DCTA

Denton County Transportation Authority

Adopted
2005 Budget

Fiscal Year October 1, 2004 through September 30, 2005

John O. Hedrick
Executive Director

2005 Budget
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Appreciation is extended to everyone who contributed to the development of the budget document and to those who will implement the plan.

DCTA

Agency Overview

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

The legislation authorizing the DCTA's creation required that a Service Plan be developed by the Authority. Regional rail is the central element of the Denton County Transportation Authority's Service Plan. The Service Plan's concept is to implement initial rail service in Denton County to connect with Dallas Area Rapid Transit light rail transit (LRT) facilities.

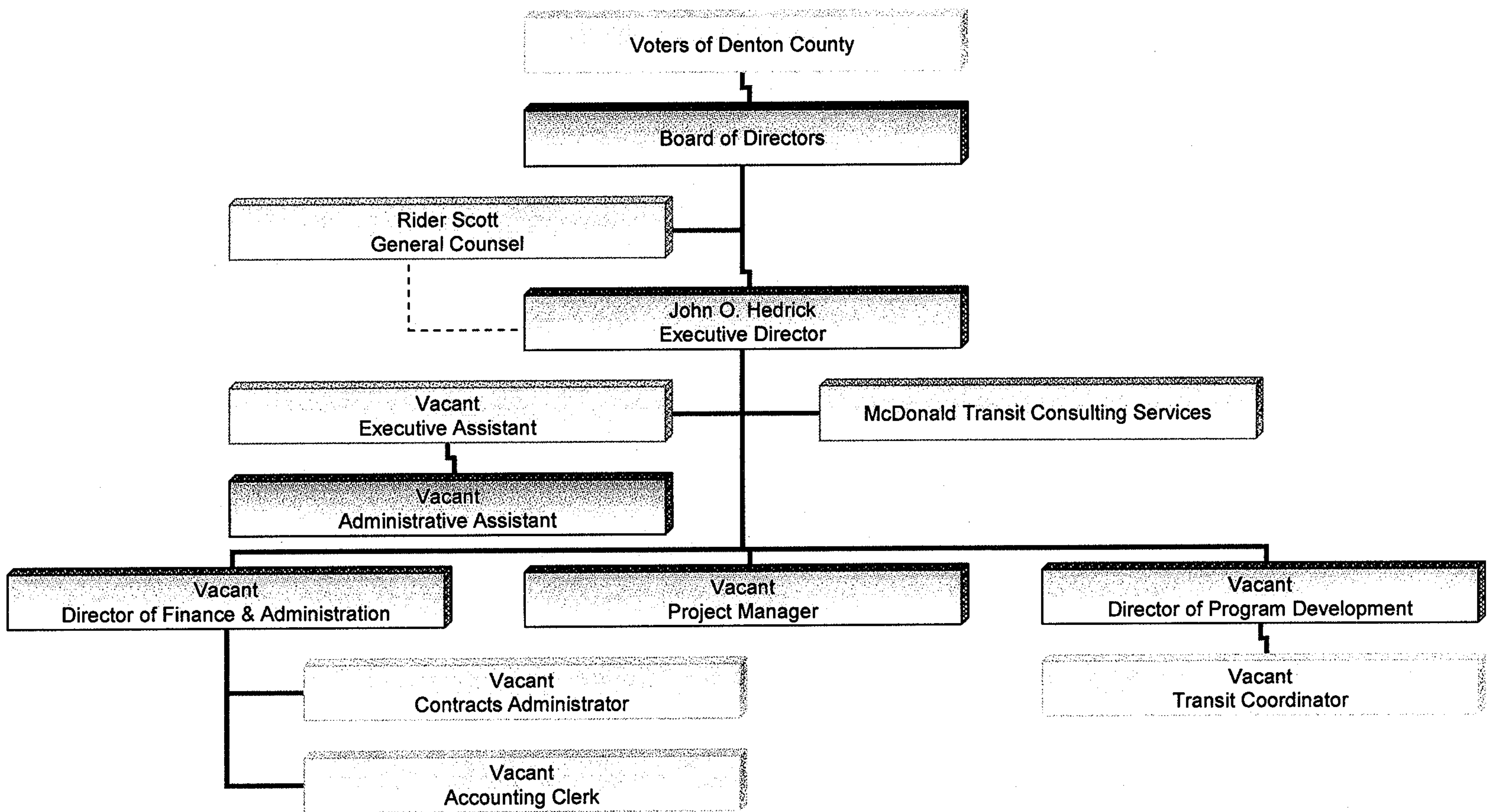
This Service Plan was revised for implementation of the first phase of the countywide plan along the I-35E corridor. Once the corridor is complete, over half the County's population will have access to regional rail service. The revised Plan was submitted to the voters of eight cities in Denton County on September 13, 2003, for consideration and approval of a one-half percent sales and use tax. The election was successful in the cities of Denton, Highland Village and Lewisville. These three cities accounted for approximately 80% of the available sales tax revenue in the County. Imposition of the sales and use tax dedicated to the Authority for implementation of the Service Plan began January 1, 2004.

