



*Denton County Transportation Authority
1660 S. Stemmons., Suite 250
Lewisville, Texas 75067
(972) 221-4600
dcta.net*

**Board of Directors
Work Session**

May 22, 2014

1:30 p.m.

1. Routine Briefing Items
 - a. Financial Reports
 - i. Financial Statements
 - ii. Capital Projects Fund
 - iii. Sales Tax Report
 - iv. Procurement Report
 - b. Communications and Marketing
 - i. Marketing and Communications Initiatives
 - ii. Media Coverage
 - iii. Customer Service
 - c. Capital Projects Update
 - i. GTW Integration
 - ii. Where's My Ride - Presentation
 - iii. Bus Operations and Maintenance Facility (O&M)
 - iv. Community Enhancements
 - v. Lewisville Bike Trail
 - vi. Positive Train Control (PTC)
 - vii. Station Improvements
 - d. Transit Operations
 - i. Rail Operations
 - ii. Bus Operations
2. Items for Discussion
 - a. Strategic Mapping – “Where’s My Ride” Update
 - b. Public Meeting Recap
 - c. Community Survey Results
 - d. DCTA Administrative Office Lease Termination and Relocation
3. Committee Reports
 - a. Finance – Chairman Dave Kovatch
 - b. Legislative – Chairman Charles Emery

4. Discussion of Regular Board Meeting Agenda Items (May 22, 2014)
5. Executive Session
 - a. As Authorized by Section 551.071(2) of the Texas Government Code, the Work Session or the Regular Board Meeting may be Convened into Closed Executive Session for the Purpose of Seeking Confidential Legal Advice from the General Counsel on any Agenda Item Listed Herein.
 - b. As authorized by Texas Government Code section 551.071 consultation with General Counsel regarding pending litigation Cause No 2011-30066-211; URS Corporation v. Denton County Transportation Authority; 211th District Court, Denton County, Texas.
 - c. As authorized by Texas Government Code section 551.072 Deliberation Regarding Real Property – Discussion of Lease/Purchase of Property for DCTA Administrative Offices.
 - d. Texas Government Code Section 551.072 Deliberation regarding Real Property: Lease of DCTA Property
6. Reconvene Open Session
 - a. Reconvene and Take Necessary Action on Items Discussed during Executive Session.
7. Discussion of Future Agenda Items
 - a. Board Member Requests

**Board of Directors
Regular Meeting**

May 22, 2014

3:00 p.m.*

**or immediately following Board Work Session*

CALL TO ORDER

PLEDGE OF ALLEGIANCE TO US AND TEXAS FLAGS

INVOCATION

WELCOME AND INTRODUCTION OF VISITORS

1. CONSENT AGENDA
 - a. Approval of Minutes - Board Meeting April 24, 2014
 - b. Acceptance of Financial Reports
 - c. Approval of LTK Task Order for Positive Train Control Implementation
 - d. Authorize the President to execute a Fourth Amendment to Right of Entry and Possession, by and between the City of Denton ("City") and the Denton County Transportation Authority ("DCTA"), dated April 17, 2012, granting DCTA access to the Downtown Denton Transit Center ("DDTC") and certain lands surrounding the DDTC, located in the Hiram Sisco

Survey, Abstract Number 1184, to conduct public transportation related operations.

2. REGULAR AGENDA

- a. Discussion / Approval of Connect RSVP Policy
- b. Discussion / Approval of Resolution 14-03 adopting Title VI Program
- c. Discussion / Approval of Annual Program of Projects
- d. Discussion / Approval of Resolution 14-02 adopting Fiscal Year 14 Revised Budget
- e. Discussion / Approval of DCTA Financial Policies

3. CHAIR REPORT

- a. Discussion of Regional Transportation Issues

4. PRESIDENT'S REPORT

- a. Regional Transportation Update
- b. Budget Transfers
- c. Long Range Service Plan Activities Update

5. REPORT ON ITEMS OF COMMUNITY INTEREST

- a. Pursuant to Texas Government Section 551.0415 the Board of Directors may report on following items: (1) expression of thanks, congratulations, or condolences; (2) information about holiday schedules; (3) recognition of individuals; (4) reminders about upcoming DCTA and Member City events; (5) information about community events; and (6) announcements involving imminent threat to public health and safety.

6. CONVENE EXECUTIVE SESSION

- a. As Authorized by Section 551.071(2) of the Texas Government Code, the Board Meeting may be Convened into Closed Executive Session for the Purpose of Seeking Confidential Legal Advice from the General Counsel on any Agenda Item Listed Herein.

7. RECONVENE OPEN SESSION

- a. Reconvene and Take Necessary Action on Items Discussed during Executive Session.

8. ADJOURN REGULAR MEETING

Chair – Charles Emery
Vice Chair – Paul Pomeroy

Secretary – Richard Huckaby
Treasurer – Dave Kovatch

Members – Skip Kalb, Doug Peach, Jim Robertson, Bill Walker, Daniel Peugh,
Richard Huckaby, Don Hartman, George A. Campbell, Allen Harris, Carter Wilson
President – Jim Cline

The Denton County Transportation Authority meeting rooms are wheelchair accessible. Access to the building and special parking are available at the east entrance. Requests for sign interpreters or special services must be received forty-eight (48) hours prior to the meeting time by calling Leslee Bachus at 972-221-4600 or e.mail lbachus@dcta.net

This notice was posted at 1660 S. Stemmons, Lewisville, Texas 75067 at a place convenient and readily accessible to the public at all times. Said notice was posted on 5/19/2014 at 10:01 AM.



Board of Directors Memo

May 22, 2014

Subject: Work Session 1ai) Monthly Financial Reports

Background

The financial statements are presented to the Board of Directors on a monthly basis for acceptance. The reports presented for the period ending April 30, 2014 include the Statement of Change in Net Assets, Statement of Net Assets, and Capital Projects Fund. These reports provide a comparison of budget vs. actual for the fiscal year as of the current month.

The following are major variances which are annotated on the Statement of Change in Net Assets, Statement of Net Assets, and Capital Projects Fund:

Statement of Changes in Net Assets:

- **Note A:** Passenger Revenues – YTD favorable by \$52k reflecting GoPass deferred revenue being recognized in the current year.
- **Note B:** Contract Service Revenue – YTD unfavorable by (\$313k) because revenue hours were lower than budgeted in November, December, February and March partially offset by higher revenue hours in October, January and April. Actual YTD revenue hours were 32,671 compared to budgeted 35,611. In addition, actual YTD fuel usage was 102,128 gallons compared to budget 117,189 gallons, down 13%. In FY14 fuel was budgeted at \$4.15/gallon. In April fuel was \$3.33/gallon.
- **Note C:** Sales Tax Revenue – April sales tax revenue is not yet received and is accrued for the month based on budget. Sales tax generated in April will be received in June. The Sales Tax Report included in this agenda packet provides a more detailed Budget to Actual comparison of sales tax receipts for FY 14.
- **Note D:** Federal/State Grants – YTD favorable by \$1.2 million is the net of delays in capital project activities and drawdowns of FY13 formula grant funds for operating activities. The final FY13 apportionment was available in March 2014 for draw down. FTA grant revenue is recognized as reimbursements for expenditures as they occur. Changes in project timelines from what was originally anticipated budget results in a timing variance.
- **Note E:** Services – YTD favorable by \$736k due to advertising and legal expenses not expended as originally anticipated in the budget. These items will be expended throughout the fiscal year.
- **Note F:** Materials and Supplies – YTD favorable by \$674k mainly because fuel usage and price are below budget. Rail operations fuel is \$330k under budget because actual fuel prices have averaged \$3.07/gallon compared to the budgeted price of \$4.15/gallon. Bus operations fuel is \$318k under budget because actual fuel usage of 216k gallons is down 13% compared to 247k gallons budgeted. In addition, YTD fuel prices have averaged \$3.31/gallon compared to \$4.15/gallon budgeted.
- **Note G:** Leases and Rentals – YTD unfavorable by (\$14k) because May rent payments were made in April.

Capital Projects Fund

- The Capital Projects Fund schedule provides budget to actual comparisons for DCTA bus and rail capital projects. It provides information on a life-to-date basis for approved projects.

Identified Need

Provides the Board a review of DCTA's financial position and performance to budget.

Recommendation

Staff recommends acceptance.

Submitted by: Chrissy Nguyen
Senior Accountant

Final Review: Amanda Riddh for Anna Mosqueda
Department Head

Approval: James C. Cline, Jr.
James C. Cline, Jr., P.E.,
President

Denton County Transportation Authority
Change in Net Assets
Month and Year to Date April 30, 2014
(Unaudited)

WS1ai

Description	Month Ended April 30, 2014			Year to Date April 30, 2014			Annual Budget	
	Actual	Budget	Variance	Actual	Budget	Variance		
Revenue and Other Income								
Passenger Revenues	126,134	124,303	1,831	866,721	814,489	52,232	1,375,663	Note A
Contract Service Revenue	342,994	366,872	(23,878)	1,901,761	2,214,492	(312,731)	3,298,781	Note B
Sales Tax Revenue	1,554,244	1,634,166	(79,922)	11,843,239	11,840,247	2,992	20,725,320	Note C
Federal/State Grants and Reimbursements	396,189	244,423	151,766	5,402,068	4,187,324	1,214,743	7,079,358	Note D
Total Revenue and Other Income	2,419,561	2,369,764	49,797	20,013,789	19,056,552	957,237	32,479,122	
Operating Expenses								
Salary, Wages and Benefits	727,775	723,024	(4,751)	4,686,421	4,915,909	229,488	8,279,130	
Services	211,258	146,632	(64,626)	1,185,302	1,921,213	735,911	2,511,948	Note E
Materials and Supplies	301,480	346,925	45,444	1,625,237	2,299,458	674,221	3,829,224	Note F
Utilities	42,931	37,318	(5,613)	203,528	261,225	57,697	447,815	
Insurance, Casualties and Losses	64,176	67,222	3,046	454,963	462,050	7,086	798,162	
Purchased Transportation Services	866,020	768,216	(97,804)	5,343,026	5,310,846	(32,180)	9,201,518	
Miscellaneous	16,834	13,281	(3,553)	55,295	144,651	89,356	233,085	
Leases and Rentals	13,414	12,919	(496)	134,656	120,021	(14,634)	284,615	Note G
Depreciation	722,689	749,779	27,091	5,054,441	5,250,647	196,206	8,997,293	
Total Operating Expenses	2,966,577	2,865,315	(101,263)	18,742,869	20,686,020	1,943,151	34,582,789	
Income Before Non-operating Revenue and Expense	(547,016)	(495,550)	(51,466)	1,270,920	(1,629,467)	2,900,387	(2,103,667)	
Non-Operating Revenues / (Expense)								
Investment Income	1,756	2,750	(994)	12,602	19,250	(6,648)	33,000	
Gain (Loss) Disposal of Assets	1,305	-	1,305	6,245	-	6,245	-	
Fare Evasion Fee	300	-	300	2,700	-	2,700	-	
Other Income - Miscellaneous	12,141	750	11,391	44,008	4,125	39,883	7,125	
Long Term Debt Interest/Expense	(137,034)	(201,987)	64,953	(768,698)	(1,413,907)	645,209	(2,423,840)	
Total Non-Operating Revenue / (Expense)	(121,532)	(198,487)	76,955	(703,143)	(1,390,532)	687,389	(2,383,715)	
Change in Net Assets	(668,548)	(694,037)	25,489	567,777	(3,019,999)	3,587,776	(4,487,382)	

Denton County Transportation Authority
Statement of Net Assets
As of April 30, 2014
(Unaudited)

	<u>April 30, 2014</u>	<u>March 31, 2014</u>	<u>Change</u>
Current Assets			
Cash & Cash Equivalents	9,333,756	7,723,440	1,610,316
Investments	5,134,052	6,183,730	(1,049,678)
Accounts & Notes Receivable	4,622,957	5,783,635	(1,160,678)
Prepaid Expenses	641,765	695,375	(53,610)
Inventory	59,541	50,539	9,002
Restricted Asset-Cash and Equivalents	4,496,035	3,976,993	519,042
Total Current Assets	<u>24,288,106</u>	<u>24,413,713</u>	<u>(125,606)</u>
Property, Plant and Equipment			
Land	16,228,337	16,228,337	-
Land Improvements	5,386,734	5,386,734	-
Machinery & Equipment	1,695,752	1,695,752	-
Leasehold Improvements	55,506	55,506	-
Vehicles	88,584,258	88,584,258	-
Computers & Software	262,676	262,676	-
Accumulated Depreciation	(25,914,747)	(25,192,059)	(722,689)
Total Property, Plant and Equipment	<u>86,298,516</u>	<u>87,021,205</u>	<u>(722,689)</u>
Other Non Current Assets			
Bond Fees	164,915	197,899	(32,983)
Total Other Non Current Assets	<u>164,915</u>	<u>197,899</u>	<u>(32,983)</u>
Capital Assets			
Intangible Assets	16,997,155	16,997,155	-
Other Capital Assets, Net	216,226,592	216,226,592	-
Construction in Progress	22,411,625	22,152,974	258,651
Total Capital Assets	<u>255,635,372</u>	<u>255,376,721</u>	<u>258,651</u>
Total Assets	<u><u>366,386,910</u></u>	<u><u>367,009,537</u></u>	<u><u>(622,627)</u></u>
Liabilities			
Current Liabilities			
Accounts Payable	1,320,248	1,573,492	(253,243)
Salary, Wages, and Benefits Payable	492,079	451,432	40,647
Accrued Expenses Payable	3,051,306	2,854,347	196,959
Deferred Revenues	228,380	271,649	(43,269)
Interest Payable	104,051	-	104,051
Total Current Liabilities	<u>5,196,064</u>	<u>5,150,919</u>	<u>45,144</u>
Non-Current Liabilities			
Rail Easement Payable	1,650,000	1,650,000	-
Retainage Payable	1,931,977	1,931,200	777
Bonds Payable	34,395,000	34,395,000	-
Total Non-Current Liabilities	<u>37,976,977</u>	<u>37,976,200</u>	<u>777</u>
Total Liabilities	<u><u>43,173,041</u></u>	<u><u>43,127,119</u></u>	<u><u>45,921</u></u>
Net Assets			
Invested in Capital Assets	305,306,546	305,306,546	-
Unrestricted Retained Earnings	17,339,546	17,339,546	-
Change in Net Assets	567,777	1,236,326	(668,548)
Total Equity	<u>323,213,869</u>	<u>323,882,418</u>	<u>(668,548)</u>
Total Liabilities and Equity	<u><u>366,386,910</u></u>	<u><u>367,009,537</u></u>	<u><u>(622,627)</u></u>

Capital Projects Fund - DCTA
Budget vs. Actual
As of April 30, 2014
(Cash Basis)

Work Session 1a ii

	Original Budget	Revised Budget	April 2014 Expenses Booked	Life To Date	\$ Under/(Over) Budget	% of Budget (As of April 2014 Close)
ASSETS						
Fixed Assets						
1660 · Construction Work in Progress						
5 · Bus Capital Projects						
50202 · Passenger Amenities (Phase 2)						
5020214 · Acquisition	174,011	229,326		139,063	90,263	61%
5020215 · Survey, Testing & Inspection				2,900	(2,900)	
5020216 · Construction			748	74,201	(74,201)	
5020226 · Furniture Fixtures & Equipment				142	-	
5020229 · Project Management			1,785	8,933	(8,933)	
Total 50202 · Passenger Amenities (Phase 2)	174,011	229,326	2,533	225,239	4,229	98%
50301 · Bus O&M Facility						
5030113 · Design	590,000	1,294,280		1,161,886	132,395	90%
5030115 · Survey, Testing, Inspection		104,735		112,957	(8,222)	108%
5030114 · Land Acquisition	1,164,310	1,173,451	6,279	1,184,450	(10,999)	101%
5030116 · Building Construction	4,745,690	5,648,243		5,190,412	457,831	92%
5030118 · Canopy Construction		-		-	-	0%
5030120 · Landscaping		542,513		607,785	(65,272)	112%
5030121 · Systems		333,294	1,620	339,622	(6,328)	102%
5030125 · Utilities		1,362,500		1,590,069	(227,569)	117%
5030126 · Furniture Fixtures & Equipment	1,642,667	517,865	3,010	690,166	(172,301)	133%
5030128 · Contingency		275,895		-	275,895	0%
5030129 · Project Management	-	205,000	6,544	50,188	154,812	24%
5030131 · Insurance/Bonds		105,521		105,521	-	100%
5030132 · Mobilization		157,060		165,385	(8,325)	105%
5030133 · Legal Fees		360		1,460	(1,100)	406%
Total 50301 · Bus O&M Facility	8,142,667	11,720,717	17,453	11,199,900	520,817	96%
50302 · Bus Maintenance Equipment - Closed						
5030226 · FF&E	-	-		13,219	(13,219)	
5030214 · Acquisition	500,000	500,000		486,781	13,219	97%
Total 50302 · Bus Maintenance Equipment	500,000	500,000	-	500,000	(0)	100%
50303 · DDTC						
5030311 · Engineering	-	-	1,850	1,850	(1,850)	
5030314 · Acquisition	373,282	373,282	1,770	3,180	370,102	1%
Total 50303 · DDTC	373,282	373,282	3,620	5,030	368,252	1%
50406 · Where's My Ride						
5040614 · Acquisition	940,485	940,485		453,674	486,811	48%
5040629 · Project Management	-	-	791	8,087	(8,087)	
Total 50406 · Where's My Ride	940,485	940,485	791	461,761	478,725	49%
50502 · Fleet Replacement						
5050214 · Acquisition	1,968,500	3,411,592		2,982,327	429,265	87%
Total 50502 · Fleet Replacement	1,968,500	3,411,592	-	2,982,327	429,265	87%
50504 · Fleet Replacement (2014)						
5050414 · Acquisition	877,998	877,998		567,565	310,433	65%
Total 50504 · Fleet Replacement (2014)	877,998	877,998	-	567,565	310,433	65%
50408 · Bus Radios						
5040814 · Acquisition	137,457	137,457		-	137,457	0%
Total 50408 · Bus Radios	137,457	137,457	-	-	137,457	0%
Total 5 · Bus Capital Projects	13,114,400	18,190,857	24,397	15,941,822	2,249,177	88%

Capital Projects Fund - DCTA
Budget vs. Actual
As of April 30, 2014
(Cash Basis)

Work Session 1a ii

	Original Budget	Revised Budget	April 2014 Expenses Booked	Life To Date	\$ Under/(Over) Budget	% of Budget (As of April 2014 Close)
6 - Rail Construction						
61103 - Rail Grinding (2014)						
6110317 - Track & Civil Construction	192,000	192,000	7,365	7,365	184,635	4%
Total 61103 - Rail Grinding (2014)	192,000	192,000	7,365	7,365	184,635	4%
61206 - MedPark Extension	1,000,000	1,000,000	-	1,000,000	-	100%
61208 - Rail Station Improvements - Closed						
6120812 - Preliminary Design				7,745	(7,745)	
6120815 - Installation		15,000		-	15,000	0%
6120816 - Construction				6,743	(6,743)	
6120829 - Project Management				699	(699)	
Total 61208 - Rail Station Improvements	-	15,000	-	15,187	(187)	101%
61401 - Fare Collection Systems						
6140111 - Engineering	-	68,962		68,963	(1)	100%
6140114 - Acquisition	489,000	582,371		477,281	105,090	82%
6140115 - Installation	80,000	81,771		103,699	(21,928)	127%
Total 61401 - Fare Collection Systems	569,000	733,104	-	649,943	83,161	89%
61406 - Positive Train Control						
6140617 - Construction		19,397,536			19,397,536	0%
6140628 - Contingency		728,554			728,554	0%
6140629 - Project Management		2,097,992	15,548	756,664	1,341,328	36%
6140633 - Legal Fees		80,939			80,939	0%
6140636 - Vehicle Provisions		597,930		358,758	239,172	60%
6140621 - Systems	-	-		-	-	0%
Total 61406 - Positive Train Control	-	22,902,951	15,548	1,115,422	21,787,529	5%
61603 - Stadler Implementation - Closed						
6160332 - Mobilization	-	895,803		985,226	(89,423)	110%
Total 61603 - Stadler Implementation	-	895,803	-	985,226	(89,423)	110%
61707 - Community Enhancements						
6170711 - Engineering	-	22,000		-	22,000	0%
6170712 - Preliminary Design	-	12,500		55,737	(43,237)	446%
6170713 - Final Design	-	15,000	1,929	66,741	(51,741)	445%
6170715 - Survey, Inspection & Testing	-	6,000		-	6,000	0%
6170716 - Building Construction	-	545,000		-	545,000	0%
6170720 - Landscaping	-	25,000		2,500	22,500	10%
6170726 - FF&E	-	10,000		-	10,000	0%
6170727 - Environmental Mitigation	-	4,000		-	4,000	0%
6170728 - Contingency	-	15,029		-	15,029	0%
6170729 - Project Management	-	85,088	150	1,658	83,430	2%
6170733 - Administration Fees	-	13,091		19,637	(6,546)	150%
Total 61707 - Community Enhancements	-	752,708	2,079	146,273	606,435	19%

Capital Projects Fund - DCTA
Budget vs. Actual
As of April 30, 2014
(Cash Basis)

Work Session 1a1i

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>April 2014 Expenses Booked</u>	<u>Life To Date</u>	<u>\$ Under/(Over) Budget</u>	<u>% of Budget (As of April 2014 Close)</u>
61708 · Lewisville Bike Trail						
6170811 · Engineering	-	75,000	165,491	165,491	(90,491)	221%
6170812 · Preliminary Design	-	75,000	32,778	67,835	7,165	90%
6170813 · Final Design	-	41,000	-	-	41,000	0%
6170816 · Building Construction	-	2,045,991	-	-	2,045,991	0%
6170820 · Landscaping	-	21,000	-	-	21,000	0%
6170822 · Bridges	-	55,355	-	-	55,355	0%
6170823 · Crossings/Traffic Signals	-	200,000	-	-	200,000	0%
6170825 · Utilities	-	75,000	-	-	75,000	0%
6170826 · FF&E	-	3,000	-	-	3,000	0%
6170827 · Environmental Mitigation	-	28,800	-	-	28,800	0%
6170828 · Contingency	-	50,000	-	-	50,000	0%
6170829 · Project Management	-	394,454	150	2,903	391,551	1%
6170833 · Administration Fees	-	60,685	-	60,685	-	100%
Total 61708 · Lewisville Bike Trail	-	3,125,285	198,419	296,914	2,828,371	10%
61710 · HV Parking Expansion						
6171011 · Engineering	-	-	-	31,301	(31,301)	
6171029 · Project Management	-	-	90	90	(90)	
6171017 · Civil Construction	-	288,681	-	-	288,681	0%
Total 61710 · HV Parking Expansion	-	288,681	90	31,391	257,290	11%
60701 · Passenger Information						
6070114 · Acquisition	-	56,214	-	23,851	32,363	42%
Total 60701 · Passenger Information	-	56,214	-	23,851	32,363	42%
61711 · Rail Maintenance of Way (MOW)						
6171136 · Vehicle Provisions	-	-	1,759	1,759	(1,759)	
6171117 · Track & Civil Construction	150,000	150,000	-	35,358	114,642	24%
Total 61711 · Rail MOW	150,000	150,000	1,759	37,117	112,883	25%
61712 · Rail Maintenance of Equipment (MOE)						
6171215 · Survey, Testing, Inspection	-	-	8,262	8,262	(8,262)	
6171217 · Track & Civil Construction	585,000	585,000	-	8,262	576,738	1%
Total 61712 · Rail MOE	585,000	585,000	8,262	16,524	568,476	3%
61503 · Rail Single Car Operations						
6150315 · Survey, Testing, Inspection	101,800	101,800	732	18,417	83,383	18%
Total 61503 · Rail Single Car Operations	101,800	101,800	732	18,417	83,383	18%
Total Rail Construction Projects	2,597,800	30,798,546	234,254	4,343,630	26,454,916	14%
61501 · Rail Cars - Closed						
6150114 · Acquisition	71,500,000	77,715,424	-	77,781,247	(65,823)	100%
6150128 · FRA Compliance Contingency	-	211,715	-	-	211,715	0%
6150133 · Legal Fees	-	15,005	-	15,005	-	100%
6150129 · Project Management	-	1,796,462	-	1,541,056	255,406	86%
Total 61501 · Rail Cars	71,500,000	79,738,606	-	79,337,308	401,298	99%
TOTAL RAIL CONSTRUCTION & CARS	74,097,800	110,537,152	234,254	83,680,938	26,856,214	76%
Total 1660 · Construction Work in Progress	87,212,200	128,728,009	258,651	99,622,760	29,105,391	77%



Board of Directors Memo

May 22, 2014

Item: WS 1(a)iii Sales Tax Report

Background

Sales tax represents the single largest source of revenue for DCTA, at 54.51% for FY14 budget. The annual Sales Tax budget is \$20,725,320. Because of its importance in funding of DCTA's ongoing operations, the Board adopted a Budget Contingency Plan that outlines the Agency's response when declines in sales tax hit a specific target. This month, receipts were favorable compared to budget.

- Sales tax for sales generated at retail in the month of March and received in May was \$1,957,442.
- This represents an increase of 6.59% or \$121,018 compared to budget for the month.
- Receipts are favorable .03% year-to-date compared to budget.
- Compared to the same month last year, sales tax receipts were \$172,352 or 9.66% more.
- Member city collections for the month compared to prior year are as follows:
 - City of Lewisville up 12.80%
 - City of Denton up 8.33%
 - Highland Village up 4.31%

Need

Provides the Board of Directors a monthly status on Sales Tax collections.

Recommendation

For information only. No action required.

Final Review:

Ananda Riddh for Anna Mosqueda
 Anna Mosqueda,
 CFO

**Denton County Transportation Authority (DCTA)
Sales Tax Report
Budget to Actual and Previous Year Comparison**

Sales Generated in Month of:	Received in Month of:	2013-2014 Year Budget	2013-2014 Year Actual	Variance Actual to Budget	CY Actual to CY Budget % Variance	2012-2013 Year Actual	Variance Actual to Prior Year	CY Actual to PY Actual Variance
October	December	\$ 1,663,294	\$ 1,646,959	\$ (16,336)	-0.98%	\$ 1,637,689	\$ 9,270	0.57%
November	January	\$ 1,460,365	\$ 1,582,022	\$ 121,657	8.33%	\$ 1,437,884	\$ 144,138	10.02%
December	February	\$ 2,161,605	\$ 2,173,929	\$ 12,324	0.57%	\$ 2,128,329	\$ 45,600	2.14%
January	March	\$ 1,545,815	\$ 1,570,510	\$ 24,695	1.60%	\$ 1,501,720	\$ 68,790	4.58%
February	April	\$ 1,538,578	\$ 1,278,211	\$ (260,367)	-16.92%	\$ 1,494,663	\$ (216,452)	-14.48%
March	May	\$ 1,836,424	\$ 1,957,442	\$ 121,018	6.59%	\$ 1,785,090	\$ 172,352	9.66%
April	June	\$ 1,634,166				\$ 1,587,871		
May	July	\$ 1,689,374				\$ 1,641,703		
June	August	\$ 1,876,393				\$ 1,824,064		
July	September	\$ 1,638,850				\$ 1,592,438		
August	October	\$ 1,741,243				\$ 1,692,280		
September	November	\$ 1,939,214				\$ 1,885,320		
YTD Total		\$ 20,725,320	\$ 10,209,073	\$ 2,993	0.03%	\$ 20,209,051	\$ 223,697	2.19%

Sources: Texas Comptroller of Public Accounts and DCTA Finance Department
 Prepared By: Denton County Transportation Authority Finance Department
 May 12, 2014

**Denton County Transportation Authority (DCTA)
Member Cities Sales Tax Report
Month Allocation is Received from Comptroller
Previous Year Comparison**

City of Lewisville					
Sales Generated in Month of:	Received in Month of:	2012-2013 Year Actual	2013-2014 Year Actual	Variance Actual to Prior Year	CY Actual to PY Actual Variance
October	December	\$ 2,371,150	\$ 2,412,800	\$ 41,651	1.76%
November	January	\$ 1,965,351	\$ 2,283,269	\$ 317,918	16.18%
December	February	\$ 3,085,264	\$ 3,094,980	\$ 9,716	0.31%
January	March	\$ 2,041,610	\$ 2,250,821	\$ 209,211	10.25%
February	April	\$ 2,102,744	\$ 1,476,738	\$ (626,007)	-29.77%
March	May	\$ 2,507,338	\$ 2,828,191	\$ 320,853	12.80%
April	June	\$ 2,214,494			
May	July	\$ 2,350,979			
June	August	\$ 2,611,642			
July	September	\$ 2,256,113			
August	October	\$ 2,407,746			
September	November	\$ 2,649,874			
YTD Total		\$ 28,564,305	\$ 14,346,799	\$ 273,342	1.94%

City of Highland Village					
Sales Generated in Month of:	Received in Month of:	2012-2013 Year Actual	2013-2014 Year Actual	Variance Actual to Prior Year	CY Actual to PY Actual Variance
October	December	\$ 250,036	\$ 242,975	\$ (7,061)	-2.82%
November	January	\$ 246,297	\$ 271,909	\$ 25,612	10.40%
December	February	\$ 413,314	\$ 415,312	\$ 1,998	0.48%
January	March	\$ 239,867	\$ 240,189	\$ 321	0.13%
February	April	\$ 215,912	\$ 231,225	\$ 15,313	7.09%
March	May	\$ 310,470	\$ 323,839	\$ 13,369	4.31%
April	June	\$ 240,403			
May	July	\$ 240,734			
June	August	\$ 318,280			
July	September	\$ 244,567			
August	October	\$ 244,339			
September	November	\$ 280,725			
YTD Total		\$ 3,244,944	\$ 1,725,449	\$ 49,552	2.96%

City of Denton					
Sales Generated in Month of:	Received in Month of:	2012-2013 Year Actual	2013-2014 Year Actual	Variance Actual to Prior Year	CY Actual to PY Actual Variance
October	December	\$ 1,947,110	\$ 1,858,283	\$ (88,827)	-4.56%
November	January	\$ 1,729,578	\$ 1,802,476	\$ 72,898	4.21%
December	February	\$ 2,521,245	\$ 2,657,999	\$ 136,754	5.42%
January	March	\$ 1,929,590	\$ 1,877,525	\$ (52,064)	-2.70%
February	April	\$ 1,843,927	\$ 1,940,004	\$ 96,078	5.21%
March	May	\$ 2,297,125	\$ 2,488,428	\$ 191,303	8.33%
April	June	\$ 1,940,931			
May	July	\$ 1,950,564			
June	August	\$ 2,236,264			
July	September	\$ 1,936,814			
August	October	\$ 2,091,400			
September	November	\$ 2,529,584			
YTD Total		\$ 24,954,131	\$ 12,624,715	\$ 356,141	2.90%

Sources: Texas Comptroller of Public Accounts and DCTA Finance Department
Prepared By: Denton County Transportation Authority Finance Department
May 12, 2014

**All Transit Agencies
Monthly Sales and Use Tax Comparison Summary**

Transit	Current Rate	Net Payment This Period	Comparable Payment Prior Year	% Change	2014 Payments To Date	2013 Payments To Date	% Change
Houston MTA	1.00%	\$ 62,637,307.68	\$ 60,744,579.66	3.12%	\$ 288,819,623.18	\$ 269,610,061.84	7.12%
Dallas MTA	1.00%	\$ 44,525,930.74	\$ 41,100,396.57	8.33%	\$ 202,072,634.00	\$ 189,428,609.34	6.67%
Austin MTA	1.00%	\$ 18,187,626.68	\$ 16,357,360.96	11.19%	\$ 81,185,001.13	\$ 74,646,397.13	8.76%
San Antonio MTA	0.50%	\$ 13,050,495.00	\$ 11,806,116.47	10.54%	\$ 54,957,624.72	\$ 50,232,336.09	9.41%
San Antonio ATD	0.25%	\$ 5,897,159.02	\$ 5,312,359.54	11.01%	\$ 25,028,308.85	\$ 22,680,257.32	10.35%
Fort Worth MTA	0.50%	\$ 5,707,073.12	\$ 5,425,307.31	5.19%	\$ 25,815,619.13	\$ 24,358,378.41	5.98%
El Paso CTD	0.50%	\$ 3,624,233.28	\$ 3,567,141.50	1.60%	\$ 16,715,661.14	\$ 16,292,446.78	2.60%
Corpus Christi MTA	0.50%	\$ 3,081,380.35	\$ 3,000,087.46	2.71%	\$ 14,254,381.25	\$ 14,700,206.07	-3.03%
Denton CTA	0.50%	\$ 1,957,442.24	\$ 1,785,089.94	9.66%	\$ 8,562,114.69	\$ 8,347,686.79	2.57%
Laredo CTD	0.25%	\$ 686,277.37	\$ 705,177.06	-2.68%	\$ 3,300,458.46	\$ 3,259,827.23	1.25%
TOTALS		\$ 159,354,925.48	\$ 149,803,616.47	6.38%	\$ 720,711,426.55	\$ 673,556,207.00	7.00%

Sources: Texas Comptroller of Public Accounts and DCTA Finance Department
Prepared By: Denton County Transportation Authority Finance Department
May 12, 2014



Board of Directors Memo

May 22, 2014

Item: 1(a)(iv) Procurement Status Report

Mobile Application Beta Testing

Staff is working with Integrality Consulting to beta test a mobile application to promote DCTA procurement opportunities and to reach more businesses in the marketplace. DCTA was selected by the firm to begin the beta testing free of charge for the next six months. Staff will provide a list of upcoming procurements and the public will be able to make contact with procurement staff and request a meeting for more information on the project.

