

# BUSINESS PLAN & BUDGETS

Fiscal Year 2009

Concise statement of approved and adopted budgets issued October 16, 2008.



METRO

**BUSINESS PLAN  
& BUDGETS**

**Fiscal Year 2009**

METRO  
Business Plan & Budgets FY2009

---

Table of Contents

Transmittal Letter from President & CEO

**Section I: FY2009 Business Plan Initiatives**

Listing .....1

**Section II: Authority Level Operating Budgets**

Summary of Budgets.....2

Operating Budget

By Cost Category .....3

Cost Category Variance .....4

Budget Methodology .....6

Authority Wide

Service Plan .....9

Fare Policy.....13

Key Performance Indicators .....16

Projected Ridership .....19

Organizational Chart.....20

Manpower Summary .....21

**Section III: Financial Proforma**

Projected Cash Flow.....23

Sales Tax Projection.....25

Sources and Uses of Funds (GAAP) .....26

Balance Sheet (GAAP) .....27

**Section IV: General Mobility and Capital Budgets**

METRO Solutions .....28

Capital Budget FY2009.....30

General Mobility Budget FY2009 .....39

Capitalized Operating Expenses FY2009 .....41

**Metropolitan Transit Authority**

1900 Main  
P.O. Box 61429  
Houston, Texas 77208-1429

713-739-4000

www.ridemetro.org

**METRO Board of Directors**

David S. Wolff, Chairman  
Gerald B. Smith, Vice Chairman  
Jackie L. Freeman, Secretary  
Burt Ballanfant  
George A. DeMontroind III  
James Dixon II  
Carmen Orta  
Trinidad Mendenhall Sosa  
C. Jim Stewart III



President & Chief Executive Officer  
Frank J. Wilson

October 14, 2008

David S. Wolff  
Chairman of the Board  
Metropolitan Transit Authority

Dear Mr. Wolff:

Please find attached the proposed FY2009 Business Plan for METRO including Operating & Capital Budgets, Fare Policy revisions and Service Plan.

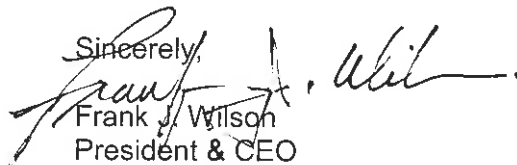
Section 451.102 of the Texas Transportation Code requires the Board of Directors of the Metropolitan Transit Authority to adopt an annual budget which specifies major expenditures by type and amount prior to commencement of a fiscal year. In accordance with the code, we have prepared the proposed Business Plan for the Board's consideration, amending the continuation budget adopted by the Board at its September meeting.

The annual budgets represent the Board's approved maximum annual expenditure authority to fund the Authority's Business Plan, valued at more than a billion dollars. In accord with Board approved procedures, it is recommended that the Board adopt the following budgets for the Metropolitan Transit Authority for Fiscal Year 2009 (October 1, 2008 – September 30, 2009)

Operating Budget	\$330,000,000
General Mobility Budget	\$163,758,000
Capital Budget	\$520,556,000
Debt Service	\$ 10,559,000

Public hearings on the proposed FY2009 budgets, fare policy revisions and service plan were held at noon and 6:00 pm on two days, September 16 and October 14, 2008 in the 2<sup>nd</sup> Floor Board room of the METRO Administration Building. The second day was scheduled to give an opportunity to the public who missed the first date due to Hurricane Ike. The proposed Business Plan is scheduled for approval by the Board at the regular October meeting on October 16, 2008.

Sincerely,



Frank J. Wilson  
President & CEO

cc: Board of Directors

## Section I: FY2009 Business Plan Initiatives

METRO  
Business Plan & Budgets FY2009

---

Business Plan Initiatives

This section lists 22 new initiatives that have been reviewed and selected as part of the FY2009 Business Plan. Funding for these initiatives are included in the Operating and Capital Budgets for FY2009, unless indicated otherwise.

METRO  
Business Plan & Budgets FY2009

---

Business Plan Initiative Listing

**Service**

1. New and Expanded Park & Ride Lots
2. Park & Ride Revenue Opportunities
3. Texas Medical Center Shuttles & Campus Circulator
4. High Occupancy Toll Lanes
5. 90A Commuter Rail
6. Commuter Rail Development

**Business Improvements**

7. Consolidation of Credit/Debt Card Merchant Contract Services
8. Internship Program
9. Mentoring Program for New Part Time Bus Operators
10. Partner with Bus Operator Focus Group
11. Accident Response Optimization
12. Bus Marshall Program
13. Enhanced Motorist Assistance Program
14. Vehicle Advertising
15. Bus Shelter Advertising
16. Bus Parts Inventory Reduction
17. Bus Parts Acquisition Process
18. Congestion Management
19. Park & Ride and Transit Center Comfort Station Cleaning
20. Customer Information Center Level II Support
21. Price/Cost Analysis Savings Opportunities
22. Internal Program Advisor

Section II: Authority Level Operating Budgets

METRO  
Business Plan & Budgets FY2009

---

**Authority Level  
Summary of Budgets**

<b>Department</b>	<b>FY2008</b>	<b>FY2009</b>	<b>Change</b>
Operating Budget	\$ 300,000,000	\$ 330,000,000	\$ 30,000,000
General Mobility	\$ 185,328,000	\$ 163,758,000	\$ (21,570,000)
Capital Improvement Budget	\$ 173,926,000	\$ 79,063,000	\$ (94,863,000)
METRO Solutions Budget	\$ 162,460,000	\$ 441,493,000	\$ 279,033,000
Debt Service Budget	\$ -	\$ 10,559,000	\$ 10,559,000
<b>Total</b>	<b>\$ 821,714,000</b>	<b>\$ 1,024,873,000</b>	<b>\$ 203,159,000</b>

METRO  
Business Plan & Budgets FY2009

---

**Authority Level  
Operating Budget by Cost Category**

<b>Expense Category</b>	<b>FY2008</b>	<b>FY2009</b>	<b>Variance</b>	
	<b>Current Year Budget</b>	<b>Proposed Budget</b>	<b>\$</b>	<b>%</b>
Wages	93,895,587	95,264,850	1,369,263	1.46%
Salaries	72,397,015	75,401,836	3,004,821	4.15%
Fringe Benefits	76,775,108	76,639,655	(135,453)	-0.18%
<b>Total Labor and Fringe Benefits</b>	<b>243,067,710</b>	<b>247,306,341</b>	<b>4,238,631</b>	<b>1.74%</b>
Purchased Transportation	70,050,384	72,539,225	2,488,841	3.55%
Fuel & Utilities	39,948,580	63,810,909	23,862,329	59.73%
Materials and Supplies	18,987,213	19,801,368	814,155	4.29%
Services	15,198,473	19,989,546	4,791,073	31.52%
Casualty and Liability	3,976,662	3,861,648	(115,014)	-2.89%
Leases, Rentals and Miscellaneous	3,498,356	3,580,820	82,464	2.36%
<b>Total Non-Labor</b>	<b>151,659,668</b>	<b>183,583,516</b>	<b>31,923,848</b>	<b>21.05%</b>
<b>Total Labor and Non-Labor</b>	<b>394,727,378</b>	<b>430,889,857</b>	<b>36,162,479</b>	<b>9.16%</b>
Unused Contingency & Savings	4,315,123	0	(4,315,123)	-100.00%
Cost Recovery	(8,078,709)	(8,204,461)	(125,752)	1.56%
<b>Total Operating Expenses</b>	<b>390,963,792</b>	<b>422,685,396</b>	<b>31,721,604</b>	<b>8.11%</b>
<b>Allocation to Capital</b>	<b>(90,963,792)</b>	<b>(92,685,396)</b>	<b>(1,721,604)</b>	<b>1.89%</b>
<b>OPERATING BUDGET</b>	<b>300,000,000</b>	<b>330,000,000</b>	<b>30,000,000</b>	<b>10.00%</b>

METRO  
Business Plan & Budgets FY2009

---

**Authority Level  
Cost Category Variance**

- **Wages** rise by 1.5% reflecting increases in bus operator wages resulting in part from increased levels of training and additional hours of service.
- **Salaries and hourly non-union wages** increase by 4.2% reflecting the annualization of salary performance incentives.
- **Fringe benefits** decrease by 0.2% reflecting the decrease in union healthcare cost which reflects FY2008 utilization levels and decreases in pension cost, mostly offset by the increase in fringe benefits associated with salary performance incentives.
- **Purchased transportation** increases by 3.6%, reflecting contractual price increases in the Northwest BOF and METROLift services as well as increased expenses associated with growth of the Star vanpool program.
- **Fuel and utilities** increase by 59.7% primarily reflecting the sharp rise in diesel fuel cost. The increase in diesel represents a \$23 million or over 80% increase from the FY2008 budget. In addition, expenses for gasoline and electric power reflect increases driven by inflation in fuel costs and increased usage and are up 48% and 7% respectively.
- **Materials and supplies** increase by 4.3% reflecting inflation in bus parts cost.
- **Services** increase by 31.5% reflecting the additional funds needed to upkeep the Q Card system that became operational in FY2008, a contract for concierge service to support newly introduced Airport Direct service, inflation in many service contracts due to increases in gasoline and diesel fuel prices, and minimum wage increases. Contracts for items such as courier services, bus shelter and rail station cleaning, and building and grounds maintenance where contractors use vehicles to travel between locations have been particularly effected.
- **Casualty and liability** decrease by 2.9% reflecting aggressive Workers' Compensation subrogation.