The Board of Directors is responsible for governance of the Authority. The Board is currently composed of fourteen members: one member from each municipality with a population of 12,000 or more (8); three members from the unincorporated area of Denton County; and three members designated by the remaining municipalities with a population of more than 500 and less than 12,000. Each member serves a term of two years, with a maximum of three consecutive terms. Currently, Charles Emery is the Chairman of the Board and Joe Roy serves as the Vice-Chairman.

The voters of the member cities of Denton, Highland Village and Lewisville put their confidence in DCTA to implement the adopted Service Plan and improve mobility for Denton County. The Board is responsible for the general policy governance of the DCTA, with the Executive Director responsible for day-to-day management and implementation of the DCTA's goals and objectives.

DCTA Organization Chart

Currently, DCTA has only one employee, the Executive Director. The Board of Directors contracts with McDonald Transit Associates to provide professional management and technical support. The FY05 budget includes provisions for phasing out the contracted services and hiring staff directly to perform the functions of DCTA. The staffing plan is outlined below:

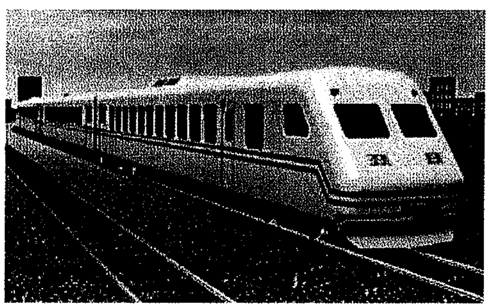


Services Provided by DCTA

The DCTA's Service Plan includes a rail component and three layers of bus service, including Regional Connector Bus Service, Local Routes, and Demand Response Service. In addition, a network of Park-and-Rides/Regional Rail and Bus Facilities will be established to serve citizens in Denton County. These elements will provide services to help mitigate and improve mobility issues in the near term, as well as link the County's larger cities to rail when that service is implemented.

Regional Rail Plan

Regional rail is the central element of the Denton County Transportation Authority's Service Plan. The Service Plan's concept is to implement initial rail service in Denton County to connect with Dallas Area Rapid Transit light rail transit facilities. At a minimum, it is DCTA's intent to work as a partner with DART to develop as seamless a service as possible for DCTA and DART riders. There may also be an opportunity to work with DART, through regional funding support by the metropolitan planning organization to develop regional rail service to the planned Belt Line Road Inter-modal Transportation Center. That would allow not only north-south service between Denton and Dallas counties, but also eventual east-west services along the Cotton Belt rail corridor, and the possibility of services directly to Dallas-Fort Worth International Airport and the City of Fort Worth.



In August 2004, the DCTA began an Alternatives Analysis planning study to evaluate corridor and technology alternatives for the regional rail plan. Once the preferred corridor and technology are chosen, the environmental work is anticipated to begin in Fiscal Year 2005. The first phase of the project, possibly operational as early as 2010, is anticipated to provide rail service between Lewisville and DART's light rail facility in Carrollton. The final project is expected to cover approximately 20 miles between the City of Denton and the DART connection.