Tractor and Implements

A procurement is in development to purchase a tractor with two implements to be used by staff at the bus operations facility to sweep the parking lot and for snow and ice removal as needed. The items will be funded from the grant funds for the building project and will be reimbursed at 80%.

Fence Installation at Highland Village/ Lewisville Lake Station

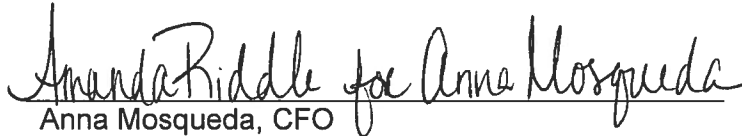
Staff is developing a solicitation to install a fence at the HV/LL station to enhance the safety of the marina at the request of the City of Lewisville. The anticipated cost is \$10,000 or less. The procurement should be released in early June and will be awarded administratively by staff.

Submitted by:



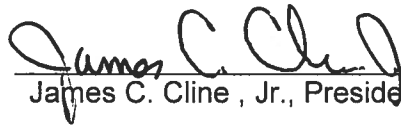
Athena Forrester, Procurement Manager

Final Review:



Anna Mosqueda, CFO

Approval:



James C. Cline, Jr., President



Board of Directors Memo

May 22, 2014

Item: 1(b) Communications and Marketing Update

Marketing & Communications Initiatives

35Express Construction Campaign & Initiatives
 WMR Software Design & Implementation
 Internal Brand Communications
 Community Surveys & Data Analysis
 Main & Mill District Event Partnership Development
 Community Events Calendar Coordination
 Hickory Street Construction Marketing Campaign
 Arts & Jazz Festival Partnership Development
 Mayor's Day of Concern for the Hungry Participation

Summer Youth Pass Promotion
 National Train Day Coordination
 Agency General Brochure Development
 FY14 Fact Sheets Development
 Passenger Newsletter Development
 APTA Awards Development
 Mass Transit Awards Development
 Dallas Business Journal Awards Development
 Bike to Work Day Coordination

Regional Initiatives

NCTCOG Air North Texas
 NCTCOG Regional Transit Survey
 Regional Marketing & Communications Committee
 NCTCOG Casual Carpool App

GoPass Promotion & Passenger Tools Enhancement
 Regional "North Texas Travels" Planning
 Dump the Pump Planning & Coordination

Recent Events

21-Apr	Public Meeting (Lewisville)	4 attendees
23-Apr	Public Meeting (Highland Village)	7 attendees
25-27 Apr	Denton Arts & Jazz Festival	200,000 attendees
29-Apr	Public Meeting (UNT)	3 attendees
29-Apr	Mayor's Day of Concern for the Hungry Press Conference	50 attendees
29-Apr	Texas Education Center's Transition Event	2 attendees
30-Apr	Public Meeting (TWU)	10 attendees
1-May	Lewisville High School Harmon Campus Presentations	100 attendees
3-May	Public Meeting (DDTC)	6 attendees
10-May	National Train Day	
15-May	Shady Shores Elementary Rail Safety Presentations	550 attendees
16-May	National Bike to Work Day	
22-May	Hebron 121 Station Ribbon-Cutting Ceremony	

Upcoming Events

28-May	Strickland Middle School Field Trip
3-June	Dump the Pump at Sounds of Lewisville
7-June	Celebrate Highland Village
19-June	National Dump the Pump Day
21-June	Lewisville's Best Little Brewfest of Texas
15-17 Aug	Highland Village Lions Balloon Festival

General DCTA Related Media

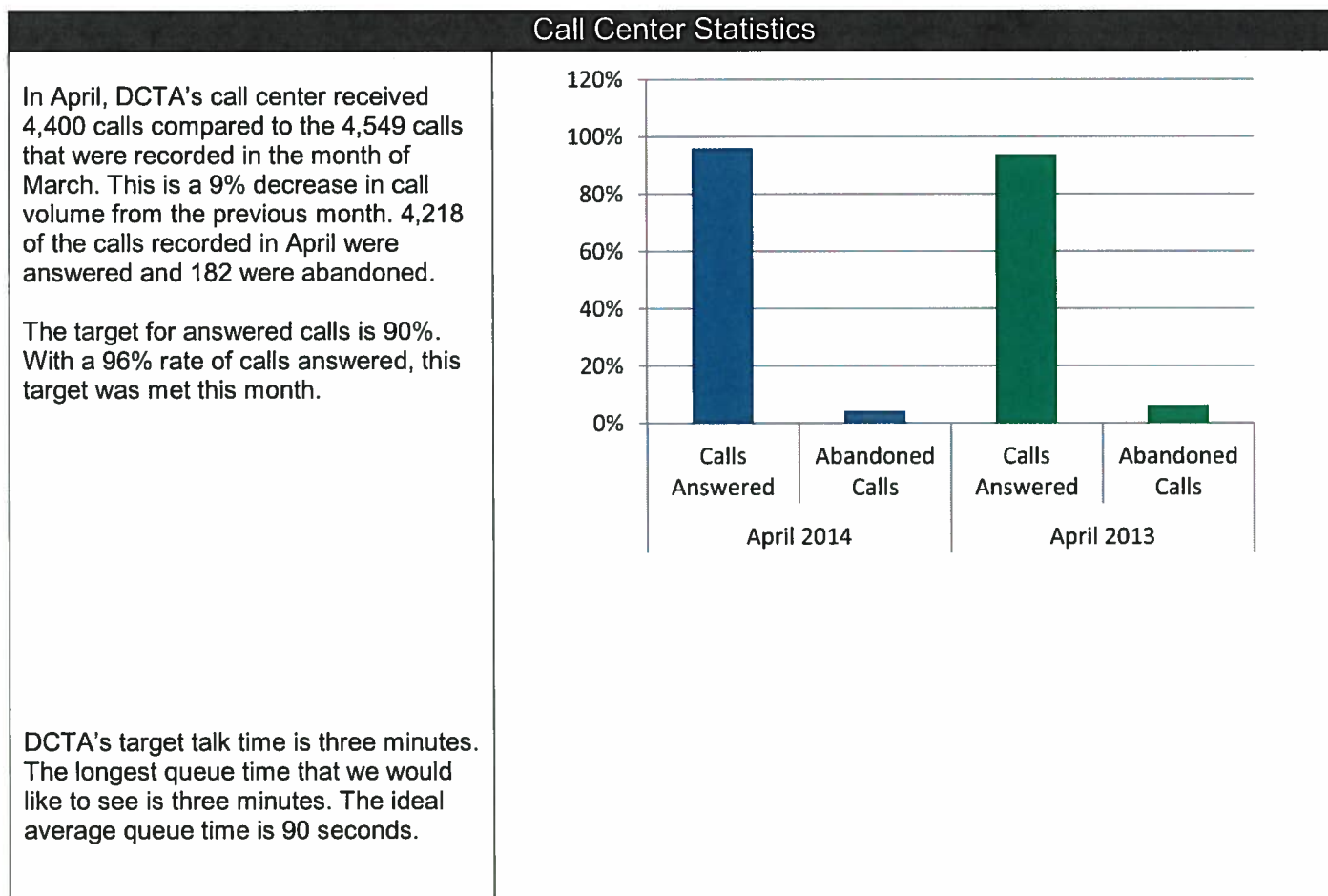
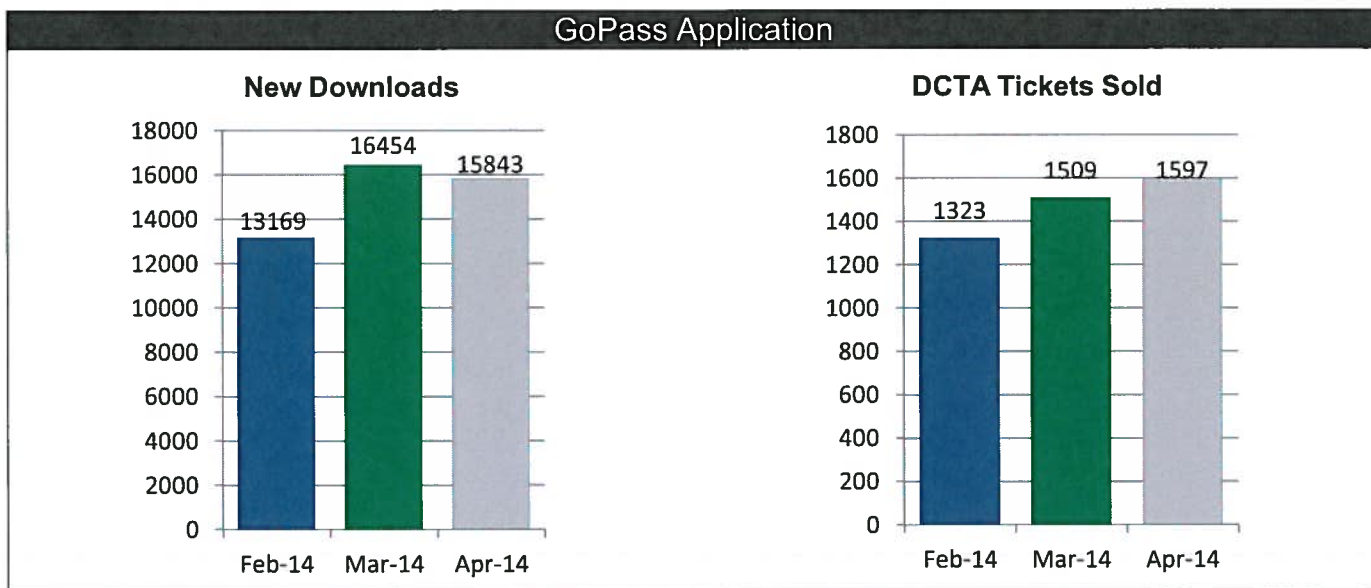
Articles Mentioning DCTA	37	Month Total Ad Value	\$21,556
Web Reach Per Million	1,969	YTD Total Ad Value	\$153,939
YTD Web Reach Per Million	12,309		

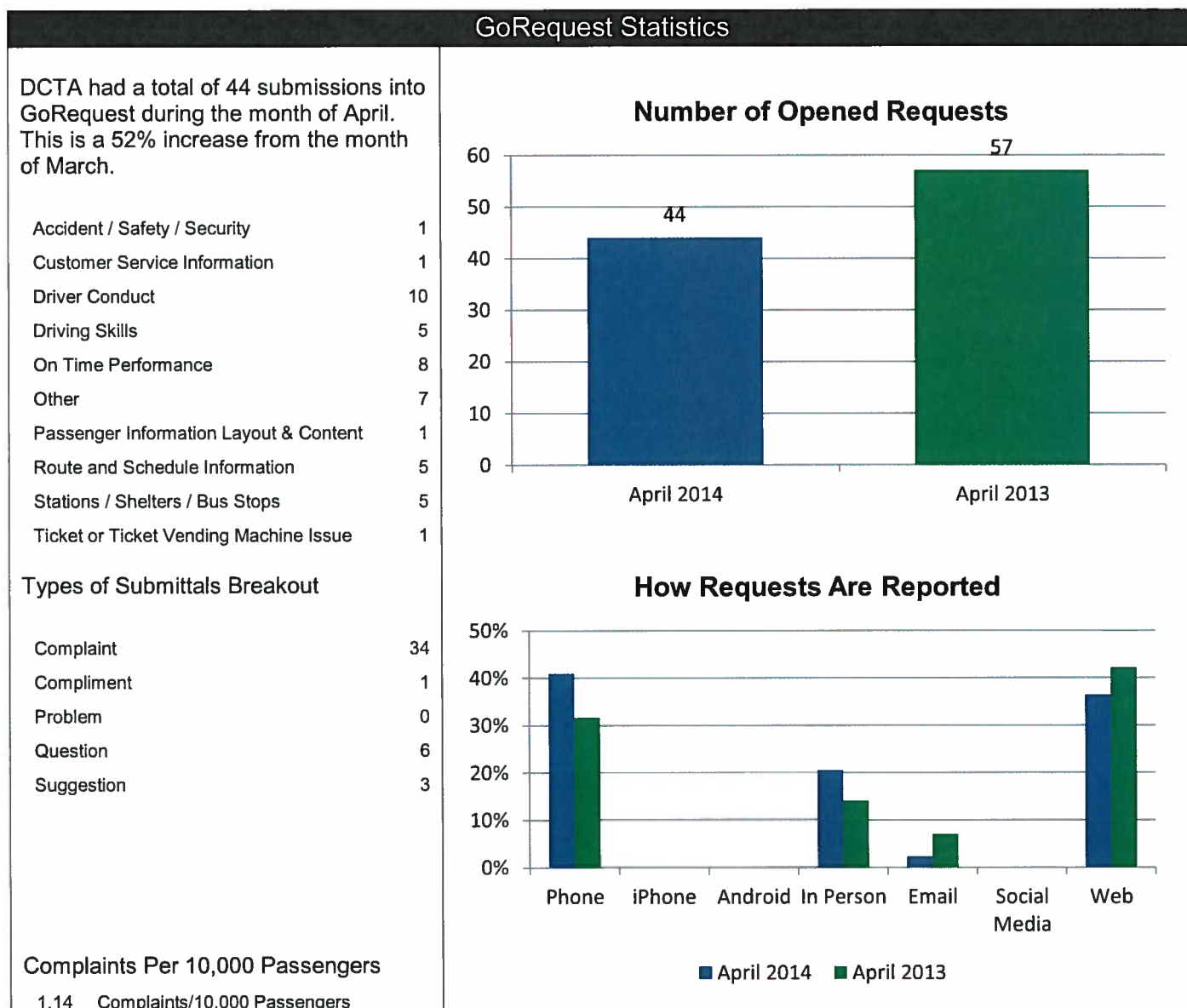
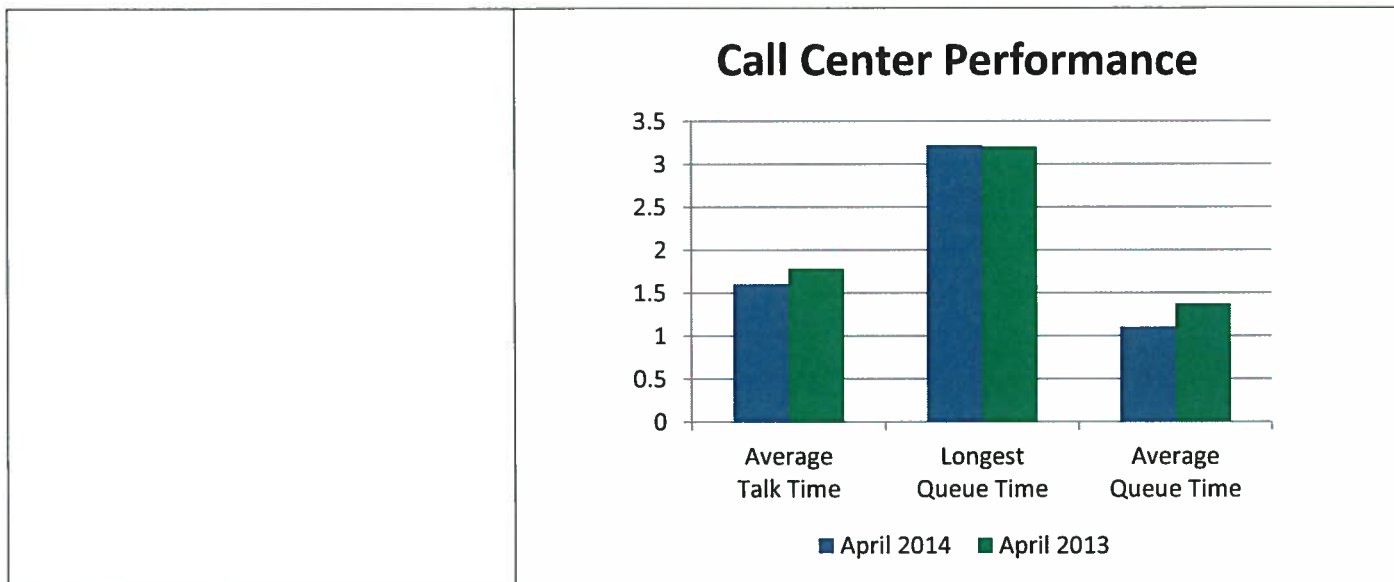
Topic Highlights

BART contracts Stadler Rail for eight new DMUs	Food Truck Schedule for Dallas
DCTA plans food drive	Leggett to exit DCTA
DCTA votes to extend contract	Lewisville moves forward with Garden Ridge Trail

Incident Reports

Denton Record Chronicle & KXAS-TV [NBC 5]: Cyclist Struck by A-train South of Denton





1.48 Total Requests / 10,000 Passengers

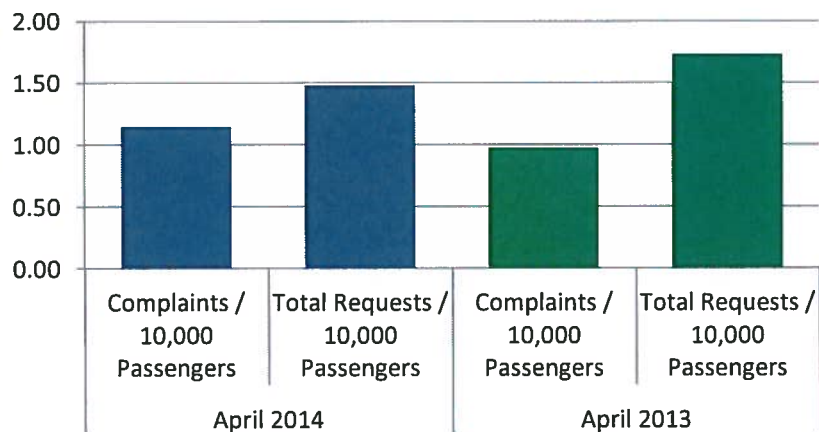
Complaint Topic Breakout

Accident / Safety / Security	1
Driving Skills	10
Driver Conduct	5
Driving Skills	7
On Time Performance	7
Other	3
Route and Schedule Information	3
Stations / Shelters / Bus Stops	5

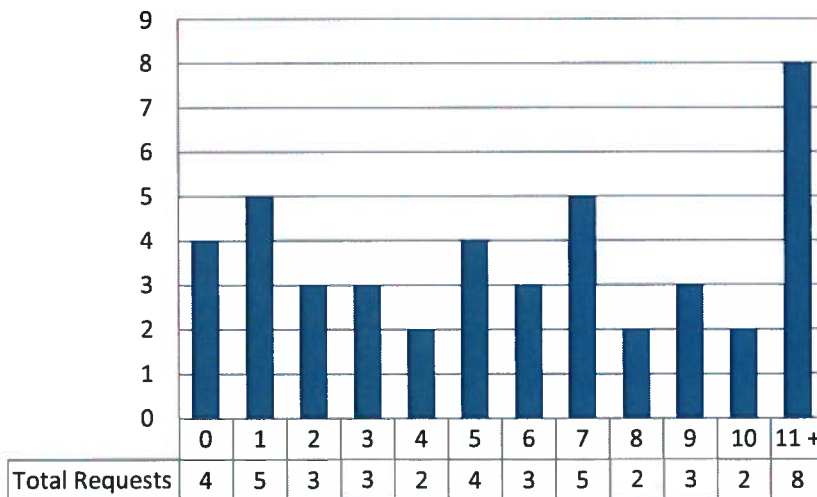
DCTA has a goal to close all requests within seven days. Ten days is the maximum number of days a request is allowed to remain unresolved.

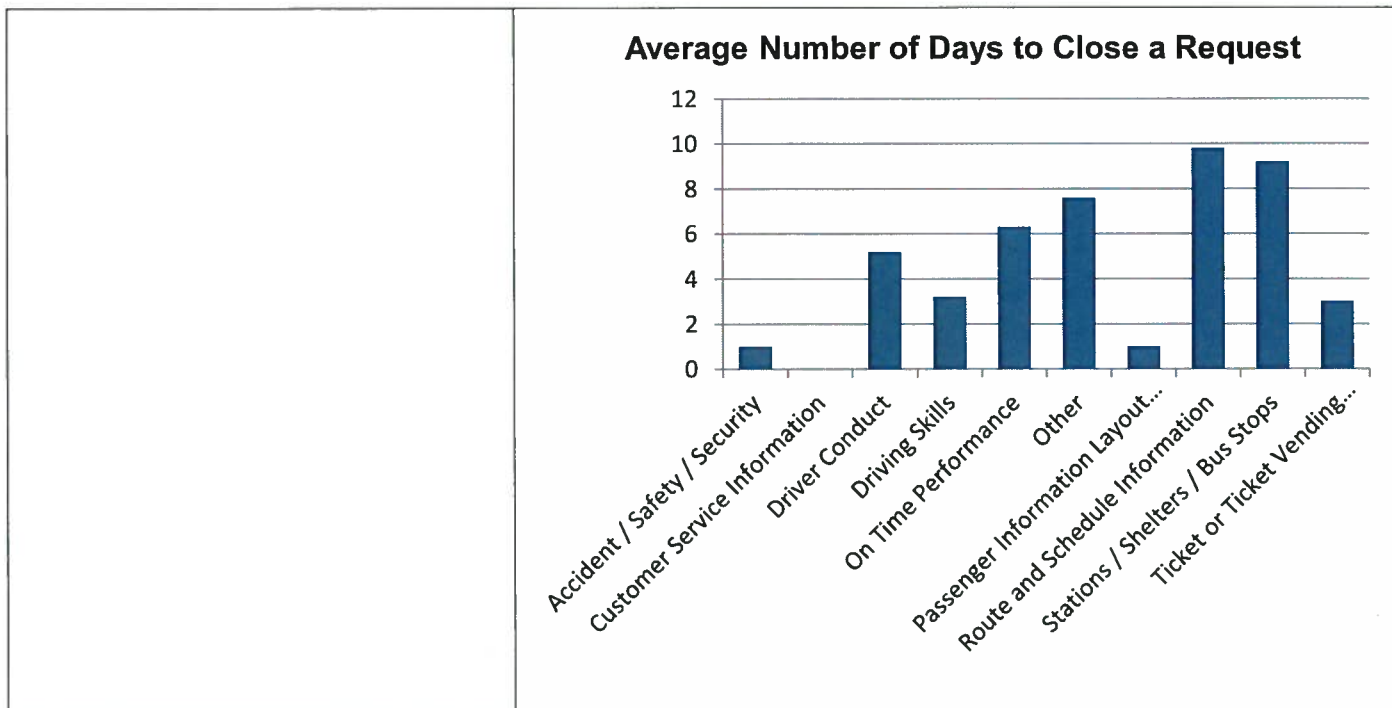
In this reporting period it took, on average, 6.16 days to close out a request.

Requests Per 10,000 Passengers



Number of Days to Close a Request





Submitted by: 
Rusty Comer, Management Specialist

Approved by: 
Kristina Brevard, Vice President,
Marketing & Communications



Board of Directors Memo

May 22, 2014

Item: 1(c) Capital Projects Update

GTW Implementation

The enhanced shunting test plan for phase one was performed on April 27 in the Hebron area. The test yielded positive results. Additional testing with the FRA is tentatively scheduled for May 11.

Where's My Ride

As part of the Where's My Ride project, electronic fareboxes were installed on 21 Connect buses May 1st through May 4th. Following training, the new fareboxes will go into operational use in late May/early June. Installation of the remaining hardware elements commenced on May 5th, with completion on all 32 vehicles expected by May 19th. The Where's My Ride software portal has been updated to reflect accurate route and stop data, and Bus-in-a-Box testing was successfully completed in April. Staff is now working to input all trip and schedule information into the portal.

Bus Operations and Maintenance Facility

The building is fully operational and the contractor is working the final punch list. Contract close-out is in progress.

Community Enhancements

Bids were received on March 20th and we received Board approval contingent on TxDOT approval of the award. We are awaiting TxDOT response, which has been delayed due to personnel and process changes at TxDOT. We expect to begin construction in May.

Lewisville Hike/Bike Trail

We received the 60% review comments from TxDOT. Jacobs has submitted the 95% review set to for review. We anticipate TxDOT approval of the plans in May so that the contract can be awarded in July, according to the grant requirements.

Positive Train Control (PTC)

Bids were received on April 11th and the evaluation committee has completed the technical portion. The evaluation process is continuing. Staff continues to work on the PTC 220 lease documents and the Interlocal Agreement. We are on schedule for contract award by summer.

Highland Village/Lewisville Lake Recreational Parking

Corps of Engineers approval was received on May 1st. We are in the process of executing the contract and associated documents. A pre-construction meeting was held with the contractor, City of Lewisville and DCTA staff on May 1st. We anticipate a June 2nd. Start date.

Bus Radios

DCTA staff is compiling the documents in order to issue an RFP for the radios and associated materials.

DDTC Porch Repair


The porch repair has been completed.

North Hebron Drainage Improvements

The installation of additional rip-rap near the N. Hebron Signal to prevent soil erosion is almost complete. The contract operator has scheduled final installation for Sunday, May 18, 2014.

Rail Maintenance of Equipment

Progress on the FRA mandated tri-annual maintenance to the vehicle brake system is still delayed due to supplier lead times. Approximately eighty percent of the parts needed for the spare kit have been received. The remaining kit parts are expected to be received in June 2014, with the first brake set removed and shipped to Europe for overhaul shortly thereafter.

Approved by: 
James C. Cline, Jr., President

Board of Directors Memo

May 22, 2014

Item: 1(d) Transit Operations Report

❖ RIDERSHIP

- DCTA carried 297,155 passengers system wide (rail and bus) in the month of April. This is nearly a 10% decrease (or by 32,563 boardings) from overall ridership last year.
- The A-train carried 53,807 passengers during the month of April. This reflects an overall increase in ridership of 15.5% (or by 7,235 boardings) for the month of April 2014, when compared to April 2013.
- A-train Saturday ridership in April decreased 3.5% compared to last year.
- DCTA's bus system carried 243,348 passengers in April which is a 14% decrease (or by 39,798 boardings) from April 2013.
- Denton Connect ridership experienced a 8.6% increase while Lewisville Connect ridership grew by 11.6% versus this same time period last year.
- NCTC ridership decreased 33% in April 2014 compared to April 2013. This maintains a downward trend since October 2013.
- Ridership on Connect RSVP decreased by 6.6% (or 20 boardings) in April 2014 relative to that same period in 2013. In general, Connect RSVP ridership has increased over time.
- Access boardings in April increased 5% the same compared to the previous year.
- UNT Shuttle continues to experience declines in ridership. Ridership decreased by 19% (or by 43,774 boardings) in April 2014 as compared to April 2013. This maintains a downward trend started in August 2012.

❖ SYSTEM ON-TIME PERFORMANCE

- April "On Time Performance" (OTP) for the A-train was 97.93%.
- April "On Time Performance" (OTP) for Connect service was 99.9%.

❖ SAFETY/SECURITY

- DCTA Rail Operations Injury-Free Workdays: 717 days
- There were no vehicle issues reported at the Eagle Point Road in the month of April.
- There were two reportable bus incidents in April.

❖ PLANNING AND CUSTOMER SERVICE

- Hickory Street construction has caused a reroute of several bus routes in Denton.
- Construction on Highland Street has impacted UNT Shuttle routes and resulted in increased customer complaints. DCTA is working with UNT to manage the routes during construction and communicate detours to minimize disruption to the customer.

