by Financial Plan



The impact of that change in growth rates is dramatic. For the period covered by the FY 2011 Twenty-Year Financial Plan (2011 – 2030), that change in long-term growth rates represents a revenue reduction of $3.05 billion (from $15.4 billion to $12.4 billion), or nearly 20%, as compared to the FY10 Plan for the same period. That is in addition to the $420 million in sales tax revenues that were removed from the Plan during the FY09 Financial Plan Amendment. That is a profound, fundamental change that has to be addressed in all phases of DART's expenditures: operating, capital, and debt service.

As discussed on page FP-2, DART began addressing lowered sales tax revenue expectations with the May 2009 Financial Plan Amendment. During that process, capital projects were largely spared from elimination, but the long-term changes to projected growth rates requires more significant changes.

DART leverages its sales taxes to issue long-term debt to fund the large majority of its system expansion projects. As sales tax receipts are significantly reduced in future years, DART's ability to issue additional debt is hampered. If DART cannot issue as much debt, capital spending must be reduced. As capital spending is reduced, major capital projects are removed from the Plan and placed into a deferred, unfunded status. Accordingly, the presumed federal grant funds associated with those projects also disappear. It is through this cascade of loss of leverage that the $3 billion in reduced sales tax receipts necessitates an $8 billion reduction in expenditures over the 20-year life of the Plan.

As the Agency's financial plans were being rebuilt virtually from the ground up, there were several principles to which DART adhered. Regardless of the depth of required reductions, DART must:

- Maintain all contractual and binding commitments and compliance with all applicable laws and statutes
- Set the Agency up for long-term sustainability
    - Maintain required capital asset maintenance and replacement (state-of-good-repair maintenance items)
    - Adjust to affordable service levels
    - Maintain high quality services (smaller, different, better)
- Pursue all available avenues for enhanced revenues such as sales taxes on residential utilities, HOV tolling, and paid parking
- Prepare for a worse-case scenario (a slow or short economic recovery), and be ready to implement additional reductions as necessary.

And while there are some choices to be made, within the above parameters, DART will strive to:

- Minimize impacts on customers, employees, and stakeholders
- Reduce administrative and support costs before reducing service levels
- Step down costs in a reasonable manner
    - Match reductions in capital planning costs to the completion of programs already underway or committed to
    - Allow for adequate planning to understand all impacts of such reductions
    - Maintain the ability to adjust to changing revenues quickly
- Minimize impact to employees
    - Cut from future growth positions and current vacancies first
    - Provide retirement incentives for voluntary separations
    - Use reductions-in-force as a last resort

Within that framework, DART presents the FY 2011 Financial Plan. This Plan contains the following major assumption changes:

- Significantly reduced long-term sales tax revenues
- Placement of CBD-2 and all of the 2030 Transit System Plan projects into a deferred, unfunded status
    - Reduced debt issuance and federal funding receipts because of the reduced capital program
- An additional reduction of $30 million in annual operating and capital planning and development costs (over and above the $22.5 million in annual operating reductions included in the FY09 Financial Plan, as Amended) to be phased in over the next 3 years.
- Reworking of the debt program including:
    - Restructuring some of DART’s outstanding debt which realizes over $7 million in present value savings
    - Reduction of DART’s Commercial Paper program to better match the market and DART’s lowered need for liquid funds for capital programs
    - Issuance of additional Build America Bonds in early FY 2011 to lower future interest costs (*Please note: Subsequent to the approval of the Budget and Financial Plan, DART completed this bond sale. Details of this sale are discussed later in this section.)*
    - Introduction of a new debt type into the Plan – Long-term Variable Rate Demand Notes (VRDN) – $220 million scheduled for issuance in 2014 and another $150 million to refund the outstanding Commercial Paper balance in 2016

Sources and Uses of Funds

Exhibit 2.6 is a summary of the changes in the sources and uses of cash between the FY10 Plan, As Amended on October 27, 2009, and the FY11 Plan, for the period FY 2011 through FY 2015. These sources and uses will be discussed in detail throughout the section.

Exhibit 2.6
Sources and Uses of Funds Comparison (FY11 – FY15)
(in millions)

Line	Description	FY10 FP As Amended	FY11 Plan	Variance	Percentage Change
	SOURCES OF FUNDS				
1	Sales Tax Revenues	$2,367.7	$2,221.3	($146.3)	(6.2%)
2	Operating Revenues	487.4	421.3	(66.1)	(13.6%)
3	Interest Income	78.0	69.0	(9.0)	(11.5%)
4	Formula Federal Funding	293.7	385.4	91.7	31.2%
5	Discretionary Federal Funding	496.0	298.1	(197.9)	(39.9%)
6	Debt Issuances	1,469.0	1,033.3	(435.7)	(29.7%)
7	Other Sources	82.8	142.7	59.9	72.4%
8	**Total Sources of Funds**	**$5,274.5**	**$4,571.1**	**($703.4)**	**(13.3%)**
	USES OF FUNDS				
	Operating Expenses:				
10	Bus	$1,154.8	$1,124.4	($30.4)	(2.6%)
11	Light Rail Transit	$709.1	$703.7	(5.3)	(0.8%)
12	Commuter Rail/RR Management	$134.6	$125.5	(9.1)	(6.8%)
13	Paratransit	$197.1	$187.8	(9.3)	(4.7%)
14	HOV Transitways	$68.2	$62.7	(5.4)	(8.0%)
15	General Mobility - TDM	$15.6	$15.1	(0.5)	(3.3%)
16	**Total Operating Expenses**	**$2,279.4**	**$2,219.3**	**($60.1)**	**(2.6%)**
	Capital and Non-Operating:				
17	Agency-wide	$63.5	$133.3	$69.7	109.7%
18	Bus	$349.7	$335.6	(14.1)	(4.0%)
19	Light Rail Transit	$1,375.1	$1,114.3	(260.8)	(19.0%)
20	Commuter Rail/RR Management	$48.2	$89.8	41.6	86.2%
21	Paratransit	$35.5	$1.3	(34.1)	(96.2%)
22	HOV Transitways	$59.7	$97.9	38.2	64.0%
23	Capital P & D, Start-Up, Non-Operating	$137.4	$76.7	(60.7)	(44.2%)
24	General Mobility - Road Impr./ITS	$22.0	$41.9	19.9	90.3%
25	**Total Capital and Non-Operating**	**$2,091.2**	**$1,890.8**	**($200.4)**	**(9.6%)**
	Debt Service				
28	Principal - LT/ST Debt	$133.0	$113.4	($19.6)	(14.7%)
29	Interest and Fees - LT/ST Debt	$812.2	$714.5	(97.7)	(12.0%)
30	**Total Debt Service**	**$945.2**	**$827.9**	**($117.3)**	**(12.4%)**
31	**Total Uses of Funds**	**$5,315.8**	**$4,938.0**	**($377.8)**	**(7.1%)**

* Numbers may not foot properly due to rounding.

Structural Balance of the Budget

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

During two of the next three years, DART will spend down existing cash to pay for ongoing operating costs. This creates a structurally imbalanced budget. This situation is accepted during this period in order to maintain the Light Rail Buildout schedule despite falling revenues, but it cannot continue long-term. Exhibit 2.7 shows how DART's sources of funds will be applied to uses of funds over the next five years. Note that the debt issued in 2011 is partially paying for 2012 capital projects, thus the negative value in 2011 in the capital funding section. The same situation occurs with the 2014 debt issuance. Exhibit 2.8 shows the FY 2011 Financial Plan.

Exhibit 2.7
FY 2011 – FY 2015 Structural Budget Balance
(in millions)

	2011	2012	2013	2014	2015	5-YR
Total Sources of Funds	**$1,490.2**	**$709.3**	**$742.6**	**$904.4**	**$724.6**	**$4,571.1**
Sales Tax Revenues	$393.9	$418.5	$445.1	$469.9	$493.9	$2,221.3
Operating Revenues	$71.1	$76.9	$89.2	$91.0	$93.1	$421.3
Interest Income	$14.1	$14.2	$11.6	$11.3	$17.8	$69.0
Formula Federal Funding (incl. CMAQ)	$78.6	$70.4	$67.8	$67.9	$100.7	$385.4
Discretionary Federal Funding	$88.6	$98.5	$100.4	$10.6	$0.0	$298.1
Net Debt Issuances	$813.3	$0.0	$0.0	$220.0	$0.0	$1,033.3
Other Sources	$30.6	$30.8	$28.5	$33.6	$19.2	$142.7
	2011	**2012**	**2013**	**2014**	**2015**	**5-YR**
Operating Expenses	**$422.0**	**$429.8**	**$443.1**	**$455.7**	**$468.7**	**$2,219.3**
Funding Sources:						
Operating Revenues	$71.1	$76.9	$89.2	$91.0	$93.1	$421.3
Interest Income	$14.1	$14.2	$11.6	$11.3	$17.8	$69.0
T/Mid Cities TRE Ops Contributions	$9.0	$9.8	$10.0	$10.2	$10.4	$49.4
Formula Funds (Capital Preventive Maintenance)	$49.4	$49.9	$50.4	$50.9	$51.4	$251.9
Other Sources	$7.7	$0.8	$6.5	$6.5	$6.5	$28.0
Sales Taxes allocated to Operations	$251.5	$278.3	$270.9	$285.7	$289.6	$1,376.0
General Operating Fund (existing cash)	**$19.2**	**$0.0**	**$4.5**	**$0.0**	**$0.0**	**$23.7**
Total Funding Sources	**$422.0**	**$429.8**	**$443.1**	**$455.7**	**$468.7**	**$2,219.3**
Capital/Non Operating Expenditures	**$707.1**	**$526.6**	**$349.5**	**$208.9**	**$98.7**	**$1,890.8**
Funding Sources:						
Other Formula Funds/CMAQ	$29.2	$20.5	$17.4	$17.1	$49.3	$133.5
Discretionary Grant Funds	$88.6	$98.5	$100.4	$10.6	$0.0	$298.1
Current Debt Issuances	$813.3	$0.0	$0.0	$220.0	$0.0	$1,033.3
Other Sources	$13.9	$20.2	$12.0	$16.9	$2.2	$65.3
Sales Taxes allocated to Capital	$0.0	$6.8	$0.0	$8.2	$2.3	$17.4
General Operating Fund or Prior/Future Debt Issuances	($237.9)	$380.5	$219.7	($63.9)	$44.8	$343.3
Total Funding Sources	**$707.1**	**$526.6**	**$349.5**	**$208.9**	**$98.7**	**$1,890.8**
Debt Service Costs	**$142.5**	**$133.4**	**$174.1**	**$175.9**	**$202.0**	**$827.9**
Funding Sources:						
Sales Taxes allocated to Debt Service	$142.5	$133.4	$174.1	$175.9	$202.0	$827.9
Total Uses of Funds	**$1,271.5**	**$1,089.8**	**$966.7**	**$840.5**	**$769.4**	**$4,938.0**
Net Differential Between Sources and Uses	**$218.7**	**($380.5)**	**($224.1)**	**$63.9**	**($44.8)**	**($366.9)**

Exhibit 2.8
FY 2011 Twenty-Year Financial Plan

Dallas Area Rapid Transit
FY 2011 Financial Plan - As Approved 9-28-10
Twenty Year Sources and Uses of Cash
($ Millions - Inflated Dollars)

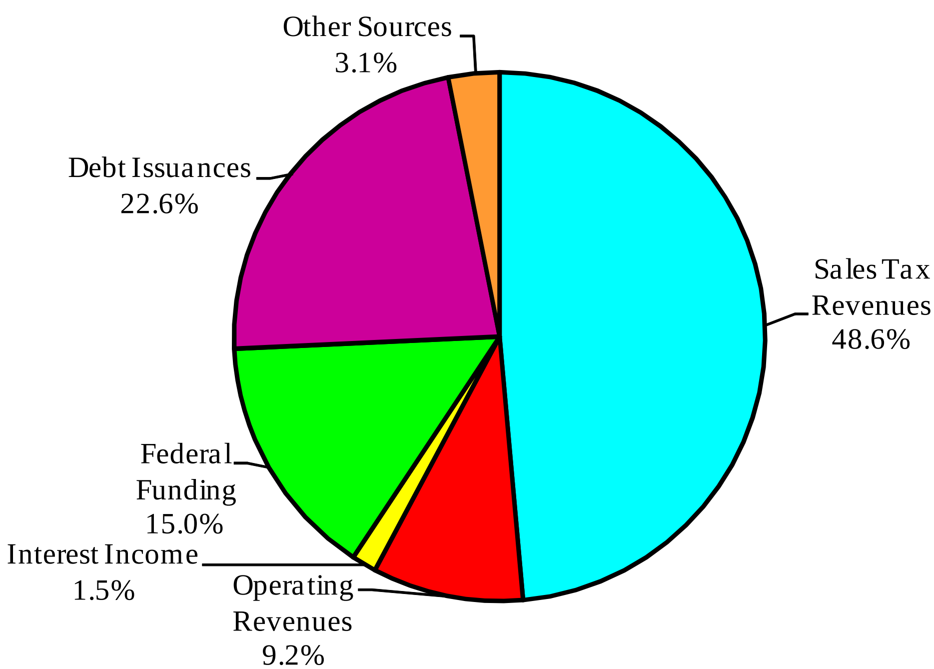
Line	Description	2011	2012	2013	2014	2015	5 Year Total	2016	2017	2018	2019	2020	2021	2022
	SOURCES OF FUNDS													
1	Sales Tax Revenues	$393.9	$418.5	$445.1	$469.9	$493.9	**$2,221.3**	$514.2	$534.3	$555.0	$576.3	$598.4	$621.2	$644.8
2	Operating Revenues	71.1	76.9	89.2	91.0	93.1	**421.3**	94.7	96.3	109.5	111.2	113.7	115.5	117.3
3	Interest Income	14.1	14.2	11.6	11.3	17.8	**69.0**	18.9	17.7	15.8	15.5	15.7	17.0	20.3
4	Formula Federal Funding	78.6	70.4	67.8	67.9	100.7	**385.4**	61.8	62.4	63.0	63.6	64.3	64.9	65.5
5	Discretionary Federal Funding	88.6	98.5	100.4	10.6	0.0	**298.1**	23.5	30.0	30.0	20.0	0.0	0.0	0.0
6	Debt Issuances	813.3	0.0	0.0	220.0	0.0	**1,033.3**	80.0	0.0	0.0	0.0	0.0	48.0	114.0
7	Other Sources	30.6	30.8	28.5	33.6	19.2	**142.7**	20.1	21.6	24.6	25.6	23.2	23.7	23.7
8	**Total Sources of Funds**	**$1,490.2**	**$709.3**	**$742.6**	**$904.4**	**$724.6**	**$4,571.1**	**$813.3**	**$762.2**	**$797.8**	**$812.3**	**$815.2**	**$890.3**	**$985.7**
	USES OF FUNDS													
9	Sales Taxes for Operations	85.5%	80.9%	76.9%	75.2%	72.5%	**n/a**	70.9%	70.5%	68.1%	67.6%	67.9%	67.6%	66.5%
	Operating Expenses:													
10	Bus	$225.0	$223.4	$222.9	$225.2	$227.8	**$1,124.4**	$230.1	$235.0	$240.2	$245.7	$250.7	$258.9	$264.7
11	Light Rail Transit	120.8	131.7	143.1	150.4	157.8	**703.7**	162.4	166.5	170.3	174.7	185.1	189.6	193.7
12	Commuter Rail/RR Management	24.5	24.0	24.9	25.6	26.4	**125.5**	27.1	27.9	28.7	29.5	30.3	31.4	32.5
13	Paratransit	36.4	35.7	36.7	38.5	40.5	**187.8**	42.1	44.2	46.4	48.8	51.3	54.0	56.7
14	HOV Transitways	12.4	12.0	12.5	12.8	13.1	**62.7**	13.4	13.7	14.0	14.3	14.6	15.0	15.3
15	General Mobility - TDM	2.9	2.9	3.0	3.1	3.1	**15.1**	3.2	3.3	3.4	3.5	3.5	3.6	3.7
16	**Total Operating Expenses**	**$422.0**	**$429.8**	**$443.1**	**$455.7**	**$468.7**	**$2,219.3**	**$478.2**	**$490.6**	**$503.0**	**$516.5**	**$535.6**	**$552.4**	**$566.5**
	Operating+P&D+Start Up	*$445.3*	*$446.7*	*$450.9*	*$461.6*	*$475.7*	*$2,280.2*	*$484.5*	*$497.0*	*$509.5*	*$526.9*	*$541.3*	*$558.2*	*$572.4*
	Capital Projects and Non-Operating:													
17	Agency-Wide	$55.4	$48.2	$15.2	$6.6	$7.8	**$133.3**	$9.7	$10.2	$9.7	$8.6	$14.5	$15.1	$51.4
18	Bus	24.9	43.6	124.5	103.8	38.8	**335.6**	36.7	30.3	4.3	2.2	9.7	18.6	29.1
19	Light Rail Transit	520.0	345.3	162.3	57.1	29.6	**1,114.3**	85.3	91.5	42.8	29.7	12.7	11.5	8.8
20	Commuter Rail/RR Management	38.6	23.1	17.6	8.0	2.5	**89.8**	1.9	6.3	12.6	14.7	8.6	8.9	6.5
21	Paratransit	0.4	0.0	0.0	1.0	0.0	**1.3**	0.0	0.0	0.0	0.3	1.3	0.0	0.4
22	HOV Transitways	23.1	25.7	18.9	19.2	10.9	**97.9**	0.1	3.2	0.3	0.3	4.5	0.3	0.5
23	Capital P & D, Start-Up, Non-Operating	28.7	20.8	10.0	8.1	9.1	**76.7**	6.4	6.9	6.7	10.9	6.2	6.9	7.9
24	General Mobility - Road Impr./ITS	16.0	19.9	1.0	5.0	0.0	**41.9**	0.0	0.0	0.0	0.0	0.0	0.0	0.0
25	**Total Capital and Non-Operating**	**$707.1**	**$526.6**	**$349.5**	**$208.9**	**$98.7**	**$1,890.8**	**$140.0**	**$148.6**	**$76.4**	**$66.6**	**$57.5**	**$61.2**	**$104.5**
	Debt Service													
26	Total Debt O/S Beginning-of-Year	$2,745.4	$3,539.9	$3,531.5	$3,510.1	$3,707.9	**n/a**	$3,665.2	$3,700.5	$3,650.6	$3,598.1	$3,543.0	$3,479.3	$3,460.5
27	Total Debt O/S End-of-Year	$3,539.9	$3,531.5	$3,510.1	$3,707.9	$3,665.2	**n/a**	$3,700.5	$3,650.6	$3,598.1	$3,543.0	$3,479.3	$3,460.5	$3,502.2
28	Principal - LT Debt	$18.8	$8.4	$21.4	$22.3	$42.6	**$113.4**	$44.7	$50.0	$52.5	$55.1	$63.7	$66.9	$72.3
29	Cost of Debt (Interest and Fees)	123.7	125.0	152.8	153.6	159.4	**714.5**	161.5	162.3	159.9	157.3	154.6	152.8	154.0
30	**Total Debt Service Costs**	**$142.5**	**$133.4**	**$174.1**	**$175.9**	**$202.0**	**$827.9**	**$206.2**	**$212.3**	**$212.4**	**$212.4**	**$218.3**	**$219.6**	**$226.3**
31	External Coverage Ratio	2.80	3.19	2.59	2.71	2.47	**n/a**	2.55	2.55	2.65	2.75	2.77	2.87	2.90
32	Internal Coverage Ratio	0.82	1.06	0.98	1.05	1.02	**n/a**	1.07	1.07	1.16	1.21	1.21	1.25	1.29
33	**Total Uses of Funds**	**$1,271.5**	**$1,089.8**	**$966.7**	**$840.5**	**$769.4**	**$4,938.0**	**$824.4**	**$851.5**	**$791.7**	**$795.6**	**$811.5**	**$833.3**	**$897.4**
34	Net Inc (Dec) in cash	$218.7	($380.5)	($224.1)	$63.9	($44.8)	**($366.9)**	($11.2)	($89.3)	$6.2	$16.7	$3.8	$57.0	$88.3
35	Change in Balance Sheet Accts	31.5	(20.7)	(53.9)	(35.8)	(24.4)	**($103.3)**	0.9	1.5	(17.5)	(6.5)	(2.5)	(1.6)	5.8
36	Cash, Beg of Period	905.7	1,155.9	754.7	476.6	504.7	**905.7**	435.5	425.2	337.4	326.1	336.3	337.6	393.0
37	Cash, End of Period	1,155.9	754.7	476.6	504.7	435.5	**435.5**	425.2	337.4	326.1	336.3	337.6	393.0	487.2
38	Less Cash Reserves & Restricted Funds	(36.9)	(37.2)	(37.6)	(38.2)	(39.1)	**(39.1)**	(40.2)	(41.5)	(42.8)	(44.2)	(45.7)	(47.2)	(48.8)
39	Less Reserves for Operating Deficits	(52.6)	(10.1)	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	0.0	0.0	0.0	0.0
40	Less Working Cash Requirement	(100.0)	(100.0)	(110.0)	(110.0)	(110.0)	**(110.0)**	(120.0)	(120.0)	(120.0)	(130.0)	(130.0)	(130.0)	(140.0)
41	**Net Available Cash**	**$966.4**	**$607.4**	**$328.9**	**$356.5**	**$286.3**	**$286.3**	**$265.0**	**$175.9**	**$163.3**	**$162.1**	**$162.0**	**$215.9**	**$298.4**

Line	Description	2023	2024	2025	2026	2027	2028	2029	2030	20 Year Total
	SOURCES OF FUNDS									
1	Sales Tax Revenues	$669.2	$694.6	$720.8	$748.1	$776.8	$806.5	$836.9	$868.6	**$12,386.9**
2	Operating Revenues	136.3	137.8	139.3	140.6	141.9	161.1	162.6	164.0	**2,363.0**
3	Interest Income	22.7	23.6	22.2	27.1	26.1	28.9	29.6	28.2	**398.4**
4	Formula Federal Funding	66.2	66.9	67.5	68.2	68.9	69.6	70.2	70.9	**1,379.3**
5	Discretionary Federal Funding	0.0	0.0	13.6	14.0	5.4	5.0	0.0	0.0	**439.6**
6	Debt Issuances	0.0	0.0	400.0	158.0	400.0	250.0	0.0	0.0	**2,483.3**
7	Other Sources	23.9	23.6	24.5	25.2	28.0	32.4	34.4	42.8	**540.0**
8	**Total Sources of Funds**	**$918.4**	**$946.4**	**$1,387.9**	**$1,181.1**	**$1,447.0**	**$1,353.6**	**$1,133.7**	**$1,174.5**	**$19,990.5**
	USES OF FUNDS									
9	Sales Taxes for Operations	63.3%	62.8%	62.8%	61.8%	61.7%	58.8%	58.6%	58.5%	**n/a**
	Operating Expenses:									
10	Bus	$271.2	$277.4	$284.1	$290.4	$297.4	$304.1	$311.3	$318.1	**$5,203.7**
11	Light Rail Transit	198.3	202.6	207.3	211.6	216.6	221.2	226.2	230.9	**3,660.7**
12	Commuter Rail/RR Management	33.7	34.8	36.1	37.3	38.7	40.0	41.4	42.9	**637.7**
13	Paratransit	59.7	62.8	66.2	69.6	73.4	77.3	81.6	85.9	**1,108.0**
14	HOV Transitways	15.7	16.0	16.4	16.7	17.1	17.5	17.9	18.2	**298.6**
15	General Mobility - TDM	3.8	3.9	3.9	4.0	4.1	4.2	4.3	4.4	**71.8**
16	**Total Operating Expenses**	**$582.3**	**$597.5**	**$613.9**	**$629.7**	**$647.3**	**$664.4**	**$682.7**	**$700.4**	**$10,980.5**
	Operating+P&D+Start Up	*$588.4*	*$603.7*	*$620.3*	*$636.2*	*$654.0*	*$671.1*	*$689.6*	*$707.4*	*$11,140.6*
	Capital Projects and Non-Operating:									
17	Agency-Wide	$44.4	$26.9	$15.2	$11.9	$10.1	$11.5	$10.1	$28.6	**$411.2**
18	Bus	7.2	10.1	146.0	144.9	77.1	56.5	1.2	22.3	**931.7**
19	Light Rail Transit	22.7	10.0	427.5	14.6	378.3	241.4	14.3	11.1	**2,516.6**
20	Commuter Rail/RR Management	3.6	2.1	2.2	2.3	8.5	17.4	21.6	38.1	**244.9**
21	Paratransit	0.0	0.0	0.0	1.5	0.2	0.2	0.1	0.2	**5.6**
22	HOV Transitways	0.4	3.7	0.4	0.4	4.2	0.0	0.6	6.5	**123.2**
23	Capital P & D, Start-Up, Non-Operating	6.2	6.4	6.5	6.7	7.4	7.0	7.6	7.8	**184.1**
24	General Mobility - Road Impr./ITS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**41.9**
25	**Total Capital and Non-Operating**	**$84.6**	**$59.2**	**$597.8**	**$182.2**	**$485.8**	**$333.9**	**$55.6**	**$114.5**	**$4,459.2**
	Debt Service									
26	Total Debt O/S Beginning-of-Year	$3,502.2	$3,411.3	$3,312.5	$3,606.9	$3,649.4	$3,926.5	$4,042.7	$3,899.2	**n/a**
27	Total Debt O/S End-of-Year	$3,411.3	$3,312.5	$3,606.9	$3,649.4	$3,926.5	$4,042.7	$3,899.2	$3,748.6	**n/a**
28	Principal - LT Debt	$90.9	$98.8	$105.6	$115.5	$122.9	$133.8	$143.5	$150.7	**$1,480.1**
29	Cost of Debt (Interest and Fees)	154.3	150.0	155.6	169.0	179.5	194.3	196.9	190.0	**3,206.6**
30	**Total Debt Service Costs**	**$245.2**	**$248.8**	**$261.2**	**$284.6**	**$302.4**	**$328.1**	**$340.3**	**$340.7**	**$4,686.7**
31	External Coverage Ratio	2.76	2.82	2.83	2.67	2.63	2.50	2.48	2.57	**n/a**
32	Internal Coverage Ratio	1.31	1.35	1.35	1.29	1.26	1.27	1.26	1.30	
33	**Total Uses of Funds**	**$912.1**	**$905.6**	**$1,472.9**	**$1,096.5**	**$1,435.5**	**$1,326.3**	**$1,078.6**	**$1,155.5**	**$20,126.4**
34	Net Inc (Dec) in cash	$6.3	$40.8	($85.0)	$84.6	$11.4	$27.2	$55.1	$19.0	**($136.0)**
35	Change in Balance Sheet Accts	(5.4)	(8.7)	107.1	(70.4)	42.2	(26.3)	(68.2)	(0.2)	**($152.9)**
36	Cash, Beg of Period	487.2	488.1	520.2	542.2	556.5	610.2	611.1	598.0	**905.7**
37	Cash, End of Period	488.1	520.2	542.2	556.5	610.2	611.1	598.0	616.8	**616.8**
38	Less Cash Reserves & Restricted Funds	(50.4)	(52.2)	(54.0)	(55.9)	(57.9)	(60.0)	(62.2)	(64.5)	**(64.5)**
39	Less Reserves for Operating Deficits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
40	Less Working Cash Requirement	(140.0)	(140.0)	(150.0)	(150.0)	(150.0)	(160.0)	(160.0)	(160.0)	**(160.0)**
41	**Net Available Cash**	**$297.7**	**$328.0**	**$338.2**	**$350.6**	**$402.3**	**$391.1**	**$375.8**	**$392.3**	**$392.3**

SOURCES OF FUNDS

Exhibit 2.9 details the distribution of DART's sources of funds for the first five years of the FY11 Plan. Total sources of funds for the period FY 2011 through FY 2015 have decreased by $703 million (13.3%) from the FY10 Plan. Reductions in sales tax revenues forced the elimination or deferral of certain capital projects, most notably the second light rail alignment in downtown Dallas (CBD-2). This deferral resulted in corresponding reductions in presumed federal funding and debt issuances. Each of the sources of funds is detailed in the following section.

Exhibit 2.9
FY 2011 – FY 2015 Distribution of Sources of Funds



Sales Tax Revenues (line 1)

Sales tax revenues comprise 49% of DART's total projected sources of funds through FY 2015 and 78% of all sources, excluding debt issuances and federal funding.

DART currently bases its long-range sales tax growth and inflation factors on a forecast developed by an independent economic analysis firm – The Perryman Group, headed by M. Ray Perryman, Ph.D. DART has used Dr. Perryman's models (The Perryman Model) for many years. For FY 2011, DART also engaged the services of Dr. Terry Clower from the University of North Texas Center for Economic Development and Research and municipal sales tax specialist Lewis McLain, Jr. for additional sales tax research.

Significant discussion on the development of the sales tax estimates is included in the beginning of this section (pages FP-1 – FP-7).

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

> Sales tax revenue forecasts shall be based on a sales tax model developed specifically for the DART Service Area by an independent economist. In order to ensure a conservative sales tax estimate, the model's projections may be reduced from the forecasted levels, but not increased for years 2-20 of the Twenty-Year Financial Plan. The most current year may be based on management's best estimate. All such modifications shall be approved by the Board during the financial planning process.

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

Operating Revenues (line 2)

Operating revenues are projected to contribute $421 million (9.2%) of DART's sources of funds through FY 2015.

Passenger revenues are the primary component of operating revenues, representing approximately $344 million, or 82% 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." During 2009, the Board approved a fare increase that is being implemented in multiple stages. The majority of the fare increase took effect on September 14, 2009, but the final piece (an additional increase to System and Regional fares) will take effect on October 1, 2010.

The Financial Plan assumes an increase to average fare of approximately 17% every five years, with the next increase occurring in 2013. Fare increases will be accomplished by a combination of increases to base fares, monthly passes, employer passes, and/or a restructuring of the fare structure. The exact nature of the changes cannot be known until the alternatives are researched, proposed, and approved by the Board. This magnitude of increase should allow DART fares to keep pace with inflation.

Exhibit 2.10 details the anticipated effect of the programmed fare changes on fixed-route average fares.

Exhibit 2.10
Projected Fixed-Route Average Fare

Year	Fixed Route Average Fare
FY11 - FY12	$0.84
FY13 - FY17	$1.00
FY18 - FY22	$1.19
FY23 - FY27	$1.44
FY28 - FY29	$1.69

The approved fare structure, as of September 14, 2009, is included at *Exhibit APX.11*.

Operating revenues other than fare revenues include such items as: advertising revenue, rental income, Congestion Mitigation and Air Quality Improvement Program (CMAQ) vanpool contribution, the Emergency Ride Home Program, etc.

The soft economy has had a substantial impact on the advertising market. As a result, advertising revenues dropped approximately 50% in 2010. The market is expected to remain depressed through 2011 and then, as the economy recovers, to return to rates approaching pre-recession levels by FY 2012.

Interest Income (line 3)

Interest income is projected to contribute $69 million, or 1.5% of total sources of funds for the next five years. This is an 11.5% decrease from the amount contained in the FY10 Plan and is attributable to lower overall cash balances and sustained lower interest rates.

Interest income rates are estimated to be approximately 100 basis points (1%) above the rate that DART pays when it issues short-term debt (Commercial Paper [CP]) for the next five years, and rising to 125 basis points beyond that.

Federal Funding (lines 4 and 5)

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

Formula Federal Funding (line 4)

Formula funds are $385.4 million (8.5%) of total sources of funds through FY 2015. This represents a $91.7 million (31.2%) increase. Much of this increase relates to the delay in receipt of certain formula fund receipts which were originally anticipated to be received in FY09 and FY10, but will now be received in FY11 and beyond. These allocations will be made in accordance with the Safe, Accountable, Flexible and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) and its successor. Under SAFETEA-LU it is anticipated that DART will receive Federal appropriations of $58.3 million for Section 5307, fixed guideway funding, and transit enhancement funding in FY11.

Financial Standard B10 states that these formula funds must be programmed at the same amount each year in the Plan and not adjusted for inflation. DART is making an exception to this policy and increasing these formula funds by 1% per year over the life of the Plan. This is being done to recognize that as DART’s Phase I expansion rail lines (the Red and Blue lines to Richardson, Plano and Garland) pass the seven-year threshold, additional fixed guideway funds will be allocated to DART and also because virtually no discretionary funds are programmed into the Plan beyond the current Light Rail Buildout.

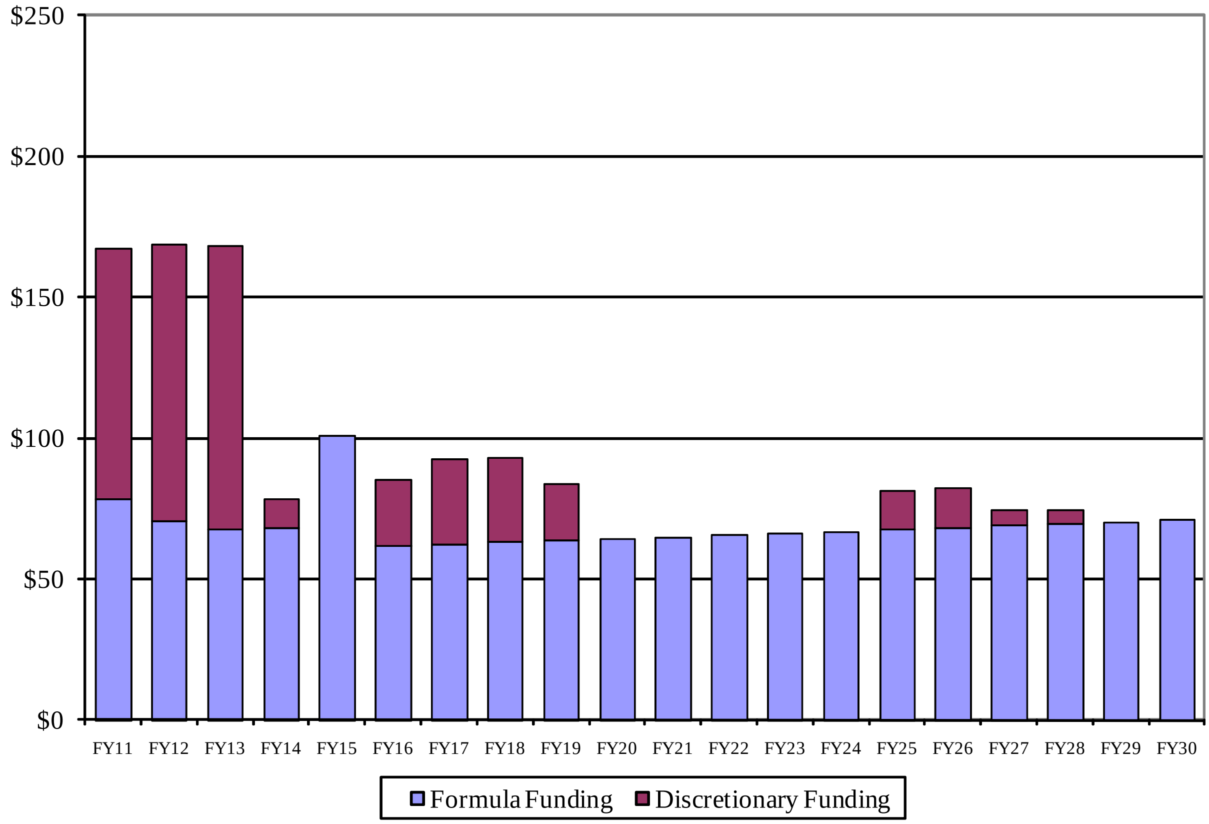
Projected formula funds through FY 2015 also include $88.0 million of other formula funding, predominantly CMAQ funds and formula funds allocated in previous years that have not yet been received.

Discretionary Federal Funding (line 5)

Discretionary federal funding comprises $298.1 million (6.5%) of total sources through FY 2015, a 40% decrease from the FY10 Plan. This is a result of placing CBD-2 into a deferred, unfunded status. The FY10 Plan included the assumption that $400 million in federal funds would be received for this alignment, with half of those receipts occurring within this 5-year window. While we removed those discretionary funds, we have incorporated the assumption of receiving a $100 million Full Funding Grant Agreement for the completion of the South Oak Cliff-3 line segment. Receipt of those funds is expected to begin in 2016.

Exhibit 2.11 details the anticipated receipt of Formula and Discretionary Funds over the life of the Plan. The unusual amount of formula funds shown to be received in FY15 represents deferred payment of CMAQ funds totaling $39 million for Irving light rail and certain road improvement projects.

Exhibit 2.11
Anticipated Capital Grant Funding (FY11 – FY30)
(in millions)



Debt Issuance (line 6)

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, $600 million of which is backed by a liquidity facility. When market conditions and cashflows dictate, DART will then issue long-term debt to replace the outstanding CP. Because of the increasing cost of the commercial paper liquidity fees and the reductions to capital programs resulting in lower annual expenditure levels over the next few years, DART will be reducing its CP program to $150 million in FY11, corresponding to the current outstanding CP balance. All outstanding CP is programmed to be retired by 2016.

Before the Build America Bonds (BABs) program ends, DART plans to issue approximately $813 million of these bonds in early FY11. BABs represent an extremely cost effective method for DART to issue long-term debt as the federal government subsidizes 35% of the interest cost. DART issued approximately $830 million in BABs in June of 2009 at a net interest cost of 4.02%.

The only other debt that is planned to be issued over the next five years is $220 million in long-term variable rate bonds in 2014.

More detail on DART's Debt Program is contained later in this section.

Please note: Subsequent to the approval of the Budget and Financial Plan, DART completed its bond sale. Details of this sale are discussed later in this section.

Other Sources of Funds (line 7)

This line item is predominantly composed of non-grant contributions from other public entities, such as the Fort Worth T's contribution toward its share of the operating and capital costs for the Trinity Railway Express (TRE), service area city contributions for specific capital projects, and other miscellaneous contributions.

Other sources of funds total $142.7 million between FY 2011 and FY 2015 and represent 3.1% of total sources of funds for that same period. This category of funds has increased by $59.9 million (72.4%) from the same period in the FY10 Plan. This increase relates to the following categories:

- Capital
  - $10.5M – Increase to The T's portion of TRE capital projects
  - $14.3M – The remainder of City of Irving's contribution to the Orange Line light rail project (timing difference only – these funds were anticipated to be received during 2010)
  - $8.0M – 80% of the $10 million increase to the RapidCard project
  - $2.8M – City of Dallas funding for the Streetcar Engineering Consultant
  - $1.2M – Other miscellaneous capital contributions
- Non-Operating
  - $18.0M – Other new revenue sources (see below)
  - $8.1M – DCTA rail corridor access payments
  - $5.8M – Increase in The T's contribution to TRE Operations
  - ($8.3M) – Decrease in mineral and trackage rights revenues

In the FY11 Financial Plan, DART has assumed receipt of $5.9 million per year (escalated at 1.5% annually) through potential new revenue sources including, but not limited to:

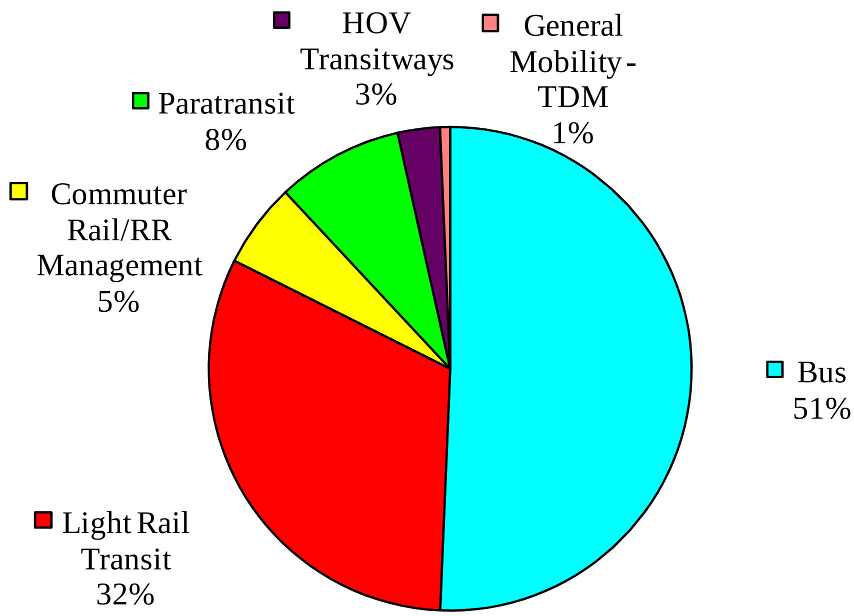
- Sales taxes on residential gas and electric utilities
- Additional sales tax revenues based on expansion of alcohol sales in the City of Dallas
- High Occupancy/Tolling (HOT) Lanes within the DART Service Area
- Parking revenues
- Continuation of the Volumetric Ethanol Excise Tax Credit (credits for alternative fuels, including natural gas)

USES OF FUNDS

Operating Expenses (lines 10 – 16)

Exhibit 2.12 shows the modal distribution of total operating expenses for the five-year period.

Exhibit 2.12
Operating Expenses by Mode (FY11 – FY15)
(in millions)

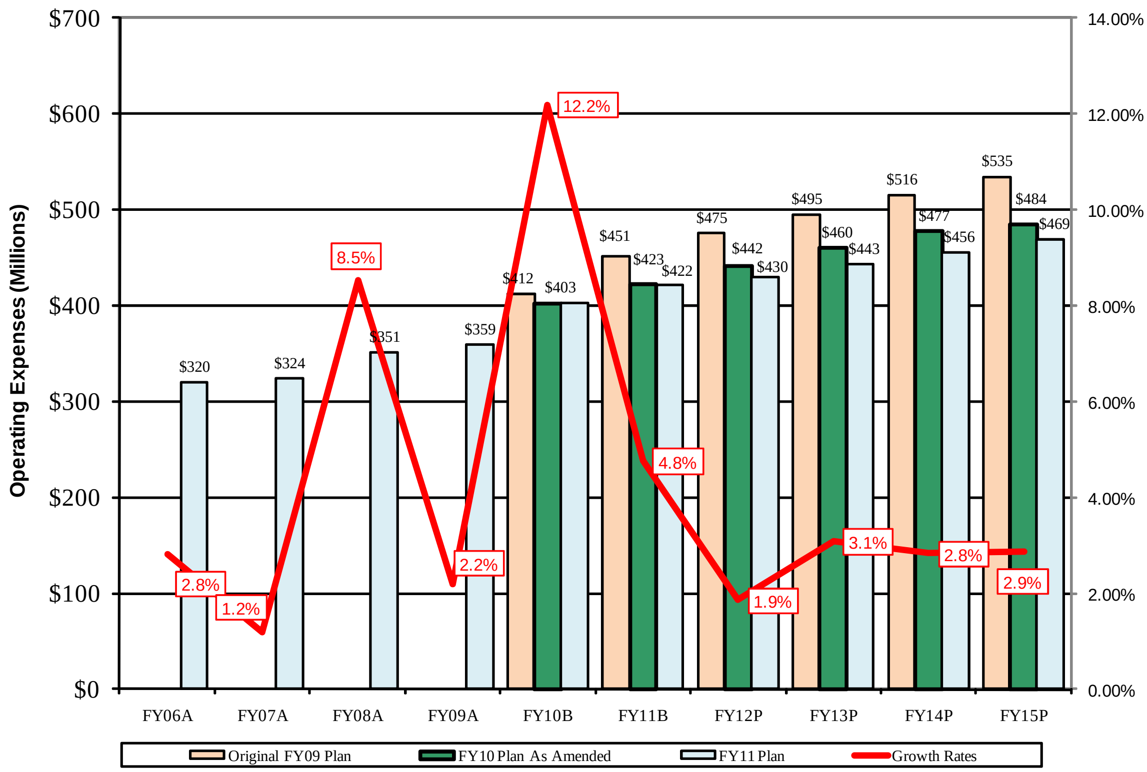


Total operating expenses for the period FY 2011 through FY 2015 are projected to be just over $2.2 billion, which is $60 million lower than the FY10 Plan, as Amended, over the same period of time, and a reduction of over $250 million from the Original FY09 Plan.

Changes in operating expenses that are built into the Financial Plan for future years are controlled from a policy perspective by Financial Standards B3, B4, and B5 (see *Exhibit APX.4*). Financial Standards B3 and B4 relate to fixed-route service, which accounts for 88% of projected operating costs over the next five years. The primary cost drivers for the variable expenses of fixed-route service are the number of miles, hours, and vehicles in service, contract rates for purchased transportation, and fuel prices.

Exhibit 2.13 compares the historical and projected future operating budget as well as annual operating expense growth.

Exhibit 2.13
Historic Growth vs. Projected Growth – Operating Expenses



This perspective shows the expense growth for the past five years, and the projected operating budget over the next five years, both in absolute dollars and as a percentage increase. It also demonstrates DART's efforts to maintain affordability through the current economy by managing down the growth in operating expenses. While DART is doubling the size of its light rail system between 2009 and 2014 and operating expenses will increase in real dollars, that increase is considerably lower than was originally anticipated when the original FY09 Plan was adopted in November 2008. By 2015, annual operating expenses will be nearly $70 million lower than anticipated two years ago. Additionally, $18 million per year has been removed from Capital Planning & Development costs (included in the Capital Budget) by 2015.

The graph contains two notable spikes in operating expenses. The FY08 increase was due in large part to runaway fuel costs in that year. The spike in 2010 is defined by two elements:

1) The disparity of comparing budgeted numbers to actual. The FY09 operating budget was $377 million, and the Agency finished FY09 $18 million below the operating budget. Comparing budget to budget, the increase from FY09 to FY10 is a much more reasonable 6.9%, especially considering…

2) …the opening of SE-1A (the first portion of the Green Line) on September 14, 2009. A full year's worth of operating costs were incorporated into the FY10 budget, while virtually no expenses were included in the FY09 budget because the opening occurred only two weeks prior to the end of the fiscal year.