Regional Cooperation

<u>Regional Transit Initiative</u>

DCTA has taken a leadership role in the Regional Transit Initiative (RTI) – an effort begun in 2003 to provide and promote seamless public transportation in the Metroplex. The three existing transportation authorities – Dallas Area Rapid Transit (DART), Fort Worth Transit Authority (The T) and the DCTA – participated in many discussions and came to agreement on principles that will forward the goals of the RTI. During FY05, these three entities, along with the NCTCOG, will continue to work cooperatively on behalf of the RTI.

Regional Rail Corridor Study

The NCTCOG has a Regional Rail Corridor Study underway. The goal is to provide sound data and recommendations to decision makers on how they can best implement passenger rail services throughout the Dallas-Fort Worth metropolitan area. DCTA has been an active participant in providing data and working with NCTCOG. Information from this study will be valuable for the timely advancement of DCTA's rail program, as well as for any regional rail activities.

Regional Connector Service

Regional Connector Bus Service will focus on a cost-effective regional connection to the Dallas Central Business District (CBD). The Regional Connector is an interim measure in the I-35E corridor where rail service is expected to be implemented. It will be a service that can quickly be initiated to serve regional mobility needs. As rail service is introduced and expanded in the service area, these routes may be discontinued or changed to provide additional feeder service into the rail lines.

In fall 2004, the DCTA and the North Central Texas Council of Governments (NCTCOG) co-sponsored a Bus and Paratransit Study. One of the main objectives of the study is to verify the demand for the Regional Connector and identify the operating characteristics. Regional Connector service is expected to begin in late summer 2005.

Local Transit Service

The DCTA funds service in the cities of Denton, Highland Village and Lewisville. Currently, the City of Denton operates LINK, a fixed route system in the heart of Denton. The City of Lewisville operates a Dial-A-Ride service for the elderly and disabled residents of Highland Village and Lewisville. In addition, Lewisville provides service to surrounding cities on a contract basis, currently including Corinth, Double Oak, Flower Mound and Highland Village.

LINK operates 8 routes, Monday through Friday, from approximately 6:00 a.m. to 7:30 p.m., and on Saturday from 9:00 a.m. to 5:30 p.m. Destinations include Denton City Hall, Courthouse, and Library; Denton Community and Regional Hospitals; several retail and grocery shops; several parks and recreation centers, including the senior center; various social service agencies; and 16 educational institutes, including the University of North Texas (UNT) and the Texas Women's University, and a variety of elementary, middle and high schools. The City of Denton provides campus shuttle service to UNT through a contractual agreement. This service provides transportation from nearby apartment complexes to the campus, as well as shuttle service inside the campus. The service is open to the general public.

The fare for the service is $1.00 per trip for adults, $.50 for children, elderly and disabled. Transfers are free and available between all routes. The service is contracted to a private operator for operations, planning and marketing services. In FY04, LINK had over 188,000 boardings. There were over one million boardings on the UNT campus shuttle service.

The Bus and Paratransit Study will research the demand for implementation of a new fixed route service in the City of Lewisville, as well as determine the need for expanded LINK service in the City of Denton.

Paratransit Service

The City of Lewisville contracts with a private operator to provide Dial-A-Ride service to persons 60 years of age and older and persons with verified disabilities. Reservations are accepted on a first come, first serve basis, up to seven days in advance. Service is operated from 7:00 a.m. to 10:00 p.m., Monday through Friday, and 9:00 a.m. to 3:00 p.m. on Saturday and Sunday. The fare for this service is $0.50 per one-way ride.

The City of Denton provides complementary paratransit service to residents living ¾-mile from a transit route. This service is available to residents with Americans with Disabilities Act eligibility.

The Bus and Paratransit Study will identify coordination issues for paratransit service throughout the DCTA service area. DCTA will evaluate the recommended improvements and implement them as feasible.