❖ MAINTENANCE

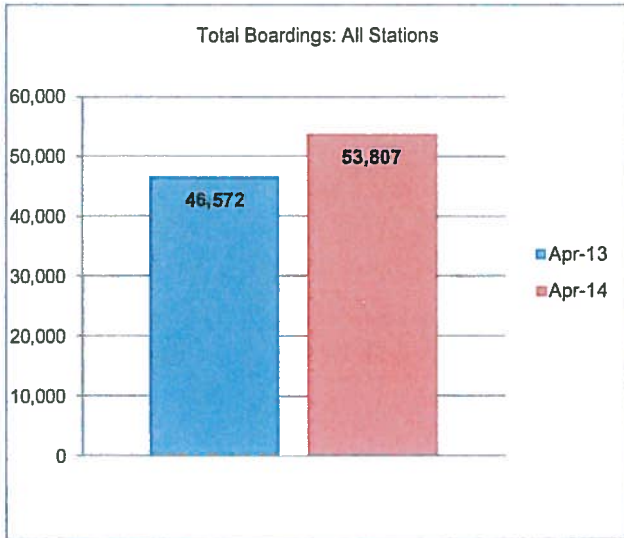
- **Right of Way:** Routine daily inspections are being performed by the contractor.
- **Signal/Communications:** On April 23, there was a system-wide signal malfunction due to fiber splicing for track circuit modifications. This resulted in 10 late trains.
- **Stations:** DCTA contract operations (HTSI) continues to perform weekly safety inspections, which have not identified any major issues, and any minor aesthetic issues have been resolved (i.e. landscape maintenance, etc.).
- **Rail Mechanical:** DCTA contract operations (HTSI) reported no mechanical issues in the month of April.

Submitted By: Planning & Operations Staff

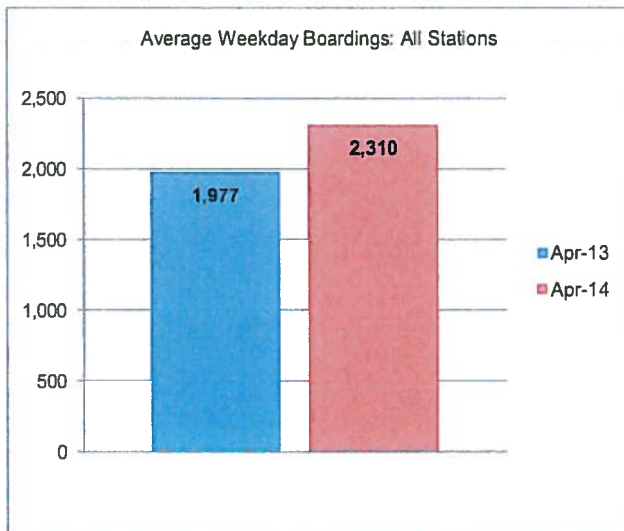
Approved By: 
Kristina Brevard, Vice President

All Stations

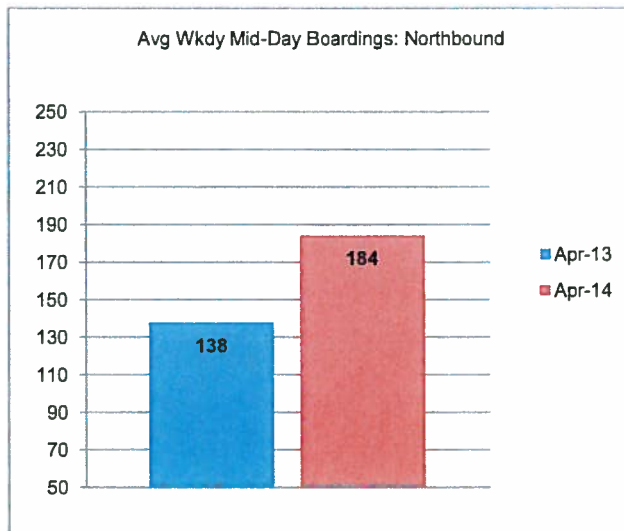
Total Boardings: All Stations
 In April 2014, total boardings increased by over 15% (or by 7,235 boardings) compared to 2013.



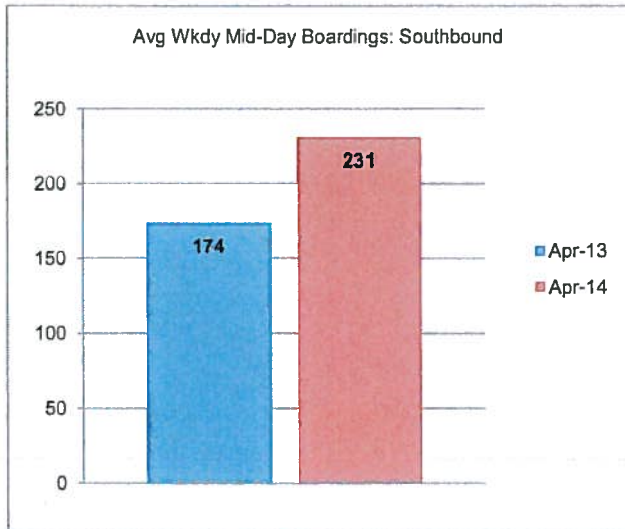
Average Weekday Boardings: All Stations
 Average weekday boardings increased by almost 17% (or by 334 boardings per weekday) from the previous year.



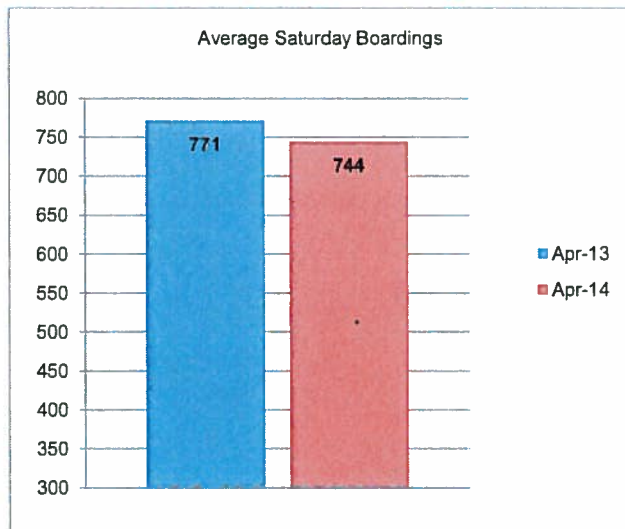
Average Weekday Mid-Day Boardings: Northbound
 On an average weekday during the mid-day, boardings increased by almost 34% (or 47 boardings per day) on northbound trains from April 2013 to April 2014. From August 2013 to January 2014, one northbound train was added.



All Stations

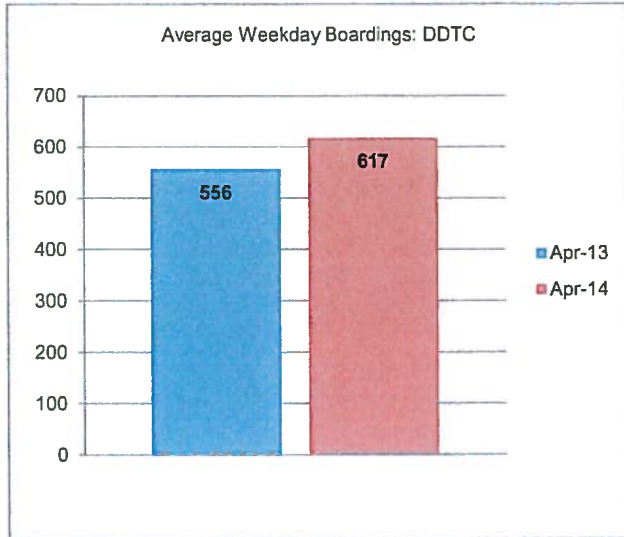


Average Weekday Mid-Day Boardings: Southbound
 Average daily boardings during mid-day traveling southbound grew by 33% (or by 57 boardings per weekday). Between August 2013 and January 2014, two southbound trips were added during the mid-day.



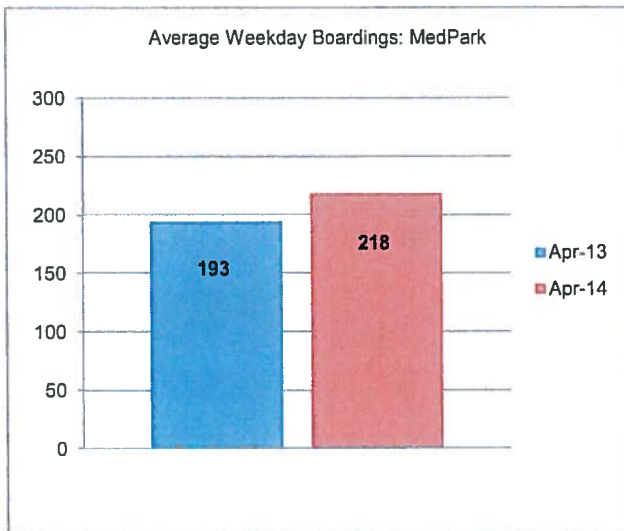
Average Saturday Boardings: All Stations
 In April, average Saturday boardings decreased by 3.5% (or by 27 boardings per Saturday) when compared to the previous year. This drop resulted from fewer boarding during the Denton Arts and Jazz Festival on Saturday, April 26, 2014 compared to the 2013 Festival.

Station by Station



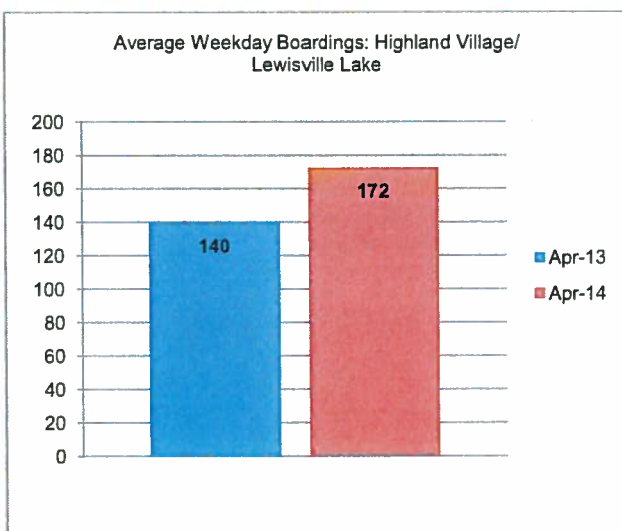
Average Weekday Boardings: DDTC

In April, average daily boardings at the DDTC increased by 11% (or by 61 boardings per weekday) when compared to the previous year.



Average Weekday Boardings: MedPark

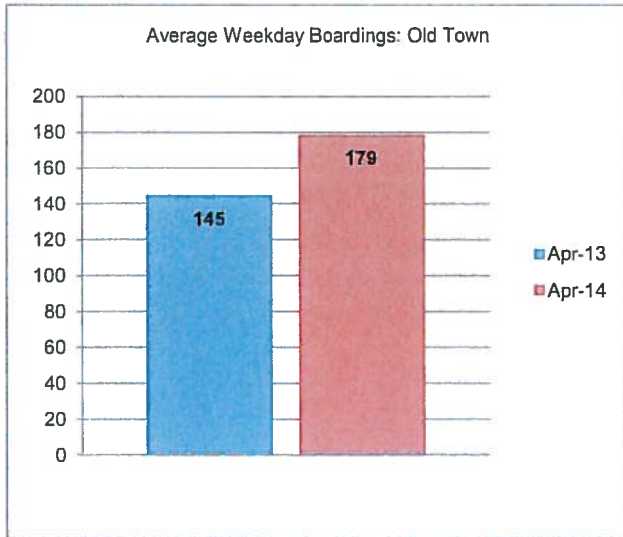
In April, average daily boardings at the MedPark Station increased by almost 13% (or by 25 boardings per day) when compared to the previous year.



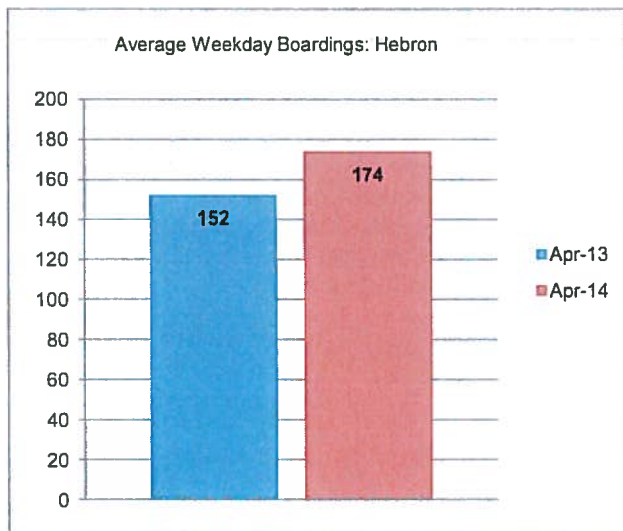
Average Weekday Boardings: Highland Village/ Lewisville Lake

In April, average daily boardings at the Highland Village/Lewisville Lake Station increased by over 23% (or by 33 boardings per day) when compared to last year.

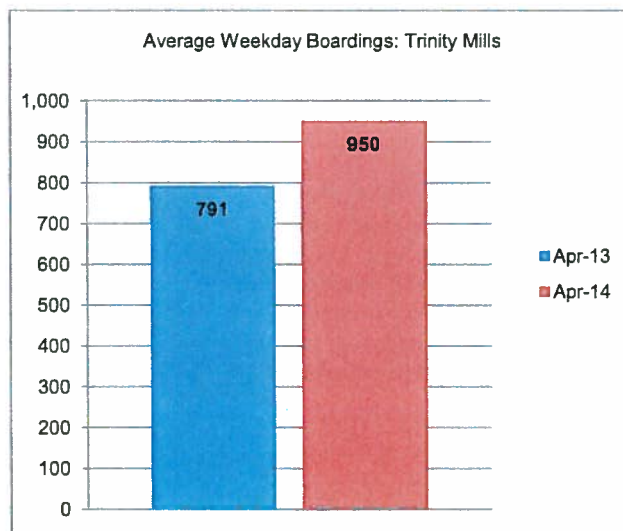
Station by Station



Average Weekday Boardings: Old Town
 In April, average daily boardings at the Old Town Station increased by over 23% (or by 34 boardings per weekday) compared to the previous year.

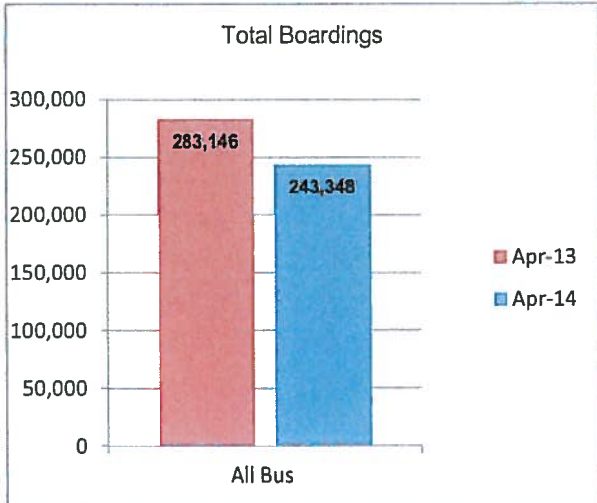


Average Weekday Boardings: Hebron
 In April, the average daily boardings at the Hebron Station increased by over 14% (or by 22 boardings per weekday) relative to last year.



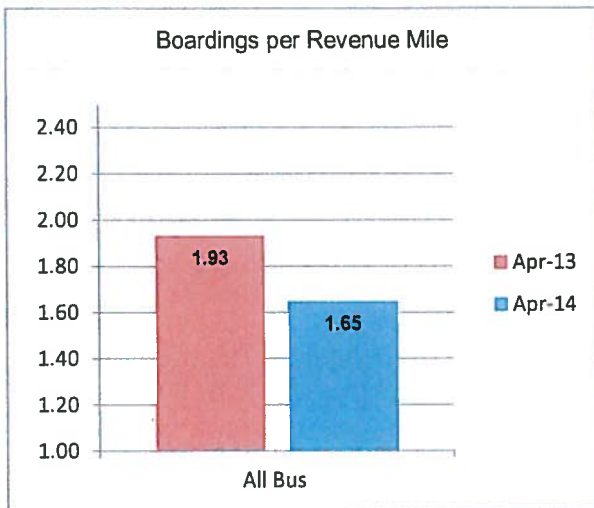
Average Weekday Boardings: Trinity Mills
 In April, average daily boardings at the Trinity Mills Station increased by over 20% (or by 159 boardings per weekday) compared to last year.

Total Bus



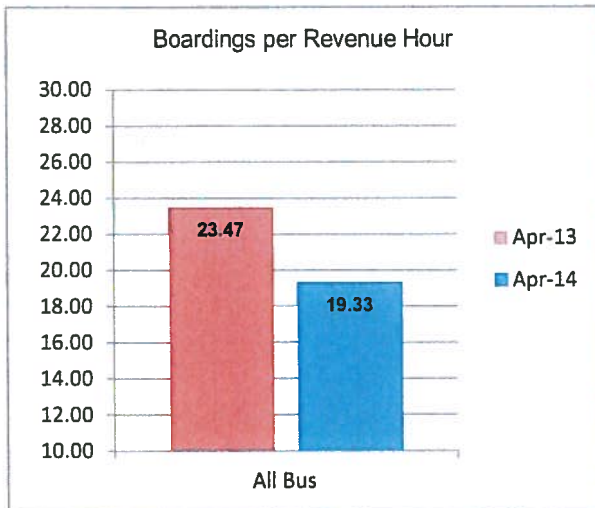
Total Bus: Total Boardings

Total boardings for all bus service dropped by over 14% (or by 39,798 boardings) when comparing April 2014 to 2013. Total boardings have been declining since August 2012. This drop can be explained by declining UNT boardings which represent about 75% of total fixed route boardings.



Total Bus: Boardings per Revenue Mile

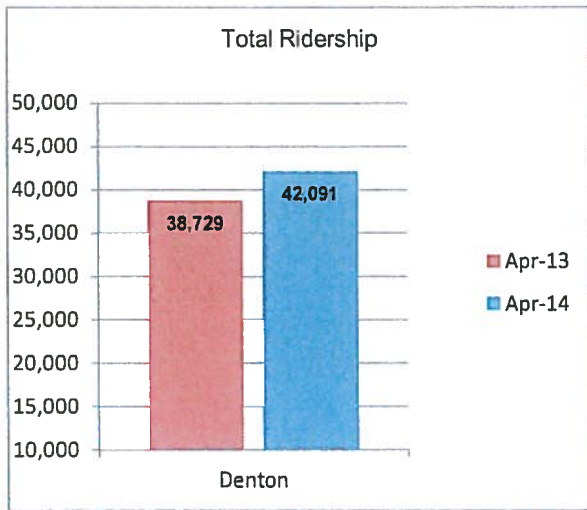
Overall, in April boardings per revenue mile dropped by over 4% when compared to the previous year. Total revenue miles increased faster (17% or by 21,366 miles) compared to boardings (12% or by 26,272 boardings) from April 2014 to 2013.



Total Bus: Boardings per Revenue Hour

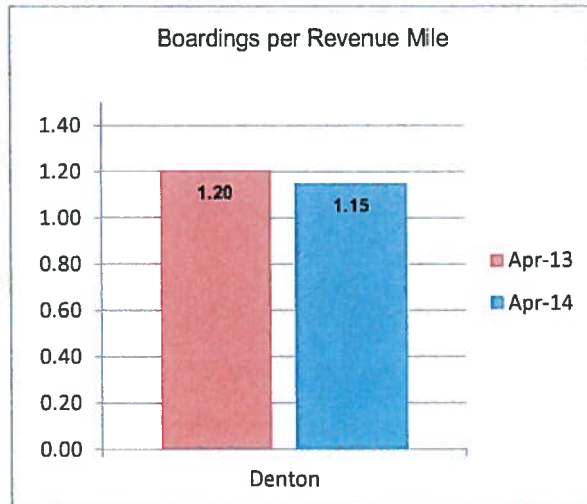
In April, boardings per revenue hour decreased by over 9% from the previous year. Like with revenue miles, revenue hours increase faster (24% or by 2,405 hours) than boardings from 2013 to 2014.

Connect Bus Service - Denton



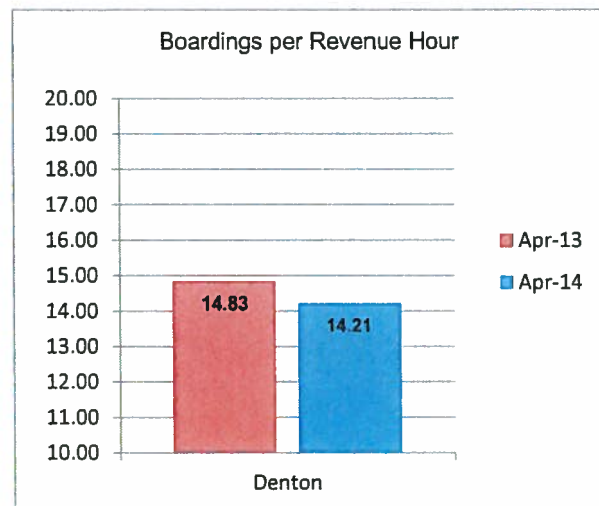
Denton Connect: Total Ridership

In April, Denton routes carried over 8% more (or by 3,362 boardings) when comparing 2014 to 2013. As part of the January 2014 service changes, routes 1 and 6 operated independently of each other



Denton Connect: Boardings per Revenue Mile

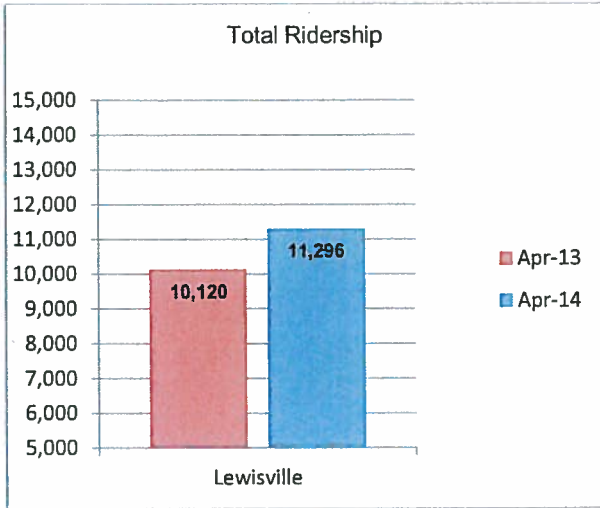
In April, boardings per revenue mile decreased by over 4% from the previous year. This drop resulted from revenue miles increasing faster (by 14% or 4,491 miles) compared to boardings.



Denton Connect: Boardings per Revenue Hour

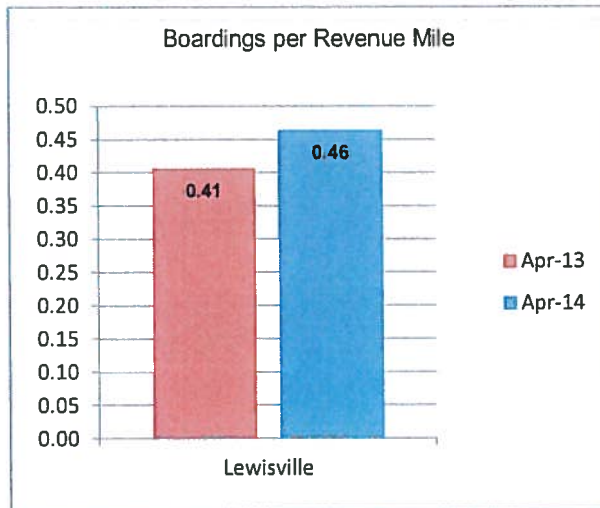
In April, boardings per revenue hour decreased by 4% from the previous year. Like with total bus service, revenue hours increased faster (13% or 352 hours) than boardings in Denton.

Connect Bus Service - Lewisville



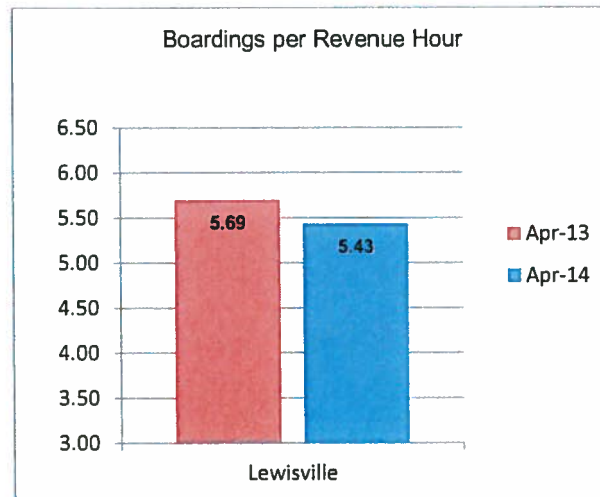
Lewisville Connect: Total Ridership

In April, boardings increased by over 11% (or by 1,176 boardings) when compared to the previous year. As part of the January 13, 2014 Service Changes, mid-day service was added to Routes 21, 22, and 23.



Lewisville Connect: Boardings per Revenue Mile

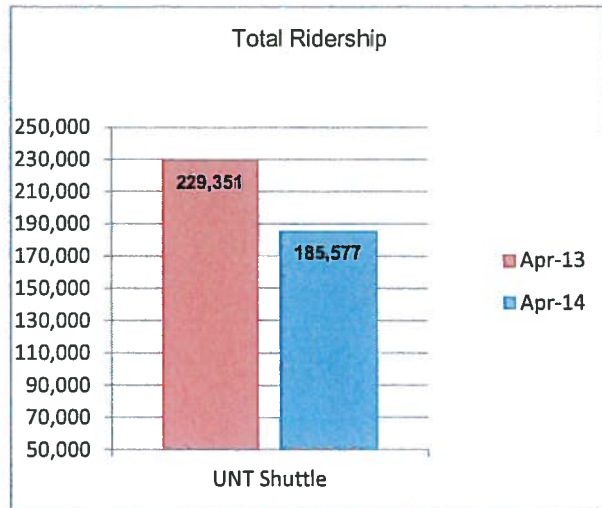
In April, boardings per revenue mile increased by over 14%. In contrast to service in Denton, revenue miles dropped slightly (2% or by 560 miles) while boardings increased.



Lewisville Connect: Boardings per Revenue Hour

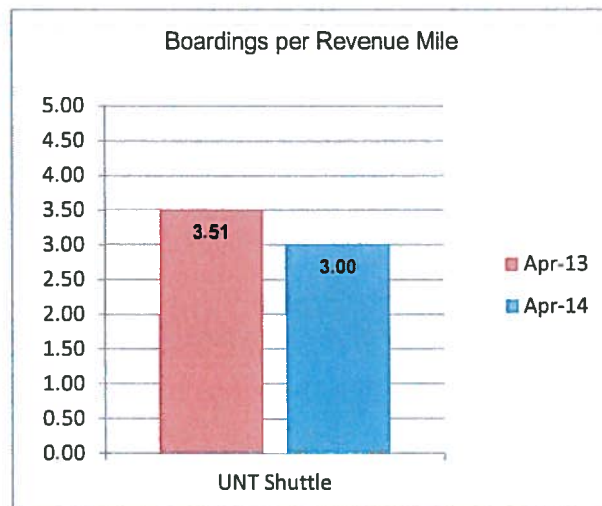
In April, boardings per revenue hour dropped by almost 5% from the previous year. This was caused by revenue hours increasing faster (17% or by 304 hours) than boardings. Operations is currently investigating revenue miles dropping while revenue hours increasing.

UNT Shuttle



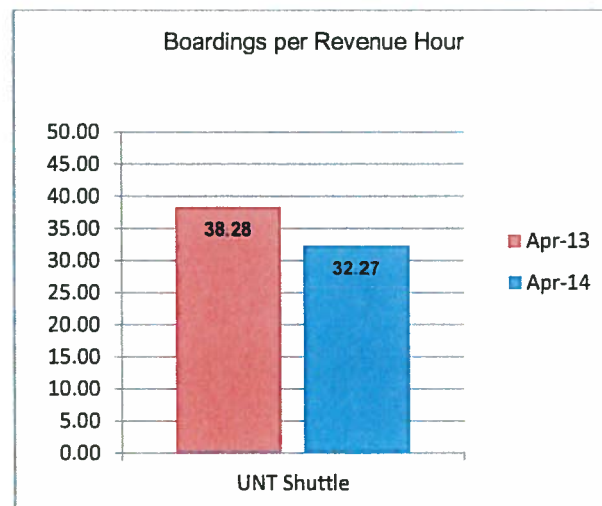
UNT Shuttle: Total Ridership

In April, UNT boardings decreased by over 19% (or by 43,774 boardings) relative to the previous year. This decline continues a downward trend which began in March 2012. To date the single largest drop occurred in December 2013 where boardings dropped by 49% relative to 2012.



UNT Shuttle: Boardings per Revenue Mile

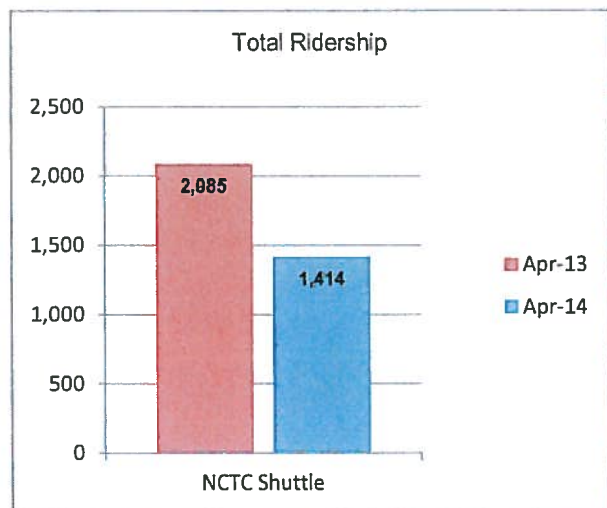
In April, boardings per revenue mile decreased by over 14% from the previous year. This was caused by boardings dropping faster (19% or by 43,774 boardings) than revenue miles (5% or by 3,578 miles).



UNT Shuttle: Boardings per Revenue Hour

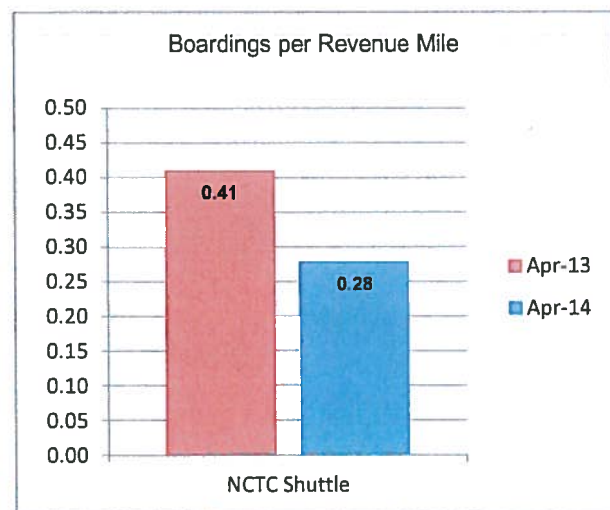
In April, boardings per revenue hour decreased by almost 16% from the previous year. This resulted from boardings decreasing faster (19% or by 43,774 boardings) than revenue hours (4% or by 241 hours).