METRO  
Business Plan & Budgets FY2009

---

**Authority Level  
Cost Category Variance (Con't)**

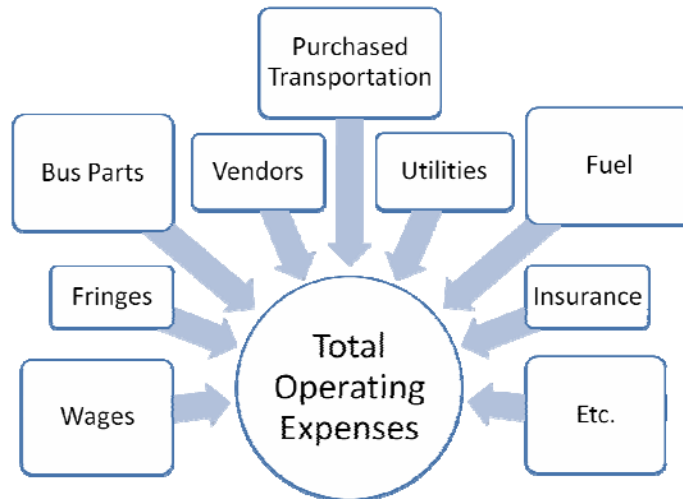
- **Leases, rentals and miscellaneous** increase by 2.4% reflecting expenses associated with leases supporting the new Airport Direct and Grand Parkway P&R services.
- In FY2008, \$2 million was earmarked for **New Service** of which \$1.5 million was spent, leaving \$0.5 million unspent. In FY2009, New Service will be funded through savings; therefore, there will be no budget in FY2009 for New Service
- In FY2009, **New Initiatives** must either save money or will be funded internally by the sponsoring department. Therefore, there will be no budget in FY2009 for New Initiatives.
- **Cost recovery** increases by 1.6% reflecting increased recovery from Star vanpool services associated with growth in the program.
- **Allocation to capital and general mobility** increases by 1.9% reflecting increased labor to support METRO Solutions and reassignment of dedicated motorcycle officers to support the general mobility program.

# METRO

## Business Plan & Budgets FY2009

---

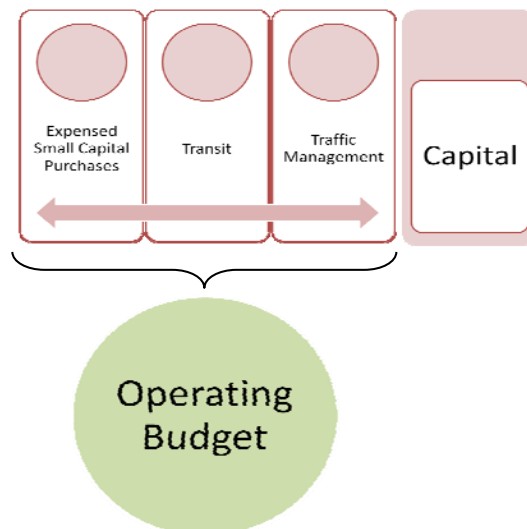
### Budget Methodology



#### **Total Operating Expenses:**

The Total Operating Expense is the sum of all employee labor, the cost of supporting that labor (e.g., insurance, space, utilities, etc.), and the direct costs for operating the bus and rail system, including purchased transportation and the support vehicles (parts, fuel, tires, batteries, other materials, etc.). This total also includes the labor expenses of METRO employees working on capital improvement projects.

METRO allocates the Total Operating Expenses into four areas on a full-cost basis: Transit, Traffic Management, Expensed Small Capital Purchases, and Capital. The combination of the Transit, Traffic Management, and Expensed Small Capital Purchases comprise the Operating Budget.



# METRO

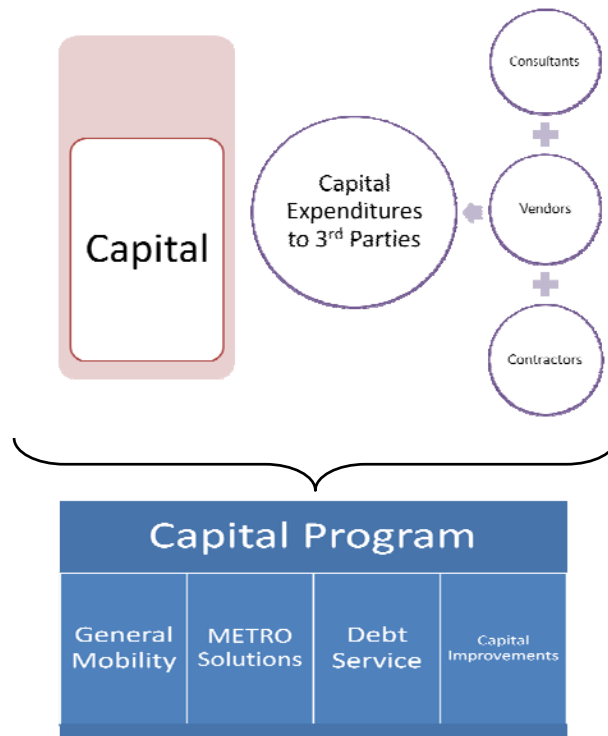
## Business Plan & Budgets FY2009

---

### Budget Methodology

#### Operating Budget:

- Transit: This category refers to the full cost of operating, maintaining, and securing the bus system (Local, Express, Park & Ride, METROLift, and METROVan) less any service cost allocated to Capital.
- Traffic Management: The full cost of congestion management activities, including the operation and enforcement on the HOV System, major activity center traffic management, and METRO's share of the operational expenses used to run the TranStar facility.
- Expensed Small Capital Purchases: METRO recognizes capital purchases less than \$1,000 under this category. The sum of the purchases are not rolled into Transit operating costs or Traffic Management operating costs, but it is included in the Board-approved Operating Budget. The purpose of this category is to reduce the cost of inventorying, tracking, and accounting for small value capital purchases.



METRO  
Business Plan & Budgets FY2009

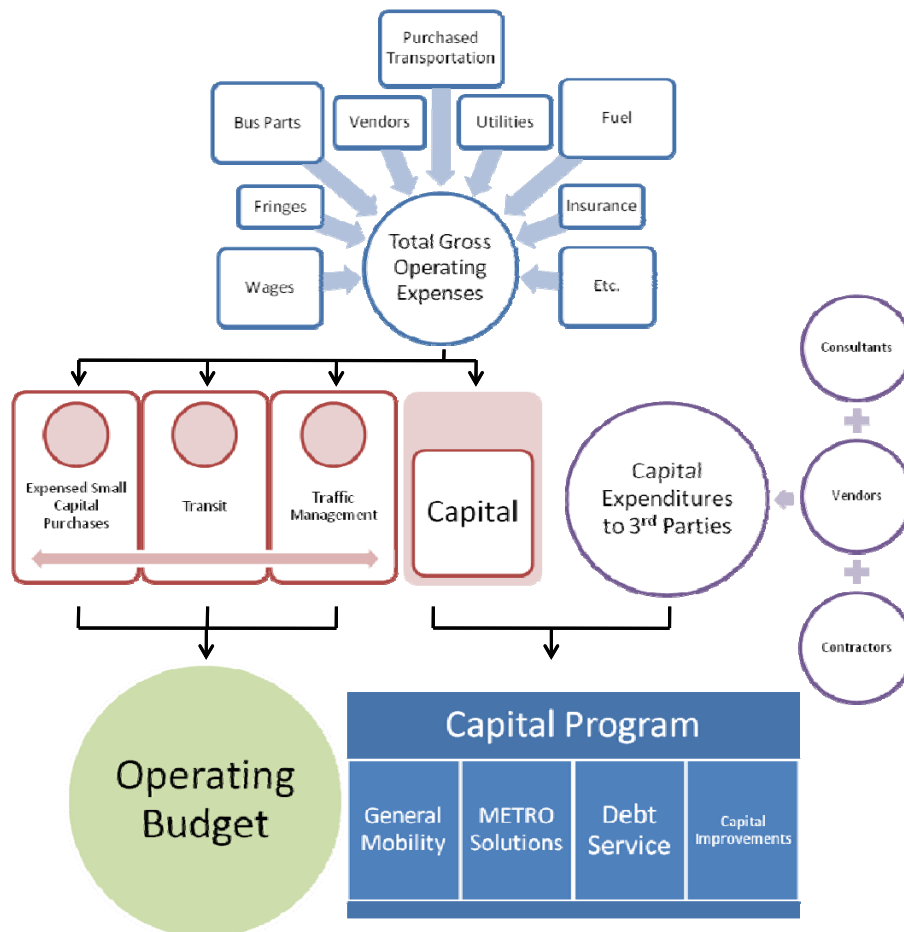
---

**Budget Methodology**

**Capital Program:**

From the Operating Expenses, METRO transfers individual capital purchases that have a cost of \$1,000 or greater to Capital, where it is recorded as an asset and appropriately depreciated over its expected life. This capitalized amount is then combined with METRO’s labor and support costs to plan, manage, and implement Capital Improvements, METRO Solutions, General Mobility, Debt Service plus any of METRO’s labor and support costs for bus service funded by formula and CMAQ capital funds. The sum of this total amount is referred to as the Capital Program.