Cost Reductions

In response to falling sales tax revenues, DART has gone through several rounds of cost reductions. The first round began in the Spring of 2009 and those reductions were incorporated into the May 2009 Financial Plan Amendment. This change phased in $22.5 million of annual operating expense reductions over the three-year period of 2010 – 2012. These reductions included the following major elements:

- $8.2 million in bus service reductions. Approximately half of these reductions represent bus service that is being replaced by new light rail service. Those reductions are timed to coincide with the introduction of the replacement service.
- $3.0 million in reductions to the future growth of the DART Police Department
- $1.5 million reduction to the future growth of the Maintenance Department
- $1.2 million in Green Line scheduling efficiencies
- $4.2 million in various Agency departmental reductions
- $4.4 million in future reductions to be identified for FY11 and FY12

As the economy continued to slump into 2010, and with the realization that the long-term growth trend would be significantly lower than previous financial plans, management went back to the drawing board to identify additional reductions to bring the financial plan back into balance. Early in the process, management decided that the budget would include no employee raises for 2011. Then, depending upon the sales tax scenario forecast that was chosen, additional annual reductions of between $30 million and $60 million would be required.

DART has chosen to adopt the revised Perryman sales tax forecast without modification for this Financial Plan. During the sales tax review, Perryman made significant adjustments to his models and we believe they now more accurately reflect the future economic activity within the DART Service Area. These projections were also confirmed by Clower's analysis which provided very similar projections, particularly over the next 10 years. This level of sales tax revenues corresponds to the $30 million in annual expenditure reductions.

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

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

In an attempt to keep customer impacts to a minimum, DART focused on the first two items, trying to save as much money in those areas as possible before affecting service levels. The result was a balanced strategy, with approximately 1/3 of the total reductions coming from each area. DART also identified some potential adjustments that might be made to employee benefits. The savings associated with these benefits changes are in addition to the $30 million discussed above and are not currently reflected in the budget. These changes will be implemented over the next few years and represent something of a hedge against future revenues falling below budget.

In future years of the Plan, operating expenses for each modal line item are projected using FS-B5, which places a limit on the total increase in operating expenses (for financial planning purposes) to 90% of inflation plus service changes, new programs, Board-approved contracts, actuarial analyses, and fuel prices. This does not necessarily mean the following years' budgets will be limited by that parameter or will exactly match what is included in the FY 2011 Financial Plan. The DART Board has discretion to increase or decrease the budget, as they deem appropriate to most effectively accomplish the goals of the Agency.

Modal Expenses (lines 10 – 15)

Exhibit 2.14 shows the projected 5-year modal operating expenses based on the Original FY09 Financial Plan, the FY10 Financial Plan As Amended, and the FY11 Financial Plan.

Exhibit 2.14
Modal Expense Comparison
(in millions)

Description	FY09 Original FP	FY10 FP As Amended	FY11 FP	Variance FY09 to FY11
Bus	$1,280.5	$1,154.8	$1,124.4	($156.1)
Light Rail Transit	$762.0	709.1	703.7	(58.2)
Commuter Rail/RR Management	$146.7	134.6	125.5	(21.2)
Paratransit	$205.4	197.1	187.8	(17.6)
HOV Transitways	$62.9	68.2	62.7	(0.2)
General Mobility - TDM	$14.5	15.6	15.1	0.5
Total Operating Expenses	**$2,472.0**	**$2,279.4**	**$2,219.3**	**($252.7)**

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

1) Each year, DART Management reviews costs allocated to the various modes of service. At this time, estimates are made regarding how much of each functional division's time and resources will be spent in support of each mode, how much will be spent on general and administrative responsibilities, and how much effort will be spent in support of DART's capital programs. This can lead to some minor fluctuations in cost distribution among the modes from year to year.

2) Even with the Light Rail expansion, Bus expenses still represent the majority of DART's operating costs (51% over the next five years). The Bus mode includes DART's Innovative Services, including On-Call and Flex-Route and site-specific shuttle services. Five-year modal expenses are down $30 million from the same period in the FY10 Plan, and down $156 million from the Original FY09 Plan. Savings are related to three primary areas: 1) fuel price declines since the Summer of 2008 and fuel hedges put in place designed to provide stability to this volatile component of operating costs; 2) the change from diesel to natural gas-powered buses beginning in 2013; and 3) modal cost reductions including bus service replacement by new light rail service, savings related to "right-sizing" of the fleet, including expanded use of On-Call, Flex-Route and other services to be provided with smaller vehicles, and actual service reductions.

3) DART currently operates and maintains a 48-mile light rail system. By FY15, that will nearly double, to 90 miles. As such, light rail costs will increase from 23% of the FY10 budget to a projected 34% by 2015. Despite these service increases, five-year modal expenses are down $5 million from the same period in the FY10 Plan, and down $58 million from the Original FY09 Plan. Concurrent with the beginning of full Green Line service this December, DART will adjust its light rail headways in the peak period to 15 minutes for branch service (7.5 minutes headways for the Red Line north including insert trains). This is estimated to save nearly $6 million annually once the Orange Line and Blue Line extensions are opened.

4) DART's Financial Plan includes the consolidated costs to operate the Trinity Railway Express (TRE) and railroad corridor management costs for DART-owned active freight rail lines. DART and the Fort Worth Transportation Authority (The T) contract with a private contractor to provide the TRE commuter rail service. The portion of costs allocated to and paid for by The T is reflected in Other Sources of Funds. Five-year modal expenses are down $9 million from the same period in the FY10 Plan, and down $21 million from the Original FY09 Plan due to reductions in fuel costs, contract savings from a negotiated exercise of a five-year service option in the Summer of 2009, and service reductions.

5) DART's Paratransit operations are provided by a private contractor (Veolia Transportation, Inc). DART retains the trip scheduling, dispatch, determination of rider eligibility, management, and oversight of operations. While Veolia also operates DART's Innovative Services, these services are more closely related to fixed-route bus service. Therefore, the costs, revenues, and ridership of Innovative Services are included in Fixed-Route Bus mode Key Performance Indicators (KPIs). Five-year modal expenses are down $9 million from the same period in the FY10 Plan, and down nearly $18 million from the Original FY09 Plan. This includes fuel price savings and anticipated savings from modified service delivery methodology to be implemented over the next several years.

   DART is currently reviewing its Paratransit service delivery model and is moving toward a Mobility Management approach that is expected to save significant dollars once implemented. The budget in future years (beginning in FY 2012) includes $1.5 million in savings related to this program.

6) DART operates 84 miles of High Occupancy Vehicle (HOV) lanes across six primary corridors including a nine-mile segment which opened during the Summer of 2008. The NCTCOG reimburses costs incurred for the operation of HOV lanes outside the DART Service Area through an Interlocal Agreement with NCTCOG that was approved in December 2008 (Board Resolution No. 080204). Five-year modal expenses are relatively flat as compared to the Original FY09 Plan.

7) General Mobility programs consist mainly of vanpool services. The program is authorized for up to 198 vanpools. With an adjustment to passenger fares, participants and NCTCOG will contribute more than 95% of the cost of this program. Five-year modal expenses are relatively flat as compared to the Original FY09 Plan.

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

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

Capital and Non-Operating expenditures are budgeted at $707 million for FY 2011 and $2.2 billion through FY 2015. This is a decrease of $200 million (9.6%) over the same period compared to the FY10 Plan. There are five primary drivers of this change:

- Elimination of CBD-2 design and construction costs from the Financial Plan reduces expenditures by approximately $375 million during this period;
- Possible elimination of DART's capital replacement costs for the Paratransit fleet because of the movement toward a Mobility Management philosophy that has the potential to save over $22 million in 2012 and nearly $114 million over the 20-year life of the Plan;
- DART anticipates that the current FY 2010 capital budget for ongoing projects will not be entirely spent. Accordingly, over $300 million has been rolled forward from 2010 into the next five years;
- Incorporation of a capital savings target of $140 million from existing capital projects; and
- Incorporation of $45 million in capitalized interest charges from the 2010 bond issuance.

The FY 2011 Twenty-Year Financial Plan includes the Orange Line extension from Belt Line Station to DFW Airport, Terminal A (Irving-3) and the Blue Line South extension (SOC-3) to the University of North Texas Dallas Campus in south Dallas.

In addition, the Cotton Belt project will be taken through the environmental and preliminary engineering phases of development. DART and The T are working with the North Central Texas Council of Governments and the Regional Transportation Council on an innovative financing initiative to seek new funding sources that could fund the capital and operating subsidy needs of the Cotton Belt line. The consultant team has recently been selected by the NCTCOG and will make their findings and recommendations known by February 2011.

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

Capital Planning & Development and Start-up costs are predominantly internal staff and consulting services costs associated with planning, designing, managing, constructing, and opening new capital projects such as the light rail system. Financial Standard B8 limits capital planning costs to no more than 7% of the total operating budget and start-up costs to no more than 60% of the first year's operating cost.

Non-operating costs relate to projects/programs that are not accounted for as operating costs or capitalized as an asset. These costs are charged through the income statement as a non-operating expense. Examples of non-operating costs are: consulting costs for the Transit System Plan revision, McKinney Avenue Transit Authority Olive Street Extension Design Oversight, and various other capital planning studies.

Significant reductions have been made to Capital Planning & Development costs (see the discussion under 'Cost Reductions,' beginning on page FP-19) as the Green Line, the Orange Line, and the Blue Line extension to Rowlett move into revenue service over the next few years. Accordingly, these costs have declined nearly $61 million from the 2010 Plan for the 2011 – 2015 period.

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

Financial Standard B7 limits General Mobility – Road Improvement Programs to funding allowed under the terms of the approved Interlocal Agreements (ILA). Road improvement programs include the Local Assistance Program/Congestion Management System (LAP/CMS), Principal Arterial Street System (PASS), Transportation System Management (TSM), and ITS projects. These programs total $41.9 million over the next five years. That is an increase of $19.9 million over the FY10 Plan and is simply a function of timing. Many of the projects contained within these line items are completed at the request of our service area cities and as such, are dependent upon their schedules. It was anticipated that over $20 million would be spent in 2010. The current projection is that approximately $1 million will actually be spent this year, so the remainder of the funds have been rolled forward into 2011 and 2012.

Capital Reserves

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

Capital Projects Listing

The list of approved capital and non-operating project included in the FY 2011 Financial Plan is shown in the *Budget* section at Exhibit 1.7.

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 Subordinated Debt (Commercial Paper) .

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

Commercial Paper – On January 23, 2001, the Board authorized the issuance of up to $650 million in Commercial Paper to be issued to: a) fund its capital acquisition program; b) refund $150 million in outstanding North Central Light Rail Project Notes; and c) fund its self-insurance program. The Commercial Paper program is currently backed by a liquidity facility supplied by WestLB AG, Bayerische Landesbank, Landesbank Baden-Württemberg, and State Street Bank and Trust. This facility is currently $600 million. The banks in the facility have a re-pricing option on January 21, 2011. It is anticipated that the facility will be reduced initially to $150 million at that time. This facility reduction is reflected in the FY 2011 Financial Plan.

Debt Program Structure

DART's two-tiered debt structure program is designed to meet capital funding requirements and to provide flexibility to meet changing interest 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. Long-term bonds are used as the ultimate capital financing instrument.

As of October 7, 2010, DART has issued approximately $3.8 billion at Par Value and has outstanding approximately $3.3 billion at Par Value.

DART has $150 million in outstanding Commercial Paper as of October 7, 2010.

Debt Program Implementation in FY10 and FY11

Long-Term Bonds

On September 27 and 28, 2010, DART priced $729.39 million in taxable Build America Bonds (BABs) and $95.235 million in tax-exempt bonds. These bonds were delivered on October 7, 2010.

The proceeds from the BABs will be used to fund DART's capital program through the third quarter of FY14. The proceeds from the tax-exempt bonds will be used to advance refund and restructure previously issued tax-exempt debt. DART anticipates that the next bond issuance will be in the last quarter of FY14. With historically-low long-term interest rates and a 35% federal subsidy that is currently set to expire at the end of December 2010, it was determined that an issuance of approximately $729 million in BABs is financially beneficial compared to multiple tax-exempt and Commercial Paper issuances during the FY11 through FY14 time span. The Revised Financial Plan for FY 2010 assumed a net, after subsidy, interest rate of 3.80%. DART was able to achieve a 3.27% rate on the 2010 BABs.

DART does not plan to issue long-term debt in FY 2011.

Commercial Paper

DART did not issue any new commercial paper in FY 2010 and does not plan to issue any new commercial paper debt in FY 2011.

The Revolving Credit suppliers have elected to terminate the credit facility effective January 21, 2011 in lieu of extending the facility at the current rate of 10 basis points. As a result of this termination, DART plans to restructure its commercial paper program. It is anticipated that the Revolving Credit Facility will be reduced to $150 million from the current level of $650 million. This reduction will result in a change in the banks providing the credit support. DART will have a new facility in place before the January 21, 2011 termination date.

Debt Program Implementation beyond FY11

Long-Term Bonds

The Financial Plan assumes that rates will return to normal spreads between short-term and long-term debt. As such, future long-term debt issuances will be used to refund the existing CP balance of $150 million in 2016. The Financial Plan assumes that long-term rates will range between 5% and 6%. DART believes that a sound debt program should have a combination of fixed and variable rate debt. DART plans to have no more than 15% of debt in variable rate. The variable rate debt can either be short-term or long-term debt. With the reduction of the CP program, which was previously discussed, part of the variable rate allocation is planned to be in the form of Variable Rate Demand Notes (VRDN). These VRDN are long-term amortizing loans. The first issuance of VDRN is planned in FY14 for $220 million. This VRDN issuance will be used to refund outstanding CP and fund the capital program. A second VRDN issuance of $150 million is scheduled for FY16 and is purely to refund CP. Additional tax-exempt fixed-rate debt issuances are planned throughout the Financial Plan to fund the capital needs of the Agency.

Commercial Paper

Commercial Paper will be the primary initial debt funding source for the capital program for FY14 through FY16. The plan assumes that CP will be refunded periodically with long-term debt when outstanding CP approaches the liquidity facility maximum. Short-term interest rate assumptions range from 1.25% to 3.50% during the Financial Plan.

Additional Debt Service Exhibits

A schedule of DART’s annual debt service for the life of all existing debt is included in *Exhibit APX.9.*

A schedule of DART’s bondholders as of July 23, 2010 is included in *Exhibit APX.10.*

Coverage Ratios (lines 31 – 32)

Financial Standard (FS) D7 requires that DART maintain a debt coverage ratio (the External Coverage Ratio) such that Gross Sales Tax Revenues must be at least two times the amount of annual Debt Service. This is the standard that DART is held to by the financial marketplace and in its own external debt documents. In those documents, DART agrees that it will not issue additional debt when it does not comply with this standard. In this Financial Plan, the lowest external coverage value is 2.47 in 2015.

DART also has a goal stated in FS-D7 to maintain another coverage ratio – the Internal Coverage Ratio. It is a goal of DART that for financial planning purposes, for long-term debt, sales tax revenues plus operating revenues, plus interest income, less operating expenses (excluding debt service and depreciation), for any twelve consecutive months of the prior eighteen months, must be sufficient to cover maximum annual debt service (ratio greater than 1.0). However, the DART Board may choose to grant exceptions to this standard in the interest of expediting completion of the System Plan. This Internal Coverage Ratio is calculated on all outstanding debt. The internal coverage ratio does not meet this standard for two of the first three years of the Plan, with FY11 and FY13 at 0.82 and 0.98, respectively, as a result of the 10% decline in sales tax revenues between FY08 and FY10. This ratio remains at or above 1.00 for the remainder of the Plan.

Exhibit 2.15 summarizes the major commercial paper and long-term debt assumptions. The exact timing, nature, and amounts of long-term debt issuances may be adjusted from Financial Plan estimates depending on interest rates and other considerations, as determined at the time of issuance.

Exhibit 2.15
FY 2011 Financial Plan Debt Assumptions

	Commercial Paper (CP)		Long-Term Debt (LTD)	
Description	**FY 2011**	**Future**	**FY 2011**	**Future**
Term	<5 years	<5 years	Up to 38 years	Up to 30 years
Interest rates + fees	1.25%	1.5%-3.5%	3.80%	5.0%-6.0%
Principal and Interest Repayment	Refund w/LTD	Refund w/LTD	Deferred Principal	Level Debt
Net CP* / Total Long-Term Debt issued**	$0	($150M)	$813M	$1.8B
End of Year - Maximum debt outstanding	$150M	$150M	$3.5B	$4.0B
Year of maximum debt outstanding	n/a	FY 2011-15	n/a	FY 2028
Cash reserves required?	No	No	No	No
Uninsured Debt Rating assumed	A1+/P1	A1+/P1	AA+/Aa2	AA+/Aa2

* The amounts shown on this line related to commercial paper issuance are net numbers and do not include retirement and re-issuance. The amounts shown on this line item related to long-term debt issuance are gross issuances.
** Amounts shown are for issuances between 2011 and 2030 and are shown at par value.

SUPPLEMENTAL FINANCIAL INFORMATION

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

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

The Change in Balance Sheet Accounts line item is used as a compensating factor for the lag between the occurrence of an accounting transaction, which affects the balance sheet, and the actual receipt or disbursement of cash. DART's projected Balance Sheet for each of the first five years of the Financial Plan is included in *Exhibit APX.7*.

Cash Reserves and Restricted Funds (line 38)

DART maintains several cash reserves. Financial Standard G5 requires a Master Insurance Reserve for claims and Board liability exposure (estimated balance of $13.7 million on September 30, 2010). Financial Standard G7 requires that sales tax collections that exceed budget during a fiscal year be placed in a "Financial Reserve" account (estimated balance of $22.8 million on September 30, 2010). Once this fund balance reaches $50 million, all additional funds will be placed in a Capital Projects Reserve. The Financial Reserve may be used for any purpose, subject to an affirmative vote of two-thirds of the appointed and qualified Board members. This line item represents the projected end-of-year value.

Reserves for Operating Deficits (line 39)

Because of the 10% decline in sales taxes over the last two years and because of the substantial light rail expansion currently under development, DART operations, capital planning and development, and start-up expenses exceed the incoming sources of funds available for those uses by $52.6 million through 2012. DART has set aside this amount within its general fund to fund these operating deficits. Once this situation is alleviated (by 2013), this fund remains at zero for the remainder of the Financial Plan.

Working Cash Requirements (line 40)

Financial Standard G6 states "since sales taxes are received on a monthly basis, the unrestricted cash balance at the end of the year shall not be less than one-twelfth of the difference between the subsequent year's total sources of cash (excluding sales taxes) and total uses of cash as projected in the Financial Plan." For the FY 2011 Financial Plan, DART has increased this cash balance to a minimum of $100 million for FY 2011, which is then increased by $10 million every three years. The combination of the Financial Reserve and this working cash balance ensures that DART always has a minimum of approximately three months of net expenditures on-hand. This line item represents the projected end-of-year value.

Net Available Cash (line 41)

This line item represents the projected end-of-year value and is the bottom-line check regarding the long-term affordability of DART's programs. As long as this value is positive, the Plan is affordable, given the assumptions used to build the Plan. In the FY 2011 Financial Plan, the minimum amount of Net Available Cash is $162.0 million in 2020. This amount is in addition to the reserves described in the previous three paragraphs and as such, represents DART's unprogrammed cash balance. DART's total cash as of the end of 2020 inclusive of all reserves is projected at $337.6 million.

DART looks at Net Available Cash and the internal and external coverage ratios as critical components of affordability analysis. Every decision that is made, as well as every change to a Financial Plan assumption or estimate is made with consideration of the effect on the overall affordability of the Financial Plan.

Funds and Fund Balances

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

General Fund

This fund consists of the concentration account at Bank of America which clears all activities related to general operations (revenue receipts, payments funding) of the Agency, as well as the money market funds and securities investments in short-term or readily marketable securities. The average maturity of this fund shall not exceed 18 months, and the maximum maturity for any single holding shall not exceed five years.

Financial Reserve Fund

This fund exists to isolate certain funds and restrict their uses without prior Board approval. Sources of funds are sales taxes in excess of the budget and interest income from the investments within the 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. Securities are laddered over a one to five year maturity range with an average maturity of 30 months or less and five years as the maximum maturity for any single holding.

Capital Reserve Fund

The Board has limited the Financial Reserve Fund (discussed above) to a maximum balance of $50 million. This fund is only used to handle those funds in excess of $50 million that would normally qualify for the Financial Reserve Fund. The intent is to ensure that any excess funds are reserved for capital expansion projects. As established, there would be no funds in this account unless the Financial Reserve fund is "full" at $50 million.

Insurance 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 lack of liquidity requirements in this fund allows for an average maturity of 4 years or less, with a maximum maturity for any single holding of 10 years.

System Expansion & Acquisition Fund Account (SEAF)

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

Debt Service Fund

These funds are be used to make payments directly to bond investors as needed during the month. The investment objective is to provide sufficient liquidity to meet the payment requirements and to minimize market and credit risk. Therefore, investments are limited to money market mutual funds that invest exclusively in short-term securities that are issued or guaranteed by the U.S. government or U.S. government agencies, or direct obligations of the U.S. government and its agencies with maturities closely matched to specific payment requirements. The average maturity of these funds shall not exceed one year, with a maximum maturity of three years.

Bond System Expansion & Acquisition Fund Account (Bond SEAF)

This account is used to segregate proceeds from sales of DART’s bond issuance program during the time 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 these goals, investments are held in high-grade corporate and government/agency instruments and money market mutual fund investments. The investments purchased will have maturities that match forecast payments. The average maturity for this fund shall be no more than 300 days, with a maximum individual maturity of 24 months.

RTR Fund (Regional Toll Roads)

These funds are provided to DART under an advanced funding agreement from the North Texas Tollway Authority (NTTA) and administered by TxDOT for approved projects. The proceeds are segregated in unique money market funds that are each associated with only one project. As the projects progress, funds are transferred to the DART general operating account with detailed back-up to substantiate the reimbursement to DART.

Exhibit 2.16 summarizes DART's fund balances as of September 30, 2009 and 2010.

Exhibit 2.16
DART Cash Fund Balances
($000s)

Fund	Balance as of 9/30/09	Balance as of 9/30/10	Change in Fund Balance
General Fund	$429,161	$714,372	$285,211
Financial Reserve	22,372	22,828	456
Capital Reserve	0	0	0
Insurance Fund	13,735	13,730	(5)
SEAF	0	0	0
Debt Service Fund	58,027	62.379	($7,965)
Bond SEAF	962,912	96,379	(866,533)
RTR Funds	0	11,040	11,040
Total All Funds	**$1,486,207**	**$858,411**	**($627,796)**

MAJOR FINANCIAL PLAN ASSUMPTIONS

- Sources of Funds
  - The Amended FY 2010 Twenty-Year Financial Plan includes a 0.7% decline in sales tax receipts from FY09. This forms the basis for the FY 2011 Financial Plan. With year-over-year revenues positive for four of the last eight months (through August receipts), it appears as if the economy has found a bottom. According to both Perryman and Clower, the economy should bounce back and have a strong solid recovery. Gross sales tax revenues are projected to increase by 5.0% next year and by an average of 5.7% over the next five years before settling into a long-term growth pattern around 3.8%. Validating those projections against recent DART history, coming out of the 2001-2003 recession, DART's sales taxes grew by an average of over 5.9% for the subsequent five years. Contrary to prior years, the Financial Plan is using the Perryman rates verbatim rather than taking some level of reduction from them. Based on the research done this year, the Perryman estimates included appropriate adjustments that we believe will prevent the recent history of significant overstatement of revenues. In addition, with the receipt of a substantially similar estimate from Clower, it was determined that the Perryman projections were reasonable, as stated.
  - A major fare increase was put into effect on September 14, 2009. The second part of that fare increase, which only affects System and Regional Fares, is scheduled to go into effect on October 1, 2010. The approved fare structure along with historical information on DART fares can be found at *Exhibit APX.12*. The next fare increase is programmed in the Financial Plan in 2013. Beyond that, periodic increases to fare revenue are programmed into the Plan at five-year intervals. The exact magnitude of the increase and the specifics of the fare structure are subject to public input and Board approval.
  - Fare revenue increases are also based on ridership projections for each mode. The following projections are base growth rates. 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 impact future ridership projections.
    - Fixed-Route ridership has been trending down since early in calendar year 2009, affected by the three-pronged impact of the weakening economy, continued job losses, and stabilized gas prices. The price for regular unleaded gasoline topped out in excess of $4 per gallon in the summer of 2008. Within six months, prices were below $1.50, before rebounding to over $2.30 during the Spring and Summer of 2009. Prices have been 'relatively' stable since then. Unemployment levels in Texas were below 4.5% through the beginning of 2008, but began to creep up through the Summer of 2008 to approximately 5% before rapid escalation to over 7% in the Summer of 2009. Unemployment is currently being reported at just over 8%. Because more than 50% of trips taken on DART are work-related, unemployment levels have a significant bearing on DART's ridership.

Since September 2009, further ridership declines have been attributable in roughly equal parts to the continuing erosion in economic conditions and to the fare increase that went into effect in September 2009. The rate of decline in most ridership categories has slowed noticeably in the last few months, perhaps suggesting moderation in the impact of the economic downturn.

Fixed-route ridership is expected to jump 10% with the opening of the Green Line in December.

- Fixed-Route Bus ridership (including Innovative Services) is expected to increase by 1.7% in FY11 to 38.7 million with a rebounding economy and additional trips on rail feeder routes offsetting losses caused by service reductions. Beyond that, ridership is expected to grow by an average of 1.3% per year through 2015.
- LRT base ridership is projected to jump by nearly one-third next year because of the Green Line opening. Additional ridership gains totaling more than 20% through 2015 are expected as the Orange Line and Blue Line extensions open over the next few years.
- TRE ridership is expected to decline by an additional 8.1%, to 2.4 million passenger trips in 2011 as the second part of the fare increase goes into effect, and then gain ridership at a rate averaging approximately 1.1% per year thereafter.
- HOV ridership has slumped significantly, again related to gasoline prices and unemployment rates. Additionally, the removal of the I-635 West HOV Lane from service for TxDOT construction early in FY11 will reduce ridership significantly. Ridership is projected at 35.9 million trips and 1.5% growth for each year thereafter. I-635 is expected to be returned to service early in FY16.
- Paratransit ridership is expected to increase by approximately 2% per year over the next five years. FY11 ridership levels are projected at 795,800.

- Advertising income has dropped from $4.8 million budgeted in FY09 to $2.7 million for FY10 because of the economic slowdown. For the future, the budget assumes the market will remain depressed in FY11 but will bounce back to near pre-recession levels by 2012.
- Other miscellaneous operating revenues generally grow by inflation each year.
- Investment portfolio yields remain between 1.00% and 1.25% above the commercial paper rates through the life of the Plan.
- DART will receive over $58.3 million in Federal Formula money for Capital Preventive Maintenance, Fixed Guideway Modernization, and Transit Enhancement funds in 2011. These funds are programmed to increase by 1% per year for the life of the Plan. Per Financial Standard B-10, these funds are to be programmed at the current year’s allocations throughout the life of the Plan, despite a history of growth. This assumption is in contrast to that standard. The decision was made to incorporate these increases based on the fact that: 1) as a significant portion of DART’s light rail system ages beyond seven years, additional fixed guideway modernization funds are expected to become available; and 2) the lack of much discretionary funding included in the Plan beyond the current Light Rail Buildout.

- Long term, DART assumes it will receive 10% funding for future bus purchases and $100 million in support of the South Oak Cliff-3 line section.
- DART is projected to receive $86.25 million of its $700 million Full Funding Grant Agreement (FFGA) for the Green Line each year through 2013. The remainder of the FFGA ($5.9 million) is scheduled to be received in 2014.
- CMAQ funding in the amount of $12.9 million will be received in 2011 and a total of $75.7 million through 2015. As additional funds become available and projects are identified to access these funds, additional CMAQ funds will be programmed into the Plan.
- $110.9 million in other external capital contributions and discretionary grant funding will be received between 2011 and 2015, including approximately $25 million in as yet unidentified funding for the RapidCard program, $21 million from The T for their contribution to TRE capital programs, with the remainder to come from service area city and developer contributions, Homeland Security Grants, etc.

- <u>Uses of Funds</u>
  - Operating Expenses
    - Operating budget of $422.0 million in FY 2011.
    - Annual local inflation rates are anticipated to be approximately 2.3% per year over the life of the Plan. These projections are part of the same economic model that is provided by The Perryman Group each year to estimate sales tax revenue growth.
    - Per Financial Standard B-5, operating expenses are planned to grow by 90% of inflation plus new service, new programs, Board-approved contract increases, and adjustments related to fuel prices and actuarial analyses.
    - As part of efforts to manage costs during the economic downturn, in 2009, DART committed to finding $22.5 million in reductions to the growth in operating costs between 2010 – 2012. In addition to that, no employee raises will be given during FY 2011, and another $30.3 million in annual reductions will be made to operating expenses and capital planning and development costs over the next several years.
    - Bus service costs will be managed down by approximately $16 million and will be phased in between 2009 and 2013. These cost savings will come from three areas:
      1) Costs associated with elimination of service to be duplicated by new light rail service; and
      2) Conversion of approximately 15 – 20% of the bus fleet to smaller, less expensive vehicles (discussed under Capital and Non-Operating); and
      3) Any required cost savings not found through these two items will be achieved from additional service reductions.

- New light rail service will be implemented between 2010 and 2019 for the current Phase of the LRT Buildout, including the Green Line (NW/SE), the Orange Line (Irving), the Blue Line extension (east from Garland to Rowlett), and a second Blue Line extension (south from Ledbetter to the UNT Dallas campus).
- Concurrent with the beginning of full Green Line operations, peak headways on existing branches will be adjusted to 15 minutes (with the exception of 7.5 minutes on the Red Line north) to better match capacity to demand. This change is anticipated to result in $5.9 million in annual cost savings once full implementation is achieved with the openings of the Orange Line (Irving) and Blue Line extension (Rowlett).
- TRE service levels will be adjusted at the beginning of FY 2011. These changes include:
  - Elimination of two daily trips on weekdays;
  - Elimination of four trips on Saturdays (but not on modified Saturday service days, such as the day after Thanksgiving);
  - Several train-size adjustments to better match capacity with demand; and
  - Other weekday and Saturday schedule time adjustments to better meet revised bus and rail schedules.
- TRE contract costs are programmed at known contract rates, which call for a 3% escalation between 2011 and 2015. The DART Board did adopt Strategic Recommendations for the TRE in August of 2007 with expanded service goals once certain double-tracking projects are completed. However, this service is not provided for within the Financial Plan and will be dependent upon many factors including service demand, financial capability, and the direction of the Board.
- Paratransit contract costs are programmed at known contract rates through the end of the option period in 2012. However, DART is moving forward with a Mobility Management approach to delivering Paratransit service. This new approach is expected to result in significant savings. As we get further along in the process, cost data will be refined, and will be incorporated into the FY 2012 Financial Plan.
- The number of vanpools in the budget grew from a maximum of 145 in 2008 to 198 in 2009. The current Financial Plan budgets for full utilization of these 198 vanpools throughout the life of the Plan. As this program is subsidized at approximately 95% between vanpool user fees and support from the North Central Texas Council of Governments (NCTCOG), additional vanpools can be added with minimal financial impact. The actual number of available vanpools is substantially determined by the availability of funds from NCTCOG.
- $3.9 million per year is included in the Plan to fund post-retiree health benefits and $7.5 million for contributions to the defined benefit plan (which is a closed plan). This amount is subject to fund earnings and as such, the declines in the stock market over the last several years have increased DART's required contributions.

- Capital & Non-Operating
  - The FY 2011 Financial Plan includes the Irving-3 line segment (from Belt Line Station to DFW Airport, Terminal A) as well as the Blue Line South extension to the UNT campus in South Dallas (SOC-3).
  - The Cotton Belt project will be taken through the environmental and preliminary engineering phases of development. DART and The T are working with the North Central Texas Council of Governments and the Regional Transportation Council on an innovative financing initiative in an effort to seek new funding sources that could fund the capital and operating subsidy needs of the Cotton Belt line.
  - The second light-rail alignment through downtown Dallas and all of the 2030 System Plan projects were placed into a deferred, unfunded status. Other funding sources will be pursued and the projects will be reintroduced as funding becomes available.
  - Annual inflation rates of 2.5% – 3.5% were used for the Irving-3 and South Oak Cliff (SOC-3) line sections and were applied to the latest estimates for capital construction costs. Inflation rates of no less than 3% per year were used for all other capital project costs.
  - The Capital Planning & Development budget for FY 2011is $19.3 million. This will be reduced to approximately $6 million by 2015, with reductions occurring as major capital construction projects are completed.
  - Approximately $4.1 million will be spent in FY11 and $7.9 million over the next five years on start-up costs for the new Light Rail lines. 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 future operating budgets.
  - The next bus purchase will be for an estimated quantity of 439 (370 was used as the minimum guaranteed number of vehicles in the procurement, with options for more vehicles if needed) heavy-duty, low-floor, ADA-accessible vehicles. This purchase will take place in the 2013 – 2015 timeframe, followed by a procurement of 63 over-the-road coaches to be used on express service routes. DART intends to expand the use of <30’ vehicles in fixed-route service to reduce costs without reducing service in areas where limited ridership demands warrant a lower capacity vehicle. That analysis will occur within the next year, and the exact quantity of vehicles to be purchased will be finalized. Early estimates suggest that approximately 80 peak vehicles (96 total vehicles) will be switched from full size buses to smaller vehicles. All future vehicles, both full size and <30’ vehicles, will be fueled by compressed natural gas.

- Debt Service
  - DART has a liquidity facility in place for up to $600 million in Commercial Paper (CP) of the Board-authorized amount of $650 million. This facility will be reduced to $150 million during 2011.
  - A change to DART's enabling legislation was enacted during the 2009 Texas Legislative Session allowing DART to pledge multiple sources as a first lien relating to repayment of bonds. This change effectively allows DART to issue sufficient debt to complete its light rail buildout and other capital programs without any specific dollar value cap.
  - DART will have several long-term debt issuances over the next few years, and of different types.
    - DART plans to issue approximately $813 million in Build America Bonds (BABs) early in FY11 to take maximum advantage of the 35% federal interest subsidy. These bonds will be interest only through 2038. Once the 2007 series bonds are retired, principal payments will begin on the BABs.
    - $220 million in long-term, variable-rate debt to be issued in 2014.
    - $80 million in fixed-rate, tax-exempt debt with a 30-year term and the replacement of $150 million of outstanding CP with long-term, variable-rate debt to be issued in 2016.
  - Through the completion of the current Service Plan elements (through the SOC-3 Blue Line south extension), DART is anticipated to have issued $4.0 billion in long-term bonds. This is down by approximately $130 million as compared to the FY10 Plan.
  - The actual amount, type, and timing of debt issuance may change from the Plan depending on DART's financial needs and market conditions.

POTENTIAL RISKS AND OPPORTUNITIES

- Sales tax receipts are unquestionably the single most important estimate in the DART Twenty-Year Financial Plan, and are therefore the largest single area of risk to DART's ability to meet its goals and objectives. DART's primary economic consultant, Dr. M. Ray Perryman (and as corroborated by the projections of Dr. Terry Clower of the University of North Texas), is projecting a strong recovery in sales tax growth beginning in 2011 and lasting through 2015, before beginning to settle down into a long-term growth trend of approximately 3.8%. DART made cost reduction plans based on this forecast. If the economic recovery is slower, shorter, or weaker than expected, significant additional operating expense reductions will be necessary to maintain affordability. As DART approaches the limits of its bond capacity over the next few years, the risk associated with lower-than-expected revenues becomes even higher. Once the final light rail system elements that are included in this Financial Plan (Irving-3 and SOC-3) are under contract and debt has been issued, any revenue shortfall will result in immediate and significant service reductions.
- There are several opportunities in the sales tax arena. The largest of these opportunities relates to sales tax on residential utilities within the service area. Our service area cities have the option of receiving sales taxes on residential gas and electricity, but DART does not have that same opportunity. Currently, every city in the service area with the exception of Cockrell Hill does so and as such, the amount each city receives for its one-cent sales tax exceeds what DART receives. It is estimated that DART would realize a $20 to $25 million annual benefit from such sales taxes, and will pursue this as part of the 2011 Legislative Agenda.
- Another opportunity for enhanced sales tax receipts comes from a proposal currently on the November ballot in the City of Dallas to allow expanded alcohol sales. City staffers project a potential revenue increase of approximately $11 million on an annual basis. Part of these sales would probably come at the expense of other DART Service Area cities. The benefit to DART might be in the range of 50% of that amount.
- DART is exploring the opportunity to turn several HOV lanes into High Occupancy/Toll (HOT) lanes and selling excess capacity. Initially the intent is to implement tolling on two lanes: I-35E/US67 and IH-635 (LBJ East). Initial analysis indicates that this could generate $5 – $6 million per year on these two lanes. If successful, this program may be expanded to additional lanes.
- Over the next year, the Agency will implement a demonstration paid parking program at the Carrollton/Frankford Road (Green Line) Station and the Parker Road (Red Line) Station. It is the intent of this program to charge non-service area residents for parking at these stations. After analysis of this pilot program, parking charges may be expanded to other stations and Park & Ride lots, which could result in additional revenues.
- 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.

- DART and several surrounding, non-service area cities are discussing the possibility of contracting for bus service with DART. If such contract(s) were executed, the fully burdened cost of DART service would need to be recovered to ensure that no service area city dollars were being used to pay for non-service area city services.
- Fuel and energy prices have been highly volatile over the last several years. DART has taken advantage of the recent declines to hedge diesel fuel needs through FY 2013 and set up a contract for physical delivery of natural gas through FY 2020. DART also has a fixed price contract for approximately 97% of its electricity usage locked in through 2013. The pursuit of these hedges/contracts eliminates a significant budgetary risk. The Agency is exploring the possibility of ‘blend and extend’ options to lengthen its budget security for electricity.
- DART currently has limited ($600,000) external contributions or grant funds programmed for the Irving-3 light rail segment to DFW airport and an assumption of $100 million in federal funding for the SOC-3 extension. It is possible that additional external funding sources may be found to contribute to the cost of those line sections or that no grant materializes for SOC-3. Lack of funding could put that line section at risk.
- DART is constrained by FS-B5 to grow operating expenses by no more than 90% of the projected inflation rate, plus new programs and service. Over the near term, obviously DART will be reducing costs and living well below this standard. Over the long-term, however, this operating expense target is very difficult to achieve year after year. Approximately two-thirds of DART's FY11 Budget is composed of salaries, wages, and benefits. In the long term, these costs must at least grow by inflation, or DART’s ability to attract and retain quality employees may be adversely impacted. Considering the national trends of double-digit annual increases in health care costs, this presents a major challenge for DART. DART has recently implemented several programs targeting workers’ compensation and health care benefits costs, which have showed substantial improvements and lower increases than the national trend in these areas through 2009. Gains of this magnitude will be hard to sustain on a continuing basis, as was the case in 2010 when health care costs were higher than expected year-to-date and the FY11 projected values have shown significant increases.
- FY08 and the first half of FY09 were very difficult years for the stock market. As such, actuarial liabilities and the required contributions calculated on DART’s defined benefit retirement program (which is a closed program) and retiree health care are likely to grow significantly in the next few years.
- DART has attempted to identify all capital projects that can be foreseen, but every year additional new projects are requested. Significant additions to the capital program (and associated operating costs) without concurrent increases in revenues or the deletions of offsetting capital projects, could adversely affect the Financial Plan. As an attempt to mitigate those items, DART’s Financial Plan contains multiple capital reserves, which are placeholders for anticipated expenditures.

- Based on The Perryman Model (and supported by the last 20 years of experience), inflation is estimated to average approximately 2.3% per year for the life of the Plan. Because inflation affects sales tax revenues and both operating and capital expenditures, it has many risks and many potential opportunities associated with it. Recent inflation in the heavy construction arena has substantially exceeded general inflation through the middle of the last decade, but then reversed itself during the economic downturn. Specific commodities such as steel, concrete, aluminum, and copper in particular have escalated at unprecedented rates during 2007 and 2008, and then fallen again. This caused DART to revise its cost estimates in 2008 on all capital construction projects going forward. These changes were included in the FY08 Plan and are continued at those levels into the FY10 Plan. DART will continue to monitor the construction cost indices closely and assess any impacts on the projects contained in the Financial Plan.
- Any sustained period of deflation would cause significant financial damage to the Agency. Deflation would undoubtedly result in falling sales tax revenues. Falling revenues combined with DART's fixed rate debt obligations already outstanding could result in additional contraction in Agency services.
- Between 1997 and 2002, DART entered into ten economically defeased financing transactions. In general, such transactions involve the lease and leaseback of specified, depreciable property to a trustee, acting on behalf of a private investor. Although we retain legal title to the leased property and have the option to purchase the trustee's interest on or before the end of the sublease term, these transactions were structured to result in a sale of the subject property to the private investor for federal income tax purposes. The rent due for the full term of the leases was prepaid to us. In order to fund the sublease rental payments owed by us over the life of the leases and the purchase option price, we used a portion of the advance rental payments paid to us either: (i) to purchase contractual undertakings from financial institutions pursuant to which the financial institutions assumed or agreed to pay the sublease payments due and owed by us and the purchase option price; or (ii) to make deposits with custodians instructed to purchase direct obligations of the United States Government that mature on dates and in amounts required to pay our sublease rental payments and the purchase option price. For a more detailed description of these transactions, please refer to the section of our Annual Disclosure Statement titled "DART'S FINANCIAL PRACTICES AND RESOURCES--Lease/Leaseback Transactions" and to Note 10 of the Independent Auditor's Report attached as Exhibit A to our Annual Disclosure Statement.

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

During Fiscal Year 2008 "Insurers" (AMBAC and AIG) in these transactions were down-graded. The down-grades affected 9 of the 10 transactions. The down-grade of these insurers required DART to take certain actions to the benefit of the "Equity Investors" required by the controlling transaction documents. In many instances, the required actions were now virtually impossible to complete or were economically prohibitive. DART has had discussions with all the Equity Investors. The result of these discussions, to date, has been to terminate six transactions at costs acceptable to DART, negotiate compliance on one transaction, and has received temporary forbearance on the remaining two transactions. DART continues to hold discussions with the Equity Investors on the remaining three transactions. These discussions have resulted in agreements in principle with two Equity Investors to either eliminate some compliance requirements and/or to lower compliance requirements to limits acceptable to DART.

DART received a net benefit of $36.9 million in total for all of these transactions. After all projected termination and repair costs (estimated at $1.9 million), DART's benefit from these transactions will be $35.0 million.

Section 3
Customer Focus – Bus
Index of Exhibits

Customer Focus – Bus

Overview

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

DART's fixed-route bus service operates from three DART-owned facilities: East Dallas, Northwest, and South Oak Cliff. DART operates a total of 657 buses and maintains extensive passenger amenity and facility infrastructure including approximately: 12,500 bus stops, 765 bus shelters, 1,500 benches, 15 transit centers, 2 passenger transfer locations, 22 enhanced shelters, 35 rail platforms, 5 commuter rail stations, 100 information pylons, and all operating divisions and corporate offices, for a total of approximately 65 million square feet.

Exhibit 3.1 is an overview of the uses of the funds and allocated operating positions for the Bus mode of service.

Exhibit 3.1
Bus Overview

Overview	FY09A	FY10B	FY11B
Allocated Operating Budget (M)	$225.0	$233.6	$225.0
Capital Budget* (M)	7.3	16.5	24.9
Allocated Operating Positions		2,143	2,058

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

Bus Scorecard – Key Performance Indicators

Exhibit 3.2 highlights the Bus Key Performance Indicators (KPIs) presented in scorecard format. Fiscal years 2008 and 2009 indicate actual values, while figures for fiscal years 2010 through 2012 represent the budget and projected values. Fiscal Year 2010 Qtr. 3 is a four-quarter rolling average ending June 30, 2010.

Exhibit 3.2

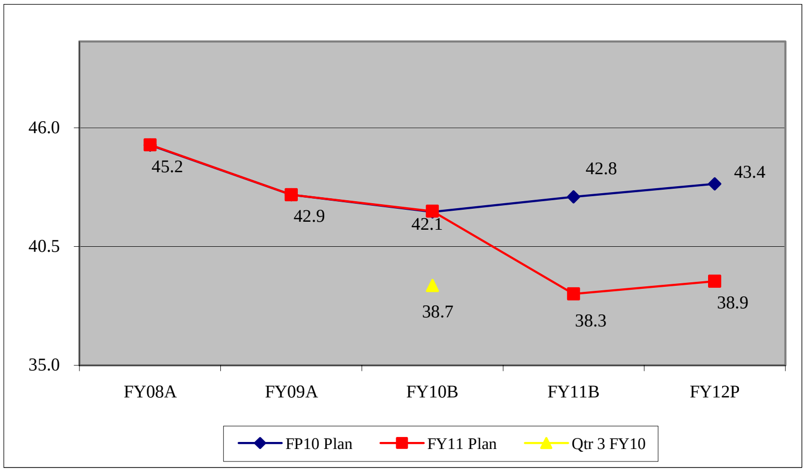
Bus Scorecard Key Performance Indicators						
Indicators	**FY08A**	**FY09A**	**FY10 Qtr. 3**	**FY10B**	**FY11B**	**FY12P**
Customer/Quality Indicators						
Fixed Route Bus Ridership (M)	45.2	42.9	38.7	42.1	38.3	38.9
Charter Ridership (M)	0.2	0.2	0.3	0.3	0.4	0.5
Revenue Miles (M)	27.4	31.4	27.7	26.5	24.9	24.5
Passengers per Mile	1.66	1.37	1.39	1.60	1.54	1.58
Farebox Recovery Ratio	14.3%	14.2%	13.9%	13.3%	12.8%	13.2%
Complaints per 100k passengers	52.7	64.5	70.4	50.0	70.0	70.0
On Time Performance	92.0%	93.4%	92.4%	92.0%	92.0%	92.0%
Mean Distance Between Service Calls	6,592	7,433	7,182	7,493	7,367	7,367
Veh. Accidents Per 100k Miles	1.7	1.7	1.5	1.8	2.0	2.0
Financial/Efficiency Indicators						
Revenues (M)	$41.0	$38.1	$35.5	$40.2	$32.1	$35.3
Expenses - Fully Allocated (M)	$216.7	$213.9	$225.3	$233.6	$225.0	$223.4
Net Subsidy (M)	$175.7	$175.8	$189.8	$193.4	$192.9	$188.1
Subsidy Per Passenger	$3.89	$4.10	$4.90	$4.56	$5.04	$4.84
Cost per Revenue Mile	$7.92	$6.81	$8.12	$8.82	$9.04	$9.10

Bus Ridership Trends

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

Exhibit 3.3 provides an overview of bus ridership. Fiscal years 2008 and 2009 indicate actual values, while figures for fiscal years 2010 through 2012 represent the budget and projected values. Fiscal Year 2010 Q3 is a four-quarter rolling average ending June 30, 2010.

