



DENTON COUNTY  
TRANSPORTATION AUTHORITY

1955 Lakeway Dr., # 260, Lewisville, Texas 75057  
972.221.4600 | RideDCTA.net

## **Board of Directors Work Session**

March 24, 2016 | 1:30 p.m.

1. Routine Briefing Items
  - a. Financial Reports
    - i. Financial Statements – February 2016
    - ii. Capital Projects Report
    - iii. Sales Tax Report
    - iv. Procurement Report
  - b. Marketing and Communications
  - c. Strategic Planning / Development
  - d. Capital Projects Update
  - e. Transit Operations
2. Items for Discussion
  - a. Information Technology Update
3. Committee Chair Reports
  - a. Program Services Committee (02/16/2016) Paul Pomeroy, chair
  - b. Finance Committee (03/14/2016) Dave Kovatch, chair
4. Discussion of Regular Board Meeting Agenda Items (March 2016)
5. Convene Executive Session. The Board may convene the Work Session into Closed Executive Session for the following:
  - 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: Discuss acquisition, sale or lease of real

property related to long-range service plan within the cities of Denton, Lewisville, or Highland Village.

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
    - i. Safety Risk Assessment
8. ADJOURN

**Chair – Charles Emery**  
**Vice Chair – Paul Pomeroy**

**Secretary – Richard Huckaby**  
**Treasurer – Dave Kovatch**

**Members – Skip Kalb, Doug Peach, Jim Robertson, Tom Winterburn,**  
**Don Hartman, George A. Campbell, Allen Harris, Carter Wilson, Connie White**  
**President – Jim Cline**

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

This notice was posted on 3/21/2016 at 8:32 AM.

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Rusty Comer, Public Information Coordinator



## Board of Directors Memo

### Subject: Monthly Financial Reports

March 24, 2016

#### Background

The financial statements are presented monthly to the Board of Directors for acceptance. The reports presented for the period ending February 29, 2016 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 unfavorable by (\$19k), primarily due to lower than budgeted ridership. Total YTD rail and bus ridership is 1% below budget, at 1.39 million riders compared to 1.4 million budgeted. Additionally, YTD actual fare per Connect rider is 2% below budget, at \$0.936 average fare per rider compared to \$0.957 budgeted.
- **Note B:** Contract Service Revenue – YTD unfavorable by (\$52k) due to reduced fuel pass-through costs for UNT and NCTC (reduction of \$140k). Average billed fuel price/gallon of \$1.54 is 56% lower than the budgeted \$3.50/gallon. This unfavorable variance is partially offset by increased revenue hours (\$88k); YTD revenue hours of 27,642 are 6% higher than budgeted 25,967 revenue hours.
- **Note C:** Sales Tax Revenue – February sales tax revenue is not yet received and is accrued for the month based on budget. Sales tax generated in February will be received in April. The Sales Tax Report included in this agenda packet provides a more detailed Budget to Actual comparison of FY16 sales tax receipts collected through March.
- **Note D:** Federal/State Grants-Capital – YTD unfavorable by (\$69k) because the expenses and corresponding reimbursements for the PTC project (\$140k), transit enhancements (\$89k), and comprehensive service analysis (\$24k) have been delayed from the timing anticipated in the budget. This unfavorable variance is partially offset by the expenses and corresponding reimbursement for the Lewisville Hike & Bike Trail (\$165k) and the Bus O&M facility (\$49k) that were anticipated in the FY2015 budget rather than FY2016. These expenses were paid in FY16 and reimbursement was requested at that time.
- **Note E:** Federal/State Grants-Operating – YTD unfavorable by (\$1.8 million) is attributable to a delay in grant funding for rail preventive maintenance (\$762k) as well as operating and ADA assistance (\$680k) as anticipated in the budget. These reimbursements will be requested in coming months. Two issues have delayed grant reimbursement drawdowns for federal operating grants:
  - 1) FTA has experienced some delays in converting to its new reporting system – Transit Award Management System (TrAMS) and, due to timing of NCTCOG approvals for the 2015 Program of Projects, the grants were not executed prior to the switch over to the

new FTA system. The 5307 grants are awarded to DCTA but are awaiting final review by FTA prior entry in the new TrAMS system.

- 2) Rail preventive maintenance expenses for 2016 are not reimbursable under the current contract with Herzog Transit Services, as this one year contract had to be expedited and was not procured following federal requirements. The grant amount previously used for rail preventive maintenance was reprogrammed for FY2016 and shifted to other eligible operating expenses. The reprogramming of the grants funds has been completed and staff will be able to catch up the drawdown of these funds in the next few months.

A new longer term Rail O&M RFP has been released and will include the required federal clauses. Preventive maintenance expenditures under this contract award will be eligible for grant reimbursements.

### **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**

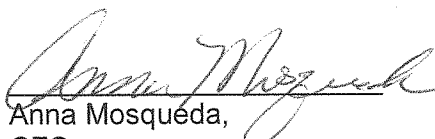
Provides the Board a review of DCTA's financial position and performance to budget.

### **Recommendation**


Staff recommends acceptance.

Submitted by: Marisa Perry, CPA   
Controller

Final Review:

  
Anna Mosqueda,  
CFO

Approval:

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

**Denton County Transportation Authority**  
**Change in Net Assets**  
**Month and Year to Date February 29, 2016**  
**(Unaudited)**

Item 1(a)i

Description	Month Ended February 29, 2016			Year to Date February 29, 2016			Annual Budget	
	Actual	Budget	Variance	Actual	Budget	Variance		
<b>Revenue and Other Income</b>								
Passenger Revenues	124,410	128,831	(4,421)	620,628	639,918	(19,290)	1,542,909	Note A
Contract Service Revenue	383,606	373,204	10,402	1,468,368	1,520,436	(52,068)	3,534,517	Note B
Sales Tax Revenue	1,454,898	1,629,477	(174,579)	9,641,106	9,832,016	(190,910)	23,067,403	Note C
Federal/State Grants - Capital	343,964	292,347	51,617	1,256,689	1,326,093	(69,404)	6,109,914	Note D
Federal/State Grants - Operating	8,281	310,220	(301,939)	672,682	2,459,522	(1,786,840)	4,643,442	Note E
<b>Total Revenue and Other Income</b>	<b>2,315,159</b>	<b>2,734,079</b>	<b>(418,920)</b>	<b>13,659,473</b>	<b>15,777,985</b>	<b>(2,118,512)</b>	<b>38,898,185</b>	
<b>Operating Expenses</b>								
Salary, Wages and Benefits	833,511	814,428	(19,083)	3,664,483	3,967,723	303,239	9,515,793	
Services	241,342	177,305	(64,038)	794,423	1,218,643	424,219	2,495,201	
Materials and Supplies	147,195	202,943	55,749	748,891	1,098,045	349,154	2,487,346	
Utilities	35,654	42,413	6,759	136,071	214,465	78,394	511,361	
Insurance, Casualties and Losses	71,818	66,655	(5,163)	332,438	333,624	1,187	800,215	
Purchased Transportation Services	910,692	885,473	(25,219)	4,367,422	4,422,938	55,517	10,633,624	
Miscellaneous	19,085	210,063	190,979	67,725	1,141,189	1,073,465	2,628,446	
Leases and Rentals	9,811	9,682	(129)	59,003	76,410	17,407	244,183	
Depreciation	795,118	825,794	30,676	3,984,001	4,134,325	150,324	10,017,196	
<b>Total Operating Expenses</b>	<b>3,064,225</b>	<b>3,234,756</b>	<b>170,531</b>	<b>14,154,457</b>	<b>16,607,362</b>	<b>2,452,906</b>	<b>39,333,365</b>	
<b>Income Before Non-operating Revenue and Expense</b>	<b>(749,066)</b>	<b>(500,677)</b>	<b>(248,389)</b>	<b>(494,984)</b>	<b>(829,377)</b>	<b>334,394</b>	<b>(435,180)</b>	
<b>Non-Operating Revenues / (Expense)</b>								
Investment Income	5,286	1,667	3,619	20,738	8,335	12,403	20,000	
Gain (Loss) Disposal of Assets	-	-	-	(5,997)	-	(5,997)	-	
Fare Evasion Fee	225	125	100	675	625	50	1,500	
Other Income - Miscellaneous	22,468	-	22,468	32,290	-	32,290	-	
Long Term Debt Interest/Expense	(96,369)	(96,368)	(1)	(481,843)	(481,840)	(3)	(1,156,422)	
<b>Total Non-Operating Revenue / (Expense)</b>	<b>(68,389)</b>	<b>(94,576)</b>	<b>26,187</b>	<b>(434,137)</b>	<b>(472,880)</b>	<b>38,743</b>	<b>(1,134,922)</b>	
<b>Change in Net Assets</b>	<b>(817,455)</b>	<b>(595,253)</b>	<b>(222,202)</b>	<b>(929,121)</b>	<b>(1,302,257)</b>	<b>373,136</b>	<b>(1,570,102)</b>	

**Denton County Transportation Authority**  
**Statement of Net Assets**  
**As of February 29, 2016**  
**(Unaudited)**

	<b>February 29, 2016</b>	<b>January 31, 2016</b>	<b>Change</b>
<b>Current Assets</b>			
Cash & Cash Equivalents	10,235,984	10,297,747	(61,764)
Investments	7,041,882	6,210,606	831,277
Accounts & Notes Receivable	5,425,435	6,514,011	(1,088,576)
Prepaid Expenses	9,065	80,683	(71,618)
Inventory	4,861	20,481	(15,619)
Restricted Asset-Cash and Equivalents	5,024,258	5,023,263	996
<b>Total Current Assets</b>	<b>27,741,485</b>	<b>28,146,791</b>	<b>(405,305)</b>
<b>Property, Plant and Equipment</b>			
Land	16,228,337	16,228,337	-
Land Improvements	6,458,821	6,458,821	-
Machinery & Equipment	2,083,842	2,083,842	-
Leasehold Improvements	55,506	55,506	-
Vehicles	88,674,392	88,674,392	-
Computers & Software	1,180,676	1,180,676	-
Accumulated Depreciation	(42,094,970)	(41,299,851)	(795,118)
<b>Total Property, Plant and Equipment</b>	<b>72,586,605</b>	<b>73,381,723</b>	<b>(795,118)</b>
<b>Capital Assets</b>			
Intangible Assets	16,997,155	16,997,155	-
Other Capital Assets, Net	231,583,208	231,583,208	-
Construction in Progress	10,846,331	10,116,125	730,206
<b>Total Capital Assets</b>	<b>259,426,694</b>	<b>258,696,488</b>	<b>730,206</b>
<b>Total Assets</b>	<b>359,754,783</b>	<b>360,225,001</b>	<b>(470,218)</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	266,509	-	266,509
Salary, Wages, and Benefits Payable	560,661	561,344	(683)
Accrued Expenses Payable	2,416,802	2,436,646	(19,844)
Deferred Revenues	118,983	136,363	(17,380)
Interest Payable	481,843	385,474	96,369
<b>Total Current Liabilities</b>	<b>3,844,798</b>	<b>3,519,827</b>	<b>324,971</b>
<b>Non-Current Liabilities</b>			
Rail Easement Payable	1,400,000	1,400,000	-
Retainage Payable	1,597,201	1,574,935	22,266
Bonds Payable	31,965,000	31,965,000	-
<b>Total Non-Current Liabilities</b>	<b>34,962,201</b>	<b>34,939,935</b>	<b>22,266</b>
<b>Total Liabilities</b>	<b>38,806,999</b>	<b>38,459,762</b>	<b>347,237</b>
<b>Net Assets</b>			
Invested in Capital Assets	301,021,097	301,021,097	-
Unrestricted Retained Earnings	20,855,808	20,855,808	-
Change in Net Assets	(929,121)	(111,666)	<b>(817,455)</b>
<b>Total Equity</b>	<b>320,947,785</b>	<b>321,765,240</b>	<b>(817,455)</b>
<b>Total Liabilities and Equity</b>	<b>359,754,783</b>	<b>360,225,001</b>	<b>(470,218)</b>

