



METRO



ANNUAL
OPERATING &
CAPITAL BUDGETS

Fiscal Year 2004

METRO

OPERATING AND CAPITAL BUDGETS FY2004

SEPTEMBER 2003

METRO

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OPERATING BUDGET FY2004

TECHNICAL NOTES AND PROJECTIONS

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 on September 18, 2003. The operating budget for the Metropolitan Transit Authority for fiscal year 2004 (October 1, 2003 – September 30, 2004) is:

- Operating Budget \$273,990,000

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 2004 (October 1, 2003 – September 30, 2004) is:

- Capital Budget \$417,041,000

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 multiyear 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 FY2004 Operating Budget are the following significant partnerships:

- **Texas Medical Center Shuttle**

METRO has continued and expanded its partnership with the Texas Medical Center (TMC) to operate a shuttle to move riders from multiple TMC parking lots and other locations to the TMC buildings. For the period October 2003 through December 2003, TMC will reimburse METRO's full

cost at 36.7%. From January 2004 through September 2004, TMC will reimburse METRO's full cost at 40.0%. When light rail operations begin, the TMC's share of cost for the Smith Lands Lot bus service will continue to be paid to METRO, but the service for that lot will be provided by METRORail instead of buses.

Total FY2004 TMC cost recovery = \$1,509,218

- **Uptown Trolley Shuttle**

The FY2004 budget includes continuation of midday circulator service in the Galleria area. Trolley service will operate Monday through Friday between 11:00 a.m. and 2:30 p.m. at 10-minute intervals with no fares. METRO is partnering with the Uptown Management District in providing this service. The District will compensate METRO 100% at the fully allocated rate for the service.

Total FY2004 Uptown Trolley cost recovery = \$325,661

- **Special Events** – The following special events are included in the FY2004 Operating Budget:

<u>FY2004 Budgeted Events</u>	<u>Date</u>
Greek Festival	October 2003
Museum District Day	October 2003
Wings Over Houston Airshow	October 2003
Houston Texans Football Games	October – December 2003
Downtown Loft Tour	October 2003
Ghost Bustin' Blowout	October 2003
International Quilt Festival	October – November 2003
Uptown Extravaganza	November 2003
Art Crawl	November 2003
Tour Championship Golf *	November 2003
Heights Holiday Tour	November 2003
TREK Uptown Holiday Shuttle	December 2003
Holiday Magic In Rice Village	December 2003
Big 12 Championship	December 2003
Stellar Awards *	January 2004
Super Bowl *	January – February 2004
ITS Rail/Mardi Gras	February 2004
Rodeo Houston	February – March 2004
Chocolate Bayou Festival	March 2004
Bayou City Art Festival	March 2004
Woodland Heights Home Tour	March 2004
Garden Oaks Home Tour	March 2004
Brawn, Brew & Bricks Industrial Tour	April 2004
Shell Houston Open	April 2004

FY2004 Budgeted Events**Date**

Heights Home Tour	April 2004
Soccer Match	April 2004
KRBE Earth Day	May 2004
All-Star Game *	July 2004
Summer Rodeo Houston *	July 2004
Houston Texans Football Games	August – September 2004
Ballunar Liff Festival	August 2004
Italian Federation	September 2004

Total FY2004 Special Events partner funds = \$7,735,800

*New events expected to be added in FY2004

- **HGAC METROVan Program**

METROVan is a partnership with HGAC utilizing Surface Transportation Program (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 327 vans, an all time high, and is expected to grow to 344 vans in FY2004.

Total FY2004 HGAC funds = \$1,688,375

- **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 FY2004, 360 hours of charter service have been budgeted with full cost recovery.

Total FY2004 Charter Services Cost Recovery = \$37,156

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 FY2004 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 FY2004 formula funds = \$5,986,500

- **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 FY2004 CMAQ Funds = \$2,987,649

- **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 Park & Ride lot and Downtown. CMAQ Funds will be used for part of FY2004, completing a three year commitment.

Total FY2004 CMAQ Funds = \$198,513

- **CMAQ Funds – Midday P&R Service**

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

Total FY2004 CMAQ Funds = \$596,512

- **CMAQ Funds – Midday Park & Ride Service to NW/US-290**

New midday service to Park & Ride lots along the US-290 northwest corridor was added in January 2002.

Total FY2004 CMAQ Funds = \$334,884

- **CMAQ Funds – TC Jester Limited**

New peak hour express service from Antoine and West Little York via TC Jester to Downtown was added in August 2002.

Total FY2004 CMAQ Funds = \$855,988

- **CMAQ Funds – Uptown/Greenway Commuter Service**

New commuter service from northwest Houston to Uptown and Greenway was added in January 2003.

Total FY2004 CMAQ Funds = \$494,501

- **CMAQ Funds – Veterans Memorial Express in North Harris County**

A new route was created in August 2002 to provide express service from the Central Business District (CBD) to the Veterans Memorial Cemetery, North Oaks shopping center and FM1960 along Veterans Memorial Boulevard.

Total FY2004 CMAQ Funds = \$1,589,915

- **CMAQ Funds – Expanded Park & Ride Service at Kingsland and West Bellfort**

Park & Ride service at Kingsland on I-10 and West Bellfort on US-59 was increased. Due to lower than expected ridership levels, only a portion of the planned expansion was implemented in January 2003.

Total FY2004 CMAQ Funds = \$75,584

- **CMAQ Funds – Antoine Limited Service Expansion**

A route was modified in August 2002 to travel through the Northwest Transit Center to Post Oak and return to Hempstead.

Total FY2004 CMAQ Funds = \$410,954

- **CMAQ Funds – Greenway Express**

Increased express service to the Greenway area was implemented in September 2001 and is partially funded in FY2004, completing a three year commitment.

Total FY2004 CMAQ Funds = \$19,390

- **CMAQ Funds – Fixed Route Service FY2004**

In accordance with the FY2004 METRO Service Plan, the following new services will be implemented in FY2004 and funded with CMAQ funds.

- Kingwood/Greenspoint Express
- NWTC to Yorktown/St. James
- Midtown Circulators
- Rice Village Circulators
- Westchase Park & Ride

Total FY2004 CMAQ Funds = \$1,448,713

- **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 ongoing bus maintenance activities and assure the condition of the buses in service will be at METRO’s standards.

Total FY2004 Formula Funds = \$35,451,987

3. **Regional Computerized Traffic Control System (RCTSS): Allowance for Operations and Maintenance Expenses for the Main Street Development Corridor.**

During the second quarter of FY2004, METRO’s Information Technology and Police and Traffic Management staff will assume certain traffic signal/communications operations and maintenance functions in the Main Street Development Corridor. The anticipated expenses of operating data communications and signal elements in this corridor are budgeted as an allowance in a special account so that they may be tightly managed and controlled as the various systems and subsystems come into operation. The relevant departments will require approval of the President & CEO for use of these funds as specific needs are identified and justified.

The estimation of maintenance costs for traffic signal control systems and data communications pose special challenges with some uncertainties:

- Unknown number of accidental fiber breaks.
- Unknown recovery of fiber cut expenses from third parties.
- 24 hour x 7 day-a-week response capability is expensive; operating experience may yield economies.
- Unknown number of field calls needed for device failures and adjustments.
- New service contracts for device maintenance, support and repair by the manufacturer are not in place yet.
- Monitoring tools used for other METRO networks need evaluation relative to suitability, possible upgrade, for use in the Main Street corridor.
- Unknown number of accidental signal damage incidents and device failures.

In view of these uncertainties and the need to contain the expenses, an allowance controlled by the President & CEO is thought to be the most appropriate approach at this time. Also, negotiations are ongoing with the City of Houston regarding assignment of traffic signal operations and maintenance responsibilities and splitting of shared expenses. It is anticipated that part of this expense will be reimbursed by the City of Houston.

Total FY2004 allowance for RCTSS O&M Expenses = \$1,200,000

4. Significant Inflation Factors in FY2003 and FY2004

The following amounts were transferred from contingency and other savings in the FY2003 operating budget to cover higher-than-expected inflation in fuel, pension and healthcare costs in FY2003:

Fuel	\$1,750,000
Pension	\$3,466,293
Healthcare	<u>\$1,692,890</u>
Total Transferred	\$6,909,183

Fuel Cost – diesel, gas and power – The turmoil in the energy markets in FY2003, resulting from instabilities in the Middle East, South America and Nigeria; the war in Iraq, and production and distribution problems domestically, resulted in METRO having to transfer \$1.75 million from contingency to cover significant price increases in fuel. The biggest component of METRO's energy consumption is diesel fuel, which is estimated to cost \$10.7 million in FY2003. METRO consumes about 13 million gallons of diesel per year. During this period of adverse conditions in the energy markets, the price of diesel rose from about \$0.67 per gallon local market base price in May 2002 to about \$1.15 per gallon in March 2003. In addition, with the dramatic rise in natural gas cost, the price of electricity rose significantly as well. As a result, the FY2003 year-end expenses for energy related items are expected to increase to \$15.0 million, 21.3% higher than the actual FY2002 expenses.

The FY2004 budget for energy related items totals \$18.1 million, an increase of \$3.1 million from FY2003 estimated expenses. This increase is primarily due to METRO's effort to improve the air quality in the region by using ultra low sulfur diesel fuel. This increase in cost is offset by a Texas Emissions Reduction Program (TERP) grant of \$3.0 million. The net effect to the FY2004 operating budget is that there is no increase anticipated in the energy costs over FY2003. There is a \$1.7 million increase in the FY2004 operating budget for METRORail electricity costs but this is offset by lower expected diesel prices over the year.

Pension Costs – In FY2002 METRO became subject to Government Accounting Standards Board (GASB) pronouncement #34. This required that METRO recognize as expense the actuarially determined "Annual Required Contribution" (ARC) to the union and salaried pensions. This accounting change meant that the full impact of the investment market weakness had to be realized immediately.

