

METRO

**ANNUAL
OPERATING &
CAPITAL BUDGETS**

Fiscal Year 2003

METRO

OPERATING AND CAPITAL BUDGETS FY2003

SEPTEMBER 2002

METRO

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OPERATING BUDGET FY2003

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 2002. The operating budget for the Metropolitan Transit Authority for fiscal year 2003 (October 1, 2002 – September 30, 2003) is:

- Operating Budget \$268,186,000

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 2003 (October 1, 2002 – September 30, 2003) is:

- Capital Budget \$463,196,000

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 Congestion Mitigation & Air Quality (CMAQ) grants to fund increases in bus service.

In the FY2003 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 2002 through December 2002, TMC will reimburse METRO's full cost at 33.4%. From January 2003 through September 2003, TMC will reimburse METRO's full cost at 36.7%

Total FY2003 TMC cost recovery = \$1,310,461.

- **Uptown Trolley Shuttle**

The FY2003 budget includes a new midday circulator service in the Galleria area. Trolley service will operate Monday through Friday between 11:00 a.m. and 2:00 p.m. at 10-minute intervals with no fares. METRO is partnering with the Uptown Management District in providing this new service. The District will compensate METRO 100% at the fully allocated rate for the service.

Total FY2003 Uptown Trolley cost recovery = \$311,988.

- **Special Events** – The following special events are included in the FY2003 Operating Budget:

<u>FY2003 Budgeted Events</u>	<u>Date</u>
Fall Football Game	October 2002
Greek Festival	October 2002
Fall Westheimer Street Festival	October 2002
Wings Over Houston Airshow	October 2002
Downtown Loft Tour	October 2002
Ghost Bustin' Blowout	October 2002
International Quilt Festival	November 2002
Art Crawl	November 2002
Heights Holiday Tour	November 2002
TREK Uptown Holiday Shuttle	December 2002
Large Dome Event (Holiday Season)	December 2002
Rodeo Houston	February 2003
Bayou City Art Festival	March 2003
Woodland Heights Home Tour	March 2003
Brawn, Brew & Bricks Industrial Tour	March 2003
Garden Oaks Home Tour	March 2003
Large Dome Event (GalleryFurniture.com)	March 2003
KRBE/Green Mountain Energy Earth Day	April 2003
Shell Houston Open	April 2003
Heights Home Tour	April 2003
U.S. Men's Clay Conference*	April 2003
Spring Westheimer Street Festival	May 2003
Zoo Friends Event	May 2003
Asian Pacific American Heritage*	May 2003
Houston Dragon Boat Festival*	May 2003
Sam Houston Racepark	July 2003
Ballunar Liftoff Festival	August 2003
Museum District Day	September 2003

FY2003 Budgeted Events

Date

Italian Federation*

September 2003

Total FY2003 Special Events partner funds = \$2,030,593.

*4 new events expected to be added in FY2003

- **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 285 vans and is expected to grow to 295 vans in FY2003.

Total FY2003 HGAC funds = \$1,381,975.

- **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 FY2003, 560 hours of charter service has been budgeted with full cost recovery.

Total FY2003 Charter Services Cost Recovery = \$56,268

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 FY2003 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.

Total FY2003 formula funds = \$5,578,999.

- **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 downtown 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 FY2002 and will be used during part of FY2003 to fund the expanded Trolley service. The initial service operated by 26 trolleys has completed CMAQ eligibility.

Total FY2003 CMAQ funds = \$307,158.

- **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 (TMC) – METRO's second largest trip destination. The Texas Medical Center has a very large expansion plan underway. Additionally, Houston Community College opened a new facility in August 2000. It is 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: South Point to TMC Park & Ride and Addicks to TMC Park & Ride. Use of CMAQ funds allowed METRO to start these Regional Bus Plan (RBP) projects at an earlier date. The allocation will continue during part of FY2003.

Total FY2003 CMAQ Funds = \$422,083.

- **CMAQ Funds – Airport Express**

The 101 Airport Express between Bush Intercontinental Airport, Downtown and Hobby Airport was added in September 2001. The 101 Airport Express offers connectivity to 93 METRO routes, with frequent trips to the Tidwell and Eastwood Transit Centers.

Total FY2003 CMAQ Funds = \$3,167,021.

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

New direct service to Downtown was added in January 2002 from the northeast side of the service area. The 257 Townsen route provides service between the Townsen lot and Downtown.

Total FY2003 CMAQ Funds = \$639,522

- **CMAQ Funds – Midday P&R Service**

New midday service to Katy Park & Ride lots along the I-10 west and Eastex/US59 corridors was added in September 2001.

Total FY2003 CMAQ Funds = \$633,462

- **CMAQ Funds – Service Expansion**

CMAQ funds are allocated to the following service expansions scheduled for August 2002:

- Midday Park & Ride service to NW/US-290.
- Antoine Limited service extension
- TC Jester in Northwest Houston
- Greenway Express to better serve the Greenway area
- Veterans Memorial Express in North Harris County

Total FY2003 CMAQ Funds = \$3,548,759.

- **CMAQ Funds – Fixed Route Service FY2003**

In accord with the FY2003-2004 METRO Service Plan, the following new services will be implemented in FY2003, provided buses and bus operators are available and construction is completed as scheduled:

- Kingsland P&R service expansion
- West Belfort P&R service expansion
- Westchase P&R service
- Northwest Station/Uptown P&R service

CMAQ funds will be allocated to these services. Additionally, CMAQ funds will continue to be allocated to any other new services added in FY2003, if available.

Total FY2003 CMAQ Funds = \$927,421.

- **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 FY2003 Formula Funds = \$23,428,250.

3. The FY2003 Operating Budget contains a contingency of \$7,000,000, the same as in FY2002. 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.
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:

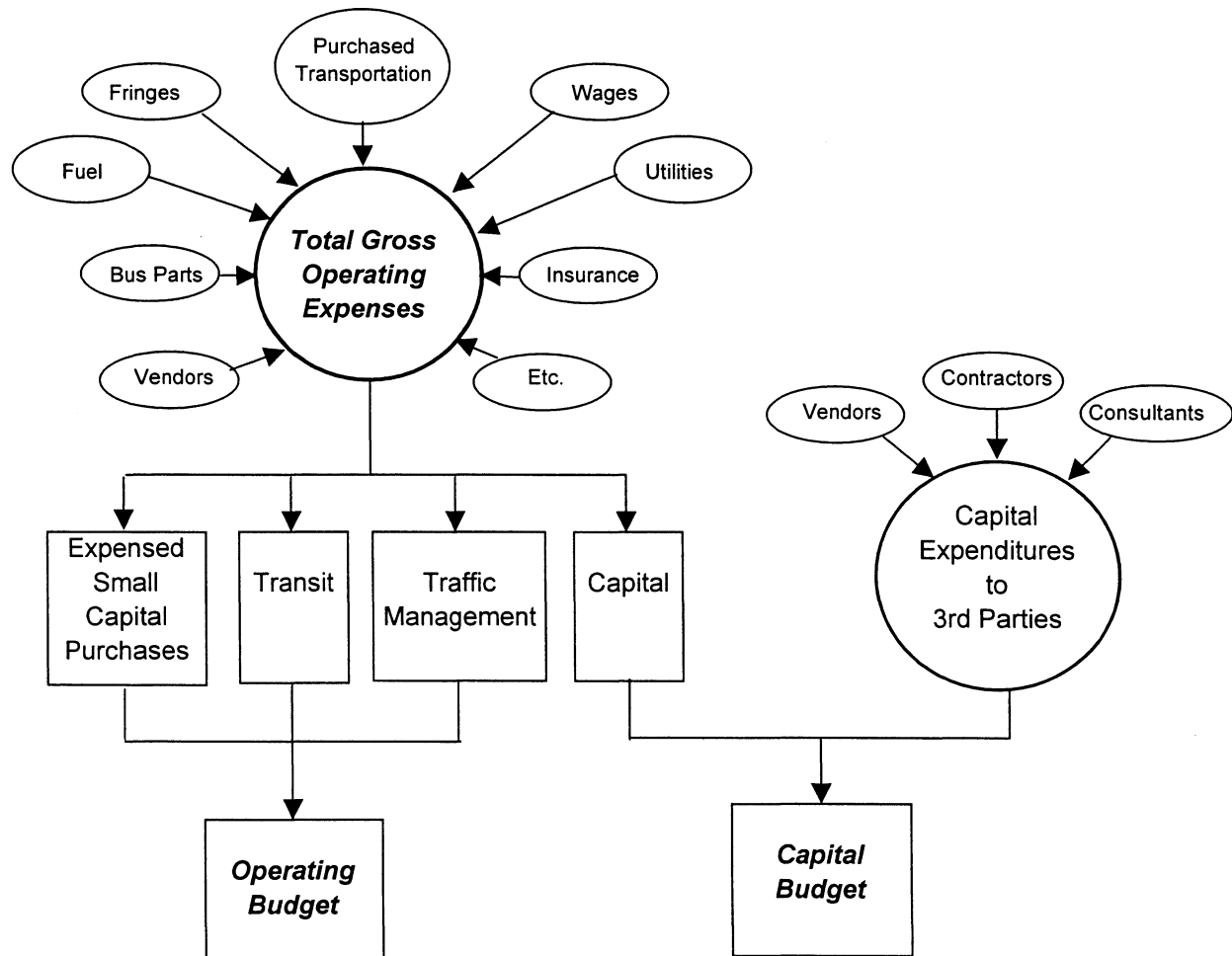
- Capital = METRO's labor and support costs to plan, manage, and implement the Capital Improvement Program plus METRO's labor and support costs for bus service to be funded by formula and CMAQ capital funds. Funded in capital budget.
- Transit = Full cost of operating, maintaining, and securing the bus 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 FY2003 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.



