

METRO
FY1996 OPERATING & CAPITAL BUDGETS
SEPTEMBER 29, 1995

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SECTION 1: Board Resolution 95-163
September 29, 1995

SECTION 2: TRANSMITTAL LETTER

September 8, 1995

Board of Directors
Metropolitan Transit Authority

Dear Board Members:

Article 1118x, Section 12A, of Vernon's Texas Civil Statutes requires the Board of Directors of the Metropolitan Transit Authority to adopt an annual operating budget which specifies major expenditures by type and amount, prior to commencement of a fiscal year. In accordance with the statutes, the General Manager has prepared proposed Operating and Capital Budgets and prepared the attached material for the Board workshop on the budget. The proposed Operating and Capital budgets for the Metropolitan Transit Authority for fiscal year 1996 (October 1, 1995 - September 30, 1996) are:

- Operating Budget \$212,410,000
- Capital Budget \$420,510,000

The budgets have been prepared in conjunction with the following completed activities necessary to update METRO's FY1996 Strategic Business Plan:

- Receipt of Barton Smith METRO Economic Forecast (June 1995).
- Annual update of cash flow model FY1989-2010 (June 1995).
- Board approval of FY1996-2005 General Mobility Capital Improvement Program (June 1995).
- Board approval of FY1996-2000 Capital Improvement Program (June 1995).
- Board approval of FY1996-2000 Transit Services Program (August 1995).

The Annual Operating Budget and the Annual Capital Budget represent the Board's approved maximum annual expenditure authority to implement the Authority's programs to achieve stated goals in the context of the current economy.

During the FY1996 strategic planning cycle, it was established that economic conditions in Houston are continuing in an uncertain state; that Barton Smith's June 1995 forecast for METRO indicates a recovery in FY1996; and that METRO's two largest transit markets — downtown and the Texas Medical Center are expected to continue to be weaker than the Houston economy at large.

The proposed FY1996 Operating Budget of \$212,410,000 was prepared based on the following objectives:

- Meet all service legal requirements, including ADA METROLift expansion.
- Preserve the ability to expand the bus system as the economy improves, as the Regional Bus Plan is implemented and as demand for service grows.
- Implement as much planned experimental service with expected high productivity as possible.
- Replace poor performing routes with higher performing service.
- Perform METRO's basic transit system security function, operate the transitway system, and provide traffic congestion management.
- Improve cost efficiency.

The proposed Operating Budget will fund the following service expansions:

- Increase in fixed route revenue miles of 1.0%.
- Increase in METROLift revenue miles of 3.2%.
- Increase in special event and charter revenue miles of 3.8%.

In addition to the service expansion, specific operating cost increases will be required for the following committed items:

- Programmed increases in accord with the current Labor Agreement - \$2.052 million.
- FY1996 merit program for salaried personnel - \$1.250 million.
- Full integration of Electronic Registering Fareboxes into ongoing service including the introduction of decrementing fare media during the year - \$1.5 million.
- Operation of the TranStar Center with METRO as an active partner - \$0.195 million.
- ITS America annual meeting in Houston - \$0.200 million.

The proposed FY1996 Operating Budget of \$212,410,000 is a reduction from last year in constant dollars as shown in the following table:

| | |
|--|---------------|
| FY1995 total Operating budget | \$208,407,000 |
| + inflation (4.32% per Barton smith forecast for METRO, June 1995) | 9,003,000 |
| = FY1995 total Operating budget in constant dollars | 217,410,000 |
| - labor savings | 5,000,000 |
| FY1996 target Operating budget | \$212,410,000 |

To fund the services expansion and cover the committed cost increase items, METRO has eliminated in FY1995 102 staff positions representing a savings in FY1996 of \$5,006,000. This brings total non-union position eliminations over the past 29 months to 204, representing a combined savings in FY1996 of \$10.5 million in reduced labor costs.

The proposed fiscal 1995 Capital Budget is \$420,510,000 which is a sufficient cash flow for FY1996 to implement the programs included in the General Mobility Capital Improvement Program and the Capital Improvement Program adopted by the Board earlier:

| | |
|--|---------------|
| General Mobility Program | \$149,705,000 |
| Regional Bus Plan | 102,949,000 |
| Transitways and Related Facilities | 30,528,000 |
| Buses and Support Facilities | 89,278,000 |
| Transit Mobility, Development Fund, Land & Contingency | 48,050,000 |
| Proposed Capital Budget | \$420,510,000 |

The Board workshop materials also include updated forecasts for the following:

- passenger trips
- total revenues
- service quality performance goals
- cost effectiveness performance goals
- composite financial statement
- cash flow

Fiscal 1996 will see continued vigor toward increasing ridership and being more effective in congestion management, while implementing the Community Transportation Program.

