

METRO

OPERATING AND CAPITAL BUDGETS FY2002

SEPTEMBER 2001

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METRO OPERATING AND CAPITAL BUDGETS FY2002

TECHNICAL NOTES AND FORECASTS

Technical Notes

1. Section 451.102 of the Texas Transportation Code requires the Board of Directors of the Metropolitan Transit Authority to adopt an annual operating budget which specifies major expenditures by type and amount prior to commencement of a fiscal year. In accordance with the code, the President & Chief Executive Officer has prepared the operating and capital budgets which the Board approved in September 2001. The operating budget for the Metropolitan Transit Authority for fiscal year 2002 (October 1, 2001 – September 30, 2002) is:

- Operating Budget \$253,963,897

The annual operating budget represents the Board's approved maximum annual expenditure authority to fund the Authority's operating plans.

The capital budget for the Metropolitan Transit Authority for fiscal year 2002 (October 1, 2001 – September 30, 2002) is:

- Capital Budget \$418,654,000

The annual capital budget represents the Board's approved maximum annual expenditure authority to fund the Authority's capital plans.

2. One of METRO's top priorities is to add productive bus service to the system. In order to expand transit service faster, METRO has entered into a number of service partnerships with various entities to share the cost of specific bus services. Additionally, METRO has allocated formula and CMAQ grants to fund increases in bus service.

In the FY2002 Operating Budget are the following significant partnerships:

- **Texas Medical Center Shuttle**

METRO has continued and expanded its partnership with the Texas Medical Center to operate a shuttle to move riders from multiple TMC parking lots and other locations to the TMC buildings. For the period October 2001 through September 2002, TMC will reimburse METRO's full cost at 33.4%.

Total FY2002 TMC cost recovery = \$1,159,609.

- **Special Events** – The following special events are included in the FY2002 Operating Budget:

<u>FY2002 Budgeted Events</u>	<u>Date</u>
Fall Football Game	October 2001
Texaco Grand Prix	October 2001
Tour Championship Golf	October 2001
Greek Festival	October 2001
Fall Westheimer Street Festival*	October 2001
Wings over Houston Airshow	October 2001
Downtown Home Tour	October 2001
Ghost Bustin' Blowout	October 2001
International Quilt Festival	November 2001
Wrenhead.com #1	November 2001
Art Crawl	November 2001
Heights Holiday Tour	November 2001
TREK Uptown Holiday Shuttle	December 2001
Jingle Bell Run*	December 2001
Wrenhead.com #2	January 2002
Wrenhead.com #3	January 2002
Wrenhead.com #4	January 2002
Wrenhead.com #5	February 2002
Rodeo Houston	February 2002
Bayou City Art Festival	March 2002
EA Sport Motorcross	March 2002
Woodland Heights Home Tour	March 2002
Trash Bash*	March 2002
Brawn, Brew & Bricks Industrial Tour	March 2002
Garden Oaks Home Tour	March 2002
Large Dome Event	March 2002
KRBE Enron Earth Day	April 2002
Shell Open	April 2002
Heights Home Tour	April 2002
Spring Westheimer Street Festival*	May 2002
Zoo Friends Event*	May 2002
Sam Houston Racepark	July 2002
Ballunar Liftoff Festival	August 2002
Museum District Day	September 2002

Total FY2002 Special Events partner funds = \$2,331,261.

*5 new events expected to be added in FY2002

- **HGAC METROVan Program**

METROVan is a partnership with HGAC utilizing STP and other federal program funds to encourage commuters to vanpool (thereby reducing congestion) through the use of a subsidy per rider per month to offset the costs of operating a vanpool. METROVan covers the eight county region. This program currently has 273 vans and is expected to grow to 290 vans in FY2002. METRO will continue the Job Access and Reverse Commute component which began in FY2001.

Total FY2002 HGAC funds = \$1,642,497.

- **Charter Services**

METRO also provides, on a limited basis, charter service. Charter service is for events not open to the general public and is provided in compliance with Federal Transit Administration guidelines. At a minimum the fully allocated costs for providing the service must be recovered. During FY2002, 600 hours of charter service has been budgeted with full cost recovery.

Total FY2002 Charter Services Cost Recovery = \$58,668

Costs for the following services have been moved to the capital budget to be funded with formula and CMAQ capital funds in accord with provisions of TEA21.

- **Formula Funds – METROLift Service**

TEA21 contains a provision allowing 10% of each year's formula capital grant funds to be used to fund paratransit service. Beginning in FY2000 and continuing in FY2002 METRO has allocated the maximum amount to METROLift. The METROLift costs are transferred to capital and paid from the capital budget in accord with TEA21 provisions. METRO's 20% required local matching share will be "in kind" contributions.

FY2002 formula funds = \$5,141,935.

- **CMAQ Funds – Downtown Trolley Circulators** – On October 4, 1998 METRO ceased operating the Texas Special Routes, which were primarily a mid-day service for downtown employees to use for lunch and shopping trips. In its place METRO implemented the Downtown Trolley Circulators – 26 trolleys serving a set of routes in the downtown area from early morning to late night. The trolleys make it easier for people to park in outlying areas and take the trolley to their work sites – relieving some of the congestion during the extensive street construction work now underway. The trolleys also allow people to move around down-

town for lunch, dinner and shopping without need to have cars available. In January 2000, METRO expanded this service by adding 11 trolleys and one new route.

CMAQ funds were used in FY2001 and will be used in FY2002 to fund the expanded Trolley service. The initial service operated by 26 trolleys has completed CMAQ eligibility.

Total FY2002 CMAQ funds = \$946,480.

- **CMAQ Funds – Texas Medical Center Park & Ride**

The Regional Bus Plan includes the expansion of transit service to secondary activity centers. The largest of such centers is the Texas Medical Center – METRO's second largest trip destination. The Texas Medical Center has a very large expansion plan underway. Additionally, Houston Community College opened in August 2000 a major new educational facility in the TMC area with an enrollment of approximately 1,800 students. Because of these developments, METRO allocated CMAQ funds for two TMC Park & Ride services initiated in FY2000: Fuqua to TMC Park & Ride and Addicks to TMC Park & Ride. Use of CMAQ funds allowed METRO to start these RBP projects at an earlier date. The allocation will continue in FY2002.

Total FY2002 CMAQ Funds = \$1,375,040.

- **CMAQ Funds – Enron Field Park & Ride and Shuttle Services**

METRO introduced two new fixed route services to carry people to the new Enron Field in downtown Houston,

- * To alleviate congestion problems
- * To address limited close-in parking availability by serving outlying parking lots, and
- * To offer an alternative to driving downtown for fans who may not be familiar with the area.

The two services are the Homerun Express (4 routes) and the Shortstop Shuttle (2 routes). Both services use METRO's Ballpark & Ride facility adjacent to Enron Field for debarking fans going to games and boarding them to go home afterwards.

At the present time, 31 buses are committed to the Homerun Express and 8 buses to the Shortstop Shuttle. However, in the future, METRO may make adjustments to the levels of service on either or both services based on ridership at each of the park & ride facilities and on the downtown shuttle routes.

84 games April – September

Total FY2002 CMAQ Funds = \$1,384,640.

- **CMAQ Funds – Townsen Park & Ride**

New direct service to Downtown was added in January 2001 from the northeast side of the service area. The 257 Townsen route provides service between the Townsen lot and Downtown.

Total FY2002 CMAQ Funds = \$621,680.

- **CMAQ Funds – Service Expansion**

CMAQ funds are allocated to the following service expansions scheduled for August 2001:

- Midday Park & Ride service to Katy/I-10 West and Eastex/US59 North.
- Airport Express between Bush IAH, Downtown and Hobby Airport. The 101 Airport Express offers connectivity to 93 METRO routes, with frequent trips to the Tidwell and Eastwood Transit Centers.
- Greenway Express to better serve the Greenway area.

Total FY2002 CMAQ Funds = \$3,069,240.