The FY2003 capital market environment has continued to be difficult, driven by poor investor sentiment, a weak economy, corporate accounting scandals, and Middle East tensions although there are signs on the horizon for market improvements in the near future. As a result, the FY2003 pension budget has been augmented from the contingency by \$3.5 million. The year-end pension expenses (union and salaried) are estimated to be \$14.6 million, an increase of \$2.2 million or 18.0% over the FY2002 actual expenses. The FY2004 operating budget estimates pension expenses at \$15.1 million, an increase of \$0.5 million or 3.7%. This increase is primarily due to the annualization of the increase in METRORail staff.

Healthcare Cost – Effective January 1, 2003, METRO switched from a self-insured health plan for salaried employees to a plan offered through an outside carrier. The Health and Welfare Trust for union employees made the same change in FY2002. METRO and the Trust had to consider the impact of new regulations becoming effective April 2003, in the Health Insurance Portability and Accountability Act (HIPAA), and the alarming forecast of rapidly escalating healthcare costs. The combination of the general market driven cost increases and the difficulty in complying with the new law resulted in the decisions to contract with an outside carrier for all METRO and Trust healthcare plans. In FY2003, healthcare expenses are estimated to be \$29.3 million, an increase of \$4.9 million or 20.3% over FY2002. In order to fund this unbudgeted market driven increase in costs, \$1.7 million was used from the contingency in the FY2003 operating budget.

In FY2004 we expect a net increase in health costs compared to FY2003 of \$201,000 (less than 1%). This is the net of the labor agreement increase of 2.0% payment per employee per month to the Trust, an expected 5.4% increase in net cost for salaried health benefits, offset by a non-recurring payment METRO made to the Trust in FY2003 to catch up union retiree health benefit costs.

5. The FY2004 Operating Budget contains a contingency of \$7,000,000, the same as in FY2003. 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.
6. 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.

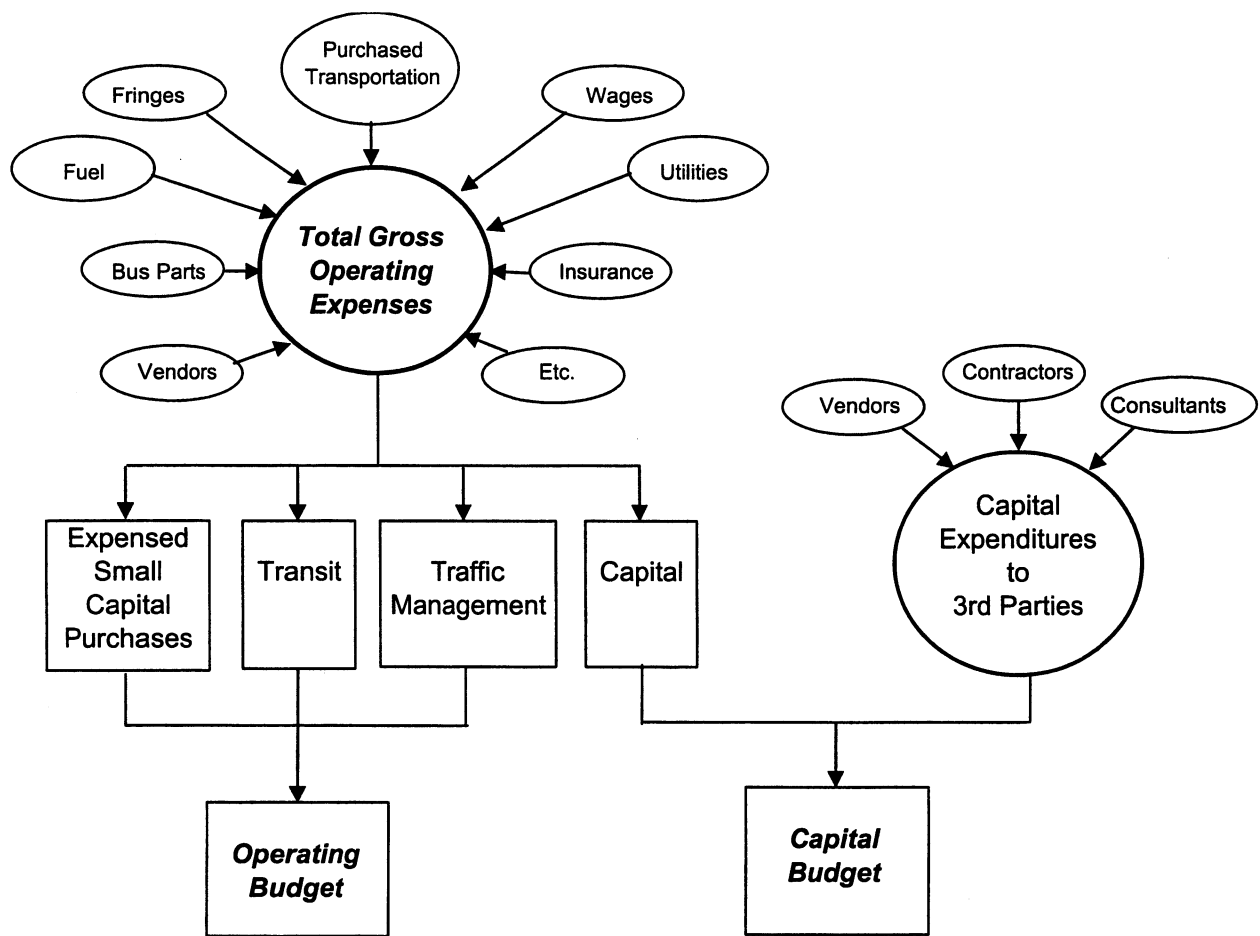
From the pool, METRO allocates costs, on a full cost basis, into four areas:

- 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 and rail system including Local, Express, Park & Ride, METRORail, 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 labor 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 carrying inventory, 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". This budget for FY2004 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 the Office of Management and Budget (OMB), OMB evaluates and 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.



METRORail Start-Up, Pre-Revenue and Revenue Activity Summary

Introduction

METRO's Operations Department has the responsibility for operating METRORail. The 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.

Major FY2003 Accomplishments

Major efforts in FY2003 concentrated on preparing Rail Operations for start-up activities. This included coordinating activities between the Project Management Team (PMT) and Rail Operations to perform various testing and acceptance tasks. Another major effort involved moving into the new rail facility and hiring a significant number of Rail Operations personnel to support program activities. Additionally, standard operating policies and procedures were developed for safe light rail operations in Houston. The Rail Activation Committee was formed to track major tasks with their corresponding milestones and completion dates.

Rail Administration

This section oversees all start-up activities to ensure all system elements are ready for pre-revenue service. Additionally, this section initiated the hiring plan along with the timetable for hiring Rail Operations staff. All of the 118 employees for METRORail Operations will have been hired by the end of calendar year 2003. Numerous administrative activities were managed including furniture selection, rail facility move-in, uniform selection as well as all financial and budgetary report preparation. All pertinent information is relayed to top management for review. Rail Operations partnered with Communications & Marketing to produce The Rail Safety Educational Campaign.

Rail Transportation

Field Supervisor training at Salt Lake City's Utah Transit Authority consisted of the Light Rail Transit (LRT) Operator Course along with one week of Supervisor on-the-job training and operational orientation. Total training was for one month. All the Field Supervisors completed the course with a passing score on the first attempt which is unprecedented for this program.

Upon completion of this training the Field Supervisors were prepared to operate Light Rail Vehicles (LRVs) in Houston. This consisted of the S-70 Vehicle Familiarization Course provided by Siemens as well as an extensive rulebook course of instruction and comprehensive testing. All Field Supervisors passed this training as well. Instruction on the alignment, Standard Operating Procedures and METRO's Rules and Procedures have also taken place. Finally, all Supervisors obtained certification to operate the LRV in the Yard and on the Test Track.

Recruitment for projected Field Supervisor staff has been completed and all positions are filled. Currently, the hiring of 42 LRT Operators is underway.

Operations Control Center (OCC)

A temporary Control Center has been established at Rail Operations Central to provide communication support for all work and testing activities along the rail corridor. Field Supervisors are currently in training, rotating in and out of the Control Center. In October, Field Supervisors will have an opportunity to compete for permanent positions in the Control Center. The equipment for the permanent Train Control Center has been installed at TranStar and is currently waiting for system elements to come online prior to being tested.

Vehicle Maintenance

Vehicle Maintenance completed the First Article of Inspections (FAIs) for the rail vehicle systems. Technical support has been provided to the Project Management Team (PMT) for vehicle commissioning and for the vehicle acceptance program which simultaneously is providing invaluable experience to the staff in preparation for maintaining the vehicles. Tools, test equipment and spare parts have been ordered to support all revenue operations. LRV Technicians will have completed the in-house training in preparation for the vendor training in FY2004. The Light Rail Body Mechanic will go to Sacramento for training on painting and body repair and then will continue to work with and assist Siemens personnel.

Maintenance of Way (MOW)

During FY2003, MOW made significant progress towards supporting revenue operations. Specifications for specialized vehicles (platform, bucket and crane trucks) were written and equipment was ordered. Final staff projections were made, recruitment was completed and all positions were filled. Tools, test equipment and spare parts have been ordered to support all systems equipment. Vendor and internal training have begun for all MOW employees. MOW personnel are assisting Siemens in performing integrated testing of system elements.

Major FY2004 Activities

This year marks a major transition from start-up to revenue service. Rail Operations will continue to support the last phase of construction and installation activities. The first three months will include pre-revenue and start-up activities. METRO has a key role in the extensive testing and commissioning effort of all components of the system. This is

also a critical element in the learning process. Significant training, both in-house and vendor will be ongoing in all sections for Rail Operations during the first three months of FY2004 in preparation for revenue service.

Continued Start-Up Activities

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 three-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 timely start-up requires a substantial program to ensure that all required activities are identified and completed on time.