Sincerely,

Robert G. MacLennan, P.E.
General Manager

SECTION 3: FY1996 FORECASTS

Passenger Trips

Revenue Forecast

Service Quality Performance Goals

Cost Effectiveness Performance

Composite Statement

Cash Flow

SECTION 3: Passenger Trips

SECTION 3: PASSENGER TRIPS

| FORECAST PASSENGER TRIPS (000's omitted) | |
|---|--------------------|
| | FY1996 FORECAST |
| TRANSIT | |
| Local & Express | 52,930 |
| Park & Ride | 5,241 |
| Total Fixed Route | 58,171 |
| METROLift | 966 |
| Special Event/Charter | 682 |
| Privatized Experimental Services | 1,200 |
| Total Transit System | 61,019 |
| Carpools & Vanpools on Transitways | 14,175 |
| Total Transit & Transitways | 75,194 |

NOTES:

1. METRO defines passenger trips as boardings less transfers. This is the same as "linked trips".
2. Total fixed route includes experimental services added to the existing bus system in FY1995: e.g., Westwood to TMC Park & Ride, increased frequency on Hospital and Holman local routes.
3. Privatized experimental services includes new experimental services that are not part of the existing bus system: e.g., METROVan, FasTrak, and Subscription Bus Services.

SECTION 3: Revenue Forecast

SECTION 3: REVENUE FORECAST

| METRO REVENUE FORECAST - FISCAL 1996 (\$000's omitted) | |
|---|-----------------|
| | FY1996 Forecast |
| Operating Income | |
| Bus Fares | 45,082 |
| Route Guarantees | 425 |
| METROLift Revenue | 574 |
| Charter Revenue | 566 |
| Subtotal Fare Income | 46,647 |
| Misc. Operating Income | 2,323 |
| Subtotal Operating Income | 48,970 |
| NON-OPERATING INCOME | |
| Sales Tax Income | 274,378 |
| Interest Income | 19,270 |
| Subtotal Non-Operating Income | 293,648 |
| CAPITAL GRANTS REVENUE | |
| Federal | 143,779 |
| State | 2,892 |
| Subtotal Grants Revenue | 146,671 |
| TOTAL REVENUE | 489,289 |

NOTES:

1. All revenues are stated in year-of-expenditure dollars.
2. Effective October 1994, METRO Special Event Services are offered on a cost reimbursement basis. The recovery of cost is included in the Operating Budget as a reduction of expenditures, not as revenue.
3. Sales tax income is stated on the accrual basis and is based on Barton Smith's, June 1995 Economic Forecast for METRO.
4. All Grant Revenues are project specific and receipt depends on meeting project expenditure schedules reflected in the Capital Budget and Capital Improvement Program.

SECTION 3: Service Quality Performance Goals

SECTION 3: SERVICE QUALITY PERFORMANCE GOALS

| | FY1996 Goals |
|--|--------------|
| Accidents Per 100,000 Revenue Miles | 1.78 |
| On-time Performance | 96.0% |
| Revenue Miles Between Service Interruptions | 4,735 |
| Complaints Per 100,000 Passenger Trips | 26.2 |
| Incidents Against Persons Per 100,000 Passenger Trips | 1.00 |
| Incidents Against Property Per 100,000 Passenger Trips | 0.73 |
| INDICATORS WHICH ARE SET BY THE LABOR AGREEMENT | |
| Vehicle Miles Between Mechanical Road Calls | 14,000 |
| Accidents Per 100,000 Vehicle Miles | 1.6 |

NOTES: Transit System Quality Performance Statistics

SYSTEM QUALITY

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

QUALITY INDICATORS: To maintain a sharp focus on quality, a number of quality indicators are tracked, monitored and reported throughout the year. Six of these quality indicators focusing on different aspects of quality transit service are reported to the Board on a monthly basis. Safety is measured using an indicator called "Accidents Per 100,000 Revenue Miles." Timeliness is measured by an indicator called "On-Time Performance." Reliability is measured using an indicator called "Revenue Miles Between Service Interruptions." Customer satisfaction and customer relations are measured using an indicator called "Complaints Per 100,000 Passenger Trips." Personal safety on the transit system is measured using an indicator called "Incidents Against Persons Per 100,000 Trips." The security of METRO's property is measured using an indicator called "Incidents Against Property Per 100,000 Trips."

Two related quality indicators that are used as goals in METRO's labor agreement are also reported monthly. "Vehicle Miles Between Mechanical Road Calls" is a measure of transit reliability, that focuses on those items directly controlled by METRO's Maintenance Department. "Accidents Per 100,000 Vehicle Miles" is a measure of safety, that measures all accidents including METRO buses, whether or not the bus was in revenue service or not.

SETTING FISCAL GOALS: METRO has some of the highest service quality goals in the entire transit industry; but we are always stretching to meet higher goals. METRO sets tighter standards every year through a Board approved formula in which each year's goal is calculated by taking the last three years' actual weighted average results, and then including a 2.0% improvement in that average.

The goals for "On-Time Performance", "Vehicle Miles Between Mechanical Road Calls", and "Accidents Per 100,000 Vehicle Miles" were set in the August 1, 1994 Labor agreement.

