

**Denton County Transportation Authority  
2009-10 Operating & Capital Budget**

## Denton County Transportation Authority

### Vision, Mission, Core Values and Goals

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The Denton County Transportation Authority is guided by the vision, mission and core values set forth by the Board of Directors and staff. These serve as the foundation for defining the goals and objectives for the budget process.

## **OUR VISION**

Be a leader in advancing public transportation alternatives.

## **OUR MISSION**

As a regional partner, the Denton County Transportation Authority is committed to provide safe, customer focused, and efficient mobility solutions for Denton County.

## **OUR CORE VALUES**

### **Accountability**

The DCTA Board and employees hold themselves accountable to their constituents and are committed to being exemplary stewards of public resources.

### **Commitment**

The DCTA Board and employees are committed to working collaboratively to deliver the components of the Service Plan in a timely manner to serve the mobility needs of our customers.

### **Excellence**

The DCTA, in the pursuit of excellence, will consistently offer innovative, effective, and quality public transportation alternatives that exceed customer expectations.

### **Integrity**

The DCTA Board and employees shall conduct themselves in a manner that upholds the highest legal and ethical standards. We are uncompromising in our commitment to truth, honesty, and openness in all relationships and interactions.

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## Denton County Transportation Authority

Vision, Mission, Core Values and Goals

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### **Respect**

The DCTA believes that all customers are important and all employees add value; and we will treat customers and employees with dignity and esteem.

### **Safety**

The most important commitment of the DCTA is safety through the strict adherence to policies, procedures and ongoing employee training and professional development.

### **OUR GOALS**

- Maintain a service delivery system that provides mobility solutions that are safe, customer focused and efficient.
  - Implement an organizational structure which promotes and encourages high performing staff and service delivery.
  - Continue emphasis on financial stability and integrity.
  - Elevate local, regional and national awareness of DCTA.
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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Denton County Transportation Authority**

**Texas**

For the Fiscal Year Beginning

**October 1, 2008**

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Denton County Transportation Authority, Texas for its annual budget for the fiscal year beginning October 1, 2008. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

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

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**AGENCY OVERVIEW**

**TAB**



Denton County Transportation Authority  
1660 S. Stemmons, Suite 250 • Lewisville, TX 75067  
972-221-4600 • fax 972-221-4601 • www.dcta.net

Dear Chairman and Members of the Denton County Transportation Authority Board:

I am pleased to present to you the fiscal year 2010 Operating and Capital Budget for Denton County Transportation Authority (DCTA). The Texas Transportation Code Chapter 460 requires the preparation of an annual budget for DCTA. This budget was created in accordance with State law. The budget presented is a balanced budget with current revenues and reserves covering operating and capital requirements for the fiscal year.

As DCTA's policy makers, you play a critical role in making decisions regarding the direction of the organization. The budget provides a framework for DCTA activities during the next year and serves as a source of information for DCTA's Board and staff as well as for our passengers and other stakeholders. The programs and services provided by this budget help attain the vision and accomplish the mission adopted by the Board of Directors – *To be a leader in advancing public transportation alternatives by providing safe, customer-focused, and efficient mobility solutions for Denton County.* It also allows the agency to move toward achieving the goals set forth in FY 2010 which include a focus on excellence by:

- Maintaining a service delivery system that provides mobility solutions that are safe, customer focused and efficient
- Implementing an organizational structure which promotes and encourages high performing staff and service delivery
- Continued emphasis on financial stability and integrity
- Elevating local, regional and national awareness of DCTA

Since its creation in 2002, DCTA has been a goal driven agency. Each year has seen the completion of major initiatives and FY 2009 was no exception. Some of those accomplishments include:

- Securing of \$250 million in funding from the Regional Toll Road Funding Initiative (RTRFI). TxDOT funding agreement was signed in February 2009. This was accomplished thanks to the extraordinary efforts of our Chairman and support of our local elected officials and is paramount to achieving the goal of providing passenger rail service for Denton County.
- Executed a rail vehicle contract with Stadler to provide eleven Diesel Multiple Unit (DMU) rail vehicles for the A-train.
- Executed a Construction Manager / General Contractor (CM/GC) agreement with North Texas Rail Group (NTRG) for rail line, station and operations and maintenance facility construction.
- Completed the property acquisitions for all rail stations which total 34 acres.
- Began engineering and design on the Bus Operations and Maintenance Facility. DCTA acquired 9.8 acres for the bus operations and maintenance facility site and has awarded the engineering and design contract to Hewitt-Zollar, with construction anticipated to begin in 2010.



## Budget Message cont.

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- Adoption of the Budget Contingency Plan by the Board of Directors. This was developed to provide a planned response to changes in current economic conditions and potential declines in sales tax.
- Development of a budget process that outlined procedures that allow for better review and analysis by Board and staff. This process also established a rolling five year capital plan to identify future capital needs.

As mentioned earlier, one of the accomplishments of this year was establishing a budget process that allowed both staff and the Finance Committee adequate time for review and analysis of the key components of the budget. The initial budget process began in March with the identification of agency goals and a budget kick-off for staff. The next step was to identify all revenue sources available to the agency in FY2010 and once identified, staff began the process of developing the operating budget. The final step in creating the FY 2010 budget was to create the five year rolling capital plan for the agency. At their meetings in May through August, components of the proposed budget were presented in detail to the Finance Committee for review and deliberation. The proposed budget was presented to the Board at it's August meeting for final review and comment and then in September.

### BUDGET SUMMARY

The development of any budget is always challenging because needs for services are great and outweigh the available resources. The current economic climate with the uncertainty and volatility that lies ahead has made the development of this year's budget a challenge that has been unprecedented. The challenge for DCTA is to position itself to weather the impact of any economic downturns while at the same time, balancing the need for increased requirements to deliver a new program - passenger rail service and also maintain the needed level of bus transit services.

Revenues for FY 2010 are projected at \$173.2 million, an increase of 15.4% over FY09 revised budget. The main component (80%) of this increase is attributable to the Regional Toll Road Funding Initiative (RTRFI) funds that fund the rail construction project. DCTA also received \$4.1 million in American Recovery and Reinvestment Act (ARRA) funds, \$3.9 million of which is programmed into the FY10 budget with the remainder to be drawn in FY11. Receiving the ARRA funds allowed the agency to reprogram existing federal formula funds to different project needs, creating an increase in operating and capital grants by \$3.9 million in FY10. Another major revenue source for DCTA is sales tax. In the current economy, it has proven very volatile. Staff along with the Finance Committee reviewed impacts of various sales tax revenue scenarios from 0% growth to reductions ranging from 3% to 10%. After extended discussion and review, sales tax was budgeted at an 8% reduction from prior year actuals, resulting in a \$1.3 million reduction in sales tax revenue projected for FY 2010.

The expenditure portion of the budget is comprised of operating and capital expenditures. Total expenditures are budgeted at \$166.8 million for the FY10 budget, with capital making up 90%. Operating expenses total \$15.6 million and reflects an increase of \$4.9 million or 46.9% over the previous period. The major increases in the expenditure portion of the budget are due to:

- Expanded Level Projects included in the FY10 budget total \$2.0 million and include new projects, plans for expansion or increased services delivery that are above and beyond the current service level. Approximately

## Budget Message cont.

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90% of the approved expanded projects are directly related to the A-train project and includes a rail operations contract and marketing and communications efforts associated with the launch of the A-train. These projects are covered in detail on pages 59-71.

- Fuel costs have increased by \$879 thousand due to an increase in service hours by 139,000 hours. Fuel is budgeted at \$3.50 per gallon.
- Rail Diesel Car lease of \$1.3 million included in FY10.
- Increase of \$730 thousand in annual debt service due to anticipated debt issuances in 2010 for a refunding of Series 2008 Bonds of \$20 million and an additional \$7 million to be used toward the Bus Operations and Maintenance Facility construction.
- No merit pay plan is included in this budget. Should sales tax revenues perform better than anticipated this will be re-evaluated.
- An increase of 10% in health care benefits based on anticipated increase in costs, resulting in an \$80 thousand increase over FY09.
- Pay plan market adjustment of 1% has been included in the FY10 budget based on a review of competitive market ranges. This is a first step to begin adjustments for those positions that fall below the mid-point of the market range. A market range survey will be conducted every two years to insure DCTA maintains a competitive position. Adjustments to the pay range will be budgeted as needed and adjustments to the pay ranges will be based on results of the bi-annual market survey.

Capital projects represent a significant investment by DCTA in developing and maintaining the agency's equipment and infrastructure. Preparing a five-year capital plan allows the agency to anticipate the major capital improvements planned in subsequent years and allows staff to identify alternative funding sources as well as anticipated operating impact well in advance. DCTA is anticipating spending \$149.9 million in capital expense in FY10, which is a 3.2% increase over the FY09 revised budget. Based on current construction schedules, DCTA is expecting to expend \$137.9 million for the A-train project and the remaining \$11.8 million will be used for a number of bus related capital projects that have been identified.

This budget continues our commitment to respond to customers' needs with quality service while striving to achieve the Service Plan goals to improve transportation for the county and region; maintain and improve Denton County's quality of life; and promote economic development. DCTA will continue providing cost effective transportation alternatives to our customers, reducing congestion, improving air quality and bettering the quality of life in Denton County.

Sincerely,



Jim Witt  
President

## Board of Directors

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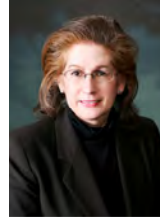
The Board of Directors is responsible for governance of the Authority. The Board is composed of fourteen members representing the county of Denton: one member from each municipality with a population of 17,000 or more (eight in total); three members appointed by the Denton County Commissioners Court; and three members designated by the remaining municipalities with a population of more than 500 and less than 17,000. Each member serves a term of two years, and may be reappointed. There are no term limits.



Board Chairman  
Charles Emery  
City of Lewisville



Board Vice-Chairman  
Charles Correll  
Denton County Unincorporated



Board Secretary  
Dorothy Palumbo  
City of Highland Village



Board Treasurer  
Jeff Snowden  
City of Frisco



Board Member  
Larry L'Heureux  
Denton County Unincorporated



Board Member  
Skip Kalb  
Small Cities



Board Member  
Pat Howell  
City of Corinth



Board Member  
Doug Peach  
City of Little Elm



Board Member  
Thomas Smith  
Denton County At Large



Board Member  
Jim Robertson  
City of Flower Mound



Board Member  
Guy L. McElroy  
City of Denton



Board Member  
Tom Spencer  
Small Cities

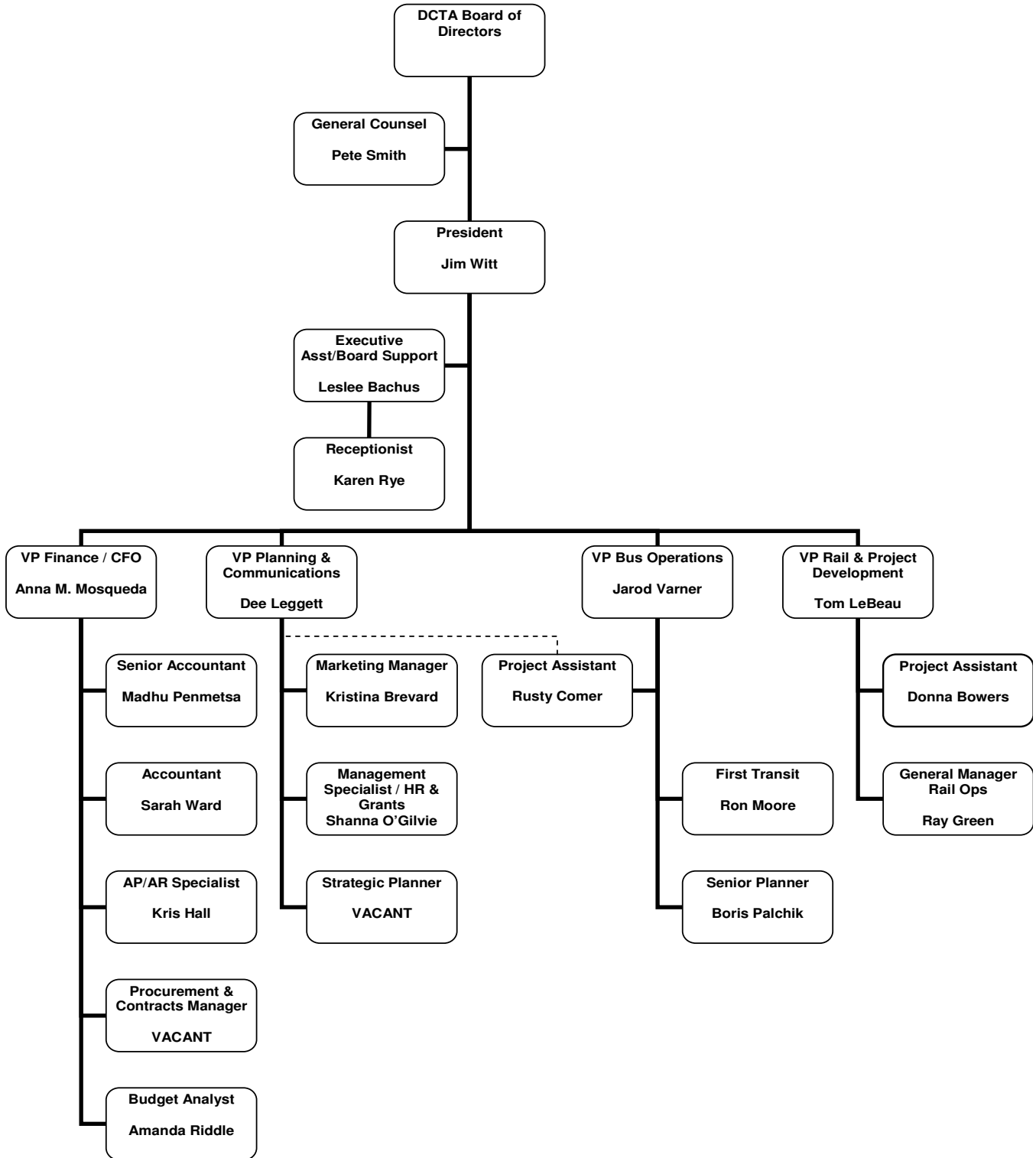


Board Member  
Dave Kovatch  
City of The Colony



Board Member  
Bill Walker  
Small Cities

### DCTA ORGANIZATION CHART



### **BACKGROUND**

The Denton County Transportation Authority (DCTA) is a Coordinated County Transportation Authority as defined in Chapter 460 of the Texas Transportation Code. DCTA is granted power under this Texas law to plan, develop, acquire, construct, own, operate, and maintain a public transportation system in Denton County. The powers and duties exercised by DCTA and the Board of Directors are impacted by numerous federal and state laws and regulations.

The legislation authorizing DCTA's creation required that a Service Plan be developed by the Authority. The Service Plan was submitted to the voters of eight cities in Denton County on September 13, 2003, for consideration and approval of a one-half percent sales and use tax. The election was successful in the cities of Denton, Highland Village, and Lewisville. These three cities accounted for approximately 80% of the sales tax revenue in the county. Imposition of the sales and use tax, dedicated to the Authority for implementation of the Service Plan, began January 1, 2004.

This Service Plan includes a rail component and three layers of bus service, including interim regional commuter bus service, local fixed route bus service, and demand response service. In addition, a network of Park-and-Rides, Regional Rail, and Bus Facilities will be established to serve Denton County residents. These elements will provide services to help mitigate and improve mobility issues in the near term, as well as connect the County's larger cities to rail when that service is implemented in late 2010.

Regional rail is a central element of DCTA's Service Plan. A major concept of the Service Plan is to implement initial rail service connecting Denton County with Dallas Area Rapid Transit (DART) light rail transit (LRT) facilities. Planning for this began earnestly in 2004 with the development of the alternatives analysis. In 2005, the Board of Directors selected the Locally Preferred Alternative, the Missouri-Kansas-Texas corridor and in 2006, DCTA began the environmental review of the LPA. This culminated in the Draft Environmental Impact Statement which was submitted to the FTA in the summer of 2007. The Board of Directors formally adopted the final environmental impact document in March 2008. Once the corridor is complete, over half the county's population will have access to regional rail service.

In 2004, DCTA began work to fulfill the promises of the Service Plan by funding the existing bus operations which led to the acquisition of those operations in 2005. Also in 2005, DCTA launched a Bus and Paratransit Study which served as a tool in determining the level of bus and paratransit service needed in our service areas. In 2006, DCTA launched a new logo, service names, vehicle designs and website. DCTA also began new services – Commuter Express in May and Connect in Lewisville in November. These actions fulfilled the bus components of the Authority's Service Plan.

## Services and Activities

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The Enhanced Local Assistance Program was another element of the Service Plan DCTA began in 2004. Under this program, DCTA provided financial assistance for mobility projects for participating member cities equal to twenty five percent of sales and use tax collections from the respective city. Over the life of the program, DCTA has committed \$13.9 million for mobility improvements in our member cities. DCTA has also established policies and procedures in accordance with state and federal requirements to ensure that DCTA is a fiscally-sound authority operating an efficient and effective transportation system. This allowed the agency to build upon the foundation created by the founding board members and begin fulfilling promises to our constituents.

As DCTA has moved forward under the direction of the Board of Directors, the agency has begun to mature and stabilize. In 2006, we began a fleet modernization effort which has included the addition of 17 low-floor Gilligs, 12 cutaways and several support vehicles. We have restructured our Denton and Lewisville routes, consolidated our Access service and launched a pilot program in Highland Village. The agency has also created a robust University system that carries up to 15,000 passengers a day. In 2008, we achieved record ridership reaching almost two million passengers and will surpass the two million mark in 2009.

DCTA has also begun to establish a physical presence in our communities. In 2006, we established an agreement with Cinemark to establish park and rides in Lewisville and Denton. In 2008, we added an additional park and ride to service our Highland Village and North Lewisville residents. In 2009, dirt will be moving when work begins on the Downtown Denton Transit Center, the Bus Operations & Maintenance Facility, and the Hebron Park and Ride. DCTA will also begin installing transit shelters and benches along the Connect routes.

## SERVICES

### **REGIONAL RAIL SERVICE: A-train**

Regional rail is the central element of DCTA's Service Plan. The Service Plan's concept is to implement initial rail service connecting Denton County with DART light rail transit facilities. DCTA intends to partner with DART to develop a seamless service for DCTA and DART riders.

In 2004-2005, DCTA conducted an Alternatives Analysis Study that considered many alternatives. This included extensive community and citizen involvement and identified the proposed rail line as the best and most cost-effective mobility solution for the county and region. It cited the impacts of projected population and employment growth, growing safety, traffic congestion, air quality concerns, and the need to improve access to Denton County's vital health care facilities and three major college and university campuses.

On May 26, 2005, the DCTA Board of Directors named the former Missouri-Kansas-Texas Railroad (MKT) line, which runs parallel to I-35E, the Locally Preferred Alternative (LPA) for transportation improvements for the 21-mile Denton-Highland Village-Lewisville-Carrollton corridor. In addition to supporting riders from the Lewisville and

## Services and Activities

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Highland Village area, the system will also support riders from downtown Denton, Texas Woman's University (TWU) and the University of North Texas (UNT). DCTA's regional rail will be operational in late 2010.