- **CMAQ Funds –Fixed Route Service FY2002**

In accord with the FY2002-2004 METRO Service Plan the following new services will be implemented in FY2002, provided buses and bus operators are available:

163 Fondren Express Extension
214, 216 Midday Service
T. C. Jester
Northwest Station/Uptown

CMAQ funds will be allocated to these services. Additionally, CMAQ funds will continue to be allocated to any other new services added in FY2002.

Total FY2002 CMAQ Funds = \$1,207,887.

- **Formula Funds – Bus Preventive Maintenance**

TEA21 establishes preventive maintenance expense as permanently eligible for FTA capital assistance under the Section 5307 formula grant program. Per the November 6, 1998 Federal Register, preventive maintenance costs are defined as “all maintenance costs”. In accord with the priorities established by the President & CEO, METRO is allocating additional FTA capital grant funds to maintain METRO’s revenue vehicle fleet. This allocation will increase capital grant support to on-going bus maintenance activities and assure the condition of the buses in service will be at METRO’s standards.

Total FY2002 Formula Funds = \$21,500,000.

3. The FY2002 Operating Budget contains a contingency of \$7,000,000. The purpose of this contingency is to provide management flexibility to deal with uncertainties such as cost increases due to unexpected movement in the market prices for resources and adjustments for quantity variations in the forecast of required resources; to fund service augmentation generated by a growth in ridership that was not forecasted; and to prevent frequent budget adjustment requests to the Board. The authority has a long history of spending the contingency only when necessary and more often than not returns most of it. In FY2001, a large amount of the budget contingency will be needed to fund the unexpectedly large increase in the cost of fuel generated by very high oil prices and increased costs in bus operator hiring. (For the past 15-years the contingency has been \$5 million each year. As the budget has doubled, this has become a smaller and smaller percentage with higher risk. Due to inflation and the volatility of fuel prices and the demand for bus service, a \$7 million contingency is included for FY2002.)

4. The METRO operating budget is compiled as follows (refer to the following chart):

All employee labor is put into one pool along with all the cost of supporting that labor (e.g. insurance, space, utilities, etc.). Additionally, the direct costs for operating the bus system and the support vehicle fleet are added to the pool (fuel, tires, batteries, etc.). This pool is labeled Total Operating Expenses.

From the pool, METRO allocates costs, on a full cost basis, into four areas:

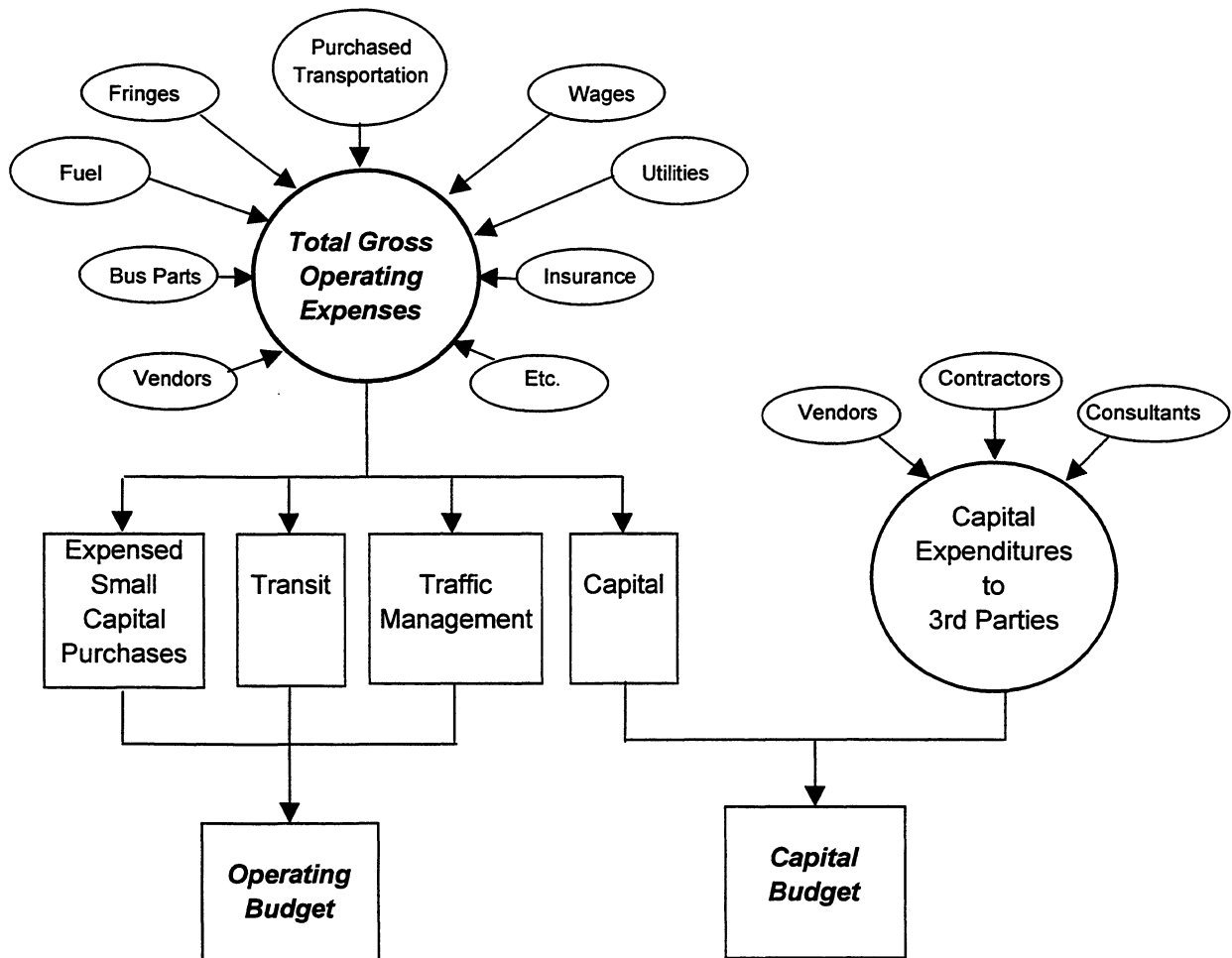
- Capital = METRO's labor and support costs to plan, manage, and implement the Capital Improvement Program plus METRO's labor and support costs for bus service to be funded by formula and CMAQ capital funds. Funded in capital budget.

- Transit = Full cost of operating, maintaining, and securing the bus system including Local, Express, Park & Ride, METROLift, METROVan, Special Events, and Charter less service cost funded in capital budget. Funded in operating budget.
- Traffic Management = Full cost of congestion management activities including operation and enforcement on the HOV System, special event and major activity center traffic management, and METRO's share of the operation of the TranStar facility. Funded in operating budget.
- Expensed Small Capital Purchases = In FY1999 a new element was added to the operating budget which is neither transit nor traffic management. It is labeled "Expensed Small Capital Purchases". Prior to October 1, 1998 any capital purchase with a cost of \$300 or greater was charged to the capital budget, booked to assets and depreciated over the expected life of the asset. This produced a large number of very small items that had to be inventoried and tracked -- a cumbersome and manpower intensive process. Effective October 1, 1998, METRO charges to the capital budget individual capital purchases that have a cost of \$1,000 or greater. This reduces the cost of inventorying, tracking and accounting for small value capital purchases.

From a budgeting point of view, this change in procedure means that "small capital purchases" will be charged to the operating budget instead of the capital budget. Beginning in FY1999, operating budgets had a new category "Expensed Small Capital Purchases". Its budget for FY2002 is \$200,000. METRO's internal control procedures for capital purchases between \$300 and \$1,000 remain the same as they were (department submits request to OMB, OMB evaluates request, OMB approves, if justified.) The vast bulk of small capital purchases are for replacement of existing items that are worn out and not worth repairing (e.g., chairs, cameras, monitors, hand tools, clocks, bulletin boards, etc.).

The category "Expensed Small Capital Purchases" is not rolled into transit operating costs or traffic management operating costs, but is included in the Board-approved operating budget.

The sum of transit, traffic management and expensed small capital purchases equals the operating budget. The cost allocated to capital is combined with contract/purchased services and construction cost to produce total capital project cost which equals the capital budget. The following chart illustrates how the budgets are compiled and reported.