Park-and-Ride/Regional Rail Facilities

Regional Park-and-Ride/Rail Facilities are anticipated to be established along the future regional rail service corridor. The Park-and-Ride transfer network will also provide transfer points for all of the other anticipated services, including the Regional Connector. Determination of the location and characteristics of potential Park-and-Rides is a component of both the Alternatives Analysis and the Bus and Paratransit Study. Ideally, park-and-ride locations will have the capacity to serve both the Regional Connector in the interim and the planned rail project for the long term.

Enhanced Local Assistance Program

In Fiscal Year 2004, the DCTA implemented the Enhanced Local Assistance Program (ELAP), a financial assistance program for the DCTA participating cities. The ELAP was created to improve mobility in the short term prior to regional rail implementation. Funding for ELAP is available to eligible cities in an amount generally equal to 25 percent of the DCTA sales and use tax collections from the respective cities for the first four years of the DCTA's operation. Upon DCTA approval of selected projects, the funds are released to the cities on a reimbursement basis. In FY04, over $3.5 million was approved for eligible projects in the cities of Denton and Lewisville.

Basis of Budgeting

Purposes of the Budget

The budget serves as a policy tool for the Board of Directors. Management uses the budget as an expression of goals and objectives for the coming year. For the residents of Denton County who may not be familiar with the workings of the DCTA, it presents a picture of the DCTA's purpose and intentions for the coming year. The budget is designed to communicate these intentions by describing the service to be provided, the cost of the service, the proposed allocation of funds, and revenue sources used to pay for the service.

Basis for Accounting

DCTA uses the accrual basis for budgeting. Under this method, revenues are budgeted in the period that they are earned and expenses are budgeted in the period in which the liability or benefit is expected. Accrual budgeting is also used for non-operating revenues and expenditures. Capital expenditures and grant reimbursements are budgeted on a project and cash flow basis. These revenues and expenditures are budgeted in the period that cash is expected to be received or paid. The remaining unexpended portions of the capital project, revenues, and related grant reimbursements are budgeted each year thereafter.

Budget and Spending Control

Budget modifications or line item changes of less than $25,000 are considered a budget revision and are placed onto the Consent Agenda for Board approval at the monthly Board meeting. Any budget modification or transfer $25,000 or higher is considered a budget amendment and is considered for approval at the monthly Board meeting.

The Budget Process

The Budget process begins with identifying the next phase of implementation of the Service Plan. This drives the individual operational and technical goals and objectives. Once those goals and objectives are detailed, identification and delineation of the available revenues takes place.

The Executive Director presents the draft budget to the Board of Directors for review and comment. This draft is then revised and presented at a public hearing for review and comment from the citizens. All comments are reviewed and the final budget document is presented to the Board of Directors for approval.

Annual Budget Development Cycle

The Board of Directors adopted an annual budget development cycle that will be initiated with the FY06 budget preparation activity. This cycle includes a capital call for projects, a vision and goals identification session with the Board, and specific dates for completion of budget activities. Below is the summary of activities:

Month	Activity
March	Executive Director sets vision and goals for budget year
	Executive Director approves budget calendar
April	Staff prepares back-up documentation to prepare first draft budget
May	Draft budget to Executive Director for review and approval
June	Present draft budget to Board-appointed review committee
	Present proposed final budget to Board for review
July	Conduct public hearing(s) on proposed final budget
	Adjust final draft as needed based on Board review and public comment
August	Adoption of final budget by Board of Directors

Budget Summary

FY04 Accomplishments

Fiscal Year 2004 was an exciting year for DCTA! The DCTA made significant accomplishments in implementing components of the Service Plan, as well as creating the foundation for the professional and responsible operation of DCTA. DCTA successfully achieved major milestones, including:

