



2005 - 2006  
**ANNUAL REPORT**



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# From The Chairman

Dear friends:

This past year, we continued to improve transportation services in the cities and towns we serve. These efforts have led to strong community partnerships, recognition within and outside of the transportation industry, and most important - increased ridership.

We received several prestigious awards praising the construction of the Saratoga Springs Train station, our Simplefare marketing campaign and the innovative technology in our Troy queue jumper project.

Partnerships were formed or strengthened with various government, business and community leaders. Our partnership with the City of Saratoga Springs, contributed to greater transportation exposure such as providing the shuttle service for the popular Victorian Stroll event. Other opportunities may present themselves as the Saratoga service transit development plan progresses. We branched out to the private industry, partnering on a project to highlight Rosa Parks and the civil rights movement, and we recruited community members and health care organizations to participate in beneficial transit subsidy programs.

Great effort was taken to improve communications both within and outside of the company. Our Simplefare campaign is a perfect example of how good communications can improve service and attract new riders. Simplefare success is attributed to customer and employee input received through surveys, stakeholder sessions and employee feedback. This type of communication paid off by producing an unprecedented 12% increase in ridership compared with ridership last year.



When we seek different ways to provide transportation to the many different niches in our region, our value to the community increases and opportunities begin to snowball. These opportunities do not come about by accident. They require attention to detail and organizational commitment. As we embark on a regional transit development plan implementation, more of these opportunities will unfold and CDTA will make its mark as the area's transportation leader.

Sincerely,

A handwritten signature in black ink that reads "Jim Cappiello". The signature is fluid and cursive, written over the printed name and title.

Jim Cappiello  
Chairman

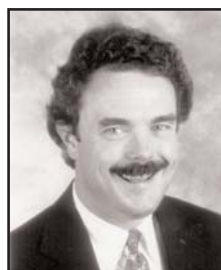
# The CDTA Board of Directors



**JAMES S. CAPIELLO**  
**Chairman**  
**Albany County**

James S. Cappiello, appointed to the CDTA board in December 2003, has held a number of positions with New York State; including Executive Chamber-Deputy Secretary for Public Authorities, First Deputy

Commissioner at the Division of Housing and Community Renewal, Deputy Commissioner/Treasurer at the Department of Taxation, and Deputy Commissioner for Tax Policy and Analysis in the Tax Department. Mr. Cappiello holds a Masters Degree from the University at Albany and a Bachelors Degree from St. John's University. Mr. Cappiello served a Vice Chairman of the CDTA board in 2004-05 and Chairman in 2005-06. He is Pension trustee and the Chair for our Planning & Resource Development Committee. He also chairs the Governance Committee. He resides in Albany.



**DONALD C. MACELROY,**  
**Vice Chairman**  
**Saratoga County**

Donald C. MacElroy, a member of the CDTA Board since October 1995, is Vice President of DCG Development Company. Mr.

MacElroy has a BA degree from Alfred University and a MS degree

from the State University at Albany. A licensed real estate broker in New York State, a Certified Property Manager (CPM) and a graduate of the Graduate Realtors Institute (GRI), he is a member of the Southern Saratoga County Chamber of Commerce, the Saratoga County Board of Realtors, the Capital Region Commercial and Industrial Real Estate Brokers and the New York State Realtors Association. Mr. MacElroy served as a Saratoga County representative to the Capital District Transportation Committee (CDTC) prior to being named to CDTA. Mr. MacElroy is a member of CDTA's Planning and Resource Development Committee. He resides in Clifton Park.



**HENRY S. DELEGGE,**  
**Secretary**  
**Schenectady County**

Henry S. DeLegge, appointed to the CDTA Board in October 1995 is the President of DeLegge Funeral Home, Inc. A Schenectady resident, Mr. DeLegge holds a BA degree from Siena College and an MS

degree from the State University at Oneonta. He is a licensed funeral director in New York State and a member of the New York State and Schenectady County Funeral Directors Associations. Mr. DeLegge is a former member of the Schenectady City Council, Co-Chairman of the Mayor's Mt. Pleasant Task Force, Board member of the YMCA Mt. Pleasant Commons, and a former teacher in the Mohonasen School District. He is a member of CDTA's Planning and Resource Development Committee. Mr. DeLegge resides in Schenectady.



**ARTHUR F. YOUNG, JR.,**  
**Treasurer**  
**Albany County**

Arthur F. Young, Jr., appointed to the CDTA Board in October of 1995, is a retired Senior Officer of Key Bank of New York and had been in banking for over 49 years. At the time of his retirement from Key, Mr. Young was a

Senior Vice President, Secretary of Key Bank of New York Board of Directors, President and CEO of Key Financial Services, and a Director of Key Leasing, Inc.

Mr. Young serves as Investment Officer and Director of the Wells Memorial Hospital Nursing Education Foundation, Inc., Director of the Capital District Certified Swim Officials, Inc., Lieutenant Governor of the Mayflower Descendants Society of Albany, Director of the Visiting Nurses Association of Albany, Director/Treasurer of the Capital District Pop Warner Federation, Inc., Director of Adirondack Swimming, President and Director of the Elder William Brewster Society, Deputy Governor General of the New York State Society of Mayflower Descendants, Captain General of the General Society of Mayflower Descendants, Trustee of the Capital District Genealogy Society, Trustee of the Town of Bethlehem Historical Association, Director of the Berkshire Family History Association, Director of the National Federation of Genealogical Societies.

Mr. Young is a member of the Friends of Albany Rural Cemetery, American Legion Nathional Adams Post 1040, Balzek Museum, The Bennington Museum, Bern Historical Society, Big Lakes Family History Society, The Bingham Family Association, The Bruce Society of America, Brunswick Historical Society, Columbia County Historical Society, Cooley Family Association, Dickinson Family Association, Dorset Historical Society, Dutchess County Historical Society, Colonie Lodge of Elks Lodge 2192, Lansingburgh Veterans Club, Manchester Historical Society, National Officials Foundation, New England Historical and Genealogical Society, New York Genealogical and Biographical Society, Northeastern New York Genealogical Society, Founders of Norwich CT, Palatines To America, Pilgrim Society, Rice Family Association, Rose Family Association, Schoharie County Historical Society, Silvo O. Conte National Archives, Sons of the American Revolution, Sons of Union Veterans of the Civil War, The Thomas Stanton Society, Vermont Society of Mayflower Descendants Washington County Historical Society, Wequetequock CT Burying Grounds Association, and the Windham Historical association.

Mr. Young is also a life member of United States Swimming, Junior Chamber International, the American Philatelic Society, Albany Chapter of the American Institute of Banking, The Jamestown Society and The Pilgrim John Howland Society.

He is also a United States Swimming National Championship Certified Official and has served as a Deck Official at the last four United States Swimming Olympic Trials. Mr. Young has been the CDTA Treasurer for the last 9 years and chairs CDTA's Performance Oversight and Stakeholder Relations Committee. He is also a member of CDTA's Governance Committee. He and his wife Anne reside in Delmar, New York.





**DENISE A. FIGUEROA**  
**Albany County**

Denise A. Figueroa, a CDTA member since December 2003, is the Executive Director of the Independent Living Center of the Hudson Valley. She holds a Masters Degree from The University of San Francisco and a Bachelors

Degree from Brooklyn College, City University of New York. She is one of the original members of the Disabled Advisory Committee. Ms. Figueroa is a member of the Performance Oversight & Stakeholder Relations Committee. She resides in Cohoes.



**DAVID M. STACKROW,**  
**Rensselaer County**

David M. Stackrow, appointed to the CDTA Board in October 1995, is Vice President/Treasurer Scott, Stackrow & Co., CPA's, P.C. He is Past Grand Knight and current Treasurer for the Rensselaer Knights of Columbus, Council 267, a member of the Board of Trustees

and Finance Committee Chairman for LaSalle Institute of Troy, NY, a member of the Board on the Town of Poestenkill Zoning Board of Appeals, a member of the Board on the City of Troy Industrial Development Authority, a Company Trustee for the Pension Plan between Capital District Transit System and the Amalgamated Transit Union, Local 1321, and an Independent Director of the Rensselaer Tobacco Asset Securitization Board. He was Chairman of the CDTA Board of Directors 2002 - 2005. He resides in Poestenkill with his wife Karen and their two children.



**WAYNE L. PRATT**  
**Rensselaer County**

Wayne L. Pratt, appointed to the CDTA Board in October 1995 and a life-long resident of Rensselaer County is Secretary/Treasurer of Walter S. Pratt & Sons Inc. Mr. Pratt is co-chairperson for long-range facility planning on the East Greenbush School District;

Chairmen of the East Greenbush School District Budget Review and Advisory Committee and has served on the Board of Directors of the Southern Rensselaer County Boys and Girls Club for more than 25 years. Mr. Pratt served for five years in the New York National Guard; attaining the rank of Sergeant E5. Mr. Pratt chairs the CDTA Planning Committee. Mr. Pratt resides in Rensselaer County.