As the civil construction in each line section is completed, METRO will take ownership and maintenance responsibility. The maintenance and transportation sections of the Rail Division will be tasked with these efforts. These activities and efforts are as follows:

- Vehicle Testing and Burn-in – Rail Operations supports these tests by providing troubleshooting and repair on system elements. Rail Operations also supplies LRT Operators for the vehicles.
- Integrated Testing – Designed to test the interaction between system elements. Although these tests are Siemens' responsibility, many of the tests will require the use of LRVs and Rail Operations personnel.
- Pre-revenue Operation - designed to test all elements of the LRT system and their interaction. These elements include equipment, operational procedures, and personnel. Although we will not be carrying customers, the safety regimen and adherence to rules and procedures is no less stringent. Drills will be conducted with emergency response personnel. Typical operating schedules will be run, and abnormal and emergency system response will be tested.
- Training – vendors will provide training for Rail Operations staff on the various systems and vehicles. METRO will also provide more extensive internal training for a large number of operations staff on policies, procedures, and vehicle and systems familiarization.

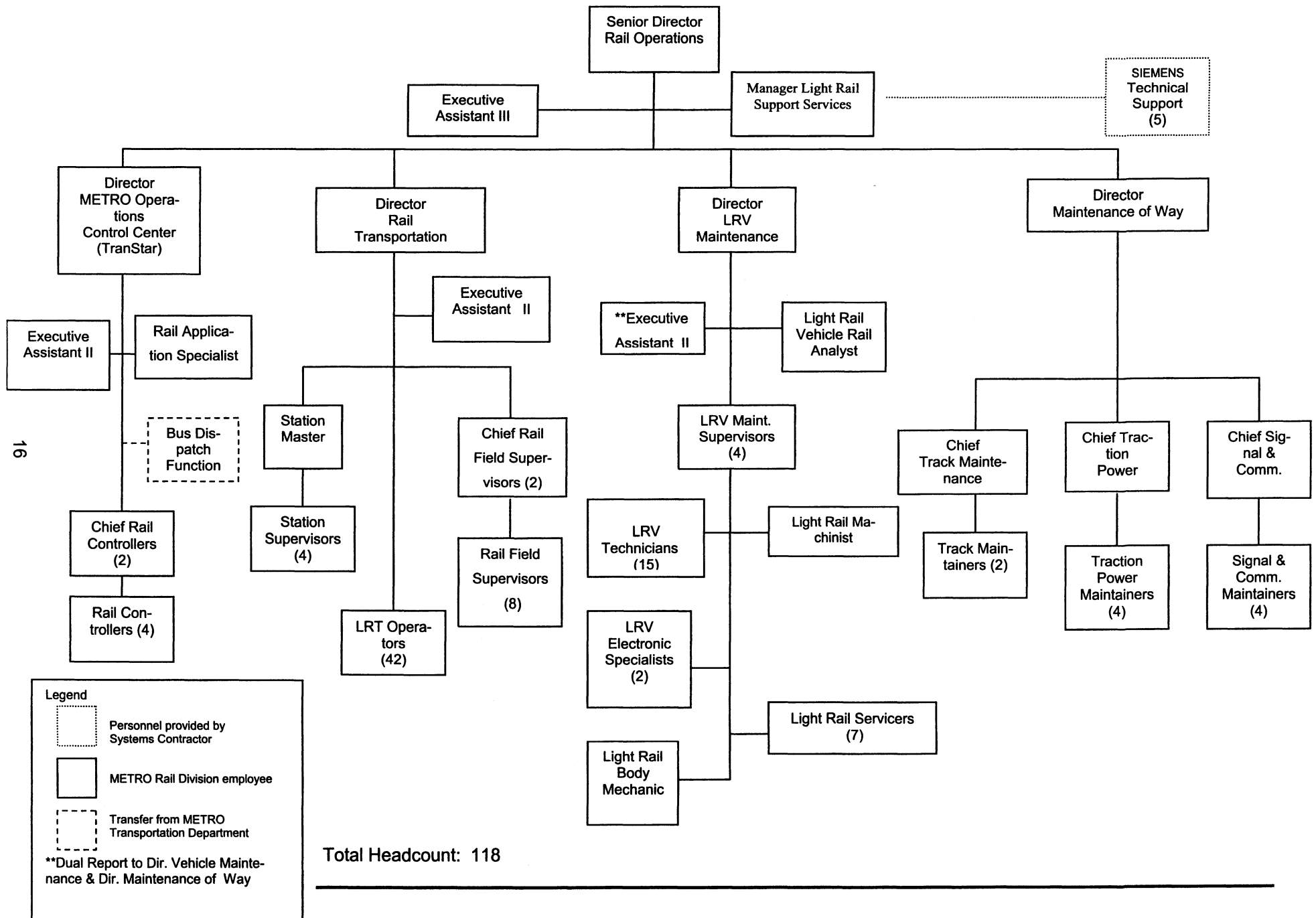
Revenue Operation

FY2004 will be the first year of revenue service for METRORail. After revenue operations begin, operational changes will be made as required to provide better service to customers and increase operational efficiencies. Maintenance cycles submitted from the manufacturer will also be fine tuned based on actual Houston operating experience.

Several major national and regional special events will test the capacity and efficiency of the new rail system. These include: Super Bowl (including pre-Super Bowl activities), Houston Livestock Show & Rodeo and the Baseball All-Star Game. Extensive planning will be required to support these events including providing alternative operating scenarios.

An allowance of \$5,225,000 for METRORail start-up was established in the FY2003 Operating Budget. We estimate that \$1,338,000 of this will not be expended in FY2003, primarily due to rescheduled training that will occur in the first quarter of FY2004 rather than the fourth quarter of FY2003.

DIVISION OF RAIL OPERATIONS



Rail Operations Division Hiring Plan

Responsibility Center	Title	Original Staffing Plan	Current Staffing Plan	Hired as of 8/31/03	To be hired 9/2003-1/2004
Administration	Senior Director Rail Operations	1	1	1	
Administration	Manager Light Rail Support Services	1	1	1	
Administration	Executive Assistant III Rail Administration	1	1	1	
Total Administration		3	3	3	
Control Center	Director Operations Control Center	1	1	1	
Control Center	Executive Assistant II Control Center	1	1	1	
Control Center	Rail Application Specialist	1	1	1	
Control Center	Chief Rail Controller (1)	2	2	2	
Control Center	Rail Controllers (1)	4	4	4	
Total Control Center		9	9	9	
Rail Transportation	Director Rail Transportation	1	1	1	
Rail Transportation	Executive Assistant II Rail Transportation	1	1	1	
Rail Transportation	Station Master (1)	1	1		1
Rail Transportation	Station Supervisors (1)	4	4	4	
Rail Transportation	LRT Operators	39	42		42
Rail Transportation	Chief Field Supervisors (1)	2	2		2
Rail Transportation	Rail Field Supervisors	8	8	8	
Total Rail Transportation		56	59	14	45
Rail Vehicle Maintenance	Director LRV Maintenance	1	1	1	
Rail Vehicle Maintenance	Executive Assistant II Rail Maintenance	1	1	1	
Rail Vehicle Maintenance	LRV Rail Analyst	1	1		1
Rail Vehicle Maintenance	LRV Maintenance Supervisors	4	4	4	
Rail Vehicle Maintenance	LRV Technicians	15	15	1	14
Rail Vehicle Maintenance	LRV Electronic Specialists	2	2	2	
Rail Vehicle Maintenance	Light Rail Machinist	1	1	1	
Rail Vehicle Maintenance	Light Rail Body Mechanic	1	1	1	
Rail Vehicle Maintenance	Light Rail Servicers	7	7	1	6
Total Rail Vehicle Maintenance		33	33	12	21
Maintenance of Way	Director Maintenance of Way	1	1	1	
Maintenance of Way	Chief Track Maintenance	1	1		1
Maintenance of Way	Chief Traction Power	1	1	1	
Maintenance of Way	Chief Signal & Comm. Supervisor	1	1	1	
Maintenance of Way	Track Maintainers	2	2	2	
Maintenance of Way	Traction Power Maintainers	4	4	2	2
Maintenance of Way	Signal & Comm. Maintainers	4	4	4	
Total Maintenance of Way		14	14	11	3
Total Rail Operations		115	118	49	69

(1) Currently filled as Rail Transportation Supervisor Trainees.

METRO Support Departments Hiring Plan

Responsibility Center	Title	Original Staffing Plan	Current Staffing Plan	Hired as of 8/31/03	To be hired 9/2003-1/2004
Electronic Maintenance	Electronic Communication Specialist Foreman	1	1		1
Electronic Maintenance	Electronic Communication Specialist	6	6		6
Warranty	Warranty Specialist	1	1		1
Support Vehicle Maintenance	Journeyman Rail/Automotive Technicians	3	3	1	2
	Total Maintenance Support:	11	11	1	10
Safety & Training Transportation	Rail Transportation Sfty & Trng. & Specialist	1	1	1	
MEAD	Rail Maintenance Trng. Specialist	1	1	1	
Safety & Training Transportation & MEAD	Executive Assistant	1	1		1
	Total Safety & Training	3	3	2	1
Public Facilities	Public Facility Foreman	1	1	1	
Public Facilities	Public Facility Mechanics	3	3	2	1
Public Facilities	Public Facility Cleaners	4	4	2	2
Public Facilities	Field Inspector	1	1		1
Operating Facilities	Operating Facility Foreman	1	1	1	
Operating Facilities	Operating Facility Mechanics	3	3	3	
Operating Facilities	Operating Facility Mechanic	1	1		1
Operating Facilities	Operating Facility Cleaner	1	1	1	
Operating Facilities	Operating Facility Cleaner	1	1		1
	Total Facilities Maintenance	16	16	10	6
Scheduling	Senior Scheduler	1	1		1
	Total Scheduling	1	1		1
Service Planning	Lead Service Planner	1	1	1	
Service Evaluation	Service Evaluation Analyst II	1	1		1
	Total Service Development	2	2	1	1
Treasury	Lead Fare Media Agent	1	1		1
Treasury	Fare Media Agent	3	3		3
	Total Treasury	4	4		4
Material Management	Rail Storeroom Foreman	1	1	1	
Material Management	Rail Storeroom Attendants	2	2	2	
	Total Procurement	3	3	3	
Traffic Management	Police Officer	6	6	6	
Traffic Management	Police Dispatchers	1	1	1	
Traffic Management	Security Guards	4	4	4	
	Total Traffic Management	11	11	11	
Total METRO Support Departments/Divisions		51	51	28	23