The Debt Service budget was established to support the master lease program for capital items and the accruing interest of any outstanding commercial paper. In FY2009 the master leases are comprised of two leases, one for 98 buses currently being delivered and another lease for 60 buses scheduled to be executed early in FY2009.



METRO  
Business Plan & Budgets FY2009

---

**Authority Level  
Service Plan**

The FY2009 service plan features several enhancements and additions to the existing service level as a result of market expansion and cost efficiency opportunities for fixed route services. The considerations take into account the:

- simplification of route structures
- expansion of service to new markets
- implementation of new routes
- introduction of new Signature/Quickline services
- discontinuation/redeployment and adjustment of unproductive services
- adding of service to existing services
- continuing efforts for cost effective schedules
- efficient integration with light rail

Local recommendations include upgrading services on select routes and major schedule changes to improve on-time performance. In addition, Park & Ride service recommendations in the plan include the expansion of existing lot locations both within and beyond the METRO designated service area, improvements in span of service, and adding additional trips to select routes experiencing exploding demand. While some of these recommendations went into effect in FY2008, the FY2009 plan will maintain the goal of improving services and increase bus service by 0.2% in FY2009 and 2.0% annually thereafter to meet increasing demand.

The transit plan provides an overview of strategies to achieve these goals for Fixed Route Bus and Rail.

The results are reflected in the revenue hours of service summarized as follows:

<b>Annual Revenue Hours of Service</b>								
	<b>FY2008 Budget</b>		<b>FY2008 Estimate</b>		<b>FY2009 Budget</b>		<b>Difference FY08 Estimate vs. FY09 Budget</b>	<b>FY2009* New Service Annualized</b>
Fixed Route: Bus	2,785,817		2,774,277		2,779,773		5,496	2,830,096
Fixed Route: Rail	71,742	(1)	68,616		65,615		-3,001	(1) 65,615
Fixed Route: Total	2,857,559		2,842,893		2,845,388		2,495	2,895,711
METROLift	784,525		802,793		814,503		11,710	814,503
Special Events	32,691		4,497		0		-4,497	0
<b>Total</b>	<b>3,674,775</b>		<b>3,650,183</b>		<b>3,660,981</b>		<b>9,708</b>	<b>3,710,214</b>

\*FY2009 includes new service

(1) FY2008 METRO Rail hours have been adjusted to provide more efficient/cost effective service

METRO  
Business Plan & Budgets FY2009

---

**Authority Level  
Service Plan (Con't)**

**Local Services**

Certain routes within the METRO service area have been identified as providing a good opportunity for ridership increases. Renwick Crosstown will service the area between Braeswood and Woodway and will serve multiple residential and commercial areas. This route is part of the METRO Solutions referendum and will be a critical new North/South corridor connector, an essential part of the grid system. It will connect 5 of the top 10 bus routes and is expected to attract about 413,000 boardings per year. The start date is scheduled in August 2009.

The FY2009 transit plan incorporates operating certain services on a flex-time basis, i.e. the services will be driven on off-peak hours rather than peak hours. The routes considered for this adjustment are 3 Langley and 3 West Gray. This change in operation is expected to go into effect in August 2009.

As part of the long-term "Project Grid", the FY2009 plan calls for the restructure/ modification to schedules and service plans on certain routes in order to match service with demand. The service plan also recommends review of duplicate and unproductive routes for possible elimination of the worst ones, to enhance system performance.

**Signature and Quickline Services**

Quickline and Signature line services are in the FY2009 transit plan to target demand in existing high density corridors. These services will operate along select trunk route corridors, have limited stops, and be combined with improved bus stop amenities.

TMC/Southeast Quickline service is to begin operating in January 2009. This route is part of the METRO Solutions referendum and will connect to the Southeast and Main Light Rail Transit (LRT) lines. The route will connect two major transit centers, TMC and Southeast, and will serve both medical and commercial areas. The route is expected to draw approximately 217,000 riders per year.

Tidwell Signature Bus Quickline service is a candidate for rolling out (Phase I) in August FY2009 and is expected to attract an estimated 66,000 riders. Phase I will connect the Acres Homes and Northline Transit Center.

METRO  
Business Plan & Budgets FY2009

---

**Authority Level  
Service Plan (Con't)**

**Park & Ride Services**

As demand continues to increase, several Park & Ride lots are operating at or near capacity levels. As a result, several expansions to existing lots and extensions to service are planned for FY2009.

A new route, Fort Bend/Uptown – Greenway is to begin operation in August 2009. The service, an extension to the popular West Bellfort Park & Ride, will serve both Sugar Land & Fort Bend County and will operate between the Sugar Land and Greenway Plaza area. The route is expected to serve approximately 67,000 customers annually both inside and outside METRO's service area.

In January 2008, METRO began operating service from a brand new Park & Ride – Grand Parkway. The lot is located in the Katy area and has seen substantial growth due to significant population growth in the suburbs. To cope with increasing demand, an expansion to the existing service is in the FY2009 transit service plan. This expansion is expected to add approximately 30,000 riders annually to existing Grand Parkway Park & Ride ridership levels.

Due to a high concentration of TMC employees in the Pearland corridor, METRO is looking at providing services between TMC and the South Freeway corridor and is currently studying the creation of a Park & Ride lot in the Pearland (FM 518) area. If successful, the South Freeway Park & Ride will be available to serve the TMC commuters from the southern suburbs and will connect the Main Street Line and Downtown Houston. The service is being considered to begin operating in August 2009 and will serve approximately 191,000 commuters annually.

To relieve capacity constraints on Fuqua and South Point Park & Ride lots, METRO Solutions includes the provision of a new Park & Ride lot on the east side of the Gulf Freeway in close proximity to the El Dorado and Clear Lake Blvd areas. This route will serve this otherwise congested corridor and provide premium service to downtown Houston. The service is to begin operation in August 2009 and is projected to attract approximately 395,000 riders annually.

In addition to the expansion, the two existing lots, Fuqua and South Point, are both being considered for expansion and new services are expected to go into effect in August 2009.

METRO  
Business Plan & Budgets FY2009

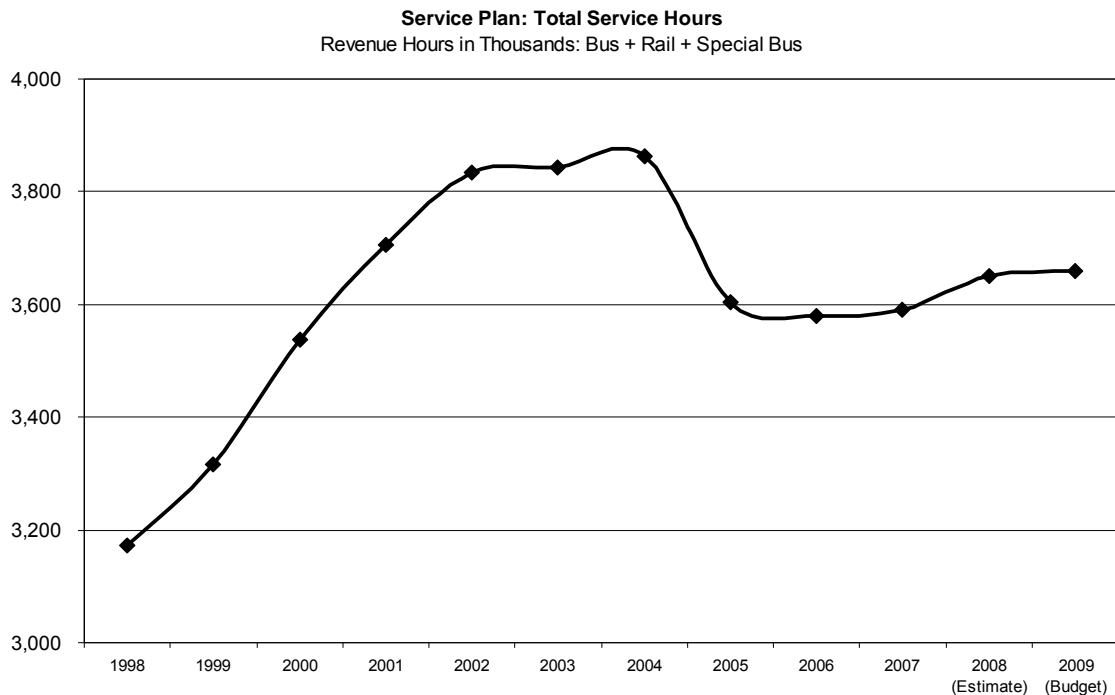
---

**Authority Level  
Service Plan (Con't)**

There is a need for new services in certain specific corridors. Demand for service is also increasing outside of the METRO service area. The FY2009 plan includes a Park & Ride service to operate from Pasadena to Downtown Houston. The service is expected to begin operation in October 2008 and is projected to attract approximately 27,000 riders per year. This service will be an extension of the existing route 244 Monroe.