**JOSEPH PARILLO, JR.**  
**Schenectady County**

Joseph Parillo, Jr. appointed to the CDTA Board in July 1990, had previously served as a member of the board from 1972-1978. He was Chairman of the Board from 1973 to 1978. Mr. Parillo retired after 18 years of service as Clerk to the

Schenectady County Legislature. A retired administrator from the General Electric Company with more than 30 years of service, he is a graduate of Bryant College in Rhode Island. Mr. Parillo has a distinguished record of community service in charitable, religious and fraternal organizations: past chapter chairman of the Schenectady Red Cross; past vice chairman of the Schenectady County Republican Committee; president of the New York State Sons of Italy and a member of Schenectady Lodge 321. Mr. Parillo is a director of the Italian-American Cultural Foundation of the Capital District. He is a member of the Rotterdam Kiwanis; a director of the Annie Schaffer Senior Center in Schenectady; a member of the American Legion Post 1091 and the Veterans of Foreign Wars - Post 357. Mr. Parillo is a member of CDTA's Performance Oversight and Stakeholder Relations Committee. He resides in Schenectady.



**C. MICHAEL INGERSOLL**  
**Saratoga County**

C. Michael Ingersoll, ASLA, appointed to the CDTA Board in July 1999, is a Principal of the LA Group, Landscape Architects and Engineers, P.C. in Saratoga Springs. Mr. Ingersoll holds a BLA and a BS from SUNY College of

Environmental Science and Forestry at Syracuse and an AAS from SUNY Alfred in Architectural Technology. He is a member of the American Society of Landscape Architects; Saratoga Springs Preservation Foundation; the National Golf Foundation; and the National Home Builders Association. Mr. Ingersoll is the immediate past Commissioner for the Saratoga County Sewer District; past member of the Board of Directors for the Saratoga Springs Chamber of Commerce; past President and Grounds Committee Chair on the Board of Managers for the Saratoga Golf and Polo Club; Facilities Chair for the YMCA Camp Chingachgook Board of Managers; Past Chairperson of the Downtown Saratoga Springs City 485B Tax Incentive Committee; and serves on the Board of Governors for the Friendly Sons of St. Patrick. He is a member of the Mayor of Saratoga's Parking Task Force and a member of the Saratoga Springs Special Assessment District Board. Mr. Ingersoll is a member of CDTA's Planning and Resource Development committee. He resides in Saratoga Springs with his family.

# From The Executive Director

Dear friends:



**Stephen G. Bland**  
Executive Director

This past year, we initiated programs to prepare us for a stronger future. Our efforts focused on reinforcing the foundation of our transit system so people will want to ride our buses. To make this happen, we must develop strategies to improve conditions for employees and customers. For every proposed change, we must ask ourselves - will this make our service/operations more efficient and easier to operate? Will the end result of this action put us in a position to attract more ridership? If the answer is yes, then it is worth doing.

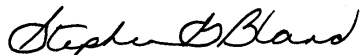
To move forward, we are embarking on a major system analysis to fine-tune services through a transit development plan (TDP). Using TDP principals along with stakeholder and employee input, we will re-orchestrate how and where we provide service and shift it to in areas with the highest ridership potential.

Another way to make our transit system better is to ensure adequate staffing and a robust knowledge base for all areas of operations. As such, we have developed performance based incentive programs to make employment at CDTA more attractive and to better retain existing staff. We are also partnering with the Amalgamated Transit Union and area educational institutions to launch a premier career ladder program. This program will help incumbent and prospective employees to develop the skills necessary to address changing technology in the transit industry.

We have also embarked on a comprehensive bus replacement program to manage the bus repair and purchase process. We will buy 1/12 of our fleet/year, mid-life overhaul 1/12/year, and we will retire 1/12/year. (Currently this amounts to 16-18 buses per year on average.) Bus replacement decisions will incorporate transit development plan needs and alternate fuel emissions requirements.

CDTA has made great strides this year in fine-tuning operations and service. As we approach an exceptional service level, it will be easier to market our services and get new riders on board while taking advantage of this opportune time to promote our service in light of high gas prices. As long as we stay on course, we should see a steady ridership growth in years to come.

Respectfully,



Stephen Bland

## Senior Executive Team



**Carm Basile**  
Director of Business  
Development



**Michael Collins**  
Director of Human  
Resources



**Ray Melleady**  
Deputy Executive Director  
for Operations



**Milt Pratt**  
Chief Financial Officer



**David Winans**  
General Counsel

# SimpleFare Shows Success

April 4 marks the one-year anniversary of Simplefare looking back. Upon review, one year later, the implementation of CDTA's new fare structure, Simplefare, was extremely successful.

Under Simplefare, base fare remained \$1.00 and zone charges, express charges and fare transfers were eliminated. Other changes included the introduction of a \$3 unlimited Day Pass and the expansion of half-price fares for senior citizens and disabled riders at all times. The base fare remains the same. This year, we made a move to substitute paper trip tickets in lieu of tokens purchased by agencies. This change helped to make the distribution and storage

process less cumbersome for both CDTA and agencies. It also increases customer fare payment options and lays the groundwork for potential product development such as a 10-ride trip ticket.

The results of Simplefare are very positive in terms of ridership, revenue, customer and employee feedback. For the fiscal year of April 2005, ridership on CDTA buses is up a whopping 12% with the same period. Customer revenue was up 8% compared with the same time period. Day card and Swiper pass sales have increased dramatically, with day cards now representing 15% of CDTA boardings.

Customers have expressed satisfaction with the Simplefare, and are pleased that the new structure is easier to use and understand. This sentiment is further supported by the major reduction of fare disputes.

The success of Simplefare can be attributed to thorough background work (especially market research), solid employee training and a comprehensive customer awareness campaign; all of which are integral to a smooth implementation. Most importantly, customers have told us that they are very pleased.





# Security Measures

In response to world-wide terrorism concerns, CDTA, has taken a proactive approach to ensure safety at all of our facilities. A comprehensive security plan is in place at all CDTA facilities to protect employees, customers and community members. During the past year, a number of security enhancements were made to Albany, Troy and Schenectady Operating facilities and at the Rensselaer Rail Station and the Saratoga Springs Train station.

We have developed Rail Station Security Committees that meet regularly to discuss ways to increase facility security by recommending physical plant changes and emergency responder training needs.

This past fall, as an initiative of the Rail Station Security Committees, we partnered with emergency response teams, including Amtrak, CP Rail, the County Sheriffs' departments, City Police and Fire departments, the State police, the FBI, and County emergency medical services, to stage security drills at the Rensselaer Rail Station and the Saratoga Springs Train Station. Simulated events included a bomb

threat scenario executed at the Rensselaer Rail Station and a hazardous chemical release scenario at Saratoga Springs Train Station. These exercises helped CDTA, law enforcement and health officials to better understand emergency scenarios and learn how to respond should such an incident occur. Exercise elements included securing the scene, secondary device searches, medical response and treatment, and law enforcement investigation of incidents. CDTA employees played an active role in facilitating and coordinating the safety exercises, and bringing community players together. The end result was stronger emergency response team relationships, better coordination efforts and improved incident command responses, all of which equal improved emergency preparedness.

A number of security enhancements were also made at our transit facilities beginning with improving access control measures by implementing stringent entry procedures, adding more protection barriers, and limiting public access where appropriate. Screens have been placed on overhead doors at

garages to allow for extra protection and ventilation. CDTA Dispatch Units no longer serve as fare retail outlets, which allowed unlimited access to facilities, in some cases open 18-24 hours a day. New CDTA employee identification proximity card readers will be issued over the next few months to replace current cards and we are working on an enhanced Visitor and Contractor procedure to further improve security at all locations.

In this day and age, it is no longer business as usual. It is necessary to be vigilant about protecting customers, tenants and the community at large while running operations. Stronger security and safety measures help us to prepare for and manage the unexpected. Plans are in place to continually build upon existing safety measures.

We view this as our responsibility to the people of the Capital Region. We are encouraged by the support we have received in these efforts and are extremely grateful to the assistance provided by the law enforcement community.



Security Measures "The emergency response team came together to manage the simulated bomb threat incident at the Rensselaer Rail Station on October 1, 2005.