Revenues

METRO REVENUE PROJECTION (\$000's omitted)		
	FY2003 Estimate	FY2004 Projection
Operating Income		
Farebox	48,388	49,670
Misc. Operating Income	<u>5,596</u>	<u>25,125</u>
Subtotal Operating Income	53,984	74,795
Non-Operating Income		
Sales Tax Income	360,731	377,325
Interest Income	<u>8,000</u>	<u>3,685</u>
Subtotal Non-Operating Income	368,731	381,010
Capital Grants Revenue-Federal	<u>92,990</u>	<u>164,047</u>
Total Revenue	515,705	619,852

NOTES:

1. All revenues are stated in year-of-expenditure dollars.
2. The projection assumes there will be no general fare increase in FY2004. Fare revenues are projected to increase due to an increase in the weighted average fare, produced by changes in the mix of fare revenues.
3. Miscellaneous operating income includes revenues from the sale of surplus property and net benefits to METRO from defeased leases. It is anticipated that METRO will complete a defeased lease on METRORail in FY2004.
4. Sales tax income is stated on the accrual basis and is based on actual experience for 10 months of FY2003 and updated METRO projections.
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, and Formula. The grants revenue total does not include grants used to fund operating expenses transferred to capital (CMAQ, Formula and Texas Emission Reduction Program).
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	FY2004 Goals
Fare Recovery-Transit	16.0%
Subsidy Per Passenger Mile-Transit	44.3¢
Subsidy Per Boarding-Transit	\$2.79
Cost Per Passenger Mile-Transit	52.7¢
Cost Per Revenue Mile-Transit	\$5.34

NOTES:

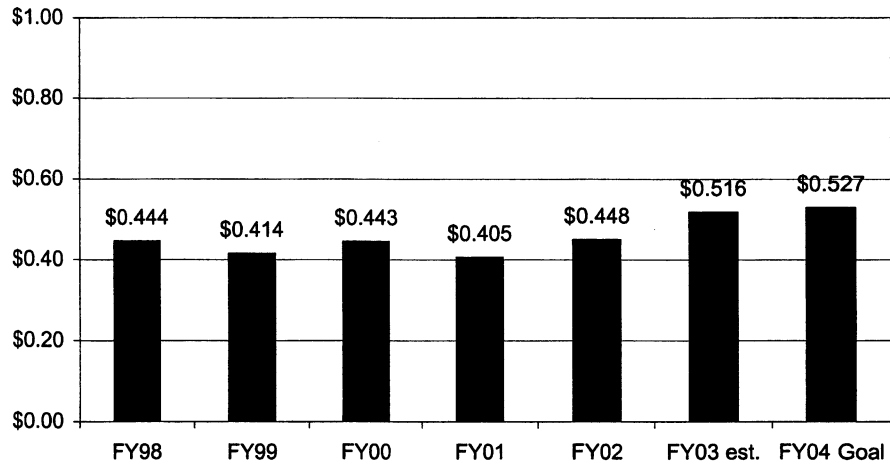
1. All costs are expressed in year-of-expenditure dollars. Depreciation and gain/loss on disposal of fixed assets is not included.
2. Partnership funds such as HGAC's funds used for METROVan, contributions from special events sponsors, and TMC's contributions to the TMC Shuttle are treated as cost reimbursements. These are reflected as reductions of total operating expenses, not revenues.
3. CMAQ and formula grants allocated to operating expenditures are not included in calculating transit costs for purposes of the cost effectiveness performance measurement.
4. 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 included since revenue service starts January 1, 2004.
5. The \$7.0 million contingency for FY2004 is excluded from the goals since it may not be expended.
6. Cost Effectiveness & Productivity Definitions.
 - **Fare Recovery Ratio-Transit.** The percentage of transit costs 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.
 - **Subsidy Per Passenger Mile-Transit.** The net cost to move a transit passenger one mile. It is calculated by subtracting bus revenues from transit costs and then dividing by the number of transit passenger miles.
 - **Subsidy Per Boarding-Transit.** Total transit cost less bus fares equal total transit subsidy. 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 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 by transit revenue miles.

The following bar graphs show a five-year history of each cost effectiveness statistic, the FY2003 estimate and the FY2004 goal. The cost effectiveness statistics are stated in both FY2004 constant dollars – deflating by the Barton Smith December 2002 Houston CPI data for (FY1998-2002) and the composite forecast (average of Barton Smith and Ray Perryman forecasts) for FY2003-2004 – and in year-of-expenditure dollars.