NCTC Shuttle



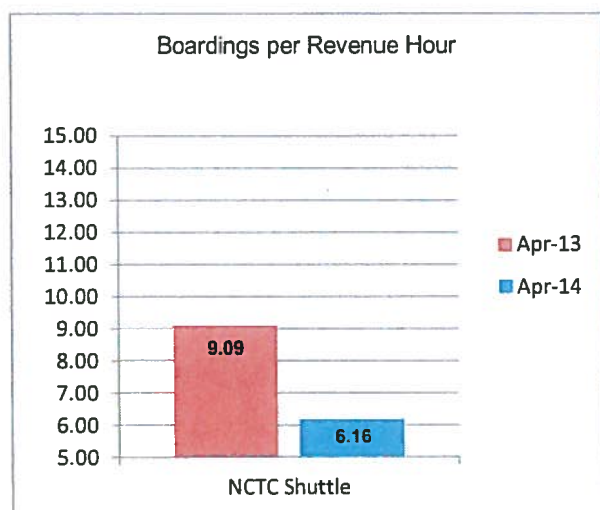
NCTC Shuttle: Total Ridership

In April, NCTC boardings dropped by over 32% (or by 671 boardings) when compared to 2013.



NCTC Shuttle: Boardings per Revenue Mile

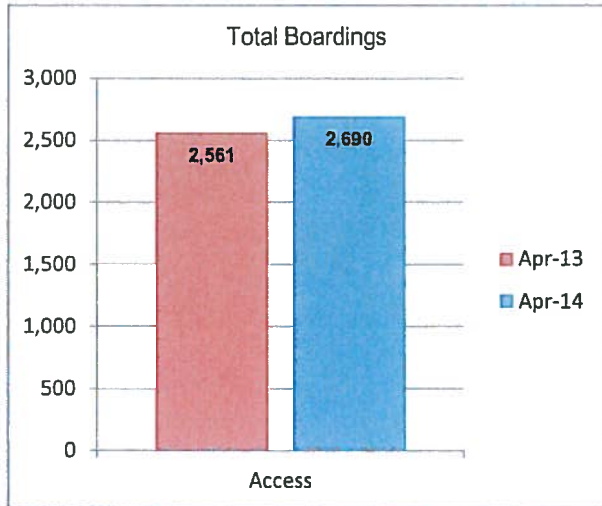
In April, boardings per revenue mile decreased by over 32% from the previous year.



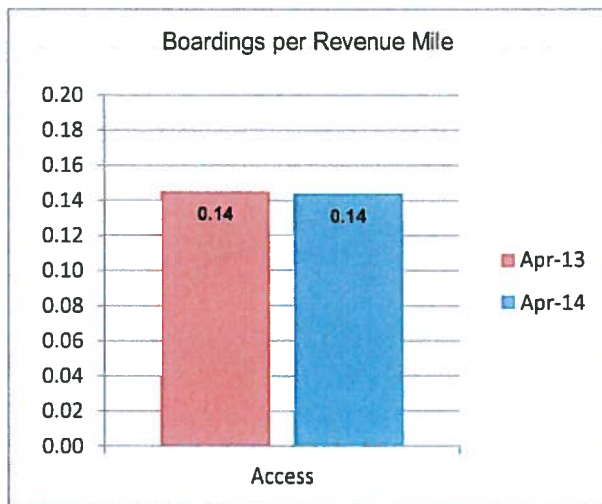
NCTC Shuttle: Boardings per Revenue Hour

In April, boardings per revenue hour decreased by over 32% from the previous year.

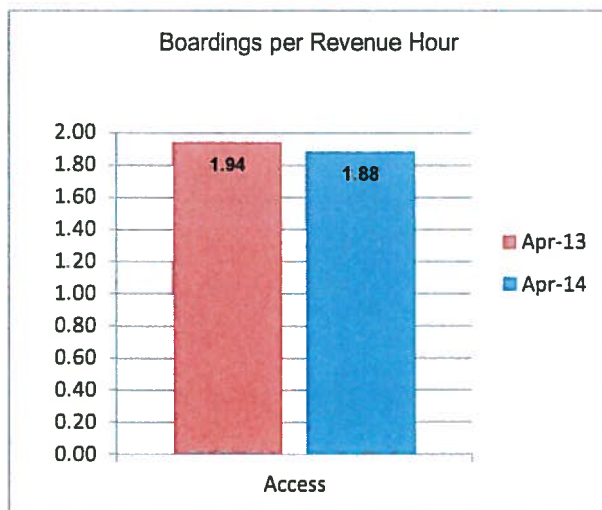
Access



Access: Total Boardings
 In April, boardings increased by 5% (or by 129 boardings) when compared to the previous year.

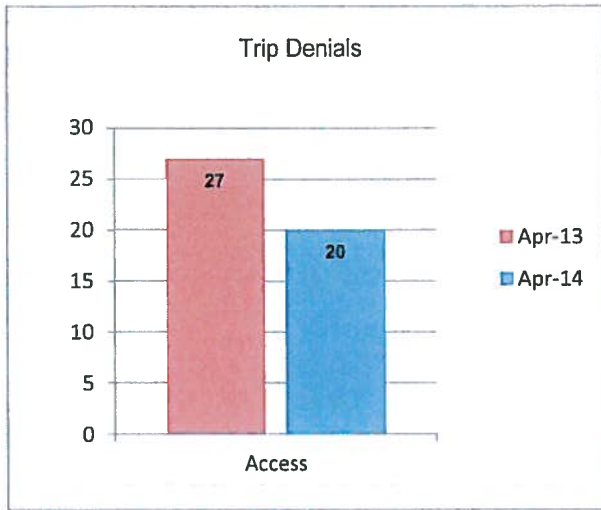


Access: Boardings per Revenue Mile
 In April, boardings per revenue mile remained about the same when compared to the previous year.

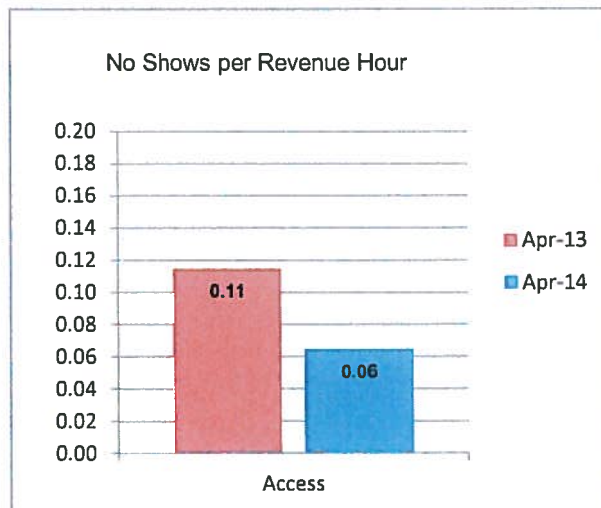


Access: Boardings per Revenue Hour
 In April, boardings per revenue hour dropped slightly (3%) when compared the previous year.

Access (Continued)



Access: Trip Denials
 In April, non-ADA trip denials dropped by 26% (or by 7 denials) when compared to 2013.



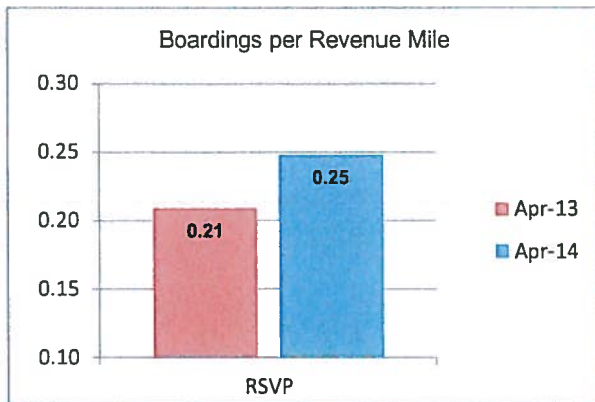
Access: No-Shows per Revenue Hour
 In April, no shows per revenue hour decreased by 44% from previous year. No-shows dropped by 39% (or by 59 no-shows) while revenue hours increased by 8% (or by 109 hours).

Connect RSVP



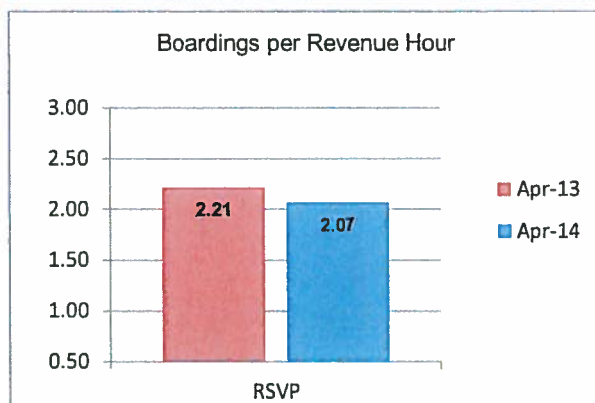
Connect RSVP : Total Boardings

In April, boardings dropped by almost 7% (or by 20 boardings) when compared to 2013.



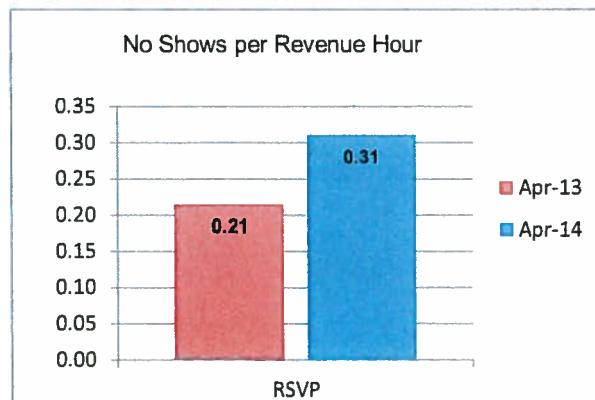
Connect RSVP : Boardings per Revenue Mile

In April, boardings per revenue mile increased by almost 19% from the previous year.



Connect RSVP: Boardings per Revenue Hour

In April, boardings per revenue hour dropped by almost 7% from the previous year. Boardings dropped 7% (or by 20 boardings) while revenue hours remained the same.



Connect RSVP: No-Shows per Revenue Hour

In April, No Shows per revenue hour increased by 45% from previous year. No-shows increased by 45% (or by 13 no-shows) while revenue hours remained the same.



Public Involvement Action Plan
2014 Public Meetings (April - May 2014)

Study Area:

Cities of Lewisville, Highland Village, Denton, University of North Texas and Texas Woman's University

Study Objective:

Present proposed changes to the Connect RSVP Policy, review the Annual Program of Projects, present changes to DCTA's Title VI program, and provide agency updates on the following topics:

- Procurement/DBE Opportunities
- Employment Opportunities
- Agency Budget Process & Contingency Plan
- Available Passenger Communication Channels
- Service Plan Overview & Progress Report
- Capital Projects Updates (Hike & Bike Trail and Community Enhancements)

Study Timeframe:

March 21, 2014 – May 5, 2013

Public Meetings

A series of public meetings were held in Lewisville, Highland Village and Denton, as well as on the campuses of the University of North Texas and Texas Woman's University late April through early May, 2014.

Paratransit Passengers

DCTA did not propose any changes to the Access services or fare structure. No additional or special outreach was necessary.

Senior Citizens Groups

DCTA did not propose any changes to the reduced (local and regional) fare structure, however DCTA distributed public meeting information to stakeholders that serve the elderly and disabled populations. *(See attached flyer)*

Business/Stakeholders

DCTA placed print ads in all major print publications and sent meeting notifications to the chamber of commerce groups within each member city, and used social media to complement this effort.

City Staff Briefings

Notification of the public meetings was sent to city staff outlining the topics which will be covered at the public meetings.

Environmental Justice Outreach

Whenever possible, meetings are held in locations accessible by public transportation. Meeting notifications were provided to stakeholders and social service organizations that served low-income and minority populations.

Limited English Proficiency Plan

The public meeting notification was disseminated in both English and Spanish consistent with the Authority's Limited English Proficiency Program. DCTA also has reached out to the Chin Refugee Ministry organization in an effort to provide meeting notification to the local Chin population. (*See attached notification*)

Title VI Review

A Title VI Review was conducted and no disparate impact was determined. There are no major service changes being proposed and no proposed changes to any fare media.

Media/Community Relations

Media Releases were distributed to area newspapers more than two weeks prior to the meeting dates. (*See attached advertising schedule*)

Newspaper ads were placed in the Lewisville Leader, Denton Record Chronicle, TWU Lasso and NT Daily and ran at least twice in each publication.

Meeting Notices were emailed to our key partners, posted on RideDCTA.net, Facebook, Twitter and emailed to DCTA passengers through DCTA's Rider Alert system. All public meeting notices were also posted/distributed on DCTA fleet.

Public Meeting Comments

Lewisville Public Meeting 4/21/14 (4 Attendees)

- Connect RSVP Policy
 - Approval of proposed changes
 - Good work
- Title VI Policy
 - I approve of proposed changes
 - Good Policy
 - Good work
- Miscellaneous Comments
 - Keep up the good work

Highland Village Public Meeting 4/23/14 (7 Attendees)

- Connect RSVP Policy
 - I think the proposed pieces of the RSVP policy are very generous. I hope that this helps to alleviate the burden of no shows.
 - Love it! Hope for extended hours [then I] will use the service.
 - Connect RSVP is a great service.
 - Please expand RSVP service further into Lewisville where there is no existing bus service.

- Hard to plan RSVP return trips if there are delays at airport delays or on DART.
- Title VI
 - Title VI policy sounds like the federal government.
- Parking at Highland Village/Lewisville Lake Station
 - Need parking at Highland Village/Lewisville Lake Station now. Don't need to have a Sherriff leaving notes on my windshield. Have a son who qualifies as a student with disability. He needs to be able to park at the Highland Village Station.
 - When will the parking issue at the Highland Village/Lewisville Lake Station be resolved?
 - How do you control Parking with DART going to DFW airport?
 - Concerned about people parking long term while they travel to/from the airport.
 - Has DCTA looked at other transit properties with airport access to see how they handle parking?
- Miscellaneous Comments
 - Are semester passes available on GoPass?
 - The proposed text messaging service is great.

University of North Texas Public Meeting 4/29/14 (3 Attendees)

- Service Request
 - Need better alignment with A-train #5939 and Connect route 9

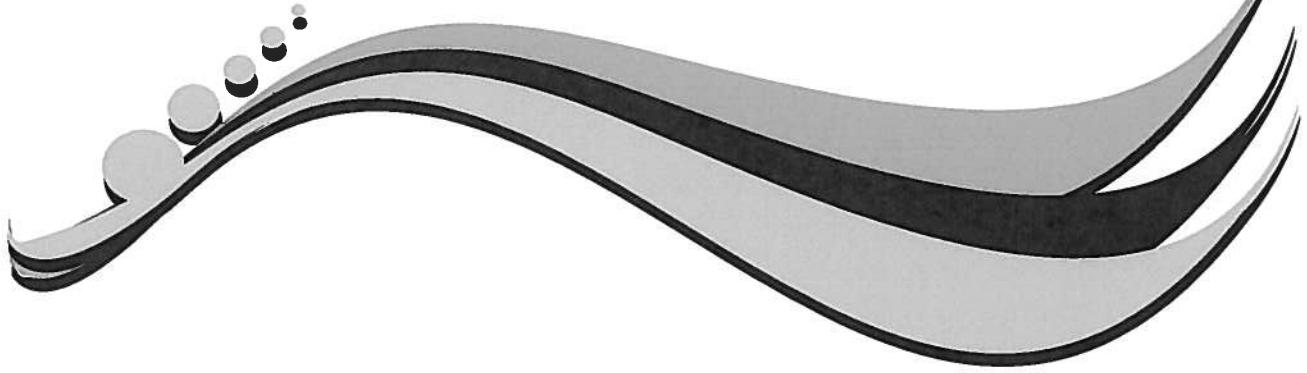
Texas Woman's Public Meeting 4/30/14 (8 Attendees)

- Service Request
 - Bus to/down 288
- Other
 - Students from the Juvenile Boot Camp (the students need supervision)
 - Trail – will you open a route east to west?
 - Convert the opening of the new trail into a fundraising for TWU, UNT involving their students and staff.

Downtown Denton Transit Center Public Meeting 5/3/14 (6 Attendees)

- Service
 - More early rides at DCTA Denton 4:30a.m. during week and early train on Saturdays
- Other
 - Thank you for keeping trains clean and your staff is very wonderful.
 - Thank you for offering this service, we are very pleased. Thank you!

DCTA Public Meetings



Denton County Transportation Authority (DCTA) will host a series of public meetings to collect feedback from the community. DCTA will present a Service Plan overview and changes to DCTA's Title VI Program. Information regarding the Connect RSVP policy, current job and procurement opportunities available within the agency will be discussed as well.

DCTA staff will also provide an Annual Program of Projects update. The public is encouraged to comment on the proposed transit projects funded by the Federal Transit Administration through the Fiscal Year 2014 Urbanized Area Formula Program. This opportunity for comment meets the federal requirement for public participation.

La Denton County Transportation Authority (DCTA) llevará a cabo una serie de reuniones públicas para recoger opiniones de la comunidad. En ellas, presentará una descripción general del plan de servicios y los cambios que se implementarán en el Programa de Título VI de la DCTA. Además, brindará información sobre la política de Connect RSVP, y las oportunidades de trabajo y contratación actuales disponibles en la agencia.

El personal de la DCTA también ofrecerá una actualización del Programa Anual de Proyectos. Se recomienda al público realizar comentarios sobre los proyectos de tránsito propuestos, financiados por la Administración Federal de Transporte (Federal Transit Administration) mediante el Programa de la Fórmula de Áreas Urbanizadas (Urbanized Area Formula Program) del año fiscal 2014. Esta oportunidad para brindar comentarios satisface el requisito federal de participación pública.

Monday, April 21 at 6:30 p.m.

Lewisville Municipal Annex
1197 W. Main Street, Lewisville
Accessible via Connect Route 21
Accesible a través de la ruta 21 de Connect

Wednesday, April 23 at 6:30 p.m.

Highland Village Council Chambers
1000 Highland Village Road, Highland Village

Tuesday, April 29 at 12:00 p.m.

University of North Texas
Gateway Center Room 142
Accessible via Connect Route 8 and UNT Shuttle
Accesible a través de la ruta 8 de Connect y el UNT Shuttle

Wednesday, April 30 at 12:00 p.m.

Texas Woman's University
Student Union Rm. 207
Accessible via Connect Routes 4, 5 and 6
Accesible a través de las rutas 4, 5 y 6 de Connect

Saturday, May 3 at 10:00 a.m.

Downtown Denton Transit Center
604 E. Hickory St., Denton
Accessible via A-train and Denton Connect
Accesible a través del A-train y Denton Connect

Everyone is welcome to attend the public meetings. Persons with hearing or sight interpretive service needs are asked to contact DCTA at least two business days in advance of the meeting at (972) 221-4600 or dctainfo@dcta.net.

Todo aquel que quiera participar en las reuniones públicas será bienvenido. Las personas que tengan problemas auditivos o de la vista, y necesiten el servicio de interpretación, deben comunicarse con la DCTA por lo menos dos días hábiles antes del encuentro, al (972) 221-4600 o a la dirección dctainfo@dcta.net.





2014 April Public Meetings Advertising Schedule

Media Publication	Public Meeting Date	Reservation Date	Ad Size	Cost
Cross Timbers Gazette	April 23, 2014	April 5	Quarter Page	\$301.75
Denton Record-Chronicle	May 3, 2014	March 21 and March 26	Quarter Page	\$673.20
Denton Record-Chronicle	May 3, 2014	April 13 and April 30	Quarter Page	\$651.00
Lewisville Leader	April 21, 2014	April 6 and April 20	Sixth Page	\$810.00
North Texas Daily	April 29, 2014	April 22 and April 24	Impact Ad – 6.187 x 7	\$375.00
The Lasso	April 30, 2014	April 16 and April 30	Half Page	\$164.00
Grand Total				\$2,974.95



Media Contact Information:

Kristina Brevard, Vice President of Marketing & Communications
Main: 972-221-4600 • Cell: 214-497-5595
Email: kbrevard@dcta.net

FOR IMMEDIATE RELEASE

Denton County Transportation Authority Announces Public Meetings

Agency to propose Connect RSVP policy and provide an update on agency revisions to programs, plans and proposals

Lewisville, TX (April 7, 2014) – [Denton County Transportation Authority](#) (DCTA) will host a series of public meetings to provide agency projects and program updates to the community. DCTA will also present its Service Plan overview and information regarding the agency’s Title VI Program. Information regarding the Connect RSVP policy, current job and procurement opportunities available within the agency will also be discussed.

DCTA staff will also provide an Annual Program of Projects update. The public is encouraged to comment on the proposed transit projects funded by the Federal Transit Administration through the Fiscal Year 2014 Urbanized Area Formula Program. This opportunity for comment meets the federal requirement for public participation.

Below are the dates, times and locations of DCTA’s upcoming public meetings:

Monday, April 21 6:30 p.m.
Lewisville Municipal Annex
1197 W. Main St., Lewisville
Accessible via Connect Route 23

Wednesday, April 30 12:00 p.m.
Texas Woman’s University
Student Union Rm. 207
Accessible via Connect Routes 4, 5, 6

Wednesday, April 23 6:30 p.m.
Highland Village Council Chamber
1000 Highland Village Rd., Highland Village

Saturday, May 3 10:00 a.m.
Downtown Denton Transit Center
604 E. Hickory St., Denton
Accessible via A-train & Denton Connect

Tuesday, April 29 12:00 p.m.
University of North Texas
Gateway Center Room 142
Accessible via Connect Route 8 and UNT Shuttle

Everyone is welcome to attend the public meetings. Persons with hearing or sight interpretive service needs are asked to contact DCTA at least two business days in advance of the meeting at (972) 221-4600 or dctainfo@dcta.net.

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ABOUT DCTA

Formed in 2002 and funded in 2003, the Denton County Transportation Authority (DCTA) has been focused on an aggressive service implementation strategy to address the mobility needs of Denton County residents. The central element of their Service Plan is the A-train, which connects with DART’s Green Line at Trinity Mills in Carrollton and provides service to five stations within Denton County. In addition to the A-train, the DCTA provides bus service in the cities of Lewisville, Denton and Highland Village. The agency carries more than three million passengers annually system-wide. For more information about the A-train and DCTA, visit www.RideDCTA.net.



Board of Directors Memo

May 22, 2014

Item: WS 3(a) Finance Committee Chair Report

The Finance Committee meeting and Special called Board of Directors meeting was held at 2:00 p.m., Monday, May 5, 2014 at 1660 S. Stemmons, Suite 250 Conference Room in Lewisville, TX

In attendance were:

Committee Chair: Dave Kovatch

Committee Members: Allen Harris, Richard Huckaby

Board Members: Paul Pomeroy, Charles Emery

Absent: Jim Robertson, George Campbell

DCTA Staff: Anna Mosqueda, Amanda Riddle, Kristina Brevard, Leslee Bachus, Jim Cline

A complete copy of the Finance Committee agenda packet and handouts is included as "Attachment A" to this report. The following agenda items were discussed:

Financial Management Policies

The CFO walked through the key changes incorporated into the Financial Management policies as had been recommended by the Finance Committee. The committee members reviewed the final draft of the document. Although the document changes include some cosmetic/grammatical corrections, the attached draft document reflects the two major recommended changes based on current practice and Finance Committee guidance. These two key changes are:

Page 4: Reserve Fund Policies

Addition of the Fuel Stabilization Reserve Fund., this was incorporated during the FY13 budget process by the Finance Committee

Pages 9 & 10: Budget & Operating Policies

Revision and incorporation of *Administrative Procedure (AP)2004-2: Budget Amendment Procedures* into the comprehensive financial policies document. This administrative procedure was adopted by the Board in 2004 with revision made in April 2006. The agency has grown dramatically since the initial adoption of (AP)2004-2 and the process needs to be updated to reflect more current practices. It is also important to insure clear communications are maintained with the Board regarding changes made to the bottom line Operating Expenses Fund budget and Capital Project budgets. The changes in the marked-up document reflect the recommendations of the Finance Committee and were presented for discussion.

A final draft of the Financial Management Policies has been forwarded to the Board for approval at the May meeting.

Review Revised FY14 Budget

- The committee reviewed and discussed the FY14 revised operating and capital budget in detail.

- Discussion of operating expenses that were previously approved and/or discussed by the Board, including legal fees for pending litigation not expended in FY13 budget and rolled-over to FY14, LTK rail O&M contract support, and state legislative contract.
- Discussion of new operating needs
 - Addition of VP of Program Development
 - Addition of Fare Enforcement Officer
 - Vanpool Program increase
 - Station landscaping services
 - Cost of debt issuance (required by new GASB pronouncement)
- Discussion of capital expenses that were previously approved by the Board as part of FY 2013 capital projects that were rolled-over to FY14 due to project delays
- Discussion of new capital project needs
 - Re-railing equipment
- Discussion of overall impact of the FY14 revised capital and operating budget on Change in Net Assets

Revised FY14 Operating and Capital budget has been forwarded to the Board for approval at the May meeting.

Charles Emery, Board Chairman requested that as a matter of practice, the President report on a regular basis to the Board any major transfers that might occur throughout the year, but not reach the level of requiring an amendment to the adopted budget. This would serve as additional information to Board and the President concurred that this would be incorporated as part of monthly report at Board meetings.

The meeting adjourned at 2:41pm

Finance Committee
Chair – Dave Kovatch
Members –George Campbell, Allen Harris, Richard Huckaby, Jim Robertson
Staff Liaison – Anna Mosqueda – CFO



Special Called Meeting of the DCTA Board of Directors
 and the Finance Committee
 of the DCTA Board of Directors
 2:00 p.m., May 05, 2014
 1660 S. Stemmons, Suite 250 Conference Room
 Lewisville, TX 75067

AGENDA

NOTICE IS HEREBY GIVEN that there will be a special called meeting of the DCTA Board of Directors and a meeting of the Finance Committee of the DCTA Board of Directors at the time and location above. The DCTA Board of Directors will not conduct its special called meeting if a quorum of the DCTA Board of Directors does not attend however the DCTA Finance Committee will conduct its meeting regardless of the presence of a quorum of the DCTA Board of the Directors. The DCTA Board of Directors and the Finance Committee of the DCTA Board of Directors will consider the following:

Welcome and Introductions

1) ITEMS FOR DISCUSSION

- a. Financial Management Policies (Final draft)
- b. Review Revised FY14 Budget

2) ADJOURN

Finance Committee

Chair – Dave Kovatch

Members – George Campbell, Allen Harris Richard Huckaby, Jim Robertson

Staff Liaison – Anna Mosqueda – CFO

The Denton County Transportation Authority meeting rooms are wheelchair accessible. Access to the building and special parking are available at the east entrance. Requests for sign interpreters or special services must be received forty-eight (48) hours prior to the meeting time by emailing lbachus@dcta.net or calling Leslee Bachus at 972-221-4600.

This notice was posted at 1660 S. Stemmons, Lewisville, Texas 75067 at a place convenient and readily accessible to the public at all times. Said notice was posted on 5/2/2014 at 12:05 PM.

Leslee Bachus, Executive Assistant



Finance Committee Memo

May 5, 2014

Subject: 1(a) Financial Management Policies

Background

At its October 2011 meeting the Board adopted comprehensive financial management policies. The document assembled all of the DCTA financial policies into one source document. These policies are intended to be the tools to guide decisions for both financial planning and internal financial management. The document incorporated recommendations by the DCTA Board of Directors, Finance Committee, staff recommendations, as well as GFOA recommended best practices. First Southwest, DCTA's financial advisory firm also provided review and comment.

Need

DCTA has an important responsibility to its stakeholders to carefully account for public funds, prudently manage finances, and to plan for the adequate funding of transit services, facilities and infrastructure to meet current and future needs. The intent of the guidance provided by these policies is to help safeguard the fiscal stability required to achieve DCTA's goals and objectives, enable the agency to maintain a long-term stable and positive financial condition and provide an important public service.

The Financial Policies should be reviewed annually and relevant changes recommended to the Board for inclusion. Although the document changes include some cosmetic/grammatical corrections, the attached draft document reflects two major recommended changes based current practice and Finance Committee guidance. These two changes are:

Page 4: Reserve Fund Policies

Addition of the Fuel Stabilization Reserve Fund which was incorporated during the FY13 budget process by the Finance Committee

Pages 9&10: Budget & Operating Policies

Revision *Administrative Procedure (AP)2004-2: Budget Amendment Procedures* and incorporation of the current revised budget process into the comprehensive financial policies document. This administrative procedure was adopted by the Board in 2004 with revision made in April 2006 and should be updated to reflect more current practices. The agency has grown dramatically since the adoption of (AP)2004-2 and it is necessary to update. It is important to insure clear communications are maintained with the Board for any changes made to the bottom line fund operating budget and capital projects fund. The changes in the marked-up document reflect staff's understanding of the recommendations of the Finance Committee. It also incorporates changes and comments submitted by members of the committee.

Financial Impact

The financial policies have no financial impact at this time. This is for information and discussion purposes only.

Committee Review

The Financial Policies were provided in an initial draft at the June 2009 and subsequent committee meetings in 2011 and January & April 2014.

Recommendation

Staff recommends the Finance Committee forward the DCTA Financial Management Policy document to the Board of Directors for adoption.

Submitted by:

Anna Mosqueda, CFO

Denton County Transportation Authority Financial Management Policies

(Adopted October, 2011)



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OPERATING POLICIES

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Purpose

The Comprehensive Financial Management Policy assembles the Denton County Transportation Authority's (DCTA) financial policies in one document. They are the tools to ensure that DCTA is financially able to meet its immediate and long-term service objectives. The individual policies contained herein serve as guidelines for both the financial planning and internal financial management of DCTA consistent with provisions of Chapter 460 of the Texas Transportation Code and adopted DCTA Bylaws.

DCTA is accountable to its constituents for the use of public dollars. Resources must be wisely used to ensure adequate funding for the services, facilities, and infrastructure necessary to meet present and future needs. These policies help safeguard the fiscal stability required to achieve DCTA's goals and objectives.

Objectives

In order to achieve its purpose, the Financial Management Policies have the following objectives for DCTA's fiscal performance.