# CDTA's Transit Development Plan kicks in with Saratoga service on the forefront.

CDTA's responsible for meeting the transportation needs of the community in the most efficient way possible. Throughout the past 30 years of operation, services have been added, deleted and modified, but the core route system looks similar to the way it did when it began. Although much of the system is very relevant and productive, to increase ridership, it needs to be even more responsive to market conditions and demand, which necessitates re-evaluation of "what, when, where and how" service is provided and follow up with the appropriate changes that best serve our community. To that end, CDTA is changing services as the landscape of our region changes.

CDTA is in the process of completing a regional transit development plan (TDP). The Board of Directors adopted the principles of the plan in February 2006. After months of analysis, and input from stakeholders, task forces and work committees, a comprehensive work plan for improved transit services for the counties we serve is in place. Guided by basic service principals, the plan establishes a clear vision for the CDTA direction and provides a road map to launch initiatives to improve the efficiency and effectiveness of our operations. The plan offers proactive strategies to increase ridership, seek ways to expand service into new markets, provide design plans that address service frequency and system connectivity, offer input into fleet replacement and begin to define performance standards to enhance operations. Every one of these initiatives must make CDTA

systems easier to use and operate. To make execution more manageable, the plan will be implemented on a county-by-county basis beginning with Saratoga County. During the past six months, CDTA worked with community stakeholders, government officials, business people and transit customers to develop a comprehensive service plan for the Saratoga area, which includes new branding schemes and public perspectives on visual identity for the service. Based on the input received, it was clear that people want the service to reflect a look and feel unique to Saratoga.

The Saratoga service plan calls for a 50% increase in the amount of service provided. This will occur

shelters and customer amenities. Service objectives include the goal of increased ridership by 50% in two years after implementation. A complete copy of the plan is available at [www.cdta.org](http://www.cdta.org).

A proactive approach is required if we expect ridership to improve. That's why CDTA is working to develop and implement a multi-faceted transit development system, which responds to current and future market needs. Community involvement is instrumental to understand and give constituents what is needed. If you want more people to ride, you ask them what they want and then find ways to deliver. The Saratoga plan does that - we asked and we will deliver. If everything goes as planned, we



*TDP "CDTA Director of Strategic Planning Kristina Younger presents the proposed Saratoga Transit Service Plan at a public meeting held at the Saratoga Springs Train Station in Fall 2005.*

through expansion of regular route service, development of local partnerships, special event and tourism service, and an exploration of new corporate opportunities. It also calls for the implementation of a comprehensive branding and image program and the establishment of more bus stop,

expect Board approval in June, customer amenities erected by Spring 2007, the new scheme and promotion by summer 2007 and service implemented by Fall 2007. We will work with the community every step of the way.

# Centralizing Communications And Supervision At CDTA

As part of our efforts to improve services and operational efficiency, we have centralized communications in several areas. With over 600 employees spread throughout facilities in the Albany, Schenectady, Troy divisions and the Rail Stations, centralization can help achieve many things: the sharing of resources and cross training opportunities, consistency in reporting, supervision patterns and performance requirements and faster and better communications. This past year, we have centralized Field and Facility Operations, and Radio and Telephone Systems.

Every operating division seemed to have a unique way of doing things from dispatch centers to road supervisors. Developing consistent policies and processes helped every division to perform better. Additionally, cross training and the sharing of resources helped to provide adequate service when a manpower shortage occurred.

A study was done to assess the quality of operation, and financial performance of the rail stations. A market research firm was hired to assess customer satisfaction. Although operations were rated well,

it made sense to consider the common management of these functions across all CDTA Facilities both in terms of administration and finances. Facility management includes the monitoring of property management, parking management and housekeeping services, and customer amenities. A new Director of Facilities position was created to oversee operations of the Albany, Troy and Schenectady Garages, the Rensselaer and Saratoga train stations and on-street facilities. This position allows for continual monitoring of facility needs and helps to reduce the overall costs through the sharing of business resources. The first major task as Director of Facilities was to help outfit the Rensselaer Rail station with offices for the Business Development Department.

We continue to develop our mobile data communications system to fully integrate with GPS (Global position systems) and voice and data communications. The integrated system improves fleet information in dispatch centers including vehicle location, bus stop announcement audio and visual displays, the traffic signal priority system currently being installed on route 5, real time

passenger information at major stops, security systems and automatic passenger counting systems.

In addition to our own internal efforts, we have worked to enhance communications to the public. Every division had their own main telephone number, which often created customer confusion and gave the appearance that CDTA was operating separately. Frequently calls would end up in the wrong department, creating a time waster for employees and customers. The new system helps to streamline and manage these calls more effectively by offering callers a detailed menu to choose from. STAR and customer service telephone numbers did not change.

Centralized communications and supervision will help to make operations more efficient, and contain costs, all amounting to better service benefiting customers and employees. Down the road we may look at centralizing our Telephone Information Center, STAR reservation center and Access Transit call centers for the same purpose.

# New Processes And Procedures Improve Operations

The Maintenance Strategic Plan was initiated in 2004 to significantly improve the safety and reliability of the CDTA fleet. Many program goals have already been achieved and others are showing progress full speed ahead. This year, much headway was made in the area of developing processes that propel greater performance and that enforce accountability structures and internal quality assurance standards in areas of inventory management, fleet replacement strategy, and workforce development.

A sound inventory management system needs to be in place to have a successful vehicle maintenance program. A new inventory manager was hired this past year to set up a system to track the comings and goings of parts availability, helping to facilitate and expedite the maintenance repair process and keeping part purchase costs under control. Additionally, a new, secured and strategically organized stockroom was constructed to allow for tighter inventory control.

In the past, CDTA has replaced fleet

through bulk purchases at the same time. Currently, our fleet is composed of a mixture of manufacturers which creates issues with both technology upkeep and timely and accurate repair and the management of massive replacements costs closing in all at once. Unless corrected, the long-term consequences of these issues will impact the bottom line for budget allocation and overall service reliability. To resolve the matter, we have adopted a strategic fleet replacement program incorporating gradual vehicle replacement throughout several years of its lifecycle. This new gradual process will allow us to stay on top of maintenance training regarding new technology and to completely assess new vehicle performance without having to make bulk purchases.

Commitment to workforce development programs will help in the area of employee retention, which continues to be a serious challenge. High turnover impacts service quality and adds to overtime costs. CDTA competes with other businesses for drivers and

mechanics, which often offer higher paying wages. An employee bonus retention program, intended to increase productivity and demonstrate appreciation for employee efforts, was established in attempt to reduce turnover and attract new candidates. The program showed success with substantial employee participation.

The rapidly changing technology of vehicles causes hardship for mechanics when it comes to repair. Mechanics must repair a variety of different vehicles, each with their own technology. A series of maintenance training programs have been initiated to help improve the technical proficiency of mechanics.

Investing in all of these programs will eventually pay off in savings of time and resources and improve service reliability and the CDTA image. If all of these changes translate into positive public perception, opportunities to attract new riders will arise, helping to increase ridership.



*Buses are prepped for maintenance repair work at the Albany garage.*



## Northway Commuter Service Emerges

In April 2003, CDTA assumed sponsorship of the Northway commuter service from Saratoga County. The service travels from northern Saratoga County to downtown Albany stopping to pick up customers at various Park and Ride locations along the way.

Plans are underway to create a "new" Northway Commuter service, complete with new buses, a new brand identity, improved service and a simpler fare structure. Five new MCI - type motor coaches were ordered to replace the existing aged coaches ,which arrived in Spring 2006.

The buses will be equipped with new fareboxes and painted with a new color scheme, and put into service after a formal unveiling. The coaches will reflect a new brand identity to designate them as part of the CDTA family and provide them with a distinct image to enhance marketing efforts. The new buses offer high-back luxury seats, a wide array of pick-up and drop-off locations and affordable fare schedule and an on-time guarantee or your next ride is free.

The I-87 Northway corridor is one of the greatest transit areas to target for increased ridership. Customers who use the Northway Commuter

service are choice riders with more affluence than the typical CDTA rider. They have access to a car and generally have higher expectations. They ride because it is convenient, comfortable and cost effective. The new luxury coaches and amenities, combined with the comprehensive marketing efforts and impact from high gas and downtown parking costs should serve as a catalyst for increased ridership.



## Healthcare Providers Offer Employees Transit Benefits

We are continually looking for ways to attract new riders by collaborating with organizations to establish transit benefit programs. Under these arrangements, participants are offered a free trial period to give them an opportunity to experience the advantages of public transportation and encourage them to permanently register with the program. In these scenarios, the role of public transportation is key in getting people to work and businesses growing.