**Capital Projects Fund - DCTA**  
**Budget vs. Actual**  
As of February 29, 2016  
(Cash Basis)

**Work Session 1a**

**ASSETS**

**Fixed Assets**

**1660 - Construction Work in Progress**

	Original Budget	Revised Budget	February 2016 Expenses Booked	Life To Date	\$ Under/(Over) Budget	% of Budget (As of February 2016 Close)
<b>1 - G&amp;A Capital Projects</b>						
Total 10402 - Shortel Phone System	45,000	85,000	-	-	85,000	0%
Total 10601 - COGNOS Report Application	200,000	200,000	-	-	200,000	0%
Total 10602 - Comprehensive Service Analysis	567,414	420,222	10,425	152,484	267,738	36%
Total 10603 - Legal Support	226,753	226,753	4,886	16,099	210,654	7%
<b>Total 1 - G&amp;A Capital Projects</b>	<b>1,039,167</b>	<b>931,975</b>	<b>15,311</b>	<b>168,583</b>	<b>763,392</b>	<b>18%</b>
<b>5 - Bus Capital Projects</b>						
Total 50204 - Transit Enhancements (2015-16)	165,000	165,000	1,653	26,744	138,256	16%
Total 50301 - Bus O&M Facility	8,142,667	11,497,555	-	11,384,047	113,508	99%
Total 50505 - Fleet Replacement (2015)	395,000	1,634,000	-	62,000	1,572,000	4%
Total 50408 - Bus Radios	137,457	120,870	-	106,754	14,116	88%
Total 50409 - Bus Fleet Cameras	149,500	149,500	-	-	149,500	0%
Total 50507 - Fleet (2016)	1,250,000	1,250,000	-	-	1,250,000	0%
Total 50601 - Scheduling Software (Bus)	250,000	250,000	-	-	250,000	0%
<b>Total 5 - Bus Capital Projects</b>	<b>10,489,624</b>	<b>15,066,925</b>	<b>1,653</b>	<b>11,579,545</b>	<b>3,487,380</b>	<b>77%</b>
<b>6 - Rail Construction</b>						
Total 61401 - Fare Collection Systems	569,000	733,104	-	682,258	50,846	93%
Total 61406 - Positive Train Control	15,997,441	21,902,951	459,721	2,618,441	19,284,510	12%
Total 61708 - Lewisville Bike Trail	3,099,856	3,099,856	21,490	2,013,306	1,086,550	65%
Total 60701 - Passenger Information	56,214	96,821	-	61,411	35,410	63%
Total 61712 - Rail MOE	585,000	1,302,627	-	964,255	338,372	74%
Total 61503 - Rail Single Car Operations	101,800	101,800	-	26,221	75,579	26%
Total 61505 - GTW Wheel Work	915,041	915,041	-	441,057	473,984	48%
Total 61604 - Rail Mobilization (2015)	2,119,517	2,119,517	-	-	2,119,517	0%
Total 61209 - Trinity Mills Crew Facility	250,000	250,000	93	32,621	217,379	13%
Total 61210 - Station Landscaping	75,000	485,000	119,046	208,961	276,039	43%
Total 61407 - Shunt Enhancement	141,000	141,000	-	96,546	44,454	68%
Total 61104 - Rail Drainage Improvement	250,000	500,000	7,876	420,722	79,278	84%
Total 61713 - Disaster Recovery - 2015 Floods	1,000,000	1,500,000	12,103	246,641	1,253,359	16%
Total 61713-1 - Rail Facility Flume Repair (2015 Flood)	325,482	325,482	-	-	325,482	0%
Total 61713-2 - Grade Crossing Replacements (2015 Flood)	2,157,760	2,157,760	-	-	2,157,760	0%
Total 61713-3 - Hebron Signal House (2015 Flood)	122,000	122,000	87,413	87,413	34,587	72%
Total 61713-4 - Ballast Undercutting (2015 Flood)	761,600	761,600	5,500	5,500	756,100	1%
Total 61713-5 - Pockrus Page (2015 Flood)	623,000	623,000	-	-	623,000	0%
Total 61714 - Rail Capital Maintenance	745,000	745,000	-	-	745,000	0%
Total 61506 - Stadler Spare Parts	150,000	150,000	-	-	150,000	0%
Total 61507 - ABB Stadler Spare Parts	276,000	276,000	-	-	276,000	0%
Total 61715 - Trail Safety Improvements	139,657	139,657	-	-	139,657	0%
<b>Total Rail Construction Projects</b>	<b>30,460,368</b>	<b>38,448,216</b>	<b>713,242</b>	<b>7,905,354</b>	<b>30,542,862</b>	<b>21%</b>
<b>Total 1660 - Construction Work in Progress</b>	<b>41,989,159</b>	<b>54,447,116</b>	<b>730,206</b>	<b>19,653,482</b>	<b>34,793,634</b>	<b>36%</b>

**Board of Directors Memo**

March 24, 2016

**Subject: Sales Tax Report****Background**

Sales tax represents the single largest source of revenue for DCTA at 59.68% for FY16 budget. The annual Sales Tax budget for FY 2016 is \$23,067,403. 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 unfavorable compared to budget. The March allocation is for sales generated in the month of January and represents revenue for the fourth month of FY 2016.

- Sales tax for sales generated at retail in the month of January and received in March was \$1,637,497.
- This represents a decrease of 9.63% or \$174,579 compared to budget for the month.
- Receipts are unfavorable 1.40% year-to-date compared to budget.
- Compared to the same month last year, sales tax receipts were \$104,884 or 6.02% less.
- Member city collections for the month compared to prior year are as follows:
  - City of Lewisville down 1.56%
  - City of Denton down 11.35%
  - Highland Village up 5.94%

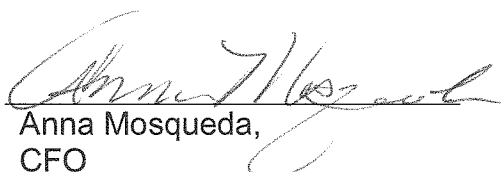
**Need**

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

**Recommendation**

For information only. No action required.

**Final Review:**

  
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:	2015-2016 Year Budget	2015-2016 Year Actual	Variance Actual to Budget	CY Actual to CY Budget % Variance	2014-2015 Year Actual	Variance Actual to Prior Year	CY Actual to PY Actual % Variance
October	December	\$ 2,023,528	\$ 1,821,854	\$ (201,674)	-9.97%	\$ 1,945,700	\$ (123,846)	-6.37%
November	January	\$ 1,836,141	\$ 1,959,303	\$ 123,162	6.71%	\$ 1,765,520	\$ 193,783	10.98%
December	February	\$ 2,530,794	\$ 2,669,055	\$ 138,261	5.46%	\$ 2,433,456	\$ 235,599	9.68%
January	March	\$ 1,812,076	\$ 1,637,497	\$ (174,579)	-9.63%	\$ 1,742,381	\$ (104,884)	-6.02%
February	April	\$ 1,629,477				\$ 1,566,805		
March	May	\$ 1,967,178				\$ 2,074,176		
April	June	\$ 1,750,519				\$ 1,803,955		
May	July	\$ 1,809,657				\$ 1,757,537		
June	August	\$ 2,009,992				\$ 2,104,123		
July	September	\$ 1,755,537				\$ 1,825,970		
August	October	\$ 1,865,219				\$ 2,082,973		
September	November	\$ 2,077,285				\$ 2,159,150		
<b>YTD Total</b>		<b>\$ 23,067,403</b>	<b>\$ 8,087,709</b>	<b>\$ (114,830)</b>	<b>-1.40%</b>	<b>\$ 23,261,746</b>	<b>\$ 200,652</b>	<b>2.54%</b>

Sources: Texas Comptroller of Public Accounts and DCTA Finance Department

Prepared By: Denton County Transportation Authority Finance Department

March 18, 2016

**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:	2014-2015 Year Actual	2015-2016 Year Actual	Variance Actual to Prior Year	CY Actual to PY Actual % Variance
October	December	\$ 2,532,839	\$ 2,537,910	\$ 5,072	0.20%
November	January	\$ 2,404,460	\$ 2,541,494	\$ 137,034	5.70%
December	February	\$ 3,407,084	\$ 3,661,985	\$ 254,902	7.48%
January	March	\$ 2,479,995	\$ 2,441,184	\$ (38,811)	-1.56%
February	April	\$ 2,194,340			
March	May	\$ 2,920,317			
April	June	\$ 2,570,323			
May	July	\$ 2,441,318			
June	August	\$ 2,867,226			
July	September	\$ 2,531,076			
August	October	\$ 2,996,730			
September	November	\$ 3,013,889			
<b>YTD Total</b>		<b>\$ 32,359,597</b>	<b>\$ 11,182,574</b>	<b>\$ 358,196</b>	<b>3.31%</b>

City of Highland Village					
Sales Generated in Month of:	Received in Month of:	2014-2015 Year Actual	2015-2016 Year Actual	Variance Actual to Prior Year	CY Actual to PY Actual % Variance
October	December	\$ 268,275	\$ 290,956	\$ 22,682	8.45%
November	January	\$ 283,432	\$ 301,727	\$ 18,295	6.45%
December	February	\$ 441,441	\$ 469,889	\$ 28,448	6.44%
January	March	\$ 249,723	\$ 264,553	\$ 14,830	5.94%
February	April	\$ 220,832			
March	May	\$ 319,961			
April	June	\$ 275,169			
May	July	\$ 317,874			
June	August	\$ 330,952			
July	September	\$ 276,336			
August	October	\$ 264,926			
September	November	\$ 342,868			
<b>YTD Total</b>		<b>\$ 3,591,789</b>	<b>\$ 1,327,126</b>	<b>\$ 84,255</b>	<b>6.78%</b>

City of Denton					
Sales Generated in Month of:	Received in Month of:	2014-2015 Year Actual	2015-2016 Year Actual	Variance Actual to Prior Year	CY Actual to PY Actual % Variance
October	December	\$ 2,345,573	\$ 2,246,579	\$ (98,994)	-4.22%
November	January	\$ 2,197,657	\$ 2,342,199	\$ 144,542	6.58%
December	February	\$ 3,020,338	\$ 3,372,458	\$ 352,120	11.66%
January	March	\$ 2,109,216	\$ 1,869,754	\$ (239,463)	-11.35%
February	April	\$ 1,852,968			
March	May	\$ 2,678,550			
April	June	\$ 2,152,181			
May	July	\$ 2,107,901			
June	August	\$ 2,682,604			
July	September	\$ 2,259,012			
August	October	\$ 2,584,144			
September	November	\$ 2,727,016			
<b>YTD Total</b>		<b>\$ 28,717,159</b>	<b>\$ 9,830,990</b>	<b>\$ 158,206</b>	<b>1.64%</b>

Sources: Texas Comptroller of Public Accounts and DCTA Finance Department  
Prepared By: Denton County Transportation Authority Finance Department  
March 18, 2016

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

Transit	Current Rate	Net Payment This Period	Comparable Payment Prior Year	% Change	2016 Payments (Calendar)	2015 Payments (Calendar)	% Change
Houston MTA	1.00%	\$ 51,011,868.78	\$ 54,617,011.46	-6.60%	\$ 180,792,867.77	\$ 189,895,180.79	-4.79%
Dallas MTA	1.00%	\$ 40,275,096.57	\$ 38,364,616.47	4.98%	\$ 138,141,652.99	\$ 132,343,256.38	4.38%
Austin MTA	1.00%	\$ 16,211,246.64	\$ 15,045,321.81	7.75%	\$ 55,745,509.22	\$ 52,698,047.85	5.78%
San Antonio MTA	0.50%	\$ 9,775,618.74	\$ 9,854,677.01	-0.80%	\$ 35,499,138.74	\$ 35,184,844.84	0.89%
San Antonio ATD	0.25%	\$ 4,422,919.27	\$ 4,367,788.19	1.26%	\$ 16,200,842.22	\$ 15,695,752.83	3.22%
Fort Worth MTA	0.50%	\$ 4,888,924.84	\$ 3,993,858.86	22.41%	\$ 17,232,915.68	\$ 16,219,776.51	6.25%
El Paso CTD	0.50%	\$ 2,975,447.57	\$ 2,835,894.85	4.92%	\$ 10,858,082.36	\$ 10,491,898.90	3.49%
Corpus Christi MTA	0.50%	\$ 2,297,213.66	\$ 2,685,825.07	-14.47%	\$ 8,058,768.69	\$ 9,027,927.41	-10.74%
Denton CTA	0.50%	\$ 1,637,496.55	\$ 1,742,380.99	-6.02%	\$ 6,265,854.51	\$ 5,941,357.02	5.46%
Laredo CTD	0.25%	\$ 520,902.82	\$ 551,958.37	-5.63%	\$ 2,030,638.26	\$ 2,141,795.69	-5.19%
<b>TOTALS</b>		<b>\$ 134,016,735.44</b>	<b>\$ 134,059,333.08</b>	<b>-0.03%</b>	<b>\$ 470,826,270.44</b>	<b>\$ 469,639,838.22</b>	<b>0.25%</b>

Sources: Texas Comptroller of Public Accounts and DCTA Finance Department  
Prepared By: Denton County Transportation Authority Finance Department  
March 18, 2016

**Board of Directors Memo**

March 24, 2016

**Subject: Procurement Status Report****Mold Mitigation at Hebron Signal House**

TML, our insurance carrier, has approved the project for the mold mitigation and repairs at the Hebron Signal House. Work has been completed and reimbursed by insurance.