OPERATING BUDGET FY2003 METRORAIL START-UP

Introduction

METRO's Operations Department has the responsibility for operating METRORail. A Rail Operations Division has been established for this purpose. It differs from other divisions in Operations in that it contains the transportation, vehicle maintenance and facilities maintenance functions in one integrated division.

Rail Operations is divided into five major sections: Administration, Rail Transportation, Vehicle Maintenance, Operations Control and Maintenance of Way. The following organization chart shows all Rail Division positions and their relationship to each other. The Rail Operations Division is responsible for operating light rail service and maintaining the vehicles, facilities and equipment associated with the rail system. The organization and staffing of the Rail Operations Division are developed to be consistent with existing METRO practices and with best practices of other modern light rail systems.

Start-Up

Prior to the start of revenue service, extensive preparations must be made to operate and maintain the rail system in a safe, reliable and cost-effective manner. The start-up period began approximately two-years prior to the start of service. During this period, systems installation, personnel hiring and training, preparation of operating procedures, preparation of safety practices and procedures, and many other prerequisites for operation must occur. Achieving a safe and on-time start-up requires a substantial program to ensure that all required activities are identified and completed on time. Only in this way can a safe and successful start of revenue service take place.

Staffing Plan

Projected staffing levels are based on a METRORail operating plan which specifies the level of service, the number of rail vehicles, the characteristics of the infrastructure such as power, signals and communication systems, required shift coverage, and other factors. A conscious decision was made to lower staffing costs by omitting the layer of middle management METRO typically has in bus operations.

Staffing is based on four assumptions regarding operations and maintenance of the system:

- Staffing to support preventive maintenance – Maintenance staffing levels have been sized to support an initial basic level of preventive maintenance. This level will not support future major overhaul, rebuild, or modification programs. These programs will be addressed when necessary.

- Siemens staffing and support – The systems supplier is under contract to provide technical and engineering support staffing and activities for varying periods after the start of revenue service. This support will be provided for light rail vehicles, track, traction power, signals, communications, and fare collection. This support will permit the transfer of special knowledge to permanent METRO staff.
- Contracts for special services – Contractors will perform several maintenance functions. These include activities performed infrequently, those that require highly specialized equipment, or activities that have unique characteristics beyond METRO's normal capabilities.
- Utilization of existing METRO resources – METRO runs a highly competent bus operation; consequently Rail Operations will utilize existing resources that are compatible and complimentary to rail. For example, facilities maintenance staff will maintain station areas. Generally speaking, Rail Operations will take responsibility for the maintenance and operation of rail infrastructure items that directly affect the performance or safety of the system. Other elements of METRO will support the rail operations group. Some of these will require incremental staffing due to the added work volume and the 24-7 nature of the rail operation.

Start-Up Schedule

The schedule for filling METRORail and support positions is directly linked to the schedule for project construction, installation, testing, and delivery of the first two rail vehicles. Project milestones for key systems, and associated activities that require METRO support or training determine the hiring schedule for specific jobs. Several Rail Division positions have already been filled, including the Sr. Director of Rail Operations who has been on board for over two years, and the Manager of Light Rail Support Services. The approved FY2002 Director positions, who report directly to the Sr. Director, are currently in the recruitment process. Positions for FY2003 and FY2004 will be filled, as staff is required to perform the following tasks:

- Vehicle delivery – to operate light rail vehicles during vehicle acceptance or performance testing on the test track.
- Test support – to participate in tests of equipment and systems or to operate trains during tests.
- Training Courses – to be available to receive technical training courses from the system suppliers and civil contractors.
- Observation of installation – to observe installation of systems elements such as traction power as part of training and familiarization on the characteristics of the system.
- Development of procedures and rules – to prepare operating rules and procedures, including safety.

- Development of internal METRO training – to develop orientation and training courses for incoming hires on Rail Operations Division policies and procedures.
- Beneficial occupancy of facilities or systems elements and to maintain completed portions of the system, prior to the actual commencement of revenue service.

It is important to note that once vehicles are delivered and power is available to run trains, METRO will then be in a light rail operations mode. Although we will not be carrying paying passengers, the safety regimen and adherence to rules and procedures is no less stringent. Contractors will still be working to complete construction elements, the public is not yet familiar with the system and METRORail staff is new. The Transportation section of the Rail Operations Division is tasked with closely controlling this environment.

As the civil construction in each line section is completed, METRO will take ownership and maintenance responsibility. As systems installation is complete in each line section, METRO will take ownership and maintenance responsibility. As systems installation is complete in each section, METRO will take beneficial occupancy in order to run trains. This requires the transfer of maintenance responsibility to METRO. The maintenance sections of the Rail Division will be tasked with these efforts.

METRO has a key role and a contractual obligation to support the extensive testing and commissioning effort of all components of the system, and this is a critical element in the learning process.

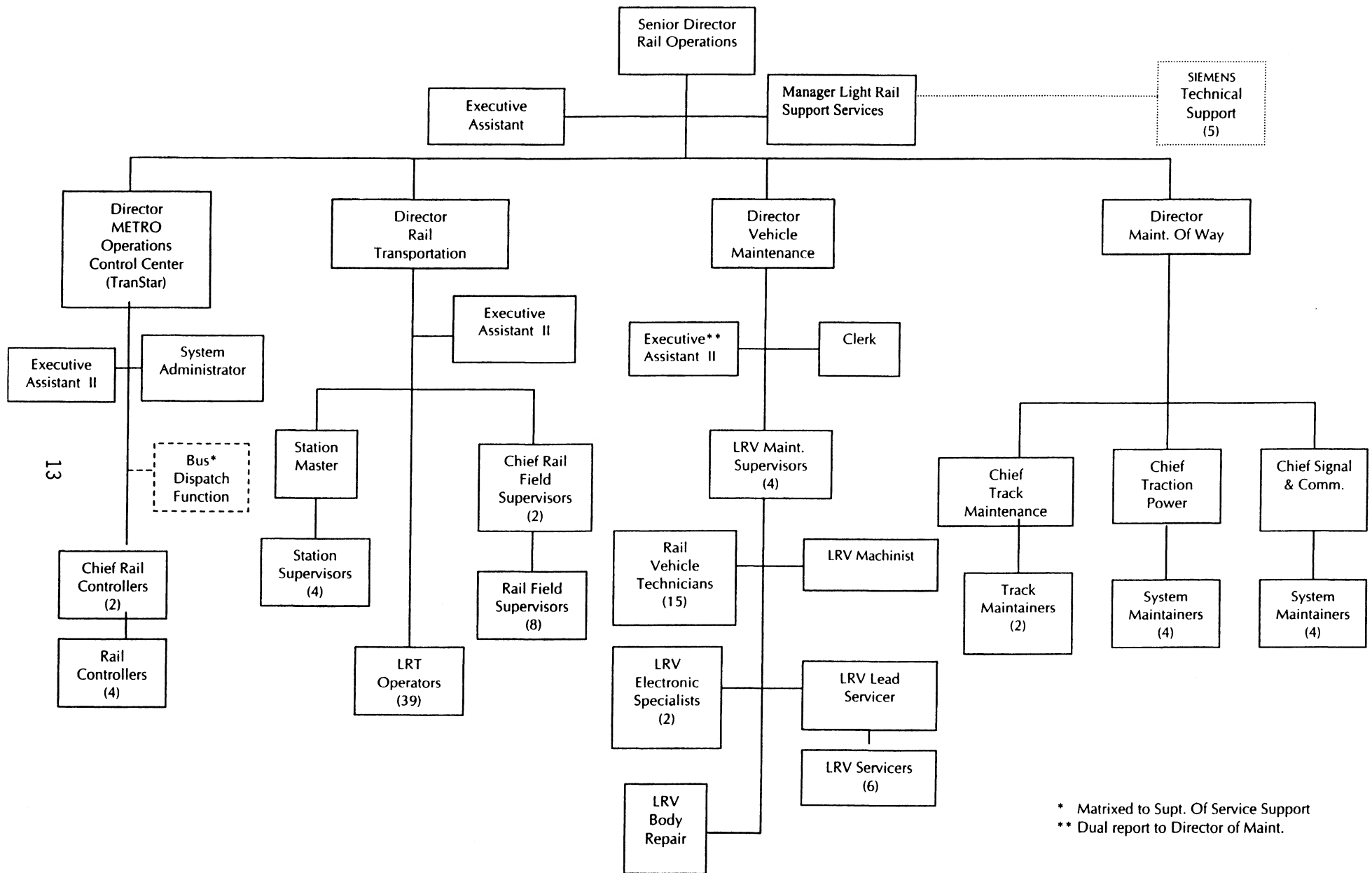
The key to a successful rail start-up is adequate planning and resources. The following charts detail the hiring plans.

