



Denton County Transportation Authority

Fiscal Year October 1, 2005 through September 30, 2006

2006 Operating and Capital Budget As Adopted

August 25, 2005

John O. Hedrick
Executive Director

Transmittal Letter

Chairman and Members of the Board:

It is my pleasure to present the Denton County Transportation Authority (“DCTA”) Budget, as adopted August 25, 2005, for the 2006 Fiscal Year. This budget continues to advance our efforts to achieve our goals with a focus on quality transportation service for Denton County residents and our customers. During this time of change, as DCTA assumes the responsibilities of providing quality short and long term transportation alternatives for our customers, this budget continues to focus on cost control and proper financial planning.

This budget continues our commitment to respond to customers’ needs with quality service while recognizing the changing economy. As fuel and energy cost continue to increase, DCTA will continue to provide cost effective transportation alternatives to our customers thereby reducing congestion, improving air quality, and the quality of life in Denton County.

Quality Fixed Route Bus Service

Our efforts this year will focus on providing quality service to our customers. Reliability, cleanliness, and customer safety and security will be priorities for FY 2006. Everyone will contribute to improving the quality of service. The service cost included in this budget improves overall efficiency. As a result of the 2005 Bus and Paratransit study and Branding and Imaging study, DCTA will add new and improved fixed route services, equipment, and a new county wide image campaign. In order to achieve these goals, the capital budget provides for the purchase of twenty new fixed route vehicles at a cost of \$5.3 million. These vehicles will be used for service expansion and to replace units scheduled for retirement. DCTA will invest an additional \$1.7 million in park and ride facilities, security and other passenger amenities. The operations service provider will continue to focus on vehicle maintenance and on bus cleanliness and reliability, while delivering consistent on-time performance for bus routes. All of these initiatives will focus on improving our customers’ experience.

Demand Response Services

Many elderly and disabled citizens rely on DCTA Demand Response services to get to work, school, shopping, and medical appointments. DCTA will continue to provide reliable transportation with trained drivers to assist passengers. The capital budget includes seven new Demand Response vehicles at a cost of \$.6 million. DCTA and the operations service provider will focus on system ride scheduling and an improved reservation process for these customers.

Interim Regional Connector Service

The DCTA FY 2006 budget includes plans to provide interim commuter bus service along the I-35E corridor between Denton and Dallas until regional rail service is implemented. This new service is planned to start in January 2006 and will provide a short term solution for the regional commuter needs.

Regional Rail Service

In 2005, DCTA accepted the consultant's recommendation that the former Missouri-Kansas-Texas Railroad (MKT) should be selected as the locally preferred alternative. The FY 2006 budget includes cost to advance this project to the environmental impact study and NEPA compliance documentation.

The DCTA staff looks forward to working with you to accomplish our goals during the next year. We know that by working together, we can make a difference and improve our Denton County public transportation system.

Sincerely,

John O. Hedrick
Executive Director

2006 Budget

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



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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 plan, develop, acquire, construct, 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.

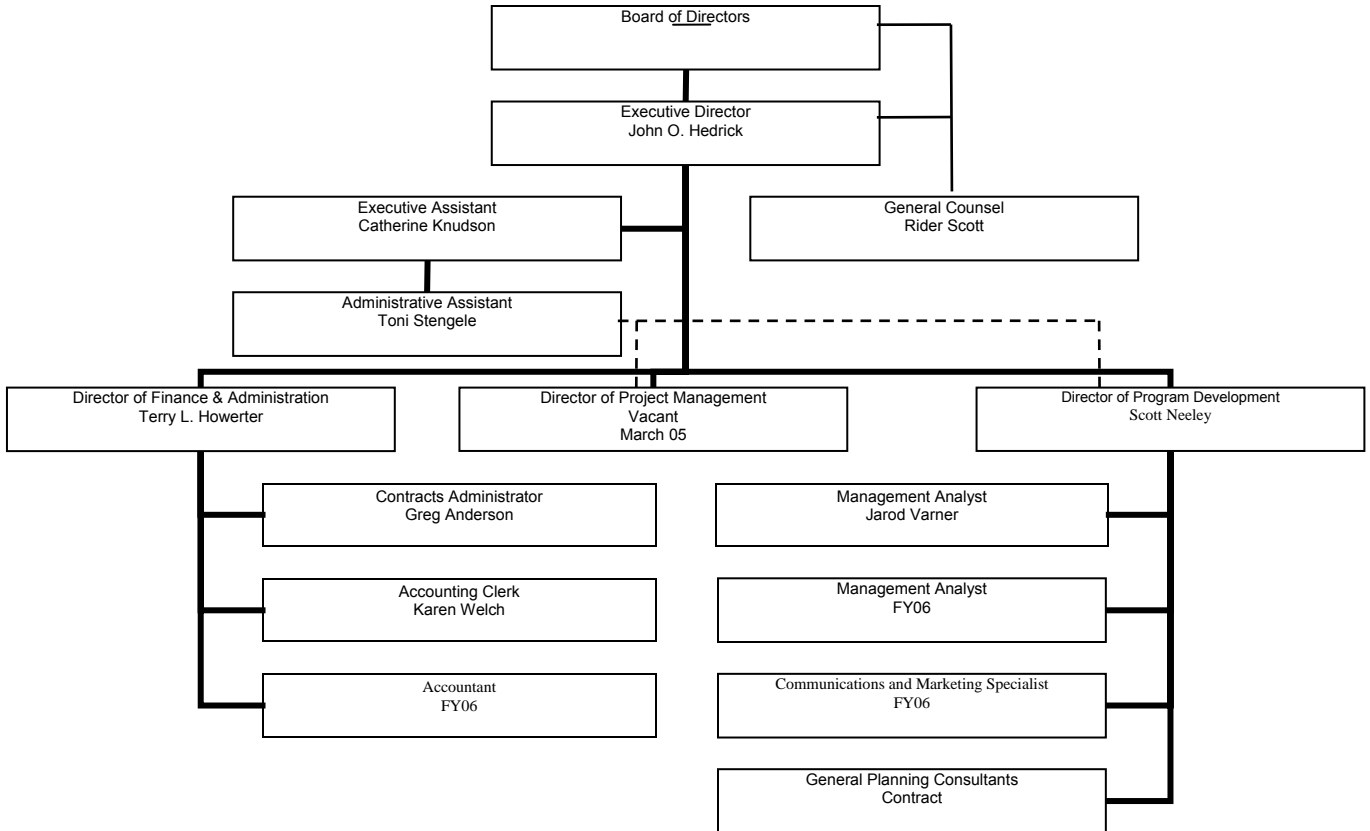
This Service Plan was revised for implementation of the first phase of the countywide plan along the I-35E corridor. Once the corridor is complete, over half the County's population will have access to regional rail service. The revised Plan was submitted to the voters of eight cities in Denton County 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 – 1 position is currently vacant); 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, Joe Roy serves as the Vice-Chairman, Jason Pierce serves as Secretary, and Charles Correll serves as Treasurer.

