

# FY2012 Business Plan & Budget

## Positioning the New METRO for the Future

### EXECUTIVE SUMMARY

METRO's President & CEO outlines the Authority's recent accomplishments, upcoming challenges, and financial highlights.

### PREFACE

A summary of METRO's Board of Directors, the Authority's history, and a description of METRO's services and service area.

### OVERVIEW

Describes the opportunity for the New METRO as well as the Authority-wide strategy, organizational chart, budgets, and scorecard.

### FINANCIALS

Explains the Authority's path towards financial sustainability, its Operating and Capital budgets, plus its plan for the General Mobility Program and Debt Service.

### DEPARTMENT SUMMARIES

Detailed organizational charts, budgets, scorecards, and analyses.

### KEY PERFORMANCE INDICATORS

The Authority's goals and benchmarks for its operational, cost effectiveness, and performance metrics. Also includes METRO's safety and reliability metrics.

### LONG TERM PLAN

Provides an update of the New METRO's long term vision and how it plans to pursue it.

### APPENDIX

Includes supplementary information such as relevant organizational policies and procedures, a breakdown of METRO's services, routes, facilities, and infrastructure. Also includes comparative statistics and a glossary of terms.

*As prescribed by the Government Finance Officers Association, this budget document is intended for use as a policy document, operations guide, financial plan, and as a communication device.*

**Board of  
Directors**

Gilbert Andrew  
Garcia, CFA  
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Allen D. Watson  
Vice Chairman

C. Jim Stewart, III  
Secretary

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Honorable  
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Gary Stobb

**President &  
Chief Executive  
Officer**

George Greanias

September 26, 2011

Gilbert Andrew Garcia  
Chairman of the Board  
Metropolitan Transit Authority

Dear Mr. Garcia:

Please find the attached proposed FY2012 Business Plan & Budget for METRO, which includes both the Operating and Capital Budgets, as well as the General Mobility Budget, and the Debt Service Budget.

Section 451.102 of the Texas Transportation Code requires the Board of Directors of the Metropolitan Transit Authority of Harris County to adopt an annual budget which specifies major expenditures by type and amount prior to commencement of a fiscal year. In accordance with the code, we have prepared the proposed FY2012 Business Plan & Budget for the Board's consideration at its September meeting.

The annual budgets represent the maximum annual expenditure authorized by the Board to fund METRO's FY2012 business plan. In accordance with Board approved procedures, it is recommended that the Board adopt the following budgets for the Metropolitan Transit Authority of Harris County for Fiscal Year 2012 (October 1, 2011 – September 30, 2012)

Operating Budget	\$ 430,400,000
General Mobility Budget	\$ 169,332,000
Capital Budget	\$ 556,600,000
Debt Service	\$ 81,088,901

A Public Hearing on the proposed FY2012 Business Plan & Budget is scheduled to be held at 9am on Thursday, September 29, 2011 in the 2<sup>nd</sup> Floor Board Room of the METRO Administration Building. The proposed FY2012 Business Plan & Budget is scheduled for approval by the Board at the regular September meeting scheduled later that day, September 29, 2011, at 9:30am.

Sincerely,



George Greanias  
President & CEO

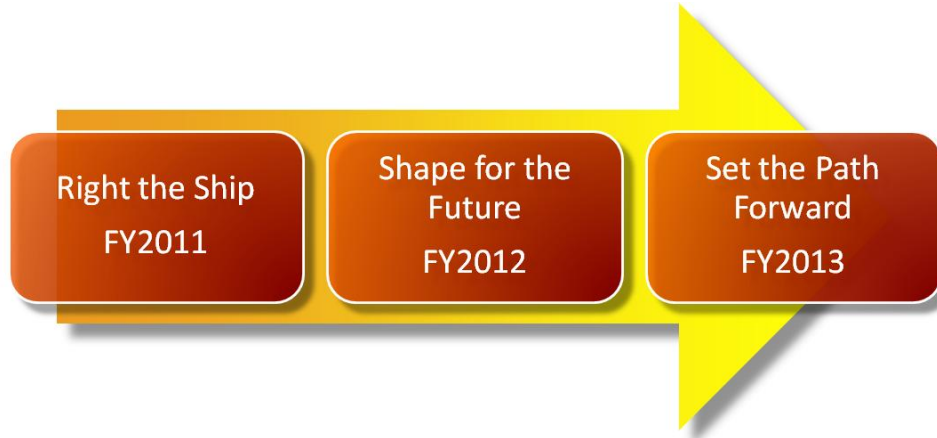
cc: Board of Directors

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## Executive Summary –A Message from the President & CEO

On behalf of my 3,400 colleagues of the Metropolitan Transit Authority of Harris County, Texas – who meet the daily mobility needs of those living in our 1,300-square-mile area – I am pleased to present the New METRO's Fiscal Year 2012 Business Plan & Budget.



The start of FY2012 marks the second phase in the creation of the New METRO. Last year, the task was to right the ship by dealing with many controversies and challenges that threatened our ability to meet the transit needs of the region. For FY2012, the job will be to reshape the New METRO so it's well positioned to meet the future and provide safe, affordable, reliable and convenient transit to its current and potential customers.

This budget proposes:

- continued focus on our Strategic Priorities and Operating Principles;
- a financial plan based on a conservative, 5% sales tax growth rate;
- no increase in base fares;
- accelerating work toward completion of the North (Red), Southeast (Purple) and Harrisburg East End (Green) light-rail lines;
- significant completion of the conversion of three high-occupancy vehicle (HOV) lanes to provide a tolling option (HOT Lanes);
- optimization of a challenging bus route system;
- providing more alternative service;
- initiating METRO's first State of Good Repair program;
- developing the long-range regional plan for the New METRO;
- measurement of METRO's progress through organizational and individual scorecards.



## **FY2011: Righting the Ship – Starting the Journey to the New METRO**

The New METRO has three priorities: to deliver first-class transit services, build great transit infrastructure and become a trusted community partner. To understand how the Authority will achieve those priorities in FY2012, it is important to understand the foundation that was laid in FY2011.

In FY2011, METRO confronted numerous challenges. Among the more significant were the “Buy America” controversy surrounding our rail car purchase, financing of the General Mobility Program (GMP), and legal disputes that threatened the Authority with the prospect of protracted and costly litigation.

The New METRO chose to meet these challenges with bold moves and the results have been dramatic:

- The Buy America issue was settled satisfactorily. We terminated the existing rail car purchase agreement and mediated a potential supplier lawsuit to a successful conclusion. We then purchased options for 19 rail cars from a sister transit authority and are prepared to conclude an approved procurement of 39 more rail vehicles.
- We put the General Mobility Program on a cash basis. Starting with the first month of FY2011, we escrowed 25 percent of our sales tax income to meet our GMP obligations with monthly cash deposits into an escrow account; we also set aside another \$5.1 million each month to honor other accrued program commitments against which claims have not yet been made. In short, the New METRO addressed GMP with a 31 percent diversion of its primary cash inflow.
- All major legal disputes that could have led to litigation were settled through mediation.

Other major developments included:

- The FTA resumed negotiations with us on \$900 million in Full Funding Grant Agreements (FFGAs) for our North and Southeast rail lines. We anticipate the successful completion of those agreements in the near future, which will mark the first FFGAs for rail in METRO’s history. Meantime, indicative of our new relationship, the FTA advanced METRO \$50 million against the grants.
- Construction on the North, Southeast and Harrisburg East End rail lines was restored to full strength.
- The Authority made an enormous leap to real transparency. Now, Board meetings and Board committee meetings are available online in real time and in archives. We’ve also put our check and credit card registers on the web. The State Comptroller recognized METRO’s new openness by awarding the Authority Gold level status in the Leadership Circle – a program designed to recognize public agencies that achieve high levels of financial transparency.

## FY2012: Positioning the New METRO for the Future

The New METRO will continue to be bold: appropriating good ideas whatever their source and readily admitting and correcting errors. We will modify our strategy as quickly as changes of fact and circumstance dictate. The New METRO will balance its decision-making judiciously between the serious business issues that should matter to any organization and the broader range of community concerns that are relevant to a public agency funded with taxpayer money and charged with achieving a public purpose.

Moving forward into FY2012, the New METRO will focus on four tasks: delivering smart service, building rail, rightsizing the organization and preparing for the future.



**Delivering Smart Service.** For METRO to provide the best possible package of service overall, the Authority must constantly review the route system, maximizing service on high-performing routes while carefully controlling funds spent on low-performing ones. In the past, when faced with financial challenges, METRO sometimes responded by reducing or eliminating – or attempting to reduce or eliminate – low-performing routes. The results have often proved counterproductive. Eroding service and alienating customers, these results have often reduced METRO’s delivery of transit services.

In FY2012, the New METRO will undertake a comprehensive review and potential revision of its route strategy. This initiative is not in fact wholly new; the Authority has been moving towards this change for some time in anticipation of the options for service delivery that will be created by the METRORail Expansion program. But in the coming fiscal year we will accelerate this process and ask ourselves fundamental questions about how best to configure our route system. The issue will remain the same: how to get the best possible route service given our financial resources.

What will be different will be the New METRO’s approach to answering the question.

Smart service is about more than a smart route system. It also involves thinking more broadly about the technologies available. For instance:

- Much of our community rightfully demands service from the standard 40-foot bus. But there are parts of our community that need service where such a bus cannot be justified. Alternatives such as taxicab vouchers need to be considered and, where appropriate, deployed.
- Smart service also demands concentration on continuous performance improvement; focusing on our Operating Principle of Cost Control means we must be relentless in our efforts to stretch each dollar.
- Likewise, smart service includes introduction of low-cost service improvements that enhance the customer experience at relatively little cost. Good examples of this latter approach in

FY2011 were extension of the transfer window from two to three hours and elimination of the METRO Q® Fare Card photo requirement for senior citizens and college students.

- Smart service also requires consideration of the customer's complete trip, door-to-door. This means METRO must collaborate with others to ensure optimum accessibility and convenience of its route system. That includes, for example, working with municipal governments to make sure there are good sidewalks leading to our bus and rail stops. Likewise, it means working with private businesses to make sure their employees have the easiest access possible to our system.
- Finally, smart service is about leveraging our financial resources. For instance, we will continually seek out ways to leverage our local dollars from sales tax revenues and fares with federal grants.

**Building Rail.** The expansion of METRORail has been undertaken at the direction of voters, who in 2003 approved a comprehensive transit plan that included building out significant new components of light rail to complement the existing bus system and Main Street line.

In FY2012, the New METRO will continue to accelerate the pace of rail construction on the North, Southeast and Harrisburg East End light-rail lines. We will successfully conclude negotiations for two Full Funding Grant Agreements that will award the Authority \$900 million for the North and Southeast projects. We will also maintain our commitment to completing the Harrisburg East End line solely with local funds. These commitments include successful procurement of 19 railcars through purchase of vehicle options and another 39 railcars through a standard procurement METRO prepared in close collaboration and consultation with the FTA.



Important as these accomplishments are, the plan for rail approved by voters in 2003 comprises more than the three lines currently under construction. The University and Uptown lines are equally critical components of a comprehensive rail spine around which the rest of METRO's transit system can be based.

METRO remains committed to both the University and Uptown rail lines. Both will be built. But the assumptions on which they were originally envisioned have changed. In FY2012, METRO will reassess both the University and Uptown lines, refining plans to reflect current realities. In the meantime, we will act wherever the opportunity exists to facilitate future construction through work done today, as is presently the case in METRO's collaboration with the Upper Kirby District on the street improvement project on Kirby between Richmond Avenue and the Southwest Freeway.

**Rightsizing the Organization.** For METRO, rightsizing means reshaping of the Authority to more accurately reflect and accomplish our core mission. Headcount reduction is part – but only part – of that effort. For METRO, rightsizing also involves a strong focus on our operating principle of Cost Control and also ensuring that we recognize, reinforce and develop our high-performing colleagues. To do this, we have established an in-house “METRO MBA” program to foster future METRO leaders. The goal in every instance is the same: to achieve an even greater focus on our core mission and ensure the delivery of the same or better transit services at lower cost.

Rightsizing at METRO also includes creating a “Culture of Thrift” in which every expense is scrutinized and every process is evaluated to ensure maximum return on each dollar invested.

The foundation for this effort was laid in FY2011. Cost Control was established as one of our seven operating principles. A number of discrete steps were taken both to reduce expenses and to start conveying the message that the New METRO will take a different path when it comes to expenditures.

We will continue our scrutiny of all service contracts and programs. In short, the Culture of Thrift will mandate a focus on Cost Control year round.

*It's time for METRO to look internally at ways it can do things differently, without necessarily changing what we're working to accomplish.*

*-- Thomas C. Lambert, Senior Vice President and Chief Administrative Officer*



The third component of rightsizing at METRO is the reduction of headcount. In preparation for FY2012, this has involved implementation of a plan for fewer salaried employees. This goal is being achieved through a program of voluntary early retirements, voluntary layoffs, a job matching program and, if necessary, a reduction in force. We anticipate these initiatives will result in a reduction of positions between 70 and 100, with corresponding cost savings that will be applied to contingency.

**Planning Our Future.** One of our seven operating principles is Sustainability, which includes the financial ability of the Authority to sustain maintenance and operation of its business over the long haul. Accomplishing this goal requires more than annual preparation of a budget for FY2012. It also demands consideration of and planning for the years beyond FY2012. METRO will begin to plan for the future with a realistic, conservative evaluation of likely revenues and expenditures.

Starting with FY2012, we will have a five-year cash flow plan. Throughout the budget presentation that follows, you will see not only the revenues and expenses for FY2012, but also five-year pro forma estimates – estimates that we will continue to update annually.

Likewise, we cannot build infrastructure such as rail, transit centers, operating facilities or bus shelters, or acquire equipment such as new buses without planning how we will maintain them over the long haul. As we seek to better prepare METRO for the future, we will institute a State of Good Repair program to maintain our existing assets and make sure we do not expand our system at the cost of neglecting our current asset base of facilities and equipment. This commitment to maintaining a State of Good Repair is underwritten by an allocation of \$15.5 million in our non-METRORail Capital Improvement Projects budget.

*Clearly, unless we can bring the nation's transit systems into a state of good repair, we won't get the riders we need to cut oil consumption and greenhouse gases, the sustainability of our transit systems will be in jeopardy, and the economic vitality of our cities will be undermined.*

-- Peter M. Rogoff, Administrator  
Federal Transit Administration

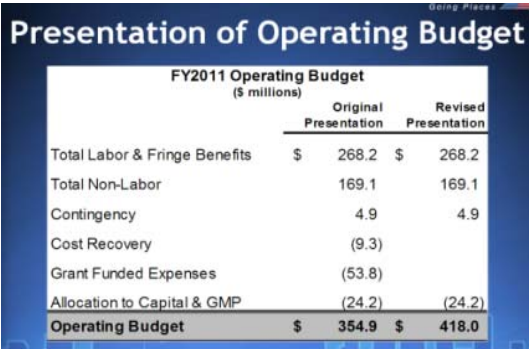
## FY2012 Budget Highlights

**Changes in Format and Content.** METRO's FY2012 Business Plan and Budget is a newly formatted, comprehensive document far different from past budget books. Continuing and expanding upon our commitment to transparency, this document both details the Authority's budget and financial measures and incorporates scorecards, our internal system of performance measures.

This document also contains more detailed sections explaining METRORail Expansion, the Capital Improvement Program, the General Mobility Program and Debt Service. Also, there is a more comprehensive presentation of each METRO department's organizational structure. Most importantly, it exhibits all the listed criteria required and suggested by the Government Finance Officers Association (GFOA). It is our intent to use this document as a tool for policy, management and vision. It is also intended to serve as a guide for the community in gauging our progress.

**Important Changes in Budget Presentation.** Beginning in FY2012, two categories of "negative cost" formerly included as credits to the overall Operating Budget (i.e., cost recoveries and capitalized operating grants) will be reflected as gross level revenues and expenses. Because of this presentation, the FY2012 Operating Budget will appear significantly larger than the previously published FY2011 Operating Budget, despite significant reductions.

Also, the budget presentations in this document only partially reflect METRO's rightsizing effort. Early retirements, voluntary layoffs and reductions in force will only be finalized at the end of FY2011 (September 30<sup>th</sup>, 2011). We therefore plan to make these final adjustments during the first quarter of FY2012, after the rightsizing effort has been completed. Departmental savings from these initiatives will be transferred to METRO's contingency.



	FY2011 Operating Budget (\$ millions)	
	Original Presentation	Revised Presentation
Total Labor & Fringe Benefits	\$ 268.2	\$ 268.2
Total Non-Labor	169.1	169.1
Contingency	4.9	4.9
Cost Recovery	(9.3)	
Grant Funded Expenses	(53.8)	
Allocation to Capital & GMP	(24.2)	(24.2)
<b>Operating Budget</b>	<b>\$ 354.9</b>	<b>\$ 418.0</b>

In addition, both revenues and expenses are displayed together in many financial charts, as illustrated in METRO's source of funds matrix, which identifies the sources for METRO's money and how each source of money is spent.

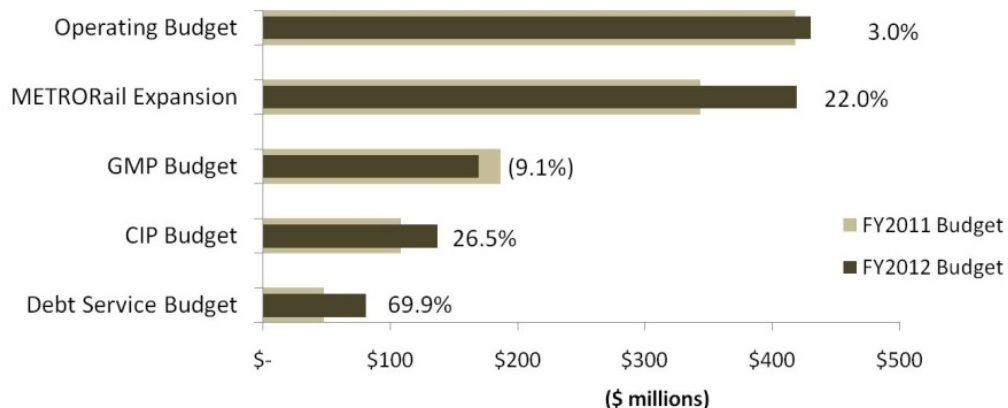


This clarity is important because – for METRO – not every dollar from every source is available for every purpose.

Sources of METRO Funds (in millions)	Fiscal Year 2012							
	Operations	General Mobility	Debt Service	METRO Rail Expansion	Bus Replacements	Reserves	Capital Improvement	TOTAL
Sales Tax	306	169	29				39	543
Grants	52		24	116		1	47	240
Farebox	63							63
Borrowing			26	303				329
Reimbursements	8							8
Other	2		2					4
Fund Balance					51	65		116
<b>TOTAL</b>	<b>430</b>	<b>169</b>	<b>81</b>	<b>419</b>	<b>51</b>	<b>66</b>	<b>86</b>	<b>1,303</b>

**Budget Highlights.** A number of elements regarding the FY2012 Budget merit special notice:

- The total proposed budget for FY2012 including fund balance is \$1,303 million, an increase of \$131 million or 11.2% over the revised FY2011 funding envelope.
- The budget is balanced and uses a conservative 5% growth rate for sales tax revenue.
- The proposed Operating budget is \$430.4 million, an increase \$12.3 million or 3% over the FY2011 approved budget level. The increase is largely due to a continuing effort to more accurately reflect capitalization expenses and to non-controllable factors such as fuel expense, METROLift costs, and a projected increase in the contract with our privately operated Northwest Bus Operating Facility. To mitigate these increases, the budget relies on savings from modifications to be made to low-performing routes, reductions in service contract costs and careful management of the rightsizing initiative.
- The proposed Capital Budget of \$556.6 million is comprised of \$419.2 million for METRORail expansion (MRE) expenditures, \$137.4 million for the Capital Improvement Program (CIP) and bus replacements.

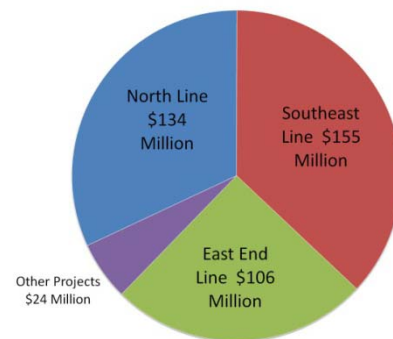


- METRO anticipates receiving two Full Funding Grant Agreements (FFGAs) from the Federal Transit Administration (FTA) later this year. Those grants, together with funding already in place, will commit the FTA to an aggregate of \$900 million in federal funding for the North and Southeast light rail lines. Congress has already set aside one-third of the funding for these grants: \$150 million each in FY2010 and FY2011.

**FULL FUNDING GRANT AGREEMENTS  
(IN MILLIONS)**

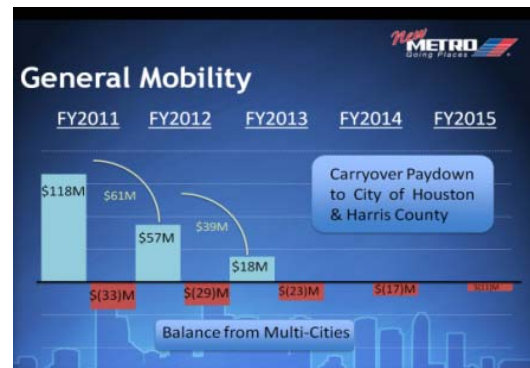
	<b>NORTH</b>	<b>SOUTHEAST</b>	<b>TOTAL</b>
In Place	\$ 42.225	\$ 42.225	\$ 84.450
Future	407.775	407.775	815.550
<b>Total</b>	<b>\$ 450.000</b>	<b>\$ 450.000</b>	<b>\$ 900.000</b>

- As METRO ramps up the expansion of METRORail, and continues to maintain its routine bus replacement plans, financing costs associated with necessary external funding sources will increase. In FY2012, we've increased our debt with the issuance of \$516 million of sales tax bonds to not only complete construction of the North and Southeast lines, but also buy 100 new hybrid buses. This will create an increase in our annual debt service commitment by \$33.7 million or 70.7% from the FY2011 approved budget level.



- Although we continue to be challenged in meeting our non-rail capital project needs we have increase funding in this category by \$28.8 million.
- METRO will also use \$29 million in grant funding for conversion of its High Occupancy Vehicle (HOV) to High Occupancy Toll (HOT) lanes. This effort will install automated reversible gate operation (ARGO) equipment and toll systems along METRO's 83 miles of HOV lanes to convert them to HOT lanes. This will encourage increased use of the existing facilities by allowing access to single occupant vehicles through an automatic toll collection system – a significant example of METRO's operating principle of Asset Utilization in action.

- Keeping flexible, we have decided that in FY2012 we will slightly reduce funding of General Mobility backlog – those payments for which GMP recipients are eligible but which they have not yet claimed. Instead of a monthly paydown of \$5.1 million – in addition to the twenty-five per cent (25%) of each check that is escrowed – we are budgeting \$3.28 million per month. This will extend the time required to pay off the amount of the backlog by four (4) months. It should be emphasized that this change will not jeopardize METRO's ability to pay its current GMP obligations with cash.



## Conclusion

However much progress was made in FY2011, we are well aware that we still stand at the leading edge of a long and difficult process of change. We fully expect that however difficult the challenges of the past year, the tasks ahead of us in FY2012 – and beyond – will be even more daunting and complex. For the foreseeable future, achieving success at METRO will not be for the faint of heart. Our budget for FY2012 is designed to shape the Authority for the future and to take the next arduous steps towards changing the way METRO has been run.

An anemic national and global economic recovery, a second wave of recession, fiscal policy debates putting our federal funding for transit at jeopardy, strong public resistance to additional revenue of any kind, relentlessly increasing fuel and healthcare costs - all are beyond METRO's control.

Yet whatever the challenges, the need for transit will remain. Too many Houstonians rely on METRO to give them the freedom of movement essential to work, school, family, healthcare and recreation. This will be even more true as our population grows and employment increases. However uncertain the world around us, METRO has no choice: we will move forward to provide our community the transit system it needs, and deserves.



George Greanias  
President & CEO of the New METRO

## Preface

### Overview of METRO

- Regional and multimodal transportation authority and local governmental entity
- 1978, Houston-area voters approved a one-cent sales tax to support METRO operations
- METRO opened for business in January 1979
- Governed by a 9-member Board of Directors
  - 5 members are nominated by Mayor of Houston and confirmed by City Council
  - 2 members are appointed by the mayors of METRO's 14 other member cities
  - 2 members are nominated by the Harris County Judge and confirmed by the County Commissioners
- Strong Board/Management relationship

The Metropolitan Transit Authority of Harris County, Texas (the “Authority” or “METRO”) is a metropolitan rapid transit authority created pursuant to legislation now codified as Chapter 451, Texas Transportation Code, as amended, and was confirmed at a confirmation and tax election held on August 12, 1978. The Authority provides transit services to, and collects sales and use taxes on taxable transactions in, a 1,285-square mile area with a population of approximately 3.5 million people and serves other areas by contract, including the cities of Houston, Bellaire, Bunker Hill Village, El Lago, Hedwig Village, Hilshire Village, Humble, Hunters Creek Village, Katy, Missouri City, Piney Point Village, Southside Place, Spring Valley Village, Taylor Lake Village, and West University Place, and significant portions of unincorporated Harris County.

## METRO Board of Directors

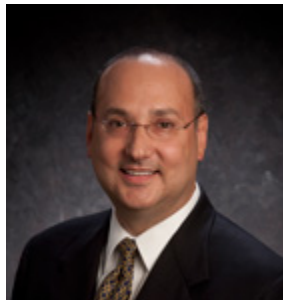
The Board of Directors has nine members. Five are nominated by the mayor of Houston and confirmed by Houston City Council. Two are appointed by the mayors of METRO's 14 other member cities. Two are appointed by the Harris County Commissioners Court. Currently, one of the two Board member positions appointed by the Harris County Commissioners Court is vacant.

(C) Appointed by the City of Houston Mayor, Confirmed by Houston City Council

(H) Appointed by Harris County Commissioners Court

(M) Appointed by the mayors of the other cities in METRO's service area

### Gilbert Andrew Garcia, CFA, Chairman (C)



Mr. Garcia received a B.A. in Economics from Yale University. After graduating in 1985, he joined Salomon Brothers in New York City where he became a Vice-President specializing in mortgage-backed securities. In 1990, Mr. Garcia joined former Mayor Henry Cisneros and Criterion Investment Management Company to build Cisneros Asset Management Company, ultimately becoming its President. In 1996, Mr. Garcia joined Smith Graham & Company and later became the firm's CIO. In 2002, he joined Garcia Hamilton & Associates, L.P. and is the firm's Managing Partner.

Mr. Garcia has been involved in numerous community organizations, having served as a delegate to the 1984 Democratic National Convention, Treasurer of the Board of Directors for Sponsors for Educational Opportunity (SEO), Secretary of the Houston Downtown Management District, member of the Yale Club of Houston Board of Directors and a member of the Board of Trustees of the Houston Municipal Employees Pension System. Mayor Annise Parker recently named him as Chairman of the Metropolitan

Transit Authority of Harris County. In addition, he is a Class X graduate of Leadership Houston. Mr. Garcia is married with four children and enjoys martial arts and coaching youth soccer.

**Allen D. Watson, Vice Chairman (C)**



Allen Watson, P.E., has more than 27 years of professional engineering, project management and corporate leadership experience that have translated into a successful civil engineering career. His experience gained through nine years of working for Harris County's Public Infrastructure Department and private engineering firms in the Houston-area includes the design of roadways, bridges, water supplies, sanitary sewers, drainage, and telecommunication projects. Mr. Watson joined CobbFendley in 1996 as Engineering Manager and through his project management and leadership skills became a principal in 1999. The combination of Mr. Watson's technical knowledge with practical, straight-forward communications skills has provided clients, such as the Cities of Houston and Austin, Harris, Williamson and Hays Counties, TxDOT and telecommunications companies, with proactive and implementable solutions. Noteworthy projects include: Downtown/Midtown Street Program, SH 45 Tollway, Mercer Park Arboretum, and AT&T's Hurricane GIS Mapping Project.

**C. Jim Stewart, III, Secretary (M)**



C. Jim "Jimmy" Stewart, III was appointed to the METRO Board of Directors by the mayors of the 14 Multi-Cities in the METRO service area in April 2004.

A fourth-generation native Houstonian, Stewart's great-grandfather was C. Jim Stewart, who co-founded in 1902 C. Jim Stewart & Stevenson. The company began as a blacksmith shop on the site of Minute Maid Park and has grown into a billion-dollar international concern.

Stewart joined the company in 1972 after graduating with a Bachelor of Business Administration from Texas Christian University. He has considerable experience in the manufacturing of buses, starting and managing the Bus Manufacturing Division. He retired in 2003 as executive vice president of marketing, and was a treasurer of its board of directors.

A member and chair of numerous not-for-profit boards, he also served his community in public office. He was founder and first chairman of the Strake Jesuit Alumni Association, and founder and first chairman of the Spring Branch Independent School District Education Foundation, which named its annual golf tournament benefit in his honor.

Stewart came out of retirement in September 2006 when he purchased an existing oilfield electric service company, Supreme Electrical Services Inc., where he serves as president.



**Gary Stobb (H)**



Gary Stobb, P.E., is director of engineering infrastructure at Brooks and Sparks, Inc. Mr. Stobb has worked 40 plus years as an engineer in the Houston / Harris County community. He received his Bachelor of Arts and Master of Civil Engineering degrees from Rice University in 1970.

Before joining Brooks and Sparks, Mr. Stobb worked 20 plus years for Harris County in the Public Infrastructure Department in jobs ranging from Flood Control District to the Toll Road Authority. In the 19 years previous, Mr. Stobb was employed by Shell Chemical, Walter P. Moore and Associates, Krahrl and Gaddy Engineers, Storey and Stobb Engineers Inc. and Texas Parks and Wildlife Department. Mr. Stobb retired from Harris County in 2010 to spend more time with his family, including his wife Jerrie, and their three grown children and five grandchildren.

**Burt Ballanfant (M)**



Burt Ballanfant was appointed to the METRO Board by the 14 Multi-Cities in the METRO service area in February 2007.

Mr. Ballanfant is a fifth generation Houstonian who graduated from Lamar High School and the University of Texas and University of Texas Law School. After law school, he joined the United States Attorney's Office in Houston where he was twice named an outstanding Assistant United States Attorney. He has been an attorney for Shell Oil Company since 1980.

He previously served on the METRO Citizen Advisory Board and has been a 30-year mass transit user in Houston. He served six years on the West University City Council, the last four as Mayor. During that time, he also served as President of the Harris County Council of Mayors and Councils.

Among other civic activities, he was a member of the Battleship Texas Commission and President of Concerned Citizens for Washington Cemetery Care while that historic cemetery was merged with Glenwood Cemetery. He is married to Sarah Cobb Ballanfant and has three children; Andrea, Ben and Amy.

**Honorable Dwight Jefferson (C)**

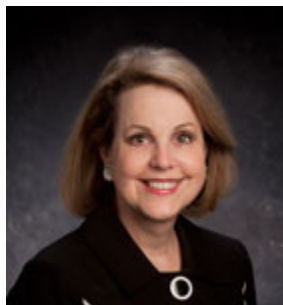


Judge Jefferson was appointed Judge of the 215th District Court of Harris County, Texas, (Houston) by the Governor of Texas in 1995. In November 1996, he became the first African American elected as a civil district court judge in Harris County, where he served until his retirement from the bench and returned to private practice in 1999. As Judge of the 215th District Court, Judge Jefferson presided over all types of civil cases, including commercial, personal injury, mass torts and class actions. Prior to his appointment, Judge Jefferson was a partner in the Houston office of the Coats, Rose Law Firm. After leaving the bench, Judge Jefferson was a civil litigation partner and mediator in the Houston office of the Washington, D.C., firm Verner, Lippert, Bernhard, McPherson & Hand, where he practiced from 1999 through 2003. In 2003, Judge Jefferson was one of the founders of the firm Maloney, Jefferson & Dugas, L.L.P., where he practiced civil litigation and mediation.

Judge Jefferson formed his own firm for the practice of arbitration, mediation and litigation in 2004. Judge Jefferson has mediated hundreds of cases since his retirement from the bench involving personal injury, labor and employment, commercial, toxic torts and mass torts. Judge Jefferson has arbitrated commercial, labor and employment, and mass tort litigation as a panelist for the American Arbitration Association and the National Arbitration Forum. Additionally, Judge Jefferson is certified in international arbitration skills from the University of Houston School of Law. Judge Jefferson has also maintained a limited litigation practice that has included personal injury, wrongful death, labor and employment, environmental mass torts, and class action litigation.

Judge Jefferson graduated from the University Of Texas School Of Law in 1983 and began the practice of law in Houston with Liberty Mutual Insurance Company in 1984.

#### **Carrin F. Patman (C)**



Carrin Patman, attorney at Bracewell & Giuliani, maintains an active trial docket, representing diverse business and energy industry clients in litigation, including class actions, involving commercial disputes, securities matters, antitrust and competition issues, environmental violations and regulatory compliance.

Ms. Patman's recent litigation experience includes: defending former directors of a publicly traded oil and gas exploration company against allegations of breach of fiduciary duty; defending a publicly traded energy company against claims of breach of contract and fraud in connection with its drilling program; defending a major energy company in a series of fraud and breach of contract lawsuits involving the sale of natural gas; defending a settlement trust in a lawsuit for breach of a services contract and fraud; representing a major energy company seeking recovery of amounts wrongfully offset from its revenues as owner of a fractionation plant; defending a major manufacturing company against a lawsuit seeking indemnity for asbestos exposure claims; and defending a major energy company against certification of a class with respect to claims against it for violation of state statutes in connection with purchase of natural gas.

Ms. Patman was the first woman elected to, and currently serves on, the firm's seven-member management committee. In 2003, 2004, 2006, and 2007, Ms. Patman earned the distinction of Texas Super Lawyer in civil litigation defense. In 2001, she received the prestigious Karen H. Susman Jurisprudence Award, given each year by the Anti-Defamation League, and in 2000 she was selected as a 2000 Woman on the Move by the Houston Chronicle, Channel 11 and Texas Executive Women. Both awards recognize professional achievement combined with community service.

#### **Christof Spieler (C)**



Christof Spieler, P.E., LEED, AP, is Director of Technology and Innovation at Morris Architects. He is a licensed professional engineer and heads firm-wide efforts on green buildings, new materials, project process, and Building Information Modeling (BIM). He has spoken extensively on BIM at regional and national conferences.

Previous to joining Morris, Mr. Spieler worked as a consulting structural engineer. His projects have won multiple American Institute of Architects awards and have been featured on the covers of national engineering

magazines. Mr. Spieler teaches structures at the Rice University School of Architecture and advises student design-build programs at Rice and the University of Houston.

Mr. Spieler has written and spoken extensively on transit and urban planning and has helped Houston neighborhoods shape transportation projects. His articles have appeared in Cite Magazine (where he served on the editorial committee from 1998 to 2010, including 2 years as chair), the Houston Chronicle, and Architecture Magazine; he also covered Houston transportation in his blog, Intermodality. He has spoken to the Texas Society of Architects, the Texas Economic and Demographic Association, the New Partners for Smart Growth conference, the Greater Houston Partnership, classes at Texas Southern University, the University of Houston, and Rice University, and numerous civic clubs. He serves as a technical advisor to the Citizens' Transportation Coalition, a board member of the Rice Design Alliance, and a member of the American Public Transit Association's Sustainability and Urban Design Working Group, and has worked extensively with the East End Chamber of Commerce Rail Subcommittee, the Super Neighborhood 22 Transportation Committee, and [Richmondtrail.org](http://Richmondtrail.org).

Mr. Spieler lives Downtown with his wife, Kimberly. They share one car, and he relies on METRO for most of his daily trips. He holds a Bachelor of Science and a Master of Science in Civil Engineering from Rice University. He was named Rice's Outstanding Young Engineering Alumnus in 2009 and one of Building Design and Construction Magazine's "40 under 40" in 2008.

**Retired Board Member: Trinidad ("Trini") Mendenhall Sosa (H)**



Ms. Trinidad ("Trini") Mendenhall Sosa is the President of Fulton Shopping Center. Trini is the Founder and Chairman of the Trini and O.C. Mendenhall Foundation.

Trini is active in numerous professional and civic organizations in addition to her service as a member of the Baylor College of Medicine Board of Trustees, where she serves as Vice Chair of the Capital Campaign Committee. She is a member of the Board of The Ronald McDonald House, serves on the RMH Long Range Planning Committee and was a Gala Chair for the 2008 RMH Gala. In

2007, Trini was appointed by Mayor White to the Houston Parks Board. She also serves on the Board of the CHRISTUS Foundation for HealthCare and on the Archdiocese of Galveston-Houston Development Board. She is also a member of the University of Houston's Center for Mexican American Studies Excellence Endowment Campaign, the Advisory Council of the Yellowstone Park Foundation, the United Way Women's Initiative and the Alexis de Tocqueville Society. She was selected as a member of the Center for Houston's Future Leadership Forum Class of 2003.

Ms. Mendenhall Sosa served for 12 years on the Board of the Harris County Child Protective Services and chaired its Capital Campaign Committee. In June of 2007, she completed six-year tenure on the Board of the University of St. Thomas, where she chaired the Development Committee, and was a member of the Executive Committee. Upon departure from the UST Board, Trini established the Mendenhall Achievement Center. Trini also served for six years on the Board of Catholic Charities of the Archdiocese of Galveston-Houston.

A native Texan from San Antonio, Trini has lived in Houston for 33 years. She attended San Antonio College, Southwest Texas University, and the University of Houston. She was a former Principal of Fiesta Mart, Inc., a 50 store grocery retail chain in Houston and the Dallas-Fort Worth metroplex. Fiesta Mart,

Inc. was founded by her late husband, Mr. O.C. Mendenhall, along with Mr. Donald Bonham. Upon Mr. Mendenhall's death, Trini served as Vice Chair.

Trini remarried in 2005 to Mr. Frank Sosa. She has one son and is a devoted grandmother of two.

### **Board Committees**

#### **FINANCE/AUDIT COMMITTEE**

**Members:** Judge Dwight Jefferson, Chair • Gary Stobb • Allen Watson

#### **CAPITAL PROGRAMS COMMITTEE**

**Members:** Burt Ballanfant, Chair • Judge Dwight Jefferson • Christof Spieler • Trini Mendenhall Sosa (R), Gary Stobb

#### **GOVERNMENTAL & PUBLIC AFFAIRS COMMITTEE**

**Members:** Carrin Patman, Chair • Burt Ballanfant • Judge Dwight Jefferson • Christof Spieler • Trini Mendenhall Sosa (R)

#### **OPERATIONS COMMITTEE**

**Members:** Jim Stewart, Chair • Christof Spieler • Carrin Patman

#### **CUSTOMER SERVICE COMMITTEE**

**Members:** Jim Stewart, Chair • Carrin Patman • Christof Spieler • Gary Stobb

#### **PEOPLE COMMITTEE**

**Members:** Allen Watson, Chair • Carrin Patman • Jim Stewart

Monthly board meetings are held on the 2<sup>nd</sup> Floor of the Lee P. Brown METRO Administration Building, 1900 Main Street.

Please check our Meetings & Notices page for updates made to Board Meeting dates and times at [www.ridemetro.org](http://www.ridemetro.org).

## **METRO Executive Staff**

**George Greanias**

President & Chief  
Executive Officer  
713-739-4899

**Susan A. Bailey**

Senior Vice President &  
Chief Financial Officer  
713-739-4698

**David W. Couch**

Senior Vice President  
Capital Programs  
713-739-4927

**Terence Fontaine**

Group Vice President  
Business Services  
713-739-4655

**Russ Frank**

Vice President & Special  
Assistant to the President  
713-739-4808

**Randy Frazier**

Vice President & Chief Information Officer  
Information Technology  
713-739-4841

**Jerome Gray**

Vice President & Senior Press Officer  
713-739-4011

**Tom Jasien**

Vice President &  
Director Government Affairs  
713-739-4008

**Tim Kelly**

Vice President  
Safety  
713-615-6401

**Thomas C. Lambert**

Senior Vice President &  
Chief Administrative Officer  
713-615-6409

**Raul Luzarraga**

Vice President  
Human Resources  
713-739-4961

**Rocky Marrero**

Vice President  
Facilities Maintenance  
713-739-4850

**Margaret Menger**

Senior Advisor &  
Director Board Relations  
713-652-7924

**Miki Milovanovic**

Vice President  
Real Estate & Property Management  
713-739-4638

**Deborah A. Richard**

Vice President  
Office of Small Business  
713-739-3787

**Raequel Roberts**

Vice President  
Marketing & Corporate Communications  
713-739-3792

**Victor Rodriguez**

Chief of Police  
METRO Police  
713-615-6431

**Andy Skabowski**

Senior Vice President  
Service Delivery  
713-615-7238

**Kimberly Slaughter**

Senior Vice President  
Service Design & Development  
713-652-4365

**Arthur C. Smiley III**

Vice President & Chief Auditor  
713-739-6057

**Alva I. Treviño**

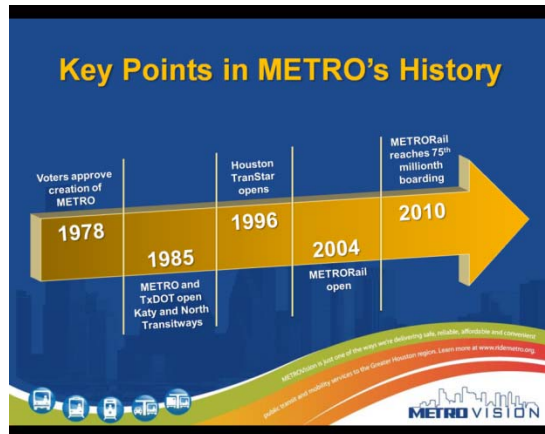
General Counsel  
713-739-3866

**Denise Wendler**

Vice President  
Performance Improvement  
713-739-4978



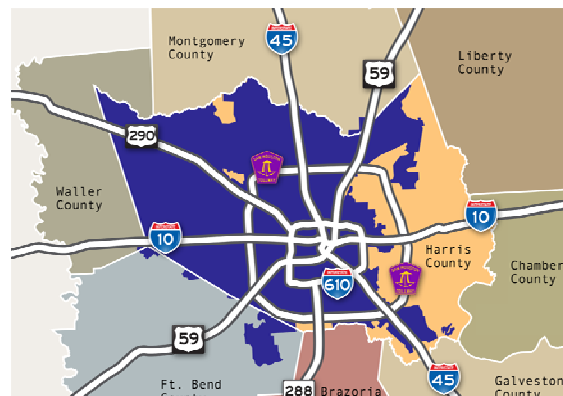
## Broad METRO History



The Texas State Legislature authorized the creation of local transit authorities in 1973. In 1978, Houston-area voters created METRO and approved a one-cent sales tax to support its operations. METRO opened for business in January 1979. The Authority has transformed a broken bus fleet into a regional multimodal transportation system.

Today, METRO has a well-established transit system, including a fleet of approximately 1,400 buses (includes METROLift vehicles), 18 light rail vehicles, and a regional system of more than 100 miles of HOV lanes.

## Overview of the Region and Service Area



METRO's service area population is 3.5 million, while the Houston metropolitan area has a population of nearly 6 million. The service area maintains a double-digit percent growth in population and is the fastest growing Metropolitan area in the country with an almost 20.6% increase in population from 2001 to 2010.

Within the service area's region:

- the Houston-Sugar Land-Baytown MSA added approximately 1.26 million residents since the 2000 census to over 5.98 million in 2010;
- the City of Houston's population grew to 2.10 million, up 7.5 percent over the past decade;
- the metropolitan area - which now encompasses a 10-county area — surged to 5.95 million people;
- Harris County's population grew by 20.3 percent, to 4.1 million.



## Recent Economic Highlights

Houston entered the recession later and exited earlier compared to the rest of the country, and has lower unemployment levels and higher levels of job growth.

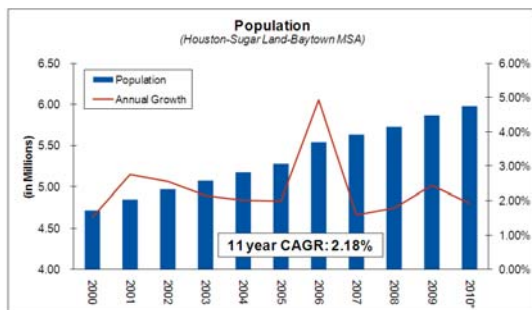
In May 2011, the Houston area had nearly 45,000 more jobs, a 1.8% increase, than it did the prior year.

Median home sale prices have steadied in the Houston area, with values only decreasing by 0.2% in the past year, compared to the Composite 20 Case Schiller Home Price Index, which decreased 3.9% in the past year.

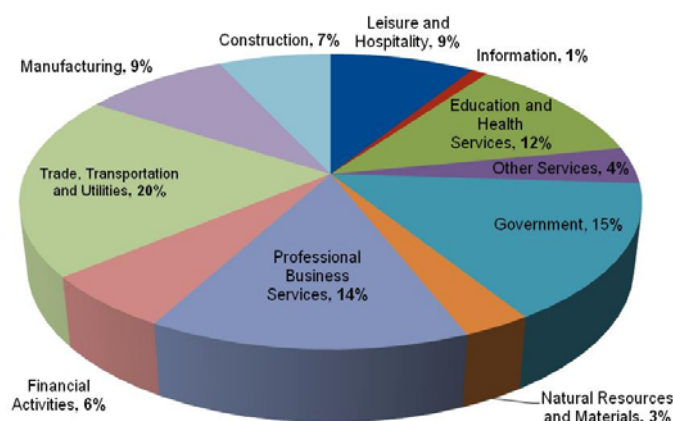
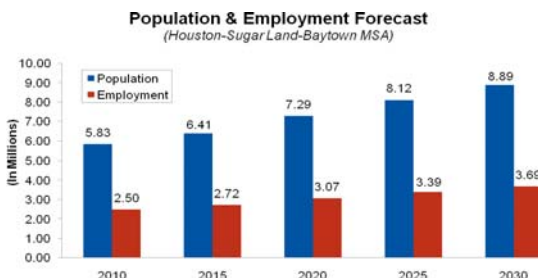
The region remains reliant on the energy sector, but has diversified since the 1980's into medical services/research and transportation/distribution.

Retail sales have increased month-over-month since the beginning of METRO's current fiscal year.

Diverse urban centers and favorable employment mix throughout the METRO service area provide strong assurances of sales tax revenues and system use. Dr. Barton Smith, METRO economist, expects 5.4%+ long-term sales tax growth due to economic and population growth.



Source: Texas Department of State Health Services  
\*Estimated population



### Sources:

- University of Houston Hobby Center for Public Policy – June 2011
- Greater Houston Partnership (May 2010 - 2011), Case-Schiller Home Price Indices (April 2010 - 2011)
- Texas Department of State Health Services, Annual Financial Report FY 2010, Barton Smith

## The Voter Authorized Plan

In November 2003, the residents of the METRO service area voted to implement the METRO Solutions transit system plan, a long-range service plan that identifies the expansion of the existing 7.5-mile (METRORail Red Line) Downtown to Reliant Park light rail line (LRT) and increases existing local and commuter bus service through 2030. In addition to approving the overall transit system plan, the voters authorized METRO to issue up to \$640 million in bonds to finance future LRT lines in the program.

The referendum directs the implementation of light rail transit (LRT) lines in the North, Southeast, East End, Uptown, and University Corridors, with the North, Southeast, and University LRT lines proposed for federal funding and the East End and Uptown LRT lines funded locally. Worthy of note, this LRT expansion plan, METRORail Expansion (MRE), is the primary transit component of the Houston-Galveston Area Council's (H-GAC) adopted 2035 Regional Transportation Update Plan (RTP) adopted June 2010. With over three million new residents anticipated by the horizon year 2035, the RTP addresses regional growth and mobility needs.

Key components include:

**North Corridor** – The North Corridor is 5.28 miles long and extends northward from the existing METRORail University of Houston-Downtown Station at the north end of downtown Houston to the Northline Commons.

**East End Corridor** – The East End Corridor is 3.34 miles long. The route would begin at a transfer point at the proposed Southeast Corridor in the vicinity of Dowling Street and extend through near east neighborhoods to METRO's Magnolia Transit Center.

**Southeast Corridor** – The Southeast Corridor is 6.56 miles long, begins in downtown Houston and continues southeast past the University of Houston and Texas Southern University, terminating in the vicinity of Palm Center at Martin Luther King Avenue and Griggs Road.

**Uptown Corridor** – The Uptown Corridor is approximately 4.83 miles long and extends from the Northwest Transit Center at IH-610 and IH-10 to just south of U.S. 59 at Rice Blvd.

**University Corridor** – The University Corridor extends approximately 11.36 miles from the Hillcroft Transit Center on the west end to the Eastwood Transit Center on the east end.

The referendum also includes:

**Extension of light rail transit** — Extending light rail transit to increase from 30 miles to over 72 miles of alignments. This would include extensions to the lines listed above in addition to new lines of service: Inner Katy, Sunnyside, connections to IAH and Hobby airports and Westpark. Originally proposed as commuter rail, the U.S. 90A/Southwest Corridor is emerging as an eight mile long suburban light rail corridor. It was identified to address commuting options along U.S. 90A from Missouri City in Fort Bend County to the existing Fannin South Park & Ride/Rail Station near the southern terminus of the Main Street line.

**Commuter Rail Transit ("CRT")** – The CRT facilities are designed to provide regional service (a) along U.S. 290 from the Cypress Park & Ride facility to the northern terminus of the Uptown Corridor and (b) along SH 3 from Galveston to downtown Houston.

**40 Miles of Signature Bus Service/Bus Rapid Transit** – This extended bus service offers fast cross-town service using specially designated stops/"stations;" queue jumpers; and designated buses that provide a cohesive, recognizable

route serving activity centers and defined destinations.

**HOV/HOT Lanes Conversion** – The project will convert approximately 84 miles of existing one-way, reversible High Occupancy Vehicle (“HOV”) lanes to High Occupancy Toll (“HOT”) lanes to maximize the use of available capacity. The Authority has been awarded federal stimulus

funds to cover much of the estimated \$50 million capital cost of the HOT Lane conversion.

Lastly, in addition to major multimodal transit improvements across the region, the voter referendum extends the General Mobility Program through September 30, 2014, setting aside one-quarter of METRO's one percent sales tax revenue for mobility projects in Harris County, the City of Houston and the Multi-Cities.

## Service Summary

# Multi-modal System



Local Bus

METROLift

Park & Ride/  
Commuter Services  
Bikes on Buses

HOV + HOT Lanes

METRO STAR

METRORail

Motorist Assistance Program  
(MAP)

METRO provides bus, light rail, high occupancy vehicle lanes and other transit service to the City of Houston, 14 suburban member communities and unincorporated Harris County, a service area of approximately 3.5 million population. Houston is the nation's fourth largest city and the Houston metro area is the nation's sixth largest.



## Transit System

Operations
<ul style="list-style-type: none"> <li>FY 2010 total passenger ridership was approximately 105 million (Transit + HOV)</li> <li>Fixed route bus service (11,000 bus stops, 2,071 passenger shelters and 21 transit centers. METRO owns and operates 1,027 buses)</li> <li>Paratransit service (249 paratransit vans and 17,957 registrants)</li> <li>Commuter bus service (29 park and ride lots and 33,800 parking spaces)</li> <li>High Occupancy Vehicle lanes (128.6 miles)</li> <li>Light Rail Service (7.7 miles) with FY 2010 ridership of approximately 10.6 million</li> <li>Commuter vanpool service (6,882 registrants/715 vans)</li> </ul>
<small>Source: Houston Metro, National Transit Database (9/30/2010)</small>

The Authority is organized to develop, operate, and maintain a mass transit system to serve the residents within and visitors to its area. The Authority's transit system is a multi-modal system consisting of the following components:

**Bus System** - The Authority provides public bus service within its service area utilizing a fleet of approximately 1,250 buses and 175 METROLift paratransit service vans, plus passenger facilities including approximately 10,000 bus stops, 2,000 passenger shelters, 21 transit centers and 29 Park & Ride lots with more than 33,000 parking spaces. METRO buses ran 57 million revenue miles over a route

system serving 1,285 square miles with approximately 81 million boardings in Fiscal Year 2011.

**HOV Lane System** - The High Occupancy Vehicle ("HOV") lane program is a cooperative effort between the Texas Department of Transportation ("TxDOT") and METRO which is funded through a combination of federal, state and local resources. There are currently 128.6 miles of HOV lanes on Houston freeways. For FY2011, the projected HOV lane ridership is about 23.8 million.

**Light Rail System** - The Authority's first light rail line began operation on January 1, 2004. This 7.5-mile line originates in the northern part of Houston's central business district and continues south through the central business district, Midtown, the Museum District, the Texas Medical Center and the Reliant Park Complex (formerly the Astrodome Complex) to the South Fannin Park & Ride Lot. There are 16 stations along the route. The Authority currently plans to expand the light rail system significantly.

**Paratransit Service** - The Authority's METROLift paratransit service provided service to almost 17,000 registrants using both METRO owned lift-equipped vans and contractor owned and operated accessible minivans in FY2011.

**Commuter Vanpool Service** - Near the end of FY 2011, the Authority's commuter vanpool service has about 7,100 riders participating in 700 vanpools taking about 2.4 million trips per year, making METRO STAR one of the largest vanpool programs in the nation.

## Service Levels

	Annual Revenue Hours of Service					FY2012* New Service Annualized
	FY2010 Actual	FY2011 Budget	FY2011 Estimate	FY2012 Budget	Difference FY 11 Estimate vs. FY 12 Budget	
Fixed Route: Bus	2,927,264	2,849,255	2,851,918	2,762,919	(88,999)	2,726,013
Fixed Route: Rail	62,651	64,672	64,683	65,203	520	65,203
<b>Fixed Route Subtotal</b>	<b>2,989,915</b>	<b>2,913,927</b>	<b>2,916,601</b>	<b>2,828,122</b>	<b>(88,479)</b>	<b>2,791,216</b>
METROLift	828,250	835,526	877,294	912,794	35,500	912,794
Internal Service	900	709	643	643	0	643
<b>Total Annual Revenue Hours of Service</b>	<b>3,819,065</b>	<b>3,750,162</b>	<b>3,794,538</b>	<b>3,741,559</b>	<b>(52,979)</b>	<b>3,704,653</b>

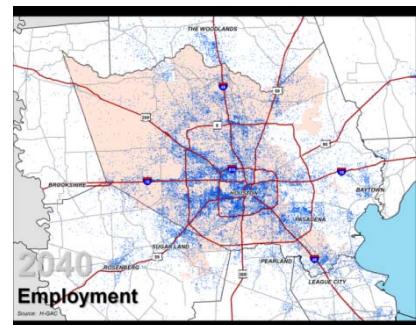
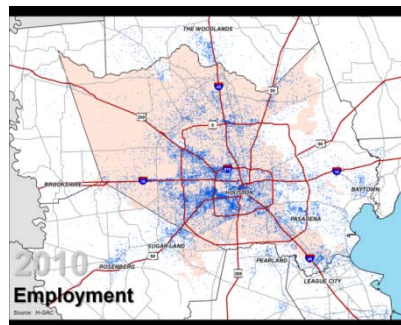
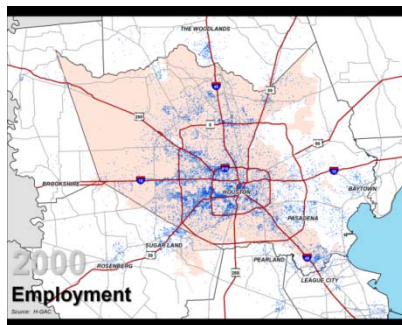
\*FY2012 includes new service

## Overview

### METRO's Opportunity

#### *The Transit Market*

Past studies conducted in the U.S. and elsewhere have concluded that there are two primary indicators that are used to identify the transit market: population and employment density. Briefly reflecting on the nature of mass transit, we can understand why these two factors are so critical. Transit is in the business of bringing together people to share rides. The more compact the geographic market of intended shared rides, the more effectively and efficiently transit is able to deliver its service. The more dispersed the pattern and location, the more penalties that are imposed on both the rider and the operators. For the rider, trips can become more circuitous, route spacing more diffused, and frequencies less attractive. For the operator, costs increase as it becomes necessary to travel greater distances to pick up riders. With varying markets in the region, it becomes necessary to develop strategies (i.e., park & rides, dial-a-rides, differing levels of service, etc.) which are tailored to these multiple markets.



## Houston named fastest-growing city in U.S.; here's the top 25

By [Andrew Nusca](#) | July 14, 2011, 12:42 PM PDT



We all know which cities in the United States have the most residents: New York, Los Angeles and Chicago.

But which ones are growing the fastest?

A new study by [Rice University's Kinder Institute for Urban Research](#) found that all the action, population-wise, is far below the Mason-Dixon line.

Of the 366 metropolitan areas in the U.S., it was Houston — the nation's fourth largest city and Rice's hometown — that gained the most people.

According to a Rice University comparison of the 2000 and 2010 U.S. Census numbers, Houston is the nation's fastest-growing metro area, adding more than 1.2 million people during the 10-year period. Dallas came in second with roughly 20,000 fewer people, and Atlanta was third with 1 million.

New York, Los Angeles and Chicago are still America's largest metropolitan areas, but none of the nation's 366 metropolitan areas added more people during the past decade than Houston, according to the [Kinder Institute for Urban Research](#) study.

From a Rice University news release:

The 30 U.S. metropolitan areas with the greatest population growth, 2000-2010

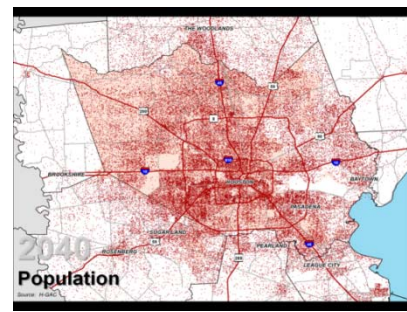
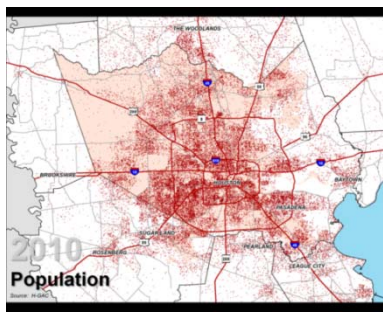
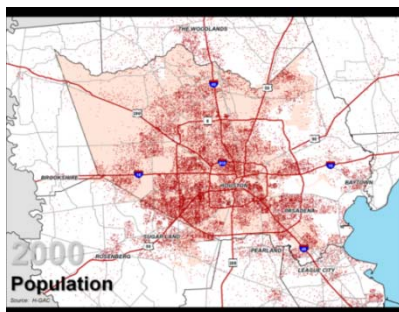
1.	Houston	1,231,393
2.	Dallas-Fort Worth	1,210,229
3.	Atlanta	1,020,879
4.	Riverside, Calif.	970,030
5.	Phoenix	941,011
6.	Washington, D.C.	785,987
7.	Las Vegas	575,504
8.	New York	574,107
9.	Miami	557,071
10.	Orlando, Fla.	489,850
11.	Austin, Texas	466,526
12.	Los Angeles	463,210
13.	San Antonio	430,805
14.	Charlotte, N.C.	427,590
15.	Seattle	395,931
16.	Tampa/St. Petersburg, Fla.	387,246
17.	Denver	364,242
18.	Chicago	362,789
19.	Sacramento, Calif.	352,270
20.	Raleigh/Cary, N.C.	333,419
21.	Minneapolis/St. Paul	311,027
22.	Portland, Ore.	298,128
23.	San Diego	281,480
24.	Philadelphia	278,196
25.	Nashville, Tenn.	278,145
26.	Indianapolis	231,137
27.	Columbus, Ohio	224,217
28.	Jacksonville, Fla.	222,846
29.	San Francisco/Oakland	211,651
30.	McAllen, Texas	205,306

Source: <http://www.smartplanet.com/blog/smart-takes/houston-named-fastest-growing-city-in-us-heres-the-top-25/17646>

*"Houston's growth represents more people than the population growth in the New York and Chicago metropolitan areas combined during the past decade," said Michael Emerson, co-director of the Kinder Institute. "Houston's growth alone accounts for more people than the nation's 14 smallest metropolitan areas combined. It is more than the number of people who live in the Buffalo metropolitan area, and more than in the New Orleans metropolitan area — and it is more than the number of people in 322 of the nation's 366 metropolitan areas."*

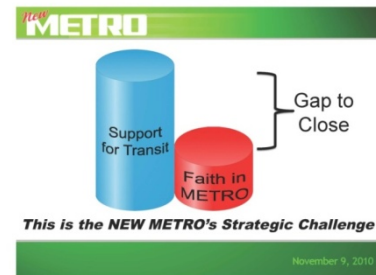
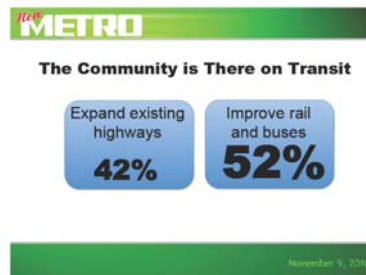
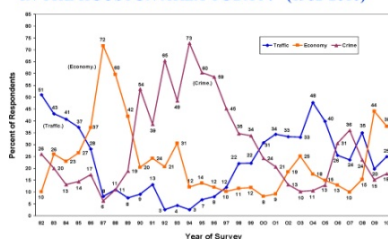
While 42 of the nation's metropolitan areas actually lost population, Emerson said, Houston capitalized on its closeness to Latin America, its emergence as a major destination for immigrants from around the world, the area's pro-business policies, low cost of living, significant job growth and location in the fastest-growing state in the nation.

The trend of U.S. population growth being concentrated in the South and the Southwest — which has been true for several decades — continues and, if anything, is intensifying, Emerson said. Of the 15 metropolitan areas that added the most people, only New York (No. 7) and Seattle (No. 15) are not in the South or the Southwest.



However, although the community agrees that transit is important, METRO's role has been questioned...

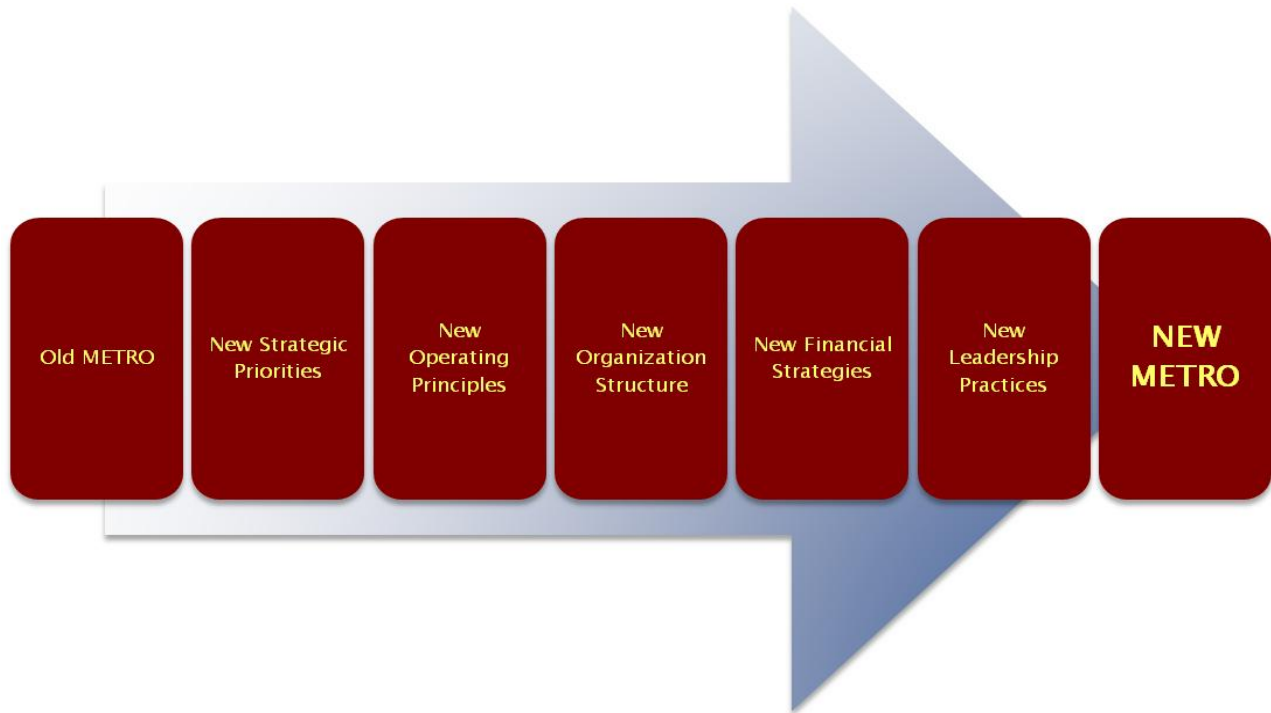
FIGURE 3: "WHAT IS THE BIGGEST PROBLEM IN THE HOUSTON AREA TODAY?" (1982-2010)





## METRO's Strategy

In 2010, METRO adopted a new approach for meeting this opportunity to provide public transit services to the Greater Houston region. This refocusing of the company, which involved a new mission statement, three Authority-wide strategic priorities, seven operating principles for management and staff, and a total company reorganization, has come to be known as the "New METRO".



### *Mission Statement of the New METRO*

#### **What We Do**

Deliver safe, reliable, affordable and convenient public transit and mobility services to the Greater Houston region.

#### **Where We Are Going**

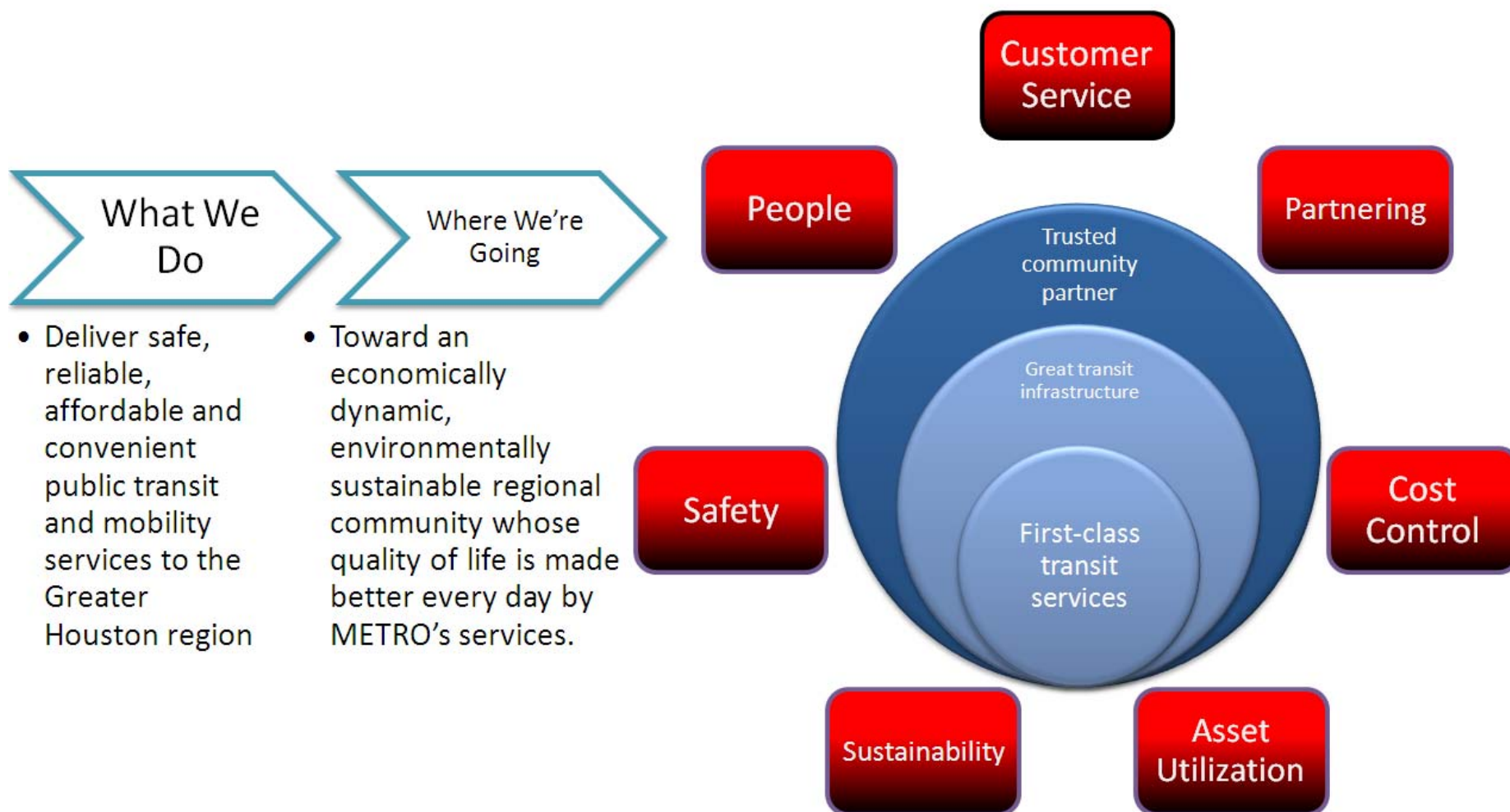
Towards an economically dynamic, environmentally sustainable regional community whose quality of life is made better every day by METRO's services.