METRO is also looking at expanding midday and late night ridership by offering additional trips. Most of the daily trips serve most or all of the Park & Ride lots in each freeway corridor. An initiative to increase boardings by target marketing through Ride Sponsors at Park & Ride lots could result in an increase of 500 boardings per day. This initiative is to start at the beginning of FY2009.

Several routes have experienced increased demand in Park & Ride services resulting in routes operating at overcapacity. In June 2008, 14 additional early morning trips were added to these existing services to cater for the increased demand. In FY2009, METRO plans continuation of these services.



METRO  
Business Plan & Budgets FY2009

---

**Authority Level  
Fare Policy**

**Introduction**

METRO Board policy provides “ - - that the fare structure and fare rates will be reviewed annually and that fares will be increased as necessary to account for the effects of inflation on operating costs and to maintain or improve the revenue/operating expense ratio.” (Resolution 85-18)

Over the 35 years of public transit in Houston, fares have increased only six times and METRO has not raised fares since 1994. The table below summarizes Houston fare policy history.

Years	Base (Local) Fare	Change from Previous Base Fare
1973 - 1983	\$0.40	-
1984	\$0.50	+25%
1985	\$0.55	+10%
1986 - 1987	\$0.60	+9%
1988 - 1990	\$0.65	+8%
1991 - 1993	\$0.85	+31%
1994 - 2008	\$1.00	+18%

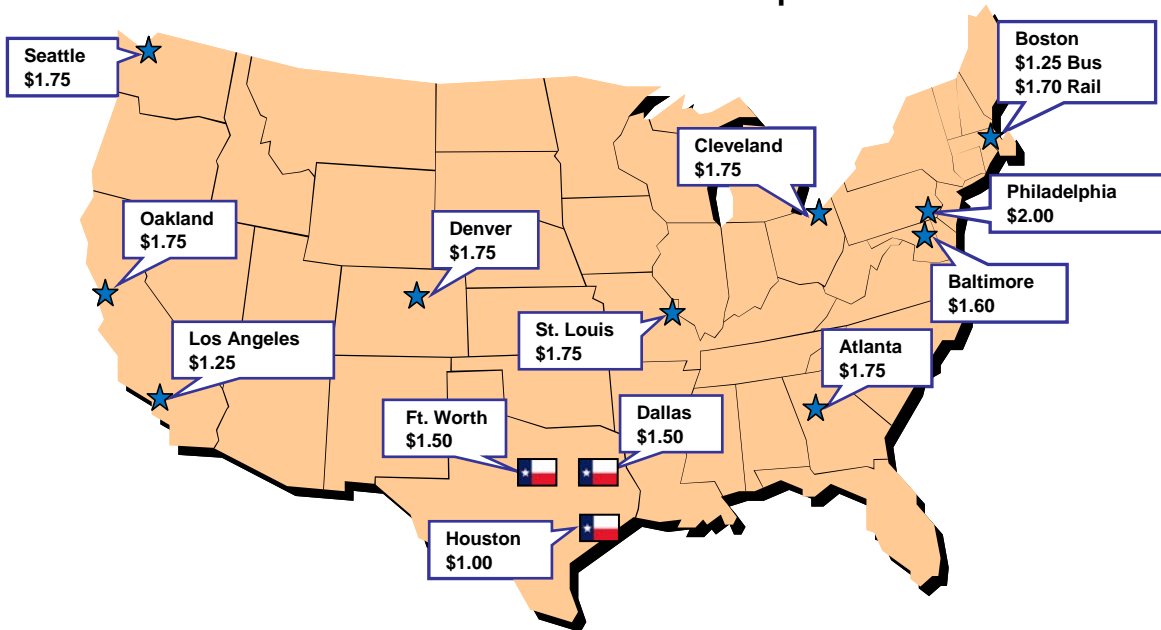
The 2008 fare structure change eliminated most discounts and reduced the methods of payment to the METRO Q<sup>®</sup> fare card and cash, but did not raise fares. METRO’s current fare structure, adopted in 1994, is shown below:

	<b>FY2008 Fare</b>
Local/METROrail (Base Fare)	\$1.00
Park & Ride Zone 1	\$1.50
Park & Ride Zone 2	\$2.50
Park & Ride Zone 3	\$3.00
Park & Ride Zone 4	\$3.50

METRO’s base fare is the lowest among comparable transit properties nationwide. Among Texas agencies, both DART (Dallas Area Rapid Transit) and the T (Fort Worth Transportation Authority) have a base fare of \$1.50. The following map shows similar transit authorities and their base fares for comparison.

**Authority Level  
Fare Policy (Con't)**

**Base Fares at other Transit Properties**



Set in 1994, METRO's fares do not reflect the current economic environment. According to the Consumer Price Index's Inflation Calculator, \$1.00 in 1994 is equal in buying power to \$1.48 in 2008 – a 48% increase. However, despite inflationary pressures, METRO's fares have remained the same. METRO must now consider a fare increase to keep up with inflation and rapid rise of fuel costs. The recent extraordinary escalation in fuel costs, currently expected to increase by \$23 million in 2009, has impacted METRO's budget. To maintain desired service levels, METRO must raise fares to cover soaring fuel costs.

**Fare Policy Recommendations for FY2009-FY2011**

The following table shows METRO's fare policy recommendations for Fiscal Years 2009 through 2011. The revenue estimates are based on an implementation date of November 2, 2008, the first Sunday in November.

METRO  
Business Plan & Budgets FY2009

---

**Authority Level  
Fare Policy (Con't)**

Standard Fares: For FY2009 METRO recommends increasing fares by 25% for Local and METRORail, and by 25-33% for Park & Ride. To ensure that fares keep up with inflation, METRO recommends raising fares in FY2010 and FY2011 by the year-to-year change in the Consumer Price Index for the Houston-Galveston-Brazoria region, which is currently estimated to be 3-5% each year. (For planning and budgetary purposes, a 4% inflation rate is assumed.)

	FY2008 Fare	FY2009		FY2010		FY2011	
		Fare	% Change from FY2008	Fare	% Change from FY2008	Fare	% Change from FY2008
Local/METRORail	\$1.00	\$1.25	25%	\$1.30	30%	\$1.35	35%
Park & Ride Zone 1	\$1.50	\$2.00	33%	\$2.10	40%	\$2.20	47%
Park & Ride Zone 2	\$2.50	\$3.25	30%	\$3.40	36%	\$3.55	42%
Park & Ride Zone 3	\$3.00	\$3.75	25%	\$3.90	30%	\$4.10	37%
Park & Ride Zone 4	\$3.50	\$4.50	29%	\$4.70	34%	\$4.90	40%

- Additional fare revenue for FY2009 is estimated at \$14.1million, 26% higher than the projected fare revenue for FY2008 (\$54.1 million).

Premium Fares:

- The fare for the Airport Direct service, which began August 27, 2008, remains at \$15 for one-way service and \$30 for round-trip service.
- Seniors and the disabled will receive a 50% discount for this route (\$7.50 one-way, \$15 round-trip).

METRO  
Business Plan & Budgets FY2009

---

**Authority Level  
Key Performance Indicators**

Key Performance Indicator	FY2008 Goal	FY2009 Goal
Operating Ratio	19%	19%
On-Time Performance (Service Reliability)		
• Local	61%	61%
• Park & Ride	70%	74%
• Weighted Average	64%	65%
Mean Distance Between Mechanical Failures (all buses)	5,250	6,000
Bus Accidents		
• Absolute Number	645	612
• Per 100,000 Vehicle Miles	1.00	0.94
Rail Accidents		
• Absolute Number	36	42
• Per 100,000 Vehicle Miles	4.5	5.4
Complaint Contacts		
• Absolute Number	38,400	23,640
• As A Percent Of Boardings	0.0422%	0.0244%
Major Security Incidents		
• Total	600	600
• Per 100,000 Boardings	0.659	0.620
Major Security Incidents – METRO Properties		
• Total	384	384
• Per 100,000 Boardings	0.422	0.397
Average Call Center Answer Delay	1 Minute or less	1 Minute or less

METRO  
Business Plan & Budgets FY2009

---

**Authority Level  
Key Performance Indicators (Con't)**

The primary element in the success METRO has had in building a first-rate transit system has been the dedication to the quality of its service. METRO has devoted itself to bringing transit passengers service that is safe, clean, comfortable, reliable, attractive, and economical.

To maintain a sharp focus on quality, a number of quality indicators are tracked, monitored, and reported throughout the year. Nine (9) of these quality indicators focusing on different aspects of transit service are reported to the Board on a monthly basis:

**Operating Ratio:** The Operating Ratio is a measure of METRO's financial performance and efficiency in terms of how much fares and cost recovery are collected relative to Total Transit cost. Mathematically, it is calculated using the following formula:

$$\frac{\text{Total Fares Plus Cost Recovery}}{\text{Total Transit Cost}}$$

**On-Time Performance:** A local bus is considered on-time if it does not leave early and is less than five (5) minutes late. A Park & Ride bus is considered on-time if it does not depart early (except in the morning when a bus can leave from a Park & Ride lot when full) and is less than five (5) minutes late, with measurements during peak hours. Delays of twenty (20) minutes or more are considered anomalous and will be excluded from the calculations.