The voters of the participating 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 and staff responsible for day-to-day management and implementation of the DCTA's goals and objectives.

DCTA Organization Chart

Currently, DCTA has a staff of eight full time associates. In addition, DCTA contracts with a third party vendor to provide professional management and technical support services. The FY06 budget provides for a staff of twelve associates and the elimination of the third party vendor expenses. 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 interim regional connector bus service, local fixed route bus service, 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 connect 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 partner with DART to develop a seamless service 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 Intermodal 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. On May 26, 2005 the DCTA Board of Directors voted to accept the consultant's technical recommendation concerning the locally preferred alternative for transportation improvements for the Denton, Highland Village, Lewisville, Carrollton corridor. The locally preferred alternative is the former Missouri-Kansas-Texas Railroad (MKT) line, which runs parallel to Interstate 35E. The system will also support riders from downtown Denton, Texas Woman's University and the University of North Texas, in addition to riders from the Lewisville and Highland Village area. The next phase in the regional rail development is environmental documentation for NEPA compliance. The first phase of the project, 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.

Interim Regional Connector Service

Interim regional connector bus service is planned to start in January 2006 with a focus on providing a cost-effective regional connection to the Dallas Central Business District (CBD). The interim regional connector is a temporary service in the I-35E corridor where rail service will be implemented. It is a service that can be quickly initiated to serve regional mobility needs.

In fall 2004, the DCTA and the North Central Texas Council of Governments (NCTCOG) co-sponsored a Bus and Paratransit Study. The results of this study were a recommendation for various types of service and options for DCTA consideration. Based on the results and recommendations from the study; DCTA has budgeted to add the interim regional connector service from Denton to Dallas and enhanced local transit services in Denton, Highland Village, and Lewisville.



Local Transit Service

In fiscal year 2006 DCTA will fund and operate transit services in the cities of Denton, Highland Village, and Lewisville. Currently, DCTA funds the LINK service, a fixed route system in Denton, and Dial-A-Ride service for the elderly and disabled residents of Highland Village and Lewisville. In addition, Dial-A-Ride service is provided to Hickory Creek, Corinth, Double Oak, and Flower Mound under contracts with these cities.

LINK service operates 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 educational institutes, including the University of North Texas (UNT) and the Texas Women's University, and a variety of elementary, middle and high schools.

DCTA operates campus shuttle service to the University of North Texas (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 LINK service is contracted to a private operator for operations, planning and marketing services. In FY05 and FY04 LINK services had approximately 1,331,000 and 1,212,000 boardings respectively, an increase of 9.8 percent.



In FY06, DCTA will implement new services presented in the Bus and Paratransit Study to provide for new fixed route service in the City of Lewisville, as well as expanded LINK service in the City of Denton.

Paratransit Service



Dial-A-Ride service is provided to persons 60 years of age and older and persons with verified disabilities in the Lewisville and Highland Village area. 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. In FY05 and FY04 Dial-A-Ride services had approximately 27,000 and 24,000 boardings respectively, an increase of 9.6 percent.

DCTA provides complementary paratransit service to residents living within $\frac{3}{4}$ -mile from a transit route. This service is available to residents with Americans with Disabilities Act eligibility.

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 interim 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 interim regional connector in the short term and the planned rail project for the long term.

Enhanced Local Assistance Program

In 2004, DCTA implemented the Enhanced Local Assistance Program (ELAP), a financial assistance program for 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 participating 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 DCTA's operation. Upon DCTA approval of selected projects, the funds are released to the cities on a reimbursement basis. In FY05 and FY04 DCTA reserved \$3.5 million and \$3.1 million respectively for projects in the cities of Denton, Highland Village, and Lewisville. The ELAP funds will be accrued from January 1, 2004 and paid to the participating cities for approved transit projects over a five year period ending January 1, 2009.