- ☆ Began sales tax collection on January 1, 2004
- ☆ Began implementation of the Service Plan by:
  - ✓ Launching the Alternatives Analysis – the first step toward entering the federal funding process for corridor development
  - ✓ Worked cooperatively with the member and non-member cities to successfully transition the funding responsibility for transit service from the local cities to DCTA, without any negative impact to current service
- ☆ Conducted a national search and hired an Executive Director to manage and guide the DCTA
- ☆ Solicited for and contracted with a law firm to provide General Counsel services
- ☆ Became the Designated Recipient for federal funding in Denton County
- ☆ Implemented the Enhanced Local Assistance Program (ELAP) to provide member cities with funding for public transportation-related projects
- ☆ Approved $3,523,227 in funding for the cities of Denton and Lewisville through the ELAP
- ☆ Co-sponsored with NCTCOG the Bus and Paratransit Study to determine transit service improvements, including regional express bus, expanded local fixed route and coordinated paratransit services
- ☆ Provided active participation in the Regional Rail Corridor Study (RRCS)
- ☆ Provided leadership and direction in the Regional Transit Initiative (RTI)
- ☆ Mobilized the DCTA headquarters to effectively manage the DCTA's goals
- ☆ Established depository services
- ☆ Obtained membership on the NCTCOG Regional Transportation Council and the Surface Transportation Technical Committee
- ☆ Developed an Investment Policy and Program to maximize investment opportunity

FY04 Accomplishments Continued...

- ☆ Established the Record Service Plan in November 2003
- ☆ Developed first operating and capital budget and created necessary accounting structure
- ☆ Implemented management structures and necessary policies and procedures to be compliant with the necessary Local, State and Federal regulations
- ☆ Implemented performance measures for local transit service
- ☆ Contracted with a firm to provide Financial Advisor services

* * *

What to look forward to in FY05:

Service Plan Milestones

New DCTA Staff

Quality ELAP Projects

* * *

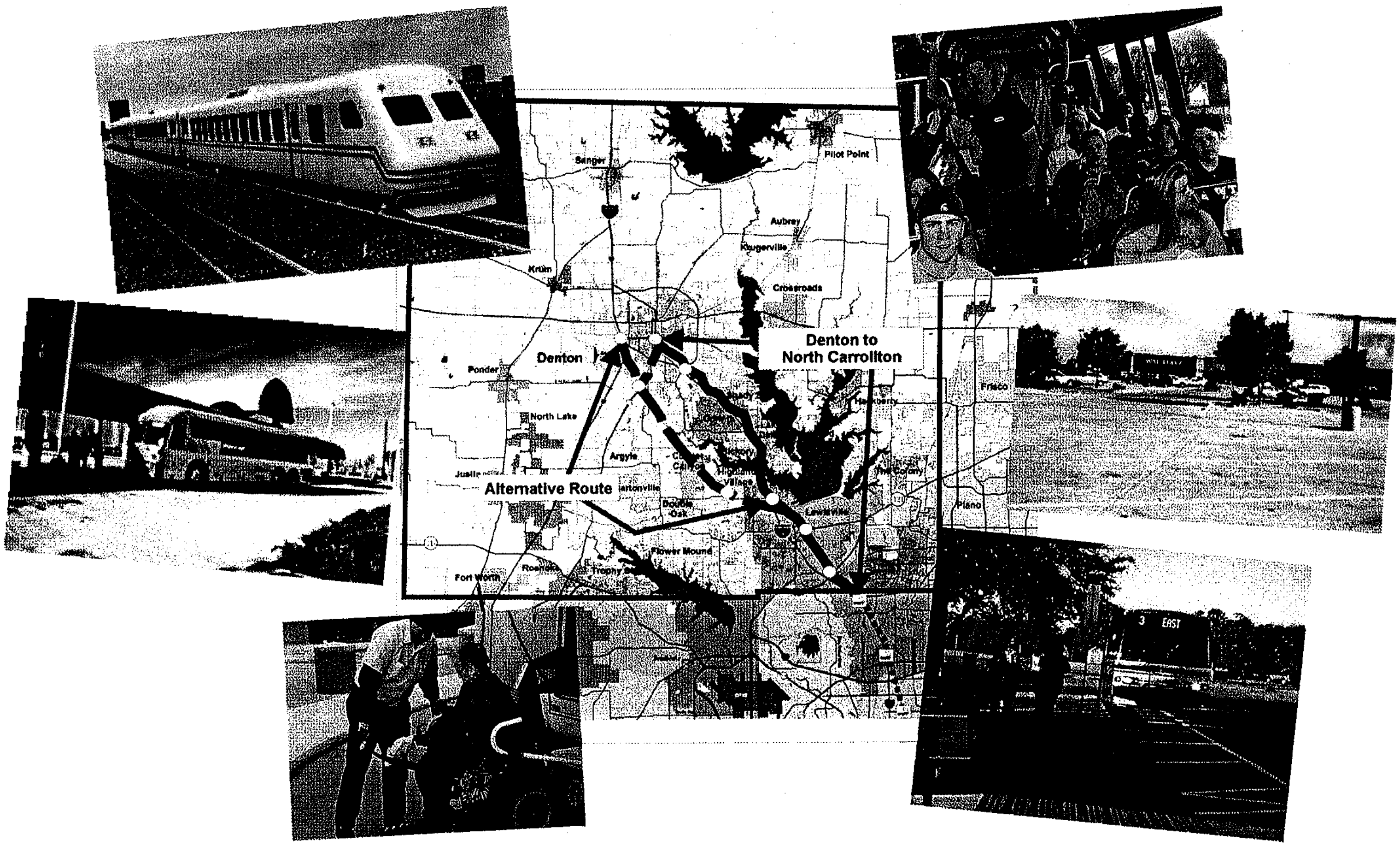
FY05 Goals and Objectives

The goals and objectives for Fiscal Year 2005 continue building on the foundation created by the accomplishments of FY04 – when DCTA began its official foray into implementation of the rail component of the Service Plan. In FY05, it will identify the corridor and technology that will be used to move forward with the federally-mandated process to achieve the final goal – rail connectivity between Denton and Dallas Counties. In addition, local transit service improvements will be considered based on the results of the DCTA/NCTCOG sponsored bus and paratransit study. The FY05 goals are:

- Continue implementation of the Service Plan, including:
  - Completion of the Alternatives Analysis and identification of the Locally Preferred Alternative
  - Advance the rail project by launching the necessary environmental activities
  - Advance the rail project by continuing discussions with the City of Carrollton and DART regarding connectivity and right-of-way issues and solutions
  - Begin identification and negotiation of Park-and-Ride locations
  - If justified, implement regional connector bus service
  - If justified, implement improvements to local transit service, including new fixed route service in the City of Lewisville and expanded fixed route service to the City of Denton and UNT
- Employ additional professional and technical staff to implement the goals of DCTA
- Support local mobility projects in member cities through the ELAP
- Full transition of the planning, coordinating, implementing and funding functions for local transit service
- Continue building and enhancing regional relationships with the Federal Transit Administration, North Central Texas Council Of Governments, DART, Regional Transportation Commission, Dallas Regional Mobility Coalition, and other potential partners
- Work cooperatively with the University of North Texas to continue aligning current services and promote ridership between them
- Continue building and enhancing local relationships with the cities of Denton, Highland Village, and Lewisville, as well as the Texas Women's University and other potential local partners

FY05 Goals and Objectives Continued...

- Perform an image campaign to establish the brand for DCTA services
- Develop and implement a marketing plan and strategies



Budget Description

The Budget reflects the implementation of the Service Plan, and is dispersed through three major categories:

- Operating
- Capital Improvement Program
- Enhanced Local Assistance Program

The operating fund finances the day-to-day operations of the DCTA. The capital improvement program contains expenditures associated with bus or bus-related facilities, modernization of fixed guideway facilities, and new starts construction activity. The Enhanced Local Assistance Program funds the financial assistance program for member cities.