Exhibit 3.3
Bus Ridership



Support the Second Phase of System Build-out

Service will be initiated on the second section of the Green Line in December 2010. Bus service along this section of the Green Line will be restructured to enable passengers to connect to the new rail stations

In preparation for the grand opening of the entire Green Line in December 2010 (FY 2011) and related bus system modifications, Community Affairs will conduct a series of public meetings/hearings. DART also will deploy volunteers to assist customers during the implementation of the new service and route changes. Customer Service will review and implement improved internal processes as well as new technologies to enhance dissemination and accessibility of information for improved customer relations. This includes the review of the First Call Resolution initiative, Integrated Voice Response (IVR) system upgrade, implementation of DART's *Where's My Bus*?® mobile PDA (personal digital assistant) capability, implementation of a Workforce Management system, and the call recording system.

Ridership Development Action Plan

Ridership development – especially related to expansion of the rail network and associated bus changes – will continue to be a major area of focus in FY 2011. Strategies to increase ridership on the Bus Mode are aimed at retaining current riders, bringing new riders into the system, managing ridership trends driven by volatile fuel prices, and encouraging rail passengers to use bus feeder services rather than accessing stations through personal vehicles.

For FY 2011, DART will focus first on maintaining ridership following additional October 1 fare increases on TRE and Express bus routes and general service reductions to occur concurrently with the Green Line opening on December 6, 2010. DART's market research continues to point to a significant level of "turnover" in the composition of bus ridership on an annual basis. As new riders are attracted to the system, we also experience attrition among existing riders. In FY 2011, attrition will be tied to a number of factors, including the impact of a systemwide fare increase in September 2009 and additional fare increases for express bus and TRE services in October 2010. Other factors driving attrition include changes in residence, changes in employer or employment location, changes to the transit network, or dissatisfaction with service levels or service quality. Apartment tear-downs and redevelopment have had significant recent impact upon ridership levels in certain areas. Strategies that reduce the level of rider attrition within the system will result in overall ridership increases.

FY 2011 Strategies for Ridership Development fall into the following major categories:

- Bus Service Restructuring
- On-Time Performance Initiatives
- Delivering Information to Customers During Their Trip
- Complaint Reduction/Customer Satisfaction Initiatives
- Employee Engagement Initiatives
- Employee Satisfaction Focus
- New Marketing and Promotion Initiatives
- New Equipment and Facilities
- On-Street Bus Facilities Program
- Service Standards Revisions
- Systemwide Accessibility Initiative

Bus Service Restructuring

One of the largest bus service changes in DART history will take place in December 2010 when the remaining sections of the Green Line are scheduled for service implementation. Significant portions of the bus route network in Pleasant Grove, South Dallas, Northwest Dallas, Farmers Branch, and Carrollton will be modified from a radial structure to a feeder route network, tying into the new Green Line stations. In addition, new crosstown routes are planned to provide high quality transit connections between the radial rail corridors.

To prepare for these significant system changes, modifications have been made to our existing training programs, standard operating procedures, service recovery strategies, and field supervisor deployment plans. Many of these management and process changes were either implemented during FY 2010 or will become effective with the December changes.

Additional significant bus service restructuring will occur to coincide with the following new rail service openings:

- Orange Line (Irving-1) and NW Plano Park & Ride, mid-FY12
- Orange Line (Irving-2) and Blue Line (Rowlett) extensions, early FY13

On-Time Performance Initiatives

- A cross-departmental On-Time Performance Task Force has continued to update and implement strategies to enhance bus on-time performance and reduce the number of timeliness complaints that DART receives. Key elements of those plans include:
  - Adjusting bus schedules to provide adequate runtime and recovery time.
  - Utilizing the upgraded Automatic Vehicle Location (AVL) System to improve the monitoring and real-time service management of bus on-time performance, as well as providing critical information for complaint resolution and improved scheduling.
  - Equipping field supervisor vehicles with mobile data computers (MDCs) that will reduce unproductive office time and increase the amount of time in the field for each employee, as well as provide the field supervisor with up-to-date information from DART's Trapeze Operating Software and upgraded (AVL) System.
  - Modifying work assignment procedures to improve the consistency of operators working the same assignment throughout the week – affording a more consistent service for the customer.
  - Providing clear and timely information to customers regarding DART's operating policies, service schedules, and service delays.

Delivering Information to Customers During Their Trip

- The *Where's My Bus*?® smart phone application that enables riders to receive a predicted arrival time has been very well received, and is now being enhanced. New features will include enabling a rider to locate the nearest bus stops to their current location by recognizing where they are automatically from their smart phone. It will also show which bus routes use those stops and will link to timetables and to the *Where's My Bus*?® feature. By utilizing Google's street view, the application will show photographs of the bus stops to make it easier to find them.
- Other initiatives will inform customers while on the system, including digital signs at stations, of the next train arrival, and eventually digital displays inside trains and buses with trip information such as connections and diversions.

Complaint Reduction/Customer Satisfaction Initiatives

- Revised criteria for the recruitment and selection of bus operators have been implemented that emphasize customer service experience and reduce the emphasis on commercial driving experience. New screening tools will be implemented in FY 2011 to enhance the application of these revised criteria to the operator selection process.
- A new ROTC (Refresher Operator Training Class) has been implemented that includes significant focus on customer service skills training. In addition, a Customer Service training class is available to retrain operators who are experiencing an excessive number of "discourteous" or "unacceptable conduct" complaints.
- A Mystery Rider Program has been implemented to provide for service quality monitoring and to target those service delivery issues that can only be observed while riding on the vehicle.
- A new Customer Feedback Process is being implemented to target investigation and corrective action toward the highest priority complaints. Software modifications will be implemented to support the trending of complaints and to identify the areas where management intervention may have the most impact.
- Customer complaint information, particularly in regard to timeliness issues, will be routed to Field Supervisors based on their service territory and shift, within a day or two of the complaint call or contact. The MDCs in Field Supervisor cars will allow them to receive the targeted complaint information and will support them in being proactive in resolving the underlying service issues.
- A Vehicle Location History application has been developed and made available to all operations and customer service staff, to facilitate the investigation and resolution of customer complaints. The application allows the user to research where a particular bus was located at any given time on a previous date.

Employee Engagement Initiatives

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

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

Employee Satisfaction Focus

- Employee Satisfaction surveys are conducted on a systematic basis to evaluate the level of Employee Engagement, as well as to identify areas of employee concerns that may need to be addressed. Strategies have been developed to focus on making improvements in those areas that employees have cited as falling below their expectations.
- One specific employee satisfaction strategy is an innovative Supervisor/Operator Teams program in the Bus and Rail Operations areas called PACE (Professionals Achieving Communication Excellence). The objectives of the program are to strengthen supervisor and operator relationships, provide operators with consistent, comprehensive feedback on their performance, and increase the opportunities for feedback from operators to management staff. The PACE Program was first introduced in late FY 2009 and was expanded throughout the Transportation Department in FY 2010.
- Significant management focus over the past year has resulted in reduced unscheduled absences among operators and other operational staff. These efforts will continue into FY 2011.

New Marketing and Promotion Initiatives

- Major marketing efforts for FY 2011 will focus on the following ridership development initiatives:
  - Major marketing initiatives will include promoting major service changes in each fiscal year with new bus routes and restructuring of existing routes. In addition, marketing efforts will focus on the value and savings riders can achieve by riding DART bus services.
  - A major media campaign will focus on the benefits of riding DART. In addition, communications will be developed to inform our riders, stakeholders, and affected parties of the build-out and associated construction projects.
  - Other marketing and promotion initiatives will include special event marketing participation in more than 125 events in FY 2011 including service to the Texas State Fair, and Mavericks and Stars games, etc.
  - Another major initiative that will continue in FY 2011 targets diversity/segment marketing to the African-American, Hispanic, Asian, and Seniors markets. Elements include targeted monthly advertising to specific segments, partnering with key media on promotional opportunities, roundtable discussions, educational outreach, and targeted collateral/web pages in various languages.
  - Promotion of DART's employer programs will continue as well in FY 2011. Specific programs will be improved and expanded. In addition, DART will continue its partnership with the North Texas Clean Air Coalition by participating in the Ozone Season Incentive Program.

New Equipment and Facilities

- Park-and-Ride Facilities – Expanded parking capacity is now available at Parker Road Station, Bush Turnpike Station, and the Glenn Heights Park & Ride through expansions completed in FY 2009 and FY 2010. New Park & Ride facilities will open at a number of Green Line LRT stations with the extensions scheduled for December 2010, further expanding the reach of DART's Park & Ride network.
- Paid Parking Feasibility Study – DART completed a study of the feasibility of paid parking to manage parking availability at high demand Park & Ride lots in FY 2010. It is anticipated that the expansion of light rail on the Green and Orange Lines will increase the demand for convenient parking at existing Park & Ride lots and a number of the future Park & Ride facilities. For FY 2011, staff is in the process of implementing a pilot paid parking project at two locations: Parker Road Station and the new North Carrollton/Frankford Station.

- Radio System Replacement – This multi-year project enters its second-to-last year, and there will be substantial activity during FY 2011. This project will replace the 15-year old radio/CAD equipment used to broadcast on our existing 800mhz and 900mhz frequencies, as well as the recently-licensed 700mhz frequencies. Both fixed-based and mobile equipment will be installed during the coming year with a scheduled completion date of December 2011.

On-Street Bus Facilities Program – This federally-funded on-street bus facilities program, formerly called the amenities program, includes installation of the following improvements each year from FY 2010 through FY 2013:

- 234 new bench installations each year, the majority of which will be new style metal benches with back, arm rests, and lumbar support.
- The addition of 115 net new standard blue shelters each year.
- Addition of 31 new double/modular shelters.
- Six additional enhanced and special design/CBD bus shelters annually at locations like Baylor Hospital and other on-street locations with over 1,000 daily boardings (an example of a special design CBD shelter is 912 Commerce, a cooperative project of Belo Corporation, DART, and McDonald's).
- Planning for Bus Rapid Transit (BRT) will began in late FY 2010 with a feasibility study of potential BRT corridors. Study work should be completed in FY 2011. Capital improvements associated with Bus Corridor and BRT programs will be implemented as justified by BRT planning studies.
- Bus Procurement – A contract to replace our aging bus fleet will be awarded during the first quarter of FY 2011. This contract will be for a minimum of 370 forty- and thirty-foot long buses with features including a low floor design, digital and audio annunciation systems to provide improved customer service. The buses will be powered by state-of-the-art natural gas engines, reducing the carbon footprint DART creates in providing our services. These new buses will be deployed in service beginning in early FY 2013.
- CNG Refueling Facilities – A contract to design and construct up to four compressed natural gas refueling stations will be awarded during the second quarter of FY 2011. This contract is a critical element in the overall transition of the DART bus fleet from diesel fuel to natural gas fuel over the next three years. This transition will save DART approximately $65 million over a twenty-year period.

- Service Delivery Concepts – The ability to continue to provide reliable transportation services to our customers remains a high priority, while doing so within current cost constraints. DART is exploring service delivery options that are incrementally less expensive yet meet the needs of the community. These options include expansion of DART On-Call and FLEX services. The expansion of these services will require the purchase of purpose-built buses more suited for these types of services and modifications to facilities to support deployment of this type of service.

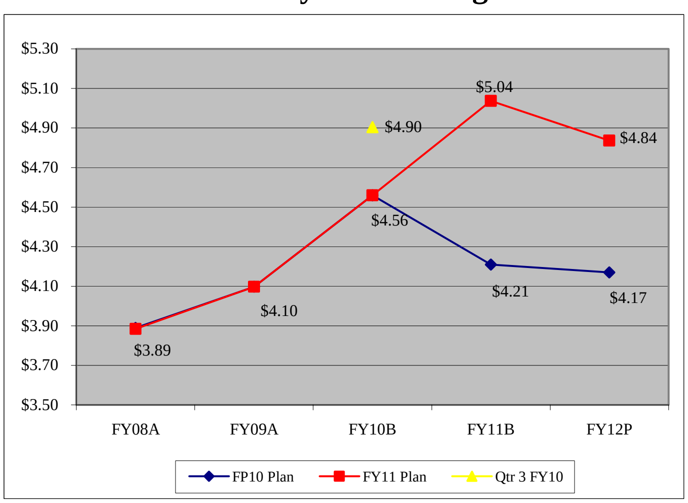
Service Standards Revisions – DART Service Standards consist of Board-adopted policies governing planning and evaluation of fixed-route services, ensuring that DART services are provided in an efficient, effective, and equitable manner. With new service initiatives such as On-Call and Flex, the existing standards are in need of revision. DART conducted a major update of the standards document during FY 2009. The new document, including new sections for the flexible service family and significant modernization of sections on bus stops and amenities, was adopted by the DART Board and became effective for FY 2010.

Systemwide Accessibility Initiative – DART has committed to designing and operating transit services in a way that maximizes accessibility to the customers we serve, including the general public, seniors, people with disabilities, and others that may have special needs. In order to forward this commitment to accessibility, DART completed work on development of a Systemwide Accessibility Plan, a document that describes accessibility issues and identifies potential improvements. In FY 2011, efforts will continue to focus on accessibility improvements that are a part of the On-Street Bus Facilities Program.

Subsidy Per Passenger

Exhibit 3.4 is a comparison of projected bus subsidy per passenger between the FY 2010 and FY 2011 Financial Plans. The increase in subsidy per passenger between the two plans is related to the lower than projected ridership, primarily as a result of economic conditions.

Exhibit 3.4
Bus Subsidy Per Passenger



Fuel/Energy Costs – Energy costs are a major cost driver in the delivery of DART services. DART continues to focus on stabilizing the cost for the different types of fuels used in delivering our services. DART has secured continued favorable pricing of its electricity through a multi-year fixed-price contract through 2014. DART also has a fuel hedge in place for the projected amount of diesel fuel to be consumed in the fixed-route bus, paratransit, commuter rail operations, and major light rail construction for FY 2010 through FY 2013. In 2010, DART also entered into a fixed price contract for delivery of natural gas fuel from 2013 through 2020 to be used DART's new fleet of CNG buses and Paratransit vans

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 runcuts in a short amount of time, allowing Management to select the package that achieves the best operational and efficiency outcomes.

DART Innovative Services

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

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

FLEX service, a new variation of the On-Call service approach, has been in operation over the past two fiscal years. FLEX service combines aspects of conventional fixed-route service with demand-responsive characteristics of On-Call. Passengers may choose to board Flex service at regular bus stops along a designated path. Passengers also have the option of requesting pick-ups and drop-offs in a zone around the designated path for a premium fare. The service began with two new routes in South Irving and the Telecom Corridor of Plano and Richardson. Flex services were expanded significantly in Plano in FY 2009, replacing the East Plano On-Call zone and several fixed-route services. No new FLEX or On-Call services are planned for FY 2011.

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

For FY 2011, planning work will be underway for a new "Right-Sizing" Initiative that will be implemented for FY 2013. This initiative looks to substitute smaller, less costly buses and equipment on routes that do not have sufficient ridership to require traditional 40' large buses. Right-sized services may include a mix of conventional fixed-route operations with small buses, expanded site-specific shuttle service, expanded On-Call service, expanded FLEX service, and/or shared-ride taxi zones.

Activity Center Shuttles

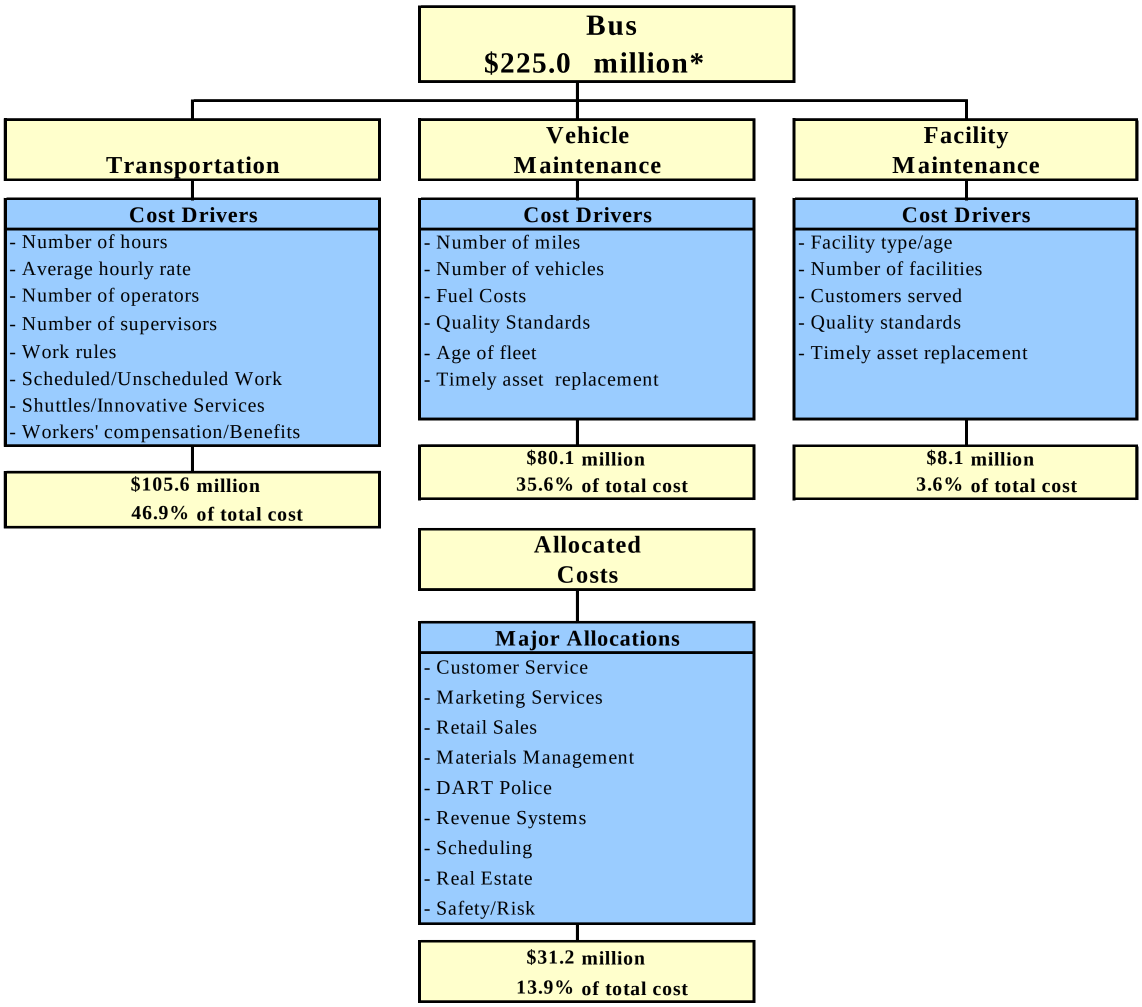
Shuttle services developed in partnership with employers and major activity centers are another cost-reducing way for DART to provide access to the transit network. Under the Board's Site Specific Shuttle Policy, DART provides up to 50% funding for these shuttle services with employers or major activity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

Ridership on the various shuttles saw strong growth in FY 2010, especially the university-oriented shuttle services serving the University of Texas-Dallas. Staff is exploring other future shuttle service options, although none are expected to occur until FY 2012 or beyond.

Bus Cost Model

Exhibit 3.5 is the cost model for the bus system. The cost of Transportation (the operator) is the largest cost element of the bus mode. In the past years, the gap between Transportation costs and Vehicle Maintenance was much higher. However, the gap has decreased due to the rapidly rising cost of energy, affecting both fuel and materials expenses.

Exhibit 3.5
Bus Cost Model



*Total FY11 Bus costs include $19.1 million for administrative overhead allocation.

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Section 4
Customer Focus – LRT
Index of Exhibits

Customer Focus – Light Rail

Overview

DART currently operates 48 miles of light rail. The Agency is in various stages of planning, design, and construction for the Phase II and Phase III Build-out, which includes 45 additional miles of LRT.

The Agency currently is operating and maintaining 39 rail stations and a fleet of 115 vehicles. A map of the current LRT system is included as Exhibit 4.3. DART's Service & Inspection Facility has been expanded to support and operate the additional fleet required for the new line sections. A new rail operating facility, located along the Northwest alignment, was completed in 2010 and will begin revenue service operations along with the Green Line in December 2010.

DART's Green Line, the longest light rail line currently under construction in North America, will open for revenue service on December 6, 2010. This line extends southeast from the Dallas Central Business District (CBD) through Deep Ellum and Fair Park to the Buckner Station; and northwest from Victory Station through the Market Center and Medical Center districts to Farmers Branch and Carrollton.

Concurrent with the opening of the Green Line, DART will be adjusting LRT schedules to better match capacity with demand and as part of our initiatives designed to address our budgetary challenges. This schedule features 15-minute peak headways on LRT branch service (7.5 minute headways on Red Line north). Bus schedules are also being realigned to match the new service and revised rail schedules.

Exhibit 4.1 is an overview of the uses of the funds related to the Light Rail mode and allocated operating positions.

Exhibit 4.1
Light Rail Overview

Overview	FY09A	FY10B	FY11B
Allocated Operating Budget (M)	$79.4	$91.4	$120.8
Capital Budget* (M)	775.4	866.6	520.0
Allocated Operating Positions		1,063	1,131

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

LRT Scorecard – Key Performance Indicators

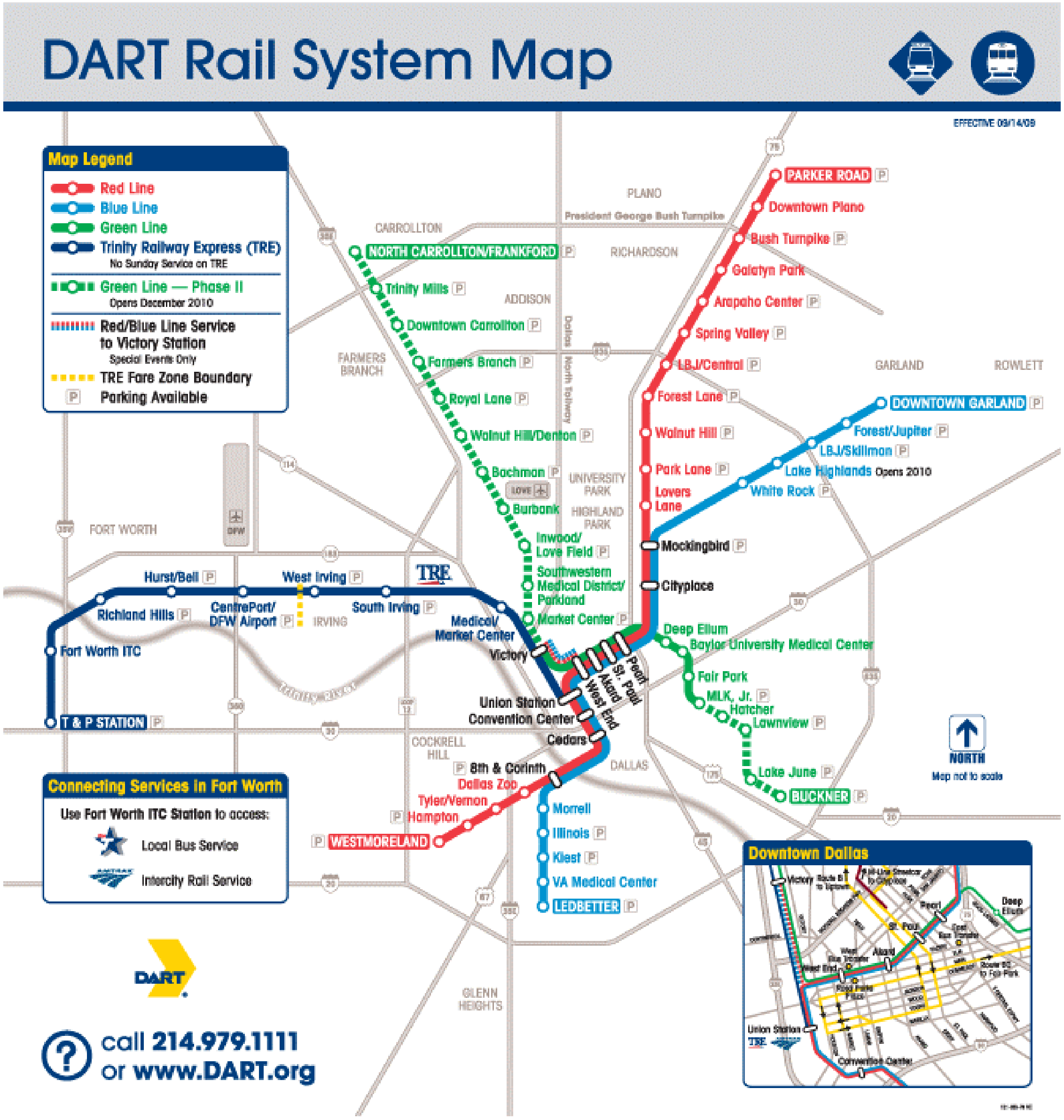
Exhibit 4.2 highlights LRT's Key Performance Indicators (KPIs) presented in scorecard format. Fiscal years 2008 and 2009 indicate actual values, while figures for fiscal years 2010 through 2012 represent the budget and projected values. Fiscal Year 2010 Qtr 3 is a four-quarter rolling average ending June 30, 2010.

Exhibit 4.2

Light Rail Scorecard - Key Performance Indicators						
Indicators	**FY08A**	**FY09A**	**FY10 Qtr. 3**	**FY10B**	**FY11B**	**FY12P**
Customer/Quality Indicators						
Ridership (M)	19.4	19.0	18.3	19.6	23.9	26.7
Revenue Car Miles (M)	5.3	5.4	5.3	5.3	6.9	7.4
Passengers per Car Mile	3.64	3.53	3.43	3.67	3.46	3.63
Farebox Recovery Ratio	18.2%	15.4%	16.3%	18.9%	16.0%	16.5%
On Time Performance	96.6%	95.0%	95.4%	95.5%	95.5%	95.5%
Complaints per 100k passengers	15.3	20.7	17.9	19.0	19.0	19.0
Mean Distance Between Service Calls (000s)	30.9	19.9	20.2	28.2	20.4	20.4
Accidents per 100k Miles	0.11	0.26	0.21	0.25	0.25	0.25
Financial/Efficiency Indicators						
Revenues (M)	$14.8	$13.5	$15.1	$18.2	$20.1	$22.5
Expenses - Fully Allocated (M)	$73.4	$78.8	$87.5	$91.4	$120.8	$131.7
Net Subsidy (M)	$58.6	$65.3	$72.4	$73.2	$100.7	$109.2
Subsidy Per Passenger	$3.01	$3.45	$3.96	$3.74	$4.21	$4.09
Subsidy Per Passenger Mile	$0.37	$0.43	$0.49	$0.46	$0.52	$0.51
Cost per Revenue Car Mile	$13.73	$14.68	$16.43	$17.14	$17.49	$17.88

The Light Rail service map is shown at Exhibit 4.3.

Exhibit 4.3
LRT Service Map



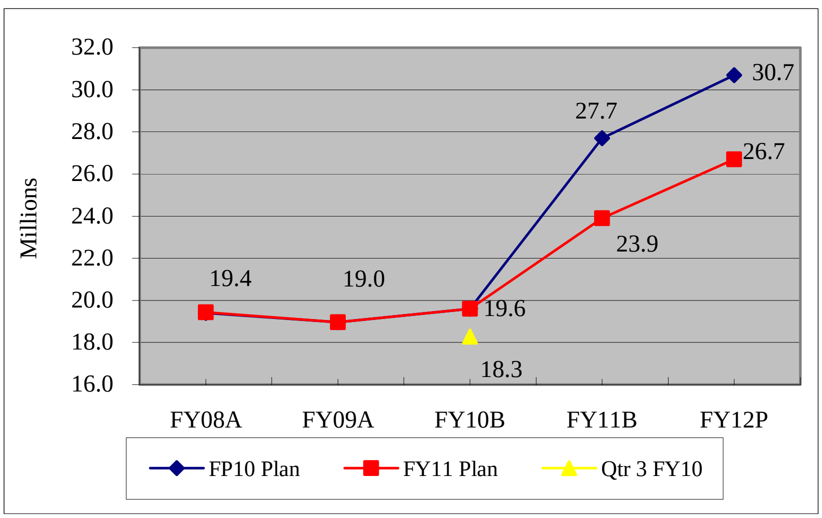
LRT Ridership

Exhibit 4.4 reflects actual and projected LRT ridership from FY 2008 through FY 2012. Ridership for FY 2009 was forecast to exceed FY 2008, but precipitous drops in gasoline prices in the first and second quarters and a significantly higher level of unemployment, driven by the world-wide economic slump, combined to produce lower-than-expected ridership.

Fiscal Year 2010 ridership was expected to remain relatively flat from 2009 as ridership gains related to the opening of the first phase of the Green Line in September 2009 (from downtown Southeast to Fair Park and Martin Luther King, Jr. Station) are offset by ridership losses generated by a scheduled fare increase. However, through three quarters of FY10, ridership continued to be heavily impacted by 'relatively' low gas prices and high unemployment. The impact of the economy is reflected in lower ridership projections for the FY11 Plan as compared to the FY10 Plan.

The opening of the remainder of the Green Line in December 2010 accounts for the strong ridership growth indicated on the chart in FY 2011. The opening of the remainder of the Green Line in December 2010 is expected to result in a 32% LRT ridership increase in FY 2011.

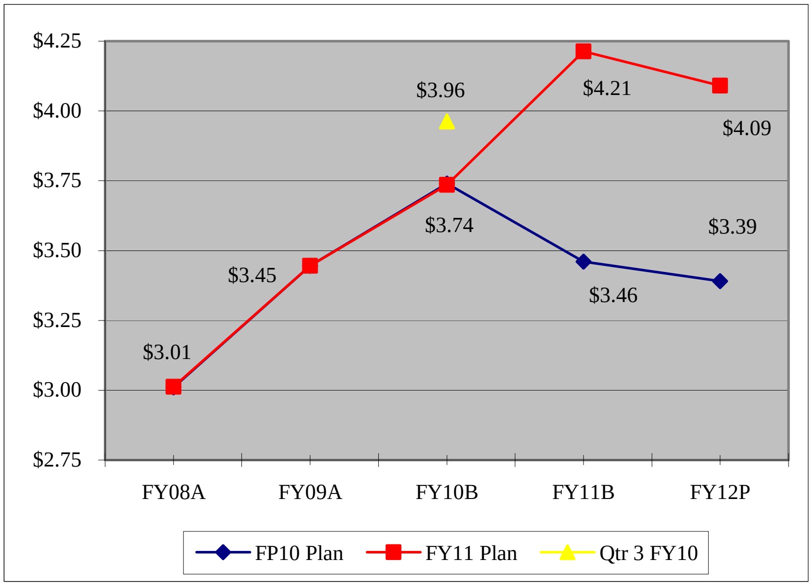
Exhibit 4.4
LRT Ridership



Subsidy Per Passenger

Exhibit 4.5 compares subsidy per passenger for LRT for FY 2008 through FY 2012. The changes shown from the FY 2010 Plan to the FY 2011 Plan are a result of downward revisions to ridership estimates, as previously discussed.

Exhibit 4.5
LRT Subsidy Per Passenger



LRT Expansion

The next major expansion of LRT is the Green Line. This line will extend DART Rail to the Northwest (NW) to serve portions of Dallas, Farmers Branch, and Carrollton, and to the Southeast (SE) to serve sections of Dallas out to Pleasant Grove (see Exhibit 4.6). A new station, the Lake Highlands Station, will be opened on the Blue Line in northeast Dallas concurrent with the Green Line opening on December 6, 2010.

Following completion of the Green Line, the next LRT expansion effort will be the Orange Line to Irving, Las Colinas, and DFW Airport (see Exhibit 4.7) and the Blue Line extension to Rowlett (see Exhibit 4.8). Future Phase III expansion includes the extension to UNT in South Oak Cliff and a second LRT alignment through Downtown Dallas.

In coordination with Denton County Transportation Authority (DCTA), DART's Green Line expansion along the northwest corridor is being designed to accommodate a connection point at the terminal station for a direct-connect transfer to DCTA's commuter rail line.

Exhibit 4.6
Green Line
(NW and SE Corridors)

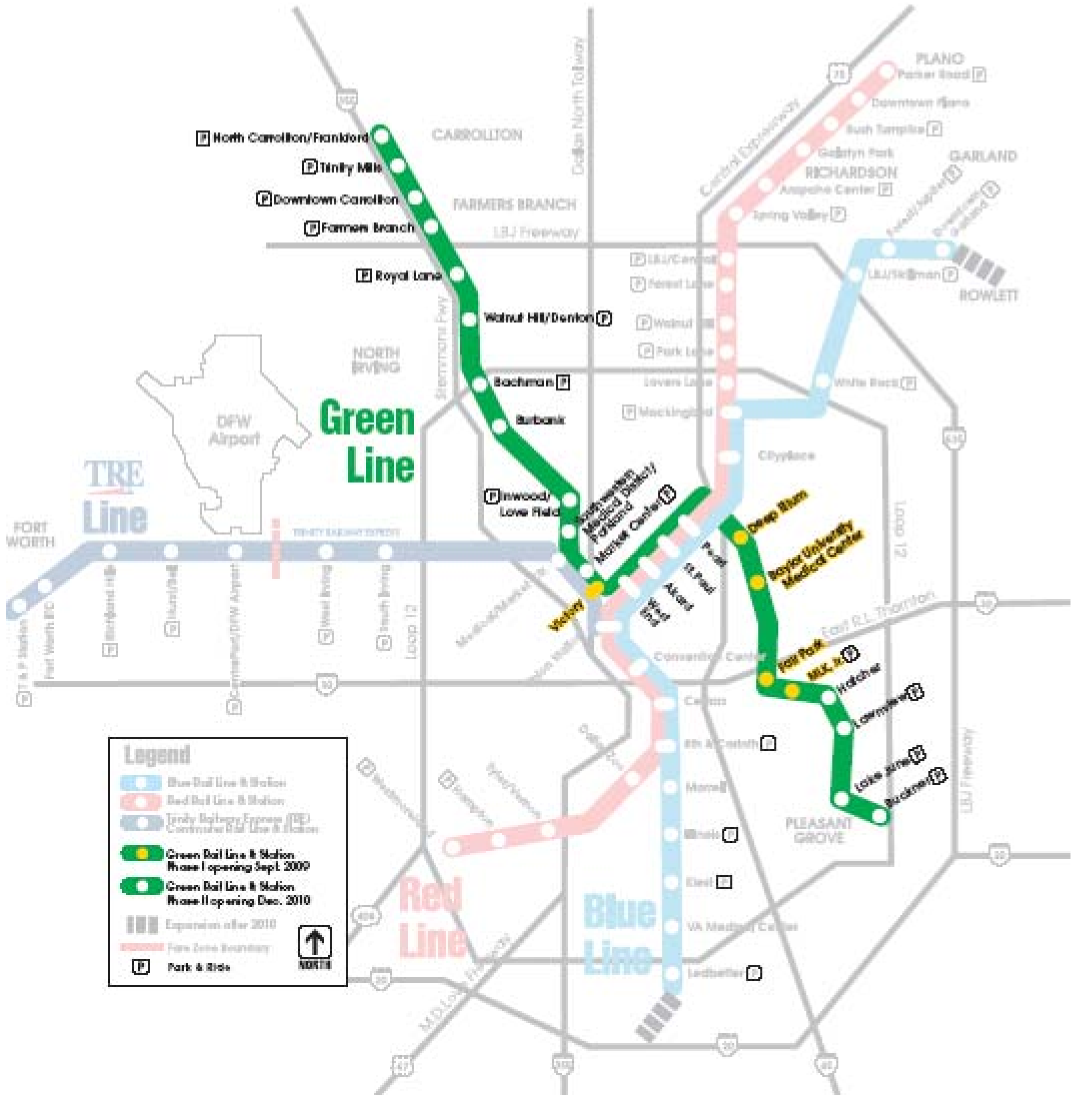


Exhibit 4.7
Orange Line
(Irving Corridor)

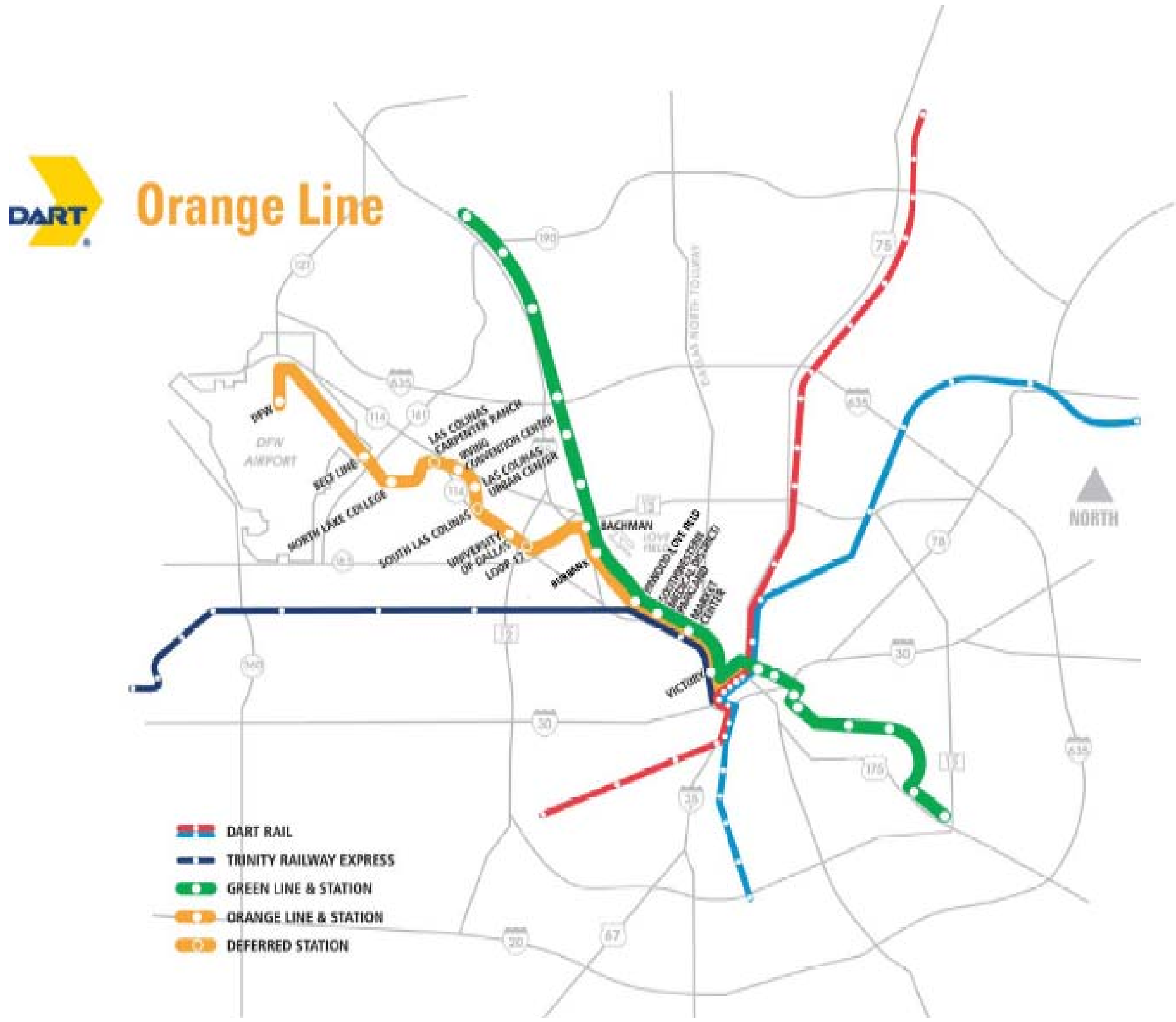


Exhibit 4.8
Blue Line Extension
(Rowlett Corridor)

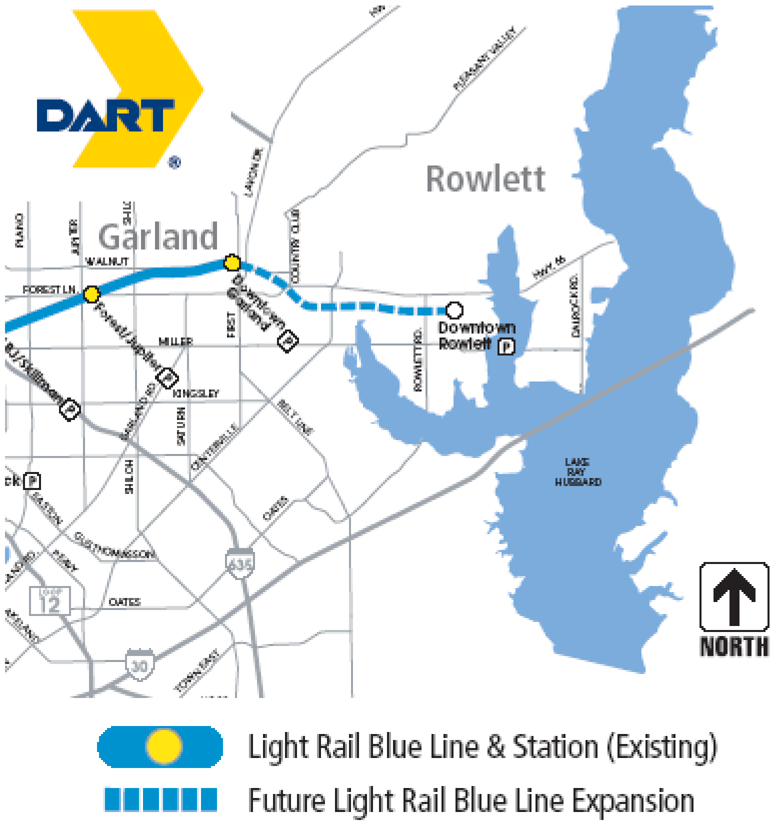


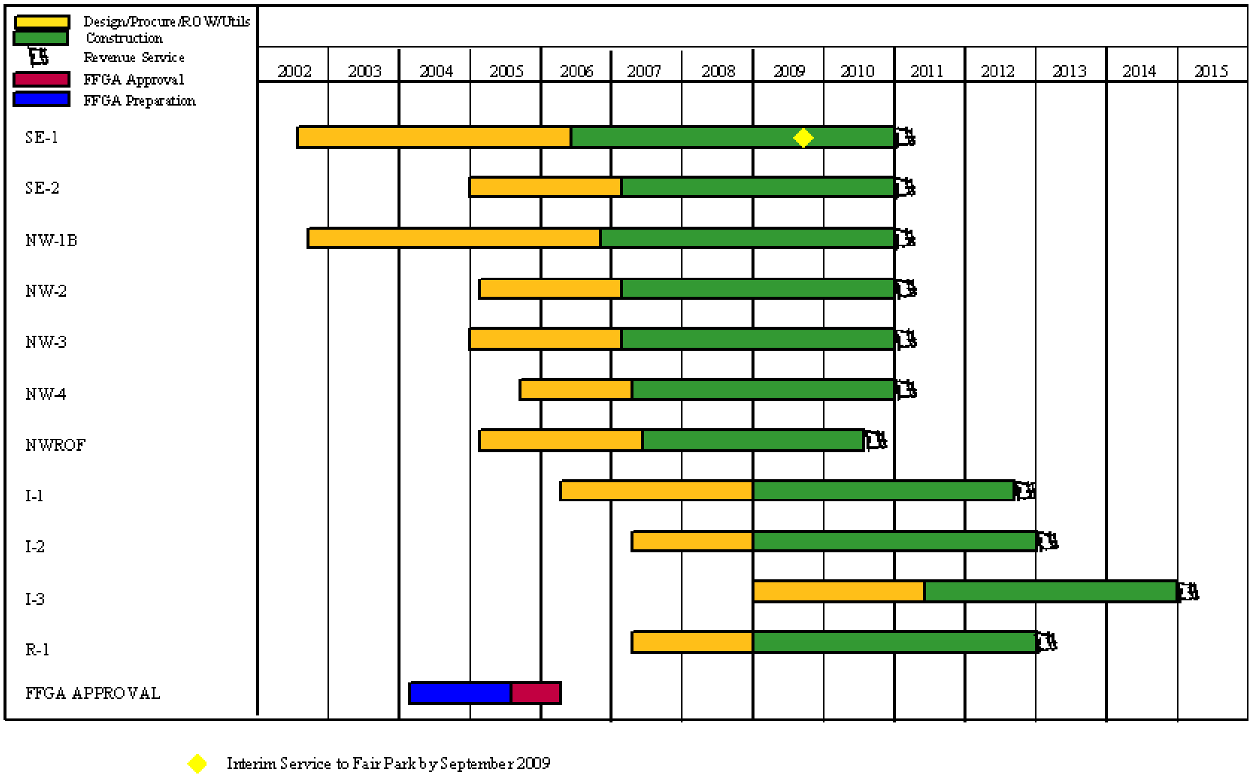
Exhibit 4.9 provides a comparison of the revenue service dates for the Phase II and Phase III expansion projects. Ridership forecasts project approximately 60,000 combined daily riders in 2030 for the Green Line, Orange Line, and Blue Line extensions.

Exhibit 4.9
LRT Revenue Service Dates

DART Rail Corridor	Corridor Length (in miles)	Opening Date
Existing DART Rail System		
Miles in Operation	**47.4**	
Starter System (Red & Blue Lines)	20.0	1996-1997
Red Line Extension (North Central) – Park Lane to Parker Road	12.3	2002
Blue Line Extension (Northeast) – Mockingbird to Downtown Garland	11.2	2001-2002
Victory Station (special events only)*	1.2	2004
Downtown to MLK (SE-1A)	2.7	Sept 2009
Phase II		
Green Line (Southeast) – Downtown to Pleasant Grove	**7.5**	
Fair Park to Hatcher (SE-1B)	1.4	Dec 2010
Hatcher to Buckner Blvd. (Pleasant Grove Transit Center) (SE-2)	6.0	Dec 2010
Green Line (Northwest) –Victory Station to Carrollton	**16.4**	
Victory Station to Inwood Station (NW-1B)	2.8	Dec 2010
Inwood Station to Northwest Highway (NW-2)	3.2	Dec 2010
Northwest Highway to Valley View (Farmers Branch) (NW-3)	4.9	Dec 2010
Valley View to Frankford Rd. (North Carrollton) (NW-4)	5.5	Dec 2010
Orange Line (Northwest) – Northwest Hwy to DFW Airport	**14.2**	
Northwest Hwy. to Las Colinas Urban Center (I-1)	5.4	Aug 2012
Las Colinas Urban Center to State Hwy. 161 (I-2)	3.8	Dec 2012
State Hwy. 161 to DFW Airport (I-3)	5.0	Dec 2014
Northwest Rail Operating Facility	---	Jun 2010
Blue Line (Northeast) – Downtown Garland to Rowlett Park & Ride (R-1)	**4.8**	Dec 2012
Blue Line (Northeast) – Lake Highlands Station	---	Dec 2010
Phase III		
Central Business District – New line through Downtown Dallas	TBD	TBD
South Oak Cliff – Ledbetter Station to UNT South Campus (SOC-3)	2.7	2019
Total miles in planning, design, construction	**45.6**	
Total miles by 2019	**93.0**	

The opening dates above are predicated on assumptions that are detailed in the *Financial Plan* Section. Exhibit 4.10 provides the construction schedule for the Phase II LRT Build-out.