DEFINITIONS

- **Accidents per 100,000 Revenue Miles.** Accidents are defined as passenger injuries or collisions between a revenue vehicle and a fixed object or other vehicle in which there is more than incidental damage. The number of revenue miles operated by METRO and other operators under contract to METRO, including METROLift, in a month is divided by 100,000 and the result is then divided into the number of accidents to arrive at this statistic. METRO's FY1995 goal is 1.94.
- **On-Time Performance.** The percentage of all the METRO buses operating within the **on-time** window over a monthly operating period. Buses are timed daily at a randomized series of checkpoints. A bus is considered early if it leaves from a designated stop any time before the scheduled time, and is considered late if it arrives more than five minutes after the scheduled time. The bus is considered "on-time" if it is within the five minute window. METRO's FY1995 goal is 96.0%. This indicator is set in the Labor Agreement.

- **Revenue Miles Between Service Interruptions.** A service interruption is defined as an incident where bus service is interrupted for more than one minute. The statistic is calculated by dividing the total number of revenue miles during the month by the number of service interruptions. METRO's FY1995 goal is 4,563 miles between service interruption.
- **Complaints per 100,000 Passenger Trips.** The total number of passenger trips is divided by 100,000 and the result is then divided into the number of registered complaints. Complaints are defined as telephone calls or letters written to METRO in which a complaint regarding some facet of METRO service is reported. METRO's FY1995 goal is 24.7.
- **Incidents Against Persons per 100,000 Trips.** A police incident against a person is defined according to categories established in federal crime statistics. This category includes incidents such as assault, but also more minor offenses such as public intoxication and disorderly conduct. These two types of incidents account for a vast majority of the total incidents against persons. The statistic is calculated by dividing the number of passenger trips by 100,000 and then dividing the results into the number of incidents against persons. METRO's FY1995 goal is 1.51.
- **Incidents Against Property per 100,000 Trips.** A police incident against property is defined according to categories established in federal crime statistics. This category includes such incidents as theft and vandalism, and excludes incidents involving bus passenger shelters. The statistic is calculated by dividing the number of passenger trips by 100,000 and then dividing the results into the number of incidents. METRO's FY1995 goal is 0.96.
- **Miles between Mechanical Road Calls.** A road call is defined as an incident where bus service is interrupted for more than one minute due to a maintenance problem. The statistic is calculated by dividing the total number of miles operated by METRO only during the month by the number of road calls. This statistic is useful in assessing mechanic effectiveness since the better they do their job, the greater the distance between mechanical road calls. This indicator goal is set in the August 1, 1992 Labor Agreement as 14,000.
- **Accidents Per 100,000 Vehicle Miles.** The total number of miles operated by METRO only in a month is divided by 100,000, and then the result is divided into the number of accidents. Accidents are defined as passenger injuries or collisions between a METRO bus and a fixed object or other vehicle in which there is more than incidental damage. This indicator goal is set in the August 1, 1994 Labor agreement at 1.60.

SECTION 3: Cost Effectiveness Performance Goals

SECTION 3: COST EFFECTIVENESS

PERFORMANCE GOALS

| | FY1996 Goals |
|--------------------------------------|--------------|
| Fare Recovery - Transit | 18.7% |
| Subsidy Per Passenger Mile - Transit | 43.3¢ |
| Subsidy Per Passenger Trip - Transit | \$3.33 |
| Cost Per Passenger Mile: | |
| Transit | 53.3¢ |
| Total Transit & Transitway | 43.3¢ |
| Cost Per Revenue Mile - Transit | \$5.56 |
| Vehicle Capacity Utilization | 23.6% |
| Operator Absenteeism | 6.0% |

NOTES:

1. All costs are expressed on a full cost basis in year-of-expenditure dollars. Full cost basis = total departmental costs + depreciation + gain/loss on disposal of fixed assets.
2. The Fare Recovery Ratio - Transit EXCLUDING depreciation and gain/loss on disposal of fixed assets FY1996 GOAL is 23.7%.
3. METRO excludes Traffic Management expenses from total transit costs in these statistics, since these relate to congestion management activities involving automobiles rather than the bus system.
4. Cost Effectiveness & Productivity Definitions

Fare recovery ratio - transit. The percentage of transit costs (departmental and support expenses plus depreciation) that are paid by passenger fares, including cash fares, pass sales income, route guarantees, METROLift and charter revenue. This value is calculated by dividing transit fares and revenues by transit costs. It excludes special event revenue beginning in FY1995.

- **Subsidy per passenger mile - transit.** The net cost borne by taxpayers to move a transit passenger one mile. It is calculated by subtracting bus revenues from transit costs (departmental and support expenses plus depreciation) and then dividing by the number of transit passenger miles.

- **Subsidy per passenger trip - transit.** Total transit cost less bus fares equal total transit subsidy. This represents revenues from sales tax, interest income and operating income and grants used to fund the transit system.
- **Cost per passenger mile - transit.** The average cost of moving a transit passenger one mile. It is calculated by dividing total transit costs (departmental and support expenses plus depreciation) by total transit passenger miles.

Cost per revenue vehicle mile - transit. The total cost for providing a unit (revenue mile) of transit service. This value is calculated by dividing the total transit cost (departmental and support expenses plus depreciation) by transit revenue miles.