### *The Strategic Priorities of the New METRO*

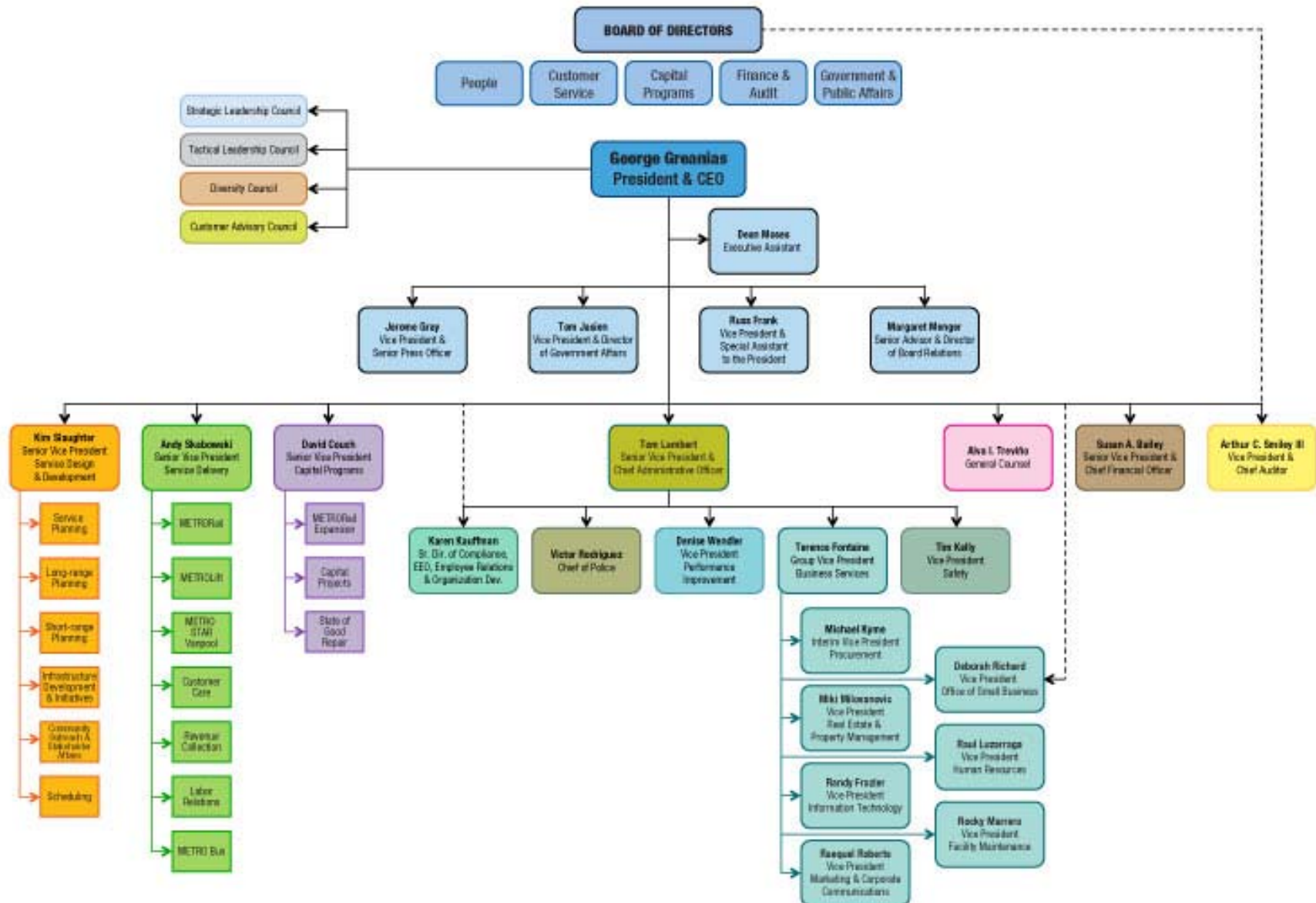
**First class transit services • Great transit infrastructure • Trusted community partner**

### *The 7 Operating Principles of the New METRO*

**Customer Service • Partnering • Cost Control • Asset Utilization  
Sustainability • Safety • People**



## Authority Organization Chart





## Workforce by Department

Authority	FY2010	FY2011		FY2012
	<u>Actual</u>	<u>Auth.</u>	<u>Est. FTE</u>	<u>Authorized</u>
Executive Office	14	15	15.0	15
Service Delivery				
Service Delivery Union	2,226	2,245	2,070.3	2,145
Service Delivery Non-Union	416	460	412.1	451
Service Design & Development	27	43	37.0	47
Capital Programs	55	68	51.0	56
Chief Admin. Officer				
Chief Admin. Officer Union	154	158	152.4	155
Chief Admin. Officer Non-Union	487	502	484.5	477
Law	14	14	12.5	14
Finance	76	76	72.8	76
Audit	11	11	9.5	11
<b>Total Union</b>	<b>2,380</b>	<b>2,403</b>	<b>2,222.7</b>	<b>2,300</b>
<b>Total Non-Union</b>	<b>1,100</b>	<b>1,189</b>	<b>1,094.4</b>	<b>1,147</b>
<b>Total Workforce</b>	<b>3,480</b>	<b>3,592</b>	<b>3,317.1</b>	<b>3,447</b>

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.

### Positions Added

Union	0
Non-Union	11

### Positions Deleted

Union	-103
Non-Union	-53

The chart above does not reflect all positions that will be deleted from the budget as a result of the voluntary early retirement program, the voluntary layoff program, and any reduction in force that will occur in October 2011. The savings from these programs will be transferred from departments to contingency as reductions become effective.

## Authority Budget Summary

		FY2010		FY2011		FY2011		FY2012		Budget to Budget Variance	
		<u>Actual</u>		<u>Budget</u>		<u>Estimate</u>		<u>Budget</u>		<u>\$</u>	<u>%</u>
Sales Tax	\$	484,419,521	\$	499,207,000	\$	517,449,940	\$	543,321,000	\$	44,114,000	8.8%
Fares		62,599,471		62,600,000		62,600,000		62,617,000		17,000	0.0%
Grants		156,091,696		147,586,000		178,489,795		248,817,000		101,231,000	68.6%
Other Revenues		2,765,066		524,000		3,009,000		4,222,000		3,698,000	705.7%
<b>Total Revenues</b>	<b>\$</b>	<b>705,875,754</b>	<b>\$</b>	<b>709,917,000</b>	<b>\$</b>	<b>761,548,735</b>	<b>\$</b>	<b>858,977,000</b>	<b>\$</b>	<b>149,060,000</b>	<b>21.0%</b>
Wages	\$	97,059,906	\$	102,912,718	\$	100,992,128	\$	99,642,115	\$	(3,270,603)	(3.2%)
Union Fringe Benefits		44,819,164		53,095,872		52,549,863		52,797,070		(298,802)	(0.6%)
<b>Subtotal Union Labor</b>		<b>141,879,070</b>		<b>156,008,590</b>		<b>153,541,991</b>		<b>152,439,185</b>		<b>(3,569,405)</b>	<b>(2.3%)</b>
Salaries and Non-Union Wages		71,412,553		75,371,607		72,925,082		71,395,342		(3,976,265)	(5.3%)
Non-Union Fringe Benefits		34,224,386		36,853,184		36,225,491		34,947,880		(1,905,304)	(5.2%)
<b>Subtotal Non-Union Labor</b>		<b>105,636,939</b>		<b>112,224,791</b>		<b>109,150,573</b>		<b>106,343,222</b>		<b>(5,881,569)</b>	<b>(5.2%)</b>
<b>Subtotal Labor and Fringe Benefits</b>		<b>247,516,009</b>		<b>268,233,381</b>		<b>262,692,564</b>		<b>258,782,407</b>		<b>(9,450,974)</b>	<b>(3.5%)</b>
Services		24,879,591		26,303,649		25,933,408		26,442,164		138,515	0.5%
Materials and Supplies		18,217,052		19,514,981		17,751,834		18,820,758		(694,223)	(3.6%)
Fuel & Utilities		47,222,373		37,812,140		36,944,460		49,392,199		11,580,059	30.6%
Casualty and Liability		(1,157,546)		2,591,778		2,801,870		2,788,945		197,167	7.6%
Purchased Transportation		70,972,584		75,860,555		76,345,904		77,296,967		1,436,412	1.9%
Leases, Rentals and Miscellaneous		3,046,954		7,173,861		6,398,476		6,059,772		(1,114,089)	(15.5%)
<b>Subtotal Non-Labor</b>		<b>163,181,008</b>		<b>169,256,964</b>		<b>166,175,952</b>		<b>180,800,805</b>		<b>11,543,841</b>	<b>6.8%</b>
<b>Subtotal Labor and Non Labor</b>		<b>410,697,017</b>		<b>437,490,345</b>		<b>428,868,516</b>		<b>439,583,212</b>		<b>2,092,867</b>	<b>0.5%</b>
Contingency	-			4,785,467	-			5,000,000		214,533	4.5%
Allocation to Capital and GMP	(24,812,841)			(24,212,420)	(19,398,453)			(14,183,212)		10,029,208	(41.4%)
<b>Total Operating Expenses</b>	<b>\$</b>	<b>385,884,176</b>	<b>\$</b>	<b>418,063,392</b>	<b>\$</b>	<b>409,470,063</b>	<b>\$</b>	<b>430,400,000</b>	<b>\$</b>	<b>12,336,608</b>	<b>3.0%</b>
METRORail Expansion		230,417,882		343,500,000		275,527,000		419,232,000		75,732,000	22.0%
Capital Improvement Program		74,294,466		108,600,000		44,204,000		137,368,000		28,768,000	26.5%
<b>Total Capital Budget</b>	<b>\$</b>	<b>304,712,348</b>	<b>\$</b>	<b>452,100,000</b>	<b>\$</b>	<b>319,731,000</b>	<b>\$</b>	<b>556,600,000</b>	<b>\$</b>	<b>104,500,000</b>	<b>23.1%</b>
<b>General Mobility</b>	<b>\$</b>	<b>150,061,624</b>	<b>\$</b>	<b>186,341,000</b>	<b>\$</b>	<b>185,900,000</b>	<b>\$</b>	<b>169,332,000</b>	<b>\$</b>	<b>(17,009,000)</b>	<b>(9.1%)</b>
<b>Debt Service</b>	<b>\$</b>	<b>30,492,000</b>	<b>\$</b>	<b>47,719,000</b>	<b>\$</b>	<b>40,000,000</b>	<b>\$</b>	<b>81,088,901</b>	<b>\$</b>	<b>33,369,901</b>	<b>69.9%</b>

## Financial Summary

Sources of METRO Funds  (in \$ millions)	Fiscal Year 2012							
	Operations	General Mobility	Debt Service	METRORail Expansion	Bus Replacements	Reserves	Capital Improvement	TOTAL
Sales Tax	306	169	29				39	543
Grants	52		24	116		1	47	240
Farebox	63							63
Borrowing			26	303				329
Reimbursements	8							8
Other	2		2					4
Fund Balance					51	65		116
<b>TOTAL</b>	<b>430</b>	<b>169</b>	<b>81</b>	<b>419</b>	<b>51</b>	<b>66</b>	<b>86</b>	<b>1,303</b>

## Projected Ridership

### Boardings by Service Category

	FY2010 Actual	FY2011 Budget	FY2011 Estimate	FY2012 Budget	Budget to Budget Variance	
					#	%
<b>Fixed Route Bus</b>						
Local	58,553,042	56,996,253	58,777,469	57,934,639	938,386	1.6%
Park & Ride	7,985,849	7,382,559	7,469,833	7,396,969	14,410	0.2%
Subtotal Fixed Route Bus	66,538,891	64,378,812	66,247,302	65,331,608	952,796	1.5%
METRO Rail	10,616,292	10,497,493	10,609,846	11,064,130	566,637	5.4%
Subtotal Fixed Route	77,155,183	74,876,305	76,857,148	76,395,738	1,519,433	2.0%
Special Events *	N/A	0	71,455	67,515	67,515	N/A
<b>Total Fixed Route</b>	<b>77,155,183</b>	<b>74,876,305</b>	<b>76,928,603</b>	<b>76,463,253</b>	<b>1,586,948</b>	<b>2.1%</b>
<b>Customized Bus Services</b>						
METROLift	1,573,062	1,571,260	1,642,892	1,685,068	113,808	7.2%
METRO STAR Vanpool	2,422,959	2,488,239	2,417,326	2,435,600	(52,639)	(2.1%)
Internal Service	7,700	4,000	3,722	3,777	(223)	(5.6%)
Subtotal Customized Bus	4,003,721	4,063,499	4,063,939	4,124,444	60,945	1.5%
Subtotal Bus and Rail	81,158,904	78,939,804	80,992,542	80,587,697	1,647,893	2.1%
HOV Carpools, Vanpools, and Non-METRO Buses	23,761,231	24,449,725	23,801,000	26,185,422	1,735,697	7.1%
<b>Total System</b>	<b>104,920,135</b>	<b>103,389,529</b>	<b>104,793,542</b>	<b>106,773,119</b>	<b>3,383,590</b>	<b>3.3%</b>

\*Special Events is a new category that reflects customer service oriented short-term additional motor bus service provided for events at Reliant Park such as football games and the rodeo.

## FY 2012 Service Levels Budget

### Service Plan

<u>Resource</u>	<u>Fixed Route</u>					<u>Customized Service</u>			
	<u>METRO Bus</u>	<u>Contracted Bus (1)</u>	<u>Special Events (2)</u>	<u>Total Bus</u>	<u>Rail</u>	<u>Total Bus and Rail</u>	<u>Internal Service</u>	<u>METROLift</u>	<u>METRO STAR</u>
Revenue Miles	31,673,372	8,376,741	22,337	40,072,450	769,903	40,842,354	4,432	15,856,116	—
Revenue Hours	2,206,631	554,029	2,259	2,762,919	65,203	2,828,122	643	912,794	—
Total Miles	37,403,453	10,329,698	22,337	47,755,489	776,523	48,532,012	4,432	18,110,209	—
Total Hours	2,434,806	623,987	2,259	3,061,052	66,081	3,127,133	643	995,573	—
Number of Vans									754

## FY 2011 Service Levels - Estimate

<u>Resource</u>	<u>Fixed Route</u>					<u>Customized Service</u>			
	<u>METRO Bus</u>	<u>Contracted Bus (1)</u>	<u>Special Events (2)</u>	<u>Total Bus</u>	<u>Rail</u>	<u>Total Bus and Rail</u>	<u>Internal Service</u>	<u>METROLift</u>	<u>METRO STAR</u>
Revenue Miles	32,698,747	8,657,382	36,940	41,393,069	758,659	42,151,728	4,432	15,283,505	—
Revenue Hours	2,272,864	576,285	2,768	2,851,918	64,683	2,916,601	643	877,294	—
Total Miles	38,601,525	10,681,184	36,940	49,319,649	763,327	50,082,977	4,432	17,371,319	—
Total Hours	2,507,962	649,178	2,768	3,159,908	65,561	3,225,469	643	958,359	—
Number of Vans									710

## FY 2011 Service Levels - Budget

<u>Resource</u>	<u>Fixed Route</u>					<u>Customized Service</u>			
	<u>METRO Bus</u>	<u>Contracted Bus (1)</u>	<u>Special Events (2)</u>	<u>Total Bus</u>	<u>Rail</u>	<u>Total Bus and Rail</u>	<u>Internal Service</u>	<u>METROLift</u>	<u>METRO STAR</u>
Revenue Miles	32,704,089	8,449,493	-	41,153,582	758,659	41,912,241	4,795	14,543,836	—
Revenue Hours	2,277,653	571,602	-	2,849,255	64,672	2,913,927	709	835,526	—
Total Miles	38,661,174	10,463,871	-	49,125,045	761,236	49,886,281	4,795	16,530,825	—
Total Hours	2,513,172	644,441	-	3,157,613	65,553	3,223,166	709	912,847	—
Number of Vans									758

(1) Contracted Bus excludes Northwest Shuttle Service; METRO does not pay for this service. Also, these hours include contracted alternative delivery service.

(2) Special Events is a new category that reflects customer service oriented short-term additional motor bus service provided for events at Reliant Park such as football games and the rodeo.

## Change to Service Levels: FY 2011 Estimate to FY 2012 Proposed Budget

<u>Resource</u>	<u>Fixed Route</u>					<u>Customized Service</u>			
	<u>METRO Bus</u>	<u>Contracted Bus (1)</u>	<u>Special Events (2)</u>	<u>Total Bus</u>	<u>Rail</u>	<u>Total Bus and Rail</u>	<u>Internal Service</u>	<u>METROLift</u>	<u>METRO STAR</u>
Revenue Miles	(1,025,375)	(280,640)	(14,603)	(1,320,618)	11,244	(1,309,374)	-	572,611	—
Revenue Hours	(66,234)	(22,257)	(509)	(88,999)	520	(88,480)	-	35,500	—
Total Miles	(1,198,072)	(351,486)	(14,603)	(1,564,161)	13,196	(1,550,965)	-	738,890	—
Total Hours	(73,156)	(25,191)	(509)	(98,856)	520	(98,336)	-	37,214	—
Number of Vans									44

<u>Resource</u>	<u>Fixed Route</u>					<u>Customized Service</u>			
	<u>METRO Bus</u>	<u>Contracted Bus (1)</u>	<u>Special Events (2)</u>	<u>Total Bus</u>	<u>Rail</u>	<u>Total Bus and Rail</u>	<u>Internal Service</u>	<u>METROLift</u>	<u>METRO STAR</u>
Revenue Miles	-3.14%	-3.24%	-39.53%	-3.19%	1.48%	-3.11%	0.00%	3.75%	—
Revenue Hours	-2.91%	-3.86%	-18.39%	-3.12%	0.80%	-3.03%	0.00%	4.05%	—
Total Miles	-3.10%	-3.29%	-39.53%	-3.17%	1.73%	-3.10%	0.00%	4.25%	—
Total Hours	-2.92%	-3.88%	-18.39%	-3.13%	0.79%	-3.05%	0.00%	3.88%	—
Number of Vans									6.20%

## Change to Service Levels: FY 2011 Budget to FY 2012 Proposed Budget

<u>Resource</u>	<u>Fixed Route</u>					<u>Customized Service</u>			
	<u>METRO Bus</u>	<u>Contracted Bus (1)</u>	<u>Special Events (2)</u>	<u>Total Bus</u>	<u>Rail</u>	<u>Total Bus and Rail</u>	<u>Internal Service</u>	<u>METROLift</u>	<u>METRO STAR</u>
Revenue Miles	(1,030,717)	(72,752)	22,337	(1,081,132)	11,244	(1,069,887)	(363)	1,312,280	—
Revenue Hours	(71,022)	(17,573)	2,259	(86,336)	531	(85,805)	(66)	77,268	—
Total Miles	(1,257,721)	(134,173)	22,337	(1,369,556)	15,287	(1,354,269)	(363)	1,579,384	—
Total Hours	(78,366)	(20,454)	2,259	(96,561)	528	(96,033)	(66)	82,726	—
Number of Vans									(4)

<u>Resource</u>	<u>Fixed Route</u>					<u>Customized Service</u>			
	<u>METRO Bus</u>	<u>Contracted Bus (1)</u>	<u>Special Events (2)</u>	<u>Total Bus</u>	<u>Rail</u>	<u>Total Bus and Rail</u>	<u>Internal Service</u>	<u>METROLift</u>	<u>METRO STAR</u>
Revenue Miles	-3.15%	-0.86%	N/A	-2.63%	1.48%	-2.55%	-7.57%	9.02%	—
Revenue Hours	-3.12%	-3.07%	N/A	-3.03%	0.82%	-2.94%	-9.31%	9.25%	—
Total Miles	-3.25%	-1.28%	N/A	-2.79%	2.01%	-2.71%	-7.57%	9.55%	—
Total Hours	-3.12%	-3.17%	N/A	-3.06%	0.81%	-2.98%	-9.31%	9.06%	—
Number of Vans									-0.53%



## Authority Scorecard

Metropolitan Transit Authority of Harris County - FY2012 Scorecard											
Principles	Initiative/Objective	Measurement	Target and Actuals								Status
			Q1		Q2		Q3		Q4		
			Target	Actual	Target	Actual	Target	Actual	Target	Actual	
Asset Utilization	Focus on delivering smart service to our customers	Visit 10 transit centers per quarter and ride affected routes to ensure quality of info panels, schedules, signage, etc. Q1-Q4;	10		10		10		10		
	Ensure most efficient and cost effective utilization of METRO assets	Timely transition of HOV lanes to HOT Q1-Q4; Begin assessment of METRO buildings for state of good repair Q4;			HOT 20%		HOT 40%		HOT 60% SOGR 20%		
Sustainability	Monitor and report progress of METRO's sustainability efforts	Develop 5-year Workforce plan Q2; Energy reduction Q3; Waste stream recycling Q3; Expand Talent Review system Q3; 5-year cash flow plan Q4; 5-year capital plan Q4;			WF Plan 100%		Energy 100% Waste 100% Talent Review 100%		Cash Flow 100% Capital Plan 100%		
	Update Regional Long-Range Transit Plan	Present to Board for approval Q1; Develop outreach action plan Q2; Conduct public workshops Q3; Develop draft plan Q4;	25%		50%		75%		100%		
Safety	Develop a culture of safety throughout METRO that emphasizes personal responsibility	Distribute safety policy Q1; Administer management and employee surveys Q2-Q3; Deploy "no-name-no-blame" procedure; Develop behavioral safety metrics Q4;	Policy 100%		Surveys 50%		Surveys 100%		Metrics 100%		
	Broaden employee safety training and home safety awareness	Train 50 employees on CPR/AED Q1-Q4; Distribute home safety newsletter quarterly Q1-Q4;	CPR/AED 12 News-letter 1		CPR/AED 13 News-letter 1		CPR/AED 12 News-letter 1		CPR/AED 13 News-letter 1		
Cost Control	Further develop METRO's process transformation efforts	Develop Lean Council to manage transformation Q1; Execute strategically selected Lean projects Q1-Q4; Develop curriculum and train others in Lean Q1-Q4;	Council 100% Projects 25%		Projects 50% Training 20%		Projects 75% Training 40%		Projects 100% Training 60%		
	Institute a culture of thrift throughout METRO	Directly communicate budget information to each department monthly Q1-Q4; Institute a thrift program Q2; Develop recognition for thrift Q3;	Budget 100%		Budget 100% Thrift 100%		Budget 100% Recognition 100%		Budget 100%		
Customer Service	Enhance the customer experience by improving customer service as measured by specific activity criteria and feedback measures	Complaints ≤ 5,000 per quarter Q1-Q4; Commendations ≥ 625 per quarter Q1-Q4; Call Center hold time < 2 min. Q1-Q4;	Complaints ≤ 5,000 Comm. ≥ 625 Hold time < 2		Complaints ≤ 5,000 Comm. ≥ 625 Hold time < 2		Complaints ≤ 5,000 Comm. ≥ 625 Hold time < 2		Complaints ≤ 5,000 Comm. ≥ 625 Hold time < 2		
	Determine feasibility of connecting transit with other modes of transportation	Research existing industry transit service and develop white paper Q1; Examine local opportunities and contact existing entities Q2; Develop evaluation of potential options for METRO Q3; Present findings SLC, TLC and customer service Q4;	20%		50%		80%		100%		
Partnering	Establish METRO as a key collaborative partner in developing transit services and transit infrastructure throughout the eight-county Houston-Galveston region	Advance development of Park & Ride facility and service with Brazoria County and City of Pearland with land acquisition and design completion Q1-Q4; Develop agreement with Ft. Bend County for service to downtown Q4;	Brazoria 25%		Brazoria 50%		Brazoria 75%		Brazoria 100% Ft Bend 100%		
	Create a culture of transit in the community	Develop an agency action plan that outlines the strategic engagement of community groups and business organizations Q1; Conduct meetings with thirty (30) community/business organizations throughout the service area (6 per month) to gauge key perceptions, opportunities and potential partnerships Q2; Execute thirty (30) speaking engagements (5 per month) that highlight METRO programs, projects and services and opportunities to meet long-term regional transit needs Q3-Q4;	25%		50%		75%		100%		
People	Improve organization performance by enhancing leadership skills for all managers and identifying and developing emerging talent	Perform assessment of organization development needs Q1; Design multi-level training/ development curriculum Q2; Develop coursework and/or identify potential facilitators and speakers Q3; Coordinate logistics and roll out curriculum Q4;	25%		50%		75%		100%		
	Boost employee satisfaction and sense of community across METRO facilities	Select and prioritize suggestions developed by task force Q1; Implement selected suggestions Q2-Q4; Conduct employee satisfaction survey and compare to previous survey Q4;	25%		50%		75%		100%		

## Financials

### *Definition of financial sustainability*

Financial sustainability is achieved when service and infrastructure levels and standards are delivered according to a long term plan without the need to reduce services, stall construction, or increase rates on an emergency or unplanned basis. It emphasizes long term financial planning that shifts attention to long range goals of the agency and away from just a one year budget perspective. Continuing revenue sources will be used to support continuing operating needs, and one time or highly volatile revenue sources will support specific non-recurring projects.

### **Financial Policy: METRO's Plan for Financial Sustainability**

METRO is committed to developing and following financial policies that will allow it to achieve its priorities of first class customer service, great transit infrastructure, and being a trusted community partner; however, at the close of FY2011, METRO finds itself in a pivotal position moving forward.

METRO relies on just a few major sources of continuing funds to support its ongoing operations, capital programs, and debt service. These include sales tax, fare revenues, and grants. All are volatile. Except for fare revenue, METRO has little control over its revenues.

METRO is committed to completing three additional light rail lines simultaneously, relying primarily on grants and borrowing. This increased borrowing will lead to higher debt service that must be paid from future sales tax collections.

***"METRO must institute a culture of thrift."*** – Sue Bailey, Chief Financial Officer

In order to achieve financial sustainability, the New METRO must emphasize long term planning in order to position itself to fund more capital maintenance, to increase debt service for rail expansion bonds, and to pay down commercial paper issued for the General Mobility Program (remaining a short-term debt under State law and IRS requirements). METRO must also evaluate all its spending and become more efficient in its operations.

Targeting "financial sustainability" will set METRO on a path to meeting longer term goals as well as current operating needs.

***METRO's excess reserve levels, projected future tax revenues, operating revenues, and FTA grants***

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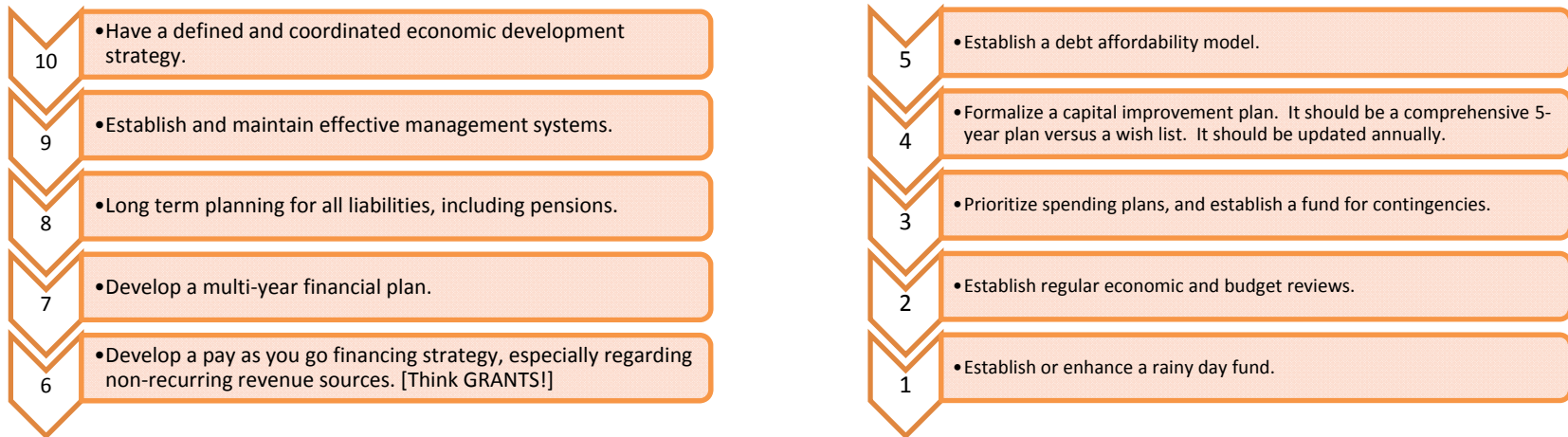
***must***

***support existing transit services and non-transit programs, expansion of other transit services, and ongoing capital rehabilitation (State of Good Repair) and replacement while maintaining a prudent level of working capital.***

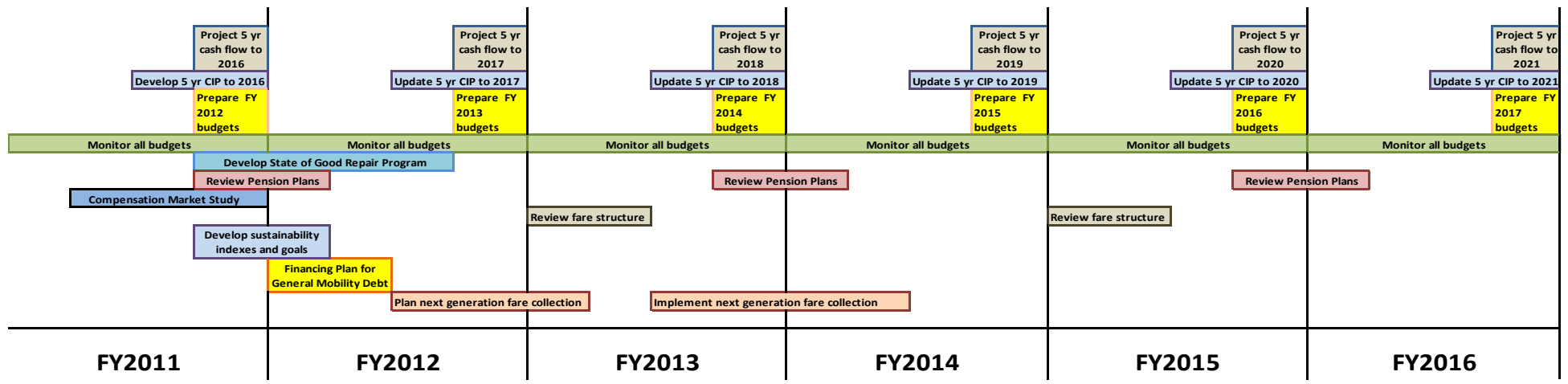
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The following is a model approach to reference as METRO's financial future is planned out:

**How to Improve your Bond Rating**  
Based on Standard & Poor's presentation to GFOAT  
November 2002



**Financial Sustainability 5-Year Timeline**



### Introduction to Budgeting and Accounting

Metropolitan Transit Authority of Harris County maintains its budget using the current financial resources measurement focus and the modified accrual basis of accounting as defined by Generally Accepted Accounting Standards (GAAP) and interpreted by the Governmental Accounting Standards Board (GASB), with certain exceptions. Under the current financial resources measurement focus, revenues are recorded when they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recognized when the liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and vested compensated absences.

Exceptions between the budget and modified accrual bases of accounting are as follows:

- Unrealized changes in the fair value of investments are not recognized on a budget basis
- Investment earnings are not accrued on a budget basis
- Prepaid expenditures for equipment and software maintenance are reported on a budget basis

For budget purposes, the financial activities of the Authority are reported in four separate funds: Operating, Debt Service, General Mobility, and Capital Projects including METRORail Expansion, bus acquisition and other capital projects. This division by fund is required by provisions of state law, voter referendum on General Mobility, and bond indentures. Such funds are combined for financial reporting purposes in order to present the financial position and results of operations of the Authority as a whole.

The Authority's financial statements are prepared according to GAAP for proprietary funds on the full accrual basis of accounting using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Therefore, additional adjustments are required to convert proprietary fund types from the budget basis/modified accrual basis of accounting to the full accrual basis of accounting. For example, disbursements for the acquisition of capital assets would be considered expenditures in METRO's local budget and the modified accrual basis of accounting, but are capitalized as capital assets under full accrual reporting. Conversely, receipts of proceeds from debt financing are a budgetary resource under METRO's local budget and the modified accrual basis of accounting, but are reported as liabilities under full accrual reporting. In the Comprehensive Annual Financial Report (CAFR), a budget-to-actual reconciliation is not required for an enterprise reporting system. The CAFR for the Metropolitan Transit Authority of Harris County is available at [www.ridemetro.org](http://www.ridemetro.org).

### Fiscal Policy

The Metropolitan Transit Authority is accountable to its citizens for the use of public dollars. The following Metropolitan Transit Authority comprehensive financial and budget policies adopted by management establish the framework for METRO's overall fiscal planning and management to ensure that it fulfills this fiduciary responsibility. They set forth guidelines against which current budgetary performance can be measured and proposals for future programs can be evaluated. METRO's adopted financial and budget policies show the credit rating industry and prospective investors (bond buyers) the Authority's commitment to sound financial management and fiscal integrity. The financial and budget policies also improve the Authority's fiscal stability by helping METRO's management plan fiscal strategy with a consistent approach.

### Operating Management Policies

- Recurring operating expenses/expenditures will be funded using recurring operating revenues rather than one-time revenues such as bonds and other debt.
- The budget process is intended to weigh all competing requests for the Authority's resources, within expected fiscal constraints.
- Requests for new, ongoing programs should be made in conjunction with the annual budget process or a budget adjustment process.
- An annual budget approach will be used to provide stability to the day to day operations while allowing budget corrections as unforeseen circumstances arise.
- A five-year forecast of the Authority's revenue and expense forecasts will be prepared at the beginning of each budget process to determine whether the current mix and level of resources are likely to continue to be sufficient to cover current service levels and to provide for long-term strategic planning.
- All departments will participate in the responsibility of meeting policy goals and ensuring long-term financial health.
- Provide sufficient resources to the Contingency Reserve so that they can be used to reasonably respond to critical unforeseen needs of the Authority without requiring the Authority to divert resources from other important services.
- Expenditures from the Contingency Reserve require the approval of the CEO.
- Establish fares sufficient to provide net positive operating results.

### Reserve Policies

Cash reserves contribute to the financial stability and health of the Authority in a variety of ways. They can be used to fund unexpected one-time expenditures/expenses; they can be used to mitigate the effects of an economic downturn or other events that cause a reduction in revenues, and they help the Authority maintain favorable credit ratings.

**Cash Reserve Policies**— As a minimum, the Cash Reserve should have balances of at least 15% of the operating budget. No use of ending fund balance below 15% shall be authorized without a vote of the Authority's Board.

**Other Cash Reserve Policies**— Reserve balances for other expenditures shall be set through the budget process in an amount consistent with the purpose and nature of the expense.

### Explanation of CAFR discrepancies

The primary difference between a budget and a CAFR is that while the budget is a plan for the fiscal period primarily showing where income is to be allocated, the CAFR contains the results of the period with previous years' accumulations. A CAFR shows the total of all financial accounting that a general purpose budget reports does not. Additionally, the CAFR gives a detailed showing of assets, liabilities, and investment accounts by category reflecting balances over previous years.

The Metropolitan Transit Authority of Harris County budget document is a blueprint for a "specific grouping" of Metropolitan Transit Authority of Harris County departments' spending over the course of an annual financial period. General Purpose Budgets contain both the spending categories of specified units of the Metropolitan Transit Authority of Harris County, such as Service Delivery, Capital Programs, Finance, Police, Administration, and Service Design & Development; along with estimates of revenues expected to occur during the year, such as investment return, fare revenue, and sales tax. Budgets are

usually more limited to the expected costs of running the aforementioned transit operations through available resources as opposed to describing the status of any fixed assets and short term liabilities.

A CAFR is a report of the complete overall financial results of both those "specific groupings" of the Authority's departments that appear in the current fiscal year General Purpose Budget and all other departments. The CAFR can be used along with a budget document to compare the organizations total financial standing to the annual general purpose budget. The CAFR is the complete showing of the financial investment and income records from all sources that reflects what has developed over decades, whereas a budget report is primarily focused on what revenue is expected to be brought in and spent for just the year.

### **Summary of Significant Accounting Policies**

The Metropolitan Transit Authority of Harris County, Texas (the Authority) prepares its financial statements in accordance with generally accepted accounting principles established or approved by the Governmental Accounting Standards Board (GASB), the more significant of which are described below.

### **Reporting Entity**

The Authority is a stand-alone governmental entity as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

### **Investment Policy**

The Authority's investment policy is to minimize interest rate and credit risk by investing a majority of the portfolio in short-term investments such as commercial paper, money market mutual funds and obligations of the United States of America with maturities generally less than two years. Investments not insured or guaranteed by a governmental entity must be rated by a nationally recognized organization with rating not less than AAAm, A-1, P-1, F-1 or equivalent ratings.

METRO has historically maintained a working capital reserve to cover operating and capital expenses. The absolute minimum cash balance is defined by METRO's Board approved debt policy. The required ending balance is 15 percent of annualized operating expenditures for the following fiscal year.



### Cash and Investments (as of June 30, 2011)

<b>Investments</b>	<b>Amount</b>	<b>Percentage of Portfolio</b>
Cash	\$ 1,139,745	1.29%
Money Market Mutual Funds	16,541,054	18.82%
Local Government Investment Pools	43,223,298	49.17%
U.S. Treasury Notes	10,000,000	11.38%
<u>Texas Municipal Commercial Paper</u>	<u>17,000,000</u>	<u>19.34%</u>
<b>Total</b>	<b>\$87,904,097</b>	<b>100.00%</b>

The table above reflects General and Operating funds and does not include monies escrowed for General Mobility program commitments.

### Financing Approach

The current method of financing that will be used by METRO is traditional financing. This method of financing pays costs as they are incurred by using traditional bonds, as well as revenue sources comprised of fare revenues, sales tax revenues, Federal grants and other sources.

### Underlying Assumptions

The financial analysis in this document was structured around assumptions described in terms of the following major considerations:

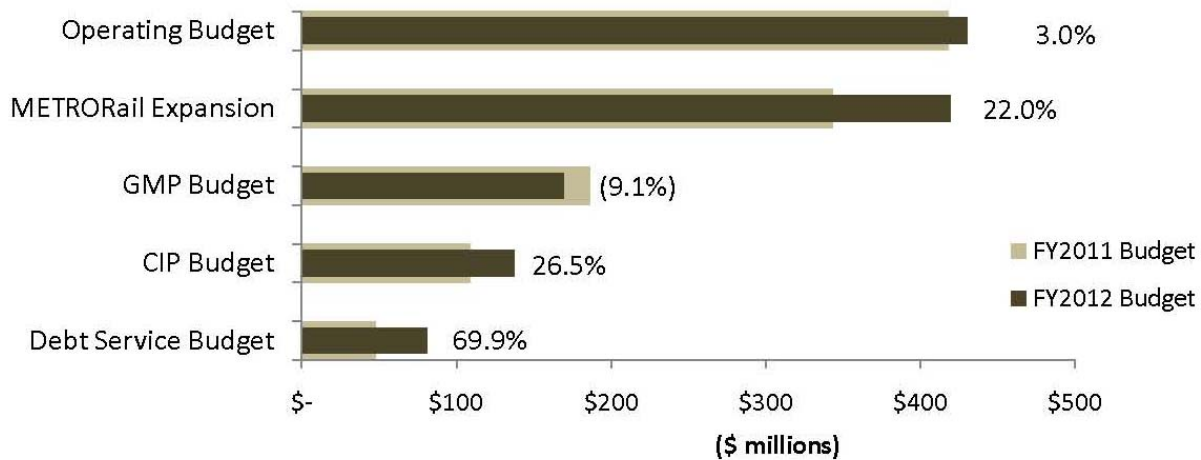
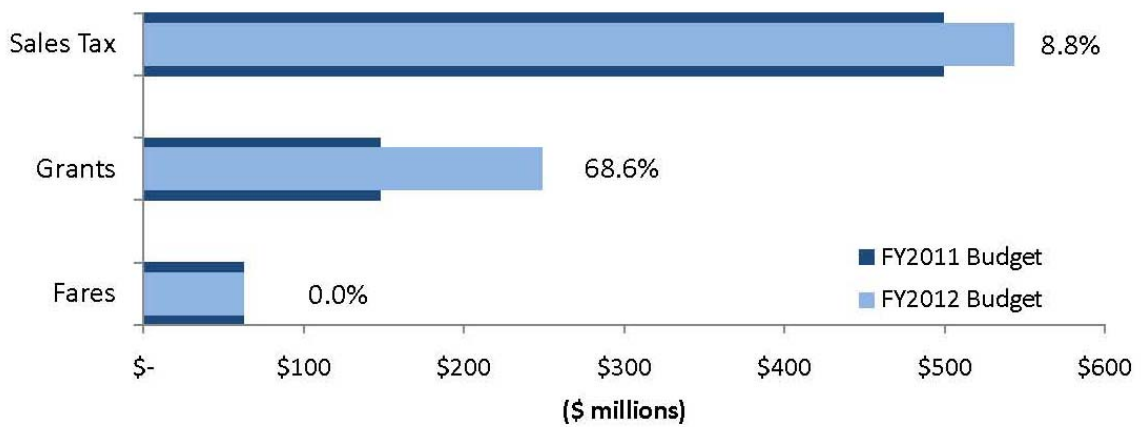
- Rail system construction and construction schedule
- Federal funding and local funding including sales taxes
- Inflation and interest rates
- Bond financing

### Construction Schedule

The following construction schedule was assumed:

- Final Design: August 17, 2009
- Construction: July 2009 - September 2014
- Start of operations: 2014 - 2015

## Year-to-Year Budget Comparisons



## Net Summary

Section 451.102 of the Texas Transportation Code requires the Board of Directors of the Metropolitan Transit Authority to adopt an annual budget which specifies major expenditures by type and amount prior to the commencement of a fiscal year.

The FY2012 budget is prepared based on METRO's three Strategic Priorities and seven Operating Principles.

The total proposed budget for FY2012 is \$1,237.4 million, an increase of \$133.2 million or 12% from the revised FY2011 budget. The table below shows the three major expenditures by type – Operating, Capital and Debt Service.

**Net Summary**  
**Proposed FY2012 Annual Budget**  
(in millions)

Description	Original Approved FY11 Budget	Additional Board Approval Jan 2011	Additional Board Approval Mar 2011	Additional Board Approval Apr 2011	Revised Approved FY11 Budget	Proposed FY12 Budget	Increase
Operating Budget	\$ 418.1				\$ 418.1	\$ 430.4	\$ 12.3 3%
Capital Budget	247.6	14.4	185.5	4.5	452.1	556.6	104.5 23%
GMP Budget	186.3				186.3	169.3	(17.0) -9%
Debt Service	47.7				47.7	81.1	33.4 70%
	\$ 899.8	\$ 14.4	\$ 185.5	\$ 4.5	\$ 1,104.2	\$ 1,237.4	\$ 133.2 12%

### Operating Budget

The proposed Operating budget is \$430.4 million, an increase \$12.3 million or 3% from FY2011 approved budget level.

The increase is largely due to non-controllable factors such as fuel expense with a projected increase of \$11 million and METROLift costs with a projected increase of \$3 million. In order to mitigate these increases, the budget is counting on potential savings expected to result from modifications to be made to the poorly performing routes, reduction in service contract costs arrived at by analyzing METRO services and programs to reduce or eliminate those that are less critical to our customers, and carefully managing the reduction in non-union headcount, through offering programs such as voluntary early retirement (VERP) and voluntary layoffs (VLO), and if necessary, reduction in force (RIF) measures.

### Capital Budget

METRO's focus remains providing clean and safe public transit and delivering key rail plans and other critical transit programs. However, in recognition of the current fiscal environment, the Authority will defer some none critical expenditures for maintenance, infrastructure replacements, studies and plans.

The proposed Capital budget of \$556.6 million is comprised of \$419.2 million for METRORail Expansion (MRE) expenditures, \$86.4 million for capital improvement projects (CIP) and \$51 million for bus replacements.

The current capital budget reflects an increase of \$104.5 million or 23% over the FY2011 approved budget level. This rise is largely due to an increase of \$75.8 million in MRE expenditures and an increase of \$28.7 million in planned CIP and bus replacement expenditures.

The \$75.8 million increase noted in the FY2012 MRE budget is attributed to a wider range of construction activities as the LRT Program transitions from Phase One: Underground Utility Installation to Phase Two: Road Widening. The three LRT lines currently in construction have simultaneously entered into Phase Two, which involves concrete road widening, bridge construction at a number of locations, and the preliminary work associated with the center Guideway installation effort. In addition to the ramped up construction efforts, more aggressive procurement activity will occur in Phase Two, as the systems engineering design, rail car acquisition activities and rail station construction efforts occur.

### **General Mobility Program Budget**

The FY2011 General Mobility program budget is \$169.3 million, a decrease of \$17.0 million or 9.0% from the prior year. The decrease reflects the extension by three months of repayment for carryover balances of the GMP escrow account to the City and County.

In addition to the monthly 25% sales tax commitment that METRO makes to the GMP escrow account, the Authority will set aside \$39.0 million i.e. \$ 3.25 million in monthly payments to the City and County, to cover carryover balances resulting from prior periods.

### **Debt Service**

The proposed budget for debt service is \$81.1 million, an increase of \$33.4 million or 70% from FY2011 approved budget level.

The debt service budget includes principal and interest payments and required deposits to the debt service reserve fund.

As METRO ramps up its MRE program and continues to maintain its routine bus replacement plans, financing costs associated with external funding sources which are used to fund these unique expenditures will increase.

## Sources & Uses of Funds

The FY2012 budget calls for \$1,237.4 million to fund Operating Expenditures, Debt Service, General Mobility Program (GMP), Capital Improvement Projects (CIP) and the METRORail Expansion (MRE) program.

The table below summarizes the Sources and Uses of Funds for the FY2012 budget. It segregates the Authority's operations into two parts - the Operating and Capital Improvement Program and METRORail Expansion (MRE).

(in millions)

	Operating & CIP	METRORail Expansion	TOTAL
<b>SOURCES OF FUNDS</b>			
Fund Beginning Balance	115.500	-	115.500
<u>Revenues:</u>			
Sales Tax	543.321	-	543.321
Transportation Fares	62.617	-	62.617
Grants	132.724	115.993	248.717
Other Income	4.047	-	4.047
Total Revenues	742.709	115.993	858.702
<u>Debt Funding</u>			
Proceeds from Borrowing	25.880	303.239	329.119
<b>Total Sources of Funds</b>	<b>\$ 884.089</b>	<b>\$ 419.232</b>	<b>\$ 1,303.321</b>
<b>USES OF FUNDS</b>			
<u>Expenses:</u>			
Operating Budget	430.400	-	430.400
General Mobility Program	169.332	-	169.332
Capital Improvement Projects*	137.368	-	137.368
MRE Expenditures	-	419.232	419.232
Debt Service	81.089	-	81.089
Total Expenses	818.189	419.232	1,237.421
Fund Balance Reserve	65.900	-	65.900
<b>Total Uses of Funds</b>	<b>\$ 884.089</b>	<b>\$ 419.232</b>	<b>\$ 1,303.321</b>

\* Includes only Non-MRE projects and bus replacements expenditures

### **Funding of Operating and Capital Improvement Projects**

The Operating Budget of \$430.4 million, General Mobility Program of \$169.3 million, Capital Projects (i.e. Non- MRE and bus replacements) of \$137.4 million and Debt Service expenses of \$81.1 million, will largely be funded from several revenue sources (including sales tax receipts, transportation fares, operating and capital grants and other income) totaling \$742.7 million, and proceeds received from borrowing of \$25.9 million. In addition, METRO board approved Debt Policy adopted in June 2005 sets minimum target fiscal year ending fund balance (cash and investment portfolio) at 15% of the forward 12 month operating expenditures. Thus the beginning fund balance of \$115.5 million includes a reserved amount of \$64.5 million which will be available to assist in the funding of the operating and non-MRE capital expenditures while maintaining the minimum target fiscal year fund balance required for forward 12 month operating period expenditures. The remainder of the beginning balance (\$51 million resulting from the issuance of contractual obligations issued in September 2011) will be specifically available to cover FY2012 bus replacement expenditures of the same amount.

### **Funding of the METRO Rail Expansion Program**

The FY2012 budget for the METRO Rail Expansion is \$419.2 million. The funding sources for this program include proceeds of borrowing (contractual obligations and bond issuances) totaling \$303.2 million and grant revenues of \$116.0 million.



## Statement of Net Assets

The table below shows the Authority's Statement of Net Assets as of fiscal years ending September 30, 2010, 2011, and 2012.

(in \$ millions)

	<b>FY2010 Actual</b>	<b>FY2011 Budget</b>	<b>FY2011 Projection</b>	<b>FY2012 Budget</b>
<b>Assets</b>				
Cash	1.565	64.803	0.552	1.750
Receivables	167.390	130.029	130.000	129.826
Inventory	22.400	17.200	18.500	18.500
Investments	212.591	143.387	200.461	194.461
Other Assets	255.786	38.202	250.000	245.000
Debt Issuance Costs	-	-	5.571	7.500
Property Net of Depreciation	2,032.039	2,621.719	2,619.119	2,786.557
<b>Total Assets</b>	<b>\$ 2,691.771</b>	<b>\$ 3,015.340</b>	<b>\$ 3,224.202</b>	<b>\$ 3,383.593</b>
<b>Liabilities</b>				
Trade Payables	124.829	120.207	130.207	130.000
Accrued Payroll	24.704	23.685	27.600	24.600
Short-Term Debt	190.000	190.000	190.000	190.000
Long-Term Liabilities	694.121	625.537	984.258	1,009.325
Other Liabilities	<b>63.789</b>	181.381	252.000	252.000
<b>Total Liabilities</b>	<b>\$ 1,097.443</b>	<b>\$ 1,140.810</b>	<b>\$ 1,584.065</b>	<b>\$ 1,605.925</b>
<b>Net Assets - Retained</b>	<b>\$ 1,594.328</b>	<b>\$ 1,874.530</b>	<b>\$ 1,640.137</b>	<b>\$ 1,777.668</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,691.771</b>	<b>\$ 3,015.340</b>	<b>\$ 3,224.202</b>	<b>\$ 3,383.593</b>

*Notes: Modified classification of debt issuance costs in FY2010*

## Five Year Cash Flow Projections

(in \$ millions)

	FY2012	FY2013	FY2014	FY2015	FY2016
<b>SOURCES:</b>					
Beginning Fund Balance	115.500	65.900	69.500	69.246	71.702
Sales Tax	543.321	566.032	591.896	624.702	664.443
Fare Revenue	62.617	65.087	66.576	76.982	85.926
Grant Proceeds	248.717	461.172	346.290	293.807	263.400
Proceeds from Borrowing	329.119	193.971	198.059	1.423	80.999
Other Revenues	4.047	11.184	13.041	13.041	13.041
<b>Total Sources</b>	<b>1,303.321</b>	<b>1,363.346</b>	<b>1,285.362</b>	<b>1,079.201</b>	<b>1,179.512</b>
<b>USES</b>					
Operating Budget Expenditures	430.400	439.000	454.975	471.349	488.133
Capital Improvement Projects and Bus Replacements	137.368	148.000	148.000	148.000	148.000
General Mobility Program	169.332	153.409	141.863	149.146	162.034
METRORail Expansion Program	419.232	462.795	352.245	110.347	172.000
Debt Service	81.089	90.642	119.033	128.656	135.125
Ending Fund Balance	65.900	69.500	69.246	71.702	74.220
<b>Total Uses</b>	<b>1,303.321</b>	<b>1,363.346</b>	<b>1,285.362</b>	<b>1,079.201</b>	<b>1,179.512</b>

## Statement of Revenues, Expenses, and Changes in Net Assets

The table below – Statement of Revenues, Expenses and Changes in Net Assets – uses the Comprehensive Annual Financial Report (CAFR) format and is prepared using the economic resources focus and the accrual basis of accounting – revenues are recognized when earned and expenses are recognized when incurred. In other words, all the current year’s revenues and expenses are included regardless of when the cash is received or paid.

### Statement of Revenues, Expenses and Changes in Net Assets (in millions)

	FY2010 Actual	FY2011 Budget	FY2011 Projection	FY2012 Budget
<b>REVENUES</b>				
<b>Operating Revenues:</b>				
Revenues:				
Transportation Fares	64.539	62.600	62.600	62.617
HOT Lane Revenues	-	-	-	1.000
Total Operating Revenues	64.539	62.600	62.600	63.617
<b>Operating Expenses:</b>				
Transit Operating	418.575	418.063	418.063	430.400
Depreciation and Amortization	143.977	129.081	111.504	111.504
Total Operating Expenses	562.553	547.144	529.568	541.904
<b>Operating Loss</b>	<b>\$ (498.014)</b>	<b>\$ (484.544)</b>	<b>\$ (466.968)</b>	<b>\$ (478.287)</b>
<b>Non-Operating Revenues (Expenses):</b>				
Sales Tax	\$ 489.973	\$ 499.207	\$ 517.450	\$ 543.321
Investment Income	2.104	0.524	0.500	0.381
Inter-Government Revenue	1.987	-	1.986	1.986
Interest Expense	(7.494)	-	-	-
Other Income	0.849	-	0.523	0.679
Grant Proceeds - Operating (incl. reimbursements)	63.988	63.160	60.272	60.041
Local Infrastructure Assistance/GMP	(150.091)	(186.341)	(185.900)	(169.332)
Transit Mobility/Traffic Related	-	(1.481)	-	-
Loss for Asset Impairments	(180.308)	-	-	-
Loss on Sale for Disposal of Assets	(1.096)	-	(0.272)	-
Total Non-Operating Revenues	\$ 219.911	\$ 375.069	\$ 394.559	\$ 437.076
Loss before Capital Grants	\$ (278.103)	\$ (109.475)	\$ (72.408)	\$ (41.211)
Capital Grant Proceeds	91.504	93.774	118.218	178.742
<b>Changes in net assets</b>	<b>(186.599)</b>	<b>(15.701)</b>	<b>45.809</b>	<b>137.531</b>
<b>Net Assets - beginning of the year</b>	<b>1,780.926</b>	<b>1,890.231</b>	<b>1,594.328</b>	<b>1,640.137</b>
<b>Net Assets - end of the year</b>	<b>1,594.328</b>	<b>1,874.530</b>	<b>1,640.137</b>	<b>1,777.668</b>

## **BUDGET TO BUDGET COMPARISON**

*FY2012 vs. FY2011*

### **Operating Revenue**

In FY2012, the Authority is projecting a \$1 million or 1.6% increase in operating revenue. The increase is due to \$1 million from the operation of the High Occupancy Toll (HOT) Lanes - a new revenue source. Transit revenues (includes fare revenues from Bus, Rail and METROLift services) are projected to essentially remain flat, showing only a \$ 0.017 million increase.

### **Income / Expense Factors**

A 3.0% or \$12.3 million increase in operating expenses is projected in FY2012. Operating expenses consists of transit operations, traffic management and organization support. The increase in FY2012 of \$12.3 million is due mainly to the increase is largely due to non-controllable factors such as fuel expense with a projected increase of \$11 million, METROLift costs with a projected increase of \$3 million. In order to mitigate these increases, the budget is counting on potential savings expected to result from modifications made to the poorly performing routes, reduction in service contract costs arrived at by analyzing METRO services and programs to reduce or eliminate those that are less critical to our customers, and carefully managing the reduction in non-union headcount, through offering programs such as voluntary early retirement (VERP) and voluntary layoffs (VLO), and if necessary, reduction in force (RIF) measures.

### **Depreciation and Amortization**

With the retirement of assets, the Authority is projecting a 13.6% decrease in depreciation and amortization costs.

### **Non Operating Revenue**

Non operating Revenues (less non operating expenses) are projected to increase from \$375.1 million in FY2011 to \$437.1 million in FY2012 due to the following:

#### **Sales Tax**

With a much anticipated upturn in the economy, the Authority is projecting sales tax to rise to \$543.3 million, a budget-to-budget increase of \$44.1 million or 8.8%.

### **Investment Income**

The Authority is not expecting a significant change in interest rates and its investment portfolio mix in the upcoming year and thus only a slight change in investment income is anticipated in FY2012.

### **Intergovernmental Revenue**

The Authority projects receipt of \$2 million in Build America Bonds subsidies from the Internal Revenue Services (IRS) which will be at the same level as those received in FY2011.

### **Other Income**

The Authority is expecting other income of \$0.7 million in FY2012. This includes income from real estate of \$0.5 million, \$0.1 million from Medicare reimbursements and \$0.1 million from income received from fare evasion recovery efforts.

### **Operating Grant Proceeds (Including reimbursements)**

The Authority expects to maintain the level of operating grants for Bus, Rail, and METROLift preventative maintenance in FY2012. Other grant reimbursements including CMAQ, Vanpool, Fixed Route bus services, and Department of Homeland Security are also expected to be realized within the fiscal year. Overall operating grant proceeds and reimbursement income are set to decline slightly from \$63.2 million in the FY2011 budget to \$60.0 million in FY2012, a decrease of 4.9% or \$3.1 million.

### **Local Infrastructure Assistance**

By voter referendum METRO must allocate 25% of its sales tax revenue to programs to construct, rebuild and rehabilitate streets in the Houston region. These programs include the General Mobility Program, Regional Bus Plan-Downtown/Midtown/Texas Medical Center, street improvements and Regional Computerized Traffic Signal Systems, and transit mobility. As the streets are not the property of METRO, the construction expenditures are reported as current period non-operating expenses. In FY2012 the regional mobility budget is \$17.0 million or 9.1% less than the prior year's budget.

### **Capital Grant Proceeds**

The Authority is projecting that grant revenues will almost double from \$93.8 million in FY2011 to \$178.7 million FY2012, an increase of 90.6%.

## Net Assets

In FY2010 METRO recorded a loss of \$180.3 million resulting from assets that were considered to be impaired following the application of GASB Statement No. 42: *Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries*. The majority of the losses were incurred as the result of cancellation of a rail car contract, abandonment of a plan for an intermodal terminal and the write-off of planning and engineering studies after changes in planned rail alignments.

While the recognition of this \$180.3 million loss was not included in the determination of the FY2011 budget (as the budget preparation for the upcoming fiscal year precedes the annual audit process for the then current fiscal year), the FY2012 “Net Assets - beginning of the year” does reflect this adjustment. This loss of \$180.3 million provides and an explanation for much of the \$250.1 million or 13.2% variance in the Net Assets beginning of the year for the two years. In addition, the FY2012 “Net Assets - beginning of the year” data are based on the Projected FY2011 end of year balance which includes a \$72.4 million in projected losses before capital grants for FY2011.



## Revenues

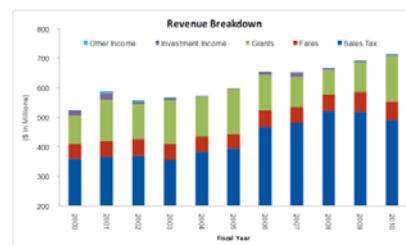
Texas Transportation Code authorizes METRO to impose fares, tolls, charges, rents, and other compensation in amounts sufficient to produce revenue, together with sales tax revenue received by the Authority, in an amount adequate to: (1) pay all expenses necessary to operate and maintain its transit system; (2) pay debt service, sinking fund and reserve fund payments (agreed to be made with respect to all Authority obligations payable in whole or part from such revenue) when due; and (3) fulfill the terms of any other agreement with the holders of any such obligations. The total of compensation and sales taxes imposed may not exceed the amounts necessary to produce revenue sufficient to meet the obligations of the Authority under Chapter 451, Texas Transportation Code.

### Available Funding Sources

- All lawfully available funds of the Authority:
  - Sales Tax Receipts
  - Farebox Revenues
  - Interest Income
  - Federal Grants



### Total Revenue (Historical)



Source: METRO Annual Financial Reports

#### Sales Tax



#### Farebox Revenue



#### Operating Grants



#### Capital Grants



#### Grants



## Overview of METRO Sales Tax

- METRO's sales tax rate is 1%
- METRO's sales tax is exclusive and separate from the sales taxes of member municipalities
- General Mobility Program takes 25% of 1% sales tax through 2014, leaving 75% to be pledged to bondholders
- METRO's sales tax is not subject to any sunset or renewal, and must be collected while bonds are outstanding
- Sales tax forecasting provided by Barton Smith, University of Houston (retired) economist



## Sales Tax Revenue

METRO's primary source of operating revenues is a dedicated one percent tax on all sales in the METRO service area. When METRO was created, service area voters approved the tax via referendum. METRO has collected the tax since. This tax currently provides METRO approximately \$500 million per year. It has grown at a compounded rate of growth of 4.82 percent since 1989 and is projected to grow at a compounded rate of growth of 5.70 percent from 2011 through 2035. Sales tax projections are developed by Dr. Barton A. Smith of the Center for Public Policy at the University of Houston.

## Sales Tax Strengths

- Sales taxes are derived from:
  - 4th largest City in the U.S.
  - 6th largest Metropolitan Statistical Area in the U.S.
- Positive and steady growth trends in sales tax<sup>(1)</sup>
  - 2005-2011 CAGR of 4.05%
  - 1997-2011 CAGR of 4.09%
  - Number of sales tax reporting units has grown from 92,629 in March 2000 to 108,000 in June 2011 (increase of 16.6%)

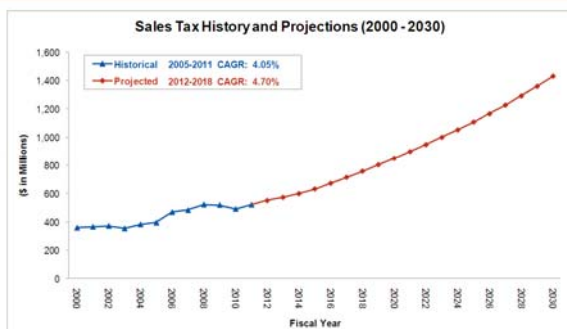
Source: (1) Texas State Comptroller Office



Twenty-five percent (25%) of METRO's sales and use tax revenues through September 30, 2014 are dedicated to the member entities through a contract with the voters for street improvements, mobility projects, and other facilities. These dedicated funds and their associated projects are locally known as the General Mobility Program (GMP). An election seeking a local determination by voters regarding METRO's continuing support after September 30, 2014 of the GMP will be called no later than January 1, 2013.

Revenue from the one percent sales tax is recognized when taxable sale transactions occur within the Authority service area. The Comptroller for the State of Texas collects and distributes these amounts to the appropriate governmental organizations with funding normally occurring within approximately 60 days from date of the sale.

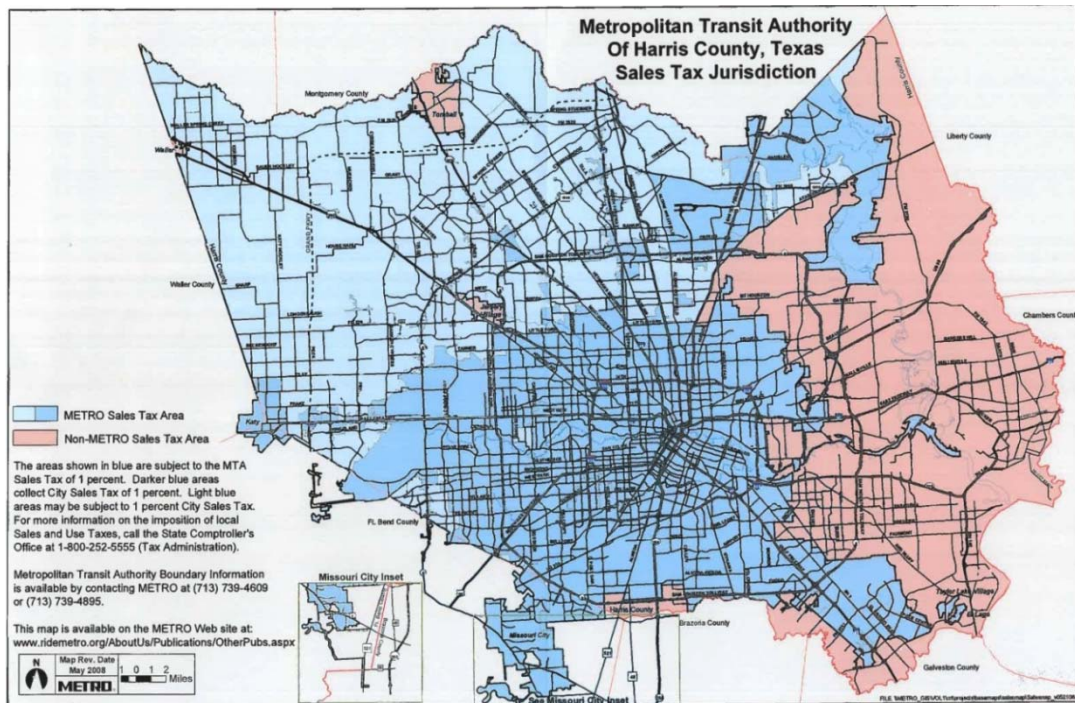
## Historical & Projected Growth in Sales Tax Revenues



Source: METRO & Barton Smith



The largest risk to METRO's ability to receive projected sales tax would be reduced economic activity, especially relating to oil and gas activity that, along with retail activity, is driving current growth.



*METRO's sales tax has experienced some volatility in recent years but overall is expected to continue to perform strongly. Growth of 8.2% in fiscal 2008 partly reflected rebuilding activity following Hurricane Ike. Collections in fiscal 2009 only increased by 0.2% although notably for the state as a whole they decreased by 2.7%. The recession took hold in Texas most notably during fiscal 2010, and similarly METRO's sales tax declined by 4.0% (but again fared better than the state's 6.7% decline). Average annual growth in METRO sales tax in the past 10 years is 3.0% and in the past 20 years is 4.2%. Fiscal 2011 year-to-date through August (METRO's fiscal year runs October 1-September 30) collections are 8.1% greater than the same period in the prior year and well ahead of budgeted growth of 1.9%. For fiscal 2012, METRO expects 5.0% sales tax growth, a reasonable assumption based on current local trends but one that could be optimistic if the national economic recovery continues to falter or if energy prices become volatile. -- Moody's Rating Agency, 2011*

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## Farebox Revenue

The second source of operating revenues is farebox revenues. In 1985, METRO's fare was \$0.55. Over the years, the fare has been increased by \$0.10, \$0.20, and in 1994 by \$0.15, which resulted in a fare of \$1.00. In conjunction with the implementation of new fare collection technology in 2008, METRO made changes to its fare structure and levels to begin regular improvement of its fare recovery ratio. The fare structure was simplified and most discounts were eliminated or reduced (except those required by law). On November 2, 2008, METRO's local base fare (bus and rail) increased \$0.25 to \$1.25 and premium services increased between \$0.50 and \$1.00 per trip as well. Still, METRO has one of the lowest fares in the country.

### CURRENT FARES FISCAL YEAR 2011

	Full Fare	Discounted Fare
Local/METRORail	\$1.25	\$0.60
Park & Ride Zone 1	\$2.00	\$1.00
Park & Ride Zone 2	\$3.25	\$1.60
Park & Ride Zone 3	\$3.75	\$1.85
Park & Ride Zone 4	\$4.50	\$2.25

Groups eligible for the discount are: Senior citizens from age 65 to age 69 (seniors 70 and older ride free), disabled riders, METROLift users who qualified after December 31, 2007 (those users who qualified prior to December 31, 2007 ride free), students age 6 through full-time college/university (children 5 and under ride free), and Medicare cardholders.

The METROLift fare is \$1.15 for a single ticket. Discounts are available for ten tickets, a monthly pass, and an annual pass. The last fare increase was in 1991. The discount fare structure is being evaluated.

#### Miscellaneous Revenue

The third source of operating revenues is called Miscellaneous Revenue. This line item is small and includes income from sources such as right-of-way easement leases and concessions at Park & Ride lots.

#### Interest Income

The fourth source of operating revenues for METRO is investment income. In the past, METRO developed a significant cash reserve as its operating revenues exceeded the needs of both the operating and capital budgets. METRO invests this reserve in interest-bearing accounts and other conservative, statute-allowed investments, generating the interest income line item. Even in years where reserves are limited, required minimum working capital balances will generate some interest income.

While METRO funds its operations and maintenance programs from its operating revenues, these operating revenues exceed the annual cost of operations and maintenance. The remainder of the operating revenues are then available to fund a portion of the capital program. METRO is not subject to any rules or limitations on how it may divide the use of its operating revenues between its operating and capital budgets.

#### Federal Funds

METRO receives federal grants from a number of funding categories, including Section 5307 – Urbanized Area Formula funds; Section 5309 – New Starts; Section 5309 – Discretionary Bus; Section 5309 – Fixed Guideway Modernization (FGM); Section 5308, Clean Vehicle Program; and Congestion Mitigation / Air Quality (CMAQ), and Surface Transportation Program (STP). Federal Highway Administration (FHWA) CMAQ and STP funds are highway funds that can be flexed from highways to transit to fund projects that will improve air quality, reduce congestion or improve regional mobility.

When programmed by the Transportation Policy Council (TPC) of the H-GAC, the CMAQ grant program may be applied to capital projects and to support operations of some transit services including programmed receipts for the Clean Vehicle Program, bike racks, and Signature Bus Service; the STP

funds may be applied to transit capital projects including programs in the TIP for the Intermodal Terminal.

### Federal New Starts Grant Funding



- FTA New Starts funding contributions (FTA/Local)
  - North Line: 60%/40%
  - Southeast Line: 55%/45%
- Target Federal Commitment: \$450 million per line; expected payout occurs over approximate 5 year period
- Letters of No Prejudice issued for vehicles, advance design, utility relocation, road, bridge, and guideway construction
- \$334 million appropriated to METRO under SAFETEA-LU
- Have received \$84 million so far



### Federal Transit Administration Grants

FTA is proposed to have an important role as a 60 percent shared capital expense funding partner in this corridor. The following FTA grant programs are included in the development of the financial plan:

#### Section 5307

These formula grants are based on various demographics, service levels, and ridership. Factors in the formula that allocate grants to urbanized areas were estimated based on annual growth in total SAFETEA-LU Section 5307 funds adjusted to account for a larger transit service and demographic base over which these grants are applied. SAFETEA-

LU limits the application of these grants to capital purposes, but preventative maintenance expenses in the operating budget may be considered as “capital” for this purpose.