**Vanpool Program Management**

A request for proposals was released on March 7, 2016. Proposals are due March 31<sup>st</sup> and award is anticipated at the April meeting. The selected agency will continue to provide vehicles and fleet management services for the operation of DCTA's Commuter Vanpool Program.

**Annual Audit Services**

Staff is currently developing solicitation documents for an agreement with a certified public accounting firm to audit its basic financial statements, and otherwise serve as an external independent auditor. The request for proposals is anticipated to release early April.

**Phone System**

Staff is developing the specifications for a phone system which will enable all locations to utilize the same phone system network connecting all locations on one system. It is anticipated the solicitation will be released in March.

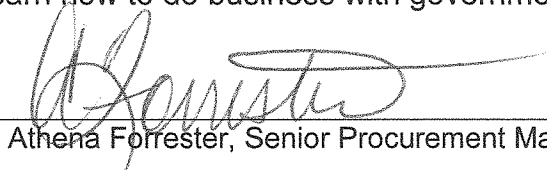
**Vendor Outreach Event**

Staff will be hosting a vendor outreach event on Wednesday, March 30<sup>th</sup> at the DCTA office. The agenda will include instructions to register as a vendor and receive notices of opportunities, tips on how to market your small business to the larger firms, and tips on how to work with DCTA. We will discuss current and upcoming procurement opportunities and the possibility for subcontracting opportunities related to the rail operations services.

**Collin County Vendor Fair**

Procurement Staff attended the Collin County Vendor Fair on February 24<sup>th</sup> at the Collin College campus in Frisco. Staff made contact with approximately 100 vendors who were in attendance to learn how to do business with government agencies.

Submitted by:

  
Athena Forrester, Senior Procurement Manager

Final Review:

  
Anna Mosqueda, CFO



## Board of Directors Memo

March 24, 2016

### Subject: Marketing & Communications Update

<b>Project:</b> Corporate Pass Program
<b>Overview:</b> Develop and implement a pass program directed at businesses within Denton County to drive incremental revenue and ridership
<b>Items Completed:</b> <ul style="list-style-type: none"><li>• Program parameters and administrative process</li><li>• Current client assessment and recommendation</li><li>• Design of logo and marketing materials</li><li>• Purchase of URL, development of website content, set-up of email address</li><li>• Development of marketing and communications plan</li></ul>
<b>Current Tasks:</b> <ul style="list-style-type: none"><li>• Completion of “cold call” database</li><li>• Existing client courtesy call and letter distribution</li><li>• Arrival of print materials in order to start cold calling</li><li>• Continual research for an ever-growing database</li></ul>
<b>Dates:</b> <p>Soft Launch – April 2016</p> <ul style="list-style-type: none"><li>• To include collateral printing, program administration development, initial research and onboarding of Community Relations Assistant</li></ul> <p>Full Launch – April/May 2016</p> <ul style="list-style-type: none"><li>• To include continual research, robust cold-calling, in-person efforts, and ongoing program administration</li></ul>
<b>Results to Date:</b> <p>April Board Meeting will report –</p> <ul style="list-style-type: none"><li>• Current revenue generated</li><li>• Potential revenue projection with new program parameters</li><li>• Overview of “cold call” database</li><li>• Pending partner contracts/revenue generated</li></ul>

<b>Project:</b> Highland Village Service Marketing & Communications Efforts
<b>Overview:</b> Develop service branding for new Highland Village service and support launch with extensive marketing and communications efforts.
<b>Items Completed:</b> <ul style="list-style-type: none"><li>• Development of marketing and communications plan</li><li>• Development of service naming conventions and branding</li><li>• Development of service overview</li><li>• Website content live (3.16.16)</li></ul>
<b>Current Tasks:</b> <ul style="list-style-type: none"><li>• Execution of marketing and communications plan</li><li>• Execution of creative materials</li></ul>
<b>Dates:</b> <p>Pre-Launch – Starting March 7, 2016</p> <ul style="list-style-type: none"><li>• To include live website content, proactive pitching, introductory social media postings, blog post, letter to current RSVP passengers, placement of all complimentary and paid media, execution of all branding/signage needs, and customer service education</li></ul> <p>Launch – Starting April 4, 2016</p> <ul style="list-style-type: none"><li>• To include press conference and additional proactive pitching, city resource integration, newsletter announcements, collateral production, direct mail, social media, community involvement, employer outreach, video development, additional web content, and ongoing support</li></ul>
<b>Results to Date:</b> <ul style="list-style-type: none"><li>• TBD after launch</li></ul>

- Will track: Online impressions, online click through rate, website hits, direct mail redemption, media placement, social media impressions and engagement, community impressions, “free ride” redemption, GOREquest/customer service, feedback, and ridership across all services

**Important Dates**

**April Public Meetings:** Frisco – April 19, 2016 at Frisco City Hall, from 6:30 p.m. – 9 p.m.

**Denton Arts & Jazz Festival:** April 29 – May 1

**MARKETING & COMMUNICATIONS METRICS**

Activity	Metric	Annual Goal	Monthly	YTD	Goal Met
Brand Impressions					
Community Brand Impressions*	Global Impressions	260,000	140	3,403	
	Confirmed Impressions	7,500	20	1,004	
Media Buy Impressions**	Online/Confirmed Impressions	5M	812,671	3,708,492	
	Online Click Through Rate	300,000	1,323 (.16%)	4,590 (.12%)	
	Print Impressions	2M	80,036	578,720	
Media Relations					
Press Coverage	Articles About DCTA	300 Placements	15	212	
Media Relations Impressions^	Articles About DCTA	165M	6,912,187	112,610,641	
Publicity Value^^	Articles About DCTA	\$1M	\$7,971	\$267,101	
Headline Highlights	Officials Decide Bus Passes May Help Ryan HS Students Limited Bus Service Returns to 4 Collin County Cities After TAPS Exit T Master Plan Calls for Adding Rail, Bus Service to Arlington, Alliance				
Major Media Outlets	Dallas Morning News; KXAS-TV (NBC 5); Denton Record-Chronicle; Star Local Media				
Social Media					
Facebook Likes	Increase in Likes	3,000	468	1,197	
Twitter Followers	Increase in Followers	1,000	133	351	
Digital					
Website	Pageviews	1.5M	92,453	514,809	
	Top 5 Referring Sites	Online Advertisements, UNT, DART, UNIT Pass Portal, TWU			
DCTA Blog	Confirmed Impressions	3,000	648	4,188	✓
	Top 3 Referring Sites	Facebook, Twitter, Bit.ly (custom link directed through advertising efforts)			
Go Pass					
New Downloads	Total Count	170,000	12,751	88,014	
Tickets Sold	Total Count	20,000	2,316	11,317	

**CUSTOMER SERVICE**

Activity	Metric	Annual Goal	Monthly	YTD	Goal Met
Provide Excellent Customer Service	Calls Answered	>95%	99%	99%	
	Abandoned Calls	<3%	1%	1%	
Where's My Ride	Total Hits***	400,000	54,705	217,417	
	SMS (Texts)	50,000	9,952	42,407	
	Calls	15,000	2,085	15,495	✓
GOREquest	Avg. Days/Closeout	<3.2	2.57	2.63	
	Total Entries/10K	>3	1.79	1.58	
	Complaints/10K	<5	0.99	0.91	
	Types of Submittals	Complaint – 33; Compliment – 1; Problem – 0; Question – 18; Suggestion – 8			

**Footnote:**

\*Community Brand Impressions:

- Global Impressions are the total number of individuals impacted through events, fairs and sponsorships.
- Confirmed Impressions are the total number of one-on-one interactions experienced through events, fairs and sponsorships.

\*\*Media Buy Impressions:

- Online/Confirmed Impressions are the number of individuals who were delivered an online advertisement through marketing campaign efforts.

- *Online Click Through Rates are the number of individuals who were delivered an online advertisement, clicked on the advertisements, and visited a directed URL through marketing campaign efforts.*

*\*\*\*Where's My Ride "hits" track all visits to the site. Total hits reported are not unique visitors.*

*^Media Relations Impressions are the total number of individuals impacted through media relations efforts throughout all communications mediums (i.e. broadcast, print, online, radio, etc.).*

*^^Publicity Value identifies the financial investment that would be required to receive identical coverage through advertising efforts.*

**Approved by:** Nicole M. Recker  
Nicole M. Recker  
Vice President of Marketing & Communications

## Board of Directors Memo

March 24, 2016

### Subject: Strategic Planning & Development Update

#### PRIORITY PROJECTS\_\_\_\_\_

#### ***SERVICE PLANNING: “Shaping Our Future”***

##### Lewisville & Highland Village Service Review & Analysis

- Final recommendations were presented at the February Program Services Committee meeting.
- Solutions for Highland Village have been developed and forwarded to Operations for implementation.
- A final report is expected in early April
- Highland Village service recommendations will be implemented on April 4, 2016.
- Lewisville service recommendations have an August 2016 implementation potential

##### Denton Service Review & Analysis

- Near final recommendations were presented at the February Program Services Committee meeting.
- Nelson Nygaard is working with DCTA staff to finalize COA recommendation details
- A final report is expected in early April
- Denton service recommendations have an expected January 2017 implementation

##### High Intensity Bus Corridors (Regional Express Bus Service)

- These high intensity bus corridors are being incorporated as “proposed” corridors into the 2040 Regional Mobility Transportation Plan
- DCTA staff has scheduled a transit coordination meeting with The T staff for later this month
- In addition to discussing route planning and operations, the agencies will discuss available capital and operational funding mechanisms

##### Frisco Service Expansion Options

- After initiating contracted On-Demand service in Frisco, staff has provided regular updates to City staff regarding ridership, cost control measures and operational data
- The City has been collecting feedback from the community and to date the only feedback received has been regarding the lack of service to/from Plano
- Staff has provide the City of Frisco options for increasing capacity within the existing service area, options for serving Plano and future potential transit solutions
- City and DCTA staff will hold a workshop to gain a better understanding of the City’s transit needs and potential transit products to meet the various demands within the community
- Results from the workshop are expected to be shared with the City council at their June workshop

##### Service Expansion within New Service Areas

- Staff is being responsive to requests from non-member cities interested in exploring transit solutions to meet the demands within their communities

##### Transportation Network Companies (TNCs)

- Companies like Uber, Lyft, Bridge and other ridesourcing companies have recently become members of the American Public Transportation Association (APTA), recognizing the opportunities that exist for TNCs to partner with transit properties
- DCTA is currently working with Uber and Lyft to identify partnership opportunities where both entities can benefit while meeting the needs of communities within our service area, maximizing passenger travel convenience while increasing ridership and operational efficiencies and decreasing operational costs



## **DEVELOPMENT**

### Downtown Denton Parking

- In coordination with the Union Pacific Railroad and the NCTCOG, DCTA is working with City of Denton staff to identify solutions addressing downtown parking shortages, aesthetics, noise mitigation and safety enhancements.

### Hebron Station

- Staff has been working with the Huffines developers to identify an opportunity to connect the Hebron 121 Station development to the Hebron Station through a driveway as well as a bike and pedestrian trail for pedestrian access to the station platform.

### Old Town Station

- Staff continues to stay engaged in the City's Main & Mill project to increase pedestrian access to the Old Town Station
- DCTA and the City of Lewisville continue to coordinate efforts in the Old Town area to ensure projects are aligned with the City's vision and priorities

### Intermodal Transit Center & Administrative Offices

- Staff is working with Huitt-Zollars on preliminary planning for the design and construction of a new intermodal transit center anticipated to be located at a Lewisville A-train station.
- This facility will include administrative offices, passenger waiting area, customer service counter and community conference space.
- The preliminary planning will be coordinated closely with the City of Lewisville to ensure DCTA's plans are consistent and support the City's vision for the surrounding area.