The first of these programs, known as Commuter Cash, was successfully completed in 2004 resulting in hundreds of downtown Albany workers switching to public transportation. In 2005, CDTA initiated a second program working with four healthcare providers with a workforce totaling close to 1400 employees. The goal of the program, called Caring Care

Healthcare Network, is to support recruitment and retention of the workforce in these facilities. To encourage participation with the healthcare providers, CDTA expanded transit service to the facilities.

To participate, healthcare providers were required to enroll in the Commuter Benefit Program. The program supports public transportation for employees using payroll deductions, and offers tax benefits and Swiper discounts from CDTA. Employees were given a free Swiper card to try transit for one month and received a second free Swiper card if they signed on to their employers transit benefit program. The program received 100% corporate client enrollment from all health care provider participants with close to 120 new employees (9%) enrolled in the Swiper Program.

Through these programs, businesses can realize the benefits of public transportation with minimal financial investment and encourage loyal ridership. We are partnering with hotel services in Saratoga Springs to develop another transit benefit program that promotes public transportation to tourists and hospitality employees. Tourists can obtain a free 3-day unlimited use visitor pass from various Saratoga locations, good for travel on CDTA Saratoga regular route service and the summer trolley service, which stops at many tourist destinations. This program is intended to help address congestion and parking issues prevalent during the summer months and is slated to begin in summer 2006. If this program is successful, CDTA we will make three- day passes available for a nominal fee in future years.



# Route 5 - A Key Market Moves Ahead

One major area of focus for transit service improvements lies on the 16.5-mile stretch of Route 5 between Albany and Schenectady where over 25% of CDTA ridership occurs. These transit improvements are described in a conceptual design study, which was born out of the NY 5 Land Use and Transportation study adopted by our board of directors in 2001. The study indicated that it would be wise to invest in enhanced transit service and stations along this corridor since a large number of residences and businesses are located there. This development should be directed as a rapid transit corridor, with characteristics that resemble a light rail system. Further revitalization of the corridor would help tap into more ridership potential.

The Route 5 implementation plan is a three-phase project with several components, and is expected to take 10 years to complete. The plan includes express bus service with up to 20 stop stations, new passenger facilities and amenities, and an improved pedestrian environment

around the stations. Characteristics of the stations would include a shelter with station signage, renovated sidewalks, pedestrian lighting, benches, trash receptacles, real-time "next bus" signage, static system and map information, bike rack, emergency phone, bulletin board and newspaper boxes, and vending machines at transfer stations. Other components being considered include new environmentally friendly vehicles, priority treatment at traffic signals, special bus lanes to bypass traffic congestion at key points along the corridor, off-vehicle fare collection and a special brand image to distinguish it from other bus services.

Many of these project components are well underway. This year, we completed conceptual design and financing for all Phase 1 improvements. Components include the purchase of vehicles to use on the corridor, improved stops and BRT stations, completing signal priority system along Route 5, developing park and ride lots that incorporate

smart growth, the operations plan development and the installation of two queue jumpers at major route 5 intersections. Already, we accomplished the purchase of 6 hybrid vehicles to be used on Route 5 in 2007. We also established a new shared-use park and ride lot in partnership with St. Luke's Catholic Church in Schenectady along Route 5.

2006-07 goals include moving the station design work program ahead, and to develop the operations plan and branding scheme. This service will improve the overall image of transit and increase ridership. When the BRT vision is achieved, we hope to double ridership along the corridor. The NY 5 corridor will then serve as a model for other transit corridors, boosting CDTA's role as a critical transportation provider for the Capital District. The Executive Summary of the NY 5 BRT conceptual design study can be found at [www.cdta.org](http://www.cdta.org).



# STAR Service Becomes More Efficient

STAR service is the fastest growing part of our system, with ridership increasing 11% last year. In the past three years, ridership on STAR has increased by 29%. Our STAR Action Plan, adopted by the Board of Directors in 2003, has helped us to improve the system substantially and to prepare for future needs. The action plan developed tactics for fleet expansions, employee hiring, specialized training and the introduction of advanced scheduling and fleet maintenance with this growth in mind.

Meeting the growing demand for STAR service is a continual challenge. To handle the feverish pace of trip requests and to eliminate "trip denials", we have made improvements through the initiation of a couple of program changes. One of the most exciting STAR achievements is reaching the goal of zero trip denials by the end of the fiscal year. This goal was accomplished by implementing a number of efficiencies, adding vehicles and by outsourcing some

trips to local cab companies. Customers have been pleased with this new tactical strategy. Seven new STAR vehicles are scheduled to arrive in Spring 2006 with seven more on order for October. The addition should help alleviate scheduling issues and reduce the need for supplemental taxi service.



To facilitate the scheduling process, the STAR dispatch center employed a new trip reservation procedure that better manages trip requests and ensures customer service accountability. STAR dispatchers now log in all trip reservations and repeat the reservation request to make sure it is logged correctly. To facilitate the reservation process, we are exploring new software

capabilities that integrate with the radio communications system.

Manpower shortage can limit our ability to adequately meet STAR service demands. Our research found that a higher rate of turnover occurs with part-time employees who leave for a full-time job. Given this information, we have changed our strategy in the hiring of STAR personnel by reducing the number of part-time STAR operators and dispatch positions and increasing the number of full-time positions. Consequently, employees are staying on longer and becoming more productive with experience.

While we still have a ways to go to implement all STAR action plan steps, we are well on our way to providing a more "user friendly" and efficient system. The next challenge will be to maintain that level of performance as ridership demand grows. In the mean time, we will work with the disabled community to continually improve STAR service.



*Executive Director Stephen Bland discusses STAR Action Plan goals and achievements at bi-annual STAR Town meeting.*

# CDTA Rakes In Awards

It was a year of awards for CDTA recognizing excellent achievement from past projects completed in the prior year. The year kicked off with recognition from the local MPO, the Capital District Transportation Committee (CDTC), who presented CDTA with the annual "Frederick G. Field, Jr. Award" for the successful design, construction and operation of the Saratoga Springs Train Station in May 2005. The Saratoga Springs Train Station was constructed on time and under budget. Its design incorporated the unique characteristics of Saratoga Springs using the expertise of local artists.

The Upstate New York ITE (Institute of Transportation Engineers) recognized CDTA, The City of Troy and Transportation Concepts Inc. for the innovative technology the queue jumper project installed at Fulton and River Streets. The queue jumper was the first one implemented in upstate New York, and was used as a traffic priority signal model in publications for engineers across the country.

CDTA received the first place ADWheel Award from the American Public Transportation Association (APTA). APTA for the Simplefare "Know Before You Go" public



*CDTA Director of Strategic Planning Kristina Younger, CDTC Staff Director John Poorman, CDTC Chairman John T. McDonald III and CDTA Executive Director Stephen Bland accept the Fred Field award for the construction of the Saratoga Springs Train Station.*

awareness campaign and the grand prize overall campaign award in September 2005. Over 250 companies competed against CDTA in this category. The APTA AdWheel award recognizes national excellence in advertising, marketing, promotion, communications materials and campaigns promoting public transit.

All three of these awards honor

achievements completely different in nature, and prove that running a transit system can be complex and requires focus and commitment in many different areas. To experience overall success, projects must move forward simultaneously on all levels and not override another. As the regional transportation leader, we must continue to pursue projects that enhance service in all facilities and areas served.

# CDTA Community Partnerships Increase Exposure

One of the best ways to improve community awareness is to develop partnerships with other organizations that have similar agendas or can benefit from the association. CDTA has forged a number of successful partnerships and developed programs, which help to promote transit service and increase our value to the community.

The City of Saratoga Springs and CDTA have agreed to work together to explore ways to improve transportation services playing on the strengths and uniqueness of the community. As a tourist town, there are many opportunities to do this. Last year, CDTA provided transportation shuttle services from peripheral parking lots to downtown Saratoga Springs for attendees of the popular Victorian Stroll holiday event. This service had become necessary because the event had literally outgrown the parking supply in Downtown Saratoga Springs. The shuttle service was so popular, that CDTA expanded service for 2005 by adding another vehicle and another park and ride pick up point. As a result, ridership for the event doubled to over 1500 riders from the previous year. Event organizers requested CDTA transportation services for the 2006 event and are exploring other festival transportation opportunities throughout the year.

In Fall 2005, CDTA hosted its 2nd annual employee bus ride program, named Employees in Motion, and expanded its mission to include members of the community. The promotion, introduced by APTA and

sponsored by the CDTA Leadership Development Group, was created to help employees understand service from a customer's perspective and to encourage public transportation use. CDTA invited partners from local social service agencies who work with CDTA on a daily basis to provide rides for clients who are looking for jobs. The event gave the partners a first hand look at how CDTA service operates. The route rally event taught all participants the importance of offering good customer service and reminded them that for many people, public transportation is a key component to getting and keeping a job.