Revenues

METRO REVENUE FORECAST (\$000's omitted)		
	FY2001 Estimate	FY2002 Forecast
Operating Income		
Farebox	53,296	55,204
Misc. Operating Income	12,500	1,000
Subtotal Operating Income	65,796	56,204
Non-Operating Income		
Sales Tax Income	370,178	394,480
Interest Income	16,000	12,545
Subtotal Non-Operating Income	386,178	407,025
Capital Grants Revenue-Federal	159,833	133,358
Total Revenue	611,807	596,587

NOTES:

1. All revenues are stated in year-of-expenditure dollars.
2. The forecast assumes there will be no fare increase in FY2002. Fare revenues are forecast to increase due to targeted additional riders on the system and an increase in the weighted average fare due to more Park & Ride riders in the ridership mix.
3. Miscellaneous operating income includes the revenues from the sale of surplus property.
4. Sales tax income is stated on the accrual basis and is based on actual experience for 11 months of FY2001 and the July 2001 METRO forecasts.
5. All grant revenues are project-specific and receipt depends on meeting project expenditure schedules reflected in the capital budget. Grants include Regional Bus Plan, Advanced Transit Plan, Discretionary Bus, HOV Modernization, 5307 Formula and CMAQ.
6. Since October 1994, METRO Special Event Services and Charter Services are offered on a cost reimbursement basis. The recovery of cost is included in the operating budget as a cost reimbursement, not in revenue.

Cost Effectiveness Performance Goals

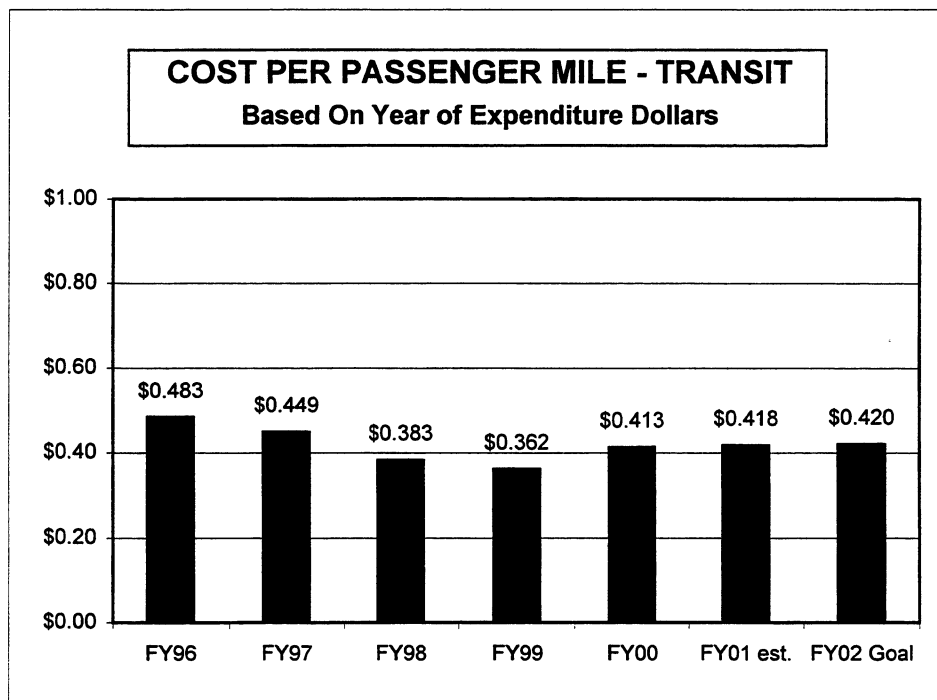
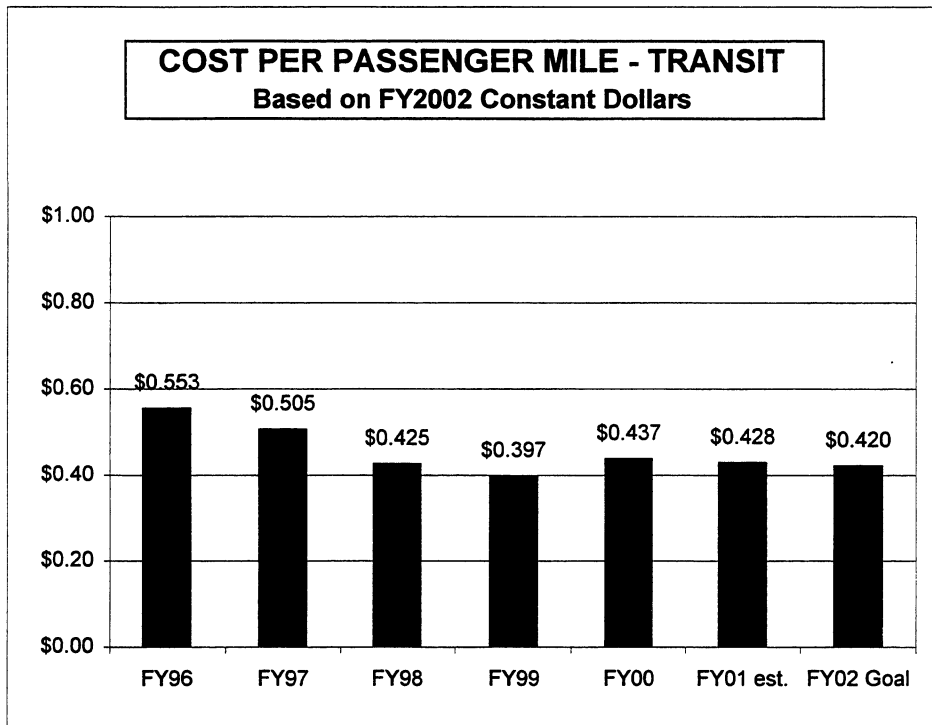
Total Bus System	FY2002 Goals
Fare Recovery-Transit	20.3%
Subsidy Per Passenger Mile-Transit	33.5¢
Subsidy Per Boarding-Transit	\$2.08
Cost Per Passenger Mile-Transit	42.0¢
Cost Per Revenue Mile-Transit	\$4.57

NOTES:

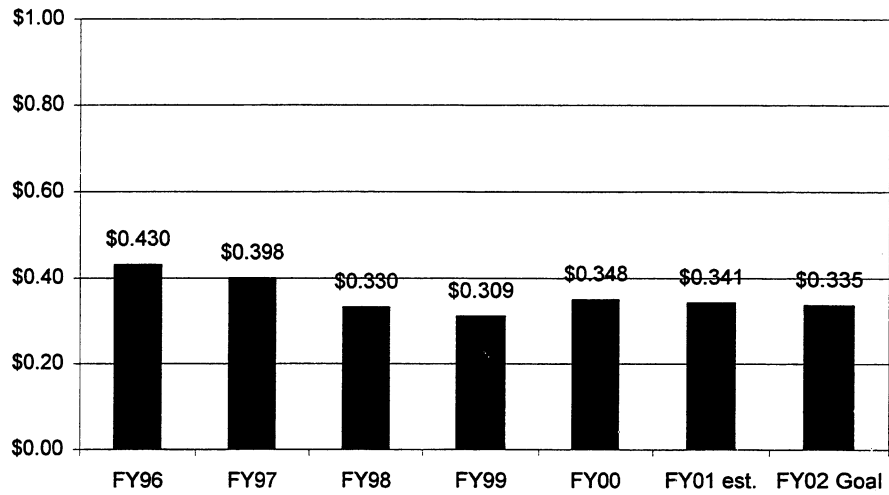
1. All costs are expressed on a cash basis in year-of-expenditure dollars. Depreciation and gain/loss on disposal of fixed assets is not included.
2. Partnership funds such as HGAC's CMAQ funds used for METROVan, contributions from special events sponsors, and TMC's contributions to the TMC Shuttle are treated as cost reimbursements. These are reflected as reductions of total operating expenses, not revenues.
3. METRO excludes Traffic Management expenses from total transit costs in these statistics, since such expenses relate to congestion management activities involving automobiles rather than the bus system.
4. The \$7.0 million contingency for FY2002 is excluded from the goals since it may not be expended.
5. Cost Effectiveness & Productivity Definitions.
 - **Fare Recovery Ratio-Transit.** The percentage of transit costs (departmental expenses less cost recoveries) that are paid by passenger fares, including cash fares, pass sales income, route guarantees, and METROLift revenue. This value is calculated by dividing transit fares and revenues by transit costs. It excludes special event cost recovery beginning in FY1995, METROVan cost recovery beginning in FY1998, and CMAQ cost recoveries beginning in FY1999.
 - **Subsidy Per Passenger Mile-Transit.** The net cost borne by taxpayers to move a transit passenger one mile. It is calculated by subtracting bus revenues from transit costs (departmental expenses less cost recoveries) and then dividing by the number of transit passenger miles.
 - **Subsidy Per Boarding-Transit.** Total transit cost less cost recovery less bus fares equal total transit subsidy. This represents revenues from sales tax, interest income and operating income and grants used to fund the transit system. Subsidy per boarding is calculated by dividing total subsidy by total transit boardings.