METRORail Start-Up Allowance

The Board approved a METRORail start-up allowance of \$5,225,000 as a component of the FY2003 Operating Budget. The allowance will be the source of funding to pay for start-up resources including salaries, wages and benefits for the Rail Operations Division and other departments adding incremental staff, plus materials, supplies, vehicle electricity, and support contracts.

The METRORail start-up will also require the acquisition of certain capital items including support vehicles, furniture, tools and hand equipment to outfit the rail operating facility. Funding for these capital expenditures is included in the rail capital cost estimate. An allowance of \$3.5 million has been set aside for these acquisitions.

DIVISION OF RAIL OPERATIONS



RAIL OPERATIONS DIVISION HIRING PLAN

Responsibility Center	Title	#	Hire Period		
			FY02	FY03	FY04
Administration	Senior Director Rail Operations	1	•		
Administration	Manager Light Rail Support Services	1	•		
Administration	EA III Rail Administration	1	•		
	Total Administration	3			
			•		
Control Center	Director Operations Control Center	1	•		
Control Center	EA II Control Center	1		•	
Control Center	System Administrator	1		•	
Control Center	Chief Rail Controller	2		•	
Control Center	Rail Controllers	4		•	
	Total Control Center	9			
Rail Transportation	Director Rail Transportation	1	•		
Rail Transportation	EA II Rail Transportation	1		•	
Rail Transportation	Station Master	1		•	
Rail Transportation	Station Supervisors	4		•	
Rail Transportation	LRT Operators	39			•
Rail Transportation	Chief Field Supervisors	2		•	
Rail Transportation	Rail Field Supervisors	8		•	
	Total Rail Transportation	56			
Rail Vehicle Maintenance	Director Vehicle Maintenance	1	•		
Rail Vehicle Maintenance	EA II Rail Maintenance	1		•	
Rail Vehicle Maintenance	LRV Clerk	1		•	
Rail Vehicle Maintenance	LRV Maintenance Supervisors	4		•	
Rail Vehicle Maintenance	LRV Technicians	15		•	
Rail Vehicle Maintenance	LRV Electronic Specialists	2		•	
Rail Vehicle Maintenance	LRV Machinist	1			•
Rail Vehicle Maintenance	LRV Body Repair	1			•
Rail Vehicle Maintenance	LRV Servicers	6		•	
Rail Vehicle Maintenance	LRV Lead Servicer	1		•	
	Total Rail Vehicle Maintenance	33			
Maintenance of Way	Director Maintenance of Way	1	•		
Maintenance of Way	Chief Track Maintenance	1		•	
Maintenance of Way	Chief Traction Power	1		•	
Maintenance of Way	Chief Signal & Comm. Supervisor	1		•	
Maintenance of Way	Track Maintainers	2		•	
Maintenance of Way	Power Traction Maintainers	4		•	
Maintenance of Way	Signal & Com. Maintainers	4		•	
	Total Maintenance of Way	14			
Total Rail Operations		115	7	67	41

METRO SUPPORT DEPARTMENTS HIRING PLAN

Responsibility Center	Title	#	Hire Period		
			FY02	FY03	FY04
Electronic Maintenance	Electronic Communication Specialist Foreman	1			•
Electronic Maintenance	Electronic Communications Specialist	6			•
Warranty	Warranty Specialist	1			•
Support Vehicle Maintenance	Journeyman Rail/Automotive Technicians	3		•	
	Total Maintenance Support	11			
Safety & Training Transportation	Rail Transportation Safty & Trng. & Specialist	1		•	
MEAD	Rail Maintenance Trng Specialist	1		•	
Safety & Training Transportation & MEAD	Executive Assistant	1		•	
	Total Safety & Training	3			
Public Facilities	Public Facility Foreman	1		•	
Public Facilities	Public Facility Mechanics	3		•	
Public Facilities	Public Facility Cleaners	4		•	
Public Facilities	Field Inspector	1			•
Operating Facilities	Operating Facility Foreman	1		•	
Operating Facilities	Operating Facility Mechanics	3		•	
Operating Facilities	Operating Facility Mechanic	1			•
Operating Facilities	Operating Facility Cleaner	1		•	
Operating Facilities	Operating Facility Cleaner	1			•
	Total Facilities Maintenance	16			
Scheduling	Sr. Scheduler	1		•	
	Total Scheduling	1			
Service Planning	Transit Service Program Coordinator	1		•	
Service Evaluation	Service Evaluation Analyst II	1			•
	Total Service Development	2			
Treasury	Lead Fare Media Agent	1			•
Treasury	Fare Media Agent	3			•
	Total Treasury	4			
Materials Management	Rail Storeroom Foreman	1		•	
Materials Management	Rail Storeroom Attendants	2		•	
	Total Procurement	3			
Traffic Management	Police Officer	6		•	
Traffic Management	Police Dispatchers	1		•	
Traffic Management	Security Guards	4		•	
	Total Traffic Management	11			
Total METRO Support Departments/Divisions		51	0	35	16

Total incremental positions FY02, 03, and 04 = 166

REVENUES

METRO REVENUE FORECAST (\$000's omitted)		
	FY2002 Estimate	FY2003 Forecast
Operating Income		
Farebox	51,620	54,157
Misc. Operating Income	<u>13,741</u>	<u>4,524</u>
Subtotal Operating Income	65,361	58,681
Non-Operating Income		
Sales Tax Income	378,725	401,827
Interest Income	<u>11,500</u>	<u>8,000</u>
Subtotal Non-Operating Income	390,225	409,827
Capital Grants Revenue-Federal	<u>133,358</u>	<u>202,914</u>
Total Revenue	<u>588,944</u>	<u>671,422</u>

NOTES:

1. All revenues are stated in year-of-expenditure dollars.
2. The forecast assumes there will be no fare increase in FY2003. Fare revenues are forecast to increase due to an increase in the weighted average fare due to more Express and Park & Ride riders in the ridership mix.
3. Miscellaneous operating income includes revenues from the sale of surplus property and net benefits to METRO from defeased leases.
4. Sales tax income is stated on the accrual basis and is based on actual experience for 11 months of FY2002 and updated 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, Fixed Guideway 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	FY2003 Goals
Fare Recovery-Transit	19.1%
Subsidy Per Passenger Mile-Transit	37.3¢
Subsidy Per Boarding-Transit	\$2.37
Cost Per Passenger Mile-Transit	46.1¢
Cost Per Revenue Mile-Transit	\$4.77

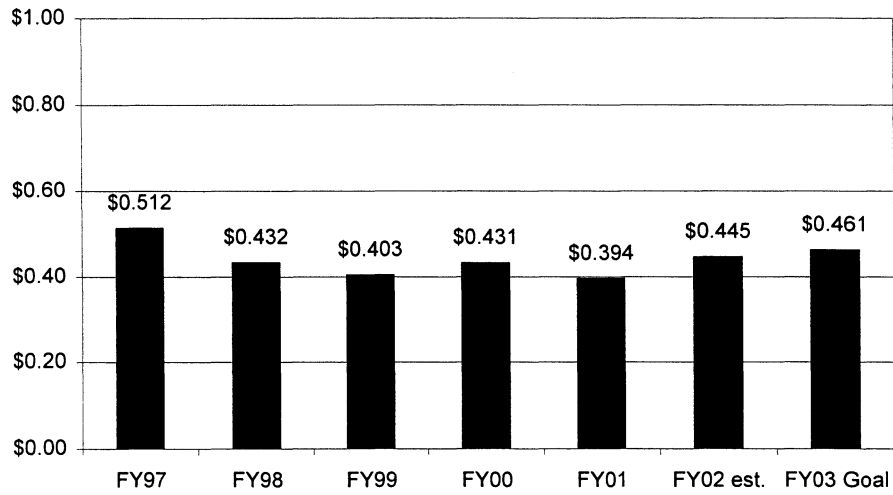
NOTES:

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. METRORail costs are also excluded since the system is not in revenue service until FY04.
4. The \$7.0 million contingency for FY2003 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.

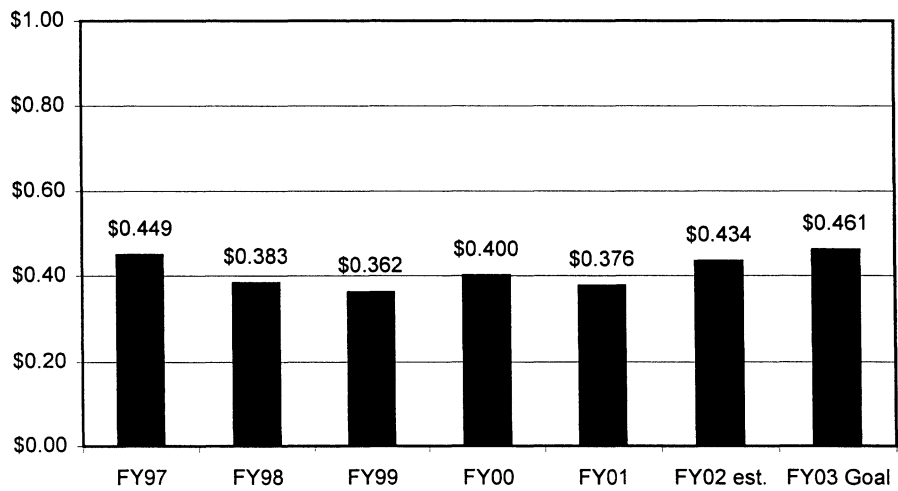
- **Cost Per Passenger Mile-Transit.** The average cost of moving a transit passenger one mile. It is calculated by dividing total transit costs (departmental expenses less cost recoveries) by total transit passenger miles.
- **Cost Per Revenue Vehicle Mile-Transit.** The total cost for providing a unit (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 FY2002 estimate and the FY2003 goal. The cost effectiveness statistics are stated in both FY2003 constant dollars (deflating by the June 2002 Houston CPI forecast) and in year-of-expenditure dollars.