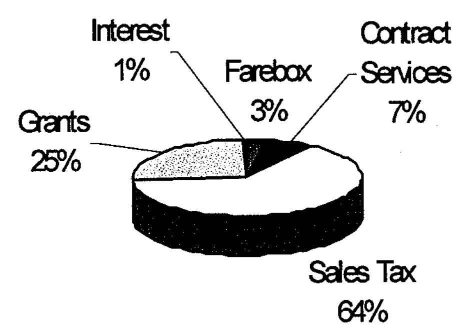
Revenue Summary

The FY05 Budget includes revenue from fares, sales tax, federal and state grant funding operating and capital projects, reimbursement from the University of North Texas, interest earnings on the operating fund balance and the FY04 ending balance. Table 1 identifies the anticipated revenue for FY05.

Table 1

Operating Income	
Fares	$ 586,550
UNT Contracted Service	$ 1,407,792
Sales Tax	$13,600,000
Grants	
FTA Formula Grant	$ 4,807,154
VCR State Grant	$ 106,800
NCTCOG Planning Grant	$ 303,334
Interest Income	$ 136,000
FY05 Operating Revenues	**$20,947,630**
FY04 Ending Fund Balance	**$ 7,128,400**

Chart 1



Expense Summary

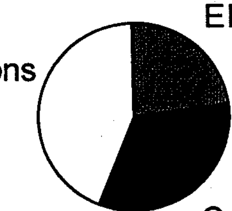
The FY05 Budget includes operating, capital, and ELAP expenditures. Table 2 provides a summary of these expenditures. Chart 2 shows a graphical representation of the percent of funds associated with each category.

Table 2 – Expense Summary

Operating Expense	
Wages	$ 475,720
Benefits	$ 160,013
Services	$ 1,733,935
Supplies	$ 9,800
Utilities	$ 0
Insurance	$ 1,851
Taxes	$ 0
Purchased Transportation	$ 3,960,518
Miscellaneous	$ 104,210
Total Operating	$ 6,446,046
Capital Expense	$ 4,479,030
ELAP	$ 3,400,000
Total Budget Expenses	**$14,325,076**

FY05 Ending Balance	**$13,750,954**

Chart 2



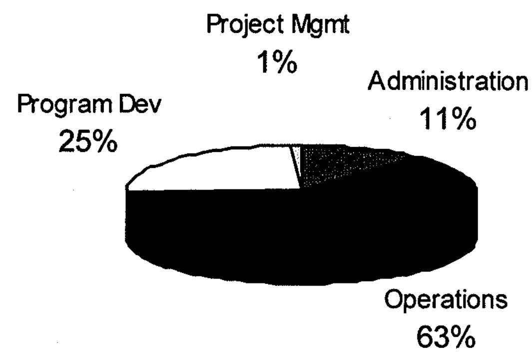
Operating Budget

The Operating Budget funds the day-to-day functions of the DCTA. Operating expenses are driven primarily by purchased transportation for existing and potential service, planning studies to advance the rail project, and personnel wages and benefits. The Operating Budget includes four departments: Administration, Operations, Program Development and Project Management. Table 3 summarizes the Operating Budget by department. Chart 3 shows a graphical representation of the percentage of expense by department. Tables 4 through 7 summarize the expense detail by department.

Table 3 – Operating Budget by Department

Administration	
Personnel	$ 401,540
Operating Expense	$ 324,279
Operations	
Personnel	$ 64,002
Operating Expense	$3,984,318
Program Development	
Personnel	$ 96,968
Operating Expense	$1,498,717
Project Management	
Personnel	$ 73,223
Operating Expense	$ 3,000
Total Operating Budget	$6,446,046

Chart 3



Department Descriptions and Budget Detail

Administration

The Administration Department is responsible for the implementation of the policies legislated by the Board of Directors and the overall direction, supervision, and coordination of the DCTA's activities and the day-to-day management; human resources functions; and budget and financial functions.