## **ADDITIONAL PROJECTS**

- |   |  |
|---|--|
| • NCTCOG 2040 Mobility Transportation Plan            | • TIGER VIII Grant Application             |
| • Transit Oriented Development Coordination           | • Title VI Program Update                  |
| • NCTCOG Regional Intelligent Transportation Planning | • Land Use Planning                        |
| • UNT Contract Administration & Renewal               | • A-train Extension                        |
| • NCTC Contract Administration & Renewal              | • TxDOT 35W Expansion Coordination         |
| • Frisco Contract Administration & Renewal            | • TWU Comprehensive Master Plan            |
| • Rail Trail Extension                                | • UNT Parking & Transportation Master Plan |
| • Grant Funding Opportunities                         | • DCTA's Long Range Service Plan Update    |

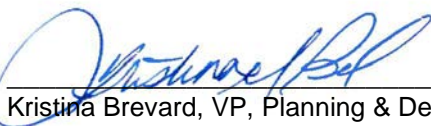
## **OUTREACH EFFORTS**

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### Recent Activities

3/10	RTC Legislative Committee Workshop
3/10	RTC
3/13-15	APTA Legislative Conference
3/17	Frisco Quarterly Service Review
3/21	Alliance Transportation Preliminary Planning
3/30	35W Corridor Coordination Meeting

Submitted by: \_\_\_\_\_



Kristina Brevard, VP, Planning & Development

**Board of Directors Memo**  
**Subject: Capital Projects Update**

March 24, 2016

**Signal System Enhancements**

Project Budget: \$868,558

- Project is substantially complete
- Single car testing is planned on March 13<sup>th</sup> and March 20<sup>th</sup>
- Project wrap-up and review scheduled March 21<sup>st</sup>.

**Positive Train Control (PTC)**

- Project meeting was held March 2, 2016
- Deliverables due on 3/24:
  1. Construction Work Plans
  2. 60% Design Drawings
  3. Prototype onboard installation
- Project remains on schedule for completion by year end, 2017.

**Lewisville Hike and Bike Trail – Eagle Point Section**

- DCTA has executed the final AFA for the TAP grant for completion of the Hike and Bike Trail from downtown Lewisville to the Highland Village/Lewisville Lake station. We expect to be ready to bid the project by late June 2016.

**Flood Damage repairs**

Issue	Initial Cost	Estimated DCTA Cost	Status
Emergency Response (Herzog)*	\$159,000	\$39,750	FEMA expects final approval 3/24
Track Wash-out repairs*	\$27,818	\$6,954	FEMA expects final approval 3/24
Replace Crossings	\$2,341,871	\$585,467	Preliminary FEMA approval. Engineering for RFP complete PW has been split into two projects that are each under \$1M. Projects will not have to go to Washington for approval. FEMA expects worksheet submission 4/1.
Bus O&M Electrical repairs*	\$14,616	\$3,654	Complete. Final request approved, signed and submitted.
Signal & Comm. System	\$122,000	\$6,500	Repair is complete. PW submitted for approval March 4. Insurance will cover repair with \$10k deductible. FEMA will cover deductible and mitigation.

Scouring and wash-outs	\$59,844	\$14,961	Submitted as small project permanent repairs.
Rail OMF drainage	\$325,482	\$81,371	Preliminary FEMA approval received for repair and mitigation. Engineering for RFP in progress. Estimated FEMA submission date 4/6.
Undercut Ballast	\$761,000	\$190,400	Preliminary FEMA approval received. Estimated FEMA submission date 3/28 Preparing bid package
Replace flume at Pockrus Page	\$623,000	\$155,750	Engineering report submitted. Awaiting FEMA decision but have positive recommendation from project specialist.

\* Reimbursement request for previous expenditures.

- Total cost estimate is currently \$4,434,631. DCTA cost is estimated to be \$1,084,807.

### Shoretel Phone System Expansion

- With the network infrastructure upgrade complete, work has commenced on procurement of our Shoretel phone system expansion.
- The RFP is being written after exploring needs at each facility.

### Landscape Project

- **Phase 1 Irrigation Repair: complete**



Two inch water line repaired at MedPark station





Irrigation leaks repaired at Hebron station

- **Phase 2 Hardscaping/Erosion Control: complete**



Medpark station: shrubs not suitable for parking areas removed and replaced with deconstructed granite. Alleviates safety/line of site issues.



Bus O&M facility: Erosion/flooding problems corrected.



Old Town station: diseased/dying roses removed.

- **Phase 3 Planting underway**



Hebron station: Mexican Feather ornamental grass.



Old Town station: Mexican Feather ornamental grass.



Old Town station: Gold Mound Spirea shrubs replace diseased/dying rose bushes.





Hebron station: Cedar Elm trees replace Ornamental Pear trees along bus drive.



MedPark station: Mexican Feathergrass & Gold Mound Spirea replace diseased/dying roses.



MedPark station: Replaced dead Abelianas with new plants.

**Next Steps**

Plant replacement at Highland Village/Lewisville Lake station is delayed until a two inch copper water line is connected under the highway service road. Connection is scheduled to be complete by end of March. Planting will begin once water service is restored.

Final Review:



**Board of Directors Memo**

March 24, 2016

**Subject: Transit Operations Report****SYSTEM ON-TIME PERFORMANCE**

- FY 2016 YTD, “On Time Performance” (OTP) for the A-train is 99.78%
- FY 2016 YTD “On Time Performance” (OTP) for Connect service is 87.72%. On-time performance has been adjusted to properly reflect departures from each bus stop as well as the final destination.

**RIDERSHIP PERFORMANCE****Year to date change in ridership by service type**

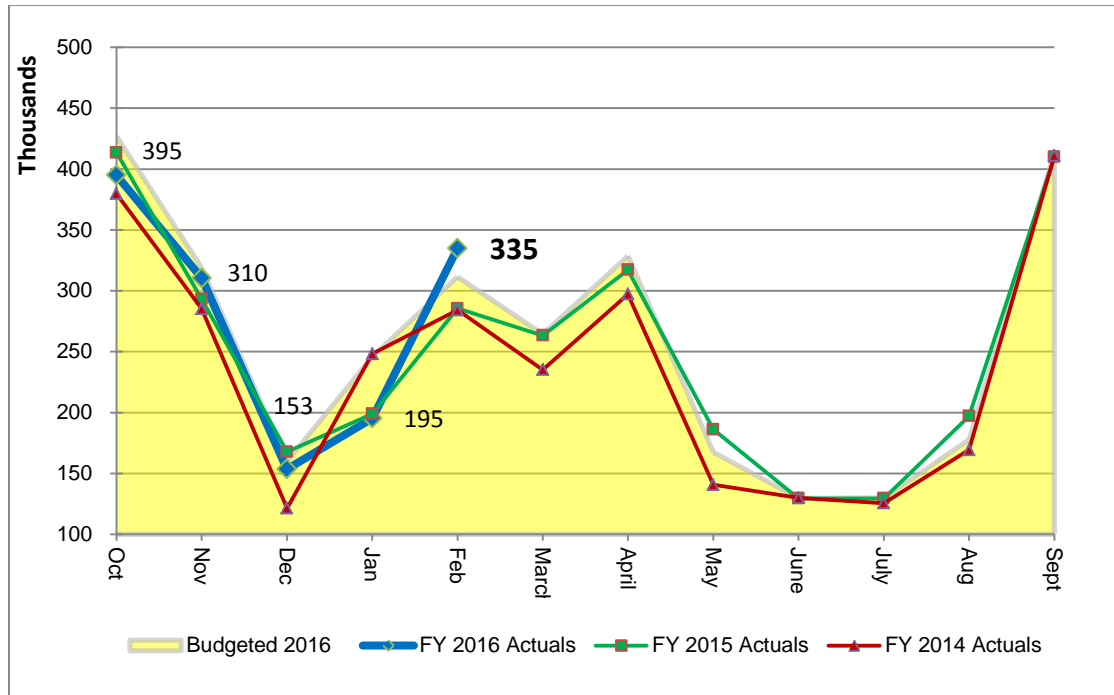
Service	% Change FY 2015 to FY 2016	Color Indicator	Notation No.
All Bus & Rail	2.61%		1
Rail	2.88%		
All Bus	2.09%		
Connect	3.58%		
UNT	1.64%		
NCTC	10.60%		
Access	-2.53%		2
Connect RSVP	4.09%		
Frisco Demand Responsive	28%		3

1. February 2016, boardings for all modes increased YTD compared to FY 2015.
2. While February 2016 boardings increased, Access had less boardings compared to 2015
3. Frisco Demand Responsive Service began operation in December 2015. Boardings in February increased 28% compared to January.

**Color Key****Green** indicates positive performance**Yellow** indicates service that will be monitored by staff**Red** indicates poor performance and needs further research



### Rail and All Bus: Total Boardings

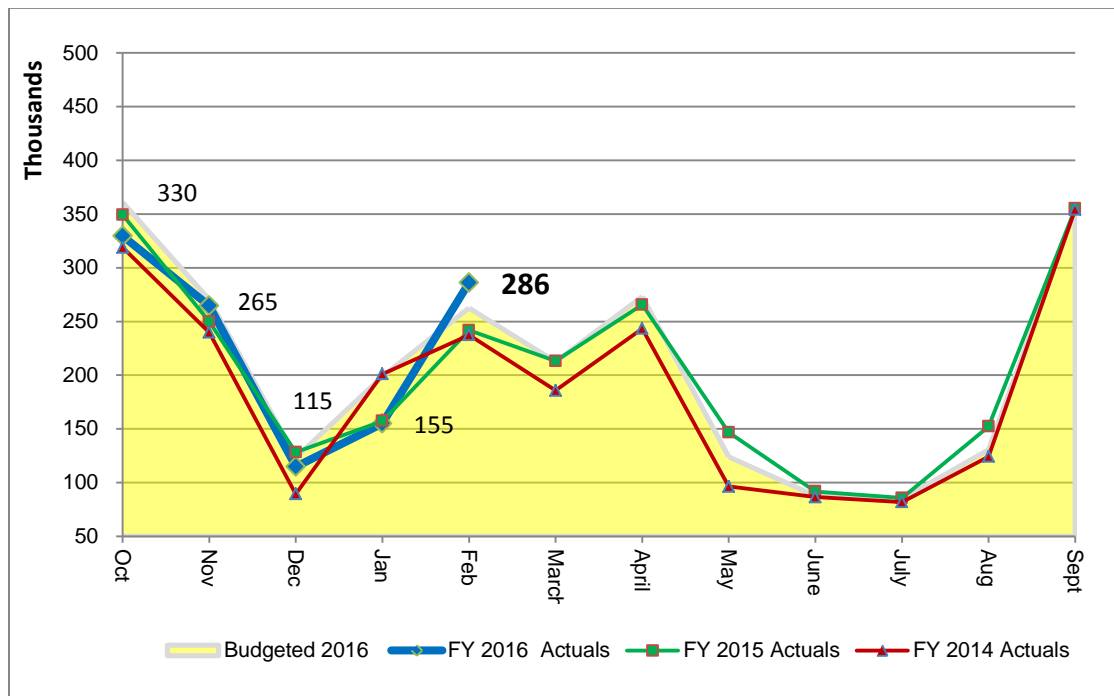


Note: Statistics include A-train, Connect, UNT, NCTC, Access, Connect RSVP, Frisco Demand Response Service, and special movement services. For display purposes, the Y axis origin has been modified.

### Rail and All Bus: Total Boardings

- YTD boardings for Rail and All Bus increased by 2.61% (or 35,329 boardings) compared to the same period in FY 2015 . YTD 2016 increased by 5.35% (or 70,538 boardings) compared to the same period in FY 2014.
- A large percentage of this growth is attributed to increases in UNT boardings followed by Connect and Rail.