#### Section 5309 Bus Related

These discretionary grants are applied to the purchase of buses and bus-related assets.

#### Congestion Mitigation/Air Quality (CMAQ)

This grant program is applied to capital projects and provides support in the operation of some transit services.

#### Full Funding Grant Agreements

Today, METRO is on schedule to receive two Full Funding Grant Agreements (“FFGAs”) from the Federal Transit Administration (FTA) later this year. Those grant contracts, together with funding already in place, will commit the FTA to an aggregate of \$900 million in federal grant funding for the two light rail extensions. Regarding the Full Funding Grant Agreements for the North and Southeast Corridors, Congress has set aside one third of the funding for these grants, \$150 million each in FY2010 and FY2011.

#### Full Funding Grant Agreements (in millions)

	North	Southeast	Total
In Place	\$ 42.225	\$ 42.225	\$ 84.450
Future	407.775	407.775	815.550
Total	\$ 450.000	\$450.000	\$ 900.000



## Operating Budget

The Authority Act requires the Board to adopt an annual operating budget of all major expenditures by type and amount for each fiscal year before conducting any business in the fiscal year. The Authority must hold a public hearing on each proposed annual operating budget, or any amendment to the budget, before adopting the budget or amendment.

**PUBLIC HEARING  
NOTICE**

**Metropolitan Transit  
Authority of Harris  
County, TX (METRO)**

**Public Hearing for  
FY2012 Operating &  
Capital Budgets**

The Public Hearing for METRO's FY2012 Operating & Capital Budgets will be held on Thursday, September 29, 2011, at 9:00 am in the METRO Board Room on the 2nd Floor at 1900 Main Street in Houston, TX.

METRO's FY2012 Operating & Capital Budgets will be available for public review beginning September 15, 2011 at METRO headquarters at 1900 Main Street on the 14th Floor by contacting Rosa Díaz at 713-739-4918. Also, you are urged to visit METRO's website [www.ridemetro.org](http://www.ridemetro.org) to view the document and make comments.

The Authority constantly manages performance against its budget. Detailed financial reports are produced monthly and quarterly for review by the Board of Directors. Each department prepares quarterly reports and meets with the Board to review the departmental budget performance against scorecards.

The Authority budgets its Total Operating Expenses for each fiscal year. "*Total Operating Expense*" is the sum of all employee labor, the cost of supporting that labor (e.g., insurance, space, utilities) and the direct costs for operating and maintaining the bus and rail system, including purchased transportation and support vehicles (e.g., parts, fuel, tires, batteries, etc.) and also includes the labor expenses of the Authority's employees incurred when those employees perform work on capital improvement projects.

The Authority segregates budgeted Total Operating Expense into three areas on a full-cost basis.

**Transit:** This category refers to the full cost of operating, maintaining and providing security for the bus and rail systems (i.e., local, express, Park & Ride, METROLift, METRO STAR and rail), less any service cost allocated to Capital.

**Traffic Management:** The full cost of congestion management activities, including the operation and enforcement of the HOV System, major activity center traffic management and the Authority's share of the operational expenses incurred to operate the TranStar facility, a regional traffic control, emergency management and freeway incident management center.

**Expensed Small Capital Purchases:** The Authority recognizes capital purchases less than \$5,000 in this category. The purpose of this category is to reduce the cost associated with tracking and accounting for small value capital purchases.

The combination of Transit, Traffic Management and Expensed Small Capital Purchases comprises the Operating Budget.



### Operating and Maintenance O&M Costs

METRO uses a cost allocation methodology (Cost Allocation Model) for estimating its systemwide operations and maintenance costs that are used as inputs to the cost-effectiveness and operating efficiencies criteria. This methodology uses actual METRO operating experience as the foundation for the estimates. The methodology is described in more detail below.

### Selection of Key Driving Supply Variables

METRO has a Cost Allocation Model in which actual operating expenditures and service levels are tracked by three major categories – Operations, Maintenance, and General Administration – and many subcategories. The Cost Allocation Model also allocates expenditures across many transit modes, such as METRO-operated local service or contractor-operated Park & Ride service. This tracking method provides METRO the current cost of providing each service type and allows the accurate cost estimation for future levels of service.

METRO's Cost Allocation Model allocates current costs on many driving variables—called allocation bases in the METRO model. METRO then rolls up this detail into a three-factor model for forecasting bus O&M costs (for consistency with FTA methodologies) and a five-factor model for rail operating costs.

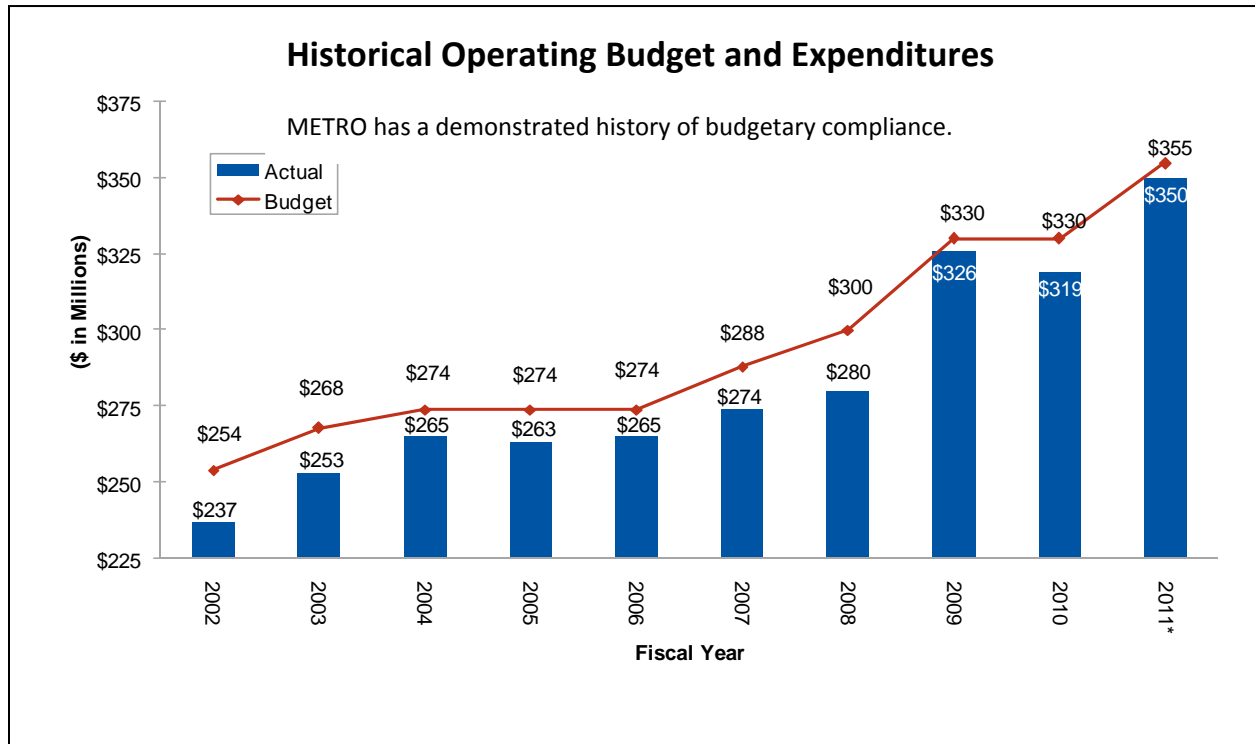
The key driving variables for forecasting bus O&M costs are revenue hours, revenue miles, and peak vehicles. In general, operations-related costs are allocated in the Cost Allocation Model to the various bus modes on scheduled revenue hours, scheduled vehicle hours, or scheduled operator pay hours. Since the travel demand model provides estimates of scheduled revenue hours for each mode, this factor is used as the key driving factor for bus operations costs. Bus maintenance costs are generally allocated on scheduled vehicle miles in the Cost Allocation Model. The corresponding key driving variable for the forecasts is scheduled revenue miles, since this is the corresponding

output that is provided by the travel demand model. Administrative costs and facility maintenance costs are allocated in the Cost Allocation Model on a variety of bases—depending on the type of costs—including ridership by mode, peak vehicles by mode, and number of Park & Ride lots. In the forecasts, these costs are driven by the future peak vehicles by mode.

Rail operations and maintenance costs are booked separately in METRO's financial system and can, therefore, be allocated directly to the light rail service mode. The estimation of light rail operating factors is analogous to traditional bus service. Service factors are highly influenced by the alignment definition (directional route miles, number of stations, yard/shop/operations and facilities), in addition to the travel demand forecasts (peak vehicles required, vehicle miles, and vehicle hours). A five-factor model is used for estimating light rail O&M costs to accurately capture changes in service characteristics in this mode over time. The technology will be the same; therefore, the same basic cost components will apply. However, the service will vary from slower inner city, mixed flow applications to higher speed, exclusive operations to the suburbs. METRO's experience is based on one 7.5-mile line, while the future system will include numerous lines running at different speeds, different station spacing, and different service characteristics from the current service. Therefore, a multi-factor model is used to capture these changes in the service characteristics over time. The five driving variables that are used are: revenue train hours, revenue car miles, peak vehicles, stations, and guideway miles.

Substantial risks that could cause a variance between actual and budgeted expenses include possible increases in pension and other employee benefit funding requirements, possible increases in unhedged energy costs or failures of hedges, increased costs from possible storm damage and other risks that cannot be predicted or avoided.

The chart below shows METRO's historical budget versus actual performance. Numbers shown are the historical budget presentation not adjusted to gross up grants and other reimbursements.



\* estimated

METRO has a history of conservative budgeting leading to solid financial performance; those trends continued in fiscal 2010 even as pledged sales tax collections weakened. METRO has ended each fiscal year since 2002 with an operating budget surplus, although those are expected to narrow going forward as it realizes certain capital expenditures as operating costs.

## Increases & Decreases

FY2011 Board Approved Operating Budget (restated)	\$	418,100,000
Net Increases from FY2011		31,509,000
Net Decreases from FY2011		(19,209,000)
<b>FY2012 OPERATING BUDGET</b>	<b>\$</b>	<b>430,400,000</b>
Net Increase in Operating Budget		12,300,000

<b>MAJOR INCREASES &amp; DECREASES</b>		
<u>Increases</u>		
Diesel fuel and gasoline (net of reduction for service efficiency)	\$	11,222,000
Capitalization (stricter application of accounting rules)		10,029,000
Operating expenses associated with implementation of HOT Lanes		4,000,000
Contractual rate Increases for Purchased Transportation Services		2,475,000
Increased METROLift service associated with ridership		1,748,000
Annualization of service implemented in FY2011		1,000,000
New positions created to decrease expenses or increase revenue		510,000
Increased communications expenses associated with SAFEbus		300,000
Increased payroll taxes reflecting governmental extension of benefits		225,000
<b>Total Increases</b>	<b>\$</b>	<b>31,509,000</b>
<u>Decreases</u>		
Salaries and Non-Union Fringe benefits associated with rightsizing	\$	(5,882,000)
Wages and Union Fringe benefits associated with providing service more efficiently		(3,795,000)
Reduction in service contracts for financial, police training, and planning related items		(3,218,000)
Reduction in pension cost resulting from revised actuarial analysis		(2,313,000)
Decreased cost of contractor provided service associated with providing service more efficiently		(2,240,000)
Decreased cost of bus parts associated with providing service more efficiently		(583,000)
Elimination of concierge service associated with Airport Direct service		(555,000)
Decreased cost of vanpool services resulting from decreased ridership		(547,000)
All other decreases		(76,000)
<b>Total Decreases</b>	<b>\$</b>	<b>(19,209,000)</b>

## Increases & Decreases Explanations

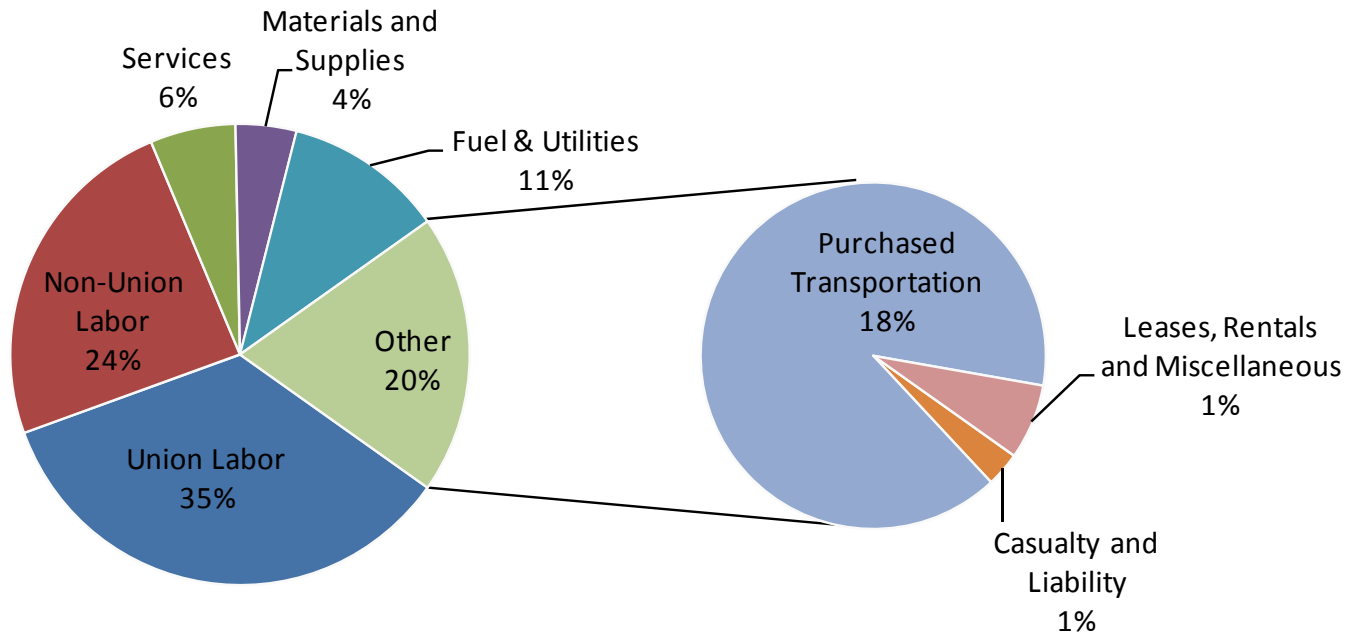
<b>Diesel fuel and gasoline (net of reduction for service efficiency)</b>	<b>\$</b>	<b>11,222,000</b>
METRO's diesel fuel costs will increase in FY2012 reflecting a higher cost of hedges put in place in previous periods. Gasoline, which METRO buys at market prices, is projected to be more expensive in FY2012.		
<b>Capitalization (stricter application of accounting rules)</b>		<b>10,029,000</b>
In FY2011, METRO continued the effort begun in FY2010 to more strictly interpret accounting rules resulting in a shift of expenses from the capital to the operating budget for both labor and non-labor items. This is reflected in a reduced allocation to capital in FY2012.		
<b>Operating expenses associated with implementation of HOT Lanes</b>		<b>4,000,000</b>
In FY2012, HOT Lanes will go into service. Although offset by revenue, costs incurred, primarily through a service contract with Transcore, will be recognized in the operating budget.		
<b>Contractual rate increases for Purchased Transportation Services</b>		<b>2,475,000</b>
<b>Increased METROLift service associated with ridership</b>		<b>1,748,000</b>
In order to satisfy demand for paratransit service, METROLift service will be increased		
<b>Annualization of service implemented in FY2011</b>		<b>1,000,000</b>
Increase reflecting the annual cost of service that has not been in place for a full year.		
<b>New positions created to decrease expenses or increase revenue</b>		<b>510,000</b>
In FY2012, METRO proposes to add 11 new salaried positions. Operation of the Fannin South parking lot and certain planning services can be provided more efficiently by METRO employees.		
<b>Increased communications expenses associated with SAFEbus</b>		<b>300,000</b>
As equipment is installed on buses, the resulting monthly communications charges will add to expense.		
<b>Increased payroll taxes reflecting governmental extension of benefits</b>		<b>225,000</b>
To reflect government extension of the period that unemployment benefits may be collected, METRO has increased expenses.		

<b>Salaries and Non-Union Fringe benefits associated with rightsizing</b>	<b>(5,882,000)</b>
<b>Wages and Union Fringe benefits associated with providing service more efficiently</b> In FY2012, METRO will continue the effort to provide service more efficiently. This effort will include providing some fixed route service using alternate service methods. As a result of this effort, METRO projects savings in both labor and non labor areas. Major reductions are described as "providing service more efficiently".	<b>(3,795,000)</b>
<b>Reduction in service contracts for financial, Police training, and planning related items</b> In a cost reduction effort, METRO examined all service contracts and has reduced expenses significantly.	<b>(3,218,000)</b>
<b>Reduction in pension cost resulting from revised actuarial analysis</b>	<b>(2,313,000)</b>
<b>Decreased cost of contractor provided service associated with providing service more efficiently</b>	<b>(2,240,000)</b>
<b>Decreased cost of bus parts associated with providing service more efficiently</b>	<b>(583,000)</b>
<b>Elimination of concierge service associated with Airport Direct service</b>	<b>(555,000)</b>
<b>Decreased cost of vanpool services resulting from decreased ridership</b>	<b>(547,000)</b>

## Cost Categories

	FY2010 <u>Actual</u>	FY2011 <u>Budget</u>	FY2011 <u>Estimate</u>	FY2012 <u>Budget</u>	Budget-to-Budget Variance	
	\$	\$	\$	\$	\$	%
Wages	97,059,906	102,912,718	101,015,883	99,642,115	(3,270,603)	(3.2%)
Union Fringe Benefits	44,819,164	53,095,872	52,324,489	52,797,070	(298,802)	(0.6%)
<b>Subtotal Union Labor</b>	<b>141,879,070</b>	<b>156,008,590</b>	<b>153,340,372</b>	<b>152,439,185</b>	<b>(3,569,405)</b>	<b>(2.3%)</b>
Salaries and Non-Union Wages	71,412,553	75,371,607	73,454,018	71,395,342	(3,976,265)	(5.3%)
Non-Union Fringe Benefits	34,224,386	36,853,184	36,222,874	34,947,880	(1,905,304)	(5.2%)
<b>Subtotal Non-Union Labor</b>	<b>105,636,939</b>	<b>112,224,791</b>	<b>109,676,892</b>	<b>106,343,222</b>	<b>(5,881,569)</b>	<b>(5.2%)</b>
<b>Subtotal Labor and Fringe Benefits</b>	<b>247,516,009</b>	<b>268,233,381</b>	<b>263,017,264</b>	<b>258,782,407</b>	<b>(9,450,974)</b>	<b>(3.5%)</b>
Services	24,879,591	26,303,649	27,099,594	26,442,164	138,515	0.5%
Materials and Supplies	18,217,052	19,514,981	18,350,270	18,820,758	(694,223)	(3.6%)
Fuel & Utilities	47,222,373	37,812,140	36,894,544	49,392,199	11,580,059	30.6%
Casualty and Liability	(1,157,546)	2,591,778	2,505,664	2,788,945	197,167	7.6%
Purchased Transportation	70,972,584	75,860,555	76,110,609	77,296,967	1,436,412	1.9%
Leases, Rentals and Miscellaneous	3,046,954	7,173,861	6,620,493	6,059,772	(1,114,089)	(15.5%)
<b>Subtotal Non-Labor</b>	<b>163,181,008</b>	<b>169,256,964</b>	<b>167,581,174</b>	<b>180,800,805</b>	<b>11,543,841</b>	<b>6.8%</b>
<b>Subtotal Labor and Non Labor</b>	<b>410,697,017</b>	<b>437,490,345</b>	<b>430,598,438</b>	<b>439,583,212</b>	<b>2,092,867</b>	<b>0.5%</b>
Contingency	-	4,785,467	-	5,000,000	214,533	4.5%
Allocation to Capital and GMP	(24,812,841)	(24,212,420)	(18,081,207)	(14,183,212)	10,029,208	41.4%
<b>Subtotal Contingency/Allocation</b>	<b>(24,812,841)</b>	<b>(19,426,953)</b>	<b>(18,081,207)</b>	<b>(9,183,212)</b>	<b>10,243,741</b>	<b>52.7%</b>
<b>Total Operating Expenses</b>	<b>\$ 385,884,176</b>	<b>\$ 418,063,392</b>	<b>\$ 412,517,231</b>	<b>\$ 430,400,000</b>	<b>\$ 12,336,608</b>	<b>3.0%</b>

## Operating FY2012 Budget Breakdown





## Variance Summaries

<u>Expense Type</u>	<u>FY2011 Budget</u>	<u>FY2012 Budget</u>	<u>\$ Variance (favorable) / unfavorable</u>
<b>Union Labor</b>	<b>\$ 156,008,590</b>	<b>\$ 152,439,185</b>	<b>\$ (3,569,405)</b>
Wages - 3% lower wages reflect increased efficiency in providing fixed route service			(3,271,000)
Union Fringe Benefits - lower fringe benefits resulting from lower wages			(524,000)
Payroll Taxes - Governmental extension of benefits for salary and wage employees			225,000
<b>Non-Union Labor</b>	<b>112,224,791</b>	<b>106,343,222</b>	<b>(5,881,569)</b>
Salaries - 5% reduction in salaries reflect rightsizing of the Authority			(3,976,000)
Non-Union Labor Fringe Benefits - 5% lower fringe benefits resulting from lower salary expenses			(1,905,000)
<b>Services</b>	<b>26,303,649</b>	<b>26,442,164</b>	<b>138,515</b>
CAO Department - Completion of Homeland Security funded training and more efficient provision of security at METRO facilities			(1,592,000)
Finance Department - Reduction in contract services for fare collection system "back office" and financial advisory services			(1,115,000)
Service Delivery Department - Discontinuation of the concierge service associated with Airport Direct and reductions in vehicle repair services			(876,000)
Service Design & Development Department - Reduction in contract services for system and service planning			(511,000)
Operating expenses associated with implementation of HOT Lanes			4,000,000
<b>Materials &amp; Supplies</b>	<b>19,514,981</b>	<b>18,820,758</b>	<b>(694,223)</b>
Decreased parts cost associated with increased efficiency in providing fixed route service			(583,000)
Reduced supplies cost associated with METRO Q fare card and METRO Money			(104,000)
<b>Fuel &amp; Utilities</b>	<b>37,812,140</b>	<b>49,392,199</b>	<b>11,580,059</b>
Increased cost of diesel fuel associated with higher hedged price			10,900,000
Increased cost of gasoline associated with higher market prices			322,000
Increased communications expenses associated with the implementation of SAFEbus			300,000
<b>Casualty &amp; Liability</b>	<b>2,591,778</b>	<b>2,788,945</b>	<b>197,167</b>
Increases in property insurance premiums and insurance and administration fees on the Trade Contracts.			197,000
<b>Purchased Transportation</b>	<b>75,860,555</b>	<b>77,296,967</b>	<b>1,436,412</b>
Contractual rate increases in the Northwest and METROLift service contracts			2,475,000
Increased cost of METROLift resulting from increased ridership			1,748,000
Decreased cost of contractor provided fixed route service resulting from more efficiently providing the service			(2,240,000)
Decreased cost of vanpool services resulting primarily from decreased ridership			(547,000)
<b>Leases, Rentals and Miscellaneous</b>	<b>7,173,861</b>	<b>6,059,772</b>	<b>(1,114,089)</b>
Capital Programs Department - HOV maintenance costs have been transferred to the Services category of expenses with the implementation of HOT Lanes			(1,046,000)

## Budget by Department

<b>Departments</b>	<b>FY2010</b>	<b>FY2011</b>	<b>FY2011</b>	<b>FY2012</b>	<b>Budget-to-Budget Variance</b>	
	<b>Actual</b>	<b>Budget</b>	<b>Estimate</b>	<b>Budget</b>	<b>\$</b>	<b>%</b>
Service Delivery	\$286,152,208	\$298,654,970	\$295,506,450	\$307,505,050	\$8,850,080	3.0%
Capital Programs	(3,895)	2,268,306	2,268,306	4,638,205	2,369,899	104.5%
Service Design & Development	3,598,129	5,706,693	5,706,693	5,789,795	83,102	1.5%
VP Business Services	12,624	266,383	305,366	267,720	1,337	0.5%
Facility Maintenance	18,842,376	21,180,830	20,615,343	21,299,273	118,443	0.6%
Information Technology (IT)	10,392,862	9,924,977	12,284,372	11,902,136	1,977,159	19.9%
Small Business	698,458	589,698	896,316	989,121	399,423	67.7%
Human Resources	13,908,313	14,836,559	14,436,296	15,282,518	445,959	3.0%
Procurement & Mtrls.	7,692,850	8,085,947	8,023,194	7,407,095	(678,852)	(8.4%)
Records Management	504,356	680,723	465,274	404,589	(276,134)	(40.6%)
Real Estate	211,953	365,360	789,536	884,821	519,461	142.2%
Corp. Comm. & Mktg.	3,442,609	4,563,990	4,038,655	4,433,507	(130,483)	(2.9%)
Business Services	55,706,401	60,494,467	61,854,352	62,870,780	2,376,313	3.9%
Office of CAO	46,944	468,412	458,582	605,115	136,703	29.2%
METRO Police	18,717,860	20,036,891	17,915,910	18,575,178	(1,461,713)	(7.3%)
Performance Improvement	4,879	870,176	936,151	1,308,101	437,925	50.3%
Safety Department	4,822,568	5,443,993	5,379,203	5,565,189	121,196	2.2%
Compliance, EEO, ER, OD	373,219	906,093	872,277	879,326	(26,767)	(3.0%)
Chief Administrative Officer	79,671,871	88,220,032	87,416,475	89,803,689	1,583,657	1.8%
Law Department	3,561,825	2,054,774	3,131,899	2,321,924	267,150	13.0%
Finance	9,279,964	12,449,926	11,253,338	11,095,111	(1,354,815)	(10.9%)
Audit	1,244,460	1,004,680	1,134,900	1,232,933	228,253	22.7%
Executive Office	2,746,598	2,622,856	2,806,315	2,765,991	143,135	5.5%
Board	156,903	145,688	145,688	97,300	(48,388)	(33.2%)
Contingency	(533,023)	4,785,467	0	5,000,000	214,533	4.5%
Small Capital	9,136	150,000	100,000	150,000	0	0.0%
<b>TOTAL NET OPERATING</b>	<b>\$385,884,176</b>	<b>\$418,063,392</b>	<b>\$409,470,064</b>	<b>\$430,399,998</b>	<b>\$12,336,606</b>	<b>3.0%</b>

## Budget elements to note with expense trends

### Fuel

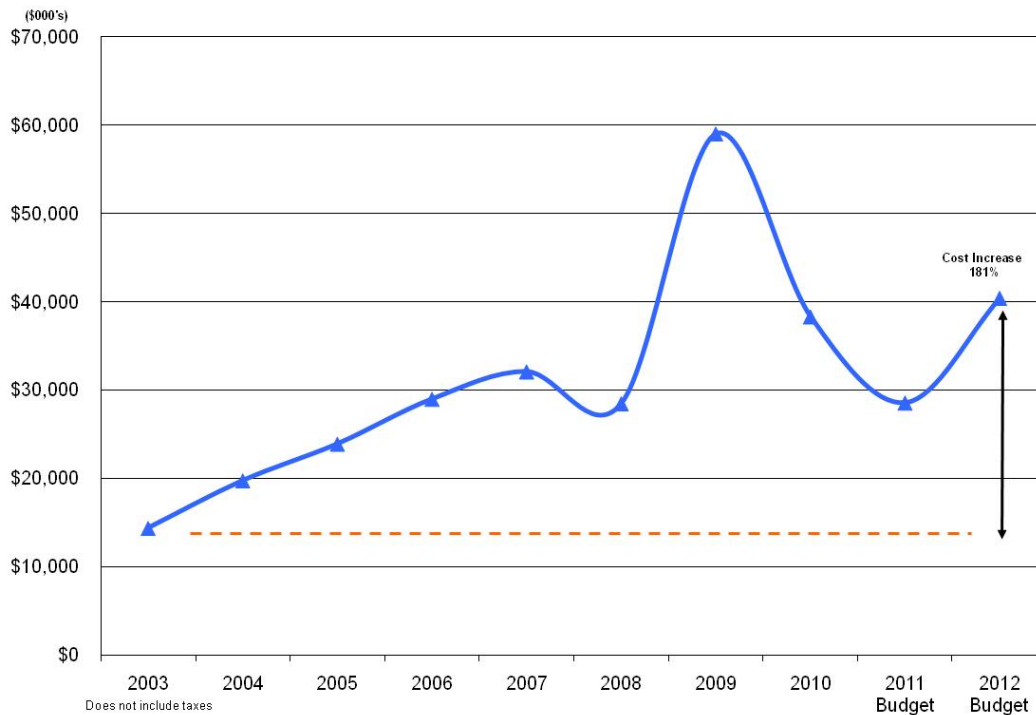
The market prices of diesel and gasoline have been extremely erratic over the past few years with a strong upward trend. This has put enormous pressure on METRO's fuel bill as illustrated in the following tables:

#### Gallons Used (METRO & Contractors)

	<u>Gallons Used (METRO &amp; Contractors)</u>								<u>FY11 Budget</u>	<u>FY12 Budget</u>
	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>		
Diesel	15,607,482	16,746,698	14,964,649	14,431,528	13,955,984	13,798,020	13,655,476	13,473,520	13,200,063	12,540,569
Gasoline	<u>725,966</u>	<u>723,128</u>	<u>700,488</u>	<u>727,601</u>	<u>749,019</u>	<u>807,518</u>	<u>839,395</u>	<u>886,229</u>	<u>966,437</u>	<u>1,017,571</u>
Total	16,333,448	17,469,827	15,665,136	15,159,129	14,705,003	14,605,538	14,494,872	14,359,749	14,166,501	13,558,140

#### Expenditures (METRO & Contractors)

	<u>Expenditures (METRO &amp; Contractors)</u>								<u>FY11 Budget</u>	<u>FY12 Budget</u>
	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>		
Diesel	\$ 13,722,561	\$ 19,001,484	\$ 22,834,852	\$ 27,552,712	\$ 30,633,825	\$ 26,313,230	\$ 57,687,033	\$ 36,591,759	\$ 26,719,450	\$ 37,616,025
Gasoline	<u>\$ 663,324</u>	<u>\$ 769,533</u>	<u>\$ 1,093,547</u>	<u>\$ 1,459,587</u>	<u>\$ 1,488,547</u>	<u>\$ 2,197,023</u>	<u>\$ 1,382,207</u>	<u>\$ 1,755,623</u>	<u>\$ 1,877,945</u>	<u>\$ 2,840,472</u>
Total	\$ 14,385,885	\$ 19,771,017	\$ 23,928,400	\$ 29,012,299	\$ 32,122,372	\$ 28,510,253	\$ 59,069,240	\$ 38,347,382	\$ 28,597,395	\$ 40,456,497



## Financial Hedges for Fuel

The Authority employs physical forward and financial commodities contracts to provide fuel and energy commodity price certainty for up to 24 months of expected consumption. Counterparties to the fuel hedging contracts must have either a minimum long-term rating of "A3" or "A-" assigned by at least two of the three nationally recognized rating agencies or comply with collateral posting requirements.

In FY2005 and FY2006 METRO contracted with Valero for a bulk purchase, Citgo for fixed price future contracts, Motiva (Shell) for fixed price future contracts and Love's for storage fuel. This resulted in a \$6.71 million total savings against buying at the current rack price.

In February 2006, the METRO Board approved a Fuel Hedge Policy (Fuel Price Risk Management Policy). However, the price of a FY2007 hedge was not favorable and the budget was funded for increasing fuel costs. At the start of the fiscal year NYMEX based fixed price future delivery contracts were executed for October-June deliveries and storage fuel was to be utilized for July-September. The FY2007 total fuel cost was \$6.98 million less than budgeted.

In January 2007, two financial hedges for diesel fuel were executed for FY2008. A total of 13.5 million gallons or 95.2% of the required diesel for FY2008 was hedged at an average market price (excluding \$0.0828 additional for additives and transport) per gallon of \$1.83. In FY2008, the fuel hedge saved \$17.25 million as compared to prevailing market prices.

In FY2009, METRO hedged 98.1% of the fuel requirements at an average market price of \$3.55 (excluding \$0.0828 additional for additives and transport) and had 4.2 million gallons of diesel fuel at an average price of \$3.36 (excluding \$0.0789 additional for additives and transport) in off-site storage. These prices reflect the extraordinary escalations in the marketplace in FY2009. In FY2009, due to declining market prices the fuel hedge cost METRO \$26.01 million. In addition, at the end of FY2009, METRO wrote down the offsite diesel fuel inventory to market price at a cost of \$3.93 million.

In FY2010, METRO hedged 100% of the fuel requirements at an average market price of \$2.65 (excluding \$.0717 additional for additives and transport) and had 2.54 million gallons at \$1.82 per gallon (excluding \$.0643 additional for additive and transport) in off-site storage.

Fuel Hedge				
<ul style="list-style-type: none"> <li>Prior to the beginning of each fiscal year, METRO's policy is to hedge projected use of ultra light sulfur diesel fuel for no more than two years.</li> </ul>				
Year	Gallons	Hedged Price	Market Price	MTM <sup>(1)</sup>
2011	13.3M	\$1.95	\$2.92	N/A
2012	12.1M	\$2.93	\$2.92	\$(121)K
2013	2.0M	\$2.82	\$2.91	\$ 180 K

Source: (1) Metro reported as of August 15, 2013

In FY2011, METRO hedged 13.31 million gallons of diesel at an average market price of \$1.95 (excluding additional costs for additives and transport). In FY2012, METRO has hedged 12.1 million gallons of diesel at an average market price of \$2.93 (excluding additional costs for additives and transport).

### **Labor Agreement**

METRO is currently engaged in discussions with the Transport Workers of America, AFL-CIO, and its Local 260, with respect to the terms of a new labor agreement effective October 1, 2011. METRO's current Labor Agreement with the Union expires on September 30, 2011. However, even if the parties do not reach agreement on or before September 30, 2011, pursuant to the current agreement's impasse procedure, the existing agreement will continue in effect into FY2012 until the terms of a new agreement are decided.

### **Purchased Transportation**

METRO has three service components run by private contractors:

METRO's fixed route service based out of the Northwest Bus Operating Facility (one of six METRO Bus Operating Facilities) is operated by First Transit, Inc. The Contractor operates a turnkey operation including administration, staffing, bus transportation services, and maintenance of METRO-furnished buses and the bus operating facility. The contract incorporates adherence to METRO key performance indicators of On-Time Performance, Accidents per 100,000 Miles and Complaints per Boardings as well as contract specific goals such as vehicle reliability by bus fleet. The Northwest BOF operates seven (7) days a week and will provide about 20% of the fixed route bus revenue hours scheduled by METRO in FY2012.

During FY2011, a new METROLift van service solicitation and contract was awarded in accordance with Procurement rules and regulations that incorporate new customer service performance indicators to emphasize driver behavior and driver safety as well as language for addressing service concerns such as operator infractions, safety infractions and non-compliant vehicles. METROLift van services are operated by MV Transportation, Inc. The Contractor provides all resources, administration, personnel, paratransit transportation service, facilities and all maintenance required to operate a fleet of lift-equipped (METRO owned and furnished) METROLift vans. METRO has completed the replacement of the fleet with new 2010 Chevrolet 6.6L diesel-powered low emission vehicles. The new vehicles have upgraded mobile data terminals with global positioning systems (GPS) and in-vehicle mapping for turn-by-turn street navigation to help improve on-time performance and minimize wait time for METROLift patrons; as well as new rear light-emitting diode (LED) "STOP" signs for increased safety awareness and accident prevention.

METROLift's Wheelchair Accessible Mini-Van service is operated by Greater Houston Transportation Company (Yellow Cab) using Contractor owned / furnished vehicles. The Contractor provides all resources and administration required to operate and maintain a fleet of wheelchair accessible mini-vans. There are contract-specific performance indicators for customer complaints and accidents to ensure quality service for METROLift patrons. This Contractor is currently providing wheelchair mini-vans consisting of Dodge Caravans as well as model year 2010 or newer Toyota Sienna wheelchair accessible vehicles.

Based on the FY2012 projected service levels and negotiated contract rate increases for the service components discussed in this section, an additional \$1,983,789 has been incorporated into the FY2012 budget, reflecting a 2.8% increase from the FY2011 budget for these items. As noted as a best practice in the most recent FTA Triennial Review of METRO, Service Delivery staff will continue its partnership with all of its contractors by monitoring and meeting with them on a regular basis to ensure continued quality transportation services for METRO customers.

### **Healthcare**

The Authority has been able to contain its budget in FY2012 for medical and dental benefits to a 0.35% increase. This is a major accomplishment in a climate where healthcare costs are projected to increase by about 8% over the same period. Benefits are provided to the employees by Non-union and Union categories.

### **Non-Union**

The non-union METRO budget is programmed for a slight increase of 0.7%. There are several factors driving this performance. First, the beginning of FY2012 will mark the fifth year of METRO returning to self-insurance of its non-union medical plans, and this funding method has allowed METRO to directly influence the cost curve while yet providing premier medical benefits.

Secondly, the monthly premium payments have been increased, and thus the percentage of healthcare cost sharing by the employees is increasing.

Other efficiency / effectiveness programs for FY2012 include steps such as: encouraging maintenance prescription users to utilize mail order; obtaining additional premiums for employees who smoke; and raising the premium for Pre-Medicare retirees and who have less than 15 years of service. These measures will contain costs and assist in keeping METRO in the forefront as a premier medical and dental benefits plan provider.

#### Union

METRO's payment to the Trust is negotiated and agreed upon in the union contract. The new labor agreement is currently being negotiated, however the current agreement's impasse procedure requires the existing agreement to continue in effect into FY 2012 until the terms of a new agreement are decided. The current \$800 per month per eligible employee rate will continue until the terms of a new agreement are decided.

Wellness and other educational programs to increase activity and health awareness begun in FY2010 for the Union employees will continue, thereby promoting healthy lifestyles that can lead to reduced future claims costs.

#### ***Pensions***

As of January 2011, 24% or 1,236 of the 5,380 individuals in the Metropolitan Transit Authority retirement plan were receiving pension benefits. This number is expected to grow in future years as the retirees and beneficiaries are projected to increase at a faster rate than the number of active employees. Costs from yesterday's personnel represent an ever-growing portion of today's and tomorrow's operating budgets. Pension benefits are budgeted to increase 4% over FY2010 contribution levels to \$24.2 million in FY2011. This increase in contribution is due primarily to an increase in past service costs. Funding contribution in the foreseeable future should be at this year's level.

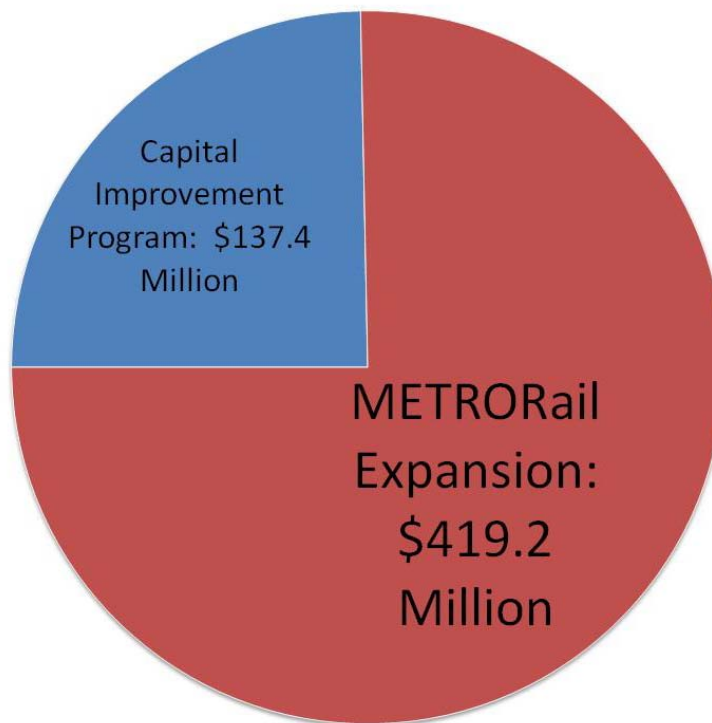
In 2007, the Metropolitan Transit Authority took actions necessary to ensure the long-term health of the pension fund and contain operating costs. One of the immediate actions taken by the Authority was to introduce a defined contribution plan for non-union employees hired on or after October 1, 2007.

It is anticipated that ending the old defined benefit plan for new employees and the long term growth in the financials market will provide cost stability in the immediate future and cost reduction in the long term.



## Capital Programs

METRO's Capital Programs consist of METRORail Expansion and the Capital Improvement Program (CIP).



**METRO's  
FY2012 Capital  
Programs  
\$556.6 Million**

### Capitalization Policy

The Authority's overall capitalization policy requires expenditures to be capitalized when they exceed \$5,000 and (a) the useful life of the asset acquired exceeds one year and/or (b) the useful life of an existing asset is increased beyond its original useful life.

PROJECTS (\$ in millions)	FY2012	FY2013*	FY2014*	FY2015*	FY2016*
METRORail Expansion	419.2	462.8	352.2	110.3	172.0
Capital Improvement Program	137.4	148.0	148.0	148.0	148.0
<b>Total Projects</b>	<b>556.6</b>	<b>610.8</b>	<b>500.2</b>	<b>258.3</b>	<b>320.0</b>

\*Estimates to be updated in future budgets.

## METRORail Expansion



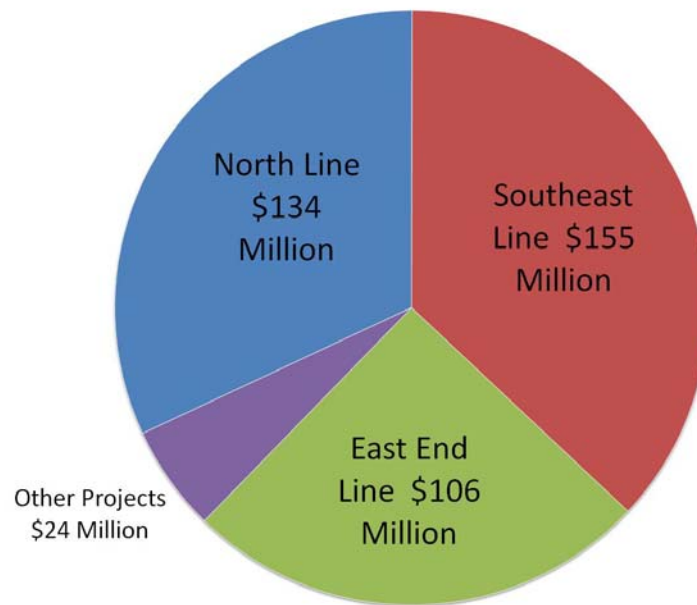
*LRT steel rails were encased in concrete track bed on the Southeast Line for the first time in Houston in over ten years. --*

*David Couch, METRO's Sr. Vice President of Capital Programs*

## FY2012 METRORail Expansion

Budget:

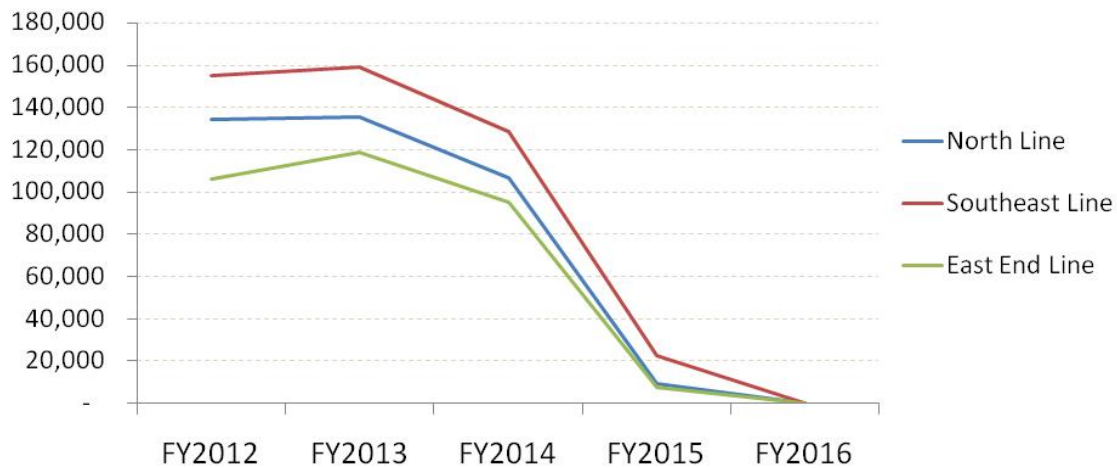
**\$419 Million**



METRORail Expansion is a Light Rail Transit (LRT) infrastructure plan to expand the existing LRT system by adding 5 additional lines (North, Southeast, East End, Uptown and University). This program includes the design and construction of approximately 31 miles of LRT, 53 LRT stations, a storage facility at the Southeast line, a service and inspection facility at East End line, a storage and inspection facility at University line, and the procurement of 73 Light Rail Vehicles (LRV) for the opening day fleets. The expansion also includes the capacity to increase the existing Main St. Red Line fleet by procuring 19 additional vehicles and expansion of the existing Rail Operator Center (ROC). Other costs included are MRE pre design/build program development, planning/engineering/land acquisition.

The purpose of this project is to provide safe, reliable, efficient, high capacity transportation systems in the corridor by maximizing mode choice and mobility with environmentally sensitive transit projects that encourage economic development and revitalization.

### METRORail Expansion 5 Year Budget Estimate



#### Development Contracts

The Authority has executed a Development Agreement with Parsons Transportation Group for the design and construction for the East End, North, Southeast and Uptown Light Rail Transit (LRT) corridors. The design and construction obligations under the Development Agreement (the "*Design-Build Contract*") have been assigned by Parsons Transportation Group to a joint venture consisting of Parsons Transportation Group, Granite Construction, Kiewit Texas Construction and Stacy and Witbeck. Numerous sub-contractors are providing services required to complete the project. Initial projections call for the three aforementioned lines to open from 2014 to 2015.

#### FTA Grant Agreements

METRO is on schedule to receive two Full Funding Grant Agreements ("FFGAs") from the Federal Transit Administration ("FTA") in Fall 2011. Those grant contracts, together with funding already in place, will commit the FTA to an aggregate of \$900 million in federal grant funding for the two light rail extensions being financed, in part, with proceeds of the Series 2011A Sales Tax Bonds (the North rail line and the Southeast rail line), as follows

**Full Funding Grant Agreements  
(in millions)**

	<b>North</b>	<b>Southeast</b>	<b>Total</b>
In Place	\$ 42.225	\$ 42.225	\$ 84.450
Future	407.775	407.775	815.550
Total	\$ 450.000	\$ 450.000	\$ 900.000

METRO's receipt of the federal funding is subject to Congressional appropriation of adequate funds and performance of METRO's obligations under the FFGAs. If METRO does not receive the federal funding or if it is delayed, METRO has a range of options that it may pursue.

## Federal New Starts Grant Funding

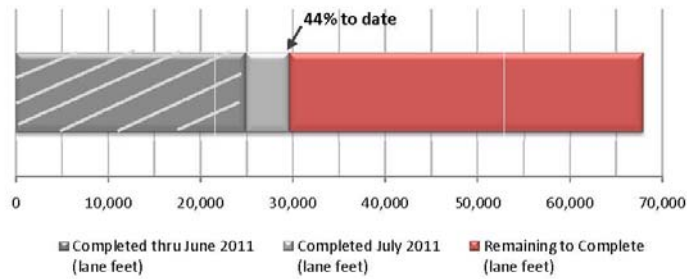


- FTA New Starts funding contributions (FTA/Local)
  - North Line: 60%/40%
  - Southeast Line: 55%/45%
- Target Federal Commitment: \$450 million per line; expected payout occurs over approximate 5 year period
- Letters of No Prejudice issued for vehicles, advance design, utility relocation, road, bridge, and guideway construction
- \$334 million appropriated to METRO under SAFETEA-LU
- Have received \$84 million so far





- Roadway construction is underway in 4 of the 6 segments of the line.



## East End Line Construction Photos



Real Estate: The East End Line has a total of 137 required parcels and currently has 135 parcels in possession.



## The North Line / The Red Line Extension



The North Line Project is a 5.28 mile double track Light Rail Transit (LRT) line, with 8 stations, an expansion of the existing Rail Operation Center (ROC) and an operating day fleet of 14 LRT vehicles. The project begins at the end of the existing Red Line University of Houston Station. The alignment continues north along the proposed widened west side of the Main Street Bridge, passes under IH-10 and goes to aerial structure passing over the Union Pacific Railroad (UPRR) and east of the Hernandez Tunnel. The alignment is at-grade south of Hogan and continues north on Main and turns east onto Boundary. The alignment turns north onto Fulton and continues at-grade passing under IH-610 and goes to aerial structure passing over the Houston Belt & Terminal Railway. The alignment is at-grade north of Bennington and continues to the terminus at Northline Station near Houston Community College (HCC).

The North Line Outreach office is located at 2613 Fulton • Houston, Texas 77009 • 713-343-4354 • Monday – Friday 8:30 am – 5:30 pm.

The estimated total cost of the North Corridor is \$682 million. Costs are being financed by sales tax, New Starts grants, and bonds.

### Current Progress

#### Design

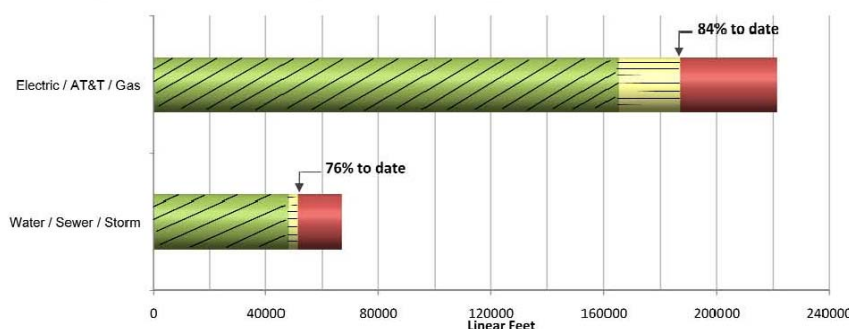
North Corridor Design Progress	Current Design Percent Complete	Design Completion
Utility Packages 	100%	June 2011 (A)
Roadway / Guideway Packages 	95%	August 2011
Station Packages 	100%	July 2011 (A)

Notes: 100% design for all utility packages has been reached.

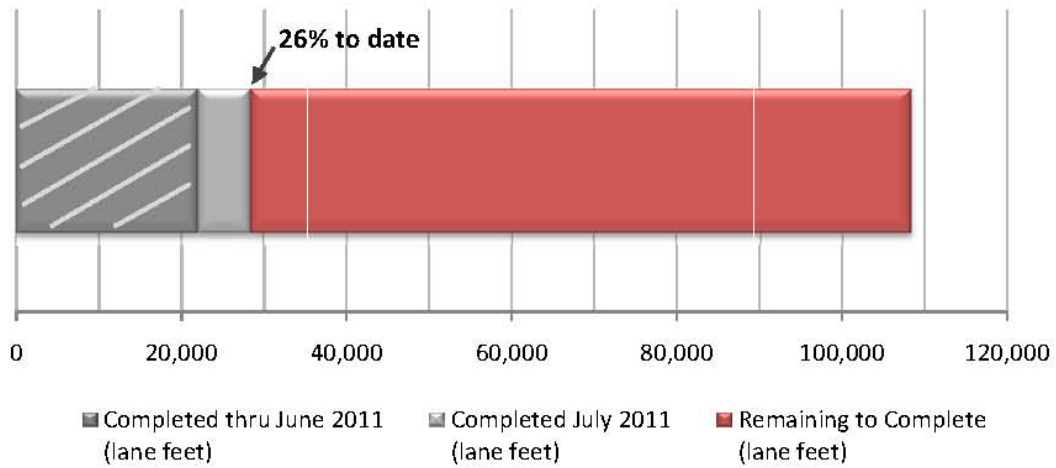
100% design for all roadway/guideway packages (excluding 4A-6) has been reached; anticipate completion of 4A-6 package in August 2011.

#### Construction

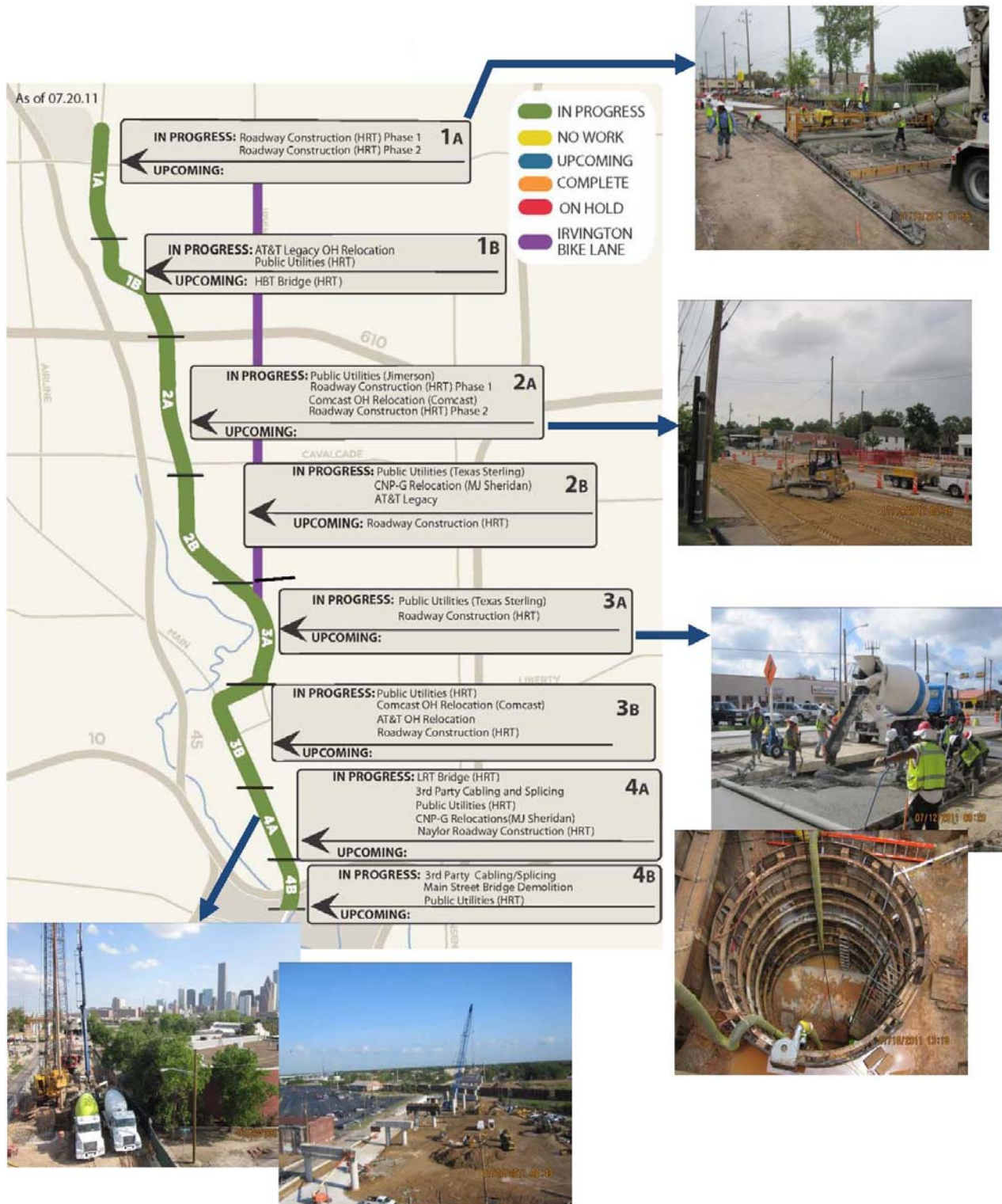
- Utility construction is underway in 7 out of 8 total segments.



- Roadway construction is underway in 4 out of 8 total segments.



- ROC Expansion
  - Began storm sewer installation for yard track expansion
  - Relocated ROC employee parking to temporary location on the new apron pavement placed in June
  - Made structural and electrical modifications inside existing ROC building in preparation for external and internal wall demolition
  - Began demolition of internal wall and employee parking lot



Real Estate: The East End Line has a total of 118 required parcels and currently has 118 parcels in possession.

## The Southeast Line / The Purple Line



The Southeast Line project is a 6.56 mile double mile track Light Rail Transit (LRT) line with 10 stations, a Storage Facility and an opening day fleet of 15 LRT vehicles. The project will operate in semi-exclusive right-of-way from Downtown Houston east to the University of Houston main campus and Texas Southern University to a terminus along Griggs Road at Beekman Road. The Project intersects with the Red Line in Downtown Houston and is intended to provide improved mobility for transit dependent populations and to connect Southeast Line commuters to the major activity centers of Downtown and the Texas Medical Center.

The Southeast Line Outreach office is located at Palm Center • 5330 Griggs • Suite A104 • Houston, Texas 77021 • Monday – Friday 8:30 am – 5:30 pm


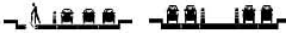

The estimated total cost of the Southeast Corridor is \$792 million. Costs are being financed by sales tax, New Starts grants, and bonds.





## Current Progress

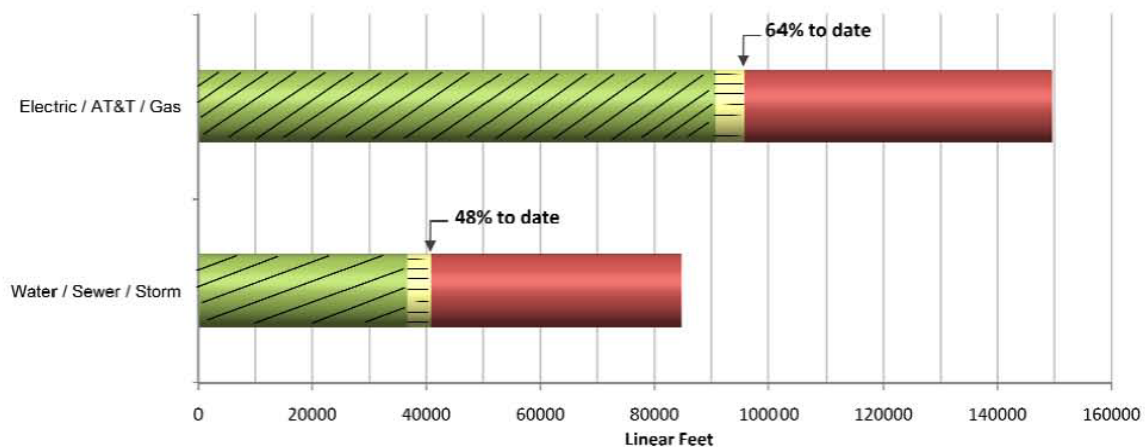
### Design

Southeast Line Design Progress	Current Design Percent Complete	Estimated Design Completion
Utility Packages 	95%	November 2011
Roadway / Guideway Packages 	95%	November 2011
Station Packages 	98%	October 2011

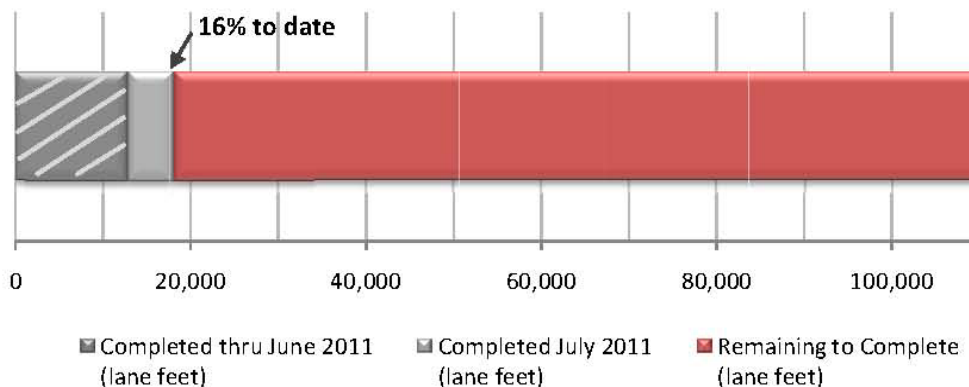
*Notes: The design for the Southeast Utility and Roadway/Guideway packages is 100% complete with the exception of Segments 1C, 2A and 2B. The RFC for Segments 1C and 2A (due to design change from ballasted track to embedded track) is anticipated for October and November 2011. The RFC for Segment 2B (due to alignment change at University of Houston) is anticipated for August 2011.*

### Construction

- Utility construction activities are underway in 8 out of 13 total segments.

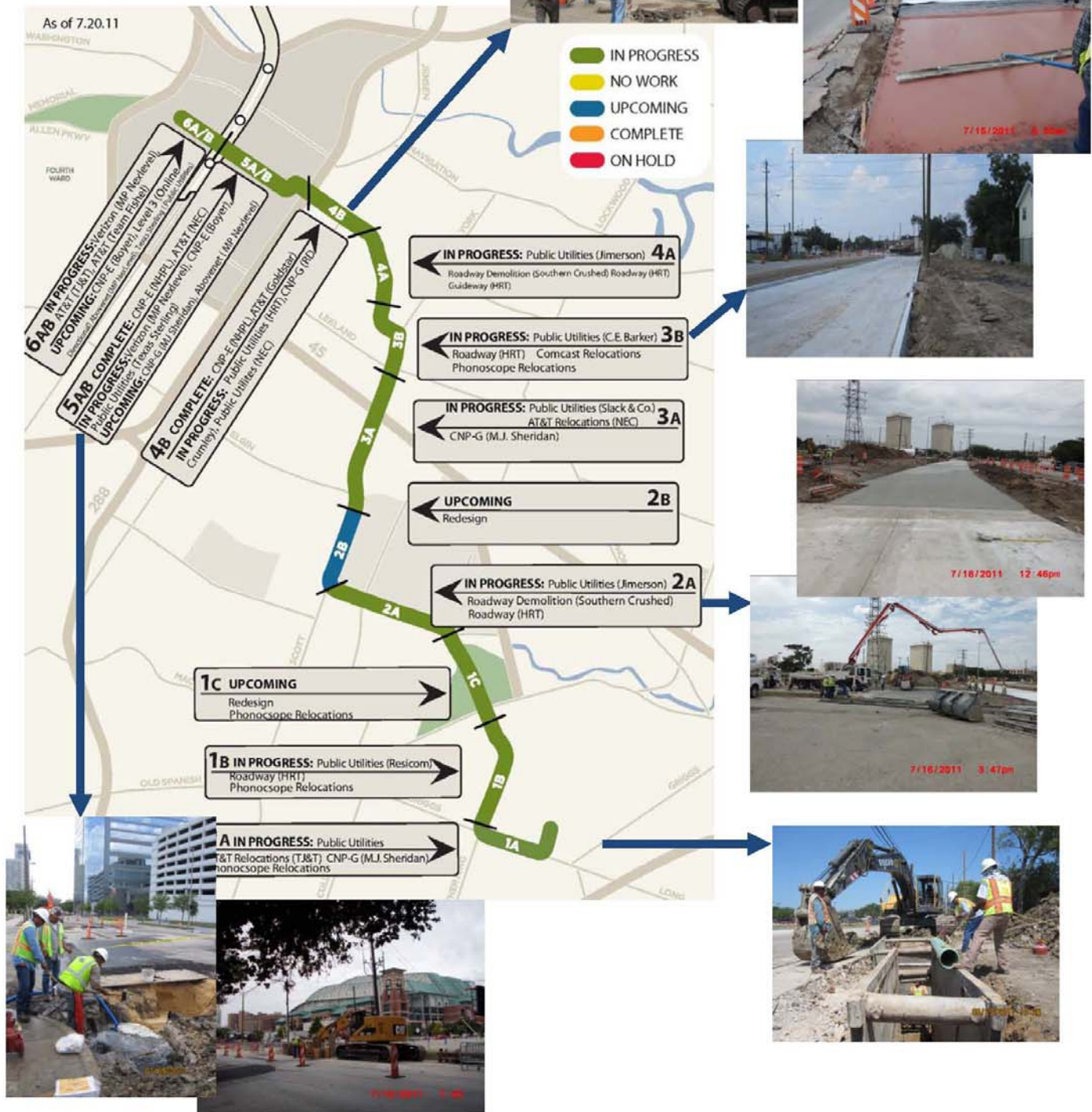


- Roadway construction activities are underway in 3 out of 13 total segments.



The Southeast Line has a total of 139 required parcels. Currently 136 parcels are in possession.

## Southeast Line Construction Photos





## The University Line / The Blue Line

The University Line extends approximately 11.3 miles, traveling from the Hillcroft Transit Center on the west end to the Eastwood Transit Center on the east end. Nineteen stations will be strategically located to ensure optimal ridership and efficiency of operations. The stations occurring between the end point transit centers will be: Gulfton, Bellaire, Newcastle, Wesleyan, Cummins, Edloe, Kirby, Shepherd, Menil,



Montrose, Wheeler, Alameda, Hutchins, TSU, Tierwester, Scott and Cullen. Higher educational destinations along the alignment include the University of Houston Main Campus, Texas Southern University and St. Thomas University. Business destinations include Greenway Plaza, the Menil and other businesses that operate adjacent to the alignment. Through connections to the Main Street line, University Corridor and Uptown Corridor will also provide access to Rice University, the University of Houston Downtown, and Houston Community College, the Uptown/Galleria area, downtown Houston, the Museum District and the Texas Medical Center. The estimated total cost of the University Line is \$1.6 billion. Funding is expected to be from sales tax, grants, and bonds.

### Current Progress

#### NEPA Status

- The FTA issued a Record of Decision (ROD) on July 27, 2010 signifying final approval of the environmental review process.

#### Current Activities

- Continue design coordination with the City of Houston
- Continue traffic analysis in coordination with City of Houston
- Continue drainage analysis for the line in coordination with the City of Houston
- Continue relocation engineering activities with private utility companies
  - o Detailed coordination with CenterPoint Electric regarding transmission tower reconfiguration constraints along the Westpark ROW
  - o Detailed coordination with AT&T regarding the relocation constraints related to their switch building and related facilities located in the vicinity of Richmond and Graustark
- Continue with finalizing the inter-local agreement for coordinated work with Upper Kirby
- Coordinate with various communities along the alignment
- Updates to FTA required management plans and program schedule - ongoing

#### Upcoming Activities

- Initiate coordination with OST / Alameda Redevelopment Authority (TIRZ #7) regarding overlapping areas of planned improvements
- Detailed coordination with CenterPoint Gas regarding relocation constraints related to the high pressure line along Richmond

## The Uptown Light Rail Line / The Gold Line



**The Uptown Light Rail Line** extends from the Northwest Transit Center at 610 and I-10 to just south of U.S. 59. At this point the alignment will intersect with the University Corridor which travels in an east/west direction along Westpark. A station located at this juncture will provide transfer opportunities. At least six stations will be located on Post Oak Boulevard, with the first situated north of Richmond Avenue, and the northernmost being situated adjacent to the Uptown Park Shopping District. An additional station will be placed on North Post Oak Road, which will serve The Forum, Houston's First Baptist Church, Memorial Park, and other neighboring businesses and residents. This project is still in the planning phase and its schedule is directly related to the development progression of the University Corridor.

The estimated total cost of the Uptown Corridor is \$536 million. Funding will be from local dollars.

### Vehicle Re-Procurement

The Authority is in the process of procuring 39 light rail vehicles for the East, North, and Southeast lines. The schedule is laid out below:

Procurement Activity	Estimated Completion
LRV Consultant - Solicitation	October 29, 2010 (A)
LRV Consultant – Contract Executed	November 30, 2010 (A)
FTA – Task Force Review	January 20, 2011 (A)
LRV – RFP Posted	February 15, 2011 (A)
LRV – Technical Proposals Received	June 2, 2011 (A)
LRV – Identify Technical Qualified Firms	June 24, 2011 (A)
LRV – Request BAFOs from Technical Qualified Firms	July 22, 2011 (A)
LRV – Receive Best & Final Offers	August 5, 2011
LRV Vehicle Supplier – Contract Executed	September 2011

(A) Indicates actual completed dates

### Main Street Red Line Vehicle Expansion

Houston’s first light rail line, the Main Street Line, also known as the Red Line, offers fast, convenient service between Downtown, Midtown, the Museum District, the Texas Medical Center and Reliant Center. The Authority is in the process of procuring the additional 19 light rail vehicles. The Main Street Vehicle Expansion will support the existing Red Line fleet based on travel demand and ultimately replace the aging vehicles. A current progress report is below:

Activities during July 2011 are as follows:

- Siemens submitted the following documents:
  - HVAC CDRLs
  - Proposal for Special Tools
  - Master Test Plan CDRL, Revision C
  - Coupling Study CDRL
  - Serialization CDRL
  - Master Schedule Baseline, Revision D
  - June 2011 Monthly Project Report
- METRO and Siemens reviewed the checklist for the Engineering Design Audit scheduled for August 2011
- METRO and Siemens reviewed the mixed consist interoperability interfaces with the passenger information system

## Capital Improvement Program (Non-MRE)

The Capital Improvement Program (CIP) provides for the capital needs that are outside the scope of the METRORail Expansion (e.g. bus replacement, facility renovations, procurement of equipment, etc.).