- **Cost Per Passenger Mile-Transit.** The average cost of moving a transit passenger one mile. It is calculated by dividing total transit costs (departmental expenses less cost recoveries) by total transit passenger miles.
- **Cost Per Revenue Vehicle Mile-Transit.** The total cost for providing a unit (revenue mile) of transit service. This value is calculated by dividing the total transit cost (departmental expenses less cost recoveries) by transit revenue miles.

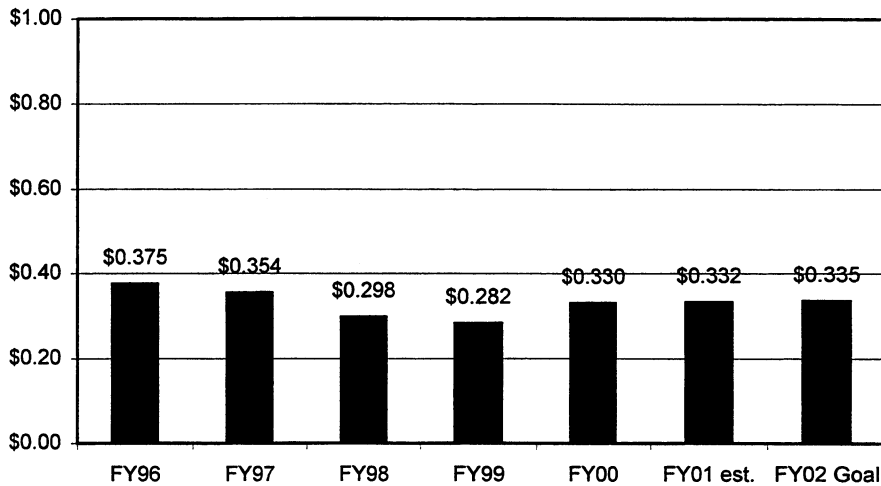
The following bar graphs show a five-year history of each cost effectiveness statistic, the FY2001 estimate and the FY2002 goal. The cost effectiveness statistics are stated in both FY2002 constant dollars (deflating by the July 2001 Houston CPI forecast) and in year-of-expenditure dollars.



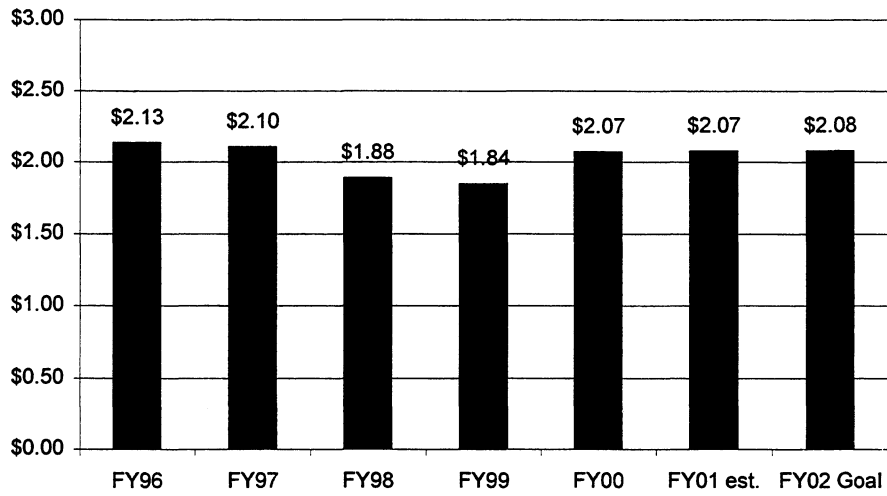
SUBSIDY PER PASSENGER MILE - TRANSIT
Based on FY2002 Constant Dollars



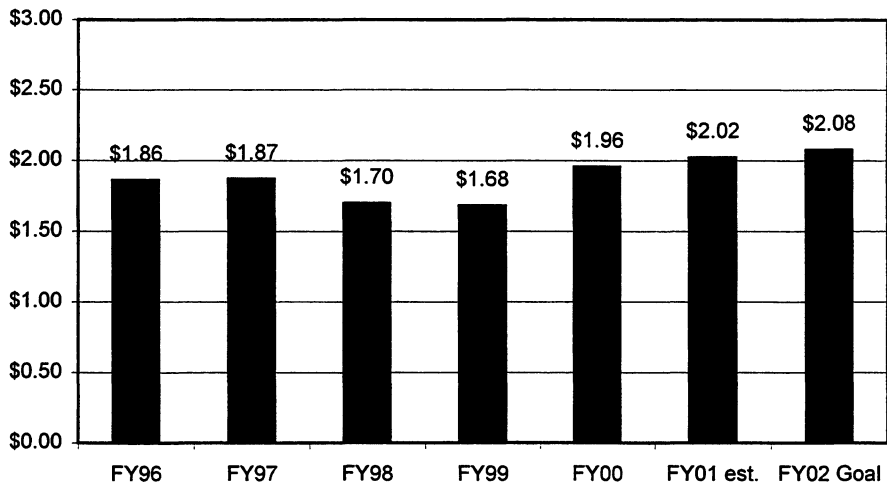
SUBSIDY PER PASSENGER MILE - TRANSIT
Based On Year of Expenditure Dollars