COST PER PASSENGER MILE - TRANSIT
Based on FY2003 Constant Dollars

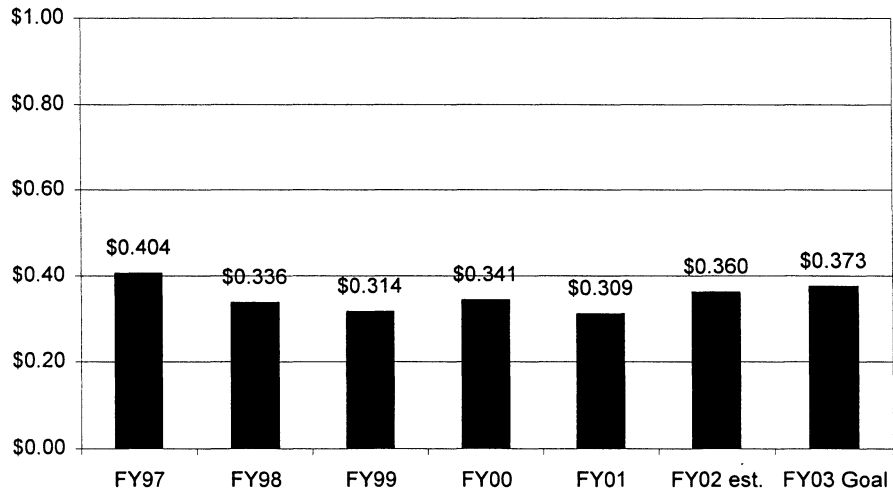


COST PER PASSENGER MILE - TRANSIT
Based On Year of Expenditure Dollars



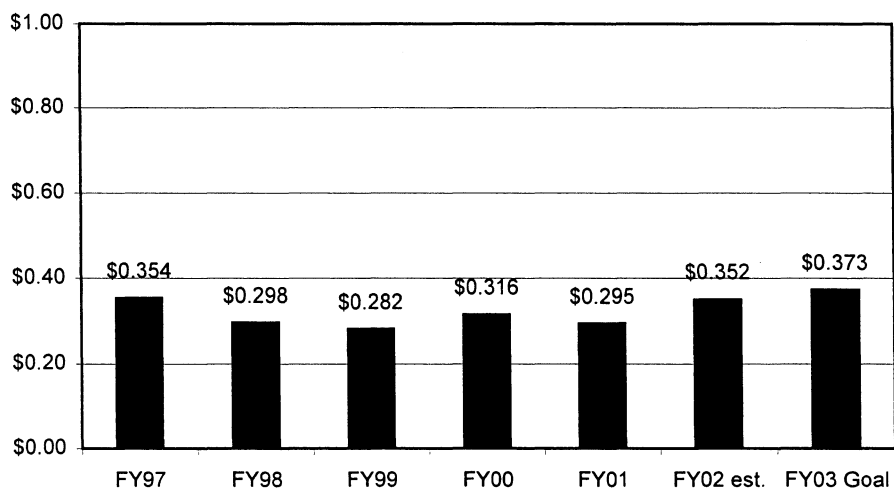
SUBSIDY PER PASSENGER MILE - TRANSIT

Based on FY2003 Constant Dollars

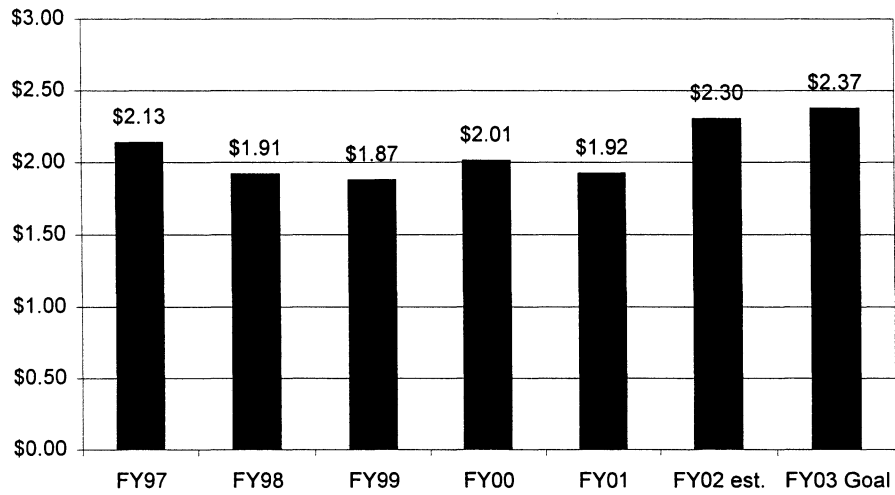


SUBSIDY PER PASSENGER MILE - TRANSIT

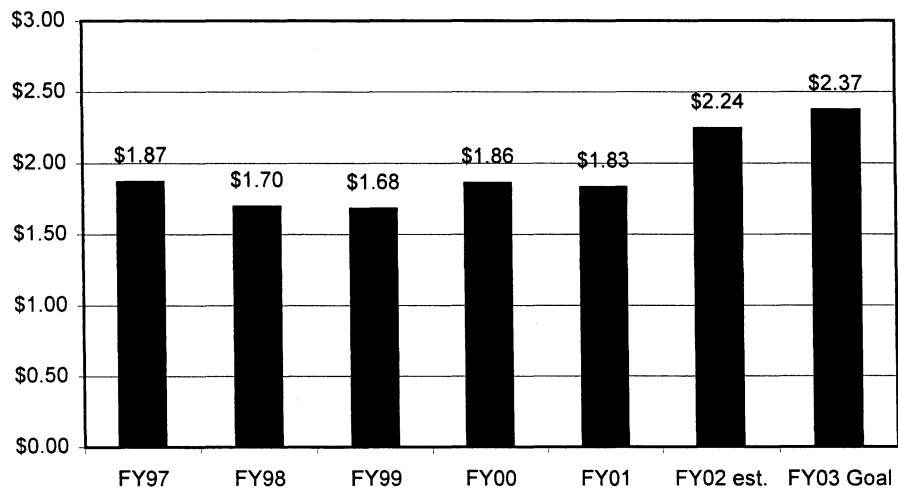
Based On Year of Expenditure Dollars

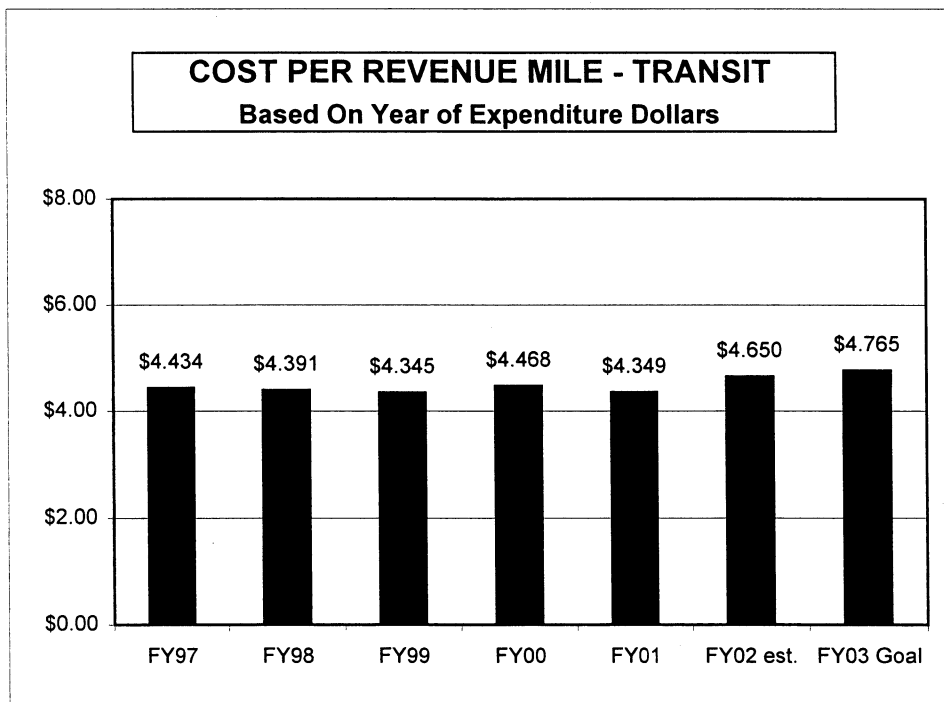
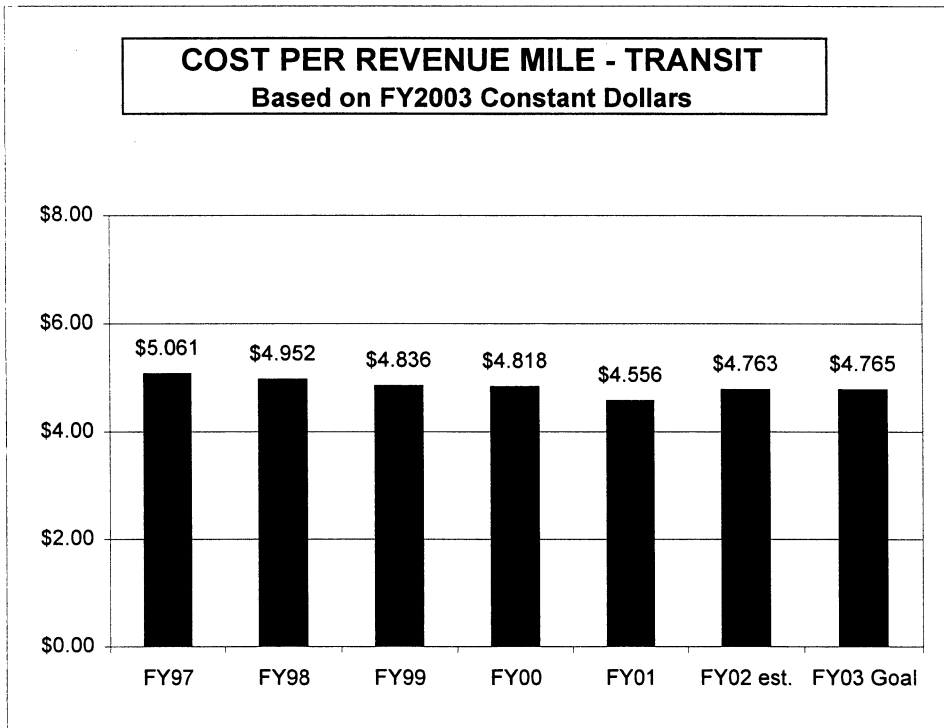