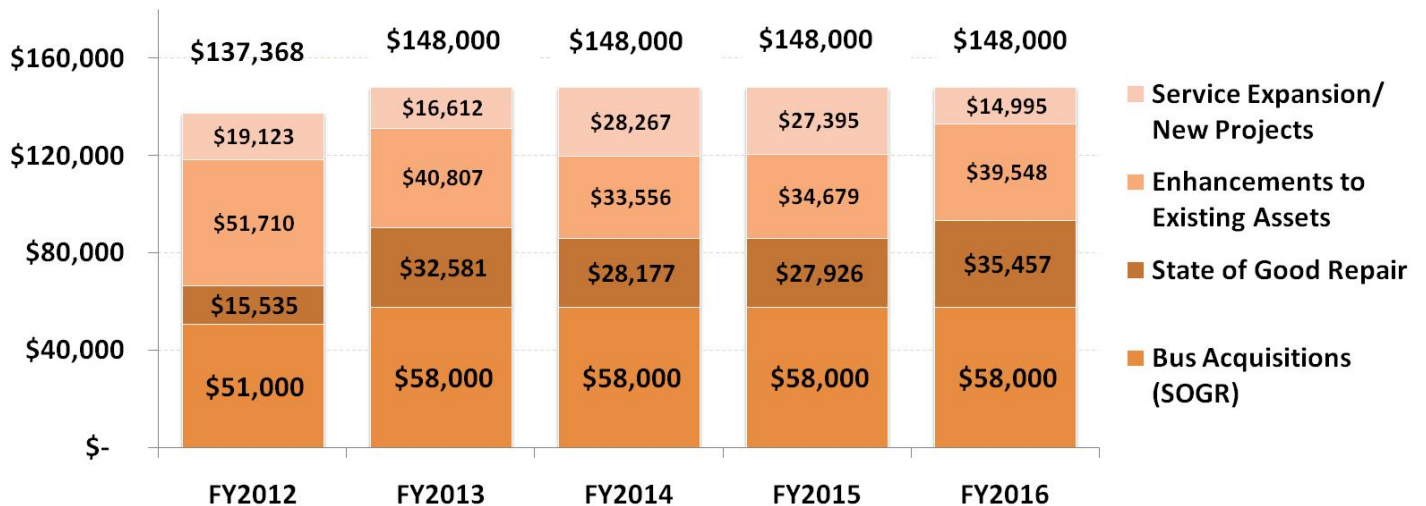
The Authority's funding of its capital improvement plan is subject to available funding sources and access to the financial markets. METRO launched capital improvement projects that will help preserve its capability for high-quality service delivery over a ten-year range.

The infrastructure supported by the FY2012 CIP budget includes facilities (maintenance and administrative support, revenue rolling stock (rail cars, buses and paratransit vans, rail system infrastructure including rail stations and a vast array of tools and equipment. Maintenance of these assets is critical to ensure a high level of service, reliability and optimized operating costs. There are three project types: State of Good Repair Projects, Enhancements to Existing Assets, and Service Expansion / New Facilities Enhancements to Existing Assets.

<b>FY2012 CIP Program (Non-MRE)</b>	<b>Grant</b>	<b>Local</b>	<b>Total</b>
State of Good Repair	\$ 3,557	\$ 62,978	\$ 66,535
Enhancement to Existing Assets	31,611	20,099	51,710
Service Expansion / New Assets	11,791	7,332	19,123
<b>Total</b>	<b>\$ 46,959</b>	<b>\$ 90,409</b>	<b>\$ 137,368</b>

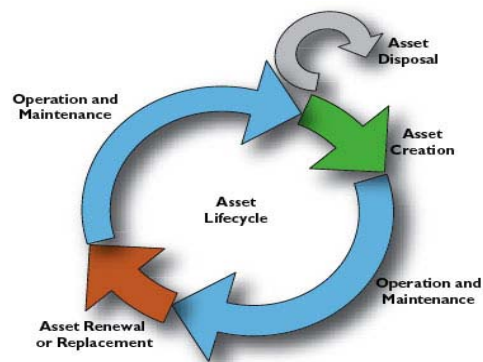
### 5 Year Capital Improvements Program

(\$1,000's)



## State of Good Repair (SOGR)

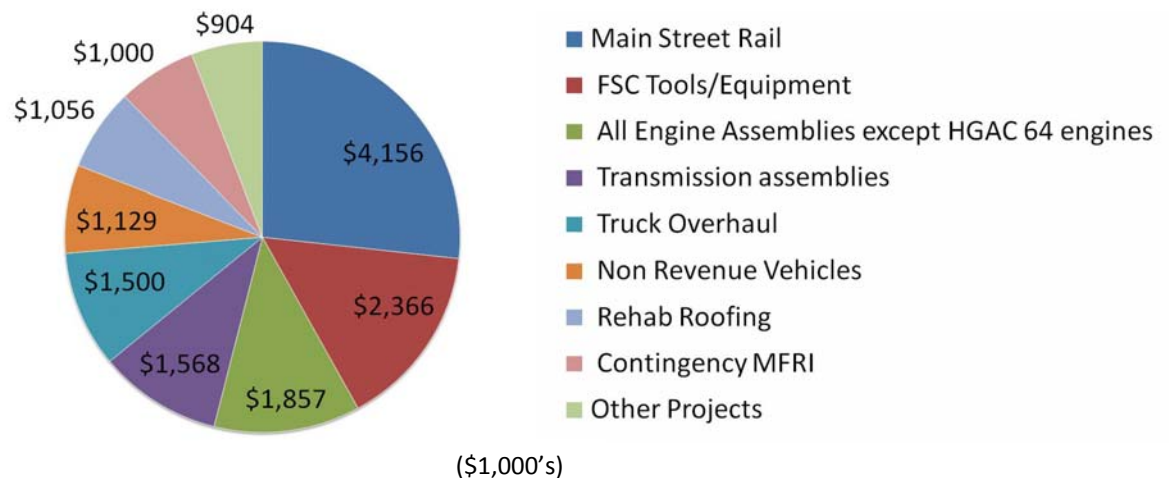
*A state of good repair standard is where all capital assets are functioning at their ideal capacity within their design life. -- Federal Transit Administration (FTA)*



Successful operation of the Authority's transit system will require timely and adequate maintenance and replacement of components. No assurance can be given that sufficient funds will be available to maintain the transit system adequately over the long term. Any significant deterioration in the transit system may result in increased operating costs, reduced usage and, accordingly, reduced fare box revenues. Increased maintenance and operating costs may adversely affect the Authority's financial condition.

### FY2012 State of Good Repair Projects (without Bus Acquisitions)

**\$15.54 Million**



- Reflects a comprehensive understanding of the system and its condition, and the strategic direction of the system and agency;
- Supports the enhancement of the transit service to our customers while maintaining the overall condition of the basic infrastructure;
- Prioritizes expenditures so that there is a maximum return on investment; and
- Supports the transition of our system from one in a start-up mode to one in a renewal mode.

## Background

Throughout the United States there is growing concern that a significant proportion of the nation's public transportation assets are in need of capital reinvestment to maintain a SOGR. To address this issue, a number of transit agencies and other asset owners have invested in asset management systems to more effectively manage their physical assets.

*Earlier this month, under Secretary LaHood's leadership, the entire Department of Transportation has established the State of Good Repair as one of just five strategic goals for the Department's future direction.*

-- Peter Rogoff, Federal Transit Administrator, from "Next Stop: A National Summit on the Future of Transit" at the Federal Reserve Bank of Boston in May 18, 2010

STATE OF GOOD REPAIR PROJECT	Grant	Local	Total
1) Transit buses	\$ -	\$ 51,000	\$ 51,000
2) FSC Tools/Equipment	-	2,366	2,366
3) All Engine Assemblies except HGAC 64 engines	-	1,857	1,857
4) Transmission assemblies	-	1,568	1,568
5) Truck Overhaul	1,200	300	1,500
6) Non Revenue Vehicles	-	1,129	1,129
7) Rehab Roofing	813	243	1,056
8) Contingency MFRI	-	1,000	1,000
9) Red Line - Station Upgrade	615	185	800
10) Replace/Rehab Elevators	-	550	550
11) Auxiliary Power System	413	103	516
12) Main St. Corridor RCTSS- O&M	-	481	481
13) Data Center Management	-	450	450
14) Network Maintenance and Management	-	350	350
15) Hybrid bus batteries	-	346	346
16) In Pavement Light Phase 4	-	334	334
17) Drainage Enhancements Between Naomi And I-610	263	66	329
18) Capital BOF tools and equipment	-	250	250
19) Replacement of Traction Power Substation HVAC Units	114	28	142
20) Upgrade ADA Ramp Kuykendahl Park & Ride	-	137	137
21) New bus make ready 40', 45', ML vans	-	122	122
22) Laptops Service Supervisors w/ IVOMS, MS Office, and Inter/Intranet	-	65	65
23) T&RF - FGM-Automated Traffic Devices Rehab - C	48	12	60
24) T&RF - Static Devices Rehab - C	48	12	60
25) Doors LRT	43	11	54
26) K-9 Replacements	-	14	14
<b>Total</b>	<b>\$ 3,557</b>	<b>\$ 62,978</b>	<b>\$ 66,535</b>



## Enhancements to Existing Assets

	Funding Sources (1,000's)		
	Grants	Local	Total
1) Hot Lane Conversion, Phase 1B	\$ 28,928	\$ 6,374	\$ 35,302
2) SAFEbus	-	6,000	6,000
3) New Radios	-	3,688	3,688
4) CAD AVL	-	2,298	2,298
5) Passenger Bus Shelter Program	1,537	364	1,901
6) Red Line - Switch Upgrade	-	850	850
7) Rail SCADA System Security Upgrade	442	111	553
8) HS - ROC Perimeter Security	482	-	482
9) BOF Security Upgrade	-	300	300
10) Wheeler Station Restroom	120	30	150
11) HS - Cameras on Buses	102	-	102
12) Hike & Bike Transit Accessibility Program	-	84	84
<b>Total</b>	<b>\$ 31,611</b>	<b>\$ 20,099</b>	<b>\$ 51,710</b>



**HOT Lane Conversion, Phase 1B-** This effort will install Automated Reversible Gate Operation (ARGO) equipment and toll systems along METRO's 83 miles of High Occupancy Vehicle (HOV) lanes to convert them to High Occupancy Toll (HOT) lanes. The conversion includes TranStar Integration work and reconstruction of five existing slip ramp gate systems. The HOV/HOT lane conversion will encourage increased use of the existing facility by allowing access to single occupant vehicles through an automatic toll collection system. HOT lanes will be established on I-45 North and South, U.S. 59 North and South

and US 290.



HOT lanes are a sensible method for improving highway mobility. The HOT Lanes program will provide resources and equipment to better manage occupancy restrictions on the lanes. Through the use of adjustable toll pricing, METRO will attempt to maintain a level of service of about 1,500 vehicles per hour, or an approximate speed of 50 mph. Opening HOT lanes reduces general highway congestion and improves mobility throughout the region without constructing new highway lanes. Toll revenues collected from HOT Lane operation will provide financial resources allowing for improved upkeep and maintenance of lanes and equipment as well as additional enforcement systems and patrols. Toll revenues will also be used by METRO on other mass transit projects.

**JUSTIFICATION:** This initiative will provide a travel alternative for the driving public and improve corridor mobility since freeways are becoming more and more congested. The conversion will encourage increased use of the existing facility by allowing access to single occupant vehicles through payment of a toll.

## Design

Corridor Design Progress	ARGO % Complete	Tolling % Complete
IH-45 South ( <i>Gulf Freeway</i> )	100%	75%
US-59 South ( <i>Southwest Freeway</i> )	100%	75%
IH-45 North ( <i>North Freeway</i> )	100%	75%
US-290 ( <i>Northwest Freeway</i> )	100%	75%
US-59 North ( <i>Eastex Freeway</i> )	100%	75%
TranStar	100%	N/A

## Construction

- ARGO construction continues on all corridors and at the TranStar location
- Began construction of verification lanes and installation of observation booths on IH-45 South and US-59 South corridors

Corridor Construction Progress	ARGO % Complete	Tolling % Complete	Verification Lanes % Complete	Scheduled Open Date
IH-45 South ( <i>Gulf Freeway</i> )	85%	20%	40%	January 2012
US-59 South ( <i>Southwest Freeway</i> )	65%	10%	25%	April 2012
IH-45 North ( <i>North Freeway</i> )	60%	5%	10%	July 2012
US-290 ( <i>Northwest Freeway</i> )	50%	15%	2%	October 2012
US-59 North ( <i>Eastex Freeway</i> )	75%	5%	30%	January 2013
TranStar	20%	N/A	N/A	



## HOV / HOT Lane Conversion Construction Photos

IH-45 South (Gulf) Freeway



# US-59 South (Southwest) Freeway





# IH-45 (North) Freeway



Connecting Conduit to the Bridge



Excavation for pavement



Setting Up the Bore Rig



Connecting the Rigid Metal Conduit



**Legend**

- High Speed Access Point
- ⊙ Other Access / Egress Points
- T-Ramp Access
- ⊠ Booth / Verification Lane w/ Reader
- Reader
- ✕ ARGO

**Colors**

- Proposed Work
- In Progress
- Complete

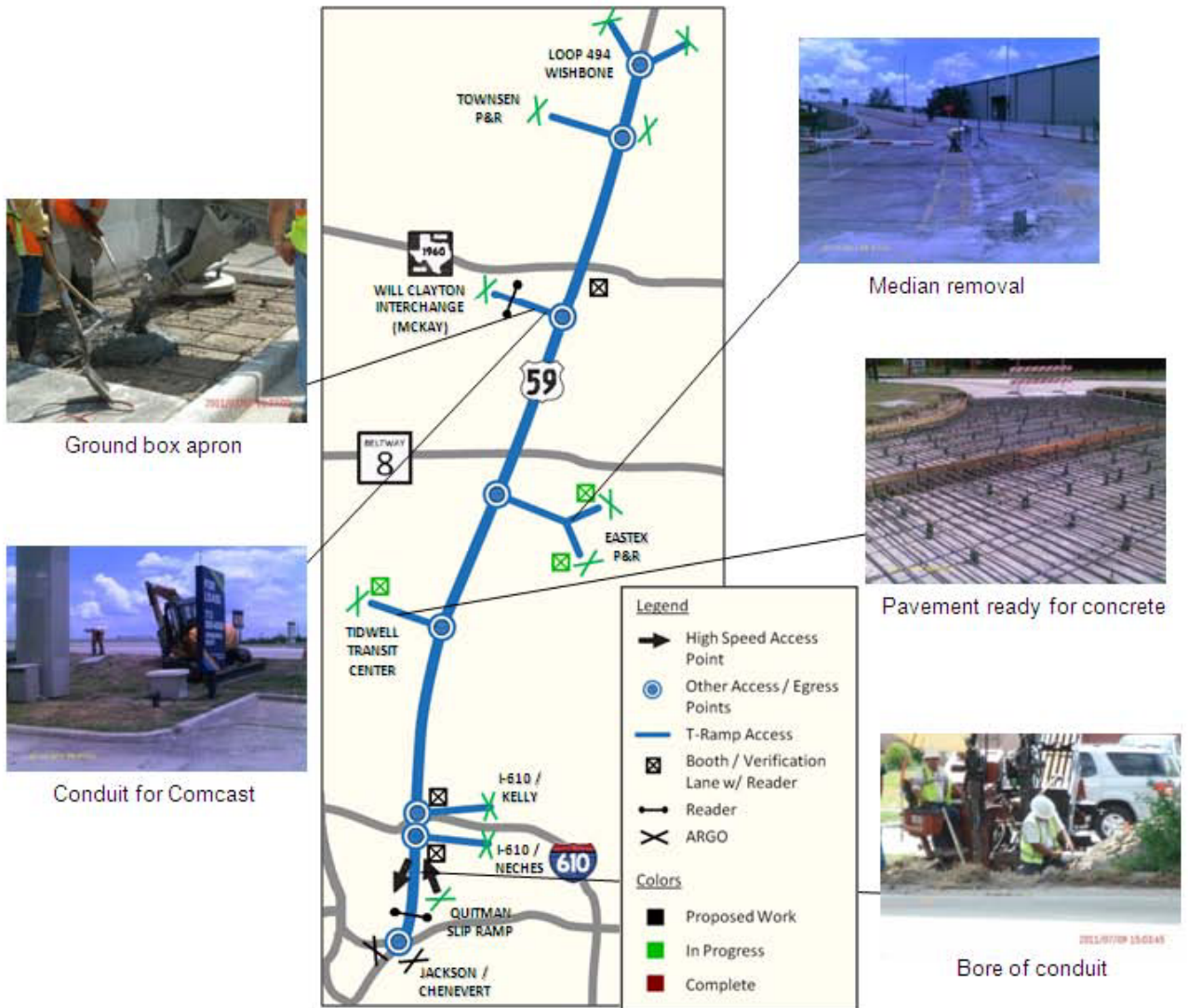


Connecting Conduit to the Bridge



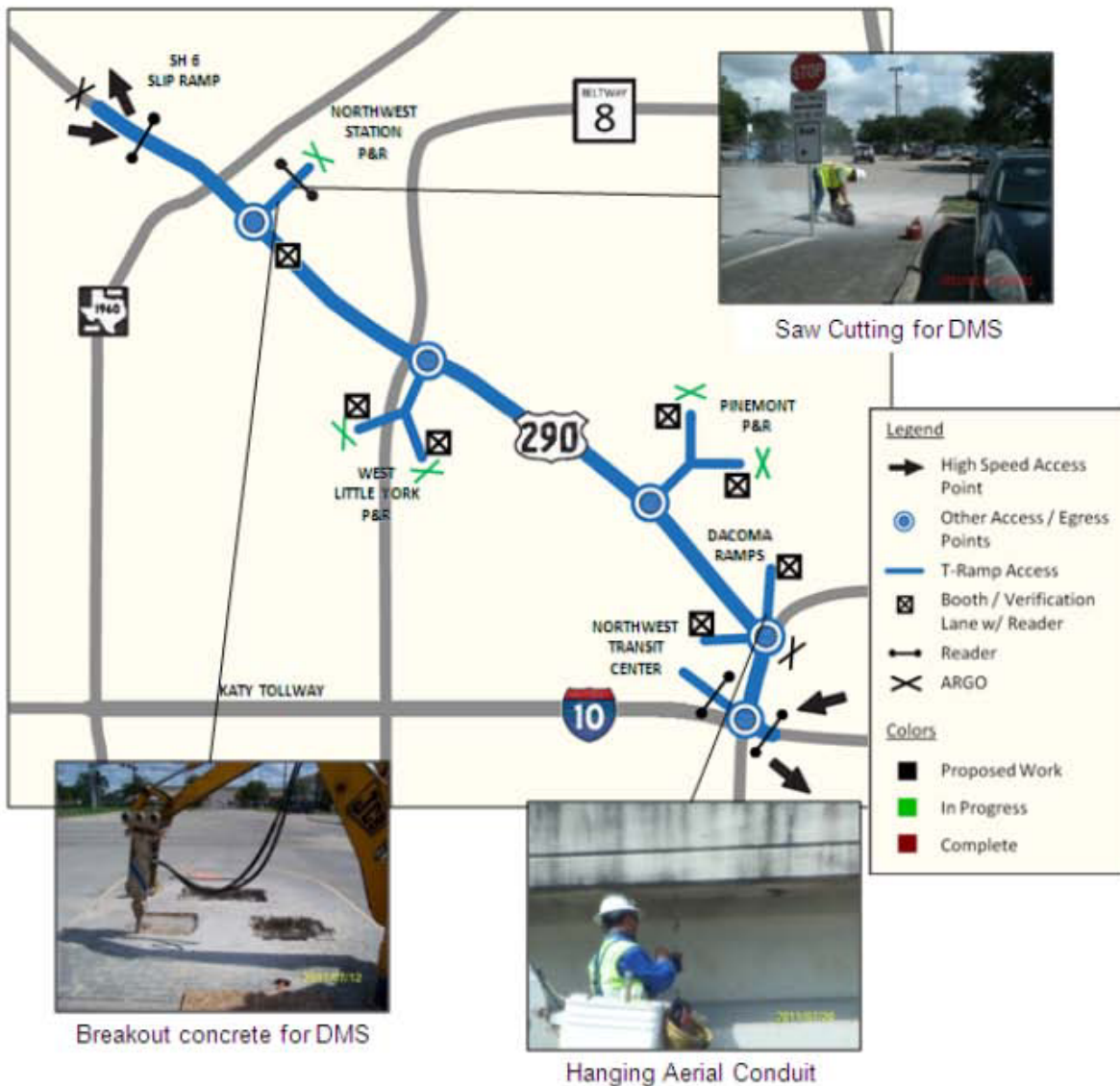
Checking the Existing Gates

US-59 (Eastex) Freeway





## US-290 (Northwest) Freeway



Currently, The Authority's operational responsibilities for the HOV lanes include the following functional activities:

- HOV lane enforcement;
- debris removal;
- maintenance and repair of electronic gates and signs;
- opening and closure of HOV lane gates; and
- dispatch operations, including assignment of wreckers to remove disabled vehicles.

TxDOT is responsible for cleaning and maintaining the HOV lanes. City of Houston wreckers perform the removal of stalled or disabled vehicles from HOV lanes.

**SAFEBus** - METRO currently tracks the location of the bus fleet using the Integrated Vehicle Operational Management System (IVOMS) Automatic Vehicle Location (AVL) application which utilizes the Harris County Data Radio Network to transmit location data to the Bus Controllers located at the TranStar facility. The Harris County Data Radio Network is scheduled to be decommissioned by 2013, which leaves METRO without a mechanism for tracking bus location. To solve this issue, METRO developed the SAFEBus project.

The SAFEBus project is designed to provide a reliable and robust wireless communication system that will provide "real-time" bus location and improved communications for the IVOMS and METRO Q® Fare Card systems. The project utilizes multiple wireless networks, taking advantage of METRO's existing wireless communications and third party leased wireless networks.

The work being performed during FY2012 includes complete deployment of the SAFEBus communication systems to METRO's Bus Fleet with a target date of completion of September 2012. This work includes installation of wireless modems, enhancing IVOMS AVL systems, decommissioning the Harris County Data Radio Network and preparing for the migration to the new regional Harris County Wi-Fi network.

**Radio** - METRO utilizes vehicle based radios as the primary line of communication for all personnel and vehicles. The present radio system is over 16 years old and obsolete. METRO embarked on a project to replace the existing radios with a newer digital based Motorola system that will be operated on the Harris County Radio Network. The reliability of the radio, its interoperability with other agencies and voice clarity will improve. The overall cost to replace the radios is \$14.85 million with \$3.69 million slated to be utilized in FY2012 to complete the project.

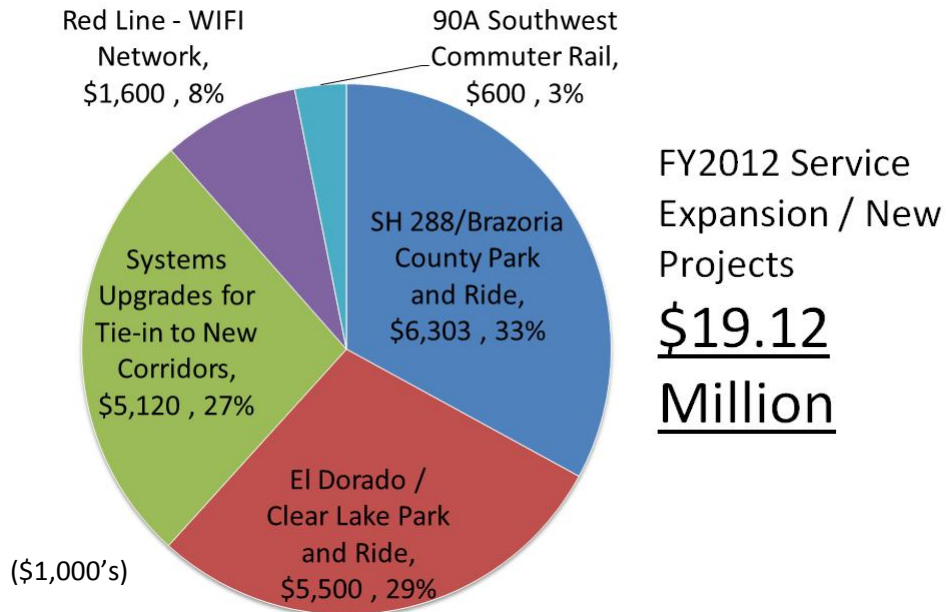
**CAD / AVL** - As part of the overall radio improvement project, METRO will update the present CAD system (Computer Aided Dispatching) to a newer system that both works with the new Motorola radios and allows for a seamless interface with our existing AVL system (Automatic Vehicle System). This integral approach will improve the efficiency of the controllers at TranStar, improve response time to service issues and allow METRO to fully utilize the IVOMS system as it was originally intended, addressing service issues and immediately improving customer service overall. The project scope is to install equipment on each bus required to allow radio channel switching and queuing of calls within the radio system. The overall project cost for CAD is \$3.3 million of which \$2.3 million is anticipated to be spent in FY2012.

**Passenger Bus Shelter Program** - The initiative will design, purchase and install about 100 bus shelters per year at existing METRO bus stops within the service area. The program consists of the design and construction of new shelter foundations, fabrication and installation of standard passenger bus shelters.

Installation of shelters continues to be an effective way to increase ridership. With proper planning, there can be an average of 20 additional boardings per day at key locations where shelters are constructed. The shelters provide patrons with safety and protection from the elements. METRO bus shelters provide passengers with a safe, pleasant and comfortable place to rest while waiting for the bus to arrive. The bus shelter program invests METRO's capital funds into its core bus system. Shelters are an important component of METRO's goal of safety, convenience and connectivity for the transit system and riders.

**OPERATING IMPACT:** Maintenance cost for the additional shelters will have to be incorporated into the operating budget.

## Service Expansion/ New Projects



### Service Expansion / New Projects (\$1,000's)

	Grant	Local	Total
1) SH 288/Brazoria County Park and Ride	\$ 5,042	\$ 1,261	\$ 6,303
2) El Dorado / Clear Lake Park and Ride	4,125	1,375	5,500
3) Systems Upgrades for Tie-in to New Corridors	1,950	3,170	5,120
4) Red Line - WIFI Network	674	926	1,600
5) 90A Southwest Commuter Rail	-	600	600
<b>Total</b>	<b>\$ 11,791</b>	<b>\$ 7,332</b>	<b>\$ 19,123</b>

### Projects of Note:

**SH-288/ Brazoria County Park & Ride** - The project includes the construction of a new Park & Ride facility in the SH 288 corridor of Brazoria County. There are currently no existing Park & Ride facilities in the SH 288 corridor. METRO analysis shows that traffic conditions and ridership demand supports the development of a Park & Ride facility in the Pearland area. Implementation of a Park & Ride facility will increase METRO ridership, solidifying METRO as the regional transportation provider. METRO has had requests from Texas Medical Center, municipalities in Brazoria County and Connect Transit to provide service to the area. This service will be funded by grants and the City of Pearland for 5 years of service. Federal funds will be requested to cover a portion of the project.

**Clear Lake/El Dorado Park & Ride** - The project includes the construction of a new Park & Ride facility with approximately 1,222 spaces near El Dorado Boulevard in the I-45 south (Gulf Freeway) corridor. The Gulf Freeway corridor is one of the highest priorities for expansion of commuter services. The new facility will increase ridership by tapping into the corridor's demand. The new facility will replace the existing Bay Area Park & Pool (BAP&P), which was built as a temporary facility. Constrained at 207 spaces, the BAP&P was frequently over capacity. The site is also a safety hazard for transit patrons, bus operators and the general public. The new lot could also serve as an overflow for Fuqua Park & Ride, which is landlocked and frequently reaches capacity. METRO has approximately \$8.7 million in grant funds earmarked for this project.

**U.S. 90A/Southwest Rail Corridor** - The U.S. 90A/ Southwest Rail Corridor project will extend approximately 8.2 miles from Beltway 8 to Fannin South. The initiative uses light rail technology with commuter rail qualities to serve commuters living in the southwest quadrant of Houston going to Reliant Stadium, Texas Medical Center, Downtown and points in between.

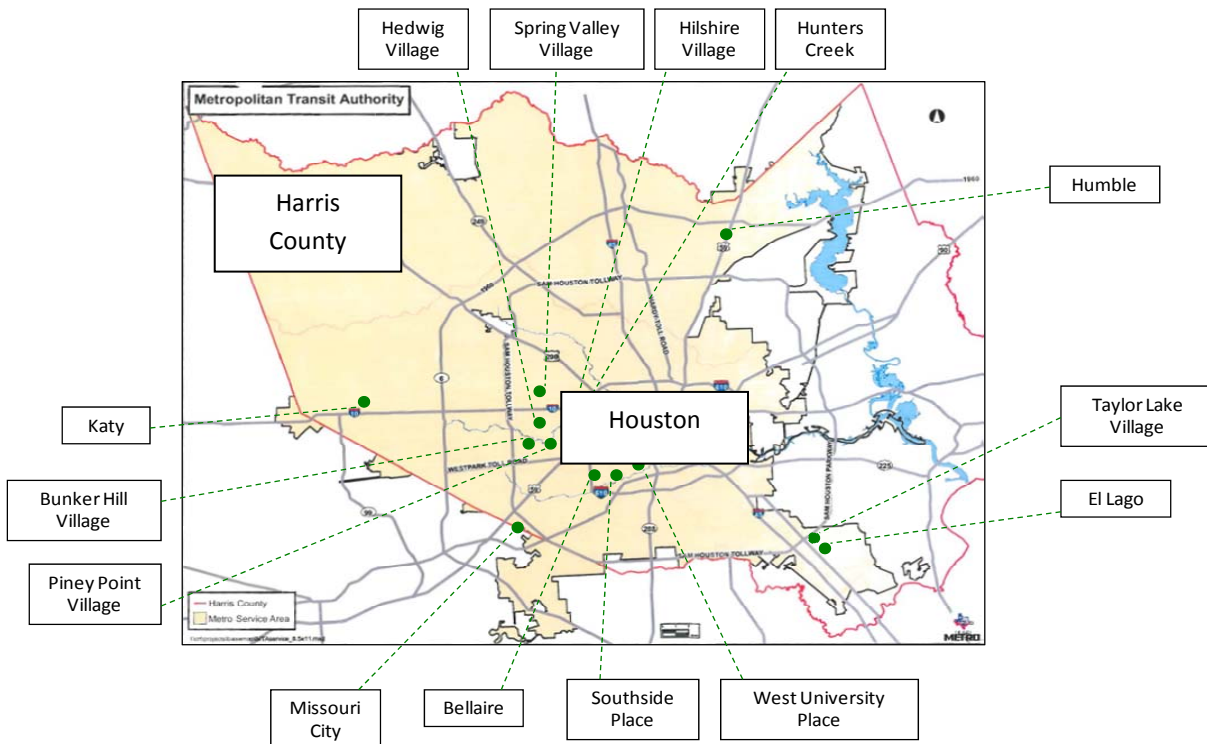
The project is a critical part of the regional expansion and was explicitly described in the 2003 voter referendum. U.S. 90A has a projected ridership of 12,000 on first year maturity and 23,000 by 2030. The vast majority of these riders currently commute by car. By building U.S. 90A/Southwest Rail Corridor, congestion will be reduced, mobility will be increased, air quality will improve, and a considerable amount of fuel will be saved. Additionally, U.S. 90A/Southwest Rail Corridor has a lower cost per rider than any of the light rail extensions. The corridor will interline with Main Street and utilize existing Main Street LRVs.

## General Mobility

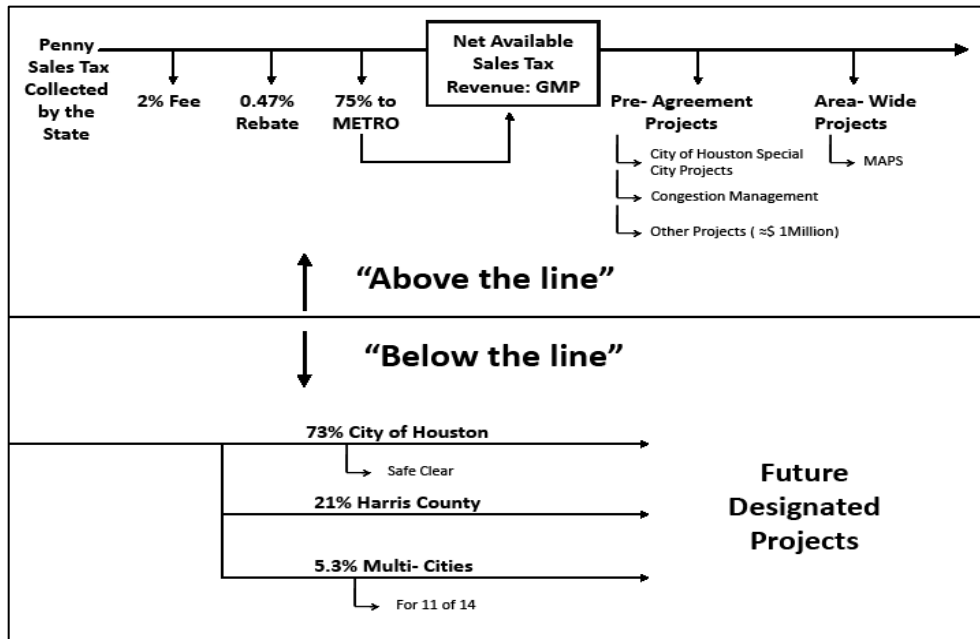
*More people should know how METRO also benefits those not directly riding and using the system.* – Pat “JP” Carlson, METRO’s Senior Project Control Specialist for GMP



METRO’s enabling legislation was amended, through the enactment of Article 451.065, under which METRO, along with certain other metropolitan rapid transit authorities, was authorized to provide funding for the construction and maintenance of highways, streets and roads, sidewalks, and hike and bike trails. METRO began to participate in and contribute funds for various “joint construction projects” with the City of Houston, Harris County and Multi-Cities as early as 1982. The use of METRO’s sales tax revenues was formalized into the General Mobility Program in 1987, dedicating 25% of its sales tax revenues to its constituent entities for General Mobility projects. These dedicated funds and their associated projects are locally known as the General Mobility Program (GMP).



From 1982 through September 2010, the City of Houston, Harris County and the Multi-Cities have received a combined approximate total of \$1.960 billion. The City of Houston alone has received approximately \$1.269 billion.



Pursuant to the 2003 election and interlocal agreements, the Authority is committed through September 30, 2014 to make payments to or on behalf of Harris County, the City of Houston and the participating Municipalities totaling 25% of sales and use tax revenues collected by the Authority for street improvements and mobility projects ("General Mobility"). An election seeking a local determination by voters regarding METRO's continuing support after September 30, 2014 of the GMP will be called no later than January 1, 2013.

## Relevant History

### The Carryover Balance and the Commercial Paper Liability

Past agreement contracts with the participating entities specified that METRO would pay the General Mobility payments as bills were incurred rather than when sales tax was collected. Therefore METRO did not always pay the full 25% for General Mobility each year, nor did it set aside the funds for future payment. Instead METRO paid only the amounts billed by the entities each year, billings often short of the 25%. Under the terms and conditions of the 1999 and 2010 agreements, any available funds

not utilized by the City, County or the Multi-Cities may be carried over and used, as appropriated by the Board, in future funding periods through September 30, 2014.

METRO spent the unbilled amounts (the "Unexpended Carryover") for other purposes. In fact, in some years METRO issued commercial paper to pay for the General Mobility billings. By the end of fiscal year 2010, the Unexpended Carryover for the City of Houston and Harris County totaled \$118 million, and METRO's commercial paper liability for the General Mobility Program totaled \$169 million.



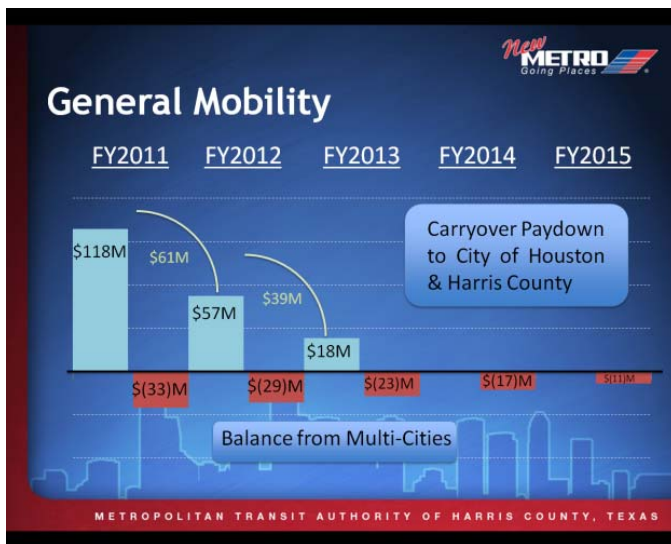
### The Prepayment to the Multi-Cities

In March 2007, METRO agreed to provide approximately \$46.5 million in upfront payment to the Multi-Cities for their Future Designated Projects estimated through 2014 based on the then current sales projections from leading local economic forecasts.

Since that commitment, sales tax projections have declined, resulting in an overfunding of \$11 million through the end of FY2014.

The net unexpended carryover balance as of July 31, 2011 was \$49.1 million, comprised of \$49.5 million due to the City of Houston, \$28.5 million due to Harris County, less advance payments of \$29.0 million made to the Multi-Cities.

### The General Mobility Program & The New METRO



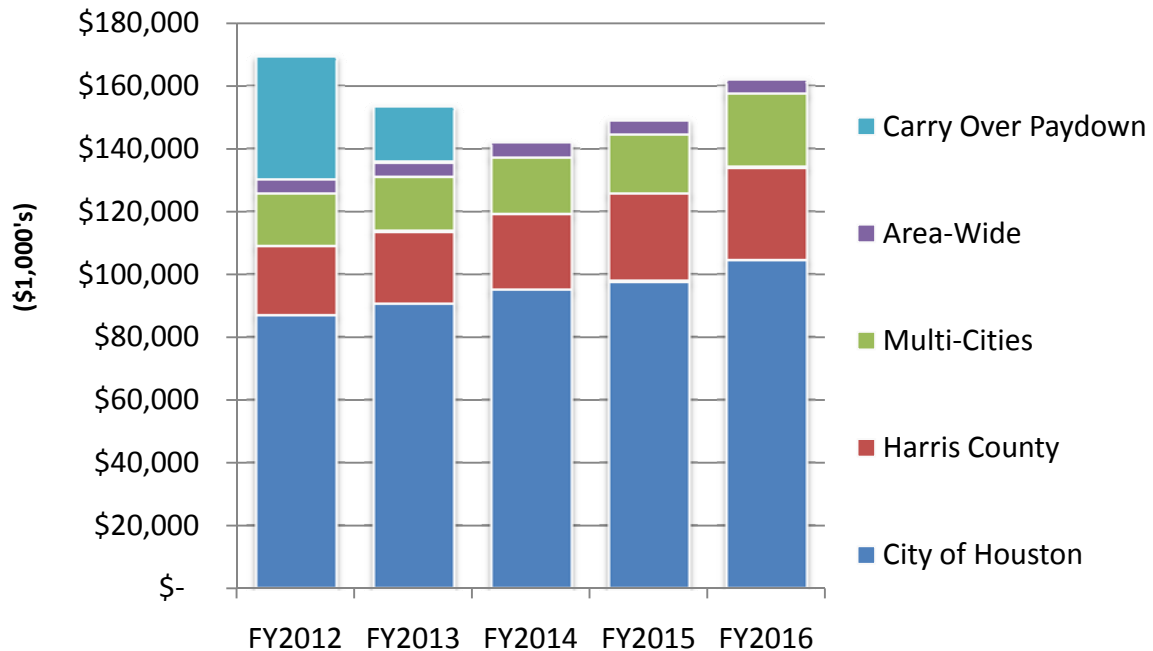
In order to properly ensure that funding is available for timely payment of its General Mobility commitment, in October 2010, METRO commenced making monthly deposits of its sales tax revenues into a special escrow account which has been established for the General Mobility Program. This monthly deposit is equal to: (1) twenty-five percent of the month's sales tax received from the State plus; (2) one-twelfth of the fiscal year's Board approved amount to be escrowed for payment of unexpended carryover amounts. During FY2011, this amount was \$61.5 million; the amount proposed for FY2012 is \$39 million. In the longer term, METRO must develop a plan to pay off the \$169 million in general mobility

commercial paper. Under state law and IRS requirements, this must remain a short term debt.

GMP Agreements covering FY1999 thru FY2009 stated: "METRO intends to make available 25 percent of its Available Sales Tax Revenues per year for Eligible Transportation Projects within the METRO service area, subject to METRO's commitments for transit-related operational expenditures and capital project expenditures." This clause, which allowed METRO to divert funds from the General Mobility Program into transit-related projects / programs, has not been carried forward into the new FY2010 to FY2014 City of Houston contract, executed in December 2009.

(\$1,000's)	FY2012	FY2013	FY2014	FY2015	FY2016
<b>Pre-Agreement Projects</b>					
City of Houston	10,673	10,000	10,000	-	-
Harris County	-	-	-	-	-
Multi-Cities (All)	16,822	17,405	18,069	18,911	19,932
Area-Wide	4,600	4,625	4,600	4,625	4,600
<b>Future Designated Projects</b>					
City of Houston	76,453	80,685	84,980	97,755	104,344
Harris County	21,784	22,990	24,214	27,854	29,732
Multi-Cities (11 of 14)	-	-	-	-	3,427
<b>Total FY2012 Commitment</b>					
City of Houston	87,126	90,685	94,980	97,755	104,344
Harris County	21,784	22,990	24,214	27,854	29,732
Multi-Cities	16,822	17,405	18,069	18,911	23,359
Area-Wide	4,600	4,625	4,600	4,625	4,600
<b>Subtotal</b>	\$ 130,332	\$ 135,706	\$ 141,863	\$ 149,146	\$ 162,034
Carry Over Paydown	39,000	17,703	-	-	-
<b>Total GMP Cash Out</b>	\$ 169,332	\$ 153,409	\$ 141,863	\$ 149,146	\$ 162,034

## 5-Year General Mobility Program Cash Out



## General Mobility Expenditures FY2003 - FY2011



## General Mobility

- \$170M cash outflow for FY2012
  - 40% of the FY2012 Operating Budget
  - Twice the FY2012 Non-METRORail Expansion Capital Budget
- \$2.18B spent since inception
  - More than the total cost of North, Southeast, and East End Corridors

METROPOLITAN TRANSIT AUTHORITY OF HARRIS COUNTY, TEXAS

## Debt Service

Debt Service Category	Projected FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Bonds & KOs	\$ 35.4	\$ 75.6	\$ 78.6	\$ 89.6	\$ 99.7	\$ 106.7
Commercial Paper	4.6	5.5	4.8	4.5	3.9	3.4
Commercial Paper payoff	-	-	7.3	25.0	25.0	25.0
<b>Total</b>	<b>\$ 40.0</b>	<b>\$ 81.1</b>	<b>\$ 90.6</b>	<b>\$ 119.0</b>	<b>\$ 128.7</b>	<b>\$ 135.1</b>

(in millions)

Each year METRO budgets debt service payments for senior lien obligations, including voter authorized sales tax bonds, contractual obligations, and commercial paper, and the master lease purchase program. The debt service budget includes cash transfers required in the current year for interest, principal, and any required debt service reserve deposits.

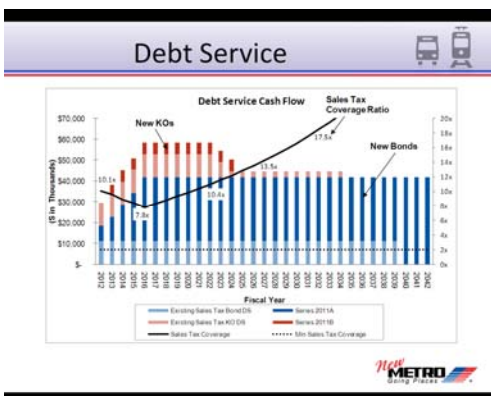
On its senior lien debt, METRO has pledged 75% of its sales tax receipts, not including the 25% of sales tax designated for general mobility. Each month, the sales tax receipts are sent directly from the State Comptroller to the bond trustee, who first deposits 1/6 of the next interest payment and 1/12 of the next principal payment to the Interest and Sinking Fund, then any required contributions to our debt service reserve escrows before sending the remaining receipts on to METRO.

**Plan of Finance – Component Summary**

- Voted Sales Tax Bonds: \$462.9 million**
  - Authorization
    - \$640.0 million approved by voters in November 2003
    - \$177.1 million already issued
  - 30 year term
  - TIC: 4.64%
  - Average Life: 20.8 years
  - Use of bond proceeds:
    - Construction of North and SE corridors
    - Commercial Paper takeout
    - Capitalized interest (2 years @ 50%)
    - Debt service reserve fund (50% MADS)
    - Costs of issuance
- Sales Tax Contractual Obligations: \$49.4 million**
  - Authorization
    - State legislation permits issuance
    - May only be issued for personal property (i.e. vehicles)
  - 12 year term
  - TIC: 2.94%
  - Average Life: 7.2 years
  - Use of bond proceeds:
    - 100 hybrid electric buses
    - Capitalized interest (15 months), free cash flow used to fund debt service reserve fund (50% MADS)
    - Costs of issuance

### DEBT POLICY

In April 2009, the Board approved an updated Debt Policy for the Authority (the “*Debt Policy*”). The Debt Policy sets forth guidance on the type of debt that may be incurred by the Authority (e.g., long term versus short term), the source of payment for its debt obligations and other factors to be considered when incurring debt. The Debt Policy allows the Authority to incur debt for only the following purposes: financing capital assets, improving infrastructure, refunding or defeasing existing obligations, funding capitalized interest, paying costs of issuance or making deposits to reserve funds and other funds required in debt instruments.



### Bond Issuance in FY2011

The Series 2011A Bonds are being issued as Voted Sales Tax Bonds. In addition to Voted Sales Tax Bonds, the Authority is authorized by State law to issue certain other obligations, including parity Contractual Obligations, such as the Series 2011B Contractual Obligations, commercial paper notes and other notes with a five-year or shorter term, without voter approval. The amount of debt service the Authority pays directly affects the amount of the revenues available to the Authority to support its operations, maintenance and capital reinvestment needs.

The Series 2011A Sales Tax Bonds are being issued to (a) pay a portion of the costs of two light rail lines as part of the Authority’s METRORail light rail system, (b) refund certain outstanding commercial paper

notes issued for North and Southeast corridor activities, (c) fund capitalized interest on the Series 2011A Sales Tax Bonds, (d) make a deposit, if any, to the debt service reserve fund for the Senior Lien Obligations issued as Voted Sales Tax Bonds, and (e) pay costs of issuance of the Series 2011A Sales Tax Bonds. The Series 2011B Contractual Obligations are being issued to (a) purchase 100 hybrid electric transit buses, (b) fund capitalized interest on the Series 2011B Contractual Obligations and (c) pay costs of issuance of the Series 2011B Contractual Obligations.

At an election held within the Authority in November, 2003 (the “2003 Election”), voters authorized the issuance of \$640,000,000 of bonds payable from a pledge of 75% of sales and use tax revenues collected by the Authority (the “Voted Sales Tax Bonds”). The Authority has previously issued its \$94,465,000 Sales and Use Tax Bonds, Series 2009A (the “Series 2009A Sales Tax Bonds”), and \$82,555,000 Sales and Use Tax Bonds, Taxable Series 2009C (Direct-Subsidy Build America Bonds) (the “Series 2009C Sales Tax Bonds”) as Voted Sales Tax Bonds. The 2011A issuance of \$461,010,000 represents the remaining voted authorization from the 2003 Election.

The Series 2011B Contractual Obligations are authorized by Chapter 1371, Texas Government Code, as amended, Chapter 271, Subchapter A, Texas Local Government Code, as amended, and a resolution adopted by the Board of Directors of the Authority authorizing the issuance of the Series 2011B Contractual Obligations.

Both the Series 2011A Sales Tax Bonds and the 2011B Contractual Obligations have received high investment grade ratings from both the Moody’s Investor Services and Standard & Poor’s rating agencies as follows:

Issue		Moody’s/S&P
Sales and Use Tax Revenue Bonds, Series 2011A		Aa2/AA
Par Amount	\$461,010,000	
Sales and Use Tax Contractual Obligations, Series 2011B		Aa2/AA
Par Amount	\$49,405,000	

*“The ratings on the sales tax bonds reflect the strong debt service coverage provided by the gross pledge of a portion of a 1% sales and use tax, a sizeable, dynamic and diverse economic base on which the tax is collected, and strong legal protections for bondholders that include a 2 times additional bonds test, debt service reserve, and trustee intercept of the pledged revenues. The ratings on the COPs reflect their subordinate claim on the sales tax revenue and need for appropriation. The outlook is stable.” — Moody’s,*

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*“The stable outlook reflects our expectation that sales tax collections will remain in line with historical results based on the regional sales tax base’s stability. We also expect that the authority will maintain liquidity in line with its targeted level. We do not expect to change the ratings within the next two years as we anticipate that MADs coverage will exceed the 2.0x ABT despite the issuance of additional bonds.” —Standard & Poor’s*

In addition to its outstanding sales tax revenue bonds and sales tax contractual obligations, METRO also maintains a \$375 million commercial paper program, and has issued subordinate certificates of participation to finance bus acquisition. Other than the commercial paper, all of METRO's debt is fixed rate and it is not party to any interest rate derivatives.

## BUS REPLACEMENT

The Authority's fleet replacement plan is designed to ensure service reliability. In accordance with FTA standards, the Authority assumes a life expectancy of 12 years for each bus. Therefore, the Authority replaces one-twelfth of its approximately 1,200 vehicle bus fleet, or approximately 100 buses, each year. Under its current bus delivery schedule, the Authority will acquire an additional 100 buses during FY2011 and FY2012 with proceeds of the Series 2011B Contractual Obligations.

### Commercial Paper Program

- Commercial Paper: \$400 million
  - Authorized by State legislature in 2003
  - CP Program has Board authorization up to \$375 million
    - Liquidity of \$375 million
 

– JP Morgan	\$200 million	June 20, 2014
– State Street Bank	\$75 million	June 21, 2013
– Sumitomo	\$100 million	June 23, 2012
- \$265 million currently outstanding
  - Plan to refinance \$95 million with sales tax bonds
  - Plan to pay down \$170 million on pay-as-you-go basis

The basic terms and assumptions for each type of debt instrument:

#### Sales Tax Bonds

Pledge of 75% of sales tax

Long-term, fixed rate bonds up to 40 years

Purpose: Any capital improvements

Authorization: \$640 million approved by voters in 2003

#### Commercial Paper

Pledge of 75% of sales tax

Short-term, variable rate notes

Program limited to 5 years with extensions of additional 5 year periods with Texas Attorney General approvals

Purpose: Interim financing of any capital improvements

### Future Debt Issuances

- METRO plans to issue Contractual Obligations for vehicles as follows:

Fiscal Year	Rail Vehicles	Replacement Buses
2012	\$50 M	\$0 M
2013	\$46 M	\$58 M
2014	\$58 M	\$58 M

Commercial Paper Notes are not subject to Reserve Fund requirements but are supported by three separate liquidity facilities, with expiration dates in 2012, 2013 and 2014.

Issuance limitation: The \$400 million of Board-approved funds received from the issuance of tax exempt commercial paper is recorded as a current liability with interest accrued monthly.

The Authority may issue up to \$375 million of CP Notes if needed to pay for costs of the METRORail Expansion plan, including project cost overruns, or to offset delays or a reduction in federal funding. The Authority is obligated to redeem the CP Notes within two years after expiration of the supporting line of credit or standby letter of credit, as applicable, unless the CP Notes are refunded sooner. The Authority may also issue parity Additional Obligations that are short-term obligations or subject to mandatory tender by the owners thereof and purchase or redemption by the Authority, with or without a supporting credit or liquidity facility. Funds received from the issuance of tax exempt commercial paper are recorded as a current liability with interest accrued monthly.



### *Contractual Obligations*

Pledge of 75% of sales tax

Long-term, fixed rate bonds up to useful life of asset being financed with a max of 25 years

Purpose: Equipment such as rail cars and buses

### **MASTER LEASE PURCHASE PROGRAM**

The Authority has established a Master Lease Purchase Program for the lease-purchase financing from time to time of equipment, including buses, bus rapid transit vehicles and rail rapid transit vehicles. Pursuant to the terms of the Master Lease Purchase Agreement, as amended, between the Authority and First Southwest Leasing Company ("FSWL"), the Authority may acquire up to \$250 million in equipment between June 15, 2008 and June 14, 2013, by entering into one or more lease-purchase agreements with the consent of FSWL, from time to time, under the Master Lease Program. The lease-purchase payments due under each lease-purchase agreement are payable from sales and use taxes and other revenues, subject to appropriation on an annual basis, and are not secured by the Pledged Revenues. The Authority has entered into two lease-purchase agreements under the Master Lease Purchase Program. It is currently lease-purchasing 98 buses pursuant to the Series 2008A Lease-Purchase Agreement, financed by \$62,255,000 Series 2008A Certificates of Participation, and 60 buses pursuant to the Series 2008B Lease Purchase Agreement, financed by \$45,785,000 Series 2008B Certificates of Participation. The aggregate principal portion of the Authority's outstanding lease-purchase obligations as of June 30, 2011, was \$96,905,000. The Master Lease Purchase program has not been utilized since 2008 in favor of more cost effective Contractual Obligations.

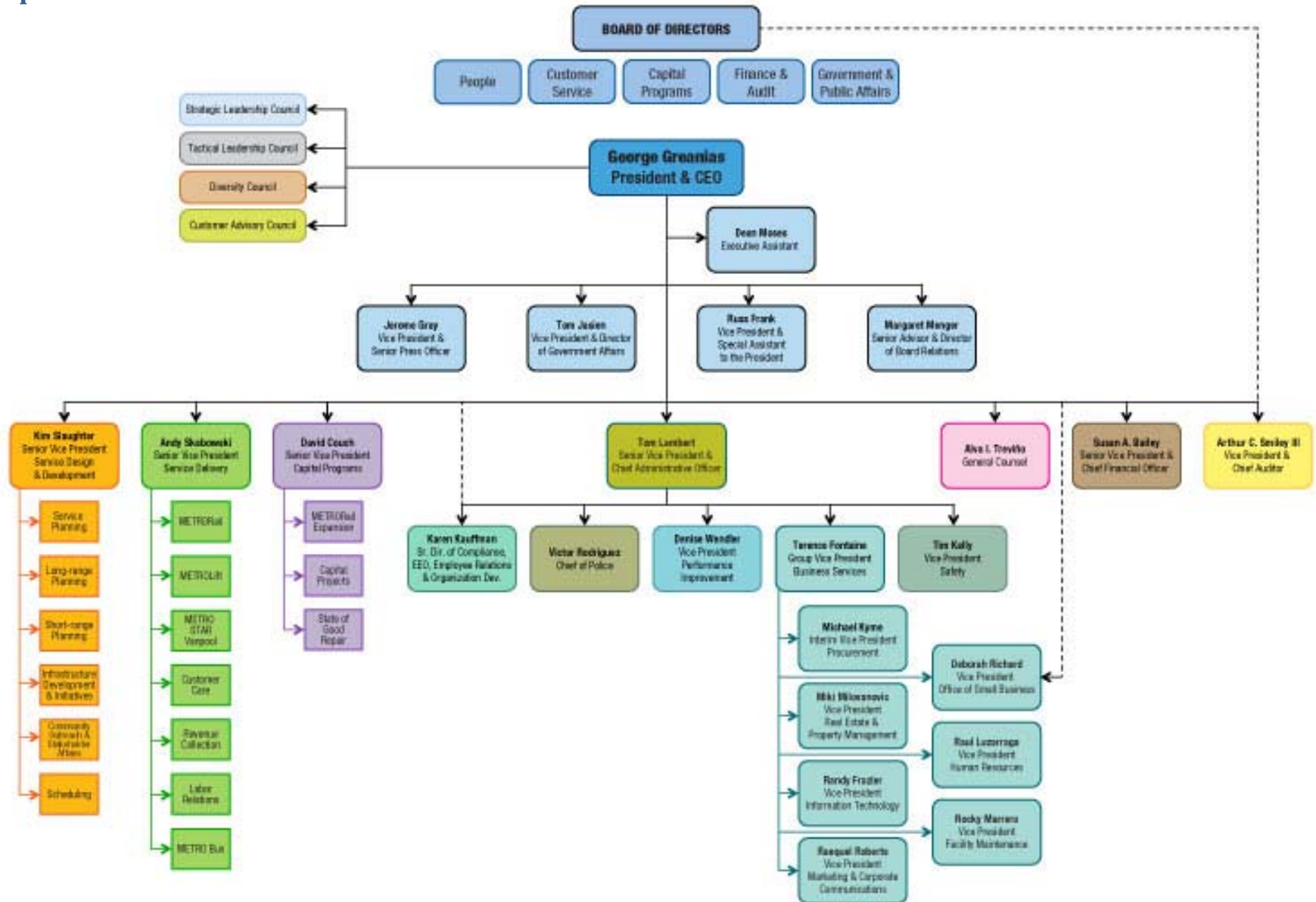
## OUTSTANDING DEBT AS OF SEPTEMBER 28, 2011

Series	Principal Amount Outstanding	Interest	Reserve Fund Participant	Final Maturity
<b>Senior Lien Obligations:</b>				
Sales and Use Tax Bonds				
Series 2009A	\$ 91,510,000	Fixed	Yes (1)	2029
Series 2009C	82,555,000	Fixed	Yes (1)	2038
Series 2011A	<u>461,010,000</u>	Fixed	Yes (1)	2041
<b>Subtotal</b>	<b>\$ 635,075,000</b>			
Sales and Use Tax Contractual Obligations				
Series 2009B	41,695,000	Fixed	Yes (2)	2033
Series 2009D	32,655,000	Fixed	Yes (2)	2021
Series 2010A	40,290,000	Fixed	Yes (2)	2022
Series 2011B	<u>49,405,000</u>	Fixed	Yes (2)	2023
<b>Subtotal</b>	<b>\$ 164,045,000</b>			
Commercial Paper Notes		Variable	No	N/A
Series 2001A-1	162,400,000			
Series 2001A-3	<u>27,600,000</u>			
<b>Subtotal</b>	<b>\$ 190,000,000</b>			
<b>Lease Purchase Obligations:</b>				
Series 2008A				
Certificates of Participation	53,910,000	Fixed	No	2020
Series 2008B				
Certificates of Participation	<u>42,995,000</u>	Fixed	No	2021
<b>Subtotal</b>	<b>\$ 96,905,000</b>			
<b>Total</b>	<b><u>\$ 1,086,025,000</u></b>			

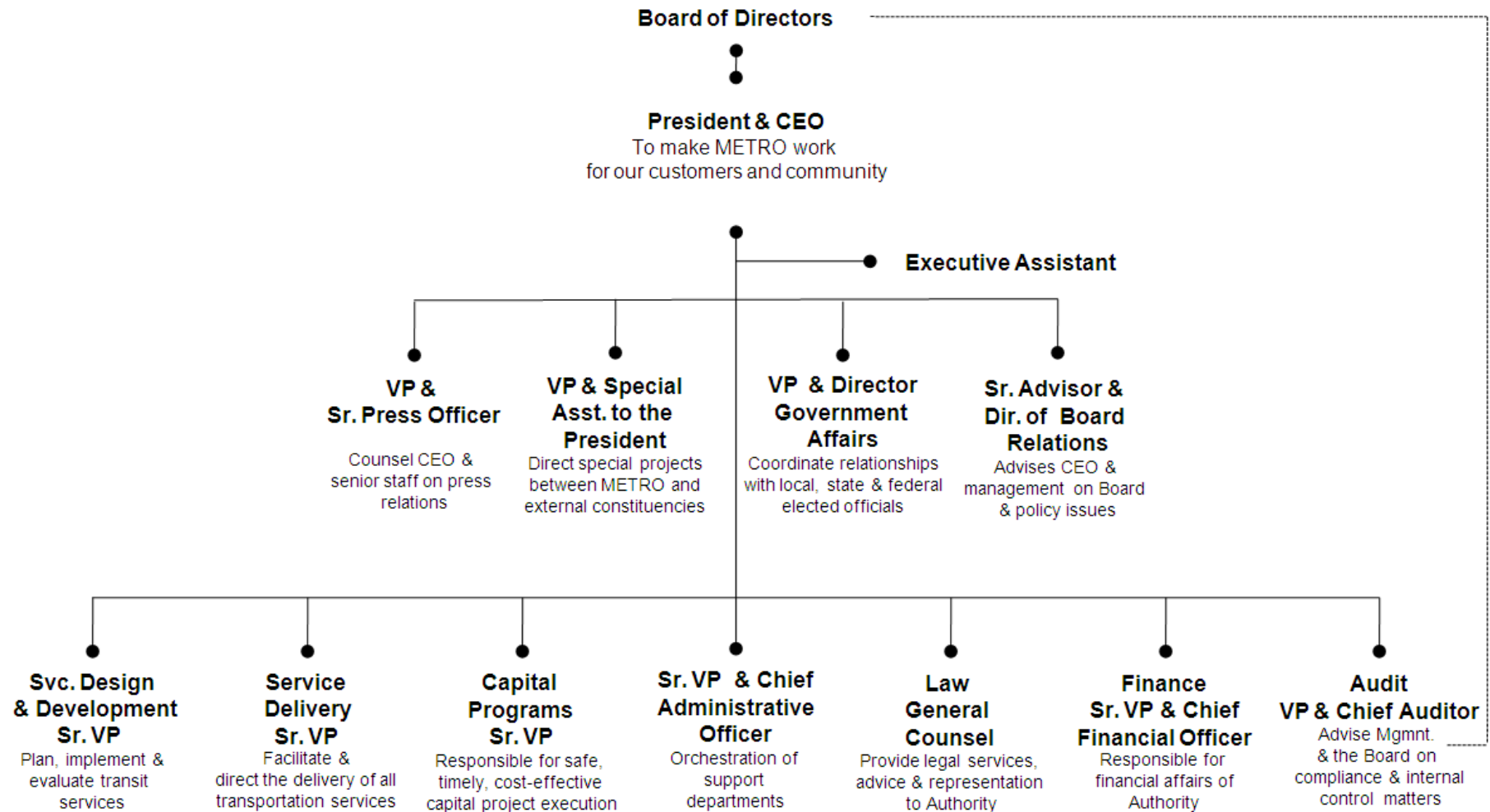
(1) Secured by the Sales Tax Bond Reserve Fund.

(2) Secured by the Contractual Obligation Reserve Fund.

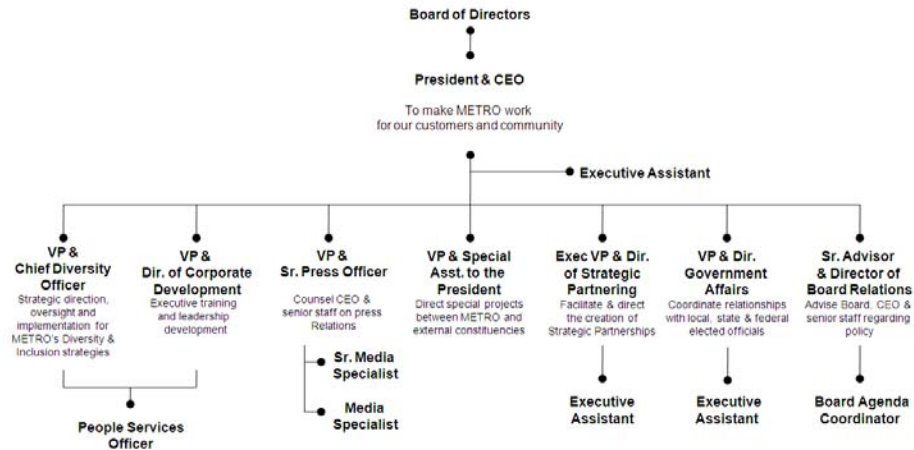
## Department Summaries



## Direct Reports to the President & CEO



## Executive




- The department budget increased due to the reduction of capitalized labor from senior executive staff.
- Headcount stayed constant.
- The current status of FY2011's department scorecard is all targets met.