Exhibit 4.10
LRT Construction Schedule



Major Initiatives/Highlights

In addition to the Green Line opening, the following major initiatives are underway:

- Conduct a complete review of all internal processes and streamline the Rail Operations organization to achieve increased efficiencies in management of day-to-day operations
- Complete development of formal assessment process for safety-critical job functions; i.e., Rail Operators and Rail Operations Controllers
- Prepare for 2010 State Fair of Texas, Texas/OU and other college football games during the State Fair of Texas and the February 2011 Super Bowl in Arlington
- Complete integrated testing, operator training/certification, and open remaining section of the Green Line to Pleasant Grove, Farmers Branch, and Carrollton
- Incorporate the Lake Highlands Station on the Blue Line into service along with Green Line operations in December 2010
- Promotion of the new Green Line service and connectivity with the Denton County Transportation Authority (DCTA) A Train.
- Completion of Level Boarding at all light rail stations, improving light rail vehicle accessibility, reduce station dwell times, and improve travel times; it will be available in December 2010
- Begin a Paid Parking Demonstration Project to charge non-service area residents at Parker Road Station and North Carrollton/Frankford Station will be implemented in 2011

- Complete replacement of 15-year old radio/CAD system by December 2011
- Continue construction of the Orange Line, extending from the Bachman Station to DFW Airport; with the first line segment opening in mid-2012
- Continue construction of the Blue Line extension to Rowlett; scheduled to open in early FY13

A number of interim improvements are scheduled to continue in FY 2011 relative to light rail vehicles, facilities, and operations.

Level Boarding Initiative – The process of converting existing light rail vehicles to super light rail vehicles (SLRVs) through the addition of a low-floor middle section began in FY 2006 and was completed in FY 2010. Vehicle and station conversions were completed by the end of FY 2010 as well. Level boarding will eliminate the use of high-blocks for boarding and alighting of passengers using wheelchairs or strollers and will facilitate the operation of tighter headway schedules along the CBD Transitway Mall that will be required for the Phase II LRT Expansion. The level boarding transition is scheduled to take place in early FY 2011.

LRT VBS – The Vehicle Business System is an on-board data management system reporting train location and status information to the Train Control Center and DART Customers. It is an integrated system that uses global positioning system (GPS) technology for automatic vehicle location (AVL) reporting and makes automated station announcements onboard the trains. It is fully deployed to all operating SLRV vehicles and will be included in the remaining vehicles to be commissioned. In the future, it will interface with platform-based equipment for next-train identification and arrival times on illuminated signs. Automatic passenger counter (APC) technology is being installed on approximately half of the SLRT rail car fleet and will be activated in the near future to improve data on ridership patterns.

Light Rail System Start-Up – DART is in the middle of a six-year program of LRT service expansion, which began last September. While construction is ongoing, staff has begun to implement the necessary recruitment efforts to support the subsequent daily operation, maintenance, and ongoing security of the additional 48 miles of LRT system that is part of the system expansion over the next few years. Staff has partnered with several technical, trade, and police educational facilities across the country, participated in community outreach programs, and briefed military veteran affairs units to help recruit over 500 new team members necessary to support this additional service.

Park-and-Ride Enhancements – Since the high ridership months of 2008, DART expanded park-and-ride lots at Parker Road, George Bush, and Glenn Heights significantly. By the end of FY 2010, the supply of park-and-ride spaces substantially exceeds the demand for spaces available at every park-and-ride lot. During FY11, DART will not expand parking supply at existing bus or Red or Blue Line lots, but will increase park-and-ride options available at new light rail stations with the full opening of the Green Line.

<u>Paid Parking Pilot Program</u> – During FY 2010 DART completed its paid parking feasibility study, and the DART Board approved a pilot paid parking program for Parker Road Station on the Red Line and North Carrollton/Frankford Station on the Green Line. During FY 2011, DART will procure a paid parking management firm to implement the pilot. The paid parking pilot program is anticipated to begin in the Summer or Fall of 2011.

<u>Division Level Measurement Program</u> – The division-level measurement, reporting, and improvement system will continue during FY 2011 in the Rail Transportation, Rail Fleet Maintenance, and Ways, Structures, and Amenities operating groups. This initiative provides feedback to all team members about how their division is performing in key areas – which they have some ability to impact – and increases employee ownership in the organizational goals (Key Performance Indicators [KPIs]).

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

<u>Marketing Initiatives</u> – Marketing efforts will focus on the opening of the final phase of the Green Line from Pleasant Grove to Carrollton. Advertising and community outreach efforts will continue to build recognition of the newly-opened stations and the remaining build-out of the Green Line. The ongoing effort will continue to promote the Green Line build-out and safety around DART construction sites. Elements in the campaign target community groups, businesses, schools, and diverse communities.

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

- <u>Pilot Program</u> – The five stations in the initial pilot program (Ledbetter, Downtown Garland, 8th & Corinth, Dallas Zoo, and Spring Valley) were all completed and in operation by the end of FY 2008.
- <u>Retrofit</u> – In 2010, eight LRT blue line stations received closed circuit television cameras (CCTV); VA, Kiest, Illinois, Morrell, White Rock, Lake Highlands, LBJ Skillman and Forest Jupiter were completed and in operation. The remaining light rail stations along the red and blue are scheduled for completion in late 2012.
- <u>New Construction</u> – In 2009, closed circuit television cameras were installed at four stations within the Central Business District (West End, Akard, St. Paul, and Pearl Stations) along with four (Baylor Deep Ellum, Fair Park and MLK) on the Green Line. The remaining Green Line stations are projected for CCTV completion in December 2011.

Traffic Signal Priority for LRT in Dallas CBD – With the implementation of the first phase of the Green Line in 2009, DART and the City of Dallas completed the first phase of the Downtown Dallas Traffic Signal Priority (TSP) project to improve increased LRT traffic on Pacific Avenue. In FY11, DART will complete the second phase of this project to allow implementation of the LRT level boarding program and two and three-car SLRV trains. The third phase of this project will be started in 2011 when the City of Dallas installs a new traffic signal control system. DART will collaborate with the City to ensure optimized train operations at all CBD stations.

LRT Costs

Adjust LRT Service Schedules to Match Ridership Demand – Concurrent with the FY11 opening of the full Green Line, DART will implement a revised light rail schedule which will better match the lower FY10 ridership with the capacity provided. Additionally, DART will begin to incorporate the Automated Passenger Counters (APC) into daily operation in FY11. The APC equipment will provide more detailed information on trip-by-trip passenger boardings by station.

LRT Cost Model

Exhibit 4.11 highlights the cost structure for LRT. Although LRT and Bus have very different cost structures, the cost drivers for each cost category (transportation, vehicle maintenance, and facility maintenance) are similar. LRT is more expensive per mile due to higher fixed costs for facilities and vehicle maintenance, but less expensive per passenger due to the higher capacity of LRT vehicles versus buses. On a relative basis, facility maintenance costs are more significant, while transportation costs are less significant. For example, rail facility maintenance costs represent 23.1% of the total LRT cost structure – versus only 3.6% for bus. Transportation costs, on the other hand, represent only 16.1% of the total LRT cost structure – versus 46.9% for bus. For a full comparison, contrast the bus cost model (Exhibit 3.5) with the LRT cost model (Exhibit 4.11).

Exhibit 4.11
FY 2011 Light Rail Cost Model

Light Rail
$120.8 million *

Transportation

Cost Drivers
- Number of hours
- Average hourly rate
- Number of operators/supv
- Work rules
- Pay-to-platform
- Unscheduled absences

$19.4 million
16.1% of total cost

Vehicle Maintenance

Cost Drivers
- Number of miles
- Number of vehicles
- Quality standards
- Timely asset replacement
- Traction power

$46.4 million
38.4% of total cost

ROW & Facility Maintenance

Cost Drivers
- Facility type/age
- Number of facilities
- Customers served
- Quality standards
- Miles/type of track
- Timely asset replacement

$25.7 million
21.3% of total cost

Allocated Costs

Major Allocations
- Customer Service
- Retail Sales
- Marketing Services
- Materials Management
- Operations Technology
- DART Police and Fare Inspection
- Information Technology Svcs
- Revenue Systems
- Safety/Risk Management
- Scheduling
- Real Estate

$29.3 million
24.2% of total cost

* Total FY 2011 LRT costs include $10.3 million for administrative overhead allocation.

Section 5
Customer Focus – Commuter Rail
Index of Exhibits

Customer Focus – Commuter Rail

Overview

The purpose of this section is to highlight the Commuter Rail (Trinity Railway Express-TRE) business plan for the next five years, including key indicators and strategic initiatives. Exhibit 5.1 is an overview of the uses of the funds and allocated operating positions for the Commuter Rail mode of service.

Exhibit 5.1
Commuter Rail Overview

Overview	FY09A	FY10B	FY11B
Allocated Operating Budget (M)	$26.2	$27.2	$24.5
Capital Budget* (M)	50.0	64.7	38.6
Allocated Operating Positions		21	16

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

Commuter Rail – TRE Scorecard – Key Performance Indicators

Exhibit 5.2 highlights Commuter Rail – TRE's Key Performance Indicators (KPIs) presented in scorecard format. Fiscal years 2008 and 2009 indicate the actual values, while figures for fiscal years 2010 through 2012 represent the budget and projected values. Fiscal Year 2010 Qtr 3 is a four-quarter rolling average ending June 30, 2010. To more accurately depict the true operating costs of TRE, the data shown includes combined revenue and expenses for both DART and the Fort Worth Transportation Authority (The T). By including all revenues and expenses, the information presented will provide the reader with data comparable to all other modes. Ridership is collected and reported for the TRE system; therefore, KPIs associated with ridership are calculated as TRE totals and not only DART's totals.

For FY 2011, the TRE Revenues line includes The T's passenger revenues allocated to the TRE of $1.73 million, and the TRE Expenses line includes all direct and indirect costs allocated to TRE, including The T's allocated costs of $1.1 million.

Exhibit 5.2

Commuter Rail - TRE Scorecard Systemwide - Key Performance Indicators						
Indicators	**FY08A**	**FY09A**	**FY10 Qtr. 3**	**FY10B**	**FY11B**	**FY12B**
Customer/Quality Indicators						
Ridership (M)	2.7	2.8	2.6	2.7	2.4	2.4
Revenue Car Miles (M)	1.6	1.7	1.7	1.7	1.6	1.6
Passengers per Revenue Car Mile	1.8	1.6	1.5	1.6	1.5	1.5
Scheduled Train Hours (000s)	21.5	21.4	20.7	20.0	18.6	18.6
Farebox Recovery Ratio	8.5%	8.0%	8.2%	7.9%	25.1%	23.8%
On Time Performance	97.8%	98.6%	98.5%	97.0%	98.0%	98.0%
Complaints per 100k passengers	5.2	6.5	7.9	6.0	7.0	7.0
Veh. Accidents Per 100k Miles	0.22	0.10	0.12	0.25	0.25	0.25
Financial/Efficiency Indicators						
TRE Revenues (M)*	$5.8	$5.2	$4.5	$6.2	$10.5	$10.7
TRE Expenses Fully Allocated (M)*	$22.1	$24.4	$24.1	$27.2	$23.5	$25.2
TRE Net Subsidy (M)	$16.2	$19.2	$19.6	$21.0	$13.1	$14.5
TRE Subsidy Per Passenger	$5.91	$6.88	$7.57	$7.86	$5.45	$5.94
TRE Subsidy Per Passenger Mile	$0.34	$0.40	$0.44	$0.45	$0.31	$0.34
TRE Cost per Revenue Car Mile	$14.12	$14.24	$14.15	$16.31	$15.05	$15.33

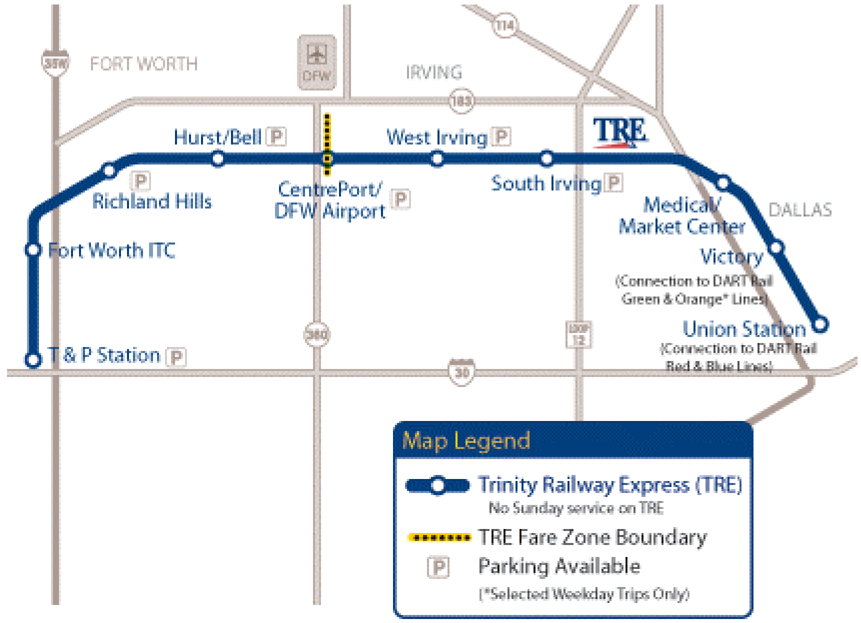
*includes the T's passenger revenues

** includes the T's expenses

The increase in TRE revenues is due to reallocation of fixed-route revenues. Due to the fare increase that had a large impact on TRE passengers a new methodology was determined to be fair and adequate for allocation purposes. Based on information from TVM machines, the number of average rides per day and average trip lengths it was determined that the average fare for TRE is $2.46 for FY 2011, compared to the average fixed-route fare of $0.84 used previously.

Exhibit 5.3 is a map of the TRE Corridor.

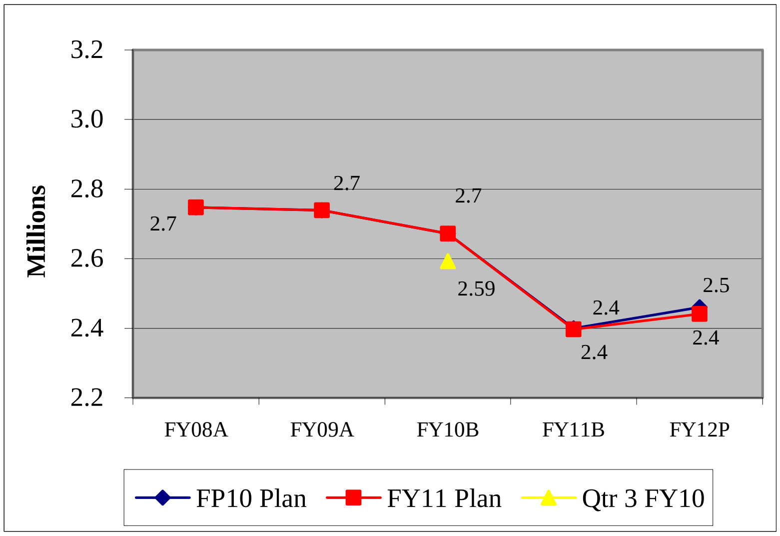
Exhibit 5.3
Trinity Railway Express Corridor



TRE Ridership

Over the past few years, in response to increased ridership, incremental adjustments to service have been made. Although ridership had been increasing over the years, the record ridership levels in FY 2007 and FY 2008 were attributable primarily to the rise in gasoline prices and, to a lesser extent, an increase in the number of sporting and other events at the American Airlines Center (AAC) served by DART and the TRE at Victory Station. TRE service at Victory Station in support of events at AAC results in ridership increases of approximately 1,000 passengers per event day. TRE ridership levels of approximately 2.7 million passenger trips were sustained from FY08 to FY09. However, through the third quarter of FY10, ridership had declined by 9.2% as compared to the same period in 2009. This projects to 2.6 million trips for the full fiscal year. The decline is related to the combined effect of a significant fare increase on the TRE service and the continued economic slump. Fiscal Years 2011 and 2012 will be impacted by an additional fare increase for the TRE that goes into effect on October 1, 2010.

Exhibit 5.4
TRE Ridership



<u>TRE Fare Structure</u>. The DART and T Boards have adopted a zone fare system for TRE which went into effect on October 1, 2007. The base fares for a one-way trip were $1.50 and $2.50 for one and two zones, respectively. A one-zone fare exists for travel between downtown Dallas and the West Irving Station as well as between Fort Worth and the CentrePort/DFW Airport Station. A two-zone fare is charged for customers traveling across the zone boundary in either direction. This zone boundary is at the Dallas/Tarrant County line, located between the CentrePort and West Irving stations. Effective December 6, 2010, the zone boundary will be changed to CentrePort Station. This will provide all TRE customers with access to DFW Airport with a one-zone fare.

A fare increase was approved by the DART Board in May 2009. The fare structure change took effect over two years; the first increase was effective September 14, 2009. TRE fares were increased to $2.50 and $3.75 for one and two zones, respectively. The second fare increase will take effect on October 1, 2010, and will raise the one and two-zone fares to $3.50 and $5.00, respectively.

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

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

Ensure Service Quality. There is a large number of railroad on-line "meets" which presents a challenge to maintaining on-time service. TRE has consistently maintained an on-time performance of between 97% and 98%. Additionally, the TRE has generated an enthusiastic and loyal ridership base with the current 49-train weekday and 24-train Saturday schedule. DART has a commitment to its freight customers utilizing the corridor to move as much freight traffic as can be done in a safe manner without disrupting TRE passenger service. There are currently 20 to 30 freight train movements per day along the corridor despite this being a predominantly single-track railroad. This is accomplished through careful coordination with the freight railroads and the dispatching skills of the contractor. On-time performance is targeted at 98% for FY 2011 and FY 2012.

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

- Belt Line Grade Separation – This project involves the grade separation of TRE over the intersections of Belt Line Road, Briery Road, and Story Road, and replacement bridges over Dry Branch Creek and West Irving Creek. The TRE tracks will be elevated and double-tracked from Gilbert to Rogers Road, for a length of 2 ¼ miles. The project also includes an 8,236-foot long bridge and a 1,000-foot long retaining wall and is 3.2 miles in length. The first bridge and tracks were placed into revenue service in December 2008. The projected completion date is July 2011.
- Valley View Double-Tracking – This project upgrades the existing TRE line by double-tracking between the Dallas/Tarrant County Line and the existing siding west of West Irving Station. The length is 7,392 feet of double track. A new bridge will also be constructed over Bear Creek. This project is currently on hold pending resolution of alternative funding solutions.

The Rail Safety Improvement Act of 2008 defines Positive Train Control (PTC) and mandates its implementation by December 2015. PTC is defined as a system designed to prevent train-to-train collisions, over-speed derailments, incursions into established work zone limits, and the movement of a train through a switch left in the wrong position. PTC is required for intercity rail passenger or commuter rail passenger main lines and will further enhance safety on TRE. An implementation plan was submitted to the Federal Railroad Administration (FRA) in April 2010 and approved by Federal Transit Administration (FTA) in October 2010.

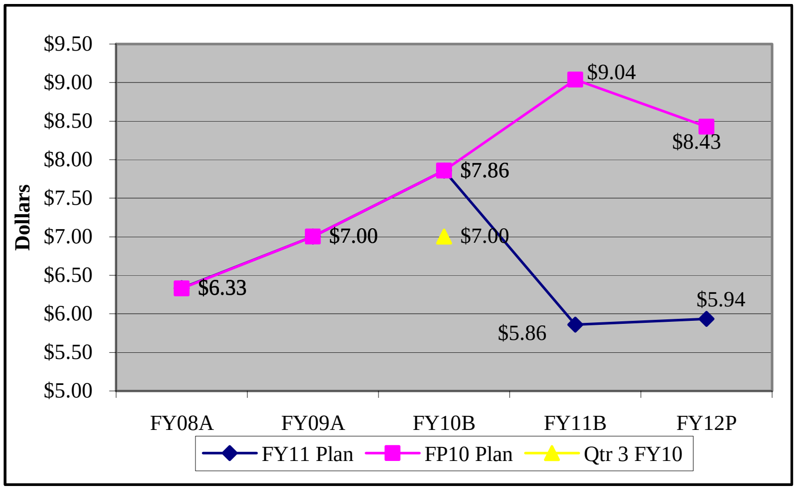
Reserves have been established within DART's Financial Plan to provide for both right-of-way and vehicle maintenance projects that have not been specifically identified at this time. These reserves will ensure the timely replacement of TRE assets as well as allow for a certain amount of unanticipated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

Commuter Rail – TRE Costs and Subsidy Per Passenger

Exhibit 5.5 graphically depicts subsidy per passenger trending and projections. The changes between the FY 2010 and FY 2011 Financial Plans are the result of the reallocation of the fares as described on page CR-2;.

Exhibit 5.5

Commuter Rail – TRE Subsidy Per Passenger



Revenue Contributions from the Mid-Cities. In FY 2002, the cities of Arlington, Bedford, Colleyville, Euless, Grand Prairie, Grapevine, Haltom City, Hurst, and North Richland Hills (the Mid-Cities) agreed through an Interlocal Agreement (ILA) with the North Central Texas Council of Governments (NCTCOG) to contribute $775,000 per year for three years, for services that their citizens utilize. None of the Mid-Cities currently belong to either DART or the T. A new Mid-Cities ILA was negotiated by the NCTCOG and approved by the DART and T Boards, and was in effect until September 2007. Under this second Mid-Cities ILA, TRE obtained $4.5 million in additional federal capital funding to which it would not have otherwise been entitled in support of the double-tracking project at the CentrePort/DFW Airport Station. A third Mid-Cities ILA was negotiated and presented to the two Boards for approval in December 2008. Under the third Mid-Cities ILA, the cities contributed $793,000 annually, or $2.379 million over the life of the term, which is October 2007 through September 2010. The NCTCOG leveraged the local funds and has allocated $5.2 million to address station parking limitations at two Tarrant County stations and to provide supplemental funding toward the purchase and overhaul of three used locomotives. NCTCOG, DART, and The T are securing amendments to extend the 2007 Mid-Cities ILA to the new agreement period of October 2010 through September 2013 at the same 2007 level of funding.

Departmental Overview

- The **Commuter Rail Division** is responsible for the management of the Trinity Railway Express (TRE) commuter rail service between Dallas and Fort Worth. TRE passenger service is provided jointly with the Fort Worth Transportation Authority (the T) pursuant to an Interlocal Agreement as restated by the two transit authorities in September 2003. TRE operates on a rail line that was formerly owned by the Cities of Dallas and Fort Worth (the Cities) and transferred to DART and The T in December 1999.
  - Contract operation. DART, on behalf of The T, has contracted with Herzog Transit Services, Inc. (Herzog) to maintain the commuter rail rolling stock and right-of-way (including signalization), provide dispatching services for the corridor, and operate the commuter rail service on the corridor.
  - Service. TRE service operates Monday through Saturday between downtown Dallas and downtown Fort Worth. This line covers a distance of 34 miles and includes a total of 10 stations, 5 of which are maintained by DART.
  - Operating Fleet. The operating fleet consists of 13 rail diesel cars (owned by DART), 9 locomotives, 17 bi-level coaches, and 8 bi-level cab cars (all jointly owned by DART and The T). In 2009, DART contracted with Bombardier to purchase four new bi-level coaches which were delivered in the first quarter of 2010. In addition, three used locomotives were purchased in 2009 from GO Transit in Toronto, Canada. The locomotives are being overhauled and will be completed and in service in the last quarter of 2010.
  - Sharing of Costs. The DART/T ILA specifies that revenues arising from operation of the TRE service are joint revenues and are to be applied against TRE operating costs. After the application of these revenues, the remaining net costs are allocated to DART and the T based on revenue seat miles operated in each county. In FY 2009 and FY 2010, DART's share of the allocated costs was 47.29% and 47.10%, respectively. As a result of slight modifications to the service, DART's share for FY 2011 is projected to be 47.11%. Except for employees that are 100% dedicated to TRE, DART and the T separately absorb their own staff, administrative, and station maintenance costs.
  - TRE Strategic Plan. A TRE Strategic Plan was completed in FY 2006, with significant policy input from the DART and T Boards, as well as appropriate DART, T, and TRE staff members. Out of this planning process, a strategic goal for TRE was adopted by both Boards as policy direction for the current service and how to address service growth on the TRE Corridor. The goal is to have 25-minute headway service in both directions during the peak morning and afternoon rush hours in place by 2011, including one express train operating eastbound in the morning and another operating westbound in the afternoon. Ridership would be expected to increase by 50% as a result of this service improvement. DART's Twenty-Year Financial Plan does not currently include this service change which is contingent on funding availability.

- The **Railroad Management Division** is responsible for management of all DART-owned active freight lines (215 miles), including the administration of trackage rights agreements with freight railroads and coordination with, and oversight of, those freight railroads that are fulfilling DART's common carrier obligations on those corridors.

  The Division is also responsible for the property management of the TRE Corridor, which includes the revenue collection of land, oil, and gas leases, signboard rental income, license fees, and trackage rights fees. The potential impact of revenue generated from the oil and gas industry (wells and pipelines) is discussed further in the "Departmental Emphasis of FY 2011 Board Goals" section. In total, the Division manages approximately 2,700 licenses on the TRE Corridor and other active freight lines. Exhibit 5.6 provides a recap of revenue and projected revenue from all activities for FY 2009 through FY 2011, excluding an Oil and Gas Lease, which is discussed separately.

Exhibit 5.6 Railroad Management Revenue	
Fiscal Year	
2009	$4.1M
2010	$4.5M
2011 (projected)	$4.6M
2012 (projected)	$4.8M

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

Departmental Emphasis on FY 2011 Board Goals. Goals that will be the subject of special emphasis during the year: Strive to Exceed Customer Expectations; Maximize Funding Resources; and Use Technology to Integrate and Advance Services and System; and Build and Maintain DART's Regional Transportation Leadership.

- Establish fare zone boundary for TRE at CentrePort/DFW Airport Station effective December 6, 2010
- Completion of Belt Line Grade Separation Project in FY 2011
- Marketing efforts to promote TRE service will include promotion of summer vacation trips to the mid-cities and new Sunday service to the State Fair of Texas
- Continued implementation of Federal Railroad Administration (FTA)-mandated positive train control system by December 31, 2015
- Expand DART's Light Rail Next Train system to TRE in FY 2012

- Implement Maintenance-of-Way Information System (MOWIS) to TRE Corridor by expanding DART's Spear Inventory and Work Order System to TRE's right-of-way section
- Implement project to migrate TRE radio communications from wideband (25kHz) to narrowband (12.5kHz) by January 2013
- Complete condition assessment of TRE assets by second quarter of FY 2011
- Implement FRA-mandated Bridge Management Plan and Capacity Rating Study in accordance with timelines established by Final Rule dated July 15, 2010
- Complete two contracts to overhaul a total of seven locomotives
- Continue the overhaul of 12 bi-level coaches
- Maximize Funding Resources. The Commuter Rail and Railroad Management Department strives to increase license and contract revenue through consistent management and enhancement of existing agreements.
    - April 2006 Oil & Gas Lease Agreement – this agreement brought a bonus payment in FY 2006 of $1,441,180 to TRE. The bonus was paid individually to the TRE owners; therefore, only one-half of the bonus is reflected in the revenues shown in the Cost Model (Exhibit 5.8). This lease has also generated total bonus and royalty revenues through June 2010 of $1,472,000 ($720,590 of the bonus in FY 2006 was accrued over the three-year lease period).
    - Royalty and bonus revenue from the lease, from FY 2008 through FY 2012, is shown in Exhibit 5.7.

Exhibit 5.7
April 2006 Oil & Gas Lease Agreement

Fiscal Year	
2008	$506,067
2009	$314,308
2010	$280,442
2011 (projected)	$168,847
2012 (projected)	$240,000
Total – actual and projected revenue	**$1,851,919**

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

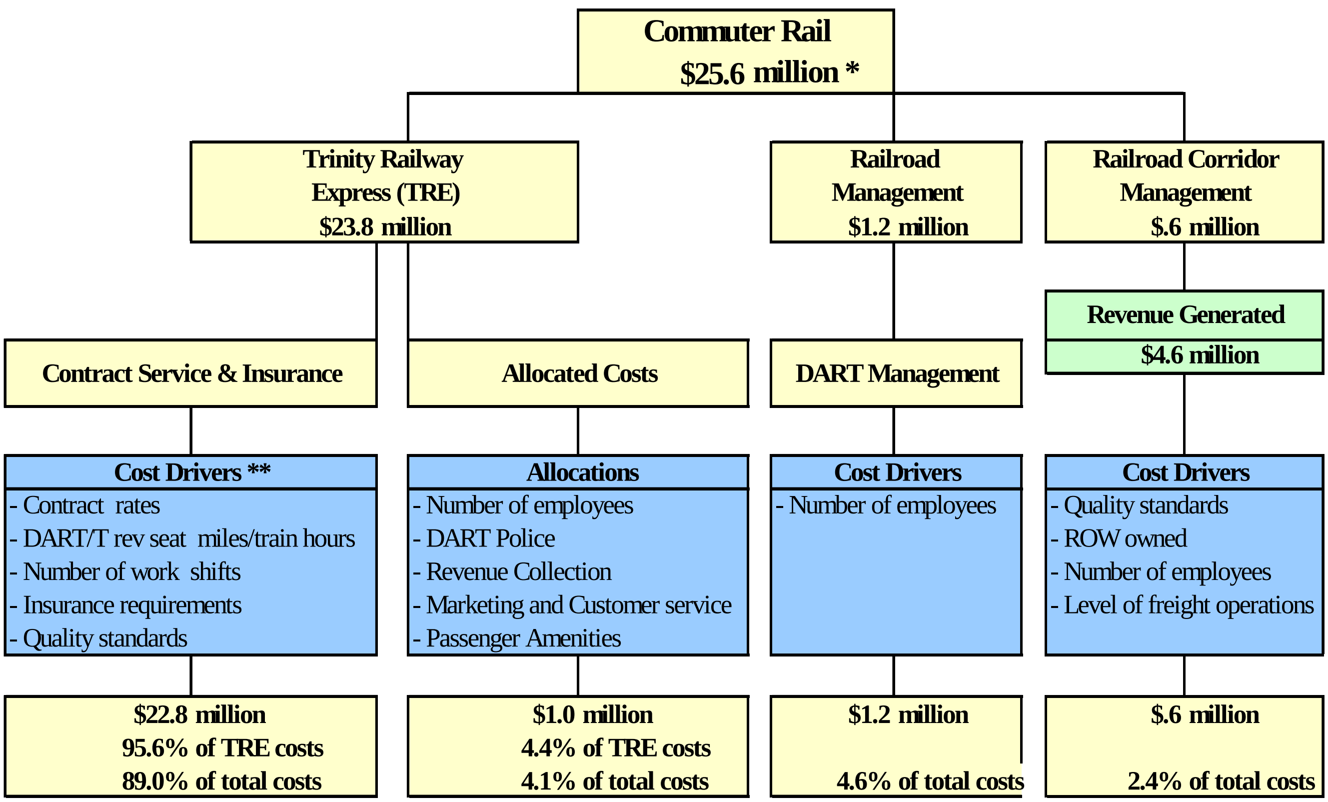
- *Build and Maintain DART's Regional Transportation Leadership*. DART owns 54 miles of the Cotton Belt rail corridor from north Fort Worth to downtown Wylie, Texas. The Cotton Belt will link with the Orange Line (at DFW Airport), the Green Line (in downtown Carrollton), the Red Line (in the Richardson/Plano area), and the Addison Transit Center, which provides extensive bus connectivity in the north part of the DART Service Area. The Cotton Belt Rail Line extends to the existing TRE stations in downtown Fort Worth and then continues on to Southwest Fort Worth. The Cotton Belt Rail Line would also connect in downtown Carrollton with the planned Denton County Transportation Authority (DCTA) passenger rail service between Denton and Carrollton, and the TRE line at the Intermodal Transportation Center and the T&P Stations in Fort Worth. The DART Board, through Resolution No. 080114, directed staff to immediately begin the definition, development, and implementation of the business opportunity on the Cotton Belt corridor.

Denton County Transportation Authority – The DCTA is a coordinated county transportation authority, created by law in 2001, and approved by the voters in Denton County in 2002. DCTA's priority project for the future is the construction of a regional passenger rail line connecting Carrollton and Denton, called the "A-Train." The A-Train will meet growing transportation demands in eastern Denton County and will also provide a logical extension of DART's Northwest Corridor line (Green Line). DCTA plans to connect to the Green Line in Carrollton at the Trinity Mills Station, in the summer of 2011. 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 provide alignment of the DART and 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 proposed A-Train service. This agreement also transferred title to DART from the City of Denton of 7.61 miles of corridor so that DART now owns the entire corridor all the way to Denton. Lastly, DART and DCTA continue to work on the agreements for operation and maintenance of the proposed A-Train service.

Commuter Rail and Railroad Management Department Cost Model

Exhibit 5.8 is the Commuter Rail and Railroad Management Cost Model. Costs are divided between TRE, railroad management, and railroad corridor management divisions of the Department. Total revenues associated with TRE corridor management for FY 2011 are budgeted at $2.7 million and $1.8 million for the DART-owned active freight rail lines. The portion of the total corridor management revenues and property management costs associated with the TRE corridor management are factored into the Commuter Rail-TRE subsidy per passenger calculations. Total expenses for FY 2011 include $1.1 million of indirect costs from The T.

Exhibit 5.8
Commuter Rail and Railroad Management Cost Model



* Total FY 2011 Commuter Rail costs include $2.1 million for administrative overhead allocation and includes $1.1m other expenses incurred by the T. ** Inherent in some of these cost drivers is compliance with FRA requirements.

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Section 6
Customer Focus – Paratransit
Index of Exhibits

Customer Focus – Paratransit Services

Overview

The purpose of this section is to explain Paratransit Services' business plan, including strategic initiatives. Exhibit 6.1 is an overview of the uses of the funds and allocated operating positions for the Paratransit mode of service.

Exhibit 6.1
Paratransit Overview

Overview	FY09A	FY10B	FY11B
Allocated Operating Budget (M)	$34.2	$36.4	$36.4
Capital Budget* (M)	1.3	0.2	0.4
Allocated Operating Positions		83	81

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

Paratransit Services provides accessible, curb-to-curb public transportation services in accordance with the Board-approved Accessible Services Policy No. III.14, and the Americans with Disabilities Act of 1990 (ADA). The department is responsible for planning/scheduling, dispatching, field supervision, contract compliance, rider eligibility, outreach, travel training, and other administrative functions. The department also oversees the Fixed-Route Reduced Fare Program for People with Disabilities and operates DART Innovative Services, which includes On-Call and Flex Services. As of July 31, 2010, approximately 11,000 riders were eligible to use Paratransit Services.

Service is provided through a contract with Veolia Transportation, Inc., which operates and maintains a total of 186 Paratransit vans and 23 Innovative Services vans.

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

The Control Center staff dispatches paratransit vehicles, supervises field operations, and supervises Parkland Hospital shuttle operations. The center is also responsible for answering "Where's My Ride?" calls, monitoring on-time performance, and handling passenger incidents/accidents. The Control Center operates 21 hours a day, 7 days a week.

Paratransit Services Scorecard – Key Performance Indicators

Exhibit 6.2 highlights Paratransit Services' Key Performance Indicators (KPIs). Fiscal years 2008 through 2009 indicate actual values, while figures for fiscal years 2010 through 2012 represent the budget and projected values. Fiscal Year 2010 Qtr. 3 is a four-quarter rolling average ending June 30, 2010. Once the department's new service delivery model is implemented, it is expected that KPIs will be adjusted to reflect a higher quality level of service.

Exhibit 6.2

Paratransit Scorecard - Key Performance Indicators						
Indicators	**FY08A**	**FY09A**	**FY10 Qtr. 3**	**FY10B**	**FY11B**	**FY12P**
Customer/Quality Indicators						
Actual Ridership (000s)	737	751	801	781	796	812
Scheduled Ridership (000s)	849	869	891	891	907	925
Revenue Hours (000s)	438	451	456	462	462	464
Paratransit Passengers per Hour - Scheduled	1.94	1.93	1.95	1.93	1.96	1.99
Paratransit Passengers per Hour - Actual	1.68	1.66	1.76	1.69	1.72	1.75
On-Time Performance	90.8%	87.8%	88.1%	87.0%	87.0%	87.0%
Accidents per 100K	1.7	1.0	0.4	2.0	2.5	2.5
Percentage of Trips Completed	99.9%	100.0%	100.0%	98.0%	98.0%	98.0%
Passenger Canceled Trips Ratio	9.7%	10.1%	10.3%	10.0%	11.0%	11.0%
Passenger No Shows Ratio	3.5%	3.5%	3.4%	4.0%	4.0%	4.0%
Service Level - Scheduling (3 minutes)	94.0%	83.5%	88.6%	85.0%	90.0%	90.0%
Service Level - Where's My Ride (2 minutes)	93.9%	81.7%	83.2%	80.0%	83.0%	83.0%
Complaints per 1k Passengers	3.2	3.5	3.1	4.5	4.5	4.5
Certified Riders	10,626	10,755	10,761	11,768	11,575	12,000
Financial/Efficiency Indicators						
Revenues (M)	$1.8	$2.0	$2.1	$2.1	$2.3	$2.4
Expenses - Fully Allocated (M)	$33.3	$33.7	$35.2	$36.4	$36.4	$35.7
Net Subsidy (M)	$31.5	$31.7	$33.1	$34.3	$34.0	$33.3
Subsidy Per Passenger	$42.69	$42.23	$41.31	$43.93	$42.77	$41.04

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

On-time performance improved throughout FY 2010 over FY 2009 actuals. In an effort to maintain quality of service, Paratransit is exploring alternate strategies to manage future growth while continuing to provide eligible customers with Paratransit service as required under the ADA. Costs are currently being managed through the use of a variable-end contract. This allows unproductive revenue hours to either be moved to make a run more efficient or removed from the manifest completely.

Major Initiatives/Highlights

- Reviewing all Paratransit functions in keeping with the Agency's competitive management strategy – New trends and market developments over the past few years led DART Paratransit Services management to identify a need to re-evaluate its service delivery model and current practices. The major developments included:

  1. Significant increases in year-over-year ridership despite DART's successful system changes to a fully-accessible fixed-route system and conscientious effort to transition Category 2 and conditional customers to use the fixed-route service.
  2. Continued high and increasing costs to deliver Paratransit services.
  3. Increasing challenge to maintain the high standards the ADA requires and customers have come to expect such as on-time performance, call center service levels, reasonable trip lengths/times, and zero capacity denials.
  4. Emergence of Mobility Management as a viable strategy and goal of federal, state, and transportation associations to achieve efficiencies and deliver higher quality of services to more populations of need.
  5. New technologies and high quality service delivery alternatives emerging in the private sector that are less costly, more customer centered, and provide greater efficiency.

  As a result, Paratransit Services began the process of evaluating current practices and developing a new vision for the department in the fall of 2009. The process engaged representatives from all functional areas of the department in weekly meetings for a period of approximately six months. At the end of the process, a new vision emerged. It moved the department from delivering service to a narrow market of ADA-eligible persons with disabilities using a dedicated Paratransit fleet with constraining parameters to a much broader vision of a family of services that is flexible and can serve the needs of more diversely defined populations of need. The department's new mission statement is:

  "To coordinate and provide safe, reliable, timely, and efficient transportation options for people with disabilities, older adults, and those with limited income."

- Reviewing contract modifications and/or other service delivery options – Based on this new vision, Paratransit management investigated and evaluated various service delivery models and available resources. Three viable alternatives were evaluated on eight dimensions: service flexibility, quality of service, customer-facing performance, efficiency, ability to respond to opportunities, ability to respond to threats, risk and recovery, and cost/cost savings potential.

  Three alternatives were evaluated:

  1. Maintain current service delivery model including exercising the option year (FY12) under the current contract with Veolia.
  2. Develop a new contract, effective in FY12, with a blend of core services using a dedicated fleet and current operational structure, and supplemental providers to serve evening, weekend, outlying, and long trips.
  3. A Mobility Management model, effective in FY12, which outsources operational functions to a high quality, experienced private sector brokerage firm.

- Implementing Shopper Route pilot program – Staff has analyzed and identified two zones (each 5 to 6 square miles) in the Cockrell Hill/Wynnewood Shopping Center area, with service operating one day a week for each area during off-peak hours. On-call service with timing points at WalMart, located at the intersection of I-30 and Cockrell Hill, and Wynnewood Village at Illinois & Zang, will be the anchor for the shopper route. Customers may also request stops at other shopping locations within the shopping zones. This service will be launched in October 2010. It is a pilot project with a project length of at least six months. The intent of the shopper route is to:

  1. Reduce “one-off” shopping trips, particularly long trips.
  2. Provide new services to other populations of need (older adults, Medicaid, non-ADA eligible with disabilities).
  3. Test viability of Special Purpose services for Paratransit and other populations with enhanced transportation needs.

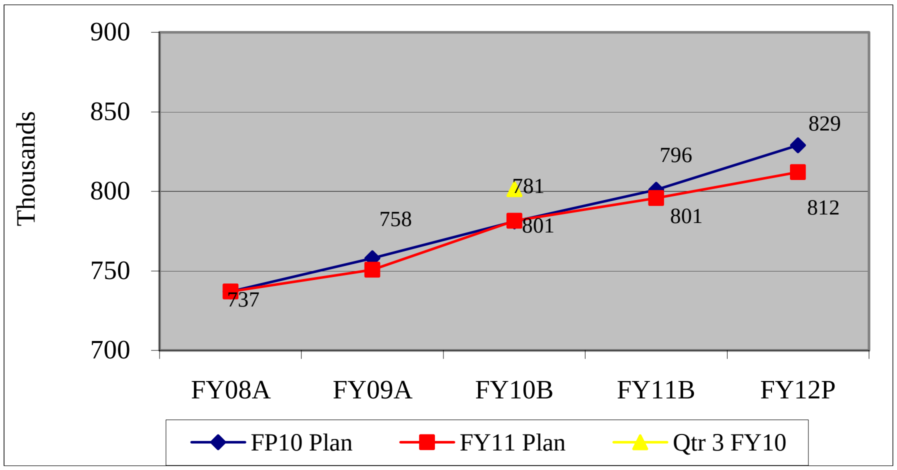
- Pursuing an overall strategy of mobility management – Staff is actively pursuing a person-centered “Mobility Management” approach to providing transportation. This service applies to Paratransit customers as well as other populations such as older adults and those with limited income. “Mobility Managers” seek to coordinate the various private, non-profit, and public transportation resources in the community to provide high quality transportation services to populations that cannot easily use fixed-route service and have no access to private automobiles. This would include coordination with, and possible improvement of, feeder trips to transit facilities to assist conditionally-eligible passengers in making trips that are more efficient, both for the passengers and DART. Mobility Management has the potential to alleviate pressures and increased demand for Paratransit services while providing customers with more choices in their time and mode of travel. Implementation of trip diversion strategies will begin as early as 2010 with improvements to feeder service and potentially some special-purpose trips. Additional steps will be introduced incrementally over the next four to five years to continually offset expected growth rates.

Paratransit Ridership

One of Paratransit Services' goals is to increase productivity and efficiency while delivering excellent customer service. Paratransit has been able to constrain the growth in revenue hours, and therefore costs, at a rate lower than ridership growth by increasing productivity (more passengers transported per hour).

Ridership has grown by an average of almost 5% annually over the last five years, while revenue hours only have increased 1.2% per year on average. This was possible due to an improvement in actual productivity from 1.55 passengers per hour in FY 2007 to 1.66 passengers per hour in FY 2009. The system is reaching its limits in terms of the ability to continue to accommodate additional riders without increasing revenue hours. Exhibit 6.3 compares actual and projected ridership from FY 2008 through FY 2012. Ridership projections have increased slightly from the FY10 Plan to the FY11 Plan.

Exhibit 6.3
Paratransit Ridership



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

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

- "Circulators" – Analyze trips that circulate within a geographic area with a high number of discretionary destinations and residences, and develop a fixed Paratransit route that circles among the origins/destinations within the area to meet Paratransit demand collectively instead of on an individualized Paratransit trip basis.

- Identify means to expand the existing feeder fare program to entice more Paratransit customers to use the service to travel to the nearest practical transit center or rail station and use fixed-route service. This has the potential to greatly reduce average Paratransit trip lengths for these customers.

In all cases, care will be taken to target market the alternatives to customers already using Paratransit for these discretionary trips. The intent is to reduce demand on current Paratransit services, and not to create new demand for the proposed service. At the same time, DART Paratransit will become more rigid in enforcing conditional eligibility criteria. Conditional customers affected by this will be offered opportunities to use one of the alternatives described above whenever possible. The objective of the combined impact of these alternatives to full Paratransit services is to continue to provide customers with trips to meet their travel needs and wants while reducing the financial and time burden on regular Paratransit service.