**Mean Distance Between Mechanical Failures (MDBF):** MDBF mechanical roadcalls are defined as any mechanical issue encountered during operation of the vehicle in revenue service that requires a maintenance action resulting from a mechanical failure. Mechanical failures include warranty and fleet defects but exclude farebox, accidents, and bus recalls. This indicator is for the bus system but excludes METROLift.

**Bus and Rail Accidents:** An accident is a transit incident with passenger injuries or a collision between a revenue vehicle and an object such that the amount of damage exceeds \$1,000. Bus accidents (which include METROLift) and rail accidents are reported separately and in terms of the absolute number of accidents and the relative number of accidents per 100,000 vehicle miles.

METRO  
Business Plan & Budgets FY2009

---

**Authority Level  
Key Performance Indicators (Con't)**

**Complaint Contacts:** Patrons contact METRO's Customer Information Center to express dissatisfaction with METRO. Contacts made via telephone and over the Internet which result in a complaint record being generated in the Public Comment System are reported both in terms of the absolute number of contacts received and the number of contacts as a percentage of total boardings.

**Major Security Incidents:** The total "Major Security Incidents" is based on two industry standards: the Federal Bureau of Investigation (FBI) Uniform Crime Report and the National Transit Database (NTD) Report issued by the Federal Transit Administration (FTA). The eight (8) categories included are: homicide, forcible rape, robbery, aggravated assault, burglary, larceny and theft, motor vehicle theft, and arson. This metric is reported both in terms of the absolute number of incidents and the number of incidents per 100,000 boardings.

**Major Security Incidents – METRO Properties:** The total "Major Security Incidents – METRO Properties" is the number of incidents that occur at Park & Ride lots, Transit Centers, on board buses and trains, and on Light Rail Vehicle (LRV) platforms. This metric is reported both in terms of the absolute number of incidents and the number of incidents per 100,000 boardings.

**Average Call Center Answer Delay:** Patrons calling METRO's Customer Information Center are greeted by an interactive voice response (IVR) system where they are offered options including automated bus and rail times, pre-recorded service information, and an opportunity to speak to a customer service representative. Patrons select the customer service representative option to assist with their particular need, whether it is trip planning and general information, METRO Q Card support, public comments, lost and found, vanpool, or HOV information. Callers wait in a queue for the next available representative. The goal is to maintain a one minute or less average wait time for customers seeking assistance.

METRO  
Business Plan & Budgets FY2009

---

**Authority Level  
Projected Ridership**  
(In Thousands)

Service Category	FY2008	FY2009	Change	
	Estimate	Target	FY2008 vs.	FY2009
<b>Fixed-Route Bus</b>				
Local & Express	76,914	71,330	-5,584	<u>-7.26%</u>
Park & Ride	<u>9,676</u>	<u>9,999</u>	<u>323</u>	<u>3.34%</u>
<b>Total Fixed-Route Bus</b>	<b>86,590</b>	<b>81,329</b>	<b>-5,261</b>	<b>-6.08%</b>
<b>METRO Rail</b>	<b>12,240</b>	<b>11,598</b>	<b>-642</b>	<b>-5.25%</b>
<b>Total Fixed-Route Bus and Rail</b>	<b>98,830</b>	<b>92,927</b>	<b>-5,903</b>	<b>-5.97%</b>
<b>Special Bus Services</b>				
METROLift	1,452	1,472	20	1.38%
Special Events/Internal Services	77	3	-74	-96.10%
METROVan	<u>2,553</u>	<u>2,932</u>	<u>379</u>	<u>14.85%</u>
<b>Total Special Bus Services</b>	<b>4,082</b>	<b>4,407</b>	<b>325</b>	<b>7.96%</b>
<b>Total All Bus and Rail Services</b>	<b>102,912</b>	<b>97,334</b>	<b>-5,579</b>	<b>-5.42%</b>
<b>HOV Carpools, Vanpools, and Non-METRO Buses</b>	<b>25,884</b>	<b>25,884</b>	<b>0</b>	<b>0.00%</b>
<b>TOTAL SYSTEM RIDERSHIP</b>	<b>128,796</b>	<b>123,218</b>	<b>-5,579</b>	<b>-4.33%</b>

**Note:**

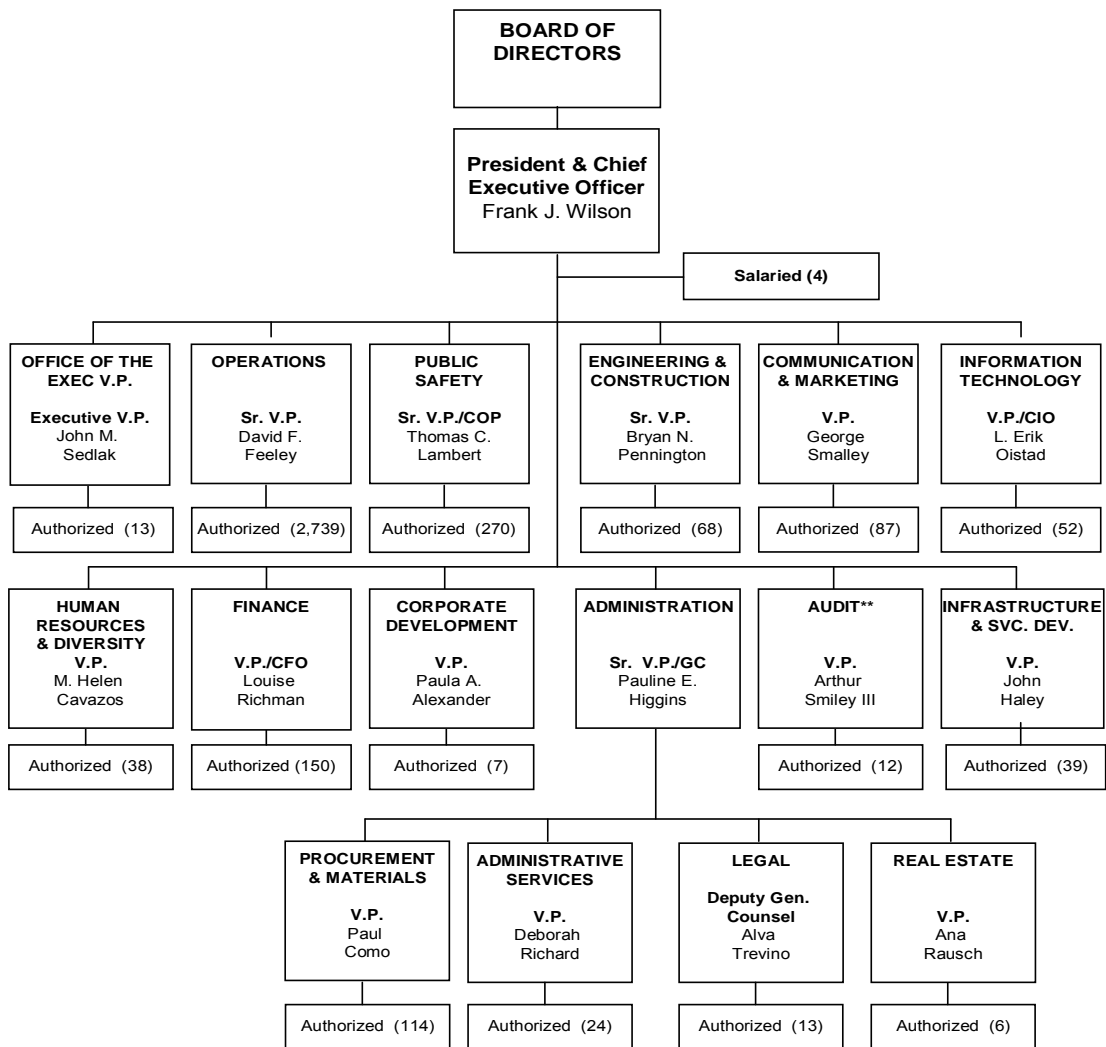
The reduction in ridership shown here is on the very conservative assumption that the proposed fare increase will result in some reduction in ridership. However, the reduction may not happen or may be minimal in the same way that the ridership reduction anticipated in FY2008 because of the introduction of Q Card did not fully materialize. The numbers are based on Automatic Passenger Counting data as statistically adjusted by METRO's Service Evaluation Group, for submission to National Transit Database.