- **Vehicle capacity utilization.** The percentage of in-service, fixed route bus capacity that is used by passengers. This value is calculated by dividing passenger miles by capacity miles, which are revenue miles multiplied by the average bus capacity, including both seated and standing passenger capacity, consistent with METRO's service standards.
- **Operator Absenteeism.** The "Operator Absenteeism" percentage is the ratio of total unscheduled operator absentee hours divided by total scheduled operator hours. Included in unscheduled operator absentee hours are hours charged to: sick leave, excused leave, a "miss", suspension hours, funeral leave, doctor's appointment, jury duty, union business (other than Union Officers on full-time leave), and military leave.

SECTION 3: Composite Statement

SECTION 3: COMPOSITE STATEMENT

| (\$000 omitted) | | |
|---|--------------------|--------------------|
| | FY1995 Estimate | FY1996 Forecast |
| GROSS INCOME | | |
| Bus Fares | 45,489 | 46,647 |
| Sales tax income (accrual basis) | 257,001 | 274,374 |
| Interest income | 19,914 | 19,270 |
| Other operating income & grants | <u>475</u> | <u>2,323</u> |
| TOTAL | 322,879 | 342,614 |
| OPERATING EXPENSES - TRANSIT | | |
| Department & support expenditures | 191,828 | 197,110 |
| Depreciation expense | 51,366 | 52,393 |
| Gain/loss on disposal of fixed assets | <u>97</u> | <u>250</u> |
| SUBTOTAL | 243,291 | 249,753 |
| OPERATING EXPENSES - TRAFFIC MANAGEMENT | | |
| Department & support expenditures | 11,579 | 10,300 |
| Depreciation expense | <u>5,861</u> | <u>5,890</u> |
| SUBTOTAL | 17,440 | 16,190 |
| TOTAL OPERATING EXPENSES | 260,731 | 265,943 |
| GROSS INCOME LESS TOTAL OPERATING EXPENSES | 62,148 | 76,671 |
| = NET INCOME AVAILABLE FOR CAPITAL EXPENDITURES | | |
| + depreciation | 57,227 | 58,283 |
| + gain/loss on disposal of fixed assets | <u>97</u> | <u>250</u> |
| SUBTOTAL | 57,324 | 58,533 |
| CURRENT YEAR CASHFLOW AVAILABLE FOR CAPITAL REPLACEMENTS AND ADDITIONS | 119,472 | 135,204 |
| + Federal/State capital grants collected | 63,034 | 146,671 |
| TOTAL CASH FLOW AVAILABLE FOR CAPITAL REPLACEMENT AND ADDITIONS | 182,506 | 281,875 |
| - capital expenditures | 219,378 | 420,510 |
| CURRENT YEAR CASH FLOW FOR FUTURE CAPITAL EXPENDITURES INCLUDING REPLACEMENTS AND OPERATING EXPENDITURES | -36,872 | -138,635 |

NOTES:

1. All data in year-of-expenditure dollars.
2. Operating expenses Transit and Traffic Management exclude the \$5 million operating contingency in FY1995 and FY1996. Because any allocation between transit and traffic management would be arbitrary and it is not expected that the FY1995 operating contingency will be needed.
3. Capital expenditures include a \$5 million capital contingency in FY1996.

SECTION 3: Cash Flow

SECTION 3: CASH FLOW

As the Board was informed at the August Committee meetings, METRO now expects that Federal Formula Funds (Section 9), previously forecast for FY1996 award, will be reduced by 40%. It would not be prudent in our financial forecasting to assume that this is a one-time decrease, with restoration expected in FY1997.

Accordingly, the preliminary cash flow scenario presented to the Board in June (#432-B) has been modified to reflect a 40% reduction in Federal Formula Funds for each year FY1996-2010. This created a revenue decrease of \$16-20 million per year and threw the cash flow out of balance, creating significant borrowing.

Also, since June the preliminary cash flow has been updated as follows:

- Increase in forecast sales tax income due to continued better results than forecast for FY1995.
- Decrease in forecast fare income to reflect lower weighted average fares due to more passengers taking advantage of deep discounts, such as the weekly passes, and continued loss of park & ride passengers.
- Adjustments to all capital categories reflecting final estimates for FY1995 and the FY1996 Capital budget.
- Adjustments to FY1995 operating expenses reflecting the expectation that the FY1995 operating contingency will not be required.
- Adjustment in capital expenditures and formula grants to reflect restructuring of 1801 Main acquisition.

To offset the borrowing, a number of capital projects have been rescheduled to a later date. Attached is a list of the projects rescheduled and the changes in capital spending cash flow. The bulk of the changes occurred in the Regional Bus Plan where projects, which were 100% locally financed and not tied directly to other projects, were rescheduled. Additionally, the LNG component on current bus procurements that have been switched to diesel was rescheduled. Finally, there has been a delay in starting several bus procurements and these have been rescheduled also. The Formula Grant Funds associated with these projects were also rescheduled.

Based on the rescheduling, the cash flow model has been re-balanced with no borrowing. This result is documented in cash flow scenario #434, a copy of which follows.

The cash flow model continues to be very tight with the low year still in FY1999 and the assumptions regarding the sale of surplus METRO property prior to the end of FY1999 remain in the model.