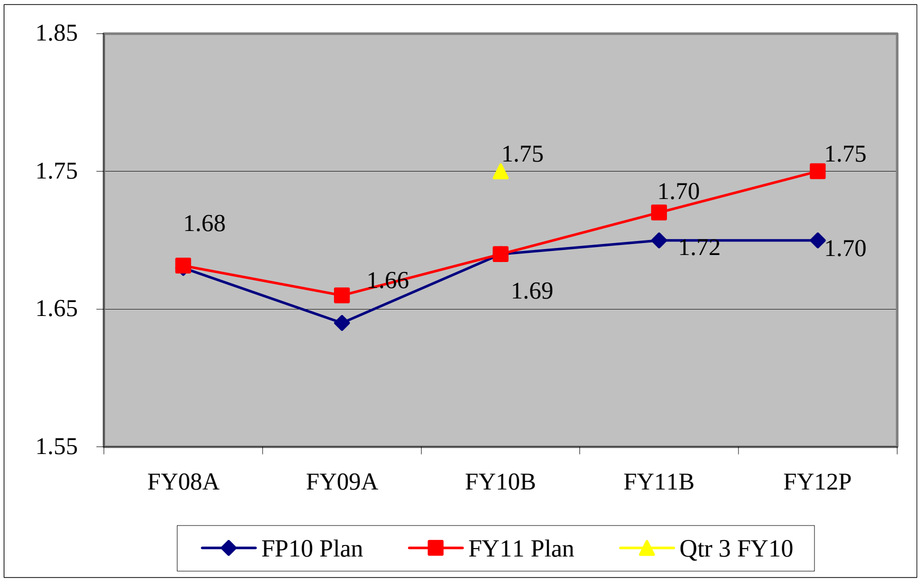
Paratransit Eligibility and Travel Training Program – Per the ADA, passengers must be certified by DART to use Paratransit, and passengers' certifications are updated every one to three years. DART certifies passengers in person, providing the most accurate assessment of passengers' ability to use buses and trains. The eligibility process determines whether a person is capable of using fixed-route services, or if a disability precludes that passenger, unconditionally or under certain circumstances, from using fixed-route service. Due partially to the overall population growth in the DART Service Area, the number of registered riders increased in FY 2009 to approximately 10,755 and to 10,878 in FY 2010. This represents a 1.1% increase over the same period last year.

Eligibility and Training Specialists assess applicants' ability to use fixed-route services and they also provide travel training. Travel training enables DART to transition individuals from Paratransit to less costly fixed-route service. However, time available for travel training is limited. For a rider to transition to fixed-route services, staff must perform route checks to ensure there are no environmental barriers that would impede the rider's travel.

Paratransit's Productivity

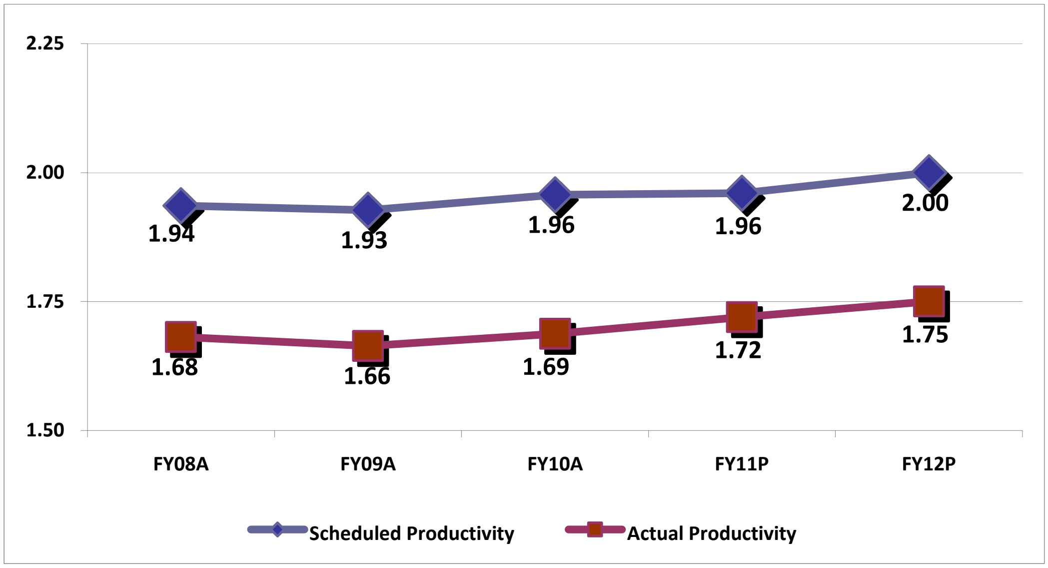
Productivity – KPIs for productivity include actual and scheduled passengers per hour, as well as rates of passenger cancellations and no-shows. Exhibit 6.4 shows actual and projected Paratransit passengers per hour for FY 2007 through FY 2011. Compliance with the ADA's zero denial mandate impacts Paratransit's efficiency and lowers productivity by requiring all legitimate trip requests (trips requested by certified riders during applicable service hours) be accommodated. While productivity has improved, constrained resources are resulting in an increase in longer trips and late trips.

Exhibit 6.4
Paratransit Productivity



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 van arrives for a passenger). For FY 2009, DART scheduled 1.93 passengers per hour, but actually transported only 1.66 passengers per hour. The no-show ratio came in below the FY 2009 target at 3.5%, while the cancellation ratio came in slightly higher than the FY 2009 target at 10.1%. The cancellation ratio for FY 2010 is trending at 10.7%. The number of cancellations is higher than usual due to a modification of the cancellation policy and more stringent enforcement of the cancellation policy. The no-show ratio is trending to finish FY 2010 at 3.5%. Management estimates the KPI ratio for no-shows will remain in the 4% range, and the KPI ratio for cancellations will rise to the 11% range, which is consistent throughout the transit industry. Exhibit 6.5 shows a comparison of scheduled productivity with actual productivity from FY 2008 through FY 2010 and budgeted and projected productivity for FY 2011 and FY 2012.

Exhibit 6.5
Paratransit Services Productivity



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

Purchased Transportation Contract

A purchased transportation contract with Veolia Transportation, Inc. was implemented in June 2007. The base term of the contract is scheduled to end September 30, 2011, with an option year which runs through September 30, 2012. This contract is based on variable-end pricing and allows Paratransit Services to cut unproductive revenue hours on a daily basis. This has resulted in savings, which allowed Paratransit Services to absorb increased ridership without increasing revenue hours.

Paratransit Costs and Subsidy Per Passenger

Exhibit 6.6 compares Paratransit cost and net subsidy actual results for FY 2008 and FY 2009 with budget and projections for FY 2010 through FY 2012. Improved productivity has resulted in a slight downward trend (improvement) in subsidy per passenger, despite cost increases. Exhibit 6.7 is the Paratransit Cost Model.

Exhibit 6.6
Paratransit Subsidy Per Passenger

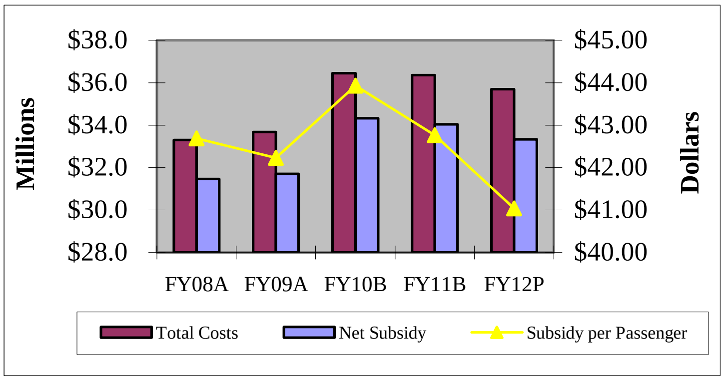


Exhibit 6.7
Paratransit Cost Model

Paratransit
$36.4 million*

Contract Service	**In House Costs**	**Allocated Costs**
Cost Drivers	**Cost Drivers**	**Allocations**

- Passenger demand
- Service effectiveness (passengers per hour)
- Contract rate per hour
  - Quality standards
  - Fleet age
  - Vehicle requirements
	- Oversight and Administration of contract
	- Number of employees
	- Certification program
	- Dispatching
	- Scheduling
		- Customer Service
		- Retail Sales
		- Operations Technology Support
		- Information Technology Support
		- DART Police Support
		- Technical Services
		- Non-revenue vehicle Services

$28.7 million **78.8% of total cost**	**$5.4 million** **14.8% of total cost**	**$2.3 million** **6.3% of total cost**

* Total FY11 Paratransit costs include $3.2 million for administrative overhead allocation.

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Section 7
HOV and General Mobility
Index of Exhibits

Customer Focus - HOV

Overview

The purpose of this section is to discuss business performance expectations and major initiatives for DART's High Occupancy Vehicle (HOV) Transitway services. Exhibit 7.1 is an overview of the uses of the funds and allocated operating positions for the HOV mode of service.

Exhibit 7.1
HOV Overview

Overview	FY09A	FY10B	FY11B
Allocated Operating Budget (M)	$10.8	$12.4	$12.4
Capital Budget* (M)	1.0	32.9	23.1
Allocated Operating Positions		87	76

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

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

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

Currently, DART operates, enforces, and maintains 84 miles of HOV lanes. See Exhibit 7.4 for a map of the HOV/Managed HOV Lanes and Exhibit 7.5 for a map of the Managed HOV Lanes included in the 2030 Transit System Plan. Exhibit 7.2 shows the currently operating facilities and their operating hours.

Exhibit 7.2
HOV Lane Operating Hours and Miles

HOV Facility	Hours of Operation	Centerline Miles
I-30 (East R.L. Thornton)	6-10 a.m. & 3:30-7 p.m. Weekdays	11
I-35E (Stemmons)	24 hours a day	9
I-35E (By-Pass)	6 a.m.-noon & 1-8 p.m. Weekdays	--
US 75 (Central)	24 hours a day	14
US 75 (Central – Direct Connector)	6 a.m.-noon & 1-8 p.m. Weekdays	--
I-635 (LBJ)	24 hours a day	24
I-35E/US67 (South R.L. Thornton/Marvin D. Love)	6-noon & 2-8 p.m. Weekdays	11
I-30 (Tom Landry)	9 a.m.-1:00 p.m. & 2-8 p.m. Weekdays	15

HOV Scorecard – Key Performance Indicators

Exhibit 7.3 highlights HOV Key Performance Indicators (KPIs) presented in scorecard format. Fiscal Years 2008 and 2009 indicate actual values, while figures for Fiscal Years 2010 through 2012 represent the budget and projected values. Fiscal Year 2010 Qtr 3 is a four-quarter rolling average ending June 30, 2010. Ridership is projected to decrease as lanes on I-635 West are taken out of service in early 2011 through early FY16. This will impact the subsidy per passenger for FY11 and FY12.

Exhibit 7.3

HOV Scorecard - Key Performance Indicators

Indicators	FY08A	FY09A	FY10 Qtr. 3	FY10B	FY11B	FY12P
Customer/Quality Indicators						
Ridership (M)	48.1	51.0	50.2	46.3	35.9	32.4
Avg. Weekday Ridership (000s)	144.5	153.8	151.3	137.9	107.2	96.7
Lane Availability	99.8%	99.9%	100.0%	99.0%	99.0%	99.0%
Operating Speed Ratio	1.72	1.53	1.56	1.53	1.53	1.53
Complaints per 100k passengers	0.52	0.28	0.19	0.32	0.30	0.30
Financial/Efficiency Indicators						
Revenues (M)	$0.0	$0.0	$0.0	$1.6	$2.6	$2.6
Expenses - Fully Allocated (M)	$8.69	$9.3	$10.3	$12.4	$12.4	$12.0
Subsidy Per Passenger	$0.18	$0.18	$0.21	$0.23	$0.27	$0.29

Major Initiatives/Highlights

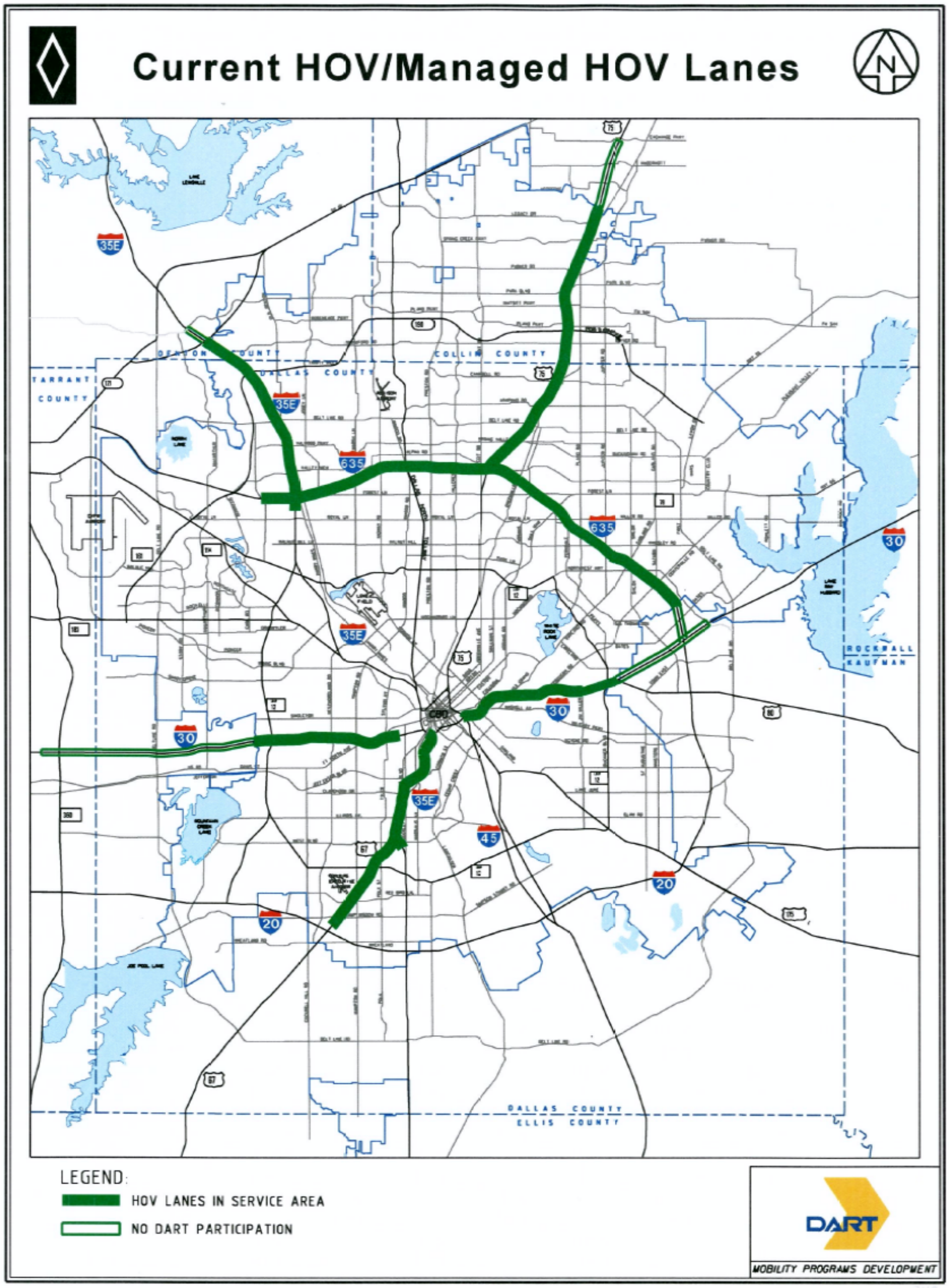
To further mitigate congestion, sustain mobility, and improve air quality, several initiatives will be underway in FY 2011:

- Extended Operating Hours will be in place for the following facilities:
    - I-35E (Stemmons) Bypass at I-635 (LBJ) and US 75/I-635 Direct Connector will be operational from 6:00 a.m. to noon southbound and from 1:00 p.m. to 8:00 p.m. in the northbound direction.
    - I-35E/US 67 will be open to northbound traffic from 6:00 a.m. to noon and from 2:00 p.m. to 8:00 p.m. in the southbound direction.
    - I-30 West (Tom Landry Highway) will be open from 9:00 p.m. to 1:00 p.m. (next day) in the eastbound direction and from 2:00 p.m. to 8:00 p.m. in the westbound direction.
- Study and Implementation of High Occupancy/Tolling (HOT) Lanes on I-35E/US67 and I-635 East to be completed in FY 2012

HOV Projects

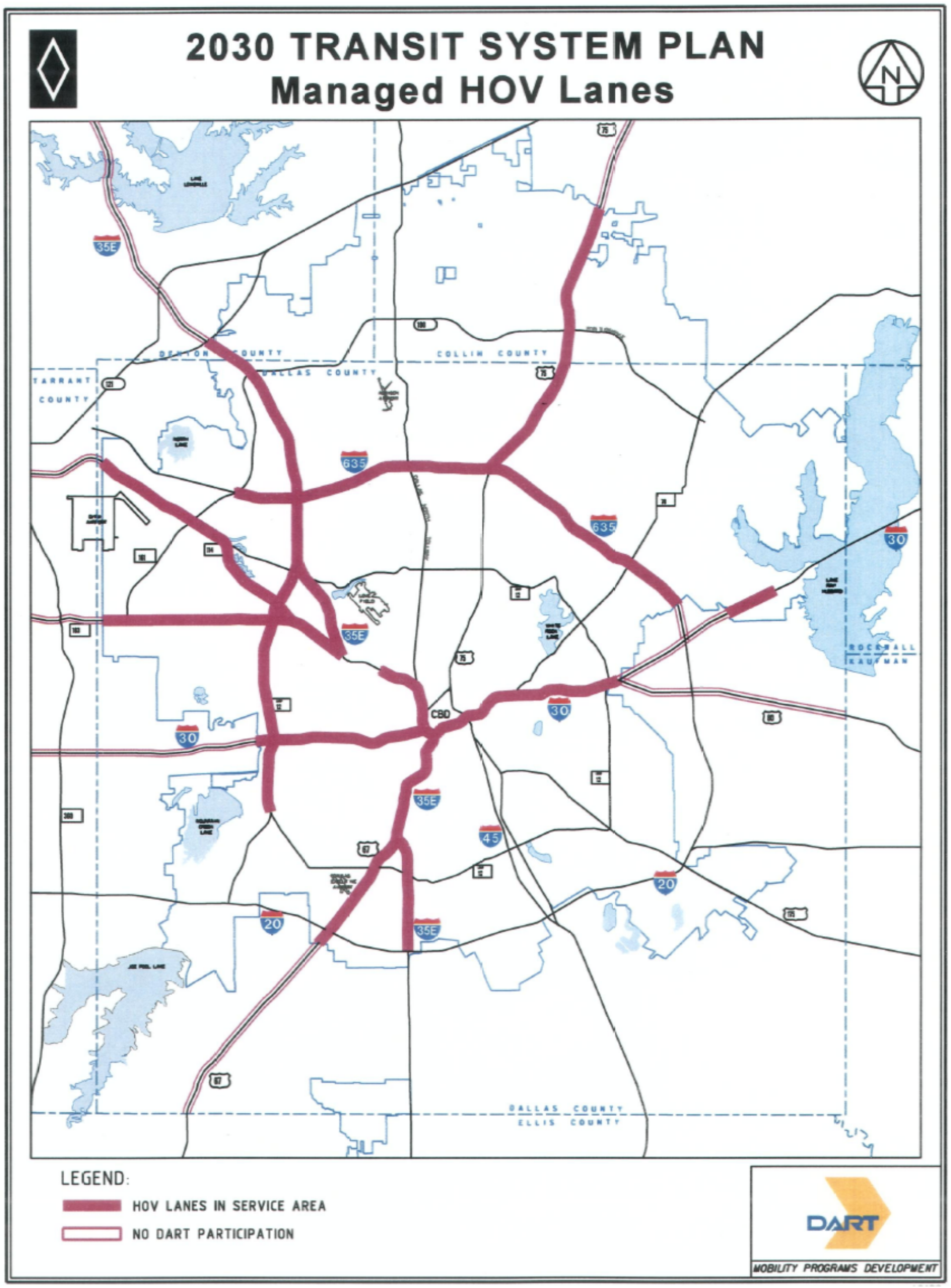
In response to increasing air-quality concerns in the region, the first phase of the Tom Landry Highway (I-30) West Managed HOV lane opened to traffic on July 31, 2007 as a two-lane barrier-separated concurrent flow facility. Once additional phases open, this will become the region's first Managed HOV lane. Also, the US 75 HOV lanes and extensions to the existing I-635 and I-30 HOV lanes opened in FY 2008. Changes to operating hours of the HOV lanes to match travel and ridership patterns are implemented as needed. A map showing all facilities that are operational this fiscal year is included as Exhibit 7.4.

Exhibit 7.4
Current HOV/Managed HOV Lanes



Permanent HOV Transitways – DART's Transit System Plan calls for over 116 miles of permanent HOV transitways. DART's share of the construction costs of these facilities is 10%. The 2030 Managed HOV Lane map is included at Exhibit 7.5. Per the Board-approved HOV Transitway Policy and consistent with the Metropolitan Transportation Plan by NCTCOG, all Permanent HOV Transitways will be evaluated for Congestion Pricing.

Exhibit 7.5
2030 Transit System Plan
Managed HOV Lanes



Notice of Board Commitment – The Board's current HOV Policy commits DART to fund up to 100% of the construction cost of the permanent LBJ, Stemmons, and North Central Expressway HOV transitways, if Federal funding is not available. The FY 2011 Twenty-Year Financial Plan only includes DART's anticipated participation in each project, not the total project value. If DART is required to provide additional funding for these HOV projects, it will have a significant impact on the capital expansion and financing assumptions included in the Twenty-Year Financial Plan.

I-30 Permanent HOV Transitway

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

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

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

SH 114 Permanent HOV Transitways – With the completion of the Northwest Corridor Major Investment Study, DART is advancing four permanent, barrier-separated Managed HOV lanes along SH 114 from SH 183 to the Dallas County Line as identified by the Locally Preferred Alternative.

Advanced planning activities including schematic designs, environmental studies, and public involvement were completed during FY 2009. The project will be advanced to preliminary engineering in FY 2011. The western end of the project terminus was redrawn to conform to the North Tarrant Express project. Final Engineering/Plan Specifications & Estimates (PS&E) for the remainder of the SH 114 Corridor will be underway during FY 2012 through FY 2015, and utilities relocation/coordination and right-of-way acquisition will be advanced concurrently.

Pending funding availability, the construction phase is expected to occur between FY 2015 and FY 2020. Total estimated construction cost for 13 miles on SH 114 is $750 million. The contract for the reconstruction of SH114/Loop 12 Interchange (*Diamond Project*) including 1.6 miles of the Orange Line under Loop 12 and along SH114 toward DFW Airport including the station at Tom Braniff Drive was awarded in October 2008 for $224.2 million. The DART LRT portion of the project is expected to be complete in late 2011. Project limits are from Texas Stadium to west of the TRE Railroad overpass including the LRT station at Tom Braniff Drive.

The Loop 12 limits are from just north of SH 183 to the south end of the Elm Fork Bridge. The DART Board approved an Interlocal Agreement with TxDOT for funding DART's share of the LRT and Managed HOV lanes. DART's share of the cost for LRT and Managed HOV lanes is $62 million or approximately 30% of the total project cost.

Regional Value Pricing – A regional value or Congestion Pricing Study was completed to evaluate the feasibility of charging single-occupant vehicles to use the existing and future HOV lanes throughout the region. This federally-funded project was led by the NCTCOG, and DART and TxDOT are among the project partners. Federal rules mandate that a study of this type be conducted prior to testing and/or implementation. The study was completed during FY 2005, and an application to implement the concept in the selected corridor was advanced to the FHWA for funding. The application was approved and the I-30 corridor was selected to become the region's first Managed Lane project. Phase I of this project was opened to traffic in 2007.

I-30 Managed HOV Lane – Development of the first Managed HOV Lane project in Dallas began in 2006, and one phase was opened to traffic in 2007. Implementation of the remaining phases is underway. The Managed HOV lane facility will be implemented in the median of I-30 from the Dallas/Tarrant County Line to Downtown Dallas. Ultimately, the reversible HOV lanes will operate more than 20 hours a day, and will comprise a two-lane Managed HOV facility from the Dallas/Tarrant County Line to Downtown Dallas.

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

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

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

LBJ Corridor – This project is a joint effort between TxDOT, DART, and other partners in the region. The LBJ Corridor project is comprised of two sections: the east section (US 75 to US 80) and the west section (from US 75 to Luna Road west of I-35E). The west section includes a depressed section from west of Midway to east of Preston. This project will be designed and constructed through a Comprehensive Development Agreement (CDA). Construction duration is five years. DART will not participate in funding the Mesquite section which is outside the DART Service Area. Construction efforts are expected to begin in early 2011.

Ensure I-30 HOV Lane Opens on Time

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

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

LBJ and Central HOV Operations

In order to improve operations along LBJ (East) and Central Expressway, DART is working with TxDOT to improve flexible pylon performance concerns. Work on the LBJ (East) has been completed, and the system is performing well. Efforts to improve the US 75 system are underway.

HOV Service has Lowest Subsidy Per Passenger

HOV is DART's most cost-effective mode of transit with an actual subsidy per passenger of $0.21 and $0.23 budgeted for FY 2010. The budgeted subsidy for FY 2011 is $0.27, a slight increase due to the reduction in ridership relating to the closure of lanes along I-635.

Customer Focus – General Mobility

Overview

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

DART and the NCTCOG have worked together to identify strategies for reducing emissions in the Metroplex. The vanpool program has been identified as a critical component of the State Implementation Plan for improving air quality. Employers in the Metroplex have also discovered that vanpools are a viable transportation alternative for their employees and are subsidizing passenger fares to help with escalating fuel costs. Exhibit 7.6 is an overview of the uses of the funds and allocated operating positions for the Vanpool mode of service.

Exhibit 7.6
Vanpool Overview

Overview	FY09A	FY10B	FY11B
Allocated Operating Budget (M)	$2.6	$2.9	$2.9
Capital Budget (M)	1.3	-	-
Allocated Operating Positions		4	2

Vanpool Scorecard

Exhibit 7.7 highlights Vanpool Key Performance Indicators (KPIs) presented in scorecard format. Fiscal Years 2008 and 2009 indicate actual values, while figures for Fiscal Years 2010 through 2012 represent the budget and projected values. Fiscal Year 2010 Qtr. 3 is a four-quarter rolling average ending June 30, 2010.

Exhibit 7.7

General Mobility (Vanpool) Scorecard - Key Performance Indicators						
Indicators	**FY08A**	**FY09A**	**FY10 Qtr. 3**	**FY10B**	**FY11B**	**FY12P**
Customer/Quality Indicators						
Ridership (000s)	697	880	928	953	1,035	1,035
Number Of Vanpools	145	175	177	198	198	198
Financial/Efficiency Indicators						
Revenues (M)	$1.6	$1.8	$2.0	$2.3	$2.6	$2.6
Expenses - Fully Allocated (M)	$1.8	$2.5	$2.5	$2.9	$2.9	$2.9
Subsidy Per Passenger	$0.22	$0.83	$0.59	$0.69	$0.27	$0.25

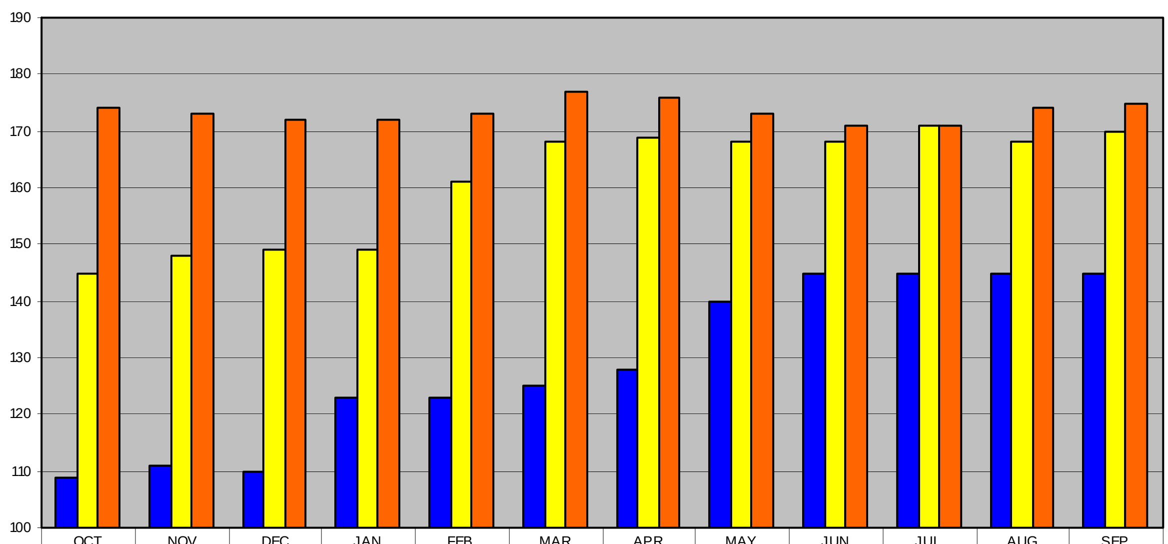
DART currently offers 7- to 15-person vans through a third-party contractor (Enterprise Rent-a-Car DFW). This program is partially funded by the NCTCOG through a Congestion Mitigation/Air Quality grant. Over the past few years, NCTCOG has provided funding to DART that covers up to 40-50% of the total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

For FY 2011, it is expected that NCTCOG will increase their share of overall funding to 45%. User fees, currently $270 for small vans and $290 for a large van, will be adjusted in January 2011 to $330 per month for small vans and $350 per month for large vans. Users will cover up to 55% of program costs at these prices.

The rapid expansion of the vanpool program from 109 vanpools at the beginning of 2008 slowed during FY 2010, peaking at 177 vans. The slowdown in program growth was anticipated, a function of the economic conditions. We anticipate some increase in vanpool participation during FY 2011, and have budgeted for growth up to a total of 198 vans in operation.

In FY 2010, the number of vanpools slightly surpassed the FY 2009 operating numbers by 2.88% with an increase in ridership of 5% (see Exhibit 7.8). Value and convenience has been the consistent theme that has allowed the program to experience continued growth.

Exhibit 7.8
Operating Vanpools



	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
2008	109	111	110	123	123	125	128	140	145	145	145	145
2009	145	148	149	149	161	168	169	168	168	171	168	170
2010	174	173	172	172	173	177	176	173	171	171	174	175

General Mobility – Road Improvement Programs

The Road Improvement Programs shown in Exhibit 7.9 represent all of the Board-approved road programs with member cities and state agencies. Road improvement programs are recorded as non-operating expenses in the Budget and Twenty-Year Financial Plan because DART does not take an ownership interest in most of these mobility improvements.

Exhibit 7.9
General Mobility & Road Improvement Programs
(in millions)

	FY08A	FY09A	FY10B	FY11B	FY12P
LAP/CMS*	$0.0	$3.4	$0.0	$0.0	$0.0
Transit PASS**	0.2	0.1	7.5	10.5	6.9
TSM (includes street repair)**	0.3	0.5	10.7	4.0	11.8
ITS**	0.3	0.8	3.9	1.5	1.2
Total	**$0.8**	**$4.7**	**$22.1**	**$16.0**	**$19.9**

* Note: for FY10 and beyond, the budgeted column reflects new allocations. Actual expenditures in past years may also include unspent program allocations from prior years.

** For the other general mobility programs, much of the money reflected in the FY11 and FY12 represents monies that were budgeted but will not be spent during FY10 and are therefore contained in multiple columns.

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 7.10 reflects the current LAP/CMS payable to each service area city.

Exhibit 7.10

LAP/CMS Program (in thousands)		
Member City	**06/30/10 LAP/CMS Unspent Balance**	**06/30/10 LAP/CMS Committed Amount**
Addison	$307	$307
Carrollton	0	1,969
Cockrell Hill	122	0
Dallas County *	23	0
Farmers Branch	0	815
Garland	0	0
Glenn Heights	0	0
Irving	11,603	11,350
Plano	645	645
Richardson	0	0
Rowlett	0	0
University Park *	5	0
TOTAL	**$12,725**	**$15,086**
* Balance remaining from original LAP Program.		

Transit Principal Arterial Street System (PASS) – The Principal Arterial Street System (Transit PASS) is a $150 million program that is funded by DART ($30 million), TxDOT/FHWA ($52 million), TRE ($10 million), and eligible DART member cities and counties ($28 million). Several projects in Addison, Carrollton, Dallas, Farmers Branch, Plano, and Richardson have been completed. A total of $17.9 million in PASS funding is available for the remaining few projects in the Cities of Dallas and Garland. Additional money is being requested from NCTCOG for this program in the 2011-2015 Transit Improvement Program (TIP).

Transportation System Management (TSM) – A total of $22.1 million TSM funding is available for the initial and second phases of the Street Repair Program as well as General TSM projects over the next five years. TSM funding is available to repair streets damaged by buses and for minor enhancements such as intersection modifications, bus pads, and traffic studies/signal modifications. Several projects in Dallas, Garland, Glenn Heights, and Cockrell Hill have been completed; the remainder are underway.

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

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

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

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

Traffic Signal Priority for LRT in Dallas CBD – DART is working with the City of Dallas to improve LRT operations in the CBD area without significantly degrading vehicular traffic flow. This project was part of the LRT study recommendations to improve performance of DART LRT operations and has helped DART prevent accumulation of trains at Downtown Dallas stations with light rail vehicles traveling between stations with minimum stops. The DART Board approved a contract for the train detection system and related train/traffic interconnect communications as part of the Dallas CBD Traffic Signal Priority (TSP) Project in October 2008. Implementation of the first phase of train detection system and related train/traffic interconnect communications contract in the Dallas CBD was completed in August 2009. The remaining work is expected to be complete by December 2010. The third stage will be the implementation of a new downtown traffic control system by the City of Dallas, which is currently expected in the spring of 2011. The $5.7 million TSP project is a joint project between DART and the City of Dallas.

Integrated Corridor Management (ICM) – The Integrated Corridor Management (ICM) concept was created by the U.S. Department of Transportation (US DOT) to deal with corridor traffic congestion. A Corridor is defined as an entire geographical area that consists of highway, city arterials, tolling systems, and transit services such as HOV, Express Bus, and Light Rail systems. FHWA, FTA, and RITA selected Dallas US 75 as one of eight national Pioneer Sites for an ICM project. As a result of development submission of Concept of Operations (ConOps) and Systems Requirements required as part of phase one, DART's application for the second phase was selected by US DOT for Analysis, Modeling, and Simulation (AMS). This work has now been completed and modeled with an extremely high benefit to cost ratio. DART has submitted an application for the third (deployment phase) of the program, and the US DOT selected Dallas' application as one of the two sites advancing to deployment plan status.

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

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Section 8
Agency-wide Overview
Index of Exhibits

Agency-Wide Overview

DART's Strategic Plan includes three focus areas: Customer, Employee, and Stakeholder. The Customer focus is designed to increase ridership and improve the customer experience. The Employee focus addresses attraction and retention of quality employees, enhancement of employee engagement, providing a safe workplace and the proper tools to efficiently and effectively complete their assignments. The Stakeholder focus is designed to enhance relationships with service area cities, federal, state, and local governments, and the community. Each of these areas is addressed in this section. See *Exhibit APX.2* for a discussion of DART's Strategic Alignment.

Customer Focus

The Board-approved Strategic Priorities and Goals include initiatives for exceeding customer expectations (Exhibit 8.1).

Exhibit 8.1 Board Strategic Priority I: Strive to Exceed Customer Expectations
1. Improve/Maintain customer sense of security and comfort 2. Increase ridership

It is DART's goal to provide safe, secure, efficient, and effective services to our customers. DART works toward continuous improvement in these areas through such programs as: division-level scorecards, Key Performance Indicators (KPIs), station monitors, systematic review of police deployment, fare inspectors, and Agency committees such as Service Planning and Customer Satisfaction. Customer surveys are conducted to monitor the effectiveness of DART's programs and services.

<u>Providing Customer Service</u>

DART's Customer Service section receives over 2.5 million calls annually from riders and potential riders requesting information regarding our services, primarily bus and rail operations. The DART Call Center is open seven days a week (except for Thanksgiving and Christmas days) and provides information to customers requesting service and schedule information; receives and responds to customer complaints and commendations; and operates the Agency's Lost and Found area which collects and distributes over 5,000 lost items left on DART vehicles each year. Customers may contact Customer Service in person, by phone, or via DART.org using home/office computers or mobile devices. In addition to handling these customer contacts, Customer Service is responsible for the development of the Customer Satisfaction Report which is composed of the data collected from riders who contact the Call Center. This information allows management to focus on continuous improvement of our services.

Use Surveys to Understand the Needs of Customers

DART evaluates and monitors customer satisfaction in five areas: service, operation, safety, maintenance, and communication. Exhibit 8.2 is a comparison of the August 2009 and August 2010 Customer Satisfaction Surveys. Overall, a strong majority of DART customers (89%) were satisfied with DART services. A significant percentage of customers (91%) would recommend DART to others. Train timeliness also scored high at 90%. The most significant improvement in the 2010 survey was in the area of pass-bys where there was a 17-percentage point decrease from the 2009 survey (from 69% in 2009 to 46% in 2010). However, there were areas where there are opportunities for improvement. For example, DART Police visibility on trains dropped from 81% to 73%. The percentage of riders who indicated that DART Customer Information Center staff answered their call promptly dropped from 91% to 68%. There was also a decrease in the area of adequate notification of service disruptions from 82% to 66%. Bus timeliness was another area where there was significant drop from 86% in 2009 to 77% in 2010.

Exhibit 8.2
Customer Satisfaction Survey Comparison

Category	August 2009	August 2010
Service		
DART riders are generally satisfied	93%	89%
Riders find service better than last year	86%	75%
Riders would recommend DART to others	95%	91%
Operation		
Riders find buses running on time	86%	77%
Riders find DART Rail trains running on time	95%	90%
Riders have experienced pass-bys	69%	46%
Riders make transfers on time	92%	84%
Riders find operators courteous	88%	85%
Safety/Security		
Riders find DART operators driving safely	92%	88%
Riders feel safe at bus stops and rail stations	86%	82%
Riders feel safe at transit centers and park and rides	88%	83%
Riders feel safe on buses	91%	88%
Riders feel safe on trains	90%	85%
Riders see DART Police on Trains	81%	73%
Riders see uniforms as adding sense of security	88%	82%
Maintenance		
Riders find buses clean	81%	74%
Riders find trains clean	88%	80%
Riders find DART facilities clean	88%	85%
Ridership Trends		
Riders make transfers	81%	81%
Riders begin their trips at a transit center or rail station	82%	72%
Riders take DART more than three times a week	92%	88%
Riders use DART to get to work	90%	87%
Riders have a car available	76%	68%
Communication		
Riders find the DART Customer Information Center staff answering calls promptly	91%	68%
Riders find bus schedules readable	93%	88%
Riders find adequate notification of service disruptions	82%	66%
Riders find what they are looking for on DART.org	95%	77%

SAFETY/SECURITY

DART POLICE

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

<u>Major Functions and Duties</u>

- *<u>Rail Operations</u>* – DART Police are responsible for providing police services aboard light rail and Trinity Railway Express (TRE) commuter rail vehicles, at all rail stations, parking lots, and along DART-owned rights-of-way. This group also includes DART's Fare Enforcement Officers. The department has divided the rail system into 10 sectors to allow the officers to more efficiently patrol the rail system.
  - *Fare Enforcement Officers* – Provide fare inspection services to light rail and commuter rail. There are a total of 48 fare enforcement officers assigned to rail sectors. These are non-sworn personnel that have no police powers of arrest. The primary duty of these officers is to inspect for proper fare throughout the rail system. Fare Enforcement Officers issue fare evasion citations when necessary and report disruptive behavior to DART Police Officers for police action. Though Fare Enforcement Officers possess no police power, they do provide a uniformed presence on DART transit services, helping to deter crime.
  - *Rail Police Officers* provide police visibility and take enforcement action on the trains within their assigned sectors. They also provide police services to rail stations, including the platforms, facilities, and parking lots to ensure the safety and security of DART's patrons and their property.
  - During non-peak transit hours, a police or fare enforcement officer is assigned to each light rail vehicle consist. During peak transit hours, police and fare enforcement officers are assigned to rail sectors.

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

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

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

- *Emergency Preparedness* – The department's Emergency Preparedness Section is responsible for planning and preparing for emergencies, to include developing security actions for different Homeland Security Alert threat levels; applying for and overseeing Homeland Security grants; conducting multi-jurisdictional exercises; performing needs and threat analyses; and providing security awareness training for all DART employees. The section also manages telecommunications, security guards, DART employee identification cards and facility access programs.
  - *Police Telecommunications* – The Police Telecommunicators are responsible for receiving requests for police services, dispatching calls for service to DART Police Officers, monitoring the police radio transmissions, and processing requests for National Criminal Information Center (NCIC) and Texas Criminal Information Center (TCIC) reports through the Texas Law Enforcement Telecommunications System.
  - *Security Services* – The department contracts for armed and unarmed security guards at specified locations to provide security for customer vehicles, transit centers/facilities, administrative and operational facilities, and to accompany revenue agents who retrieve monies from ticket vending machines and bus fare boxes.

- *Hiring & Recruiting* – The Hiring & Recruiting section is responsible for complying with all State requirements in the hiring of department personnel, as well as recruiting to fill vacant positions.

- *Training* – The Training Section is responsible for providing state-mandated and other job-related training to department personnel. The section also ensures compliance and coordination for all DART-required training.

- *Administrative Support* – The Administrative Support Section develops and monitors the department's budget; procures equipment and supplies for the department's needs; manages the fleet vehicles; and acts as a liaison between building management and the department.
  - *Records Section* – The department's Records Section maintains and processes all offense reports, accident reports, and citations. They also file citations with the appropriate courts and submit reports to state and federal agencies as required.

DART Police
FY 2011 Goals, Programs, and Capital Projects

FY 2011 Department Goals

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

- Maintain an 82.5% customer "sense of security" rating on periodic safety/security surveys.
- Reduce crimes against persons and property by 8% each.
- Reduce incidents per 100,000 passengers by 10%.
- Maintain an 80% "presence-for-duty" rate for on-duty personnel on a daily basis.
- Ensure a LRT fare evasion rate no greater than 3.75%.

Existing Programs

To complement the ongoing duties and functions, the DART Police Department has implemented the following programs:

- *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.

- *Surveillance Project* – Cameras were installed at the Ledbetter, Downtown Garland, Spring Valley, 8th & Corinth, and Zoo Stations through a pilot project. The pilot project also provided surveillance cameras aboard DART buses. Surveillance systems are now being installed in new and existing rail stations with a combination of Homeland Security grant funding and DART local funds. DART funding will also provide for surveillance systems on the super light rail vehicles (SLRVs).
- *Security Training* – The department is responsible for ensuring all department and other required personnel receive National Incident Management System (NIMS) training. Through a training grant received from the Department of Homeland Security, DART Police provided transit security courses for our employees and representatives from our member cities.
- *Facility Access Systems* – The department is responsible for the administration of the access system for all DART facilities, which also includes issuance of ID/Access cards and the management/maintenance of requisite hardware and software systems.
- *Benchmarking Best Practices Among Peer Agencies* – The department continues to maintain visibility and relevance among other large police organizations, collaborating on campaigns and benchmarking industry best practices for the benefit of DART patrons, employees, and stakeholders. In keeping with this goal, command staff members participate in a variety of activities in conjunction with such organizations as: the North Texas Police Chiefs Association, the Federal Bureau of Investigation (FBI) Academy, the Greater Dallas Crime Commission, and the International Association of Chiefs of Police (IACP), among others.

DART Police – Approved Capital Programs

In FY 2011, the department plans to implement the following new projects to address the Agency's goal of increased perception of public safety and sense of security:

- *New Surveillance Camera System Project* – $5 million was approved to purchase, configure, and install cameras for 5 bus routes, 10 DART stations, and 15 light rail vehicles as an expansion of the pilot surveillance program previously conducted. This should help to deter crime at monitored facilities, and decrease response time to crime and service quality issues. In addition to DART funding, $1.067 million of Homeland Security grant funding has been awarded for installation of surveillance systems at passenger facilities along DART's Blue Line. System installation at Akard and Morrell Stations is complete and awaiting validation by DART Police.

- *Mobile Data Computers (MDCs)* – The department is nearing completion of integrating the updated computer-aided dispatch (CAD) with the recently purchased and installed Mobile Data Computers (MDC) and records management system (RMS). This new updated system greatly improves efficiency and effectiveness in assigning officers to calls and reporting incidents. This system allows mobile dispatching of officers, National Criminal Information Checks (NCIC), Texas Criminal Information Checks (TCIC), and CAD/RMS queries for quick access to pertinent law enforcement information by officers in the field. Additionally, the updated CAD, MDC, and RMS allow officers to complete reports in the field, spend less time writing reports at police headquarters, and increase visibility to DART patrons.
- *In-Car Camera System* – The installation and implementation of an in-car camera system for police squad cars is nearing completion. This system will help protect patrons, officers, and the Agency while providing police services. It will also help the Agency comply with Texas racial profiling mandates regarding the collection (and retention) of pertinent traffic-stop data, and also serve as a means to protect the Agency against allegations of abuse or profiling.
- *Security Strategist Consultation* – By means of this initiative, the department sought to identify and evaluate current organizational structure, personnel deployment, equipment and technology resources, provide the current security Strategic Dependency model, and identify strengths and weaknesses in the current model. This initiative identified opportunities to share technologies across departments, developed a new security Strategic Model, and provided integration planning assistance for requisite systems.
- *New Police Facilities* – The circa-1914 Monroe Shops facility at Illinois Station – formerly a maintenance facility for yesteryear's streetcars – is being renovated as the Agency's primary law enforcement facility with expanded training classrooms and an evidence room. DART Police also are establishing two new police substations. The Northeast Police Substation is being built on the east side of LBJ/Skillman Station on the Blue Line to Garland. The Northwest Police Substation, near the new Walnut Hill/Denton Station on the Green Line to Carrollton, is being developed from a pre-existing warehouse. Deploying officers among the three locations is expected to improve response times and enhance police presence in the communities DART serves. The Monroe Shops renovation is particularly significant because the facility is on the National Register of Historic Places and because DART is seeking Leadership in Energy & Environmental Design (LEED) certification. Developed by the U.S. Green Building Council, LEED certification requires compliance with standards for environmentally sustainable construction. This is DART's first attempt to apply for LEED certification on any construction project.

SAFETY PROGRAMS

DART Safe Work Practices Policy

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

To further support safe work practices, the Safety Section has greatly increased its training activities, with over 4,000 class completions through June 2010. Training includes Professional Operators Enhancement Training (bus and rail) every other month, Rail Safety Orientation (on demand), Safety Training for Maintenance four times each year, Police Rail Training, and many other classes and programs. Additionally, the Safety Section does outreach training by presenting Operation Lifesaver classes to groups outside DART. Over 200 people have received this training thus far in FY 2010.