METRO  
Business Plan & Budgets FY2009

---

**Authority Level  
Organizational Chart**

**BOARD OF DIRECTORS EXECUTIVE MANAGEMENT TEAM**



Total Authorized: 3,637

\*\* Dual reporting position

METRO  
Business Plan & Budgets FY2009

---

**Authority Level  
Manpower Summary**

Departments/Divisions	FY2008		FY2009	
	Auth.	FTE	Auth.	FTE
Operations				
Operations Full-time	2,454	2,364.6	2,420	2,420.0
Operations Part-time	307	162.2	319	176.9
Public Safety	300	283.0	270	268.0
Engineering & Construction	68	61.0	68	68.0
Infrastructure & Service Development	39	34.7	39	39.0
Real Estate	6	6.0	6	6.0
Procurement & Materials	114	111.3	114	114.0
Administrative Services	24	23.0	24	24.0
Government Affairs	4	3.2	4	4.0
Communications & Marketing	87	83.8	87	85.0
Information Technology	52	51.0	52	52.0
Human Resources & Diversity	38	35.6	38	37.5
Finance	150	142.5	150	150.0
Corporate Development	7	5.9	7	7.0
Legal	13	8.9	13	13.0
Audit	12	12.0	12	12.0
Executive Office	14	12.3	14	14.0
<b>Total Full-Time</b>	<b>3,382</b>	<b>3,238.8</b>	<b>3,318</b>	<b>3,313.5</b>
<b>Total Part-Time</b>	<b>307</b>	<b>162.2</b>	<b>319</b>	<b>176.9</b>

Auth. = Number of authorized full-time and part-time positions at the end of the year.

FTE = Full-time equivalent employees in person years for the total fiscal year.

\*Part-time personnel work varied hours up to 32 hours per week.

METRO  
Business Plan & Budgets FY2009

---

**Authority Level  
Manpower Summary (Con't)**

<u>Manpower Added/Deleted</u>	<u>FY2009</u>
Operations	
PT Bus Mechanics	12
FT Bus Mechanics	-5
Support Vehicle Technician	-2
FT Bus Operators	-26
Executive Assistant V - Senior Vice President	-1
Public Safety	
Police Officer - Part-time	-25
Security Guard - METRO	-2
Sr. Traffic Engineer, High Occupancy Vehicle (HOV) Operations	-1
Manager, Safety Engineering & Analysis	-1
HOV Operator	<u>-1</u>
	Subtotal
	-52

## Section III: Financial Proforma

METRO  
Business Plan & Budgets FY2009

---

**Financial Proforma  
Projected Cash Flow**

<u>Revenues</u>	<u>\$ millions</u>
Fares	68.208
Sales Tax Income <sup>(1)</sup>	481.721
Interest Income	2.193
Grants Income <sup>(2)</sup>	236.542
Other Income	7.802
Commercial Paper	217.593
Total Revenue FY2009	<u>1,014.059</u>
Beginning Fund Balance <sup>(3)</sup>	126.996
Total Sources	<u><u>1,141.055</u></u>
<u>Expenditures</u>	
Operating Expenses – Transit	324.354
Operating Expenses – Traffic Mgmt.	5.061
Capitalized Operating Expenses	53.812
Expensed Small Capital	0.586
Total Operating Expenditures	<u>383.812</u>
General Mobility <sup>(4)</sup>	163.758
Capital Improvement Program Budget	69.063
METRO Solutions & Infrastructure Dev.	441.493
Capital Contingency	10.000
Subtotal Capital Expenditures	<u>684.314</u>
Debt Service	10.559
Total Expenditures FY2009	<u>1,078.685</u>
Ending Fund Balance <sup>(3)</sup>	62.370
Total Uses	<u><u>1,141.055</u></u>

METRO  
Business Plan & Budgets FY2009

---

**Financial Proforma  
Projected Cash Flow (Con't)**

Commercial paper in the amount of \$217.593 million is used in the cash flow to balance sources and uses. To the extent that the General Mobility carryover from FY1999 - 2008 (\$77.756 million = total \$105.399 less \$27.643 budgeted in FY2009) is spent by the City of Houston, Harris County and the Multi-Cities, additional commercial paper would have to be issued to cover the expenditure. The Capital Budget assumes the use of up to \$217.593 million of commercial paper. This cash flow assumes a minimal holding in METRO's investment portfolio.

Note:

- (1) For fiscal conservatism, projected cash flow uses sales tax revenue of \$481.721, the actual sales tax received for the last full year completed (FY2007). Barton Smith's projection for FY2009 is \$544.462 million.
- (2) Includes capital projects and capitalized operating expenses.
- (3) METRO Board approved Debt Policy adopted June 2005 sets minimum target fiscal year ending fund balance (cash and investment portfolio) at 15% of the forward 12 month operating expenditures which is \$49.500 million. To this is added the following: Reserves of \$12.870 million not to be used in FY2009 will be maintained to bring the total minimum balance to \$62.370 million.
- (4) METRO will fund the Multi-Cities program of projects at the time they are ready for implementation regardless of projected funding availability within the program.

METRO  
Business Plan & Budgets FY2009

---

**Financial Proforma  
Sales Tax Projection**  
(\$000's omitted)

	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>
Projected Sales Tax Revenue	\$ 514,663	\$ 544,462	\$ 576,803	\$ 613,898
Rate of Change from Prior Year	6.8% <sup>1</sup>	5.8%	5.9%	6.4%

**Note:**

1. FY2008's growth rate is calculated from \$481.721 million, the audited FY2007 sales tax revenue presented in the FY2007 Financial Statement.
2. This Sales Tax Projection is based on the June 2008 Edition of the quarterly METRO-commissioned analysis by Barton A. Smith from the University of Houston Institute for Regional Forecasting. Smith projects the Houston economy, like the national economy, will slow down in FY2009; however, the slowdown will be less than most other US regions. He also highlights the strong link between the price of oil and the health of the local economy, where a significant softness in the price of oil would have major impacts.
3. For fiscal conservatism, the FY2009 Sales Tax Projection used in both METRO's Projected Cash Flow and Sources and Uses of Funds is calculated as \$481.721 million), the actual sales tax received for the last full year completed (FY2007).
4. FY2005 sales tax revenue actual = \$394.016 million  
FY2006 sales tax revenue actual = \$467.646 million\*  
FY2007 sales tax revenue actual = \$481.721 million

\*FY2006 sales tax revenue is adjusted for \$16.839 million one-time audit collection received January 2006 for prior years.

METRO  
Business Plan & Budgets FY2009

---

**Financial Proforma**  
**Sources and Uses of Funds (Income Statement)**  
Per GAAP Format  
(\$000's omitted)

	(\$000 omitted)		
	<b>FY2008</b>	<b>FY2009</b>	<b>Difference</b>
			<b>FY08 Budget vs. FY2009 Proj.</b>
	<b>Budget</b>	<b>Projection</b>	<b>Proj.</b>
<b><u>Revenues</u></b>			
Fares	52,884	68,208	15,324
Sales Tax Income (Accrual Basis)	450,000	481,721	31,721
Interest Income	8,912	2,193	-6,719
Grants Income	113,428	236,542	123,114
Other Income	610	7,802	7,191
Commercial Paper	<u>255,563</u>	<u>217,593</u>	<u>-37,970</u>
<b>TOTAL REVENUES</b>	<b>881,397</b>	<b>1,014,059</b>	<b>132,662</b>
<b><u>Expenses</u></b>			
Transit Operating	345,088	378,166	33,078
Traffic Management Operating	6,201	5,061	-1,140
Other Operating	<u>2,523</u>	<u>586</u>	<u>-1,938</u>
<b>Subtotal Operating</b>	<b>353,812</b>	<b>383,812</b>	<b>30,000</b>
General Mobility Street Projects	185,328	163,758	-21,570
Transit Mobility Street Projects*	<u>3,124</u>	<u>1,345</u>	<u>-1,779</u>
<b>Subtotal Street Projects</b>	<b>188,452</b>	<b>165,103</b>	<b>-23,349</b>
<b>TOTAL EXPENSES</b>	<b>542,264</b>	<b>548,915</b>	<b>6,651</b>
Net before Depreciation	339,133	465,144	126,011
Depreciation and Loss on Disposal of Fixed Assets	125,000	125,000	0
Net after Depreciation	<b>214,133</b>	<b>340,144</b>	<b>126,011</b>

\*Streets & Signals

METRO  
Business Plan & Budgets FY2009

---

**Financial Proforma  
Balance Sheet (GAAP)**

Metropolitan Transit Authority  
of Harris County, Texas

Estimated and Projected Statement of Net Assets  
For Years Ended September 30, 2008 and 2009  
(in Thousands)

	<b>Estimated September 2008</b>	<b>Projected September 2009</b>
<b>Assets</b>		
Cash	12,646	12,862
Receivables	145,620	130,029
Inventory	31,697	32,256
Investments	125,157	99,157
Other Assets	35,177	35,177
Capital Assets Net of Depreciation	1,765,436	2,069,586
Total Assets	2,115,733	2,379,067
<b>Liabilities</b>		
Trade Payables	86,028	79,353
Accrued Payroll	22,229	21,035
Short-term Debt	143,000	360,593
Other Current Liabilities	43,175	46,655
Total Liabilities	294,432	507,636
Net Assets - Retained	1,821,301	1,871,431
Total Liabilities and Net Assets	2,115,733	2,379,067
Net Assets	1,786,423	1,821,301
Change in Net Assets	34,878	50,130

## Section IV: General Mobility and Capital Budgets

METRO  
Business Plan & Budgets FY2009

---

**General Mobility & Capital Budgets**  
**Capital Budget**  
**METRO Solutions**

FY2009 will be a critical year for METRO Solutions. With Phase 1 of the Program Development completed in FY2008, METRO will be proceeding to Phase 2, which includes the Design/Build, Vehicle Supply, and Financing. The current status of METRO Solutions' five corridor projects is as follows:

- **East End Corridor:** Construction has begun for early utility work with final Design/Build Notice to Proceed (NTP) soon to follow.
- **North and Southeast Corridors:** Both have received ROD's (Record of Decision) with Full Funding Grant Agreements scheduled to be approved in early FY2009.
- **Uptown Corridor:** Extended Advanced Preliminary Engineering (APE) will continue into FY2009 with Final Design/ Build NTP to follow.
- **University Corridor:** Progress will continue in FY2009 with FTA expected to issue ROD and approve entry into Preliminary Engineering (PE) in early FY2009. FTA approval letter for Final Design is anticipated for late FY2009.