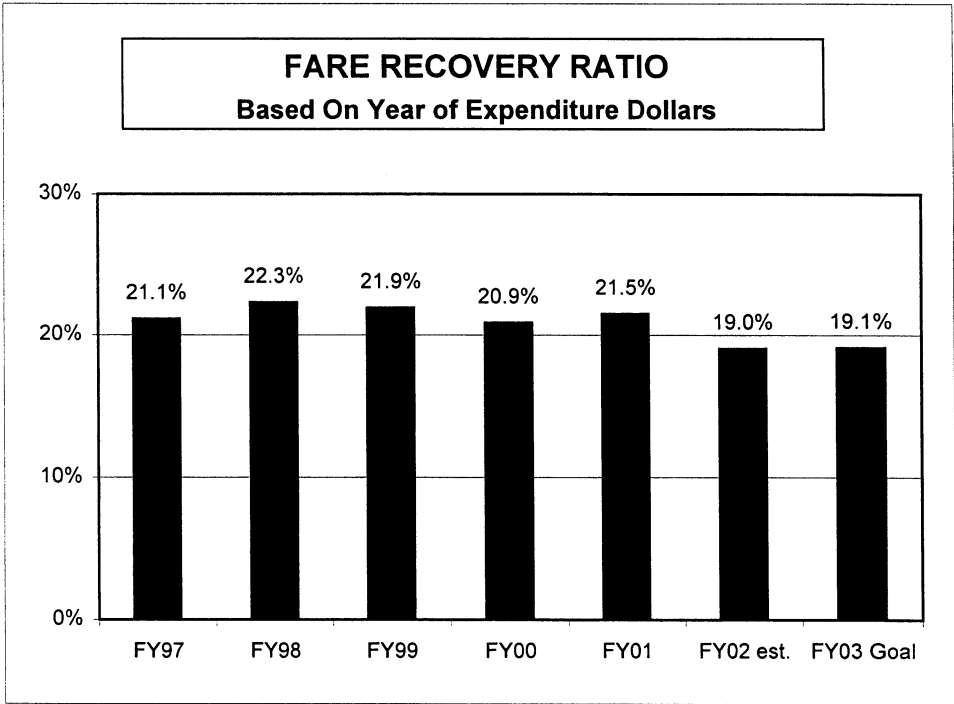
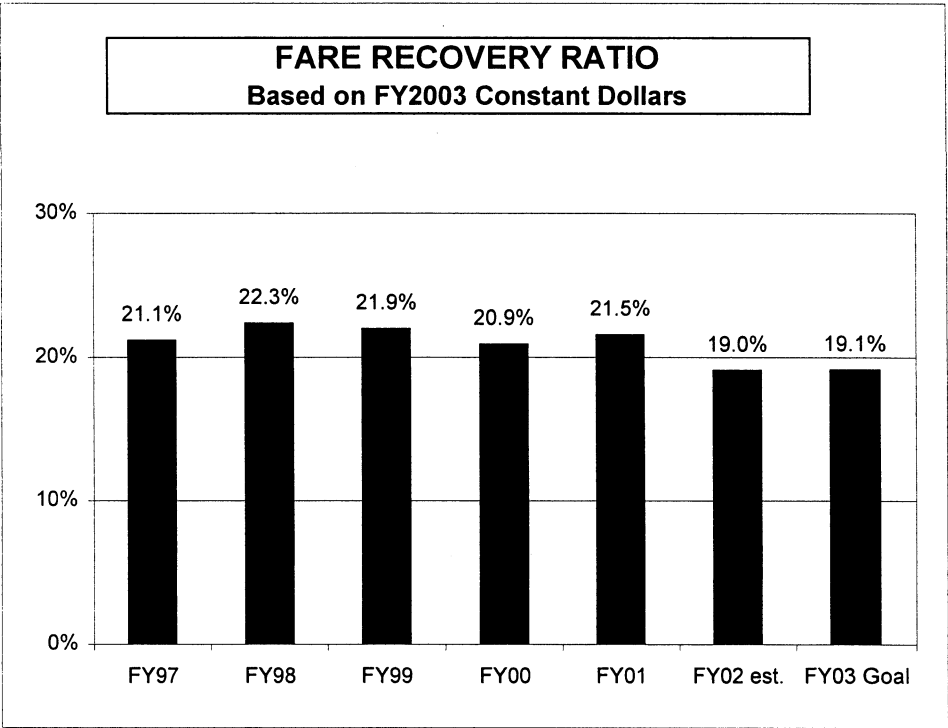
SUBSIDY PER BOARDING - TRANSIT
Based on FY2003 Constant Dollars



SUBSIDY PER BOARDING - TRANSIT
Based On Year of Expenditure Dollars







METRO OPERATING BUDGET FY2003 TOTAL AUTHORITY OVERVIEW

- METRO's operating budget for FY2003 is \$268,186,000. Following is a comparison of the FY2003 Operating Budget to the FY2002 Operating Budget.

Comparison of FY2003 Operating Budget to FY2002 Operating Budget

	<u>In \$ Millions</u>	
FY2003 Operating Budget including contingency	268.186	
FY2002 Operating Budget including contingency	<u>253.964</u>	
Increase	14.222	5.6%
Major Sources of Budget to Budget Variance:		
A. Service (Local Funding only)		
<ul style="list-style-type: none"> Increase in Fixed Route Bus Service 	1.238	
(Total 2.566 less increase in CMAQ 1.328 = 1.238)		
<ul style="list-style-type: none"> Increase in METROLift Service 	<u>.715</u>	
(Total 1.152 less increase in formula grants .437 = 0.715)		
Subtotal Service:	1.953	
B. Inflation		
<ul style="list-style-type: none"> Impact of new union agreement (wages & benefits) 	7.578	
<ul style="list-style-type: none"> Medical inflation in salaried health benefits due to market conditions 	.900	
<ul style="list-style-type: none"> First Transit contract rate increase 	.680	
<ul style="list-style-type: none"> METROLift contract rate increase 	.310	
<ul style="list-style-type: none"> Increase in stop loss insurance - salaried 	.200	
<ul style="list-style-type: none"> Property insurance increase due to market conditions 	<u>.121</u>	
Subtotal Inflation:	9.789	
C. METRORail start up allowance		
(5.225 - 0.320 = 4.905)	<u>4.905</u>	
D. Net of all other changes		
	(2.425)	
Total	14.222	

Barton Smith's forecast for FY2003 HCPI inflation is 2.44%.