Basis of Budgeting

Purposes of the Budget

The budget serves as a policy tool for the Staff and the Board of Directors. Staff presents the budget as a financial expression of goals and objectives 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.

DCTA will maintain control over operating and capital expenditures by the establishment of an annual budget. The budget is prepared by staff on an accrual bases and includes proposed revenue, expenses, capital expenditures, and sources of capital required to finance the operations. This budget is being submitted to the board in accordance with DCTA policy.

Basis for Accounting

DCTA is accounted for as an enterprise fund and required to report financial results in accordance with Generally Accepted Accounting Principles (GAAP) and the Governmental Accounting Standards Board (GASB) guidance. Enterprise Funds account for operations (a) that are financed and operated in a manner similar to private business where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed and recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. 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 an accrual basis by project.

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 staff and Executive Director present 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:

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

Accomplishments and Goals

Fiscal Year 2005 Accomplishments

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:

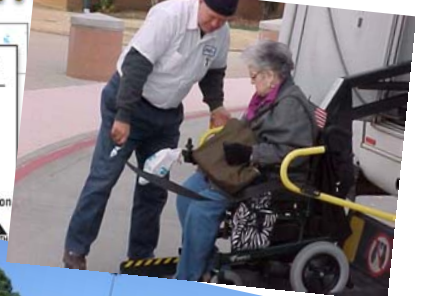
- Determined the Locally Preferred Alternative through public involvement proceedings and technical analysis associated with the Alternatives Analysis
- Launched the Environmental Impact Study for the Locally Preferred Alternative
- Completed the Bus and Paratransit Study
- Employed the necessary professional and technical staff to implement the goals of DCTA
- Accrued approximately \$3.4 million in Enhanced Local Assistance Program funds for the participating cities of Denton, Highland Village, and Lewisville
- Completed the transition of the local transit operations and the purchase of transportation system assets from the participating cities
- Contracted with the University of North Texas to provide shuttle bus services
- Partnered with the University of North Texas and Texas Woman's University to provide unlimited access to local bus services for students, faculty, and staff
- Established active memberships and networked in important associations such as APTA, TTA, NTCAC, GFOA, SWTA, and the Lewisville Chamber of Commerce
- Initiated an Image/Branding Study
- Successfully completed FY04 audit with no findings
- Ordered twelve 35 foot buses for replacement vehicles and service expansion
- Ordered six demand response vehicles

Fiscal Year 2006 Goals and Objectives

The goals and objectives for Fiscal Year 2006 continue building on the foundation created by the accomplishments of FY05. In FY06, DCTA will be able to move forward with the federally-mandated process to achieve the goal of rail connectivity between Denton and Dallas. In addition, local transit service improvements will be implemented based on the results of the DCTA/NCTCOG sponsored bus and paratransit study. The FY06 goals are:

- Continue implementation of the Service Plan, including:
 - Advance the Rail Project into the Environmental Impact Study and New Starts process
 - 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
 - Implement interim regional connector bus service
 - Implement improvements to local transit service, including new fixed route service in the City of Lewisville and enhanced fixed route service to the City of Denton and UNT
- Employ additional professional and technical staff to implement the goals of DCTA
- Locate a site for an operations and maintenance facility
- Support local mobility projects in member cities through the ELAP
- Continue to explore other transportation alternatives to decrease congestion, increase mobility, and improve air quality
- Issue DCTA bonds to acquire assets and establish a bond rating
- 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
- Review safety and security status
- Continue professional development and staff training as needed
- Conduct strategic Board and Staff retreats
- Implement intergovernmental and public relations program
- Continue building and enhancing local relationships with the cities of Denton, Highland Village, and Lewisville, University of North Texas, Texas Woman's University and other potential local partners
- Complete an image campaign to establish the brand for DCTA services
- Develop and implement a marketing plan and strategies

LOCALLY PREFERRED ALTERNATIVE



Budget Categories and Description

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

- Revenue and Other Income
- Operating Expenses
- Non-Operating Revenues and Expenses
- Capital Expenditures

The revenue and other income is the source of income and cash to fund operating expenses for the day-to-day operations of DCTA. The operating expenses are the cost of providing the transportation services and planning and development of new services. The non-operating revenues and expenses are incidental revenues and expenses that are not generated through the regular operating activities of DCTA. The capital expenditure program consists of expenditures associated with acquiring capital assets such as buses or bus-related facilities, modernization of fixed guideway facilities, and construction activity. The following table presents the three income statement categories for the FY06 budget, FY05 forecast, FY05 budget, and the variance from FY06 budget to FY05 forecast. The FY05 forecast consists of nine months actual financial results and three months projected.