SECTION 4: FY1996 OPERATING BUDGET

SECTION 4: INTRODUCTION/DISCUSSION

Service Expansion

The primary product of METRO's transit system is the delivery of high quality bus services. The amount of bus services to be delivered is defined by the Transit Services Program approved by the Board in August 1995.

From the public's point of view, service is primarily measured in revenue miles. The following table shows the forecast revenue miles in Fiscal 1996:

| ANNUAL REVENUE MILES | | | | |
|-----------------------|------------------|----------------|---------------|-------|
| Service Category | FY95 Estimate | FY96 Budget | Difference | |
| | | | Rev. Miles | % |
| Local | 28,774,340 | 29,215,861 | 441,521 | 1.5% |
| Express | 2,711,783 | 2,550,236 | -161,547 | -6.0% |
| Park & Ride | 5,840,715 | 5,891,828 | 51,113 | 1.0% |
| Total Fixed Route | 37,326,838 | 37,657,925 | 331,087 | 1.0% |
| METROLift | 6,767,648 | 6,981,427 | 213,779 | 3.2% |
| Special Event/Charter | 310,805 | 322,590 | 11,785 | 3.8% |
| Total Bus System | 44,405,291 | 44,961,942 | 556,651 | 1.3% |

NOTE: This estimate excludes revenue miles for privatized experimental services as these will not be operated by METRO nor use METRO-owned vehicles. METRO's cost in this case is its estimated subsidy payments which are included in the Operating budget.

Cost Effectiveness Improvements - Staff Reductions

In 1993, Booz-Allen and the Board endorsed an increased effort for METRO to improve its cost effectiveness. Pursuant to the Board's wishes, nonunion staff positions have already been reduced in three exercises as follows:

| | Number of Position Eliminations | Total Salary/Wages Eliminated (1) | Total Fringe Benefits Eliminated (1) | Total FY96 Budget \$ Saved (1) |
|-------------------------|---------------------------------|-----------------------------------|--------------------------------------|--------------------------------|
| Booz-Allen 04/01/93 | 35 | \$ 1,448,391 | \$ 43 | \$ 1,883,908 |
| FY94 Budget Preparation | 21 | 940,905 | 282,272 | 1,223,177 |
| FY95 Budget Preparation | 46 | 1,819,157 | 545,747 | 2,364,904 |
| Total | 102 | \$ 4,208,453 | \$ 1,263 | \$ 5,471,989 |

- (1) Salary/wages/fringe benefits are stated in FY1996 dollar equivalents. (Fringe benefit rate at 30% of total salaries.)

As a continuation of this effort over the past few months, METRO has reduced non-union positions by an additional 102. These staff position reductions represent an additional savings of \$3,850,783 salaries and wages and \$1,155,235 fringe benefits for a total of \$5,006,018.

Thus, over the past 29 months, METRO staff positions have been reduced by a total of 204 positions, saving \$10,478,007 in the FY1996 budget.

The distribution of the latest 102 position reductions and the resulting FY1996 savings is as follows:

| Department | Position Reductions | FY96 Budget \$ Saved (1) |
|-------------------------------|---------------------|--------------------------|
| Operations | -9 | -515,970 |
| Maintenance | -26 | 1,080,300 |
| Ridership Development | -6 | -282,858 |
| Public Affairs | -2 | -100,360 |
| Total Transit Services | -43 | -1,979,488 |
| Capital & Long Range Planning | -10 | -528,450 |

| Department | Position Reduction | FY96 Budget \$ Saved (1) |
|---|--------------------|--------------------------|
| Engineering, Construction & Real Estate | -9 | -561,470 |
| Traffic Management | -21 | -824,590 |
| Total Capital & Traffic Management | -40 | -1,914,510 |
| | | |
| Human Resources | -5 | -303,030 |
| Finance & Administration | -8 | -429,910 |
| Executive Office | -5 | -316,940 |
| Board | -1 | -62,140 |
| Total Authority | -102 | -\$5,006,018 |

(1) Total salaries FY1996 plus fringe benefits at 30%.

There are no new full-time salaried positions in the FY1996 Operating budget. However, the Operating budget does reflect the following labor changes:

Operators:

decrease in full-time positions over the year -35, (increase of 11.5 full-time equivalents)
increase in part-time expressed as full-time equivalents +22
net change = increase of 33.5 full-time equivalents

Mechanics & Cleaners:

increase of 7 cleaners, decrease of 11 mechanics for net decrease -4

METROLift telephone Operators: increase in part-time expressed as full-time equivalents +5

Net change non-salaried in full-time equivalents +34.5

Technical Notes Regarding FY1996 Operating Budget Format

A. Formula for calculating FY1996 Operating budget cap

| | |
|--|---------------|
| FY1995 total Operating budget | \$208,407,000 |
| + inflation (4.32% per Barton Smith forecast for METRO, June 1995) | 9,003,000 |
| - labor savings | 5,000,000 |
| FY1996 target Operating budget | \$212,410,000 |