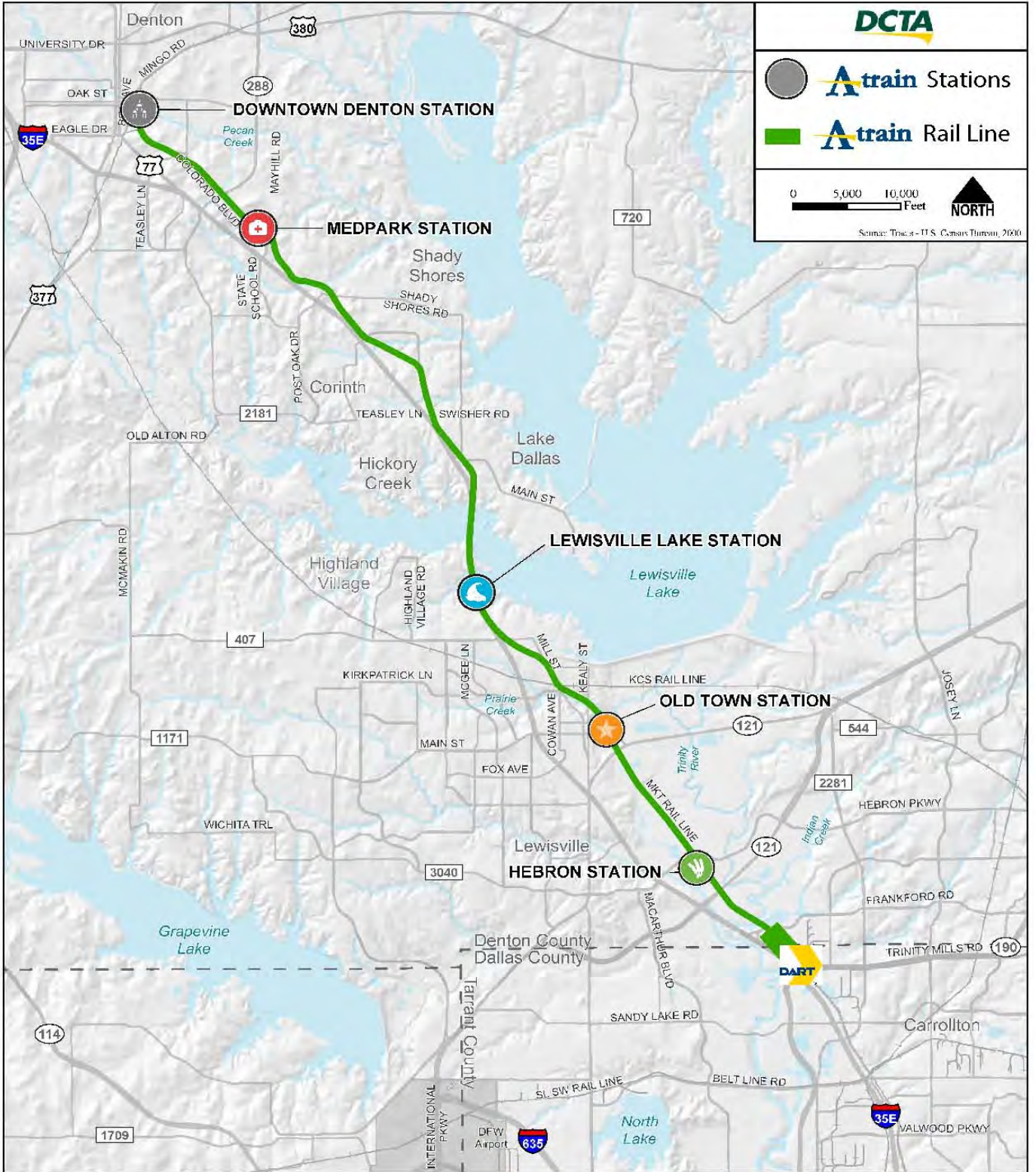
On August 3, 2007, DCTA submitted a Regional Toll Revenue Funding Initiative request for funding to the North Central Texas Council of Governments (NCTCOG). The funding request was for 80% funding for a \$313 million rail project. The project includes a 21-mile regional rail line with five stations, a bicycle and pedestrian trail within the rail corridor, enhanced crossings to improve traffic flow, 11 Diesel Multiple Unit (DMU) rail vehicles, and a rail vehicle maintenance facility. On January 24, 2008, the Regional Transportation Commission (RTC) approved RTRFI funding of \$57.2 million for the Light Rail Vehicles and the remaining \$193.0 million was approved on August 21, 2008.

DCTA has made vast progress in 2009 to advance the A-train project. In April 2009, DCTA entered into a construction service agreement with North Texas Rail Group (NTRG) for the construction of the A-train infrastructure and was able to issue a Notice to Proceed for the construction in May 2009. DCTA also entered into a rail vehicle procurement contract with Stadler to provide Diesel Multiple Unit (DMU) rail vehicles for the A-train in May 2009.

Another major accomplishment for the agency was to finalize all property acquisitions for the rail stations. These include Hebron, Old Town Lewisville, Highland Village / Lewisville Lake and Med Park. DCTA has also finalized the site selection for the future Rail Operations and Maintenance Facility and is currently in the process of acquiring the property.



Service Area Map – A-train





## **REGIONAL FIXED - ROUTE BUS SERVICE - COMMUTER EXPRESS**

DCTA's Commuter Express started May 30, 2006 and provides a comfortable express coach service from Denton and Lewisville to the Dallas Central Business District (CBD), as well as reverse trips from Dallas, Carrollton and Lewisville to the University of North Texas (UNT), Texas Woman's University (TWU) and downtown Denton. DCTA purchased seven coaches to provide a reliable and cost effective commute for our customers. Commuter Express is an interim service operating in the I-35E corridor until rail service is implemented in late 2010.



Commuter Express coaches operate five days a week and travel on the HOV lanes, providing a time savings for passengers. In Dallas, Commuter Express circulates through the Central Business District, serving ten bus stops and providing connection opportunities to DART bus and rail lines. The reverse commute, beginning in downtown Dallas, stops at DART's North Carrollton Transit Center, Lewisville park and ride, UNT, TWU and downtown Denton. This has been a popular service and provides approximately 89,000 rides per year between Denton and Dallas, Texas.



## **LOCAL FIXED - ROUTE SERVICES - CONNECT, UNT, & NCTC SHUTTLE**

DCTA Connect offers local fixed-route bus service in the cities of Denton and Lewisville, and an on-demand service called Connect RSVP in the city of Highland Village.



DCTA Connect in Denton consists of eight routes operating Monday through Saturday. Destinations include Denton City Hall, Courthouse, and Libraries;

## Services and Activities

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Denton Community and Regional Hospitals; several retail and grocery shops; several parks and recreation centers, including the senior center; various social service agencies; and educational institutes, including UNT and TWU, and a variety of elementary, middle and high schools. Passengers may transfer from Connect to Commuter Express in downtown Denton.



DCTA Connect service in Lewisville consists of three routes operating Monday through Saturday. Destinations include Lewisville City Hall, Vista Ridge Mall, Lewisville Medical Center, Senior Center, Library, Lewisville High School, several retail and grocery shops, and social service agencies. Passengers may also transfer from Lewisville Connect to Commuter Express.



DCTA Connect RSVP service provides peak-hour on-demand service in Highland Village and north Lewisville. Destinations include Wal-Mart, The Shops of Highland Village, and the Kroger at FM 407. Passengers can make transfers between Connect RSVP and all of the Lewisville Connect routes near the Main Street Wal-Mart in Lewisville and can connect and transfer to Commuter Express at the 407 Park and Ride.



In addition, DCTA operates an eight route shuttle service for UNT through a contractual agreement. The UNT Shuttle service provides transportation from nearby apartment complexes to the campus, as well as circulation throughout the campus. The service is open to the general public and passengers can also transfer from the UNT routes to Connect and Commuter Express routes.

In August 2009, DCTA launched a shuttle service

## Services and Activities

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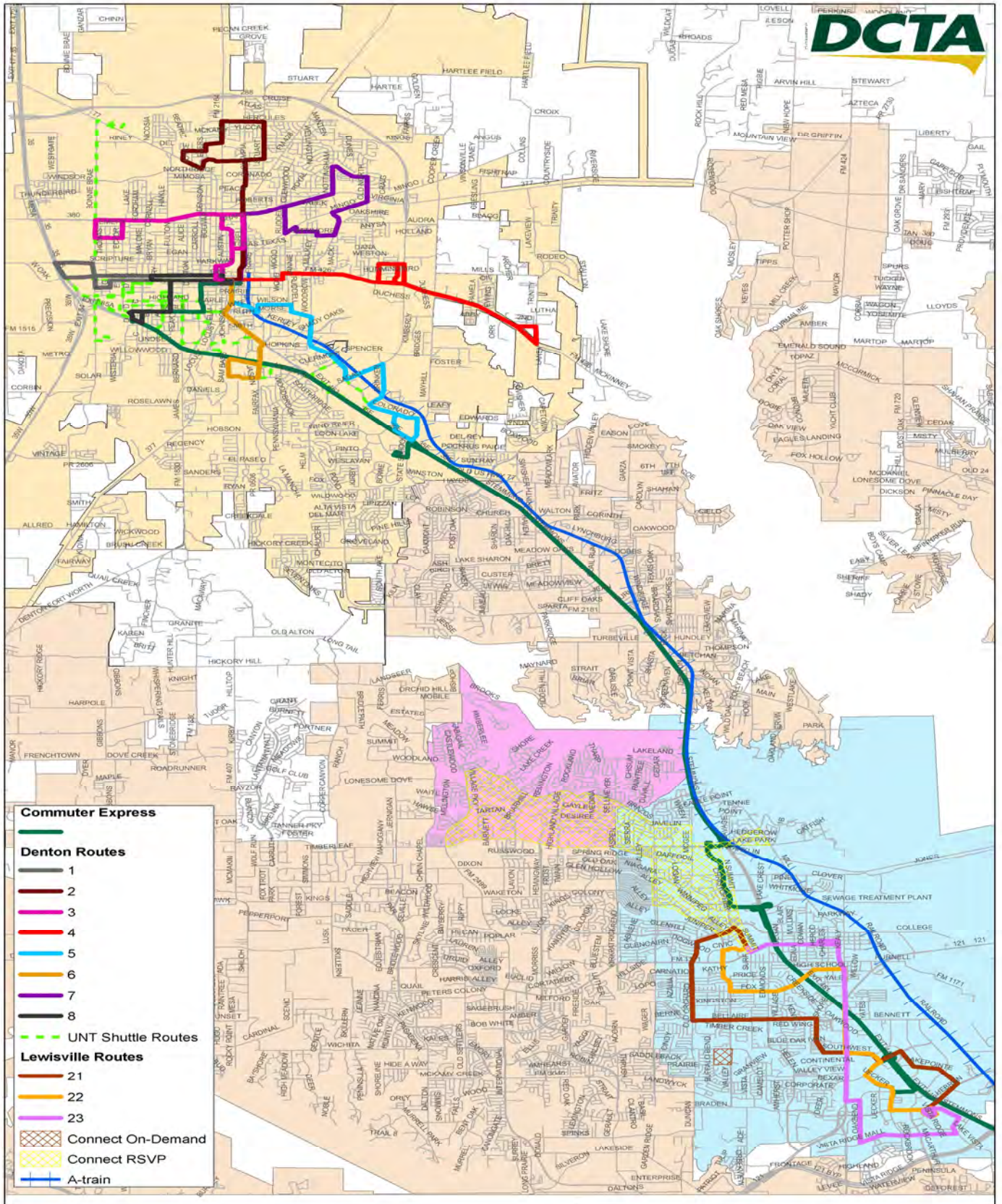
connecting North Central Texas College (NCTC) in Corinth to Denton and Lewisville. This service is provided through a contractual agreement between NCTC and DCTA. Passengers may transfer to and from other DCTA services in Denton and Lewisville.

### **DEMAND RESPONSE SERVICE - ACCESS**

The DCTA Access service offers curb to curb ADA Paratransit service in Denton and Lewisville and elderly and disabled demand-response (Non-ADA) service for the residents of Denton, Lewisville, Highland Village, and Corinth. Access passengers can schedule trips to begin and end anywhere in the participating cities listed above. ADA paratransit service is provided by DCTA for residents traveling within ¾-mile from the Connect local fixed routes and is available to residents with Americans with Disabilities Act eligibility. Reservations are accepted on a first come, first served basis, up to seven days in advance.



# Service Area Map – Bus Transit Services



# **OPERATING BUDGET SUMMARY**

### **BASIS OF BUDGETING**

The Texas Transportation Code Chapter 460 requires DCTA to prepare an annual budget. The budget is a policy tool used by staff and the Board of Directors to establish goals and deliver the services defined in the Service Plan. The budget is the foundation for the long range Service Plan goals and is a building block for the DCTA long range financial model. The long range financial model is an important planning tool used to evaluate DCTA's financial strengths and weaknesses, prioritize goals, and evaluate options. Staff presents the budget as a financial expression of current goals, objectives for the coming year, and a snapshot view of capital needs for the following four years.

The budget is designed to communicate DCTA goals and objectives to our stakeholders by describing the service to be provided, the cost of the service, the proposed allocation of funds and revenue sources used to pay for the service. The budget communicates DCTA's commitment to a balanced budget, where expenses do not exceed current year revenues and reserve balances. Finally, the budget communicates our strategic plans to expand service and launch new service. Included in the current budget are the plans to develop and launch the rail service. The budget and strategic plan help to keep the various departments centered on the goals and plans laid out before them.

The budget is a financial document. It identifies the source and use of the funds expended by DCTA. In preparing the budget, the Board and staff must ensure DCTA maintains a sound financial condition and recognize that the financial decisions made today will impact the ability to deliver future services. The budget communicates the priorities and informs Denton County citizens about the financial condition of DCTA.

The budget provides a tool for staff to monitor the financial performance of the Agency and provides a tool to measure performance. DCTA staff will also use the adopted budget to maintain control over operating and capital expenditures by:

1. Developing and presenting a cost effective budget geared to providing quality services for our customers as defined by our Board of Directors.
2. Complying with the Budget Amendment Procedures as approved by the Board of Directors to provide timely, useful information for the management of DCTA resources.
3. Reviewing all purchase requests and complying with the DCTA Procurement Policy as approved by the Board of Directors.
4. Reconciling all expenditures to budget and reporting material variances to the Board on a monthly basis.
5. Using standards and benchmarks established in the budget and comparing the results of operations.

## **BASIS OF ACCOUNTING AND FINANCIAL PRINCIPLES**

DCTA is accounted for as a single entity enterprise fund and required to report financial results in accordance with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) guidance. Enterprise Funds account for operations that are financed and operated in a manner similar to private business. The intent of DCTA is that the costs (expenses, including depreciation) of providing transit services to the general public will be financed through a combination of farebox revenue, sales tax, and other grants. The governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. DCTA uses the accrual basis of accounting for the audited financial statements, external reporting, and internally for budgeting. Under this method, revenues are budgeted in the period that they are earned and expenses are budgeted in the period in which the liability or benefit is expected.

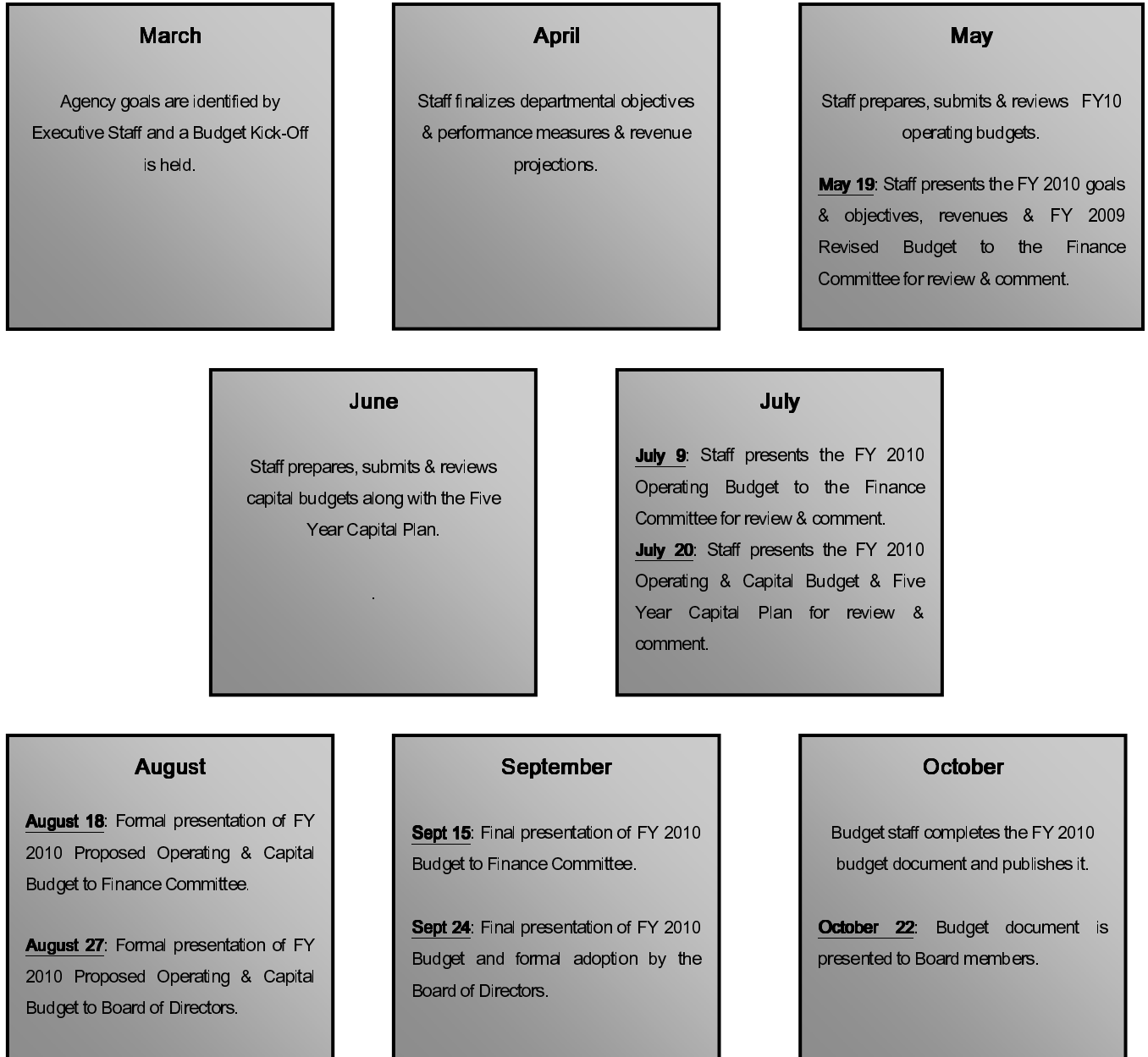
## **BUDGET PREPARATION**

Considerable changes to the annual budget process were made in order to create a more comprehensive budget for Fiscal Year 2010. The process is outlined below:

1. Goals, Objectives and Performance Measures  
Development of overall agency goals and corresponding department objectives and performance measures for the upcoming fiscal year.
2. Revenue Projections  
Staff identified the revenue sources needed to accomplish the target objectives, activity and performance measures outlined for the fiscal year.
3. Operating Expenses and Expanded Level Projects  
The base operating budget which maintained the current service level was identified. Any new projects, plans for expansion, or increased service delivery that was above and beyond current service level were proposed as an Expanded Level Project. These are expenses that are generally classified as “one-time” or “out of the ordinary” expenses. Once all of the Expanded Level Projects are identified and ranked, executive staff reviewed all requests and determined which projects would facilitate the agency’s needs and will be included in the operating budget.
4. Capital Budget and Five Year Capital Plan  
The final step in completing the budget was determining the capital budget and Five Year Capital Plan for the agency which is consistent with the previously established agency goals and community needs, both current and future.

## BUDGET CALENDAR

The budget calendar allows DCTA to develop and implement a set of processes that will facilitate the creation, review, modification and adoption of a proposed budget. The budget calendar identifies the various tasks involved in the budget process and ensures that the information provided will be properly integrated, the process will be kept on schedule, and all parties will be aware of their responsibility in advance.