Change in Net Assets

Denton County Transportation Authority				
2006 Budget				
Change in Net Assets				
Description	FY 2006 Budget	2005 Forecast	2005 Budget	FY06 To Forecast Variance
Revenue and Other Income				
Passenger revenues	481,477	200,318	354,168	281,159
Contract Service Revenue	1,555,922	1,395,316	1,407,792	160,606
Sales tax revenue	13,746,087	13,597,791	12,400,000	148,296
Federal grants and reimbursements	5,128,733	1,827,203	4,913,954	3,301,530
Total Revenue and Other Income	20,912,219	17,020,628	19,075,914	3,891,591
Operating Expenses				
Salary, Wages and Benefits	934,515	312,683	393,673	(621,832)
Services	5,182,720	1,191,579	1,439,966	(3,991,141)
Materials and Supplies	126,461	13,548	9,800	(112,913)
Utilities	10,800	7,760	5,520	(3,040)
Insurance, Casualties and Losses	50,857	5,206	3,042	(45,651)
Purchased Transportation Service	5,035,713	3,593,022	3,806,618	(1,442,691)
Miscellaneous	132,483	45,533	126,327	(86,950)
Leases and Rentals	208,470	79,104	-	(129,366)
Depreciation	933,780	346,274	-	(587,506)
Total Operating Other Expenses	12,615,799	5,594,709	5,784,946	(7,021,090)
Operating Income	8,296,420	11,425,919	13,290,968	(3,129,499)
Non-Operating Revenues and Expense				
Enhanced Local Assistance	(3,436,524)	(3,399,448)	(3,100,000)	(37,076)
Investment Income	673,201	345,127	81,500	328,074
Interest Expense	(68,066)	-	-	(68,066)
Total Non-Operating Revenue	(2,831,389)	(3,054,321)	(3,018,500)	222,932
Change in Net Assets	5,465,031	8,371,598	10,272,468	(2,906,567)

Revenue and Other Income

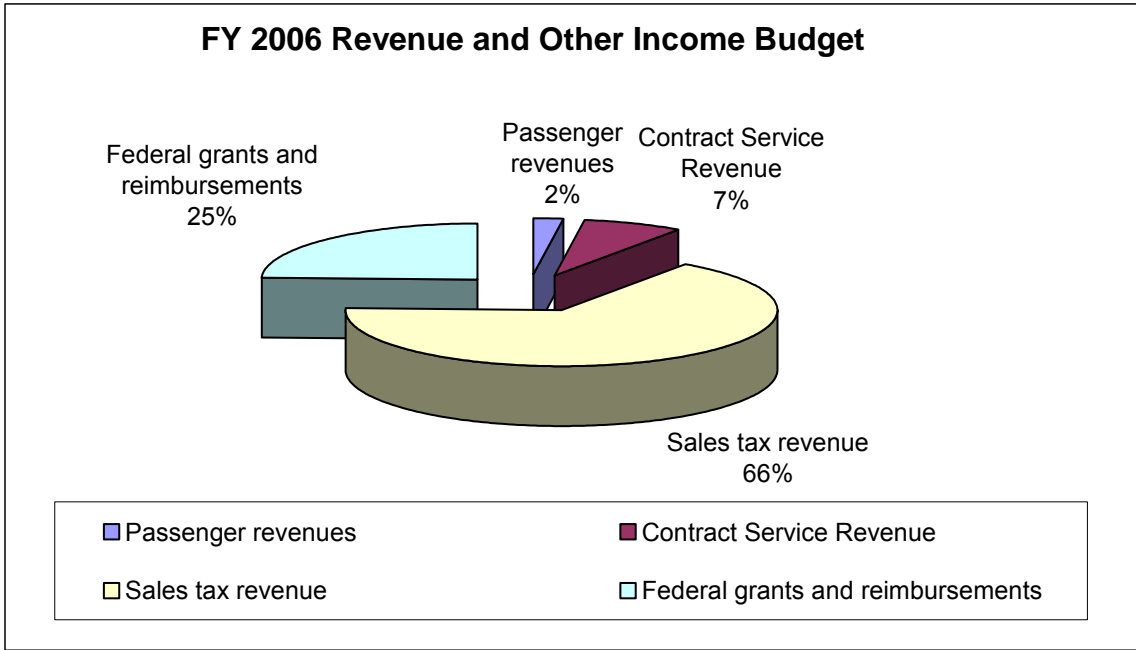
The FY06 Budget includes revenue from passenger fares, contract services for the sale of transportation services, sales tax revenues, investment income, and federal and state grant funding for operating and capital projects. Table 1 identifies the anticipated revenue for FY06, FY05 forecast and FY05 budget. Chart 1 shows the percent of the overall revenue contributed by each revenue category. The revenue and other income budget include the following assumptions and variances:

1. The 2006 passenger revenue budget includes an increase in passenger revenue over the 2005 forecast of \$281 k primarily due to the addition of the regional connector service in 2006. DCTA plans to start the regional connector service in January 2006. Total 2006 passenger trips, including the interim regional connector service, are estimated to increase 9.4 percent over the 2005 forecasted trips.
2. The 2006 contract service budget includes an increase in contract service revenue of \$161 k as a result of changes in the 2005 / 2006 UNT contract.
3. The 2006 sales tax revenue budget provides for an increase of 1.2 percent in sales tax revenue over the 2005 revenue forecast resulting in an increase of \$148 k.
4. The 2006 federal grants and reimbursements budget provides for an increase of \$3,302 k over the prior year forecast. This is primarily due to increased capital acquisitions and government grant funds available to DCTA for 2006 and prior years.