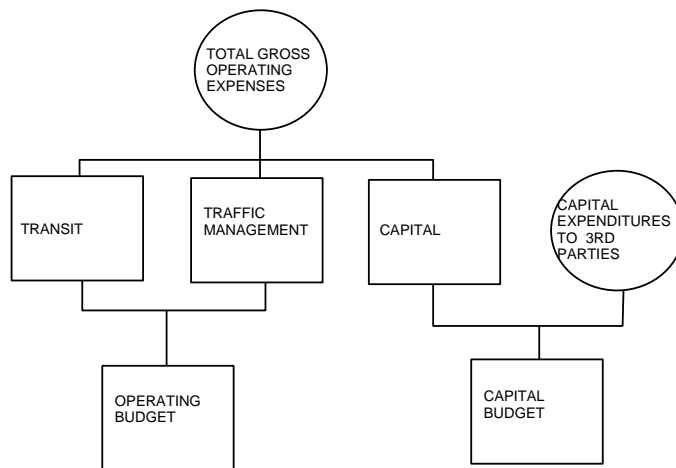
B. The METRO Operating Budget is compiled as follows:

All Labor is put into one pot along with all the cost of supporting that labor (e.g. insurance, space, utilities, etc.). Additionally, the direct costs for operating the bus system and the support vehicle fleet are added to the pot (fuel, tires, batteries, etc.). Additionally, some functions related to the use of labor and materials for capital projects are added to the pot, even though they end up in capital. (E.g. engine and transmission rebuilds and purchased replacements). This pot is labeled Total Gross Operating Expenses.

From the pot, METRO allocates costs, on a full cost basis, into three areas:

- Transit = full cost of operating, maintaining, and securing the bus system including Local, Express, Park & Ride, METROLift, Special Events, Charter and Experimental (METROVan, FasTrack, Subscription Bus).
- Traffic Management = full cost of congestion management activities including operation and enforcement on the HOV System, freeway traffic management, special event and major activity center traffic management, and operation of the TRANSTAR center.
- Capital = METRO's labor and support costs to plan, manage, and implement the Capital Improvement Program.

The sum of the transit and traffic management areas = the operating budget. The cost allocated to capital is combined with contract/purchased services and construction to produce total capital project cost = the capital budget.



C. The METRO Operating Budget contains a contingency of \$5,000,000. The purpose of this contingency is to fund cost increases due to unexpected movement in the market prices for resources, to adjust for small quantity variations in forecast required resources, and to fund service augmentation generated by a growth in ridership that was not forecast. The authority has a long history of spending the contingency only when necessary and more often than not returns most of it. The contingency provides for a small degree of management flexibility and tends to prevent frequent budget adjustment requests to the Board.

D. In the expenditure summary there are three components shown for labor costs:

- Direct wages — union and hourly time spent working
- Direct salaries — salaried time spent working
- Fringe benefits — that portion of union, hourly and salaried time spent not working (sick, vacation, holiday, excused absences) and usual fringes (FICA, health insurance, worker's compensation, etc.)

SECTION 4: Summary for Authority

**OPERATING BUDGET
FISCAL YEAR 1996**

AUTHORITY

| Total Operating Expenses By Category | FY96 Budget |
|---|--------------------|
| Labor Costs | |
| Direct Wages | 68,975,233 |
| Direct Salaries | 37,982,678 |
| Fringe Benefits | 56,349,341 |
| Total Labor Costs | 163,307,252 |
| | |
| Non-Labor Costs | |
| Services | 14,510,416 |
| Materials & Supplies | 26,627,232 |
| Utilities | 3,304,936 |
| Casualty & Liability | 3,683,025 |
| Taxes | 2,405,815 |
| Contract Passenger Service | 15,891,218 |
| Leases, Rentals & Miscellaneous | 5,777,518 |
| Total Non-Labor Costs | 72,200,160 |
| | |
| Contingency | 5,000,000 |
| | |
| Total Operating Expenses | 240,507,412 |
| | |
| Allocation to Transit | 197,048,920 |
| Allocation to Traffic Management | 10,361,080 |
| Contingency | 5,000,000 |
| Sub-total Operating Budget | 212,410,000 |
| | |
| Allocation to Capital | 28,097,411 |
| | |
| Total Operating Expenses | 28,097,411 |