## **FISCAL YEAR 2009 ACCOMPLISHMENTS**

DCTA made significant strides in implementing components of the Service Plan, as well as creating the foundation successfully achieving major milestones, which included:

- Implemented a new organizational structure to address future needs of DCTA
- Developed and implemented a Budget Contingency Plan to respond to economic downturn
- Reconstituted the New Member Committee to review and analyze existing policies and adopt a strategy which will enhance participation by Denton County cities
- Signed the TxDOT agreement to secure \$250 million in funding for the A-train project
- Awarded contract for advertising services to assist with communications and marketing efforts
- Finalized the paint scheme and brand for the A-train
- Secured \$475,000 from 5307 Bus and Bus Facilities Program
- Began an Alternatives Analysis to review the feasibility of a high-capacity transit corridor in Denton
- Launched an aggressive construction communications strategy that included a project website, more targeted outreach to areas along the corridor, and improved jurisdictional coordination
- Issued an RFP for an update to the Service Plan
- Began a construction and rail safety campaign modeled after Operation Lifesaver
- Furthered the design of a new Bus Operations and Maintenance Facility
- Ordered bus fleet replacements of 5 new Heavy-Duty Low-Floor buses
- Experienced numerous months of accident-free operations
- Assisted the City of Denton and design team in reaching 95% design completion for the Downtown Denton Transit Center
- Continued 100% on-time performance of vehicle preventative maintenance
- Successfully completed DCTA's first Federal Transit Administration Triennial Review with no material findings
- Improved user-friendliness of Commuter Express by adding mid-day service and numerous stops in downtown Dallas
- Deployed on-board touch screen computers for stop-level passenger counting
- Geo-coded all DCTA bus stop locations for use in future ITS applications (Google Transit)
- Redesigned all Lewisville and Highland Village services to create more consistent schedules and productive service
- Introduced Connect On-Demand to serve Lewisville Senior Center
- Introduced Connect RSVP to serve north Lewisville and Highland Village
- Successfully secured grant funding to initiate a DCTA vanpool program
- Set numerous monthly ridership records for Commuter Express and Connect in Denton and Lewisville
- Launched NCTC Shuttle service in August 2009

## Fiscal Year 2009 Accomplishments

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- Completed the final design of the A-train project
- Entered into a construction service agreement with North Texas Rail Group (NTRG) for the construction of the A-train infrastructure
- Issued a Notice to Proceed for the construction of the A-train in May 2009
- Entered into a rail vehicle procurement contract with Stadler to provide Diesel Multiple Unit (DMU) rail vehicles for the A-train
- Completed the property acquisitions for the following A-train stations totaling 34 acres
  - Hebron
  - Old Town Lewisville
  - Highland Village / Lewisville Lake
  - Med Park
- Finalized the location for the Rail Operations and Maintenance Facility site

## Change in Net Assets - Budget Basis

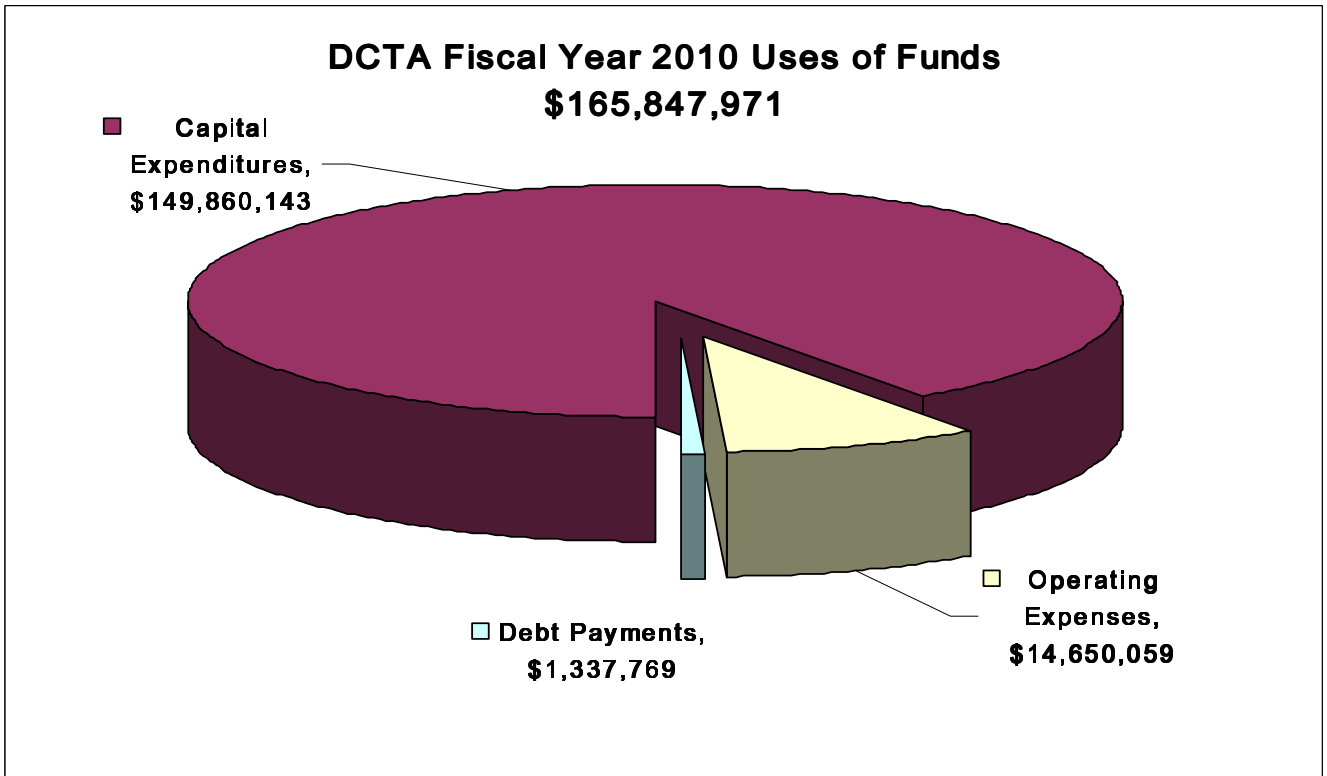
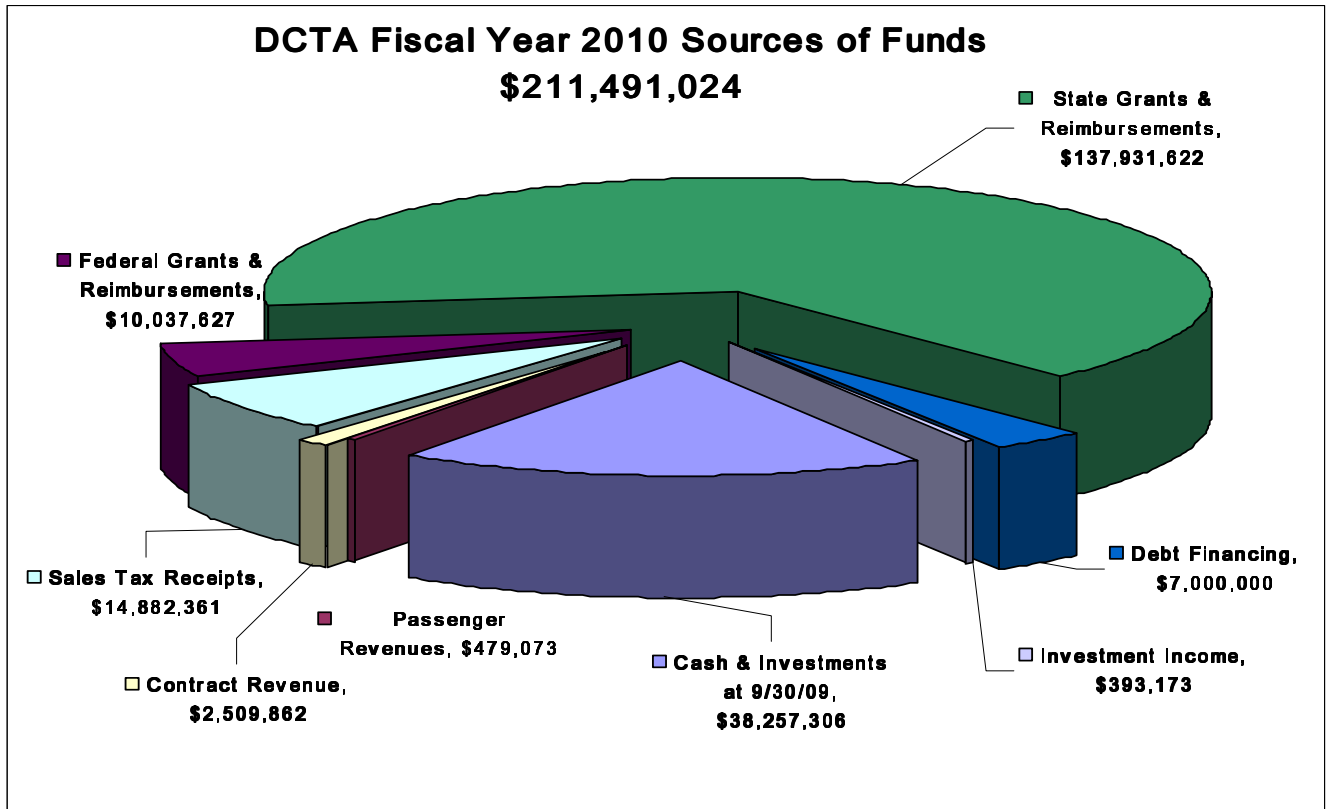
	FY 2008 Actual	FY 2009 Budget	FY 2009 Revised Budget	FY 2010 Budget
<b>Operating Revenues</b>				
Passenger Fares	\$ 482,282	\$ 439,634	\$ 439,634	\$ 451,462
Contract Service Revenue	2,239,233	2,383,820	2,036,304	2,509,862
Other Revenues	9,373	13,452	13,452	27,611
<b>Total Operating Revenues</b>	<b>\$ 2,730,888</b>	<b>\$ 2,836,906</b>	<b>\$ 2,489,390</b>	<b>\$ 2,988,936</b>
<b>Operating Expenses</b>				
Salaries, Wages & Fringe Benefits	\$ 4,884,854	\$ 5,320,148	\$ 5,626,643	\$ 6,349,148
Services	924,229	1,369,104	1,577,743	3,658,577
Materials & Supplies	1,844,446	2,361,439	1,374,149	2,357,859
Utilities	68,103	75,168	78,288	77,820
Insurance, Casualties & Losses	445,320	490,469	414,853	360,876
Miscellaneous	169,971	197,648	213,848	183,960
Leases & Rentals	330,925	299,694	299,694	1,661,820
Depreciation	1,402,035	1,019,428	1,019,428	933,231
<b>Total Operating Expenses</b>	<b>\$ 10,069,882</b>	<b>\$ 11,133,098</b>	<b>\$ 10,604,645</b>	<b>\$ 15,583,292</b>
Operating Income / (Loss)	\$ (7,338,995)	\$ (8,296,192)	\$ (8,115,255)	\$ (12,594,356)
<b>Non-Operating Revenues / (Expenses)</b>				
Sales Tax Revenue	\$ 16,208,354	\$ 16,385,000	\$ 16,385,000	\$ 14,882,361
Local Assistance Program	(1,067,837)	-	-	-
Net Investment Income / (Expenses)	1,188,514	1,980,929	394,677	393,173
Long-Term Debt Interest / (Expense)	(163,833)	(608,000)	(608,000)	(1,337,769)
Non-Operating Revenues / (Expenses)	(310,004)	(1,470,000)	(440,000)	-
Federal Grants & Reimbursements	2,916,207	1,669,612	2,326,810	10,037,627
State Grants & Reimbursements	-	36,594,000	128,501,251	137,931,622
Debt Issuance	-	60,453,612	-	7,000,000
<b>Total Non-Operating Revenue</b>	<b>\$ 18,771,401</b>	<b>\$ 115,005,153</b>	<b>\$ 146,559,738</b>	<b>\$ 168,907,013</b>
<b>Increase in Net Assets</b>	<b>\$ 11,432,407</b>	<b>\$ 106,708,961</b>	<b>\$ 138,444,483</b>	<b>\$ 156,312,657</b>
<b>Net Assets - Beginning of Year:</b>	<b>\$ 32,602,621</b>	<b>\$ 44,035,028</b>	<b>\$ 44,035,028</b>	<b>\$ 37,237,879</b>
<b>Net Assets - End of Year:</b>	<b>\$ 44,035,028</b>	<b>\$ 150,743,989</b>	<b>\$ 182,479,511</b>	<b>\$ 193,550,536</b>
<i>Transfer to Capital Projects</i>	<i>\$ -</i>	<i>\$ 135,971,709</i>	<i>\$ 145,241,632</i>	<i>\$ 149,860,143</i>
<b>Net Assets After Capital Project Transfer</b>	<b>\$ 44,035,028</b>	<b>\$ 14,772,280</b>	<b>\$ 37,237,879</b>	<b>\$ 43,690,393</b>

## Statement of Cash Flows

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	FY 2009 Revised Budget	FY 2010 Budget
<b>Beginning Cash Balance</b>	44,035,028	38,257,306
<b>Operating Activities</b>		
Operating Revenue	\$ 2,489,390	\$ 2,988,936
Sales Tax Revenue	16,385,000	14,882,361
G&A Operating Expenses*	(2,780,882)	(3,350,859)
Rail Operating Expenses*	(524,625)	(3,516,603)
Contract Bus (TMDC) Operating Expenses*	(6,279,711)	(7,782,597)
<b>Total Operating Activities</b>	<b>\$ 9,289,172</b>	<b>\$ 3,221,237</b>
<b>Investing Activities</b>		
G&A Capital Expenditure	\$ -	\$ (86,693)
Rail Capital Expenditure	(141,791,536)	(137,931,622)
Bus Capital Expenditure	(3,450,096)	(11,841,828)
Non-Operating Expense	(440,000)	-
Investment Income	394,677	393,173
Federal Grants & Reimbursements	2,326,810	10,037,627
State Grants & Reimbursements	128,501,251	137,931,622
<b>Total Investing Activities</b>	<b>\$ (14,458,894)</b>	<b>\$ (1,497,721)</b>
<b>Financing Activities</b>		
Debt Issuance	\$ -	\$ 7,000,000
Debt Payment	(608,000)	(1,337,769)
<b>Total Financing Activities</b>	<b>\$ (608,000)</b>	<b>\$ 5,662,231</b>
<b>Net Increase (Decrease) in Cash</b>	<b>\$ (5,777,722)</b>	<b>\$ 7,385,747</b>
<b>Ending Cash Balance</b>	<b>\$ 38,257,306</b>	<b>\$ 45,643,053</b>

\* Operating expenses net of depreciation expense



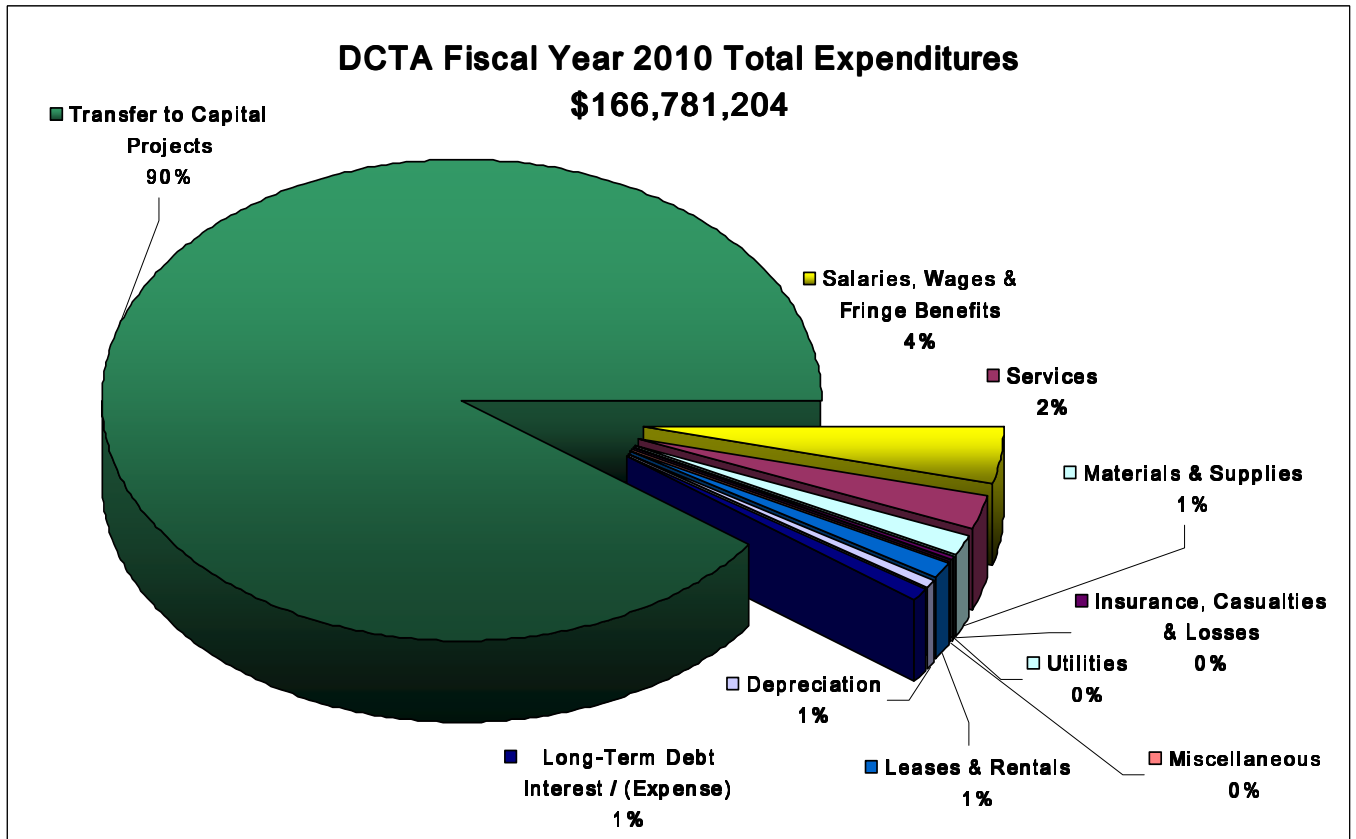
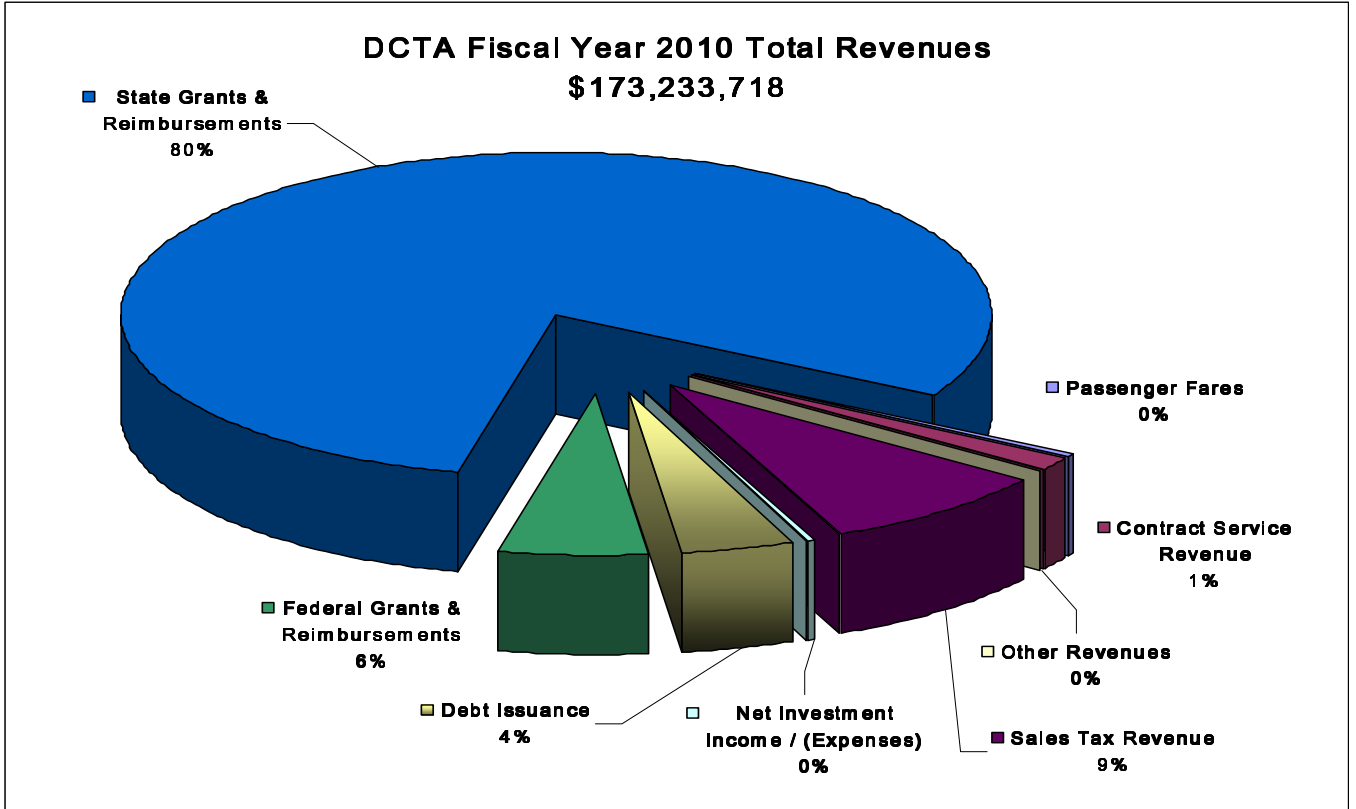
## Operating Budget by Classification