### All Bus: Total Boardings

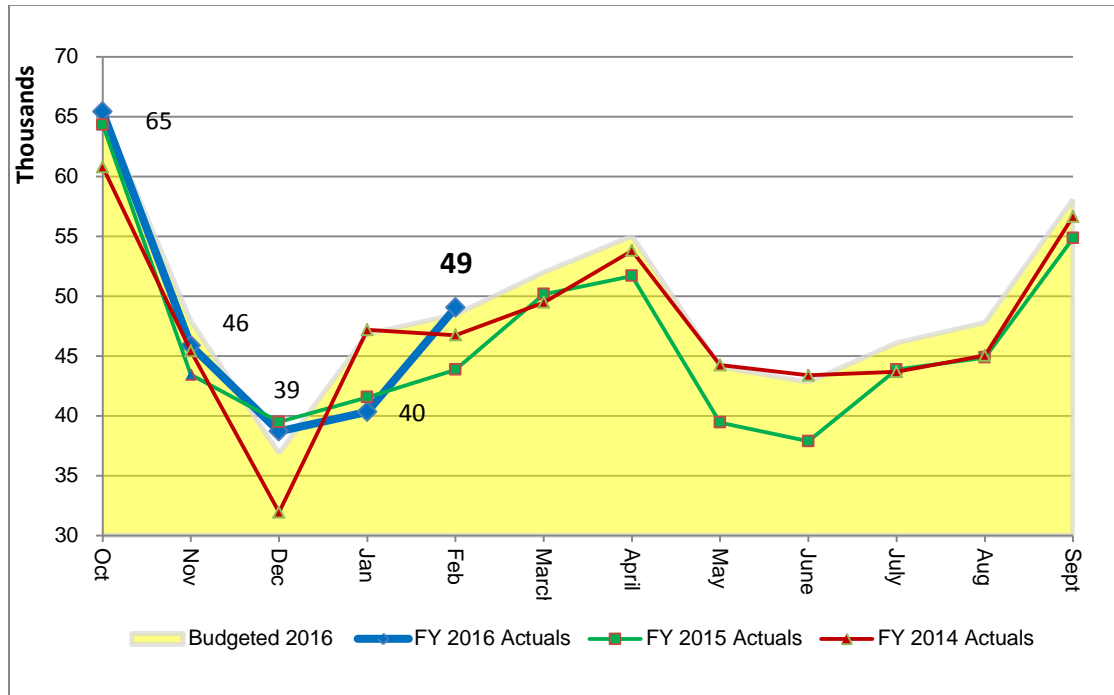


Note: Statistics include Connect, UNT, NCTC, Access, Connect RSVP, Frisco Demand Response Service, and special movement services. For display purposes, the Y axis origin has been modified.

### All Bus: Total Boardings

- YTD All Bus increased 2.09% (23,513 boardings) compared to the same period in FY 2015.
- YTD, Connect boardings increased 3.58% (8,695 boardings),
- UNT boardings increased 1.64% (14,152 boardings) YTD.
- Growth in UNT boardings may be attributed to three more regular class days YTD compared to the same period in FY 2015. These additional regular weekdays may explain the increase in other modes.
- YTD, NCTC boardings grew 10.60% (864 boardings).

### Rail: Total Boardings

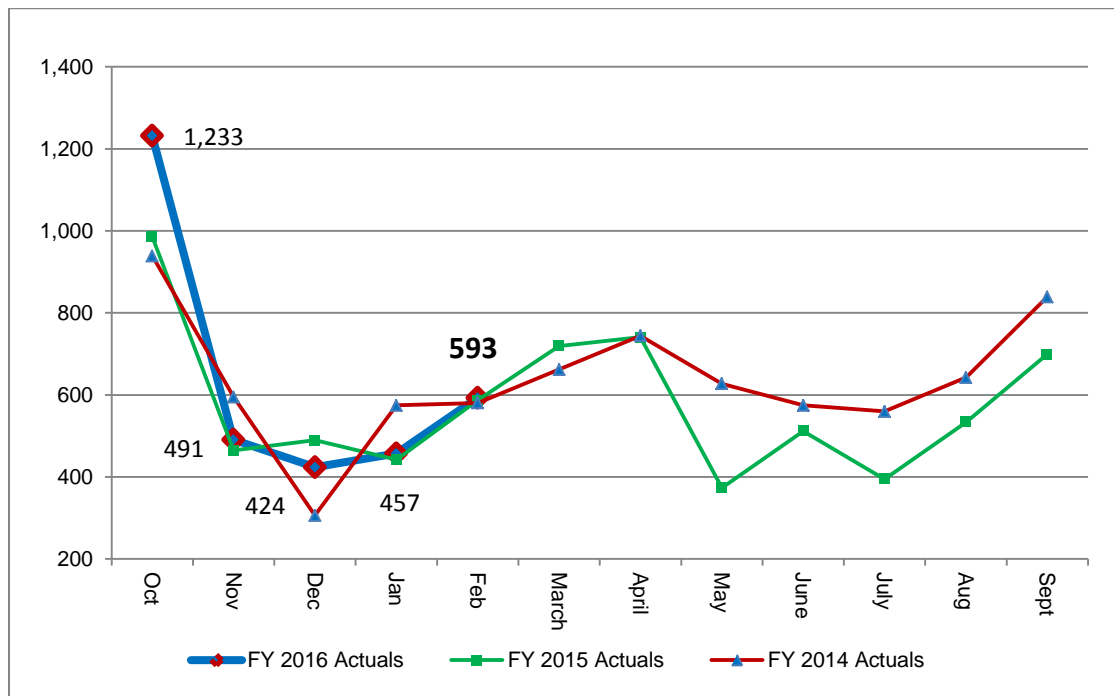


Note: For display purposes, the Y axis origin has been modified.

### Rail: Total Boardings

- YTD, rail boardings increased 2.88% (6,702 boardings).
- This growth may be attributed to three additional weekdays YTD compared to the same period in FY 2015.

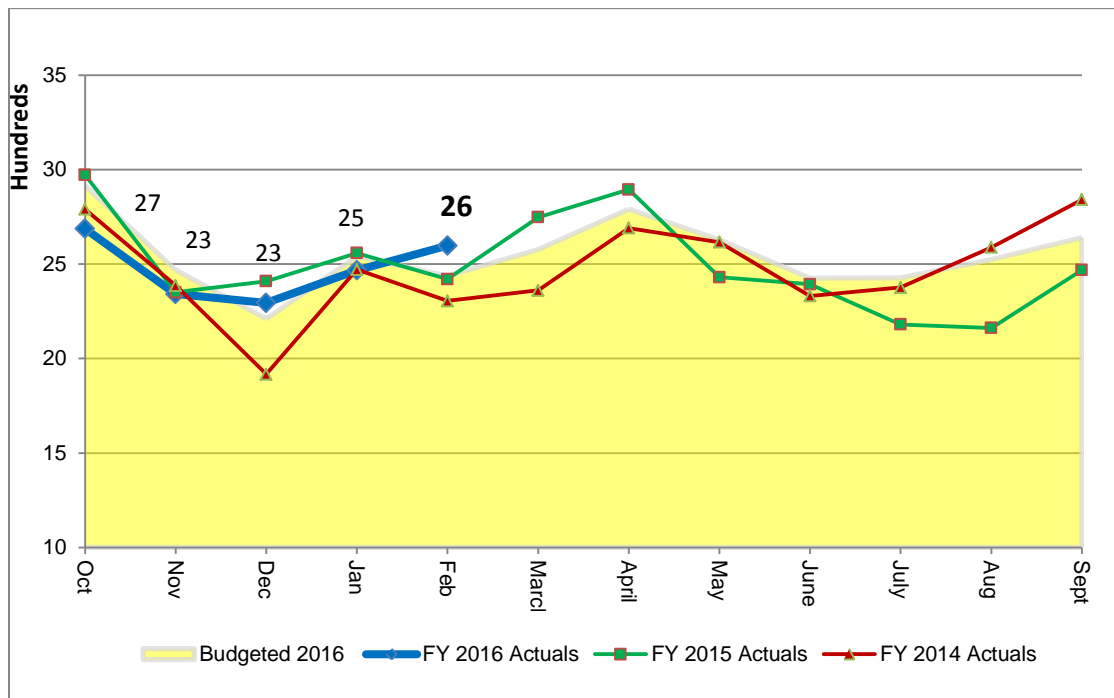
### Rail: Saturday Average Boardings



Note: For display purposes, the Y axis origin has been modified.

- YTD average Saturday boardings increased 7.70% (46 boardings per Saturday) compared to that same period in FY 2015. This is primarily due to record State Fair attendance and very good weather conditions compared to the prior year.

### Access: Total Boardings

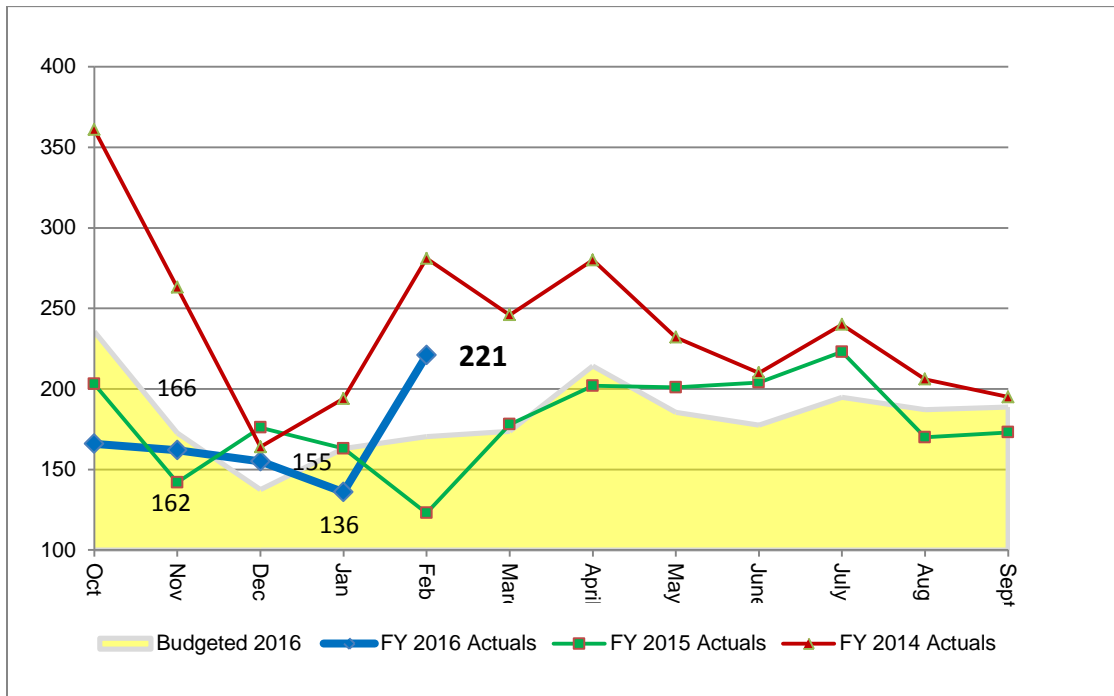


Note: For display purposes, the Y axis origin has been modified.

### Access: Total Boardings

- YTD boardings decreased 2.53% (322 boardings) compared to the same period in FY 2015.
- Growth in February's boardings was not enough to cover the declines from October 2015 to January 2016.

### Connect RSVP: Total Boardings

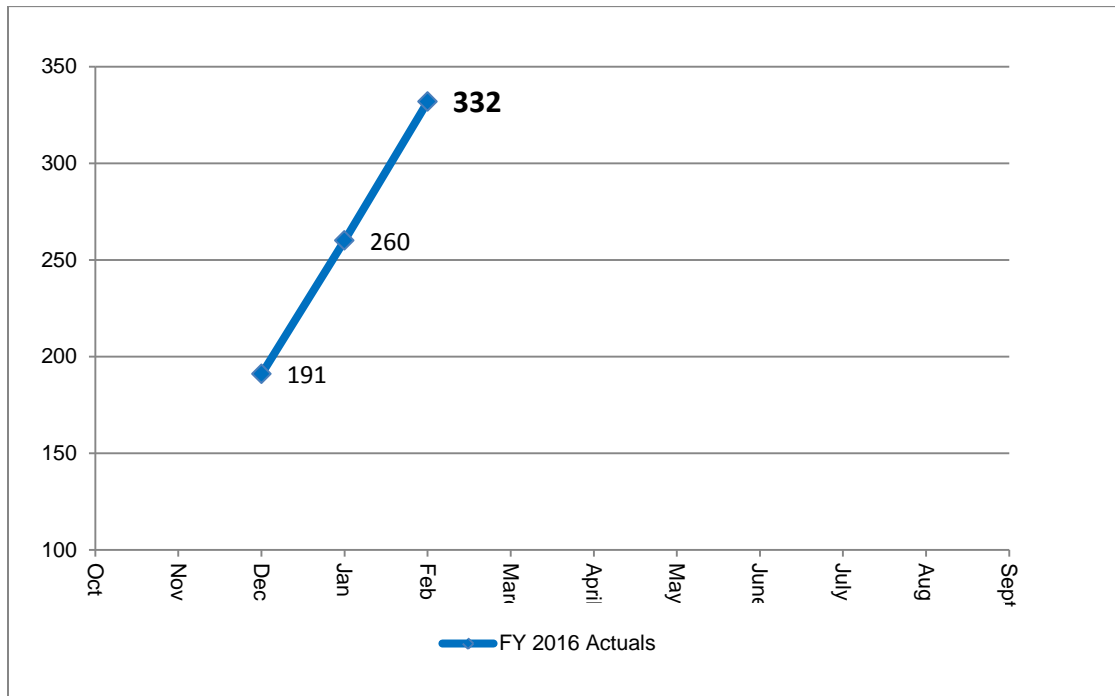


Note: For display purposes, the Y axis origin has been modified.