Table 1 – Revenue and Other Income

FY 2006 Budget				
Revenue and Other Income				
Revenue and Other Income	FY 2006 Budget	2005 Forecast	2005 Budget	FY06 To Forecast Variance
Passenger revenues	481,477	200,318	354,168	281,159
Contract Service Revenue	1,555,922	1,395,316	1,407,792	160,606
Sales tax revenue	13,746,087	13,597,791	12,400,000	148,296
Federal grants and reimbursements	5,128,733	1,827,203	4,913,954	3,301,530
Total Revenue and Other Income	20,912,219	17,020,628	19,075,914	3,891,591

Chart 1 – Revenue and Other Income



Operating Expenses

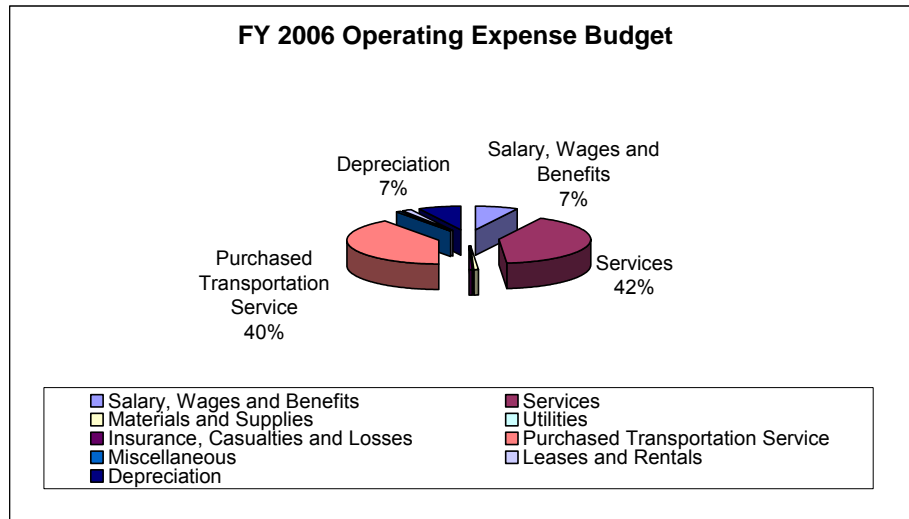
The FY06 Budget includes cost related to the day-to-day operations of DCTA. The 2006 operating expenses are primarily driven by two expense categories; purchased transportation services, which provide transit operations and services, which provide consulting services for planning studies and operations. Table 2 and Chart 2 show total DCTA operating expenses. The operating expense budget includes the following assumptions and variances:

1. The 2006 Salary, Wages and Fringe Benefits budget includes an increase by \$622 k. The salary and wage variance is due to the addition of three positions in 2006 a marketing coordinator; an accountant; and a development analyst and having nine full time equivalent positions filled in 2006 compared to 3.7 full time equivalent positions in the 2005 forecast. In addition, this budget includes a Quality Pay Program implemented in FY2006.
2. The 2006 service expense budget includes an increase \$3,991 k primarily due to increased activity in 2006 for the environmental impact study; the boarding and alighting study; and to locate an operation and maintenance site; and various other consulting contracts.
3. The 2006 materials and supplies expense budget includes over the prior year by \$113 k primarily due to increased activity in 2006 for the implementation of the marketing program and for additional office supplies for increased staff levels.
4. The 2006 utilities expense budget includes an increase in this expense category over the prior year by \$3 k for communication cost.
5. The 2006 insurance, casualties and loss expense budget includes an increase in this expense category over the prior year by \$46 k primarily due to adding catastrophic property insurance coverage for the bus fleet in 2006.
6. The 2006 purchased transportation service expense budget includes an increase over the prior year by \$1,443 k due to new service contracts for the regional connector services and local transportation expansion services.
7. The 2006 miscellaneous expense budget includes an increase in this expense category over the prior year by \$87 k due to increased staff, training and seminars, board travel and conferences, and vehicle allowances.
8. The 2006 leases and rentals expense budget includes an increase over the prior year by \$129 k due to new operating lease agreements for Denton and Lewisville operating facilities and park and ride rents and for the additional office facility rents at the 1660 South Stemmons location.
9. The 2006 depreciation expense budget includes an increase of \$588 k over the prior year due to amortization of planned asset acquisitions from Denton and Lewisville late in the 2005 fiscal year and 2006 capital purchases of transportation related assets.

Table 2 – Operating Expenses

FY 2006 Budget				
Operating Expenses				
Operating Expense	FY 2006 Budget	2005 Forecast	2005 Budget	FY06 To Forecast Variance
Salary, Wages and Benefits	934,515	312,683	393,673	621,832
Services	5,182,720	1,191,579	1,439,966	3,991,141
Materials and Supplies	126,461	13,548	9,800	112,913
Utilities	10,800	7,760	5,520	3,040
Insurance, Casualties and Losses	50,857	5,206	3,042	45,651
Purchased Transportation Service	5,035,713	3,593,022	3,806,618	1,442,691
Miscellaneous	132,483	45,533	126,327	86,950
Leases and Rentals	208,470	79,104	-	129,366
Depreciation	933,780	346,274	-	587,506
Total Operating Expense	12,615,799	5,594,709	5,784,946	7,021,090