Department Divisions	FY2010	FY2011		FY2012
	Actual	Auth.	Est. FTE	Authorized
Office of the President	4	4	5.0	5
Diversity/Corp. Development	3	3	3.0	3
EVP/ Strategic Partnering	2	2	2.0	2
Government Affairs	2	3	2.0	2
Press Office	3	3	3.0	3
<b>Total Workforce</b>	<b>14</b>	<b>15</b>	<b>15</b>	<b>15</b>

	Budget to Budget				Variance	
	FY2010 Actual	FY2011 Budget	FY2011 Estimate	FY2012 Budget	\$	%
Wages	\$ -	\$ -	\$ 857	\$ -	\$ -	N/A
Union Fringe Benefits	9,917	2,060	440	1,955	(105)	(5.1%)
<b>Subtotal Union Labor</b>	<b>9,917</b>	<b>2,060</b>	<b>1,297</b>	<b>1,955</b>	<b>(105)</b>	<b>(5.1%)</b>
Salaries and Non-Union Wages	2,188,057	2,014,917	1,984,917	1,914,993	(99,924)	(5.0%)
Non-Union Fringe Benefits	876,764	711,741	713,141	588,740	(123,001)	(17.3%)
<b>Subtotal Non-Union Labor</b>	<b>3,064,821</b>	<b>2,726,658</b>	<b>2,698,058</b>	<b>2,503,733</b>	<b>(222,925)</b>	<b>(8.2%)</b>
					-	
<b>Subtotal Labor and Fringe Benefits</b>	<b>3,074,738</b>	<b>2,728,718</b>	<b>2,699,355</b>	<b>2,505,688</b>	<b>(223,030)</b>	<b>(8.2%)</b>
Services	6,047	43,228	30,016	55,898	12,670	29.3%
Materials and Supplies	19,980	13,542	9,868	10,550	(2,992)	(22.1%)
Fuel & Utilities	13,994	12,708	4,482	15,124	2,416	19.0%
Leases, Rentals and Miscellaneous	205,772	258,126	184,274	223,687	(34,439)	(13.3%)
<b>Subtotal Non-Labor</b>	<b>245,793</b>	<b>327,604</b>	<b>228,640</b>	<b>305,259</b>	<b>(22,345)</b>	<b>(6.8%)</b>
					-	
<b>Subtotal Labor and Non Labor</b>	<b>3,320,531</b>	<b>3,056,322</b>	<b>2,927,995</b>	<b>2,810,947</b>	<b>(245,375)</b>	<b>(8.0%)</b>
Allocation to Capital and GMP	(573,933)	(433,466)	(121,680)	(44,956)	388,510	89.6%
<b>Total Operating Expenses</b>	<b>\$ 2,746,598</b>	<b>\$ 2,622,856</b>	<b>\$ 2,806,315</b>	<b>\$ 2,765,991</b>	<b>\$ 143,135</b>	<b>5.5%</b>

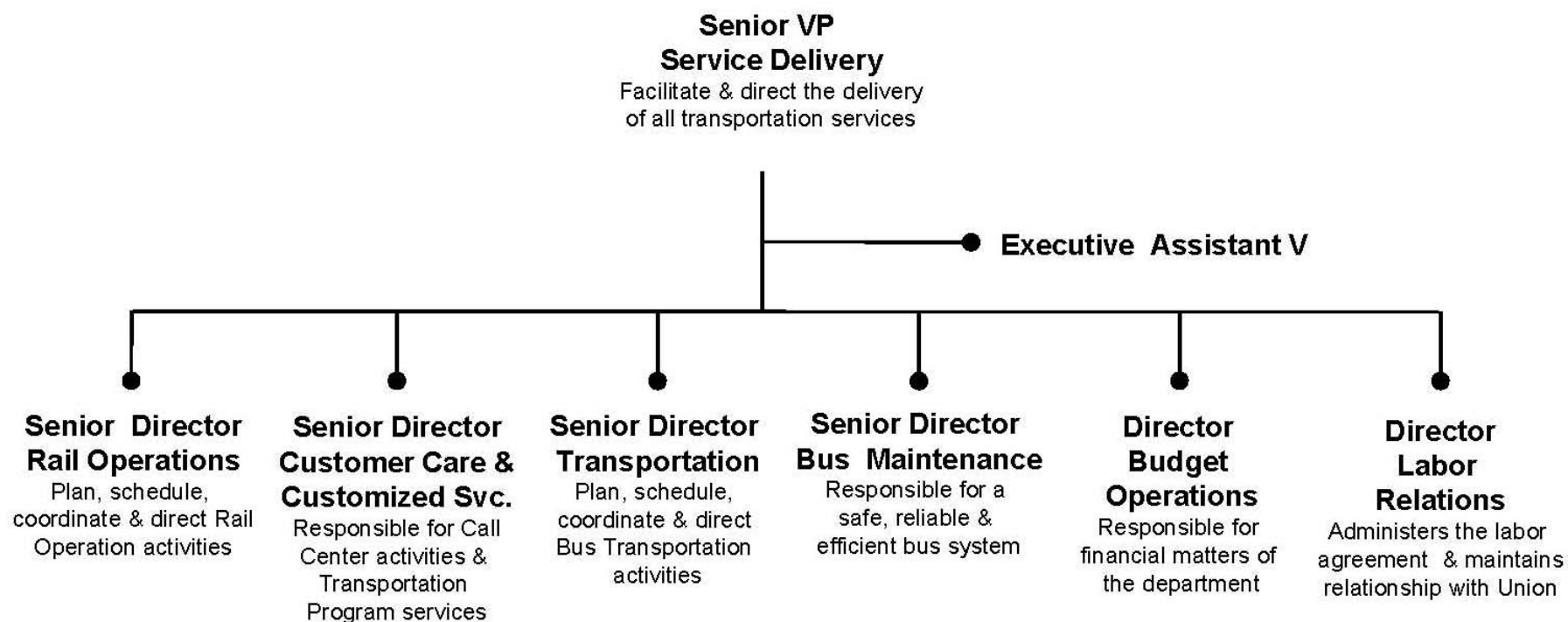
## CEO SCORECARD - FY2012

Strategic Priority	Initiative/Objective	Measurement	Target and Actuals								Status 
			Q1		Q2		Q3		Q4		
			Target	Actual	Target	Actual	Target	Actual	Target	Actual	
First-Class Transit Services	Conduct workshops to establish path forward on long-standing but unresolved transit services issues	Q1: Route System Reimagining	100%								
		Q2: Developing Key Performance Indicators			100%						
		Q3: Improving the Customer Experience				100%					
		Q4: Bringing Alternative Service into Sharper Focus									
	Communicate New METRO expectations directly to employees	Q1: Conduct employee meetings for all employees	100%								
		Q3: Conduct employee meetings for all employees				100%					
Great Transit Infrastructure	Conduct workshops to establish path forward on long-standing but unresolved transit infrastructure issues	Q1: Creating Complete Trips	100%								
		Q2: Refining the University strategy			100%						
		Q3: Establishing a Transit Oriented Development policy				100%					
		Q4: Revising the Post Oak Line strategy						100%			
Trusted Community Partner	Represent the New METRO to the Greater Houston community and region	Q1: Average of two (02) presentations and/or outreach meetings per week (26 total)	26								
		Q2: Average of three (03) presentations and/or outreach meetings per week (39 total)			39						
		Q3: Average of four (04) presentations and/or outreach meetings per week (52 total)					52				
		Q4: Average of five (05) presentations and/or outreach meetings per week (65 total)						65			
	Meet directly with major stakeholders and customers	Q1-Q4: Six (06) meetings per quarter with different major stakeholders and customers	6		6		6		6		
	Create a METRO environment that enhances local business opportunities	Review current state of METRO business programs to identify improvement opportunities and research best practices in other transit agencies	100%								
		Conduct community workshop on developing METRO best practices for fostering local business			100%						
		Develop written policy on fostering local business					100%				
		Incorporate new policy into FY2013 Budget and business planning						100%			

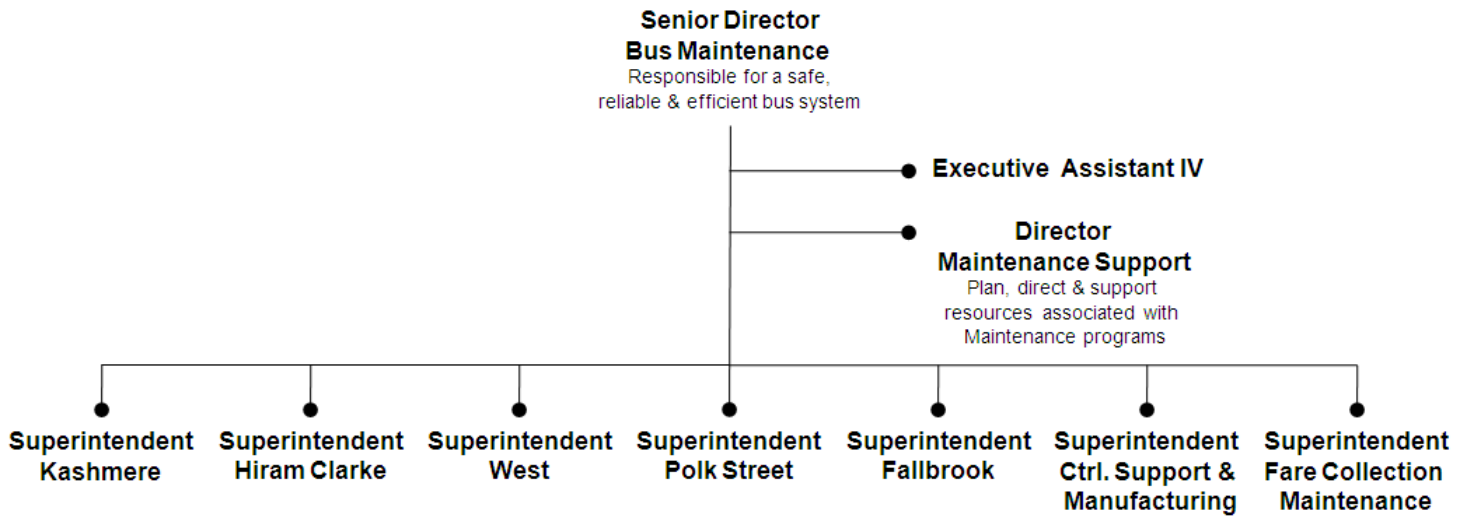


## Service Delivery

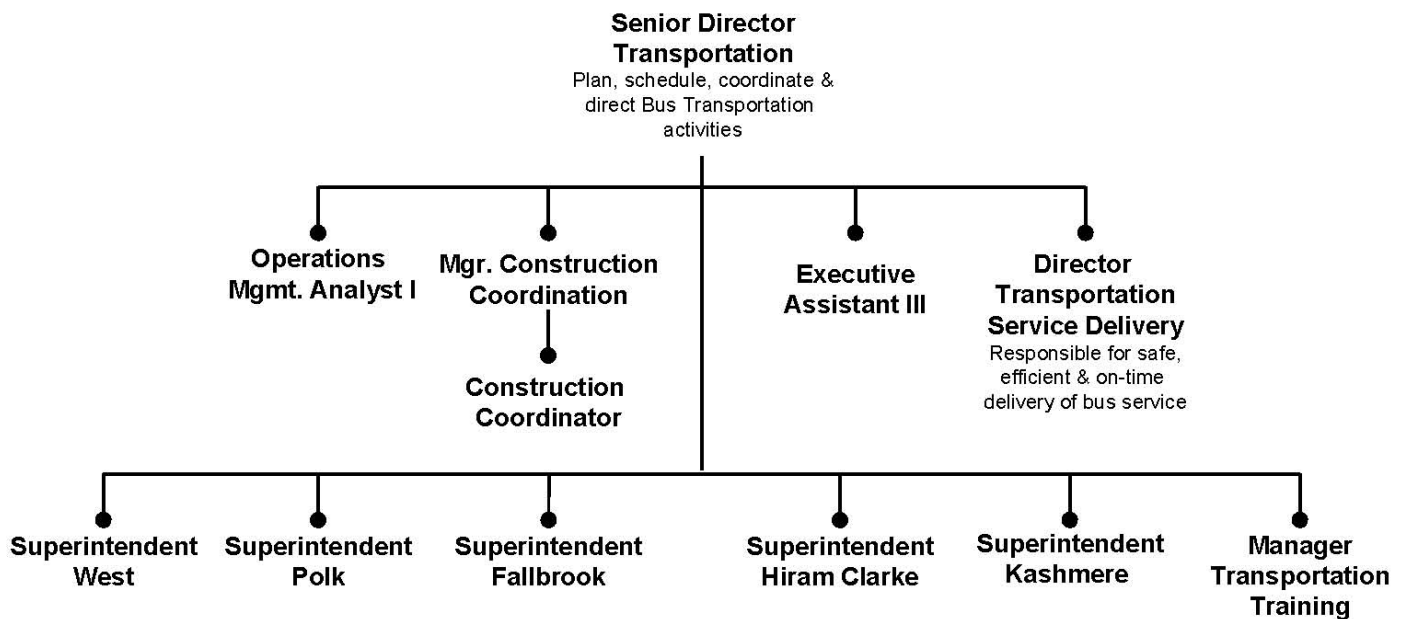
- The department budget increased due to higher diesel fuel prices and change in capitalization policy partially offset by savings from personnel reductions and increased efficiency in providing fixed route service.
- The department workforce decreased due to increased efficiency in providing fixed route service and cost reduction initiatives.
- The current status of the department's FY2011 scorecard is that most targets have been met.



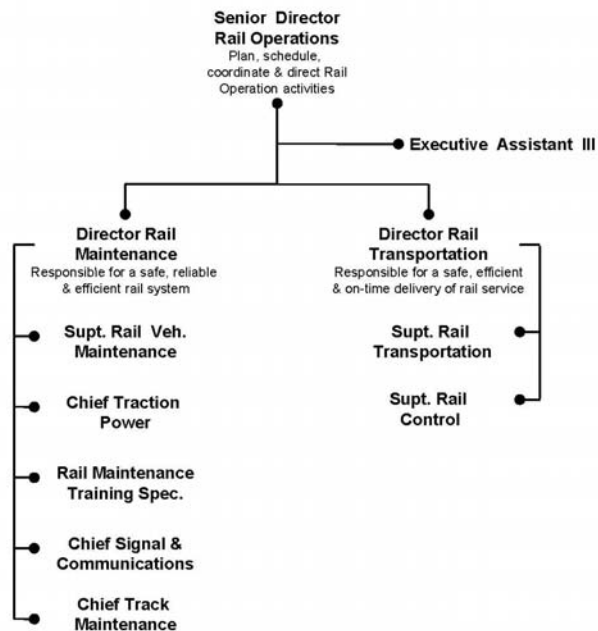
## DIVISION OF BUS MAINTENANCE



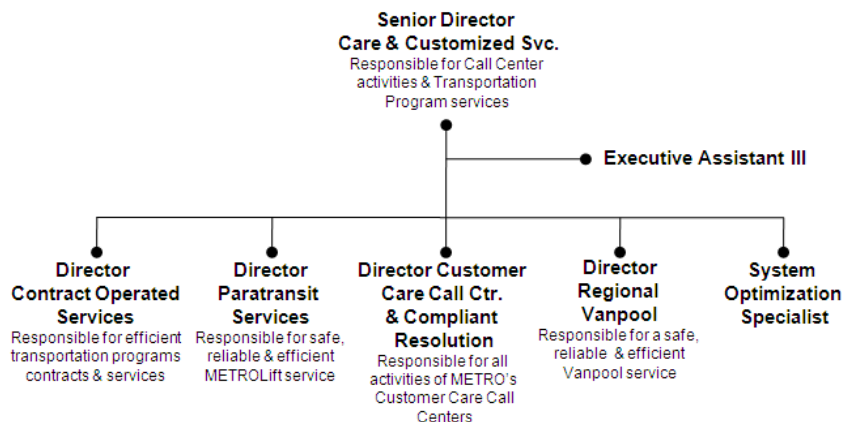
## DIVISION OF BUS TRANSPORTATION



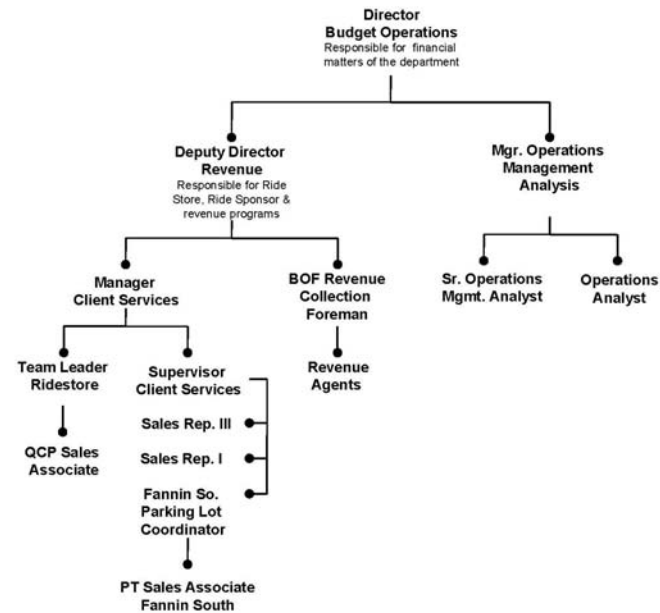
## DIVISION OF METRORAIL



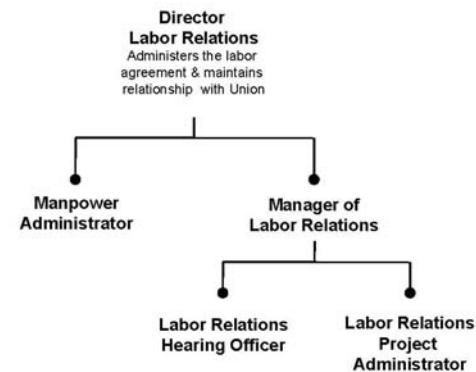
## DIVISION OF CUSTOMER CARE & CUSTOMIZED SERVICE



## DIVISION OF SERVICE DELIVERY MANAGEMENT SUPPORT



## DIVISION OF LABOR RELATIONS



<b><u>Department Divisions</u></b>	<b>FY2010</b>	<b>FY2011</b>		<b>FY2012</b>
	<b><u>Actual</u></b>	<b><u>Auth.</u></b>	<b><u>Est. FTE</u></b>	<b><u>Authorized</u></b>
<b>Senior VP and Staff</b>	<b>2</b>	<b>3</b>	<b>3.0</b>	<b>3</b>
Union	0	0	0.0	0
Non-Union	2	3	3.0	3
<b>Operations Management Support</b>	<b>19</b>	<b>27</b>	<b>21.8</b>	<b>29</b>
Union	10	10	9.4	10
Non-Union	9	17	12.4	19
<b>METRORail</b>	<b>144</b>	<b>152</b>	<b>142.0</b>	<b>152</b>
Union	77	80	74.4	80
Non-Union	67	72	67.6	72
<b>Bus Maintenance</b>	<b>669</b>	<b>694</b>	<b>655.5</b>	<b>667</b>
Union	554	561	538.6	538
Non-Union	115	133	116.9	129
<b>Transportation</b>	<b>1,662</b>	<b>1,676</b>	<b>1,522.7</b>	<b>1,596</b>
Union	1,585	1,594	1,447.9	1,517
Non-Union	77	82	74.8	79
<b>Customer Care &amp; Customized Services</b>	<b>142</b>	<b>148</b>	<b>133.2</b>	<b>144</b>
Union	0	0	0.0	0
Non-Union	142	148	133.2	144
<b>Labor Relations</b>	<b>4</b>	<b>5</b>	<b>4.2</b>	<b>5</b>
Union	0	0	0.0	0
Non-Union	4	5	4.2	5
<b>Subtotal Union</b>	<b>2,226</b>	<b>2,245</b>	<b>2,070.3</b>	<b>2,145</b>
<b>Subtotal Non-Union</b>	<b>416</b>	<b>460</b>	<b>412.1</b>	<b>451</b>
<b>Total Workforce</b>	<b>2,642</b>	<b>2,705</b>	<b>2,482.4</b>	<b>2,596</b>

	<b>FY2010</b>	<b>FY2011</b>	<b>FY2011</b>	<b>FY2012</b>	<b>Budget to Budget</b>	
	<b><u>Actual</u></b>	<b><u>Budget</u></b>	<b><u>Estimate</u></b>	<b><u>Budget</u></b>	<b>Variance</b>	<b>%</b>
					<b>\$</b>	<b>%</b>
Wages	\$ 90,913,488	\$ 96,347,406	\$ 94,482,185	\$ 93,113,741	\$ (3,233,665)	(3.4%)
Union Fringe Benefits	34,553,336	41,863,813	41,745,056	40,960,550	(903,263)	(2.2%)
<b>Subtotal Union Labor</b>	<b>125,466,824</b>	<b>138,211,219</b>	<b>136,227,241</b>	<b>134,074,291</b>	<b>(4,136,928)</b>	<b>(3.0%)</b>
Salaries and Non-Union Wages	24,257,586	25,049,689	24,126,985	24,597,140	(452,549)	(1.8%)
Non-Union Fringe Benefits	9,651,578	10,820,506	10,810,127	10,409,323	(411,183)	(3.8%)
<b>Subtotal Non-Union Labor</b>	<b>33,909,164</b>	<b>35,870,195</b>	<b>34,937,112</b>	<b>35,006,463</b>	<b>(863,732)</b>	<b>(2.4%)</b>
<b>Subtotal Labor and Fringe Benefits</b>	<b>159,375,988</b>	<b>174,081,414</b>	<b>171,164,353</b>	<b>169,080,754</b>	<b>(5,000,660)</b>	<b>(2.9%)</b>
Services	2,257,030	2,720,369	2,320,665	1,954,269	(766,100)	(28.2%)
Materials and Supplies	16,298,278	16,177,304	14,914,191	15,593,964	(583,340)	(3.6%)
Fuel & Utilities	41,512,226	31,595,425	30,754,038	43,150,154	11,554,729	36.6%
Casualty and Liability	(490,877)	757,992	1,028,084	757,992	-	0.0%
Purchased Transportation	70,972,584	75,860,555	76,345,904	77,296,967	1,436,412	1.9%
Leases, Rentals and Miscellaneous	1,073,721	1,043,628	1,073,060	1,043,803	175	0.0%
<b>Subtotal Non-Labor</b>	<b>131,622,962</b>	<b>128,155,273</b>	<b>126,435,942</b>	<b>139,797,149</b>	<b>11,641,876</b>	<b>9.1%</b>
<b>Subtotal Labor and Non Labor</b>	<b>290,998,950</b>	<b>302,236,687</b>	<b>297,600,295</b>	<b>308,877,903</b>	<b>6,641,216</b>	<b>2.2%</b>
Allocation to Capital and GMP	(4,846,742)	(3,581,717)	(2,093,845)	(1,372,854)	2,208,863	(61.7%)
<b>Total Operating Expenses</b>	<b>\$286,152,208</b>	<b>\$298,654,970</b>	<b>\$295,506,450</b>	<b>\$307,505,049</b>	<b>\$ 8,850,079</b>	<b>3.0%</b>

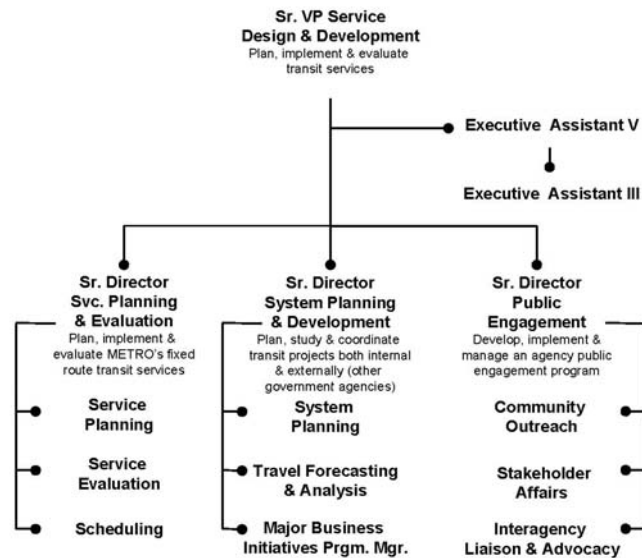
<u>Expense Type</u>	<u>FY2011 Budget</u>	<u>FY2012 Budget</u>	<u>(favorable) / unfavorable</u>
<b>Union Labor</b>	\$ 138,211,219	\$ 134,074,291	\$ (4,136,928)
Mainly decreased wages & benefits associated with the Deliver Smart Service initiative for increased efficiency in fixed route service delivery			
<b>Non-Union Labor</b>	35,870,195	35,006,463	(863,732)
Primarily decreased salaries & benefits associated with the elimination of 12 positions offset by 3 new positions and salary adjustments due to functional reorganization.			
<b>Services</b>	2,720,369	1,954,269	(766,100)
1) Increase in Education & Training Fees largely associated with a new Bus Maintenance training program			94,913
2) Decrease due to the discontinuation of the METRO Airport Direct Concierge Service			(555,000)
3) Lower Vehicle Repair Services due in part to a major FY2011 bus repair			(320,732)
4) Other			14,719
<b>Materials &amp; Supplies</b>	16,177,304	15,593,964	(583,340)
Mainly decreased materials & supplies expense associated with the Deliver Smart Service initiative for increased efficiency in fixed route service delivery			
<b>Fuel &amp; Utilities</b>	31,595,425	43,150,154	11,554,729
1) Higher diesel fuel costs caused by higher market pricing partially offset by adjusted service levels			10,896,575
2) Increased gasoline cost due to increased usage and higher market pricing			321,639
3) Higher telecommunications expense largely for the reallocation of resources for the SAFEbus program			298,177
4) Introduction of Diesel Exhaust Fluid resources in budget for new buses			94,693
5) Increase in Propulsion Power due in part to extreme environmental temperatures			67,656
6) Lower fuel & lubricant taxes due to adjusted service levels			(132,386)
7) Other			8,375
<b>Casualty &amp; Liability</b>	757,992	757,992	-
<b>Purchased Transportation</b>	75,860,555	77,296,967	1,436,412
1) Increased costs in METROLift paratransit service primarily due to increased ridership and contract rates			3,201,626
2) Decreased cost in contracted fixed route bus service associated with the Deliver Smart Service initiative for increased efficiency in fixed route service delivery partially offset by a contractual rate increase			(1,217,837)
3) Decrease in Vanpool cost due to lower ridership, more realized lease savings, lower contractor overhead rates, and delayed vehicle replacements			(547,377)
<b>Leases, Rentals and Miscellaneous</b>	1,043,628	1,043,803	175
<b>Allocation to Capital &amp; GMP</b>	(3,581,717)	(1,372,854)	2,208,863
Decrease due to fewer capital projects and revised capitalization guidelines			



SERVICE DELIVERY SCORECARD - FY2012											
			Target and Actuals								Status
			Q1		Q2		Q3		Q4		
Principles	Initiative/Objective	Measurement	Target	Actual	Target	Actual	Target	Actual	Target	Actual	↓ ↔ ↑
Asset Utilization	Fleet Management - Ensure a reliable and safe fleet at METRO.	Issue solicitation for new bus procurement (type TBD) and award contract.	50%		100%						
		Take delivery of new buses and place in service.							50%		
		Retire buses per FY12 fleet plan while maintaining adequate spare ratio.							25%		
		Service Delivery involvement in rail car procurement.	100%								
Alternative Service Initiative	Pursue new ways to run the service.	Receive routes from Service Planning on routes where alternative service is to be implemented.	50%				100%				
		Work with existing vendor to secure equipment and personnel for the new routes.	50%		100%						
		Install required farebox and radio equipment for the alternative service.	50%		100%						
Sustainability	Energy - Decrease usage/consumption of energy.	Complete installation and test Ventech tire management system at Kashmiri garage.	75%				100%				
		Complete fleet updates to revise idle shutdown protocol for all bus fleets to optimize engine shutdown strategy and reduce fuel consumption.	75%		100%						
	Social Responsibility - Identify an area of social impact outside of METRO.	Identify charities to support.	100%								
		Implement programs within Service Delivery.			25%		75%		100%		
Safety	Reduce accidents	Ensure that bus accidents do not exceed 528 per year and rail accidents do not exceed 43 per year.	132 bus & 10 rail		132 bus & 11 rail		132 bus & 12 rail		132 bus & 10 rail		
		Ensure that preventable rail accidents do not exceed three per year.	1		1		1		1		
		Ensure that preventable bus accidents do not exceed 135 per year.	33		34		34		34		
		Bus - Continue two day recertification class (480 per year) Refresher training for operators after accident.	20%		40%		70%		100%		
		Rail - All Operators and Supervisors recertified every two-years.	25%		50%		75%		100%		
	Improve safety culture - Make safety a more integral part of management decisions.	Bus Maintenance and Rail staff to have daily safety meetings prior to the beginning of each shift.	100%		100%		100%		100%		
		Bus maintenance has monthly safety meetings with union and management personnel.	100%		100%		100%		100%		
		Rail employees to attend two quarterly safety meetings per year.	100%		100%		100%		100%		
		Transportation to have monthly roundtables where safety is discussed.	100%		100%		100%		100%		
		Conduct shop safety refresher training classes for all Bus Maintenance staff.					50%		100%		
Cost Control	Budget - Meet overall budget objectives on schedule and within budget.	Measurement Quarterly	100%		100%		100%		100%		
	Cost Reductions - Identify potential costs savings within Service Delivery.	Engage Performance Improvement Department in areas of Opportunity. (6 in 2012)			25%		50%		100%		
Customer Service	Customer Care - Improve customer service and reduce complaints.	Complaints will be 20,000 or less for FY '11.	5,000 Complaints		5,000 Complaints		5,000 Complaints		5,000 Complaints		
		Receive a minimum of 2,500 commendations per year.	625		625		625		625		
		Customer Information Center hold time will be less than 2 minutes.	2 minute Hold Time		2 minute Hold Time		2 minute Hold Time		2 minute Hold Time		
	Improve Service Reliability	Weighted average Service Reliability will be 69% for bus and 95% for Rail.	69% Bus 95% Rail		69% Bus 95% Rail		69% Bus 95% Rail		69% Bus 95% Rail		
		Identify low performing routes.	25%		50%		75%		100%		
		Target routes that run ahead of schedule and make necessary adjustments.	25%		50%		75%		100%		

SERVICE DELIVERY SCORECARD - FY2012											
			Target and Actuals								Status
			Q1		Q2		Q3		Q4		
Principles	Initiative/Objective	Measurement	Target	Actual	Target	Actual	Target	Actual	Target	Actual	⬇️↔️⬆️
Customer Service		Service supervisors and bus control evaluate solutions to improve low performing routes. (POMP, Service Adjustments, Operator Behavior, etc.)	25%		50%		75%		100%		
	Improve Quality of product	Bus Mean Distance Between Failure of 7,000 miles.	7,000 MDBF Bus		7,000 MDBF Bus		7,000 MDBF Bus		7,000 MDBF Bus		
		Rail Mean Distance Between Service Interruptions of 15,250 miles.	15,250 MDBSI Rail		15,250 MDBSI Rail		15,250 MDBSI Rail		15,250 MDBSI Rail		
		METROLift Mean Distance Between Failure of 11,500 miles.	11,500 MDBF METROLift		11,500 MDBF METROLift		11,500 MDBF METROLift		11,500 MDBF METROLift		
Partnering	Internal and External Outreach Efforts	Monthly meetings between procurement and bus maintenance to address parts availability and future needs.	100%		100%		100%		100%		
		Partner with Service Design and Development regarding service related issues and special events.			50%		100%				
	Improve Union/Management Cooperation efforts	Implement monthly divisional meetings with union leadership.	100%		100%		100%		100%		
People	Implement First Line Supervision training	Continue development of new Bus Maintenance Training Program.	5%		10%		20%		25%		
		Implement Program					10%		20%		
	Implement Community Outreach Program	Develop program where first line supervision is engaged with the community/customers they serve.					50%		100%		
		Implement program.					50%		100%		

## Service Design & Development



- The department budget decreased due to fewer planned transit studies, reduced travel, and change in capitalization policy.
- The department workforce increased due to the decision to perform more of the transit planning function in-house.
- The current status of the department's FY2011 scorecard is that most targets have been met.

<u>Department Divisions</u>	<u>FY2010 Actual</u>	<u>FY2011 Auth.</u>	<u>FY2011 Est. FTE</u>	<u>FY2012 Authorized</u>
SVP Service Design & Development	2	3	3.0	3
Service Planning & Evaluation	17	15	14.0	14
System Planning & Development	2	12	11.0	17
Public Engagement	6	13	9.0	13
<b>Total Workforce</b>	<b>27</b>	<b>43</b>	<b>37.0</b>	<b>47</b>

	<u>FY2010 Actual</u>	<u>FY2011 Budget</u>	<u>FY2011 Estimate</u>	<u>FY2012 Budget</u>	<b>Budget to Budget Variance</b>	
					<u>\$</u>	<u>%</u>
Salaries and Non-Union Wages	2,959,549	3,111,586	3,111,586	3,216,434	104,848	3.4%
Non-Union Fringe Benefits	1,131,340	1,228,589	1,228,589	1,306,903	78,314	6.4%
<b>Subtotal Non-Union Labor</b>	<b>4,090,889</b>	<b>4,340,175</b>	<b>4,340,175</b>	<b>4,523,337</b>	<b>183,162</b>	<b>4.2%</b>
<b>Subtotal Labor and Fringe Benefits</b>	<b>4,090,889</b>	<b>4,340,175</b>	<b>4,340,175</b>	<b>4,523,337</b>	<b>183,162</b>	<b>4.2%</b>
Services	962,611	2,233,520	2,233,520	1,722,706	(510,814)	(22.9%)
Materials and Supplies	4,589	7,054	7,054	5,256	(1,798)	(25.5%)
Fuel & Utilities	6,121	6,192	6,192	12,600	6,408	103.5%
Leases, Rentals and Miscellaneous	72,174	311,086	311,086	178,867	(132,219)	(42.5%)
<b>Subtotal Non-Labor</b>	<b>1,045,494</b>	<b>2,557,852</b>	<b>2,557,852</b>	<b>1,919,429</b>	<b>(638,423)</b>	<b>(25.0%)</b>
<b>Subtotal Labor and Non Labor</b>	<b>5,136,383</b>	<b>6,898,027</b>	<b>6,898,027</b>	<b>6,442,766</b>	<b>(455,261)</b>	<b>(6.6%)</b>
Allocation to Capital and GMP	(1,538,254)	(1,191,334)	(1,191,334)	(652,971)	538,363	45.2%
<b>Total Operating Expenses</b>	<b>\$ 3,598,129</b>	<b>\$ 5,706,693</b>	<b>\$ 5,706,693</b>	<b>\$ 5,789,795</b>	<b>\$ 83,102</b>	<b>1.5%</b>

<u>Expense Type</u>	<u>FY2011 Budget</u>	<u>FY2012 Budget</u>	<u>(favorable) / unfavorable</u>
<b>Non-Union Labor</b>	<b>4,340,175</b>	<b>4,523,337</b>	<b>183,162</b>
Increased cost is due to the addition 4 new positions which were previously contracted services. However some of this cost is offset by lower salaries for new hires and promotions.			
<b>Services</b>	<b>2,233,520</b>	<b>1,722,706</b>	<b>(510,814)</b>
Decrease in cost is due to the reduction of contract services for system and service planning.			
<b>Materials &amp; Supplies</b>	<b>7,054</b>	<b>5,256</b>	<b>(1,798)</b>
The reduction in cost is due primarily to cost-cutting measures, such as ordering fewer promotional items.			
<b>Fuel &amp; Utilities</b>	<b>6,192</b>	<b>12,600</b>	<b>6,408</b>
Increase is due to higher utilization of wireless technology for planning and community events outside the workplace.			
<b>Leases, Rentals and Miscellaneous</b>	<b>311,086</b>	<b>178,867</b>	<b>(132,219)</b>
In FY2012 the decrease in cost is due to a reduction in community meetings and out-of-town travel.			
<b>Allocation to Capital &amp; GMP</b>	<b>(1,191,334)</b>	<b>(652,971)</b>	<b>538,363</b>
Decease due to reduction in the number of planning projects eligible for capitalization.			

SERVICE DESIGN & DEVELOPMENT SCORECARD - FY 2012											
Principles	Initiative/Objective	Measurement	Target and Actuals								Status
			Q1		Q2		Q3		Q4		
			Target	Actual	Target	Actual	Target	Actual	Target	Actual	
Asset Utilization	Use light duty operators to prepare for Operator sign up	Q1 - Q4 Use two operators assigned to light duty to assemble operator sign up packages for the proposed service changes	33%		33%		66%		100%		
	METRO Rail Expansion / Bus-Rail Operating Plan	Q1 - Establish preliminary bus interface for the Southeast Line Q2 - Review all proposed route modifications for the North, East End, and Southeast Corridors Q3 - Verify bus and rail service characteristics Q4 - Develop a Preliminary Implementation Schedule for service changes	25%		50%		75%		100%		
	Evaluate Transit Center utilization and amenities/information	Q1 - Q4 Visit 10 transit centers per quarter and ride affected routes to ensure quality of info panels, schedules, signage, etc.	10		10		10		10		
	Evaluate Park & Ride lot vehicle counts	Q1 - Q4 Perform utilization counts and license tag surveys at 50% of the facilities; develop quarterly performance report; Post on SDD intranet site	25%		50%		75%		100%		
Sustainability	Alternative Service Delivery - FY2012 Transit Service Plan	Q1 - Q2 Provide ridership data for route modifications for the January Service Changes. Implement changes and monitor results. Identify changes for June 2012. Q3 - Incorporate routes prioritized for FY 2013. Draft FY 2013 Transit Service Plan. Q4 - Evaluate FY 2012 performance of routes and finalize alternative service delivery routes for FY 2013	15%		25%		60%		100%		
	Regional Sustainable Communities Plan	Q1, Q2, Q3 -Coordinate Scope and Implementation of Public Involvement Plan. Participate on Transit and Technical Advisory Committees with H-GAC Q4 - Begin Scenario development in cooperation with H-GAC	25%		50%		75%		100%		
	Regional Bike and Pedestrian Plan	Q1 - Q2 Develop Interlocal Agreement. Select consultant and initiate project. Q3 - Q4 Conduct stakeholder meetings to discuss needs and agency plans and receive draft recommendations	25%		50%		75%		100%		
Safety	Community School Safety Education Program (CSSEP) Note - Stakeholder Affairs Function, Capital Programs.	Q1, Q2, Q3 - Attend and provide safety and project updates to at least 6 PTO/PTA meetings. Q4 - Attend and provide CSSEP safety presentations to at least two Summer youth Program events.	25%		50%		75%		100%		
	System Safety Campaign Feasibility	Q1 - Establish an internal Safety Committee to assess bus and rail safety behavior. Integrate existing school safety programs Q2 and Q3 - Use committee recommendations to develop a "System Safety and Visibility Campaign" and implementation plan. Develop program cost estimate. Q4 - Submit to METRO Board for approval. Anticipated implementation FY 2013	35%		50%		75%		100%		
Safety	Implementing efficient and effective bus detours during METRO Rail Expansion	Q1 - Work with Service Delivery and HRT to identify construction zones that will require bus detours. Q2 - Develop and implement the most cost efficient detour for the North Corridor bridge construction (Donlen & Bennington). Q3 - Develop and implement the most cost efficient detour for the East End Corridor underpass construction (Harrisburg & 66th Street) Q4 - Complete the proposed final routes for the bus service effected by the construction detours.	25%		50%		75%		100%		
Cost Control	Review Concessions Options for all Public Transit Facilities	Q1 - Convene committee to discuss potential concession opportunities that benefit customers (ie car wash, dry cleaning, coffee). Q2 - Develop proposed pilot project for concessions and prepare RFP(s). Work with Small Business to increase program awareness. Q3 - Review RFP(s) and determine implementation feasibility. Determine cost implications for METRO. Q4 - Work with other departments to implement selected pilot projects that are cash neutral or generate revenue. All other pilot projects for discussion in FY2013	20%		30%		50%		100%		
	Alternative Schedule Review for Low Demand Periods	Q1 - Develop survey, survey downtown employees, employers regarding 9/80, flex hours, 8 to 10 programs Q2 - Analyze survey results, contact transit properties implementing alternative schedules Q3 - Work with Scheduling to identify benefits / costs, prepare an evaluation of alternative schedule implementation Q4 - Present findings to SLC, TLC, Customer Service Committee as applicable	25%		50%		85%		100%		
	FY2012 Transit Service Plan	Q1 - Hold public hearing and finalize January 2012 service changes. Q2 - Establish schedule for quarterly public meetings on service. Refine June 2012 service changes. Q3 - Finalize and implement June 2012 service changes. Q4 - Evaluate performance of January and June service changes. Finalize and implement August service changes.	25%		50%		75%		100%		
Customer Service	System Signage Review	Q1 - Assess successful program elements from Magnolia TC and Wheeler TC pilot projects. Q2 - Identify system-wide signage deficiencies. Review LEP commitments. Q3 - Work with internal committee to develop system-wide signage improvements plan. Q4 - Develop implementation including cost implications.	25%		50%		75%		100%		
Customer Service	Missouri City Park & Ride Lot Development	Q1 - Stakeholder consensus on preferred site. Hold public meeting. Commence environmental coordination with FTA and complete CE submittal. Q2 - Receive approvals from FTA. Q3 & Q4 - Start PE and appraisal process	60%		75%		85%		100%		
	Customer Response System	Q1 - Refine and streamline current SDD process for responding to customer inquiries, comments and concerns to ensure customer response within seven days. Q2 - Establish a working team from other departments to evaluate efficiency of current process for responding to service related inquiries, comments and concerns are handled throughout the agency. Determine efficiency of multiple processes/systems and the consistency of customer responses. Q3 - Evaluate efficiency of SDD customer response process. Survey customers that have contacted SDD with inquiries, comments and concerns to gauge customer satisfaction. Q4 - Make recommendations on implementation of agency-wide response process for service related inquiries, comments and concerns.	25%		50%		75%		100%		

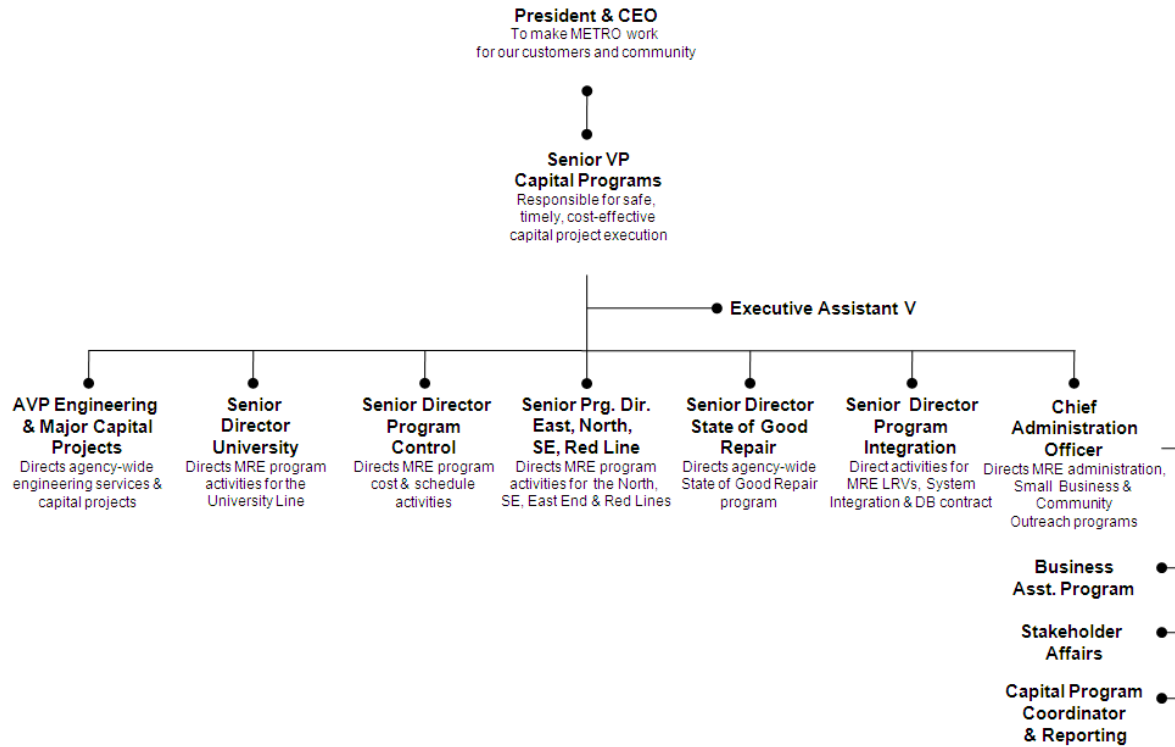


SERVICE DESIGN & DEVELOPMENT SCORECARD - FY 2012										
Principles	Initiative/Objective	Measurement	Target and Actuals							
			Q1		Q2		Q3		Q4	
			Target	Actual	Target	Actual	Target	Actual	Target	Actual
	Customer Advisory Committee	Q1 - Secure internal approval of organizational structure; brief Customer Service Board Committee Q2 - Host initial CAC meeting Q3 - Host quarterly CAC meeting Q4 - Host quarterly CAC meeting	25%		50%		75%		100%	
Partnering	Implementing the Culture of Transit	Q1 - Develop an agency action plan that outlines the strategic engagement of community groups and business organizations. Q2 - Conduct meetings with thirty (30) community/business organizations throughout the service area (6 per month) to (1) gauge how METRO is currently perceived in the community, (2) to identify potential opportunities to grow community partnerships, (3) develop opportunities to obtain a more visible role within that organization, and (4) foster consistent Q3, Q4 - Execute thirty (30) speaking engagements (5 per month) that highlight METRO programs, projects and services and opportunities to meet long-term regional transit needs.	25%		50%		75%		100%	
	University Corridor	Q1 - Continue public and agency coordination Q2 - Coordinate with Capital Programs on final project scope. Coordinate with FTA on course of action. Q3 - Complete consultant procurement subject to Board approval Q4 - Initiate environmental documentation on project changes	10%		40%		60%		100%	
Partnering	Advance Southwest Rail Corridor (US 90A) through Federal Projects Development Process	Q1 - Complete all draft Technical Reports for development of the DEIS. Produce newsletter and hold public meetings. Complete financial plan including determination of funding strategy Q2 - Complete DEIS and submit Administrative Draft to FTA Q3 - Publish DEIS subject to Federal Transit Administration approval and hold public hearing. Respond to comments and select Locally Preferred Alternative. Initiate New Starts and request for Preliminary Engineering. Issue Request For Qualifications for Preliminary Engineering. Q4 - Begin preparation of Draft FEIS. ROD approval assumed in FY 2013	40%		60%		80%		100%	
	Feasibility of Connecting Transit with Other Modes of Transportation	Q1 - Research existing industry transit services. Develop white paper Q2 - Examine local opportunities and contact existing entities. Q3 - Develop evaluation of potential options for METRO. Q4 - Present findings SLIC, TLC and Customer Service	20%		50%		80%		100%	
	Operation Thank You (Customer Appreciation and Celebratory Events)	Q1 - Milestone Celebration for Full Funding Grant Agreement (November 2011), National Night Out Events (October 2011) Q2 - One community engagement event Milestone Celebration for 45 South HOT Lane Opening (January 2012), Operation Thank You (February 2011) Q3 - Milestone Celebration for 59 Southwest HOT Lane Opening (April 2012) Q4 - Milestone Celebration for 45 North (July 2012)	25%		50%		75%		100%	
	311 / METRO Operational Center Software Conversion	Q1 - Review current software requirement with the City's Contractor. Q2 - Test software and establish guidelines (if required) Q3 - Prepare User-Guides, identify key personnel and conduct training. Q4 - Verify all materials and programs to prepare for Hurricane Season.	25%		50%		75%		100%	
	Regional Long-Range Transit Plan Update	Q1 - Develop metrics, hold staff/Board workshops and develop draft plan. Q2 - Conduct Phase II public workshops. Q3 & Q4 - Review public comments, hold staff/Board workshops and develop final plan. Submit to Board. Anticipated outreach and public education in FY 2013.	25%		50%		75%		100%	
People	Staff Training & Development - Brown Bag Luncheons	Q1 - Q4 Offer 3 brown bag technical discussions to staff per quarter; expand GIS training, products.	25%		50%		75%		100%	
	Staff Training & Development - Certification Needs	Q1 & Q2 - Send 2 staff to technical conferences for required maintenance of their AICP certifications. Q3 - Send 1 staff to take AICP examination	50%		50%		100%			
	Citizen's Academy	Q1 - Secure internal approval. Complete Guidelines and present Citizens Academy to SLIC, TLC and Board Committee. Q2 - Finalize curriculum. Roll out marketing for recruitment of Citizens Academy. Identify Class I participants based on applicants and/or members of Customer Action Committee. Q3 - Graduate Class I Citizens Academy	25%		60%		100%			
People	Staff Training & Development - Skill Development Training (including Webinars)	Q1 - Develop cross-training opportunities within department (Assess departmental needs and opportunities). Develop internal GIS training for selected SDD staff. Q2 & Q3 - Round table/lunch & learn with VP and Sr. Dir. to discuss what is going on in authority and industry. Participate in NTL courses for Title VI and environmental review (including Webinars). Q4 - Represent METRO at APTA & FTA training/workshops.	25%		50%		75%		100%	
	Ambassador Program	Q1 - Recruit Ambassadors. Establish the database of METRO Ambassadors. Host Kick Off Meeting for METRO Ambassador Program 2011-2012. Post volunteer opportunities. Conduct two general training sessions for volunteers. Execute first official METRO Ambassadors for field duty. Q2 - Complete specialized training for METRO Customer Response Team and Speaker's Bureau Ambassadors. Q1 - Q4 Complete 4 METRO Ambassador appreciation events (one per quarter)	25%		50%		75%		100%	



## Capital Programs

- The department budget increased due to HOT Lanes operations and change in capitalization policy partially offset by savings from personnel reductions.
- The department workforce decreased due to the completion of the design phase of many capital projects.
- The current status of the department's FY2011 scorecard is that most targets have been met.



<b>Department Divisions</b>	<b>FY2010 Actual</b>	<b>FY2011 Auth.</b>	<b>FY2011 Est. FTE</b>	<b>FY2012 Authorized</b>
<b>Managing Director</b>	2	2	2.0	2
<b>Administration</b>				
Stakeholder Affairs	3	3	3.0	3
Financial Management	4	4	4.0	4
Business Assistance Program	1	1	1.0	1
<b>MRE Corridors</b>				
4 Light Rail lines	8	9	8.0	9
University	5	6	5.0	5
<b>Integration &amp; Control</b>				
Program Integration	4	7	4.0	4
Program Control	4	7	4.0	5
Rail Vehicles	1	1	1.0	1
<b>State of Good Repair</b>	0	2	1.0	1
<b>Capital Projects</b>				
Office of AVP Capital Projects	9	9	7.0	7
Document Control	3	4	3.0	4
Engineering Services	11	13	8.0	10
<b>Total Workforce</b>	<b>55</b>	<b>68</b>	<b>51</b>	<b>56</b>

	<b>FY2010</b>	<b>FY2011</b>	<b>FY2011</b>	<b>FY2012</b>	<b>Budget to Budget</b>	
	<b>Actual</b>	<b>Budget</b>	<b>Estimate</b>	<b>Budget</b>	<b>Variance</b>	
					<b>\$</b>	<b>%</b>
Salaries and Non-Union Wages	6,291,861	7,065,322	7,065,322	5,695,766	(1,369,556)	(19.4%)
Non-Union Fringe Benefits	2,400,734	2,654,969	2,654,969	2,037,270	(617,699)	(23.3%)
<b>Subtotal Non-Union Labor</b>	<b>8,692,595</b>	<b>9,720,291</b>	<b>9,720,291</b>	<b>7,733,036</b>	<b>(1,987,255)</b>	<b>(20.4%)</b>
<b>Subtotal Labor and Fringe Benefits</b>	<b>8,692,595</b>	<b>9,720,291</b>	<b>9,720,291</b>	<b>7,733,036</b>	<b>(1,987,255)</b>	<b>(20.4%)</b>
Services	55,524	211,088	211,088	4,448,777	4,237,689	2007.5%
Materials and Supplies	19,913	24,176	24,176	15,300	(8,876)	(36.7%)
Fuel & Utilities	16,405	27,084	27,084	30,867	3,783	14.0%
Leases, Rentals and Miscellaneous	159,608	1,252,353	1,252,353	205,474	(1,046,879)	(83.6%)
<b>Subtotal Non-Labor</b>	<b>251,450</b>	<b>1,514,701</b>	<b>1,514,701</b>	<b>4,700,418</b>	<b>3,185,717</b>	<b>210.3%</b>
<b>Subtotal Labor and Non Labor</b>	<b>8,944,045</b>	<b>11,234,992</b>	<b>11,234,992</b>	<b>12,433,454</b>	<b>1,198,462</b>	<b>10.7%</b>
Allocation to Capital and GMP	(8,947,940)	(8,966,686)	(8,966,686)	(7,795,249)	1,171,437	13.1%
<b>Total Operating Expenses</b>	<b>\$ (3,895)</b>	<b>\$ 2,268,306</b>	<b>\$ 2,268,306</b>	<b>\$ 4,638,205</b>	<b>\$ 2,369,899</b>	<b>104.5%</b>

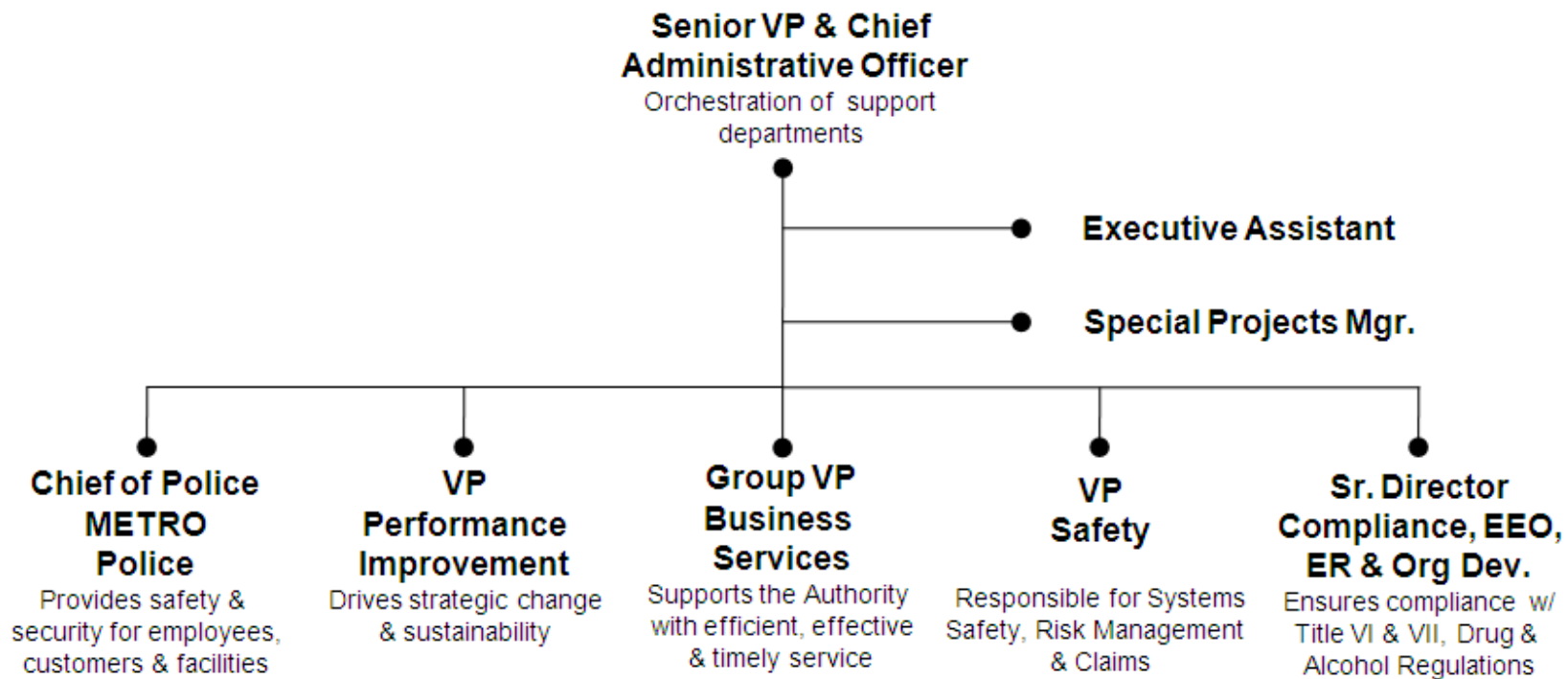
<b>Expense Type</b>	<b>FY2011 Budget</b>	<b>FY2012 Budget</b>	<b>(favorable) / unfavorable</b>
<b>Non-Union Labor</b>	<b>9,720,291</b>	<b>7,733,036</b>	<b>(1,987,255)</b>
The decrease reflects the reduction of twelve salaried positions including the fringe benefits associated with the eliminated positions.			
<b>Services</b>	<b>211,088</b>	<b>4,448,777</b>	<b>4,237,689</b>
In FY2012 METRO's HOT Lanes Capital Project will commence operations. The \$4.2M increase primarily represents annualized cost for this new service.			
<b>Materials &amp; Supplies</b>	<b>24,176</b>	<b>15,300</b>	<b>(8,876)</b>
Reductions have been made in the amount office supplies and other materials.			
<b>Fuel &amp; Utilities</b>	<b>27,084</b>	<b>30,867</b>	<b>3,783</b>
The increase reflects higher utilization of wireless devices, PDA's and iPads.			
<b>Leases, Rentals and Miscellaneous</b>	<b>1,252,353</b>	<b>205,474</b>	<b>(1,046,879)</b>
In FY2012 costs for HOV lane maintenance will transfer to HOT Lanes. The \$1.2 million decrease primarily represents the cost for HOV lanes annualized maintenance plus cuts in travel and memberships.			
<b>Allocation to Capital &amp; GMP</b>	<b>(8,966,686)</b>	<b>(7,795,249)</b>	<b>1,171,437</b>
The decrease in capitalized expense is the result of completed projects and slower pace on non-essential capital projects.			

## CAPITAL PROGRAMS SCORECARD - FY2012

Principles	Initiative/Objective	Measurement	Target and Actuals								Status
			Q1		Q2		Q3		Q4		
			Target	Actual	Target	Actual	Target	Actual	Target	Actual	
Asset Utilization	Convert HOV Lanes to HOT Lanes	Q 1: Complete civil and toll systems construction and begin testing of first HOT Lanes Corridor (I45 South) Q 2: Open first corridor (IH 45 South) for toll operation/Complete civil & toll systems of US 59S Q 3: Open second corridor (US 59 South) for toll operation/Complete civil & toll systems of US 45N Q 4: Open third corridor (IH 45 North) for toll operation/Complete civil & toll systems on US-290	25%		50%		75%		100%		
	Upgrade existing LRV fleet for integration with METRO Rail Expansion	Q1 4: Procure and install vehicle onboard equipment for existing LRVs (18)				25%		50%			
		Q1 4: Complete Design for 19 Piggyback Vehicles (i.e. Carshell structure, bogie, electrical, mechanical)	25%		50%		75%		100%		
		Q1 3: Complete first Carshell	20%		75%		100%				
Sustainability	METRO Rail Expansion: Build a safe and quality transportation infrastructure that promotes and sustains regional transportation needs.	North Southeast East End									
		Q1 4: Utilities (3-Line average) (excludes EE 1A-Hughes Bridge)	75%		80%		90%		100%		
		Q1 4: Roadway (3-Line average)	35%		60%		70%		80%		
		Q1 4: Stations	3%		8%		20%		30%		
		Q1 4: Guideway	15%		25%		35%		45%		
		East End Underpass: Q1: Finalize construction methodology; Q2: 50% Design Q3: 95% Design	25%		50%		65%		95%		
		University: Utility / Roadway Design to 90% (includes roadway, utilities, traffic, drainage, for 3 early segments).	65%		70%		80%		95%		
	Secure FFGA from FTA for North and Southeast Lines and comply with all grant requirements	Q 1: Obtain FFGA for North & SE Q 2 4: Complete FTA/PWOC monthly & quarterly compliance reporting requirements within deadlines	25%		50%		75%		100%		
	Update METRO's Engineering Design Standards and convert legacy As-Builts from hard copy to digital	Q1 4: Update Park & Ride, Transit Center Facilities and Light Rail Design Criteria & Standards Q1 4: Scan, index and convert 20,000 legacy As-Built drawings	25%		50%		75%		100%		
	Create METRO Transit Asset Management Database	Q1: Identify Agency's Assets- by category Q2: Create Agency-wide Asset Database, Q3: Perform Condition assessment on assets listed in database Q4: Implement condition findings into FY2013 CIP Budget prioritization	25%		50%		75%		100%		
Safety	Provide and promote a "safety first" working environment for employees, corridor personnel and general public	Q1 4: Conduct insurance carrier claim file audits (1/qr/Annual 4 per year) Q1 4: Update safety "lessons learned" guide per quarter for distribution at pre-construction meetings. Q1 4: Conduct weekly subcontractor/safety audits to facilitate reduced lost time accidents and claims (24 audits per quarter or 96 Annually) Q1 4: Conduct monthly safety meetings with HRT, Marsh, USA and/or Chartis Insurance (3/qr or 12 Annually) Q1 4: Conduct 1 workshops/training/information sessions per quarter (4 per year)	25%		50%		75%		100%		
	Implement Collision Avoidance System	Implementing a 5-phase approach: preliminary engineering, demonstration, proof of concept, final engineering and validation system	15%		30%		45%		60%		
Cost Control	Monitor cost/schedules of Capital Programs projects to prevent cost overrun and future claims	Q1 4: Monthly & Qtrly monitoring/reporting within deadlines Q1 4: Complete APPs, WA, CRs within 72 hrs Q1 4: Process monthly invoice within contractual terms Q 3 4: Prepare annual budgets	25%		50%		75%		100%		
	Provide excellent internal/external customer service	Q1 4: Return all information requests/responses within 48 business hrs Q1 4: Support meetings aimed at improving dialogue and understanding between METRO and our key stakeholders Q1 4: Respond and/or resolve MRE construction related complaints within 72 hrs tracking response rates for monthly board report	25%		50%		75%		100%		
Customer Service	Passenger Shelters (Complete 100 Shelter Locations)	Q 1: Complete 10 locations Q 2: Complete 25 locations Q 3: Complete 30 locations Q 4: Complete 35 locations	10%		35%		65%		100%		
	Park and Rides	Q 1: Begin construction on Kingsland Hike & Bike Improvements Q 2: Complete Kingsland P&R Hike & Bike Improvements Q 4: Complete design phase of Brazoria County P&R	25%		50%		75%		100%		
Partnership	Become trusted community partner by improving civic, private and public relationships	Q1 4: Attend 2 civic or neighborhood association meetings per quarter Q1 4: Continue at least 1 per quarter dialogue with SRE/Engineering/Contracting Communities	25%		50%		75%		100%		
	Obtain FTA Final Design Approval for University Line	Q1: Complete FD Checklist Items Q2: Initiate Risk Assessment subject to FTA approval Q3: Resolve Risk Assessment Findings Q4: Request FD Approval from FTA	25%		50%		75%		100%		
	People	Staff Training and Professional Development	Q1 4: Provide opportunities for staff development and achievement of Professional Development Hours required to maintain certifications Q1 4: Implement individual training and development plans where needed Q1 4: Continue successful Webinar training program (12/qr)	25%		50%		75%		100%	

## Chief Administrative Officer

- The department budget increased due to change in capitalization policy, increase in Retirees Union fringe benefits due to higher expectation of retirees, and higher insurance premiums partially offset by savings from personnel reductions, increased efficiency in providing security at the facilities, and completion of FY2011 grant funded training.
- The department workforce decreased due to increased efficiency, reprioritization of projects, and cost reduction initiatives.
- The current status of the department's FY2011 scorecard is that most targets have been met.



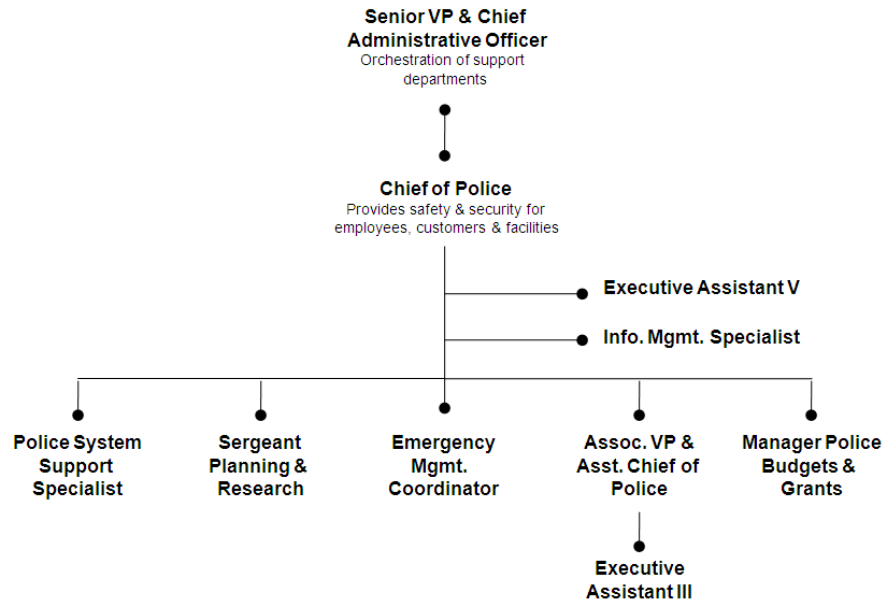
<u>Department Divisions</u>	FY2010	FY2011		FY2012
	<u>Actual</u>	<u>Auth.</u>	<u>Est. FTE</u>	<u>Authorized</u>
Office of the CAO	3	3	3	3
METRO Police	230	228	224.5	223
Performance Improvement	0	9	9	9
Business Services	363	373	355.2	353
Office of the GVP	2	2	2	2
Records Management	3	4	2	4
Information Technology	50	50	48	43
Human Resources	28	27	26	24
Facilities Maintenance	137	143	138	144
Union	103	106	101	105
Non-Union	34	37	37	39
Procurement & Materials	105	106	103	98
Union	51	52	51	50
Non-Union	54	54	52	48
Marketing & Corporate Communications	26	27	23	24
Real Estate & Property Management	6	7	6	7
Small Business	6	7	7	7
Safety	40	41	39.7	38
Compliance, EEO, OD, ER	5	6	5.5	6
 Subtotal Union	 154	 158	 152.4	 155
Subtotal Non-Union	487	502	484.5	477
 <b>Total Workforce</b>	 <b>641</b>	 <b>660</b>	 <b>636.9</b>	 <b>632</b>

	FY2010	FY2011	FY2011	FY2012	Budget to Budget	
	<u>Actual</u>	<u>Budget</u>	<u>Estimate</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
					<u>\$</u>	<u>%</u>
Wages	\$ 6,146,418	\$ 6,565,312	\$ 6,467,570	\$ 6,528,374	\$ (36,938)	(0.6%)
Union Fringe Benefits	10,156,933	11,189,267	10,798,771	11,799,823	610,556	5.5%
<b>Subtotal Union Labor</b>	<b>16,303,351</b>	<b>17,754,579</b>	<b>17,266,341</b>	<b>18,328,197</b>	<b>573,618</b>	<b>3.2%</b>
Salaries and Non-Union Wages	29,375,686	30,958,534	30,055,637	29,018,317	(1,940,217)	(6.3%)
Non-Union Fringe Benefits	17,115,347	18,320,308	17,947,435	17,703,668	(616,640)	(3.4%)
<b>Subtotal Non-Union Labor</b>	<b>46,491,033</b>	<b>49,278,842</b>	<b>48,003,072</b>	<b>46,721,985</b>	<b>(2,556,857)</b>	<b>(5.2%)</b>
					-	
<b>Subtotal Labor and Fringe Benefits</b>	<b>62,794,384</b>	<b>67,033,421</b>	<b>65,269,413</b>	<b>65,050,182</b>	<b>(1,983,239)</b>	<b>(3.0%)</b>
Services	15,904,957	15,043,947	14,992,123	13,267,185	(1,776,762)	(11.8%)
Materials and Supplies	1,846,738	2,362,528	2,063,606	2,374,017	11,489	0.5%
Fuel & Utilities	5,646,348	6,143,578	6,140,063	6,165,352	21,774	0.4%
Casualty and Liability	(666,669)	1,833,786	1,773,786	2,030,953	197,167	10.8%
Leases, Rentals and Miscellaneous	1,451,988	3,954,800	3,337,151	4,111,001	156,201	3.9%
<b>Subtotal Non-Labor</b>	<b>24,183,362</b>	<b>29,338,639</b>	<b>28,306,729</b>	<b>27,948,508</b>	<b>(1,390,131)</b>	<b>(4.7%)</b>
<b>Subtotal Labor and Non Labor</b>	<b>86,977,746</b>	<b>96,372,060</b>	<b>93,576,142</b>	<b>92,998,690</b>	<b>(3,373,370)</b>	<b>(3.5%)</b>
Allocation to Capital and GMP	(7,305,875)	(8,152,028)	(6,159,668)	(3,194,998)	4,957,030	60.8%
<b>Total Operating Expenses</b>	<b>\$ 79,671,871</b>	<b>\$ 88,220,032</b>	<b>\$ 87,416,474</b>	<b>\$ 89,803,692</b>	<b>\$ 1,583,660</b>	<b>1.8%</b>

<b><u>Expense Type</u></b>	<b><u>FY2011 Budget</u></b>	<b><u>FY2012 Budget</u></b>	<b><u>(favorable) / unfavorable</u></b>
<b>Union Labor</b>	<b>\$ 17,754,579</b>	<b>\$ 18,328,197</b>	<b>\$ 573,618</b>
Increase in Retirees Union fringe benefits as estimated retirees for FY2012 increased 78%.			506,437
<b>Non-Union Labor</b>	<b>49,278,842</b>	<b>46,721,985</b>	<b>(2,556,857)</b>
Net reduction of 25 Non-Union positions throughout the CAO Department.			(2,197,068)
<b>Services</b>	<b>15,043,947</b>	<b>13,267,185</b>	<b>(1,776,762)</b>
Primarily driven by favorability in METRO Police due to the completion of the grant funded training in FY2011, reducing the security guards at the facilities, and eliminating the HOV utilization report.			(1,591,500)
Reduced expenses in HR in Advertising and Promotions, Contractual Support Services, Education & Training, and Background Checks			(156,734)
<b>Materials &amp; Supplies</b>	<b>2,362,528</b>	<b>2,374,017</b>	<b>11,489</b>
Primarily driven by unfavorability in METRO Police due to printing cost of fare evasion tickets of \$15K that will be offset in revenue when the tickets are cited and collected.			15,000
<b>Fuel &amp; Utilities</b>	<b>6,143,578</b>	<b>6,165,352</b>	<b>21,774</b>
IT -- Expanded Disaster Recovery circuits			58,300
IT -- Increase in other circuits, and other carrier regulatory pass-through fees			146,000
IT -- Increase in other telephone expenses			29,088
Offset by savings in power and gas in Facilities Maintenance driven by shutdown of Buffalo Bayou, Energy Savings Projects, and estimated more favorable wheather conditions.			(211,652)
<b>Casualty &amp; Liability</b>	<b>1,833,786</b>	<b>2,030,953</b>	<b>197,167</b>
Estimated 3% increase in Property Premiums			50,746
Increase due to Cost for ROCIP (\$125K for 11 months of Premium)			124,949
Increase of Pollution Liability Limits (\$30K)			26,176
<b>Leases, Rentals and Miscellaneous</b>	<b>3,954,800</b>	<b>4,111,001</b>	<b>156,201</b>
IT -- Rent Maintenance software reduced or eliminated, and offset by new items			(195,958)
IT -- Small hardware purchases no longer eligible to be capitalized			225,000
IT -- Rent for Plano Disaster Recovery site			58,000
Previously unbudgeted groups' travel, subscriptions, and books. (Performance Improvement and VP of Business Services)			15,250
<b>Allocation to Capital &amp; GMP</b>	<b>(8,152,028)</b>	<b>(3,194,998)</b>	<b>4,957,030</b>
Decrease due to fewer capital projects, reduced headcount in MAPS program, and revised capitalization and overhead allocation.			