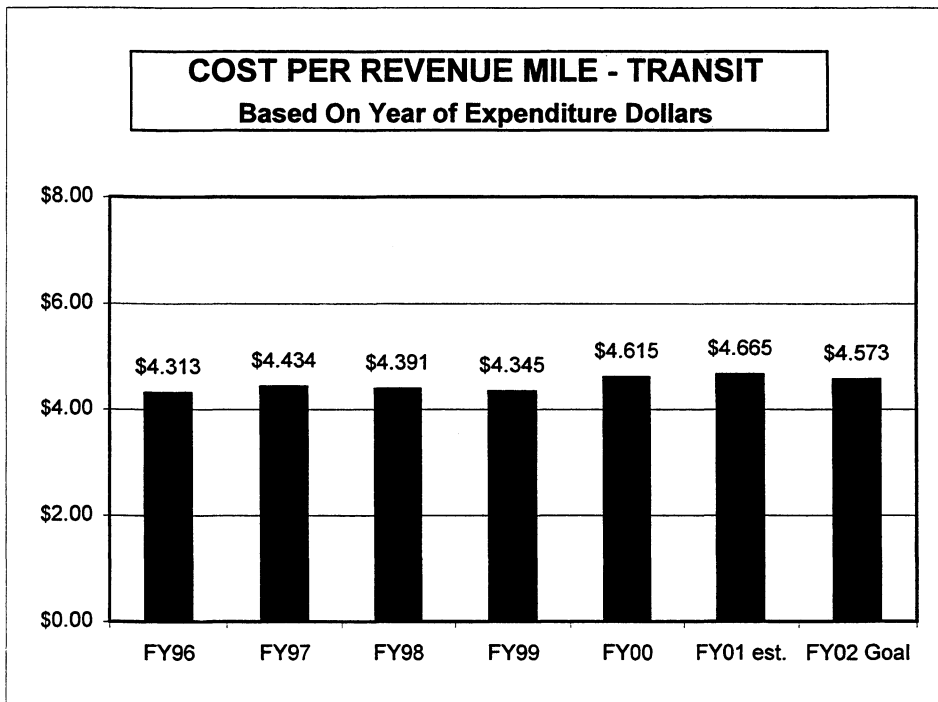
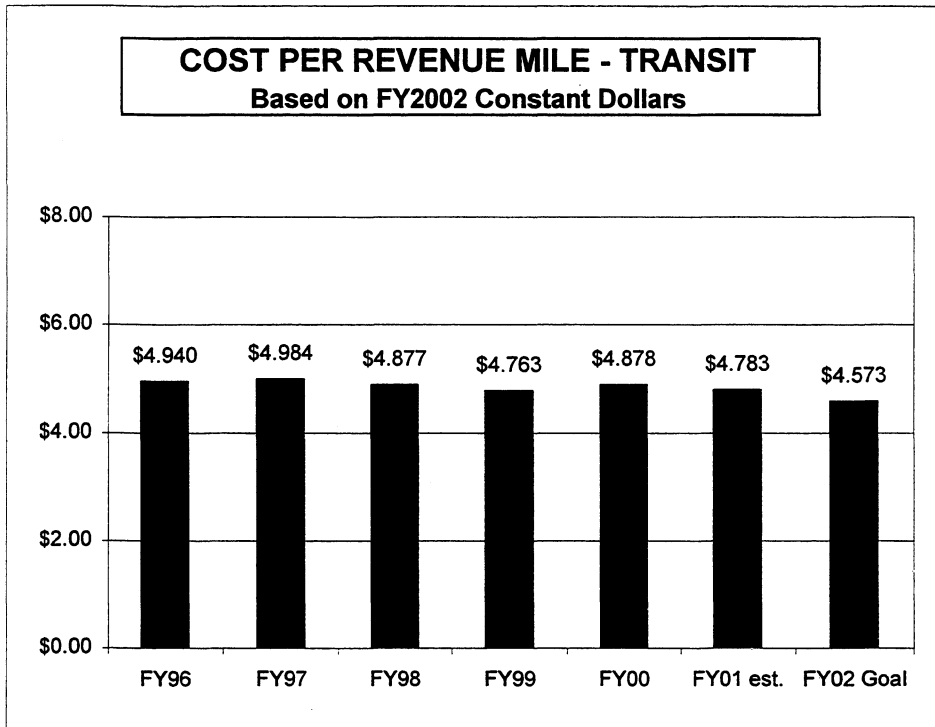


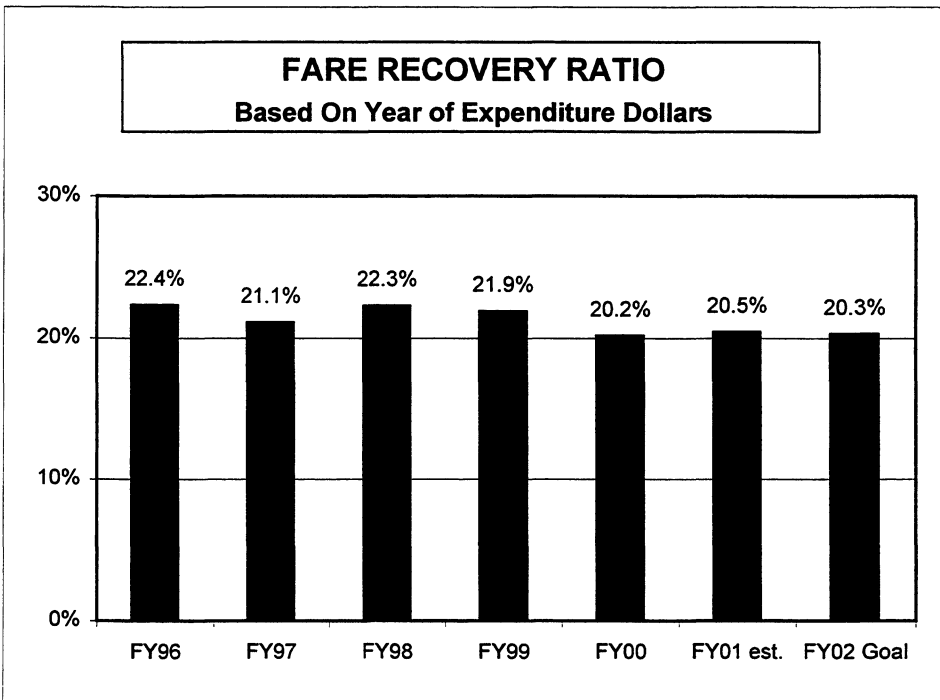
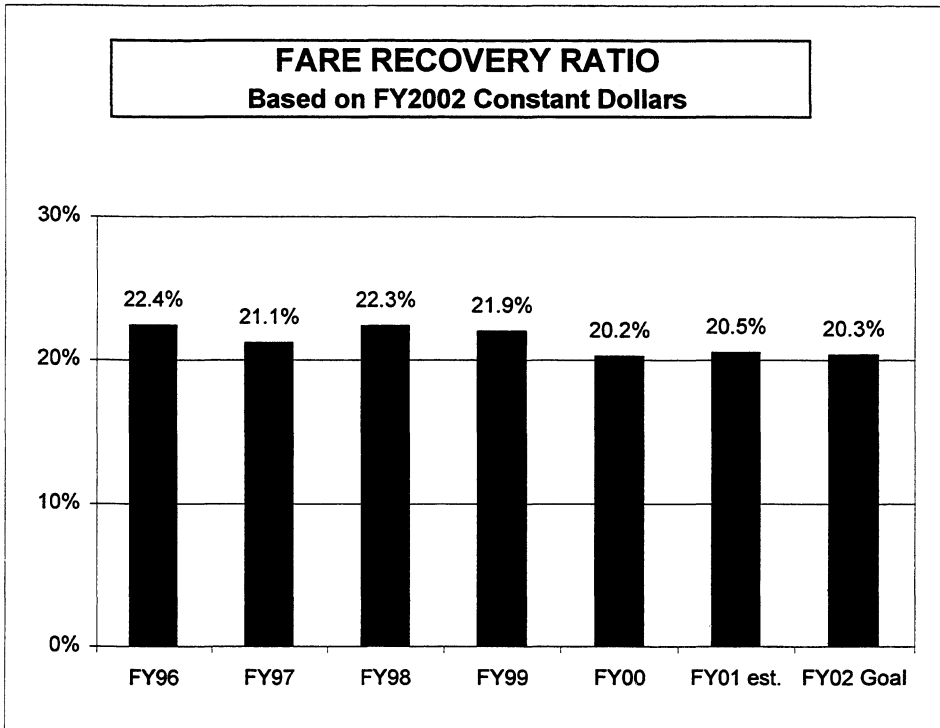
SUBSIDY PER BOARDING - TRANSIT
Based on FY2002 Constant Dollars



SUBSIDY PER BOARDING - TRANSIT
Based On Year of Expenditure Dollars







METRO OPERATING BUDGET FY2002 OVERVIEW TOTAL AUTHORITY

- METRO's operating budget for FY2002 is \$253,964,000. Following is a comparison of the FY2002 Operating Budget to the FY2001 Operating Budget.

Comparison of FY2002 Operating Budget to FY2001 Operating Budget

	<u>In \$ Millions</u>	
FY2002 Operating Budget including contingency	253.964	
FY2001 Operating Budget	<u>231.344</u>	
Increase	22.620	9.8%
Major Sources of Increase:		
• New Service	6.368	2.8%
• Contingency	7.000	3.0%
• Inflation, change in maintenance funded by formula grant, and net of all other changes	<u>9.252</u>	4.0%
	22.620	

Barton Smith's June 2001 forecast for HCPI inflation is 2.53% in FY2002.