Chart 2 – Operating Expenses



Non-Operating Revenue and Expenses

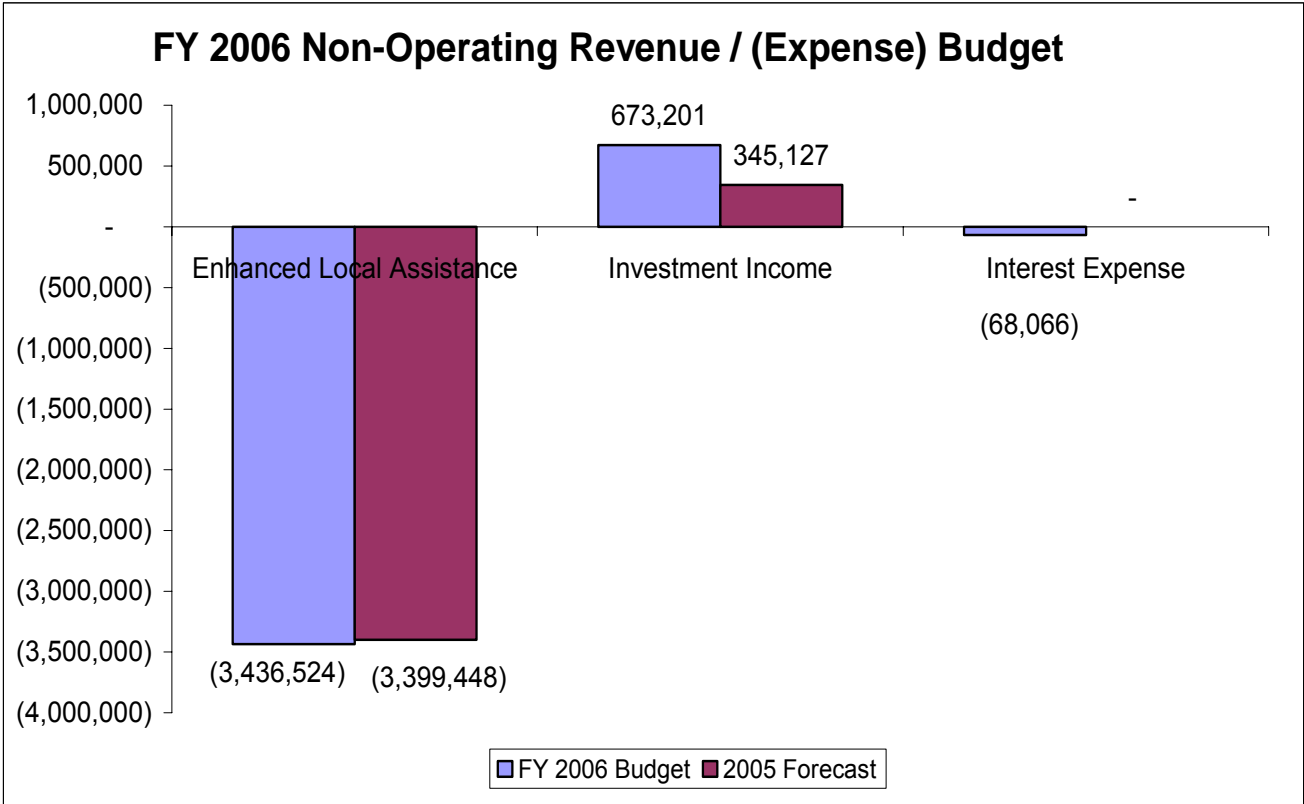
The non-operating revenues and expenses are incidental revenues and expenses that are not generated through or directly related to the regular operating activities of DCTA. Table 3 and Chart 3 show DCTA non-operating revenue and expenses. The non-operating revenue and expense budget includes the following assumptions and variances:

1. The 2006 enhanced local assistance program budget provides for an increase over the 2005 forecast by \$37 k due to the direct correlation to the increase in sales tax revenue. DCTA accrues a payable equal to 25 percent of the sales tax revenues. This program provides for funds to participating cities to facilitate public transportation systems. This program began in January of 2004 and will terminate in December 2007.
2. The 2006 investment income budget provides for an increase of \$328 k due to the increased funds available and invested in 2006. In addition, we have assumed a 3.8 percent interest rate in our 2006 budget assumptions resulting in interest income of approximately \$673 k.
3. The increase in interest expense of \$68 k is related to a \$3.2 million bond issuance planned for January, 2006 at 3.1 percent. The bond issuance will allow DCTA to establish a bond rating and the proceeds will be used to acquire capital equipment.

Table 3 – Non-Operating Revenue and Expense

FY 2006 Budget				
Non-Operating Revenue / (Expense)				
Non-Operating Revenue / (Expense)	FY 2006 Budget	2005 Forecast	2005 Budget	FY06 To Forecast Variance
Enhanced Local Assistance	(3,436,524)	(3,399,448)	(3,100,000)	(37,076)
Investment Income	673,201	345,127	81,500	328,074
Interest Expense	(68,066)	-	-	(68,066)
Net Non-Operating Revenue / (Expense)	(2,831,389)	(3,054,321)	(3,018,500)	222,932

Chart 3 – Non-Operating Revenue and Expense



Departmental Descriptions and Budget Detail

The Operating Budget includes five departments: Executive Director, Finance and Administration, Program Development, Operations, and Project Management. The following tables and charts present the individual department budgets for 2006.

Executive Department

The Executive Director's department is responsible for the implementation of the policies promulgated by the Board of Directors and the overall direction, supervision, and coordination of the DCTA's activities. The department has a staff of three, the executive director, executive assistant, and administrative assistant. The executive director's budget includes the following assumptions and major variances:

1. Salary, wages, and fringe benefits increased \$115 k is primarily due to being fully staffed in 2006.
2. Services decreased \$244 k due to eliminating a third party management fees incurred in the prior year.