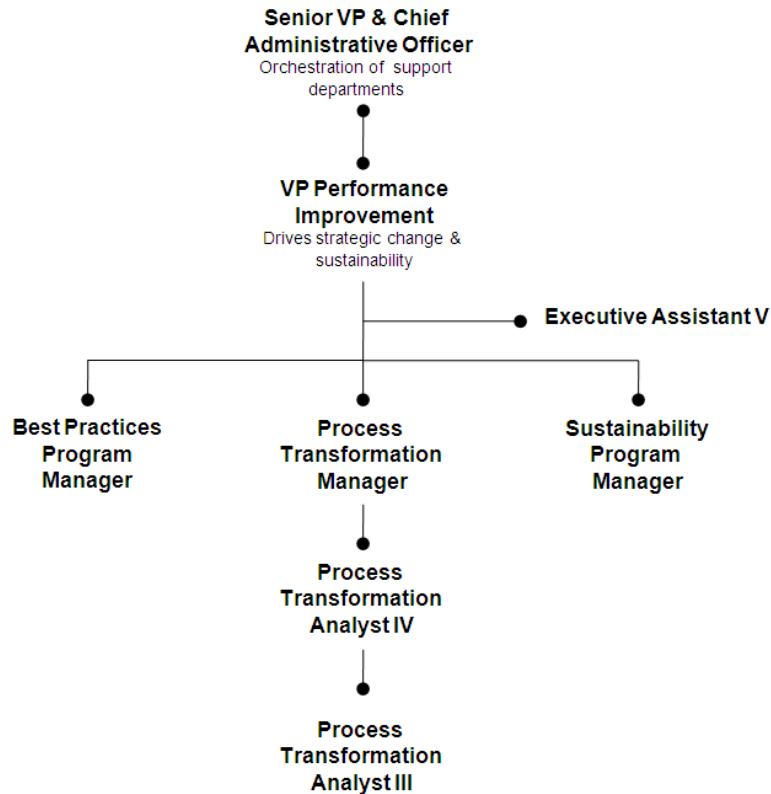


## METRO Police



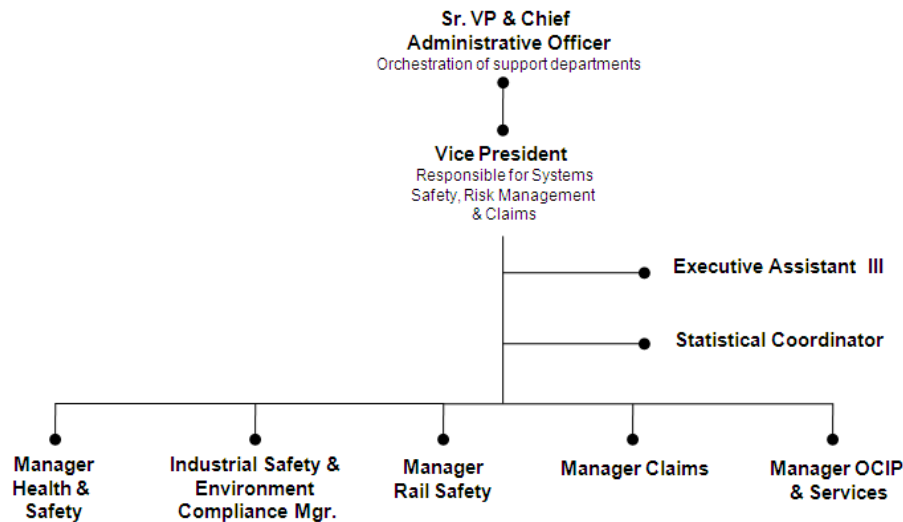
METRO POLICE DEPT SCORECARD - FY2012										
Principles	Initiative/Objective	Measurement	Target and Actual							
			Q1		Q2		Q3		Q4	
			Target	Actual	Target	Actual	Target	Actual	Target	Actual
Asset Utilization	Clear incidents quickly to maximize HOV lane capacity and flow	Total clearance time avg. ≤30 min	≤30		≤30		≤30		≤30	
	Monitor department budget to be sure the requested expenditures are budgeted and expended or reallocated in the quarter that was budgeted	Report department financial status monthly	3		3		3		3	
Sustainability	Ensure that traffic flow moves as efficiently as possible on HOV lanes and in freeway corridors.	Dispatch police unit to priority one call avg. ≤2 min.	100%		100%		100%		100%	
	Develop new MPD strategic plan that will incorporate contemporary policing and transit security principles in accordance with Homeland Security imperatives and the MTA's Strategic Priorities and Operating Principles.	Track progress on 14 key milestone indicators throughout the fiscal year.	3		2		4		5	
Safety	Systematically respond to Part I crime by targeting enforcement efforts to mitigate monthly reported crime trends onboard buses, trains, rail platforms, P&R lots and transit centers.	Avg. ≤28 Part I incidents per month.	28		28		28		28	
	Develop and execute targeted crime and disorder strategies to improve service area safety for our customers.	Execute one strategy per quarter.	1		1		1		1	
Cost Control	Utilize grant training opportunity from DHS at no cost to the department.	2 ATU officers will attend DHS approved training funded by grant quarterly	2		2		2		2	
	Integrate use of the PowerDMS website tools for managing the department's directives and CALEA compliance functions to save paper and printing costs.	Savings estimated within the PowerDMS software suite "Green Calculator" for cost of printer ink reams of paper not purchased.	2,500		5,000		7,500		10,000	
Customer Service	Engage customers while conducting sweeps.	K-9 and Bomb Techs will conduct a minimum of 100 rail platform sweeps per quarter.	100		100		100		100	
	Educate customers on the proper use of TVM (Ticket Vending Machine) and (PV) Platform Validators while conducting fare inspection.	Rail Officers will maintain fare inspection rate of 10% of total ridership per month.	10%		10%		10%		10%	
Partnering	Regional Collaboration: Strengthen regional collaboration with other response agencies	Participate in all scheduled UASI Regional collaboration committee meetings. Report quarterly.	1		1		1		1	
	Prepare comprehensive analytical report.	Prepare MPACT (Metro Police Attacking Crime Trends) report monthly	3		3		3		3	
People	Fusion Center assigned officer will review intelligence and disseminate information relative to METRO Police Personnel and/or others as necessary.	Prepare 3 critical incident reports per quarter.	3		3		3		3	
	Police Certification Training Initiative	Q1 - Send one command staff member to LEMIT Q3 - Send 3 people to NW University school of Police Q4 - Train 30 officers to attain intermediate level of certification by 4Q.	1				3		30	

## Performance Improvement



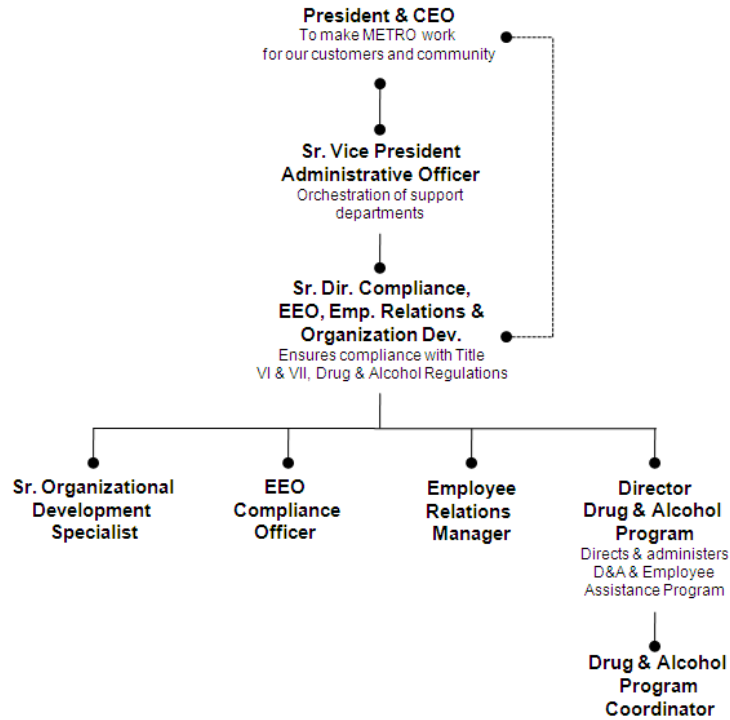
PERFORMANCE IMPROVEMENT SCORECARD - FY2012										
Principles	Initiative/Objective	Measurement	Target and Actuals							
			Q1		Q2		Q3		Q4	
			Target	Actual	Target	Actual	Target	Actual	Target	Actual
Asset Utilization	Transition all METRO Policies, Procedures & Guidelines to searchable format	Transition 25% of existing PP&Gs per quarter.	25%		50%		75%		100%	
	Implement selected best practices	Prioritize & select projects Q1; Host stakeholders meetings; draft plans and implement projects Q2-Q4;	Selection 100%		Implement 20%		Implement 50%		Implement 100%	
Sustainability	Monitor and report key sustainability metrics	Identify key performance indicators and metrics Q1-Q2; Establish reporting guidelines and frequency Q3; Revise & update plan for next fiscal year Q4;	KPI's 50%		KPI's 50%		Reporting 100%		Plan 100%	
	Execute "Lean" throughout METRO	Develop Lean Council to manage Q1; Initiate implementation of selected projects Q1-Q4; Provide training to selected groups in METRO Q2-Q4;	Council 100% Projects 25%		Projects 50% Training 30%		Projects 75% Training 60%		Projects 100% Training 100%	
Safety	Awareness and safety training for performance improvement team to ensure safe behaviors during field work	Collaborate with Safety department for departmental safety training Q1;	100%							
Cost Control	Adopt "culture of thrift" behaviors in daily work and projects	Staff education on thrift behaviors Q1; Report opportunities to implement behaviors Q2-Q4;	Educate 100%		Report 100%		Report 100%		Report 100%	
	Develop reporting metrics to determine how Lean effort is adding value and improving efficiencies	Develop metrics Q2; Report results Q3;			Metrics 100%		Results 100%			
Customer Service	Advance "Lean" initiative throughout METRO	Marketing of Lean through intranet and Marketing Plan Q1-Q4;	25%		50%		75%		100%	
	Provide progress updates for METRO employees on Best Practice and Sustainability efforts	Develop sustainability & best practices presence at Intranet Q1; Report sustainability metrics Q3 - Q4;	Intranet 100%				Metrics 50%		Metrics 100%	
Partnering	Partner with Service Delivery and Materials Management in Lean projects	Identify projects within Materials Management and Service Delivery Departments Q1; Prioritize & implement selected projects Q2-Q4;	Plan 100%		Implement 30%		Implement 65%		Implement 100%	
People	Advance diversity and team building within department	Develop training plan in conjunction with Compliance/EEO group Q1; implement training Q2-Q4;	Plan 100%		Training 33%		Training 66%		Training 100%	

## Safety Department



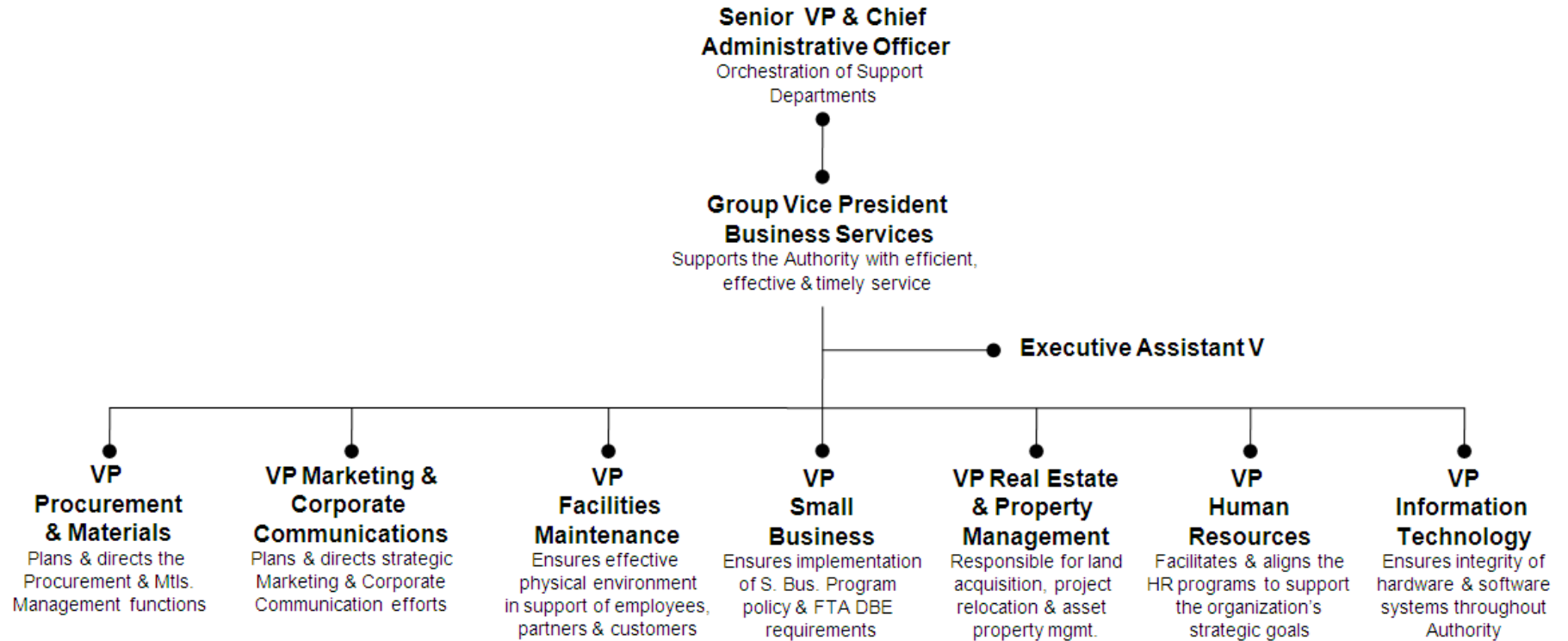
SAFETY SCORECARD - FY2012										
Principles	Initiative/Objective	Measurement	Target and Actuals							
			Q1		Q2		Q3		Q4	
			Target	Actual	Target	Actual	Target	Actual	Target	Actual
Asset Utilization	Ensure our physical assets are in safe operable condition	Conduct 480 safety inspections at operating and public facilities to minimize exposure	120		120		120		120	
	Efficiently handle workers compensation and general liability claims	Sustain close to open ratio @ 1:1 for liability claims and @ 1:1.2 for workers comp claims	1:1 & 1:1.2		1:1 & 1:1.2		1:1 & 1:1.2		1:1 & 1:1.2	
Sustainability	Maintain environmental compliance at all operating facilities	Provide 25 annual training sessions focusing on pollution prevention and spill response	20		2		2		1	
	Transfer risk by properly insuring assets	Ensure proper insurance submission for each line of coverage by attending 24 meetings annually with brokers and/or underwriters	6		6		6		6	
Safety	Reduce bus accidents	Ensure that preventable bus accidents do not exceed 431 for the year	108		108		108		107	
	Reduce rail accidents	Ensure that rail accidents do not exceed 43 for the year	11		11		11		10	
Cost Control	Maximize subrogation recovery	Recover \$1.2 million annually from 3rd parties	\$300k		\$300k		\$300k		\$300k	
	Reduce employee injuries	Ensure employee Lost Time and Medical Only accidents do not exceed 242 for the year	61		60		61		60	
Customer Service	Conduct Operator performance evaluations and route hazard analyses to maximize customer safety	Conduct 4,500 annual route hazard analyses and revenue service vehicle ride checks evaluating both bus and rail Operators	1,125		1,125		1,125		1,125	
	Timely response to customer concerns	Ensure a 90% compliance rate responding to internal and external customer complaints/concerns within 48 hours	90%		90%		90%		90%	
Partnering	Collaborate with other Departments and stakeholders	Attend a minimum of 200 meetings annually with internal and external stakeholders to provide optimum risk and safety services	50		50		50		50	
	Provide safety awareness training to employees and stakeholders	Train 1,000 employees annually on safety topics and delivery weekly safety messages to all employees through IT	250 & 13		250 & 13		250 & 13		250 & 13	
People	Provide professional development and cross-training opportunities to all Department employees	Department employees will be given the opportunity and will attend a minimum of 3 training classes/seminars per year	31		31		31		31	
	Ensure safe working conditions for employees	Conduct 40 annual industrial hygiene assessments/samples focusing on lighting, noise and airborne contaminants	10		10		10		10	

## Compliance, EEO, ER, OD



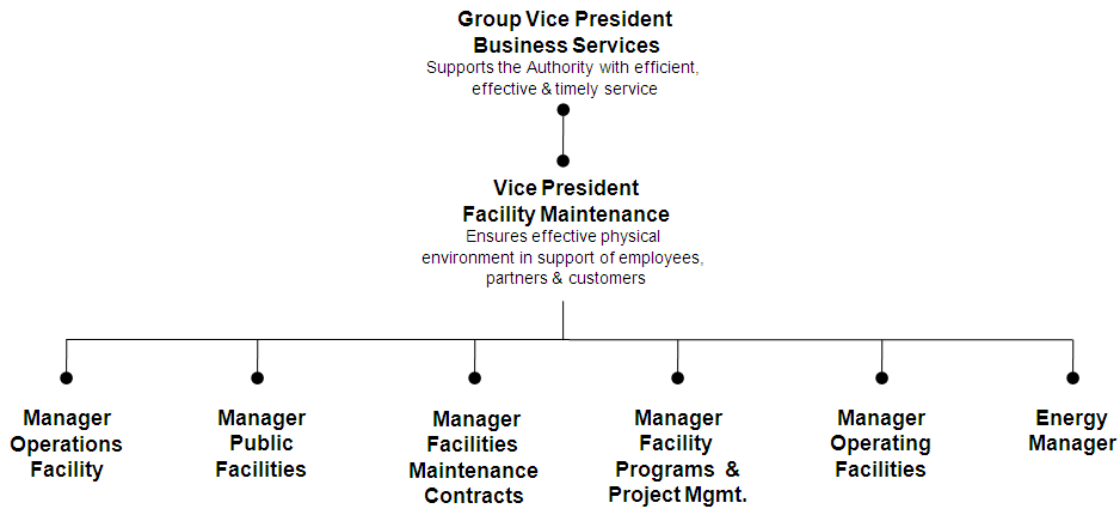
COMPLIANCE, EEO, ER & OD SCORECARD - FY2012										
Principles	Initiative/Objective	Measurement	Target and Actuals							
			Q1		Q2		Q3		Q4	
			Target	Actual	Target	Actual	Target	Actual	Target	Actual
Asset Utilization	Implement Organization Development college within the Learning Management System	<b>Q1- Scope &amp; Design:</b> Determine project scope and create high-level design of integrated METRO University and "college" structure. Identify internal training departments that need college portals. Design enrollment and tracking process. <b>Q2- Development &amp; Configuration:</b> Develop and reconfigure system and portals. Develop systematic process to update user profiles. <b>Q3- Training:</b> Identify college level builders and administrators and host training sessions. Upload online training programs. <b>Q4- Implementation:</b> Hold information sessions (e.g. Brown Bag events, intranet announcements, IT email blasts, group and team meetings, etc) to train employees how to use the system.	25%		50%		75%		100%	
	Implement on site Drug and Alcohol Collection Site at 1900 Main.	<b>Q1 -</b> Finalize procurement process; revise D&A policy; send revised D&A policy to FTA for approval; present to Board for approval (Dec. 2011) <b>Q2 -</b> Communicate on-site D&A Collection Facility to employees; finalize contract with new vendor; training for management (Feb & Mar) <b>Q3 -</b> On-Site D&A Collection Facility opens (April 2012) <b>Q4 -</b> All D&A Screenings performed at on-site collection facility.	25%		50%		75%		100%	
Sustainability	To ensure the sustainability of METRO's workforce, develop a competency-based training program to help prepare future leaders.	<b>Q1 -</b> Identify leadership competencies <b>Q2 -</b> Design development curriculum based on these competencies <b>Q3 -</b> Develop coursework and/or identify potential facilitators and speakers. <b>Q4 -</b> Coordinate logistics and roll out curriculum.	25%		50%		75%		100%	
Safety	Implement Biennial DOT Recertification Physicals for Safety Sensitive positions in Service Delivery.	Schedule a minimum of 650 (163 per quarter) biennials recertification physicals for safety sensitive employees by the end of the 4th quarter.	163		163		163		161	
Cost Control	Establish on-site drug and alcohol testing facility to enable Service Supervisors to focus on customer service/service quality, therefore eliminating the need for additional positions.	<b>Q1 -</b> Finalize procurement process; revise D&A policy; send revised D&A policy to FTA for approval; present to Board for approval (Dec. 2011) <b>Q2 -</b> Communicate on-site D&A Collection Facility to employees; finalize contract with new vendor; training for management (Feb & Mar) <b>Q3 -</b> On-Site D&A Collection Facility opens (April 2012) <b>Q4 -</b> All D&A Screenings performed at on-site collection facility.	25%		50%		75%		100%	
Customer Service	Compile and analyze information from all departments for the 2012 Title VI Report to submit the FTA.	<b>Q1-Q3-</b> Hold regular meetings with Title VI Task Force to review and analyze information; prepare draft of report for submission <b>Q4-</b> Finalize report and submit to FTA.	25%		50%		75%		100%	
Partnering	Prepare 2012 EEO/Affirmative Action Plan to submit to the FTA.	<b>Q1-Q3-</b> Compile information and run statistical analyses; prepare draft of report <b>Q4-</b> Finalize report and submit to FTA.	25%		50%		75%		100%	
People	Design, develop and implement a development curriculum for mid-level/first-time management and individual contributors that will increase effectiveness at the individual, group and organizational levels.	<b>Q1- Needs Assessment:</b> Determine OD needs (e.g. survey/interviews, interviews, organizational assessment, requests, etc). <b>Q2 - Design</b> multi-level training/ development curriculum. <b>Q3 - Develop</b> coursework and/or identify potential facilitators and speakers. <b>Q4 -</b> Coordinate logistics and roll out curriculum.	25%		50%		75%		100%	
	Design, develop and implement Employee Relations Supervisory Training Program to educate managers on the ER process, procedures, and available services	<b>Q1-2</b> Develop training program <b>Q3-</b> Advise Program <b>Q4</b> Roll out program	25%		50%		75%		100%	


## Business Services





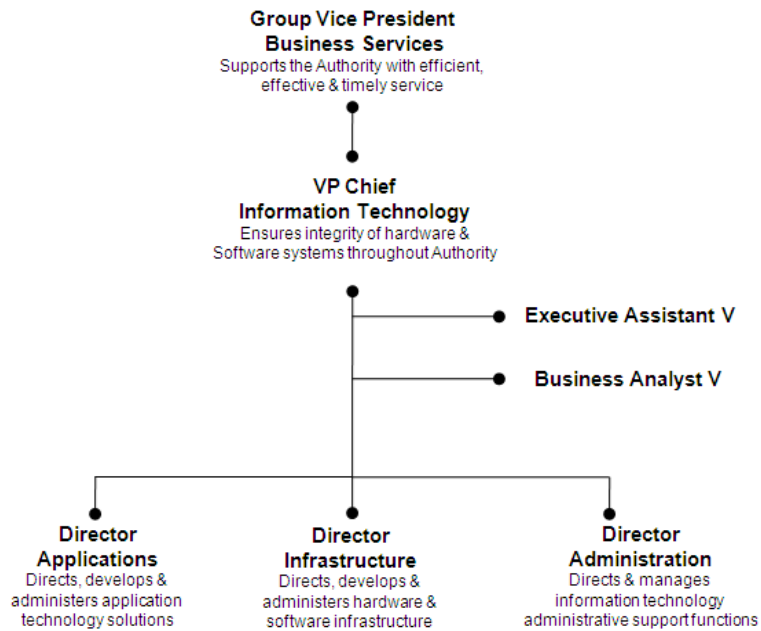
## Facility Maintenance




FACILITIES MAINTENANCE SCORECARD - FY2012											
Principles	Initiative/Objective	Measurement	Target and Actuals								Status 
			Q1		Q2		Q3		Q4		
			Target	Actual	Target	Actual	Target	Actual	Target	Actual	
Asset Utilization	Develop and roll out new Space Planning tool for 1900 Main that will allow us to better track space usage.	Development in Q1. Implementation in Q2.	50%		100%						
	Meet or exceed 90% completion of preventive maintenance in all of METRO's sites.	Completed PM orders over schedule PM orders greater than or equal to 90%	90%		90%		90%		90%		
Sustainability	Complete state of good repair asset assessment of first (4) sites	All four sites completed by 1/31/2012	100%								
	Put in place an energy performance contract to help reduce our energy footprint.	Request for qualifications and selection of vendor in Q1. Contract development in Q2. Contract in place by Q3.	33%		66%		100%				
Safety	Reduce preventable accidents for all personnel working in Public and Operating Facilities groups from the previous years level	Preventable Accidents in FY12 must be less than 9	≤3		≤2		≤2		≤2		
	Conduct weekly toolbox meetings with staff.	Managers must document meetings Toolbox Meeting ≥400	≥100		≥100		≥100		≥100		
Cost Control	Drive for a 4% reduction in OPEX (Operational Expenses)	Of approved FY12 Budget \$21,162,734 Goal is to save ≥ \$211,627 per quarter.	\$211,627		\$211,627		\$211,627		\$211,627		
	Identify and implement 4 cost control initiatives	Initiatives must be well documented and approved by Department VP	≥1		≥1		≥1		≥1		
Customer Service	Reduce FY11 Public Comments by 5% of FY11	895 comments received in FY11. Goal is to be at or below 850 PC in FY12.	≤213		≤212		≤212		≤213		
	Achieve 85% customer satisfaction as measured by ongoing service request surveys as well as the annual general employee survey.	Using a combination of 360 Facility surveys and (1) general employee survey meet or exceed 85% employee satisfaction.	≥85%		≥85%		≥85%		≥85%		
Partnering	Partner with Real Estate, Service Delivery & Treasury in the transition of the Fannin South Parking operations over to METRO	Transition must be in place before the end of Q1	100%								
	Partner with Procurement and Small Business in the rollout and implementation of the new Trades program	Initial rollout in Q1 with full implementation by Q2.	50%		100%						
People	Develop a formalized training program for new employees in Public and Operating Facilities	Develop program by Q2, and implement in Q3.			50%		100%				
	Conduct bi-weekly one on one's with staff. Roll out skip level meetings with Department VP	One on one meetings must be ≥ 576 Skip Level Meetings must be ≥ 20	≥144/5		≥144/5		≥144/5		≥144/5		

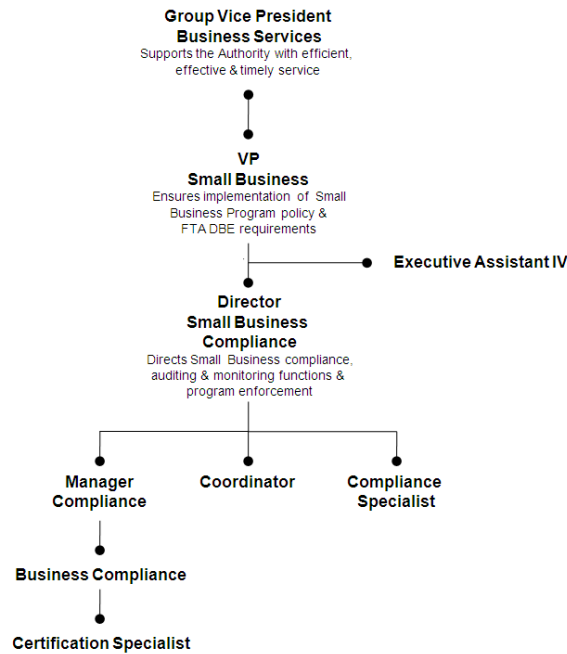


## Information Technology



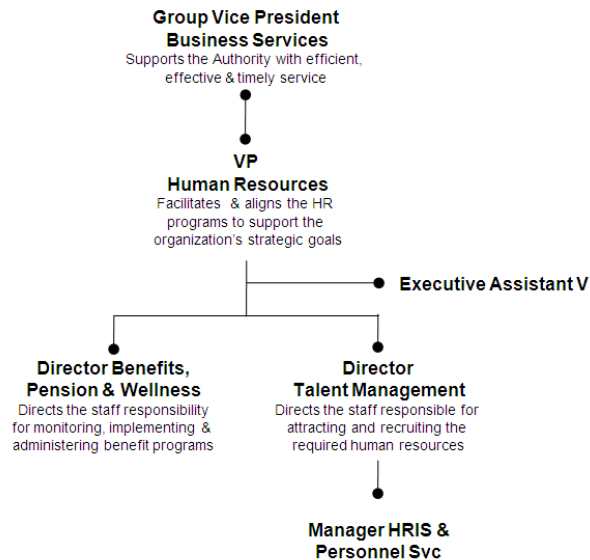
INFORMATION TECHNOLOGY SCORECARD - FY2012											
Principles	Initiative/Objective	Measurement	Target and Actuals								Status 
			Q1		Q2		Q3		Q4		
			Target	Actual	Target	Actual	Target	Actual	Target	Actual	
Asset Utilization	Consolidate applications into existing Enterprise Resource Planning (ERP) systems	Q1 - Tax Factory; Q2 - RM Pilot & SAP Support Packs; Q3 - Fleet Maintenance and FICO Readiness; Q4 - Magic/SCCM	25%		50%		75%		100%		
	Expand/Enhance Utilization of Existing Assets	Q1 - start majority of projects; Q2 - Complete MDM and deploy Instant Messaging and Desktop Video; Q3 - Complete Win7 and start Office 2010 deployment; Q4 - Complete WIFI coverage; VoIP to Email, NAC and FIM	25%		50%		75%		100%		
Sustainability	Infrastructure Sustainability Initiative	Q1 - Finish Roadmap and Anti-Virus; Q2 - E-Mail Messaging upgrade; Q3 - Disk restructure; Q4 - server virtualization and O/S upgrade	25%		50%		75%		100%		
	Enhance Disaster Recovery Site	Q2 - Continue work on DR; Q3 - Complete work for DR			50%		100%				
Safety	Complete deployment of SafeBus technology	Q1 - Continue deployment of SafeBus, Pressit and PTT/PRTT; Q2 - Q4 - Complete Project	25%		50%		75%		100%		
	Maintain a safe and secure computing environment	Q4 - complete patches for MDTs and installation of Data Center cooling system	25%		50%		75%		100%		
Cost Control	IT Cost Control Initiative	Q2 - Complete software licensing reconciliation (inventory vs. actual use); Q3 - complete contract management review	40%		60%		100%				
Customer Service	Support METRO's customer service needs (e.g., SAP, training and Support Center)	Q1 - Start SAP feasibility; Q2 - Complete SAP feasibility and training site; start ETL and SIRI processes; Q3 - complete IT SC Intranet site; Q4 - Complete ETL and SIRI processes	25%		40%		60%		100%		
Partnering	Partner with internal and external stakeholders to increase Authority use of online forms and workflows	Q1 - identify forms and plan project; Q2 - start process; Q4 - complete 25% of online forms	25%		50%		75%		100%		
	Move online forms into Sharepoint with Workflow capabilities	Percentage Completed	25%		50%		75%		100%		
People	Enhance cross training within the IT department	Q1 - Q4- Continue cross-training of IT Dept employees; establish back-up and primary for each duty, cross-train primary to back-up and test back-up to perform primary job function	60%		70%		80%		100%		

## Small Business



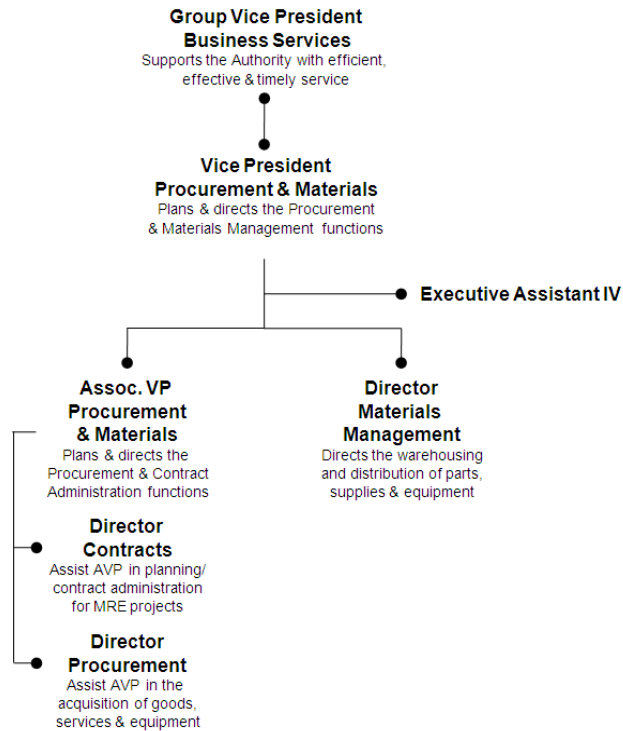
SMALL BUSINESS SCORECARD - FY2012											
Principles	Initiative/Objective	Measurement	Target and Actuals								Status
			Q1		Q2		Q3		Q4		
			Target	Actual	Target	Actual	Target	Actual	Target	Actual	
Asset Utilization	Host inter-organization events at 1900 Main	Q1 - Q4 - 1 event per quarter	1		1		1		1		
	Implement in-house Small Business goal setting process for METRO contracts	Q3 - Develop in-house system to perform goal setting functions  Q4 - Test goal setting system					75%		100%		
Sustainability	Update and implement changes to Small Business certification process	Q1 - Update and implement revised certification application Q2 - Update and implement revised Interactive Personal Net Worth Statement	50%		100%						
Safety	Training small business on Safety Policies, Plans, ect.	Q2 - 1 event  Q4 - 1 event			1				1		
Cost Control	Transition CUF audit responsibilities from consulting contractor to department staff	Q1-Q4 - Perform Commercially Useful Function Audits of S8/DBE firms working on METRO contracts - 1 per quarter	1		1		1		1		
Customer Service	Implement On-line Training/Outreach Survey	Q3 - Develop and test on-line compliance system survey function for the ability to electronically survey all contractors  Q4 - Implement initial survey					75%		100%		
	Revise Small Business/Disadvantaged Business Enterprise Program to reflect changes in policy and processes	Q1 - Program revisions at 75% completion Q2 - Program revisions at 100% completion	75%		100%						
Partnering	Complete METRO's initial Mentor/Protégé Program with certified Small Businesses and implement lessons learned in 2nd Mentor/Protégé Program	Q1 - Develop Prerequisites for participants in Mentor/Protégé Program Q2 - Expand Program to include other agencies and their Protégés Q3 - Implement 2nd Mentor/Protégé Program	33%		67%		100%				
	Brown Bag Lunch and Learn to foster interaction between Small Businesses and METRO departments for contracting opportunities	Q1 - Q4 - 1 event per quarter	1		1		1		1		
People	Training for professional development	Q2 & Q4 -Department-wide training by outside agencies/consultants			1				1		


## Human Resources



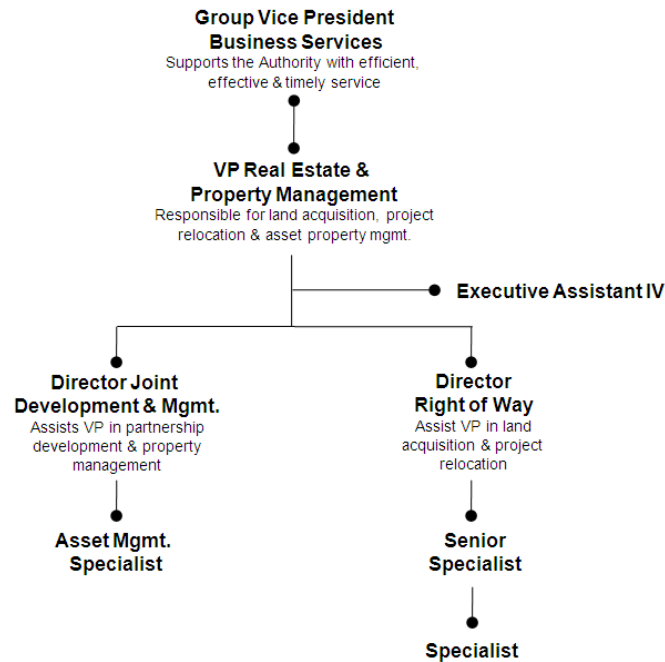
HUMAN RESOURCES SCORECARD - FY2012										
Principles	Initiative/Objective	Measurement	Target and Actual							
			Q1		Q2		Q3		Q4	
			Target	Actual	Target	Actual	Target	Actual	Target	Actual
Asset Utilization	Continue to work with IT to improve functionality of ESS and MSS in SAP - e-Recruit and application process	% of e-Recruit functionality (response letters, first phase on boarding, bid and posting, ESS for operators).			25%		55%		75%	
Sustainability	Personnel Services/HR creating user manual, procedures, guidelines etc., for division personnel, explore opportunities to digitize records and records process, establish operating metrics	Percentage of manual completed, procedures in place and communicated to users. Identify and review systems available. Start on roadmap to achieve conversion.	25%		50%		75%		100%	
Safety	Present one safety message at all HR meetings	Actual safety messages delivered (1 per quarter)	25%		50%		75%		100%	
Cost Control	RFP's for new Benefits/HR vendors (Medical, Life Ins., Dental, Drugs, STD and LTD) to be consolidated simultaneously for implementation	RFP completed for all benefits vendors and implementation on 2013	25%		50%		75%		100%	
	Complete Compensation Study, review results and costs, prepare recommendation for FY13 budget and implementation.	All jobs leveled and benchmark jobs established. Surveys completed and jobs priced	10%		60%		80%		100%	
Customer Service	Conduct HR survey - Q1 - 65% or better target	Survey created, survey distributed/collected through HR in the House program	10%		50%		70%		100%	
Partnering	Create plan to role out success profile training and, performance management procedures & processing. Partner with Org Development for training.	Develop plan Q1, and roll out program Q2. New requisition developed and managers using by Q4	10%		50%		75%		100%	
People	Design a Talent Management Plan: Incorporate Talent forecasting/acquisition, Performance, Employee Development/Career Opportunity/Succession and Reward Practice	Get TLC approval for plan design and full implementation and training by T&D.	10%		40%		60%		80%	




## Procurement & Materials



PROCUREMENT AND MATERIALS DEPARTMENT SCORECARD - FY2012											
Principles	Initiative/Objective	Measurement	Target and Actuals								Status 
			Q1		Q2		Q3		Q4		
			Target	Actual	Target	Actual	Target	Actual	Target	Actual	
Asset Utilization	Maintain materials availability at 99% system wide	Track daily - report quarterly	99%		99%		99%		99%		
	Reduce Obsolete/Surplus Inventory by \$200,000	Track monthly - report quarterly	\$50,000		\$50,000		\$50,000		\$50,000		
Sustainability	Reduce monthly spend for bus components to \$900,000	Track monthly -report quarterly	\$900,00		\$900,000		\$900,000		\$900,000		
	Reduce bus/rail/support vehicle component parts costs by \$1,150,000	Track monthly-report quarterly	\$287,500		\$287,500		\$287,500		\$287,500		
Safety	Create a safe working environment	Establish Disaster Committee. Develop shelter in-place plan for department. Implement plan.	25%				75%		100%		
	Handling and storage of hazardous materials	No spills, injuries or citations. Report quarterly.	0		0		0		0		
Cost Control	Maintain bus component inventory below \$9 Million	Track monthly - report quarterly	< \$9M		< \$9M		< \$9M		< \$9M		
	Maintain cost to spend ratio at 1.5%	Track and report quarterly	100%		100%		100%		100%		
Customer Service	Customer Satisfaction Survey	Q2: Increase score from 74% to 80% on Customer Service Survey.			100%						
	Acquisition Planning Process	Conduct Acquisition Planning on all procurements over \$50K. Memo to file verifying agreed upon plan components. Report quarterly.	100%		100%		100%		100%		
Partnering	Collaboration with colleagues and educate internal departments on process improvements.	Q1: Revise manual. Q2-Q4: Conduct quarterly meetings to collaborate and exchange ideas with internal depts. on process improvement.	100%		100%		100%		100%		
	Strategic Partnerships	Q2: Increase procurement Interlocal activity by developing partnerships with Harris County, HISD, etc. Q3-Q4: Report savings.			100%		100%		100%		
	Supply Chain Lean Initiatives	Q1: Implement Lean solutions for Brake Kits and BOP Card usage. Q2: Identify divisional Lean Champions and receive formal training. Q3: Implement the first 3 "5S" in the Storerooms and Central Distribution Center, complete formal Lean training. Q4: Implement the 4th "5S" in the Storerooms and Central Distribution Center.			100%		100%		100%		
People	Quality Work Environment	Provide (6) lunch-n-learn developmental training sessions to staff which is tied to the people committee incentive program.	100%		100%		100%		100%		
	Establish Career Paths	Q1: Identify skills/abilities. Q2: Revise job descriptions. Q3: Work with HR to develop career paths and promotion opportunities.	100%		100%		100%				

## Real Estate & Property Management



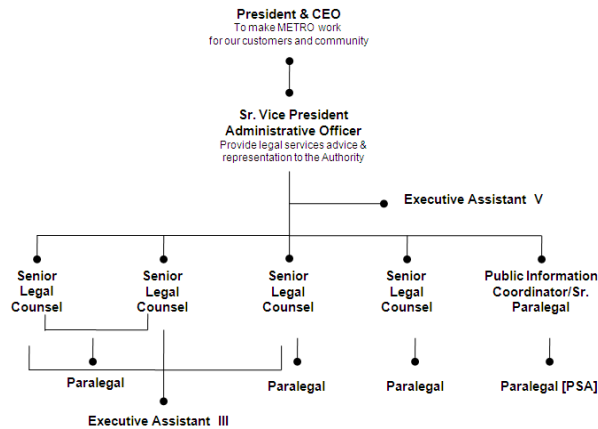
REAL ESTATE & PROPERTY MANAGEMENT SCORECARD - FY2012											
Principles	Initiative/Objective	Measurement	Target and Actuals								Status   
			Q1		Q2		Q3		Q4		
			Target	Actual	Target	Actual	Target	Actual	Target	Actual	
Asset Utilization	Manage Westpark Licenses/Leases	Q1-4. Maintain and manage 400+ leases and license agreements and capture annual revenue.	25%		50%		75%		100%		
	Investigate revenue generating asset potential	Q1-4. Identify and advance ideas to harness two new assets to yield revenue or sell excess property.	10%		40%		70%		100%		
Customer Service	MRE Real Estate Acquisition, Relocation and Denial of Access	Q1-4. Complete acquisition, relocation & denial of access efforts for approximately 29 parcels.	50%		75%		90%		100%		
	Initiate Database/RE Guidelines	Q1-4. Input all department data into new database program and update Real Estate Guidelines.	30%		65%		90%		100%		
	Non-MRE Capital Project Support	Q1-4. Provide support for capital projects such as P&Rs, Buffalo Bayou to advance objectives of agency.	25%		50%		75%		100%		
Partnering	MRE Real Estate Title Conveyances to City of Houston	Q1-4: Complete all MRE ROW title conveyances.	33%		67%		80%		100%		
People	Enhance Technical Training within the Real Estate and Property Management Department	Q1-4: Provide one professional development opportunity per quarter, per person (industry trends, changes in laws, successful projects in joint development and property management). Survey tasks and duties of staff; reduce workflow inefficiencies and monitor progress.	25%		50%		75%		100%		







## Law Department



- The department budget increased due to a significant change in the capitalization policy.
- Headcount remained flat at 14 positions.
- The current status of the FY2011 scorecard is that most of the targets have been met.

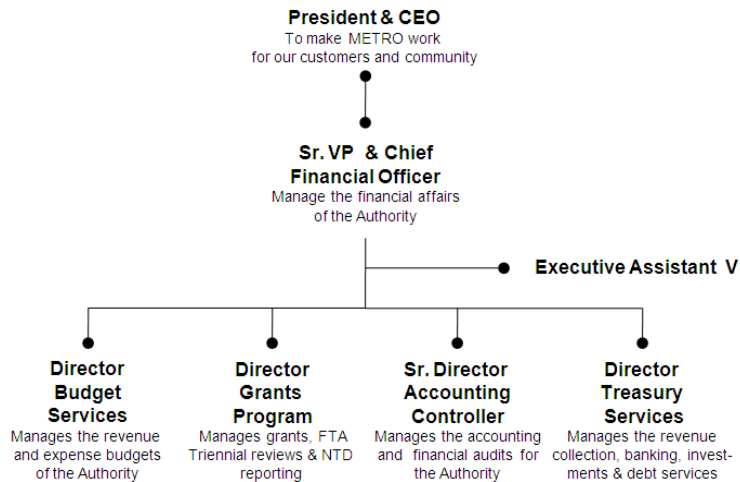
Department Divisions	FY2010 Actual	FY2011 Auth.	FY2011 Est. FTE	FY2012 Authorized
Law	14	14	12.5	14
<b>Total Workforce</b>	<b>14</b>	<b>14</b>	<b>12.5</b>	<b>14</b>

	FY2010 Actual	FY2011 Budget	FY2011 Estimate	FY2012 Budget	Budget to Budget Variance	
					\$	%
Wages	\$ 12,111	\$ -	\$ 29,516	\$ -	\$ -	0.0%
Union Fringe Benefits	1,967	1,059	117	1,181	122	11.5%
<b>Subtotal Union Labor</b>	<b>14,078</b>	<b>1,059</b>	<b>29,633</b>	<b>1,181</b>	<b>122</b>	<b>11.5%</b>
Salaries and Non-Union Wages	1,227,955	1,038,995	1,019,029	1,157,300	118,305	11.4%
Non-Union Fringe Benefits	709,442	398,893	323,319	363,861	(35,032)	(8.8%)
<b>Subtotal Non-Union Labor</b>	<b>1,937,397</b>	<b>1,437,888</b>	<b>1,342,348</b>	<b>1,521,161</b>	<b>83,273</b>	<b>5.8%</b>
					-	
<b>Subtotal Labor and Fringe Benefits</b>	<b>1,951,475</b>	<b>1,438,947</b>	<b>1,371,981</b>	<b>1,522,342</b>	<b>83,395</b>	<b>5.8%</b>
Services	1,660,789	975,265	1,879,004	967,400	(7,865)	(0.8%)
Materials and Supplies	(3,566)	7,500	5,346	5,000	(2,500)	(33.3%)
Fuel & Utilities	7,925	5,373	6,620	6,542	1,169	21.8%
Leases, Rentals and Miscellaneous	42,781	51,810	39,235	43,219	(8,591)	(16.6%)
<b>Subtotal Non-Labor</b>	<b>1,707,929</b>	<b>1,039,948</b>	<b>1,930,205</b>	<b>1,022,161</b>	<b>(17,787)</b>	<b>(1.7%)</b>
<b>Subtotal Labor and Non Labor</b>	<b>3,659,404</b>	<b>2,478,895</b>	<b>3,302,186</b>	<b>2,544,503</b>	<b>65,608</b>	<b>2.6%</b>
Allocation to Capital and GMP	(97,579)	(424,121)	(170,287)	(222,580)	201,541	(47.5%)
<b>Total Operating Expenses</b>	<b>\$ 3,561,825</b>	<b>\$ 2,054,774</b>	<b>\$ 3,131,899</b>	<b>\$ 2,321,923</b>	<b>\$ 267,149</b>	<b>13.0%</b>

<u>Expense Type</u>	<u>FY2011 Budget</u>	<u>FY2012 Budget</u>	<u>(favorable) / unfavorable</u>
<b>Union Labor</b>	\$ 1,059	\$ 1,181	\$ 122
<b>Non-Union Labor</b>	1,437,888	1,521,161	83,273
Increase primarily due a budget request to fund a staff attorney position. This position was unfunded in FY11. The increase is offset by savings in reduced salary and benefits realized by realigning priorities and budgeting for the vacant position at a lower staffing level			
<b>Services</b>	975,265	967,265	(8,000)
Slight decrease in legal fees			
<b>Materials &amp; Supplies</b>	7,500	5,000	(2,500)
Decrease in special supplies in an effort to reduce costs			
<b>Fuel &amp; Utilities</b>	5,373	6,542	1,169
Increase due to a slight increase in costs relating to communications devices			
<b>Leases, Rentals and Miscellaneous</b>	51,810	43,219	(8,591)
Decrease in subscriptions and Membership dues Decrease in Out-of-Town Travel			
<b>Allocation to Capital &amp; GMP</b>	(424,121)	(222,580)	201,541
Due to a significant change in the Agency's capitalization policy			

Law Dept SCORECARD - FY2012											
Principles	Initiative/Objective	Measurement	Target and Actual								Status
			Q1		Q2		Q3		Q4		
			Target	Actual	Target	Actual	Target	Actual	Target	Actual	
Asset Utilization	Provide training to management and staff on Legal Issues.	Provide 4 training sessions (1 training per Quarter)	1		1		1		1		
Sustainability	Continue uploading Resolutions to the electronic library for access to board resolutions by all METRO departments.	Q1:1998-1999; Q2: 1996-1997; Q3: 1993-1995; Q4: 1990-1992	25%		50%		75%		100%		
Safety											
Cost Control	Provide information to the board of directors on the expenditure of legal fees for outside counsel.	Provide reports to the board of directors every two months showing a running total of legal fees.	25%		50%		75%		100%		
Customer Service											
Partnering	Partnering with Procurement to streamline and eliminate legal review and approval for routine contracts by creating pre-approved standard templates for agency-wide use.	Q1: Meet with Procurement to determine types of contracts; Q2: Prepare revisions to the bylaws, RBA and Present to Board for review and approval; Q3: Review and Audit the contract lean process; Q4: Implementation of process.	25%		50%		75%		100%		
People	Provide additional training to legal staff and attorneys to diversify legal expertise and to better serve the client.	Each Legal Staff will attend 2 training classes on various topics of interests per year. (Q1 and Q2 = 1 session; Q3 and Q4 =1 session).	100%		100%		100%		100%		

## Finance Department



- The department budget decreased due to a significant reduction in services.
- Headcount remained flat at 76 positions.
- The current status of the FY2011 scorecard is that most of the targets have been met.

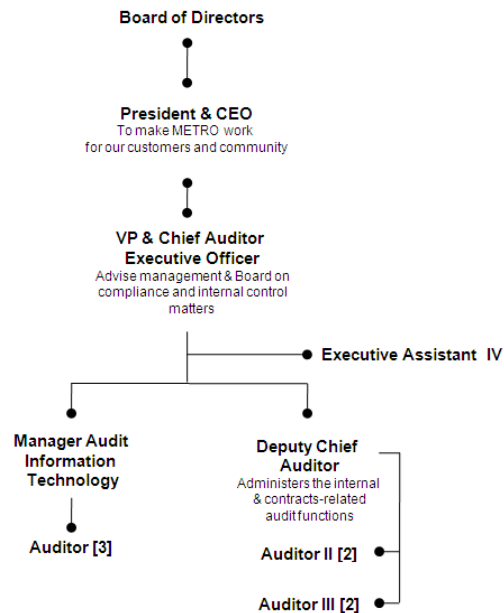
<u>Department Divisions</u>	<u>FY2010 Actual</u>	<u>FY2011 Auth.</u>	<u>FY2011 Est. FTE</u>	<u>FY2012 Authorized</u>
VP Finance/CFO	2	2	2.0	2
Accounting	30	30	27.8	29
Treasury	29	29	29.0	30
Grants	3	3	3.0	3
Budget Services	12	12	11.0	12
<b>Total Workforce</b>	<b>76</b>	<b>76</b>	<b>72.8</b>	<b>76</b>

	<u>FY2010 Actual</u>	<u>FY2011 Budget</u>	<u>FY2011 Estimate</u>	<u>FY2012 Budget</u>	<u>Budget to Budget Variance</u>	
					<u>\$</u>	<u>%</u>
Wages	\$ -	\$ 25,000	\$ 12,000	\$ -	\$ (25,000)	(100.0%)
Union Fringe Benefits	5,434	15,516	5,132	12,984	(2,532)	(16.3%)
<b>Subtotal Union Labor</b>	<b>5,434</b>	<b>40,516</b>	<b>17,132</b>	<b>12,984</b>	<b>(27,532)</b>	<b>(68.0%)</b>
Salaries and Non-Union Wages	4,906,333	5,181,112	4,711,606	4,916,262	(264,850)	(5.1%)
Non-Union Fringe Benefits	2,040,469	2,307,363	2,131,911	2,168,709	(138,654)	(6.0%)
<b>Subtotal Non-Union Labor</b>	<b>6,946,802</b>	<b>7,488,475</b>	<b>6,843,517</b>	<b>7,084,971</b>	<b>(403,504)</b>	<b>(5.4%)</b>
<b>Subtotal Labor and Fringe Benefits</b>	<b>6,952,236</b>	<b>7,528,991</b>	<b>6,860,649</b>	<b>7,097,955</b>	<b>(431,036)</b>	<b>(5.7%)</b>
Services	3,852,748	4,935,492	4,161,492	3,881,401	(1,054,091)	(21.4%)
Materials and Supplies	25,761	918,873	725,093	814,871	(104,002)	(11.3%)
Fuel & Utilities	18,576	20,880	5,581	6,000	(14,880)	(71.3%)
Leases, Rentals and Miscellaneous	6,403	49,182	8,664	52,950	3,768	7.7%
<b>Subtotal Non-Labor</b>	<b>3,903,488</b>	<b>5,924,427</b>	<b>4,900,830</b>	<b>4,755,222</b>	<b>(1,169,205)</b>	<b>(19.7%)</b>
<b>Subtotal Labor and Non Labor</b>	<b>10,855,724</b>	<b>13,453,418</b>	<b>11,761,479</b>	<b>11,853,177</b>	<b>(1,600,241)</b>	<b>(11.9%)</b>
Allocation to Capital and GMP	(1,575,760)	(1,003,492)	(508,141)	(758,066)	245,426	24.5%
<b>Total Operating Expenses</b>	<b>\$ 9,279,964</b>	<b>\$ 12,449,926</b>	<b>\$ 11,253,338</b>	<b>\$ 11,095,111</b>	<b>\$ (1,354,815)</b>	<b>(10.9%)</b>

<b><u>Expense Type</u></b>	<b><u>FY2011 Budget</u></b>	<b><u>FY2012 Budget</u></b>	<b><u>(favorable) / unfavorable</u></b>
<b>Union Labor</b>	<b>\$ 40,516</b>	<b>\$ 12,984</b>	<b>\$ (27,532)</b>
Decrease due to the PSA contract for consultant now being categorized as a services (temp help) in FY12 budget			
<b>Non-Union Labor</b>	<b>7,488,475</b>	<b>7,084,971</b>	<b>(403,504)</b>
Decrease primarily due to the effects of salary differentials			
<b>Services</b>	<b>4,935,492</b>	<b>3,881,401</b>	<b>(1,054,091)</b>
<u>Increases due to:</u>			
ACS TVM Supplies now included in Contract Services			72,000
New contract with Transcore			18,000
Coin Vaults			36,000
Fannin South parking equipment repairs			20,000
Pay Simple services			4,000
ACS related materials			12,000
PSA contract for consultant now being categorized as a services (temp help) in FY12 budget			25,000
Provision of training budget for Grants staff			1,000
<u>Decreases due to:</u>			
Reduced ACS hosting services			(740,000)
Reduced FSW contract			(375,000)
Reduced audit fees			(40,000)
Reduced Legal Fees			(50,000)
Provision for reimbursement from Great West in FY12 for administrative work done by METRO			(20,000)
Reduced Education and Training			(12,000)
Reduced Temp help services			(5,000)
<b>Materials &amp; Supplies</b>	<b>918,873</b>	<b>814,871</b>	<b>(104,002)</b>
Reduced METRO Q®, METRO Money, and other fare media supplies			(135,000)
Reduced office supplies			(12,300)
Increased supplies -wristbands for special events and toners			31,000
Transponder and related supplies			12,000
<b>Fuel &amp; Utilities</b>	<b>20,880</b>	<b>6,000</b>	<b>(14,880)</b>
Decrease due to a reduced budget for cell phones, aircards and pagers			
<b>Leases, Rentals and Miscellaneous</b>	<b>49,182</b>	<b>52,950</b>	<b>3,768</b>
Slight increase in membership and meeting costs			1,800
Provision for planned travel to grant related training			2,000
<b>Allocation to Capital &amp; GMP</b>	<b>(1,003,492)</b>	<b>(758,066)</b>	<b>245,426</b>
Due to a significant change in the Agency's capitalization policy			

FINANCE SCORECARD - FY2012										
Principles	Initiative/Objective	Measurement	Target and Actuals							
			Q1		Q2		Q3		Q4	
			Target	Actual	Target	Actual	Target	Actual	Target	Actual
Asset Utilization	Ensure most efficient and cost effective utilization of METRO assets.	During initial year of HOT lanes conversion, manage operations budgets to minimize expenditures and maximize collections in first year of operation. By Q4: operating expenditures less than \$5 million, annual total toll revenues of \$1 million							1st year Revenue: \$1 million 1st year operating expenditures <\$5 million	
Sustainability	Update five year cash flow projections	Update the five year cash flow projections by Q4.							100%	
	Update five year capital improvement plan.	Working with SLC, update capital requests Q3; prioritize FY13 requests by August 2012; update five year plan by September 2012.					50%		100%	
	Review grants process for improved efficiency and accuracy.	Review at least 1 area for increased automation resulting in improved efficiency and accuracy.					100%			
Safety	Give the highest priority to safety related activities when allocating funds for programs and projects.	Evaluate capital requests with safety being the highest priority.	25%		50%		75%		100%	
Cost Control	Assist departments in exercising aggressive cost control of FY2012 budgets to ensure Authority wide expenses come under budget.	Identify \$1MM in capital or operating cost avoidance through budgetary control and suggested budget redeployment or savings without detracting from the seven operating principles.	\$250K		\$500K		\$750K		\$1 million	
	Institute a culture of thrift throughout METRO	Directly communicate budget information to each department monthly Q1-Q4; Institute a thrift program Q2; Develop recognition for thrift Q3;	Budget 100%		Budget 100% Thrift 50%		Budget 100% Recognition 100%		Budget 100%	
	Renegotiate the scope of services in the ACS Contract to bring more activities in house and purchase only required services and supplies to achieve a net cost savings to METRO of \$500,000 for the year.	Modify current contract to reduce costs and improve efficiencies. Renegotiate contract by Q2; secure annual net savings of \$500,000 for METRO by Q4.			Negotiate contract modifications 100%				Net savings \$500K/ year	
Customer Service	Enhance public trust by completing the FY2011 external audit including single audit with an unqualified auditor's opinion.	Complete the audit timely by March 31, 2012.			100%					
	Provide accurate financial reports to the METRO Board, executive management and the public on a timely basis.	Complete monthly reports timely for Finance Committee and Board. Complete quarterly review packages timely for SLC.	25%		50%		75%		100%	
Partnering	Partner with a social services agency on a community project.	Finance employees will work on a community project with a social services agency.					100%			
	Partner with divisions within the agency to secure discretionary grant funding for mission critical projects.	Obtain one new grant award in FY12.							100%	
People	Identify key Finance employees for advanced training in Finance technology applications or participation on technical task forces to improve professional competency and prepare for higher responsibilities.	# of Finance personnel receiving technical training and # of Finance personnel serving on technical task forces each quarter.	10		10		10		10	
	Process payrolls and fringe benefit programs timely and accurately.	Process 52 weekly payrolls and 26 biweekly payrolls timely and accurately. Process special payments for union employees by due dates as specified in Labor Agreement	100%		100%		100%		100%	

## Audit



- The department budget increased due to a significant change in the capitalization policy.
- Headcount remained flat at 11 positions.
- The current status of the FY2011 scorecard is that most of the targets have been met.

Department Divisions	FY2010	FY2011		FY2012
	Actual	Auth.	Est. FTE	Authorized
Audit	11	11	9.5	11
<b>Total Workforce</b>	<b>11</b>	<b>11</b>	<b>9.5</b>	<b>11</b>

	FY2010 Actual	FY2011 Budget	FY2011 Estimate	FY2012 Budget	Budget to Budget Variance	
					\$	%
Union Fringe Benefits	951	945	347	897	(48)	(5.1%)
<b>Subtotal Union Labor</b>	<b>951</b>	<b>945</b>	<b>347</b>	<b>897</b>	<b>(48)</b>	<b>(5.1%)</b>
Salaries and Non-Union Wages	893,536	926,452	850,000	879,130	(47,322)	(5.1%)
Non-Union Fringe Benefits	389,340	434,027	416,000	389,085	(44,942)	(10.4%)
<b>Subtotal Non-Union Labor</b>	<b>1,282,876</b>	<b>1,360,479</b>	<b>1,266,000</b>	<b>1,268,215</b>	<b>(92,264)</b>	<b>(6.8%)</b>
<b>Subtotal Labor and Fringe Benefits</b>	<b>1,283,827</b>	<b>1,361,424</b>	<b>1,266,347</b>	<b>1,269,112</b>	<b>(92,312)</b>	<b>(6.8%)</b>
Services	48,084	75,240	40,000	90,030	14,790	19.7%
Materials and Supplies	603	2,004	500	600	(1,404)	(70.1%)
Fuel & Utilities	778	900	400	1,560	660	73.3%
Leases, Rentals and Miscellaneous	4,191	12,876	2,653	13,170	294	2.3%
<b>Subtotal Non-Labor</b>	<b>53,656</b>	<b>91,020</b>	<b>43,553</b>	<b>105,360</b>	<b>14,340</b>	<b>15.8%</b>
<b>Subtotal Labor and Non Labor</b>	<b>1,337,483</b>	<b>1,452,444</b>	<b>1,309,900</b>	<b>1,374,472</b>	<b>(77,972)</b>	<b>(5.4%)</b>
Allocation to Capital and GMP	(93,023)	(447,764)	(175,000)	(141,539)	306,225	(68.4%)
<b>Total Operating Expenses</b>	<b>\$ 1,244,460</b>	<b>\$ 1,004,680</b>	<b>\$ 1,134,900</b>	<b>\$ 1,232,933</b>	<b>\$ 228,253</b>	<b>22.7%</b>



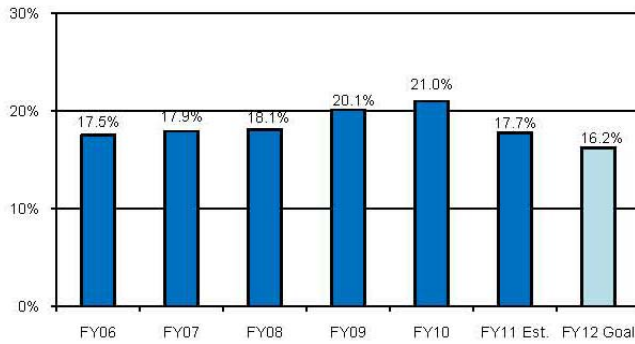
<u>Expense Type</u>	<u>FY2011 Budget</u>	<u>FY2012 Budget</u>	<u>(favorable) / unfavorable</u>
<b>Union Labor</b>	\$ 945	\$ 897	\$ (48)
<b>Non-Union Labor</b>	1,360,479	1,268,215	(92,264)
Decrease due to retirements (2) and planned hiring of replacement staff at lower salaries & benefit expenses			
<b>Services</b>	75,240	90,030	14,790
Increase in expenditures for external I.T. Audit assistance			
<b>Materials &amp; Supplies</b>	2,004	600	(1,404)
Decrease due to a reduction in special supplies			
<b>Fuel &amp; Utilities</b>	900	1,560	660
Increase due to a slight increase in costs relating to communications devices			
<b>Leases, Rentals and Miscellaneous</b>	12,876	13,170	294
Increase in expense due to higher membership and professional fees			
<b>Allocation to Capital &amp; GMP</b>	(447,764)	(141,539)	306,225
Due to a significant change in the Agency's capitalization policy			

AUDIT DEPT SCORECARD - FY2012										
Principles	Initiative/Objective	Measurement	Target and Actuals							
			Q1		Q2		Q3		Q4	
			Target	Actual	Target	Actual	Target	Actual	Target	Actual
Asset Utilization	Complete audit of VoIP telephone system and make recommendations for improvement	Fieldwork Q4; Issue Report FY2013							50%	
	Complete audit of the Unix Operating System and make recommendations for improvement	Begin Fieldwork Q2; Issue Report Q3			25%		100%			
Sustainability	Observe and comment on on-going Disaster Recovery testing of computer systems	Begin Fieldwork Q3; Issue Report Q4					50%		100%	
	Evaluate processes and controls within Bus Preventive Maintenance	Begin Fieldwork Q2; Issue Report Q3			50%		100%			
Safety	Complete audit of SafeBus Project and make recommendations for improvement.	Begin Fieldwork Q1; Issue Report Q2	50%			100%				
	Complete audit of security at selected METRO facilities and make recommendations for improvement.	Begin Fieldwork Q4 FY2011; Issue Report Q1	100%							
Cost Control	Implement continuous audit approach in reviewing Rail Expansion quality assurance activities.	Monitor and Report on QA Efforts, as appropriate	25%		50%		75%		100%	
	Complete audits to ensure that prices/costs paid via METRO contracts are fair and reasonable.	Complete 10 Price/Cost analyses per Q	25%		50%		75%		100%	
Customer Service	Observe and comment on METRO's revised Business Assistance Program.	Begin Fieldwork Q3; Issue Report Q4					75%		100%	
	Complete audit of Alternative Service Delivery initiatives and make recommendations for improvement.	Begin fieldwork Q4, Issue report Q4							100%	
Partnering	Complete audits to ensure that FTA Buy America requirements are met.	Complete Buy America Audits as Requested by Procurement	25%		50%		75%		100%	
	Complete audit observation of annual physical inventory process and provide results to KPMG.	Issue FY2011 by 12/31/2011; Begin Fieldwork on FY2012 Q4	FY11 100%						FY12 25%	
People	Provide training sufficient to ensure that all Audit Department auditors meet federal continuing education requirements for internal auditors.	On going training conducted in-house	25%		50%		75%		100%	
	Complete audit of Police Customer Service training and make recommendations for improvement.	Begin Fieldwork Q2; Issue Report Q3					75%		100%	

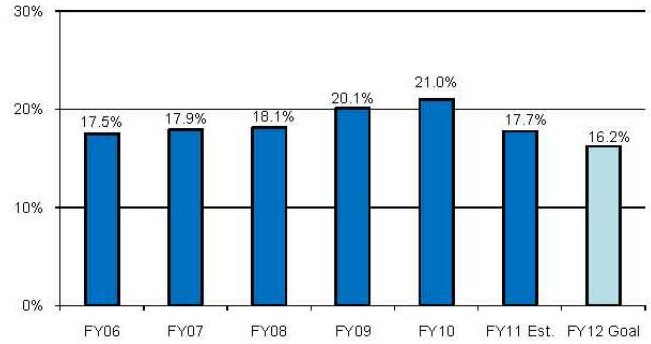
## Key Performance Indicators

### Operating Ratio

**OPERATING RATIO**  
Based on FY2012 Constant Dollars

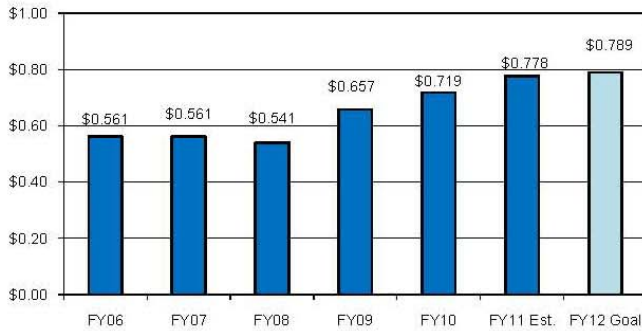


**OPERATING RATIO**  
Based On Year-of-Expenditure Dollars

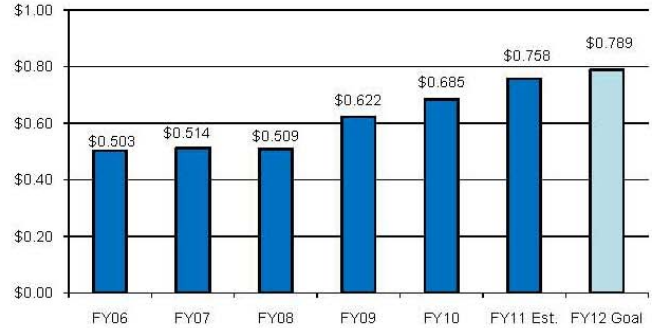


### Cost Effectiveness and Performance

**COST PER PASSENGER MILE - TRANSIT**  
Based on FY2012 Constant Dollars



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



**COST PER REVENUE MILE - TRANSIT**  
Based on FY2012 Constant Dollars



**COST PER REVENUE MILE - TRANSIT**  
Based On Year-of-Expenditure Dollars



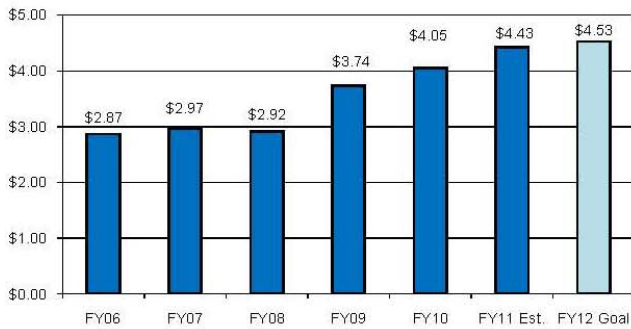
**COST PER REVENUE HOUR - TRANSIT**  
Based on FY2012 Constant Dollars



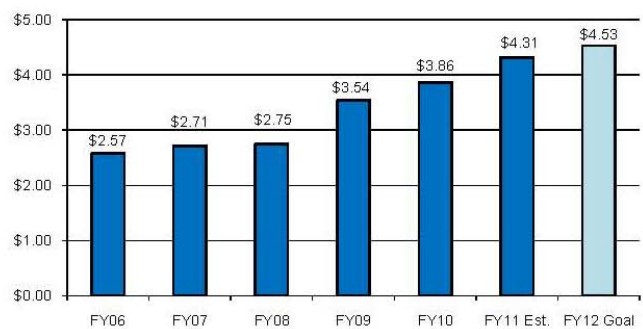
**COST PER REVENUE HOUR - TRANSIT**  
Based On Year-of-Expenditure Dollars



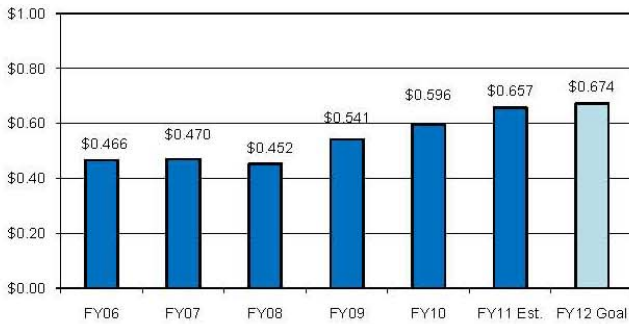
**SUBSIDY PER BOARDING - TRANSIT**  
Based on FY2012 Constant Dollars



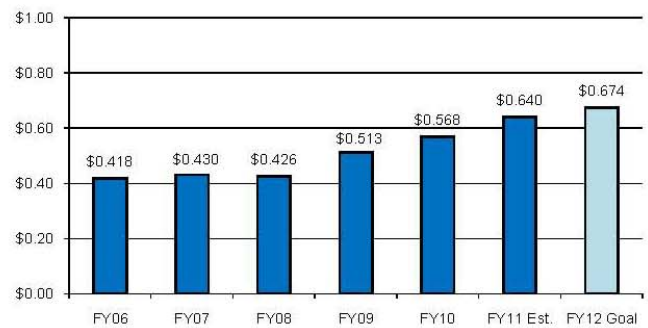
**SUBSIDY PER BOARDING - TRANSIT**  
Based On Year-of-Expenditure Dollars



**SUBSIDY PER PASSENGER MILE - TRANSIT**  
Based on FY2012 Constant Dollars



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



## Performance Statistics: Safety & Security, Service & Reliability, and Customer Service

	<b>FY2010 Actual</b>	<b>FY2011 Goal</b>	<b>FY2011 Estimate</b>	<b>FY2012 Goal</b>
• On-Time Performance (Service Reliability)				
◇ Bus – Local	67%	67%	69%	67%
◇ Bus - Park & Ride	77%	75%	79%	75%
◇ Bus - Weighted Average	70%	69%	72%	69%
◇ Rail	97%	96%	97%	95%
• Mean Distance Between Mechanical Failures (all buses)	7,848	6,600	8,159	7,000
• Bus Accidents				
◇ Absolute Number	502	528	503	528
◇ Per 100,000 Vehicle Miles	0.74	0.81	0.74	0.80
• Rail Accidents				
◇ Absolute Number	30	43	35	43
◇ Per 100,000 Vehicle Miles	3.20	5.65	3.58	5.54
• Complaint Contacts				
◇ Absolute Number	17,919	17,000	20,710	20,000
◇ As A Percent Of Boardings	0.0221%	0.0215%	0.0259%	0.0248%
• Major Security Incidents				
◇ Total	340	540	355	540
◇ Per 100,000 Boardings	0.419	0.684	0.443	0.670
• Major Security Incidents – METRO Properties				
◇ Total	197	336	209	336
◇ Per 100,000 Boardings	0.243	0.426	0.261	0.417
• Average Call Center Answer Delay	53 seconds	≤ 60 seconds	89 seconds	≤ 120 seconds

The primary element in the success METRO has had in building a first-rate transit system has been the dedication to the quality of its service. METRO has devoted itself to bringing transit passengers service that is safe, clean, comfortable, reliable, attractive, and economical.