- The budget will fund an increase in bus service of \$6.368 million including:
 - * An expansion of 2.0% in fixed route service bus hours.
 - * An expansion of 18.2% in METROLift service bus hours.
 - * An expansion of 7.1% in special events service bus hours.
 - * An increase of 17 vans from 273 to 290 vans, +6.2% in the METROVan program.

- * During the latter part of FY2001 METRO has been experiencing increases in medical inflation that greatly exceed expected costs. This is most apparent in the Union Health & Welfare Trust where costs for both the ASO and HMO programs have greatly increased along with the support costs. METRO expects this trend of higher medical inflation to continue into FY2002 and show up in increased costs for the salaried ASO and HMO programs, and in worker's compensation and vehicle liability cases. The FY2002 Operating Budget contains significant increases in all line items that are impacted by medical inflation. The increase in medical inflation costs in the FY2002 budget is approximately \$6 million.
- * Energy prices (oil and natural gas) have declined over values experienced earlier in FY2001. However, they are still higher than recent historical values. METRO has used its fuel futures model to estimate diesel prices and has added a small cushion of 7.4% for uncertainty. However, world economic conditions continue to be volatile and in the face of this instability, forecasts have greater expected variability. The budgets that involve energy prices (diesel fuel, natural gas, utilities, etc.) may or may not be adequate depending on what happens in the markets in FY2002. METRO has also assumed the risk for fuel prices in its Northwest BOF and METROLift van contracts.
- * The following material highlights the major components of the FY2002 zero-based budget review. First are listed the reductions identified in the review which translate into savings. Secondly are listed the additions which are separated into new service and all else – primarily inflation producing items.

These analyses examine the changes in total operating expenditures (excluding contingency) before allocations into transit, traffic management and small capital expenses – which make up the operating budget – and capital.

METRO OPERATING BUDGET FY2002 TOTAL AUTHORITY

Reductions (Relative to total operating expenditures)

- In our zero based budget review, we have achieved \$9.816 million of reductions comprised of hundreds of budget line items across the Authority. Some of the larger items are:

	<u>\$ in Millions</u>
* Reduction in bus operator hiring campaign – goals met, less effort required to maintain staffing.	2.173
* Reduced bus operator average wage rate due to new hires who start at a lower wage.	1.531
* Reduced worker's compensation cost through better management of work environment – fewer claims.	1.400
* Improved operating efficiencies in bus operations, through improved productivity from mechanic trainees and bus cleaners and establishment of a relief foreman pool to reduce salary overtime.	1.291
* Increased cost recovery from a full year of 33.4% recovery rate on TMC shuttle service and special events.	0.718
* Increased recoveries for damages by third parties against METRO – subrogation.	0.521
* Savings produced by transferring more service to First Transit (Northwest BOF Contract).	0.425
* Reduced fuel cost due to declining market prices and improved bus efficiency.	0.417
* Reduction in lobbying costs due to State Legislature not being in session.	0.324
* Reduced contract labor and outside services through better utilization of permanent staff and completion of new procurement system.	0.305
* Reduction in parts costs due to reduced overhead miles and increased warranty parts associated with new buses.	0.282
* Reduction of advertising for METROLINK and RideSponsor, as same level of advertising support is not needed every year to produce effective programs; and savings realized from closing of the Sharpstown RideStore.	0.229
* Reduced resource spending for travel, equipment, supplies, phone lines and rentals to save money.	0.150

**METRO OPERATING BUDGET FY2002
TOTAL AUTHORITY**

Reductions (Relative to total operating expenditures)

	<u>\$ in Millions</u>
* Reduction in contract and temporary labor for passenger monitors due to expansion of magnetic stripe fare media.	<u>0.050</u>
Net reductions to operating budget	9.816

METRO OPERATING BUDGET FY2002 TOTAL AUTHORITY

Additions - New Service (Relative to Total Operating Expenditures)

	<u>\$ in Millions</u>
<ul style="list-style-type: none"> Impact on FY2002 budget for new fixed route service implemented in FY2001, represents a 1.0% increase in bus hours over FY2001. 	1.780
<ul style="list-style-type: none"> New fixed route service expansion scheduled for implementation in FY2002, represents a 1.0% increase in bus hours over FY2001. 	1.322
<ul style="list-style-type: none"> In December 1998, the Board approved a three-year plan for METROLift service expansion. The FY2002 impact for this service expansion represents an 18.2% increase in METROLift hours. 	2.919
<ul style="list-style-type: none"> Special Events is budgeted for a 7.1% increase in service, due to five new events and expansion of existing events. 	0.285
<ul style="list-style-type: none"> METROVan is scheduled for a service expansion of 17 vans (from 273 to 290), a 6.2% increase. 	<u>0.062</u>
Total New Service	6.368

NOTE: Increase in cost of new service before cost recoveries or grants.

BOARD OF DIRECTORS EXECUTIVE MILLENNIUM TEAM

**BOARD OF
DIRECTORS**

**President & Chief
Executive Officer**
Shirley A. DeLibero

**INFORMATION
TECHNOLOGY**

**Vice President/Chief
Information Officer**
Lynda Parsons

OPERATIONS

**Vice President/Chief
Operating Officer**
Jeffrey Arndt

**POLICE &
TRAFFIC MANAGEMENT**

**Vice President/Chief
Of Police**
Thomas C. Lambert

**PLANNING,
ENGINEERING &
CONSTRUCTION**

Vice President
John M. Sedlak

**PROCUREMENT
& MATERIALS**

Vice President
Paul L. Como

HUMAN RESOURCES

Vice President
Carolyn Kenner-Varner

**COMMUNICATIONS
& MARKETING**

Vice President
Julie H. Gilbert

FINANCE

**Vice President/Chief
Financial Officer**
Francis M. Britton, III

LEGAL

General Counsel
Paula A. Alexander

AUDIT

Vice President
Marvin W. Sheffield

OPERATING BUDGET FY2002

MANPOWER SUMMARY AUTHORITY TOTAL

	FY2001		FY2002	
	Auth.	FTE	Auth.	FTE
Operations				
Operations Full-time	2,893	2,906.0	2,833	3,032.0
Operations Part-time	131	58.3	161	70.5
Planning, Engineering & Construction	145	135.2	145	144.5
Police/Traffic Management				
Police/Traffic Management Full-time	246	222.9	246	246.0
Police/Traffic Management Part-time	19	12.1	19	12.1
Procurement & Materials	125	119.9	125	124.0
Human Resources	42	39.4	42	42.0
Communications & Marketing	99	88.7	99	99.0
Information Technology	59	52.0	59	57.0
Finance	146	141.0	146	145.0
Legal	9	8.5	9	9.0
Audit	15	14.5	15	15.0
Executive Office	5	4.9	5	5.0
Total Full-time	3,784	3,733.0	3,724	3,918.5
Total Part-time	150	70.4	180	82.6

Auth. = Number of authorized full-time and part-time positions at the end of the year.

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

* Part-time personnel work varied hours up to 32 hours per week.

METRO TOTAL OPERATING BUDGET FY2002

TOTAL AUTHORITY

Expenses by Cost Category	FY2001 Budget	FY 2002 Budget	Change FY 2001 - FY 2002	
			\$	%
LABOR				
WAGES	100,564,397	99,658,918	-905,479	-0.90%
SALARIES	52,881,215	55,993,703	3,112,488	5.89%
FRINGE BENEFITS	<u>49,042,128</u>	<u>53,296,006</u>	<u>4,253,878</u>	<u>8.67%</u>
TOTAL LABOR	202,487,740	208,948,627	6,460,887	3.19%
NON-LABOR				
PURCHASED TRANSPORTATION	43,202,286	53,238,651	10,036,365	23.23%
SERVICES	16,588,284	14,963,742	-1,624,542	-9.79%
MATERIALS & SUPPLIES	29,265,098	28,275,555	-989,543	-3.38%
UTILITIES	4,575,067	4,449,210	-125,857	-2.75%
CASUALTY & LIABILITY	2,074,912	1,780,982	-293,930	-14.17%
LEASES, RENTALS & MISC.	<u>5,880,125</u>	<u>6,450,677</u>	<u>570,552</u>	<u>9.70%</u>
TOTAL NON-LABOR	101,585,772	109,158,817	7,573,045	7.45%
TOTAL LABOR AND NON-LABOR	<u>304,073,512</u>	<u>318,107,444</u>	<u>14,033,932</u>	<u>4.62%</u>
LESS: COST REIMBURSEMENTS	4,741,741	5,192,035	450,294	9.50%
TOTAL OPERATING EXPENSES	<u>299,331,772</u>	<u>312,915,410</u>	<u>13,583,638</u>	<u>4.54%</u>