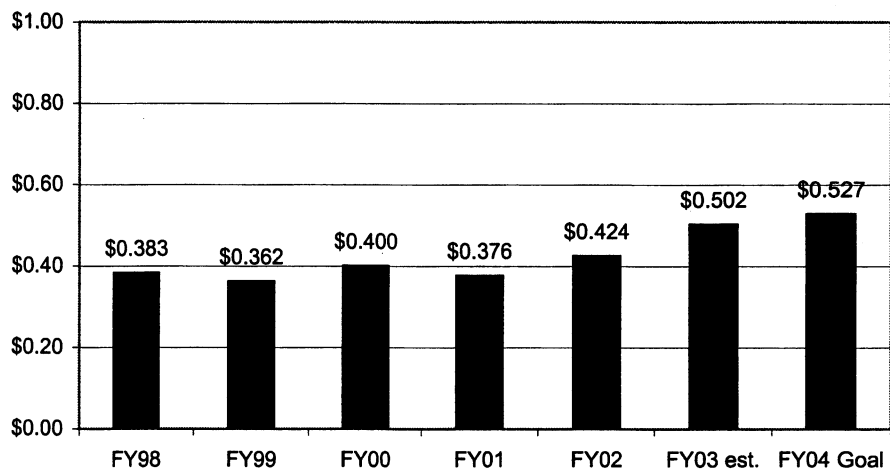
COST PER PASSENGER MILE - TRANSIT

Based on FY2004 Constant Dollars

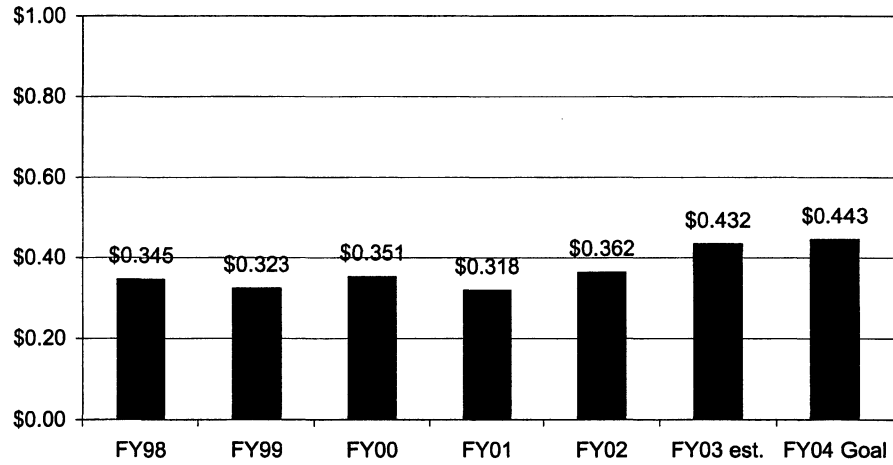


COST PER PASSENGER MILE - TRANSIT

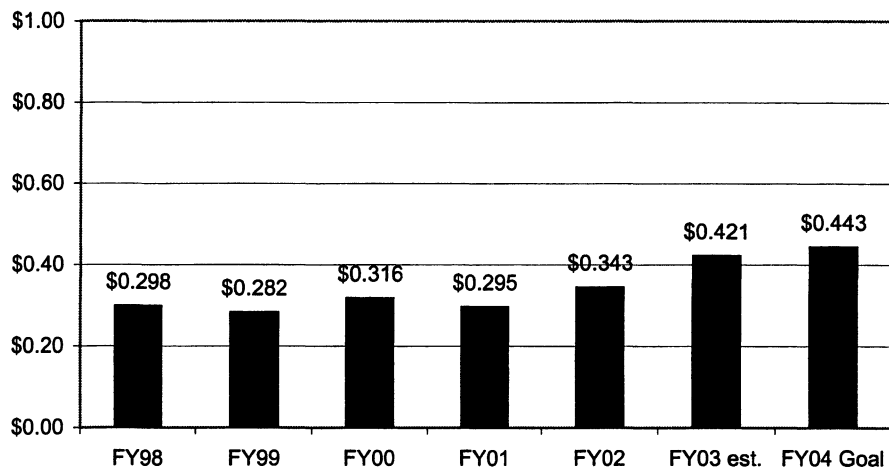
Based On Year of Expenditure Dollars

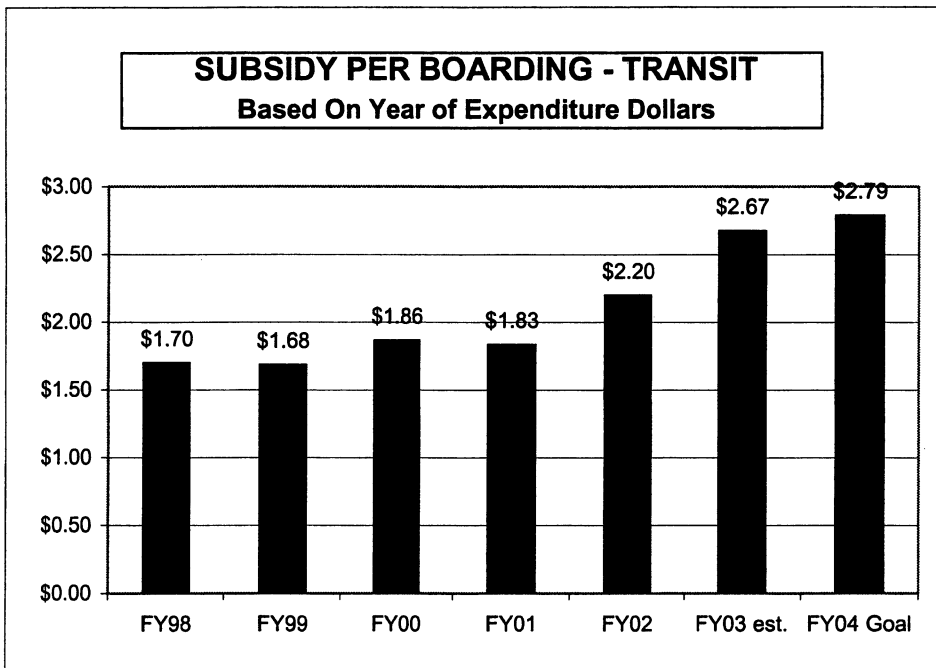
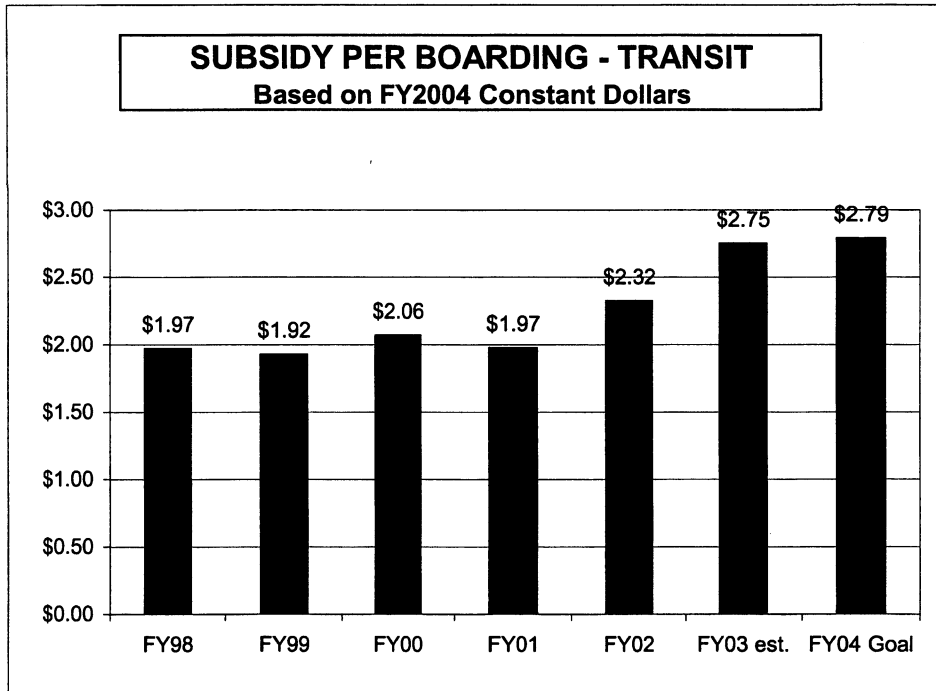


SUBSIDY PER PASSENGER MILE - TRANSIT
Based on FY2004 Constant Dollars



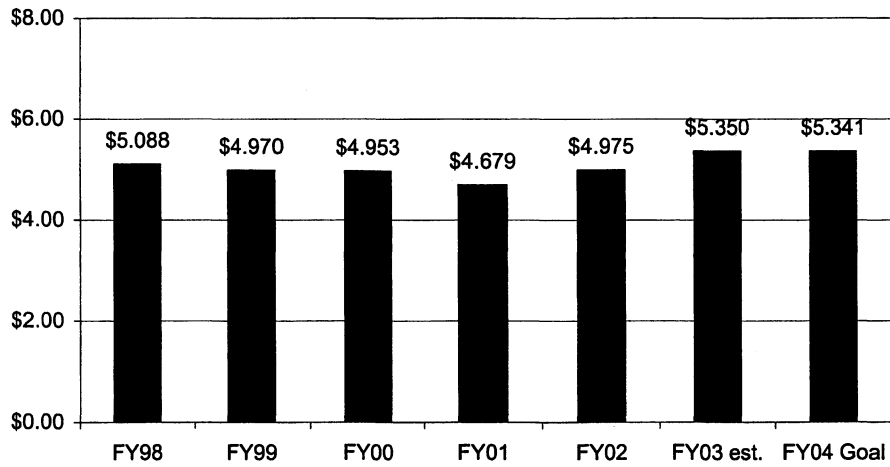
SUBSIDY PER PASSENGER MILE - TRANSIT
Based On Year of Expenditure Dollars





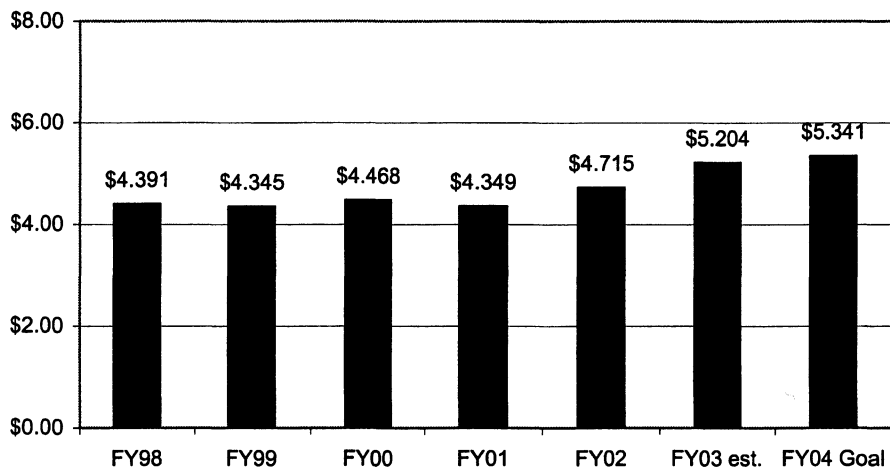
COST PER REVENUE MILE - TRANSIT

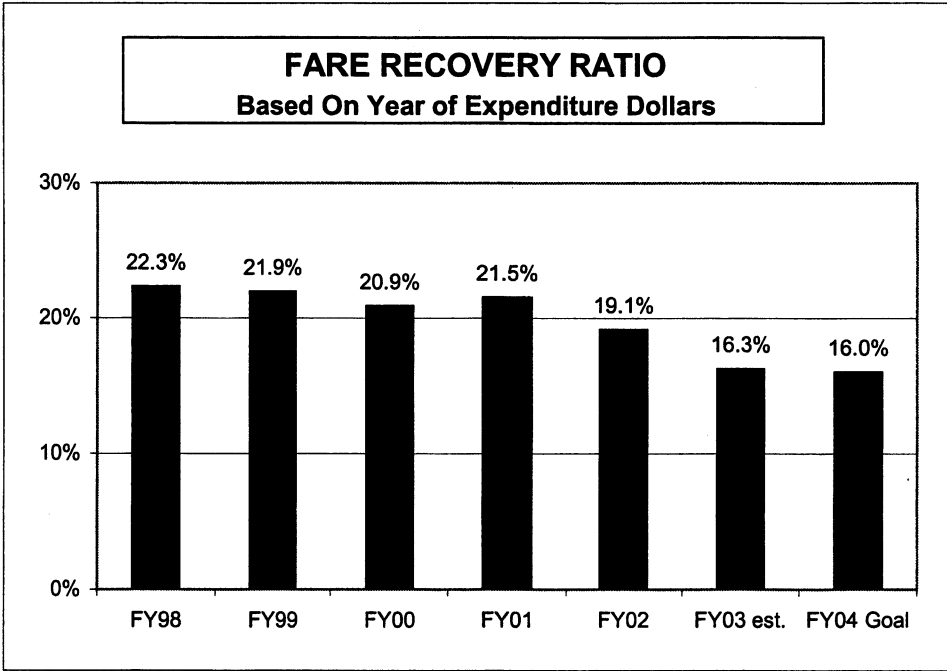
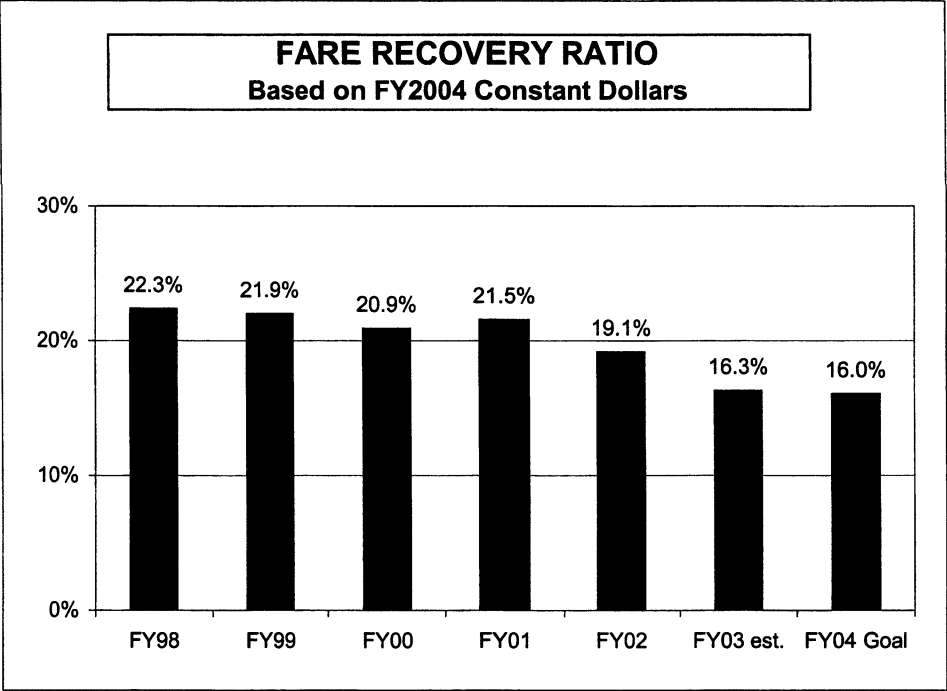
Based on FY2004 Constant Dollars



COST PER REVENUE MILE - TRANSIT

Based On Year of Expenditure Dollars





OPERATING BUDGET FY2004 AUTHORITY-WIDE

Overview

METRO's operating budget for FY2004 is \$273,990,000. Following is a comparison of the FY2004 Operating Budget to the FY2003 Operating Budget.