### Connect RSVP: Total Boardings

- Connect RSVP ridership increased 4.09% (33 boardings) YTD. This increase is likely attributed to three extra weekdays YTD compared to the same period in FY 2015.

### Frisco Demand Response Service: Total Boardings



### Frisco Demand Response Service: Total Boardings

- In February, Frisco Demand Response Service had 332 boardings which is a 28% (72 boardings) increase from January.

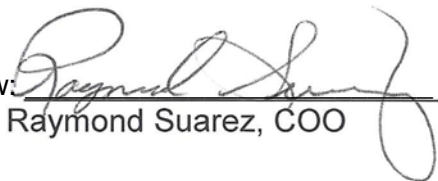
### SAFETY/SECURITY

- DCTA Rail Operations Injury-Free Workdays: 1,384
- DCTA Bus Operations Injury-Free Workdays: 29

### MAINTENANCE

- Right of Way:** Routine daily inspections are being performed by the contractor.
- Signal/Communications:** There were no issues in the month of February.
- Stations:** DCTA contract operations (HTSI) continues to perform weekly safety inspections, which have not identified any major issues.
- Rail Mechanical:** DCTA contract operations (HTSI) reported no mechanical failure in February.

Final Review:

  
Raymond Suarez, COO



## Board of Directors Memo

March 24, 2016

### Item: WS 3(a) Program Services Committee Chair Report

The Program Services Committee meeting and Special called Board of Directors meeting was held at 12:12 p.m., Tuesday, February 16, 2016 at 1955 Lakeway Dr., Suite 260 Conference Room in Lewisville, TX.

In attendance were:

Committee Members: Paul Pomeroy, Doug Peach, Carter Wilson, George A. Campbell

Board Members: Charles Emery, Connie White, Tom Winterburn

Absent: Skip Kalb, Don Hartman, Jim Robertson, Allen Harris

DCTA Staff: Kristina Brevard, Anna Mosqueda, Jim Cline, Nicole Recker, Raymond Suarez, Rusty Comer

#### 1. Operations Update

- a. Raymond Suarez gave an update on ridership and led a conversation on parking at DCTA A-train stations and accessibility issues due to construction.

#### 2. Planning & Development

- a. Kristina Brevard presented the findings of the Comprehensive Operational Analysis (COA) in Highland Village. Jim Cline presented an overview of the financial impact of implementing the COA recommendations. Kristina Brevard also presented the committee with the final recommendations from the Lewisville and Denton COA process. The committee and staff discussed the next steps for communicating the COA plans.
- b. Kristina Brevard presented NCTCOG's 2040 Mobility Transportation Plan to the committee with an update on the latest changes of the plan and how they impact DCTA.
- c. Kristina Brevard gave an update on proposed land use around DCTA's Hebron A-train Station by the Huffines Community.

#### 3. Marketing

- a. Nicole Recker gave an update on current marketing and communications initiatives aimed at increasing ridership on DCTA services. This included the Corporate Pass Program being outlined and prepared for implantation later this year.

The meeting adjourned at 2:23 p.m.

**Program Development Chair** – Paul Pomeroy

**Program Development Members** – Skip Kalb, Doug Peach, Don Hartman, Carter Wilson, Jim Robertson, Allen Harris, George A. Campbell

**Staff Liaison** – Kristina Brevard, Vice President, Planning & Development





## Board of Directors Memo

March 24, 2016

### Item: WS 3(b) Finance Committee Chair Report

The Finance Committee meeting and Special called Board of Directors meeting was held at 2:00 p.m., Monday, March 14, 2016 at 1955 Lakeway Dr., Suite 260 Conference Room in Lewisville, TX.

In attendance were:

Committee Members: Connie White, Tom Winterburn

Board Members: Charles Emery

Absent: Dave Kovatch, Richard Huckaby

DCTA Staff: Anna Mosqueda, Amanda Riddle, Jim Cline, Nicole Recker, Raymond Suarez, Marisa Perry, Rusty Comer

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:

#### Update on Total Compensation Review

- In January, Finance Committee requested that staff expand scope of work with Segal Waters Consulting to conduct a survey to provide comparison of DCTA benefits with benchmark agencies used for the Salary Compensation Study. The "total compensation" review would provide a more comprehensive review than just the salary study. The results were to be brought back at the March Finance Committee meeting in order not to delay moving forward with the bi-annual salary survey and its implementation. Segal Waters Consulting reached out to benchmark agencies that DCTA identified during the Compensation Study and sent them a Pay Practice – Benefits Comparison survey. At the time of the March Finance Committee only five (5) agencies had responded. The survey data provided by Segal Waters included responses to questions on various pay practices and a benefits comparison which included Paid Time off; Health Benefits (including Medical, Dental, Vision), Life Insurance and Disability Coverages, Flexible Spending Accounts, Wellness Benefits, and Retirement Benefits.
- Jim Cline provided update regarding estimated impact and April timeframe for moving forward with implementing new compensation plan.
- Anna reviewed the major categories with the committee:
  - Health Benefits
  - Retirement Plans
  - Life Insurance / Long Term Care Plan/ Short Term Disability
  - Paid Time Off
- Staff will work with Segal Waters to solicit responses from the remaining agencies prior to the FY17 budget process.

#### Update Financial Policies

- The committee reviewed the Financial Policies and all red lined changes that had been made. The red lined changes primarily address syntax and formatting in the document.
- Two items were highlighted for further discussion by the committee and are as follows:
  - Page 6- Revenue Policies: Discussed timeframe for fare structure review. Policy provides for review of fare structure every two years. After discussion by the Finance Committee the recommendation was to keep this timeframe as stated in the policy.

- Page 7- Expenditure Policies: Discussed timeframe for compensation review. Policy currently provides for total compensation review every two years. Based on feedback from the Segal Waters Compensation Study, staff recommended a total compensation study-- to include benefits—every three years. Finance Committee recommended revising to every 3 years.

### **Revolving Door Policy**

- Finance Committee reviewed the proposed Revolving Door Policy. This policy will be brought back for further discussion at a future meeting.

### **2017 Budget Calendar**

- Finance Committee reviewed the draft 2017 Budget Calendar. Staff is proposing a budget workshop for the FY17 budget process. The workshop would be scheduled for an afternoon and incorporate discussion of all the components of the proposed budget.
- Staff will follow-up with committee members to finalize meeting date that works with member schedules.
- Once the Finance Committee calendar has been finalized, it will be incorporated into the master Board calendar and sent to the all Board members.

### **New Capital Projects**

- Finance Committee reviewed the new capital projects that are on the Board agenda for March adoption.
  - TAPS Bus Purchase
  - Stadler Fleet Emergency Lighting
  - Lewisville Facilities Study
- All of these capital projects are funded with existing budget so there will be no impact to the bottom line of the FY16 budget.

### **Follow-Up Items:**

- Clarification from Segal Water regarding responses to Long Term Care Plan benefit
- Update Financial Policies to incorporate change to conduct total compensation study every two years and the red-lined changes.
- Revolving Door Policy – bring back to next Finance Committee meeting
- TSA Security Assessment update
- Budget Calendar Approval

The meeting adjourned at 3:18pm.

#### **Finance Committee**

**Chair** – Dave Kovatch

**Members** – Richard Huckaby, Connie White, Tom Winterburn

**Staff Liaison** – Anna Mosqueda – CFO



1955 Lakeway Dr., # 260, Lewisville, Texas 75057  
972.221.4600 | RideDCTA.net

Special Called Meeting of the DCTA Board of Directors  
and the **Finance Committee** of the DCTA Board of Directors  
**2:00 p.m., March 14, 2016**

**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. Update on Total Compensation Review
- b. Update Financial Policies
- c. Revolving Door Policy
- d. 2017 Budget Calendar
- e. New Capital Projects
- f. Future Agenda Items

2) ADJOURN

**Finance Committee**

**Chair** – Dave Kovatch

**Members** – Richard Huckaby, Connie White, Tom Winterburn

**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 [rcomer@dcta.net](mailto:rcomer@dcta.net) or calling Rusty Comer at 972-221-4600.

This notice was posted at 1955 Lakeway Drive, Suite 260, Lewisville, Texas 75057 at a place convenient and readily accessible to the public at all times. Said notice was posted on 3/15/2016 at 11:19 AM.

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Rusty Comer, Public Information Coordinator

DCTA Pay Practices-Benefits Comparison  
Health Benefits 1

Peer Organization	Are RX benefits included in the medical premium?	Are Dental benefits included in the medical premium?	Are Dental vision included in the medical premium?	Health Benefit Cost Information - Please answer the following questions for your health plans for Active Employees. If you have more than one of each plan described below, respond based on the plan with the highest enrollment.											
				PPO or POS Plan											
				Monthly Cost for EE ONLY Coverage		Employee %	Monthly Cost for EE + Children Coverage		Employee %	Monthly Cost for EE + Spouse Coverage		Employee %	Monthly Cost for FAMILY Coverage		Employee %
				Employer Portion (\$)	Employee Portion (\$)		Employer Portion (\$)	Employee Portion (\$)		Employer Portion (\$)	Employee Portion (\$)		Employer Portion (\$)	Employee Portion (\$)	
Capital Metropolitan Transportation Authority (CapMetro)															
Clark County Public Transportation Authority (C-Tran)	Yes	No	No	\$741.24	\$0.00	0%	N/A	N/A	-	\$1,488.39	\$0.00	0%	\$2,230.40	\$0.00	0%
Dallas Area Rapid Transit (DART)/TRE	Yes	No	No	-	-	-	-	-	-	-	-	-	-	-	-
Fort Worth Transportation Authority (The T)/TRE	Yes	No	No	\$412.71	\$45.86	10%	\$1,068.25	\$264.37	20%	\$1,051.79	\$258.88	20%	\$1,695.70	\$473.52	22%
North County Transportation District (NCTD)															
Orange County Transit Authority (OCTA)	Yes	No	No	\$684.25	\$120.75	15%	\$1,352.00	\$338.00	20%	N/A	N/A	-	\$1,931.20	\$482.80	20%
Rio Metro Regional Transit District (RMRTD)															
Sacramento Regional Transit District (SRTD)															
Tri-County Metropolitan Transportation District of Oregon (TriMet)	Yes	No	No	\$654.82	\$72.76	10%	\$1,702.56	\$189.16	10%	\$1,309.64	\$145.52	10%	\$1,702.56	\$189.16	14%
Average				\$623.26	\$59.84	9%	\$1,374.27	\$263.84	16%	\$1,283.27	\$134.80	10%	\$1,889.97	\$286.37	13%
Median				\$669.54	\$59.31	8%	\$1,352.00	\$264.37	16%	\$1,309.64	\$145.52	10%	\$1,816.88	\$331.34	15%
Count of Responses	5	5	5												
Most Common Response	Yes	No	No	-	-	10%	-	-	20%	-	-	-	-	-	-
DCTA	Yes	No	No	\$684.38	\$0.00	0%	\$986.77	\$161.71	14%	\$1,246.89	\$300.69	19%	\$1,394.85	\$379.77	21%