Allocated Expense by Function	FY 2001 Budget	FY 2002 Budget	Change FY 2001 - FY 2002	
			\$	%
TRANSIT	221,365,130	236,388,471	15,023,341	6.79%
TRAFFIC MANAGEMENT	9,778,797	10,375,426	596,629	6.10%
EXPENSED SMALL CAPITAL	200,000	200,000	0	0.00%
CONTINGENCY	0	7,000,000	7,000,000	-
SUB-TOTAL OPERATING BUDGET	231,343,927	253,963,897	22,619,970	9.78%
CAPITAL TO CAPITAL BUDGET	67,987,845	65,951,513	-2,036,332	-3.00%
TOTAL OPERATING EXPENSES	299,331,772	319,915,410	20,583,638	6.88%

1. In February 1992, the METRO Board of Directors adopted the Community Transportation Program including the Regional Bus Plan. Since that time the Board has approved a number of program adjustments – adding projects & revising schedules in accord with priorities. The Fiscal 2002 Capital Budget represents the level of Board-authorized capital expenditure authority required to continue implementation of the General Mobility Program, the Regional Bus Plan, the METRORail Project, the Advanced Transit Plan, transitway facilities, bus procurements and support equipment and facilities.

- **Capital Budget** **\$418,654,000**

- ### Midtown Bus Pads – LaBranch: Francis to Southmore

Smith – W. Gray to Spur 527 (Segment I)
Midtown Bus Pads – LaBranch: Francis to Southmore
Fannin – Holman to Wheeler
Midtown Bus Pads – Holman: Fannin to Crawford
Louisiana – Lamar to W. Gray (Segment II)
Midtown Bus Pads – Crawford and Webster

- * Townsen Park & Ride
- * Southeast Transit Center Modifications
- * Computerized Telephone Information System
- * Transit Street Improvements – Fannin St. (TMC)
- * Katy HOV Diamond Lanes (SH6 West)

Transitways and Related Facilities

- * Addicks Park & Ride Second Expansion – Phase II
- * Northline Transit Center

Buses and Support Facilities

- * Northwest Bus Operating Facility Bus Washer Upgrade

3. The following capital projects are scheduled to be completed in FY2002.

General Mobility Program

- * City of Houston Projects
 - Almeda-Genoa: Almeda to SH 288
 - Fulton: Crosstimbers to Lyerly
 - Fuqua: Campden Hill to South Belt
 - Gessner: Clay to Hempstead
 - Sidewalk/Hike & Bike Trail Program
- * Harris County Projects
 - Precinct 4 Miscellaneous/intersection improvements
 - Space Center Blvd./Genoa Red Bluff
 - Will Clayton @South Houston
- * Multi-Cities Projects
 - Independence Blvd: FM 2234 to FM 1092

Regional Bus Plan

- * Downtown/Midtown Transit Street Improvements
 - Fannin – Pierce to Holman
 - Lamar – Main to LaBranch (Segment I)
 - Fannin – Commerce to Pierce
 - Shelter Pads – Alameda: Winbern to Hermann
- * Northwest Station Park & Ride – third expansion
- * Eastex HOV Ramp at Townsen Park & Ride
- * Eastex HOV Terminus at Kingwood
- * West Loop Park & Ride Modifications
- * Fifth Ward/Denver Harbor Transit Center Modifications
- * Eastwood Transit Center Modifications
- * Clean Fuel Engine Program
- * System Accessibility

Buses and Support Facilities

- * Acquisition of 30, 40-foot New Flyer buses completing the 486 bus procurement (part in RBP, part in Bus Acquisitions).
- * Polk BOF expansion

**CAPITAL BUDGET FY2002
SUMMARY BY PROGRAM
(\$000 omitted)**

	FY2002 Capital Budget
General Mobility Program	78,320
Regional Bus Plan	112,589
2025 Plan – METRORail Project	111,980
2025 Plan – Other Projects	13,137
Transitways & Related Facilities	17,756
Buses & Support Facilities	55,733
Transit Mobility	4,445
Development Fund, Land & Contingency	24,694
Total Capital Budget	418,654

**CAPITAL BUDGET FY2002
PROJECT LISTING
(\$000 Omitted)**

**FY2002
Budget**

GENERAL MOBILITY PROGRAM

CITY OF HOUSTON PROJECTS

ALMEDA-GENOA: ALMEDA TO SH 288	2,286
CITY OF HOUSTON INFRASTRUCTURE PROGRAM	7,500
CLAY RD: SH 6 TO BEAR CREEK MEADOWS	7,000
SPECIAL CITY PROJECTS	10,000
FULTON: CROSSTIMBERS TO LYERLY	1,033
FUQUA: CAMPDEN HILL TO S. BELT (RIDGE CREEK)	1,600
GESSNER: CLAY TO HEMPSTEAD	4,283
SIDEWALK / HIKE & BIKE TRAIL PROGRAM (EXTENDED)	2,343
FUTURE DESIGNATED PROJECTS	11,194
	47,239

HARRIS COUNTY PROJECTS

ALDINE WESTFIELD: BELTWAY 8 TO FM 1960	8,735
HARRIS COUNTY INFRASTRUCTURE PROGRAM	2,028
OREM: ALMEDA TO TELEPHONE	1,300
PRECINCT 4 MISC. INTERSECTION IMPROVEMENTS	1,623
SPACE CENTER / GENOA RED BLUFF	2,000
WILL CLAYTON @ SOUTH HOUSTON	250
	15,936

MULTI-CITIES PROJECTS

CONGESTION MITIGATION PROGRAM - BELLAIRE	801
CONGESTION MITIGATION PROGRAM - BUNKER HILL VILLAGE	129
CONGESTION MITIGATION PROGRAM - EL LAGO	127
CONGESTION MITIGATION PROGRAM - HEDWIG VILLAGE	749
CONGESTION MITIGATION PROGRAM - HILSHIRE VILLAGE	99
CONGESTION MITIGATION PROGRAM - HUMBLE	3,150
CONGESTION MITIGATION PROGRAM - HUNTERS CREEK VILLAGE	150
CONGESTION MITIGATION PROGRAM - KATY	1,462
CONGESTION MITIGATION PROGRAM - MISSOURI CITY	790
CONGESTION MITIGATION PROGRAM - PINEY POINT VILLAGE	131
CONGESTION MITIGATION PROGRAM - SOUTHSIDE PLACE	148
CONGESTION MITIGATION PROGRAM - SPRING VALLEY	154
CONGESTION MITIGATION PROGRAM - TAYLOR LAKE VILLAGE	125
CONGESTION MITIGATION PROGRAM - WEST UNIVERSITY PLACE	259
INDEPENDENCE BLVD: FM 2234 TO FM 1092	320
	8,594