Table 4 – Executive Department

FY 2006 Budget				
Executive Department				
Description	FY 2006 Budget	2005 Forecast	2005 Budget	FY06 To Forecast Variance
Salary, Wages, and Fringe Benefits	268,110	153,229	217,892	(114,881)
Services	130,836	375,154	421,812	244,318
Materials and Supplies	23,400	13,548	7,800	(9,852)
Utilities	7,920	7,760	5,520	(160)
Insurance, Casualties and Losses	5,857	5,206	3,042	(651)
Purchased Transportation Service	-	-	-	-
Miscellaneous	73,528	45,533	92,177	(27,995)
Leases and Rentals	98,520	79,104	-	(19,416)
Depreciation	9,540	4,776	-	(4,764)
Total Other Operating Expense	617,711	684,310	748,243	66,599
Positions				
Executive Director	1.00	1.00	1.00	-
Administrative Assistant	1.00	0.25	0.83	(0.75)
Executive Assistant	1.00	0.83	1.00	(0.17)
Full Time Equivalent	3.00	2.08	2.83	(0.92)

Finance and Administration Department

The Director of Finance and Administration department is responsible for monitoring DCTA's financial performance, recommending effective allocation of resources, ensuring accurate and timely financial accounting and reporting, safeguarding assets, contract administration, procurement, human resource management, and payroll. The department has a staff of four, the director of finance, contract administrator, accountant, accounting clerk. The director of finance and administration budget includes the following assumptions and major variances:

1. Salary, wages, and fringe benefits increased \$196 k due to being fully staffed in 2006.

Table 5 – Finance and Administration Department

FY 2006 Budget				
Finance and Administration Department				
Description	FY 2006 Budget	2005 Forecast	2005 Budget	FY06 To Forecast Variance
Salary, Wages, and Fringe Benefits	268,176	71,858	109,151	(196,318)
Services	83,000	51,924	64,540	(31,076)
Materials and Supplies	2,260	-	-	(2,260)
Utilities	720	-	-	(720)
Insurance, Casualties and Losses	-	-	-	-
Purchased Transportation Service	-	-	-	-
Miscellaneous	18,935	-	2,300	(18,935)
Leases and Rentals	-	-	-	-
Depreciation	-	-	-	-
Total Other Operating Expense	373,091	123,782	175,991	(249,309)
Positions				
Director Finance and Administration	1.00	0.42	0.41	(0.58)
Accounting Clerk	1.00	0.33	0.33	(0.67)
Contracts Administrator	1.00	0.33	0.33	(0.67)
Accountant	1.00	-	-	(1.00)
Full Time Equivalent	4.00	1.08	1.07	(2.92)

Program Development Department

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. In addition, the program development department has responsibility for oversight of the operations department, which is budgeted as a sub-department. The department has a staff of three, the program development director, a management analyst, and a marketing and communications position. The director of program development budget includes the following assumptions and major variances:

1. Salary, wages, and fringe benefits increased \$167 k due to being fully staffed in 2006.
2. Services expense increased \$3,924 k over the prior year due to the environmental impact study, operation and maintenance feasibility study, ride share study, and boarding and alighting study.

Table 6 – Program Development Department

FY 2006 Budget				
Program Development Department				
Description	FY 2006 Budget	2005 Forecast	2005 Budget	FY06 To Forecast Variance
Salary, Wages, and Fringe Benefits	220,261	53,035	32,323	(167,226)
Services	4,688,884	764,501	938,614	(3,924,383)
Materials and Supplies	80,000	-	-	(80,000)
Utilities	720	-	-	(720)
Insurance, Casualties and Losses	-	-	-	-
Purchased Transportation Service	-	-	-	-
Miscellaneous	17,125	-	22,050	(17,125)
Leases and Rentals	-	-	-	-
Depreciation	-	-	-	-
Total Other Operating Expense	5,006,990	817,536	992,987	(4,189,454)
Positions				
Director Program Development	1.00	0.29	0.33	(0.71)
Management Analyst	1.00	-	-	(1.00)
Marketing and Communications	1.00	-	-	(1.00)
Full Time Equivalent	3.00	0.29	0.33	(2.71)

Operations Department

The Operations Department is a sub-department that falls under the responsibility of the Director of Program Development. 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. The department has budgeted for one management analyst position. The operations budget includes the following assumptions and major variances:

1. Purchased Transportation Service increased \$1,443 k over the prior year due to new service contracts for the regional connector services and planned local transportation expansion services.
2. Leases and Rentals increased \$110 k due to new facility lease agreements for the Denton and Lewisville transit operations.

Table 7 – Operations Department

FY 2006 Budget				
Operations Sub Department				
Description	FY 2006 Budget	2005 Forecast	2005 Budget	FY06 To Forecast Variance
Salary, Wages, and Fringe Benefits	63,800	12,323	16,001	(51,477)
Services	-	-	15,000	-
Materials and Supplies	15,000	-	2,000	(15,000)
Utilities	720	-	-	(720)
Insurance, Casualties and Losses	45,000	-	-	(45,000)
Purchased Transportation Service	5,035,713	3,593,022	3,806,618	(1,442,691)
Miscellaneous	12,700	-	6,800	(12,700)
Leases and Rentals	109,950	-	-	(109,950)
Depreciation	924,240	341,498	-	(582,742)
Total Other Operating Expense	6,207,123	3,946,843	3,846,419	(2,260,280)
Positions				
Management Analyst	1.00	0.13	0.25	(0.87)
Full Time Equivalent	1.00	0.13	0.25	(0.87)

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. The department has budgeted for one director level position. The director of project management budget includes the following assumptions and major variances:

1. Salary, wages, and fringe benefits increased \$92 k due to being fully staffed in 2006.
2. Services expense increase \$280 k due to the Architectural and Engineering cost for the operations and maintenance facility and other planning consultant expenses.