DCTA Pay Practices-Benefits Comparison  
Retirement Benefits

Peer Organization		Retirement/Pension Cost Information											
		Defined Benefit Retirement Plan Information				Defined Contribution 401(a) Retirement Plan Information				Deferred Compensation 457(b) Retirement Plan Information			
		Plan Name	Employer Contribution (% of pay)	Employee Contribution (% of pay)	Does employer pick up a portion of the employee contribution? (Yes/No)	Plan Name	Employer Contribution (% of base pay or \$ amount)	Employer Contribution - Maximum match of employee contributions (% or \$)	Employee Contribution (% , \$ or Up to IRS Max)	Plan Name	Employer Contribution (% of base pay or \$ amount)	Employer Contribution - Maximum match of employee contributions (% or \$)	Employee Contribution (% , \$ or Up to IRS Max)
Capital Metropolitan Transportation Authority (CapMetro)													
Clark County Public Transportation Authority (C-Tran)	Yes	WA State ERS	11.00%	Varies	No	N/A	-	-	-	TIAA CREF or WA State Deferred Comp	0.00%	0.00%	Up to IRS Max
Dallas Area Rapid Transit (DART)/TRE	Yes	DART Defined	*	*		401(a)		6.00%	IRS Max	ICMA	0.00%	0.00%	Up to IRS Max
Fort Worth Transportation Authority (The T)/TRE	Yes	N/A	-	-	-	401(a) for McDonald Transit Inc.	6.00%	0.00%	4.00%	Fort Worth Transportation Authority	6.00%	0.00%	4.00%
North County Transportation District (NCTD)													
Orange County Transit Authority (OCTA)	No	Orange County ERS	27.03%	Varies based on age.	No	Nationwide	2% @ 10 yrs.; 3% @ 20 yrs.	0.00%	0.00%	Nationwide	0.00%	0.00%	Up to IRS Max
Rio Metro Regional Transit District (RMRTD)													
Sacramento Regional Transit District (SRTD)	Yes				No	N/A	-	-	-	N/A	-	-	-
Tri-County Metropolitan Transportation District of Oregon (TriMet)													
Average			19.02%	-	-		6.00%	2.00%	2.00%		1.50%	0.00%	
Median			19.02%	-	-		6.00%	0.00%	2.00%		0.00%	0.00%	
Most Common Response	Yes				No	N/A	-		-				Up to IRS Max
DCTA	Yes	Texas County and District Retirement System (Hybrid)	10.00%	5.00%	No	N/A	-	-	-	ICMA - RC or VALIC	0.00%	0.00%	Up to IRS Max

\*DART Contribution based on age, years of service, and retirement selection.

DCTA Pay Practices-Benefits Comparison  
Life Insurance and Short-Term Disability

Peer Organization	Life Insurance Plan								Long Term Care Plan Premium, if NOT covered in Medical Premium								Short-Term Disability Plan Premium, if NOT	
	Monthly Cost for EE ONLY Coverage		Monthly Cost for EE + Children Coverage		Monthly Cost for EE + Spouse Coverage		Monthly Cost for FAMILY Coverage		Monthly Cost for EE ONLY Coverage		Monthly Cost for EE + Children Coverage		Monthly Cost for EE + Spouse Coverage		Monthly Cost for FAMILY Coverage		Monthly Cost for EE ONLY Coverage	
	Employer %	Employee %	Employer %	Employee %	Employer %	Employee %	Employer %	Employee %	Employer %	Employee %	Employer %	Employee %	Employer %	Employee %	Employer %	Employee %	Employer %	Employee %
Capital Metropolitan Transportation Authority (CapMetro)																		
Clark County Public Transportation Authority (C-Tran)	100%	0%	N/A	N/A	N/A	N/A	N/A	N/A	100%	0%	N/A	N/A	N/A	N/A	N/A	N/A	-	-
Dallas Area Rapid Transit (DART)/TRE	100%	0%	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-	-	-	-	-	-	66%	34%
Fort Worth Transportation Authority (The T)/TRE	100%	0%	0%	100%	0%	100%	0%	100%	100%	0%	0%	100%	0%	100%	0%	100%	0%	100%
North County Transportation District (NCTD)																		
Orange County Transit Authority (OCTA)	100%	0%	N/A	N/A	N/A	N/A	N/A	N/A	100%	0%	N/A	N/A	N/A	N/A	N/A	N/A	100%	0%
Rio Metro Regional Transit District (RMRTD)																		
Sacramento Regional Transit District (SRTD)	100%	0%	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-	-	-	-	-	-	100%	0%
Tri-County Metropolitan Transportation District of Oregon (TriMet)																		
Average	100%	0%	0%	100%	0%	100%	0%	100%	100%	0%	0%	100%	0%	100%	0%	100%	67%	34%
Median	100%	0%	0%	100%	0%	100%	0%	100%	100%	0%	0%	100%	0%	100%	0%	100%	83%	17%
Most Common Response	100%	0%	N/A	N/A	N/A	N/A	N/A	N/A	100%	0%	N/A	N/A	N/A	N/A	N/A	N/A	100%	0%
DCTA	100%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	100%	0%

DCTAPay Practices-Benefits Comparison  
Paid Time Off

Peer Organization	Do you have a traditional leave or paid time off program?	How many vacation days do full-time employees earn each year?																				Do you roll over any unused accrued vacation at the end of the year?	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Yes/No	Maximum hours that can be rolled over.
Capital Metropolitan Transportation Authority (CapMetro)																							
Clark County Public Transportation Authority (C-Tran)	Paid Time Off	18	18	18	18	18	22	22	22	22	22	26	26	26	26	26	30	30	30	30	30	Yes	1040
Dallas Area Rapid Transit (DART)/TRE	Salaried - Paid Time Off	17	17	17	17	20	20	20	20	20	23	23	23	23	23	26	26	26	26	26	29	Yes	560
	Hourly - Traditional Leave	13	13	13	15	15	15	15	15	18	18	18	18	18	20	20	20	20	20	23	23	Yes	448
Fort Worth Transportation Authority (The T)/TRE	Traditional Leave	10	10	10	10	12	12	12	12	15	15	15	15	15	15	20	20	20	20	20	23	Yes	40
North County Transportation District (NCTD)																							
Orange County Transit Authority (OCTA)	Traditional Leave	10	10	15	15	15	15	15	15	15	20	20	20	20	20	21	22	23	24	25	25	Yes	Varies by years of service
Rio Metro Regional Transit District (RMRTD)																							
Sacramento Regional Transit District (SRTD)	Traditional Leave	10	10	10	15	15	15	15	15	15	20	20	20	20	20	25	25	25	25	25	25	Yes	
Tri-County Metropolitan Transportation District of Oregon (TriMet)																							
Average		13	13	14	15	16	17	17	17	18	20	20	20	20	21	23	24	24	24	25	26		349
Median		12	12	14	15	15	15	15	15	17	20	20	20	20	20	23	24	24	25	25	25		
Most Common Response		10	10	10	15	15	15	15	15	15	20	20	20	20	20	26	20	20	20	25	23	Yes	
DCTA	Traditional Leave	12	12	12	12	12	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	Yes	40
DCTA to Market Average		-1	-1	-2	-3	-4	0	0	0	-1	-3	-3	-3	-3	-4	-6	-7	-7	-7	-8	-9	-	



## Finance Committee Memo

March 14, 2016

### Item: FC 1(b) Financial Policies Review

#### **BACKGROUND:**

DCTA Financial Policies are presented to the Finance Committee for review each year prior to the start of the budget process. If any changes are recommended by the Finance Committee these are forwarded to the Board for review and final action. Otherwise, no action is required by the Board.

The Financial Policies document has been provided in previous meeting for comment and the attached document contains red-lined changes received by staff. The red-lined changes primarily address syntax and formatting in the document.

Two items are highlighted for further discussion by the Finance Committee. These two are identified with yellow highlighting and are as follows:

- Page 6- Revenue Policies: Discuss timeframe for fare structure review. Policy provides for review of fare structure every two years.
- Page 7- Expenditure Policies: Discuss timeframe for compensation review. Policy provides for review every two years. Consider 3 year review for a total compensation study to include benefits.

The Investment Policy is included as reference in the Financial Policies document. This policy is approved by the Board annually in separate action but is included in the Financial Policies document for reference and ease of access. Although the Investment Policy was approved by the Board at its November 2015 meeting, changes were submitted for the Investment Policy so these red-lines are included as well.



# Denton County Transportation Authority Financial Management Policies

(Adopted May, 2014)



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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 operations, 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 on the agency.
- 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 written and audited 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
- I.J. To insure an optimum balance between demand for service and resources to provide

## 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 and be reflected in the agency's cashflow model.

- a. It will be the policy of DCTA to maintain a Fund Balance Reserve Fund 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 Sales Tax Stabilization, Capital Replacement/Infrastructure Maintenance, and Fuel Stabilization Funds will be made from available funds as identified in the annual budget, or amended budget. The Chief Financial (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 the time. Guidelines for ~~their transfers and~~ contributions s are as follows:

- a. All ~~expenditures drawn transfers for expenditures~~ 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 Capital~~ Replacement Fund will at a minimum be an amount equivalent to twenty percent (20%) of bus/fleet replacement costs (reflective of anticipated grants) plus the cost of one ~~twelve (12)-year life transit~~ bus with a twelve (12) year useful life. (Example - FY16 Bus Fleet replacement : \$2.9 million X 20% = \$0.58 million; cost of transit bus = \$0.4 million. Minimum Capital Replacement Fund requirement: \$0.58 million + \$0.4 million = \$0.98 million)

- c. Infrastructure Maintenance – 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 other emergency requires draw down of Fund Balance Reserve or Sales Tax Stabilization funds, it will be a ~~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 cash flow model~~ and annual budget will ~~reflect~~ specifically outline 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 cash flow model~~ and the long range service plan. Staff shall provide a review of the implications of budgetary proposals on-  
~~long-range plans~~ the cash flow model.
- 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 Expenses 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-in 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-in 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 cash flow model~~.
- e. Definitions:
  - i. Budget Amendment – Shall mean a change in the fiscal year budget based on the following criteria:
    1. Operating – an increase to the total bottom line operating fund expenditure budget
    2. 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.

3. A resolution approved by the DCTA Board of Directors ~~in the form of a resolution~~ is required to authorize an amendment as specified in ~~this section~~ Section e (i).

- ii. 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~~.

- f. 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.
- g. ~~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. A physical inventory will be conducted no less than every two (2) years.

## **Purchasing And Disposal of Assets**

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 entities providing financial support and 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.

**Grant Funds:** When procurement involves the expenditure of grant funds, 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 shall 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~~ minimize the use of debt ~~so~~ to the effect that debt service payments will be a predictable and manageable part of the operating budget.
- B. Utilize debt as the last resort, 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. Issuing debt on a competitive basis (except when conditions make a negotiated sale preferable) and awarding 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.
  - i. Long-term debt issued will not exceed the life of the projects financed. Current operations will not be financed with long-term debt.
  - ii. Short-term borrowing will not be used for operating purposes.
- e. Complying with continuing disclosure reporting requirements and ~~its the~~ 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
- f. Ensuring 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.
- g. Limiting bonded indebtedness to a level that:
  - i. permits sufficient borrowing to support a reasonable level of capital programming,
  - ii. maintains a debt amortization schedule within DCTA's ability to pay
  - iii. supports DCTA's credit rating objectives.
- h. Considering credit enhancements ~~shall be considered with only after a~~ a cost/benefit analysis has been completed for each ~~long-term~~ bond issue.

- g.i. Maintaining debt service 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.
- h.j. Maintaining debt service coverage ratios as required for any bond issues but not less than an internal debt service coverage of 1.25X.

# THE INVESTMENT POLICY IS ADOPTED ANNUALLY BY SEPARATE ACTION OF THE BOARD OF DIRECTORS AND IS INCLUDED HERE FOR REFERENCE.

## Investment Policy (As adopted 11/19/2015)

### I. POLICY STATEMENT

The Denton County Transportation Authority (DCTA) policy ~~is stipulates~~ 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 DCTA's investments will~~ 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; ~~compliance with~~ Board Policy, and the management of banking ~~depository-~~ 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~~ reflects diversity by market sector, type of credit, and length of maturity as best meets DCTA's requirements. 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's cash 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~~ Investments will be based on a cash flow analysis of needs and will remain sufficiently liquid to ~~enable it to meet~~ satisfy all operating requirements which might be reasonably anticipated by the agency's cash flow model. 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 include ~~be invested in~~ investments that offer same-day liquidity for those unanticipated situations ~~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~~ in Section VIII of this policy 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 s~~ 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 according to this Investment Policy. 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~~activities of the investment program which are consistent with this Investment Policy. ~~The P~~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 herin~~.~~

#### 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 in Section VI, 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 to the Board of Directors 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 DCTA. Results of review of internal controls by the independent auditor shall be included in the annual audit.