OPERATING BUDGET - METRO FISCAL 1996

| GROSS OPERATING EXPENDITURES | FY1996 |
|--|-------------|
| BY DEPARTMENT | BUDGET |
| Transit Services: | |
| DGM/Transit Services | 203,664 |
| Transit Operations Dept. | 90,068,040 |
| Maintenance Dept. | 76,618,983 |
| Ridership Development Dept. | 7,381,406 |
| General Operating Expenses | 12,990,704 |
| Public Affairs | 2,086,580 |
| Subtotal Transit Services | 189,349,377 |
| Capital Proj. & Traffic Management: | |
| Traffic Management Dept. | 13,238,470 |
| DGM/Capital & Traffic Management | 185,739 |
| Capital & Long Range Planning | 2,547,349 |
| Engineering, Construction & Real Estate | 4,581,961 |
| Subtotal Capital Proj. & Traffic Mgt. | 20,553,519 |
| Finance & Administration: | |
| Finance & Administration Dept. | 14,751,893 |
| Subtotal Finance & Administration | 14,751,893 |
| Executive Office: | |
| Office of the General Manager | 467,885 |
| Office of Audit | 990,229 |
| Office of Staff Counsel | 1,718,494 |
| Office of Management & Budget | 1,090,324 |
| Office of Procurement | 2,761,661 |
| Subtotal Executive Office | 7,028,593 |
| Office of the Chairman: | |
| Office of the Chairman of the Board | 170,015 |
| Subtotal Office of the Chairman | 170,015 |
| Human Resources: | |
| Affirmative Action | 646,797 |
| DGM/Human Resources | 329,891 |
| Personnel Dept. | 1,899,554 |
| Employee Assistance Plan | 454,361 |
| Labor Relations Dept. | 323,413 |
| Subtotal Human Resources | 3,654,016 |
| General Admin. Exp. & Contingency: | |
| General Admin. Exp. & Contingency | 5,000,000 |
| Subtotal General Admin. Exp. & Contingency | 5,000,000 |
| TOTAL GROSS EXPENSE | |
| | 240,507,413 |

**OPERATING BUDGET
FY1996**

MANPOWER SUMMARY

| AUTHORITY TOTAL | | |
|--|--------------|----------------|
| Personnel Summary by Department* | FY1996 | |
| | Auth. | FTE |
| Transit Services: | | |
| DGM/Transit Services | 2 | 2.0 |
| Transit Operations | 1,758 | 1,774.3 |
| Maintenance | 1,007 | 1,007.3 |
| Ridership Development | 69 | 68.4 |
| Public Affairs | 55 | 54.4 |
| Subtotal Transit Services | 2,891 | 2,906.4 |
| Capital & Traffic Management: | | |
| DGM/Capital & Traffic Management | 2 | 2.0 |
| Capital & Long Range Planning | 44 | 42.2 |
| Engineering, Construction & Real Estate | 69 | 69.0 |
| Traffic Management | 277 | 277.0 |
| Subtotal Capital & Traffic Management | 392 | 390.2 |
| Human Resources: | | |
| DGM/Human Resources | 3 | 3.0 |
| Personnel | 21 | 21.0 |
| Labor Relations | 5 | 5.0 |
| Affirmative Action | 10 | 10.0 |
| Assistance Program | 2 | 2.0 |
| Subtotal Human Resources | 41 | 41.0 |
| Management & Support: | | |
| Board of Directors | 1 | 1.0 |
| Executive Office | 97 | 94.7 |
| Finance & Administration | 163 | 162.8 |
| Subtotal Management & Support | 261 | 258.5 |
| Total | 3,596 | 3,596.1 |

*Auth. = Number of authorized full-time positions at the end of the fiscal year plus part-time positions over the year expressed as FTE.

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

SECTION 5: CAPITAL BUDGET FY1996

SECTION 5: INTRODUCTION/DISCUSSION

Introduction

In February 1992, the METRO Board of Directors adopted the Community Transportation Program including the Regional Bus Plan. The Fiscal 1996 Capital budget represents the level of Board authorized capital expenditure authority required to implement the General Mobility program, the Regional Bus Plan, transitway facilities, bus procurement and support equipment and facilities.

The Fiscal 1996 Capital budget is \$420,510,000. The major expenditures included in the Fiscal 1996 Capital budget are as follows:

General Mobility Program - \$149,705,000

- Complete construction of the following METRO-managed projects:
 - Bissonnet: Mapleridge to Academy
 - Blalock Forest Paving
 - Brogden Bridge Over Hunter's Creek
 - Chimney Rock: Westheimer to Woodway
 - Court: S. Post Oak to Angel Island
 - Cypresswood Drive: Jones Road to Grant
 - Fannin: IH-610 to Reed (Phase 1 of 2)
 - Gessner @ IH-10 Intersection Improvements
 - Gessner: US 290 to West Road
 - Griggs: Scott to Mykawa
 - Missouri City Signals
 - Signal system installation
 - Smithdale/Longshadows Bridges over Soldier's Creek
 - Spring Valley (Bingle & Campbell)
 - Strey Lane: Memorial to Taylorcrest
 - Transit/Neighborhood Streets
 - West Bellfort: S. Post Oak to Hillcroft
 - Will Clayton @ South Houston

- Complete funding for the following projects managed by other agencies:
 - Airport: MLK to Cullen
 - Atascocita/Old Humble: FM 1960 to Beltway 8
 - Bammel N. Houston: SH 249 to Greens Bayou
 - Bunkerhill Road: Taylorcrest to Memorial
 - Cutten Road: FM 1960 to Louetta - Phase I
 - Fry Road: Morton Road to Clay Road
 - Hammerly: Crestdale to Bingle

- Hidalgo: South Rice to Chimney Rock
- Kingsland Blvd.: Pickford to Peek Road
- NASA Road 1 & El Lago Hike & Bike
- North Eldridge Parkway: Louetta to Spring-Cypress (Segment 2 of 3)
- Treaschwig: Kingwood to Hardy Toll Road - Phase I
- Voss Road Paving: Katy Freeway to Westview
- Wesleyan: Bellaire to University
- Westpark: Rogerdale to Walnut Bend
- Woodforest Blvd.: Maxey to Greens Bayou

· Design and construction of other designated projects, infrastructure maintenance projects and the Freeway Incident Management Program, funded from the General Mobility fund.