- A. To guide DCTA Board of Directors (the Board) and management policy decisions that have significant impact.
- B. To set forth operating principles that minimize the cost of government and financial risk.
- C. To employ balanced and fair revenue policies that provide adequate funding for desired services and programs.
- D. To maintain appropriate financial capacity for present and future needs.
- E. To promote sound financial management by providing accurate and timely information on DCTA's financial condition.
- F. To protect DCTA's credit rating and provide for adequate resources to meet the provision of DCTA's debt obligations on all its debt.
- G. To ensure the appropriate use of financial resources through an effective system of internal controls.
- H. To promote cooperation and coordination with other governments, agencies and the private sector in the financing and delivery of services.
- I. To establish long-term objectives for the financial operations of DCTA

Reserve Fund Policies

Adequate reserve levels are a necessary component of DCTA's overall financial management strategy and a key factor in external agencies' measurement of DCTA's financial strength. Funding priorities will be in the order listed.

- a. It will be the policy of DCTA to maintain a Fund Balance Reserve that is equal to three months of the total budgeted operating expenses (less capital project expenses) for the fiscal year. This Fund Balance Reserve is maintained to address unanticipated emergencies and may be allocated with approval by the Board if there are not sufficient resources in unreserved/undesignated retained earnings. An annual contribution will be budgeted from general operating resources as available to maintain the target reserve level.
- b. It will be the policy of DCTA to establish and maintain a Sales Tax Stabilization Fund. This Fund will be used to stabilize revenue received from sales tax in times of economic downturn and will be equal to three percent (3%) of annual sales tax.
- c. It will be the policy of DCTA to establish and maintain a Capital Replacement/Infrastructure Maintenance Fund (State of Good Repair) to provide funding for maintenance of capital assets and infrastructure at a sufficient level to protect DCTA's investment and maintain appropriate service levels. The use of any funds within the Capital Facilities/Infrastructure Maintenance Fund will be approved by the Board within the resources available each fiscal year.
- d. It will be the policy of DCTA to establish and maintain a Fuel Stabilization Fund. On average, the Fuel Stabilization Fund will be equivalent to \$.05 per gallon of budgeted fuel. This will be reviewed each year during the budget process. This fund will be used to mitigate significant fluctuations in fuel prices each year. The use of any funds within the Fuel Stabilization Fund shall be approved by the Board.

Contributions to the Capital Replacement/Infrastructure Maintenance, Sales Tax Stabilization and Fuel Stabilization Funds will be made from available funds as identified in the annual budget, or amended budget. The V-P of Finance/CFO shall make a recommendation to the Board with regard to transfers to and from reserve funds. The Board shall authorize the transfers as the Board shall determine to be appropriate at that time. Guidelines for their contribution are as follows:

- a. All expenditures drawn from reserve accounts shall require prior Board approval unless previously and specifically authorized by the Board for expenditure in the annual budget or amended budget.
- b. Equipment Replacement – Twenty percent (20%) of bus/fleet replacement costs (reflective of anticipated grants) plus the full cost of one twelve (12) year life bus.
- c. Infrastructure – Available funds within limitations of current cash flow model, in accordance with assessed capital needs which shall be reviewed during the annual budget process.

If after procedures as outlined in the adopted budget contingency plan have been met, and a severe economic downturn or emergency requires draw down of fund balance reserve or sales tax stabilization fund the priority

will be to replenish fund balances. Funds balances will be replenished within three (3) years, from any year-end budget surpluses. These surpluses may be achieved through expenditure reductions or through higher than anticipated revenues. The long range financial plan and annual budget will reflect the timeframe and plan for fund balance replenishment.

Revenue Policies

- a. To the extent possible, a diversified and stable revenue system will be maintained to shelter service delivery from short-run fluctuations in any one revenue source due to changes in economic conditions. Trends analyzing the dependence on distinct revenue sources shall be included in the budget documents for consideration by the Board.
- b. Revenue forecasts will assess the full spectrum of resources that can be allocated for service delivery. Each year the Board shall review potential sources of revenue as part of the annual budget process.
- c. Revenue forecasts shall be realistically estimated and based on the best information available. DCTA shall use a conservative, objective and analytical approach when preparing revenue estimates and follow a vigorous policy of collecting revenues. Shortfalls anticipated based on this forecast will be addressed as follows:
 - i. Short-term (anticipated less than one year) economic downturns and temporary gaps in cash flow: Expenditure reductions or restrictions may be imposed as outlined in the Budget Contingency Plan adopted as part of the annual budget by the Board. The Board may approve a contribution from the Sales Tax Stabilization Fund or Fund Balance Reserve Fund to address temporary downturns in revenues.
 - ii. Long-term (greater than one year) revenue downturns: Deficit financing and borrowing to support on-going operations is not the policy of DCTA. Revenue forecasts will be revised. Expenses will be reduced to conform to the revised long-term revenue forecast and fare increases will be considered.
- d. All potential grants shall be carefully examined for matching requirements. Some grants may not be accepted if the local matching funds cannot be justified. Grants may also be rejected if programs must be continued with local resources after grant funds are exhausted.
- e. DCTA shall develop and maintain fair and equitable fares for all public transportation services which it operates. A fare structure establishing a base fare, categories of prepaid fares and special fare programs shall be adopted by the Board and reviewed no less than every two years. The fare structure should be competitive and offer seamless integration for passengers within the regional transportation system.
- f. Services provided on a contract basis may be set at levels sufficient to cover the entire cost of service delivery, or the service may be subsidized, as the Board deems appropriate. DCTA will systematically review fees and consider adjustments as necessary to take into account the effects of additional service costs and inflation. Studies shall be conducted to ensure that the fees will continue to support direct and indirect costs of operations, administration, maintenance, debt service, depreciation of capital assets, and moderate system expansion. Based on a market analysis, fees for similar services in other communities may also be considered. The criteria used to evaluate recommended target rates (equity, cost recovery policy, market demand, etc.) shall be included in the review. Such review should be scheduled periodically and be incorporated into the budget process for possible action by the Board.
- g. DCTA will review contracts and leases, which result in revenues to DCTA on a timely basis for careful consideration by the Board.

Expenditure Policies

DCTA will only propose operating expenditures which can be supported from on-going revenues. Before undertaking any agreements that would create fixed on-going expenses, the cost implications of such agreements will be fully determined for current and future years. Capital expenditures may be funded from one-time revenues, but the operating budget expenditure impacts of capital expenditures will be reviewed for compliance with this policy provision.

- a. Department heads are responsible for managing budgets within the total appropriation. DCTA will conduct a regular review and analysis of major expenditure categories to help assure the most efficient use of resources
- b. DCTA will maintain expenditure categories according to state statute and administrative regulation.
- c. Emphasis is placed on improving individual and work group productivity rather than adding to the work force. DCTA will consider investing in technology and other efficiency tools to maximize productivity. DCTA will hire additional staff only after the need for -such positions has been demonstrated and documented.
- d. All compensation planning will focus on the total cost of compensation, which includes direct salary, health care benefits, pension contributions, training allowance, and other benefits of a non-salary nature, which are a cost to DCTA. A compensation study shall be conducted bi-annually to insure that DCTA maintains a competitive position in the market, with a goal to stay at the mid-point of the market range.

Accounting, Auditing and Financial Reporting

DCTA will maintain a system of financial monitoring, control, and reporting for all operations and funds in order to provide effective means of ensuring that overall DCTA goals and objectives are met.

- a. **Accounting Records and Reporting.** DCTA will maintain its accounting records in accordance with state and federal regulations. Financial statements will conform to generally accepted accounting principles (GAAP) of the Governmental Accounting Standards Board (GASB).
- b. **Auditing.** As required under Chapter 460.402 of the Texas Transportation Code, an outside independent CPA firm will annually perform the DCTA's financial Audit. Results of the annual audit will be provided to the Board in a timely manner. The external audit firm is accountable to the Board of Directors and will have access and direct communication with the Board. The Single Audit Report will be prepared and presented to the Board by the external auditors along with the audited financial statements. The Single Audit Report shall list the status and current operations of all federal, state and local grant funds awarded and received.
- c. **Simplified Fund Structure.** To the extent possible, DCTA will minimize the number of Funds.

The Finance Department will develop, maintain, and consistently seek to improve cash management systems which ensure the accurate and timely accounting, investment, and security of all cash assets.

Budget and Operating Policies

- a. Decisions of the Agency will be within the context of the long-range financial plan and the service plan. Staff shall provide a review of the implications of budgetary proposals on long-range plans.
- b. Chapter 460.403 of the Texas Transportation Code requires the Board to prepare an annual budget. The annual budget shall be developed consistent with state law and in a manner which encourages early involvement with the public and Finance Committee of the Board of Directors and the Board. A calendar of events related to budget development shall be presented to Finance Committee each year prior to the start of the annual budget process.
- c. The Finance Department will maintain a system for monitoring the DCTA's budget performance. The system will provide the DCTA Finance Committee and the Board with monthly and / or quarterly information in a timely manner on fund level resource collections and category level expenditures.
- d. Revised Budget Policy: The budget should be adjusted during the budget period should unforeseen events require changes to the original budget plan. The budget is a plan based on a set of assumptions that may not always match actual experiences during the execution phase. DCTA staff shall watch for significant deviations from expectations and make adjustments so that the plan is consistent with revised expectations as follows:
 - i. Operating Fund Expenditures
 1. DCTA is required to control operating costs and maintain the total expenditures incurred at or below the total annual adopted operating expense budget or budget as amended.
 2. The President may authorize budget transfers between expense categories and departments, in an aggregate amount – not to exceed 5% of the total annual Operating Expenses budget without Board approval.
 3. The Board may during the revised budget process, authorize a budget amendment for approval of new contracts and unbudgeted expenditures.
 - ii. Capital Project Fund Expenditures
 1. Expenditures for capital projects must be approved with the fiscal year capital project budget; or
 2. By Board approval of a capital project budget amendment and approval of the purchase during the fiscal year. Capital project budget amendments will be incorporated during the revised budget process.
 - iii. All DCTA amendments and transfers will be reflected in the appropriate period for the budget year and long range financial plan.
 - iv. Definitions:
 1. Budget Amendment – Shall mean a change in the fiscal year budget based on the following criteria:
 - a. Operating – an increase to the total bottom line operating fund expenditure budget
 - b. Capital – (a) addition of a new project; (b) change in Capital Projects Fund annual appropriation; (c) an increase to the total approved budget of

a specific project.

2. Approval by the DCTA Board of Directors in the form of a resolution is required to authorize an amendment as specified in this section.

ii.v. Budget Transfers – Shall mean transfer of funds between departments or specific operating expense line items that neither increase nor decrease the total adopted operating fund budget authorization.

e.e. A Budget Contingency Plan will be adopted each year as part of the annual budget process. This allows DCTA to be positioned to respond quickly to economic or market fluctuations. The Plan shall identify triggers, key action plans and monitoring processes to allow DCTA to recover and/or adjust to serious downturns effectively.

e.f. Fixed asset inventories. Accurate inventories of all physical assets, their condition, life spans, and cost will be maintained to ensure proper stewardship of public property. The V-P of Finance/CFO will establish policies and appropriate procedures to account for fixed assets, including establishing the threshold dollar amount for which fixed asset records are maintained and how often physical inventories are taken.

Purchasing

DCTA will follow and maintain purchasing procedures that comply with applicable State and Federal Laws and Board resolutions and policies regarding procurement. The policy of the Board of Directors is to:

- a. Provide equal access to all vendors participating through competitive acquisition of goods and services.
- b. Conduct the procurement process and disposal of property in a manner that promotes and fosters public confidence in the integrity of DCTA's procurement procedures.
- c. Protect the interest of taxpayers without regard to any undue influence or political pressure.

Federal Funds: When procurement involves the expenditure of federal funds, purchasing shall be conducted in accordance with all applicable federal laws or regulations.

Grants: When procurement involves the expenditure of a grant, purchasing shall be conducted in accordance with all applicable grant laws or regulations.

Emergency procurement: The DCTA President or his/her designated agent may make or authorize others to make emergency procurements of materials, supplies, equipment or services when there exists a threat to public health, welfare, or safety. The Executive Committee of the Board will be notified immediately of such action. State laws relating to emergency purchases will be followed.

Cost Allocation

DCTA desires to comply with all laws and recommendations in calculating and receiving full cost recovery for services rendered and for allocating appropriate indirect costs related to grant funded projects.

Cost allocation is a method to identify and distribute indirect costs. Direct costs are costs assignable to a specific objective, whereas indirect costs are costs incurred for multiple cost objectives or not assignable to a specific cost objective without effort disproportionate to the benefit received. DCTA will prepare or have prepared an annual cost allocation plan to identify direct and indirect costs to use for recovering allowable costs under OMB Circular A-87 and in the development of cost of services as applicable for use in contracts for service delivery with outside entities. The plan will be prepared consistent with guidelines established by:

The Federal Office of Management and Budget (OMB) Circular A-87

OMB Circular A-87 establishes cost principals for State, local, and Indian Tribal Governments for determining costs for Federal Awards. Item 5 of the Circular states that, "The principals are for determining allowable costs only." In defining allowable costs, the Circular provides a definition of allocable costs on Attachment A, paragraph C.3.a, "A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received." The Circular further outlines costs that are allowable for charging the Federal government and distinguishes those that are specifically excluded from recovery.

Governmental Accounting Standards Board (GASB)

GASB is the independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments. While GASB is not a governmental agency and does not have enforcement authority, compliance with GASB is tested by the external auditor in the annual audit of DCTA.

Debt Management Policy

The objectives of the DCTA's Debt Management Policy will be:

- A. To reduce the use of debt so that debt service payments will be a predictable and manageable part of the operating budget.
- B. To raise capital at the lowest cost, consistent with the need to borrow.

These will be accomplished by:

- a. Securing and maintaining a high credit rating (while making attempts to strengthen credit rating) (Long Term goal)
- b. Maintaining a good reputation in the credit markets by implementing and maintaining a sound capital program and managing the annual budget responsibly.
- c. Selecting professional service providers (underwriters, financial advisors, bond insurer's, etc. through negotiation, RFQ process or as defined for professional services under DCTA's procurement procedures.
- d. Issuance of debt on a competitive basis (except when conditions make a negotiated sale preferable) and award to the bidder who produces the lowest true interest cost and underwriting cost. Revenue bonds can be issued through a negotiated sale when the issue is unusually large, the project is speculative or complex, the issue is a refunding, or the market is unstable.
- e. Long-term debt issued will not exceed the life of the projects financed. Current operations will not be financed with long-term debt.
- f. Short-term borrowing will not be used for operating purposes.
- g. Compliance with continuing disclosure reporting requirements and its obligation to inform the Municipal Securities Rulemaking Board through the EMMA website (Electronic Municipal Market Access) of any and all continuing disclosure documents and annual financial statements. This site is used by the ratings agencies and investors. The DCTA's annual audited financial report will be sent to EMMA as soon as the external auditor issues the report and it has been presented to the Board of Directors
- h. Ensure no debt is issued for which DCTA is not confident that a sufficient, specifically identified revenue source is available for repayment. The V-P of Finance/CFO shall prepare an analytical review for this purpose prior to the issuance of any debt.
- i. Limit bonded indebtedness to levels that permit sufficient borrowing to support a reasonable rate of capital programming, permits a level and pace of debt amortization within the DCTA's ability to pay, and supports the DCTA's credit rating objectives. Credit enhancements shall be considered with a cost/benefit analysis for each long-term bond issue.
- j. Reserve accounts shall be maintained as required by bond ordinances and where deemed advisable by the Board. DCTA shall structure such debt service reserves to avoid violation of IRS arbitrage regulations.
- k. DCTA will maintain debt service coverage ratios as required for any bond issues but not less than an internal debt service coverage of 1.25X.

Investment Policy (As adopted 9/26/2013)

I. POLICY STATEMENT

The Denton County Transportation Authority (DCTA) policy is that the administration of its funds and the investment of those funds shall be handled as its highest public trust Investments shall be made in a manner which will provide the maximum security of principal invested through limitations and diversification while meeting the daily cash flow needs of DCTA and conforming to all applicable state statutes governing the investment of public funds.

Effective cash management is recognized as essential to good fiscal management. Cash management is defined as the process of managing monies in order to ensure maximum cash availability. DCTA shall maintain a comprehensive cash management program which includes collection of accounts receivable, prudent investment of its available cash, disbursement of payments in accordance with invoice terms, Board Policy, and the management of banking services.

Receiving a market rate of interest will be secondary to the requirements for safety and liquidity. DCTA intends to be in complete compliance with local law and the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code, (the "Act"). Investment earnings will be used in a manner that best serves the interests of DCTA.

II. SCOPE

This investment policy applies to all the financial assets and funds of DCTA. However, this policy does not apply to the assets administered for the benefit of DCTA by outside agencies under deferred compensation programs.

DCTA may commingle its funds into one pooled investment fund for investment purposes for efficiency, and maximum investment opportunity.

III. OBJECTIVES AND STRATEGY

DCTA's policy is that all funds shall be managed and invested with four primary objectives, listed in order of their priority: safety of principal, liquidity, diversification and yield. Investments are to be chosen in a manner which promotes diversity by market sector, credit, and maturity. The choice of high-grade government investments and high-grade money market instruments is designed to assure the marketability of those investments should liquidity needs arise. To best meet anticipated cash flow requirements, the weighted average maturity (WAM) of the overall portfolio may not exceed 18 months.

Safety of Principal

Safety of principal is the foremost objective of DCTA. Investments of DCTA shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The safety of principal is best achieved by limiting maximum maturities to two years or no further than expected project cashflow forecasts, limiting investment types to those specifically authorized by this policy, diversifying investments, and monitoring credit ratings on selected investment types.

Liquidity

DCTA's investment portfolio will be based on a cash flow analysis of needs and will remain sufficiently liquid to enable it to meet all operating requirements which might be reasonably anticipated. The portfolio will be structured so that investments mature concurrent with cash needs. Because all possible cash demands cannot be anticipated, a portion of the portfolio will be invested in investments that offer same-day liquidity for

unanticipated cash demands. In addition, a portion of the portfolio will consist of securities with active secondary or resale markets.

Diversification

The portfolio will be diversified by maturity and market sector and will include the use of a number of broker/dealers for diversification and market coverage. Competitive bidding, as defined herein, will be used on each sale and purchase.

Yield

DCTA's investment portfolio shall be designed with the objective of attaining a market yield-to-maturity taking into account DCTA's risk constraints and the cash flow needs of the portfolio. "Market yield-to-maturity" may be defined as the rolling average yield of the current six-month Constant Maturity Treasury (CMT).

DCTA has selected the weighted-average yield-to-maturity as its preferred measure of investment performance. The weighted-average yield-to-maturity shall be calculated on a monthly basis by multiplying each individual security's yield-to-maturity at time of purchase by its book value, totaling the product of these calculations, and dividing by the total book value of the portfolio.

IV. LEGAL LIMITATIONS, RESPONSIBILITIES AND AUTHORITY

Direct specific investment parameters for the investment of public funds in Texas are found in the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The Public Funds Collateral Act, Chapter 2257, Texas Government Code, specifies collateral requirements for all public fund deposits. All investments will be made in accordance with these statutes.

V. DELEGATION OF INVESTMENT AUTHORITY

The Chief Financial Officer acting on behalf of DCTA is designated as the Investment Officer and the President of DCTA is designated as the Alternate Investment Officer of DCTA. The Investment Officer is responsible for investment management decisions and activities. The Investment Officer is also responsible for considering the quality and capability of staff, investment advisors, and consultants involved in investment management and procedures. All participants in the investment process shall seek to act responsibly as custodians of the public trust.

The Investment Officer shall develop and maintain written administrative procedures for the operation of the investment program which are consistent with this Investment Policy. Procedures will include reference to safekeeping, require and include Master Repurchase Agreements (as applicable), wire transfer agreements, banking services contracts and other investment related activities.

The Investment Officer shall be responsible for all transactions undertaken and shall regulate the activities of subordinate officials and staff. The Investment Officer shall designate in writing a staff person as a liaison/deputy in the event circumstances require timely action and the Investment Officer and Alternate Investment Officer are not available.

No officer or designee may engage in an investment transaction except as provided under the terms of this Policy and the procedures established.

Authorization Resolution

A Trading Resolution is established with this investment policy and attached hereto authorizing the Investment Officer to engage in investment transactions on behalf of DCTA. The persons authorized by the Trading Resolution to transact business for DCTA are also authorized to approve wire transfers used in the process of investing.

VI. PRUDENCE

The standard of prudence to be used in the investment function shall be the “prudent person” standard and shall be applied in the context of managing the overall portfolio. This standard states that:

“Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the expected income to be derived.”

Limitation of Personal Liability

The Investment Officer and those delegated investment authority under this Policy, when acting in accordance with the written procedures and this Policy and in accord with the Prudent Person Rule, shall be relieved of personal liability in the management of the portfolio provided that deviations from expectations for a specific security’s credit risk or market price change or portfolio shifts are reported in a timely manner and that appropriate actions are taken to control adverse market effects.

VII. INTERNAL CONTROLS

The Investment Officer shall establish a system of written internal controls which will be reviewed annually with the independent auditor of DCTA. The controls shall be designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes or imprudent actions by employees of the DCTA.

Cash Flow Forecasting

Cash flow forecasting is designed to protect and sustain cash flow requirements of DCTA. Supplemental to the financial and budgetary systems, the Investment Officer will maintain a cash flow forecasting process designed to monitor and forecast cash positions for investment purposes.

VIII. AUTHORIZED INVESTMENTS

Acceptable investments under this policy shall be limited to the instruments listed below and as further described by the Public Funds Investment Act.

A. Obligations of the United States Government, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC), agencies and instrumentalities and government sponsored enterprises, excluding collateralized mortgage obligations (CMO’s), not to exceed two years to stated maturity with the exception of project funds which may be invested in longer maturities but not to exceed forecasted expenditure dates;

B. Fully insured or collateralized certificates of deposit from a bank doing business in the State of Texas, not to exceed two years to stated maturity. In addition, separate CDs issued by depositories wherever located, bundled together into a single investment with the full amount of principle and interest of each CD insured by the Federal Deposit Insurance Corporation (FDIC) may be purchased through a broker that has its main office in Texas and is selected from a list adopted by the DCTA board or a selected

depository institution with its main office or branch office in Texas. This broker or depository shall act as the custodian for the various certificates on behalf of DCTA.

C. Repurchase agreements and reverse repurchase agreements as defined by the Act, not to exceed 180 days to stated maturity, provided an executed Master Repurchase Agreement is on file with DCTA and the counterparty bank or primary dealer. Flexible repurchase agreements used specifically for capital projects may extend beyond the 180 day stated limitation, but shall not exceed the expenditure plan of the projects;

D. No-load SEC-registered money market funds, each approved specifically before use by DCTA;

E. Constant dollar Texas Local Government Investment Pools as defined by the Public Funds Investment Act; and,

If additional types of securities are approved for investment by public funds by state statutes, they will not be eligible for investment by DCTA until this policy has been amended and the amended version approved by the DCTA Board.

Competitive Bidding Requirements

All securities, including certificates of deposit, will be purchased or sold after three (3) offers/bids are taken to verify that DCTA is receiving fair market value/price for the investment.

Delivery versus Payment

All security transactions, including collateral for repurchase agreements, entered into by DCTA, shall be conducted on a delivery versus payment (DVP) basis.

IX. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

All investments made by DCTA will be made through either DCTA's banking services bank or a primary dealer. DCTA will review the list of authorized broker/dealers annually. A list of at least three broker/dealers will be maintained in order to assure competitive bidding.

Securities broker/dealers must meet certain criteria as determined by the Investment Officer. The following criteria must be met by those firms on the list:

- A. provision of an audited financial statement each year,
- B. proof of certification by the Financial Industry Regulatory Authority (FINRA) and provision of CRD number,
- C. proof of current registration with the State Securities Commission, and
- D. Completion of a DCTA questionnaire.

Every broker/dealer and bank with which DCTA transacts business will be provided a copy of this Investment Policy to assure that they are familiar with the goals and objectives of the investment program. A representative of the firm will be required to return a signed certification stating that the Policy has been received and reviewed and that controls are in place to assure that only authorized securities are sold to DCTA.

DCTA may appoint one or more investment advisors to assist the financial staff in the management of DCTA funds. The investment advisor must be registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940 and also be registered with the Texas State Securities Board as an investment

advisor. To be eligible for consideration, an investment advisor shall demonstrate knowledge of, and experience in, the management of public funds. An appointed investment advisor shall act solely in an advisory and administrative capacity, within the guidelines of this Investment Policy, and without any discretionary authority to transact business on behalf of DCTA.

If DCTA has contracted with a Registered Investment Advisor for the management of its funds, the advisor shall be responsible for performing due diligence on and maintaining a list of broker/dealers with which it shall transact business on behalf of DCTA. The advisor shall recommend broker selection criteria to the DCTA Investment Officer for approval. The advisor shall annually present a list of its authorized broker/dealers to the DCTA for review and likewise shall execute the aforementioned written instrument stating that the advisor has reviewed the DCTA investment policy and has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities. The advisor shall obtain and document competitive bids and offers on all transactions and present these to DCTA as part of its trade documentation.

X. DIVERSIFICATION AND MATURITY LIMITATIONS

It is DCTA’s policy to diversify its investment portfolio. Invested funds shall be diversified to minimize risk or loss resulting from over-concentration of assets in a specific maturity, specific issuer, or specific class of securities. Diversification strategies shall be established and periodically reviewed. At a minimum, diversification standards by security type and issuer shall be:

<u>Security Type</u>	<u>Max % of Portfolio</u>
U.S. Treasury obligations	100%
U.S. Government agencies and instrumentalities	Not to exceed 75%
Fully insured or collateralized CDs	Not to exceed 30%
Repurchase agreements	100%
Money Market Funds	50%
Local Government Investment Pools	
Liquidity Pools	100%
Maximum percent ownership of pool	Not to exceed 10%

The Investment Officer shall be required to diversify maturities. The Investment Officer, to the extent possible, will attempt to match investments with anticipated cash flow requirements. Matching maturities with cash flow dates will reduce the need to sell securities prior to maturity, thus reducing market risk. Unless matched to a specific requirement, the Investment Officer may not invest more than 20% of the portfolio for a period greater than one (1) year. Unless matched to a specific requirement, the Investment Officer may not invest any portion of the portfolio for a period of greater than two (2) years.

XI. SAFEKEEPING AND COLLATERALIZATION

The laws of the State and prudent treasury management require that all purchased securities be bought on a delivery-versus-payment (DVP) basis and be held in safekeeping by either DCTA, an independent third party financial institution, or DCTA’s designated banking services depository.

All safekeeping arrangements shall be designated by the Investment Officer and an agreement of the terms executed in writing. The third-party custodian shall be required to issue safekeeping receipts to DCTA listing each specific security, rate, description, maturity, CUSIP number, and other pertinent information. Each safekeeping receipt will be clearly marked that the security is held for DCTA or pledged to DCTA.

All securities pledged to DCTA for certificates of deposit or demand deposits shall be held by an independent third-party bank doing business in Texas. The safekeeping bank may not be within the same holding company as the bank from which the securities are pledged.

Collateralization

Collateralization is required on time and demand deposits over the FDIC insurance coverage of \$250,000, and repurchase agreements.

In order to anticipate market changes and provide a level of additional security for all funds, the collateralization level required will be 102% of the market value of the principal and accrued interest. Collateral will be held by an independent third party safekeeping agent.

XII. PERFORMANCE EVALUATION AND REPORTING

A comprehensive quarterly investment report shall be prepared by the Investment Officer or Investment Advisor within ten (10) days following the fiscal quarter end and be presented to the DCTA Board the month following the fiscal quarter end. As required by the Texas Public Funds Investment Act, the report will:

- A. describe in detail the investment position of DCTA on the date of the report;
- B. be signed by the Investment Officer
- C. contain a summary statement that states:
 - a. beginning book and market value for the reporting period;
 - b. ending book and market value for the period; and
 - c. fully accrued interest for the reporting period;
- D. state the book value and market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested;
- E. state the maturity date of each separately invested asset that has a maturity date;
- F. state the account or fund for which each investment security was purchased;
- G. compare the portfolio's performance to other benchmarks of performance; and
- H. state the compliance of the investment portfolio with DCTA Investment Policy, Investment Strategy, and the Public Funds Investment Act.

XIII. DEPOSITORIES

DCTA will designate one banking institution through a competitive process as its central banking services provider at least every five years. This institution will be used for normal banking services including disbursements, collections, and safekeeping of securities. Other banking institutions from which DCTA may purchase certificates of deposit will also be designated as a depository after they provide their latest audited financial statements to DCTA.

XIV. TRAINING REQUIREMENT

The DCTA Investment Officer shall attend at least one investment training session within twelve months of taking office or assuming duties, and not less often than once in a two-year period that begins on the first day of the fiscal year and consists of the two consecutive years after that date, and shall receive not less than ten hours of instruction relating to investment responsibilities. The investment training session shall be provided by an independent source approved by the Board of Directors. See Attachment I for a list of Board approved independent investment training sources. Contingent upon Board approval, additional "independent sources" from which investment training may be obtained shall include a professional organization, an institute of higher learning, or any sponsor other than a business organization with whom DCTA may engage in an investment

transaction. Such training shall include education in investment controls, security risks, strategy risks, market risks, and compliance with the Public Funds Investment Act.

XV. ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of DCTA.

An Investment Officer of DCTA who has a personal business relationship with an organization seeking to sell an investment to DCTA shall file a statement disclosing that personal business interest. An Investment Officer who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to DCTA shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the DCTA Board of Directors.

XVI. SUBJECT TO AUDIT

A formal annual review of the investment reports will be performed by an independent auditor with the results reported to the Board. All collateral shall be subject to inspection and audit by the DCTA Treasurer or DCTA's independent auditors.

XVII. INVESTMENT POLICY ADOPTION BY DCTA BOARD

DCTA's Investment Policy shall be adopted annually by the Board of Directors. The policy and strategies shall be reviewed on an annual basis by the Board or a designated Committee of the Board. A written resolution approving that review, and changes to the policy from the review, will be passed and recorded by the Board.

Board Approved Independent Investment Training Sources

1. Texas Municipal League (TML)
2. Government Finance Officers Association (GFOA)
3. Government Finance Officers Association of Texas (GFOAT)
4. North Central Texas Council of Governments
5. Texas Higher Education Coordinating Board

**DENTON COUNTY TRANSPORTATION AUTHORITY (DCTA)
BUDGET AMENDMENT**

Number: 2014-09

Type: Amendment X
Revision

	<u>Original FY14 Budget</u>	<u>Amendment</u>	<u>Amended FY14 Budget</u>
Operating Budget			
Total Operating Revenues	4,674,444	-	4,674,444
Total Operating Expenses	34,066,473	633,998	34,700,471
Total Non-Operating Revenue	30,920,963	(204,010)	30,716,953
Capital Budget			
Total Bus Operations Capital	2,393,632	2,097,627	4,491,259
Total Rail Operations Capital	7,770,320	2,012,458	9,782,778

Explanation:
Please see attached Exhibit B and Exhibit C for detailed explanations.