Additional METRO Solutions plans for FY2009:

- **Signature Bus:** Bellaire Signature Bus is scheduled to be operational in early FY2009. TMC/Palm Center Signature Bus is currently under construction and is scheduled to be operational mid-FY2009. Tidwell (Phase 1) should be in construction with a late FY2009 early FY2010 start-up.
- **HOT Lanes:** Civil Construction and Toll System contracts are scheduled to be awarded early in FY2009 with completion of civil construction verification lanes by year end.
- **Commuter Rail: 90A Missouri City - Fannin South:** Design/Build procurement contract is anticipated to be awarded early in FY2009 with public workshops underway by year end. Utility work is also anticipated in late FY2009 due to the planned use of existing Right of Way (ROW).

METRO  
Business Plan & Budgets FY2009

---

**General Mobility & Capital Budgets**  
**Capital Budget**  
**METRO Solutions (Con't)**

With many of the elements of the program underway, FY2009 is positioned to be a banner year for METRO Solutions as work is programmed to complete the majority of all pending ROW and land acquisitions, creation of new service, receive funding approval, and proceed to Phase 2 project implementation.

METRO  
Business Plan & Budgets FY2009

---

**General Mobility & Capital Budgets  
Capital Budget**

**Discussion**

The capital budget for FY2009 is \$520.556 million. See following document for details of projected expenditures and funding sources by individual project.

<u>Program</u>	\$ millions			
	<u>FY2009 Budget</u>	<u>Funding Sources</u>		
		<u>Grants</u>	<u>Commercial Paper</u>	<u>Local</u>
A. METRO Solutions and I&SD	441.493	175.472	201.186	64.835
B. Capital Improvement Program	79.063	7.258	16.407	55.398
C. General Mobility	163.758	0.000	0.000	163.758
D. Capitalized Operating Expenses	53.812	53.812	0.000	0.000
E. Debt Service	10.559	0.000	0.000	10.559
<b>Total</b>	<b>748.685</b>	<b>236.542</b>	<b>217.593</b>	<b>294.550</b>

The capital budget contains \$10 million in program contingency. This is to provide funding for the following possible events:

1. Unbudgeted carryover from FY2008, which is due to projects' cash flow spilling over from FY2008 to FY2009. METRO's budget does not allow for automatic carryover of budget funds from year to year. There is always some spillover due to timing issues, so an allowance is needed.
2. Frequently during a fiscal year, there is a capital need not previously identified. The capital contingency provides funds for such unexpected events.

METRO  
Business Plan & Budgets FY2009

---

**General Mobility & Capital Budgets**  
**Capital Budget**  
Project Listings  
(\$000's)

<u>DESCRIPTION</u>	<u>FY2009</u> <u>Budget</u>
<b><u>METRO Solutions</u></b>	
<b>LRT Corridors &amp; Intermodal Terminal</b>	
<b>Phase 2 Design/Build</b>	
<b>Facility Provider - Package #1</b>	
North Corridor	42,686
Southeast Corridor	57,782
Storage & Wash Facility - Southeast	11,504
East End Corridor	30,350
S&I (Service & Inspection) Facility - East End	671
Uptown Corridor	81,022
Intermodal Terminal - DP -1A1	22,628
<b>Subtotal -</b>	246,643
 <b>Facility Provider - Package #2</b>	
University Corridor	66,021
<b>Total Phase 2 Design/Build</b>	312,664
 <b>Phase 1 / Pre Phase 2 Development</b>	
4 LRT Corridors & IT	
Facility Provider (PTG) - Pre Phase 2 Development	7,525
Selected Civil Engineers (SCE's)	4,300
<b>Total - Phase 1 &amp; Pre Phase 2 Development</b>	11,825
 <b>Pre Phase 1 Engineering</b>	
University Corridor	7,756
<b>Subtotal -</b>	7,756

METRO  
Business Plan & Budgets FY2009

---

**General Mobility & Capital Budgets**  
**Capital Budget (Con't)**  
Project Listings  
(\$000's)

<u>DESCRIPTION</u>	<u>FY2009</u> <u>Budget</u>
<b>Misc. Transit Facilities - Development Projects</b>	
Wheeler Intermodal Terminal Station Area Planning	2,318
Transit Facilities Misc. Engineering Studies	500
Storefront Offices	1,740
<b>Subtotal -</b>	4,558
<b>Program Development</b>	
Program Initiation - Phase 2	1,000
Quality Assurance Prog (QAP)	275
Operations Development Support	100
Small Business / DBE	355
Community Outreach - METRO	1,500
<b>Subtotal -</b>	3,230
<b>Total - Pre Phase 1 &amp; Program Development</b>	15,544
<b>Total - LRT Corridors &amp; Transit Facilities</b>	340,033
<b>Other METRO Solution Projects</b>	
Vehicle Expansion	562
<b>Total - METRO Solutions (E&amp;C)</b>	340,595
<b>INFRASTRUCTURE &amp; SERVICE DEVELOPMENT (I&amp;SD)</b>	
<b>METRO Solutions Planning</b>	
METRO Solutions Support (All Corridors)	7,000

METRO  
Business Plan & Budgets FY2009

---

**General Mobility & Capital Budgets**  
**Capital Budget (Con't)**  
Project Listings  
(\$000's)

<u>DESCRIPTION</u>	<u>FY2009</u> <u>Budget</u>
<b>METRO Solutions Support</b>	
Project Mgt, LR Planning & Regional Coordination	3,000
 <b>New Service/Expansion</b>	
Clear Lake/EL Dorado	6,000
South Point P&R Expansion	1,300
Grand Parkway Expansion	2,500
Future Park & Rides	200
<b>Subtotal -</b>	10,000
 <b>Total - METRO Solutions Planning</b>	20,000
 <b>Signature Bus Service</b>	
<b>Program Development</b>	
Future Corridor Development Fund	50
 <b>Signature Bus</b>	
Signature BRT - Bellaire	142
Signature BRT - Tidwell ( Phase I)	3,239
Signature BRT - TMC/Palm	2,200
<b>Subtotal -</b>	5,581
 <b>Airport Express</b>	300
 <b>Total - Signature Bus Service</b>	5,931

METRO  
Business Plan & Budgets FY2009

---

**General Mobility & Capital Budgets**  
**Capital Budget (Con't)**  
Project Listings  
(\$000's)

<u>DESCRIPTION</u>	<u>FY2009</u> <u>Budget</u>
<b>HOT Lane Program</b>	
<b>HOT Lane Conversion</b>	
Phase 1B - HOT Lane Conversion	18,059
Slip Ramp In-Pavement Lighting & Delineators	2,050
HOV Lane TranStar Control & Integration (ARGO)	1,053
<b>Total - HOT Lane Program</b>	21,162
<b>HOT Lane Expansion</b>	
 <b>Commuter Rail Transit (CRT)</b>	
CRT 90A - Missouri City - Fannin South	46,000
Commuter Rail Development	3,000
Parking Fee Collection Equipment Installation	2,000
Parking Strategy, Fare Policy & Rail Svc. Ridership	150
<b>Total - Commuter Rail Transit (CRT)</b>	51,150
 <b>Total - Other METRO Solutions Projects</b>	 78,243
 <b>Transitways &amp; Related Facilities</b>	
Northwest Transitway - 290 Diamond Lanes	865
North Transitway - I-45 Diamond Lanes	550
Traffic Device Rehab - Phase 2	585
Traffic Device Rehab - Phase 3	655
<b>Total - Transitways &amp; Related Facilities</b>	2,655
 <b>TOTAL - I&amp;SD</b>	 100,898

METRO  
Business Plan & Budgets FY2009

---

**General Mobility & Capital Budgets**  
**Capital Budget (Con't)**  
Project Listings  
(\$000's)

<u>DESCRIPTION</u>	<u>FY2009</u> <u>Budget</u>
<b><u>Capital Improvement Program</u></b>	
<b>Transit Mobility Program</b>	
Corridor Optimization	850
Bus Pads / Bus Lanes	230
Curb Cuts / Intersection Improvements	265
<b>Total - Transit Mobility Program</b>	1,345
<b>Buses &amp; Support Equipment</b>	
<b>Passenger Shelters &amp; Lighting</b>	100
<b><u>Revenue Vehicles</u></b>	
<b>Bus Acquisitions (See Debt Schedule)</b>	
<b>Bus Improvements</b>	
New Flyer Hydraulic Lines	216
Operators Seats	272
Orion Bus Procurement Support	241
MCI Bus Procurement Support	869
Axles	2,075
Engines	6,430
Transmissions	1,540
Replace Bus Floors	406
<b>Sub-Total Buses Improvements</b>	12,049
<b>METROLift Vans</b>	3,699
<b>Collection &amp; Management Systems</b>	
Kashmere & 1900 Main St. Ride Store Buildout	317
<b>Sub-Total Revenue Vehicles</b>	16,065