### SUMMARY (millions)

	FY 2008 Actual	FY 2009 Budget	FY 2009 Revised Budget	FY 2010 Budget	% CHANGE FY 10 to FY 09 Rev Budget
<b>TOTAL REVENUES</b>	\$ 23.0	\$ 59.5	\$ 150.1	\$ 173.2	15.4%
<b>TOTAL EXPENSES</b>	11.6	149.2	156.9	166.8	6.3%
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ 11.4	\$ (89.7)	\$ (6.8)	\$ 6.5	

### DETAIL

	FY 2008 Actual	FY 2009 Budget	FY 2009 Revised Budget	FY 2010 Budget	\$ CHANGE FY 10 to FY 09 Rev Budget
<b>REVENUES</b>					
Passenger Fares	\$ 482,282	\$ 439,634	\$ 439,634	\$ 451,462	\$ 11,828
Contract Service Revenue	2,239,233	2,383,820	2,036,304	2,509,862	473,558
Other Revenues	9,373	13,452	13,452	27,611	14,159
<b>Subtotal Operating Revenue</b>	<b>2,730,888</b>	<b>2,836,906</b>	<b>2,489,390</b>	<b>2,988,936</b>	
Sales Tax Revenue	16,208,354	16,385,000	16,385,000	14,882,361	(1,502,639)
Net Investment Income / (Expenses)	1,188,514	1,980,929	394,677	393,173	(1,504)
Debt Issuance	-	-	-	7,000,000	7,000,000
Federal Grants & Reimbursements	2,916,207	1,669,612	2,326,810	10,037,627	7,710,817
State Grants & Reimbursements	-	36,594,000	128,501,251	137,931,622	9,430,371
<b>Subtotal Non-Operating Income</b>	<b>20,313,075</b>	<b>56,629,541</b>	<b>147,607,738</b>	<b>170,244,783</b>	
<b>TOTAL REVENUES</b>	<b>\$ 23,043,963</b>	<b>\$ 59,466,447</b>	<b>\$ 150,097,128</b>	<b>\$ 173,233,718</b>	<b>\$ 23,136,590</b>
<b>EXPENSES</b>					
Salaries, Wages & Fringe Benefits	\$ 4,884,854	\$ 5,320,148	\$ 5,626,643	\$ 6,349,148	\$ (722,505)
Services	924,229	1,369,104	1,577,743	3,658,577	(2,080,834)
Materials & Supplies	1,844,446	2,361,439	1,374,149	2,357,859	(983,710)
Utilities	68,103	75,168	78,288	77,820	468
Insurance, Casualties & Losses	445,320	490,469	414,853	360,876	53,977
Miscellaneous	169,971	197,648	213,848	183,960	29,888
Leases & Rentals	330,925	299,694	299,694	1,661,820	(1,362,126)
Depreciation	1,402,035	1,019,428	1,019,428	933,231	86,196
<b>Subtotal Operating Expenses</b>	<b>10,069,882</b>	<b>11,133,098</b>	<b>10,604,645</b>	<b>15,583,292</b>	
Local Assistance Program	1,067,837	-	-	-	-
Long-Term Debt Interest / (Expense)	163,833	608,000	608,000	1,337,769	(729,769)
Non-Operating Revenues / (Expenses)	310,004	1,470,000	440,000	-	440,000
<b>Subtotal Non-Operating Expenses</b>	<b>1,541,674</b>	<b>2,078,000</b>	<b>1,048,000</b>	<b>1,337,769</b>	
<b>TOTAL EXPENSES</b>	<b>\$ 11,611,556</b>	<b>\$ 13,211,098</b>	<b>\$ 11,652,645</b>	<b>\$ 16,921,061</b>	<b>\$ (5,268,416)</b>
Transfer to Capital Projects		135,971,709	145,241,632	149,860,143	(4,618,511)
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ 11,432,407</b>	<b>\$ (89,716,360)</b>	<b>\$ (6,797,149)</b>	<b>\$ 6,452,514</b>	<b>\$ 13,249,663</b>

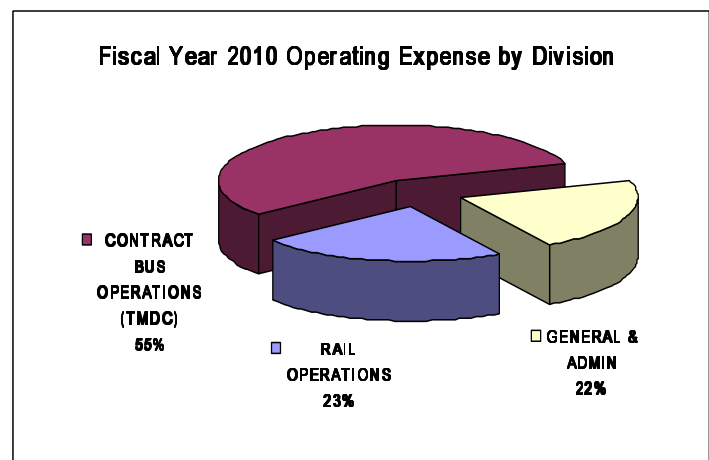
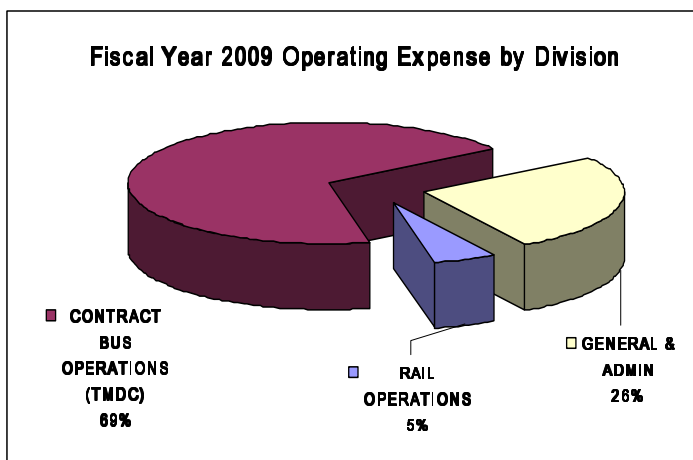


## Operating Expenses by Division and Department

OPERATING EXPENSES	FY 2008 Actual	FY 2009 Budget	FY 2009 Revised Budget	FY 2010 Budget
<b>GENERAL AND ADMINISTRATIVE</b>				
President	\$ 708,281	\$ 844,357	\$ 858,057	\$ 915,514
Vice President of Finance / CFO	637,388	643,731	634,656	728,232
Vice President / COO**	474,262	-	-	-
Project Management**	165,759	-	-	-
Board of Directors	17,219	26,830	26,830	32,450
Communications and Marketing	235,878	476,896	456,161	753,895
Bus Operations*	-	97,536	97,536	270,292
Planning*	-	555,040	567,733	528,246
Human Resources*	-	195,704	157,454	137,120
<b>TOTAL GENERAL &amp; ADMIN</b>	<b>\$ 2,238,787</b>	<b>\$ 2,840,094</b>	<b>\$ 2,798,427</b>	<b>\$ 3,365,748</b>
<b>RAIL OPERATIONS</b>				
Rail Development*	\$ -	\$ -	\$ 524,625	\$ 3,516,603
<b>TOTAL RAIL OPERATIONS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 524,625</b>	<b>\$ 3,516,603</b>
<b>CONTRACT BUS OPERATIONS (TMDC)</b>				
Administration	\$ 1,927,575	\$ 1,522,088	\$ 1,543,493	\$ 1,499,004
Connect Service	778,872	879,272	864,172	1,089,187
UNT Service	1,241,115	1,222,713	1,215,221	1,253,717
Access Service	453,817	558,155	549,468	856,408
Commuter Express Service	406,622	318,412	314,106	325,722
Maintenance	2,397,716	3,037,707	2,063,283	3,059,265
Supervisors & Dispatch	625,378	754,657	731,851	572,667
NCTC Service	-	-	-	44,970
<b>TOTAL CONTRACT BUS OPERATIONS (TMDC)</b>	<b>\$ 7,831,096</b>	<b>\$ 8,293,004</b>	<b>\$ 7,281,594</b>	<b>\$ 8,700,940</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 10,069,882</b>	<b>\$ 11,133,098</b>	<b>\$ 10,604,645</b>	<b>\$ 15,583,292</b>

\* Department was created in FY 2009

\*\* Department was eliminated in FY 2009

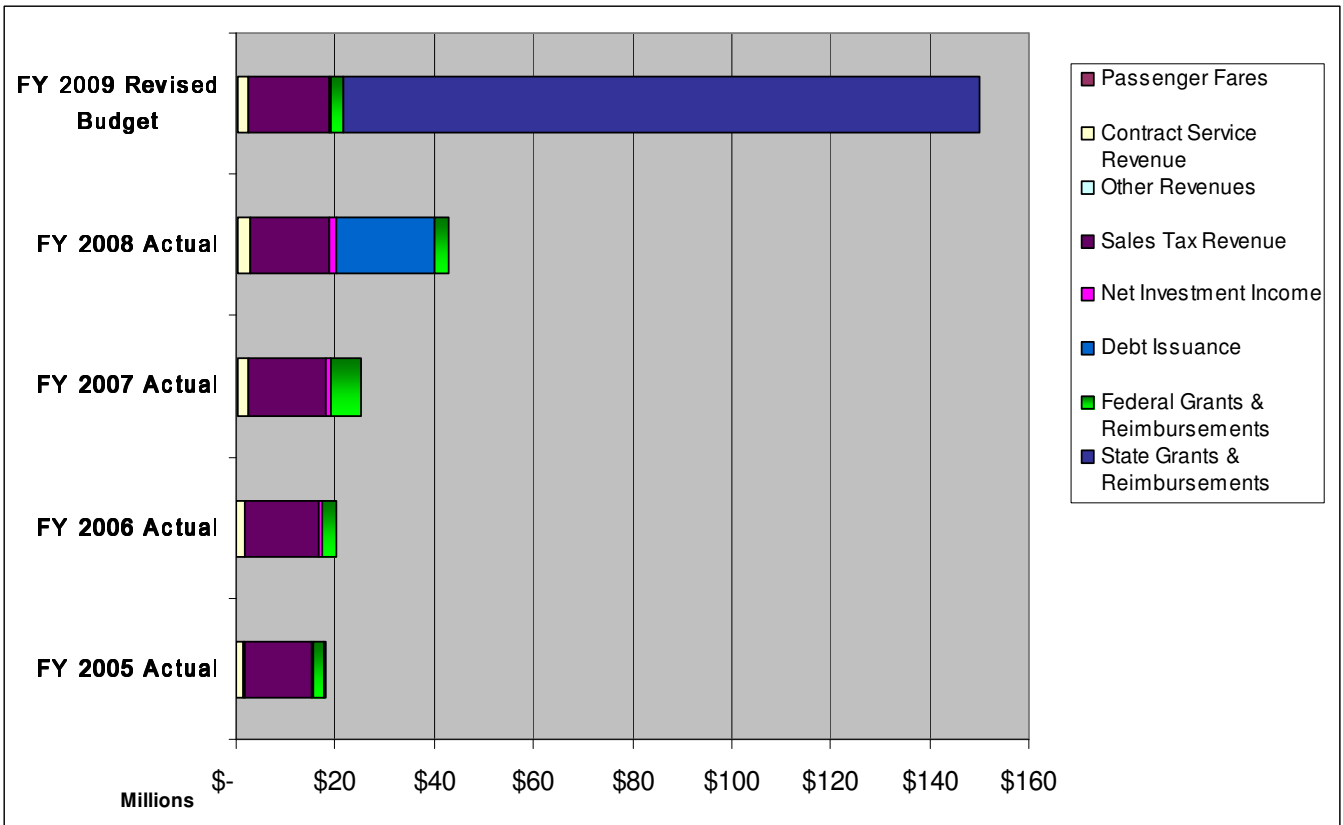




# Revenue Sources – Five Year Trend

## REVENUE SOURCES – FIVE YEAR TREND

REVENUE SOURCES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
	Actual	Actual	Actual	Actual	Revised Budget
Passenger Fares	\$ 111,788	\$ 159,627	\$ 342,096	\$ 425,199	\$ 439,634
Contract Service Revenue	1,441,651	1,679,734	2,066,763	2,296,316	2,036,304
Other Revenues	59,166	6,985	8,553	9,373	13,452
Sales Tax Revenue	13,685,028	14,796,379	15,530,585	16,208,354	16,385,000
Net Investment Income	303,993	752,797	1,320,149	1,188,514	394,677
Debt Issuance	-	-	-	20,000,000	-
Federal Grants & Reimbursements	2,259,832	2,701,351	5,932,486	2,916,207	2,326,810
State Grants & Reimbursements	80,000	106,800	-	-	128,501,251
<b>TOTAL REVENUES</b>	<b>\$ 17,941,457</b>	<b>\$ 20,203,673</b>	<b>\$ 25,200,632</b>	<b>\$ 43,043,963</b>	<b>\$ 150,097,128</b>



### **REVENUE**

Department specific revenue budgets, such as Passenger Revenue are the responsibility of the particular department since the staff in the respective departments is the most knowledgeable source of information. Likewise, the CFO department is responsible for Sales Tax Revenue estimates. Revenue forecasts are largely based on trend analysis, with an emphasis on current and expected future economic conditions within the national, state, and local economy. DCTA sales tax rate is one half a percent of taxable goods and services sold within the three member cities of Denton, Highland Village, and Lewisville. Local businesses within member cities collect the tax, remit it to the State Comptroller, and then it is disbursed between the state, cities, DCTA, and other taxing authorities.

### **OPERATING REVENUE:**

#### **PASSENGER FARE REVENUE**

Passenger fare revenue consists of fare box collections and ticket sales for the DCTA bus and paratransit services. Total fare revenue is projected at \$451 thousand or 2.7% increase over the FY 2009 revised budget. This slight raise is due to a projected 18% increase in ridership, due in part by additional revenue hours estimated and the addition of the RSVP Connect service in FY 2010.

#### **CONTRACT SERVICE REVENUE**

Contract service revenue consists of revenue or income related to providing transit services to UNT, NCTC and other non-member cities on a contractual basis. The 2010 budget reflects a 23% increase over the 2009 revised budget mainly due to a budgeted increase in fuel costs, which are passed through to UNT. The balance of the variance is attributable to a 3% increase in the UNT contract price and the addition of the NCTC Shuttle service in August 2009, which creates a variance of \$134 thousand.

#### **OTHER REVENUE**

Other revenue consists of revenues that DCTA receives in exchange for providing Access transit services to Corinth, a non-member city. The budgeted amount is based on the projected number of passengers and the rate identified in the contract for FY 2010.

### **NON-OPERATING REVENUE:**

#### **SALES TAX REVENUE**

Sales Tax Revenue is a non-operating income source for DCTA. DCTA collects a one-half percent sales tax in member cities. Sales tax revenue for the 2010 budget year is based on the 2009 actual receipts and is a conservative estimate which projects an 8% decrease over the last period and a \$1.5 million decrease over the FY09 budget.

### **NET INVESTMENT INCOME**

Net investment income represents DCTA earnings from investments net of interest expense. DCTA has a diverse investment portfolio as allowed by the Investment Policy. In FY 2010, DCTA is anticipating a conservative .80% return on investment.

### **FEDERAL GRANTS & REIMBURSEMENTS**

Federal grant revenue consists of revenue or income from various grants available to DCTA and includes both operating and capital grants. In FY 2010, DCTA anticipates \$3.0 million in operating grants, which is an increase of \$1.1 million over the FY 2009 revised budget. Operating grants are used to fund projects such as preventative maintenance, eligible bus transit operations, ozone reduction education program, BRT Alternatives Analysis Study, vanpool program, and travel training. DCTA anticipates \$7.0 million in capital grants, which reflects a significant increase of \$6.6 million over the FY 2009 revised budget. This increase is mainly attributable to the American Reinvestment and Recovery Act (ARRA) funds of \$4.1 million that DCTA was awarded, \$3.9 million which is budgeted to be drawn down in FY2010 and the remaining balance in FY 2011. These funds will be applied to projects related to bus support equipment and facilities, fleet replacement, and passenger amenities. An additional source of capital grants expected in 2010 is the 5307 Capital funds in the amount of \$2.3 million, which are federal formula funds available to the agency and will be applied toward the Bus Operations and Maintenance Facility.

### **STATE GRANTS & REIMBURSEMENTS**

For the 2010 budget we are anticipating a 7% increase from the Regional Toll Revenue Funding Initiative (RTRFI). DCTA has been awarded \$250 million for the A-train project, which represents 80% funding for the project. In FY 2010, DCTA anticipates drawing down \$137.9 million from these funds based on the current capital expenditure schedule.

## **OPERATING EXPENSES**

The FY 2010 Operating Expense Budget includes costs related to the day-to-day operations of DCTA and current service levels and also includes costs related to Expanded Level Projects that have been identified and included in the budget. Expanded Level Projects include any new projects, plans for expansion, or increased service delivery that are above and beyond current service levels.

DCTA implemented a new operating management service contract October 1, 2006. DCTA contracted with First Transit, Inc. to provide a General Manager (GM) and corporate support for human resources, benefits, and oversight for the bus operations. First Transit, Inc. has created a wholly owned subsidiary, Transit Management of Denton County (TMDC) to provide the bus operations support for DCTA. DCTA provides the accounting, implements the required controls over expenditures, and processes the payments for the cost of running the day to day operations. Under this type of management contract the expenses are reported in the natural expense categories of Salary and Wages, Services, Materials and Supplies, etc.

### **SALARY, WAGES AND FRINGE BENEFITS**

This expense category includes DCTA and TMDC payroll, employer taxes, employer insurance, and employer contributions to the 401(a). The FY 2010 budget reflects a 12.8% increase in this category primarily due to a 10% increase in health benefits and TMDC bus operators salary adjustments and consists of salary, wages and fringe benefits components.