Regional Bus Plan - \$102,949,000

· Completion of Houston Transtar facility, Fallbrook Bus Operating Facility and Gessner Park & Ride.

· Construction of several projects including: Main Street Improvements in TMC, Greenway Plaza Ramp, Westpark HOV Lane, Katy/CBD Ramp, NWTC/Inner Katy Connector, Eastex HOV Lane Extension to Kingwood, and West Loop Park & Ride Modifications.

· Design/Construction/Procurement of the Regional Computerized Traffic Signal System.

· Design of the Downtown/Midtown Transit Street Improvements and the Downtown Transit Center.

· Procurement of the Automated Telephone Information System, Geographic Information System, Automatic Passenger Counter System and Automatic Vehicle Locator.

Transitways and Related Facilities - \$30,528,000

· Completion of the Kuykendahl Park & Ride expansion, the Fuqua Park & Ride Lot, and Addicks Park & Ride expansion.

· Construction of the North Transitway from Beltway 8 to FM 1960 including the Kuykendahl and FM 1960 interchanges, the Southwest Transitway from Keegans Bayou to the Fort Bend County line, and the Eastex Transitway.

· Construction of Northwest Station Park & Ride expansion and Eastex Park & Ride modification.

· Implementation of transitway modification projects including ramp control system, direction detector system and slip ramp closure system.

Buses and Support Facilities - \$89,278,000

- Acquisition of 58, 60 foot articulated buses and 30, 40 foot low floor buses.
- Acquisition of 100 replacement METROLift vans.
- Acceleration of passenger shelter installations, adding 272 shelters during the year.
- Implementation of an experimental smart commuter project and additional projects in the designated priority corridors relative to Intelligent Vehicle Highway System (IVHS).
- Support facilities and equipment required to upgrade buses, facilities and communications. Upgrade of facilities to add LNG capability in fuel handling and bus repair and replacement of the outdated radio system. Acquire needed equipment to implement the MIS projects defined in the MIS Long Range Plan including replacement of the UNISYS applications and platforms, upgrading the Local Area Networks (LAN), and acquisition of fiber optic equipment for Wide Area Network (WAN) for METRO and RCTSS.

Transit Mobility and Development Fund Including Land and Contingency - \$48,050,000

- Complete construction of the following transit street projects:
 - Package I - McDuffie, W. Clay, Woodhead
 - Package IIa - N. MacGregor Way, N. MacGregor
 - Package IIb - Del Rio, Hutchins, Tierwester
 - Package IIIa - Harrisburg (Phase 1)
 - Package IIIb - Harrisburg (Phase 2)
 - Package IV - Dacca, Demaree, Donegal, Mississippi, Mowery, Pleasantville
 - Package V - Bensen
 - Package VIa - Canal (Phase 1)
 - Package VII - Buffum, Dulcimer, Poe, Sunnydale
 - Package VIIIa - West Gray (Phase 1)
- Construction of 6 additional transit street projects.
- Continuation of system accessibility improvements to bring route amenities up to ADA standards.
- Development of the Federal Transit Administration (FTA) funded next generation bus.
- Development of the FY 2020 Long Range Plan.

SECTION 5: SUMMARY BY PROGRAM

| METRO Capital Budget (000's omitted) | |
|---|------------------|
| | FY1996 Budget |
| GENERAL MOBILITY PROGRAM | |
| Designated Mobility Projects | 79,319 |
| Infrastructure Programs | 68,698 |
| Allocated Overhead & Program Costs | <u>1,688</u> |
| Total General Mobility Program | 149,705 |
| REGIONAL BUS PLAN | 102,949 |
| TRANSITWAYS & RELATED FACILITIES | |
| Gulf Transitway | 925 |
| Katy Transitway | 3,430 |
| North Transitway | 9,618 |
| Southwest Transitway | 3,175 |
| Northwest Transitway | 1,925 |
| Eastex Transitway | 7,255 |
| HOV Modernization/SC&C | 3,510 |
| Park & Ride Lots | 15 |
| Transit Centers | <u>675</u> |
| Total Transitways & Related Facilities | 30,528 |
| BUSES & SUPPORT FACILITIES | |
| Revenue Vehicles | 38,892 |
| Operating Facilities & Upgrades | 12,235 |
| Passenger Shelters | 3,410 |
| Support Equipment & Systems | <u>34,741</u> |
| Total Buses & Support Facilities | 89,278 |
| TRANSIT MOBILITY | 19,148 |
| DEVELOPMENT FUND, LAND & CONTINGENCY | 28,902 |
| TOTAL CAPITAL BUDGET | 420,510 |

NOTE: For project detail see General Mobility Capital Improvement Program Fiscal 1996-2005 and Capital Improvement Program Fiscal 1996-2000.