Table 4 – Administration Department Detail

Category	Budget	Description
Personnel	$401,540	Includes salaries ($301,000), payroll tax ($66,220) and benefits ($34,320) for the: Executive Director, Director of Finance & Administration, Executive Assistant, Contracts Administrator, Administrative Assistant, Accounting Clerk
Services	$242,268	Includes office equipment lease ($6,000); management, legal, accounting, audit, financial advisor, payroll, and computer support services ($224,968); pre-employment physicals and drug screens ($1,250); advertising ($4,050); and printing ($6,000).
Supplies	$7,800	Includes general office supplies ($6,000) and postage ($1,800).
Insurance	$1,851	Includes Directors and Officers insurance ($801) and general liability insurance ($1,050).
Miscellaneous	$72,360	Includes the office facility lease ($45,440); T-1 internet access line ($900); Board travel ($7,200); staff travel and training ($8,320); Annual Board retreat ($1,500); contingency fund ($5,000); and dues and subscriptions ($4,000).
Total	$725,819	

Operations

The Operations Department is responsible for monitoring the performance of the service providers, local transit service planning, National Transit Database reporting, and ensuring compliance with Federal Transit Administration grant requirements and regulations.

Table 5 – Operations Department Detail

Category	Budget	Description
Personnel	$64,002	Includes salary ($47,667), payroll tax ($10,487) and benefits ($5,848) for the Transit Coordinator.
Services	$15,000	Includes park-and-ride site lease agreements.
Supplies	$2,000	Includes DCTA identification for infrastructure.
Purchased Transportation	$3,960,518	Includes service contracts for regional express bus service ($307,800), local fixed route service ($3,181,487) and paratransit service ($471,231).
Miscellaneous	$6,800	Includes contingency fund ($5,000); staff training and development ($1,500); and T-1 line ($300).
Total	$4,048,320	

Program Development

The Program Development Department is responsible for implementing the Service Plan, including the planning and programming for regional rail, interim regional express bus, local fixed route, and paratransit services; identification and implementation of park-and-ride sites; implementing marketing strategies; and ensuring compliance with Federal, state and local grant requirements and regulations.

Table 6 – Program Development Department Detail

Category	Budget	Description
Personnel	$96,968	Includes salary ($72,453), payroll tax ($15,940) and benefits ($8,575) for the Director of Program Development.
Services	$1,476,667	Includes the Service Plan update ($25,000); Brand/Image study ($45,000); marketing & education campaign ($20,000); and planning studies for the following: Alternatives Analysis ($500,000) Environmental Compliance ($320,000) Operations/Maintenance Facility Feasibility ($250,000) HOV Extension Feasibility ($66,667) Alternative Fuel Analysis ($250,000)
Miscellaneous	$22,050	Includes contingency fund ($5,000); Board travel ($10,050); staff travel ($5,500); staff training and development ($1,200); and, T-1 line ($300).
Total	$1,595,685	

Project Management

The Project Management Department is responsible for directing the development of the rail component of the Service Plan; and development and implementation of the Capital Improvement Program.

Table 7 – Project Management Department Detail

Category	Budget	Description
Personnel	$73,223	Includes salary ($54,600), payroll tax ($12,012) and benefits ($6,611) for the Project Manager.
Miscellaneous	$3,000	Includes staff travel ($1,500); staff training and development ($1,200); and T-1 line ($300).
Total	$76,223	

Capital Improvement Program

The Capital Improvement Program (CIP) includes the planned capital expenditures to support the operational activities of the DCTA. The FY05 CIP includes replacement vehicles for the existing local fixed route and paratransit services; vehicles to support new and expanded local service; transfer of existing fleet to DCTA; fareboxes and communication equipment for new vehicles; and passenger amenities. The CIP includes a total budget of $4,479,030, with $3,377,904 expected in federal assistance and $1,101,126 in local funds. Table 8 summarizes the Capital Improvement Program expenditures.

Table 8 – Capital Improvement Program

Item	Budget
Misc. Office Equipment	$ 16,650
Vehicles	
9 Replacement Vehicles	$1,313,500
8 Expansion Vehicles	$1,900,000
Transfer Existing Fleet	$ 240,000
Vehicle Accessories	$ 104,000
Park-and-Ride	$ 780,680
Security Enhancements	$ 80,000
Passenger Amenities	$ 44,200
Total	$4,479,030