In response to the goal of achieving an organization structure that encourages and promotes a high performing workforce, it is important to ensure that DCTA is competitive in recruiting skilled staff. This budget incorporates a philosophical change in the approach to maintaining a competitive position and incorporates a 1% pay plan market adjustment. Based on a review of competitive market ranges this serves as a first step to begin adjustments for those positions that fall below the mid-point of the market range. A market comparison will be conducted every two years with a goal to stay within mid-point of the market range. Funds will be budgeted as needed to help maintain that position. Incentive pay (Quality Pay) has also been included in the FY 2010 budget at 2.25%, a 25% reduction from previous years and accounts for \$29k. Another component is the \$96k increase related to the President position moving from a contracted position, as it is in FY 2009, to a salaried position in FY 2010.

This budget incorporates an increase of 10% in health care benefits based on the current plan design, which accounts for an \$80k increase compared to FY 2009 revised budget. This is based on analysis of our employee health benefits and projections of anticipated increase in the cost of health care. Although health care increases have seen a slight leveling in recent years, they are projecting higher increases that range as high as 20% for

## Budget Assumptions cont.

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some areas. However, DCTA has experienced good claims history and last year saw a 3% decrease in health care premiums.

Transit Management of Denton County (TMDC), which provides the bus operations for DCTA, has included an overall wage increase for bus operators of 4% as a result of the negotiated union contract. In the FY 2010 budget, TMDC is also anticipating an overall increase of 14,185 in service hours on DCTA services, which results in increased salaries and wages for bus operators.

## **SERVICES**

Service Expense consists of DCTA contracts and purchase of services from consultants and is higher than the FY 2009 revised budget by 131.9% primarily due to Expanded Level Projects that have been identified for FY 2010. These are projects that are considered “one-time” or “out of the ordinary” types of expenses and go above and beyond the current service levels and total \$2.0 million in the FY 2010 budget.

The majority of this expense is a result of the Rail Operating costs for the start-up of new rail service of \$1.8 million that DCTA is anticipating to begin in the up-coming fiscal year. This would include mobilization and commencement of contracted services for Maintenance of Equipment (MOE), Maintenance of Way (MOW), facility maintenance, train operations and dispatch services for the A-train.

The budget includes three Expanded Level Projects associated with marketing. The first will involve launching an aggressive marketing campaign for the A-train and accounts for \$215,100 of expense. The largest expenditure item in this category will be for an advertising and marketing contract. Services include development and printing of marketing and collateral material related to A-train marketing and passenger information. Another project included in the budget is the marketing initiative for the Employee Trip Reduction (ETR) / Vanpool Program and is budgeted at \$105,450. Expenses will allow DCTA to develop a tool kit marketing to employers and a travel training program that transitions users from ADA/Paratransit services to fixed-route services. DCTA is eligible to receive an Ozone grant through North Central Texas Council of Governments for this program and will be reimbursed 80% for related expenses and these revenues have been included in the FY 2010 budget. The third Expanded Level Project involves updating the DCTA website. As the agency grows and the use of web-based informational tools increases, DCTA's website needs to keep pace. The current website, while useful as a basic tool, and needs to be designed to grow with the agency.

The final Expanded Level Project included in the FY 2010 services budget is for a Financial Software Package and accounts for \$29k. This package will be an integrated comprehensive package and will incorporate financial software, HR and payroll capabilities. There is additional capital costs associated with this project and these will be explained in the Capital Budget.

### **MATERIALS AND SUPPLIES**

This expense category includes office supplies, non-capital expenditure for furniture and computer, fuel and lubricants for operations, etc. For DCTA, the 2010 budget for this category is higher than 2009 revised budget by \$984 thousand, with fuel accounting for 89% of the increase. This variance can be attributed to an increase in gallons by 139,000, which is the result of increased service hours and the addition of the NCTC shuttle service and the Connect RSVP service in FY 2010. Another major factor in this increase is fuel budgeted at \$3.50 per gallon in FY 2010 compared to \$2.50 per gallon in the FY 2009 revised budget.

### **UTILITIES**

This expense category includes gas, electric and communication expenses. The 2010 budget reflects a decrease of \$468 compared to the FY 2009 budget.

### **INSURANCE**

This expense category budget item is lower than revised budget by \$54 thousand and is due to a reduction in workers compensation premiums.

### **MISCELLANEOUS**

This expense category includes travel and lodging, dues and memberships, seminars and conferences, and other minor expenditures that do not fit into the categories above. DCTA is budgeting a 14% decrease in FY 2010 and is a result of limiting travel due to current economic conditions.

### **LEASES AND RENTALS**

Lease rent expense includes DCTA facility leases at Denton, parking for our Commuter Express Service, office leases at the Stemmons location, and the anticipated Rail Diesel Car (RDC) lease with DART. The 2010 budget is higher than FY 2009 revised budget by \$1.36 million due to the addition of the RDC lease with DART.

### **DEPRECIATION**

This expense category represents the expense of using our capital assets over time. The 2010 budget is lower than the prior year forecast primarily due to a decrease in depreciable assets as certain assets reach the end of their depreciable lives.

## **NON-OPERATING EXPENSES:**

### **LONG-TERM DEBT INTEREST/EXPENSE**

This category accounts for the expenses related to long-term debt issuance and includes principal and interest payments. In the FY 2010 budget, DCTA is anticipating two additional debt issuances. One will be used to fund the Bus Operations and Maintenance Facility construction and is planned at \$7 million. The second is a refunding of the Series 2008 \$20 million bond issue. This additional funding results in a \$730 thousand increase in the FY 2010 budget.

### **NON-OPERATING EXPENSES**

This category accounts for incidental expenses that are not generated through or directly related to the regular operating activities of DCTA. In FY 2010, DCTA is expecting a decrease in expenses of \$440 thousand due to the Trinity Mills-DART project expense previously being accrued in FY08 and FY09.

## Full-Time Equivalent (FTE) Comparison

Division Summary	FY 2009 Budget	FY 2010 Budget	Variance
<b>General &amp; Administrative Division</b>			
President Department			
President	1.00	1.00	-
Executive Assistant	1.00	1.00	-
Admin Asst / Receptionist	1.00	1.00	-
Project Assistant	1.00	1.00	-
Finance Department			
Chief Financial Officer	1.00	1.00	-
Senior Accountant	1.00	1.00	-
Accountant	1.00	1.00	-
Budget Analyst	1.00	1.00	-
AP/AR Specialist	1.00	1.00	-
Procurement Manager	1.00	1.00	-
Communications & Marketing Department			
VP Planning & Communications	1.00	1.00	-
Marketing Manager	1.00	1.00	-
Bus Operations Department			
Managing Director of Bus Operations	1.00	-	(1.00)
VP of Bus Operations	-	1.00	1.00
Senior Planner	-	1.00	1.00
Planning Department			
Managing Director of Planning	1.00	-	(1.00)
Strategic Planner	-	1.00	1.00
Senior Planner	1.00	-	(1.00)
Intern	0.25	-	(0.25)
Human Resources Department			
Human Resource Manager	1.00	-	(1.00)
Management Specialist	-	1.00	1.00
<b>Rail Operations Division</b>			
Rail Development Department			
EVP of Rail Development	1.00	-	(1.00)
VP Rail & Project Development	-	1.00	1.00
Executive Assistant	1.00	-	(1.00)
Project Assistant	1.00	1.00	-
General Manager of Rail Operations	1.00	1.00	-
Intern	0.25	-	(0.25)
<b>Total DCTA FTE Staff</b>	<b>20.50</b>	<b>19.00</b>	<b>(1.50)</b>
Contracted Bus Operations (TMDC)	101.12	119.25	18.13
<b>Total FTE Staff with Operations</b>	<b>121.62</b>	<b>138.25</b>	<b>16.63</b>



## Operational Statistics

	FY 2008 Actual	FY 2009 Budget	FY 2009 Y/E Est Actual	FY 2010 Budget	% CHANGE FY10 to FY09 Y/E Est Actual
<b>PASSENGERS</b>					
Access	42,803	45,850	45,227	47,080	4.1%
Commuter Express	88,724	87,697	93,244	100,362	7.6%
Connect	250,578	251,359	270,769	305,901	13.0%
UNT	1,576,402	1,583,800	1,644,319	1,779,602	8.2%
NCTC	-	-	-	3,960	N/A
<b>TOTAL PASSENGERS</b>	<b>1,958,507</b>	<b>1,968,706</b>	<b>2,053,559</b>	<b>2,238,905</b>	<b>8.9%</b>
<b>REVENUE VEHICLE MILES</b>					
Access	342,219	389,725	346,131	407,405	17.7%
Commuter Express	256,136	259,334	246,253	236,032	(4.2%)
Connect	475,240	491,642	483,741	630,351	30.3%
UNT	593,371	551,889	568,331	568,180	(0.0%)
NCTC	-	-	-	65,340	N/A
<b>TOTAL REVENUE MILES</b>	<b>1,666,966</b>	<b>1,692,590</b>	<b>1,644,456</b>	<b>1,907,308</b>	<b>16.0%</b>
<b>REVENUE HOURS</b>					
Access	22,844	24,132	24,578	25,173	2.4%
Commuter Express	8,008	7,980	8,110	8,084	(0.3%)
Connect	34,432	35,901	35,611	42,076	18.2%
UNT	48,170	45,967	47,604	48,932	2.8%
NCTC	-	-	-	1,980	N/A
<b>TOTAL REVENUE HOURS</b>	<b>113,454</b>	<b>113,980</b>	<b>115,903</b>	<b>126,245</b>	<b>8.9%</b>
<b>PASSENGERS PER REVENUE HOUR</b>					
Access	1.90	2.00	1.84	1.87	1.6%
Commuter Express	11.10	11.00	11.49	12.41	8.0%
Connect	7.30	7.00	7.61	7.27	(4.5%)
UNT	32.70	34.00	32.51	36.37	11.9%
NCTC	-	-	-	2.00	N/A
<b>AVERAGE</b>	<b>17.26</b>	<b>17.27</b>	<b>17.72</b>	<b>17.72</b>	<b>0.0%</b>
<b>COST PER REVENUE HOUR</b>					
Access	\$ 54.98	\$ 57.79	\$ 49.32	\$ 68.11	38.1%
Commuter Express	\$ 113.34	\$ 109.04	\$ 90.09	\$ 96.81	7.5%
Connect	\$ 53.69	\$ 62.77	\$ 50.26	\$ 62.53	24.4%
UNT	\$ 53.21	\$ 60.33	\$ 49.47	\$ 53.31	7.8%
NCTC	N/A	N/A	N/A	N/A	N/A
<b>COST PER PASSENGER</b>					
Access	\$ 29.34	\$ 30.41	\$ 26.80	\$ 36.42	35.9%
Commuter Express	\$ 10.23	\$ 9.92	\$ 7.84	\$ 7.80	(0.5%)
Connect	\$ 7.38	\$ 8.97	\$ 6.61	\$ 8.60	30.1%
UNT	\$ 1.63	\$ 1.75	\$ 1.43	\$ 1.47	2.8%
NCTC	N/A	N/A	N/A	N/A	N/A
<b>AVERAGE</b>	<b>\$ 3.36</b>	<b>\$ 3.70</b>	<b>\$ 2.96</b>	<b>\$ 3.46</b>	<b>16.7%</b>
<b>FARE REVENUE PER PASSENGER</b>					
Access	\$ 2.45	\$ 2.79	\$ 2.77	\$ 2.76	(0.4%)
Commuter Express	\$ 2.25	\$ 1.97	\$ 2.07	\$ 2.06	(0.5%)
Connect	\$ 0.79	\$ 0.65	\$ 0.69	\$ 1.21	75.4%
UNT	\$ 1.40	\$ 1.50	\$ 1.24	\$ 1.30	4.8%
NCTC	N/A	N/A	N/A	N/A	N/A
<b>AVERAGE</b>	<b>\$ 1.38</b>	<b>\$ 1.44</b>	<b>\$ 1.24</b>	<b>\$ 1.35</b>	<b>9.0%</b>
<b>FAREBOX RECOVERY RATIO</b>					
Access	8%	9%	11%	8%	(27.3%)
Commuter Express	22%	20%	27%	26%	(3.7%)
Connect	11%	7%	11%	14%	27.3%
UNT	86%	86%	83%	89%	7.2%
NCTC	N/A	N/A	N/A	N/A	N/A
<b>AVERAGE</b>	<b>41%</b>	<b>39%</b>	<b>42%</b>	<b>39%</b>	<b>(6.6%)</b>

# **DIVISION BUDGETS**

General and Administrative Division Budgets

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**PRESIDENT**

Provides professional leadership, guidance, and coordination in the implementation of the policies established by the Board of Directors. The President's department administers Board support, records management, and coordinates legislative liaisons and General Counsel. The President also oversees intergovernmental relations and communications with local, regional, state and federal agencies and organizations. The department is responsible for the overall direction, supervision, and coordination of DCTA's activities.

<b>COST CLASSIFICATION</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Budget</b>	<b>FY 2009 Revised Budget</b>	<b>FY 2010 Budget</b>
<b><u>PRESIDENT</u></b>				
Salary, Wages & Benefits	\$ 248,617	\$ 316,800	\$ 250,800	\$ 381,289
Services	184,384	212,926	292,626	255,664
Materials & Supplies	22,648	33,530	33,530	26,004
Utilities	9,182	10,920	10,920	11,520
Insurance & Casualties	-	-	-	-
Miscellaneous	89,700	120,010	120,010	99,142
Leases & Rentals	140,206	159,456	159,456	159,456
Depreciation	30,764	17,545	17,545	14,889
<b>Total Operating Expense</b>	<b>\$ 725,500</b>	<b>\$ 871,187</b>	<b>\$ 884,887</b>	<b>\$ 947,964</b>
<b>Full-Time Equivalent</b>	<b>3.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>

**MATERIAL BUDGET ITEMS:**

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- Reclassification of President's salary from Services category to Salary & Wages category
- Pay plan market adjustment of 1%
- Reduction in travel expenses
- Legal services

### *AGENCY GOALS:*

- *Implement an organizational structure which promotes and encourages high performing staff and service delivery.*

### **OBJECTIVES AND PERFORMANCE MEASURES:**

***Maintain an organizational structure that supports long-term growth and success of the agency.***

- Submit revised organization structure to Board of Directors by November 2009

***Review and ensure departments have appropriate administrative policies and procedures to ensure continuity.***

***Encourage professional development opportunities for staff.***

***Complete a benefit and pay plan survey to provide retention and recruitment of quality staff.***

- Secure a consultant by December 2009
- Survey complete and submit to Board by July 2010

**FINANCE**

To provide the highest quality financial management, support, fiduciary oversight, and public accountability to the DCTA Board and stakeholders. The department, management, and staff are committed to the following principles:

- Provide timely and accurate financial information to the departments and the Board
- Comply with State and Federal regulations regarding financial management, procurement, accounting, and control
- Surpass industry standards of financial management and reporting
- Be a resource for the President and Board on financial matters, economic issues, and operational performance
- Monitor and report DCTA's financial performance
- Recommend effective allocation of resources and safeguard assets

Departmental functions include responsibilities for the accounting and reporting functions, budget and long range financial planning, treasury and investing function, risk management and contracts and procurement.

COST CLASSIFICATION	FY 2008 Actual	FY 2009 Budget	FY 2009 Revised Budget	FY 2010 Budget
<b>FINANCE</b>				
Salary, Wages & Benefits	\$ 393,470	\$ 485,609	\$ 485,609	\$ 498,214
Services	149,641	112,500	112,500	197,234
Materials & Supplies	19,916	20,000	10,925	10,100
Utilities	660	720	720	720
Insurance & Casualties	54,468	9,345	9,345	4,596
Miscellaneous	19,232	15,557	15,557	17,368
Leases & Rentals	-	-	-	-
Depreciation	-	-	-	-
<b>Total Operating Expense</b>	<b>\$ 637,388</b>	<b>\$ 643,731</b>	<b>\$ 634,656</b>	<b>\$ 728,232</b>
<b>Full-Time Equivalents</b>	<b>5.4</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>

**MATERIAL BUDGET ITEMS:**

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- Expanded Level Project – Financial Software
- Legal services related to additional debt issuance
- General consulting services for a Cost Allocation Plan

*AGENCY GOALS:*

- *Maintain a service delivery system that provides mobility solutions that are safe, customer focused and efficient.*
  
  
  
  
  
  
  
  
  
  
- *Implement an organizational structure which promotes and encourages high performing staff and service delivery.*
  
  
  
  
  
  
  
  
  
  
- *Continue emphasis on financial stability and integrity.*

**OBJECTIVES AND PERFORMANCE MEASURES:**

***Address DCTA's long-term debt financing needs to support the Service Plan and long-range financial model.***

- Analyze agency debt capacity and needs based on capital projects planned and complete debt issuance or refunding as required.
- Develop a Five Year Capital Plan and integrate into the long-range financial model.

***Review and improve the grant application process and reporting to insure proper compliance.***

- Implement approved cost allocation plan
- Assure compliance with all requirements of RTRFI and FTA grant funding and reporting

***Participate with DART and the T to develop a regional fare policy in order to prepare DCTA fare structure for regional integration.***

***Develop plan for strategic review of risk environment.***

***Evaluate options and make recommendations for employee retirement plan.***

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***Revise purchasing policies to meet needs of agency in compliance with applicable laws.***

***Develop and present for adoption Financial Policies and appropriate benchmarks.***

***Collaborate with local, state and federal elected officials and agencies to identify funding and partnering opportunities.***

***Implementation of integrated financial software application.***

***Receive an unqualified audit opinion with no material findings***

- Update accounting procedures and develop performance targets.

***Achieve GFOA Distinguished Budget Award and implement budgeting best practices.***

## MARKETING AND COMMUNICATIONS

To provide critical external and internal communications support for staff, consultants, and the DCTA Board of Directors, to develop marketing strategies for all DCTA services, and to promote and enhance the organization's brand identity through effective marketing, communications, and public relations activities. Additionally, the communications and marketing department manages all media inquiries and public involvement activities related to major service changes and initiatives.

<b>COST CLASSIFICATION</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Budget</b>	<b>FY 2009 Revised Budget</b>	<b>FY 2010 Budget</b>
<b>MARKETING &amp; COMMUNICATIONS</b>				
Salary, Wages & Benefits	\$ 100,073	\$ 142,706	\$ 155,818	\$ 179,120
Services	96,767	270,740	241,994	492,350
Materials & Supplies	23,787	48,500	43,399	64,950
Utilities	540	1,440	1,440	1,440
Insurance & Casualties	-	-	-	-
Miscellaneous	14,711	13,510	13,510	16,035
Leases & Rentals	-	-	-	-
Depreciation	-	-	-	-
<b>Total Operating Expense</b>	<b>\$ 235,878</b>	<b>\$ 476,896</b>	<b>\$ 456,161</b>	<b>\$ 753,895</b>
<b>Full-Time Equivalents</b>	<b>1.5</b>	<b>2.1</b>	<b>2.0</b>	<b>2.0</b>

### MATERIAL BUDGET ITEMS:

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- Expanded Level Project – Marketing initiative for the launch of the A-train
- Expanded Level Project – Marketing initiative for the Employee Trip Reduction (ETR) / Vanpool program
  - This expense will be offset by the Ozone grant received from North Central Texas Council of Governments (NCTCOG)
- Expanded Level Project – Update of DCTA website

*AGENCY GOALS:*

- *Maintain a service delivery system that provides mobility solutions that are safe, customer focused and efficient.*
  
- *Continue emphasis on financial stability and integrity.*
  
- *Elevate local, regional and national awareness of DCTA.*

**OBJECTIVES AND PERFORMANCE MEASURES:**

***Continue rail safety education program.***

- Increase the number of travel and safety training opportunities
- 

***Collaborate with local, state and federal elected officials and agencies to identify funding and partnering opportunities.***

- Number of grants executed and closed
- 

***Promote DCTA fixed-route and commuter bus services with focused and targeted marketing campaigns.***

- Increase activities of the Citizen Advisory Team
- Increase ridership

***Lead the communications and public information strategies for the construction of all DCTA capital projects.***

- Publish articles and publications related to DCTA
- Special events and public meetings

***Improve availability of passenger information and understanding of DCTA's existing services.***

- Completion and installation of passenger timetables
- Launch of enhanced website and ride guides

***Expand outreach efforts through media and public relations activities.***

- Annual results of consumer awareness survey

***Monitor and participate in state and federal legislative activities to promote interests of DCTA.***



## PLANNING AND SERVICE DEVELOPMENT

To provide direction in all planning and service development functions for the organization. The department is responsible for service improvement planning, capital improvement planning, major investment studies, environmental studies, federal grant programming and reporting, operational data reporting and analysis, development review, and management of auxiliary services.