To garner more positive exposure and to benefit a community cause, CDTA participated in the 2005 Capital Holiday Lights in the Park. The event, sponsored by the Albany Police Athletic League (PAL) features hundreds of holiday light displays to view while driving through Albany's historic Washington Park and draws thousands of attendees for one month. CDTA sponsored an animated, color light display of a CDTA bus and received logo exposure in several newspaper ads and promotional materials. PAL is a juvenile crime prevention program, sponsored by the Albany Police Department, which brings children and police officers together in non-law enforcement type settings.

CDTA also partnered with Citizens Bank and the City of Albany to honor Rosa Parks, "the mother of the civil rights movement", during Black History month. To encourage the

community to remember Rosa Parks and her courageous act, a special, customized memorial seat was installed on a CDTA bus. The bus also featured a timeline of the major civil rights movement on the interior walls. The memorial Rosa Parks bus seat and the historical timeline remain on the bus for thousands of people who take public transportation to see. The bus display also serves as a mobile educational program for middle school students and is a constant reminder of Ms. Park's presence and the need to make public transportation accessible to people from all walks of life.



*The Rosa Parks memorial bus seat is displayed at a press event in February to help celebrate Black History month.*

Collaborative opportunities like these help to promote CDTA services and connect us to the community. Other benefits include enhanced public image, increased ridership opportunities, and support of educational programs. CDTA will continue to reach out to the community to develop partnerships that present a win-win situation for all involved.



# CDTA Profile

The Capital District Transportation Authority was created by the New York State Legislature in 1970. Its legislated purpose is "...the continuance, further development and improvement of transportation and other services related thereto within the Capital District Transportation District..."

The transportation district consists of Albany, Rensselaer, Saratoga and Schenectady counties. Board members are appointed by the Governor and confirmed by the Senate. Albany County fills three board seats; Rensselaer, Saratoga and Schenectady counties fill two seats each.

The Authority Board meets on the last Wednesday of the month, usually at CDTA, at 4:45PM. Authority Board meetings are open to the public.

## SYSTEM FACTS:

Service Area:	Albany, Rensselaer, Schenectady, Saratoga Counties
Population of Service Area:	769,000
Fleet Size:	
<input type="checkbox"/> Regular Route Vehicles	212
<input type="checkbox"/> Paratransit Vehicles	38
<input type="checkbox"/> Shuttle Vehicles	28
Employees	610 ft; 15 pt
CDTA Facilities:	110 Watervliet Avenue, Albany
	2401 Maxon Road, Schenectady
	40 Hoosick Street, Troy

## IMPORTANT TELEPHONE NUMBERS:

Information Center	482-8822
STAR Reservations:	482-2022
Business Development:	437-6841
Executive Offices:	437-8311
WebSite:	www.cdta.org

## FARE STRUCTURE: (As of 4/1/06)

Base Fare:	\$1.00
Day Card (Day Pass)	\$3.00
STAR Service: Senior Citizens and People with Disabilities:	\$2.00 Half-fare
Monthly Pass (Swiper Card)	Average discount 10%



# CDTA History

August 1, 1970	New York State Legislature creates the Capital District Transportation Authority	July 5, 1989	Opens Defreestville Park & Ride lot
August 16, 1971	Assumes responsibility for routes operated by the Albany-Nassau Bus Company	June 4, 1990	Increases base fare to 75 cents
October 3, 1971	Acquires the assets of the Schenectady Transit System from Schenectady County	November 4, 1990	Opens refurbished Albany facility
August 14, 1972	Acquires the assets of the United Traction Company.	November 15, 1990	Opens Elm Avenue Park & Ride Lot
September 5, 1972	Assumes the services of the Troy-Fifth Avenue Bus Company	February 5, 1992	Debuts Clean Air buses
September 20, 1973	Dedicates Schenectady Bus Facility	August 10, 1992	Installs electronic fare-boxes on buses
January 18, 1974	Consolidates Quail Street & Watervliet Avenue operations	January 1, 1993	Reduces STAR fare to \$1.50 as part of ADA - mandated changes
April 12, 1976	Begins Saratoga service	February 27, 1993	Bans tobacco advertising on buses
April 1, 1980	Increases base fare to 50 cents	September 7, 1993	Opens Latham Transit Center
February 28, 1981	Dedicates Troy Bus Facility	September 28, 1993	Begins SAFEWATCH program
July 5, 1982	Begins STAR service in Albany	April 6, 1994	Unveils SWIPER Pass
August 2, 1982	Begins STAR service in Troy & Schenectady	November 21, 1994	Opens Crossgates Transit Center
December 13, 1982	Debuts 30' Orion buses in Saratoga	December 5, 1994	Begins accessible service in Saratoga Springs
March 4, 1984	Debuts full-size Orion buses	April 3, 1995	Increases Base Fare to \$1.00
March 5, 1984	Initiates half-fare program for the unemployed	August 26, 1995	Begins service at Rensselaer and UAlbany
April 16, 1984	Debuts articulated buses	January 26, 1996	Unveils low floor bus
April 1, 1985	Increases base fare to 60 cents	May 5, 1996	Modifies zone and half-fare policies
January 27, 1986	Begins jointly subsidized service to Corporate Woods	May 10, 1996	Begins ShuttleBug service
December 22, 1987	Opens downtown Albany staging area	November 13, 1997	Goes on-line @ <a href="http://www.cdta.org">www.cdta.org</a>
January 25, 1988	Begins jointly subsidized service to Wolf Road	December 22, 1997	Opens Northway Exit 8 Park & Ride
June 27, 1988	Begins lift-equipped bus service	March 31, 1998	Opens Lark/Washington transit center
February 16, 1989	Unveils new Transit Guide	May 15, 1998	Begins ShuttleBee Service
		July 14, 1998	Begins ShuttleFly Service
		September 1, 1998	Begins Access Transit, Inc.
		June 2, 1999	Breaks ground for new Rensselaer Rail Station
		November 15, 1999	Institutes Catch A Better Bus Service Improvements
		June 18, 1999	Debuts NABI Buses

# CDTA History

July 21, 1999	Debuts NOVA buses
August 1, 2000	CDTA Celebrates 30th Anniversary
September 14, 2000	Bike Racks Debut on CDTA Buses
October 22, 2001	Rensselaer Rail Station Parking Garage Opens for Business
March 4, 2002	CDTA Receives APTA "Welfare to Work" Award for the Establishment of its Transportation to Jobs Marketing Program
September 22, 2002	Rensselaer Rail Station Opens for Business
June 16, 2003	CDTA introduces first queue jumper in upstate New York
November 25, 2003	U.S. Post Office opens in Rensselaer Rail Station
March 15, 2004	Saratoga Springs Train Station Opens for Business
May 23, 2004	CDTA introduces regular route service to Glenmont.
April 4, 2005	CDTA implements a new fare structure, Simplefare.

## INDEPENDENT AUDITOR'S REPORT

The Members  
Capital District Transportation Authority

We have audited the accompanying consolidated balance sheets of Capital District Transportation Authority (a component reporting unit of the State of New York) as of March 31, 2006 and 2005, and the related consolidated statements of revenues, expenses and changes in fund equity, and cash flows for the years then ended. These financial statements are the responsibility of Capital District Transportation Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Capital District Transportation Authority as of March 31, 2006 and 2005, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis, on pages 1 through 7, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2006 on our consideration of the Capital District Transportation Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*UHY*

Albany, New York  
June 7, 2006

**CAPITAL DISTRICT TRANSPORTATION AUTHORITY**  
**CONSOLIDATED BALANCE SHEETS**  
**March 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 2,064,726	\$ 2,731,503
Investments	26,027,576	20,532,173
Receivables:		
Mortgage tax	1,129,464	1,025,110
Federal grants	5,271,965	5,161,491
State grants	941,836	1,172,461
Trade and other	1,482,458	827,770
Advances to Capital District Transportation Committee	565,235	691,007
Materials, parts and supplies	2,523,287	2,058,568
Prepaid expenses	427,928	849,284
Total current assets	<u>40,434,475</u>	<u>35,049,367</u>
Capital assets, net	<u>101,290,790</u>	<u>105,711,035</u>
Total assets	<u>\$ 141,725,265</u>	<u>\$ 140,760,402</u>
<b>LIABILITIES AND FUND EQUITY</b>		
Current liabilities		
Accounts payable	\$ 1,842,211	\$ 2,459,786
Accrued expenses	8,678,222	6,050,763
Deferred passenger revenue	757,126	670,013
Estimated provision for claims and settlements	1,957,000	1,673,000
Total current liabilities	<u>13,234,559</u>	<u>10,853,562</u>
Fund Equity		
Invested in capital assets	101,290,790	105,711,035
Unrestricted	27,199,916	24,195,805
Total fund equity	<u>128,490,706</u>	<u>129,906,840</u>
Total liabilities and fund equity	<u>\$ 141,725,265</u>	<u>\$ 140,760,402</u>

See notes to financial statements.