Comparison of FY2004 Operating Budget to FY2003 Operating Budget

	<u>\$ in Millions</u>	
FY2004 Operating Budget including contingency	273.990	
FY2003 Operating Budget including contingency	<u>268.186</u>	
Increase	5.804	
	2.16%	
 Major Sources of Budget to Budget Variance:		
A. Service		
METRORail start-up and revenue service.	12.6	
Expanded Special Events service net of cost recovery.	0.8	
Savings associated with fixed route bus service adjustments.	<u>(3.8)</u>	
Subtotal		9.6
 B. Other		
Increase in diesel fuel costs due to conversion to ultra low sulfur diesel.	3.1	
Allowance for operating and maintenance expenses associated with Regional Computerized Traffic Signal System (RCTSS) in the Main Street Development Corridor.	1.2	
Contingency	7.0	
All other	<u>3.2</u>	
Subtotal		14.5
 Increase in Total Operating Expenses		 24.1
 Changes in Capitalization (Credit to Operating Expenses)		
Capitalized Maintenance (Formula) Grants	(12.0)	
Texas Emissions Reduction Program (TERP) Grant	(3.1)	

OPERATING BUDGET FY2004

AUTHORITY-WIDE

METROLift (Formula) Grants	(0.4)	
Fixed Route Bus Service (CMAQ) Grant	0.6	
Increased Allocation to Capital Projects	<u>(3.4)</u>	
	Subtotal	(18.3)
Total Increase in Operating Budget		<hr/> 5.8

The composite projection for FY2004 Houston CPI inflation is 2.82%

The following material highlights the major components of the FY2004 zero-based budget review. First are listed the reductions identified in the review which translate into savings. Second 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.

OPERATING BUDGET FY2004

AUTHORITY-WIDE REDUCTIONS (Relative to Total Operating Expenses)

In our zero-based budget review we have achieved \$11.4 million of reductions comprised of hundreds of budget line items across the Authority. Some of the larger items are as follows:

Item	Description	Amount (\$)
1	Annualization of operating efficiency improvements, service productivity savings and service adjustments done in FY2003 to match demand.	5,128,800
2	Savings from interlining bus service into the METRORail system.	1,954,700
3	Savings associated with fixed route bus service adjustments in FY2004 to match patron demand.	1,240,100
4	Reduction in salaried staff (salaries and benefits) – removed four salaried positions in Operations and one in Finance as a result of increased operating efficiency.	566,100
5	Reduction in legislative coordination expenses in FY2004 due to legislature not being in session.	420,000
6	Savings associated with the completion of current Transportation Management Organization (TMO) projects.	275,600
7	Savings in bus oil and filter costs from use of improved technology, reducing the frequency needed on bus oil changes.	248,500
8	Savings in electrical power costs resulting from a new contract for Bus Operating Facilities (BOFs) with high electricity consumption.	218,400
9	Savings in communications expenses due to elimination of leased T-1 lines as METRO switched to Wide Area Network (WAN).	205,100

OPERATING BUDGET FY2004

AUTHORITY-WIDE REDUCTIONS (Relative to Total Operating Expenses)

Item	Description	Amount (\$)
10	Increase in cost recovery rate from 37.5% to 40.0% from Texas Medical Center shuttle service per terms in the memorandum of understanding.	198,800
11	Savings in software and hardware maintenance costs through strategic upgrading to newer technology and elimination of obsolete equipment and applications.	197,200
12	Savings associated with the completion of the bus seat cleaning program, the conclusion of the Emergency Preparedness Program, and discontinuation of the Discover METRO week promotional program.	196,100
13	Savings in printing fees from increased use of in-house printing services.	178,800
14	Elimination of toll road costs as bus tollway usage is no longer cost effective.	119,300
15	Reduction in various office supplies through better management and savings in film processing fees through increased use of digital technology.	100,000
16	Reduction in legal fees paid to outside counsel due to more work being done in-house.	80,000
17	Savings in facility maintenance overtime and benefits costs due to more efficient utilization of manpower.	51,200
18	Savings in other miscellaneous items including memberships and subscription costs.	61,900
Total:		11,440,600

OPERATING BUDGET FY2004

AUTHORITY-WIDE ADDITIONS (Relative to Total Operating Expenses)

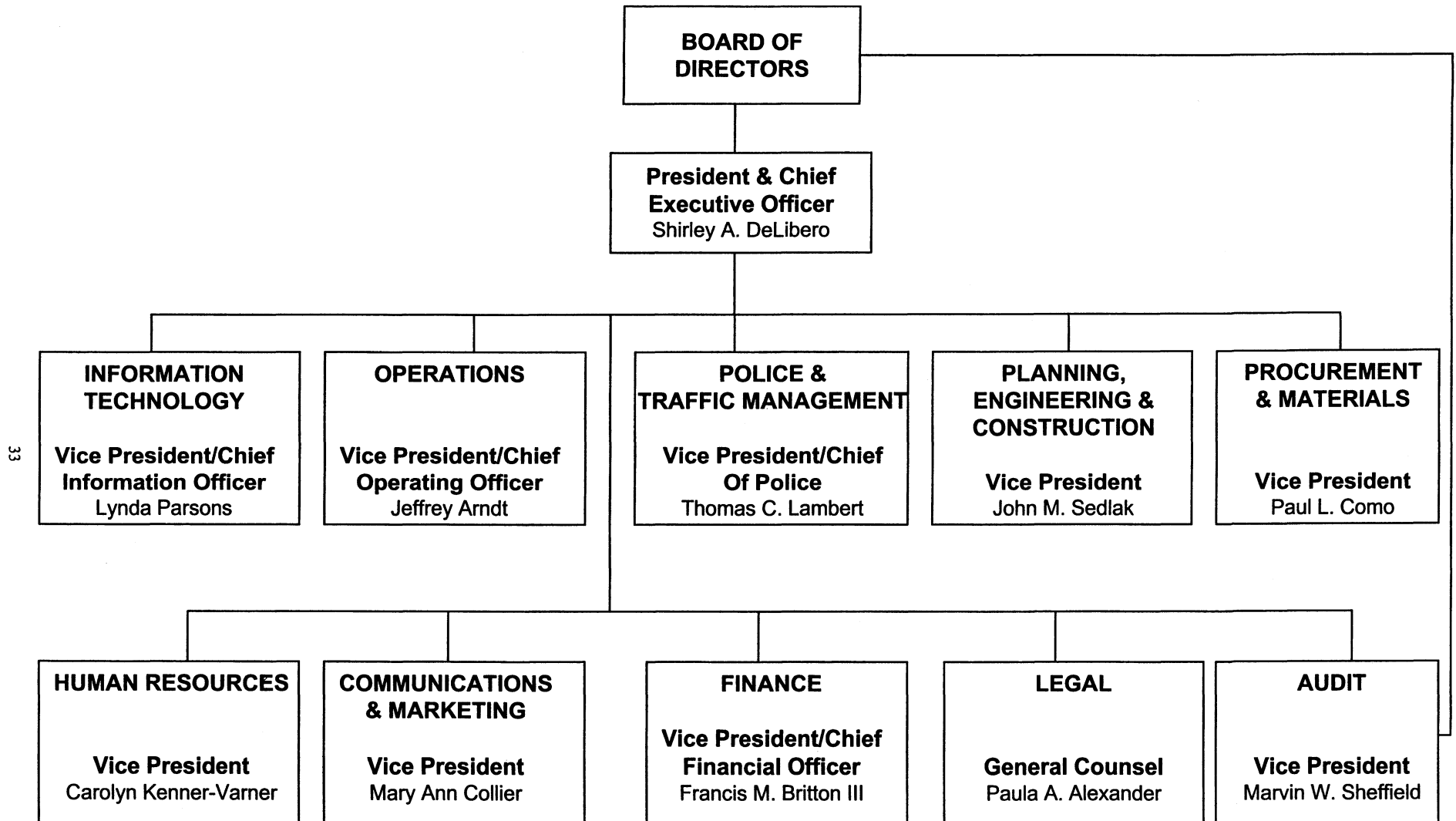
Item	Description	Amount (\$)
	<u>METRORail</u>	
1	Incremental expenses associated with METRORail start-up and revenue service.	12,597,000
	<u>Bus Service</u>	
2	Expanded Special Events service net of cost recovery, primarily for the Super Bowl, All-Star baseball game, and Summer RodeoHouston.	814,000
	<u>Inflation</u>	
3	Increase in wages and fringe benefits associated with the August 2002 Union Labor Agreement and use of more full-time cleaners and fewer temporaries due to lower turnover of full-time bus cleaners.	3,669,000
4	Increase in salaries and fringe benefits due to performance incentives.	2,959,900
5	Increase in rates for contracted METROLift and fixed route bus service plus incremental cost of ultra low diesel fuel.	2,759,800
6	Increase in diesel fuel cost associated with the higher price for reduced emission diesel fuel. (The state has awarded a grant to defray this additional cost associated with clean fuel.)	2,063,400
7	Increase in cost associated with new bus tire contract rates.	462,800
8	Increase in insurance premiums for physical damage and vehicle liability due to market conditions.	294,400
9	Increase in rental cost for the leased office space at 1201 Louisiana per the escalation clause for operating and maintenance costs – primarily energy.	185,000
10	Increase in METRO's share of expenses for TranStar.	66,200