- The budget will fund a total increase in bus service of \$3.718 million including:
 - * An expansion of 1.53% in fixed route service hours.
 - * An expansion of 7.03% in METROLift service hours.
 - * An increase of 10 vans from 285 to 295 vans, +3.5% in the METROVan program.
- * The following material highlights the major components of the FY2003 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 FY2003 TOTAL AUTHORITY

Reductions (Relative to Total Operating Expenditures)

In our zero based budget review we have achieved \$6.108 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 special event costs primarily associated with lower service levels for RodeoHouston.	1.364
• Reduction in fuel and tax costs primarily due to improved bus fuel economy and reduced overhead miles.	0.607
• Increase in productivity from mechanic trainees via progression in training program.	0.605
• Savings associated with lower bus mechanic and cleaner average wage rates due to number of new hires.	0.593
• Increase in cost recoveries from TMC and Uptown Trolley Service.	0.463
• Reduction in utilities cost due to lower energy costs and delayed start up of the Rail Operating Facility.	0.320
• Savings from increased service hours operated by First Transit at Northwest Bus Operating Facility.	0.249
• Reduction in cost of services to IT due to lower contract cost for IT disaster recovery services and lower costs for equipment repairs and maintenance through replacement of obsolete hardware.	0.224
• Savings in labor and parts costs from lower bus miles due to reduced special events, elimination of Astros service and better adherence to schedules.	0.219
• Savings from replacing METROLift's Teletrac AVL system with Mentor.	0.148
• Reduction in facility costs for outside services to reflect actual expenses.	0.137
• Reduction in communication costs through investments in new systems.	0.129
• Reduction in Minor Tools and Equipment costs to reflect actual expenses.	0.124

METRO OPERATING BUDGET FY2003

TOTAL AUTHORITY

Reductions (Relative to Total Operating Expenditures)

	<u>\$ in Millions</u>
• Savings from elimination of one position in Accounting, one position in HR Training and Development, and one position in maintenance.	0.189
• Increase in recoveries for damages by third parties against METRO.	0.121
• Reduction in maintenance salary overtime through Increase in utilization of the relief foreman pool to develop staff for future management level vacancies.	0.104
• Savings from lower material costs in central manufacturing.	0.101
• Reduction of legal fees due to completion of Union negotiations in FY02	0.100
• Reduction in office supplies due to improved controls and using less stock for fare media	0.087
• Savings due to a lower than anticipated cost for outside contractor bus painting.	0.078
• Reduction in Guaranteed RideHome usage for mid-day service and METROVan – less demand from patrons than expected.	0.056
• Reduction in printing fees for outside printing due to increased in-house work.	0.055
• Reduction in costs associated with bus ridership data gathering.	0.035
Total	6.108

METRO OPERATING BUDGET FY2003 TOTAL AUTHORITY

Additions - New Service (Relative to Total Operating Expenditures)

	<u>\$ in Millions</u>
• A 1.5% increase in service hours primarily associated with annualization of FY2002 Fixed Route expansion.	2.566
• A 7% increase in METROLift service hours associated with the annualization of FY2002 service expansion.	1.152
Total New Service	3.718

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

METRO OPERATING BUDGET FY2003 TOTAL AUTHORITY

Additions – Other Than New Service (Relative to Total Operating Expenditures)

The major additions to the budget in addition to the service covered on the preceding schedule are as follows:

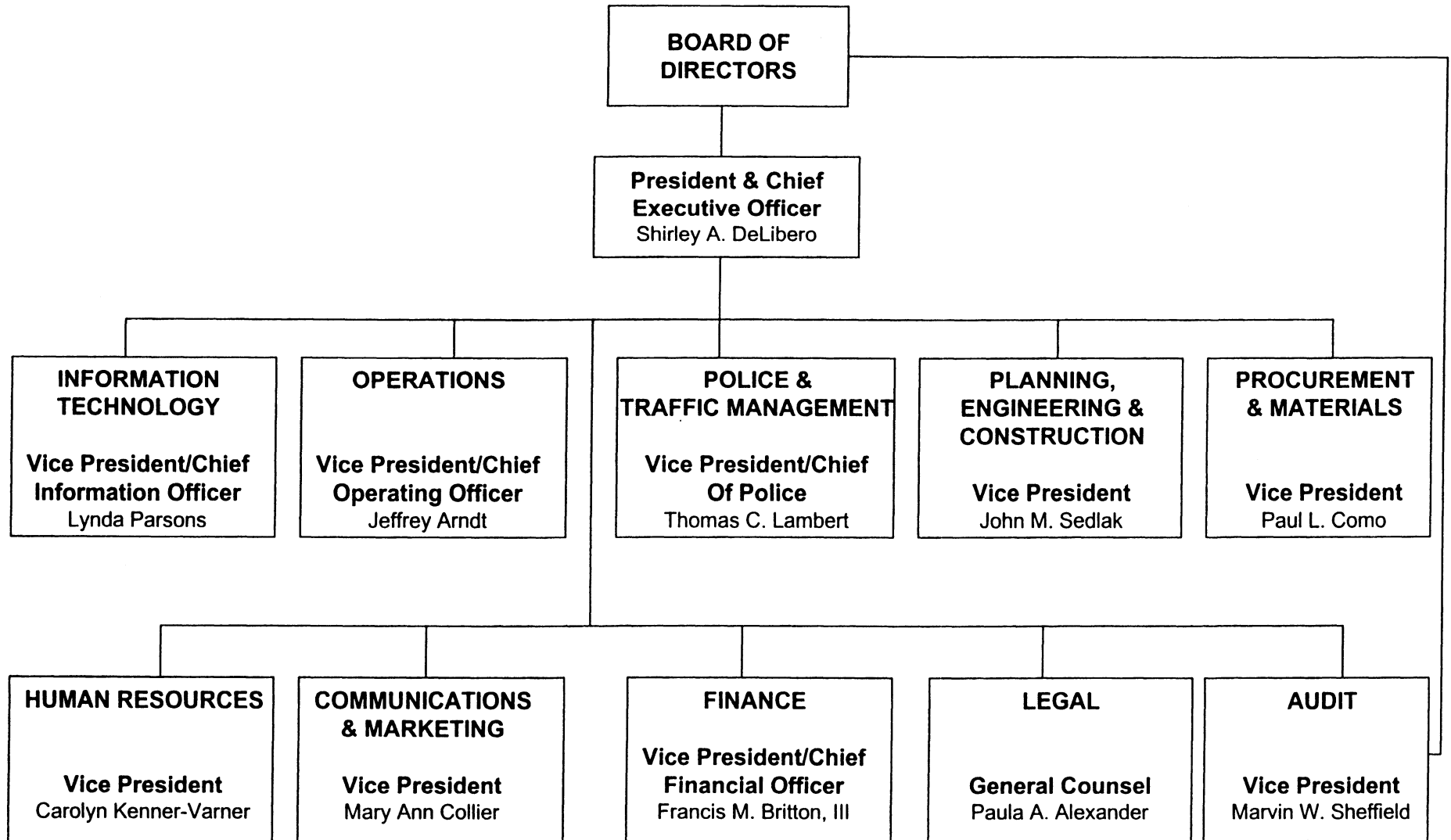
	<u>\$ in Millions</u>
<u>Labor</u>	
* Increase in wages and benefits associated with the August 2002 Union Agreement.	7.578
* METRORail Start Up	4.905
* Increase in salaries due to annualization of performance incentives in FY02 and incentives for FY03.	2.756
* Increase in healthcare benefits cost due to increase in the number of operators.	0.907
* Increase in medical costs for salaried employees due to medical inflation.	0.900
* Increase in Union bonus payments due to higher performance than expected.	0.441
* Programmed wage increases for apprentices due to progression in the training program.	0.362
* New salaried positions – Director , HR Training and Performance Development, Staff Attorney, and a clerk in Labor Relations.	0.194
* 4 Additional Bus Cleaners to meet service requirements per staffing ratio.	0.099
<u>Non-Labor:</u>	
* Increase in rates for the Northwest bus operating facility and METROLift purchased transportation contracts.	0.988

METRO OPERATING BUDGET FY2003 TOTAL AUTHORITY

Additions – Other Than New Service (Relative to Total Operating Expenditures)

* Increase in Legislative Coordination Fees due to forthcoming state legislative session in FY03.	0.371
* Increase in engine expenses due to defective air cleaners.	0.250
* Increase in METRO vehicle liability costs due to higher number of claims and medical inflation.	0.212
* Increase in costs for new DOT physical examinations for all METRO CDL holders consistent with current industry best practices.	0.202
* Increase in Stop Loss insurance premium for the METRO medical plan (salaried).	0.200
* Reduction in warranty reimbursement due to expiration of warranty on 40' New Flyer and 45' MCI fleets.	0.198
* Increased physical damage insurance premiums due to annualization of market inflation in FY02.	0.121
* Additional costs associated with Emergency Preparedness Plan support	0.090
Total Other Than Service	20.774

BOARD OF DIRECTORS EXECUTIVE MILLENNIUM TEAM



OPERATING BUDGET FY2003

MANPOWER SUMMARY AUTHORITY TOTAL

	FY2002		FY2003	
	Auth.	FTE	Auth.	FTE
Operations				
Operations Full-time	2,819	2,888.0	2,838	3,031.5
Operations Part-time	161	66.4	230	90.0
Planning, Engineering & Construction	144	133.7	144	143.3
Police/Traffic Management				
Police/Traffic Management Full-time	246	223.9	246	246.0
Police/Traffic Management Part-time	19	11.6	19	11.9
Procurement & Materials	126	121.7	126	126.0
Human Resources	42	40.9	42	42.0
Communications & Marketing	99	93.3	99	98.0
Information Technology	60	53.0	60	60.0
Finance	148	135.8	147	145.0
Legal	9	9.0	10	10.0
Audit	15	14.1	15	15.0
Executive Office	5	5.0	5	5.0
Total Full-time	3,713	3,718.4	3,732	3,921.8
Total Part-time	180	78.0	249	101.9