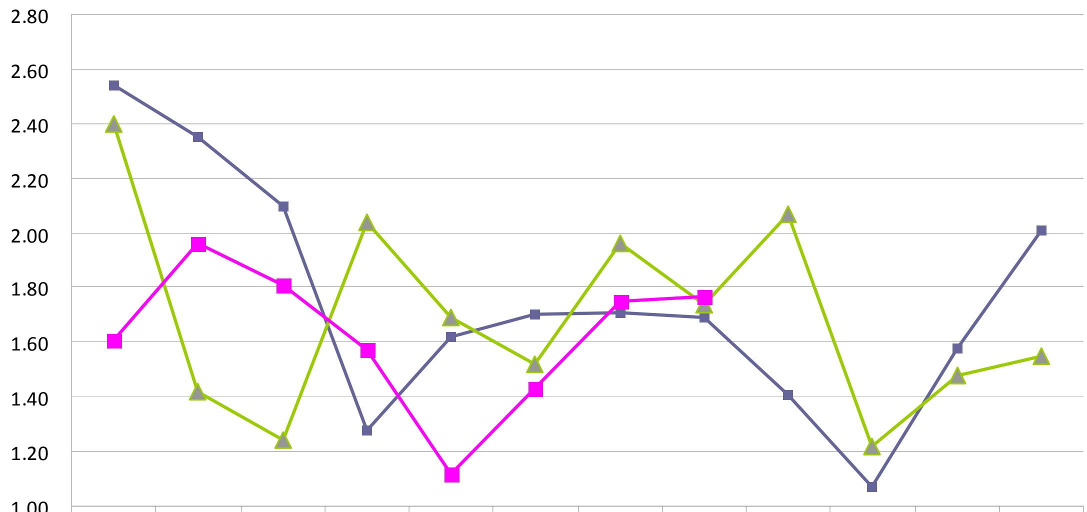
The Safety Section:

- Performs audits on various components of the system on a regular basis, performs audits based on safety rules, operating practices, and traffic laws for the Maintenance and Transportation departments, and performs other audits as requested.
- Performs an annual light rail safety audit as mandated by Federal Transit Administration (FTA).
- Performs job safety analyses upon request to recommend mitigation strategies for the risks inherent in performing specific tasks. This, in turn, affects the safety requirements written into Standard Operating Procedures and Work Instructions.
- Performs ergonomic evaluations upon request to analyze workspaces, improving worker efficiency and well-being.
- Participates in all integrated testing accomplished prior to the opening of new light rail sections. A safety specialist was assigned to the Green Line for testing in 2009.
- Participates on a federal advisory committee to lay the groundwork for FTA regulatory development.

Exhibit 8.3 shows DART's bus accident experience from October 2008 through May 2010 and shows that DART experienced a 3% decrease in the accident rate in FY 2009 over FY 2008. This improvement in safety trending has continued; dropping another 4% in 2010 (through May), to 1.63 accidents per 100,000 miles operated.

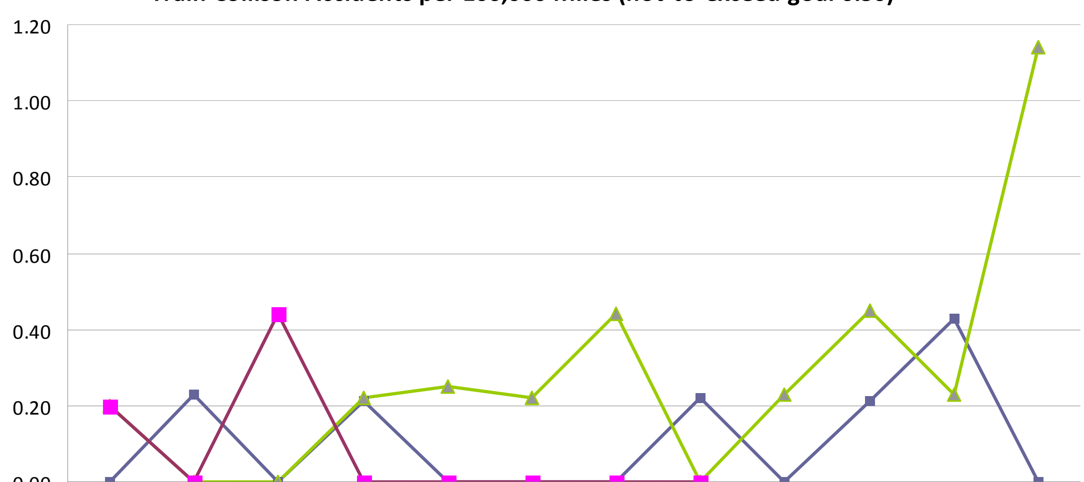
Rail collisions increased from 0.11/100,000 miles operated in 2008 to 0.28 in 2009 (see Exhibit 8.4). Through May 2010, the accident rate has improved to a rate of 0.08/100,000 miles, surpassing even 2008.

Exhibit 8.3
Bus Collision Accidents per 100,000 Miles (not-to-exceed goal: 2.0)



	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
FY08	2.54	2.35	2.10	1.28	1.62	1.70	1.71	1.69	1.41	1.07	1.58	2.01
FY09	2.40	1.42	1.24	2.04	1.69	1.52	1.96	1.74	2.07	1.22	1.48	1.55
FY10	1.61	1.96	1.81	1.57	1.12	1.43	1.75	1.77				

Exhibit 8.4
Train Collison Accidents per 100,000 Miles (not-to-exceed goal 0.30)



	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
FY08	0.00	0.23	0.00	0.21	0.00	0.00	0.00	0.22	0.00	0.21	0.43	0.00
FY09	0.20	0.00	0.00	0.22	0.25	0.22	0.44	0.00	0.23	0.45	0.23	1.14
FY10	0.20	0.00	0.44	0.00	0.00	0.00	0.00	0.00				

Rail Program Development – Safety Program(s)

The Rail Program Development (RPD) safety program integrates construction/systems safety and security elements into all aspects of safety and security management (design, installation, integration, and testing) of DART's capital projects. This includes Commuter Rail (Trinity Railway Express), Bus, Light, Rail, Paratransit, DART Police, and various other Agency facilities and systems. Key components of the RPD's structured safety programs include:

- Employee screening and "ID" badging program (OCIP Programs)
- Safety Education and Training programs (Bi-lingual) (OCIP Programs)
- Comprehensive On-Site Job Safety Assessments
- Integrated Testing and Systems Reliability
- Fire Life Safety Program
- Comprehensive Industrial, Construction, and System Element Safety Programs/Plans
- Liaison with regional Federal (OSHA, FRA), State, and City officials

As a direct result of these major Construction Safety programs, DART has achieved an unprecedented low injury accident rate. Since the mid-1990s, DART's construction projects have exceeded 27+ million man-hours (over 12 million man-hours on Phase II alone). The team of seasoned construction safety professionals has created a culture that promotes a high level of awareness that permeates every aspect/element of work being performed. With continual systematic refinements, the construction safety and security program successfully lowered the medical costs associated with injuries from $1.31 per man-hour worked to a laudable $0.18 per man-hour worked (see Exhibit 8.5). These results compare very favorably to published national averages as well as departmental goals and have clearly elevated our integrated construction safety and security program to "World Class" status.

Exhibit 8.5
DART Construction Safety Program

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

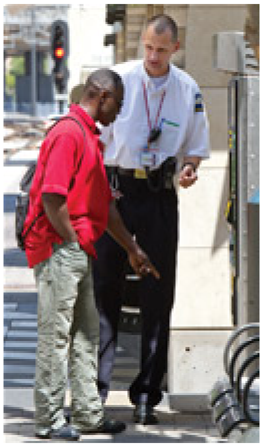
LRT – Phase I	
Total Man-Hours Worked	6,372,080
Total "Recordable" Accidents	321
Total "Lost Time" Accidents	46
Total "Cost" per Man-Hour	$0.58
Program Costs	$900 million
Construction Costs	$500-$600 million

LRT – Phase II (to-date)	
Total Man-Hours Worked	12,795,623
Total "Recordable" Accidents	106
Total "Lost Time" Accidents	25
Total "Cost" per Man-Hour	$0.18
Program Costs	$1.8 billion
Construction Costs	$1.1 billion

System Safety is the application of engineering and management principles, criteria, and techniques to achieve acceptable risk, within the constraints of operational effectiveness, time, and cost throughout all phases of the system life cycle. It accomplishes comprehensive safety hazard analysis of systems and subsystems design, facilities, construction, and operational procedures to include: Preliminary Hazard Analysis, System Hazard Analysis, Systems Safety Certifications, Failure Mode and Effects Criticality Analysis, and State Safety Oversight.

The Fire Life Safety Program is a major element of System Safety, providing a positive medium for establishing communication, information exchange, coordination, and interactive support between DART, municipalities, and other involved agencies. The Integrated Testing and Systems Reliability program is the final process in which all LRT systems, i.e., Communication, Traction Power, Signalization, etc., are fully tested and evaluated prior to the light rail system being opened to the public.

Provide Customer-Driven Service



Enhance Customer Satisfaction and Rider Retention – This Customer Service strategic initiative has a two-pronged approach to increase customer satisfaction and ridership. This 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.

As the department with the greatest number of customer-contact employees, Transportation has developed and implemented a number of communication, recognition, and development programs targeted at increased employee engagement. An annual Employee Satisfaction Survey is conducted to evaluate the effectiveness of these programs.

The Division Level Measurement (DLM) Program targets increasing front-line employee ownership of the goals of the Agency, with the ultimate objective of increasing employee motivation and satisfaction. The Division Level Measurement Program also targets improvements in service quality through enhanced data analysis, communications, and problem solving. Exhibit 8.6 is a sample of the DLM scorecard for the second quarter, showing performance as a percentage of goals.

Exhibit 8.6
Division Level Measurement Program

HOW ARE WE DOING?
MARCH

Categories	East Dallas	Northwest	South Oak Cliff	Rail
On-Time Performance (Qtrly)	99.89%	99.89%	99.89%	99.48%
Late Pull-outs	100.00%	100.00%	100.00%	88.89%
Miles Between Service Calls	98.25%	100.00%	100.00%	64.10%
Unscheduled Absences-Maintenance	70.29%	91.99%	100.00%	100.00%
Unscheduled Absences-Operators	74.52%	92.30%	84.58%	98.88%
Accidents/100,000 Miles	100.00%	100.00%	100.00%	
Safety Violations/100,000 Scheduled Train Miles				78.18%
Complaints/100,000 Passengers	89.34%	91.29%	85.46%	68.29%
Average Weekday Ridership	90.92%	90.90%	86.90%	90.88%
Unit Cost Per Hour	93.89%	92.92%	92.26%	100.00%
Unit Cost Per Mile	100.00%	100.00%	100.00%	100.00%
Overall Average	91.71%	95.93%	94.91%	88.87%

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

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

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

- **On-Time Performance Task Force –** The On-Time Performance Task Force is a cross-departmental group that has been chartered as a subcommittee reporting to the Customer Satisfaction Committee. This task force develops and tracks the implementation of strategies targeted at reducing customer complaints related to on-time performance.
- **Customer Feedback Process Team –** The Customer Feedback Process Team is an ad hoc subcommittee that reports to the Customer Satisfaction Committee. This team has been chartered to review and re-engineer the customer feedback process as it relates to the Transportation Department. It is anticipated that once the team finalizes and implements its process re-engineering recommendations, the team will be dissolved.
- **Service Planning Committee** – This committee is chaired by the President/Executive Director and meets to discuss service planning, ridership, and related issues.
- **Customer Response Team –** This is a team of DART administrative employees who help communicate with DART customers during major rail service disruptions that affect a significant proportion of our ridership group.

- **Route Monitoring Task Force** – This formal staff task force addresses service issues involving planning, scheduling, and transit operations. It meets monthly and offers a forum for operating employees to speak to issues with routes and schedules. Representatives from Service Planning & Scheduling review and report back on progress. The group also reviews major planning initiatives from an operating perspective and includes Operators appointed by each operating Division, plus representatives from Service Planning & Scheduling, Transportation, and Paratransit.

- **Systemwide Accessibility Committee –** This new committee will plan, budget, implement, and track accessibility improvements for the DART System and will consist of representatives from various departments that deal with aspects of accessibility.

- **Division Level Measurement (DLM) Steering Committee –** This committee recommends goals and provides guidance to the Division Level Measurement Program which focuses primarily on hourly employees who are predominantly in operational departments.

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

- **Employee Communication Committee –** This committee was formed in response to previous employee survey findings. The committee is composed of employees from throughout the organization who serve as departmental representatives and the voices to communicate information to their respective groups on a timely basis.

- **Green Line Start-Up Task Force –** This cross-functional task force meets on a monthly basis to review every aspect impacting the opening of the Green line from contracts and contract interface to testing, training, turn-over, start up, ticket vending machines, maintenance issues, and media communications to ensure a successful opening of the line.

Employee Focus
Employee Engagement

Satisfied Employees Contribute to Satisfied Customers

DART's recently-adopted Board Strategic Priorities and Goals include major initiatives for increasing the Agency's return on its investment in human resources (Exhibit 8.7).

Exhibit 8.7 Board Strategic Priority IV: Drive Change Through Employee Engagement
1. Create a learning organization committed to innovation
2. Brand DART as a performance-based employer-of-choice
3. Foster an inclusive environment where diverse perspectives are valued in the pursuit of DART's mission
4. Ensure successful integration of employees into the culture

In FY 2009 DART's Executive Management refreshed the Agency's Employee Values and developed organizational change strategies that balance the expectations and needs of the organization and its employees.

The re-energized 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
- Use technology to integrate and advance services and systems for maximum benefit to the Agency and stakeholders
- Implement initiatives to increase employee satisfaction and drive change through employee engagement

Create a Learning Organization Committed to Innovation

Given the rapid pace of change in today's business environment, employees must continually learn throughout their careers. This requires the Agency to make an ongoing investment in human resource development to ensure the skills, knowledge, abilities, and performance of the workforce meet current and future organizational needs.

The Agency will expand its support of individual ownership of career development and performance by the following actions:

- Continue to strengthen and formalize succession planning, leadership development, and career development with special emphasis on preparing newly promoted supervisors for success.
- Implement talent management strategies that allow employees to maximize their abilities through cross-functional team participation and informal mentoring activities.
- Enhance tuition reimbursement features and explore partnerships with community colleges and area universities.

Brand DART as a Performance-based Employer-of-Choice

The Agency is striving to position itself as an "employer of choice." This "employer brand" will create an image that appeals to the talented, productive employees needed to achieve the Agency's goals. To be an "employer of choice," DART needs to communicate an accurate picture of employment for employees and candidates that is aligned with DART's external brand, "IT'S ALL CONNECTED®." As an "employer of choice," the Agency will be challenged to consistently demonstrate great people practices that attract, retain, and motivate current and future employees by:

- Strengthening Performance Management Planning and pay-for-performance systems
- Designing a total compensation package that balances the needs of a diverse workforce while maintaining a fiscally-stable environment for the Agency
- Formalizing recognition programs that reward outstanding contributors

Foster an Inclusive Environment Where Diverse Perspectives are Valued in the Pursuit of DART's Mission

In FY 2011, DART will continue the refinement of its Diversity & Inclusion strategy to ensure it continues to align with the Agency's strategic priorities and core values. DART is committed to ensuring an inclusive respectful work environment where all employees are able to perform successfully and contribute to the overall success of the Agency. For DART to continue to be the preferred choice of transportation, we must value and respect not only the diversity of our employees, but also our stakeholders, customers, communities, and business partners.

As such, DART will continue to foster new and existing external relationships with external recruitment sources, local minority and women's organizations, and community agencies and leaders. These ongoing relationships will ensure DART's commitment to diversity and inclusion resonates in the communities we serve and engages those entities in the vast opportunities available at DART.

The Office of Diversity & Equal Employment Opportunity has oversight for this strategy and serves as the Agency liaison for any related programs and training.

Ensure Successful Integration of New Employees into the Culture

In FY 2010, DART developed new hiring guidelines and completed extensive training to ensure hiring officials select the best and brightest talent for our Agency. With most officials now trained, emphasis will now be on implementing programs and practices that introduce new employees to the Agency and current employees into new jobs. The first-day orientation at DART Headquarters and the quarterly "New Employee Orientation" will be updated to be more informative, welcoming, and motivating. Structures will be identified, implemented, and tracked to ensure positive new employee experiences during the first year on the job. A formal mentoring program with a mutual goal of preparing high-potential leaders for future opportunities and effectively updating senior management staff's knowledge in the Agency will be continued.

Promote a Well-Informed and Goal-Focused Workforce

The Communications Section of the Marketing and Communications Department is responsible for an agency-wide Internal Communications program supporting approximately 3,650 hourly and salaried employees based in 13 facilities, 15 transit centers, and 5 High Occupancy Vehicle (HOV) locations. Great strides are being made in this area as management maintains its commitment to continually enhance employee engagement. Some recent and developing initiatives in internal communications include:

- **The increased frequency of print, electronic, and face-to-face communications** aimed at raising employee awareness of DART's strategic initiatives, compensation, and benefits programs, and employee recognition and reward programs based on shared measures of success.
- **The enhanced use of DART's intranet** (DARTnet) to consistently provide employees with timely announcements regarding major issues and activities impacting the Agency and its workforce.
- **The cost-effective publication of a four-color internal newsletter to** enhance the visual representation of DART's multicultural workforce, as well as expanded distribution to provide employees with greater access to each edition. Newsletter leveraging focuses specific editions on service quality, customer/employee satisfaction survey results, key capital projects, and human resource programs while celebrating shared achievements based on sanctioned agency-wide goals programs.
- **The use of digital display units** to provide DART's mobile workforce with a dynamic new source of useful, timely information and televised access to projects, programs, meetings, and events.

- **Coordination of a 15-member Employee Communications Committee**, sharing a variety of employee perspectives from around the Agency, and providing important feedback to internal communications initiatives and work products.
- **Enhanced ELT/Employee Briefings**, increasing interaction between employees and management with expanded access via streaming video and general information postings on DART's intranet/digital displays and a special follow-on newsletter highlighting key discussion points and common questions and answers.

In FY 2010, the National Association of Government Communicators (NAGC) – a national not-for-profit network of federal, state, and local professionals who disseminate information within and outside government – recognized DART's efforts in this area, awarding the Agency two Blue Pencil awards for excellence in Internal Communications.

Employee Satisfaction Survey Comparison

DART performs periodic employee satisfaction surveys. Exhibit 8.8 compares the results of the 2006 survey with the one completed in 2009. Improvement was illustrated in almost every category surveyed. Management is evaluating the results of the survey and is taking steps to address the areas where the survey data shows opportunities for improvement.

Exhibit 8.8
Employee Satisfaction Survey Comparison

Employee Engagement Questions	2006	2009
You are satisfied with your job at DART	79%	86%
When you do a good job, you receive the praise and recognition you deserve	45%	53%
You like the kind of work you do	92%	95%
Your work gives you a sense of accomplishment	80%	86%
Your immediate supervisor treats you with respect and fairness	78%	77%
You plan to be working at DART a year from now	87%	93%
Overall, how satisfied are you with executive management sharing information within DART?	50%	64%
You are proud of DART's contributions to and reputation in the community	86%	86%
You understand how your job contributes to DART's overall mission	87%	89%
You believe that you have opportunities for career advancement at DART	50%	66%

Technology
Customer and Stakeholder Initiatives

The Technology Steering Committee (TSC) was formed in FY 2009 and its charter approved and adopted in July 2009. The TSC reviews all significant technology initiatives and recommends for approval those that best support the Agency's Strategic Plan. Exhibit 8.9 highlights the goals for FY 2011 within the Board's Strategic Priority relating to technology.

Exhibit 8.9 Board Strategic Priority VI: Use Technology to Integrate and Advance Services and Systems
1. Continuously improve IT value through cost management and active governance by engaged Technology Steering Committee • Propose innovative programs to TSC and implement as approved • Manage backlog to ensure value-add projects are given priority 2. Apply technology to provide timely, accessible, and reliable services and information to customers. • Implement technology to improve bus and LRT schedule adherence • Implement systems for dynamic communications with customers to improve rider experience • Improve trip planner and extend to region 3. Leverage technology for maximum benefit to Agency and stakeholders. • Improve fare purchase experience with ticket vending machine replacement and internet capabilities • Seek external funding for Rapid Card and, if available, implement a pilot program • Advance the procurement technology replacement program

Information Technology (IT) Governance

The TSC, comprised of members of the Executive Management Team (EMT), approved the DART Information Technology Strategic Plan in February 2010. The plan addresses vision and principles; operational practices; technology deployment; and a perspective on the future of technology. A binding principle of the strategy is that it will always be in support of the Agency's Strategic Plan.

New initiatives are considered in the context of this IT strategy, and approved projects are captured by the IT Program Management Office and entered into the Technology Department project backlog, where priorities and resources are assigned. This provides visibility to the demand for IT services and a means to assess the impact of new, high priority initiatives.

Innovative Programs

Technology Infrastructure Architecture – There will be significant changes to the IT infrastructure in 2011 to reduce costs and increase value. Up to 755 personal computers (PCs) will be repurposed as thin client terminals, with no local disk drive, accessing applications on servers instead of locally. This will extend the life of the terminal hardware to ten years or more, reducing replacement costs, and simplify software deployment and upgrades, reducing support costs.

Up to nine telephone PBXs will be replaced with voice over IP (VoIP) technology, combining voice communications with data on a single network. This will reduce the cost of equipment maintenance and the need for phone company circuits at many locations.

The number of physical servers will be reduced as more hosting moves to virtual servers, reducing the cost of hardware maintenance contracts and data center power consumption.

Print Reduction – There will be a concerted effort, led by IT, to reduce printing volumes in the Agency. Print costs have escalated in recent years, and there will be an awareness program, initiated in FY 2010 and enhanced through FY 2011, to discourage printing hard copies of documents, reports, etc. and to use electronic means for file storage. If necessary, a "print on demand" system will be implemented that records all printing down to the individual.

Timely, Accessible, and Reliable Services and Information to Customers

The Agency will apply technology to provide timely, accessible, and reliable services and information to customers. Customer transportation services will be optimized by improving the systems used on DART's vehicles to create and adhere to schedules and make operator assignments more efficient and equitable.

Transportation Department Technology Program – A comprehensive Technology Needs Assessment was conducted in FY 2010 with the Transportation Department, and a program has been developed for delivery of projects that enhance operations and management information. A Steering Committee has been established which will set priorities and provide leadership to the program. This includes a major upgrade to the Trapeze software suite and the implementation of a new web-based operations module that makes operator mark-up assignments more efficient.

Customer Communications Program – A number of projects that will deliver information to customers during their trip have been combined into a program for customer communications. These include display signs at stations, transit centers, and on vehicles, information delivery to mobile devices and on websites and social media, and communications during service disruption.

Traffic Signal Prioritization – The Traffic Signal Priority system in the Dallas Central Business District will be enhanced to meet the changes in operations from level boarding in the first quarter of 2011. IT will continue to ensure schedule adherence for the increased train volumes through that corridor when service increases with the expansion of the Green and Orange Lines over the next few years.

Radio System Replacement – Deployment of a new radio system will improve transportation operations. The system includes on-vehicle computers that will register the operator and assigned route at pull-out time, configure the head signs and stop announcements for the route, and monitor schedule adherence using a global positioning system (GPS) and radio communications for schedule adherence monitoring and reporting. The system will also provide more communications capacity between the dispatch centers and rail and bus operators and improve data reliability for the "Where's my Bus?®" Customer smart phone application. The same underlying vehicle location technology will be deployed on the light rail system and the Trinity Railway Express (TRE) to update information on station signs, advising waiting passengers of the arrival time of the next train.

Smart Card Technology –This is a multi-year project that will include other agencies in the region and will replace existing magnetic fare media with a proximity integrated circuit card (PICC), also known as a smart card. Requirements for a regional smart card are understood and discussions are ongoing as sources of funding are investigated.

Social Networking – New social networking technologies continue to be deployed for targeted customer advisories. These include a Facebook page, You Tube channel, and the use of Twitter for brief messages. These and similar techniques, already familiar to much of our ridership, will be used more in the future to deliver meaningful information to DART's customers.

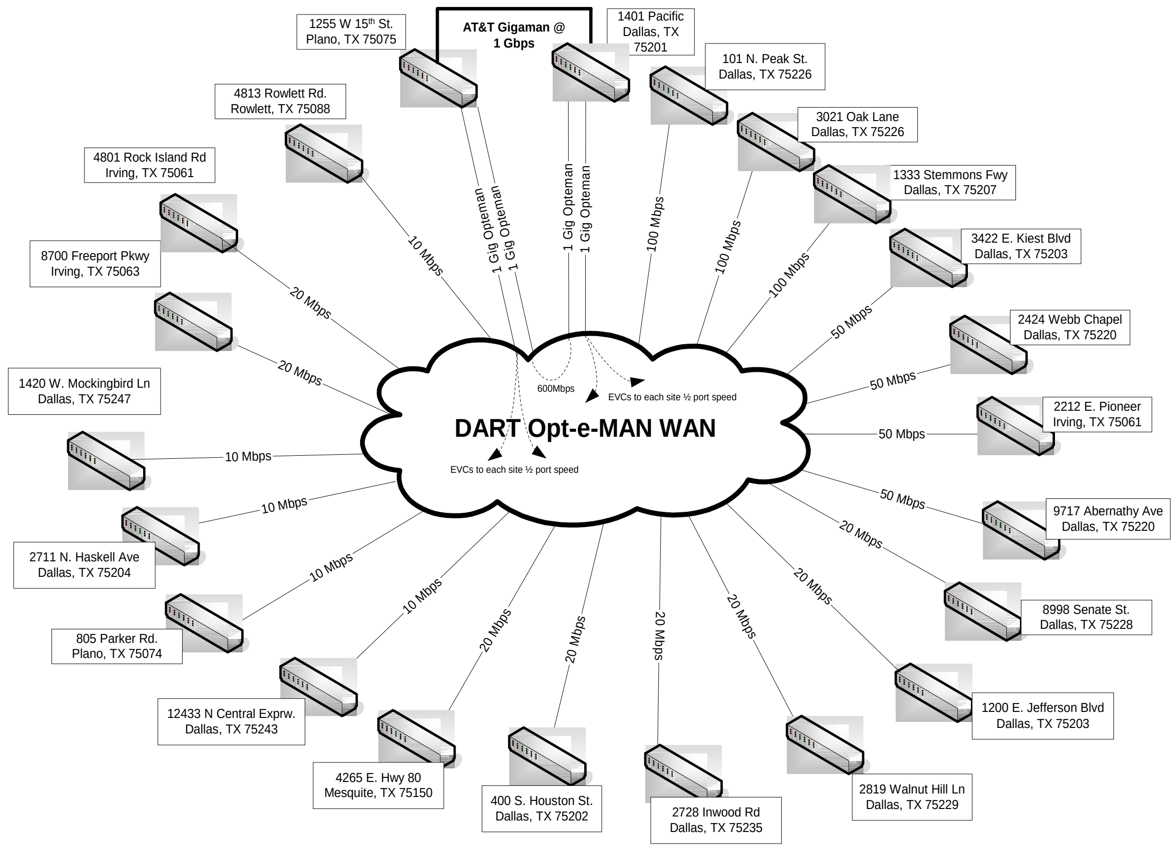
Surveillance Cameras – Additional surveillance cameras will be deployed to more stations, transit centers, and onto vehicles. Communications will be improved to facilitate remote monitoring of video images, and emergency notification alarms will be tied to cameras and the dispatch centers so that monitoring of an incident in progress becomes possible.

Leveraging Technology for Maximum Benefit to the Agency and Stakeholders

Technology Infrastructure – The Secondary Data Center (SDC) will be brought into service to provide disaster recovery capability and continuity of operations should the headquarters building become inaccessible. Testing has been undertaken in FY 2010 and applications and their associated data will be available at the SDC in 2011, comprising the four major "mission critical" system suites, including the Lawson ERP set of systems, Trapeze scheduling and transit operations systems, the SPEAR systems for maintenance and materials management, and the Novell GroupWise email messaging and calendaring system. Approximately 120 other systems make up the total portfolio.

Wide Area Network – Deployment of a new wide area network (WAN) continues and will be completed in early FY 2011, replacing the former star configuration point-to-point network of T1 data circuits. This strategic investment, using multiprotocol label switching (MPLS) technology from AT&T, provides high bandwidth data communications between all sites and the primary data center, with alternate connections from sites to the secondary data center (SDC) for use in emergencies and failover situations. The network has 22 nodes, and a separate very high-speed fiber optic connection between the two data centers for near real time data replication to the disaster recovery site. The network carries both voice and data traffic, and is the enabling technology for voice over IP (VoIP) telephone system replacements, and for consolidation of servers into the two data centers from remote sites. Communications reliability, response times, and throughput capacity are all improved by the new network (see Exhibit 8.10).

Exhibit 8.10
DART Wide Area Network



Application Systems – A new procurement system will be acquired and implemented to improve the efficiency of that critical function, so that procurements can be processed more quickly, with less manual clerical intervention while improving sourcing and deliveries.

The TRE operations will be made more efficient as the project is completed to implement a Maintenance-of-Way Information System (MOWIS) that will better manage track and asset inspections and maintenance. The system may be extended to the DART Light Rail system if it meets the functional requirements of the TRE operation.

Paratransit certification of mobility-impaired riders will be made more efficient by the implementation of a new Trapeze system module, which will also enable standardized certification across multiple agencies in the region, eliminating the need for a customer to have to undergo multiple certification processes.

Future System Improvements

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

STAKEHOLDER FOCUS

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 and its 13 member cities, the U.S. Congress, the U.S. Department of Transportation, and the Texas Legislature is accurate, consistent, and timely. In addition to providing tours and briefings to elected officials and their staffs, Government Relations also actively participates in transportation-related organizations such as the American Public Transportation Association, Texas Transit Association, Partners in Mobility, and Dallas Regional Mobility Coalition. Government Relations staff also oversee the day-to-day administration of DART's contracted legislative consultants in Washington, D.C., and Austin, Texas, working with these consultants to develop appropriate advocacy strategies for securing Agency objectives both operationally and for capital projects.

During FY 2011 DART will work with the Dallas-area congressional delegation to submit and monitor a request for $86.25 million for the FY 2011 appropriation cycle. Staff will monitor the 112th Congress for developments relating to potential funding for projects identified in DART's Twenty-Year Financial Plan. Staff will continue to work actively with the Austin team to monitor activities that could impact DART's mission and operations in the next Texas Legislative Session in 2011. In addition, staff will continue to monitor and provide expertise for potential legislation filed relating to possible funding sources for planned rail projects in the region. Government Relations will also continue to maintain a strong presence in local government activities through regular attendance at service area city council meetings and work sessions, and continue strong relationships with the staffs of DART's member cities, ensuring timely resolution of DART issues. Staff will also be engaged in the development and implementation of a non-service area cities policy for future association with DART.

Community Affairs

The Community Affairs Section of the Marketing and Communications Department serves as the liaison between DART and the various communities it serves. Focused on providing factual and timely information regarding specific projects, Community Affairs ensures appropriate public involvement opportunities in the various stages of the DART project, including planning, construction, and operation. Community Affairs also provides support to various departments by coordinating and conducting public hearings for such issues as Federal Transit Administration grants, performance audits, and other federal compliance initiatives. In addition, Community Affairs works with Service Planning to assist customers during the implementation of major bus and rail service changes. By facilitating community meetings and public hearings, Community Affairs ensures that DART meets legal and/or government regulations while developing and maintaining long-standing relationships with diverse communities throughout the DART Service Area. Having built an extensive network of resident, stakeholder, and business contacts, Community Affairs is well-positioned to communicate DART's initiatives to all levels of the community.

Community and Stakeholder Outreach

Community and stakeholder outreach efforts are focused on educating current and future riders about the DART project and how to use it safely. An extensive education program aimed at all

age groups delivers this message to a diverse audience comprised of students, senior citizens, member city organizations, civic groups, businesses, and stakeholder groups. Additionally, DART has developed a very strong relationship with multiple area chambers and serves as an active member in a number of them within the service area. This partnership allows DART to promote its services, capital expansion initiatives, business opportunities, and employer programs via tours, briefings, speakers' bureau, and chamber events. In turn, the chambers have historically supported DART's various community, legislative, and funding initiatives.

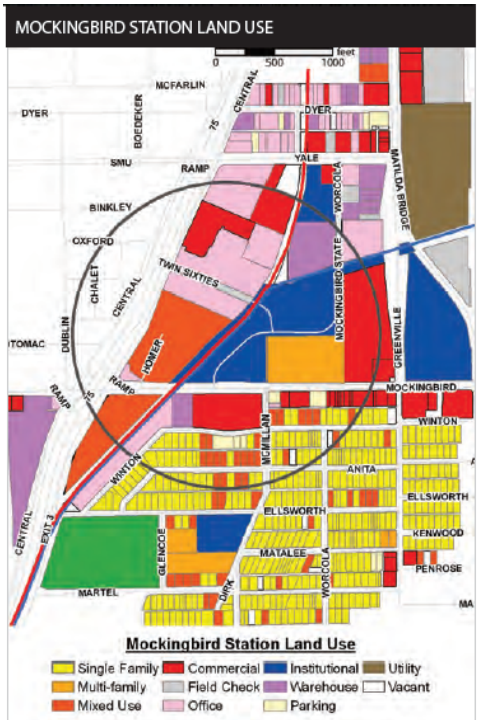
Enhance Economic Development

Two of the objectives of the Agency, as stated in the DART mission statement, are to improve the quality of life and to stimulate economic development through the implementation of the Transit System Plan. Since the opening of DART Rail, it has been both surprising and gratifying to see how quickly transit-oriented developments have been constructed along the rail lines. Since the opening of rail service to Plano and Garland in late 2002, the impact of our joint development efforts now exceeds $7 billion, per a study by the University of North Texas. An updated study completed during July 2009 shows that for the period from FY 2009 – FY 2013, DART's Light Rail construction activities have or will generate over $4 billion in local economic activity. This includes the creation of an average of 6,400 jobs each year. In addition, the researchers predicted ongoing operation will generate another $663 million in annual economic activity and more than 5,300 jobs.

Management continues to be proactive in using DART's transit facilities as a catalyst to create transit-oriented development opportunities which result in vibrant, livable communities, increasing transit ridership and generating new sources of revenue.

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

DART Economic Development staff has established a process to evaluate and identify all DART assets which have the potential for future Transit-Oriented Development (TOD). These properties have been evaluated and prioritized for their potential as a near-term TOD project. The priorities reflect an annual work list of those near-term TOD properties with concurrence by the appropriate city within the DART Service Area. These priority properties will be further analyzed as part of the development of an investment package for each of the priority sites.



Each investment package will contain information regarding Station Area Property Attributes, Land Use Plans, Market Assessment, and Financial Feasibility. The information for each property is then summarized and the factors (positive, negative, or neutral) ranked to reflect expected future returns to DART, both financially and operationally, with a specific recommendation to the DART Board on how and when to move forward with a solicitation as delineated in DART's TOD Policy.

To support efforts such as these and provide information to the public and development community, DART has established a TOD web site (www.DART.org/economicdevelopment) which provides an overview of DART's TOD program including its TOD Policy, TOD Guidelines handbook, several studies from the University of North Texas Center for Economic Development and Research regarding DART's economic impact, as well as newly updated Station Area Fact Sheets and general information.

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

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

Section 9
Appendix
Index of Exhibits

Exhibit APX.1

100129

RESOLUTION

of the

DALLAS AREA RAPID TRANSIT BOARD

(Executive Committee)

RESOLUTION

Approval of Fiscal Year (FY) 2011 Annual Budget

WHEREAS, the Board approved the Financial Standards (including the General Standards, Business Planning Parameters, and Debt Service Standards) on May 11, 2010 (Resolution No. 100064), which were the basis for compiling the FY 2011 Annual Budget; and

WHEREAS, the Board has been briefed on the assumptions used to prepare the FY 2011 Annual Budget; and

WHEREAS, the Proposed FY 2011 Annual Budget was sent to the member cities thirty days prior to Board approval in accordance with Section 452.113(3) of the Texas Transportation Code.

NOW, THEREFORE, BE IT RESOLVED by the Dallas Area Rapid Transit Board of Directors that the FY 2011 Annual Budget is approved in the amount of $1,256,451,080.

Annual Operating Budget	$421,958,381
Capital Budget	707,105,699
Net Debt Service Budget	127,387,000
Total FY 2011 Annual Budget	**$1,256,451,080**

Scott Carlson
Secretary

William Velasco
Chair

APPROVED AS TO FORM:

DART Counsel

ATTEST:

Gary C. Thomas
President/Executive Director

September 28, 2010
Date

Exhibit APX.1

100130

Dallas Area Rapid Transit

RESOLUTION

of the

RESOLUTION

DALLAS AREA RAPID TRANSIT BOARD
(Executive Committee)

Approval of Fiscal Year (FY) 2011 Twenty-Year Financial Plan

WHEREAS, the Board approved the Financial Standards (including the General Standards, Business Planning Parameters, and Debt Service Standards) on May 11, 2010 (Resolution No. 100064), which were the basis for compiling the FY 2011 Twenty-Year Financial Plan; and

WHEREAS, all Financial Standards have been met in the compilation of the proposed FY 2011 Twenty-Year Financial Plan with the exception of Financial Standard B10 relating to the programming of formula federal funding and the goal pertaining to the Internal Coverage Ratio portion of Standard D7 due to the decrease in sales tax receipts during FY 2009 and FY 2010; and

WHEREAS, by adopting this resolution, the Board waives the requirement of Financial Standard B10 by including a 1% annual growth rate in Formula Funding for future years and waives the requirement of Financial Standard D7 in order to maintain the current Light Rail Build-out schedule; and

WHEREAS, a draft of the proposed FY 2011 Twenty-Year Financial Plan was made available to the governing bodies of the member jurisdictions within the service area at least thirty days before the adoption of the Financial Plan; and

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

WHEREAS, DART Board Policy II.02, Financial Standards Policy, requires that approval or amendment of DART's Financial Standards will require an affirmative vote of two-thirds of the appointed and qualified members of the Board; and

WHEREAS, the Board has been briefed on the assumptions used to prepare the FY 2011 Twenty-Year Financial Plan; and

WHEREAS, funding for construction of the Irving-3 line section into DFW Airport Terminal A is included in the FY 2011 Twenty-Year Financial Plan, and the Board desires to have further discussion prior to approval of any contract for construction of the Irving-3 line section.

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

Section 1: The FY 2011 Twenty-Year Financial Plan as shown in Exhibit 1 is approved.

Section 2: The remaining balance due to DART under the ILA between DART and the City of Irving relating to the funding of the UD/Texas Stadium LRT Alignment be paid prior to approval of any contract for construction of the Irving-3 line section.

Scott Carlson
Secretary

William Velasco
Chair

APPROVED AS TO FORM:

DART Counsel

ATTEST:

Gary C. Thomas
President/Executive Director

September 28, 2010
Date

Dallas Area Rapid Transit
FY 2011 Financial Plan - As Approved 9-28-10
Twenty Year Sources and Uses of Cash
($ Millions - Inflated Dollars)

Exhibit 1

Line	Description	2011	2012	2013	2014	2015	5 Year Total	2016	2017	2018	2019	2020
	SOURCES OF FUNDS											
1	Sales Tax Revenues	$393.9	$418.5	$445.1	$469.9	$493.9	**$2,221.3**	$514.2	$534.3	$555.0	$576.3	$598.4
2	Operating Revenues	71.1	76.9	89.2	91.0	93.1	**421.3**	94.7	96.3	109.5	111.2	113.7
3	Interest Income	14.1	14.2	11.6	11.3	17.8	**69.0**	18.9	17.7	15.8	15.5	15.7
4	Formula Federal Funding	78.6	70.4	67.8	67.9	100.7	**385.4**	61.8	62.4	63.0	63.6	64.3
5	Discretionary Federal Funding	88.6	98.5	100.4	10.6	0.0	**298.1**	23.5	30.0	30.0	20.0	0.0
6	Debt Issuances	813.3	0.0	0.0	220.0	0.0	**1,033.3**	80.0	0.0	0.0	0.0	0.0
7	Other Sources	30.6	30.8	28.5	33.6	19.2	**142.7**	20.1	21.6	24.6	25.6	23.2
8	**Total Sources of Funds**	**$1,490.2**	**$709.3**	**$742.6**	**$904.4**	**$724.6**	**$4,571.1**	**$813.3**	**$762.2**	**$797.8**	**$812.3**	**$815.2**
	USES OF FUNDS											
9	Sales Taxes for Operations	85.5%	80.9%	76.9%	75.2%	72.5%	**n/a**	70.9%	70.5%	68.1%	67.6%	67.9%
	Operating Expenses:											
10	Bus	$225.0	$223.4	$222.9	$225.2	$227.8	**$1,124.4**	$230.1	$235.0	$240.2	$245.7	$250.7
11	Light Rail Transit	120.8	131.7	143.1	150.4	157.8	**703.7**	162.4	166.5	170.3	174.7	185.1
12	Commuter Rail/RR Management	24.5	24.0	24.9	25.6	26.4	**125.5**	27.1	27.9	28.7	29.5	30.3
13	Paratransit	36.4	35.7	36.7	38.5	40.5	**187.8**	42.1	44.2	46.4	48.8	51.3
14	HOV Transitways	12.4	12.0	12.5	12.8	13.1	**62.7**	13.4	13.7	14.0	14.3	14.6
15	General Mobility - TDM	2.9	2.9	3.0	3.1	3.1	**15.1**	3.2	3.3	3.4	3.5	3.5
16	**Total Operating Expenses**	**$422.0**	**$429.8**	**$443.1**	**$455.7**	**$468.7**	**$2,219.3**	**$478.2**	**$490.6**	**$503.0**	**$516.5**	**$535.6**
	Operating+P&D+Start Up	*$445.3*	*$446.7*	*$450.9*	*$461.6*	*$475.7*	*$2,280.2*	*$484.5*	*$497.0*	*$509.5*	*$526.9*	*$541.3*
	Capital Projects and Non-Operating:											
17	Agency-Wide	$55.4	$48.2	$15.2	$6.6	$7.8	**$133.3**	$9.7	$10.2	$9.7	$8.6	$14.5
18	Bus	24.9	43.6	124.5	103.8	38.8	**335.6**	36.7	30.3	4.3	2.2	9.7
19	Light Rail Transit	520.0	345.3	162.3	57.1	29.6	**1,114.3**	85.3	91.5	42.8	29.7	12.7
20	Commuter Rail/RR Management	38.6	23.1	17.6	8.0	2.5	**89.8**	1.9	6.3	12.6	14.7	8.6
21	Paratransit	0.4	0.0	0.0	1.0	0.0	**1.3**	0.0	0.0	0.0	0.3	1.3
22	HOV Transitways	23.1	25.7	18.9	19.2	10.9	**97.9**	0.1	3.2	0.3	0.3	4.5
23	Capital P & D, Start-Up, Non-Operating	28.7	20.8	10.0	8.1	9.1	**76.7**	6.4	6.9	6.7	10.9	6.2
24	General Mobility - Road Impr./ITS	16.0	19.9	1.0	5.0	0.0	**41.9**	0.0	0.0	0.0	0.0	0.0
25	**Total Capital and Non-Operating**	**$707.1**	**$526.6**	**$349.5**	**$208.9**	**$98.7**	**$1,890.8**	**$140.0**	**$148.6**	**$76.4**	**$66.6**	**$57.5**
	Debt Service											
26	Total Debt O/S Beginning-of-Year	$2,745.4	$3,539.9	$3,531.5	$3,510.1	$3,707.9	**n/a**	$3,665.2	$3,700.5	$3,650.6	$3,598.1	$3,543.0
27	Total Debt O/S End-of-Year	$3,539.9	$3,531.5	$3,510.1	$3,707.9	$3,665.2	**n/a**	$3,700.5	$3,650.6	$3,598.1	$3,543.0	$3,479.3
28	Principal - LT Debt	$18.8	$8.4	$21.4	$22.3	$42.6	**$113.4**	$44.7	$50.0	$52.5	$55.1	$63.7
29	Cost of Debt (Interest and Fees)	123.7	125.0	152.8	153.6	159.4	**714.5**	161.5	162.3	159.9	157.3	154.6
30	**Total Debt Service Costs**	**$142.5**	**$133.4**	**$174.1**	**$175.9**	**$202.0**	**$827.9**	**$206.2**	**$212.3**	**$212.4**	**$212.4**	**$218.3**
31	External Coverage Ratio	2.80	3.19	2.59	2.71	2.47	**n/a**	2.55	2.55	2.65	2.75	2.77
32	Internal Coverage Ratio	0.82	1.06	0.98	1.05	1.02	**n/a**	1.07	1.07	1.16	1.21	1.21
33	**Total Uses of Funds**	**$1,271.5**	**$1,089.8**	**$966.7**	**$840.5**	**$769.4**	**$4,938.0**	**$824.4**	**$851.5**	**$791.7**	**$795.6**	**$811.5**
34	Net Inc (Dec) in cash	$218.7	($380.5)	($224.1)	$63.9	($44.8)	**($366.9)**	($11.2)	($89.3)	$6.2	$16.7	$3.8
35	Change in Balance Sheet Accts	31.5	(20.7)	(53.9)	(35.8)	(24.4)	**($103.3)**	0.9	1.5	(17.5)	(6.5)	(2.5)
36	Cash, Beg of Period	905.7	1,155.9	754.7	476.6	504.7	**905.7**	435.5	425.2	337.4	326.1	336.3
37	Cash, End of Period	1,155.9	754.7	476.6	504.7	435.5	**435.5**	425.2	337.4	326.1	336.3	337.6
38	Less Cash Reserves & Restricted Funds	(36.9)	(37.2)	(37.6)	(38.2)	(39.1)	**(39.1)**	(40.2)	(41.5)	(42.8)	(44.2)	(45.7)
39	Less Reserves for Operating Deficits	(52.6)	(10.1)	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	0.0	0.0
40	Less Working Cash Requirement	(100.0)	(100.0)	(110.0)	(110.0)	(110.0)	**(110.0)**	(120.0)	(120.0)	(120.0)	(130.0)	(130.0)
41	**Net Available Cash**	**$966.4**	**$607.4**	**$328.9**	**$356.5**	**$286.3**	**$286.3**	**$265.0**	**$175.9**	**$163.3**	**$162.1**	**$162.0**