OPERATING BUDGET FY2004

AUTHORITY-WIDE ADDITIONS (Relative to Total Operating Expenses)

Item	Description	Amount (\$)
	<u>Other</u>	
11	Start-up operating and maintenance expenses associated with the Regional Computerized Traffic Signal System (RCTSS).	1,200,000
12	Increase in advertising fees to support effort to increase ridership.	1,090,300
13	Increase in contracted bus painting to maintain fleet appearance as buses age.	236,100
14	Increase in security effort – 25% local match for a grant from the U.S. Department of Homeland Security via Texas Department of Emergency Management, to be used for police overtime for Rail start-up and Super Bowl.	113,000
15	Increase in travel expenses, primarily for the Board members, reflecting increased Board participation in APTA meetings, to allow more intensive efforts in meeting with other officials and to reflect greater participation in community events.	90,500
16	Increase in fare collection and fare media costs with the introduction of Smart Cards – primarily materials and handling.	60,000
17	New state mandated safety program for biomedical waste, vaccination against Hepatitis B and program to educate cleaners against blood borne pathogens.	60,000
Total:		28,721,400

BOARD OF DIRECTORS EXECUTIVE MILLENNIUM TEAM



OPERATING BUDGET FY2004

MANPOWER SUMMARY AUTHORITY TOTAL

	FY2003		FY2004	
	Auth.	FTE	Auth.	FTE
Operations				
Operations Full-time	2,972	2,898.5	2,886	3,088.4
Operations Part-time	226	64.1	114	58.2
Planning, Engineering & Construction	145	135.3	145	144.8
Police/Traffic Management				
Police/Traffic Management Full-time	257	242.0	257	257.0
Police/Traffic Management Part-time	19	11.9	19	11.9
Procurement & Materials	135	130.4	135	135.0
Human Resources	36	32.4	36	34.0
Communications & Marketing	102	96.4	102	105.4
Information Technology	60	52.0	60	60.0
Finance	147	137.9	150	149.5
Legal	10	9.5	10	10.0
Audit	15	14.5	15	15.0
Executive Office	5	4.3	5	4.0
Total Full-time	3,884	3,753.2	3,801	4,003.1
Total Part-time	245	76.0	133	70.1

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.

NOTES:

Change in full-time = (83); bus operators, bus mechanics and bus cleaners decrease 97

Change in part-time = (112); bus operators decrease 111

There are no layoffs associated with the decreases.

The decreases represent the deletion of vacant positions, which are no longer needed.

METRO
Operating Budget FY2004
Authority

EXPENSE CATEGORY	FY2003 Budget	FY2004 Budget	Variance	
			\$	%
Wages	103,256,530	105,984,166	2,727,636	2.64%
Salaries	59,138,628	64,942,454	5,803,826	9.81%
Fringe Benefits	65,562,580	67,114,865	1,552,285	2.37%
Total Labor and Fringe Benefits	227,957,738	238,041,484	10,083,746	4.42%
 Purchased Transportation	 56,557,657	 63,061,763	 6,504,106	 11.50%
Materials and Supplies	29,306,782	31,863,501	2,556,719	8.72%
Services	15,217,026	16,981,876	1,764,850	11.60%
Utilities	4,803,412	5,912,484	1,109,072	23.09%
Casualty and Liability	2,699,873	3,076,692	376,819	13.96%
Leases, Rentals and Miscellaneous	6,719,366	6,349,364	(370,002)	-5.51%
Total Non-Labor	115,304,116	127,245,680	11,941,564	10.36%
 Total Labor and Non-Labor	 343,261,854	 365,287,165	 22,025,311	 6.42%
Allowance for RCTSS Maintenance	0	1,200,000	1,200,000	-
Contingency	0	7,000,000	7,000,000	-
Cost Recovery	(5,232,296)	(11,361,010)	(6,128,714)	117.13%
Total Operating Expenses	338,029,558	362,126,155	24,096,597	7.13%
Allocation to Capital	(69,843,377)	(88,135,867)	(18,292,490)	26.19%
OPERATING BUDGET	268,186,181	273,990,288	5,804,107	2.16%

ALLOCATED EXPENSES BY FUNCTION	FY2003 Budget	FY2004 Budget	Variance	
			\$	%
TRANSIT	257,167,628	256,829,354	(338,274)	-0.13%
TRAFFIC MANAGEMENT	10,818,553	9,960,934	(857,619)	-7.93%
EXPENSED SMALL CAPITAL	200,000	200,000	0	0.00%
CONTINGENCY	0	7,000,000	7,000,000	-
OPERATING BUDGET	268,186,181	273,990,288	5,804,107	2.16%

CAPITAL BUDGET FY2004

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 2004 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. It also provides a contingency to begin implementation of METRO Solutions, pending a successful outcome of the November 2003 referendum.

The capital budget for the Metropolitan Transit Authority for fiscal year 2004 (October 1, 2003 – September 30, 2004) is:

- Capital Budget \$417,041,000

2. The following Capital Projects will be completed in FY2003:

General Mobility Program

- * City of Houston Projects
 - Almeda-Genoa: Almeda to SH 288
 - Fulton: Crosstimbers to Lyerly
 - Heights – Tier VIII Projects
 - Fannin – IH 610 to Holmes Rd.
- * Harris County Projects
 - Greenhouse Road
- * Multi-Cities Projects
 - Independence Blvd: FM 2234 to FM 1092
 - Memorial Intersection at Gessner

Regional Bus Plan

- * Downtown/Midtown Transit Street Improvements
 - Fannin: Commerce to Pierce
 - Congress: Louisiana to Jackson
 - Lamar: Louisiana to Main
 - Milam: Pierce to Spur 527
 - San Jacinto: Pierce to Holman

- San Jacinto: Holman to Blodgett
- Pierce – Brazos to Jackson
- * Acquisition of 35, 45-foot MCI buses
- * Downtown Superstop

Transitways and Related Facilities

- * Southwest Transitway Segment V-A (south of Shepherd to east of Mandell)

2025 Mobility Program

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

Buses and Support Equipment

- * Acquisition of 14, 45-foot MCI buses
- * Installation of 4 Allison Hybrid Electric drive systems in New Flyer buses
- * Installation of 50 EGR kits on 40' Transit Buses

Operating Facilities and Upgrades

- * Kashmere – New Chassis Wash
- * Kashmere – Oil/Water /Separator
- * Fallbrook – Expand Diesel Storage
- * Hiram Clarke – Upgrade Bus Wash

3. The following capital projects are scheduled to be completed in FY2004:

General Mobility Program

- * City of Houston Projects
 - Almeda Corridor Tier VIII Projects
 - Buffalo Speedway: Bellfort to Holmes
 - Carverdale Tier VIII Projects
 - Clay Road: SH-6 to Bear Creek Meadows
 - 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
 - Castlebridge Drive Over HCFCD
 - Ella Boulevard: Louetta to Spring Cypress
 - Huffmeister: US 290 to Cypress Creek
 - Kirby Drive: IH 610 to Braes Bayou
 - 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
 - Memorial: Duchesne to Voss
 - Memorial: Greenbay to San Felipe
 - North Piney Point: Greenbay to Memorial
 - Pifer: Beinhorn to Bridgewood
 - South Piney Point: S. City Limit to Carlton Park St.
 - West University Place St. Lighting
 - Westview: Spring Branch Creek to Campbell

Regional Bus Plan

- * Downtown/Midtown Transit Street Improvements
 - Milam – Commerce to Pierce
 - Travis – Pierce to Spur 527
 - Jefferson – Smith to Travis
 - Main – Blodgett to Calumet
 - Franklin – Louisiana to Hamilton
 - Shelter Pads – Alameda: Winbern to Hermann
- * 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
- * Texas Medical Center Transit Center
- * Downtown Transit Center

2025 Plan

- * METRORail Project

2025 Mobility Program

- * West Belfort Park & Ride Expansion Phase II

Buses and Support Equipment

- * Replace 67 roof air conditioning units on Neoplan Articulated buses
- * Installation of Smart Card Technology
- * Installation of 100 Neoplan Repower/EGR Kits
- * Installation of 306 New Flyer 40 Ft. EGR Kits

Operating Facilities and Upgrades

- * Kashmere Engine Dynamometer
- * Industrial Waste Treatment Plant – Northwest BOF
- * Upgrade of Service & Clean Bus Wash – Kashmere

**CAPITAL BUDGET FY2004
SUMMARY BY PROGRAM
(\$000 omitted)**

	FY2004 Capital Budget*
General Mobility Program	\$97,934
Regional Bus Plan	97,752
2025 Plan – METRORail Project	40,672
2025 Plan – Other Projects	17,192
Transitways & Related Facilities	22,283
Buses & Support Equipment	32,057
Operating Facilities and Upgrades	44,201
Intelligent Transportation System	1,314
Information Technology	13,836
Transit Mobility Program	11,130
Development Fund, Land & Contingency	38,670
Total Capital Budget	\$ 417,041

*Capital Expenditures net of cost reimbursements.