Date: _____

Reviewed By _____

Date: _____

President _____

**Denton County Transportation Authority
Fiscal Year 2014 Operating Budget
Statement of Changes in Net Assets - Budget Format
EXHIBIT "B"**

Description	Original FY14 Budget	Revisions	Amended FY14 Budget	Variance Analysis
Operating Revenues				
Passenger Revenues	\$ 1,375,663	\$ -	1,375,663	
Contract Service Revenue	3,298,781	-	\$ 3,298,781	
Other Revenues	-	-	-	
Total Operating Revenues	\$ 4,674,444	\$ -	\$ 4,674,444	
Operating Expenses				
Salaries, Wages & Fringe Benefits	\$ 8,279,130	\$ 50,813	\$ 8,329,943	Addition of VP of Program Development (assumes 3 months salary/benefits) & additional Fare Enforcement Officer at TMDC
				(1) Changes made by prior Board action - \$126,600 (LTK rail O&M contract support & state legislative contract)
				(2) FY13 Rollover - \$498k for legal fees budgeted for litigation in FY13
				(3) Reflect Actual Costs : \$161k increase in vanpool expenses which is 100% covered by grants
				(4) Board Requests : \$74k in landscaping services for the stations
Services	1,865,784	858,852	2,724,636	
Materials & Supplies	3,829,224	\$ 50,000	3,879,224	Internal transfer for IT materials from services
Utilities	447,815	\$ 24,200	472,015	Addition of data & text services related to the Where's My Ride project
Insurance, Casualties & Losses	798,162	\$ (0)	798,162	
Purchased Transportation Services	9,331,365	\$ (30,664)	9,300,701	Internal transfers
Miscellaneous	233,085	\$ 10,000	243,085	Relocation expenses related to VP of Program Development
Leases & Rentals	284,615	\$ -	284,615	
Depreciation	8,997,293	\$ (329,203)	8,668,090	Based on actuals
Total Operating Expenses	\$ 34,066,473	\$ 633,998	\$ 34,700,471	
Operating Income / (Loss)	\$ (29,392,029)	\$ (633,998)	\$ (30,026,027)	
Sales Tax Revenue	\$ 20,725,320	\$ -	\$ 20,725,320	
Net Investment Income /(Expense)	33,000	-	33,000	
Long-Term Debt Interest /(Expense)	(2,423,840)	\$ (204,010)	(2,627,850)	New GASB Statement #65 requires that all cost of debt issuance be expensed in the current period rather than amortizing over the life of the issue. There is no cash impact as we have accounted for the amounts in an asset account
Non-Operating Revenues /(Expenses)	7,125	-	7,125	
Federal Grants & Reimbursements	6,486,142	\$ (0)	6,486,142	
State Grants & Reimbursements	593,216	-	593,216	
Debt Issuance	5,500,000	-	5,500,000	
Total Non-Operating Revenue/(Expenses)	\$ 30,920,963	\$ (204,010)	\$ 30,716,953	
Increase in Net Assets	\$ 1,528,934	\$ (838,008)	\$ 690,926	
Net Assets - Beginning of Year:	\$ 322,646,092		\$ 322,646,092	
Net Assets - End of Year:	\$ 324,175,026		\$ 323,337,018	
Transfer to Capital Projects	\$ 10,163,952	\$ 4,110,085	\$ 14,274,037	See exhibit C for details
Net Assets After Capital Project Transfer	\$ 314,011,074		\$ 309,062,981	

Denton County Transportation Authority
Fiscal Year 2014 Capital Budget
EXHIBIT "C"

Project Description	Original FY14 Capital Budget	Amendments	Amended FY14 Capital Budget	Variance Analysis
Bus Operations				
Bus Operations & Maintenance Facility	1,378,177	1,240,766	2,618,943	Rollover from FY13
Fleet Replacement	877,998	-	877,998	
DDTC	-	373,282	373,282	Rollover from FY13
Where's My Ride		483,579	483,579	Rollover from FY13
Bus Radios	137,457	-	137,457	
Total Bus Operations	\$ 2,393,632	\$ 2,097,627	\$ 4,491,259	
Rail Operations				
Rail Grinding	192,000	-	192,000	
MedPark Extension	-	1,000,000	1,000,000	Rollover from FY13
Positive Train Control	6,000,000	-	6,000,000	
Community Enhancements	-	609,677	609,677	Rollover from FY13
Lewisville Bike Trail	741,520	-	741,520	
HV Parking Expansion	-	281,781	281,781	Rollover from FY13
Rail Maintenance of Way	150,000	-	150,000	
Rail Maintenance of Equipment	585,000	-	585,000	
Rail Single Car Operations	101,800	-	101,800	
Re-Railing Equipment	-	121,000	121,000	New Capital Project
Total Rail Operations	\$ 7,770,320	\$ 2,012,458	\$ 9,782,778	
Total Capital Expenditures	\$ 10,163,952	\$ 4,110,085	\$ 14,274,037	

DENTON COUNTY TRANSPORTATION AUTHORITY (DCTA)

**FINANCE COMMITTEE
May 5, 2014**

**Chairman: Dave Kovatch
Members: George Campbell, Allen Harris,
Richard Huckaby, Jim Robertson**

TODAY'S AGENDA

- Financial Policies
- FY14 Revised Budget
- FY14 Budget Calendar / Process

(2)

PURPOSE OF REVISED BUDGET

- Mid-year review
- Board approval
 - Operating Expenditures
 - Capital Project Appropriation
 - New capital project requirements
 - Carry over due to project delays
 - Increase to bottom line

(3)

FY14 Revised Budget

(4)

STMT OF CHANGES IN NET ASSETS CAPITAL PROJECTS FUND

(5)

FY14 STMT OF CHANGES IN NET ASSETS

Description	Original FY14 Budget	Revisions	Amended FY14 Budget
Operating Revenues			
Passenger Revenues	\$ 1,375,663	\$ -	\$ 1,375,663
Contract Service Revenue	3,298,781	-	3,298,781
Other Revenues	-	-	-
Total Operating Revenues	\$ 4,674,444	\$ -	\$ 4,674,444
Operating Expenses			
Salaries, Wages & Fringe Benefits	\$ 8,279,130	\$ 50,813	\$ 8,329,943
Services	1,665,784	858,852	2,724,636
Materials & Supplies	3,829,224	50,000	3,879,224
Utilities	447,815	24,200	472,015
Insurance - Casualties & Losses	798,162	(0)	798,162
Purchased Transportation Services	9,331,365	(30,664)	9,300,701
Miscellaneous	233,085	(10,000)	243,085
Leases & Rentals	284,815	-	284,815
Depreciation	8,997,293	(329,203)	8,668,090
Total Operating Expenses	\$ 34,066,473	\$ 433,998	\$ 34,700,471
Operating Income / Loss	\$ (29,392,029)	\$ (433,998)	\$ (30,026,027)
Sales Tax Revenue	\$ 20,725,320	-	\$ 20,725,320
Net Investment Income / Expense	33,000	-	33,000
Long-Term Debt Interest / Expense	(2,423,840)	(204,010)	(2,627,850)
Non-Operating Revenues / (Expense)	7,125	-	7,125
Federal Grants & Reimbursements	5,486,142	(0)	5,486,142
State Grants & Reimbursements	893,216	-	893,216
Debt Issuance	5,500,000	-	5,500,000
Total Non-Operating Revenue / (Expense)	\$ 30,720,763	\$ (204,010)	\$ 30,719,953
Increase in Net Assets	\$ 1,323,934	\$ (838,008)	\$ 490,926
Net Assets - Beginning of Year:	\$ 322,646,092		\$ 322,646,092
Net Assets - End of Year:	\$ 324,175,026		\$ 323,337,018
Transfer to Capital Projects	\$ 10,163,952	\$ 4,110,085	\$ 14,274,037
Net Assets After Capital Project Transfer	\$ 314,011,074		\$ 309,062,981

(6)

FY 13 CAPITAL BUDGET

Project Description	Original FY14 Capital Budget	Amendments	Amended FY14 Capital Budget
Bus Operations			
Bus Operations & Maintenance Facility	1,378,177	1,240,766	2,618,943
Fleet Replacement	877,998	-	877,998
DDTC	-	373,282	373,282
Where's My Ride	-	483,579	483,579
Bus Radios	137,457	-	137,457
Total Bus Operations	\$ 2,393,632	\$ 2,097,627	\$ 4,491,259
Rail Operations			
Rail Grinding	192,000	-	192,000
MedPark Extension	-	1,000,000	1,000,000
Positive Train Control	6,000,000	-	6,000,000
Community Enhancements	-	609,677	609,677
Lewisville Bike Trail	741,520	-	741,520
HV Parking Expansion	-	281,781	281,781
Rail Maintenance of Way	150,000	-	150,000
Rail Maintenance of Equipment	585,000	-	585,000
Rail Single Car Operations	101,800	-	101,800
Re-Rolling Equipment	-	121,000	121,000
Total Rail Operations	\$ 7,770,320	\$ 2,012,458	\$ 9,782,778
Total Capital Expenditures	\$ 10,163,952	\$ 4,110,085	\$ 14,274,037

(7)

SUMMARY: \$624,680 OPERATING EXPENDITURES-REVISED

- **Previously Approved/Discussed**
 - \$498,080 Pending Litigation (FY13 Rollover)
 - \$27,417 State Legislative Contract
 - \$ 99,183 – Huitt Zollars / LTK support services for Rail O&M contract

(8)

SUMMARY: \$338,521 OPERATING EXPENDITURES-REVISED

• **New Operating Needs**

- \$ 161,271 – Increase in Vanpool (100% grant funded)
- \$ 74,000 – Landscape services at stations
 - Landscape Architect & Mulching
- \$ 24,200 – Data & Text fees for Where's My Ride program
- Additional Staff:
 - Fare Enforcement Officer
 - VP of Program Development
- (\$329,203) – Depreciation expense

(9)

SUMMARY: CAPITAL PROJECTS - REVISED

• **Previously Approved**

- \$ 281,781 HV Parking Expansion

• **Project Delays (Roll-over from FY13)**

- \$2,618,943 – Bus O&M Facility
- \$373,282 – DDTC
- \$483,579 – Where's My Ride
- \$1,000,000 – Med Park Extension
- \$609,677 – Community Enhancements

(10)

SUMMARY: CAPITAL PROJECTS - REVISED

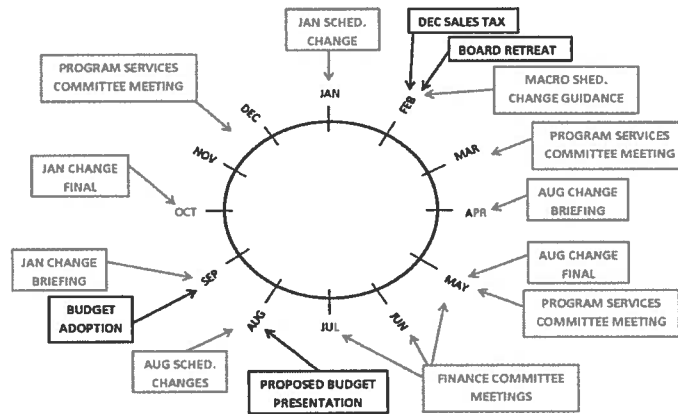
- **New Capital Projects**
 - \$121,000 Re-Railing Equipment

[11]

FY14 REVISED BUDGET

[12]

DCTA DECISION CYCLE



{ 13 }

FY2015 BUDGET CALENDAR

- May 2014
 - FY14 Revised Budget
- June 2014
 - Revenue Assumptions and Projections
 - Proposed Employee benefits
- July 2014
 - Operating Assumptions and Expenditures
 - Expanded Level Requests
 - 5 Year Capital Plan and Assumptions

{ 14 }

FY2015 BUDGET CALENDAR

- August 2014
 - Proposed FY15 Operating and Capital Budget
 - Accompanying Cash Flow Model Impact
 - Public Hearing
- September 2014
 - Final FY15 Operating and Capital Budget
 - Formal adoption of FY15 Operating and Capital Budget
 - Accompanying Cash Flow Model

(15)

NEXT STEPS

- Forward Financial Management Policies for Board approval
- Forward Revised FY14 Budget for Board Approval
- Follow-up on any pending questions

(16)



Board of Directors Memo

May 22, 2014

Item: WS 3(b) Legislative Committee Chair Report

The Legislative Committee meeting was held at 2:00 p.m., Monday, May 5, 2014 at 1660 S. Stemmons, Suite 250 Conference Room in Lewisville, TX

In attendance were:

Committee Chair: Charles Emery

Committee Member: Paul Pomeroy

Absent: Richard Huckaby, Daniel Peugh, Jim Robertson, Bill Walker

DCTA Staff: Amanda Riddle, Kristina Brevard, Jim Cline, Leslee Bachus

State Legislative Consultants: Brandi Bird, Drew Campbell, and Byron Campbell

A complete copy of the Legislative Committee agenda packet and presentation is included as "Attachment A" to this report.

Committee members discussed the development of the legislative agenda facilitated by a presentation by Capitol-Insights.

Legislative Committee

Chairman – Charles Emery

Members – Richard Huckaby, Daniel Peugh, Paul Pomeroy, Jim Robertson, Bill Walker

Staff Liaison - Jim Cline - President

ATTACHMENT "A"



Special Called Meeting of the DCTA Board of Directors
and the **Legislative Committee**
of the DCTA Board of Directors
12:00 p.m., May 13, 2014

note location change

**640 E SH 121 BUSINESS
LEWISVILLE TX 75057-4737**

AGENDA

NOTICE IS HEREBY GIVEN that there will be a special called meeting of the DCTA Board of Directors and a meeting of the Legislative Committee of the DCTA Board of Directors at the time and location above. The DCTA Board of Directors will not conduct its special called meeting if a quorum of the DCTA Board of Directors does not attend however the DCTA Legislative Committee will conduct its meeting regardless of the presence of a quorum of the DCTA Board of the Directors. The DCTA Board of Directors and the Legislative Committee of the DCTA Board of Directors will consider the following:

- 1) DISCUSS LEGISLATIVE AGENDA
- 2) ADJOURN

Legislative Committee

Chairman – Charles Emery

Members – Richard Huckaby, Daniel Peugh, Paul Pomeroy, Jim Robertson, Bill Walker

Staff Liaison - Jim Cline - President

The Denton County Transportation Authority's Board Room is wheelchair accessible. Access to the building and special parking are available at the east entrance. Requests for sign interpreters or special services must be received forty-eight (48) hours prior to the meeting time by calling Leslee Bachus at 972-221-4600

This notice was posted at 1660 S. Stemmons, Lewisville, Texas 75067 at a place convenient and readily accessible to the public at all times. Said notice was posted on 5/16/2014 at 5:25 PM

Leslee Bachus, Executive Assistant



CAPITOL-INSIGHTS



Capitol Insights Team

DCTA Legislative Committee Meeting

Drew Campbell, Capitol Insights
Brandi Bird, Bird Advocacy & Consulting
Byron Campbell, Capitol Insights

May 13, 2014

Approach

- Work closely with DCTA Board, Legislative Committee and staff to ensure coordinated effort
- Legislative, Executive and Regional initiatives
- Provide monthly reports for inclusion in President's Update on issues of interest at state and regional levels
- Weekly reports during 2015 session on legislation of interest



Outreach/ Education Campaign

- Work with staff to develop key messages/branding for DCTA and schedule outreach visits with:
 - House Transportation Committee Chairman, Larry Phillips
 - Senate Transportation Chair, Robert Nichols
 - House Transportation Committee member, Yvonne Davis
 - Senate Transportation Committee member, Kelly Hancock
 - Transportation Commission Member, Victor Vandergriff



Legislative Approach

- Finalize Legislative Program in conjunction with DCTA Board and staff
 - Class I Railroad Liability
 - Statute Modifications/ Clean up Language
 - Other legislation being contemplated by transit agencies around state?
- Monitoring all transportation committees and organizations during interim



Executive Approach

- Work to support DCTA's economic development efforts in bringing a Stadler facility to Denton County area
- Outreach important with the Governor's office, Office of Economic Development, TxDOT Rail Division and Transportation Commission

Regional Approach

In conjunction with the DCTA Board and staff, pursue regional initiatives from a political perspective, including:

- Partnerships with The T
- PTC Funding



Summary

- Process to finalize Legislative program
- Executive and Regional initiatives
- Outreach/ Branding effort
- Communication is Key



1660 S. Stemmons., Suite 250
Lewisville, Texas 75067
Ph: (972) 221-4600 Fax: (972) 221-4601

Denton County Transportation Authority
Board of Directors
Work Session and Board Meeting Minutes

Work Session Minutes

The Board of Directors of the Denton County Transportation Authority convened with Chairman Charles Emery presiding at 1:34 p.m. April 24, 2014 at 1660 S. Stemmons, Suite 250, Lewisville, TX 75067. A quorum was present.

Attendance

Small Cities

Bill Walker (arrived 1:53 p.m.)
Skip Kalb

Large Cities

Paul Pomeroy, Highland Village, *Vice-Chair*
Richard Huckaby, Denton, *Secretary*
Allen Harris, The Colony
Carter Wilson, Frisco
Doug Peach, Little Elm

DCTA Staff

James C. Cline, Jr., P.E.
Dee Leggett, COO / Sr. VP Operations
Anna Mosqueda, CFO / Sr. VP Finance
Kristina Brevard, VP Marketing and
Communications

Legal Counsel

Joe Gorfida, General Counsel

Denton County at Large

Denton County Unincorporated

George A. Campbell

Board Members Absent

Charles Emery, Lewisville, Chairman
Jim Robertson, Flower Mound
Dave Kovatch, Treasurer
Daniel Peugh, Corinth
Don Hartman

Vice-Chairman Paul Pomeroy called the meeting to order and announced the presence of a quorum.

1. Routine Briefing Items

- a. Financial Reports - Anna Mosqueda presented financial information
 - i. Financial Statements
 - ii. Capital Projects Fund
 - iii. Sales Tax Report
 - iv. Procurement Report
 - v. Quarterly Investment Report

- b. Communications and Planning – Kristina Brevard reported on these items
 - i. Marketing and Communications Initiatives
 - ii. Media Coverage
 - iii. Customer Service

- c. Capital Projects Update - Dee Leggett presented information on the following topics
 - i. GTW Integration
 - ii. Where's My Ride
 - iii. Bus Operations and Maintenance Facility (O&M)
 - iv. Community Enhancements
 - v. Lewisville Bike Trail
 - vi. Positive Train Control (PTC)
 - vii. Station Improvements

- d. Transit Operations – Dee Leggett provided an update
 - i. Rail Operations
 - ii. Bus Operations

- 2. Items for Discussion
 - a. Connect RSVP Policies – Dee Leggett made a presentation

- 3. Committee Reports
 - a. Finance Committee – Anna Mosqueda presented the report (Chairman Dave Kovatch en route from the airport)

- 4. Discussion of Regular Board Meeting Agenda Items (April 24, 2014) – no discussion

- 5. Executive Session - none
 - a. As Authorized by Section 551.071(2) of the Texas Government Code, the Work Session or the Regular Board Meeting may be Convened into Closed Executive Session for the Purpose of Seeking Confidential Legal Advice from the General Counsel on any Agenda Item Listed Herein.
 - b. As authorized by Texas Government Code section 551.071 consultation with General Counsel regarding pending litigation Cause No 2011-30066-211; URS Corporation v. Denton County Transportation Authority; 211th District Court, Denton County, Texas.

- 6. Reconvene Open Session - n/a
 - a. Reconvene and Take Necessary Action on Items Discussed during Executive Session.

- 7. Discussion of Future Agenda Items
 - a. Board Member Requests – none

2:43 p.m. <Break> 3:02 p.m.



1660 S. Stemmons., Suite 250
Lewisville, Texas 75067

Denton County Transportation Authority
Board of Directors
Work Session and Board Meeting Minutes

Board Meeting Minutes

The Board of Directors of the Denton County Transportation Authority convened with Chairman Charles Emery presiding at 3:02 p.m. April 24, 2014 at 1660 S. Stemmons, Suite 250, Lewisville, TX 75067. A quorum was present.

Attendance

Small Cities

Bill Walker
Skip Kalb

Large Cities

Paul Pomeroy, Highland Village, *Vice-Chair*
Richard Huckaby, Denton, *Secretary*
Jim Robertson, Flower Mound
Carter Wilson, Frisco
Daniel Peugh, Corinth
Doug Peach, Little Elm
Allen Harris, The Colony (left 3:32 p.m.)

Denton County at Large

Dave Kovatch, Treasurer

Denton County Unincorporated

George A. Campbell

Board Members Absent

Charles Emery, Lewisville, Chairman
Don Hartman

DCTA Staff

James C. Cline, Jr., P.E.
Dee Leggett, COO / Sr. VP Operations
Anna Mosqueda, CFO / Sr. VP Finance
Kristina Brevard, VP Marketing and
Communications

Legal Counsel

Joe Gorfida, General Counsel

CALL TO ORDER – Vice-Chairman Paul Pomeroy called the meeting to order and announced the presence of a quorum of the Board.

PLEDGE OF ALLEGIANCE TO US AND TEXAS FLAGS – Allen Harris

INVOCATION – Skip Kalb

WELCOME AND INTRODUCTION OF VISITORS- Presentation of plaques to Dee Leggett upon her departure from the agency. Paul Pomeroy presented. Remarks by Dee Leggett and Bill Walker.

1. CONSENT AGENDA
 - a. Approval of Minutes - Board Meeting March 27, 2014
 - b. Acceptance of Financial Reports
 - c. Acceptance of Quarterly Investment Report
 - Motion to approve Consent Agenda Items 1a-c made by Richard Huckaby. 2nd by Skip Kalb. Motion carried unanimously.

2. REGULAR AGENDA
 - a. Discussion / Approval of Bus Operations and Maintenance Management Contract
 - Motion to Approve Bus Operations and Maintenance Management Contract made by Jim Robertson. 2nd by Skip Kalb. Motion carried.
 - Vote: For – 9 Against – 1 (Dave Kovatch)

 - b. Discussion / Approval of Disadvantaged Business Enterprise Program
 - Motion to Approve of Disadvantaged Business Enterprise Program made by Dave Kovatch. 2nd by Richard Huckaby. Motion carried unanimously.

 - c. Discussion / Approval of Resolution 14-01 Transportation Alternative Program Grant
 - Motion to Approve Resolution 14-01 Transportation Alternative Program Grant made by Jim Robertson. 2nd by George Campbell. Motion carried unanimously.

 - d. Discussion / Approval of bus purchase for North Central Texas College (NCTC) service
 - Motion to Approve bus purchase for North Central Texas College (NCTC) service made by Dave Kovatch. 2nd by Jim Robertson. Motion carried unanimously.

3. CHAIR REPORT – Paul Pomeroy gave an update on these issues
 - a. Discussion of Regional Transportation Issues

4. PRESIDENT’S REPORT – Jim Cline provided information on the following items
 - a. Regional Transportation Update
 - b. Report on Current Federal Railroad Administration Safety Issues
 - c. Future American Public Transportation Association Meetings

5. REPORT ON ITEMS OF COMMUNITY INTEREST – none
 - a. Pursuant to Texas Government Section 551.0415 the Board of Directors may report on following items: (1) expression of thanks, congratulations, or condolences; (2) information about holiday schedules; (3) recognition of individuals; (4) reminders about upcoming DCTA and Member City events; (5) information about community events; and (6) announcements involving imminent threat to public health and safety.

6. CONVENE EXECUTIVE SESSION - none
 - a. As Authorized by Section 551.071(2) of the Texas Government Code, the Board Meeting may be Convened into Closed Executive Session for the Purpose of Seeking Confidential Legal Advice from the General Counsel on any Agenda Item Listed Herein.

7. RECONVENE OPEN SESSION – n/a
 - a. Reconvene and Take Necessary Action on Items Discussed during Executive Session.

8. ADJOURN 4:02 p.m.

The minutes of the April 24, 2014 meeting of the Board of Directors were passed, and approved by a vote on this 22nd day of May, 2014.

Charles Emery, Chairman

ATTEST

Richard Huckaby, Secretary

Regular Meeting

Item 1(d)

Authorize the President to execute a Fourth Amendment to Right of Entry and Possession, by and between the City of Denton (“City”) and the Denton County Transportation Authority (“DCTA”), dated April 17, 2012, granting DCTA access to the Downtown Denton Transit Center (“DDTC”) and certain lands surrounding the DDTC, located in the Hiram Sisco Survey, Abstract Number 1184, to conduct public transportation related operations.

Will be available at the Board Meeting



Board of Directors Memo

May 22, 2014

Subject: 2(a) Discussion/Approval Connect RSVP Policy

Background

Connect RSVP is a general public, curb-to-curb bus service offered in Highland Village and North Lewisville, and serves the Highland Village/Lewisville Lake Station. This on-demand service operates Monday through Friday from 5:30 a.m. to 7:00 p.m., excluding major holidays.

The proposed Connect RSVP policy will better outline service parameters, reservation requirements and clearly define and proactively address "no shows". Proposed changes are outlined below.

Reservations

- May be made up to a week in advance
- Must be made at least one day in advance
- DCTA Customer Service Hours: Monday-Friday 8 a.m. - 5 p.m. 940-243-0077

Service Parameters/Rules

- Service animals accompanying passengers with disabilities are allowed.
- DCTA Operators are not allowed to make changes in scheduled times or destinations without authorization from the DCTA Scheduling Office.

No Shows/Cancellations

- All trips no longer required by a passenger must be cancelled at least two hours in advance of the scheduled trip.
- To cancel a trip, passengers must call 940-243-0077.
- A no-show occurs when a passenger fails to cancel their trip at least two hours before the scheduled pick-up time, or do not board the DCTA Connect RSVP vehicle within two minutes after it arrives within the ready-time window.
- Customers with three no-shows within a 60 day period are not allowed to make another reservation for 90 days.

Identified Need

There has been an elevated number of passenger "no shows" on Connect RSVP which has been affecting trip availability and the efficiency of the service. A better defined policy which effectively addresses "no shows" is critical in holding passengers accountable and will also increase service efficiency.

Financial Impact

DCTA will save on fuel costs and operator hours through better utilization as outlined in the proposed policy.

Committee Review

This item was presented for discussion at the March 2014 Board meeting prior to the public meeting process.

Public Involvement


The proposed policy was presented at five public meetings held in April and May. All comments received in regards to this policy were positive and supportive.

Recommendation

Staff recommends Board approval of the proposed Connect RSVP Policy.

Submitted by: 
Jeff Bennett, Director of Operations

Final Review: 
Kristina Brevard, Vice President

Approval: 
James C. Cline, Jr., P.E.,
President



Board of Directors Memo

May 22, 2014

Subject: 2(b) Discussion/Approval of Resolution 14-03 Adopting Title VI Program

Background

DCTA provides services and operates programs without regard to race, color, and national origin in compliance with Title VI. Every three years, the Federal Transit Administration reviews the agency’s Title VI programs and policies to ensure that DCTA’s service provision, practices and/or projects do not discriminate or disproportionately impact Title VI populations. DCTA’s current Title VI program performance results were submitted to FTA on April 4, 2014 and are under review by FTA staff for comments and approval.

FTA released new guidance on implementation of Title VI by transit agencies in October 2012. This new guidance required changes to existing service, fare and disparate impact policies and will require the adoption of these new policies and procedures; as attached. Public meetings and a staff workshop were conducted in April and May 2014 to obtain public comments and feedback. During the five public meetings, staff received comments in support of the proposed Title VI Policy updates.

Identified Need

As a recipient of Federal Transit Administration and other federal dollars, DCTA is required to establish Title VI policies and programs that comply with federal requirements; in accordance to Federal Circular 4702.1B

Financial Impact

At this time a determination has not been made regarding the costs for translation of DCTA’s vital documents and conducting the required analysis for major service and fare changes and analysis for disparate impact and disproportionate burden of future service level, fare changes and/or capital projects. These will be addressed during the budget process when changes are proposed.


Committee Review

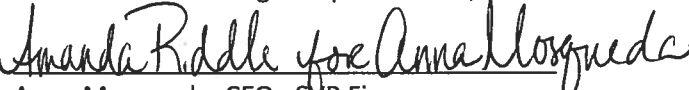
This item was presented for discussion at the March 2014 Board meeting prior to the public meeting process.

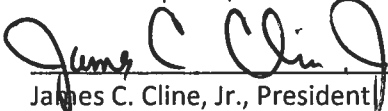
Recommendation

Staff recommends approval of the updates to the Title VI Policy and Resolution 14-03.

Respectfully,

Submitted by: 
Shanna O’Gilvie – Mgmt. Specialist HR/Grants

Final Review: 
Anna Mosqueda, CFO –SVP Finance

Approval: 
James C. Cline, Jr., President

RESOLUTION NO. 14-03

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY (“DCTA”) APPROVING TITLE VI NONDISCRIMINATION PROGRAM UPDATE, ATTACHED HERETO AS EXHIBIT “A”; PROVIDING A REPEALING CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Denton County Transportation Authority, as a recipient of federal funds, has been required to comply with Federal Transit Administration Circular 4702.1A and Title VI of the Civil Rights Act of 1964 and its related regulations; and

WHEREAS, the DCTA has developed a Title VI Policy in accordance with FTA Circular 4702.1A as amended; and

WHEREAS, Title VI of the Civil Rights Act of 1964 and related statutes prohibit discrimination on the basis of race, religion, color, national origin, sex, age, or disability; and

WHEREAS, the DCTA, as a recipient of federal financial assistance and a Federal Transit Administration designated recipient, is required to comply with Title VI requirements which include review and approval of a Title VI Nondiscrimination Program every three (3) years;

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

SECTION 1. The Denton County Transportation Authority Board of Directors hereby approves the Title VI Nondiscrimination Program Update attached as Exhibit “A”.

SECTION 2. This resolution shall be transmitted to the Federal Transit Administration and other funding agencies as appropriate.

SECTION 3. This resolution shall become effective immediately upon its passage and approval.

DULY PASSED AND APPROVED BY THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY THE _____ DAY OF MAY, 2014.

APPROVED:

Charles Emery, Chairman

ATTEST:

Richard Huckaby, Secretary

APPROVED AS TO FORM:

A handwritten signature in cursive script that reads "Peter G. Smith". The signature is written in black ink and is positioned above a horizontal line.

Peter G. Smith, General Counsel



DCTA'S TITLE VI POLICY STATEMENT

The Denton County Transportation Authority (DCTA) is committed to ensuring that no person shall, on the grounds of race, color, or national origin, as provided by Title VI of the Civil Rights Act of 1964 and the Civil Rights Restoration Act of 1987 be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity, whether those programs or activities are federally funded or not.