Line	Description	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	20 Year Total
	SOURCES OF FUNDS											
1	Sales Tax Revenues	$621.2	$644.8	$669.2	$694.6	$720.8	$748.1	$776.8	$806.5	$836.9	$868.6	**$12,386.9**
2	Operating Revenues	115.5	117.3	136.3	137.8	139.3	140.6	141.9	161.1	162.6	164.0	**2,363.0**
3	Interest Income	17.0	20.3	22.7	23.6	22.2	27.1	26.1	28.9	29.6	28.2	**398.4**
4	Formula Federal Funding	64.9	65.5	66.2	66.9	67.5	68.2	68.9	69.6	70.2	70.9	**1,379.3**
5	Discretionary Federal Funding	0.0	0.0	0.0	0.0	13.6	14.0	5.4	5.0	0.0	0.0	**439.6**
6	Debt Issuances	48.0	114.0	0.0	0.0	400.0	158.0	400.0	250.0	0.0	0.0	**2,483.3**
7	Other Sources	23.7	23.7	23.9	23.6	24.5	25.2	28.0	32.4	34.4	42.8	**540.0**
8	**Total Sources of Funds**	**$890.3**	**$985.7**	**$918.4**	**$946.4**	**$1,387.9**	**$1,181.1**	**$1,447.0**	**$1,353.6**	**$1,133.7**	**$1,174.5**	**$19,990.5**
	USES OF FUNDS											
9	Sales Taxes for Operations	67.6%	66.5%	63.3%	62.8%	62.8%	61.8%	61.7%	58.8%	58.6%	58.5%	n/a
	Operating Expenses:											
10	Bus	$258.9	$264.7	$271.2	$277.4	$284.1	$290.4	$297.4	$304.1	$311.3	$318.1	**$5,203.7**
11	Light Rail Transit	189.6	193.7	198.3	202.6	207.3	211.6	216.6	221.2	226.2	230.9	**3,660.7**
12	Commuter Rail/RR Management	31.4	32.5	33.7	34.8	36.1	37.3	38.7	40.0	41.4	42.9	**637.7**
13	Paratransit	54.0	56.7	59.7	62.8	66.2	69.6	73.4	77.3	81.6	85.9	**1,108.0**
14	HOV Transitways	15.0	15.3	15.7	16.0	16.4	16.7	17.1	17.5	17.9	18.2	**298.6**
15	General Mobility - TDM	3.6	3.7	3.8	3.9	3.9	4.0	4.1	4.2	4.3	4.4	**71.8**
16	**Total Operating Expenses**	**$552.4**	**$566.5**	**$582.3**	**$597.5**	**$613.9**	**$629.7**	**$647.3**	**$664.4**	**$682.7**	**$700.4**	**$10,980.5**
	Operating+P&D+Start Up	*$558.2*	*$572.4*	*$588.4*	*$603.7*	*$620.3*	*$636.2*	*$654.0*	*$671.1*	*$689.6*	*$707.4*	*$11,140.6*
	Capital Projects and Non-Operating:											
17	Agency-Wide	$15.1	$51.4	$44.4	$26.9	$15.2	$11.9	$10.1	$11.5	$10.1	$28.6	**$411.2**
18	Bus	18.6	29.1	7.2	10.1	146.0	144.9	77.1	56.5	1.2	22.3	**931.7**
19	Light Rail Transit	11.5	8.8	22.7	10.0	427.5	14.6	378.3	241.4	14.3	11.1	**2,516.6**
20	Commuter Rail/RR Management	8.9	6.5	3.6	2.1	2.2	2.3	8.5	17.4	21.6	38.1	**244.9**
21	Paratransit	0.0	0.4	0.0	0.0	0.0	1.5	0.2	0.2	0.1	0.2	**5.6**
22	HOV Transitways	0.3	0.5	0.4	3.7	0.4	0.4	4.2	0.0	0.6	6.5	**123.2**
23	Capital P & D, Start-Up, Non-Operating	6.9	7.9	6.2	6.4	6.5	6.7	7.4	7.0	7.6	7.8	**184.1**
24	General Mobility - Road Impr./ITS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**41.9**
25	**Total Capital and Non-Operating**	**$61.2**	**$104.5**	**$84.6**	**$59.2**	**$597.8**	**$182.2**	**$485.8**	**$333.9**	**$55.6**	**$114.5**	**$4,459.2**
	Debt Service											
26	Total Debt O/S Beginning-of-Year	$3,479.3	$3,460.5	$3,502.2	$3,411.3	$3,312.5	$3,606.9	$3,649.4	$3,926.5	$4,042.7	$3,899.2	n/a
27	Total Debt O/S End-of-Year	$3,460.5	$3,502.2	$3,411.3	$3,312.5	$3,606.9	$3,649.4	$3,926.5	$4,042.7	$3,899.2	$3,748.6	n/a
28	Principal - LT Debt	$66.9	$72.3	$90.9	$98.8	$105.6	$115.5	$122.9	$133.8	$143.5	$150.7	**$1,480.1**
29	Cost of Debt (Interest and Fees)	152.8	154.0	154.3	150.0	155.6	169.0	179.5	194.3	196.9	190.0	**3,206.6**
30	**Total Debt Service Costs**	**$219.6**	**$226.3**	**$245.2**	**$248.8**	**$261.2**	**$284.6**	**$302.4**	**$328.1**	**$340.3**	**$340.7**	**$4,686.7**
31	External Coverage Ratio	2.87	2.90	2.76	2.82	2.83	2.67	2.63	2.50	2.48	2.57	n/a
32	Internal Coverage Ratio	1.25	1.29	1.31	1.35	1.35	1.29	1.26	1.27	1.26	1.30	
33	**Total Uses of Funds**	**$833.3**	**$897.4**	**$912.1**	**$905.6**	**$1,472.9**	**$1,096.5**	**$1,435.5**	**$1,326.3**	**$1,078.6**	**$1,155.5**	**$20,126.4**
34	Net Inc (Dec) in cash	$57.0	$88.3	$6.3	$40.8	($85.0)	$84.6	$11.4	$27.2	$55.1	$19.0	**($136.0)**
35	Change in Balance Sheet Accts	(1.6)	5.8	(5.4)	(8.7)	107.1	(70.4)	42.2	(26.3)	(68.2)	(0.2)	**($152.9)**
36	Cash, Beg of Period	337.6	393.0	487.2	488.1	520.2	542.2	556.5	610.2	611.1	598.0	**905.7**
37	Cash, End of Period	393.0	487.2	488.1	520.2	542.2	556.5	610.2	611.1	598.0	616.8	**616.8**
38	Less Cash Reserves & Restricted Funds	(47.2)	(48.8)	(50.4)	(52.2)	(54.0)	(55.9)	(57.9)	(60.0)	(62.2)	(64.5)	**(64.5)**
39	Less Reserves for Operating Deficits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
40	Less Working Cash Requirement	(130.0)	(140.0)	(140.0)	(140.0)	(150.0)	(150.0)	(150.0)	(160.0)	(160.0)	(160.0)	**(160.0)**
41	**Net Available Cash**	**$215.9**	**$298.4**	**$297.7**	**$328.0**	**$338.2**	**$350.6**	**$402.3**	**$391.1**	**$375.8**	**$392.3**	**$392.3**

Exhibit APX.2
DART Governance and Strategic Approach

Board and Policy Direction

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

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

> **The mission of Dallas Area Rapid Transit is to build, establish, and operate a safe, efficient, and effective transportation system that, within the DART Service Area, provides mobility, improves the quality of life, and stimulates economic development through the implementation of the DART Service Plan as adopted by the voters on August 13, 1983, and as amended from time to time.**

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

Strategic Priority I: Strive to Exceed Customer Expectations

Strategic Priority II: Manage System Development & Maintain Infrastructure

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

Strategic Priority IV: Drive Change Through Employee Engagement

Strategic Priority V: Maximize Funding Resources

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

Service Plan/Transit System Plan – DART has a Service Plan and a Transit System Plan. The Service Plan is required by DART's legislation and describes, in legal terms, where DART's facilities and rail alignments are physically located. DART's Transit System Plan is a long-range planning tool that identifies and prioritizes major capital projects needed to improve regional mobility. The Transit System Plan is closely coordinated with development of the North Central Texas Council of Governments' Regional Mobility Plan and is revised every five to six years. The most recent revision to the Transit System Plan, the 2030 Plan, was approved by the Board in early FY 2007 and focuses on transit needs and opportunities within the context of a 2030 horizon. The current Transit System Plan map is located at Exhibit APX.2.1.

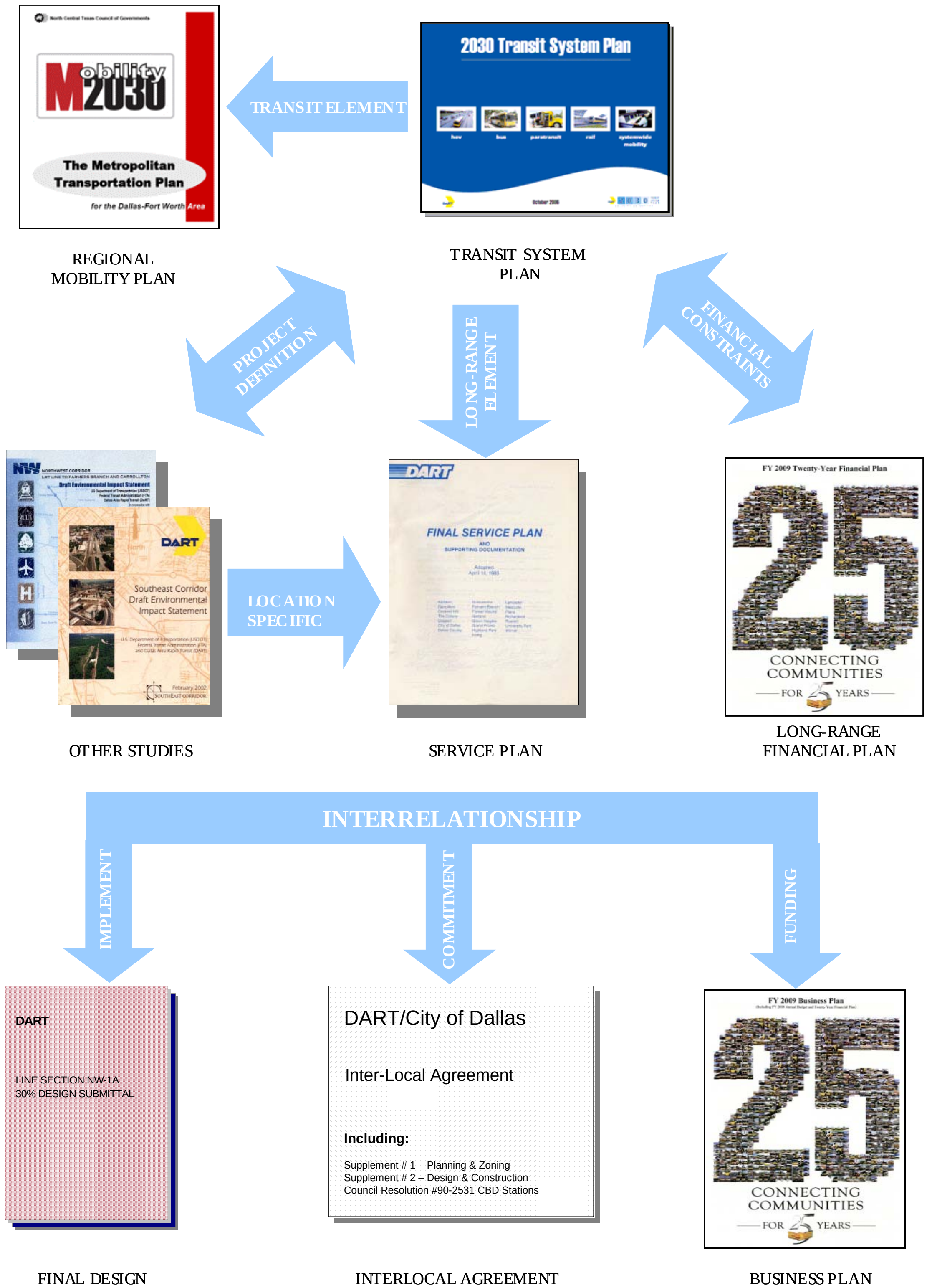
2030 Transit System Plan – DART's Transit System Plan is a long-range planning tool that identifies and prioritizes major capital projects needed to improve regional mobility. The Transit System Plan is closely coordinated with development of the North Central Texas Council of Government's Metropolitan Transportation Plan. In October 2006, the DART Board adopted the 2030 Transit System Plan. The 2030 Transit System Plan includes recommendations for DART's core services (bus, light rail, commuter rail, and HOV) and includes a discussion of issues such as land use and economic development, system accessibility, bicycle and pedestrian integration, and policies relative to DART's role in regional transit initiatives. Five new rail recommendations are included in the 2030 Transit System Plan, all of which would open in the 2025 to 2030 timeframe, including: DART Rail extensions toward West Dallas, in West Oak Cliff, toward the Dallas Logistics Hub area in South Dallas, and along Scyene Road in southeast Dallas, and a less frequent express rail service along the Cotton Belt corridor which could introduce a new non-electrified technology to the system. In response to constrained financial resources, the remainder of the 2030 System Plan projects have been placed in a deferred/unfunded status.

Given the regional desire to accelerate the Cotton Belt corridor, DART is currently conducting the Preliminary Engineering/Environmental Impact Statement (PE/EIS) phase of the project. In May 2010, both DART and the Fort Worth Transportation Authority (The T) authorized the Regional Transportation Council and NCTCOG to lead the funding initiative concurrent with the DART technical effort. NCTCOG will be conducting a study for this Innovative Financing Initiative through mid-2011.

The affordability of the Transit System Plan and the timing of service and capital expansion projects are determined by the Twenty-Year Financial Plan, which is approved annually by the Board. Exhibit APX2.2 highlights the interrelationships of the Transit System Plan with other key Agency documents.

Exhibit APX.2.1

Exhibit APX.2.2
Interrelationship of System Plan with Other Documents



Board Policies – The Board has a number of policies that provide direction to management for implementation. For example, the Board has policies for real estate purchases, advertising, and fare structure. DART's enabling legislation requires the Board to adopt an annual budget prior to the commencement of a fiscal year. It also requires the Board to have a Financial Plan. The Financial Plan details the projected sources and uses of cash for twenty years and reviews the affordability of DART's currently-approved Transit System Plan. The Board's Bylaws require a two-thirds vote of the appointed and qualified Board Members to approve or amend the Financial Plan. Budget and Financial Plan amendments are required when DART’s share of a new operating program or increase to an existing operating program is in excess of $500,000 per year; or when DART’s share of a new capital program or the cumulative addition to an existing capital program is in excess of $1 million. The Board’s Financial Standards Policy (Exhibit APX.3) requires that the Board review the Financial Standards each year as a part of the budget and financial planning process.

Financial Standards – DART’s Financial Standards (Exhibit APX.4) are divided into three sections: General (FS-G), Business Planning Parameters (FS-B), and Debt Service (FS-D). The purpose of the General Standards is to ensure that DART prudently manages its financial affairs and establishes appropriate cash reserves. The Business Planning Parameters (BPPs) provide management with a framework for developing the following year's budget and Twenty-Year Financial Plan and establish future business targets for management to achieve. The purpose of the Debt Service Standards is to limit the level of debt that may be incurred and to ensure that debt assumptions are based on financial parameters similar to (or more conservative than) those that would be placed on DART by the financial marketplace.

The combination of these policy documents provides a framework within which management can formulate strategy and action plans to maximize return on investment (i.e., increase ridership and improve subsidy per passenger). Exhibit APX.2.3 highlights which Financial Standards correlate with the major sources and uses of cash included in the Annual Budget and Twenty-Year Financial Plan.

Exhibit APX.2.3
Relationship of Financial Standards to Sources and Uses of Cash

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

Purpose of Business Plan

The FY 2011 Business Plan provides the Board of Directors, taxpayers, and elected officials of our region with a comprehensive summary of the Agency's plans and commitments to improve regional mobility, enhance the quality of life, and stimulate economic development. This document consolidates the key elements of the FY 2011 Annual Budget, the FY 2011 Twenty-Year Financial Plan, the Transit System Plan, the Five-Year Action Plan, and the Agency's Strategic Plan. The resolutions shown at Exhibit APX.1 approve the funding levels for the FY 2011 Annual Budget and the FY 2011 Twenty-Year Financial Plan as required by DART's enabling legislation.

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

Business Planning Process

Exhibit APX.2.4 highlights the standard business planning, compilation and approval process used at DART.

Exhibit APX.2.4
Standard Business Plan Development Schedule

Date	Description
	Management reviews Strategic Plan every three years (next revision will be in 2012)
Dec – Feb	Management reviews and makes recommendations for changes to Financial Standards
Feb – Mar	Board reviews and approves Financial Standards
May – Jul	Staff develops Business Plan (which includes the Annual Budget and Twenty-Year Financial Plan) for following year
Jul	Staff presents proposed Budget and Twenty-Year Financial Plan to Board
Aug	Board approves issuance of Budget and Twenty-Year Financial Plan to Member Cities
Sep	Member Cities provide input
Sep	Board approves Budget and Twenty-Year Financial Plan

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

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

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

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

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

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

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

For certain classes of expenditures (primarily infrastructure maintenance), discrete projects cannot be specifically identified or the timing of equipment replacement cannot be accurately determined (run-to-failure equipment). In these cases, capital reserves are established in the Twenty-Year Financial Plan for each capital project category based on historic spending patterns and projected levels of new work. 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.

<u>Budget and Financial Plan Approval and Amendments</u>

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

Any major change to the Twenty-Year Financial Plan that occurs outside of the normal approval schedule requires a Financial Plan Amendment. A major change is defined as when DART's share of a new operating program or increase to an existing operating program is in excess of $500,000 per year; or, when DART's share of a new capital program or the cumulative addition to an existing capital program is in excess of $1 million (see APX.4, FS-G9). These changes require the affirmative vote of two-thirds of the number of appointed and qualified members of the Board.

<u>Budget Basis and Presentation of Amounts and Years</u>

DART's Annual Budget and Twenty-Year Financial Plan are presented on the same basis as our audited financial statements, but do not include depreciation, amortization of Federal grants, or the interest income and interest expense from leveraged lease transactions. Each of these non-cash transactions, however, is incorporated into the projected balance sheet included in APX.7.

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

<u>Related Reports</u>

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

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

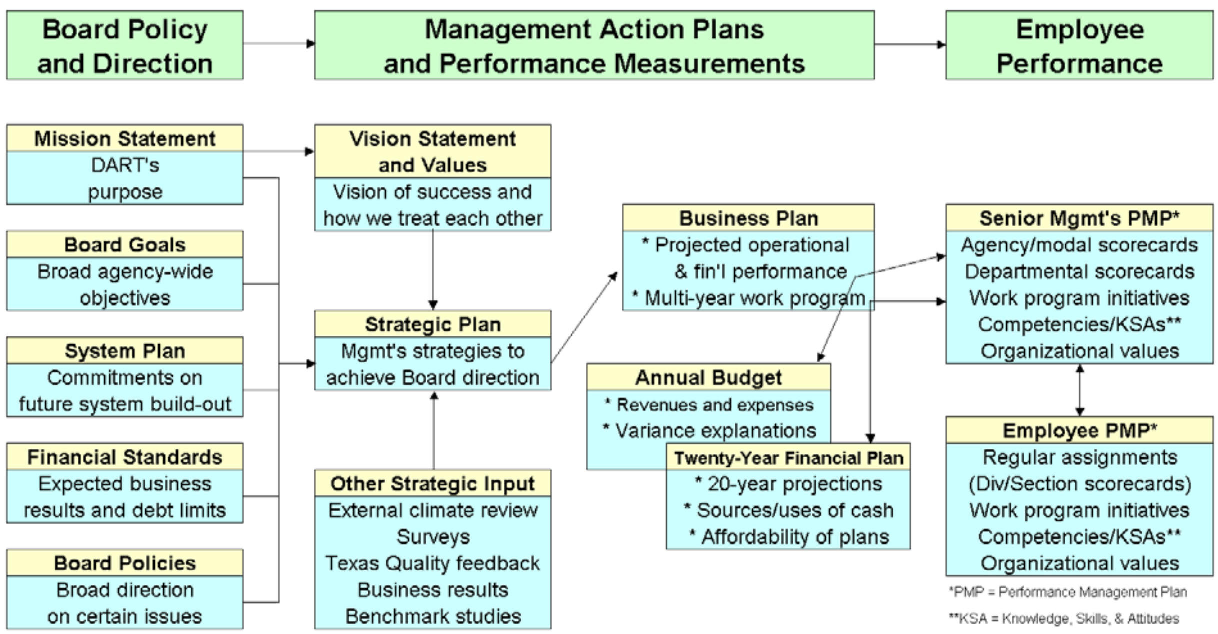
Five-Year Action Plan – provides detailed discussions of DART's plan to increase bus and rail ridership through service improvements for a five-year period.

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

Overview of DART's Strategic Alignment Structure

DART's leadership system uses a framework of aligned strategic planning tools to ensure that DART employees understand how their jobs and performance are linked to the Board's mission, direction, and goals. The leadership matrix is shown in Exhibit APX.2.5. Performance measurements are incorporated into tracking and reporting processes at all levels of the Agency. The major components of the leadership system are described in more detail in the remainder of this section.

Exhibit APX.2.5
DART's Strategic Alignment Structure



Management Action Plans and Performance Measurements

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

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

DART Organizational Values – In FY 2009, DART executive management updated the Agency's values statement. At DART, employees value being:

- **Focused on Our Customers**
  - ✓ We are dedicated to meeting our customers' needs.
  - ✓ We strive for continuous improvement.
  - ✓ We deliver quality.
- **Committed to Safety and Security**
  - ✓ We expect safety and security to be the responsibility of every employee.
  - ✓ We are committed to ensuring the safety and security of our passengers and employees.
- **Dedicated to Excellence**
  - ✓ We demonstrate a high regard for each other.
  - ✓ We are committed to innovation and learning from our experiences.
  - ✓ We hold ourselves accountable.
  - ✓ We coach, reinforce, and recognize employees.
  - ✓ We foster an environment promoting diversity of people and ideas.
- **Good Stewards of the Public Trust**
  - ✓ We responsibly use public funds and property.
  - ✓ We maintain open communication with customers and stakeholders.
  - ✓ We respect the environment.
  - ✓ We strive to mitigate risk.
  - ✓ We demand integrity and honesty.

Strategic Plan – In FY 2009 DART's executive management created a new Strategic Plan to identify, integrate, and align DART's priorities, goals and tactical objectives for Fiscal Years 2010 through 2014. The Plan provides a dynamic structure for staying on track with long-term financial, development, and operational commitments within a rapidly changing political and economic context.

The Strategic Plan identifies what needs to be accomplished; the Business Plan defines how management intends to achieve it. The key to success is the development of performance indicators by which to measure how well the Plan's priorities are progressing.

The Strategic Plan and the events and initiatives contained in the Business Plan are the basis for the FY 2011 Annual Budget and the FY 2011 Twenty-Year Financial Plan and for measuring management and employee performance. Executive management monitors key scorecard elements and work program initiatives on a monthly and quarterly basis. Exception reporting for key scorecard elements is provided to the Board on a quarterly basis in a green/yellow/red format. For more information on performance reporting, readers should obtain a copy of DART's Quarterly Operating and Financial Performance Report.

Key Performance Indicators – Exhibit APX.2.6 highlights DART's major strategic performance measurements that are used in the Agency-wide, modal, and departmental scorecards. The leading indicators are the key financial, operational, and employee performance drivers that, if achieved, will yield improved Agency-wide performance. Measurement definitions are included in Exhibit APX.12.

Exhibit APX.2.6
DART's Strategic Measurements

Management Objectives	Key Leading Indicators	Key Lagging Indicators
Customer Focus		
Customer Satisfaction	* On-time performance * Accidents per 100k miles * Complaints per 100k passengers * Call abandonment rates/service levels * Response time * Miles between road calls * Missed trips	* Ridership * Passengers per mile/hour * Customer satisfaction surveys
Manage System Growth	* Revenue miles/hours * Actual schedule vs. plan for system expansion	* Ridership * Passengers per mile/hour * Customer satisfaction surveys
Improve Efficiency	* Operator lost time claims * Unscheduled absences * Pay-to-platform ratio * Average system speed * Deadhead ratio * Timely replacement of assets	* Subsidy per passenger * Administrative ratio * Sales taxes for operations * Unused financing capacity
Improve Business Processes and Information	* Cycle time/process measurements * Project implementation vs. plan * Benchmark comparisons	* Sales taxes for operations * Administrative ratio
Internal Focus - Employee		
Promote Employee Development and Alignment	* Employee verbal feedback * Number of grievances * Corrective disciplinary actions * Retention/absenteeism	* Employee satisfaction survey
External Focus - Stakeholder		
Build Relationships with Stakeholders	* Complaints/commendations * Press clippings	* Climate satisfaction survey * Completion of TSP commitments * Joint development created

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

Employee Performance

Alignment of individual employee performance to organizational direction and goals is attained by the structure illustrated in Exhibit APX.2.5.

At least once a quarter, department heads comprising the Executive Management Team review the Agency's goals to ensure each department is achieving the performance needed to successfully accomplish DART's goals. Each leader in turn tracks performance within the department or division, meeting at least twice annually with each salaried employee to ensure that targets are being met.

Since salaried employees' Performance Management Plans (PMP) became paperless in 2007, each annual objective on an employee's PMP must be tied to a Board Strategic Priority. The majority of performance objectives are directly related to departmental work plans or vice presidents' performance plans, which are drawn from the Agency's strategic priorities and goals.

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

Acronyms

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

Exhibit APX.3
Board Financial Standards Policy

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

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

1. General Financial Standards – The purpose of the general standards is to ensure that DART prudently manages its financial affairs and establishes appropriate cash reserves to be able to meet its future financial commitments.

2. Debt Financial Standards – The purpose of the debt standards is to limit the level of debt that may be incurred and to ensure that debt assumptions used in the Financial Plan are based on financial parameters similar to (or more conservative than) those that would be placed on DART by the financial marketplace. Actual debt covenants may differ from these standards. Where this occurs, the Financial Plan may reflect the actual covenants in the Board-approved debt instruments.

3. Business Planning Parameters – The purpose of the Business Planning Parameters is to provide management with a framework for developing the following year's budget and the twenty-year Financial Plan and establish future business targets for management to achieve.

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

Exhibit APX.4
FY 2011 Financial Standards
Resolution No. 100064

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 2011 Financial Standards – General

G1. Complete and accurate accounting records shall be maintained in accordance with Generally Accepted Accounting Principles as promulgated by the Government Accounting Standards Board. DART's fiscal year-end for financial reporting purposes shall be September 30.

G2. Funds of the Authority shall be invested within the guidelines of the Board's approved Investment Policy and Investment Strategy, and in compliance with applicable State law, including Section 452.102 of the Texas Transportation Code, Article 717q V.T.C.S., the Texas Public Funds Investment Act, and applicable Federal law. The Board shall approve the signatories for all Agency checking and savings accounts.

G3. An independent accounting firm shall perform an examination of DART's consolidated financial statements (including Single Audit requirements) and DART's retirement plan financial statements on an annual basis. The Agency's goal is to receive an unqualified opinion on the financial statements and an opinion that DART is in compliance with Federal Single Audit requirements in all material respects.

G4. An annual actuarial analysis shall be performed on the Defined Benefit Plan. This Plan shall be funded in accordance with guidance received from the actuaries.

FY 2011 Financial Standards – General (cont.)

G5. Appropriate insurance coverage shall be maintained to mitigate the risk of material loss. For self-insured retentions, a separately funded Master Insurance Reserve shall be maintained in an amount equal to the estimated liability for incurred losses and a reasonable allowance for claims incurred but not filed. An actuarial review of self-insured retentions will be made at least once every three years to ensure adequacy of the Master Insurance Reserve.

G6. Since sales taxes are received on a monthly basis, the unrestricted cash balance at the end of the year shall not be less than one-twelfth of the difference between the subsequent year's total sources of cash (excluding sales taxes) and total uses of cash as projected in the Twenty-Year Financial Plan. This reserve will be invested in accordance with the investment strategy for the Operating Fund.

G7. In order to provide a buffer against an unanticipated shortfall in sales tax collections, DART will maintain a Financial Reserve. The goal of this reserve is to maintain a balance of at least 10% of the current year's sales tax budget. During periods in which sales taxes exceed the budget, the excess collections will be deposited into the Reserve by January 1 of the following year, up to a maximum fund balance of $50 million. Once the $50 million maximum balance is reached, all interest from the reserve and all future sales tax collections that exceed the budget will be placed into a Capital Project Reserve to help ensure that DART can meet its capital program commitments. Authorization to spend Reserve funds requires the affirmative vote of two-thirds of the appointed and qualified members of the Board.

G8. The fiscal year of DART shall end on September 30 of each year. At the beginning of the budget and financial planning process each year, the Board should review and approve a set of Financial Standards that can be used by management as a framework for developing the following year's Budget, Business Plan, and Twenty-Year Financial Plan. The Board shall approve the Budget and Twenty-Year Financial Plan by September 30 of each fiscal year. The Annual Budget shall be the first year of the Twenty-Year Financial Plan.

G9. Twenty-Year Financial Plan amendments shall require a two-thirds vote of the number of appointed and qualified Board members. An amendment is necessary when DART's share of the addition of a new capital project or the cumulative modification of an existing capital project is in excess of $1 million or DART's share of the addition of a new operating program or increase in an existing operating program is in excess of $500,000.

FY 2011 Financial Standards – Business Planning Parameters

B1. Sales tax revenue forecasts shall be based on a sales tax model developed specifically for the DART Service Area by an independent economist. In order to ensure a conservative sales tax estimate, the model's projections may be reduced from the forecasted levels, but not increased for years 2-20 of the Twenty-Year Financial Plan. The most current year may be based on management's best estimate. All such modifications shall be approved by the Board during the financial planning process.

B2. Passenger revenue forecasts shall be derived from ridership and average fare forecasts based on the Board's approved fare policy and fare structure. The Board will consider, from time to time, fare modifications to achieve Service Plan, ridership, and subsidy per passenger targets (see B4), and to maintain DART's financial viability.

B3. The Board shall approve annual fixed route service levels by mode for each of the next five years. Fixed-route service levels shall be based on the Five Year Action Plan prepared by the Planning and Development Department. Cost of service will be developed jointly by Finance and Planning.

B4. The Board desires to steadily improve service efficiency over time. Subsidy per passenger will continue to be monitored and managed. Management will continue to report the subsidy per passenger in the Quarterly Operating and Financial Performance Report. Items that impact subsidy per passenger will be reported in the Financial Considerations section of Agenda Reports.

B5. For financial planning purposes, total operating expenses may not increase by more than 90% of the projected rate of inflation for the Dallas area, plus the incremental costs associated with the addition of new services, programs, and/or facilities as approved by the Board, as well as Board-approved contract increases, actuarial analyses, and fuel prices. The projected incremental cost impact of new services, programs, and/or facilities shall be presented to the Board for approval as part of the Twenty-Year Financial Plan assumption process each year.

B6. Management shall use a consistent methodology for computing net administrative costs and direct costs. The administrative ratio (administrative costs minus administrative revenues divided by direct costs) may not increase for two consecutive years and shall not be higher than 14.0%.

B7. General Mobility programs for road improvement programs such as the Local Assistance Program (LAP), Principal Arterial Street System (PASS), and Transportation System Management (TSM), and Intelligent Transportation System projects shall be funded according to the terms of the approved Interlocal Agreements and recorded as non-operating expenses in the Twenty-Year Financial Plan.

FY 2011 Financial Standards – Business Planning Parameters (cont'd)

B8. Capital planning and development costs and start-up costs are the internal staff costs associated with planning, designing, constructing, and opening new capital projects such as the light rail system. Management shall use a consistent methodology for allocating costs between operating and capital planning. Capital planning and development costs shall not exceed 7% of total operating costs. Cumulative start-up costs for a line section shall not exceed 60% of the first year operating costs of that line section or HOV lane.

B9. The Twenty-Year Financial Plan shall include funding for asset replacement and expansion projects. Capital projects in excess of $1 million shall be approved by the Board. Timely replacement of assets shall be the highest priority to ensure a safe system. Accordingly, the Twenty-Year Financial Plan shall include replacement reserves by major asset category to ensure adequate future funding. The reserve levels shall be based on an independent assessment of asset condition (to be completed at least once every five years). Expansion projects shall be prioritized based on the project's cost, impact on ridership, return on investment, available funds, and other relevant factors. Capital construction projects shall be increased at annual inflation rates no less than the greater of those: (i) contained in projections developed specifically for DART by an independent economist; or (ii) based on the current available data from construction contract awards. Inflation rates will be reviewed annually and as construction contracts are awarded to determine if the assumptions are reasonable. Non-construction capital projects will be increased at rates no less than general inflation (Consumer Price Index).

B10. DART receives formula and discretionary Federal funding. Formula funding shall be programmed primarily for bus replacement, capital maintenance (if available), vehicles, and passenger facility construction. Formula funding for future years shall be forecast at the current year's funding level or at the minimum levels included in Federal authorizations to ensure a conservative forecast. Discretionary funding shall be programmed primarily for major system expansion projects (e.g., LRT or new bus maintenance facilities). Discretionary funding levels shall be estimated by project based on Federal criteria and the likelihood of obtaining congressional appropriations and require Board approval during the Budget/Twenty-Year Financial Plan process.

FY 2011 Financial Standards – Debt Service

D1. DART may not enter into a debt or financing arrangement unless the transaction is in full compliance with all applicable provisions of the Texas Transportation Code and other applicable state and federal laws.

D2. Long-term debt may be included in the Twenty-Year Financial Plan; however, no debt secured by a pledge of sales and use tax revenues and that has a maturity longer than five years from the date of issuance shall be incurred without the approval by the voters of the Service Area.

D3. Debt shall only be issued for approved capital projects and insurance reserves. Specific debt issuances are not tied to specific projects. Any project included in the Budget or Twenty-Year Financial Plan may be funded from the General Operating Fund or with debt, as needed.

D4. Sinking funds shall be established to ensure that cash is available to make timely debt service payments on fixed-rate debt issuances that have maturities of one year or more and have periodic semi-annual interest payments. DART shall deposit on a monthly basis a prorated amount sufficient to fund the next principal and interest payment.

D5. Reserve fund(s) that may be required by the financial markets for each debt issuance shall be maintained. These reserves may be funded by cash and securities, insurance, or surety bonds, but shall not be accessed unless the sinking funds have insufficient money to make the principal and interest payments as due. For financial planning purposes, reserve projections shall be based on the actual requirement on existing debt, plus the lower of maximum annual debt service, 125% of average annual debt service, or 10% of principal outstanding on projected debt.

D6. DART shall establish a legal security structure of liens, agreements, pledged revenues, and other covenants which will be sufficient to (1) secure a rating of "A" or better on sales tax securities; (2) a MIG1 or SP1 rating on short-term notes; or (3) secure A1 or P1 rating on other short-term debt, or if necessary, secure a credit enhancement from a financial institution with a rating of "AA" or better.

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.

Dallas Area Rapid Transit
FY 2010 Financial Plan, As Amended October 27, 2009
Twenty Year Sources and Uses of Cash
($ Millions - Inflated Dollars)

Exhibit APX.5

Line	Description	2010	2011	2012	2013	2014	5 Year Total	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	20 Year Total
	SOURCES OF FUNDS																						
1	Sales Tax Revenues	$387.8	$409.1	$439.1	$471.2	$505.6	**$2,212.8**	$542.6	$582.3	$624.9	$669.3	$702.8	$738.0	$775.0	$813.8	$854.5	$897.3	$942.2	$989.3	$1,039.3	$1,091.6	$1,146.2	**$14,621.9**
2	Operating Revenues	70.8	82.4	88.6	103.8	105.6	**451.1**	107.0	108.5	109.9	125.1	127.5	129.0	130.5	132.0	150.3	152.0	153.6	155.0	159.7	184.4	186.0	**2,561.6**
3	Interest Income	17.5	17.4	14.2	13.7	17.1	**79.8**	15.7	14.3	13.6	12.3	11.8	10.2	10.6	11.0	12.1	15.9	15.1	19.3	19.7	24.0	23.0	**308.3**
4	Formula Federal Funding	156.1	60.3	56.5	56.8	56.5	**386.1**	63.7	56.5	56.5	56.5	56.5	56.5	56.5	56.5	56.5	56.5	56.5	56.5	56.5	56.5	56.5	**1,240.1**
5	Discretionary Federal Funding	93.0	89.3	89.7	102.5	106.9	**481.5**	107.5	103.5	100.0	0.0	0.0	2.8	0.0	0.0	13.0	23.0	80.9	168.5	203.6	230.5	317.1	**1,832.0**
6	Debt Issuances	0.0	434.0	200.0	417.0	220.0	**1,271.0**	198.0	155.0	13.0	110.0	0.0	0.0	0.0	0.0	50.0	150.0	600.0	700.0	1,150.0	922.0	919.0	**6,238.0**
7	Other Sources	89.7	15.9	23.5	16.0	13.3	**158.4**	14.0	14.1	15.9	18.9	20.0	17.5	18.0	17.8	17.9	17.6	18.5	19.2	21.7	26.1	28.1	**443.5**
8	**Total Sources of Funds**	**$814.8**	**$1,108.4**	**$911.5**	**$1,181.1**	**$1,024.9**	**$5,040.7**	**$1,048.5**	**$1,034.2**	**$933.7**	**$992.1**	**$918.5**	**$954.0**	**$990.5**	**$1,031.1**	**$1,154.3**	**$1,312.2**	**$1,866.7**	**$2,107.7**	**$2,650.5**	**$2,535.0**	**$2,675.7**	**$27,245.4**
	USES OF FUNDS																						**$0.0**
9	Sales Taxes for Operations	81.1%	78.8%	77.1%	72.3%	69.4%	**n/a**	66.6%	64.0%	61.8%	57.6%	57.3%	56.5%	55.4%	54.3%	51.2%	49.9%	49.1%	47.8%	47.8%	46.7%	46.0%	**n/a**
	Operating Expenses:																						
10	Bus	$233.6	$224.1	$227.7	$232.0	$234.5	**$1,152.0**	$236.4	$240.0	$244.8	$250.2	$255.8	$261.5	$267.1	$273.0	$278.9	$285.1	$291.1	$296.6	$315.8	$321.9	$328.7	**$5,299.0**
11	Light Rail Transit	91.4	120.3	133.1	143.4	153.3	**641.6**	158.9	163.3	169.1	173.0	183.2	187.4	191.5	195.7	200.0	204.4	208.8	213.3	217.6	222.4	227.0	**3,557.2**
12	Commuter Rail/RR Management	25.9	25.7	26.1	26.8	27.6	**132.2**	28.3	29.2	30.0	30.8	31.6	32.5	33.6	34.8	36.0	37.3	38.5	39.9	41.2	67.6	69.6	**713.2**
13	Paratransit	36.4	36.7	38.2	38.8	40.7	**190.8**	42.8	45.0	47.3	49.7	52.2	55.0	57.8	60.9	64.1	67.5	71.1	74.7	78.7	82.8	87.3	**1,127.8**
14	HOV Transitways	12.4	12.6	13.0	13.9	14.2	**66.1**	14.5	14.8	15.2	15.5	15.8	16.2	16.6	16.9	17.3	17.7	18.1	18.4	18.8	19.2	19.6	**320.7**
15	General Mobility - TDM	2.9	3.0	3.0	3.1	3.2	**15.2**	3.3	3.3	3.4	3.5	3.6	3.6	3.7	3.8	3.9	4.0	4.0	4.1	4.2	4.3	4.4	**72.3**
16	**Total Operating Expenses**	**$402.8**	**$422.4**	**$441.2**	**$458.0**	**$473.5**	**$2,197.8**	**$484.3**	**$495.7**	**$509.8**	**$522.8**	**$542.3**	**$556.2**	**$570.3**	**$585.0**	**$600.1**	**$616.0**	**$631.6**	**$647.1**	**$676.3**	**$718.2**	**$736.5**	**$11,090.1**
	Operating+P&D+Start Up	*$441.2*	*$448.6*	*$465.7*	*$482.2*	*$497.9*	*$2,335.5*	*$508.7*	*$521.1*	*$535.0*	*$550.0*	*$568.7*	*$583.2*	*$597.9*	*$613.2*	*$629.0*	*$645.4*	*$661.7*	*$677.9*	*$722.1*	*$750.3*	*$774.4*	*$11,674.0*
	Capital Projects and Non-Operating:																						
17	Agency-Wide	$92.9	$18.9	$17.6	$9.7	$8.5	**$147.7**	$8.8	$5.5	$9.6	$8.9	$12.4	$9.9	$7.5	$62.0	$36.4	$30.5	$17.8	$10.5	$8.9	$13.4	$17.4	**$407.1**
18	Bus	16.5	25.1	14.3	132.8	101.2	**289.8**	76.4	36.5	0.5	4.3	4.9	40.8	16.4	26.3	9.5	28.6	207.9	255.2	152.9	144.5	218.4	**1,512.8**
19	Light Rail Transit	867.9	417.3	219.5	244.8	235.9	**1,985.5**	257.5	244.5	112.1	111.5	45.8	17.4	19.2	16.9	38.9	53.4	593.9	318.7	815.0	1,020.6	1,060.4	**6,711.4**
20	Commuter Rail/RR Management	63.4	20.4	12.1	11.2	2.1	**109.1**	2.5	1.9	6.3	12.6	14.7	8.6	9.9	7.5	61.4	86.2	126.9	390.1	547.3	102.8	52.4	**1,540.2**
21	Paratransit	0.7	2.6	7.0	24.8	0.9	**36.1**	0.2	0.0	0.1	0.0	29.8	1.1	0.3	0.4	0.0	0.1	35.6	1.3	0.3	0.3	0.2	**105.7**
22	HOV Transitways	33.0	20.9	12.7	12.7	13.3	**92.6**	0.1	0.1	0.1	0.1	2.5	22.6	21.0	21.7	67.9	71.7	73.9	77.0	44.6	0.3	3.5	**499.6**
23	Capital P & D, Start-Up, Non-Operating	44.0	29.1	28.9	26.3	26.6	**154.9**	26.5	25.5	25.8	27.4	26.9	27.5	28.5	30.1	29.0	29.6	30.3	31.0	46.5	32.3	38.6	**610.4**
24	General Mobility - Road Impr./ITS	22.1	19.0	2.0	1.0	0.0	**44.1**	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**44.1**
25	**Total Capital and Non-Operating**	**$1,140.5**	**$553.4**	**$314.1**	**$463.3**	**$388.4**	**$2,859.8**	**$372.0**	**$313.9**	**$154.6**	**$164.7**	**$137.1**	**$127.9**	**$102.8**	**$164.9**	**$243.1**	**$300.1**	**$1,086.2**	**$1,083.7**	**$1,615.4**	**$1,314.2**	**$1,390.8**	**$11,431.3**
	Debt Service																						
26	Total Debt O/S Beginning-of-Year	$2,749.0	$2,731.1	$3,146.3	$3,326.6	$3,722.8	**n/a**	$3,917.7	$4,067.0	$4,168.3	$4,113.7	$4,152.4	$4,075.9	$3,995.4	$3,910.7	$3,821.5	$3,777.6	$3,828.2	$4,322.0	$4,910.5	$5,943.6	$6,743.0	**n/a**
27	Total Debt O/S End-of-Year	$2,731.1	$3,146.3	$3,326.6	$3,722.8	$3,917.7	**n/a**	$4,067.0	$4,168.3	$4,113.7	$4,152.4	$4,075.9	$3,995.4	$3,910.7	$3,821.5	$3,777.6	$3,828.2	$4,322.0	$4,910.5	$5,943.6	$6,743.0	$7,533.2	**n/a**
28	Principal - LT Debt	$17.9	$18.8	$19.7	$20.8	$25.1	**$102.3**	$48.7	$53.7	$67.6	$71.3	$76.5	$80.5	$84.7	$89.2	$93.9	$99.4	$106.2	$111.5	$116.9	$122.6	$128.8	**$1,453.8**
29	Cost of Debt (Interest and Fees)	122.9	135.3	150.5	160.3	177.2	**746.1**	189.0	198.5	202.8	202.6	202.7	198.8	194.6	190.2	186.8	187.5	202.9	236.3	284.2	341.8	391.0	**4,155.9**
30	**Total Debt Service Costs**	**$140.8**	**$154.1**	**$170.2**	**$181.0**	**$202.3**	**$848.4**	**$237.6**	**$252.2**	**$270.5**	**$273.9**	**$279.2**	**$279.3**	**$279.3**	**$279.4**	**$280.7**	**$286.9**	**$309.2**	**$347.7**	**$401.1**	**$464.5**	**$519.8**	**$5,609.7**
31	External Coverage Ratio	2.79	2.77	2.61	2.67	2.55	**n/a**	2.32	2.34	2.33	2.47	2.54	2.66	2.80	2.94	3.08	3.17	3.14	2.93	2.69	2.41	2.26	**n/a**
32	Internal Coverage Ratio	0.93	0.96	0.92	1.05	1.05	**n/a**	1.01	1.06	1.09	1.25	1.28	1.36	1.45	1.55	1.70	1.79	1.79	1.70	1.55	1.42	1.33	**n/a**
33	**Total Uses of Funds**	**$1,684.1**	**$1,129.9**	**$925.5**	**$1,102.3**	**$1,064.2**	**$5,906.0**	**$1,093.9**	**$1,061.9**	**$934.8**	**$961.4**	**$958.6**	**$963.4**	**$952.4**	**$1,029.4**	**$1,124.0**	**$1,203.1**	**$2,027.0**	**$2,078.5**	**$2,692.8**	**$2,496.8**	**$2,647.1**	**$28,131.1**
34	Net Inc (Dec) in cash	($869.3)	($21.4)	($14.0)	$78.8	($39.3)	**($865.3)**	($45.4)	($27.7)	($1.1)	$30.7	($40.1)	($9.4)	$38.0	$1.7	$30.3	$109.2	($160.3)	$29.2	($42.3)	$38.2	$28.6	**($885.7)**
35	Change in Balance Sheet Accts	61.9	(128.4)	(76.4)	16.1	(16.2)	**(143.0)**	(13.8)	(19.3)	(41.7)	(6.7)	(8.5)	(7.4)	(10.2)	7.4	12.3	8.0	155.9	14.9	96.0	(56.3)	(14.8)	**(27.0)**
36	Cash, Beg of Period	1,407.2	599.8	449.9	359.6	454.4	**1,407.2**	398.9	339.8	292.8	250.0	274.0	225.4	208.6	236.5	245.5	288.2	405.3	400.9	445.0	498.7	480.6	**1,407.2**
37	Cash, End of Period	599.8	449.9	359.6	454.4	398.9	**398.9**	339.8	292.8	250.0	274.0	225.4	208.6	236.5	245.5	288.2	405.3	400.9	445.0	498.7	480.6	494.5	**494.5**
38	Less Cash Reserves & Restricted Funds	(37.1)	(37.8)	(38.6)	(39.5)	(40.6)	**(40.6)**	(41.8)	(43.1)	(44.5)	(46.0)	(47.6)	(49.2)	(51.0)	(52.8)	(54.7)	(56.7)	(58.7)	(60.9)	(63.2)	(65.6)	(68.1)	**(68.1)**
39	Less Working Cash Requirement	(35.9)	(37.8)	(32.7)	(45.4)	(49.0)	**(49.0)**	(50.8)	(52.2)	(53.2)	(61.9)	(62.3)	(61.4)	(67.7)	(68.7)	(65.7)	(91.9)	(80.0)	(90.1)	(87.8)	(93.1)	(91.3)	**(91.3)**
40	**Net Available Cash**	**$526.8**	**$374.3**	**$288.2**	**$369.5**	**$309.3**	**$309.3**	**$247.1**	**$197.5**	**$152.2**	**$166.0**	**$115.6**	**$98.0**	**$117.8**	**$124.1**	**$167.8**	**$256.8**	**$262.2**	**$294.0**	**$347.7**	**$321.9**	**$335.1**	**$335.1**