CAPITAL EXPENDITURE FUNDING SUMMARY
(\$000 omitted)

	FY2004
<u>Expenditures</u>	
Capital Budget	417,041
Projects with cost reimbursements	53,464
Total Capital Expenditures	\$ 470,505
<u>Funding</u>	
Federal Grants	
Formula	96,428
CMAQ	20,642
Discretionary	99,466
FHWA	975
Total Grants	\$ 217,511
Local	252,994
Total Funding	\$470,505

**CAPITAL BUDGET FY2004
PROJECT LISTING
(\$000 omitted)**

DESCRIPTION	FY2004 BUDGET
<u>GENERAL MOBILITY PROGRAM</u>	
CITY OF HOUSTON PROJECTS	
SPECIAL CITY PROJECTS	10,000
GESSNER: CLAY TO HEMPSTEAD	4,421
KIRKWOOD: ALIEF-CLODINE TO BISSONNET	2,000
SIDEWALK / HIKE & BIKE TRAIL PROGRAM (EXTENDED)	2,343
FUTURE DESIGNATED PROJECTS	28,490
	47,254
HARRIS COUNTY PROJECTS	
ALDINE WESTFIELD: BELTWAY 8 TO FM 1960	5,735
GESSNER: WEST ROAD to BELTWAY 8	4,000
OREM: ALMEDA TO TELEPHONE	4,000
WILL CLAYTON @ SOUTH HOUSTON	250
FUTURE DESIGNATED PROJECTS	7,634
	21,619
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	5,090
CONGESTION MITIGATION PROGRAM - HUNTERS CREEK VILLAGE	150
CONGESTION MITIGATION PROGRAM - KATY	3,026
CONGESTION MITIGATION PROGRAM - MISSOURI CITY	1,635
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
FUTURE DESIGNATED PROJECTS	13,709
	26,332

**CAPITAL BUDGET FY2004
PROJECT LISTING
(\$000 omitted)**

GENERAL MOBILITY PROGRAM (CONT.)

AREA-WIDE PROJECTS

FREEWAY INCIDENT MANAGEMENT PROGRAM	795
HARRIS COUNTY RADIO SYSTEM AIRTIME	75
ALLOWANCE FOR ALLOCATED OVERHEAD	1,859
	<hr/>
	2,729

TOTAL GENERAL MOBILITY PROGRAM **97,934**

REGIONAL BUS PLAN

FEDERAL COMPONENT

DOWNTOWN TRANSIT CENTER	2,397
DOWNTOWN/MIDTOWN TRANSIT STREET IMPROVEMENTS	29,426
TEXAS MEDICAL CENTER TRANSIT CENTER	3,772
WESTCHASE PARK & RIDE	1,633
EASTEX HOV LANE EXTENSION TO KINGWOOD	829
EASTEX HOV RAMP AT TOWNSEN PARK & RIDE	683
EASTEX HOV TERMINUS AT KINGWOOD	532
5TH WARD/DENVER HARBOR TRANSIT CENTER MODIFICATIONS	1,078
MAGNOLIA TRANSIT CENTER MODIFICATIONS	310
EASTWOOD TRANSIT CENTER MODIFICATIONS	573
GULFGATE TRANSIT CENTER	4,493
HOBBY TRANSIT CENTER	1,109
UPTOWN / RICHMOND TRANSIT CENTER	154
UPTOWN / TRANSIT AMENITIES	895
REGIONAL COMPUTERIZED TRAFFIC SIGNAL SYSTEM	29,223
INTEGRATED VEHICLE OPERATION MANAGEMENT SYSTEM	11,558
ALLOWANCE FOR SCHEDULE UNCERTAINTY	3,302
	<hr/>
	91,967

LOCAL COMPONENT

TRANSIT STREET IMPROVEMENTS	5,144
EASTEX TRANSITWAY - SEGMENT 1A	641
	<hr/>
	5,785

TOTAL REGIONAL BUS PLAN **97,752**

**CAPITAL BUDGET FY2004
PROJECT LISTING
(\$000 omitted)**

2025 PLAN

METRORAIL PROJECT	40,672
ADVANCED TRANSIT PLAN	
ATP - METRO MOBILITY 2025	4,821
ATP - NEW STARTS - ADVANCED HIGH CAPACITY TRANSIT KATY CORRIDOR	1,700
ATP - DISCRETIONARY BUS	
REAL ESTATE ACQUISITION	5,965
WEST BELLFORT PARK & RIDE EXPANSION	2,055
BARKER-CYPRESS PARK & RIDE	1,043
FUQUA PARK & RIDE EXPANSION	263
CLEAR LAKE PARK & RIDE	1,345
	<hr/> 10,671
ADVANCED TRANSIT PLAN	17,192
TOTAL 2025 PLAN	57,864

TRANSITWAYS AND RELATED FACILITIES

TRANSITWAYS	
SOUTHWEST TRANSITWAY	
SEGMENT V-B - EAST OF MANDELL TO SMITH ST.	5,386
FIXED GUIDEWAY MODERNIZATION	
T-RAMP CONTROL SIGNALS	1,179
SLIP RAMP CLOSURE SYSTEMS	4,530
GEOMETRIC IMPROVEMENTS	2,007
TRANSTAR INTEGRATION	1,111
FIXED GUIDEWAY REHABILITATION	1,820
FUTURE PROJECTS	6,250
	<hr/> 16,897
TOTAL TRANSITWAYS AND RELATED FACILITIES	22,283

BUSES AND SUPPORT EQUIPMENT

PASSENGER SHELTERS	
SHELTERS & LIGHTING	660

**CAPITAL BUDGET FY2004
PROJECT LISTING
(\$000 omitted)**

REVENUE VEHICLES	
BUS IMPROVEMENTS	21,089
METROLIFT VANS	7,323
	<hr/>
	28,412
SUPPORT EQUIPMENT AND SYSTEMS	
SUPPORT VEHICLES	1,591
TOOLS & EQUIPMENT	1,394
	<hr/>
	2,985
TOTAL BUSES AND SUPPORT EQUIPMENT	32,057
 <u>OPERATING FACILITIES AND UPGRADES</u>	
OPERATING FACILITIES	
ADMINISTRATION OFFICE BUILDING	31,563
FACILITY UPGRADES	12,000
FURNITURE & OFFICE EQUIPMENT	500
LEASEHOLD IMPROVEMENTS	138
	<hr/>
TOTAL OPERATING FACILITIES AND UPGRADES	44,201
 <u>INTELLIGENT TRANSPORTATION SYSTEMS</u>	
PRIORITY CORRIDOR PROGRAM	630
RESEARCH CENTER OF EXCELLENCE	286
TRANSLINK LABORATORY	308
POLICE AUTOMATION PROGRAM	90
	<hr/>
TOTAL INTELLIGENT TRANSPORTATION SYSTEMS	1,314
 <u>INFORMATION TECHNOLOGY</u>	
IT OPERATIONS, PLAN, ENG. & CONSTR., RAIL, P&TM	3,331
IT FINANCIAL/ADMINISTRATION SYSTEMS	2,330
IT INFRASTRUCTURE, DBAS & TELECOMMUNICATIONS	2,325
IT PC MIGRATION	600
IT DATA INTEGRATION & WAREHOUSING	250
CAPITAL REPLACEMENTS	5,000
	<hr/>
TOTAL INFORMATION TECHNOLOGY	13,836

**CAPITAL BUDGET FY2004
PROJECT LISTING
(\$000 omitted)**

TRANSIT MOBILITY PROGRAM

BUS PADS / BUS LANE PROGRAM	210
CURB CUTS / INTERSECTION IMPROVEMENTS	250
RCTSS – OUTSIDE BELTWAY	8,664
SPUR 527 MITIGATION PROGRAM	<u>2,006</u>

TOTAL TRANSIT MOBILITY PROGRAM **11,130**

DEVELOPMENT FUND, LAND & CONTINGENCY

TRANSIT CAPITAL PROGRAM DEVELOPMENT	670
STRATEGIC PLANNING	80
DEVELOPMENT PROJECTS	500
FEDERAL SMALL BUSINESS PROGRAM	78
CAPITAL EDUCATION PROGRAM	2,531
MAIN STREET CORRIDOR BETTERMENTS	(5,000)
CAPITAL PROGRAM LAND AND CONTINGENCY	<u>39,811</u>

TOTAL DEVELOPMENT FUND, LAND & CONTINGENCY **38,670**

GRAND TOTAL - CAPITAL BUDGET FY2004 **\$417,041**

A RESOLUTION

APPROVING AND ADOPTING OPERATING AND CAPITAL BUDGETS FOR FISCAL YEAR 2004; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, Section 451.102(a), Texas Transportation Code, requires that the Board of Directors adopt an annual budget specifying major expenditures by type and amount prior to the expenditures of any funds in the budget year; and

WHEREAS, Section 451.102(b), Texas Transportation Code, requires that METRO make the proposed budget available for public review prior to holding a public hearing on the proposed budget; and

WHEREAS, in conformance with the cited statutory requirements, METRO has released a proposed budget for fiscal year 2004 and has held a public hearing regarding this proposed budget; and

WHEREAS, the Board of Directors has reviewed the proposed Operating and Capital Budgets for fiscal year 2004 and has considered the public comments thereon;

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 all prerequisites required by law for the consideration and adoption of the Operating and Capital budgets for fiscal year 2004 have been satisfied.

Section 2. The Board of Directors hereby approves and adopts an Operating Budget for fiscal year 2004 totaling \$273,990,000.

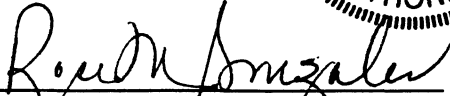
Section 3. The Board hereby approves and adopts a Capital Budget for fiscal year 2004 totaling \$417,041,000.

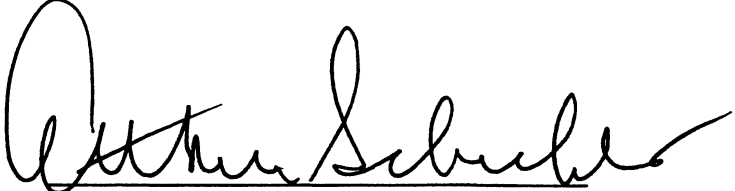
Section 4. This resolution is effective immediately upon passage.

PASSED this 18th day of September, 2003
APPROVED this 18th day of September, 2003

ATTEST:




Assistant Secretary


Arthur L. Schechter
Chairman