It is DCTA's objective to:

- Ensure that the level and quality of transportation service is provided without regard to race, color or national origin;
- Identify and address, as appropriate, disproportionately high and adverse human health and environmental effects, including social and economic effects of programs and activities on minority populations and low-income populations;
- Promote the full and fair participation of all affected populations in transportation decision making including encouraging participation by affected populations on policy making boards and committees;
- Prevent the denial, reduction or delay in benefits related to programs and activities that benefit minority populations or low-income populations; and
- Ensure meaningful access to programs and activities by persons with limited English proficiency (LEP).

The DCTA Board of Directors, president, executive management, and all direct and indirect employees share the responsibility for carrying out DCTA's commitment to Title VI.

DEFINITIONS

The following definitions shall be used for the purposes of implementing the policies and programs associated with Title VI compliance

Designated Recipient – The Denton County Transportation Authority is the designated recipient for federal funds contributing to transit system capital programs and operations in the Denton/Lewisville Urbanized Area.

Discrimination – Any action or inaction, whether intentional or unintentional, in any program or activity of a Federal aid recipient, subrecipient, or contractor that results in disparate treatment, disparate impact, or perpetuating the effects of prior discrimination based on race, color, or national origin.

Disparate Impact – A neutral policy or practice that has a disproportionately excluding or adverse effect on the minority riders or population of the service area.

Disparate Treatment – An action that results in a circumstance in which minority riders or populations are treated differently than others because of their race, color, national origin and/or income status.

Disproportionate Impact – A neutral policy or practice that has a disproportionately excluding or adverse effect on the low-income riders or population of the service area.

Express Transit Service – Includes limited stop bus and rail services including NCTC Shuttle and A-train.

Fixed Guideway – A public transportation facility using and occupying a separate right of- way for the exclusive use of public transportation; using rail; using a fixed catenary system; for a passenger ferry system; or for a bus rapid transit system.

Fixed Route - Public transportation service provided in vehicles operated along predetermined routes according to a fixed schedule.

Limited English Proficient (LEP) - Persons for whom English is not their primary language and who have a limited ability to read, write, speak or understand English. It includes people who reported to the U.S. Census that they speak English less than very well, not well, or not at all.

Local Transit Service – Includes local fixed-route, local circulator/shuttle bus services and demand response bus services including Connect, Access, Connect RSVP and UNT Shuttle.

Low-income Populations & Areas – Low-income populations are those persons with an income of 80 percent or less of the national per capita income. “Low-income Areas” are residential land use areas within census tracts where the average per capita income is 80 percent or less of the national per capita income.

Minority Populations & Areas – Minority populations include those persons who self-identify themselves as being one or more of the following ethnic groups: American Indian and Alaska Native, Asian, Black or African American, Hispanic or Latino, Native Hawaiian and Other Pacific Islander, as defined in the FTA Title VI Circular.

“Minority Areas” - Residential land use areas within Census tracts where the percentage of minority persons is higher than DCTA’s service area average.

National Origin - the particular nation in which a person was born, or where the person’s parents or ancestors were born.

Noncompliance - An FTA determination that the recipient is not in compliance with the DOT Title VI regulations, and has engaged in activities that have had the purpose or effect of denying persons the benefits of, excluding from participation in, or subjecting persons to discrimination in the recipient’s program or activity on the basis of race, color, or national origin.

Route-Level – Refers to the geographic level of analysis at the route alignment level by which the performance of a transit route is measured for equity.

Route-Service Area – A three-quarter mile radial buffer on either side of a transit route’s alignment. A three-quarter mile radial buffer is used to ensure compliance with the American’s with Disabilities Act guidelines.

Service Level – Refers to the span of service (hours of operation), days of operation, trips, and headways (service frequencies) for a transit route or the regional transit system.

Service Area – According to 49 CFR 604.3, geographic service area means “the entire area in which a recipient is authorized to provide public transportation service under appropriate local, state, and Federal law.” For purposes of DCTA, service area includes the Denton/Lewisville Urbanized Area and Carrollton, Texas.

Service Span – The span of hours over which service is operated (e.g., 6 a.m. to 10 p.m.). The service span may vary by weekday or Saturday.

System-wide – Refers to the geographic level of analysis by which the performance of the entire transit system is measured for equity.

Title VI Program - The documentation demonstrating DCTA's compliance with Title VI requirements. The program must be approved by the DCTA Board of Directors and submitted to FTA every three years.

Transit System – A coordinated urban network of scheduled public passenger modes including fixed-route local and express buses, light rail transit, bus rapid transit, and circulator bus services that provide mobility for people from one place to another.

MAJOR SERVICE CHANGE AND SERVICE EQUITY POLICY

Purpose of the Policy

The purpose of the Service and Fare Change and Service Equity Policy is to define thresholds for determining major service changes and whether potential changes to existing transit services or fares will have a disparate impact based on race, color or national origin, or whether potential service or fare changes will have a disproportionately high or adverse impact on minority and/or low-income populations.

Basis for Policy Standards

Federal law requires the Denton County Transportation Authority to evaluate changes to transit services and fares, as outlined in FTA Circular 4702.1B, effective October 1, 2012. In order to comply with 49 CFR Section 21.5(b)(a) and Appendix C to 49 CFR part 21, recipients shall "evaluate significant system-wide service and fare changes and proposed improvements at the planning and programming stages to determine whether those changes have a discriminatory impact. For service changes, this requirement applies to major service changes only. The recipient should have established guidelines or thresholds for what it considers a major change to be. This requirement applies to all changes in fare structure, price and type unless temporary in nature as noted under Exemptions.

Major Service and Fare Change Policy

A. Major Service Change

The following is considered a major service change (unless otherwise noted under Exemptions), and will be evaluated in accordance with the regulatory requirements set forth in FTA Circular 4702.1B:

1. Route Level Service Reduction or Elimination
 - a. Reducing an existing route by more than 25% of weekday route revenue miles, or
 - b. Reducing an existing route by more than 25% of Saturday route miles, or
 - c. Reducing the number of directional route miles more than 25%, or
 - d. A change in route alignment resulting in 25% or greater variance from the existing route alignment, or
 - e. In situations where service would be reduced or eliminated in jurisdictions where minority and/or low-income populations exceed the transit system service area.

2. Route Level Expansion or Addition of a New Route
 - a. Adding a new route, or b. Expansion of an existing route that increases weekday route revenue miles by more than 25%, or
 - b. Expansion of an existing route that increases Saturday route revenue miles by more than 25%, or

- c. Expanding the number of route directional miles more than 25%, or
- d. A change in a route alignment resulting in a 25% or greater variance from the existing route alignment.

B. Fare Change

A fare equity analysis will be conducted whenever the Authority implements a fare change, regardless of the amount of increase or decrease, except for those fare changes mandated by Federal, state or local law. A fare change is defined as an increase or decrease in fares:

- a. On the entire system,
- b. On certain transit modes, or
- c. By fare payment type or fare media.

C. Minority Disparate Impact Policy (Service Equity Analysis)

When conducting a service or fare change equity analysis, the following thresholds will be used to determine when a service or fare would have a disparate impact on minority populations:

1. Service Level and Service Area Reduction – If the percentage of minority passengers on an affected route is greater than the transit system's minority ridership (within the approximate dataset's margin of error) by transit classification (local, express, community circulators, campus routes, etc).
2. Route Level Expansion of Addition of a New Route – If a service level expansion or service area expansion is considered that coincides with a reduction in transit service on the same route or other routes, and the route(s) considered for service expansion predominantly serves non-minority and/or non-low-income geographic areas while the route(s) considered for reduction predominately serve minority and/or low-income geographic areas, then a disproportionate burden may be determined.

A disproportionate burden will be determined if the percentage of minority passengers on an affected route considered for service expansion is less than the transit system's minority ridership percentage by transit classification and if the percentage of minority passengers on an affected route considered for service reduction is greater than the transit system's minority ridership percentage by transit classification.

3. Fare Increase or Change in Fare Type – If an increase to fare or a change in fare type is considered, a disproportionate burden may be determined if the percentage of minority passengers using the affected fare is greater than the transit system's minority ridership percentage.
4. The determination of the transit system and the route's minority and/or low-income population will be derived from the following data sources: most recently completed statistically valid regional on-board and destination survey; most recently completed customer surveys and demographic data by census tract.

D. Low Income Disproportionate Burden Policy (Service Equity Analysis)

When conducting a service or fare change equity analysis, the following thresholds will be used to determine when a service or fare change would have a disproportionate burden on low-income populations:

1. Service Level and Service Area Reduction – If the percentage of low-income passengers on an affected route is greater than the transit system's low-income ridership (within the approximate dataset's margin of error) by transit classification (local, express, community circulators, campus routes, etc.).
2. Route Level Expansion of Addition of a New Route – If a service level expansion or service area expansion is considered that coincides with a reduction in transit service on the same route or other routes, and the route(s) considered for service expansion predominantly serves non-minority and/or non-low-income geographic areas while the route(s) considered for reduction predominately serve minority and/or low-income geographic areas, then a disproportionate burden may be determined.
3. A disproportionate burden will be determined if the percentage of low-income passengers on an affected route considered for service expansion is less than the transit system's low-income ridership percentage by transit classification and if the percentage of low-income passengers on an affected route considered for service reduction is greater than the transit system's low-income ridership percentage by transit classification.
4. Fare Increase or Change in Fare Type – If an increase to fare or a change in fare type is considered, a disproportionate burden may be determined if the percentage of low-income passengers using the affected fare is greater than the transit system's low-income ridership percentage.
5. The determination of the transit system and the route's minority and/or low-income population will be derived from the following data sources: most recently completed statistically valid regional on-board and destination survey; most recently completed customer surveys and demographic data by census tract.

E. New Starts or New Fixed Guideway System (Service Equity Analysis)

1. A service and fare equity analysis will be conducted six months prior to the beginning of revenue operations, whether or not the proposed changes to existing service rise to the level of "major service change" as defined above. All proposed changes to parallel or connecting service will also be examined.
2. If an entity other than DCTA builds the project but DCTA will operate the service once complete, DCTA is responsible for the analysis.
3. The analysis will compare pre and post project service levels and shall determine based on the methods identified above is the service changed proposed due to the capital project will result in a disparate impact on minority populations and/or a disproportionate impact on low-income populations.
4. A fare equity analysis is required for any and all fares that will change as a result of the capital project.

F. When a Major Service or Fare Change is Deemed to Have a Disparate Impact and/or Disproportionate Burden

1. Avoid, Minimize, or Mitigate Impact and/or Burden: If a proposed major service change or fare change is deemed to have a disparate impact and/or disproportionate burden, the Authority shall consider modifying the proposed changes in order to avoid, minimize or mitigate the disparate impact(s) or disproportionate burden(s) of the proposed change. Any modifications to the proposed change must be reanalyzed according to the policies to determine whether the proposed change removed the disparate impacts and/or disproportionate burdens of the change.

2. No Alterations or Unable to Remove Impact and/or Burden: If the Authority chooses not to alter the proposed major service or fare change, or if modifications to the proposed major service or fare change do not remove the disparate impact(s) or disproportionate burden(s), the following steps must be taken:
 - a. If the Authority chooses not to alter the proposed major service or fare change, or if modifications to the proposed major service or fare change do not remove the disparate impact, the Authority may implement the major service or fare change only if:
 - i. The Authority has a substantial legitimate justification for the proposed service or fare change, and
 - ii. The Authority can show that there are no alternatives that would have a smaller disparate impact on minority riders that would still accomplish the Authority's legitimate program goals.
 - b. If the Authority chooses not to alter the proposed major service change or fare change, or if modifications to the proposed major service change or fare change do not remove the disproportionate burden on low-income riders; the Authority shall take steps to avoid, minimize, or mitigate those impacts where practicable, and the Authority should describe alternative service and/or fares available to low income customers.

Exemptions

The major service change thresholds exclude any changes to service that are caused by the following:

- Discontinuance of Temporary or Demonstration Services – The discontinuance of a temporary transit service or demonstration service that has been in effect for less than one year. If a temporary service addition or change lasts longer than twelve months, then FTA considers the service addition or change permanent and the transit provider must conduct a service equity analysis if the service otherwise qualifies as a major service change.
- Natural or Catastrophic Disasters – Forces of nature such as earthquakes, wildfires, or other natural disasters, or human-caused catastrophic disasters that may force the suspension of scheduled transit service for public safety or technical reasons.
- Auxiliary Transportation Infrastructure Failures – Failures of auxiliary transportation infrastructure such as vehicular bridges, highway bridge overpasses, tunnels, or elevated highways that force the suspension transit service.
- Overlapping Services – A reduction in revenue miles on one line that is offset by an increase in revenue miles on the overlapping section of an alternative transit route (an overlapping section is where two or more bus routes or rail lines share the same alignment, stops, or stations for a short distance).
- Seasonal Service and Special Events – Changes to bus service levels on routes which occur because of seasonal ridership changes and event activities served by dedicated temporary bus routes or increased service frequencies.
- Temporary Route Detours – A short-term change to a route caused by road construction, routine road maintenance, road closures, emergency road conditions, fiscal crisis, civil demonstrations, or any uncontrollable circumstance.
- "Spare the air days" or other instances when a local municipality or transit agency has declared that all passengers ride free.

- Temporary fare reductions that are mitigating measures for other actions. For example, construction activities may close a segment of a rail system for a period of time and require passengers to alter their travel patterns. A reduced fare for these impacted passengers is a mitigating measure and does not require a fare equity analysis.
- Promotional fare reductions. If a promotional or temporary fare reduction lasts longer than six months, then FTA considers the fare reduction permanent and the transit provider must conduct a fare equity analysis.

CAPITAL PROJECTS

DCTA will integrate an analysis of impact to minority and low-income population into National Environmental Policy Act documentation of construction projects. When preparing documentation for a categorical exclusion (CE), the DCTA will meet this requirement by completing and submitting a standard CE checklist of the FTA, which includes a section on community disruption and environmental justice. When preparing an environmental assessment (EA) or environmental impact statement (EIS), the DCTA will, at a minimum, integrate into the documents the following components:

- a. A description of the low-income and minority population within the study area affected by the project, and a discussion of the method used to identify this population (e.g., analysis of Census data, minority business directories, direct observation, or a public involvement process).
- b. A discussion of all adverse effects of the project both during and after construction that would affect the identified minority and low-income population.
- c. A discussion of all positive effects that would affect the identified minority and low-income population, such as an improvement in transit service, mobility, or accessibility.
- d. A description of all mitigation and environmental enhancement actions incorporated into the project to address the adverse effects, including, but not limited to, any special features of the relocation program that go beyond the requirements of the Uniform Relocation Act and address adverse community effects such as separation or cohesion issues; and the replacement of the community resources destroyed by the project.
- e. A discussion of the remaining effects, if any, and why further mitigation is not proposed.
- f. For projects that traverse predominantly minority and/or low-income and predominantly non-minority and/or non-low-income areas, a comparison of mitigation and environmental enhancement actions that affect predominantly low income and/or minority areas with mitigation implemented in predominantly nonminority and/or non-low-income areas. When it is determined that there is no basis for such a comparison, the document shall describe why that is so.

LIMITED ENGLISH PROFICIENCY

DCTA is committed to taking reasonable steps to ensure meaningful access to the benefits, services, information, and other important portions of their programs and activities for individuals who limited English skills. DCTA's commitment to these requirements is outlined in its Limited English Proficiency Plan.

PUBLIC PARTICIPATION

For all proposed major service and fare changes, capital project and policy initiatives, DCTA will conduct public meetings in accordance with its Public Participation Plan.



Board of Directors Memo

May 22, 2014

Subject: RM 2(c) Discussion/Approval of Annual Program of Projects

Background

The purpose for the Program of Projects is to identify the uses of federal funding appropriated in FY 2014. DCTA is the designated recipient of Federal Transit Administration (FTA) Section 5307-Urban Area and Section 5339 – Bus and Bus Facilities funds and the FY14 federal apportionments were released in the Federal Register in March of 2014.

DCTA will utilize the funds to reimburse costs to maintain the existing bus and rail fleet; purchase transit software, passenger amenities and signage, facility improvements, provide paratransit and fixed route operating support, increase the security and safety of the existing transit system and a planning study for fixed route transit services. This is the second and final year of apportionments under MAP-21. The revenue from federal funding and the proposed programs are anticipated to be available for the DCTA FY15 fiscal year and will be incorporated in the FY15 budget development process. The schedule below was presented as a discussion item at the March 27, 2014 Board meeting prior to the public meetings held in April and May of 2014.

Urbanized Area Apportionment over the 200,000 in population (Denton-Lewisville)

Total Funds Estimated for 2014-2015 Program Projects Section 5307 and 5339: \$ 6,145,085

FUNDING PROGRAM	FP CODE	Activity	FEDERAL SHARE	LOCAL SHARE	TOTAL COST
5339	Capital	Fleet Replacement *	\$ 430,871	\$ 86,174	\$ 517,045
5307	Operating	Operating Assistance	\$ 833,072	\$ 416,536	\$ 1,249,608
5307	Operating	Non-fixed route ADA Paratransit Service	\$ 642,000	\$ 128,400	\$ 770,400
5307	Capital	Transit Enhancement: Transit Accessibility	\$ 60,000	\$ 12,000	\$ 72,000
5307	Capital	Transit Enhancement: Signage	\$ 57,142	\$ 11,428	\$ 68,570
5307	Capital	Construction: Rail Station Improvement	\$ 250,000	\$ 50,000	\$ 300,000
5307	Capital	Transit Safety & Security	\$ 102,000	\$ 20,400	\$ 122,400
5307	Capital	Bus Scheduling Software	\$ 200,000	\$ 40,000	\$ 240,000
5308	Capital	Transit Asset Management System Software	\$ 100,000	\$ 20,000	\$ 120,000
5307	Capital	Rail System Preventive Maintenance	\$ 3,120,000	\$ 624,000	\$ 3,744,000
5307	Planning	Planning: Transit Technical Study	\$ 350,000	\$ 70,000	\$ 420,000
Total			\$ 6,145,085	\$ 1,478,939	\$ 7,624,024

In accordance with federal requirements, these programs were included in the public information presented at the spring public meetings held in the cities of Lewisville, Highland Village and Denton as well as at the University of North Texas and Texas Women's University in Denton. The meetings were advertised in the Authority's newspaper of record, *The Denton Record Chronicle*, as well as other means of dissemination. No specific comments or questions were received through the general public comment period. The proposed POP, upon board approval, will be final unless amended and will be made available to the public.

Identified Need

Upon approval by the Board, staff will be able to submit the approved POP expenditures to the NCTCOG for the upcoming STIP/TIP cycle.


Financial Impact

The total revenue from federal 5307 and 5339 formula funds in the current year is anticipated to be \$6.1 million with local match requirements of \$1.5 million.

Recommendation

Staff recommends Board approval of the FY 2014 Program of Projects.

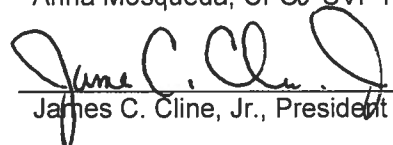
Respectfully,

Submitted by: 

Shanna O'Gilvie – Mgmt. Specialist
HR/Grants

Final Review: 

Anna Mosqueda, CFO – SVP Finance

Approval: 

James C. Cline, Jr., President



Board of Directors Memo

May 22, 2014

Subject: 2(d) Approval of Resolution 14-02 Adopting Fiscal Year 2014 Revised Budget

Background

The DCTA budget is prepared months in advance of the start of the October 1 fiscal year and not all expenditures can be anticipated at the time of the budget preparation. Therefore, during the fiscal year, it may become necessary to reforecast the annual expenditures and modify the budget by amendment. Amending the budget for material changes will provide a better forecasting and management tool for the Board and DCTA staff. Summary of changes are provided in the following attached exhibits:

- Exhibit "A" is Budget Amendment 2014-09
- Exhibit "B" includes the Changes in Net Assets schedule along with the related notes which provide a more detailed explanation of the variances.
- Exhibit "C" reflects the changes to the Capital Projects Fund

Need

In order to improve financial reporting and communicate expected financial results the revised budget is submitted to the Board for approval by adoption of a budget amendment.

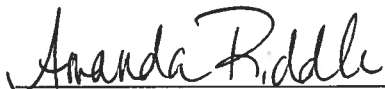
Financial Impact

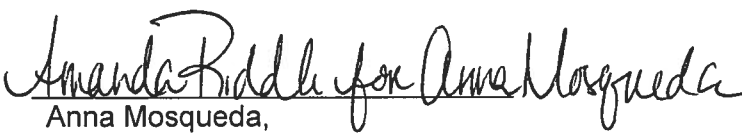
As detailed in Exhibit "B" (Operating Budget) and Exhibit "C" (Capital Budget).


Recommendation

The Finance Committee met on Monday, May 5th and reviewed the Revised FY14 Budget proposed by staff and provided their recommendation to forward to the Board.

Staff recommends the Board of Directors approve Resolution 14-02 to adopt the changes proposed in the FY 2014 Revised Operating and Capital Budget.

Department Review: 

Final Review: 
Anna Mosqueda,
CFO

Approval: 
James C. Cline, Jr., P.E.
President

**DENTON COUNTY TRANSPORTATION AUTHORITY
RESOLUTION NO. 14-02**

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY (DCTA) APPROVING FISCAL YEAR 2014 BUDGET AMENDMENT NUMBER 2014-09 REVISED OPERATING AND CAPITAL BUDGET AMENDMENTS, ATTACHED HERETO AS EXHIBITS "A" THROUGH "C", RESPECTIVELY; PROVIDING A REPEALING CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, DCTA budget is a well calculated estimate as to what will be needed for expenditures in the fiscal year; and

WHEREAS, budget estimates are often prepared months in advance of the actual expenditures and the possibility that the actual amount of the expenditure will be known in exact terms at the time of the budget preparation is unlikely; and

WHEREAS, during the fiscal year, it may become necessary to reforecast the annual expenditures and modify the budget by amendment; and

WHEREAS, the Board of Directors of the DCTA desires to amend the fiscal year 2014 Operating and Capital Budget Model as set forth in Exhibits "A" through "C", respectively.

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

SECTION 1. The Budget Amendment number 2014-09 attached hereto as Exhibits "A" through "C", respectively, be, and the same are hereby adopted and which shall amend the original budget adopted September 26, 2013, from and after the effective date of this resolution.

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

SECTION 3. This Resolution shall become effective immediately upon its passage and approval.

DULY PASSED AND APPROVED BY THE BOARD OF DIRECTORS OF THE DENTON COUNTY TRANSPORTATION AUTHORITY THE _____ DAY OF MAY, 2014.

APPROVED:

Charles Emery, Chairman

ATTEST:

Richard Huckaby, Secretary

APPROVED AS TO FORM:

Peter G. Smith

Peter G. Smith, General Counsel
(PGS: 5-12-14:TM 66117)

**DENTON COUNTY TRANSPORTATION AUTHORITY (DCTA)
BUDGET AMENDMENT**

Type: Amendment X Number: 2014-09
 Revision

	<u>Original FY14 Budget</u>	<u>Amendment</u>	<u>Amended FY14 Budget</u>
Operating Budget			
Total Operating Revenues	4,674,444	-	4,674,444
Total Operating Expenses	34,066,473	633,998	34,700,471
Total Non-Operating Revenue	30,920,963	(204,010)	30,716,953
Capital Budget			
Total Bus Operations Capital	2,393,632	2,097,627	4,491,259
Total Rail Operations Capital	7,770,320	2,012,458	9,782,778

Explanation:

Please see attached Exhibit B and Exhibit C for detailed explanations.

Date: _____

Reviewed By _____

Date: _____

President _____

**Denton County Transportation Authority
Fiscal Year 2014 Operating Budget
Statement of Changes in Net Assets - Budget Format
EXHIBIT "B"**

Description	Original FY14 Budget	Revisions	Amended FY14 Budget	Variance Analysis
Operating Revenues				
Passenger Revenues	\$ 1,375,663	\$ -	1,375,663	
Contract Service Revenue	3,298,781	\$ -	\$ 3,298,781	
Other Revenues	-	\$ -	-	
Total Operating Revenues	\$ 4,674,444	\$ -	\$ 4,674,444	
Operating Expenses				
Salaries, Wages & Fringe Benefits	\$ 8,279,130	\$ 50,813	\$ 8,329,943	Addition of VP of Program Development (assumes 3 months salary/benefits) & additional Fare Enforcement Officer at TMDC
				(1) Changes made by prior Board action - \$126,600 (LTK rail O&M contract support & state legislative contract)
				(2) FY13 Rollover - \$498k for legal fees budgeted for litigation in FY13
				(3) Reflect Actual Costs : \$161k increase in vanpool expenses which is 100% covered by grants
				(4) Board Requests : \$74k in landscaping services for the stations
Services	1,865,784	858,852	2,724,636	
Materials & Supplies	3,829,224	\$ 50,000	3,879,224	Internal transfer for IT materials from services
Utilities	447,815	\$ 24,200	472,015	Addition of data & text services related to the Where's My Ride project
Insurance, Casualties & Losses	798,162	\$ (0)	798,162	
Purchased Transportation Services	9,331,365	\$ (30,664)	9,300,701	Internal transfers
Miscellaneous	233,085	\$ 10,000	243,085	Relocation expenses related to VP of Program Development
Leases & Rentals	284,615	\$ -	284,615	
Depreciation	8,997,293	\$ (329,203)	8,668,090	Based on actuals
Total Operating Expenses	\$ 34,066,473	\$ 633,998	\$ 34,700,471	
Operating Income / (Loss)	\$ (29,392,029)	\$ (633,998)	\$ (30,026,027)	
Non-Operating Revenue/(Expenses)				
Sales Tax Revenue	\$ 20,725,320	\$ -	\$ 20,725,320	
Net Investment Income /(Expense)	33,000	\$ -	33,000	
Long-Term Debt Interest /(Expense)	(2,423,840)	\$ (204,010)	(2,627,850)	New GASB Statement #65 requires that all cost of debt issuance be expensed in the current period rather than amortizing over the life of the issue. There is no cash impact as we have accounted for the amounts in an asset account
Non-Operating Revenues /(Expenses)	7,125	\$ -	7,125	
Federal Grants & Reimbursements	6,486,142	\$ (0)	6,486,142	
State Grants & Reimbursements	593,216	\$ -	593,216	
Debt Issuance	5,500,000	\$ -	5,500,000	
Total Non-Operating Revenue/(Expenses)	\$ 30,920,963	\$ (204,010)	\$ 30,716,953	
Increase in Net Assets	\$ 1,528,934	\$ (838,008)	\$ 690,926	
Net Assets - Beginning of Year:	\$ 322,646,092		\$ 322,646,092	
Net Assets - End of Year:	\$ 324,175,026		\$ 323,337,018	
Transfer to Capital Projects	\$ 10,163,952	\$ 4,110,085	\$ 14,274,037	See exhibit C for details
Net Assets After Capital Project Transfer	\$ 314,011,074		\$ 309,062,981	

**Denton County Transportation Authority
Fiscal Year 2014 Capital Budget
EXHIBIT "C"**

Project Description	Original FY14 Capital Budget	Amendments	Amended FY14 Capital Budget	Variance Analysis
Bus Operations				
Bus Operations & Maintenance Facility	1,378,177	1,240,766	2,618,943	Rollover from FY13
Fleet Replacement	877,998	-	877,998	
DDTC	-	373,282	373,282	Rollover from FY13
Where's My Ride		483,579	483,579	Rollover from FY13
Bus Radios	137,457	-	137,457	
Total Bus Operations	\$ 2,393,632	\$ 2,097,627	\$ 4,491,259	
Rail Operations				
Rail Grinding	192,000	-	192,000	
MedPark Extension	-	1,000,000	1,000,000	Rollover from FY13
Positive Train Control	6,000,000	-	6,000,000	
Community Enhancements	-	609,677	609,677	Rollover from FY13
Lewisville Bike Trail	741,520	-	741,520	
HV Parking Expansion	-	281,781	281,781	Rollover from FY13
Rail Maintenance of Way	150,000	-	150,000	
Rail Maintenance of Equipment	585,000	-	585,000	
Rail Single Car Operations	101,800	-	101,800	
Re-Railing Equipment	-	121,000	121,000	New Capital Project
Total Rail Operations	\$ 7,770,320	\$ 2,012,458	\$ 9,782,778	
Total Capital Expenditures	\$ 10,163,952	\$ 4,110,085	\$ 14,274,037	



Board of Directors Memo

May 22, 2014

Subject: RM 2(e) Approval of DCTA Financial Policies

Background

At its October 2011 meeting the Board adopted comprehensive financial management policies. The document assembled all of the DCTA financial policies into one source document. These policies are intended to be the tools to guide decisions for both financial planning and internal financial management. The document incorporated recommendations by the DCTA Board of Directors, Finance Committee, staff recommendations, as well as GFOA recommended best practices. First Southwest, DCTA's financial advisory firm also provided review and comment.

Need

DCTA has an important responsibility to its stakeholders to carefully account for public funds, prudently manage finances, and to plan for the adequate funding of transit services, facilities and infrastructure to meet current and future needs. The intent of the guidance provided by these policies is to help safeguard the fiscal stability required to achieve DCTA's goals and objectives, enable the agency to maintain a long-term stable and positive financial condition and provide an important public service.

The Financial Policies should be reviewed annually and relevant changes recommended to the Board for inclusion. Although the document changes include some cosmetic/grammatical corrections, the attached draft document reflects two major recommended changes based current practice and Finance Committee guidance. These two changes are:

Page 4: Reserve Fund Policies

Addition of the Fuel Stabilization Reserve Fund which was incorporated during the FY13 budget process by the Finance Committee

Pages 9&10: Budget & Operating Policies

Revision *Administrative Procedure (AP)2004-2: Budget Amendment Procedures* and incorporation of the current revised budget process into the comprehensive financial policies document. This administrative procedure was adopted by the Board in 2004 with revision made in April 2006 and should be updated to reflect more current practices. The agency has grown dramatically since the adoption of (AP)2004-2 and it is necessary to update. It is important to insure clear communications are maintained with the Board for any changes made to the bottom line fund operating budget and capital projects fund. The changes in the marked-up document reflect staff's understanding of the recommendations of the Finance Committee. It also incorporates changes and comments submitted by members of the committee.

Financial Impact

The financial policies have no financial impact at this time.

Committee Review

The Financial Policies were provided in an initial draft at the June 2009 and subsequent committee meetings in 2011 and January, April and May 2014.

Recommendation

Staff recommends approval and adoption of the Financial Management Policies.

Submitted by:

Anna Mosqueda, CFO

Denton County Transportation Authority Financial Management Policies

(Adopted October, 2011)



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Purpose

The Comprehensive Financial Management Policy assembles the Denton County Transportation Authority's (DCTA) financial policies in one document. They are the tools to ensure that DCTA is financially able to meet its immediate and long-term service objectives. The individual policies contained herein serve as guidelines for both the financial planning and internal financial management of DCTA consistent with provisions of Chapter 460 of the Texas Transportation Code and adopted DCTA Bylaws.