**CAPITAL DISTRICT TRANSPORTATION AUTHORITY**  
**CONSOLIDATED STATEMENTS OF REVENUES,**  
**EXPENSES AND CHANGES IN FUND EQUITY**  
**Years Ended March 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>OPERATING REVENUES</b>		
Passenger	\$ 9,629,013	\$ 8,975,692
Access	3,326,175	2,944,088
Advertising	575,131	425,895
Rail station parking and rentals	<u>1,561,112</u>	<u>1,535,069</u>
Total operating revenues	<u>15,091,431</u>	<u>13,880,744</u>
<b>OPERATING EXPENSES</b>		
Salaries and wages	26,050,335	25,428,800
Payroll taxes and employee benefits	11,329,600	10,818,492
Pension costs	1,289,297	801,580
Maintenance	7,402,455	7,208,018
Transportation	8,676,073	6,682,298
Ridership information	272,754	522,716
Administration and general	2,690,629	2,662,527
Insurance, claims and settlements	983,576	1,180,758
Utilities	<u>1,092,815</u>	<u>823,781</u>
Total operating expenses, before depreciation	<u>59,787,534</u>	<u>56,128,970</u>
<b>OPERATING LOSS, BEFORE DEPRECIATION</b>	<b>(44,696,103)</b>	<b>(42,248,226)</b>
Depreciation	<u>(9,106,435)</u>	<u>(9,306,499)</u>
<b>OPERATING LOSS</b>	<b><u>(53,802,538)</u></b>	<b><u>(51,554,725)</u></b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Federal operating assistance	7,195,563	6,902,284
State and local government funding	28,137,649	26,647,010
Mortgage tax	14,773,316	12,445,220
Investment income	928,537	177,470
Interest expense	-	(17,074)
High Speed Rail initiative	(1,436,252)	-
Other nonoperating expense	<u>(68,783)</u>	<u>(145,560)</u>
Total nonoperating revenues	<u>49,530,030</u>	<u>46,009,350</u>
<b>DECREASE IN FUND EQUITY BEFORE CAPITAL CONTRIBUTIONS</b>	<b>(4,272,508)</b>	<b>(5,545,375)</b>
Capital contributions	<u>2,856,374</u>	<u>4,435,528</u>
<b>DECREASE IN FUND EQUITY</b>	<b>(1,416,134)</b>	<b>(1,109,847)</b>
Total fund equity, beginning of year	<u>129,906,840</u>	<u>131,016,687</u>
Total fund equity, end of year	<u><u>\$ 128,490,706</u></u>	<u><u>\$ 129,906,840</u></u>

See notes to financial statements.



**CAPITAL DISTRICT TRANSPORTATION AUTHORITY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Years Ended March 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from passengers	\$ 9,061,439	\$ 8,905,172
Cash payments to suppliers for goods and services	(31,560,732)	(28,599,915)
Cash payments to employees for salaries and wages	(25,454,185)	(24,965,112)
Other operating revenues received	4,940,321	4,905,052
Net cash used for operating activities	<u>(43,013,157)</u>	<u>(39,754,803)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Operating assistance, government funding and mortgage tax received	48,715,656	43,394,882
Other nonoperating revenues received (expenses paid)	(8,224)	(24,159)
Repayments from (advances to) CDTC	125,772	(245,452)
Interest expense paid	-	(17,074)
Net cash provided by noncapital financing activities	<u>48,833,204</u>	<u>43,108,197</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sales of capital assets	6,337	2,007
Acquisition of capital assets	(4,906,851)	(4,970,616)
Capital contributed under grants	2,856,374	4,435,528
Net cash used for capital and related financing activities	<u>(2,044,140)</u>	<u>(533,081)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received on investments	906,579	136,369
Proceeds from sales and maturities of investments	33,840,774	34,721,160
Purchases of investments	(39,190,037)	(38,563,494)
Net cash used for investing activities	<u>(4,442,684)</u>	<u>(3,705,965)</u>
Net decrease in cash	(666,777)	(885,652)
Cash, beginning of year	2,731,503	3,617,155
Cash, end of year	<u>\$ 2,064,726</u>	<u>\$ 2,731,503</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating loss	<u>\$ (53,802,538)</u>	<u>\$ (51,554,725)</u>
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	9,106,435	9,306,499
Changes in:		
Trade and other receivables	(654,688)	(61,555)
Materials, parts and supplies	(464,719)	(50,227)
Prepaid expenses	421,356	(571,639)
Accounts payable	(617,575)	328,245
Accrued expenses	2,627,459	2,715,664
Deferred passenger revenue	87,113	(8,965)
Estimated provision for claims and settlements	284,000	141,900
Total adjustments	<u>10,789,381</u>	<u>11,799,922</u>
Net cash used for operating activities	<u>\$ (43,013,157)</u>	<u>\$ (39,754,803)</u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES</b>		
Accounts payable incurred for acquisition of capital assets	<u>\$ 110,999</u>	<u>\$ 633,766</u>

See notes to financial statements.

**CAPITAL DISTRICT TRANSPORTATION AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2006 and 2005**

**NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization:** The Capital District Transportation Authority (the "Authority" or "CDTA") is a public benefit corporation created by the State of New York, effective August 1, 1970, under Chapters 460 and 461 of the Laws of 1970. The purposes of the Authority, as defined by the Legislation, are "the continuance, further development and improvement of transportation and other services related thereto, within the Capital District Transportation District, by railroad, omnibus, marine and air, in accordance with the provisions of the Law". The Law conveys broad powers to the Authority to fulfill its purposes in Albany, Schenectady, Rensselaer and Saratoga Counties, with provision for other counties to elect to participate. The properties and income of the Authority are exempt from all Federal and State income and franchise taxes under the provisions of the enabling Legislation.

**Reporting Entity:** The Authority is a component reporting unit of the State of New York and, as such, is included in the State's general purpose financial statements. The financial statements include all operations for which the Authority has financial accountability and include the accounts of the Authority, its capital project grant funds, and the following three public benefit corporations which have been created, as operating subsidiaries of the Authority, to provide mass transit omnibus operations in the Counties of Albany, Schenectady, Rensselaer and Saratoga:

- Capital District Transit System, which acquired the assets and liabilities of the former Schenectady Transit System in October 1971.
- Capital District Transit System Number One, which purchased certain assets of the United Traction Company from Albany County in August 1972.
- Capital District Transit System Number Two, which provides rural bus service in the Counties of Rensselaer and Saratoga and certain demand response (handicapped) services in the cities of Albany, Troy, and Schenectady. In April 2003, this entity also commenced operating the Northway commuter bus service that was previously operated by the County of Saratoga.

The Authority's financial statements also include the accounts of the following two public benefit corporations which were created, as subsidiaries of the Authority, to provide other transportation related services:

- Access Transit Services, Inc. ("Access"), incorporated in November 1997, which provides Medicaid transportation services to qualifying individuals in Schenectady and Rensselaer Counties.
- CDTA Facilities, Inc., incorporated in September 2002, which owns and operates the Rensselaer Rail Station and the Saratoga Rail Station.

**CAPITAL DISTRICT TRANSPORTATION AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2006 and 2005**

**NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
*(Continued)*

**Basis of Presentation:** The Authority's financial statements conform with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" and GASB Statement No. 37 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus." Statement 34, as amended by Statement 37, established standards for external reporting for all state and local government entities, which includes a balance sheet, statement of revenues, expenses and changes in fund equity and a statement of cash flows. It requires the classification of fund equity into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- **Invested in capital assets, net of related debt** – This component of fund equity consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted** – This component of fund equity consists of restrictions placed on fund equity use through external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The Authority had no restricted fund equity at March 31, 2006 and 2005.
- **Unrestricted fund equity** – This component of fund equity consists of fund equity that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**Basis of Accounting:** The accompanying consolidated financial statements have been prepared in conformity with generally accepted accounting principles for governmental entities, as prescribed by GASB. The operations of the Authority are reported as a proprietary fund and, as such, are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. Within this measurement focus, all assets and liabilities associated with operations are included on the balance sheet with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

**Materials, Parts and Supplies:** Inventories of materials, parts and supplies are stated at average cost, net of an allowance for obsolescence of approximately \$350,000 and \$360,000 at March 31, 2006 and 2005, respectively.