COST CLASSIFICATION	FY 2008 Actual	FY 2009 Budget	FY 2009 Revised Budget	FY 2010 Budget
<b>PLANNING*</b>				
Salary, Wages & Benefits	\$ -	\$ 137,720	\$ 150,413	\$ 63,936
Services	-	405,000	405,000	455,000
Materials & Supplies	-	2,233	2,233	3,000
Utilities	-	-	-	-
Insurance & Casualties	-	-	-	-
Miscellaneous	-	10,087	10,087	6,310
Leases & Rentals	-	-	-	-
Depreciation	-	-	-	-
<b>Total Operating Expense</b>	<b>\$ -</b>	<b>\$ 555,040</b>	<b>\$ 567,733</b>	<b>\$ 528,246</b>
<b>Full-Time Equivalents</b>	<b>0.0</b>	<b>2.15</b>	<b>2.25</b>	<b>1.0</b>

\*Department was created in FY09

### MATERIAL BUDGET ITEMS:

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- Reduction in staff by one full-time equivalent in FY2010
- Includes a Service Plan update
- University Corridor Alternatives Analysis

*AGENCY GOALS:*

- *Maintain a service delivery system that provides mobility solutions that are safe, customer focused and efficient.*

- *Continue emphasis on financial stability and integrity.*

**OBJECTIVES AND PERFORMANCE MEASURES:**

***Update the Service Plan to include 5, 10 and 25 year service priorities.***

- Completion and Board approval of Service Plan in 2010

***Provide planning for the launch of the A-train and bus connectivity to rail stations.***

***Review and improve grant application process and reporting to ensure proper compliance.***

- Timely reporting of transit data to the Board, NCTCOG, and FTA
- Increase the number of grants executed and closed

***Participate with DART and the T to develop a regional fare policy in order to prepare DCTA fare structure for regional integration.***

- Adopt seamless fare agreement with DART and the T

***Collaborate with local and regional partners in planning improved mobility and sustainable development opportunities.***

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***Collaborate with local, state and federal elected officials and agencies to identify funding and partnering opportunities.***

- Increase the number of grants executed and closed



### *AGENCY GOALS:*

- *Implement an organizational structure which promotes and encourages high performing staff and service delivery.*

### **OBJECTIVES AND PERFORMANCE MEASURES:**

#### ***Structure a competitive pay plan with comparison benchmarks.***

- Secure a consultant by December 2009
- Survey complete and submit to Board by July 2010

#### ***Implement innovative strategies, training and programs designed to acquire and retain staff.***

- Ensure annual performance evaluations are conducted for each employee
- Training seminars coordinated and completed
- Wellness / health sessions conducted
- Informational items prepared and distributed to employees as scheduled

## RAIL DEVELOPMENT

The Rail Development team provides leadership, oversight, and implementation efforts leading to the execution of the regional rail component in the DCTA Service Plan. Primary to the activities undertaken by this section of DCTA include real estate acquisition, rail design, fleet acquisitions, internal and external agency coordination, TOD and planning, rail operations, rail maintenance, safety/security, brand development, rail marketing, and public involvement. The team is supported with a number of professional consulting service contracts including design, support services, and a Construction Management/General Contractor.

COST CLASSIFICATION	FY 2008 Actual	FY 2009 Budget	FY 2009 Revised Budget	FY 2010 Budget
<b>RAIL DEVELOPMENT*</b>				
Salary, Wages & Benefits	\$ -	\$ -	\$ 347,490	\$ 348,204
Services	-	-	137,065	1,793,049
Materials & Supplies	-	-	14,400	17,450
Utilities	-	-	3,120	1,440
Insurance & Casualties	-	-	-	-
Miscellaneous	-	-	22,550	20,440
Leases & Rentals	-	-	-	1,336,020
Depreciation	-	-	-	-
<b>Total Operating Expense</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 524,625</b>	<b>\$ 3,516,603</b>

**Full-Time Equivalents**

**0.0**

**0.0**

**4.25**

**3.0**

\*Department was created in FY09

### MATERIAL BUDGET ITEMS:

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- Reduction in staff by 1.25 full-time equivalent
- Expanded Level Project – Rail operating and maintenance for start-up of the A-train service
- RDC lease expense

### *AGENCY GOALS:*

- *Maintain a service delivery system that provides mobility solutions that are safe, customer focused and efficient..*

### **OBJECTIVES AND PERFORMANCE MEASURES:**

#### ***Maintain a high level of safety and provide reliable service.***

- Attend and lead safety meetings and perform random field safety audits.

#### ***Advance A-train construction with minimal disruption to the public and within the approved budget.***

- Twice weekly construction corridor audits.
- Routine public outreach meetings and web site updates.
- Work with staff and contractors to develop cost and schedule models.
- Work with staff and consultants to develop capital program and funding sources.

#### ***Advance production of next generation rail car.***

- Weekly conference on manufacturing progress.

## Bus Operations Division Budget

### BUS OPERATIONS

In 2006, DCTA contracted with First Transit, Inc. to manage the bus operations. Under this type of contract, First Transit, Inc. provides a General Manager (GM) and corporate support for human resource, benefits, etc. The GM is an employee of the contractor and is not included in the full time equivalent employees. DCTA staff provides the accounting and required controls over expenditures and makes payments for the cost of running the day to day bus operations. The expenses are reported in the natural expense categories of Salary and Wages, Services, Materials and Supplies, etc. The staff consists of drivers, maintenance, operations, and administration personnel.

COST CLASSIFICATION	FY 2008 Actual	FY 2009 Budget	FY 2009 Revised Budget	FY 2010 Budget
<b>BUS OPERATIONS - ADMIN*</b>				
Salary, Wages & Benefits	\$ -	\$ 83,272	\$ 83,272	\$ 185,540
Services	-	2,500	2,500	71,917
Materials & Supplies	-	-	-	-
Utilities	-	-	-	-
Insurance & Casualties	-	-	-	-
Miscellaneous	-	11,764	11,764	12,835
Leases & Rentals	-	-	-	-
Depreciation	-	-	-	-
<b>Total Operating Expense</b>	<b>\$ -</b>	<b>\$ 97,536</b>	<b>\$ 97,536</b>	<b>\$ 270,292</b>

**Full-Time Equivalents**

**0.0**

**1.0**

**1.0**

**2.0**

\*Department was created in FY09

COST CLASSIFICATION	FY 2008 Actual	FY 2009 Budget	FY 2009 Revised Budget	FY 2010 Budget
<b>CONTRACT BUS OPERATIONS (TMDC)</b>				
Salary, Wages & Benefits	\$ 3,717,352	\$ 4,076,041	\$ 4,075,241	\$ 4,621,629
Services	331,656	334,634	348,904	332,013
Materials & Supplies	1,763,460	2,257,176	1,269,662	2,236,355
Utilities	56,341	62,088	62,088	62,700
Insurance & Casualties	390,852	402,624	365,258	354,456
Miscellaneous	9,444	18,320	18,320	9,100
Leases & Rentals	190,719	140,238	140,238	166,344
Depreciation	1,371,271	1,001,883	1,001,883	918,343
<b>Total Operating Expense</b>	<b>\$ 7,831,096</b>	<b>\$ 8,293,004</b>	<b>\$ 7,281,594</b>	<b>\$ 8,700,940</b>

**TMDC Contract FTE's**

**107.04**

**101.12**

**101.12**

**119.25**

### MATERIAL BUDGET ITEMS:

- Fuel budgeted at \$3.50 per gallon and the number of gallons has increased by 139,000 in FY10
- Increase in service hours by 12,265 mainly due to addition of RSVP and NCTC Shuttle services in FY10
- Increase in health benefits of 10%
- Bus operator wage increases based on Union contract

*AGENCY GOALS:*

- *Maintain a service delivery system that provides mobility solutions that are safe, customer focused and efficient..*

**OBJECTIVES AND PERFORMANCE MEASURES:**

***Maintain a high level of safety and provide reliable service.***

- Reduce the number of collisions per 100,000 miles from 2.91 to 2.61
- Increase the number of miles between road calls from 7,249 to 7,975
- Increase the number of safety meetings
- Achieve 90% system-wide on-time performance

***Complete the design of the Bus Operations and Maintenance Facility.***

***Implement Intelligent Transportation Systems (ITS) necessary to improve the efficiency of Access service.***

- Increase the number of Access passengers per hour from 1.85 to 1.95
- Issue to RFP, award contract and implement the ITS project

***Take steps necessary to operationalize the Downtown Denton Transit Center.***

***Take steps necessary to participate in FTA's Very Small Starts project development and funding process.***



**CAPITAL  
IMPROVEMENT  
PLAN TAB**

### **CAPITAL IMPROVEMENT PLAN OVERVIEW**

The Capital Improvement Plan (CIP) is a five year financial plan of anticipated capital project needs. The CIP is designed to meet the DCTA's ongoing operational and infrastructure needs in a responsive and efficient manner. It incorporates the current and future needs of the agency and is updated on an annual basis during the budget process.

Capital projects represent a significant investment by DCTA in developing and maintaining the agency's equipment and infrastructure. This level of investment requires a serious and intensive review of all project requests and any associated operating expenditures to ensure that they are consistent with the needs and goals of the community and adequate resources are available. The capital budget process is designed to enhance the review procedure and ensure this match between capital projects and community needs.

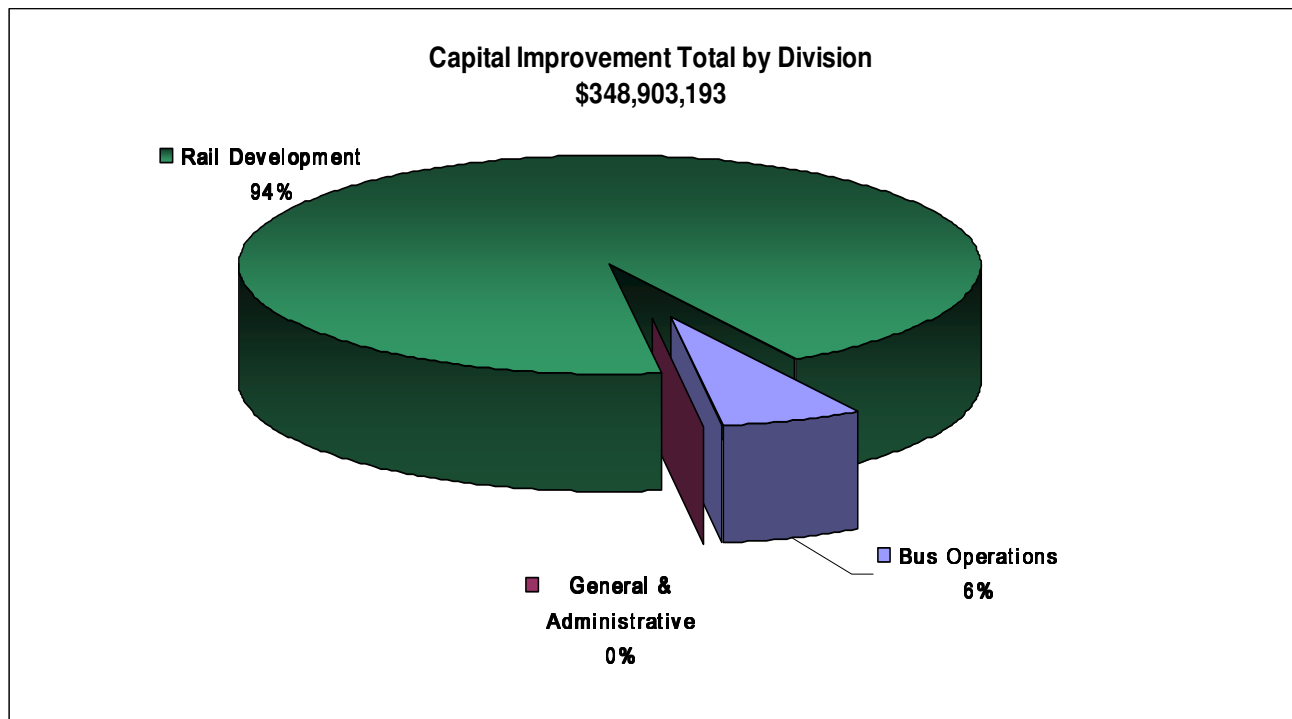
All capital projects should be based upon or be consistent with established agency goals and community needs, both current and future. Department heads should consider established plans such as Board goals, or established maintenance and replacement schedules in developing the CIP projects. Department heads should also consider the relationship between the requested projects and other approved or planned capital projects and any on-going operating costs that will be incurred.

A capital project is funded for one of the following purposes: land acquisition, new construction of buildings, remodeling of and/or additions to buildings, major equipment purchases or refurbishment, and other infrastructure, service improvements, or major studies. The basic criteria for a capital project are any construction or purchase costing \$25,000 or more and which has a useful life of seven years or longer.

The current year of the CIP is adopted with the approval of the FY 2010 Operating and Capital Budget. All years beyond the current fiscal year are subject to change and specific approval of the Board upon adoption of the annual operating and capital budget. The anticipated total for the CIP in FY10 is \$149.9 million, with 92% dedicated to the A-train project. The remaining 8% is allocated among a number of bus related projects and a financial software package. These projects will be outlined in greater detail to follow.

# Capital Improvement Plan Summary

Project Name	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	Project Total
<b>Bus Operations</b>								
Security System Video Units (2009)	\$ -	\$ 110,289	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,289
Passenger Amenities-Phase 1	-	-	144,000	-	-	-	-	144,000
Hebron Park & Ride	1,988	1,648,946	1,674,066	-	-	-	-	3,325,000
Operations & Maintenance Facility	13,101	1,596,110	6,936,251	3,087,255	-	-	-	11,632,717
Fleet Replacement	-	-	1,968,500	2,291,280	450,784	-	-	4,710,564
Paratransit Scheduling Software	-	-	180,000	-	-	-	-	180,000
Passenger Amenities-Phase 2	-	-	174,011	-	-	-	-	174,011
Security System Video Units	-	-	-	35,000	-	-	-	35,000
Electronic Fareboxes	-	-	445,000	-	-	-	-	445,000
NCTC Bus Purchase	-	-	70,000	-	-	-	-	70,000
Bus Maintenance Equipment	-	-	250,000	250,000	-	-	-	500,000
<b>G&amp;A Operations</b>								
Financial Software Package	-	-	86,693	97,568	22,250	-	-	206,511
<b>Rail Development</b>								
Line Construction	-	38,805,162	122,426,271	31,768,568	-	-	-	193,000,000
Rail Stations & Facilities	9,268	24,112,401	-	-	-	-	-	24,121,669
Rail Vehicles	-	22,141,465	7,376,406	20,788,051	25,651,383	-	-	75,957,305
Project Engineering & Support	4,477,757	12,661,211	8,128,945	1,723,826	299,388	-	-	27,291,127
Positive Train Control	-	-	-	-	-	2,000,000	5,000,000	7,000,000
<b>TOTAL</b>	<b>\$ 4,502,114</b>	<b>\$ 101,075,584</b>	<b>\$ 149,860,143</b>	<b>\$ 60,041,548</b>	<b>\$ 26,423,805</b>	<b>\$ 2,000,000</b>	<b>\$ 5,000,000</b>	<b>\$ 348,903,193</b>



**Project Number: 50201 – Passenger Amenities (Phase 1)**

**Project Name: Passenger Amenities (Phase 1)**

**Project Need/Purpose/Description:**

Passenger amenities are a vital component of all successful transit operations. Strategically placed waiting areas that are safe, comfortable, and easily identifiable to the transit agency allow passengers to access the service with protection from the elements. These amenities also promote DCTA services as Connect route information can be displayed at each shelter location.

This project will allow DCTA to acquire and install approximately fifteen (15) passenger shelters and eleven (11) benches along the fixed routes in Denton and Lewisville. Phase 1 will focus primarily on amenities within the City of Lewisville.

**Project Status:**

As a designated recipient and grantee for the Denton-Lewisville FTA 5307 (formula) urbanized area allocation, a portion of these funds are required to be spent on transit enhancements. DCTA has developed a passenger amenities program which will consist of passenger shelters, benches, and signage.

**Funding Sources:**

- Federal	\$ 67,322
- Local	<u>\$ 76,678</u>
- <b>TOTAL</b>	<b>\$144,000</b>

**Project Schedule:**

<u>Item</u>	<u>Dates</u>
Procurement	Dec 2010
Installation	Jan - Feb 2010

## **Project Number: 50701- Hebron Park & Ride Facility**

**Project Name: Hebron Park and Ride Facility**

### **Project Need/Purpose/Description:**

The project will include land acquisition, design, and construction of the facility. A minimum of 200 parking spaces will be provided in the initial phase to serve existing bus services with the ability to expand to approximately 600 parking spaces to serve both bus and rail services when A-train commences service. The facility will include such passenger amenities as shelters, bike racks, waste receptacles, and public notification/information boards. The design will also coordinate access to the site from a hike & bike trail which is proposed to connect South Lewisville with the Denton Rail Trail which currently ends in Corinth. This park & ride lot will replace the park & ride that DCTA currently leases in Lewisville for its Commuter Express service.

### **Project Status:**

In 2007, DCTA was awarded a grant under the Congestion Mitigation Air Quality Improvement Program (CMAQ). The grant is for the acquisition and construction of a Park & Ride Facility to be located in South Lewisville. The Hebron Park & Ride Facility will provide vehicle parking with access to the DCTA Commuter Express and Connect bus services, as well as future access to A-train regional rail service.

In 2009, DCTA received \$1.25m from the American Recovery & Reinvestment Act (ARRA) – Transit capital assistance program urbanized to be used toward the construction and utility relocation costs associated with the project.

### **Expenditure Plan Description:**

DCTA estimates planned capital expenditures to commence in December 2008 and continue thru 2010, with construction completing in May 2010.

### **Funding Sources:**

- Federal	\$1,874,544
- Local Funds	<u>\$1,450,456</u>
- <b>TOTAL</b>	<b>\$3,325,000</b>

### **Project Schedule:**

<u>Item</u>	<u>Dates</u>	<u>Cost</u>
Land Acquisition	December 2008 (completed)	\$1,232,418
Construction	Aug 2009 – May 2010	\$2,092,582

## **Project Number: 50301 - Operations and Maintenance Facility**

**Project Name: Bus Operations and Maintenance Facility**

### **Project Need/Purpose/Description:**

DCTA began bus operations with the transfer of assets from the Cities of Denton and Lewisville on October 1, 2005. With the transfer of assets DCTA contracted for leased facilities with the Cities where the vehicles are stored and maintained. With the purchase of new larger vehicles and the implementation of Commuter Express service DCTA has outgrown the current maintenance facility and needs to centralize the operations at a larger facility.

### **Project Status:**

The Bus Operations and Maintenance facility project began in FY08. It will be located within the City of Denton and include accommodations for the current fleet as well as provide for expansion to handle anticipated growth. General amenities will include maintenance bays; overhaul bays; parts and tool storage; specialty repair areas; fuel, oil and lubricant distribution and recovery systems; vehicle wash systems; bus parking; employee parking; supervisory offices and administrative staff work rooms.