#### 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 principal 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; and

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

If additional types of securities are approved for investment by public funds by state statutes, ~~they none~~ 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 and disclose certain criteria as determined by the Investment Officer including: ~~r. 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 DCTA's~~ 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~~ shall not have 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's~~ Investment Officer for approval. The advisor shall annually present a list of its authorized broker/dealers to DCTA for review and likewise shall ~~execute the aforementioned written instrument~~ return a signed certification 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:

<b><u>Security Type</u></b>	<b><u>Max % of Portfolio</u></b>
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:

A. invest more than 20% of the portfolio for a period greater than one (1) year ~~unless matched to a specific requirement,~~

B. 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-exceeding~~ the FDIC insurance coverage of \$250,000, and on repurchase agreements.

~~In order to anticipate market changes and To~~ provide a level of additional security for all funds and to also anticipate any market changes, 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(s)
- C. contain a summary statement that ~~states presents~~ :
  - a. beginning book and market value for the reporting period;
  - b. ending book and market value for the reporting 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~~ providing their latest audited financial statements to DCTA.

#### **XIV. TRAINING REQUIREMENT**

The DCTA Investment Officer(s) 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 ~~personal they conduct~~ business is conducted. ~~They shall file~~ Further disclosure shall also be made of 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 suggested changes to the policy ~~from the review~~, will be ~~passed and recorded~~ approved by the Board.

Previous Action:

Adopted October 23, 2014

**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





## Finance Committee Memo

March 14, 2016

**Subject: Revolving Door Provision**

### **Background**

It is not uncommon for public officials and employees, when moving from their public sector positions, to consider employment with agencies, organization or companies with relationships to their former public agency. DCTA's awareness of the importance of conducting agency business in a transparent, open and ethical manner is reflected not only by the mission and values adopted by the Board, but is also documented in various DCTA Policies and Procedures Manuals.

- Reference 1: Article 8- Ethics in Public Contracting from the DCTA Purchasing Procedures Manual
- Reference 2: The DCTA Employee Handbook contains provisions on employee conduct which include among them Section 7.09 – Conflict of Interest

These References are included to provide the Finance Committee a reference to DCTA's awareness of the importance of documenting its expectations regarding ethical conduct and conflict of interest.

An item not currently addressed and previously identified as a missing element is a revolving door provision. Attachment A is a draft Revolving Door Provision recommended for inclusion in the employee conduct section of the employee handbook.

### **Reference 1: ARTICLE 8 FROM DCTA PURCHASING PROCEDURES MANUAL**

#### **ARTICLE 8 - ETHICS IN PUBLIC CONTRACTING**

##### **8-101 APPLICATION**

This Article shall govern the performance of DCTA officers, employees, board members, and agents engaged in the award or administration of procurements and resulting contracts. For the purpose of this Article, "DCTA officer" means any DCTA officer, employee, board member or agent.

##### **8-102 CRIMINAL PENALTIES**

To the extent that violations of the ethical standards of conduct set forth in this Article constitute violations of this policy, they shall be punishable as provided therein. Such penalties shall be in addition to the civil sanctions set forth in this Part. Criminal, civil, and administrative

sanctions against employees or non-employees which are in existence on the effective date of this Policy shall not be impaired.

#### **8-103 CONFLICT OF INTEREST**

It shall be unethical for any DCTA employee, officer or agent to participate directly or indirectly in the selection, award or administration of a contract if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer or agent;

- (a) or any member of DCTA officer's immediate family has a financial interest pertaining to the procurement contract; or
- (b) any other person, business, or organization with whom a DCTA officer or any member of a DCTA officer's immediate family is negotiating or has an arrangement concerning prospective employment, is involved in the procurement contract.

A DCTA officer or any member of a DCTA officer's immediate family who holds a financial interest in a disclosed blind trust shall not be deemed to have a conflict of interest with regard to matters pertaining to that financial interest.

#### **8-104 GRATUITIES AND KICKBACKS**

(1) *Gratuities.* It shall be unethical for any person to offer, give, or agree to give any DCTA officer or former DCTA officer, or for any DCTA officer or former DCTA officer to solicit, demand, accept, or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, or preparation of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy, or other particular matter, pertaining to any program requirement or a contract or subcontract, or to any solicitation or proposal therefore.

(2) *Kickbacks.* It shall be unethical for any payment, gratuity, or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor or any person associated therewith, as an inducement for the award of a subcontract or order.

(3) *Contract Clause.* The prohibition against gratuities and kickbacks prescribed in this Section shall be conspicuously set forth in each and every contract and solicitation therefor.

#### **8-105 PROHIBITION AGAINST CONTINGENT FEES**

It shall be unethical for a person to be retained, or to retain a person, to solicit or secure a DCTA contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except for retention of bona fide employees or bona fide established commercial selling agencies for the purpose of securing business.

**8-106 CONTEMPORANEOUS EMPLOYMENT PROHIBITED**

It shall be unethical for a DCTA officer who is participating directly or indirectly in the DCTA procurement process to be the employee of any person or firm competing for a contract with DCTA. It shall also be unethical for a DCTA officer who is participating directly or indirectly in DCTA's procurement process to become an employee of any person or firm as a result of a firm being awarded a contract with DCTA.

**8-107 USE OF CONFIDENTIAL INFORMATION**

It shall be unethical for any officer or former officer to knowingly use confidential information for actual or anticipated personal gain, or for the actual or anticipated personal gain of any other person.

**8-108 SANCTIONS**

(1) *Employees.* The President may impose any one or more of the following sanctions on a DCTA employee for violations of the ethical standards in this Article:

- (a) oral or written warnings or reprimands;
- (b) suspension with or without pay for specified periods of time; or
- (c) termination of employment.

(2) *Non-employees.* The Board of Directors may impose any one or more of the following sanctions on a non-employee for violations of the ethical standards:

- (a) written warnings or reprimands;
- (b) termination of contracts.

**8-109 RECOVERY OF VALUE TRANSFERRED OR RECEIVED IN BREACH OF ETHICAL STANDARDS**

(1) *General Provisions.* The value of anything transferred or received in breach of the ethical standards of this Policy by an employee or a non-DCTA officer may be recovered from both a DCTA officer and a non-DCTA officer.

(2) *Recovery of Kickbacks by DCTA.* Upon a showing that a subcontractor made a kickback to a prime contractor or a higher tier subcontractor in connection with the award of a subcontract or order thereunder, it shall be conclusively presumed that the amount thereof was included in the price of the subcontract or order and ultimately borne by DCTA and will be recoverable hereunder from the recipient. In addition, that amount may also be recovered from the subcontractor making such kickbacks. Recovery from one offending party shall not preclude recovery from other offending parties.

## Reference 2: DCTA EMPLOYEE HANDBOOK – SECTION 7.09

### 7.09 CONFLICT OF INTEREST

#### 7.09.1 Unacceptable activities. No employee of DCTA may:

- a. Have any financial or other interest, directly or indirectly, in any proposed or existing contract, purchase, work, sale or service to, for, with or by DCTA;
- b. Use DCTA employment, authority, or influence in any manner for his/her personal betterment, financial or otherwise;
- c. Have any financial interest, directly or indirectly, in the sale to DCTA of any land, materials, supplies or services;
- d. Have discussions or participate in decisions of any DCTA agency, board, commission or instrumentality if the employee has any personal economic interest or is employed, directly or indirectly, by the person or entity that is the subject of the discussion or decision;
- e. Engage in outside activities incompatible with the performance of duties and responsibilities as a DCTA employee or that might impair independent judgment in the performance of duties to DCTA; or
- f. Accept remuneration or provide services for compensation, directly or indirectly, to a person or organization requesting an approval, investigation, or determination from DCTA.

#### 7.09.2 Violations. Violations may result in disciplinary action up to and including termination of employment. Employees should direct questions regarding the prohibitions imposed by this policy to your Supervisor or the Human Resources Representative.

### Recommendation

Staff recommends inclusion of revolving door provision in DCTA Employee Handbook

**ATTACHMENT A**  
Addition to DCTA Employee Handbook

Chapter 7 – Employee Conduct

**Revolving Door Provision**

Employees of DCTA, at or above Assistant Vice President job grade or equivalent, and who subsequently leave employment with DCTA may not represent or receive compensation for services rendered on behalf of any “person” regarding a “particular matter” in which he or she “participated” while serving with the agency, either through personal involvement, or because the matter was within his or her official responsibility. “Participated” means to have taken action as an officer or employee through decision, approval, disapproval, recommendation, giving advice, investigation or similar action. “Particular matter” is defined narrowly to mean something specific such as an investigation, application, project scope of work or contract.

A former employee subject to the revolving door prohibition may work on matters similar to matters he or she worked on as a DCTA employee, but not on exactly the same matters. For example, if a former employee developed scope of work for and recommended and/or executed Contract X for planning services for the agency he or she could not leave the agency and work on Contract X on behalf of the vendor awarded the contract. The former employee could however, work on Contract Z on behalf of the vendor, even if the scope of work or issues related to Contract Z are similar to those of Contract X. Factors differentiating the two Contracts would include that the former employee did not develop the scope of work or recommend and/or execute Contract Z.

A “person” under this provision is an individual or business entity. It does not include a nonprofit organization or other governmental or quasi-governmental entity.

This prohibition is for a period of one year after date of termination of employment with DCTA.



## FY 16-17 Finance Committee Calendar

  Budget Kick-Off Meeting

FC Finance Committee Meetings

  Budget Reviews {Staff}

  Department Goals Due

B Board of Director Meetings

  Budget Projections Due {Staff}

April '16						
Su	M	Tu	W	Th	F	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	B	28	29
						30

April 26: FY16 Q2 Budget Reviews (Staff)

May '16						
Su	M	Tu	W	Th	F	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	FC	16	17	18	19	20
21	22	23	24	25	26	27
				B		
29	30	31				

May 16: Finance Committee (2-4 pm)

FY16 Revised Budget

May 26: BOD FY16 Revised Budget Adoption

May 30: FY17 Department Goals Due

June '16						
Su	M	Tu	W	Th	F	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	B	23	24
25	26	27	28	29	30	

June 20: FY17 Budget Projections Due (Staff)

Revenues, Operating & Capital

June 27-29: FY17 Budget Reviews {Staff}

July '16						
Su	M	Tu	W	Th	F	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	FC	25	26	27	28	29
30				B		

July 25: Finance Committee (1-5pm)

FY17 Budget Workshop

August '16						
Su	M	Tu	W	Th	F	Sa
	1	2	3	4	5	6
7	FC	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

August 8: Finance Committee (2-4 pm) \*if needed

August 25: BOD FY17 Budget Presentation & Public Hearing


September '16						
Su	M	Tu	W	Th	F	Sa
				1	2	3
4	5	6	7	8	9	10
11	FC	12	13	14	15	16
17	18	19	20	21	22	23
24				B		
25	26	27	28	29	30	

September 12: Finance Committee (2-4pm) \*if needed

September 22: BOD FY17 Budget Adoption



## FY 16-17 Finance Committee Calendar

 Budget Kick-Off Meeting

 **FC** Finance Committee Meetings

 Budget Reviews {Staff}

 Department Goals Due

 **B** Board of Director Meetings

 Budget Projections Due {Staff}

October '16						
Su	M	Tu	W	Th	F	Sa
						1
2	3	4	5	6	7	8
9	<b>FC</b> 10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	<b>B</b> 27	28	29
30	31					

October 10: Quarterly Finance Committee (2-4pm)

October 27: Board of Directors Meeting

November '16						
Su	M	Tu	W	Th	F	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	<b>B</b> 17	18	19
20	21	22	23	24	25	26
27	28	29	30			

November 17: Board of Directors Meeting

December '16						
Su	M	Tu	W	Th	F	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	<b>B</b> 15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

December 15: Board of Directors Meeting

January '17						
Su	M	Tu	W	Th	F	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	<b>FC</b> 16	17	18	19	20	21
22	23	24	25	<b>B</b> 26	27	28
29	30	31				

January 16: Quarterly Finance Committee (2-4pm)

January 26: Board of Directors Meeting