To maintain a sharp focus on quality, a number of quality indicators are tracked, monitored, and reported throughout the year. Eight (8) of these quality indicators focusing on different aspects of transit service are reported to the Board on a monthly basis:

**On-Time Performance (OTP):** A local bus is considered on-time if it does not leave early and is within a five (5) minute window after the scheduled departure time. A Park & Ride bus is considered on-time if it does not depart early (except in the morning when a bus can leave from a Park & Ride lot when full) and is within a five (5) minute window after the scheduled departure time, with measurements during peak hours. OTP is measured by the IVOMS system which calculates data to the second, and the five (5) minute window is defined as anything less than six (6) minutes. For METRORail, a train departing from the beginning of the line or arriving at the end of the line less than five (5) minutes after the scheduled time is considered on-time.

**Mean Distance Between Mechanical Failures (MDBF):** MDBF mechanical roadcalls are defined as any mechanical issue encountered during operation of the vehicle in revenue service that requires a maintenance action resulting from a mechanical failure. Mechanical failures include warranty and fleet defects but exclude accidents. This indicator is for the bus system but excludes METROLift.

**Bus and Rail Accidents:** An accident is a transit incident with passenger injuries that require immediate medical treatment away from the scene or a collision between a revenue vehicle and an object such that the amount of damage exceeds \$1,000. Bus accidents (which include METROLift) and rail accidents are reported separately and in terms of the absolute number of accidents and the relative number of accidents per 100,000 vehicle miles. A rail accident is defined as any physical contact between a rail vehicle and another vehicle (including another rail vehicle, car, truck, or motorcycle), a pedestrian, or bicyclist along the main rail line.

**Complaint Contacts:** Patrons contact METRO's Customer Information Center to express dissatisfaction with METRO. Contacts made via telephone and over the Internet which result in a complaint record being generated in the Public Comment System are reported both in terms of the absolute number of contacts received and the number of contacts as a percentage of total boardings.

**Major Security Incidents:** The total "Major Security Incidents" is based on two industry standards: the Federal Bureau of Investigation (FBI) Uniform Crime Report and the National Transit Database (NTD) Report issued by the Federal Transit Administration (FTA). The eight (8) categories included are: homicide, forcible rape, robbery, aggravated assault, burglary, larceny and theft, motor vehicle theft, and arson. This metric is reported both in terms of the absolute number of incidents and the number of incidents per 100,000 boardings.

**Major Security Incidents – METRO Properties:** The total "Major Security Incidents – METRO Properties" is the number of incidents that occur at Park & Ride lots, Transit Centers, onboard buses and trains, and on Light Rail Vehicle (LRV) platforms. This metric is reported both in terms of the absolute number of incidents and the number of incidents per 100,000 boardings.



## Average Call Center Answer Delay:

METRO is committed to providing customers with accurate, customer-friendly bus and service information in a timely manner. Customers may obtain bus information over METRO's website and by telephone using an interactive voice response system without speaking to a representative and with no customer wait time. For those customers who prefer to speak with a representative, METRO's goal is to answer their call in 120 seconds or less. In addition to bus information, METRO's Customer Service/Information Center provides general information, supports METRO Q® Fare Card requests, documents and researches public comments, aids with Lost and Found inquiries, and provides general vanpool and HOV information.

## Current Year's Recent Monthly Status Report

July 2011  
Performance Statistics

Fiscal Year 2011													Benchmark Met	Benchmark Missed		
SAFETY & SECURITY	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	Monthly Target	FY2011 YTD GOAL	FY2011 YTD	YTD % Change
	45	39	46	36	44	33	50	42	42	42			44	440	419	4.8%
Bus Accidents	0.78	0.71	0.81	0.63	0.83	0.54	0.87	0.72	0.72	0.74			0.81	0.81	0.74	9.2%
Bus Accidents per 100,000 vehicle miles																
Rail Accidents	4	1	3	2	1	2	1	4	4	6			4	37	28	24.3%
Rail Accidents per 100,000 vehicle miles	4.93	1.36	4.11	2.79	1.34	2.09	1.20	5.31	5.16	7.77			5.65	5.65	3.58	36.7%
Major Security Incidents - total	50	28	20	23	13	18	45	27	36	36			45	450	296	34.2%
Major Security Incidents per 100,000 boardings	0.702	0.432	0.322	0.361	0.216	0.239	0.646	0.393	0.532	0.564			0.684	0.684	0.443	35.2%
Major Security Incidents - METRO properties	32	13	10	15	9	10	29	16	26	14			28	280	174	37.9%
Major Security Incidents per 100,000 boardings	0.449	0.200	0.161	0.235	0.149	0.133	0.416	0.233	0.384	0.220			0.426	0.426	0.261	38.8%
SERVICE & RELIABILITY	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	Monthly Target	FY2011 YTD GOAL	FY2011 YTD	YTD % Change
Bus On-Time Performance																
Local Bus OTP	69%	72%	67%	69%	68%	68%	70%	70%	69%	68%			67%	67%	69.0%	3.0%
Park & Ride Bus OTP	79%	80%	78%	79%	78%	81%	80%	80%	79%	78%			75%	75%	79.2%	5.6%
Weighted Average Bus OTP	71%	74%	70%	71%	71%	71%	73%	73%	72%	70%			69%	69%	71.6%	3.8%
Rail On-Time Performance	97.8%	97.3%	96.3%	96.8%	96.1%	95.9%	97.8%	97.8%	97.2%	98.3%			96%	96%	97.2%	1.2%
MDBF (Mean Distance Between Mechanical Failures) - All Buses	10,318	10,114	10,053	10,380	9,295	10,836	9,530	8,718	7,172	7,213			6,600	6,600	9,186	39.2%
MDBF - Buses Age 0 - 3 Years (≈ 24% of fleet)	15,713	13,281	10,221	11,744	12,383	15,155	13,673	13,932	9,927	9,139			6,600	6,600	12,148	84.1%
MDBF - Buses Age 4 - 8 Years (≈ 9% of fleet)	15,260	13,011	18,994	17,591	16,199	13,158	11,816	8,425	7,555	11,162			6,600	6,600	12,227	85.3%
MDBF - Buses Age 9 - 12 Years (≈ 60% of fleet)	8,541	8,728	9,022	9,222	7,771	9,021	8,022	7,500	6,290	6,375			6,600	6,600	7,900	19.7%
MDBF - Buses Age 13+ Years (≈ 8% of fleet)	9,537	10,261	12,834	8,918	7,219	12,381	7,634	7,069	7,484	5,988			6,600	6,600	8,317	26.0%
CUSTOMER SERVICE	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	Monthly Target	FY2011 YTD GOAL	FY2011 YTD	YTD % Change
Complaint Contacts	1,552	1,440	1,337	1,582	1,440	1,807	1,750	1,812	2,397	2,141			1,417	14,167	17,258	21.8%
Complaint Contacts as a % of boardings	0.0218	0.0222	0.0215	0.0248	0.0239	0.0240	0.0251	0.0263	0.0354	0.0336			0.0215	0.0215	0.0259	20.3%
Commendations	217	232	176	228	178	270	202	228	287	262						
Average Call Center Answer Delay (Sec.)	69	63	61	85	79	83	76	83	95	95			60	60	79	31.5%
COST EFFECTIVENESS	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	Monthly Target	FY2011 YTD GOAL	FY2011 YTD	YTD % Change
Operating Ratio	19.9%	17.5%	16.4%	17.8%	18.2%	19.3%	19.3%	17.8%	17.6%	17.5%			17%	17%	18.1%	6.5%





## Long Term Range Plan

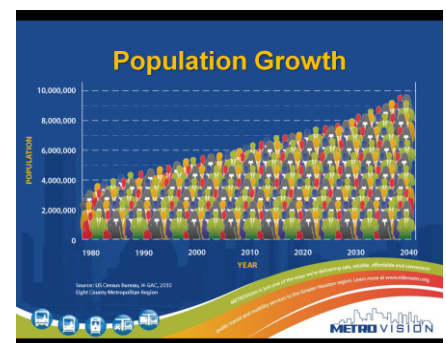
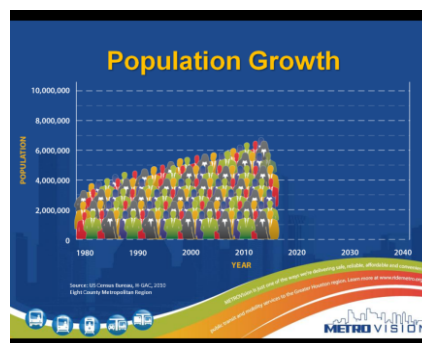
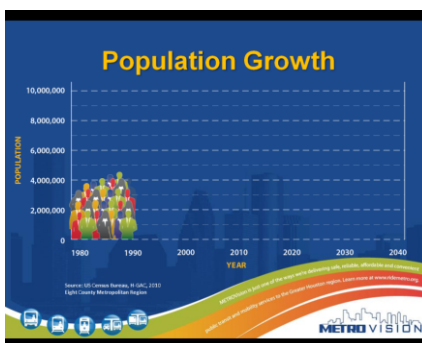
The New METRO is conducting workshops that encourage public input on transit through many methods, including the use of a new and interactive map. Information from the workshops will help with plans for a long-range, comprehensive METRO Vision for regional transit. The goal, ultimately, is a better understanding of area public transit needs through the collected input from communities served by METRO.

## The Regional Transit Plan

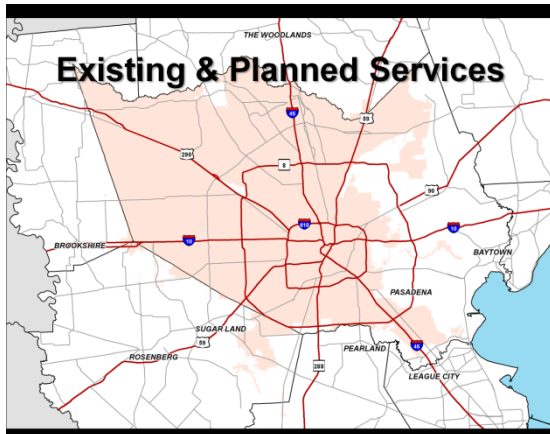
As previously stated, the METRO Solutions plan is the long range transit plan that the METRO Board adopted in August 2003 and was further endorsed by the service area voters in November 2003. While the overall plan set a blueprint for transit service growth to 2025, the short term rail program continues to adjust in order to reflect changes in economic and capital resources, governing regulations, and local decisions.



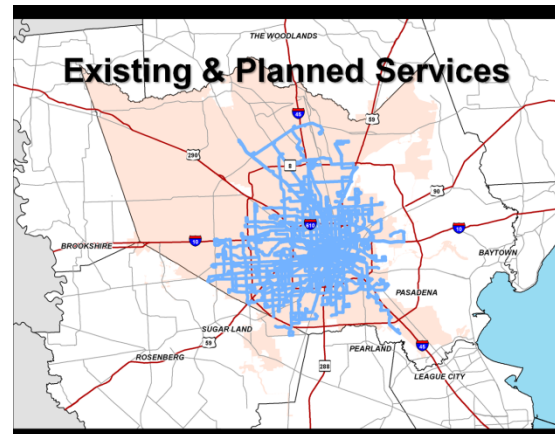
*We're expecting another 2.5 million people to arrive in Houston by the year 2035. This means our area increases in population by 2 to 3 thousand people per week – not including the thousands of visitors (vacationers and conventioners).* --Kim Slaughter, Senior Vice President of METRO's Service Design & Development department



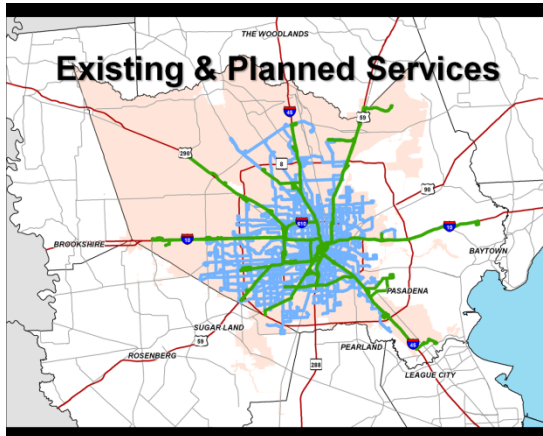
The Service Area



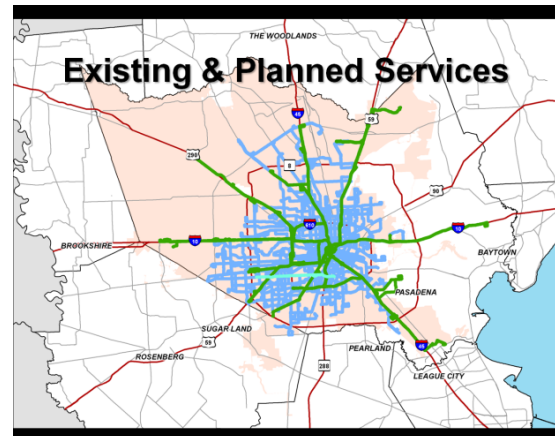
Local Bus Routes



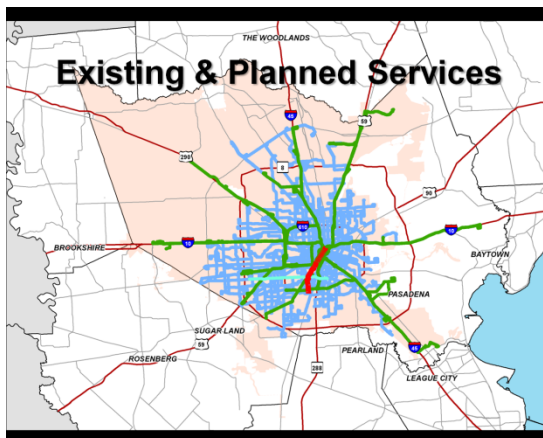
Park & Rides Routes



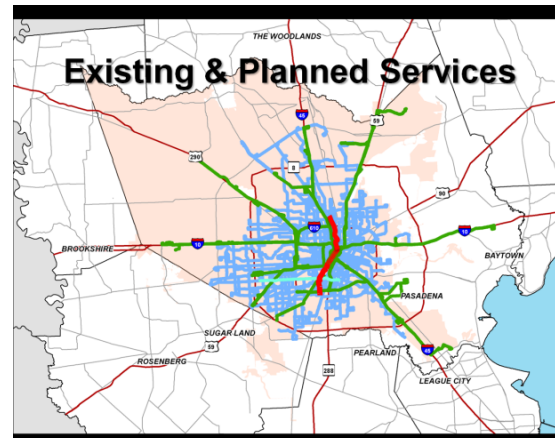
Signature Bus Service



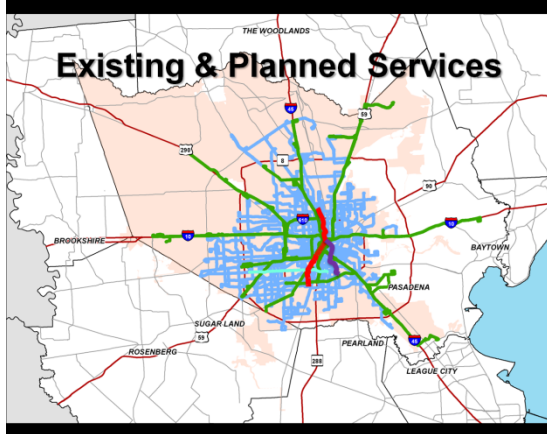
The Main Street / The Red Line



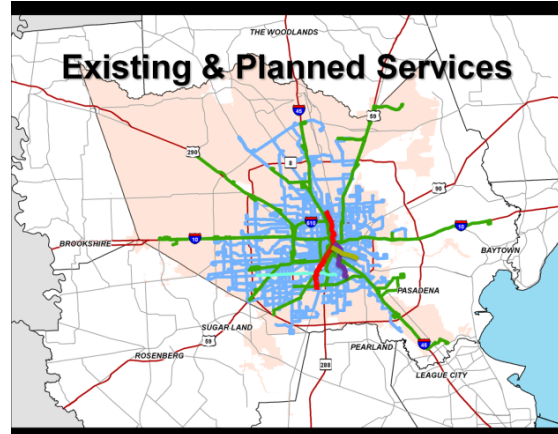
North Line / The Red Line Extension



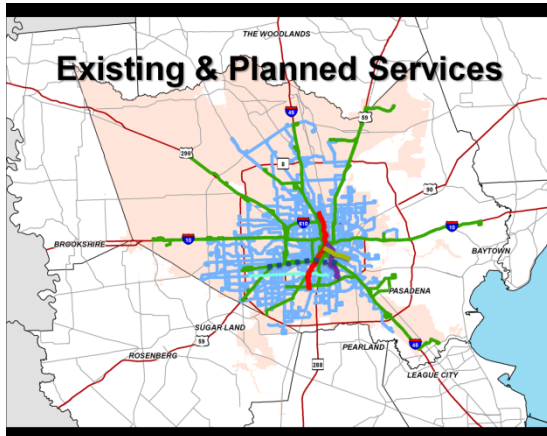
The Southeast Line / The Purple Line



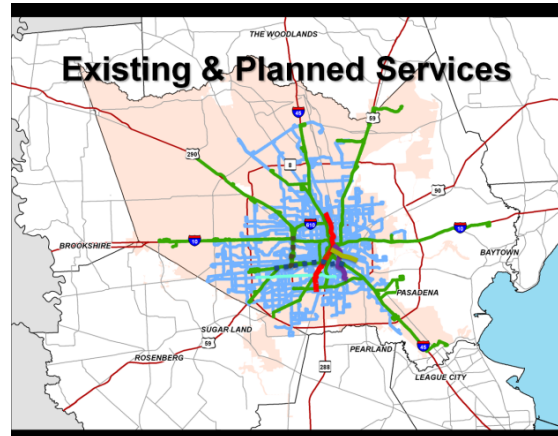
The East End Line / The Green Line



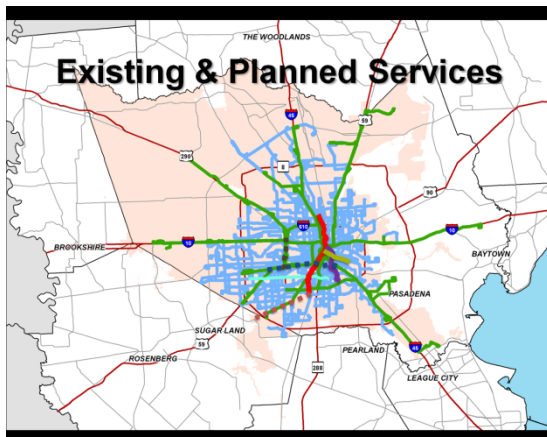
The University Line / The Blue Line



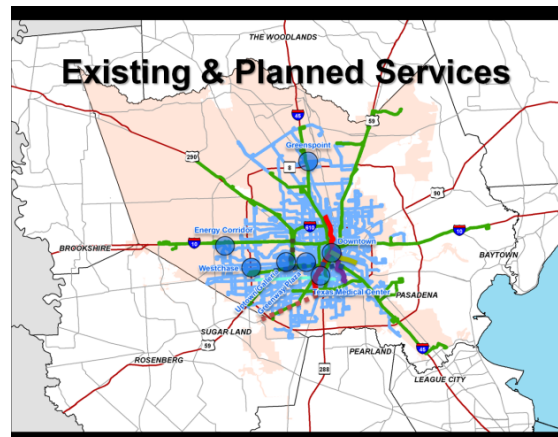
The Uptown Line / The Gold Line



US 90A / Southwest Rail Corridor

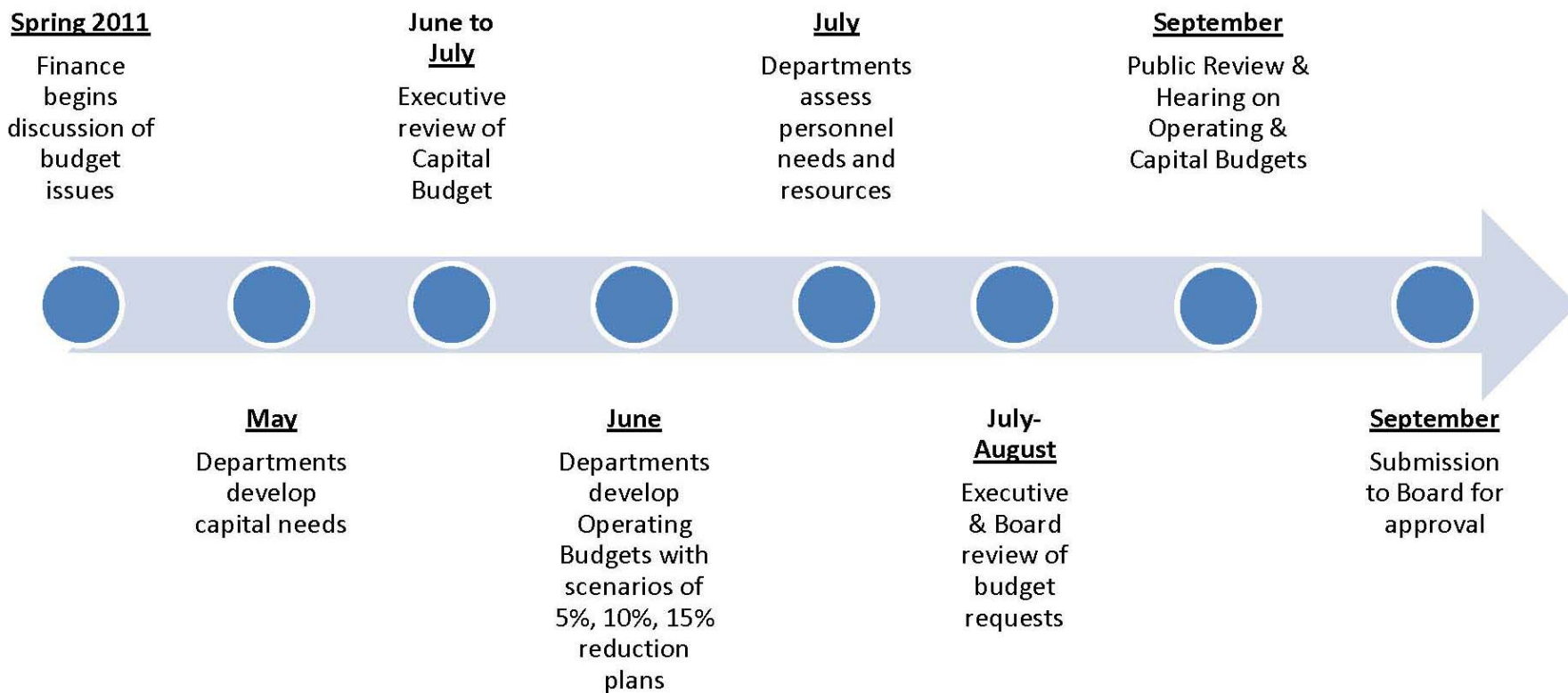


"Mobility Freedom"



## Appendix

### FY2012 Business Plan & Budget Timeline





## Capital Guidelines

These guidelines establish management and control procedures for METRO's internal and external cost (labor and non-labor) for the purchase of capital assets belonging to or in the custody of METRO.

### Capital assets are defined as:

Personal property and equipment owned, leased under a capital lease, controlled or possessed by METRO that meet the following conditions:

- a dollar cost of at least \$5,000 for any building improvements –this threshold includes all building component assets that operate as an integral part of the building (i.e. HVAC).
- a dollar cost of at least \$5,000 for any movable and other fixed equipment (per base unit)
- a useful life of more than ONE year, and
- not consumed in the normal course of business

Assets not meeting this definition of a capital asset should be expensed in the period in which the costs are incurred.

Assets may be acquired by purchase, lease/purchase, loan, gift, transfer, or by trade-in. In addition, assets may be retired by sale, surplus or impairment.

### Direct Labor is defined as:

- employees or workers who are directly involved in the production of an asset or services. Direct labor costs are assignable to a specific project or service.

### Support Labor is defined as:

- employees or workers whose activities are established for the central administration of operations, services, and functions of the Agency as well as those activities related to general legal tasks. Support functions include (but not limited to): Audit, Board, Executive Management, Finance, Human Resources, Marketing, Procurement, and Legal.

### Overhead is defined as:

- those items of METRO's cost which are not assigned directly to a specific project or transit operations because they are either common to all projects/operations (rent) or they would be far too difficult or expensive to track and allocate back to each project or transit operations (paper clips).

- the sum of indirect costs form what is sometimes referred to as the overhead pool.
- overhead is the ratio of the overhead pool to direct labor where the overhead pool is the numerator and direct labor is the denominator. The resulting overhead "rate" is commonly expressed as either a percentage of direct labor, or as a multiple of direct labor.

**Any labor or purchase coded as a capital asset is subject to criteria testing by the METRO Controller, and is subject to reclassification to operating expense if any of the criteria are not met. All capital requests require Advance Procurement Plan (APP).**

### CONSTRUCTION, BUILDINGS AND OTHER IMPROVEMENTS

Construction, buildings and improvements include direct costs related to a project with a capitalizable dollar value greater than \$5,000 and a useful life of more than one year. Furniture, fixtures, software, equipment, or other expenses which are not an integral part of a project are not considered in this category.

Activated projects that have subsequently been put on hold will have a maximum of two budget cycles to carry forward costs as construction in process. These costs will be considered useful if the project is submitted in the next budget cycle and the manager has a reasonable expectation that the budget will be approved. If the project is not reactivated within this time frame, all incurred costs on the project will be expensed.

**Construction Costs** - examples of construction costs include but are not limited to architect and engineering fees, site preparation, demolition costs, building permit fees, contractor and sub-contractor fees, building materials, construction equipment rental and job-site utilities, construction equipment operating and maintenance costs, owner controlled construction insurance policies and wages and benefits, as compensation for construction work performed.

Costs to move furniture, equipment, and tenants due to construction will be capitalized. This also includes temporary storage of office contents, which is necessary during capital construction.

Signage and other printed material (including internal labor) used for the purpose of informing the public of construction work being performed will be capitalized

**Building Components** - consists of items permanently affixed/installed to the building shell, necessary for the building to be used as intended, which are integral to the building and cannot be removed without damaging the building. Examples include, but are not limited to, elevators, HVAC, plumbing, electrical wiring, fixed theater or classroom seating, telecommunication/data wiring, fire alarm and sprinkler systems, and

other fixtures and equipment installed with the intent of permanent use in the building. Telecommunication/data wiring is considered a building improvement if any part of it is installed inside of a wall and would remain with the building if the department moved. In contrast, cables/wiring that would be removed from the building if the department moved is considered a separate piece of equipment and will have to meet the capital threshold in order to be capitalized.

**Labor** - the cost of employees working directly on a capital project must be capitalized. This includes employee payroll and related payroll expense (OH) when known and available.

The labor costs capitalized include only that portion of the employees' payroll (not support labor) and OH directly related to time spent working on the capital project. The portion of the employees' payroll and OH related to time spent working on activities not directly related to a project should be expensed.

**Land Improvements** – long-lived capital assets that are normally stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Items in this category can include: roads, bridges, curbs, sidewalks, tunnels, drainage systems, water and sewer systems, lighting systems, fencing, and parking lots.

**Building Improvements** – building improvements are additions, alterations, renovations or structural changes that extend the useful life or enhance the value of an existing building. Building improvements or additions to an existing building which are not integral parts of the original asset will be treated as a separate asset and depreciated over the appropriate useful life.

**Leasehold Improvements** – leasehold improvements to leased facilities will be capitalized and amortized over the lesser of the useful life of the asset or the remaining life of the existing lease not including any options to renew.

**Rehabilitation** - for a replacement to be capitalized, it must be a part of a major rehabilitation project that meet the capital threshold for assets, it increases the value, and/or useful life of the facility/equipment (offices, garages and power generators), such as installation of new roof. A replacement may also be capitalized if the new item/part is of significantly improved quality and higher value compared to the old item/part - a replacement of old windows with new hurricane proof windows with a longer life expectancy for example. Ordinary repairs and the replacement of minor parts are considered operating expense as: they do not extend the asset's life, they are not separately identifiable assets, and they only restore the assets to their original operating condition. If a facility/equipment being repaired was not identified as a capital purchase to begin with, the repair would not be considered capital. (See MFRI guideline for more information)

**Completion Date** - costs for construction projects described above will be capitalized until the asset is deemed placed in service: the walkthrough and final checklist have been completed, and the work is accepted as complete by the project manager. Costs incurred after the work is accepted as complete will be expensed, including costs incurred under the project's warranty.

**Feasibility Study** – feasibility costs incurred prior to management's commitment of funds to the project will be expensed. This preliminary stage of a project includes design, consulting, internal labor, and other feasibility costs related to evaluating the length and cost of a construction project. Prior to construction, if the design stage of the project is the only stage that is currently approved for capital budget, the project definition and full scope (including deferred costs) must be submitted to Finance to determine the correct accounting treatment.

**Capitalized Interest Costs** – interest costs incurred during construction should be capitalized in accordance with the provision of Financial Accounting Standards Board (FASB) Statement No. 34, Capitalization of Interest Cost.

### Support Labor

All general and administrative (Central Services) and overhead costs incurred, including all costs of support functions, should be expensed. Support functions include (but not limited to):

- Audit
- Board
- Executive Management
- Finance
- Human Resources
- Marketing
- Procurement
- Legal
- Community Outreach

Central Services employee labor is not directly chargeable to capital projects. In major projects where one or more Central Services groups are established within the project staff the labor cost including overhead is directly capitalizable to the project (i.e. – METRO Rail Expansion).

**Note: Eventually a portion of the support labor will be charged to capital projects.**

### Bus, Rail and Support Equipment

**Vehicle Replacements and Additions**-replacement or additional revenue and non-revenue vehicles (includes buses, rail cars, METRO-Lift vans and support vehicles), all



expenses incurred prior to putting a vehicle in service, including plant inspections and make ready, can be capitalized.

**Rail and Bus Improvements**-upgrades or major component replacements that meet the capital threshold for assets can be capitalized. Upgrades should increase the value or extend the life of the vehicles. Major components should be at the end of their useful life due to normal wear and tear.

**Capital Tools and Equipment**-tools and off-road equipment meeting the capital threshold and with a useful life of more than one year can be capitalized.

## SOFTWARE AND INFORMATION TECHNOLOGY (IT) PROJECTS

**Conditions to Determine if an IT Project Should be Capitalized** – in general, computer software, either purchased or developed internally, is considered a capital project if there is significant new functionality gained or if it implements a new technology. Significant new functionality includes, but is not limited to: a new vendor product, a software implementation that involves integration into other existing systems, or a system implementation that results in changes in the workflow processes by other areas not directly affected by the new software. Not included in this definition are software upgrades and system “fixes”.

**Stages of Computer Software Development** - there are three stages of computer software development: the preliminary project stage, the application development stage, and the post implementation/operation stage. Only the application development stage may be capitalized. The preliminary project and post-implementation/operation stage costs are expensed as incurred.

### Preliminary Project Stage (costs are expensed)

- Conceptual formulation of alternatives
- Evaluation of alternatives
- Determination of existence of needed technology
- Final selection of alternatives

### Application Development Stage (costs can be capitalized)

- Design of chosen path, including software configuration and software interfaces
- Coding
- Installation to hardware

- Testing, including parallel processing phase

### Post-Implementation/Operation Stage (costs are expensed)

- Training
- Application maintenance

Major software projects should be separated into components or modules so that as each module becomes ready to use, it can be capitalized while the other modules remain in process. If a software project is expected to have multiple phases, documentation should be provided to Accounting defining the functionality of each phase and what type of costs there will be in each phase. The document should also include the expected timeframe for the project, and consulting fees need to include a description of the work performed.

**Externally Purchased Software** - computer software packages and new website design purchased from third parties shall be treated as any other equipment. The individual license agreement must have a useful life of greater than one year, and the cost must meet the capital threshold.

All user licenses will be capitalized with an initial software purchase, up to 90 days after the purchase. Additional software user licenses purchased after 90 days will be capitalized only if each license meets capital threshold and will be used for more than one year. However, additional licenses purchased for existing software which require an IT capital project to add functionality or enhancement to the software, will be capitalized along with other project costs. Licenses associated with added functionality or enhancement to the software will have to meet the \$5,000 capital threshold.

All software licenses that individually meet capital threshold will be capitalized. Software that is on a production server is considered existing in the environment will not be capitalized.

Memberships and subscriptions to website resources and software licenses will not be considered capital.

IT Maintenance contracts and other prepaid services that meet the \$5,000 threshold are expensed to operating and amortized over a 12 month period for which they apply.

Installation of major software renewals and upgrades that are not included in a maintenance contract may be capitalized if they provide additional functionality to the existing software and meet the \$5,000 threshold.

**Internally Developed Software** – the standard test to determine if software is internally developed is met if the following characteristics are met:

- the software is internally developed, or acquired and modified solely to meet the entity's internal needs
- during the software's development or modification, no substantive plan exists or is being developed to market the software externally

Only the portion of labor costs related to time spent working on the IT project is capitalized. Labor costs to be capitalized include METRO employee payroll and related payroll overhead (OH), temporary labor, personal service agreements, consulting firms, and third party software developers. This does not include employee labor used to cover the work normally performed by the individual directly assigned to the project (backfill labor).

The portion of the employees' payroll and OH related to time spent working on other activities should be expensed. All general and administrative and overhead costs incurred, including all costs of support functions should be expensed. Support functions include administrative assistants and office managers who perform general office duties.

**When to Capitalize an IT Project** – capitalization of costs should begin when both

- The preliminary project stage is complete, and
- Management commits to funding a computer software project and it is probable that the project will be completed and the software will be used to perform the function intended.
- Capitalization should cease when all substantial testing is completed and/or the system goes live.

**Costs not to Capitalize as part of an IT Project:**

- General and administrative costs and supplies should not be capitalized as costs of internal-use software. Internal and external costs incurred during the preliminary project stage should be expensed.
- Training costs should be expensed as incurred.
- Website subscriptions should be expensed as incurred.
- Software web hosting where application is not owned by METRO should be expensed as incurred

## OTHER ASSETS MANAGEMENT ISSUES

### *Designation of Property as a Controlled Item*

Sensitive or walk-away property items with a value of less than \$5,000 may be subject to control as if they were fixed assets. Examples include police guns, tasers, and vests, certain shop and garage equipment, radios, computers, etc. These items will be tracked within the fixed asset system by serial number and if available METRO's fixed asset tag. Accounting, Property Management and Asset Custodians are jointly responsible for tracking, reconciling, reporting, disposing and protecting METRO's assets.

### *Major Capital Project*

Only a small group of all the METRO's transportation projects are considered "major capital projects (MCP)." They are large projects with a significant effect on the capacity of the region's transportation system, including extensions or additional lanes on the interstate system, entirely new expressways, or similar changes to the passenger rail system. Arterial expansions and intersection improvements are not defined as major capital projects; neither are bus facilities, unless they involve a dedicated lane on a transit corridor. MCP cost for dedicated administrative staff such as, "procurement, finance, and community outreach", may be charged directly to the project and capitalized.

To be included in the Major Capital Project category, a project must meet ONE of the following requirements (criteria):

- It is a new construction, expansion, renovation, or replacement project for an existing facility or facilities. The project must have a total cost of at least \$250 million over the life of the project. Project costs can include Internal overhead staffing, community outreach, land, engineering, architectural planning, and contract services needed to complete the project.

- OR -

- It is a purchase of major equipment (assets) costing \$250 million or more with a useful life of at least 10 years.

- OR -

- It is a major upgrade project for existing facilities with a cost of \$250 million or more and an economic life of at least 10 years.

## Debt Policy

As Adopted December 17, 2009

### 1.0 Purpose

The purpose of the Metropolitan Transit Authority (“METRO”) Board of Directors’ (“Board”) Debt Policy is to establish guidelines for the utilization of debt instruments. Debt Instruments may include senior lien sales tax revenue bonds, subordinate lien sales tax revenue bonds, commercial paper, bank lines, standby purchase agreements or letters of credit, variable rate demand notes, variable rate auction rate notes, capital leases, grant anticipation revenue vehicles, farebox revenue bonds, contractual obligations and revenue and appropriation bonds (“Debt Instruments”). Debt Instruments will only be used to finance capital assets, infrastructure improvements, and additions, to refund or defease existing obligations, to fund capitalized interest, costs of issuance or to make deposits to reserve funds and other funds required or provided for in such Debt Instruments. Defeased leases are not considered Debt Instruments for purposes of this policy.

METRO will ensure that all uses of Debt Instruments are in compliance with state and Federal laws, the guidelines contained herein, adopted and active bond ordinances, insurance covenants and existing financial agreements. Further, METRO will ensure that the utilization of any Debt Instrument provides the most prudent and cost-effective funding possible taking all material matters into account.

### 2.0 Debt Limits:

2.1 Lines/Letters of Credit/Standby Purchase Agreements not enhancing a Debt Instrument – Up to \$100 million and one year term (non-voted).

2.2 Lines/Letters of Credit/Standby Purchase Agreements enhancing a Debt Instrument – No limit.

2.3 Commercial Paper – Up to \$400 million (non-voted).

2.4 Notes – Up to \$400 million (non-voted).

2.5 Sales Tax Bonds – Up to voter authorized amounts and 40 years (voted).

2.6 Capital Leases – No limit.

2.7 Contractual Obligations – No limit

2.8 Fare Box Revenue Bonds – No authorization currently.

2.9 Grant Anticipation Revenue Vehicles – No authorization currently.

2.10 Revenue & Appropriation Bonds – No limit.

### 3.0 Structure of Debt Instruments

3.1 Term – The term of the Debt Instruments should equal the lesser of the useful life of the facility being financed or 40 years after the project is placed in service. There shall be no balloon amortization schedules when long-term Debt Instruments are planned for permanent financing.

3.2 Subordinate Lien Obligations – Subordinate lien obligations may be recommended by the Finance/Audit Committee for Board approval, and shall be based on the overall financing structure of METRO.

3.3 Capital Leases – Capital leases or other equipment financing will generally only be used if the present value of lease payments is less than the present value of debt service payments on notes or bonds issued for the same time frame. Capital leases may be used, however, to increase long-term borrowing capacity irregardless of this present value calculation.

### 4.0 Financial Policies

4.1 Sales tax projections used in long term planning shall be performed by external economist(s) with management adjustments for the current year.

4.2 The General Fund should be managed to maintain a working capital reserve minimum of 15% of annualized budgeted operating expenditures.

4.3 Proceeds from the sale of capital assets should also be placed in a capital reserve and only used for the purposes of the reserve.

4.4 Bond Reserve Funds – It is the goal of METRO to only use bond reserve funds when economically feasible. It is METRO's goal to satisfy the liquidity requirements sought by bond investors and credit agencies by maintaining healthy General Fund working capital.

#### 5.0 Variable Rate Exposure

5.1 METRO anticipates issuing commercial paper in the inaugural years of the issuance of Debt Instruments and then converting to fixed rates over time. As a result, variable rate debt will initially constitute 100% of METRO's Debt Instruments. Over time METRO will reduce this exposure to more traditional ratios.

5.2 Conservative budgeting practices should be utilized for budgeting interest costs on variable rate debt such as 1% above the two year historical average rate for the Bond Market Association index plus ongoing costs such as credit facilities. Savings from budget versus actual should be used to pay off variable rate debt annually.

5.3 Commercial paper may be used to provide interim financing. Outstanding commercial paper shall be counted as variable rate debt. METRO shall select commercial paper dealers through a competitive process. A minimum of two commercial paper dealers should be utilized for programs greater than \$100 million to ensure competitive pricing. The maximum maturity shall not exceed 270 days. Principal outstanding under a commercial paper program may be refinanced to a longer term with fixed or variable rate debt.

6.0 Method of Sale – METRO may use both competitive and negotiated sales.

6.1 Negotiated Sales – In general negotiated sales may be used in any of the following circumstances:

6.1.1 Complex transactions that require extensive financial modeling, credit analysis, or pre-marketing efforts, or that are interest rate sensitive;

6.1.2 Volatile financial markets; or

6.1.3 To better accomplish the objectives of METRO's Small Business Program.

6.1.4 Short-term re-marketings.

6.2 Competitive Sales – Competitive sales may be used when each of the following circumstances are satisfied:

6.2.1 Long-term, fixed rate senior lien sales tax revenue bonds being issued for new projects or to currently refund commercial paper;

6.2.2 Simple structure and financial analysis;

6.2.3 Stable financial markets; and

6.2.4 Moderate par amounts.

#### 7.0 Refunding of Fixed Rate Debt Parameters

7.1 Overall transaction, net of costs of issuance, should produce positive net present value ("PV") savings of at least approximately 5.0% of the refunded par and gross debt service savings.

7.2 Individual maturities can be included if they generate net PV savings of greater than 5.0% for maturities longer than five years and greater than 2.0% if they are less than five years.

#### 8.0 Continuing Disclosure

METRO shall comply with all continuing disclosure agreements to which it enters in order to comply with SEC Rule 15c2-12. These filings may include the filing of annually updated financial information as well as notice of specified material events as appropriate.

#### 9.0 Interest Rate Swaps and Derivative Debt Instruments

Derivative products shall not be used by METRO.



## Fare Policy

METRO Board policy provides “...that the fare structure and fare rates will be reviewed annually and that fares will be increased as necessary to account for the effects of inflation on operating costs and to maintain or improve the revenue/operating expense ratio.” (Resolution 85-18) In 2008 the METRO Board voted to approve the fare structure shown below for Fiscal Years 2009 through 2011 (Resolution 2008-77).

### Board-Approved Fare Structure: Resolution 2008-77

	<b>FY2009 Fare</b>	<b>FY2010 Fare</b>	<b>Increase from FY2009</b>	<b>% Change from FY2009</b>	<b>FY2011 Fare</b>	<b>Increase from FY2010</b>	<b>% Change from FY2010</b>
Local/ METRORail	\$1.25	\$1.30	\$0.05	4%	\$1.35	\$0.05	4%
Zone 1	\$2.00	\$2.10	\$0.10	5%	\$2.20	\$0.10	5%
Zone 2	\$3.25	\$3.40	\$0.15	5%	\$3.55	\$0.15	4%
Zone 3	\$3.75	\$3.90	\$0.15	4%	\$4.10	\$0.20	5%
Zone 4	\$4.50	\$4.70	\$0.20	4%	\$4.90	\$0.20	4%

All fares are rounded to the nearest nickel, dime, or quarter.

Although the above Board action in 2009 allowed METRO to implement fare increases of 4 – 5% in both FY2010 and FY2011, the fares were not raised in FY2010 and FY2011, and will not be raised in FY2012 either.



## Investment Policy

METROPOLITAN TRANSIT AUTHORITY OF HARRIS COUNTY, TEXAS

### INVESTMENT POLICY

As Proposed December 17, 2010

#### 1.0 Policy

It is the policy of the Metropolitan Transit Authority of Harris County, Texas ("Metro") to invest public funds in a manner that will provide the highest investment return with maximum security while meeting the daily cash flow demands of Metro, conforming to all state and local statutes governing the investment of public funds and giving due consideration to the safety and risk of investments. This policy sets forth the investment program of Metro and the guidelines to be followed in achieving its objectives.

Effective cash management is recognized as essential to good fiscal management. Investment interest is a source of revenue to Metro. Metro's portfolio shall be designed and managed to maximize investment earnings as a revenue source, to be responsive to the public trust and to be in compliance with applicable legal requirements and limitations.

Investments shall be made with the primary objectives of:

- Preservation and safety of principal and diversification of the investment portfolio;
- Maintenance of sufficient liquidity to meet operating needs and marketability of the investment if the need arises to liquidate before maturity;
- Understanding the suitability of the investment to the financial requirements of Metro and maintaining public trust from prudent investment activities;
- Yield and optimization of interest earnings on the portfolio.

#### 2.0 Purpose

The purpose of this investment policy is to comply with Section 451.104, Texas Transportation Code, and Chapter 2256, Texas Government Code (the "Public Funds Investment Act"). The Public Funds Investment Act requires Metro to adopt a written investment policy regarding the investment of its funds and funds under its control. This investment policy addresses the methods, procedures and practices that must be exercised to ensure effective and judicious fiscal management of Metro's funds.

#### 3.0 Scope

This investment policy shall govern the investment of all financial assets of Metro, except those listed on Schedule 1, which are set up and administered separately and whose investment activities are conducted by third parties in accordance with instructions provided in ordinances, contracts, or escrow agreements, as applicable. The following funds shall be subject to this investment policy and are accounted for in Metro's Comprehensive Annual Financial Report ("CAFR"):

- General and Operating Funds;
- Capital Project Funds;
- Special Revenue Funds;

- Debt Service Funds, including reserves and sinking funds, to the extent not required by law, orders, resolutions or existing contracts to be kept segregated and managed separately;
- Trust and Agency Funds, to the extent not required by law, orders, resolutions or existing contracts to be kept segregated and managed separately.

Any new fund created by Metro shall be subject to this investment policy, unless specifically exempted from this investment policy by the Board or by applicable law.

Metro will consolidate cash balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

#### 4.0 Investment Objectives

##### General

Metro shall manage and invest its cash with four primary objectives, listed in order of priority:

- Safety
- Liquidity
- Suitability
- Yield (expressed as optimization of interest earnings)

The safety of the principal invested always remains the primary objective. All investments shall be designed and managed in a manner responsive to the public trust and consistent with applicable law.

Metro shall maintain a comprehensive cash management program that includes collection of account receivables, vendor payments in accordance with invoice terms and prudent investment of available cash. Cash management is defined as the process of managing monies in order to insure maximum cash availability and maximum earnings on short-term investment of idle cash.

##### Safety

Safety is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit and interest rate risk.

Metro will minimize credit risk, the risk of loss due to the failure of the issuer or backer of the investment, by (i) limiting investments to the safest types of investments; (ii) pre-qualifying financial institutions and broker/dealers that Metro does business with; and (iii) diversifying the investment portfolio so that potential losses on individual issuers will be minimized.

Metro will minimize the risk that interest earnings and the market value of investments in the portfolio will fall due to changes in general interest rates by (i) structuring the investment portfolio so that investments mature to meet cash requirements for ongoing operations, thereby avoiding the need to liquidate investments prior to maturity; (ii) investing operating funds primarily in certificates of deposit, shorter-term securities, money market mutual funds or local government investment pools functioning as money market mutual funds; and (iii) diversifying maturities and staggering purchase dates to minimize the impact of market movements over time.

#### Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that investments mature concurrent with cash needs to meet anticipated demands. Because all possible cash demands cannot be anticipated, a portion of the portfolio will be invested in shares of money market mutual funds or local government investment pools that offer same-day liquidity. In addition, a portion of the portfolio will consist of securities with active secondary or resale markets.

#### Suitability

All investments shall be suitable for the type of fund invested, and the investment portfolio shall be designed with the objective of meeting all legal requirements including yield restrictions. All participants in Metro's investment process shall seek to act responsibly as custodians of the public trust. Investment officers shall avoid any transaction that might impair public confidence in Metro's ability to govern effectively.

#### Yield (Optimization of Earnings)

The investment portfolio shall be designed with the objective of attaining a market rate of return through budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above.

In order to minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of the funds. Investment guidelines by fund-type are as follows:

### **5.0 Investment Strategies for Funds**

#### General and Operating Funds

Investment guidelines for Metro's general and operating funds are as follows:

**Safety of Principal** — All investments shall be in high quality securities with minimal default risk. Safety of principal shall be further ensured through diversification by issuer, maturity range and security type.

**Liquidity** — The general and operating funds will have high liquidity needs. Overnight repurchase agreements, local government investment pools and money market mutual funds can provide daily liquidity and may be utilized as competitive yield alternatives to fixed maturity investments.

**Suitability** — Any investment authorized by this investment policy having a final maturity not to exceed two years is suitable for general and operating funds.

**Yield** — Attaining a competitive market yield for comparable security types and portfolio restrictions is the desired objective. The minimum yield objective shall be the trailing three month average of the 3-month T-bill yield.

#### Capital Project Funds

Funds on deposit in capital project funds will pay for capital expenditures of Metro projects. Investment guidelines for such funds are as follows:

**Safety** — All investments shall be in high quality securities with minimal default risk. Maturities shall be placed to correspond with the anticipated capital spending or construction draw schedules. Safety of principal shall be further ensured through diversification by issuer, maturity range and security type.

**Liquidity** — Capital project funds require high short-term liquidity as the construction draw schedules are frequently uncertain. Overnight repurchase agreements, local government investment pools and money market mutual funds shall provide daily liquidity and may be utilized as competitive yield alternatives to fixed maturity investments.

**Suitability** — Any investments authorized by this investment policy not exceeding the expected construction draw schedule are suitable for the capital project funds.

**Yield** — The most desirable yield objective when investing Capital Project Funds is to achieve a positive spread to the arbitrage yield that corresponds to the specific bond issue. In market conditions in which this objective is not possible within safety constraints, attaining a competitive market yield for comparable security types and portfolio restrictions is the desired objective. In this case, the minimum yield objective shall be the trailing average of the yield on the Treasury security corresponding to the weighted average maturity of the capital project fund portfolio.

#### Debt Service Funds

Investment guidelines for Metro debt service funds are as follows:

**Safety of Principal** — All investments shall be in high quality securities with no perceived default risk. Market price fluctuations will however occur, by managing the debt service fund's portfolio to not exceed the debt service payment schedule the market risk of the overall portfolio will be minimized. Market conditions influence the attractiveness of fully extending maturity to the next "unfunded" payment date. Generally, if investment rates are trending down, Metro is best served by locking in fixed rate securities. If interest rates are flat or trending up, concurrent market conditions will determine the attractiveness of extending maturity or investing in shorter alternatives. At no time shall the debt service schedule be exceeded in an attempt to bolster yield.

**Liquidity** — Debt service funds have predictable payment schedules. Therefore, investment maturities shall not exceed the anticipated cash flow requirements. Overnight repurchase agreements, local government investment pools and money market mutual funds shall provide competitive yield alternatives for short term fixed maturity investments.

**Suitability** — Any investment authorized by this investment policy is suitable for the debt service fund.

**Yield** — Attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The minimum yield objective shall be the trailing three month average of the 3-month T-bill yield.

#### Special Revenue Funds

Metro's revenue funds are short term in nature and the investment guidelines are as follows:

**Safety of Principal** — All investments shall be in high quality short-term investments with no perceived default risk. Diversification is less of a concern since revenue funds will be highly liquid.

**Liquidity** — Revenue funds require high short-term liquidity. Overnight repurchase agreements, local government investment pools and money market mutual funds shall provide daily liquidity and may be utilized as competitive yield alternatives to fixed maturity investments.

**Suitability** — Eligible investments will be limited to overnight repurchase agreements, \$1 NAV money market funds, \$1 NAV local government investment pools, Treasury, agency and commercial paper issues with final maturities of less than 90 days.

**Yield** — Attaining a competitive market yield for comparable security types and portfolio restrictions is the desired objective. The minimum yield objective shall be the trailing one-month average of the four-week T-bill yield.

### **6.0 Responsibility and Control**

#### Delegation of Authority

In accordance with the Public Funds Investment Act, the Board designates the officers or employees listed on Schedule 2 as Metro's Investment Officers. An Investment Officer is authorized to execute investment transactions on behalf of Metro. No person may engage in an investment transaction or the management of Metro funds except



as provided under the terms of this investment policy as approved by the Board. Such investment authority granted to the Investment Officers is effective until rescinded by the Board.

#### Quality and Capability of Investment Management

Metro shall provide periodic training in investments for the designated Investment Officers and other investment personnel through courses and seminars offered by professional organizations, associations, and other independent sources in order to insure the quality and capability of investment management in compliance with the Public Funds Investment Act.

#### Training Requirement

In accordance with the Public Funds Investment Act, the designated Investment Officers shall attend an investment training session no less often than once every two years and shall receive not less than 10 hours of instruction relating to investment responsibilities. A newly appointed Investment Officer must attend a training session of at least 10 hours of instruction within 12 months of the date the officer took office or assumed the officer's duties. The investment training session shall be provided by an independent source approved by the Board. For purposes of this investment policy, an "independent source" from which investment training shall be obtained shall include a professional organization, an institution of higher education or any other sponsor other than a business organization with whom Metro may engage in an investment transaction.

#### Internal Controls

Metro's Chief Financial Officer is responsible for establishing and maintaining an internal control structure designed to ensure that Metro assets are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (i) the cost of a control should not exceed the benefits likely to be derived; and (ii) the valuation of costs and benefits requires estimates and judgments by management.

Accordingly, the Chief Financial Officer shall establish a process for annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

- Control of collusion
- Separation of transaction authority from accounting and record keeping
- Custodial safekeeping
- Avoidance of physical delivery of securities
- Clear delegation of authority to subordinate staff members
- Written confirmation for telephone (voice) transactions for investments and wire transfers
- Development of a safekeeping agreement with a depository bank or third party custodian

#### Prudence

The standard of prudence to be applied by an Investment Officer shall be the "prudent investor" rule, which states that "investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived." In determining whether an Investment Officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the following:

- The investment of all funds over which the officer had responsibility rather than a consideration as to the prudence of a single investment;
- Whether the investment decision was consistent with this investment policy.

#### Indemnification

The Investment Officers, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific investment's credit risk or market price changes, provided that these deviations are reported immediately and the appropriate action is taken to control adverse developments.

#### Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that would conflict with the proper execution and management of the investment program, or that would impair their ability to make impartial decisions. Employees and Investment Officers shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with which business is conducted on behalf of Metro.

An Investment Officer who has a personal business relationship with an organization seeking to sell an investment to Metro shall file a statement disclosing that personal business interest. An Investment Officer who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to Metro shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the Board.

### **7.0 Suitable and Authorized Investments**

#### Portfolio Management

Metro currently has a "buy and hold" portfolio strategy. Maturity dates are matched with cash flow requirements and investments are purchased with the intent to be held until maturity. However, investments may be liquidated prior to maturity for the following reasons:

- An investment with declining credit may be liquidated early to minimize loss of principal;
- Cash flow needs of Metro may require that the investment be liquidated;
- To improve the overall quality or maturity structure of the portfolio;
- To enhance the interest earnings of the portfolio.

#### Authorized Investments

Metro funds governed by this policy may be invested in the instruments described below, all of which are authorized by the Public Funds Investment Act. Investment of Metro funds in any instrument or security not authorized for investment under such act is prohibited. Metro will not be required to liquidate an investment that becomes unauthorized subsequent to its purchase.

- (a) Obligations of the United States of America or its agencies and instrumentalities.
- (b) Fully collateralized certificates of deposit issued by a state or national bank domiciled in the State of Texas, a savings and loan association domiciled in the State that are fully insured for the principal and accrued interest by the United States or an instrumentality of the United States

- (c) Direct obligations of the State of Texas or its agencies and instrumentalities;
- (d) Other obligations the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the State of Texas or the United States of America or their respective agencies and instrumentalities.
- (e) Obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than AA or its equivalent;
- (f) Fully collateralized repurchase agreements if Metro has obtained a signed Master Repurchase Agreement with the company with which the agreement is entered, as authorized by the Public Funds Investment Act or other applicable law;
- (g) Commercial Paper with a stated maturity of 270 days or fewer from the date of issuance, and is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies, as authorized by the Public Funds Investment Act or other applicable law;
- (h) No-load money market mutual funds registered and regulated by the Securities Exchange Commission, with a dollar-weighted average stated maturity of 90 days or fewer, which provides investing entities with a prospectus and other information required by the Securities Exchange Act of 1934 (15 U.S.C. Section 78a et seq.) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.) and which include in their investment objectives the maintenance of a stable net asset value of \$1 for each share, as authorized by the Public Funds Investment Act.
- (i) Guaranteed investment contracts and flexible repurchase agreements, as authorized by the Public Funds Investment Act or other applicable law.
- (j) Local government investment pools that (i) meet the requirements of the Public Funds Investment Act, (ii) are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service and (iii) seek to maintain a stable net asset value of \$1 for each share, as authorized by the Public Funds Investment Act.
- (k) Any other investment authorized by the Public Funds Investment Act.

#### Credit Downgrade Provision

An investment that requires a minimum rating under this policy does not qualify as an authorized investment during any period in which the investment does not have the minimum rating. All prudent measures consistent with this policy will be taken to liquidate an investment that is downgraded to less than the required minimum rating.

#### Securities Lending

Metro may enter into a securities lending program with an authorized broker/dealer or financial institution in order to enhance investment return. Metro may administer a securities lending program directly or, if conditions warrant, use an outside agent. Should an agent be used, one will be selected by the Board using appropriate criteria. Securities lending will only be transacted with a written agreement, approved by legal counsel, which details: (i) acceptable types of collateral; (ii) standards for collateral custody and control; (iii) collateral valuation and initial margin, accrued interest, marking to market, and margin calls; (iv) method for transmitting security income; and (v) acceptable methods for delivery of securities and collateral.

#### Approved List of Money Market Mutual Funds and Investment Pools and Federal Agencies

An approved list of money market mutual funds and investment pools is attached to this investment policy as Schedule 3. An approved list of federal agencies is attached to this investment policy as Schedule 4.

#### Not Authorized

The following types of investments are strictly prohibited.

- (a) Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal. (Commonly referred to as "IOs")
- (b) Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest. (Commonly referred to as "POs")
- (c) Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years.
- (d) Collateralized mortgage obligations, the interest rate of which is determined by an index that adjusts opposite to the changes in a market index (Commonly referred to as "Inverse Floaters").

#### Maximum Maturities

The longer the maturity of investments, the greater their price volatility. It is Metro's policy to concentrate its investment portfolio in shorter-term securities in order to limit principal risk caused by changes in interest rates.

Metro will attempt to match its investments with anticipated cash flow requirements. With the exception of investments made for Capital Projects Funds, Metro will not directly invest in securities maturing more than two (2) years from the date of purchase; however, the above described obligations, certificates or agreements may be collateralized using longer dated investments.

Because no secondary market exists for repurchase agreements, the maximum maturity shall be 120 days, except in the case of a guaranteed investment contract or flexible repurchase agreement for bond proceeds. The maximum maturity for such an investment shall be determined in accordance with project cash flow projections and the requirements of the governing bond order or resolution.

#### Diversification

It is the policy of Metro to diversify its investment portfolio. Metro recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. All funds shall be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific class of securities. In establishing specific diversification strategies, the following general policies and constraints shall apply:

- (a) Limiting investments to avoid over-concentration in investments from a specific issuer or security type, excluding U.S. Treasury securities and other investments backed by the full faith and credit of the United States.
- (b) Limiting investments that have higher credit risks (example: commercial paper).
- (c) Investing in investments with varying maturities. Portfolio maturities shall be staggered in a way that avoids undue concentration of assets in a specific sector. Maturities shall be selected that provide for stability of income and reasonable liquidity.



- (d) Continuously investing a portion of the portfolio in readily available funds such as local government investment pools (LGIPs), money-market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

The following maximum limits, by instrument, are established for Metro's total portfolio:

1.	U.S. Treasury Securities	100%
2.	Agencies and Instrumentalities	85%
3.	Certificates of Deposit	25%
4.	Corporate Commercial Paper*	20%
5.	Municipal Commercial Paper	50%
6.	Municipals	25%
7.	Repurchase Agreements**	20%
8.	Money Market Mutual Funds	50%
9.	Authorized Investment Pools	50%

\*FDIC insured Commercial Paper issued under TLGP is not subject to limitation

\*\*Excluding flexible repurchase agreements for bond proceeds investments.

#### 8.0 Selection of Banks and Broker/Dealers

##### Banks

Metro will maintain a list of qualified public depositories approved by the Board that are authorized to hold Metro funds. Deposits will only be placed with those institutions that have:

- Provided audited financial statements;
- Submitted a written request or completed an application to be an authorized depository;
- Been designated by the Board as an authorized depository;
- Signed an appropriate form of security or collateral agreement; and
- Provided collateral as required by applicable law.

An annual review of the financial condition of each depository holding Metro funds will be conducted by Metro. A current audited financial statement is required to be on file for each broker/dealer and financial institution that transacts any investment activities with Metro.

##### Broker/Dealers

Metro will maintain a list of approved broker/dealers and financial institutions that have been approved by the Board and are authorized to provide investment services in the State of Texas. Investments shall only be made with those firms who qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule) and who have:

- Provided audited financial statements;
- Completed a response to all requested information in any Metro questionnaire relating to creditworthiness, experience and reputation;
- Acknowledged, in writing, that the policy has been thoroughly reviewed by qualified representatives dealing directly with Metro's account and that the organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between Metro and the organization that are not authorized by Metro's investment policy, except to the extent that this authorization depends on an analysis of the makeup of Metro's entire portfolio or requires an interpretation of subjective investment standards; and

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- (d) Met any qualifications and standards recommended and approved by the Board.

An annual review of the financial condition and registrations of authorized broker/dealers and financial institutions providing investment services will be conducted by Metro. In addition, the quantity of transactions conducted with each approved broker/dealer will be reviewed at least annually. The results of this review and the related recommendations shall be submitted to the Board. The Board shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with Metro.

Securities shall be purchased using the delivery vs. payment method with the exception of investment pools and mutual funds. Funds will be released after notification that the purchased security has been received.

##### Approved List

An approved list of banks and broker/dealers is attached to this investment policy as Schedule 5.

##### Competitive Quotes

Each investment transaction shall be based upon competitive quotations received from at least three (3) broker/dealers approved by Metro. Competitive quotes shall be documented and retained as part of the transaction record.

##### Investment Advisors

Metro may contract with an investment advisor, who shall adhere to the spirit, philosophy and specific term of this Policy and shall invest within the same "Standard of Care." The investment advisor must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisor's Act of 1940 as well as with the Texas State Securities Board. Advisors may assist Metro with the management of its funds and other responsibilities including but not limited to, broker compliance, competitive bidding, reporting and security documentation.

An appointed Investment Advisor shall act solely in an advisory and administrative capacity, within the guidelines of this Investment Policy. At no time shall the advisor take possession of securities or funds or otherwise be granted discretionary authority to transact business on behalf of Metro.

#### 9.0 Safekeeping of Securities and Collateral

To protect against potential fraud and embezzlement, the financial assets of Metro shall be secured through safekeeping procedures. The Investment Officers shall be bonded to protect the public against possible embezzlement and malfeasance.

##### Securing Deposits of Authority Funds

Metro shall contract with a bank or banks for the safekeeping of securities either owned by Metro as part of its investment portfolio or held as collateral to secure demand or time deposits. Securities owned by Metro shall be held in Metro's name as evidenced by safekeeping receipts of the institution holding the securities.

Collateral for deposits will be held by a third party custodian designated by the entity and pledged to Metro as evidenced by safekeeping receipts of the institution with which the collateral is deposited. Original safekeeping receipts shall be obtained. Collateral may be held by the depository bank's trust department, a Federal Reserve Bank or branch of a Federal Reserve Bank, a Federal Home Loan Bank, or a third-party bank approved by Metro.

##### Collateral Policy

Consistent with the requirements of the Public Funds Collateral Act, it is the policy of Metro to require full collateralization of all Metro funds on deposit with a depository bank. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of market value of principal and accrued interest on the deposits less the amount insured by the FDIC. At its discretion, Metro may require a higher level of collateralization for certain security types. Securities pledged as collateral shall be held by an independent

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third party with which Metro has a current custodial agreement. Metro's Chief Financial Officer is responsible for entering into collateralization agreements with third-party custodians in compliance with this investment policy. The agreements are to specify the acceptable security types for collateral, including provisions relating to possession of the collateral, the substitution or release of collateral, ownership of collateral, and the method of collateral valuation. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to Metro and retained in file. Collateral shall be reviewed at least monthly to assure that the market value of the pledged securities is adequate.

#### Collateral Defined

Metro shall accept only the following types of collateral:

- Obligations of the United States or its agencies and instrumentalities.
- Direct obligations of the State of Texas or its agencies and instrumentalities.
- Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, provided that these CMO's do not fall under the Not Authorized section listed above.
- Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized rating firm not less than AA or its equivalent with a remaining maturity of ten (10) years or less.
- A surety bond issued by an insurance company rated as to investment quality by a nationally recognized rating firm not less than A.
- A letter of credit issued to the entity by the Federal Home Loan Bank.

#### Subject to Audit

All collateral shall be subject to inspection and audit by a Metro representative or Metro's independent auditors.

### **10.0 Performance**

#### Performance Standards

Metro's investment portfolio will be managed in accordance with the parameters specified within this investment policy. The portfolio shall be designed with the objective of obtaining a reasonable market yield through budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow requirements of Metro.

#### Performance Benchmark

It is the policy of Metro to purchase investments with maturity dates coinciding with cash flow needs. Through this strategy, Metro shall seek to optimize interest earnings utilizing allowable investments available on the market at that time. Market value will be calculated on a quarterly basis on all securities owned and compared to current book value. Metro's portfolio shall be designed with the objective of attempting to meet or exceed the average yield on U.S. Treasury securities at a maturity level comparable to Metro's weighted average maturity in days.

### **11.0 Reporting**

#### Methods

The Investment Officer shall prepare an investment report on a quarterly basis that summarizes investment strategies employed in the most recent quarter and describes the portfolio in terms of investment securities, maturities, and yield to maturity.

The quarterly investment report shall include a summary statement of investment activity prepared in compliance with generally accepted accounting principles. This summary will be prepared in a manner that will allow Metro to

ascertain whether investment activities during the reporting period have conformed to this investment policy. The report will be provided to the Board. The report must:

- Describe in detail the investment position;
- Be prepared jointly by all Metro investment officers;
- Be signed by each investment officer;
- Contain a summary statement prepared in compliance with generally accepted accounting principles of each pooled fund group that states the: beginning market value for the reporting period; additions and changes to the market value during the period; ending market value for the period; fully accrued interest for the reporting period;
- State the book value and market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested;
- State the maturity date of each separately invested asset that has a maturity date;
- State the fund for which each individual investment was acquired;
- Include a statement of compliance of Metro's investment portfolio with state law and the investment strategy and policy approved by the Board.

An independent auditor will perform a formal annual review of the quarterly reports with the results reported to the governing body

#### Monitoring Market Value

Market value of all securities in the portfolio will be determined on a quarterly basis. Such values will be obtained from a reputable and independent source and disclosed to the Board quarterly in a written report.

### **12.0 Investment Policy Adoption**

Metro's investment policy shall be adopted by resolution of the Board. It is Metro's intent to comply with all applicable state laws and regulations. Metro's investment policy shall be subject to revisions consistent with changing laws, regulations, and needs of Metro. Metro shall adopt a resolution stating that it has reviewed the policy and investment strategies annually, approving any changes or modifications.

### **SCHEDULES**

Schedule 1 — Metro Funds Specifically Exempted From Investment Policy

Schedule 2 — List of Investment Officers

Schedule 3 — Approved List of Money Market Mutual Funds and Investment Pools

Schedule 4 — Approved List of Federal Agencies

Schedule 5 — Approved List of Banks and Broker/Dealers

**Schedule 1 — Metro Funds Specifically Exempted From Investment Policy**

Construction Funds are specifically exempted from the maximum allocation guidelines set forth in Section 7.0.

**Schedule 2 — List of Investment Officers**

Susan A. Bailey	Vice President of Finance
Phil F. Nguyen	Director of Treasury Services
Lisa W. Oliver	Manager of Investments and Banking
Michael J. Curran	Manager of Pensions, Trust and Sales Tax Revenue
Tony D'Amico	Manager Operations Management Analysis

**Schedule 3 — Approved List of Investment Pools, Money Market Mutual Funds and Overnight Sweep**

Investment Pools:

TexStar  
LOGIC  
TexPool

Money Market Mutual Funds:

Williams Capital Government Fund (Formerly "Liquid Assets Fund")  
SEI Investments Government Fund  
AIM STIT Government and Agency Portfolio  
JP Morgan U.S. Government Money Market Fund  
Goldman Sachs Financial Square Government Fund/Select

Overnight Sweep Fund

JP Morgan U.S. Government Money Market Fund

**Schedule 4 — Approved List of Federal Agencies**

All indirect obligations of the U.S. "such as" :

Federal Farm Credit Bank  
Federal Home Loan Bank  
Federal Home Loan Mortgage Corporation  
Federal National Mortgage Corporation

"and other federal agency obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of the United States, its agencies or instrumentalities."

Direct Obligations of the State of Texas or any county, city, school district or other political subdivision of the State of Texas are also approved investments

**Schedule 5 — Approved List of Banks and Broker/Dealers**

Approved Depository Banks:

JPMorgan Chase  
BBVA Compass (Formerly Guaranty Federal Savings)

Approved Broker / Dealers

Blaylock Robert Van  
Cantor Fitzgerald  
Citigroup Global Securities  
Coastal Securities  
Compass Bank Capital Markets  
Deutsche Bank Securities  
Intercontinental Asset Management  
Jeffries & Co., Inc.  
JPMorgan Securities, Inc.  
Kipling Jones Co.  
Loop Capital Markets  
National Alliance Capital Markets  
Ramirez and Co.  
Raymond James Financial  
RBC Dain Rauscher  
Rice Financial Products (Formerly Apex Pryor Securities)  
SBK Brooks Investments  
Seattle Northwest Securities  
Siebert Brandford Shank & Co.  
SunTrust Robinson Humphrey  
UBS Financial Services  
Vining Sparks  
Wells Fargo Brokerage Services  
Williams Capital Group

## Fuel Policy

### METROPOLITAN TRANSIT AUTHORITY

#### Fuel Price Risk Management Policy

Amended: July 24, 2008

##### Preface

The Metropolitan Transit Authority (METRO) recognizes that the purchase of fuels and energy necessary to provide mass transit to the public exposes its operating budget to the volatility inherent in the energy markets. METRO wishes to reduce, as much as practical, budgetary exposure to fuel price volatility by hedging with physical and/or financial contracts.