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
OPERATING BUDGET FY2003

TOTAL AUTHORITY

Expenses by Cost Category	FY02 Budget	FY03 Budget	Variance	
			\$	%
<u>LABOR</u>				
WAGES	99,658,918	102,938,645	3,279,727	3.29%
SALARIES	55,686,560	57,572,027	1,885,467	3.39%
FRINGE BENEFITS	53,039,432	59,136,742	6,097,310	11.50%
TOTAL LABOR	208,384,910	219,647,414	11,262,504	5.40%
<u>NON-LABOR</u>				
PURCHASED TRANSPORTATION	53,238,651	56,282,026	3,043,375	5.72%
SERVICES	14,820,517	14,760,572	-59,945	-0.40%
MATERIALS & SUPPLIES	27,954,955	27,459,345	-495,610	-1.77%
UTILITIES	4,407,087	4,057,799	-349,288	-7.93%
CASUALTY & LIABILITY	2,090,982	2,384,676	293,694	14.05%
LEASES, RENTALS & MISC.	6,292,681	6,445,022	152,341	2.42%
TOTAL NON-LABOR	108,804,873	111,389,440	2,584,567	2.38%
TOTAL LABOR AND NON-LABOR	317,189,783	331,036,854	13,847,071	4.37%
LESS: COST REIMBURSEMENTS	5,192,035	5,232,296	40,261	0.78%
ALLOWANCE FOR METRORail START UP	320,000	5,225,000	4,905,000	1532.81%
NET OPERATING EXPENSES	312,317,748	331,029,558	18,711,810	5.99%
CONTINGENCY	7,000,000	7,000,000	0	0.00%
TOTAL OPERATING EXPENSES	319,317,748	338,029,558	18,711,810	5.86%

Allocated Expense by Function	FY02 Budget	FY03 Budget	Variance	
			\$	%
TRANSIT	236,388,471	250,167,628	13,779,157	5.83%
TRAFFIC MANAGEMENT	10,375,426	10,818,553	443,127	4.27%
EXPENSED SMALL CAPITAL	200,000	200,000	0	0.00%
CONTINGENCY	7,000,000	7,000,000	0	0.00%
SUB-TOTAL OPERATING BUDGET	253,963,897	268,186,181	14,222,284	5.60%
CAPITAL TO CAPITAL BUDGET	65,353,851	69,843,377	4,489,526	6.87%

METRO CAPITAL BUDGET FY2003

TECHNICAL NOTES AND PROGRAM SUMMARY

Technical Notes

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. In January 2000, the METRO Board approved the current Capital Improvement Program (CIP) covering the 5 year period FY2000-2004. The Fiscal 2003 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.

The capital budget for the Metropolitan Transit Authority for fiscal year 2003 (October 1, 2002 – September 30, 2003) is:

- Capital Budget \$463,196,000

2. The following Capital Projects will be completed in FY2002.

General Mobility Program

- * City of Houston Projects
 - Almeda-Genoa: Almeda to SH 288
 - Fulton: Crosstimbers to Lyerly
 - Heights – Tier VIII Projects
- * Harris County Projects
 - Greenhouse Road
- * Multi-Cities Projects
 - Independence Blvd: FM 2234 to FM 1092
 - Memorial Drive: Duchesne to Voss
 - Memorial Drive: Greenbay to San Felipe
 - Memorial Intersection at Gessner
 - North Piney Point: Greenbay to Memorial
 - South Piney Point: Buffalo Bayou to City Limits
 - West University Place Street Lighting
 - Westview: Spring Branch Creek to Campbell

Regional Bus Plan

- * Downtown/Midtown Transit Street Improvements
 - Fannin: Commerce to Pierce
 - Fannin: Pierce to Holman
 - Lamar: Main to LaBranch
- * West Loop Park & Ride Modifications
- * Northwest Station Park & Ride – Third expansion
- * Southeast Transit Center Modifications

Buses and Support Equipment

- * Acquisition of 7, 40-foot New Flyer buses completing the 486 bus procurement (part in RBP, part in Bus Acquisitions).

Operating Facilities and Upgrades

- * Northwest Bus Operating Facility Bus Washer Upgrade

3. The following capital projects are scheduled to be completed in FY2003.

General Mobility Program

- * City of Houston Projects
 - Almeda Corridor Tier VIII Projects
 - Buffalo Speedway: Bellfort to Holmes
 - Carverdale Tier VIII Projects
 - City In-House Overlays
 - Clay Road: SH-6 to Bear Creek Meadows
 - Fannin: IH-10 to Holmes
 - Freeway / Pine Valley Tier VIII Projects
 - Fuqua: South Freeway to Mykawa
 - Gessner: Clay to Hempstead
 - Greens Road: JFK to Aldine-Westfield
 - Home Owned Estates / Hidden Forest Tier VIII Projects
 - Kirkwood: Bellaire to Bissonnet
 - Kirkwood: IH-10 to Westwick Subdivision
 - Mesa: Green River to Little York
 - Overbrook / Bayou Oaks Tier VIII Projects
 - Park Row: Eldridge to SH-6
 - Pinemont: Hollister to Hempstead
 - Rosewood / North Settegast / Trinity Gardens Tier VIII Projects
 - San Felipe: Briargrove to Fountainview
 - San Felipe: Briargrove to Woodway
 - Traffic Signal & Incident Management System

- * Harris County Projects
 - Ella Boulevard
 - Huffmeister: US 290 to Cypress Creek
 - Kirby Drive
 - Precinct 4 Misc Intersection Improvements
 - Space Center / Genoa Red Bluff
 - Theiss Mail Route
 - Will Clayton @ South Houston Intersection
- * Multi-Cities Projects
 - Bellaire: Southside Place East City Limit to UPRR
 - Fries Road: Westview to IH-10
 - Kirby: NASA Road 1 to Old Katy
 - Knipp: Taylorcrest to Memorial
 - Pifer: Beinhorn to Bridgewood
 - Sidewalk / Hike & Bike Trail Program

Regional Bus Plan

- * Downtown/Midtown Transit Street Improvements
 - Congress: Louisiana to Jackson
 - Lamar: Louisiana to Main
 - Milam: Pierce to Spur 527
 - Pierce: Brazos to Jackson
 - San Jacinto: Holman to Blodgett
 - San Jacinto: Pierce to Holman
 - Jefferson: Smith to Travis
- * Westchase Park & Ride
- * Eastex HOV Lane Extension to Kingwood
- * Eastex HOV Ramp at Townsen Park & Ride
- * Eastex HOV Terminus at Kingwood
- * Magnolia Transit Center Modifications
- * Eastwood Transit Center Modifications
- * System Accessibility

Transitways and Related Facilities

- * Southwest Transitway Segment V-A

2025 Mobility Program

- * Advanced Transit Plan
 - West Bellfort Park & Ride Expansion – Phase 1
 - Kingsland Park & Ride Expansion

Buses and Support Equipment

- * Bus Smart Card Technology
- * 49 45' MCI buses (part in RBP, part in bus acquisitions)

**CAPITAL BUDGET FY2003
SUMMARY BY PROGRAM
(\$000 omitted)**

	FY2003 Capital Budget
General Mobility Program	102,691
Regional Bus Plan	131,888
2025 Plan – METRORail Project	90,750
2025 Plan – Other Projects	35,438
Transitways & Related Facilities	15,308
Buses & Support Equipment	21,241
Operating Facilities and Upgrades	31,145
Intelligent Transportation System	1,135
Information Technology	17,518
Transit Mobility Program	3,978
Development Fund, Land & Contingency	12,104
Total Capital Budget	463,196

**CAPITAL BUDGET FY2003
PROJECT LISTING
(\$000 Omitted)**

**FY2003
BUDGET**

GENERAL MOBILITY PROGRAM

CITY OF HOUSTON PROJECTS

CLAY RD: SH 6 TO BEAR CREEK MEADOWS	\$ 7,987
SPECIAL CITY PROJECTS	\$ 20,650
FUQUA: CAMPDEN HILL TO S. BELT (RIDGE CREEK)	\$ 1,700
GESSNER: CLAY TO HEMPSTEAD	\$ 4,514
KIRKWOOD: ALIEF-CLODINE TO BISSONNET	\$ 2,000
SIDEWALK / HIKE & BIKE TRAIL PROGRAM (EXTENDED)	\$ 1,000
FUTURE DESIGNATED PROJECTS	\$ 23,308
	\$ 61,159

HARRIS COUNTY PROJECTS

ALDINE WESTFIELD: BELTWAY 8 TO FM 1960	\$ 6,000
GESSNER: WEST ROAD to BELTWAY 8	\$ 641
HUFFMEISTER: US 290 to CYPRESS CREEK	\$ 624
OREM: ALMEDA TO TELEPHONE	\$ 4,000
PRECINCT 4 MISC. INTERSECTION IMPROVEMENTS	\$ 1,623
WILL CLAYTON @ SOUTH HOUSTON	\$ 250
FUTURE DESIGNATED PROJECTS	\$ 4,830
	\$ 17,968

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	\$ 4,509
CONGESTION MITIGATION PROGRAM - HUNTERS CREEK VILLAGE	\$ 150
CONGESTION MITIGATION PROGRAM - KATY	\$ 2,179
CONGESTION MITIGATION PROGRAM - MISSOURI CITY	\$ 1,304
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
SIDEWALK/HIKE & BIKE TRAIL PROGRAM (EXTENDED) - MULTI-CITIES	\$ 93
FUTURE DESIGNATED PROJECTS	\$ 9,965
	\$ 20,922

**CAPITAL BUDGET FY2003
PROJECT LISTING
(\$000 Omitted)**

**FY2003
BUDGET**

GENERAL MOBILITY PROGRAM (CONT.)