### **Expenditure Plan Description:**

Total expenditures in FY08 were \$13,101 and are estimated to be \$1,596,110 in FY09, \$6,936,251 in FY10, and the remaining \$3,087,255 to be expensed in FY11.

### **Funding Sources:**

- Federal	\$3,825,009
- Local Funds	<u>\$7,807,708</u>
- <b>Total</b>	<b>\$11,632,717</b>

### **Project Schedule:**

<u>Item</u>	<u>Dates</u>	<u>Cost</u>
Land Acquisition	Oct 2008 (completed)	\$1,164,670
Design	Jan 2009 – Jan 2010	\$1,206,280
Construction	Mar 2010 – Feb 2011	\$8,920,436
Construction Management	Mar 2010 – Feb 2011	\$ 341,331

## **Project Number: 50502 – Fleet Replacement**

**Project Name: Fleet Replacement (2010)**

### **Project Need/Purpose/Description:**

DCTA will purchase five (5) heavy-duty, 35-foot, low-floor buses and four (4) light –duty cutaway vehicles. These buses will replace vehicles which will have exceeded their useful life prior to acceptance of the new vehicles. The project is in accordance with the DCTA Fleet Replacement Program. These buses will meet the Clean Air Act and ADA requirements. By keeping its fleet up to date, DCTA will reduce maintenance and fuel costs, reduce the overall emissions generated by DCTA transit service, and continue to operate a safe fleet.

### **Project Status:**

DCTA received an earmark in FY09 Omnibus Appropriations bill of \$475k to be used for fleet replacement. A portion of these funds will be expended in FY10 in order to purchase four (4) cutaway vehicles and the remaining funds will be used in FY11 for additional fleet replacements.

DCTA has also been awarded \$1,689,000 thru the 2009 formula allocation from the American Recovery and Reinvestment Act (ARRA) to be used to purchase five (5) heavy-duty, 35-foot, low-floor transit buses. DCTA is utilizing unused options from the Akron Metro Regional Transit Authority’s contract with the Gillig Corporation in order to procure these vehicles.

### **Funding Sources:**

- Federal	\$1,913,000
- Local	<u>\$ 56,000</u>
- <b>TOTAL</b>	<b>\$1,969,000</b>

### **Project Schedule:**

<u>Item</u>	<u>Dates</u>
Heavy-Duty Bus Procurement	June 2009 (complete)
Heavy-Duty Bus Delivery	November 2010
Cutaway Procurement	October-November 2009
Cutaway Delivery	April 2010

**Project Number: 50403 – Paratransit Scheduling Software/Hardware**

**Project Name: Paratransit Scheduling Software/Hardware**

**Project Need/Purpose/Description:**

The Bus Operations Division currently utilizes an antiquated and underperforming paratransit scheduling software transitioned from the City of Lewisville to DCTA in 2005. An improved paratransit scheduling software integrated with on-board mobile data terminals will create a dynamic customer scheduling system with the ability to increase efficiency and decrease costs. Improved paratransit scheduling software will also provide management with necessary data collection and analysis, allowing for improved decision-making.

The project will include the software and hardware necessary to outfit all Access vehicles with an improved paratransit scheduling system.

**Project Status:**

The project will be fully funded by FTA 5307 American Recovery and Reinvestment Act (ARRA) funds.

**Funding Sources:**

- Federal	\$180,000
- Local	\$ <u>0</u>
- <b>TOTAL</b>	<b>\$180,000</b>

**Project Schedule:**

<u>Item</u>	<u>Dates</u>
Procurement	September 2009
Installation	November – December 2009



**Project Number: 50202 – Passenger Amenities (Phase 2)**

**Project Name: Passenger Amenities (Phase 2)**

**Project Need/Purpose/Description:**

Passenger amenities are a vital component of all successful transit operations. Strategically placed waiting areas that are safe, comfortable, and easily identifiable to the transit agency allow passengers to access the service with protection from the elements. These amenities also promote DCTA services as Connect route information can be displayed at each shelter location.

This project will allow DCTA to acquire and install approximately nineteen (19) passenger shelters along the fixed routes in Denton.

**Project Status:**

As a designated recipient and grantee for the Denton-Lewisville FTA 5307 (formula) urbanized area allocation, a portion of these funds are required to be spent on transit enhancements. DCTA has developed a passenger amenities program which will consist of passenger waiting shelters, benches, and signage.

**Funding Sources:**

- Federal	\$ 44,011
- Local	<u>\$130,000</u>
- <b>TOTAL</b>	<b>\$174,011</b>

**Project Schedule:**

<u>Item</u>	<u>Dates</u>
Procurement	Dec 2010
Installation	Jan - Feb 2010

## **Project Number: 50405 – Electronic Fareboxes**

**Project Name: Electronic Fareboxes**

### **Project Need/Purpose/Description:**

In order to ensure that DCTA fare collection is seamless with our regional partners, Dallas Area Rapid Transit (DART) and the Fort Worth Transportation Authority (The T) by December 2010, staff will be procuring electronic fareboxes for the bus fleet. Electronic fareboxes provide and validate the same electronic media utilized by DART and The T. Additionally, electronic fareboxes will allow for the issuance of day passes, improve data collection, and increase fare security.

This project will include the necessary wiring, hardware, software, and back-office equipment to outfit a minimum of twenty buses.

### **Project Status:**

Due to the need for fare integration with regional partners, the project will be coordinated with both DART and The T. This system will be fully funded by FTA 5307 American Recovery and Reinvestment Act (ARRA) funds.

### **Funding Sources:**

- Federal	\$445,000
- Local	\$ <u>0</u>
- <b>TOTAL</b>	<b>\$445,000</b>

### **Project Schedule:**

<u>Item</u>	<u>Dates</u>
Procurement	October 2009
Installation	November 2009 – January 2010

**Project Number: 50503 – NCTC Fleet Purchase**

**Project Name: NCTC Fleet Purchase (2010)**

**Project Need/Purpose/Description:**

DCTA will purchase one (1) light-duty cutaway vehicle for use on the NCTC Shuttle contract service. The project is in accordance with the Interlocal Cooperation Agreement entered into between DCTA and North Central Texas College. These buses will meet the Clean Air Act and ADA requirements.

**Project Status:**

In accordance with the Interlocal Cooperation Agreement between DCTA and NCTC, DCTA will purchase a cutaway vehicle for NCTC shuttle usage. NCTC will reimburse DCTA for the total cost of the vehicle plus interest. Shuttle service will begin on August 24, 2009 utilizing a DCTA owned vehicle with procurement of a permanent NCTC shuttle vehicle to begin immediately.

**Funding Sources:**

- Federal	\$	0
- Local	\$	70,000
- TOTAL	\$	70,000

**Project Schedule:**

<u>Item</u>	<u>Dates</u>
Procurement	September 2009
Delivery	November 2009

## **Project Number: 50302 – Bus Maintenance Equipment**

**Project Name: Maintenance Equipment**

### **Project Need/Purpose/Description:**

DCTA currently out-sources numerous maintenance functions due to lack of space and equipment within the existing leased facility. Outsourcing certain functions increases maintenance costs and the amount of time vehicles are pulled from service, negatively impacting service reliability. The Operations and Maintenance facility planned for construction in 2010 (Capital Project Number 50301) will provide maintenance staff with the space necessary to perform these additional repairs. Equipment intended for purchase includes a fork lift, workbenches, brake lathe, wheel balancer, and a parallelogram bus lift. A portion of American Reinvestment and Recovery Act funds were allocated to a portion of the maintenance equipment necessary to outfit the new facility.

### **Project Status:**

A portion of the maintenance equipment will be procured in FY10 for use in the existing maintenance facility. The remainder will be purchased during construction of the new facility in FY11. The project is fully funded with federal American Reinvestment and Recovery Act funds.

### **Funding Sources:**

- Federal	<u>\$500,000</u>
- <b>TOTAL</b>	<b>\$500,000</b>

### **Project Schedule:**

<u>Item</u>	<u>Dates</u>
FY10 Procurement	Dec 2009
FY10 Delivery	Feb 2010
FY11 Procurement	Nov 2010
FY11 Delivery	Feb 2011

**Project Number: 80401 – Financial Software Package**

**Project Name: Financial Software Package**

**Project Need/Purpose/Description:**

This financial software is an integrated comprehensive package and incorporates financial software, HR and payroll capabilities. It will replace the current QuickBooks financial software, which is designed for use by small business and non-profit organizations and can no longer adequately support the operating and capital financing, accounting, reporting and budgeting needs of DCTA.

**Project Status:**

The financial software would be integrated in FY2010 and the capital costs associated with the project would be spread over 2010 – 2012 and are scheduled as follows: \$86,693 in FY2010, \$97,568 in FY2011, and \$22,250 in FY2012. This capital costs include the major modules associated with the financial software package. In addition to the capital costs of the project, there would also be additional operating, maintenance and hosting costs and these are included in the operating portion of the budget.

**Funding Sources:**

- Federal	\$ 0
- Local	<u>\$ 206,511</u>
- <b>TOTAL</b>	<b>\$ 206,511</b>

**Project Schedule:**

<u>Item</u>	<u>Dates</u>
Procurement	Quarter 2 FY 2010
Installation	Quarter 4 FY 2010

## **Project Number: 61600 A-train Project Development**

**Project Name: Rail Project Development / Construction**

### **Project Need/Purpose/Description:**

Strongly endorsed by Denton County voters, this project has been identified locally and regionally as a priority solution to the mobility issues facing Denton County and North Central Texas. A-train will provide connectivity to key traffic generators in the county including retail, medical, and employment centers, and area universities. As an important component of the region's proposed regional rail network and larger regional transportation system, A-train will provide connectivity to the DART Green Line and other DART and DCTA services with the potential for future seamless travel throughout North Central Texas.

The \$320.4 million project includes the 21-mile regional rail line with five stations connecting Denton County with DART's Green Line in Carrollton at the Trinity Mills station. Further components of the project include a bicycle and pedestrian trail within the rail corridor, enhanced crossings to improve traffic flow, Diesel Multiple Unit (DMU) rail vehicle technology, and a rail vehicle maintenance facility.

There are five planned station locations along the A-train corridor. The planned station locations were selected in cooperation with area residents, businesses and municipalities to ensure that the locations meet the ridership needs of the community and provide easy access for residents. The selected station locations are Hebron (South Lewisville), Old Town Lewisville, Highland Village/Lewisville Lake , MedPark, and the Downtown Denton Transit Center.

The Diesel Multiple Unit is the proposed rail car to be used along the 21-mile rail corridor. To provide for future cross platform interface with DART's LRT line south of Trinity Mills, the development of a Light Rail-New Technology vehicle is required. The DMU vehicle, will encompass a large portion of the cost of this project.

The rail vehicle maintenance facility, which is also included in the A-train project, would provide the supporting infrastructure necessary for train operations and would be used to inspect, repair, clean, and store the regional rail vehicles.

The A-train project will provide not only rail but also bicycle and pedestrian linkage throughout the corridor. The A-train project includes the relocation and improvement of a bicycle and pedestrian facility between Denton and Corinth.

## Capital Improvement Plan – Project Detail

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### **Project Status:**

The A-train program is the primary component of DCTA's service plan. This planned 21 mile regional rail line and adjacent bicycle and pedestrian path linking the cities along the I-35E corridor with DART LRT at Trinity Mills in Carrollton. Currently final design is nearing completion and the construction of the A-train is underway.

### **Expenditure Plan Description:**

This project was included in the August 2007 Regional Toll Revenue Funding Initiative (RTRFI) application. The total projected capital cost of the A-train project is \$320.4 million and DCTA has received \$250.4 million in funding from the RTRFI and plans to provide the additional local share from revenue and debt issuance. On January 24, 2008, the Regional Transportation Commission (RTC) approved RTRFI funding of \$57.2 million for the DMU Vehicles and the remaining \$193.0 million was approved in August 2008.

### **Funding Sources:**

- Federal	\$	0
- RTRFI	\$	250,360,000
- Local	\$	<u>70,010,101</u>
<b>TOTAL</b>		<b>\$320,370,101</b>

# APPENDIX TAB



### **FINANCIAL POLICY OVERVIEW**

Denton County Transportation Authority (DCTA) has an important responsibility to its citizens to carefully account for public funds, prudently manage finances, and to plan for the adequate funding of services desired by the public. The purpose of the financial policies is to enable DCTA to achieve a long-term stable and positive financial condition, by exercising integrity, prudence, responsible stewardship, planning, accountability, and full disclosure.

The Service Plan serves as the foundation of DCTA. It includes a rail component and three layers of bus service, including interim regional commuter bus service, local fixed-route bus service and demand response service. The Service Plan represents DCTA's blueprint for transportation facilities, services and funding options for the citizens of Denton County under the provisions of Chapter 460 of the Texas Transportation Code.

Denton County Transportation Authority accomplishes this purpose by following policies and procedures that ensure:

- Reserves are maintained at levels sufficient to protect the Authority's creditworthiness and to provide contingency funds in the event of an emergency and/or unforeseen cash outlays. Additionally, reserves are created when the Board of Directors takes action to set funds aside for a specific purpose or according to legal restrictions on the use of assets.
- The Authority maintains a balanced revenue system and is constantly looking for new revenue streams in order to protect from fluctuations in any one source due to changes in local economic conditions, which may have an adverse impact. A conservative, objective, and analytical approach is used to prepare revenue estimates along with an analysis of probable economic changes and their impacts on revenues, historical collection rates, and trends in revenue shortfalls.
- DCTA uses a modified accrual basis of accounting for audited financial statements, external reporting, and internally for budgeting. Expenditures are budgeted and controlled so as to not exceed an amount equal to current revenues. A Budget Contingency Plan has also been adopted and serves as an important tool to address possible economic downturns by allowing the organization to be better positioned to act more quickly to market fluctuations that could not have been foreseen or anticipated at the time of budget adoption.
- Within the resources available each fiscal year, the Authority shall maintain capital assets and infrastructure at a sufficient level to protect the Authority's investment to minimize future replacement and maintenance costs, and to maintain service levels.

## Financial Policy Overview

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- Fund appropriations are annually allocated to programs, offices, departments, and projects in the legally adopted annual budget. The level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is established by fund. A budget amendment, approved by the Board of Directors, is required if actual expenditures will exceed the budget.
- An objective, analytical approach is used to make the determination of whether debt is issued. The process compares generally accepted standards of affordability to the current values for the Authority. Those standards may include measures such as: debt per capita, debt as a percent of assessed value, and debt service payments as a percent of current revenues and/or current expenditures. DCTA strives to achieve the standards at levels below the median industry measures for agencies of comparable size.
- The financial statements of Denton County Transportation Authority conform to Generally Accepted Accounting Principals (GAAP) of the Governmental Accounting Standards Board (GASB) and recommended practices adopted by the Government Finance Officer's Association (GFOA).

These policies will be reviewed administratively by the Chief Financial Officer and President and will be presented to the Board of Directors for approval of any significant changes, as needed.

### **FUND BALANCE/RETAINED EARNINGS**

When fund resources exceed uses, the result is fund balance accumulations for governmental funds and retained earnings for proprietary funds. Reserves are maintained in fund balances/retained earnings, at levels sufficient to protect the Authority's creditworthiness and to provide contingency funds in the event of emergency and/or unforeseen cash outlays. Additionally, reserves are created when the Board of Directors takes action to set funds aside for a specific purpose or according to legal restrictions on the use of the assets. Designations on fund balance/retained earnings are made when the appropriate level of management requests an amount, purpose, and timeframe for the designation. Designations are not authoritative and may be reallocated at any time. Reserves require Board of Directors or other appropriate authoritative action to reallocate.

### Debt Service

Denton County Transportation Authority maintains sufficient reserves to meet bond covenant requirements. When revenue bonds are issued, the Authority will maintain either the highest annual debt service payment or the amount of one year's debt service or the amount required by the bond covenant, if different. When bonds are issued, the cost of maintaining a cash reserve will be compared with the cost to purchase a surety bond to meet coverage requirements, to identify the most beneficial alternative. Despite the mechanism ultimately selected, coverage will be maintained in accordance with bond covenants.

## Financial Policy Overview

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### Capital Project Funds

Unreserved/undesignated capital project fund balances or retained earnings are resources available for funding capital projects when all approved life-to-date budgets are committed. Management may make a designation of fund balance to target a particular purpose. Reserves are created pursuant to Board of Directors approval.

Interest earned in Capital Project Funds is retained in the Capital Project funds. Bond interest may be allocated to bond-funded project overruns or projects that fulfill the same purpose for which the bonds were issued. Interest, other than interest earned from bond funds, may be allocated as needed to relieve over-expenditures or to fund new capital projects, as approved by the Board of Directors.

### Enterprise Funds (Operating)

DCTA is accounted for as a single entity enterprise fund. Enterprise Funds account for operations (a) that are financed and operated in a manner similar to private business where the intent of the governing body is that the cost of providing transit services to the general public on a continuing basis be financed through a combination of farebox revenues, sales tax and available grants; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

DCTA maintains a fund balance reserve that is equal to three month's operating expense. These funds may be allocated for unforeseen emergency needs as approved by the Board.

### Investments

It is the policy of the DCTA that the administration of its fund and the investment of those funds shall be handled as its highest public interest. Investments shall be made in a manner which will provide the maximum security of principal invested through limitations and diversification while meeting the daily cash flow needs of the DCTA and conforming to all applicable state statutes governing the investment of public funds. Investments will be in accordance with the Public Funds Investment Act, Chapter 2256, Texas Government Code, and the Board of Directors by resolution adopted investment policy.

## **BUDGET CONTINGENCY PLAN – FISCAL YEAR 2010**

*The following steps will be initiated immediately if a shortfall in sales tax revenue is anticipated:*

### **INITIAL PRE-CAUTIONARY ACTION**

- Freeze all new hire positions and vacant positions except with necessity review by the Budget Assessment Team.
- Identify any non-traditional revenue sources.
- Re-justify all planned capital outlay over \$10,000 to the Budget Assessment Team prior to expenditures.
- Re-justify all vehicle replacement/purchase schedules to the Budget Assessment Team.
- Re-justify all travel related expenditures to the Budget Assessment Team.
- Re-justify expenditures related to the service and materials & supplies category including, but not limited to:
  - Technology
  - Professional Services
  - Consulting Fees

Initiate the following expenditure reductions and measures if a cumulative unanticipated shortfall in sales tax revenue is equal to:

### **2% REDUCTION:**

- Realized savings will not be transferred between categories.
- Prohibit unbudgeted expenditures including supplies and maintenance accounts.
- The Management Team will be required to review, monitor and control planned expenditures greater than \$5,000.
- Supplemental appropriations will not be made from budgeted savings or unappropriated fund balance.
- All carry forward requests will be carefully reviewed and approved by Finance.
- Any overtime must be pre-approved by department heads.

### **3% REDUCTION:**

- Freeze all travel and training requests except with necessity review by the Budget Assessment Team.

## Budget Contingency Plan cont.

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- Reduce expenditures in operations and maintenance accounts in each functional area. Amount of reduction to be determined by Budget Assessment Team.
- Freeze capital outlay except with necessity review by the Budget Assessment Team.
- Indefinitely freeze all vacant positions except with necessity review by the Budget Assessment Team.

### **4% REDUCTION:**

- Will require Board policy decisions regarding service delivery and fund balance reserves.
- Re-evaluate any budgeted transfer to Capital Projects which is not a grant match requirement.
- The Budget Assessment Team will review service level reductions, passenger fare increases, elimination of specific programs, and reduction in work force. This would require implementation of the Service Reduction Policy.
- Evaluate the Fund Balance Reserve Policy and consider fund balance utilization options.