Exhibit APX.6
Dallas Area Rapid Transit
FY 2011 Financial Plan As Approved 9-28-10
Changes in Sources and Uses of Cash from FY 2010 Financial Plan As Amended 10-27-09
($ Millions - Inflated Dollars)

Line	Description	2011	2012	2013	2014	2015	Total
	SOURCES OF FUNDS						
1	Sales Tax Revenues	($15.2)	($20.5)	($26.1)	($35.8)	($48.7)	($146.3)
2	Operating Revenues	(11.3)	(11.7)	(14.6)	(14.6)	(14.0)	(66.1)
3	Interest Income	(3.3)	0.0	(2.1)	(5.7)	2.1	(9.0)
4	Formula Federal Funding	18.3	13.9	11.0	11.5	37.1	91.7
5	Discretionary Federal Funding	(0.7)	8.8	(2.1)	(96.3)	(107.5)	(197.9)
6	Debt Issuances	379.3	(200.0)	(417.0)	0.0	(198.0)	(435.7)
7	Other Sources	14.7	7.2	12.5	20.3	5.1	59.9
8	**Total Sources of Funds**	**$381.8**	**($202.3)**	**($438.4)**	**($120.6)**	**($323.9)**	**($703.4)**
	USES OF FUNDS						
9	**Sales Taxes for Operations**	6.63%	3.86%	4.64%	5.80%	5.83%	0.0
	Operating Expenses:						
10	Bus	$1.0	($4.3)	($9.1)	($9.3)	($8.6)	($30.4)
11	Light Rail Transit	0.4	(1.4)	(0.3)	(2.9)	(1.1)	(5.3)
12	Trinity Railway Express	(1.2)	(2.1)	(1.9)	(1.9)	(2.0)	(9.1)
13	Paratransit	(0.3)	(2.5)	(2.0)	(2.2)	(2.3)	(9.3)
14	HOV Transitways	(0.3)	(0.9)	(1.4)	(1.4)	(1.4)	(5.4)
15	General Mobility - TDM	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)
16	**Total Operating Expenses**	**($0.5)**	**($11.4)**	**($14.9)**	**($17.8)**	**($15.6)**	**($60.1)**
	Operating+P&D+Start Up						
	Capital Projects and Other Non-Operating						
17	Agency-Wide	$36.5	$30.6	$5.4	($1.8)	($1.0)	$69.7
18	Bus	(0.2)	29.3	(8.3)	2.7	(37.6)	(14.1)
19	Light Rail Transit	102.6	125.8	(82.5)	(178.8)	(227.9)	(260.8)
20	Commuter Rail/RR Management	18.2	11.0	6.4	5.9	0.0	41.6
21	Paratransit	(2.3)	(7.0)	(24.8)	0.1	(0.2)	(34.1)
22	HOV Transitways	2.2	13.0	6.3	5.9	10.8	38.2
23	Capital P & D, Start-Up, Non-Operating	(0.4)	(8.1)	(16.3)	(18.5)	(17.4)	(60.7)
24	General Mobility - Road Impr./ITS	(3.0)	17.9	0.0	5.0	0.0	19.9
25	**Total Capital & Non-Operating**	**$153.7**	**$212.5**	**($113.8)**	**($179.6)**	**($273.3)**	**($200.4)**
	Debt Service						
26	Total Debt O/S Beginning-of-Year	$14.3	$393.6	$205.0	($212.7)	($209.8)	$190.4
27	Total Debt O/S End-of-Year	393.6	205.0	(212.7)	(209.8)	(401.8)	(225.7)
28	Principal - LT/ST Debt	0.0	(11.4)	0.6	(2.8)	(6.0)	($19.6)
29	Cost of Debt (Interest and Fees)	(11.6)	(25.5)	(7.5)	(23.6)	(29.6)	(97.7)
30	**Debt Service**	**($11.6)**	**($36.8)**	**($6.9)**	**($26.4)**	**($35.6)**	**($117.3)**
31	External Coverage Ratio	0.04	0.59	(0.08)	0.16	0.15	$0.9
32	Internal Coverage Ratio	(0.14)	0.13	(0.07)	(0.00)	0.01	($0.1)
33	**Total Uses of Funds**	**$141.7**	**$164.3**	**($135.6)**	**($223.8)**	**($324.5)**	**($377.8)**
34	Net Inc (Dec) in cash	$240.1	($366.5)	($302.9)	$103.2	$0.5	($325.6)
35	Change in Balance Sheet Accts	159.9	55.7	(70.1)	(19.5)	(10.6)	115.4
36	Cash, Beg of Period	305.9	705.9	395.1	22.1	105.8	1,534.9
37	Cash, End of Period	705.9	395.1	22.1	105.8	95.7	$1,324.7
38	Less Cash Reserves & Restricted Funds	1.0	1.4	1.9	2.4	2.7	9.4
39	Less Reserves for Operating Deficits	(52.6)	(10.1)	0.0	0.0	0.0	0.0
40	Less Working Cash Requirement	(62.2)	(67.3)	(64.6)	(61.0)	(59.2)	(314.3)
42	**Net Available Cash**	**$592.1**	**$319.2**	**($40.6)**	**$47.2**	**$39.2**	**$957.1**

Exhibit APX.7
FY 2011 Financial Plan As Approved 9-28-10
Five Year Balance Sheet
($ Millions - Inflated Dollars)

Line	Description	2011	2012	2013	2014	2015
	ASSETS					
1	Cash and cash equivalents	$966.4	$607.4	$328.9	$356.5	$286.3
2	Sales taxes receivable	68.5	72.8	77.4	81.8	85.9
3	Transit revenue receivable, net	2.5	2.7	3.1	3.2	3.3
4	Due from other governments	8.4	8.4	8.4	3.9	5.0
5	Material and supplies inventory	28.9	30.6	32.0	33.3	34.4
6	Interest Receivable	0.1	0.1	0.1	0.1	0.1
7	Prepaid Expences	22.6	21.8	21.1	20.4	19.7
8	**TOTAL CURRENT ASSETS**	**$1,097.4**	**$743.9**	**$471.1**	**$499.2**	**$434.8**
9	Notes Reseivable & Investment in Joint Ventu	$20.0	$20.0	$20.0	$20.0	$20.0
10	Property, Plant & Equipment, Net	4,972.7	5,327.9	5,529.1	5,580.7	5,518.9
11	Capital Lease Liabilities	336.2	336.2	336.2	336.2	336.2
12	Net Pension & OPEB Asset	5.4	5.4	5.4	5.4	5.4
13	**TOTAL ASSETS**	**$6,431.7**	**$6,433.4**	**$6,361.8**	**$6,441.5**	**$6,315.4**
	LIABILITIES AND EQUITY					
14	Accounts payable and accrued liabilities	$175.7	$156.6	$125.2	$104.5	$98.7
15	Current portion of long-term debt payable	18.8	8.4	21.4	22.3	42.6
16	Local Assistance Program payable	12.8	9.8	5.8	2.8	0.0
17	Retainage payable	38.9	45.9	33.0	21.4	11.4
18	Other	9.9	9.9	9.9	9.9	9.9
19	**TOTAL CURRENT LIABILITIES**	**$256.2**	**$230.6**	**$195.3**	**$161.0**	**$162.7**
20	Sales Tax Revenue Commercial Paper Notes P	$150.0	$150.0	$150.0	$150.0	$150.0
21	Senior Lien Sales Tax Revenue Bonds Payable	3,389.9	3,381.5	3,360.1	3,557.9	3,515.2
22	Capital Lease Liabilities	336.2	336.2	336.2	336.2	336.2
23	**TOTAL LIABILITIES**	**$4,132.2**	**$4,098.3**	**$4,041.7**	**$4,205.0**	**$4,164.1**
24	**NET ASSETS (EQUITY)**	**$2,299.5**	**$2,335.1**	**$2,320.2**	**$2,236.5**	**$2,151.2**
25	**TOTAL LIABILITIES & NET ASSETS**	**$6,431.7**	**$6,433.4**	**$6,361.8**	**$6,441.5**	**$6,315.4**

APX.8
Sales Tax History 2001 - 2010
(in millions)

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10
Oct	$27.6	$25.9	$23.2	$24.5	$25.7	$27.2	$28.6	$31.4	$30.2	$28.7
Nov	26.9	23.5	22.3	24.3	25.5	27.3	28.9	31.6	27.3	26.4
Dec	43.1	40.3	36.2	37.7	36.9	40.3	42.8	44.8	43.5	41.7
Jan	26.0	22.1	22.5	24.2	24.6	27.0	28.3	31.4	27.2	28.3
Feb	25.0	22.6	20.3	22.9	24.1	26.2	28.2	29.5	27.0	25.8
Mar	36.7	31.1	30.2	33.3	33.8	35.3	37.7	37.9	35.8	36.7
Apr	26.2	25.1	25.1	25.2	25.5	28.7	29.5	32.0	29.7	29.0
May	27.3	24.2	23.5	24.4	26.5	29.9	30.2	33.9	29.6	29.7
Jun	34.0	31.1	31.4	33.8	34.5	35.5	37.2	41.6	37.3	37.3
Jul	26.6	25.4	23.4	25.1	25.2	28.3	30.7	33.3	28.8	27.8
Aug	26.0	23.8	22.3	24.7	26.3	29.0	30.2	31.4	27.7	28.7
Sep	32.5	30.5	31.3	32.3	33.1	35.8	36.8	37.4	33.4	35.3
FY Total	**$357.9**	**$325.5**	**$311.8**	**$332.4**	**$341.8**	**$370.5**	**$389.1**	**$416.1**	**$377.6**	**$375.5**

NOTE: Numbers may not foot due to rounding.

Exhibit APX.9
DART Annual Debt Service Schedule

Fiscal Year	Principal Repayment	Interest Repayment	Total Gross Debt Service	BABs Subsidy	Total Net Debt Service
FY11	$ 18,790	$ 160,155	$ 178,945	$ 26,008	$ 152,937
FY12	8,370	173,770	182,140	30,462	151,678
FY13	6,740	173,396	180,136	30,462	149,674
FY14	23,355	172,728	196,083	30,462	165,621
FY15	43,740	171,218	214,958	30,462	184,496
FY16	45,870	169,089	214,959	30,462	184,497
FY17	48,155	166,804	214,959	30,462	184,497
FY18	50,600	164,398	214,998	30,462	184,536
FY19	53,115	161,840	214,955	30,462	184,493
FY20	55,815	159,141	214,956	30,462	184,494
FY21	58,665	156,293	214,958	30,462	184,496
FY22	61,675	153,285	214,960	30,462	184,498
FY23	64,835	150,122	214,957	30,462	184,495
FY24	68,050	146,651	214,701	30,201	184,500
FY25	69,130	142,995	212,125	29,666	182,459
FY26	72,265	139,303	211,568	29,110	182,458
FY27	75,505	135,481	210,986	28,530	182,456
FY28	78,860	131,526	210,386	27,927	182,459
FY29	82,530	127,226	209,756	27,298	182,458
FY30	86,520	122,578	209,098	26,644	182,454
FY31	90,690	117,729	208,419	25,962	182,457
FY32	95,085	112,626	207,711	25,252	182,459
FY33	99,675	107,290	206,965	24,512	182,453
FY34	104,460	101,741	206,201	23,742	182,459
FY35	109,490	95,909	205,399	22,940	182,459
FY36	114,755	89,821	204,576	22,122	182,454
FY37	120,255	83,494	203,749	21,288	182,461
FY38	116,880	77,115	193,995	19,985	174,010
FY39	121,495	70,704	192,199	18,198	174,001
FY40	126,305	64,038	190,343	16,345	173,998
FY41	131,305	57,108	188,413	14,426	173,987
FY42	136,510	49,903	186,413	12,438	173,975
FY43	141,960	42,379	184,339	10,366	173,973
FY44	147,645	34,523	182,168	8,210	173,958
FY45	153,570	26,353	179,923	5,975	173,948
FY46	102,240	19,579	121,819	4,261	117,558
FY47	106,385	14,254	120,639	3,091	117,548
FY48	110,710	8,712	119,422	1,883	117,539
FY49	115,220	2,943	118,163	634	117,529

Table includes 10/05/10 bond issuance

Exhibit APX.10
DART Bondholders
Ranked by Total Holdings
Source: Bloomberg, July 23, 2010

Holder	Total
Fidelity Management	140,955
Vanguard Group	104,830
Lexington Ins Co	80,500
JP Morgan Chase	59,250
Lincoln National Life	53,975
Allstate Life Ins	45,000
Nationwide Mutual Ins	40,785
Bankers Life & Casualty	32,000
John Hancock Life Ins USA	30,500
Metropolitan Life	28,255
Prudential Ins	25,775
Northwestern Mutual	25,245
Unum Life Ins	25,000
Pacific Indemnity	22,155
Hartford Fire Ins	20,000
NJ Division of Investment (Domestic)	20,000
Penn Mutual Life	20,000
Assured Guaranty Co	18,620
Allstate Life Ins of NY	17,965
Executive Risk Indemnity	16,500
American Family Mutual Ins	15,940
Bank of New York Mellon	12,135
Guardian Life Ins	12,000
T Rowe Price	11,565
Globe Life & Accident Ins	11,500
American Home Assurance	11,000
Aviva Life & Annuity	10,000
Commonwealth Annuity & Life	10,000
Federated Investors	10,000
Hartford Accident & Indemnity Co	10,000
John Hancock Life Ins of NY	10,000
Lincoln Life & Annuity	10,000
Allianz Global Investment of America	8,995
Swiss Re Life & Health America	8,755
Northern Trust Co	8,000
Nuveen Asset Management	7,940
Liberty National Life	7,755
Interins Exchange Auto Club of So Cal	7,050
State Street Corp	7,035
California State Automobile Association	7,015

APX.11
DART Fare Collection

DART entered into an interlocal agreement with the City of Dallas to manage and operate the public transportation services known as Dallas Transit System (DTS), empowering the DART Board to establish fares for any and all services provided. On September 18, 1983, the interim DART Board called for a public hearing to reduce the base fare to $0.50. The Board approved this fare reduction December 6, 1983, making it effective January 1, 1984. The following is the Fare Structure History Chart:

DART Fare Structure History
As of September 30, 2009

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

FARE STRUCTURE
Effective – September 14, 2009

	Effective 09/14/09	Effective 10/01/09	Effective 10/01/10
BASE SINGLE RIDE FARE			
Local Service	$1.75		
Commuter Rail (CR) & Express Bus			
CR 1-Zone & Express Bus	$2.50		$3.50
CR 2-Zone & Express Bus	$3.75		$5.00
Reduced Fare*	$0.85		
Paratransit – Demand Response Van/Sedan Service	$2.75	$3.00	
Paratransit trips to fixed-route stops	$0.75		
Paratransit eligible riders on fixed route services	FREE		
PREPAID MULTI-RIDE FARES			
Annual Pass:			
- Local	$650.00		
- Commuter Rail & Express Bus			
CR 1-Zone & Express Bus	$750.00		$1,000.00
CR 2-Zone & Express Bus	$1,050.00		$1,200.00
Monthly Pass:			
- Local	$65.00		
- Commuter Rail & Express Bus			
CR 1-Zone & Express Bus	$75.00		$100.00
CR 2-Zone & Express Bus	$105.00		$120.00
- Reduced *	$32.00		
Weekly Pass:			
- Local	$20.00		
- Commuter Rail & Express Bus			
CR 1-Zone & Express Bus	$25.00		$35.00
CR 2-Zone & Express Bus	$37.50		$50.00
Day Pass:			
- Local	$4.00		
- Commuter Rail & Express Bus			
CR 1-Zone & Express Bus	$5.00		$7.00
CR 2-Zone & Express Bus	$7.50		$10.00
- Reduced *	$2.00		
- Reduced High School Fare **	$2.00		
Day Pass Book of Ten ***	$25.00		
10-Ticket Paratransit Coupon Book	$27.50	$30.00	

FOOTNOTES:

* Reduced Fares are applicable on bus and rail for the following:

(a) Seniors, Non-Paratransit Disabled, and High School students with valid ID
(b) Children, elementary through junior high school
(Children under 5 – see Free Fares)
(c) DART Shuttle Bus Routes

** Reduced High School Fare for students with valid ID

*** Day Pass Book of 10 is available only to government and non-profit institutions

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, premium, 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 their spouses, or other designated family member, who display valid DART photo ID cards. (Also honored on all flyer services and on paratransit service with appropriate paratransit certification and identification).

(i) Part-time DART employees with DART photo ID card. (Also honored on all flyer services and on paratransit service with appropriate paratransit certification and identification.) Temporary employees do not qualify for this benefit.

(j) Current and former DART Board members and their spouses with valid DART photo ID card. (Also honored on paratransit service with appropriate paratransit certification and identification.)

(k) Employees of contractors who operate fixed-route or demand responsive service in DART's behalf and certain engineering consultants, including the GEC, System Design, and Design Contract Integration consultants domiciled in the DART headquarters, who have been provided with valid DART photo ID cards. (Also honored on paratransit service with appropriate paratransit certification and identification.)

(l) McKinney Avenue Trolley employees or operators with valid Trolley ID card.

SPECIAL PROGRAMS

I. Customer Promotions:

The President/Executive Director, Executive Vice President/General Manager-Operations, 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, system, or regional) day pass rate. A sliding scale with discounts ranging from 10% to 50% of the convention and special event base rate will be available on advanced bulk purchase of 2,000 or more passes.

Passes Purchased	Discount
2,000 – 4,999	10%
5,000 – 9,999	20%
10,000 – 14,999	25%
15,000 – 19,999	30%
20,000 – 24,999	35%
25,000 – 39,999	40%
40,000 – 49,999	45%
50,000 and above	50%

III. Corporate Programs:

(a) Annual passes, known as Employee Preferred annual passes, may be purchased by businesses, companies, or other employer organizations. Minimum purchase requirement is 25 passes. Pricing will be based on the amount of service provided to specified locations as follows:

Service Level	Local Annual Pass	Premium Annual Pass	Commuter Rail Plus
Normal Service Level	$312	$480	$576
High Service Level	$468	$720	$864

(b) Emergency Ride Home (ERH) program, administered by DART, will be made available to employees registered in the Employee Preferred Annual Pass Program.

IV. Residential Annual Pass Program

Annual passes, known as the Residential Preferred annual passes, may be purchased by apartment/condominium complexes. Minimum purchase requirement is 25 passes. Pricing will be as follows:

Service Level	Local Annual Pass	Premium Annual Pass	Commuter Rail Plus
Normal Service Level	$312	$480	$576
High Service Level	$468	$720	$864

V. College Programs

Annual, semester, and quarterly passes may be purchased for 100% of all full-time students by colleges, universities, trade schools, and technical schools. Pricing will be based on the level of service provided to a specific location. The following table represents minimum pricing levels.

College Program Pricing			
Trips per Peak Hour	Quarter	Semester	Annual
1-50	$15	$20	$60
Over 50	$23	$30	$90

VI. High School and Junior High School Program

Annual passes may be purchased by high schools and junior high schools for 100% of all students. Pricing will be based on the amount of service provided to each high school and its student population. The following table represents the minimum pricing levels, and may be adjusted as necessary to cover additional service.

Minimum Junior High & High School Program Pricing			
	Student Population		
Trips per Hour	25-150	151-300	301+
1-50	$45	$40	$35
Over 50	$60	$55	$50

VII. Route Promotion Pass

The Route Promotion Pass has been produced through Consumer Programs to support DART's public awareness and outreach efforts. Marketing will negotiate with Special Events 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 member city in the DART Service Area.

(b) DART must receive a minimum of a 2 to 1 ratio based on the value of the passes DART is willing to provide to the event. This can be through barter, cash, or any combination of the two.

(c) The media provided by the event must promote using DART.

(d) A simple agreement is signed by both DART and the event organizer/chair.

(e) The President/Executive Director or his designee may sign the agreement. Concurrence from the Treasurer or Chief Financial Officer must be received before presenting the agreement for signature.

(f) The Marketing Department will provide documentation to the Finance Department, within 90 days after the conclusion of the special event, that supports the value of the barter used to pay for the passes.

Table of Fares by Types:

The following table identifies the fares by types that DART customers can purchase based on the approved fare increase. This also provides the estimated sales and revenue by fare types.

	FY 2009 ACTUAL			FY 2010 ACTUAL			FY 2011 ESTIMATED		
Type of Fare	Yearly Units	Revenue		Yearly Units	Revenue		Estimated Units	Estimated Revenue	
Single Fare									
Local	1,818,101	$	2,682,055	1,834,224	$	3,708,313	1,983,253	$	3,470,691
System	1,103		2,758	36,816		92,040	40,120	$	140,419
Regional*	35,024		90,879	21,732		81,495	23,682	$	118,410
Reduced	719,076		539,307	583,236		495,353	635,061	$	539,802
Paratransit Coupon	48,773		1,341,257	50,532		1,561,069	55,066	$	1,651,991
Total Single Fare	***2,622,077***	***$***	***4,656,256***	***2,526,540***	***$***	***5,938,270***	***2,737,182***	***$***	***5,921,313***
Day Passes									
Local	5,307,213	$	16,300,682	3,870,372	$	15,481,488	4,214,219	$	16,856,878
System	11,750		58,750	400,788		2,003,940	435,235	$	3,046,645
Regional*	182,328		1,367,460	40,272		302,040	43,232	$	432,319
Reduced	1,804,558		3,158,656	1,497,984		2,995,968	1,631,892	$	3,263,785
Vouchers	62,543		1,564,168	61,536		1,538,400	67,057	$	1,676,445
Total Day Passes	***7,368,392***	***$***	***22,449,716***	***5,870,952***	***$***	***22,321,836***	***6,391,635***	***$***	***25,276,072***
Monthly Passes									
Local	144,787	$	7,239,352	126,072	$	8,194,680	137,385	$	8,930,012
System	442		33,150	21,168		1,587,600	23,067	$	2,306,747
Regional*	23,580		1,886,391	7,560		793,800	8,238	$	988,606
Reduced	76,666		1,916,643	63,324		2,026,368	69,006	$	2,208,200
Total Monthly Passes	***245,475***	***$***	***11,075,536***	***218,124***	***$***	***12,602,448***	***237,696***	***$***	***14,433,565***
7-Day Passes									
Local	19,205	$	384,093	34,416	$	688,320	37,504	$	750,085
System	237		5,925	2,892		72,300	3,152	$	110,303
Regional	183		6,844	672		25,200	732	$	36,615
Total 7-Day Passes	***19,624***	***$***	***396,862***	***37,980***	***$***	***785,820***	***41,388***	***$***	***897,003***
Annual Passes									
Local	277	$	111,007	251	$	148,593	301	$	195,498
System	0		-	59		38,422	92	$	91,538
Regional*	47		28,734	14		10,658	26	$	31,384
Corporate Programs	78,209		5,808,531	15,972		7,260,849	17,405	$	8,245,236
Total Annual Passes	***78,533***	***$***	***5,948,272***	***16,296***	***$***	***7,458,522***	***17,824***	***$***	***8,563,656***
Other Programs									
Secondary/College Decals	22,517	$	452,891	34,717	$	818,921	37,832	$	843,662
Special Events	60,779		182,336	30,771		123,082	-	$	-
Total Other Programs	***83,296***	***$***	***635,227***	***65,488***	***$***	***942,003***	***37,832***	***$***	***843,662***
	10,417,396	**$**	**45,161,869**	**8,735,380**	**$**	**50,048,899**	**9,463,557**	**$**	**55,935,271**

**Regional fares were considered Premium fares during FY 2009*

Ticket Vending Machines (TVMs)

DART began using TVMs when light rail became operational in 1996. These machines are installed at all light rail and commuter rail stations and can be installed at transit centers if there is a business necessity.

History of TVMs

TVM 5000s and 6000s
Manufactured by Schlumberger, the TVM 5000 ticket vending machines (TVMs) were placed along the DART Starter System from 1996-1999 and the Phase I build-out stations in 2001-2002. There were a total of 60 machines installed at all stations from Lovers Lane south (except Victory). There were two TVM 5000s installed at all stations south of the CBD, at Lovers Lane, and along the TRE line, and three or four TVMs installed at all CBD stations, CityPlace, and Mockingbird. The 5000s were connected to the DART network in 2005 via modems. The TVM 5000s were only capable of printing shorter period passes (single ride or day pass) because the tickets did not include an electronic ID mechanism (like magnetic encoding). The passes required visual validation. Schlumberger no longer made ticket vending machines and had discontinued supporting the machines. The TVM 5000s did not accept credit cards or smart cards.

Also produced by Schlumberger, the TVM 6000s were placed at Phase I build-out stations in 2001-2002. These TVMs were located at Victory Station and all stations north of Lovers Lane. There were 64 machines in total with four TVMs at all stations except Parker Road and Downtown Garland, which had six. These TVMs were all connected to the DART network via high-speed fiber lines.

Like the 5000s, the TVM 6000s could only issue short-period passes to protect against counterfeiting, and the passes required visual validation. The TVM 6000s did not accept credit cards or smart cards. These TVMs ran on Microsoft Windows NT software, which was no longer supported by Microsoft. The BNA57 bill acceptor from MEI was still supported, but based on the phase timing of the BSN385, MEI may stop supporting the bill acceptors after 2012. As stated above, Schlumberger no longer made TVMs and did not support the TVM 6000s. They contracted with Parkeon to provide TVM support to DART. Parkeon provided limited support to DART.

Current TVM Status

New TVMs were needed for the Green Line, Orange Line, and Blue Line extension. DART also needed to begin replacement of the Starter System TVM 5000s and 6000s. As the Green line TVM contract was being developed, the Rail Program Development Department worked with Finance, Maintenance, Marketing and Communications, and other departments as needed, to develop specifications that would meet current and future needs.

A contract was approved by the DART Board on July 10, 2007 to purchase TVMs from GFI Genfare for the Phase II Build-out. The Board approved the purchase of replacement TVMs for the Starter System on December 11, 2007. As of September 30, 2010, DART has replaced 74 old TVMs with GFI TVMs at all of the end-of-the-line stations and the high volume stations. DART had also installed eight of the new GFI TVMs at the four Green Line stations that are in operation. An additional 38 GFI TVMs will be operational in conjunction with the remainder of the Green Line in December 2010. The following outlines the new machine's capabilities. It is anticipated that the 32 remaining TVMs will be replaced by December 2011.

<u>GFI Vendstar 3</u>

This new TVM was developed and manufactured by GFI Genfare, a company that has been designing, manufacturing, and supporting fare collection equipment for decades. The TVM issues magnetic encoded tickets that can be swiped on our current GFI fareboxes to validate authenticity. Electronic validation is much more efficient for bus operators and customers and has been used on most of DART's fare media. Customers are now able to buy longer period passes (weekly and monthly) on these machines. The GFI TVMs are also configured to process credit card transactions. The magnetic encoding will provide enhanced ridership data for those who buy a ticket at a TVM and transfer to a bus allowing us to follow card movement from rail to bus. The TVMs provide configurable change-making options that will better support nickel/dime-based fare adjustments.

The GFI TVMs will have contactless smart card reading devices in them which would be put to use if DART chooses to implement a smart card fare media system in the future.

Exhibit APX.12
Glossary of Terms/Definitions

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

*Calculation = [(Vehicle Accidents / Actual Mileage) * 100,000]*

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

Calculation = [(Administrative Costs – Administrative Revenues) / (Direct Costs + Start-up Costs)]

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

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

Calculation = (Fixed Route Passenger Revenue - Commissions & Discounts) /(Fixed Route Passenger Boardings)

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

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

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

*Calculation = [(Service Complaints Received / Fixed Route Passenger Boardings) * 100,000]*

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

Calculation = [Total Operating Expenses / Revenue Miles]

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

Calculation = [Crimes Against Persons/Total Incidents]

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

Calculation = [Crimes Against Property/Total Incidents]

Glossary of Terms/Definitions (Cont.)

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

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

Calculation = [Fixed-route Passenger Revenue/Fixed-route Operating Expense]

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

Calculation = [Total Miles Operated / Total # of Service Calls]

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

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

Calculation = [(# Scheduled Trips Sampled - # of Times Early or Late) / Total # of Scheduled Trips Sampled]

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

Calculation = (Average HOV operating speed / Average SOV operating speed)

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

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

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

Calculation = [# of Canceled Trips / Paratransit Total # of Scheduled Trips]

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

Calculation = [# of No Shows / # of Total Scheduled Trips]

Glossary of Terms/Definitions (Cont.)

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

Calculation = [Actual Passenger Boardings/Revenue Car Miles]

Passenger Trips - See Ridership.

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

Calculation = [Actual Passenger Boardings / Revenue Hours]

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

Calculation = [Scheduled Passenger Boardings / Revenue Hours]

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

Calculation = [Passenger Boardings / Revenue Miles]

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

Calculation = [Total Operators Hours Paid / Operators Platform Hours Paid]

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

Calculation = [(# of Actual Trips - # of Trips Missed) / # of Actual Trips]

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

*Calculation = [# of Revenue Miles operated * # of cars within a train]*

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

Glossary of Terms/Definitions (Cont.)

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

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

Calculation = [(Operating Expenses - Operating Revenues - Interest Income) / Sales Tax Revenues]

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

Calculation (for bus) = [Scheduled Miles / Scheduled Hours]

Calculation (for rail) = [Scheduled Train Miles / Scheduled Train Hours]

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

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

Calculation = (# of Calls Answered or Abandoned Within the Specified Time Period) / (# of Calls Received Within the Specified Time Period)

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

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

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

Calculation = [(Operating Expenses - Operating Revenues) / Passenger Boardings]

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

Exhibit APX.13
Acronyms

000s	Thousands		FRA	Federal Railroad Administration
AAC	American Airlines Center		FS-B	Financial Standards-Business Planning Parameter
ABC	Activity-Based Costing		FS-D	Financial Standards-Debt Service
ADA	Americans with Disabilities Act of 1990		FS-G	Financial Standards-General
APC	Automatic Passenger Counters		FT	Full-Time
APTA	American Public Transportation Association		FTA	Federal Transit Administration
APTS	Advanced Public Transportation Systems		FWTA	Fort Worth Transportation Authority
APU	Auxiliary Power Unit		FY	Fiscal Year
ARRA	American Reinvestment & Recovery Act of 2009		FYxxA	Actual year-end cost for FY(xx)
ATIS	Advanced Traveler Information Systems		FYxxB	Budget cost for FY(xx)
ATMS	Advanced Traffic Management Systems		FYxxP	Projected cost for FY(xx)
AVA	Automated Voice Announcements		G&A	General & Administrative
AVL	Automated Vehicle Locator		GAAP	General Accepted Accounting Principles
AVP	Assistant Vice-President		GASB	Government Accounting Standards Board
B	Billions		GFI	GenFare, Inc.
BABs	Build America Bonds		GLO	General Land Office
BBL	Barrel		GM	General Mobility
BNSF	Burlington, Northern & Santa Fe Railroad		GPS	Global Positioning System
BPP	Business Planning Parameter		HMO	Health Maintenance Organization
BRT	Bus Rapid Transit		HOT	High-Occupancy/Tolling (lanes)
BTV	Barrier Transfer Vehicle		HOV	High Occupancy Vehicle (lane)
CAD	Computer-Aided Dispatch		HQ	Headquarters
CBD	Central Business District		HRA	Health Reimbursement Account
CCTV	Closed Circuit Television		HVAC	Heating, Ventilation, Air Conditioning
CDHP	Consumer-Directed Health Care Plan		ICM	Integrated Corridor Management
CMAQ	Congestion Mitigation/Air Quality		IH	Interstate Highway
CNG	Compressed Natural Gas		I-1	Irving LRT Line Section – Northwest Hwy. To Las Colinas Urban Center
COPS	Community Oriented Policing Services (grant)		I-2	Las Colinas Urban Center to State Hwy. 161
CP	Commercial Paper		I-3	State Hwy. 161 to DFW Airport
CPU	Central Processing Unit		ILA	Interlocal Agreement
CR	Commuter Rail		IRV	Irving
CS	Central Services		IT	Information Technology
DART	Dallas Area Rapid Transit		ITC	Intermodal Transportation Center
DCTA	Denton County Transportation Authority		ITS	Intelligent Transportation System
DCURD	Dallas County Utility and Reclamation District		IVR	Interactive Voice Response
DFW	Dallas/Fort Worth International Airport		JV	Joint Venture
DGNO	Dallas, Garland, and Northeastern Railroad		K	Thousands
DLM	Division Level Measurement		KPI	Key Performance Indicator
DMWBE	Disadvantaged, Minority, and Woman-Owned Business Enterprise		KWH	Kilowatt Hour
DOE	Department of Energy		LAN	Local Area Network
DOT	Department of Transportation		LAP/CMS	Local Assistance Program/Congestion Management System
EA	Environmental Assessment		LBJ	"Lyndon B. Johnson" Freeway
EAP	Employee Assistance Program		LED	Light Emitting Diode
ED	East Dallas Operating Facility		LEED	Leadership in Energy and Environmental Design
EEO	Equal Employment Opportunity		LNG	Liquefied Natural Gas
EMS	Emergency Management System		LPIS	Locally Preferred Investment Study
EMT	Executive Management Team		LRT	Light Rail Transit
EOY	End of Year		LRV	Light Rail Vehicle
EPA	Environmental Protection Agency		LT or LTD	Long-Term Debt
EPO	Exclusive Provider Organization		M	Millions
EVP	Executive Vice President		MBE	Minority-Owned Business Enterprise
FFGA	Full Funding Grant Agreement		MDC	Mobile Data Computer
FHWA	Federal Highway Administration		MDT	Mobile Data Terminal
FICA	Federal Insurance Contributions Act		MIS	Major Investment Study
FP	Financial Plan		MLK	Martin Luther King, Jr.

Exhibit APX.13
Acronyms

MOWIS	Maintenance of Way Information System		SE-1A	Southeast LRT Line Section – Downtown to Fair Park
MPH	Miles Per Hour		SE-1B	Fair Park to Hatcher
MPLS	Multi-Powered Label Switching		SE-2	Hatcher to Buckner Blvd.
NCIC	National Criminal Information Center		SH	State Highway
NC LRT	North Central Light Rail Transit		S&I	Service & Inspection
NCTCOG	North Central Texas Council of Governments		SIP	Service Incentive Pay
NIMS	National Incident Management System		SLRV	Super Light Rail Vehicle
NOx	Nitrogen Oxide		SOC-3	South Oak Cliff LRT Line Section-Loop 12 to LBJ Frwy.
NRV	Non-Revenue Vehicle		SOP	Standard Operating Procedure
NW	Northwest Corridor		SS	Support Services
NW-1A	Northwest LRT Line Section (Downtown to American Airlines Center/Victory Station)		ST	Short-Term (debt)
NW-1B	Victory Station to Inwood Station		STD/FMLA	Short-Term Disability/Family Medical Leave Act
NW-2	Inwood Station to Northwest Highway		SU	Start-Up
NW-3	Northwest Highway to Valley View (Farmers Branch)		S&W	Salaries & Wages
NW-4	Valley View to Frankford Rd (North Carrollton)		TBD	To be determined
NWROF	Northwest Rail Operating Facility		TC	Transit Center
OC	Oak Cliff		TCEQ	Texas Commission on Environmental Quality
OCS	Overhead Catenary System		TCIC	Texas Criminal Information Center
OCIP	Owner-Controlled Insurance Program		TDM	Transportation Demand Management
OEM	Original Equipment Manufacturer		TES	Traction Electrification System
Ops	Operations		The T	Fort Worth Transportation Authority
O/S EOY	Outstanding End-of-Year		TIP	Transportation Improvement Program
OSHA	Occupational Safety Hazard Administration		TLETS	Texas Law Enforcement Telecommunications System
OSR	Operating Speed Ratio		TMA	Transportation Management Association
PASS	Principal Arterial Street System		TOD	Transit-Oriented Development
PAVMB	Public Announcement Visual Message Boards		T&P	Texas & Pacific Station
P&D	Planning & Development		TPSS	Traction Power Sub-Station
PEC	Passenger Emergency Call		TRE	Trinity Railway Express
PMP	Performance Management Plan		TSA	Transportation Security Administration
PMSA	Primary Metropolitan Statistical Area		TSM	Transportation System Management
PPP	Public/Private Partnership		TSP	Transit System Plan or Traffic Signal Priority
PT	Part-Time		TTI	Texas Transportation Institute
PTC	Positive Train Control		TVM	Ticket Vending Machine
PTO	Paid Time Off		TxDOT	Texas Department of Transportation
PTP	Pay to Platform		ULEV	Ultra Low-Emission Vehicles
Q	Quarter		UNT	University of North Texas
R-1	Rowlett LRT Line Section-Downtown Garland to Rowlett Park & Ride		UP	Union Pacific
RDC	Rail Diesel Car		UPS	Uninterruptible Power Supply
RFI	Request for Information		US	United States
RITA	Research and Innovative Technology Administration		USC	United States Code
RMS	Records Management System		UT	University of Texas
ROW	Right-of-Way		UTA	University of Texas at Arlington
RR	Railroad		VBS	Vehicle Business System
RRM	Railroad Management		VP	Vice President
RTC	Regional Transportation Council		WAN	Wide-Area Network
RTR	Regional Toll Roads		WBE	Women-Owned Business Enterprise
SAP	Shift Assignment Pay		WOC	West Oak Cliff
SAFETEA-LU	Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users		WSA	Ways, Structures & Amenities
SDC	Secondary Data Center		XPB	X-Press Booking
SE	Southeast Corridor		ZEV	Zero Emission Vehicles

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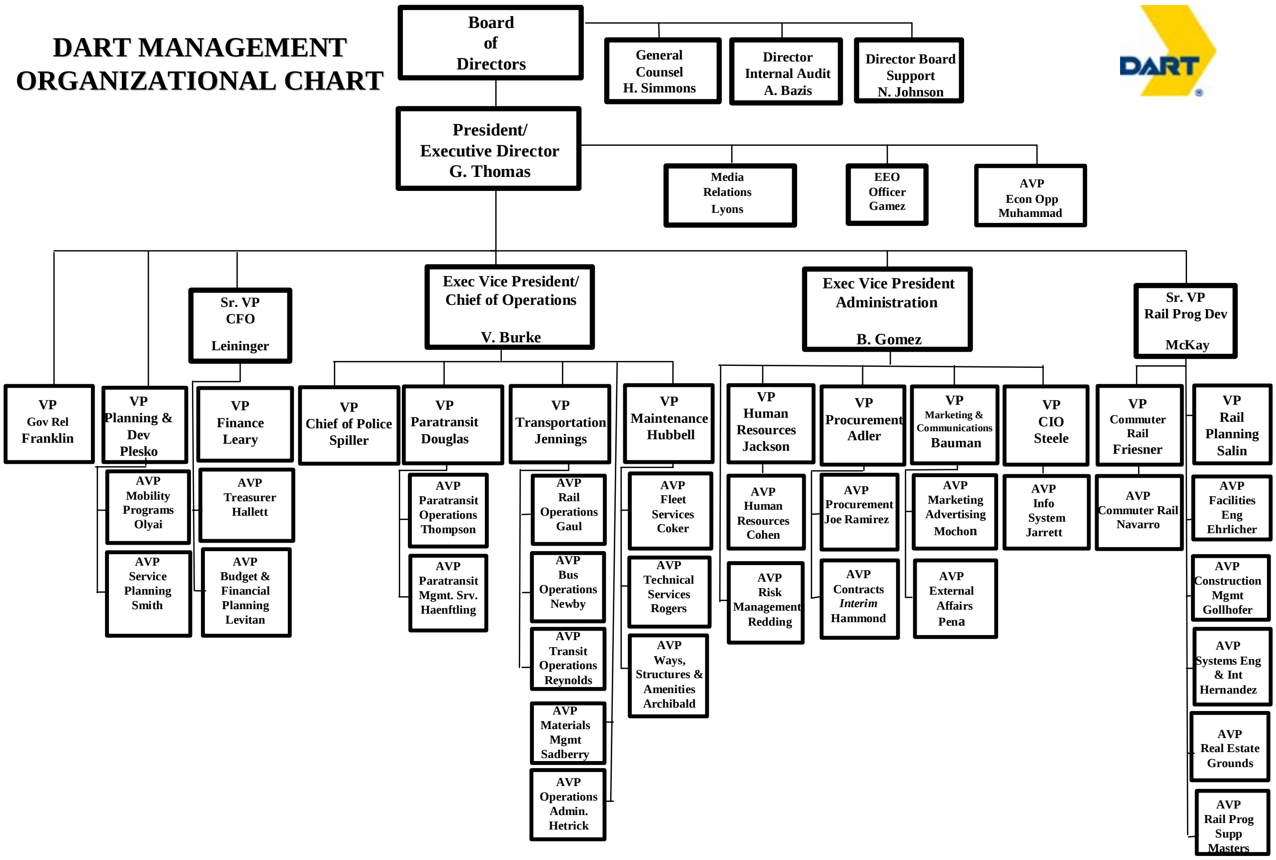
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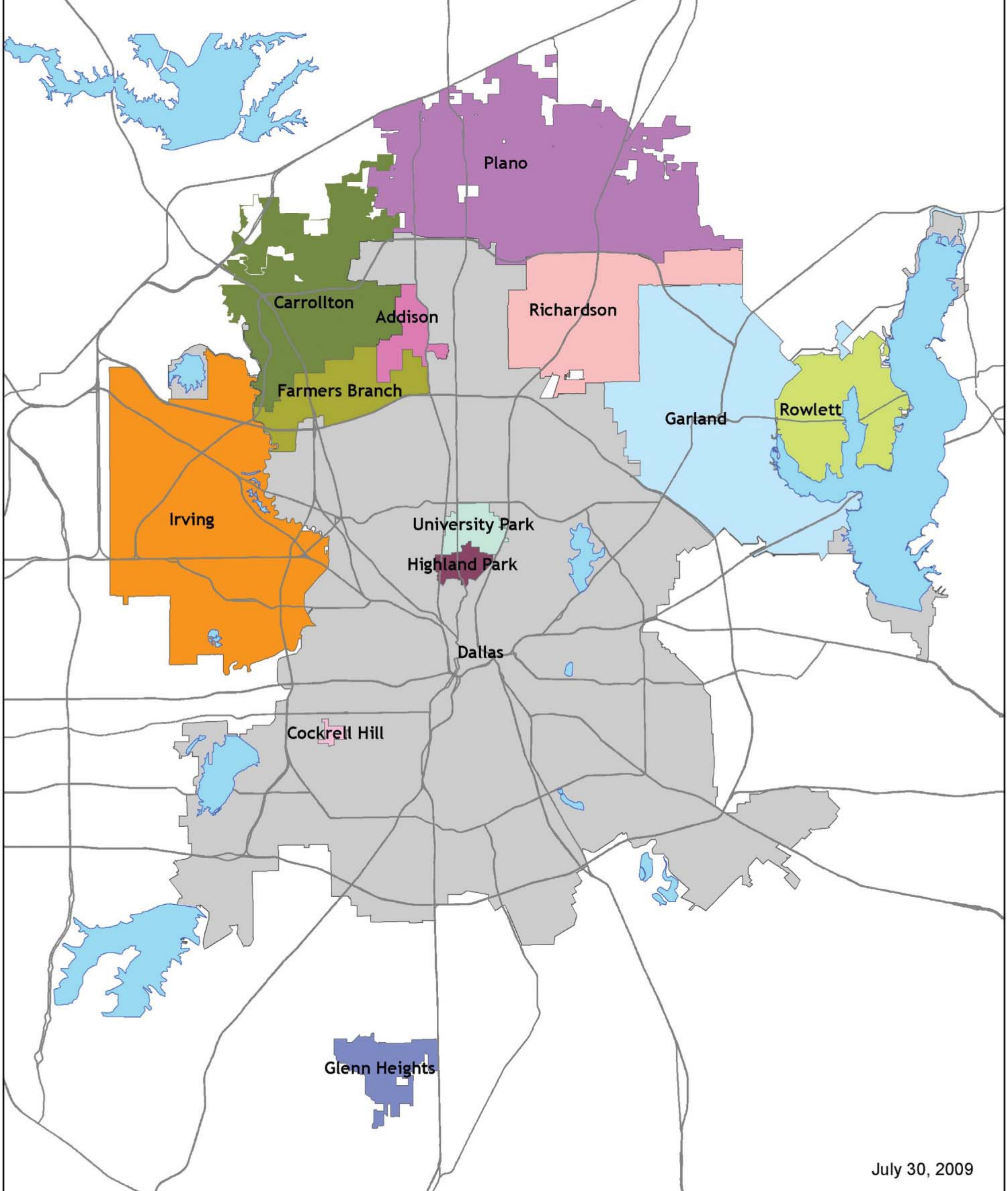
DART MEMBER CITIES



July 30, 2009

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