AREA-WIDE PROJECTS

FREEWAY INCIDENT MANAGEMENT PROGRAM	\$ 820
MOBILITY IMPROVEMENTS	\$ 65
PAVEMENT MANAGEMENT PROGRAM	\$ 5
ALLOWANCE FOR ALLOCATED OVERHEAD	\$ 1,752
	\$ 2,642

TOTAL GENERAL MOBILITY PROGRAM

\$ 102,691

REGIONAL BUS PLAN

FEDERAL COMPONENT

DOWNTOWN TRANSIT CENTER	\$ 4,206
DOWNTOWN/MIDTOWN TRANSIT STREET IMPROVEMENTS	\$ 43,102
TEXAS MEDICAL CENTER TRANSIT CENTER	\$ 12,765
WESTCHASE PARK & RIDE	\$ 7,170
EASTEX HOV LANE EXTENSION TO KINGWOOD	\$ 1,828
EASTEX HOV RAMP AT TOWNSEN PARK & RIDE	\$ 1,136
EASTEX HOV TERMINUS AT KINGWOOD	\$ 1,023
5TH WARD/DENVER HARBOR TRANSIT CENTER MODIFICATIONS	\$ 2,322
MAGNOLIA TRANSIT CENTER MODIFICATIONS	\$ 963
EASTWOOD TRANSIT CENTER MODIFICATIONS	\$ 683
GULFGATE TRANSIT CENTER	\$ 491
HOBBY TRANSIT CENTER	\$ 148
UPTOWN / TRANSIT AMENITIES	\$ 178
REGIONAL COMPUTERIZED TRAFFIC SIGNAL SYSTEM	\$ 24,699
INTEGRATED VEHICLE OPERATION MANAGEMENT SYSTEM	\$ 2,446
BUS ACQUISITIONS	\$ 13,620
	\$ 116,780

LOCAL COMPONENT

TRANSIT STREET IMPROVEMENTS	\$ 7,505
TRANSIT STREET RECONSTRUCTION	\$ 496
SYSTEM ACCESSIBILITY	\$ 858
EASTEX TRANSITWAY - SEGMENT 1A	\$ 854
DOWNTOWN SUPERSTOP	\$ 5,395
	\$ 15,108

TOTAL REGIONAL BUS PLAN

\$ 131,888

**CAPITAL BUDGET FY2003
PROJECT LISTING
(\$000 Omitted)**

**FY2003
BUDGET**

2025 PLAN

METRORAIL PROJECT	\$ 90,750
ADVANCED TRANSIT PLAN	
ATP - METRO MOBILITY 2025	\$ 17,113
ATP - NEW STARTS - ADVANCED HIGH CAPACITY TRANSIT	
KATY CORRIDOR PRESERVATION	\$ 4,000
UPTOWN/WEST LOOP CORRIDOR PRESERVATION	\$ 2,000
KATY FREEWAY IMPROVEMENTS	\$ 2,800
	<hr/> \$ 8,800
ATP- DISCRETIONARY BUS	
REAL ESTATE ACQUISITION	\$ 5,670
WEST BELLFORT PARK & RIDE EXPANSION	\$ 1,995
KINGSLAND PARK & RIDE EXPANSION	\$ 1,860
	<hr/> \$ 9,525
TOTAL 2025 PLAN	\$ 126,188

TRANSITWAYS AND RELATED FACILITIES

TRANSITWAYS	
SOUTHWEST TRANSITWAY	
SEGMENT V-A - SOUTH SHEPHERD TO EAST OF MANDELL	\$ 649
SEGMENT V-B - EAST OF MANDELL TO SMITH ST.	\$ 4,875
	<hr/> \$ 5,524
FIXED GUIDEWAY MODERNIZATION	
T-RAMP CONTROL SIGNALS	\$ 1,074
SLIP RAMP CLOSURE SYSTEMS	\$ 4,856
SIGN STANDARDIZATION	\$ 1,184
GEOMETRIC IMPROVEMENTS	\$ 1,899
TRANSTAR INTEGRATION	\$ 613
FIXED GUIDEWAY REHABILITATION	\$ 1,885
ALLOWANCE FOR SCHEDULE UNCERTAINTY	\$ (1,727)
	<hr/> \$ 9,784
TOTAL TRANSITWAYS AND RELATED FACILITIES	\$ 15,308

**CAPITAL BUDGET FY2003
PROJECT LISTING
(\$000 Omitted)**

**FY2003
BUDGET**

BUSES AND SUPPORT EQUIPMENT

PASSENGER SHELTERS SHELTERS & LIGHTING	\$ 783
REVENUE VEHICLES BUS ACQUISITIONS	\$ 7,169
BUS IMPROVEMENTS	\$ 9,879
	\$ 17,048
SUPPORT EQUIPMENT AND SYSTEMS SUPPORT VEHICLES	\$ 1,994
TOOLS & EQUIPMENT	\$ 1,416
	\$ 3,410
TOTAL BUSES AND SUPPORT EQUIPMENT	\$ 21,241

OPERATING FACILITIES AND UPGRADES

OPERATING FACILITIES POLK BOF-EXPANSION PHASE 1	\$ 454
BUS TRANSFER CENTERS AT WHEELER/BLODGET & FANNIN SOUTH	\$ 150
ADMINISTRATIVE OFFICE BUILDING	\$ 18,981
	\$ 19,585
FACILITY UPGRADES	\$ 10,943
FURNITURE & EQUIPMENT	\$ 550
LEASEHOLD IMPROVEMENT	\$ 67
TOTAL OPERATING FACILITIES AND UPGRADES	\$ 31,145

INTELLIGENT TRANSPORTATION SYSTEMS

ONBOARD VIDEO SURVEILLANCE	\$ 44
PRIORITY CORRIDOR PROGRAM	\$ 472
RESEARCH CENTER OF EXCELLENCE	\$ 315
TRANSLINK LABORATORY	\$ 170
POLICE AUTOMATION PROGRAM	\$ 134
TOTAL INTELLIGENT TRANSPORTATION SYSTEMS	\$ 1,135

**CAPITAL BUDGET FY2003
PROJECT LISTING
(\$000 Omitted)**

**FY2003
BUDGET**

INFORMATION TECHNOLOGY

IT OPERATIONS, PLAN, ENG. & CONSTR., RAIL, P&TM	\$ 9,158
IT FINANCIAL/ADMINISTRATION SYSTEMS	\$ 3,117
IT INFRASTRUCTURE, DBAS & TELECOMMUNICATIONS	\$ 3,091
IT PC MIGRATION	\$ 532
IT DATA INTEGRATION & WAREHOUSING	\$ 1,620

TOTAL INFORMATION TECHNOLOGY	\$ 17,518
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TRANSIT MOBILITY PROGRAM

BUS PADS / BUS LANES	\$ 339
CURB CUTS / INTERSECTION IMPROVEMENTS	\$ 220
RCTSS – OUTSIDE BELTWAY	\$ 3,419

TOTAL TRANSIT MOBILITY PROGRAM	\$ 3,978
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DEVELOPMENT FUND, LAND & CONTINGENCY

TRANSIT CAPITAL PROGRAM DEVELOPMENT	\$ 749
STRATEGIC PLANNING	\$ 80
SPRR RELOCATION	\$ 100
DEVELOPMENT PROJECTS	\$ 300
FEDERAL SMALL BUSINESS PROGRAM	\$ 125
CAPITAL EDUCATION CAMPAIGN	\$ 5,750
U.PASS - CLEAN AIR PROGRAM	\$ -
MAIN STREET CORRIDOR BETTERMENTS	\$ -
EMERGENCY PREPAREDNESS DRILLS	\$ -
CAPITAL PROGRAM LAND AND CONTINGENCY	\$ 5,000

TOTAL DEVELOPMENT FUND, LAND & CONTINGENCY	\$ 12,104
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GRAND TOTAL - CAPITAL IMPROVEMENT PROGRAM	\$ 463,196
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A RESOLUTION

APPROVING AND ADOPTING AN OPERATING BUDGET AND A CAPITAL BUDGET FOR FISCAL YEAR 2003; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, Section 451.103, Texas Transportation Code, requires that METRO adopt an annual Operating Budget which specifies major expenditures by type and amount prior to commencement of its fiscal year; and

WHEREAS, METRO has also prepared a Capital Budget for Capital expenditures for the upcoming fiscal year; and

WHEREAS, a public hearing on the proposed Operating and Capital Budgets for Fiscal Year 2003 has been held in accordance with statutory requirements;

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

Section 1. The Board of Directors hereby finds and declares that a public hearing has been held on the proposed Operating and Capital Budgets for Fiscal year 2003, the testimony considered and all prerequisites required by statute for adopting an Operating Budget and a Capital Budget for Fiscal Year 2003 have been met.

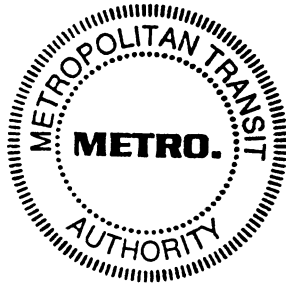
Section 2. The Board of Directors hereby approves and adopts an Operating Budget for Fiscal year 2003 totaling \$268,186,000.

Section 3. The Board of Directors hereby approves and adopts a Capital Budget for Fiscal Year 2003 totaling \$463,196,000.

Section 4. This resolution is effective immediately upon passage.

PASSED this 19th day of September, 2002
APPROVED this 19th day of September, 2002

ATTEST:




Assistant Secretary


Thomas E. Whitson
Chairman