## Denton County Community Profile

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	2000	2005	2010	2015	2020	2025	2030
<b>Denton County</b>							
Population	428,080	545,987	643,572	758,897	862,332	989,320	1,085,343
Households	161,390	204,732	239,712	282,658	322,158	361,061	406,614
Employment	152,818	193,627	228,191	279,702	323,082	357,239	413,453
<b>Denton</b>							
Population	73,225	92,375	108,042	132,579	155,700	181,015	190,719
Households	31,174	38,624	44,380	53,930	63,617	68,882	76,397
Employment	58,581	63,470	67,857	74,521	83,082	95,384	107,572
<b>Highland Village</b>							
Population	12,144	13,558	16,554	17,412	18,051	18,194	18,624
Households	3,874	4,295	5,163	5,428	5,617	5,661	5,795
Employment	1,065	1,219	1,346	1,573	1,795	1,796	1,796
<b>Lewisville</b>							
Population	78,360	87,841	92,437	95,554	96,844	105,444	111,168
Households	30,689	34,294	35,982	37,269	37,748	41,076	43,232
Employment	37,145	46,893	54,284	59,803	62,067	62,538	62,603

\*Source: North Central Texas Council of Governments – North Central Texas 2030 Demographic Forecast



Board of Directors Memo

September 24, 2009

**Subject:** 4(b) Hold a Public Hearing and Approve FY2010 Operating and Capital Budget and adopt Resolution 09-10

**Background**

The Texas Transportation Code Chapter 460 requires the preparation of an annual budget for DCTA.

For the FY2010 budget DCTA staff developed a budget instruction manual which incorporated a timeline and process with the necessary documents and guidelines to allow for in depth review and analysis of each departmental budget. This included some new processes, among them development of a capital projects fund, a rolling 5 year capital plan and expanded level program requests. Over the past several months, staff has worked on the various components of the budget and presented for review to the Finance Committee the following:

- Agency/Departmental Goals and Objectives
- Proposed Revenue Projections
- Proposed Operating Expenditures
- Expanded Level Programs
- Proposed 5 year Capital Plan

The Finance Committee has recommended changes which staff has incorporated into the proposed FY2010 Budget which is being presented to the Board. The proposed FY2010 Budget contains revenue and expenditure assumptions which include strategic plans for advancement of the A-train project, capital expenditures, and bus transit services. Major items included in the Proposed FY2010 Budget are:

**Revenues:**

- Sales Tax: 8% reduction - \$1.5 million decrease
- Contract Revenue:
  - UNT increase in service hours and fuel usage results in \$339k in additional revenue
  - NCTC contract = \$134k additional revenue
- Grants:
  - ARRA funds (American Recovery & Reinvestment Act) total \$3.9 million
  - RTRFI Funds for the Rail project increased by \$9.4 million for a total of \$138 million
  - Other operating & capital grants increased by \$3.8 million

**Expenditures:**

- Salaries/Wages/Benefits: 10% increase for health benefits  
1% for Pay Plan market adjustments

- Services: \$1.8 million for the start-up of A-train service
- Materials/Supplies: Fuel budgeted at \$3.50 gallon
- Leases/Rentals: \$1.3 million for lease of RDC's for start-up service

**5- Year Capital Plan:**

Provides a 5-year look at capital requirements as identified by staff as well as the associated funding sources.

DCTA staff has prepared a balanced budget, where expenses and capital expenditures do not exceed current year revenues and reserve balances.

- Exhibit A provides the Proposed FY2010 Operating Budget with historical comparisons as well as a variance to revised FY09 Budget
- Exhibit B is the Five Year Capital Plan for DCTA.

**Identified Need**

The FY 2010 Operating and Capital Budget is prepared and presented for approval by the governing body in compliance with State law.

**Financial Impact**


The FY 2010 Budget document details the financial obligations committed to by the Board upon adoption.


**Committee Review**

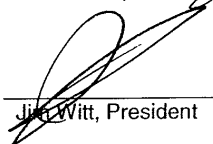
The FY10 goals, objectives and revenues were presented to the Finance Committee in May. In June, staff brought the operating expenditures along with an employee benefit presentation for discussion and review and in July the operating expenditures were reviewed in more detail. In August, the proposed FY 2010 Operating and Capital Budget was presented to the Finance Committee and Board of Directors for discussion and comments and is now being presented to the Board for adoption.

**Recommendation**

Staff recommends the Board of Directors approve Resolution 09-10 to adopt the FY 2010 Operating and Capital Budget.

Submitted by:   
Staff

Final Review:   
Anna Mosqueda, CFO

Approval:   
Jim Witt, President



**DENTON COUNTY TRANSPORTATION AUTHORITY  
RESOLUTION NO. 09-10**

**A RESOLUTION PROVIDING FOR ADOPTION OF THE DENTON COUNTY TRANSPORTATION AUTHORITY OPERATING AND CAPITAL BUDGET FOR FISCAL YEAR 2009 - 2010, BEGINNING OCTOBER 1, 2009 AND ENDING SEPTEMBER 30, 2010; PROVIDING THAT EXPENDITURES FOR SAID FISCAL YEAR SHALL BE MADE IN ACCORDANCE WITH THE BUDGET AS ADOPTED; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, section 460.403 of the Texas Transportation Code requires the Denton County Transportation Authority (DCTA) to prepare an annual budget; and

**WHEREAS**, the prepared budget has been presented to the public for review and comment; and

**WHEREAS**, the budget has been presented to the DCTA Board of Directors for review and comment; and

**WHEREAS**, after consideration, it is the consensus of the DCTA Board of Directors that the proposed FY 2009 - 2010 budget as hereinafter set forth, meets the legal and practical requirements of the DCTA for the proper and sustained operation of DCTA services and capital expenditures and should be approved as presented;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY THAT:**

**SECTION 1.** The DCTA Operating and Capital Budget for FY 2009 -2010 attached as Exhibit "A" and Exhibit "B" be adopted and approved in all respects, and that the sums of money indicated in the proposed budget be approved as listed and that the estimate of income and financial support as shown be accepted as proper and sufficient to pay such expenditures for both the operating and capital portions of the Budget.

**SECTION 2.** That all provisions of the resolutions of the DCTA Board of Directors, in conflict with the provisions of this resolution be, and the same are hereby, repealed, and all other provisions not in conflict with the provisions of this resolution shall remain in full force and effect.

**SECTION 3.** That all budget amendments and transfers of appropriations budgeted from one account or activity to another within any individual activity for the fiscal year 2008-2009 are hereby ratified, and the budget for fiscal year 2008-2009, heretofore adopted by resolution of the DCTA Board of Directors, be and the same is hereby, amended to the extent of such transfers and amendments for all purposes.

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**SECTION 4.** That this Resolution shall take effect immediately from and after its passage, and it is accordingly so resolved.

**DULY PASSED AND APPROVED BY THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY THE 24<sup>TH</sup> DAY OF SEPTEMBER, 2009.**


**APPROVED:**

  
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Charles Emery, Chairman

**ATTEST:**

  
\_\_\_\_\_  
Dorothy Palumbo, Secretary

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
Peter G. Smith, General Counsel  
(39210)

# Resolution Adopting Fiscal Year 2010 Operating and Capital Budget cont.

4b - Exhibit A

## Fiscal Year 2010 Denton County Transportation Authority Budget Statements of Changes in Net Assets - Budget Format

Description	FY 2008 Actuals	FY 2009 Original Budget	FY 2009 Revised Budget	YTD Actuals as of August 31,09	FY 2010 Budget	Variance Budget to Revised
<b>Revenue and Other Income</b>						
Passenger Revenues	491,654	453,086	453,086	410,267	479,073	25,987
Contract Service Revenue	2,239,233	2,383,820	2,036,304	1,870,194	2,509,862	473,558
Sales Tax Revenue	16,208,354	16,385,000	16,385,000	14,449,017	14,882,361	(1,502,639)
Federal/State Grants & Reimbursements	2,916,207	38,263,612	130,828,061	56,443,351	147,969,249	17,141,187
<b>Total Revenue and Other Income</b>	<b>21,855,449</b>	<b>57,485,518</b>	<b>149,702,451</b>	<b>73,172,830</b>	<b>165,840,545</b>	<b>16,138,093</b>
<b>Operating Expenses</b>						
Salary, Wages and Benefits	4,884,854	5,320,148	5,626,643	4,930,011	6,349,148	(722,505)
Services	924,229	1,369,104	1,577,743	975,403	3,658,577	(2,080,834)
Materials and Supplies	1,844,446	2,361,439	1,374,149	1,270,568	2,357,859	(983,710)
Utilities	68,103	75,168	78,288	66,241	77,820	468
Insurance, Casualties and Losses	445,320	490,469	414,853	373,607	360,876	53,977
Miscellaneous	169,971	197,648	213,848	141,026	183,960	29,888
Leases and Rentals	330,925	299,694	299,694	296,285	1,661,820	(1,362,126)
Depreciation	1,402,035	1,019,428	1,019,428	957,114	933,231	86,196
<b>Total Operating Expenses</b>	<b>10,069,882</b>	<b>11,133,098</b>	<b>10,604,645</b>	<b>9,010,254</b>	<b>15,583,292</b>	<b>(4,978,647)</b>
<b>Income Before Non-Operating Revenue and Expense</b>	<b>11,785,567</b>	<b>46,352,420</b>	<b>139,097,806</b>	<b>64,162,576</b>	<b>150,257,253</b>	<b>(34,566,854)</b>
<b>Non-Operating Revenues / (Expense)</b>						
Enhanced Local Assistance Program	(1,067,837)	-	-	-	-	-
Investment Income (Net)	1,188,514	1,980,929	394,677	326,354	393,173	(1,504)
Long-Term Debt Interest / (Expense)	(163,833)	(608,000)	(608,000)	(557,975)	(1,337,769)	(729,769)
Non-Operating Revenues / (Expenses)	(310,004)	(1,470,000)	(440,000)	(321,889)	-	440,000
Debt Issuance	-	60,453,612	-	-	7,000,000	7,000,000
<b>Total Non-Operating Revenue / (Expense)</b>	<b>(353,160)</b>	<b>60,356,541</b>	<b>(653,323)</b>	<b>(553,510)</b>	<b>6,055,404</b>	<b>6,708,727</b>
<b>Change in Net Assets</b>	<b>11,432,407</b>	<b>106,708,961</b>	<b>138,444,483</b>	<b>63,609,067</b>	<b>156,312,656</b>	<b>(27,858,127)</b>
<b>Net Assets, Beginning of Year</b>	<b>32,602,621</b>	<b>44,035,028</b>	<b>44,035,028</b>		<b>37,237,879</b>	<b>(6,797,149)</b>
<b>Net Assets, End of Year</b>	<b>44,035,028</b>	<b>150,743,989</b>	<b>182,479,511</b>		<b>193,550,535</b>	<b>11,071,024</b>
<i>Transfer for Capital Projects</i>		<i>(135,971,709)</i>	<i>(145,241,632)</i>		<i>(149,860,143)</i>	
<b>Net Assets After Transfer to Capital Projects</b>		<b>14,772,280</b>	<b>37,237,879</b>		<b>43,690,392</b>	

DENTON COUNTY TRANSPORTATION AUTHORITY  
FIVE YEAR CAPITAL PROJECT SUMMARY

PROJECT NAME	Project Number	Capital Project Schedule					Total Project Budget	Life to Date As of June 09
		FY09 Budget	Actuals FY08	2009-10	2010-11	2011-12		
<b>BUS OPERATIONS</b>								
Security System Video Units (2009)	50401	110,289	110,289			110,289	-	
Passenger Amenities - Phase 1	50201	144,000		144,000		144,000	-	
Hebron Park & Ride	50701	3,325,000	1,988	1,648,946		3,325,000	1,232,498	
Operations & Maintenance Facility	50301	8,142,667	13,101	1,596,110	3,087,255	11,632,717	1,355,298	
Fleet Replacement	50502	-		1,968,500	2,291,280	4,260,000	-	
Paratransit Scheduling Software/Hardware	50403	-		180,000	174,011	354,011	-	
Passenger Amenities - Phase 2	50202	-		174,011	35,000	209,011	-	
Security System Video Units (2010)	50404	-		445,000		445,000	-	
Electronic Fareboxes	50405	-		70,000		70,000	-	
NCTC Bus Purchase	50503	-		250,000		250,000	-	
Bus Maintenance Equipment	50302	11,721,956	15,089	3,355,345	11,841,828	26,923,117	2,587,796	
<b>G&amp;A OPERATIONS</b>								
Financial Software Package	80401	-		86,693	97,568	184,261	-	
<b>RAIL DEVELOPMENT</b>								
Line Construction	611XX	193,000,000		122,426,271	31,768,568	255,195,439	17,187,887	
Rail Stations & Facilities	612-3XX	25,268,626	9,268	24,112,401		49,380,827	6,083,688	
Rail Vehicles	615XX	74,199,107		7,376,406	20,798,051	102,373,564	12,245	
Project Engineering & Support	616XX	20,482,267	4,477,757	12,661,211	1,723,826	29,345,651	13,561,581	
Positive Train Control	61405	312,950,000	4,487,025	97,720,238	137,931,622	549,089,113	36,865,401	
<b>TOTAL CAPITAL PROJECTS BUDGET</b>		<b>324,671,956</b>	<b>4,502,114</b>	<b>101,075,583</b>	<b>149,860,143</b>	<b>60,041,548</b>	<b>39,453,197</b>	
<b>SOURCE OF FUNDING</b>								
State Grants (RTIRF Included)		250,360,000		86,420,343	137,931,622	26,008,035		
Federal Grants		823,241		88,231	7,021,555	2,113,331		
Operating Funds		73,488,715	4,502,114	14,567,009	218,393	29,608,755		
Bond Issuance		-	-	-	4,688,573	2,311,427		
<b>TOTAL FUNDING</b>		<b>324,671,956</b>	<b>4,502,114</b>	<b>101,075,583</b>	<b>149,860,143</b>	<b>60,041,548</b>	<b>39,453,197</b>	

Grant Detail	FY2009	FY2010	FY2011	Total Grant Available	DCTA Contribution	Total Project Cost
<b>Federal Grant Detail:</b>						
Video Surveillance (80/20)	88,231			88,231	22,058	110,289
Passenger Amenities (Phase 1)		67,322		67,322	76,678	144,000
Bus O&M - 5307 Capital (FY08 & FY09 funds)		2,247,678	1,577,331	3,825,009	7,807,708	11,632,717
<b>ARRA Funds = \$4,143,011</b>						
Fleet Replacement		1,689,000		1,689,000	2,427,814	4,116,814
Passenger Amenities (Phase 2)		44,011		44,011	130,000	174,011
Hebron Park & Ride (Construction Only)		1,250,000		1,250,000	-	1,250,000
Paratransit Scheduling Software/Hardware		180,000		180,000	-	180,000
Electronic Fareboxes		445,000		445,000	-	445,000
On-board Surveillance Systems		35,000		35,000	-	35,000
Bus Shop Equipment		250,000		250,000	-	500,000
<b>CMAQ:</b>						
Hebron Park & Ride (Construction Only)		624,544		624,544	1,450,456	2,075,000
5309 Bus & Bus Facility:						
Fleet Replacement		224,000	251,000	475,000	118,750	593,750
<b>TOTAL</b>	<b>88,231</b>	<b>7,021,555</b>	<b>2,113,331</b>	<b>9,223,117</b>	<b>12,033,464</b>	<b>21,256,581</b>

\*\*Additional funding may be available in future periods

## Glossary of Terms

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**Accrual Basis** – The basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash flows.

**Accrued Expenses** – Expenses incurred but not due until a later date.

**Budget** – A plan of financial operation consisting of an estimate of proposed expenditures for a given period and the proposed means of financing them. The budget is proposed until it has been adopted by the board.

**Budget Amendment** – A procedure utilized by staff and the board to revise the budget.

**Budget Calendar** – A schedule of milestones which DCTA follows in the preparation, adoption, and administration of the budget.

**Grants and Reimbursements** are sources of financing for the transportation operations and DCTA.

**Capital Improvements** – An addition to the DCTA assets, including the design, construction or purchase of land, buildings or facilities, or major renovations.

**Change in Net Assets** – The change in equity resulting from the current year activities.

**Cost** – The amount of money of other consideration exchanged for property of services.

**Division** – An organizational unit, which has the responsibility of providing programs, activities, and functions in a related field.

**Depreciation Expense** – The amortization of the cost of capital assets over their useful life. Capital assets have a useful life of more than one accounting period and the expense is viewed as the use of capital required to generate the revenues in the accounting period.

**Enhanced Local Assistance Program (ELAP)** – An expense incurred through a financial improvement program for DCTA participating cities. This expense is generally 25% of the DCTA sales tax collections and can be used to provide transportation related improvements within the participating cities.

**Enterprise Fund** – Enterprise Funds account for operations that are financed and operated in a manner similar to private business. The intent of DCTA is that the costs (expenses, including depreciation) of providing transit services to the general public will be financed through a combination of farebox revenue, sales tax, and other grants.

## Glossary cont.

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**Expanded Level Project** – any new project, plans for expansion or increased service delivery that is above and beyond the current service level. These are expenses that could be classified as “one-time” and “out of the ordinary” expenses.

**Expenditure** – The actual spending of funds to acquire assets or services.

**Fiscal Year** – The time period designated by the board signifying the beginning and ending period for recording financial transactions. DCTA's fiscal year begins October 1 and ends September 30.

**Fixed Assets** – Assets of a long term character which are intended to continue to be held or used, such as land, buildings, improvements other than buildings, autos and machinery.

**Full-Time Equivalent** – A unit of measure based on the number of hours that an employee works during the fiscal year. One FTE is equivalent to 2,080 hours.

**Fund** – An independent fiscal and accounting entity used to record all financial transactions related to the specific purpose for which the fund was created.

**Generally Accepted Accounting Principles (GAAP)** – Standards and guidelines to financial accounting and reporting. They govern the form and content of the basic financial statements of the entity.

**Grants** – Contributions or gifts of cash or other assets from another government to be used or expended for a specific purpose, activity, or facility.

**Income** – A term used in proprietary fund type accounting to represent revenues or the excess of revenues over expenditures.

**Insurance, Casualties and Loss** – Costs for protection from loss through insurance, uninsured loss, and compensation to others for their losses.

**Leases and Rentals** – Expense consisting of payments made for the use of capital assets not owned by DCTA.

**Materials and supplies** – Expense consisting of products purchased from outside suppliers or internally produced and consumed in the accounting period.

**Miscellaneous** – Expense consisting of expenses that can not be attributed to any of the other major expense categories.

**Net Investment Income** – Consists of interest income from authorized investments, net of interest expense related to debt financing.

**Non-Operating Revenue / (Expense)** – The revenue or expense generated from other than operating activities.

**Operating Budget** – Plans for current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing acquisition, spending, and service delivery activities of a government are controlled. The use of annual operating budgets is usually required by law.

**Operating Expenses** – Expenses or cost incurred to provide the operating revenue earned in the accounting period.

**Operating Income / (Loss)** – The net income or loss from operating activities for providing transportation services.

**Performance Measures** – Specific qualitative and quantitative measures of work performed as an objective of the department.

**Purchased Transportation** – Expense consisting of cost incurred for materials, services, fuel and maintenance consumed in providing transportation services.

**Reserves** – Funds set aside for economic uncertainties.

**Salary, Wages and Fringe Benefits** – Expense including pay to employees for services provided, employer related taxes, employer portion of insurance benefits, employer 401 (a) contributions, sick time, and other miscellaneous pay as established by the board.

**Sales Tax** – A general “sales tax” is levied on persons and businesses selling merchandise or services in the city limits on a retail basis. The categories for taxation are defined by state law. Monies collected under authorization of this tax are for the use and benefit of the taxing authority.

**Services** – Expense consisting of labor and other work provided by outside organizations for a fee. These services could include legal expense, accounting services, management consulting, etc.

**Utilities** – Expense consisting of the use or consumption of electricity, gas, and communication services.