DCTA is accountable to its constituents for the use of public dollars. Resources must be wisely used to ensure adequate funding for the services, facilities, and infrastructure necessary to meet present and future needs. These policies help safeguard the fiscal stability required to achieve DCTA's goals and objectives.

Objectives

In order to achieve its purpose, the Financial Management Policies have the following objectives for DCTA's fiscal performance.

- A. To guide DCTA Board of Directors (the Board) and management policy decisions that have significant impact.
- B. To set forth operating principles that minimize the cost of government and financial risk.
- C. To employ balanced and fair revenue policies that provide adequate funding for desired services and programs.
- D. To maintain appropriate financial capacity for present and future needs.
- E. To promote sound financial management by providing accurate and timely information on DCTA's financial condition.
- F. To protect DCTA's credit rating and provide for adequate resources to meet the provision of DCTA's debt obligations on all its debt.
- G. To ensure the appropriate use of financial resources through an effective system of internal controls.
- H. To promote cooperation and coordination with other governments, agencies and the private sector in the financing and delivery of services.
- I. To establish long-term objectives for the financial operations of DCTA

Reserve Fund Policies

Adequate reserve levels are a necessary component of DCTA's overall financial management strategy and a key factor in external agencies' measurement of DCTA's financial strength. Funding priorities will be in the order listed.

- a. It will be the policy of DCTA to maintain a Fund Balance Reserve that is equal to three months of the total budgeted operating expenses (less capital project expenses) for the fiscal year. This Fund Balance Reserve is maintained to address unanticipated emergencies and may be allocated with approval by the Board if there are not sufficient resources in unreserved/undesigned retained earnings. An annual contribution will be budgeted from general operating resources as available to maintain the target reserve level.
- b. It will be the policy of DCTA to establish and maintain a Sales Tax Stabilization Fund. This Fund will be used to stabilize revenue received from sales tax in times of economic downturn and will be equal to three percent (3%) of annual sales tax.
- c. It will be the policy of DCTA to establish and maintain a Capital Replacement/Infrastructure Maintenance Fund (State of Good Repair) to provide funding for maintenance of capital assets and infrastructure at a sufficient level to protect DCTA's investment and maintain appropriate service levels. The use of any funds within the Capital Facilities/Infrastructure Maintenance Fund will be approved by the Board within the resources available each fiscal year.
- d. It will be the policy of DCTA to establish and maintain a Fuel Stabilization Fund. On average, the Fuel Stabilization Fund will be equivalent to \$.05 per gallon of budgeted fuel. This will be reviewed each year during the budget process. This fund will be used to mitigate significant fluctuations in fuel prices each year. The use of any funds within the Fuel Stabilization Fund shall be approved by the Board.

Contributions to the Capital Replacement/Infrastructure Maintenance, Sales Tax Stabilization and Fuel Stabilization Funds will be made from available funds as identified in the annual budget, or amended budget. The V-P of Finance/CFO shall make a recommendation to the Board with regard to transfers to and from reserve funds. The Board shall authorize the transfers as the Board shall determine to be appropriate at that time. Guidelines for their contribution are as follows:

- a. All expenditures drawn from reserve accounts shall require prior Board approval unless previously and specifically authorized by the Board for expenditure in the annual budget or amended budget.
- b. Equipment Replacement – Twenty percent (20%) of bus/fleet replacement costs (reflective of anticipated grants) plus the full cost of one twelve (12) year life bus.
- c. Infrastructure – Available funds within limitations of current cash flow model, in accordance with assessed capital needs which shall be reviewed during the annual budget process.

If after procedures as outlined in the adopted budget contingency plan have been met, and a severe economic downturn or emergency requires draw down of fund balance reserve or sales tax stabilization fund the priority

will be to replenish fund balances. Funds balances will be replenished within three (3) years, from any year-end budget surpluses. These surpluses may be achieved through expenditure reductions or through higher than anticipated revenues. The long range financial plan and annual budget will reflect the timeframe and plan for fund balance replenishment.

Revenue Policies

- a. To the extent possible, a diversified and stable revenue system will be maintained to shelter service delivery from short-run fluctuations in any one revenue source due to changes in economic conditions. Trends analyzing the dependence on distinct revenue sources shall be included in the budget documents for consideration by the Board.
- b. Revenue forecasts will assess the full spectrum of resources that can be allocated for service delivery. Each year the Board shall review potential sources of revenue as part of the annual budget process.
- c. Revenue forecasts shall be realistically estimated and based on the best information available. DCTA shall use a conservative, objective and analytical approach when preparing revenue estimates and follow a vigorous policy of collecting revenues. Shortfalls anticipated based on this forecast will be addressed as follows:
 - i. Short-term (anticipated less than one year) economic downturns and temporary gaps in cash flow: Expenditure reductions or restrictions may be imposed as outlined in the Budget Contingency Plan adopted as part of the annual budget by the Board. The Board may approve a contribution from the Sales Tax Stabilization Fund or Fund Balance Reserve Fund to address temporary downturns in revenues.
 - ii. Long-term (greater than one year) revenue downturns: Deficit financing and borrowing to support on-going operations is not the policy of DCTA. Revenue forecasts will be revised. Expenses will be reduced to conform to the revised long-term revenue forecast and fare increases will be considered.
- d. All potential grants shall be carefully examined for matching requirements. Some grants may not be accepted if the local matching funds cannot be justified. Grants may also be rejected if programs must be continued with local resources after grant funds are exhausted.
- e. DCTA shall develop and maintain fair and equitable fares for all public transportation services which it operates. A fare structure establishing a base fare, categories of prepaid fares and special fare programs shall be adopted by the Board and reviewed no less than every two years. The fare structure should be competitive and offer seamless integration for passengers within the regional transportation system.
- f. Services provided on a contract basis may be set at levels sufficient to cover the entire cost of service delivery, or the service may be subsidized, as the Board deems appropriate. DCTA will systematically review fees and consider adjustments as necessary to take into account the effects of additional service costs and inflation. Studies shall be conducted to ensure that the fees will continue to support direct and indirect costs of operations, administration, maintenance, debt service, depreciation of capital assets, and moderate system expansion. Based on a market analysis, fees for similar services in other communities may also be considered. The criteria used to evaluate recommended target rates (equity, cost recovery policy, market demand, etc.) shall be included in the review. Such review should be scheduled periodically and be incorporated into the budget process for possible action by the Board.
- g. DCTA will review contracts and leases, which result in revenues to DCTA on a timely basis for careful consideration by the Board.

Expenditure Policies

DCTA will only propose operating expenditures which can be supported from on-going revenues. Before undertaking any agreements that would create fixed on-going expenses, the cost implications of such agreements will be fully determined for current and future years. Capital expenditures may be funded from one-time revenues, but the operating budget expenditure impacts of capital expenditures will be reviewed for compliance with this policy provision.

- a. Department heads are responsible for managing budgets within the total appropriation. DCTA will conduct a regular review and analysis of major expenditure categories to help assure the most efficient use of resources
- b. DCTA will maintain expenditure categories according to state statute and administrative regulation.
- c. Emphasis is placed on improving individual and work group productivity rather than adding to the work force. DCTA will consider investing in technology and other efficiency tools to maximize productivity. DCTA will hire additional staff only after the need for -such positions has been demonstrated and documented.
- d. All compensation planning will focus on the total cost of compensation, which includes direct salary, health care benefits, pension contributions, training allowance, and other benefits of a non-salary nature, which are a cost to DCTA. A compensation study shall be conducted bi-annually to insure that DCTA maintains a competitive position in the market, with a goal to stay at the mid-point of the market range.

Accounting, Auditing and Financial Reporting

DCTA will maintain a system of financial monitoring, control, and reporting for all operations and funds in order to provide effective means of ensuring that overall DCTA goals and objectives are met.

- a. **Accounting Records and Reporting.** DCTA will maintain its accounting records in accordance with state and federal regulations. Financial statements will conform to generally accepted accounting principles (GAAP) of the Governmental Accounting Standards Board (GASB).
- b. **Auditing.** As required under Chapter 460.402 of the Texas Transportation Code, an outside independent CPA firm will annually perform the DCTA's financial Audit. Results of the annual audit will be provided to the Board in a timely manner. The external audit firm is accountable to the Board of Directors and will have access and direct communication with the Board. The Single Audit Report will be prepared and presented to the Board by the external auditors along with the audited financial statements. The Single Audit Report shall list the status and current operations of all federal, state and local grant funds awarded and received.
- c. **Simplified Fund Structure.** To the extent possible, DCTA will minimize the number of Funds.

The Finance Department will develop, maintain, and consistently seek to improve cash management systems which ensure the accurate and timely accounting, investment, and security of all cash assets.

Budget and Operating Policies

- a. Decisions of the Agency will be within the context of the long-range financial plan and the service plan. Staff shall provide a review of the implications of budgetary proposals on long-range plans.
- b. Chapter 460.403 of the Texas Transportation Code requires the Board to prepare an annual budget. The annual budget shall be developed consistent with state law and in a manner which encourages early involvement with the public and Finance Committee of the Board of Directors and the Board. A calendar of events related to budget development shall be presented to Finance Committee each year prior to the start of the annual budget process.
- c. The Finance Department will maintain a system for monitoring the DCTA's budget performance. The system will provide the DCTA Finance Committee and the Board with monthly and / or quarterly information in a timely manner on fund level resource collections and category level expenditures.
- d. Revised Budget Policy: The budget should be adjusted during the budget period should unforeseen events require changes to the original budget plan. The budget is a plan based on a set of assumptions that may not always match actual experiences during the execution phase. DCTA staff shall watch for significant deviations from expectations and make adjustments so that the plan is consistent with revised expectations as follows:
 - i. Operating Fund Expenditures
 1. DCTA is required to control operating costs and maintain the total expenditures incurred at or below the total annual adopted operating expense budget or budget as amended.
 2. The President may authorize budget transfers between expense categories and departments, in an aggregate amount not to exceed 5% of the total annual Operating Expenses budget without Board approval.
 3. The Board may during the revised budget process, authorize a budget amendment for approval of new contracts and unbudgeted expenditures.
 - ii. Capital Project Fund Expenditures
 1. Expenditures for capital projects must be approved with the fiscal year capital project budget; or
 2. By Board approval of a capital project budget amendment and approval of the purchase during the fiscal year. Capital project budget amendments will be incorporated during the revised budget process.
 - iii. All DCTA amendments and transfers will be reflected in the appropriate period for the budget year and long range financial plan.
 - iv. Definitions:
 1. Budget Amendment – Shall mean a change in the fiscal year budget based on the following criteria:
 - a. Operating – an increase to the total bottom line operating fund expenditure budget
 - b. Capital – (a) addition of a new project; (b) change in Capital Projects Fund annual appropriation; (c) an increase to the total approved budget of

a specific project.

2. Approval by the DCTA Board of Directors in the form of a resolution is required to authorize an amendment as specified in this section.

ii.v. Budget Transfers – Shall mean transfer of funds between departments or specific operating expense line items that neither increase nor decrease the total adopted operating fund budget authorization.

e.e. A Budget Contingency Plan will be adopted each year as part of the annual budget process. This allows DCTA to be positioned to respond quickly to economic or market fluctuations. The Plan shall identify triggers, key action plans and monitoring processes to allow DCTA to recover and/or adjust to serious downturns effectively.

d.f. Fixed asset inventories. Accurate inventories of all physical assets, their condition, life spans, and cost will be maintained to ensure proper stewardship of public property. The V-P of Finance/CFO will establish policies and appropriate procedures to account for fixed assets, including establishing the threshold dollar amount for which fixed asset records are maintained and how often physical inventories are taken.

Purchasing

DCTA will follow and maintain purchasing procedures that comply with applicable State and Federal Laws and Board resolutions and policies regarding procurement. The policy of the Board of Directors is to:

- a. Provide equal access to all vendors participating through competitive acquisition of goods and services.
- b. Conduct the procurement process and disposal of property in a manner that promotes and fosters public confidence in the integrity of DCTA's procurement procedures.
- c. Protect the interest of taxpayers without regard to any undue influence or political pressure.

Federal Funds: When procurement involves the expenditure of federal funds, purchasing shall be conducted in accordance with all applicable federal laws or regulations.

Grants: When procurement involves the expenditure of a grant, purchasing shall be conducted in accordance with all applicable grant laws or regulations.

Emergency procurement: The DCTA President or his/her designated agent may make or authorize others to make emergency procurements of materials, supplies, equipment or services when there exists a threat to public health, welfare, or safety. The Executive Committee of the Board will be notified immediately of such action. State laws relating to emergency purchases will be followed.

Cost Allocation

DCTA desires to comply with all laws and recommendations in calculating and receiving full cost recovery for services rendered and for allocating appropriate indirect costs related to grant funded projects.

Cost allocation is a method to identify and distribute indirect costs. Direct costs are costs assignable to a specific objective, whereas indirect costs are costs incurred for multiple cost objectives or not assignable to a specific cost objective without effort disproportionate to the benefit received. DCTA will prepare or have prepared an annual cost allocation plan to identify direct and indirect costs to use for recovering allowable costs under OMB Circular A-87 and in the development of cost of services as applicable for use in contracts for service delivery with outside entities. The plan will be prepared consistent with guidelines established by:

The Federal Office of Management and Budget (OMB) Circular A-87

OMB Circular A-87 establishes cost principals for State, local, and Indian Tribal Governments for determining costs for Federal Awards. Item 5 of the Circular states that, "The principals are for determining allowable costs only." In defining allowable costs, the Circular provides a definition of allocable costs on Attachment A, paragraph C.3.a, "A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received." The Circular further outlines costs that are allowable for charging the Federal government and distinguishes those that are specifically excluded from recovery.

Governmental Accounting Standards Board (GASB)

GASB is the independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments. While GASB is not a governmental agency and does not have enforcement authority, compliance with GASB is tested by the external auditor in the annual audit of DCTA.

Debt Management Policy

The objectives of the DCTA's Debt Management Policy will be:

- A. To reduce the use of debt so that debt service payments will be a predictable and manageable part of the operating budget.
- B. To raise capital at the lowest cost, consistent with the need to borrow.

These will be accomplished by:

- a. Securing and maintaining a high credit rating (while making attempts to strengthen credit rating) (Long Term goal)
- b. Maintaining a good reputation in the credit markets by implementing and maintaining a sound capital program and managing the annual budget responsibly.
- c. Selecting professional service providers (underwriters, financial advisors, bond insurer's, etc. through negotiation, RFQ process or as defined for professional services under DCTA's procurement procedures.
- d. Issuance of debt on a competitive basis (except when conditions make a negotiated sale preferable) and award to the bidder who produces the lowest true interest cost and underwriting cost. Revenue bonds can be issued through a negotiated sale when the issue is unusually large, the project is speculative or complex, the issue is a refunding, or the market is unstable.
- e. Long-term debt issued will not exceed the life of the projects financed. Current operations will not be financed with long-term debt.
- f. Short-term borrowing will not be used for operating purposes.
- g. Compliance with continuing disclosure reporting requirements and its obligation to inform the Municipal Securities Rulemaking Board through the EMMA website (Electronic Municipal Market Access) of any and all continuing disclosure documents and annual financial statements. This site is used by the ratings agencies and investors. The DCTA's annual audited financial report will be sent to EMMA as soon as the external auditor issues the report and it has been presented to the Board of Directors
- h. Ensure no debt is issued for which DCTA is not confident that a sufficient, specifically identified revenue source is available for repayment. The V-P of Finance/CFO shall prepare an analytical review for this purpose prior to the issuance of any debt.
- i. Limit bonded indebtedness to levels that permit sufficient borrowing to support a reasonable rate of capital programming, permits a level and pace of debt amortization within the DCTA's ability to pay, and supports the DCTA's credit rating objectives. Credit enhancements shall be considered with a cost/benefit analysis for each long-term bond issue.
- j. Reserve accounts shall be maintained as required by bond ordinances and where deemed advisable by the Board. DCTA shall structure such debt service reserves to avoid violation of IRS arbitrage regulations.
- k. DCTA will maintain debt service coverage ratios as required for any bond issues but not less than an internal debt service coverage of 1.25X.

Investment Policy (As adopted 9/26/2013)

I. POLICY STATEMENT

The Denton County Transportation Authority (DCTA) policy is that the administration of its funds and the investment of those funds shall be handled as its highest public trust. Investments shall be made in a manner which will provide the maximum security of principal invested through limitations and diversification while meeting the daily cash flow needs of DCTA and conforming to all applicable state statutes governing the investment of public funds.

Effective cash management is recognized as essential to good fiscal management. Cash management is defined as the process of managing monies in order to ensure maximum cash availability. DCTA shall maintain a comprehensive cash management program which includes collection of accounts receivable, prudent investment of its available cash, disbursement of payments in accordance with invoice terms, Board Policy, and the management of banking services.

Receiving a market rate of interest will be secondary to the requirements for safety and liquidity. DCTA intends to be in complete compliance with local law and the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code, (the "Act"). Investment earnings will be used in a manner that best serves the interests of DCTA.

II. SCOPE

This investment policy applies to all the financial assets and funds of DCTA. However, this policy does not apply to the assets administered for the benefit of DCTA by outside agencies under deferred compensation programs.

DCTA may commingle its funds into one pooled investment fund for investment purposes for efficiency, and maximum investment opportunity.

III. OBJECTIVES AND STRATEGY

DCTA's policy is that all funds shall be managed and invested with four primary objectives, listed in order of their priority: safety of principal, liquidity, diversification and yield. Investments are to be chosen in a manner which promotes diversity by market sector, credit, and maturity. The choice of high-grade government investments and high-grade money market instruments is designed to assure the marketability of those investments should liquidity needs arise. To best meet anticipated cash flow requirements, the weighted average maturity (WAM) of the overall portfolio may not exceed 18 months.

Safety of Principal

Safety of principal is the foremost objective of DCTA. Investments of DCTA shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The safety of principal is best achieved by limiting maximum maturities to two years or no further than expected project cashflow forecasts, limiting investment types to those specifically authorized by this policy, diversifying investments, and monitoring credit ratings on selected investment types.

Liquidity

DCTA's investment portfolio will be based on a cash flow analysis of needs and will remain sufficiently liquid to enable it to meet all operating requirements which might be reasonably anticipated. The portfolio will be structured so that investments mature concurrent with cash needs. Because all possible cash demands cannot be anticipated, a portion of the portfolio will be invested in investments that offer same-day liquidity for

unanticipated cash demands. In addition, a portion of the portfolio will consist of securities with active secondary or resale markets.

Diversification

The portfolio will be diversified by maturity and market sector and will include the use of a number of broker/dealers for diversification and market coverage. Competitive bidding, as defined herein, will be used on each sale and purchase.

Yield

DCTA's investment portfolio shall be designed with the objective of attaining a market yield-to-maturity taking into account DCTA's risk constraints and the cash flow needs of the portfolio. "Market yield-to-maturity" may be defined as the rolling average yield of the current six-month Constant Maturity Treasury (CMT).

DCTA has selected the weighted-average yield-to-maturity as its preferred measure of investment performance. The weighted-average yield-to-maturity shall be calculated on a monthly basis by multiplying each individual security's yield-to-maturity at time of purchase by its book value, totaling the product of these calculations, and dividing by the total book value of the portfolio.

IV. LEGAL LIMITATIONS, RESPONSIBILITIES AND AUTHORITY

Direct specific investment parameters for the investment of public funds in Texas are found in the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The Public Funds Collateral Act, Chapter 2257, Texas Government Code, specifies collateral requirements for all public fund deposits. All investments will be made in accordance with these statutes.

V. DELEGATION OF INVESTMENT AUTHORITY

The Chief Financial Officer acting on behalf of DCTA is designated as the Investment Officer and the President of DCTA is designated as the Alternate Investment Officer of DCTA. The Investment Officer is responsible for investment management decisions and activities. The Investment Officer is also responsible for considering the quality and capability of staff, investment advisors, and consultants involved in investment management and procedures. All participants in the investment process shall seek to act responsibly as custodians of the public trust.

The Investment Officer shall develop and maintain written administrative procedures for the operation of the investment program which are consistent with this Investment Policy. Procedures will include reference to safekeeping, require and include Master Repurchase Agreements (as applicable), wire transfer agreements, banking services contracts and other investment related activities.

The Investment Officer shall be responsible for all transactions undertaken and shall regulate the activities of subordinate officials and staff. The Investment Officer shall designate in writing a staff person as a liaison/deputy in the event circumstances require timely action and the Investment Officer and Alternate Investment Officer are not available.

No officer or designee may engage in an investment transaction except as provided under the terms of this Policy and the procedures established.

Authorization Resolution

A Trading Resolution is established with this investment policy and attached hereto authorizing the Investment Officer to engage in investment transactions on behalf of DCTA. The persons authorized by the Trading Resolution to transact business for DCTA are also authorized to approve wire transfers used in the process of investing.

VI. PRUDENCE

The standard of prudence to be used in the investment function shall be the “prudent person” standard and shall be applied in the context of managing the overall portfolio. This standard states that:

“Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the expected income to be derived.”

Limitation of Personal Liability

The Investment Officer and those delegated investment authority under this Policy, when acting in accordance with the written procedures and this Policy and in accord with the Prudent Person Rule, shall be relieved of personal liability in the management of the portfolio provided that deviations from expectations for a specific security’s credit risk or market price change or portfolio shifts are reported in a timely manner and that appropriate actions are taken to control adverse market effects.

VII. INTERNAL CONTROLS

The Investment Officer shall establish a system of written internal controls which will be reviewed annually with the independent auditor of DCTA. The controls shall be designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes or imprudent actions by employees of the DCTA.

Cash Flow Forecasting

Cash flow forecasting is designed to protect and sustain cash flow requirements of DCTA. Supplemental to the financial and budgetary systems, the Investment Officer will maintain a cash flow forecasting process designed to monitor and forecast cash positions for investment purposes.

VIII. AUTHORIZED INVESTMENTS

Acceptable investments under this policy shall be limited to the instruments listed below and as further described by the Public Funds Investment Act.

A. Obligations of the United States Government, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC), agencies and instrumentalities and government sponsored enterprises, excluding collateralized mortgage obligations (CMO’s), not to exceed two years to stated maturity with the exception of project funds which may be invested in longer maturities but not to exceed forecasted expenditure dates;

B. Fully insured or collateralized certificates of deposit from a bank doing business in the State of Texas, not to exceed two years to stated maturity. In addition, separate CDs issued by depositories wherever located, bundled together into a single investment with the full amount of principle and interest of each CD insured by the Federal Deposit Insurance Corporation (FDIC) may be purchased through a broker that has its main office in Texas and is selected from a list adopted by the DCTA board or a selected

depository institution with its main office or branch office in Texas. This broker or depository shall act as the custodian for the various certificates on behalf of DCTA.

C. Repurchase agreements and reverse repurchase agreements as defined by the Act, not to exceed 180 days to stated maturity, provided an executed Master Repurchase Agreement is on file with DCTA and the counterparty bank or primary dealer. Flexible repurchase agreements used specifically for capital projects may extend beyond the 180 day stated limitation, but shall not exceed the expenditure plan of the projects;

D. No-load SEC-registered money market funds, each approved specifically before use by DCTA;

E. Constant dollar Texas Local Government Investment Pools as defined by the Public Funds Investment Act; and,

If additional types of securities are approved for investment by public funds by state statutes, they will not be eligible for investment by DCTA until this policy has been amended and the amended version approved by the DCTA Board.

Competitive Bidding Requirements

All securities, including certificates of deposit, will be purchased or sold after three (3) offers/bids are taken to verify that DCTA is receiving fair market value/price for the investment.

Delivery versus Payment

All security transactions, including collateral for repurchase agreements, entered into by DCTA, shall be conducted on a delivery versus payment (DVP) basis.

IX. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

All investments made by DCTA will be made through either DCTA's banking services bank or a primary dealer. DCTA will review the list of authorized broker/dealers annually. A list of at least three broker/dealers will be maintained in order to assure competitive bidding.

Securities broker/dealers must meet certain criteria as determined by the Investment Officer. The following criteria must be met by those firms on the list:

- A. provision of an audited financial statement each year,
- B. proof of certification by the Financial Industry Regulatory Authority (FINRA) and provision of CRD number,
- C. proof of current registration with the State Securities Commission, and
- D. Completion of a DCTA questionnaire.

Every broker/dealer and bank with which DCTA transacts business will be provided a copy of this Investment Policy to assure that they are familiar with the goals and objectives of the investment program. A representative of the firm will be required to return a signed certification stating that the Policy has been received and reviewed and that controls are in place to assure that only authorized securities are sold to DCTA.

DCTA may appoint one or more investment advisors to assist the financial staff in the management of DCTA funds. The investment advisor must be registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940 and also be registered with the Texas State Securities Board as an investment

advisor. To be eligible for consideration, an investment advisor shall demonstrate knowledge of, and experience in, the management of public funds. An appointed investment advisor shall act solely in an advisory and administrative capacity, within the guidelines of this Investment Policy, and without any discretionary authority to transact business on behalf of DCTA.

If DCTA has contracted with a Registered Investment Advisor for the management of its funds, the advisor shall be responsible for performing due diligence on and maintaining a list of broker/dealers with which it shall transact business on behalf of DCTA. The advisor shall recommend broker selection criteria to the DCTA Investment Officer for approval. The advisor shall annually present a list of its authorized broker/dealers to the DCTA for review and likewise shall execute the aforementioned written instrument stating that the advisor has reviewed the DCTA investment policy and has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities. The advisor shall obtain and document competitive bids and offers on all transactions and present these to DCTA as part of its trade documentation.

X. DIVERSIFICATION AND MATURITY LIMITATIONS

It is DCTA's policy to diversify its investment portfolio. Invested funds shall be diversified to minimize risk or loss resulting from over-concentration of assets in a specific maturity, specific issuer, or specific class of securities. Diversification strategies shall be established and periodically reviewed. At a minimum, diversification standards by security type and issuer shall be:

<u>Security Type</u>	<u>Max % of Portfolio</u>
U.S. Treasury obligations	100%
U.S. Government agencies and instrumentalities	Not to exceed 75%
Fully insured or collateralized CDs	Not to exceed 30%
Repurchase agreements	100%
Money Market Funds	50%
Local Government Investment Pools	
Liquidity Pools	100%
Maximum percent ownership of pool	Not to exceed 10%

The Investment Officer shall be required to diversify maturities. The Investment Officer, to the extent possible, will attempt to match investments with anticipated cash flow requirements. Matching maturities with cash flow dates will reduce the need to sell securities prior to maturity, thus reducing market risk. Unless matched to a specific requirement, the Investment Officer may not invest more than 20% of the portfolio for a period greater than one (1) year. Unless matched to a specific requirement, the Investment Officer may not invest any portion of the portfolio for a period of greater than two (2) years.

XI. SAFEKEEPING AND COLLATERALIZATION

The laws of the State and prudent treasury management require that all purchased securities be bought on a delivery-versus-payment (DVP) basis and be held in safekeeping by either DCTA, an independent third party financial institution, or DCTA's designated banking services depository.

All safekeeping arrangements shall be designated by the Investment Officer and an agreement of the terms executed in writing. The third-party custodian shall be required to issue safekeeping receipts to DCTA listing each specific security, rate, description, maturity, CUSIP number, and other pertinent information. Each safekeeping receipt will be clearly marked that the security is held for DCTA or pledged to DCTA.

All securities pledged to DCTA for certificates of deposit or demand deposits shall be held by an independent third-party bank doing business in Texas. The safekeeping bank may not be within the same holding company as the bank from which the securities are pledged.

Collateralization

Collateralization is required on time and demand deposits over the FDIC insurance coverage of \$250,000, and repurchase agreements.

In order to anticipate market changes and provide a level of additional security for all funds, the collateralization level required will be 102% of the market value of the principal and accrued interest. Collateral will be held by an independent third party safekeeping agent.

XII. PERFORMANCE EVALUATION AND REPORTING

A comprehensive quarterly investment report shall be prepared by the Investment Officer or Investment Advisor within ten (10) days following the fiscal quarter end and be presented to the DCTA Board the month following the fiscal quarter end. As required by the Texas Public Funds Investment Act, the report will:

- A. describe in detail the investment position of DCTA on the date of the report;
- B. be signed by the Investment Officer
- C. contain a summary statement that states:
 - a. beginning book and market value for the reporting period;
 - b. ending book and market value for the period; and
 - c. fully accrued interest for the reporting period;
- D. state the book value and market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested;
- E. state the maturity date of each separately invested asset that has a maturity date;
- F. state the account or fund for which each investment security was purchased;
- G. compare the portfolio's performance to other benchmarks of performance; and
- H. state the compliance of the investment portfolio with DCTA Investment Policy, Investment Strategy, and the Public Funds Investment Act.

XIII. DEPOSITORIES

DCTA will designate one banking institution through a competitive process as its central banking services provider at least every five years. This institution will be used for normal banking services including disbursements, collections, and safekeeping of securities. Other banking institutions from which DCTA may purchase certificates of deposit will also be designated as a depository after they provide their latest audited financial statements to DCTA.

XIV. TRAINING REQUIREMENT

The DCTA Investment Officer shall attend at least one investment training session within twelve months of taking office or assuming duties, and not less often than once in a two-year period that begins on the first day of the fiscal year and consists of the two consecutive years after that date, and shall receive not less than ten hours of instruction relating to investment responsibilities. The investment training session shall be provided by an independent source approved by the Board of Directors. See Attachment I for a list of Board approved independent investment training sources. Contingent upon Board approval, additional "independent sources" from which investment training may be obtained shall include a professional organization, an institute of higher learning, or any sponsor other than a business organization with whom DCTA may engage in an investment

transaction. Such training shall include education in investment controls, security risks, strategy risks, market risks, and compliance with the Public Funds Investment Act.

XV. ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of DCTA.

An Investment Officer of DCTA who has a personal business relationship with an organization seeking to sell an investment to DCTA shall file a statement disclosing that personal business interest. An Investment Officer who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to DCTA shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the DCTA Board of Directors.

XVI. SUBJECT TO AUDIT

A formal annual review of the investment reports will be performed by an independent auditor with the results reported to the Board. All collateral shall be subject to inspection and audit by the DCTA Treasurer or DCTA's independent auditors.

XVII. INVESTMENT POLICY ADOPTION BY DCTA BOARD

DCTA's Investment Policy shall be adopted annually by the Board of Directors. The policy and strategies shall be reviewed on an annual basis by the Board or a designated Committee of the Board. A written resolution approving that review, and changes to the policy from the review, will be passed and recorded by the Board.

Board Approved Independent Investment Training Sources

1. Texas Municipal League (TML)
2. Government Finance Officers Association (GFOA)
3. Government Finance Officers Association of Texas (GFOAT)
4. North Central Texas Council of Governments
5. Texas Higher Education Coordinating Board