Table 8 – Project Management Department

FY 2006 Budget				
Project Management Department				
Description	FY 2006 Budget	2005 Forecast	2005 Budget	FY06 To Forecast Variance
Salary, Wages, and Fringe Benefits	114,168	22,237	18,306	(91,931)
Services	280,000	-	-	(280,000)
Materials and Supplies	5,800	-	-	(5,800)
Utilities	720	-	-	(720)
Insurance, Casualties and Losses	-	-	-	-
Purchased Transportation Service	-	-	-	-
Miscellaneous	10,195	-	3,000	(10,195)
Leases and Rentals	-	-	-	-
Depreciation	-	-	-	-
Total Other Operating Expense	410,883	22,237	21,306	(388,646)
Positions				
Project Manager	1.00	0.13	0.25	(0.87)
Full Time Equivalent	1.00	0.13	0.25	(0.87)

Capital Expenditure Plan

The Capital Expenditure Plan includes planned expenditures to support the operational activities of DCTA. The FY06 capital expenditure plan includes replacement vehicles for the existing local fixed route and paratransit services; expansion vehicles to support new and expanded service; fare boxes and communication equipment for vehicles; security, park and ride lots, leasehold improvements for an operations and maintenance facility and passenger amenities. The capital expenditure plan includes a total budget of \$8,104 k, with \$3,994 k expected in federal assistance and \$4,110 in local funds. Table 9 presents the Capital Expenditure Program for FY06.

Capital projects were assessed for inclusion in this budget based on the following criteria:

1. Is the project mandatory as a result of federal or state legal requirements?
2. Is the project necessary to carry out the goals and objectives of DCTA's Service Plan?
3. Is the project dictated by recommended replacement criteria or needed to maintain a state of good repair?
4. Does DCTA have the necessary resources to implement the project?

The capital expenditure plan for vehicles and other capital assets was constructed with input from the local service operator in Denton and the Dial-A-Ride operation in Lewisville and Highland Village. In addition, several capital items contained herein are included to support service proposals from the recently completed Bus and Paratransit Study.

Primary to these outlays are the global considerations to improve service delivery through high quality, safe, and reliable equipment and amenities, as well as to implement fleet operation standards and system security enhancements.

In general, there are three categories of capital outlay for this upcoming fiscal year: Expansion Projects, Replacement Projects, and Other.

Expansion Projects

35' Transit Vehicles (6 Units) – Part of the current Gillig order.

This acquisition is necessary in order to deliver expanded level fixed route service to UNT. UNT has plans for an increase in overall service hours starting in August 2006.

35' or Less Transit Vehicles (4 Units)

Acquisition of these vehicles is associated with the enhanced fixed route service in Denton.

30' Transit Vehicles (4 Units)

This acquisition will provide a fleet of fixed route vehicles for launching new service in Lewisville. This was part of the service profile included in Option Two of the Bus and Paratransit Study.

ADA/On-Call Transit Vehicles (1Unit) / (3 Units)

The purchase of these vehicles is required to expand the provision of ADA complementary service as Denton fixed route service improved and new fixed route service in launched in Lewisville. In addition, three On-Call vehicles are budgeted to implement transit service, as identified in the Bus and Paratransit study, to lower density areas in the Denton, Lewisville, and Highland Village.

Replacement Projects

All vehicles acquired through the replacement category will be used to replace vehicles that have met or exceeded the Federal Transit Administration (FTA) guidelines for useful life/duty cycles.

35' Transit Vehicles (6 Units) – Part of the current Gillig order.

This acquisition is required to replace six 1987 model transit vehicles currently used in the Denton and UNT fixed route service.

ADA/25'-30' Transit Vehicles (3 Units)

This acquisition is required to replace existing fleet vehicles used in the Denton ADA complementary service and Lewisville Dial-A-Ride service.

Other Projects

Fare boxes and Communication Equipment

In an effort to improve the flow of information to employees and security of fares received, as well as to standardize the fare collection and passenger data count systems to meet DOT and FTA reporting requirements, DCTA staff has included this equipment in the FY06 capital budget.

Park and Ride Lots

Consistent with the Service Plan, DCTA is working with local agencies to implement park and ride locations for the Interim Regional Connector service.

Table 9 – Capital Expenditure Plan

FY 2006 Capital Budget			
Project Name	Units	Total FY 2006	
Expansion Projects:			
Expansion Vehicles 35 Foot	6	1,650,000	
Expansion Vehicles 35 Foot or Less	4	1,100,000	
ADA Expansion Vehicle 25 to 30 Foot	1	80,000	
Expansion Vehicles 30 Foot	4	900,000	
On-Call Expansion Vehicles 25 to 30 Foot	3	240,000	
Replacement Projects:			
Replacement Vehicles 35 Foot	6	1,650,000	
ADA Replacement Vehicle 25 to 30 Foot	1	80,000	
Replacement Vehicles 25 to 30 Foot	2	160,000	
Other Projects:			
Fareboxes (50)		400,000	
Communication Equipment (50)		150,000	
Park and Ride Lots		780,680	
Shop Equipment		98,750	
Security Enhancements		104,322	
Passenger Amenities		210,000	
Facility Leasehold Improvements		500,000	
Total Capital Expenditures	27	8,103,752	
Bus Summary			
	Units	Unit Cost	Cost
35 Foot Vehicles	16	275,000	4,400,000
30 Foot Fixed Route Vehicles	4	225,000	900,000
25 - 30 Foot Paratransit / On-Call Unit	7	80,000	560,000
Total Buses	27		5,860,000