**CAPITAL BUDGET FY2002
PROJECT LISTING
(\$000 Omitted)**

	FY2002 Budget
FUTURE HARRIS COUNTY / MULTI-CITIES PROJECTS	
FUTURE HARRIS COUNTY / MULTI-CITIES PROJECTS	5,634
AREA-WIDE PROJECTS	
FREEWAY INCIDENT MANAGEMENT PROGRAM	795
MOBILITY IMPROVEMENTS	117
PAVEMENT MANAGEMENT PROGRAM	5
	917
 TOTAL GENERAL MOBILITY PROGRAM	 78,320
 <u>REGIONAL BUS PLAN</u>	
FEDERAL COMPONENT	
ENGINEERING/ENVIRONMENTAL - TRANSIT PROJECTS	249
DOWNTOWN TRANSIT CENTER	1,468
DOWNTOWN/MIDTOWN TRANSIT STREET IMPROVEMENTS	44,794
TEXAS MEDICAL CENTER TRANSIT CENTER	864
WESTCHASE PARK & RIDE	2,140
NORTHWEST STATION PARK & RIDE - 3RD EXPANSION	2,841
EASTEX HOV LANE EXTENSION TO KINGWOOD	1,787
EASTEX HOV RAMP AT TOWNSEN PARK & RIDE	766
EASTEX HOV TERMINUS AT KINGWOOD	949
WEST LOOP PARK & RIDE LOT MODIFICATIONS	204
SOUTHEAST TRANSIT CENTER MODIFICATIONS	177
5TH WARD/DENVER HARBOR TRANSIT CENTER MODIFICATIONS	1,982
MAGNOLIA TRANSIT CENTER MODIFICATIONS	475
EASTWOOD TRANSIT CENTER MODIFICATIONS	490
GULFGATE TRANSIT CENTER	345
REGIONAL COMPUTERIZED TRAFFIC SIGNAL SYSTEM	19,342
INTEGRATED VEHICLE OPERATION MANAGEMENT SYSTEM	3,303
CLEAN FUEL ENGINE PROGRAM	2,264
BUS ACQUISITIONS	744
REAL ESTATE ACQUISITION	1,499
	86,683
 LOCAL COMPONENT	
TRANSIT STREET IMPROVEMENTS	23,085
TRANSIT STREET RECONSTRUCTION	375
SYSTEM ACCESSIBILITY	682
EASTEX TRANSITWAY - SEGMENT 1A	1,009
DOWNTOWN SUPERSTOP	755
	25,906
 TOTAL REGIONAL BUS PLAN	 112,589

2025 PLAN

**CAPITAL BUDGET FY2002
PROJECT LISTING
(\$000 Omitted)**

	FY2002 Budget
METRORAIL PROJECT	111,980
ADVANCED TRANSIT PLAN	
ALTERNATIVE ANALYSIS/CORRIDOR STUDIES	2,275
CAPITAL DEVELOPMENT	405
ATP - NEW STARTS - ADVANCED HIGH CAPACITY TRANSIT	
KATY CORRIDOR PRESERVATION	3,000
KATY FREEWAY IMPROVEMENTS	2,904
ATP- DISCRETIONARY BUS	
REAL ESTATE ACQUISITION	3,250
WEST BELLFORT PARK & RIDE EXPANSION	263
KINGSLAND PARK & RIDE EXPANSION	240
BARKER-CYPRESS PARK & RIDE	800
	13,137
TOTAL 2025 PLAN	125,117
<u>TRANSITWAYS AND RELATED FACILITIES</u>	
TRANSITWAYS	
SOUTHWEST TRANSITWAY	
SEGMENT V-A - SOUTH SHEPHERD TO EAST OF MANDELL	970
SEGMENT V-B - EAST OF MANDELL TO SMITH ST.	3,311
	4,281
FIXED GUIDEWAY MODERNIZATION	
T-RAMP CONTROL SIGNALS	1,645
SLIP RAMP CLOSURE SYSTEMS	7,830
SIGN STANDARDIZATION	1,244
GEOMETRIC IMPROVEMENTS	11
TRANSTAR INTEGRATION	297
FIXED GUIDEWAY REHABILITATION	1,734
	12,761
PARK & RIDE LOTS AND TRANSIT CENTERS	
ADDICKS PARK & RIDE 2nd EXPANSION – PHASE 1	450
ADDICKS PARK & RIDE 2nd EXPANSION – PHASE 2	209
NORTHWEST STATION PARK & RIDE EXPANSION (L & D)	55
	714
TOTAL TRANSITWAYS AND RELATED FACILITIES	17,756

**CAPITAL BUDGET FY2002
PROJECT LISTING
(\$000 Omitted)**

	FY2002 Budget
<u>BUSES AND SUPPORT FACILITIES</u>	
PASSENGER SHELTERS	
SHELTERS & LIGHTING	867
REVENUE VEHICLES	
BUS ACQUISITIONS	8,081
BUS IMPROVEMENTS	5,024
	13,105
OPERATING FACILITIES AND UPGRADES	
OPERATING FACILITIES	
POLK BOF-EXPANSION PHASE 1	500
ADMINISTRATIVE OFFICE BUILDING	2,890
BUS TRANSFER CENTERS AT WHEELER/BLODGET & FANNIN SOU	880
FACILITY UPGRADES	10,000
	14,270
SUPPORT EQUIPMENT AND SYSTEMS	
SUPPORT VEHICLES	2,698
COMMUNICATIONS	500
TOOLS & EQUIPMENT	2,500
FURNITURE & EQUIPMENT	1,000
LEASEHOLD IMPROVEMENT	160
	6,858
INFORMATION TECHNOLOGY	
IT OPERATIONS, PLAN, ENG. & CONSTR., RAIL, P&TM	8,835
IT FINANCIAL/ADMINISTRATION SYSTEMS	2,896
IT INFRASTRUCTURE, DBAS & TELECOMMUNICATIONS	4,497
IT MEASUREMENT & CONTROL	3,158
	19,386
INTELLIGENT TRANSPORTATION SYSTEMS	
ONBOARD VIDEO SURVEILLANCE	87
PRIORITY CORRIDOR PROGRAM	575
RESEARCH CENTER OF EXCELLENCE	269
TRANSLINK LABORATORY	182
POLICE AUTOMATION PROGRAM	134
	1,247
TOTAL BUSES AND SUPPORT FACILITIES	55,733

**CAPITAL BUDGET FY2002
PROJECT LISTING
(\$000 Omitted)**

	FY2002 Budget
<u>TRANSIT MOBILITY PROGRAM</u>	
BUS PADS / BUS LANES	165
CURB CUTS / INTERSECTION IMPROVEMENTS	220
RCTSS – OUTSIDE BELTWAY	4,060
TOTAL TRANSIT MOBILITY PROGRAM	4,445
<u>DEVELOPMENT FUND, LAND & CONTINGENCY</u>	
TRANSIT CAPITAL PROGRAM DEVELOPMENT	2,054
STRATEGIC PLANNING	80
DEVELOPMENT PROJECTS	600
FEDERAL SMALL BUSINESS PROGRAM	125
ORIGIN DESTINATION SURVEY	387
CAPITAL EDUCATION CAMPAIGN	1,500
U.PASS - CLEAN AIR PROGRAM	0
MAIN STREET CORRIDOR BETTERMENTS	0
CAPITAL PROGRAM LAND AND CONTINGENCY	19,948
	24,694
 TOTAL CAPITAL IMPROVEMENT PROGRAM	 418,654

A RESOLUTION

APPROVING AND ADOPTING THE FISCAL YEAR 2002 OPERATING AND CAPITAL BUDGETS FOR THE METROPOLITAN TRANSIT AUTHORITY; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, Section 452.103, Texas Transportation Code, requires the Board of Directors of the Metropolitan Transit Authority to adopt an annual budget which specifies major expenditures by type and amount prior to commencement of the fiscal year; and

WHEREAS, the President & CEO has prepared and submitted recommended operating and capital budgets for fiscal year 2002;

WHEREAS, the public hearing regarding the recommended budgets has been duly noticed, held and the testimony received considered;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN TRANSIT AUTHORITY THAT:

Section 1. The recommended budgets are hereby adopted for Fiscal Year 2002 with total expenditures authorized being:

Operating Budget	\$253,963,897.00
Capital Budget	\$418,654,000.00

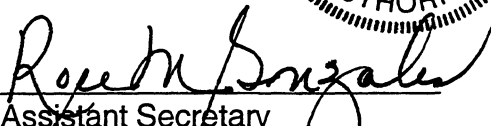
Section 2. The President & CEO is hereby authorized and directed to take any and all actions necessary and reasonable to implement the operating budget and the capital budget, including the transfer of funds between budget accounts as may be necessary.


Section 3. This resolution is effective immediately upon passage.

PASSED this 27th day of September, 2001
APPROVED this 27th day of September, 2001

ATTEST:




Assistant Secretary


Robert D. Miller
Chairman