**Capital Assets:** Capital assets are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the assets in accordance with Federal Transit Administration (FTA) guidelines, as follows:

Buildings and improvements	7-45 Years
Revenue equipment	5-12 Years
Service equipment and vehicles	5-20 Years
Furniture and fixtures	7-10 Years

Substantially all depreciation is attributable to assets purchased with capital contributions under various Federal and State Grants.

**CAPITAL DISTRICT TRANSPORTATION AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2006 and 2005**

**NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
*(Continued)*

**Cash and Cash Equivalents:** Cash and cash equivalents represent cash, money market funds and demand deposits.

**Investments:** The Authority's investment policies, which conform with the New York State Comptroller's guidelines for public authorities, permit investments in, among other things, obligations of the U.S. Treasury and its agencies and instrumentalities, certificates of deposit and obligations of the State of New York. Investments are recorded at market value. Investment income, including realized and unrealized gains and losses on investments, is recorded in the statement of revenues, expenses and changes in fund equity.

**Accrued Employee Benefits:** It is the Authority's policy to record employee benefits, including accumulated vacation and sick leave earned, as a liability. Authority employees are granted vacation and sick leave in varying amounts. In the event of voluntary termination, an employee is reimbursed for accumulated vacation days up to a stated maximum. In addition, upon retirement, union employees are reimbursed for sixty percent of all accumulated sick days, up to a stated maximum, as specified in the bargaining agreements.

**Post-Retirement Healthcare Benefits:** The Authority provides health care benefits for eligible retired employees and certain dependents. The Authority recognizes the cost of providing these post-retirement benefits by expensing the amounts as they are incurred. Post-retirement healthcare benefit expense approximated \$1,380,500 and \$1,298,500 for 221 and 216 retirees for the years ended March 31, 2006 and 2005, respectively.

**Operating Revenues:** The Authority's operating systems derive passenger revenues from the sale of tokens and transit passes. Amounts received from these sales are credited to deferred revenue at the time of sale. As tokens are redeemed and passes expire, passenger revenue is recognized. Deferred passenger revenue (a balance sheet account) represents the combined face value of tokens remaining in the hands of the public and unexpired transit passes at year end. Access revenues are principally comprised of revenues earned from counties relating to transportation services provided to Medicaid qualified individuals. Rail station parking and rental revenues are comprised of parking receipts and rentals earned at the Authority's Rensselaer and Saratoga Rail Stations.

**Capital Contributions:** Capital contributions are derived from capital project grants and other resources which are restricted to capital asset acquisition or construction. The Authority recognizes capital contributions arising from capital project grants when earned (generally when the related capital expenditure is made). Capital project grants generally require the Authority to match a certain percentage of the capital project grant funds. Funds relating to grants for capital asset acquisition and construction, which are reported in the statement of revenues, expenses and changes in fund equity as capital contributions, were derived from the following sources:

<u>Years Ended March 31</u>	<u>2006</u>	<u>2005</u>
Federal portion	\$ 2,355,874	\$ 3,813,920
State portion	500,500	621,608
Totals	<u>\$ 2,856,374</u>	<u>\$ 4,435,528</u>

**CAPITAL DISTRICT TRANSPORTATION AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2006 and 2005**

**NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
*(Continued)*

**Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimated.

**Significant Risks and Uncertainties:** The Authority is subject to certain business risks that could have a material impact on future operations and financial performance. These risks include economic conditions, collective bargaining disputes, federal, state and local government regulations and changes in law.

**Reclassifications:** Certain 2005 financial statement line items have been reclassified to conform with the current year's presentation.

**Future impacts of Accounting Pronouncements:** The Authority has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. GASB Statement No. 45 is effective for the year ending March 31, 2008. The Authority is therefore unable to disclose the impact that adopting GASB Statement No. 45 will have on its financial position and the results of operations when such statements are adopted.

**NOTE 2 — CASH**

Cash consists of the following at March 31, 2006:

	<u>Carrying Value</u>	<u>Bank Balance</u>
Cash on hand	\$ 3,581	\$ 3,581
Deposit accounts	<u>2,061,145</u>	<u>2,727,922</u>
	<u>\$ 2,064,726</u>	<u>\$ 2,731,503</u>

The Authority's cash deposits at March 31, 2006 were insured by the Federal Depository Insurance Corporation (approximating \$840,000) and secured by pledged collateral (approximating \$3,200,000).

**NOTE 3 — INVESTMENTS**

New York State statutes and guidelines, and the Authority's own investment policies, limit the investment of funds to obligations of the U.S. Government and its agencies, certificates of deposit and obligations of the State of New York. At March 31, 2006 and 2005, investments include U.S. Treasury and U.S. Agency obligations, under a managed investment arrangement. The Authority's investments are carried at market value, with unrealized gains or losses included in investment income in the consolidated statements of revenues, expenses and changes in fund equity. All investments have been Board designated to fund the Authority's risk retention, capital projects, and workers' compensation self-insurance reserves.



**CAPITAL DISTRICT TRANSPORTATION AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 3 — INVESTMENTS (Continued)**

Investments are summarized as follows at March 31:

	2006			2005		
	Quoted Value	Cost	Unrealized Gain (Loss)	Quoted Value	Cost	Unrealized Gain (Loss)
Money Market Funds	\$ 10,138	\$ 10,138	\$ -	\$ 40,065	\$ 40,065	\$ -
U.S. Treasury Obligations	2,841,309	2,831,888	9,421	2,922,996	2,873,714	49,282
U.S. Government Agency Obligations	23,176,129	23,180,499	(4,370)	17,569,112	17,633,407	(64,295)
	<u>\$ 26,027,576</u>	<u>\$ 26,022,525</u>	<u>\$ 5,051</u>	<u>\$ 20,532,173</u>	<u>\$ 20,547,186</u>	<u>\$ (15,013)</u>

The quoted value and amortized cost of all investments classified by scheduled maturity date as of March 31, 2006 and 2005 are as follows:

	2006			2005		
	Quoted Value	Cost	Unrealized Gain (Loss)	Quoted Value	Cost	Unrealized Gain (Loss)
Due within one year	\$ 19,171,514	\$ 19,127,785	\$ 43,729	\$ 13,802,095	\$ 13,874,825	\$ (72,730)
Due after one year through three years	6,856,062	6,894,740	(38,678)	4,640,583	4,614,403	26,180
Due after three years through five years	-	-	-	2,089,495	2,057,958	31,537
	<u>\$ 26,027,576</u>	<u>\$ 26,022,525</u>	<u>\$ 5,051</u>	<u>\$ 20,532,173</u>	<u>\$ 20,547,186</u>	<u>\$ (15,013)</u>

The Authority's investments are categorized in accordance with criteria established by GASB to give an indication of the level of risk assumed by the entity at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counter parties trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter parties, or by its trust department or agent, but not in the Authority's name. A substantial portion of the Authority's investments are classified as Category 1.

**CAPITAL DISTRICT TRANSPORTATION AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2006 and 2005**

**NOTE 4 — CAPITAL ASSETS**

Capital assets consist of the following:

	<u>March 31,</u> <u>2005</u>	<u>Additions</u>	<u>Transfers/ Retirements</u>	<u>March 31,</u> <u>2006</u>
Land and improvements	\$ 1,529,981	\$ -	\$ -	\$ 1,529,981
Buildings and improvements	76,908,992	2,310,381	-	79,219,373
Revenue equipment	75,261,743	1,710,280	(1,693,986)	75,278,037
Service equipment and vehicles	3,051,924	253,745	-	3,305,669
Furniture and fixtures	2,103,757	534,425	-	2,638,182
Projects-in-progress	9,705,975	98,020	-	9,803,995
	<hr/>	<hr/>	<hr/>	<hr/>
Total	168,562,372	4,906,851	(1,693,986)	171,775,237
Less accumulated depreciation	<u>(62,851,337)</u>	<u>(9,107,629)</u>	<u>1,474,519</u>	<u>(70,484,447)</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Net capital assets	<u>\$105,711,035</u>	<u>\$(4,200,778)</u>	<u>\$ (219,467)</u>	<u>\$101,290,790</u>

At March 31, 2006, projects-in-progress consists principally of costs incurred by the Authority related to a radio system replacement project.

Depreciation expense was \$9,106,435 and \$9,306,499 for the years ended March 31, 2006 and 2005, respectively.

**NOTE 5 — PUBLIC SUPPORT AND OPERATING ASSISTANCE FROM FEDERAL, STATE AND LOCAL GOVERNMENTS**

The Authority receives public support and operating assistance from Federal, State and Local governments as follows:

**Federal:** During the fiscal years ended March 31, 2006 and 2005, the Authority received operating assistance from the FTA in the amount of \$7,195,563 and \$6,902,284, respectively. Such operating assistance principally relates to FTA payments for preventive maintenance costs.