METRO  
Business Plan & Budgets FY2009

---

**General Mobility & Capital Budgets**  
**Capital Budget (Con't)**  
Project Listings  
(\$000's)

<u>DESCRIPTION</u>	<u>FY2009</u> <u>Budget</u>
<b>Support Equipment &amp; Systems</b>	
Support Vehicles	2,190
Tools & Equipment	1,035
Police Support Equipment	60
<b>Sub-total Support Equipment &amp; Systems</b>	3,285
<b>Total Buses &amp; Support Equipment</b>	19,450
<b>Operating Facilities &amp; Upgrades</b>	
<b>Facility Upgrades</b>	
<b>Main St. Corridor Enhancements</b>	
Bar Signal Overrun system	300
ATMS Study, Recommendations and Implementation	100
Red Line As Build Modifications	290
<b>Subtotal -</b>	690
<b>Facility Upgrades</b>	
New Restroom - W.L. York P&R	125
New Restroom - Pinemont P&R	125
New Restroom - Spring P&R	125
1900 Main Fire System Data Room	225
<b>Sub-Total</b>	600
<b>Rail System Upgrades</b>	
Brake Suspension Rebuild	1,670
Auxiliary Power Rebuild	32
Overhaul Power Track Switches	265
Replace Rail Ties	202
<b>Sub-Total</b>	2,169

METRO  
Business Plan & Budgets FY2009

---

**General Mobility & Capital Budgets**  
**Capital Budget (Con't)**  
Project Listings  
(\$000's)

<u>DESCRIPTION</u>	<u>FY2009</u> <u>Budget</u>
<b>Major Facility Rehabilitation Initiative</b>	6,724
<b>Administration Services &amp; Print Shop</b>	
AOB Improvement	65
Furniture, Equipment & Copier	500
<b>Sub-Total</b>	565
<b>Total Operating Facilities &amp; Upgrades</b>	10,748
<b>Intelligent Transportation System</b>	
<b>Police Automation Program</b>	
Regional Cad Dispatching & Records Mgmt	220
Regional Radios	170
<b>Total - Intelligent Transportation Systems</b>	390
<b>Information Technology</b>	
SafeBus/Replace ARCS System (Radio)	6,435
Zonar / SAP integration	0
SAP HR/Payroll	3,925
End User Hardware/Software	1,556
Network Communications Enhancements	3,205
UNIX Server Refresh	2,880
IT - Core Applications	5,947
VOMS Enhancements	350
SAP Upgrade & Deployment	2,340
Computer Aided Dispatch	617
Data Center Server & Storage Enhancements	3,324
<b>Total - Information Technology</b>	30,579

METRO  
Business Plan & Budgets FY2009

---

**General Mobility & Capital Budgets**  
**Capital Budget (Con't)**  
Project Listings  
(\$000's)

<u>DESCRIPTION</u>	<u>FY2009</u> <u>Budget</u>
<b>Department of Public Safety</b>	
Accident Response Optimization	150
BOF Security Upgrade	225
Transit Organizational Activities - Train	106
<b>Total - Department of Public Safety</b>	481
<b>Real Estate</b>	
Intermodal Terminal Joint Development	2,700
Wheeler Intermodal	1,200
West Park Corridor	50
Fannin South TOD	200
<b>Total Development Fund, &amp; Land</b>	4,150
<b>Other Projects</b>	
Federal Small Business Program	120
Engineering Studies - E&C	300
Financing of Capital Budget (FA, Broker cost)	1,500
<b>Total Other Projects</b>	1,920
<b>Allowance for Capital Replacements/Contingency</b>	10,000
<b>Total - Capital Improvement Program</b>	79,063
<b>Total - METRO Solutions &amp; Capital Improvement Program</b>	520,556

\* INCLUDES FEDERAL GRANTS APPROPRIATED THROUGH FY2007 PLUS PROJECTED FY2008 GRANTS.

\*\* USE COMMERCIAL PAPER TO FUND CURRENT EXPENDITURES, REDEEM WITH FORMULA GRANTS IN FY2009-FY2010.

METRO  
Business Plan & Budgets FY2009

---

**General Mobility & Capital Budgets**  
**General Mobility Budget**

**Discussion**

FY2008 Projected Expenditures versus Budget (\$000's omitted)

<b>Program Components</b>	<b>Budget FY2008</b>	<b>Estimated FY2008</b>	<b>Difference</b>
<b>City of Houston</b>			
Pre-Agreement Designated Projects	10,984	10,782	-202
Future Designated Projects	62,066	28,866	-33,200
Carryover FY1999-2007	<u>28,320</u>	<u>38,868</u>	<u>10,548</u>
<b>Total</b>	101,370	78,516	-22,854
<b>Harris County</b>			
Pre-Agreement Designated Projects	8,191	751	-7,440
Future Designated Projects	23,437	23,152	-285
Carryover FY1999-2007	<u>4,472</u>	<u>0</u>	<u>-4,472</u>
<b>Total</b>	36,100	23,903	-12,197
<b>Multi-Cities</b>			
Pre-Agreement Designated Projects	18,314	14,854	-3,460
Future Designated Projects	23,683	46,581	22,898
Carryover FY1999-2007	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	41,997	61,435	19,438
<b>Area-Wide Designated Projects</b>	5,861	5,753	-108
<b>Total</b>			
Pre-Agreement Designated Projects	43,350	32,140	-11,210
Future Designated Projects	109,186	98,599	-10,587
Carryover FY1999-2007	<u>32,792</u>	<u>38,868</u>	<u>6,076</u>
<b>Total</b>	185,328	169,607	-15,721

During FY2008, it is estimated that the General Mobility Program will underspend its budget by \$15.721 million, -8.5%. The category labeled "Carryover FY1999-2007" is funding budgeted, but not expended, prior to FY2007 and carried over into FY2008 per the 1999 Master Agreement.

METRO does not control the expenditure of General Mobility Funds. This is driven by the implementation of projects by the City of Houston, Harris County and the 14 Multi-Cities.

METRO  
Business Plan & Budgets FY2009

---

**General Mobility & Capital Budgets**  
**General Mobility Budget**

Projected Revenues & Available Funding FY2009  
(\$000's)

	<u><b>FY2009</b></u>
<b>Sales Tax Revenues</b>	
Estimated Sales Tax Revenues Available (June 2008 Barton Smith)	136,115
<b>Pre-Agreement Designated Projects</b>	
Estimated Expenditures	
City of Houston	11,019
Harris County	7,440
Multi-Cities (Incl. Congestion Mitigation)	18,562
Area-Wide Projects	<u>4,097</u>
<b>Subtotal</b>	<b>41,118</b>
<b>Future Designated Projects</b>	
Estimated Sales Tax Revenues Available	94,997
Sales Tax Distributed by Formula	
City of Houston (73.7% of Total Available)	70,013
Harris County (21.0% of Total Available)	19,949
Multi-Cities (5.3% of Total Available)	<u>5,035</u>
<b>Subtotal</b>	<b>94,997</b>
Unexpended Carryover from Prior Years	
City of Houston	18,441
Harris County	14,237
Multi-Cities	<u>-5,035</u>
<b>Subtotal</b>	<b>27,643</b>
Total Adjusted Funding Available	
City of Houston	88,454
Harris County	34,186
Multi-Cities (See Note 1)	<u>0</u>
<b>Subtotal</b>	<b>122,640</b>
Notes: (1) Cash flow assumes that all funding for the current Mul	
<b>Estimated Total Funding Available</b>	
City of Houston	99,473
Harris County	41,626
Multi-Cities (Incl. Congestion Mitigation)	18,562
Area-Wide Projects	<u>4,097</u>
<b>Total</b>	<b>163,758</b>

METRO  
Business Plan & Budgets FY2009

---

**General Mobility & Capital Budgets  
Capitalized Operating Expenses**

Since 1999, METRO has allocated each year some of its formula grants to fund allowable operating expenses in accord with FTA regulation pertaining to capital grants. The following FY2009 operating activities are funded with the listed capital grants.

<u>Description</u>	<u>Type of Grant</u>	<u>FY2009 Budget</u> <u>\$ millions</u>
Bus & Rail Maintenance	POP / FGM	45.648
New Service (Bus)	CMAQ	1.273
Buffalo Bayou Facility Maintenance	POP	0.320
METROLift Service	POP	<u>6.571</u>
<b>TOTAL</b>		<b>53.812</b>

The 20% local match is provided with ‘in-kind’ expenditures so that these cash flows are 100% grant funded. (POP = Program of Projects Section 5307 grants; FGM = Fixed Guideway Modernization; CMAQ = Congestion Mitigation and Air Quality)