**State and Local Governments:** During the fiscal years ended March 31, 2006 and 2005, State and Local government funding received by the Authority was as follows:

<u>Years Ended March 31</u>	<u>2006</u>	<u>2005</u>
State government funding	\$ 26,193,297	\$ 24,730,010
Local government funding	1,944,352	1,917,000
	<hr/>	<hr/>
	<u>\$ 28,137,649</u>	<u>\$ 26,647,010</u>

**CAPITAL DISTRICT TRANSPORTATION AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2006 and 2005**

**NOTE 5 — PUBLIC SUPPORT AND OPERATING ASSISTANCE FROM FEDERAL, STATE AND LOCAL GOVERNMENTS (Continued)**

State government funding includes funds earned under the Statewide Mass Transportation Operating Assistance Program, Gross Receipts Tax collections, and High-Speed Rail Initiative and various other funding. Gross Receipts Tax is a tax imposed by New York State on gas and oil companies, which is collected by the State and allocated, by formula, to public transportation operators.

**Mortgage Tax:** Mortgage tax revenue is derived from a tax imposed on substantially all mortgages granted on real property situated within the defined Capital District Transportation District. The tax revenue, collected by the Counties and submitted to the Authority monthly, is recognized by the Authority at the time of collection by the respective County Treasurers.

**NOTE 6 — ACCRUED EXPENSES**

Accrued expenses are comprised of the following:

<u>March 31</u>	<u>2006</u>	<u>2005</u>
Accrued payroll and payroll related costs	\$ 1,917,942	\$ 1,332,827
Accrued vacation and sick time earned	1,848,430	1,834,956
Accrued worker's compensation costs	4,911,850	2,800,672
Other accrued expenses	-	82,308
	<u>\$ 8,678,222</u>	<u>\$ 6,050,763</u>

**NOTE 7 — ADVANCES TO CAPITAL DISTRICT TRANSPORTATION COMMITTEE**

In accordance with an agreement between the Authority and the New York State Department of Transportation, the Authority functions as the "Host Agency" for the Capital District Transportation Committee (CDTC). As designated under the agreement, CDTC is the Capital District Regional Metropolitan Planning Organization and, as such, is the recipient of various Federal and State funded Technical Study Grants relating to Regional Transportation Planning. The Committee's Board is composed of elected and appointed officials from each of the four counties; from each of the eight cities in the four counties; from the New York State Department of Transportation; the Capital District Transportation Authority; the Capital District Regional Planning Commission; and a member representing the area's towns and villages. The Authority has no budgetary oversight and no responsibility for the Committee's deficits or debts.

The Authority's agreement with CDTC provides that the Authority assume certain responsibilities relating to grant management and accounting functions. Additionally, the Authority is to advance CDTC periodic working capital funds. Such advances, which do not bear interest, amounted to \$565,235 and \$691,007 at March 31, 2006 and 2005, respectively.

The Authority's financial statements do not include the assets, liabilities, revenues or expenses of CDTC.

**CAPITAL DISTRICT TRANSPORTATION AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2006 and 2005**

**NOTE 8 — FUND EQUITY**

Unrestricted fund equity consists of the following at March 31:

	<u>2006</u>	<u>2005</u>
Board designated fund equity		
Risk retention reserve	\$ 5,499,795	\$ 4,249,654
Capital projects reserve	16,275,137	12,795,322
Workers' compensation self-insurance reserve	<u>4,252,644</u>	<u>3,487,197</u>
Total board designated fund equity	26,027,576	20,532,173
Undesignated fund equity	<u>1,286,615</u>	<u>3,663,632</u>
Total unrestricted fund equity	<u>\$ 27,314,191</u>	<u>\$ 24,195,805</u>

Descriptions of the Authority's board designated funds are as follows:

**Risk retention reserve fund:** CDTA attempts to minimize liability insurance premiums by self-insuring the first \$1 million of each individual tort claim. The \$1 million threshold was raised to \$2 million for claims arising from occurrences after August 27, 2005. This reserve is designed to provide funding to cover potential future claims.

**Capital projects reserve fund:** This fund is used to pay for specific capital projects designated by CDTA's Board of Directors. Additionally, this fund provides the local share required to match Federal and State grant funds. The board intends to use a substantial portion of the capital projects reserve to fund the Authority's share of bus fleet replacement over the next several years, in addition to major repairs required at various CDTA facilities.

**Workers' compensation self-insurance reserve fund:** CDTA has elected to self-insure its workers' compensation insurance program. This fund is to be used to pay for future workers' compensation claims and any retroactive premiums that come due on previous workers' compensation plans maintained with an insurance carrier.

**NOTE 9 — RETIREMENT PLANS**

**Employees of the Authority:** The Authority contributes to the Employees' Retirement System, a plan administered by the New York State and Local Retirement System. Plan benefits, including retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries are provided under the provisions of the New York State Retirement and Social Security Law and are guaranteed under the State Constitution. The System issues an annual report, including financial statements and other information for the System, which is available to the public.

The Authority is required to contribute annually to the System based on a percentage rate of payrolls. The rates, which vary according to the employees' date of hire, include normal, administrative, and supplemental pension contributions and prior service costs. Substantially all Authority employees are covered by the System. Pension expense for the years ended March 31, 2006 and 2005 was approximately \$303,000 and \$325,000, respectively.

**CAPITAL DISTRICT TRANSPORTATION AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 9 — RETIREMENT PLANS (Continued)**

**Deferred Compensation:** The Authority offers its employees participation in the Deferred Compensation Plan for Employees of New York State (the Plan). The Plan, which is available to all Authority employees, permits participants to defer a portion of their salary until future years. Amounts deferred under the Plan are not available to employees until termination, retirement, death or unforeseeable emergency. Plan assets and liabilities are not included in these financial statements

**Employees of Operating Subsidiaries:** Union employees of the Authority's operating subsidiaries are covered by various defined contribution pension plans that are sponsored by unions that represent those operating subsidiary employees. The Authority contributes to the plans based on negotiated benefits determined under the union agreements. Under these negotiated benefits, all employees having attained twelve months of service are eligible to participate in the Plans. Both the Authority and its employees contribute on a weekly basis. The Authority's contributions to the plan equal amounts accrued for pension expense and approximated \$959,388 and \$451,477 for the years ended March 31, 2006 and 2005, respectively.

**NOTE 10 — COMMITMENTS AND CONTINGENCIES**

**Workers' Compensation Self-Insurance:** The Authority has elected to fund its obligations for workers' compensation through a self-insurance program. The Authority contracted with a third-party administrator (TPA) to administer the self-insurance program on a cost per claim basis. Additionally, the Authority has specific excess workers' compensation insurance from a commercial insurer to cover claims made in excess of the coverage limits of the self-insurance program.

The TPA also provides the Authority with certain estimates used by the Authority for financial reporting purposes, including incurred but not reported (IBNR) claims liability amounts. At March 31, 2006 and 2005, the TPA estimated the Authority's IBNR claims liability at approximately \$2,984,000 and \$1,840,000, respectively. These amounts are included in accrued expenses on the consolidated balance sheets as of March 31, 2006 and 2005, respectively.

**Claims and Litigation:** The Authority is a defendant in various claims, lawsuits and actions arising in the normal course of operations. Some of these actions have the potential to result in settlements or judgments which may exceed the Authority's self-insurance and other applicable insurance limits. In the opinion of the Authority's management, the ultimate amount of any liabilities which may be incurred in connection with the settlement of all claims and litigation, in excess of amounts already recorded or otherwise provided for, is not expected to materially affect the Authority's financial condition.

**Federal and State Audits:** All Federal and State operating assistance and capital grants projects are subject to final adjustment under Federal and State audit. In the opinion of the Authority's management, no material adjustments, not otherwise provided for in the financial statements, are expected to result from such final audits.

**Risk Management:** The Authority is exposed to various risks of loss related to torts; damage to, theft of and destruction of assets, errors and omissions, natural disasters and employee injuries. To limit its exposure, the Authority purchases a variety of insurance policies, subject to specific deductibles and coverage limits. As noted above in Note 10, the Authority is self-insured for workers' compensation claims.

**CAPITAL DISTRICT TRANSPORTATION AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2006 and 2005**

**NOTE 10 — COMMITMENTS AND CONTINGENCIES** *(Continued)*

**Commitments:** The Authority routinely enters into contractual agreements and commitments for the purchase of goods and services. These commitments include contracts for the acquisition of revenue vehicles, equipment, parts, supplies, consulting services and construction of Authority buildings and improvements. Substantially all of the Authority's long term contracts and commitments are approved by its governing board.