##### Goal

METRO will minimize operating budget variance attributable to fuel price variability through physical forward contracts and/or financial contracts. METRO will develop and implement a plan which will provide fuel and energy commodity price certainty for up to 24 months of expected consumption such that the operating budget expense is assured with some potential to realize savings if prices decline.

##### Philosophy

METRO's Fuel Price Risk Management Policy (the "Policy") is an executable hedge plan which both allows and directs specific actions given certain market conditions. The tactics discussed in the Policy allow METRO alternatives to achieving the goal. The policy applies to all contracts for the purchase of fuel subsequent to the date hereof.

METRO will define the total amount of fuel and energy, which is eligible to be hedged for each budgetary cycle. These quantities will be set as the result of collaboration between the appropriate departments including operations, finance, procurement and the executive office. The volume of any physical or financial contract(s) will never exceed the eligible volume for any period. With a goal of July 15 of each year, the following fiscal year's budget cycle is targeted to be hedged to be within the guidelines of the Policy. Not having the next fiscal year's budget cycle hedged by such date is not a violation of the Policy.

All hedges will be constructed so as to be qualified for hedge accounting treatment under FASB guidelines. (This means that any financial hedge instrument must settle against or be directly linked to the index used as the pricing reference in the applicable procurement contract. For example, if METRO has a contract for delivery of fuel based on Platt's Gulf Coast Low-Sulfur Diesel Index, then the financial hedge must also be based on Platt's Gulf Coast Low-Sulfur Diesel Index.) Therefore, all physical procurement contracts must be priced by an index for which there exists a liquid forward market. In other words, each hedging instrument must match the commodity that is ultimately being used by METRO.

METRO intends to enter into both physical and financial purchase contracts. METRO will use a broad-based competitive process to ensure the lowest possible price. METRO recognizes that

#### Fuel Price Risk Management Policy

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both physical and financial alternatives must be examined to achieve the best results in varying markets. No tactics involving financial leverage or even modest basis risk will be utilized. All tactics will be reviewed in the context of how a prudent man would react to learning of an adverse move in that instrument.

Appropriate procedures will regulate the amount of counterparty credit/performance risk taken by METRO. These procedures will address minimum counterparty credit ratings and collateralization requirements.

Proper reporting practices will insure that both METRO's management and Board will be kept appropriately informed of the relevant metrics of the program. Separation of execution and reporting responsibilities will insure that timely and accurate information is being reported. The Procurement Department will be responsible for competitively bidding and awarding the contracts and executing transaction confirmations. The Treasury Department will be responsible for verifying all orders based on duplicate confirmations from the suppliers and the transaction clerk's daily log. All reports, internal and to the Board, will be produced by the Office of Management and Budget. Monthly reports will be made to the Finance/Audit Committee of the Board.

##### Procedures and Guidelines

1. Management shall set specific commodity price targets with corresponding authorized quantities to be hedged. The resulting table of price and quantity for each commodity will serve as the "executable hedge plan" which will dictate the course of action for the authorized transaction clerk.
2. Select (and train if necessary) two persons from the Procurement Department who shall be authorized to execute transactions when and as directed with authorized counterparties. The designated fuel transaction clerks shall complete a transaction record the day a transaction is executed to ensure a timely record of each and every transaction. Copies will be distributed to Operations, Finance-Treasury & OMB and Procurement management daily.
3. Select and set up master swap agreements (International Swaps and Derivatives Association, Inc.; ISDA agreements; "Guaranteed Price Contract") with as many pre-qualified financial counterparties as possible in order to assure through competition that METRO transacts "at the market" and diversifies counterparty performance/credit risk. All agreements shall require that Counterparties shall either have a minimum long-term rating of "A3" or "A-" by at least two of the three nationally recognized rating agencies or have collateral posting requirements for entities with ratings below this level.
4. Structure an information system to capture and report physical and financial positions so that each can be reviewed separately and in total so that net price risk and collateralization requirements can be accurately assessed and managed in real time. This system will also serve as a central check and balance tool; therefore, it should allow for reconciliation of physical and financial confirmations with transactional input. The confirmations are generated by the designated fuel transaction clerk. The information system will be maintained by the Finance Department which reports separately to the President & CEO.



## Fuel Price Risk Management Policy

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All reports, internal and to the Board, will be produced by the Office of Management and Budget.

5. Financial transactions will match the physical risk they are intended to hedge in duration, quantity, and price (basis) risk. At no time shall the quantity of executed financial contracts exceed the quantity of fuel METRO has budgeted for delivery in a given period.
6. By July 15<sup>th</sup> of each year, the coming fiscal year's fuel/energy budget shall be hedged in such a way that the budget calculations can determine a maximum expense for each budget category.

### Tactics

1. Fixed Price Future Delivery Contracts (Fiscal Year 2006 Cost Price Averaging Technique):
  - a. Discuss purchasing opportunities with multiple major suppliers;
  - b. Negotiations with a selected contractor on the component parts of the total price of Number 2 Diesel (base, Txled, transportation);
  - c. Guaranteed delivery within a specified future period;
  - d. METRO pays after delivery. No deposits or collateralization required.

Note: This is the tactic that METRO used to procure diesel fuel for December 2005 through May 2006.

2. Guaranteed Price Contracts (Swaps):
  - a. Pre-qualify fuel vendors and financial companies to enter into guaranteed price contracts with METRO;
  - b. Enter into master agreements with qualified companies; (ISDA Master swap agreements)
  - c. Procure a fuel supplier using a competitive process;
  - d. Procure a fuel deliverer using a competitive process;
  - e. Procure a guaranteed price contract as per guidelines and procedures as described in the policy.

### Example:

METRO separates fuel purchasing into two procurements, 1) physical and 2) financial. The physical contract combines the fuel supplier (refinery) and fuel deliverer (trucking company) into one contract. In the physical contract METRO bids out the right to deliver set quantities of diesel to METRO's tanks in December 2006. This is the same procurement method that METRO used prior to January 2005. The low bid specifies that METRO will pay in December 2006 the Platt's Gulf Coast Low Sulfur Diesel Index plus \$0.02 per gallon (transportation). METRO conducts a separate bid process for a contract whereby METRO will sell the same quantity of fuel at the December 2006 index price for Platt's Gulf Coast Low Sulfur Diesel and METRO will simultaneously purchase such amount of fuel at a fixed price. The low bid for the guaranteed price contract is \$1.90 per gallon. Hence, METRO's net cost will be  $\$1.90 + 0.02 = \$1.92$ .

## Fuel Price Risk Management Policy

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Financial		Physical	
BUY	SELL	BUY	SELL
\$1.90	Platt's	Platt's + .02	

Then in December 2006, the fuel is delivered and the Platt's Index is \$2.50 per gallon. METRO pays the physical contract supplier \$2.52 per gallon (Platt's Index and transportation). METRO receives \$0.60 per gallon from the guaranteed price contract creating a net cost of \$1.92 per gallon.

Financial		Physical	
BUY	SELL	BUY	SELL
\$1.90	<del>Platt's</del>	<del>Platt's + .02</del>	
Supplier \$2.52		Platt's = \$2.50	
Swap (.60)			
METRO \$1.92			

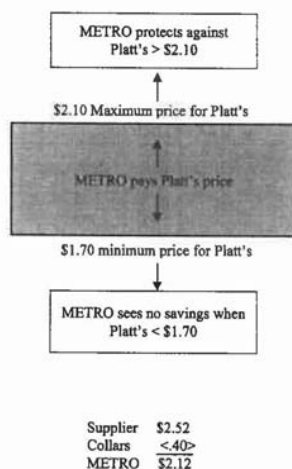
### 3. Maximum/Minimum Price Contracts (Collars):

- a. Pre-qualify fuel vendors and financial companies to enter into maximum/minimum price contracts with METRO;
- b. Enter into master agreements with qualified companies;
- c. Procure a fuel supplier using a competitive process;
- d. Procure a fuel deliverer using a competitive process;
- e. Procure a maximum/minimum price contract as per guidelines and procedures as described above. This tactic sets a maximum fuel price above which METRO will incur no cost, as well as a minimum price below which METRO will not participate in cost savings. In between the maximum and minimum prices, METRO will pay market price (such as a Platt's Index).

Example:

METRO enters into a competitive procurement for physical delivery of diesel in December 2006. The low bidder agrees to provide to METRO's tanks the diesel fuel for Platt's Index plus \$0.02 per gallon (transportation). A second procurement requests bids for the minimum price in a contract that specifies that METRO will purchase an amount of fuel at Platt's Index with a maximum price of \$2.10 per gallon and that METRO will not make any upfront payment for this contract. The variable in the bid process is the minimum price that METRO will pay. In addition to this purchase the contract specifies that METRO will sell a like amount of diesel at the Platt's Index. The low bidder agrees to enter into a contract with a minimum price of \$1.70 per gallon. Hence METRO pays a net price of Platt's Index within a collar of \$2.10 and \$1.70 plus the \$0.02 transportation from the physical contract.

Assuming that Platt's Index is at \$2.50 in December 2006, METRO will pay the physical supplier \$2.52 per gallon. The collar contract will have METRO buying at \$2.10 and selling at \$2.50 for a net benefit of \$0.40 per gallon. Hence METRO's net cost of fuel is \$2.12 per gallon.



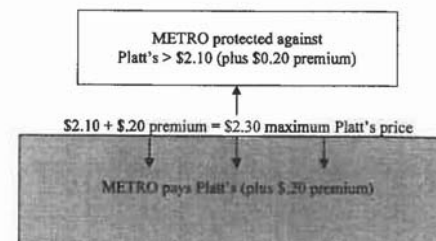
4. Maximum Price Contracts (Cap):

- Pre-qualify fuel vendors and financial companies to enter into maximum price contracts with METRO;
- Enter into master agreements with qualified companies;
- Procure a fuel supplier using a competitive process;
- Procure a fuel deliverer using a competitive process;
- Procure a maximum price contract as per guidelines and procedures as described above. This tactic sets a maximum fuel price above which METRO will incur no cost. Beneath the maximum, METRO will pay the market price (such as a Platt's Index) plus the contract premium price.

Example:

METRO enters into a competitive procurement for physical delivery of diesel in December 2006. The low bidder agrees to provide to METRO's tanks the diesel fuel for Platt's Index plus \$0.02 per gallon transportation. A second procurement requests bids for a contract in which METRO will purchase fuel at Platt's Index with a specified maximum price of \$2.10 per gallon. The variable in the bid process is the price premium that METRO will pay on the contracted volume. In addition to this purchase the contract specifies that METRO will sell a like amount of diesel at the Platt's Index. The low bidder agrees to enter into a contract with a premium of \$0.20 per gallon. Hence METRO pays a net price of Platt's Index with a maximum price of \$2.10, plus \$0.20 premium and plus the \$0.02 from the physical contract.

Assuming that Platt's Index is at \$2.50 in December 2006, METRO will pay the physical supplier \$2.52 per gallon. The cap contract will have METRO buying at \$2.10 and selling at \$2.50 plus paying a premium of \$0.20 for a net benefit of \$0.20 per gallon. Hence METRO's net cost of fuel is \$2.32 per gallon.



Note: Maximum price tactic is analogous to purchasing \$2.10 fuel price insurance for \$.20/gallon.



#### Definitions

**ARBITRAGE** – The simultaneous purchase and sale of the same financial instrument or commodity in different marketplaces in order to profit from congruent price disparities.

**BASIS RISK** – The difference between the index used in a financial hedge versus the physical commodity being hedged. For example, if METRO hedged future purchases of #2 diesel with an index based on the price of heating oil, a risk would exist that the price of diesel would go up and the price of heating oil would not.

**HEDGE** – A physical or financial position, which matches the quantity, duration, and price risk of a natural or acquired physical risk. Example: METRO purchases fuel under a physical contract which is priced using the average of daily US Gulf Coast Platt's Low Sulfur Diesel Pipeline (Platt's Index) and has the "natural risk" of the Platt's Index increasing in value. In order to "hedge" these volumes, METRO might purchase a guaranteed price Platt's Index contract in an amount and term to match contracted volume. Because both the payment for physical volumes and the settlement of the financial swap are based on the same published Platt's Index, the fixed price at which METRO bought the Platt's Index swap will equal the price realized for those volumes hedged.

**SUPPLY** – refers to seller of physical volumes.

**SWAP** – A negotiated contract whereby one party sells and the other buys a fixed price (and quantity) which will be compared to an agreed market or index in order to determine which party pays in settlement.

## FIXED-ROUTE BUS SERVICES

METRO's local bus lines consists of several type services- regular, hooked routes, limited, cross-town, circulator and shuttle services; and Park & Ride services. These local routes focus on specific neighborhoods and the transportation of persons around these communities.

METRO also offers midday and late-evening service which provides riders with flexibility in six freeway corridors: Eastex, Gulf, Katy, North, Northwest and Southwest.

The following routes were operated regularly by METRO. These include Local, Express, Park & Ride Services and Shuttle buses. The numbering of METRO's bus routes is as follows:

- Local bus routes – 1-98
- Local Limited bus routes – 102-163
- Park and Ride routes – 170, 202-298
- Employee Shuttles- 302-308
- Texas Medical Center (TMC) Shuttles – 320-322
- Special Shuttle Service- 313,352
- Limited Stop routes - 400's
- METRORail routes - 700's
- Route 34- Montrose Crosstown
- Route 35- Fairview
- Route 36- Kempwood/Lawndale
- Route 37- El Sol Crosstown
- Route 38- Manchester Docks Circulator
- Route 39- Parker Road Circulator
- Route 40- Pecore/Telephone
- Route 42- Holman Crosstown
- Route 44- Acres Homes Limited
- Route 45- Tidwell Crosstown
- Route 46- Gessner Crosstown
- Route 47- Hillcroft
- Route 48- Navigation/West Dallas
- Route 49- Chimney Rock Crosstown
- Route 50- Heights/Harrisburg
- Route 52- Hirsch/Scott
- Route 53- Briar Forest
- Route 56- Airline Limited
- Route 58- Hammerly
- Route 59- Aldine Mail Crosstown
- Route 60- Hardy/South McGregor
- Route 64- Lincoln City Circulator
- Route 65- Bissonnet
- Route 66- Yale
- Route 67- Dairy Ashford Crosstown
- Route 68- Brays Bayou Crosstown
- Route 70- Memorial
- Route 72- Westview Circulator
- Route 73- Bellfort Crosstown
- Route 75- Energy Corridor
- Route 77- Martin Luther King/Liberty
- Route 78- Alabama/Irvington
- Route 79- West Little York
- Route 80- Dowling/Lyons
- Route 81- Westheimer- Sharpstown

### LOCAL ROUTES

- Route 1- Hospital
- Route 2- Bellaire
- Route 3- Langley/West Gray
- Route 4- Beechnut
- Route 5- Kashmere/Southmore
- Route 6- Jensen/Tanglewood
- Route 8- South Main
- Route 9- North Main/ Gulfton Limited
- Route 10- Willowbend
- Route 11- Alameda/Nance
- Route 14- Hiram Clarke
- Route 15- Fulton
- Route 18- Kirby Limited
- Route 19- Wilcrest Crosstown
- Route 20- Canal/ Long Point Limited
- Route 23- Crosstimbers Crosstown
- Route 24- Northline
- Route 25- Richmond
- Route 26- Outer Loop Crosstown
- Route 27- Inner Loop Crosstown
- Route 29- TSU/UH-Hirsch Crosstown
- Route 30- Cullen/ Clinton
- Route 32- Renwick
- Route 33- Post Oak Crosstown

- Route 82- Westheimer- West Oaks
- Route 83- Lee Road Circulator
- Route 85- Antoine
- Route 86- FM 1960 Crosstown
- Route 87- Sunnyside/Plaza Del Oro/TMC
- Route 97- Settegast
- Route 98- Briargate Circulator

#### **LOCAL LIMITED BUS ROUTES**

- Route 102- Bush Intercontinental Airport(IAH) Limited
- Route 108- Veterans Memorial Limited
- Route 131- Memorial Limited
- Route 132- Harwin Limited
- Route 137- Northshore Express
- Route 163- Fondren Express

#### **SPECIAL SHUTTLE SERVICES**

- Route 313- Allen Parkway
- Route 352- Swingle Shuttle

#### **PARK & RIDE ROUTES**

- Route 170- Missouri City/ SH6 Express
- Route 202- Kuykendahl
- Route 204- Spring
- Route 209- North Freeway
- Route 212- Seton Lake
- Route 214- Northwest Station
- Route 216- West Little York
- Route 217- Cypress
- Route 219- Northwest Freeway
- Route 221- Kingsland
- Route 222- Grand Parkway
- Route 228- Addicks
- Route 229- Katy Freeway
- Route 236- Maxey Road
- Route 237- San Jacinto
- Route 244- Monroe
- Route 246- Bay Area
- Route 247- Fuqua

- Route 249- Gulf Freeway
- Route 255- Kingwood
- Route 256- Eastex
- Route 257- Townsen
- Route 259- Eastex Freeway
- Route 261- West Loop
- Route 262- Westwood
- Route 265- West Bellfort
- Route 269- Southwest Freeway
- Route 274- Westchase
- Route 283- Kuykendahl/Greenway/Uptown
- Route 286- West Little York/Greenway/Uptown
- Route 292- West Bellfort/Westwood
- Route 297- South Point/Monroe/Texas Medical Center
- Route 298- Addicks/Northwest Transit Center

#### **EMPLOYEE SHUTTLES**

- Route 302- Polk Shuttle
- Route 303- West Shuttle
- Route 304- Kashmere Shuttle
- Route 305- Hiram Clarke Shuttle
- Route 306- Fallbrook Shuttle
- Route 308- Northwest Shuttle

#### **TEXAS MEDICAL CENTER (TMC) SHUTTLES**

- Route 320- Texas Medical Center (TMC) White
- Route 321- Texas Medical Center (TMC) Blue
- Route 322- Texas Medical Center (TMC) Red

#### **LIMITED STOP ROUTES**

- Route 402- Bellaire Quickline
- Route 426- Texas Medical Center (TMC) Swiftline

## Other METRO Services

### METROLift PROGRAM



METROLift is complementary paratransit service offered by the Metropolitan Transit Authority of Harris County in accordance with the 1990 Americans with Disabilities Act (ADA). METROLift provides curb-to-curb, shared ride transportation for persons who cannot board, ride or disembark from a regular METRO fixed route bus or rail route because of their cognitive or physical disability.

METROLift uses vans with wheelchair lifts and ramp-equipped mini-vans to provide service encompassing 751 square miles in Harris County around METRO's local fixed route bus service. METROLift service operates seven days a week with hours similar to bus routes so persons with disabilities can also enjoy opportunities to live, work, travel and have full participation in the community.

METROLift transports thousands of patrons each day and depends on a strong partnership with our patrons, drivers and dispatchers to respond quickly to service issues, reducing wait time for our patrons. While reservations for METROLift service must be made one day in advance, there are three ways to make trips, review them and also cancel any unneeded trips by either calling METROLift staff during designated hours, or using our automated services, MACS or MACS-WEB.

Currently, there are both METRO owned lift equipped vans and contractor owned and operated accessible minivans in the METROLift program.

Additional information is available by calling METROLift Customer Service, 713-225-0119, Monday – Friday, 10am – 5 pm.

### METRO REGIONAL VANPOOL PROGRAM



METRO sponsors the STAR regional vanpool service for the Houston-Galveston transportation management area (Harris and seven surrounding counties). Federal grants from Federal Highway Administration, via Texas Department of Transportation are used to fund the expansion of METRO's vanpool program into the larger region. STAR is a form of public transportation that is responsive to commuter demand

in areas where rider demand is not sufficient to support fixed route bus. Vanpoolers typically travel longer distances in their commutes between rural, suburban and urban work sites and residences. STAR works with employers and commuters to form routes and provide seats for commuters.

If a group has at least five people willing to leave behind their cars and ride together, the group is eligible for STAR service. METRO discounts the cost of vehicles for the STAR program to buydown the monthly cost per rider. STAR is ideal for those who live or work where METRO bus service is not available. Vanpooling helps save on daily travel expenses such as parking and the wear and tear on personal vehicles. STAR vanpools begin or end anywhere in the eight-county region, creating an affordable, safe and convenient option for commuters. For more information, call 713-224-RIDE, or toll-free, 1-888-606-RIDE.

#### **RideSponsor**

This program helps area companies and groups encourage employees and members to ride METRO as a way to relieve demand for parking and improve air quality. For information, call 713-652-4311.

#### **RideShare**

This free program provides RideShare matching services for commuters to form vanpools and carpools anywhere in the eight-county region. METRO's network of HOV lanes is used to bypass congestion and allow commuters to get to work or home faster. For information about RideShare, call 713-224-RIDE, or toll-free, 1-888-606-RIDE.

#### **Emergency Ride/Guaranteed RideHome**

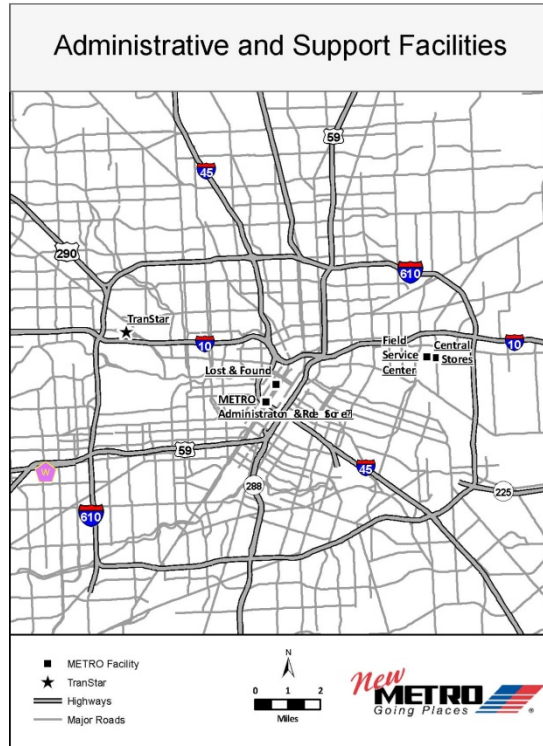
Qualified METRO commuters can get home in the middle of a workday, 8:30 a.m. to 3:30 p.m., Monday through Friday, should they have an emergency and there is no midday bus service available on their route. METRO will arrange free immediate transportation, usually a taxi ride. Errands or other non-emergencies do not qualify. For more information or to register for this program, call 713-224-RIDE or visit METRO's website.

#### **Motorist Assistance Program (MAP)**

METRO, the Harris County Sheriff's Department, the Texas Department of Transportation (TxDOT), the Houston Automobile Dealers Association and AT&T sponsor the MAP with trucks and vans, which are staffed by Harris County Sheriff's Office deputies. The white-colored MAP vehicles, which display the sponsors' logos, patrol about 150 miles of freeway around Houston. The MAP service operates from 6 a.m. to 10 p.m. weekdays to relieve freeway congestion by assisting with disabled vehicles and traffic accidents. MAP vehicles are equipped with gasoline, water, hand tools, jumper cables and push bumpers. Call for a MAP van by dialing 713-CALL MAP to report a stalled vehicle or an accident. For AT&T customers, the call is free.



## ADMINISTRATIVE AND SUPPORT FACILITIES



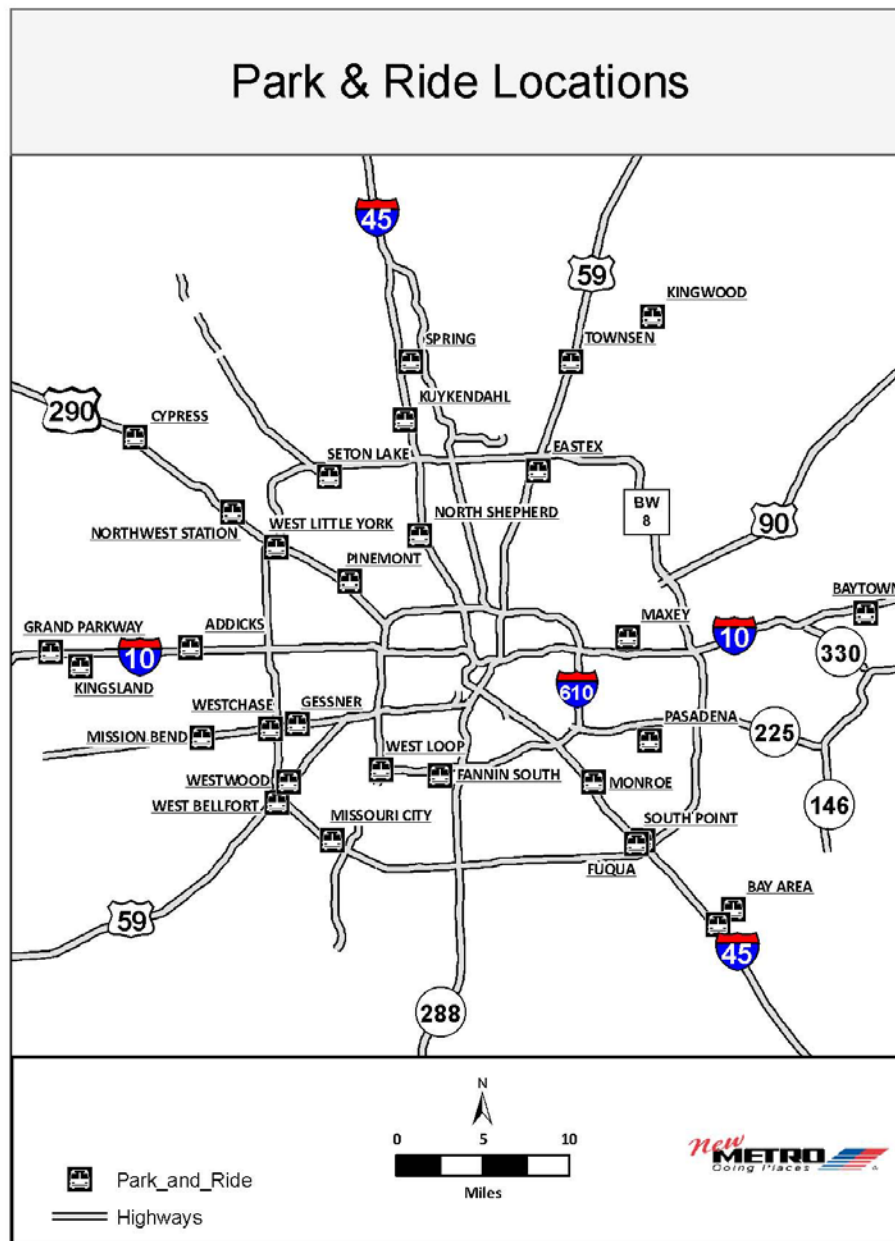
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### BACKGROUND

METRO currently has Administrative and Support Facilities located throughout its service area. These facilities provide administrative and support services for METRO's amenities, facilities and equipment.

(Source: Facilities Reference Book January 2011)

FACILITY NAME	LOCATION
METRO Administration	1900 Main, Houston, TX 77002
Central Stores	1220 McCarty, Houston, TX 77029
Field Service Center	1215 Labco, Houston, TX 77029
Houston TranStar	6922 Old Katy Rd., Houston, TX 77002
METRO RideStores	1900 Main & 1001 Travis, Houston, TX 77002



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## METRO PARK & RIDE FACILITIES

METRO's Park & Ride facilities are located throughout METRO's service area. Park & ride facilities provide a place for patrons to park their cars and board a bus or carpool in a convenient, weather-protected environment. METRO Park & Ride buses and some limited buses and carpools/vanpools are able to travel nonstop on High Occupancy Vehicle (HOV) lanes to work destinations in Downtown and other major employment centers. In addition to commuter services, some Park & Ride lots are also served by local, limited and crosstown routes, providing convenient transfer opportunities.

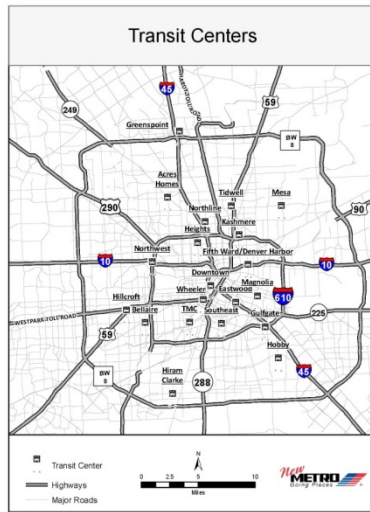
## BACKGROUND OF METRO'S PARK & RIDE FACILITIES

Prior to the creation of METRO in 1978, the City of Houston operated a park & ride program which utilized leased facilities. This program was very successful. Based on demand, METRO began aggressively constructing Park & Ride lots in the 1980s. METRO currently has 29 Park & Ride facilities and four Park & Pool lots located throughout its service area with approximately 33,800 parking spaces. METRO's long range plan includes several more Park & Ride facilities to accommodate area growth.

FACILITY NAME	LOCATION
Addicks Park and Ride	14230 Old Katy Road, Houston, TX 77079
Bay Area Park and Ride	801 Bay Area Blvd, Houston, TX 77062
Baytown Park and Ride	1496 San Jacinto Mall, Baytown, TX 77521
Cypress Park and Ride	25210 Highway 290 at Skinner Rd, Cypress, TX 77429
Eastex Park and Ride	14400 Old Humble Road, Houston, TX 77396
Fannin South Park and Ride	1604 W Bellfort, Houston, TX 77054
Fuqua Park and Ride	11755 Sabo Road, Houston, TX 77089
Gessner Park and Ride	9925 Westpark Dr., Houston, TX 77036
Grand Parkway Park and Ride	1030 W Grand Parkway, Katy, TX 77479
Kingsland Park and Ride	21669 Kingsland Blvd., Katy, TX 77450
Kingwood Park and Ride	3210 Lake Houston Pkwy Kingwood, TX 77345
Kuykendahl Park and Ride	12920 Kuykendahl, Houston, TX 77090
Maxey Road Park and Ride	515 Maxey Road, Houston, TX 77013
Mission Bend Park and Ride	13855 Alief-Clodine, Houston, TX 77083
Missouri City Park and Ride	13849 Fondren Road, Houston, TX 77085
Monroe Park and Ride	8833-1/2 Gulf Freeway, Houston, TX 77017
North Shepherd Park and Ride	7821 N. Shepherd, Houston, TX 77088
Northwest Station Park and Ride	18502 Hempstead Hwy, Houston, TX 77065
Pasadena Park and Ride	171 Pasadena Town Sq., Pasadena, TX 77506
Pinemont Park and Ride	6201 Pinemont, Houston, TX 77092
Seton Lake Park and Ride	7555 Seton Lake, Houston, TX 77086
South Point Park and Ride	12410 Kurland Drive, Houston, TX 77034
Spring Park and Ride	17444 Carlsway, Houston, TX 77073
Townsen Park and Ride	21003 Eastex Freeway, Humble, TX 77338
West Bellfort Park and Ride	11415 Roark Road, Houston, TX 77031
Westchase Park and Ride	11050 Harwin Drive, Houston, TX 77072
West Little York Park and Ride	15010 Hempstead Road, Houston, TX 77041
West Loop Park and Ride	4675 S. Braeswood, Houston, TX 77096
Westwood Park and Ride	9990 Southwest Freeway, Houston TX 77036

(Source: Facilities Reference Book January 2011)

## METRO TRANSIT CENTERS



Transit centers are sheltered waiting areas that are strategically located where multiple bus routes converge. The transit centers serve as efficient "hubs" to allow bus riders from various locations to assemble at central points where route-to-route transfers can easily occur. Transit centers are designed to provide a comfortable, weather-protected facility where bus patrons have a wider selection of destinations through greater transfer opportunities. Transit centers also provide a permanent transit presence in the community.

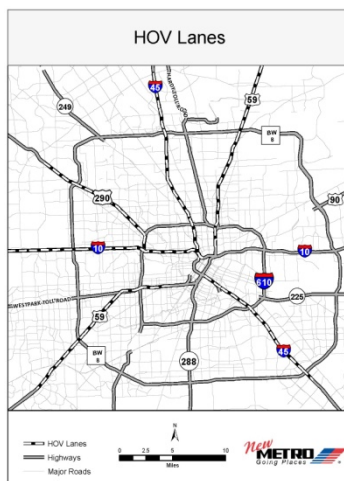
### BACKGROUND OF METRO'S TRANSIT CENTERS

Before METRO started building transit centers (in the 1980s), most METRO riders traveled downtown to transfer to other routes. This was both inconvenient and time consuming for patrons. Outside of Downtown, on-street bus stops were the only alternatives, and they offered no protection or seating. To address these situations, and the changing travel patterns in Houston, METRO initiated a program which placed transit centers at strategic locations throughout METRO's service area. The transit center program was designed to reduce downtown transfers, improve operational efficiencies and reduce patron travel times. The first transit center, the Fifth Ward/Denver Harbor Transit Center, was built in 1984. METRO currently has 20 transit centers. To address demand, improvements to existing facilities and construction of new transit centers are planned for the future. Approximately 2,510 spaces are available at 10 METRO transit centers.

FACILITY NAME	LOCATION
Acres Homes Transit Center	1220 W. Little York, Houston, TX 77088
Airport Direct Hub/Passenger Plaza	815 Pierce, Houston, TX 77002
Bellaire Transit Center	5100 Bellaire at Rice, Bellaire, TX 77401
Downtown Transit Center	1900 Main Street Houston, TX 77002
Eastwood Transit Center	4400 Gulf Freeway Houston, TX 77023
Fifth Ward/Denver Harbor Transit Center	1500 Lockwood Houston, TX 77020
Greenspoint Transit Center	12455 Greenspoint Dr. Houston, TX 77060
Gulfgate Transit Center	7400 South Loop, Houston, TX 77087
Heights Transit Center	6010 N. Main, Houston, TX 77009
Hillcroft Transit Center	6220 Southwest Fwy, Houston, TX 77036
Hiram Clarke Transit Center	3600 W. Fuqua Houston, TX 77045
Hobby Transit Center	7800 Airport Blvd Houston, TX 77061
Kashmere Transit Center	5910 Hirsch, Houston, TX 77026
Magnolia Transit Center	6948 Harrisburg Blvd., Houston, TX 77011
Mesa Transit Center	9419 Mesa, Houston, TX 77028
Northline Transit Center	7705 Fulton, Houston, TX 77022
Northwest Transit Center	7373 Old Katy Rd. Houston, TX 77024
Southeast Transit Center	6000 Scottcrest, Houston, TX 77021
Texas Medical Center Transit Center	6950 ½ Fannin, Houston, TX 77030
Tidwell Transit Center	9720 Epsom, Houston, TX 77093
Wheeler Transit Center	4500 1/2 Main, Houston, TX 77001

(Source: Facilities Reference Book January 2011)

## High Occupancy Vehicle (HOV) Lanes



### BACKGROUND

During the 1970s, Houston's economy and traffic congestion grew so rapidly that the construction of new highway facilities could not keep up with traffic demand. This led to a decision by the City of Houston's Office of Public Transportation (METRO's predecessor) and TxDOT to test the contra-flow concept in Houston. A nine-mile contra flow lane demonstration project was implemented by METRO and TxDOT on the North Freeway (IH-45N) in August 1979 using Federal, State, and local funds. Based on the success of the demonstration project, a decision was made to expand the HOV program and build permanent HOV lanes in Houston's radial freeway corridors. METRO and TxDOT carefully coordinated the design, construction and operation of these HOV lanes. Funding for the HOV lanes has been provided by METRO, the Federal

Transit Administration (FTA), TxDOT, and the Federal Highway Administration (FHWA). Within METRO's service area, METRO is responsible for daily operation and enforcement, while both METRO and TxDOT share responsibility for maintenance. Major maintenance, such as pavement and barrier repair, is performed by TxDOT, with operations management handled by a METRO/TxDOT team.

### DESCRIPTION OF HIGH OCCUPANCY VEHICLE (HOV) LANE SYSTEM

Houston's HOV lane system is one of the most extensive networks of barrier-separated HOV lanes in the world. In most cases, the HOV lanes are located in freeway medians, with direct freeway access. Typically, HOV lanes are approximately 20 feet wide, one lane reversible, and separated from the freeway main lanes by Concrete Traffic Barriers (CTB). HOV lanes are wide enough for a bus to pass a disabled vehicle. The HOV lanes are designed with direct entrance/exit ramps that link Park & Ride lots, transit centers and local streets to the median HOV lanes. By providing free flow movement between 50 and 55 miles an hour, METRO's HOV lanes allow bus, carpool, vanpool and motorcycle commuters to save travel time during peak periods. At the same time, the HOV lanes relieve congestion on freeway main lanes.

METRO currently has 130.6 lane miles of HOV in operation. This includes 2.3 miles of bi-directional lanes in the Katy Freeway – Central Business District (IH-10 Katy-CBD ramp) extension, 1.7 miles of bi-directional lanes in the Dacoma/Northwest Transit Center extension and 6.6 miles of bi-directional Katy Freeway Diamond Lanes west of Addicks Park & Ride. The existing HOV lane system, including the Katy Managed Lanes, currently carries approximately 133,000 person trips each weekday, serving over 45,000 vehicles that would otherwise travel on freeway main lanes. Each of the HOV lanes allows inbound travel during the morning peak and outbound travel during the afternoon and evening peak with the exception of the Katy-CBD and Dacoma to Northwest Transit Center ramps which operate both ways in the morning and afternoon. The Katy Diamond Lanes operate bi-directional 24 hours/7 days a week. Since vehicles using HOV lanes must have a minimum number of occupants, more people are moved on an HOV lane than on an adjacent freeway lane. Each HOV lane is linked to the Computerized Transportation Management Systems (CTMS) through the use of surveillance cameras, loop detectors and electronic changeable message signs. HOV lane operations are monitored and managed from a central facility, Houston TranStar.



METRO operates HOV lanes on the following freeways:

- Gulf Freeway (IH-45S)
- Southwest Freeway (US-59S)
- North Freeway (IH-45N)
- Katy Freeway (IH-10W) – Inner-Katy Connector (AM and PM Ramp)
- Katy-CBD Connector Ramp
- Northwest Freeway (US-290)
- Eastex Freeway (US-59N)

HOV LANE LOCATION	DESCRIPTION OF LIMITS	REVERSIBLE OR TWO-WAY	TOTAL MILES
IH-45 NORTH HOV LANE	To/From Downtown to North of FM 1960 (One Reversible Barrier Separated Lane)	Reversible	19.9
IH-45 SOUTH (GULF) HOV LANE	To/From Downtown to Dixie Farm Road (One Reversible Barrier Separated Lane)	Reversible	15.5
US-59 NORTH (EASTEX) HOV LANE	To/From Downtown to Loop 494 (One Reversible Barrier Separated Lane)	Reversible	20.2
US-59 SOUTH (SOUTHWEST) HOV LANE	To/From Downtown to West Airport (One Reversible Barrier Separated Lane)	Reversible	14.3
US-290 NORTHWEST HOV LANE	1) To/From East of FM 1960 to Dacoma (One Reversible Barrier Separated Lane)	Reversible	11.8
	2) To/From Dacoma to Northwest Transit Center (Bi-Directional, One Lane in Each Direction, Barrier Separated Ramp)	Two-Way	1.7 1.7
INNER-KATY CONNECTOR AM RAMP	From Northwest Transit Center to IH-10 Eastbound West of Washington Avenue (One-Way, One- Lane, Barrier Separated Ramp)	Reversible	0.6
INNER-KATY CONNECTOR PM RAMP	From IH-10 Westbound West of Washington Avenue to Northwest Transit Center (One-Way One-Lane, Barrier Separated Ramp)	Reversible	1.1
KATY-CBD CONNECTOR RAMP	To/From Studemont to Downtown (Bi-Directional, One-Lane in each Direction, Barrier Separated Ramp)	Two-Way	2.3 2.3
KATY TOLLWAY	To/From S.H. 6 to Loop 610 (Bi-Directional, Two Lanes in Each Direction, Pylon Separated Lanes)	Two-Way	13.0 13.0
KATY DIAMOND LANES	To/From S.H 6 to Mason Road (Bi-Directional, Pavement Markings Separated lanes)	Two-Way	6.6 6.6
<b>TOTAL</b>			<b>130.6</b>

(Source: Facilities Reference Book January 2011)

## METRO FLEET TYPES

The Service Delivery department is responsible for all of METRO's fleet. These are listed by make and model in the Fleet Summary below.

### FLEET SUMMARY

Make	Model	Contract Total	Delivery Pending	Active Fleet	Reserve Buses	Sold or Scrapped	Total Fleet	Variance	Bus Number
Chance	Trolley	37	0	0	0	37	0	0	10 - 46
Ikarus	40' TRANSIT	246	0	0	1	245	1	0	2400 - 2645
Ikarus	40' Suburban	54	0	0	2	52	2	0	2700 - 2753
Neoplan	45' Suburban	61	0	0	8	53	8	0	3700 - 3760
New Flyer	45' Suburban	104	0	97	4	3	101	0	4700 - 4803
MCI	45' Suburban	139	0	139	0	0	139	0	4810 - 4948
MCI	45' Suburban	25	0	25	0	0	25	0	4949 - 4973
MCI-HEV	45' Suburban	122	0	122	0	0	122	0	5001-5122
New Flyer	29' Transit	128	0	19	32	77	51	0	4200 - 4327
New Flyer	40' Transit	100	0	100	0	0	100	0	2800 - 2899
New Flyer	40' Transit	50	0	50	0	0	50	0	2900 - 2949
New Flyer	40' Transit	336	0	334	2	0	336	0	3200 - 3535
New Flyer	40' Transit	153	0	92	32	29	124	0	4000 - 4156
New Flyer	40' Transit-Hybrid	4	0	3	1	0	4	0	4103 - 4106
New Flyer	40' Transit-Hybrid	32	0	32	0	0	32	0	3550-3579+2
New Flyer	40' HEV Signature	8	0	8	0	0	8	0	3580 - 3587
Orion-HEV	40' Transit-Hybrid	96	0	96	0	0	96	0	3601-3696
Orion-HEV	40' Transit-Hybrid	80	0	80	0	0	80	0	4601 - 4680
Orion-HEV	40' Transit-Hybrid	100	88	12	0	0	12	0	5800 - 5899
Neoplan	60' Sub ARTIC	68	0	25	14	29	39	0	4400 - 4467
Neoplan	60' Trans Artic	90	0	7	23	60	30	0	4500 - 4589
SUBTOTAL BOF FLEET		2,033	88	1,241	119	585	1,360	0	
<b>METROLift Fleet</b>									
METROLIFT-FY2010		59	0	59	0	0	59	0	843-901
METROLIFT-FY2011		59	2	57	0	0	57	0	902-960
METROLIFT-FY2006		118	0	60	57	1	118	0	725-842
METROLIFT-FY2000		118	0	0	19	99	118	0	600-717
TOTAL METROLift Fleet		354	2	176	76	100	352	0	
TOTAL Revenue Fleet		2,387	90	1,417	195	685	1,712	0	
Non-Revenue Buses							3		

(Updated from Facilities Reference Book January 2011 in August 2011)

METRO operates a fleet of 18 Siemens Avanto light-rail vehicles. Each 96-foot (29 m) long, double articulated vehicle has 4 low platform doors per side and has a capacity of 72 seated and 148 standing passengers.

METRO Police Department has a total of 145 vehicles which is comprised of 5 “special response” vehicles; 13 motorcycles; 9 System Safety vehicles; and 11 Motorist Assistance Program (MAP) trucks.

(Source: Facilities Reference Book January 2011)

## Rail System Infrastructure

The Authority’s rail car fleet has 18 light rail vehicles running on 7.5 miles of single track.

The current operating rail system consists of 16 passenger stations. The system was originally placed into operation in 2003.

**U of H Downtown Station** at UH-Downtown 5 ½ Main

**Preston Station** between Prairie & Congress 311 ½ Main North Bound (NB) & 450 ½ Main South Bound (SB)

**Main Street Square Station** between Walker & Dallas 924 ½ Main North Bound (NB) & 1012 ½ Main South Bound (SB)

**Bell Station** between Clay & Leeland 1408 ½ Main North Bound (NB) & 1504 ½ Main South Bound (SB)

**Downtown Transit Center Station** between Jefferson & Pierce 1804 ½ Main North Bound (NB) 1904 ½ Main South Bound (SB)

**McGowen Station** between Bremond & Dennis 2500 ½ Main North Bound (NB) & 2600 ½ Main South Bound (SB)

**Ensemble Station/HCC** between Holman & Winbern 3500 ½ Main North Bound (NB) & 3600 ½ Main South Bound (SB)

**Wheeler Station** Main @ Wheeler 4500 ½ Main

**Museum District Station** between Ewing & Binz 5603 ½ San Jacinto North Bound (NB) & 5603 ½ Fannin South Bound (SB)

**Herman Park/Rice U Station** Fannin & Sunset 6103 ½ Fannin

**Memorial Hermann Hospital/Houston Zoo** between N. MacGregor & Ross Sterling 6420 Fannin North Bound (NB) & 6420 ½ Fannin South Bound (SB)

**Dryden/TMC Station** between University & Dryden 6590 ½ Fannin North Bound (NB) & 6620 ½ Fannin South Bound (SB)

**TMC Transit Center** Fannin & Pressler 6950 ½ Fannin

**Smith Lands** Greenbriar & Colonnade 7950 ½ Greenbriar

**Reliant Park Station** Fannin & Holly Hall 8250 ½ Fannin

**Fannin South** Fannin & West Belfort 1604 W. Belfort Street

## FY2012 Budget Positions

### Metropolitan Transit Authority FY2012 Budgeted Positions

Responsibility Center	Position	Grade	FTE	Headcount
1301 - Electronic Maintenance	Supt Fare Collec Maintenance	14	1	1
1301 - Electronic Maintenance	Fare Collec Maint Gen Foreman	12	1	1
1301 - Electronic Maintenance	Elec Communications Spec	9	1	1
1301 - Electronic Maintenance	Elec Communications Spec	9	1	1
1301 - Electronic Maintenance	Elec Communications Spec	9	1	1
1301 - Electronic Maintenance	Elec Communications Spec	9	1	1
1301 - Electronic Maintenance	Elec Communications Spec	9	1	1
1301 - Electronic Maintenance	Elec Communications Spec	9	1	1
1301 - Electronic Maintenance	Elec Communications Spec EM	9	1	1
1301 - Electronic Maintenance	Elec Communications Spec F	9	1	1
1301 - Electronic Maintenance	Elec Communications Spec W	9	1	1
1301 - Electronic Maintenance	Electronic Communication Specialist	9	1	1
1301 - Electronic Maintenance	Electronic Communication Specialist	9	1	1
1301 - Electronic Maintenance	Exec Asst I Fare Collec System	5	1	1
1302 - Electronic Maintenance-Rail	TVM Foreman	10	1	1
1302 - Electronic Maintenance-Rail	TVM Specialist	9	1	1
1302 - Electronic Maintenance-Rail	TVM Specialist	9	1	1
1302 - Electronic Maintenance-Rail	TVM Specialist	9	1	1
1302 - Electronic Maintenance-Rail	TVM Specialist	9	1	1
1302 - Electronic Maintenance-Rail	TVM Specialist	9	1	1
1302 - Electronic Maintenance-Rail	TVM Specialist	9	1	1
1303 - Radio Maintenance	P/T Mechanics	Union	0	1
1303 - Radio Maintenance	Digital Bench Specialist	9	1	1
1303 - Radio Maintenance	Elec Communications Spec EM	9	1	1
1303 - Radio Maintenance	Pt Digital Bench Specialist	9	1	1
2233 - ERF & Fare Collection Maint.	Farebox Technician	Union	15	15
2233 - ERF & Fare Collection Maint.	Farebox Support Foreman	10	1	1
2233 - ERF & Fare Collection Maint.	Farebox Support Foreman	10	1	1
1161 - Fallbrook-Maint. Admin.	Supt Maintenance F	14	1	1
1161 - Fallbrook-Maint. Admin.	Gen Foreman Maintenance F	12	1	1
1161 - Fallbrook-Maint. Admin.	Exec Asst I Maintenance F	5	1	1
1162 - Fallbrook-Maint.-Service Rev Veh.	Cleaners	Union	26	26
1162 - Fallbrook-Maint.-Service Rev Veh.	Tool Room Attendant	Union	1	1
1163 - Fallbrook-Maint.-Inspections	Mechanics	Union	44	44
1163 - Fallbrook-Maint.-Inspections	Electronic Systems Specialist	10	1	1
1163 - Fallbrook-Maint.-Inspections	Mechanical Fmn F	10	1	1
1163 - Fallbrook-Maint.-Inspections	Mechanical Fmn F	10	1	1
1163 - Fallbrook-Maint.-Inspections	Mechanical Fmn F	10	1	1
1163 - Fallbrook-Maint.-Inspections	Mechanical Fmn F	10	1	1
1163 - Fallbrook-Maint.-Inspections	Mechanical Fmn F	10	1	1
1163 - Fallbrook-Maint.-Inspections	Mechanical Fmn F	10	1	1
1141 - Hiram Clarke-Maint. Admin.	Supt Maintenance HC	14	1	1
1141 - Hiram Clarke-Maint. Admin.	Gen Foreman Maintenance HC	12	1	1
1141 - Hiram Clarke-Maint. Admin.	Exec Asst I Maintenance HC	5	1	1
1142 - Hiram Clarke-Maint.-Service Rev Veh.	Cleaners	Union	28	28
1142 - Hiram Clarke-Maint.-Service Rev Veh.	Tool Room Attendant	Union	1	1
1143 - Hiram Clarke-Maint.-Inspections	Mechanics	Union	50	50
1143 - Hiram Clarke-Maint.-Inspections	Electronic Systems Specialist	10	1	1
1143 - Hiram Clarke-Maint.-Inspections	Mechanical Fmn HC	10	1	1
1143 - Hiram Clarke-Maint.-Inspections	Mechanical Fmn HC	10	1	1
1143 - Hiram Clarke-Maint.-Inspections	Mechanical Fmn HC	10	1	1
1143 - Hiram Clarke-Maint.-Inspections	Mechanical Fmn HC	10	1	1
1143 - Hiram Clarke-Maint.-Inspections	Mechanical Fmn HC	10	1	1
1143 - Hiram Clarke-Maint.-Inspections	Mechanical Fmn HC	10	1	1
1143 - Hiram Clarke-Maint.-Inspections	Mechanical Foreman	10	1	1
1111 - Kashmere Maint. Admin	Supt Maintenance K	14	1	1
1111 - Kashmere Maint. Admin	Gen Foreman Maintenance K	12	1	1
1111 - Kashmere Maint. Admin	Exec Asst I Maintenance K	5	1	1
1112 - Kashmere-Maint.-Service Rev Veh.	Cleaners	Union	21	21
1112 - Kashmere-Maint.-Service Rev Veh.	Tool Room Attendant	Union	1	1
1113 - Kashmere-Maint.-Inspections	Mechanics	Union	38	38
1113 - Kashmere-Maint.-Inspections	Electronic Systems Specialist	10	1	1
1113 - Kashmere-Maint.-Inspections	Mechanical Fmn K	10	1	1
1113 - Kashmere-Maint.-Inspections	Mechanical Fmn K	10	1	1
1113 - Kashmere-Maint.-Inspections	Mechanical Fmn K	10	1	1
1113 - Kashmere-Maint.-Inspections	Mechanical Fmn K	10	1	1

### Metropolitan Transit Authority FY2012 Budgeted Positions

Responsibility Center	Position	Grade	FTE	Headcount
1113 - Kashmere-Maint.-Inspections	Mechanical Fmn K	10	1	1
1113 - Kashmere-Maint.-Inspections	Mechanical Fmn K	10	1	1
1113 - Kashmere-Maint.-Inspections	Mechanical Foreman	10	1	1
1381 - Director-Maintenance Support	P/T Mechanics	Union	3	6
1381 - Director-Maintenance Support	Dir Maint Support	15	1	1
1381 - Director-Maintenance Support	Sr Proj Mgr SEMA	13	1	1
1381 - Director-Maintenance Support	Quality Assurance Insp	10	1	1
1381 - Director-Maintenance Support	Exec Asst II Maint Support	6	1	1
1172 - Buffalo Bayou-Maint.-Service Rev Veh.	Cleaners	Union	1	1
1173 - Buffalo Bayou-Maint.-Inspections	Mechanics	Union	14	14
1173 - Buffalo Bayou-Maint.-Inspections	Mechanical Fmn FSC	10	1	1
1173 - Buffalo Bayou-Maint.-Inspections	Mechanical Fmn HC	10	1	1
1351 - Support Vehicles	Cleaners	Union	2	2
1351 - Support Vehicles	Support Vehicle Technician	Union	12	12
1351 - Support Vehicles	Supt Support Vehicles	14	1	1
1351 - Support Vehicles	Gen Foreman Support Vehicles	12	1	1
1351 - Support Vehicles	Mechanical Foreman (Support Vehicles)	10	1	1
1351 - Support Vehicles	Electronic Tech	9	1	1
1351 - Support Vehicles	Support Veh Pool Coordinator	7	1	1
1353 - Medium Duty Bus	Cleaners	Union	1	1
1353 - Medium Duty Bus	Mechanics	Union	3	3
1121 - Polk-Maint. Admin.	Supt Maintenance P	14	1	1
1121 - Polk-Maint. Admin.	Gen Foreman Maintenance P	12	1	1
1121 - Polk-Maint. Admin.	Exec Asst I Maintenance P	5	1	1
1122 - Polk-Maint.-Service Rev Veh.	Cleaners	Union	26	26
1122 - Polk-Maint.-Service Rev Veh.	Tool Room Attendant	Union	1	1
1123 - Polk-Maint.-Inspections	Mechanics	Union	61	61
1123 - Polk-Maint.-Inspections	Electronic System Specialist	10	1	1
1123 - Polk-Maint.-Inspections	Mechanical Fmn P	10	1	1
1123 - Polk-Maint.-Inspections	Mechanical Fmn P	10	1	1
1123 - Polk-Maint.-Inspections	Mechanical Fmn P	10	1	1
1123 - Polk-Maint.-Inspections	Mechanical Fmn P	10	1	1
1123 - Polk-Maint.-Inspections	Mechanical Fmn P	10	1	1
1123 - Polk-Maint.-Inspections	Mechanical Fmn P	10	1	1
1123 - Polk-Maint.-Inspections	Mechanical Fmn P	10	1	1
1123 - Polk-Maint.-Inspections	Mechanical Fmn P	10	1	1
1311 - Quality Assurance	Mgr Quality Assurance	13	1	1
1311 - Quality Assurance	Maint Tmg Instructor ASE	10	1	1
1311 - Quality Assurance	Maint Tmg Instructor/Coord	10	1	1
1311 - Quality Assurance	Maint Tmg Instructor/Coord	10	1	1
1311 - Quality Assurance	Maint Tmg Instructor/Coord	10	1	1
1311 - Quality Assurance	Maint Tmg Instructor/Coord	10	1	1
1311 - Quality Assurance	Mechanical Fmn HC	10	1	1
1311 - Quality Assurance	Quality Assurance Insp	10	1	1
1311 - Quality Assurance	Quality Assurance Insp	10	1	1
1311 - Quality Assurance	Quality Assurance Insp	10	1	1
1311 - Quality Assurance	Quality Assurance Insp	10	1	1
1311 - Quality Assurance	Quality Assurance Insp	10	1	1
1311 - Quality Assurance	Quality Assurance Insp	10	1	1
1021 - Central Shops Admin	Supt Maintenance CS	14	1	1
1021 - Central Shops Admin	Production Controller	12	1	1
1021 - Central Shops Admin	Team Leader Central Shops	7	1	1
1021 - Central Shops Admin	Exec Asst I Central Shops	5	1	1
1022 - Heavy Repair	Cleaners	Union	3	3
1022 - Heavy Repair	Mechanics	Union	18	18
1022 - Heavy Repair	Mechanical Fmn Heavy Repair	10	1	1
1023 - Body Shop	Cleaners	Union	3	3
1023 - Body Shop	Mechanics	Union	24	24
1023 - Body Shop	Mechanical Fmn Body Shop	10	1	1
1023 - Body Shop	Mechanical Fmn Unit Overhaul	10	1	1
1024 - Unit Overhaul	Cleaners	Union	5	5
1024 - Unit Overhaul	Mechanics	Union	25	25
1024 - Unit Overhaul	Gen Foreman Unit Overhaul	12	1	1







Metropolitan Transit Authority  
FY2012 Budgeted Positions

Responsibility Center	Position	Grade	FTE	Headcount
0045 - METROLiit Services	Pt METROLiit Dispatcher	6	1	1
0045 - METROLiit Services	Pt Contract Svc Comp Asst	5	1	1
0045 - METROLiit Services	Pt Contract Svc Comp Asst	5	1	1
0045 - METROLiit Services	Pt Customer Svc Receptionist	4	1	1
0045 - METROLiit Services	Pt METROLiit Cust Svc Rep I	4	1	1
0045 - METROLiit Services	Pt METROLiit Cust Svc Rep I	4	1	1
0045 - METROLiit Services	Pt METROLiit Cust Svc Rep I	4	1	1
0045 - METROLiit Services	Pt METROLiit Cust Svc Rep I	4	1	1
0045 - METROLiit Services	PT METROLiit Cust Svc Rep I	4	1	1
0045 - METROLiit Services	Pt METROLiit Cust Svc Rep I	4	1	1
0045 - METROLiit Services	Pt METROLiit Cust Svc Rep II	4	1	1
0045 - METROLiit Services	Pt METROLiit Cust Svc Rep II	4	1	1
0045 - METROLiit Services	Pt METROLiit Cust Svc Rep II	4	1	1
0045 - METROLiit Services	Pt METROLiit Cust Svc Rep III	4	1	1
0045 - METROLiit Services	Pt METROLiit Cust Svc Rep III	4	1	1
0045 - METROLiit Services	Pt METROLiit Cust Svc Rep IV	4	1	1
0045 - METROLiit Services	Pt METROLiit Cust Svc Rep IV	4	1	1
0045 - METROLiit Services	Pt METROLiit Cust Svc Rep IV	4	1	1
0045 - METROLiit Services	Pt METROLiit Cust Svc Rep IV	4	1	1
0045 - METROLiit Services	Pt METROLiit Cust Svc Rep IV	4	1	1
0045 - METROLiit Services	Pt METROLiit Cust Svc Rep IV	4	1	1
0045 - METROLiit Services	Pt METROLiit Cust Svc Rep IV	4	1	1
0045 - METROLiit Services	PMETROLiit Cust Svc Rep II	4	1	1
0045 - METROLiit Services	PMETROLiit Cust Svc Rep II	4	1	1
0045 - METROLiit Services	PMETROLiit Cust Svc Rep IV	4	1	1
0045 - METROLiit Services	PMETROLiit Cust Svc Rep IV	4	1	1
0045 - METROLiit Services	Part Time Customer Service Rep	0	1	1
0045 - METROLiit Services	Part Time Customer Service Rep	0	1	1
0045 - METROLiit Services	Part Time Customer Service Rep	0	1	1
0045 - METROLiit Services	Part Time Customer Service Rep	0	1	1
0045 - METROLiit Services	Part Time Customer Service Rep	0	1	1
0045 - METROLiit Services	Part Time Customer Service Rep	0	1	1
0045 - METROLiit Services	Part Time Customer Service Rep	0	1	1
0371 - Special Events Admin	Dir Contract Operated Services	15	1	1
0371 - Special Events Admin	System Optimization Specialist	11	1	1
0371 - Special Events Admin	Street Supv Special Events	9	1	1
0041 - Director-Transportation Programs	Sr Dir Customer Care & Custom Service	17	1	1
0041 - Director-Transportation Programs	Exec Asst III Customer Care & Cust Svc	7	1	1
2539 - Regional Vanpool	Dir Customer Service	15	1	1
2461 - Labor Relations	Dir Labor Relations	16	1	1
2461 - Labor Relations	Mgr Labor Relations	13	1	1
2461 - Labor Relations	Manpower Administrator	11	1	1
2461 - Labor Relations	Labor Relations Hearing Officer	10	1	1
2461 - Labor Relations	Labor Relations Project Administrator	10	1	1
0351 - Budget Operations(OMS)	Mgr Operations Mgmt Analysis	14	1	1
0351 - Budget Operations(OMS)	Sr Operations Mgmt Analyst	14	1	1
0351 - Budget Operations(OMS)	Operations Analyst	10	1	1
2234 - Revenue Agents	Revenue Agent	Union	10	10
2234 - Revenue Agents	Revenue Collection Foreman	9	1	1
2538 - RideStores	Fannin Parking Lot Coordinator	10	1	1
2538 - RideStores	Team Leader	7	1	1
2538 - RideStores	PT RideStore Sales Assoc	4	1	1
2538 - RideStores	Pt RideStore Sales Assoc	4	1	1
2538 - RideStores	Pt RideStore Sales Assoc	4	1	1
2538 - RideStores	Pt RideStore Sales Assoc	4	1	1
2538 - RideStores	Pt RideStore Sales Assoc	4	1	1
2538 - RideStores	Pt RideStore Sales Assoc	4	1	1
2538 - RideStores	PT RideStore Sales Associates (Fannin South)	3	1	1
2538 - RideStores	PT RideStore Sales Associates (Fannin South)	3	1	1
2543 - Sales	Manager of Client Service	13	1	1
2543 - Sales	Ridesponsor Sales Assoc.	10	1	1

Metropolitan Transit Authority  
FY2012 Budgeted Positions

Responsibility Center	Position	Grade	FTE	Headcount
2543 - Sales	Sales Representative III	10	1	1
2543 - Sales	Supv Client Services	11	1	1
2543 - Sales	Sales Representative I	8	1	1
0661 - Rail Maintenance Admin.	Dir Rail Maintenance	15	1	1
0661 - Rail Maintenance Admin.	Rail Maint Safety Trng Spec	12	1	1
0661 - Rail Maintenance Admin.	Rail Maintenance Trainer	11	1	1
0662 - Rail Maint. Svc Veh.	LRV Servicer	Union	7	7
0662 - Rail Maint. Svc Veh.	LRV Cleaning Supervisor	8	1	1
0663 - Rail Inspections	LRV Technician	Union	15	15
0663 - Rail Inspections	Mechanics	Union	3	3
0663 - Rail Inspections	Supt Maintenance Rail Vehicles	14	1	1
0663 - Rail Inspections	LRV Maintenance Supv	12	1	1
0663 - Rail Inspections	LRV Maintenance Supv	12	1	1
0663 - Rail Inspections	LRV Maintenance Supv	12	1	1
0663 - Rail Inspections	LRV Maintenance Supv	12	1	1
0663 - Rail Inspections	Project Manager LRV	11	1	1
0663 - Rail Inspections	LRV Electronic Specialist	9	1	1
0663 - Rail Inspections	LRV Electronic Specialist	9	1	1
0663 - Rail Inspections	LRV Electronic Specialist	9	1	1
0663 - Rail Inspections	LRV Electronic Specialist	9	1	1
0691 - Track Maint.	Chief Track Maintenance	13	1	1
0691 - Track Maint.	Lead Track Inspector	10	1	1
0691 - Track Maint.	Track Maintainer	9	1	1
0691 - Track Maint.	Track Maintainer	9	1	1
0691 - Track Maint.	Track Maintainer	9	1	1
0691 - Track Maint.	Track Maintainer	9	1	1
0691 - Track Maint.	Track Maintainer	9	1	1
0692 - Signal/Comm. Maint.	Chief Signals Communications	13	1	1
0692 - Signal/Comm. Maint.	Rail Applications Specialist	12	1	1
0692 - Signal/Comm. Maint.	Rail Maint Network Analyst	12	1	1
0692 - Signal/Comm. Maint.	Lead Signals & Communications	10	1	1
0692 - Signal/Comm. Maint.	Lead Signals & Communications	10	1	1
0692 - Signal/Comm. Maint.	Signals Communicatn Maintainer	9	1	1
0692 - Signal/Comm. Maint.	Signals Communicatn Maintainer	9	1	1
0692 - Signal/Comm. Maint.	Signals Communicatn Maintainer	9	1	1
0692 - Signal/Comm. Maint.	Signals Communicatn Maintainer	9	1	1
0692 - Signal/Comm. Maint.	Signals Communicatn Maintainer	9	1	1
0693 - Traction/Elec Maint.	Chief Traction Power	13	1	1
0693 - Traction/Elec Maint.	Sr Project Mgr Maint of Way	13	1	1
0693 - Traction/Elec Maint.	Lead Traction Power	10	1	1
0693 - Traction/Elec Maint.	Lead Traction Power	10	1	1
0693 - Traction/Elec Maint.	Traction Power Maintainer	9	1	1
0693 - Traction/Elec Maint.	Traction Power Maintainer	9	1	1
0693 - Traction/Elec Maint.	Traction Power Maintainer	9	1	1
0693 - Traction/Elec Maint.	Traction Power Maintainer	9	1	1
0693 - Traction/Elec Maint.	Traction Power Maintainer	9	1	1
0621 - Rail Trans. Admin.	Dir Rail Transportation	15	1	1
0621 - Rail Trans. Admin.	Supt Transportation Rail	14	1	1
0621 - Rail Trans. Admin.	Asst Transportation Supt Rail	12	1	1
0621 - Rail Trans. Admin.	Sr Training Instructor	11	1	1
0621 - Rail Trans. Admin.	Exec Asst I Rail Transp	5	1	1
0622 - Rail Fld/Sta Supv.	Field Supervisor	10	1	1
0622 - Rail Fld/Sta Supv.	Field Supervisor	10	1	1
0622 - Rail Fld/Sta Supv.	Field Supervisor	10	1	1
0622 - Rail Fld/Sta Supv.	Field Supervisor	10	1	1
0623 - Rail Operators	LRT Operator	Union	55	55
0651 - Rail Ctrl Center	Supt Rail Control	14	1	1
0651 - Rail Ctrl Center	Chief Rail Ops Controller	12	1	1
0651 - Rail Ctrl Center	Chief Rail Ops Controller	12	1	1
0651 - Rail Ctrl Center	Rail Operations Controller	11	1	1
0651 - Rail Ctrl Center	Rail Operations Controller	11	1	1
0651 - Rail Ctrl Center	Rail Operations Controller	11	1	1







Metropolitan Transit Authority  
FY2012 Budgeted Positions

Responsibility Center	Position	Grade	FTE	Headcount
0942 - Transtar-Central Control Facility	Police Sergeant	10	1	1
0942 - Transtar-Central Control Facility	Police Sergeant	10	1	1
0942 - Transtar-Central Control Facility	Police Officer	8	1	1
0942 - Transtar-Central Control Facility	Police Officer	8	1	1
0943 - Dispatch-Traffic Mgmt.	Police Dispatcher	6	1	1
0943 - Dispatch-Traffic Mgmt.	Police Dispatcher	6	1	1
0943 - Dispatch-Traffic Mgmt.	Police Dispatcher	6	1	1
0943 - Dispatch-Traffic Mgmt.	Police Dispatcher	6	1	1
0943 - Dispatch-Traffic Mgmt.	Police Dispatcher	6	1	1
0943 - Dispatch-Traffic Mgmt.	Police Dispatcher	6	1	1
0943 - Dispatch-Traffic Mgmt.	Police Dispatcher	6	1	1
0943 - Dispatch-Traffic Mgmt.	Police Dispatcher	6	1	1
0943 - Dispatch-Traffic Mgmt.	Police Dispatcher	6	1	1
0952 - Records Management	Lead Records Clerk	7	1	1
0952 - Records Management	Records Clerk I	4	1	1
0952 - Records Management	Police Records Clerk	5	1	1
0952 - Records Management	Records Clerk I	4	1	1
0952 - Records Management	Police Records Clerk	5	1	1
0952 - Records Management	Supv Polio Info Services	9	1	1
0953 - Homeland Security	Police Sergeant	10	1	1
0953 - Homeland Security	Police Officer	8	1	1
0953 - Homeland Security	Police Officer	8	1	1
0953 - Homeland Security	Police Officer	8	1	1
0953 - Homeland Security	Police Sergeant	10	1	1
0953 - Homeland Security	Police Officer	8	1	1
0953 - Homeland Security	Police Officer	8	1	1
0953 - Homeland Security	Police Officer	8	1	1
0953 - Homeland Security	Police Officer	8	1	1
0953 - Homeland Security	Police Officer	8	1	1
0953 - Homeland Security	Police Officer	8	1	1
0953 - Homeland Security	Police Officer	8	1	1
0953 - Homeland Security	Police Officer	8	1	1
0953 - Homeland Security	Police Officer	8	1	1
0953 - Homeland Security	Police Lieutenant	12	1	1
0953 - Homeland Security	Police Officer	8	1	1
0964 - MAP Operations	MAP Operator	6	1	1
0964 - MAP Operations	MAP Operator	6	1	1
0964 - MAP Operations	MAP Operator	6	1	1
0964 - MAP Operations	MAP Operator	6	1	1
0964 - MAP Operations	MAP Operator	6	1	1
0964 - MAP Operations	MAP Operator	6	1	1
0964 - MAP Operations	MAP Operator	6	1	1
0964 - MAP Operations	MAP Operator	6	1	1
1331 - Fac. Maint. Kash BOF	Mechanics	Union	6	6
1331 - Fac. Maint. Kash BOF	Cleaners	Union	1	1
1332 - Fac. Maint. Polk BOF	Mechanics	Union	4	4
1332 - Fac. Maint. Polk BOF	Cleaners	Union	1	1
1333 - Fac. Maint. West BOF	Cleaners	Union	1	1
1333 - Fac. Maint. West BOF	Mechanics	Union	5	5
1334 - Fac. Maint. HC BOF	Cleaners	Union	1	1
1334 - Fac. Maint. HC BOF	Mechanics	Union	3	3
1336 - Fac. Maint. Fallbrk BOF	Cleaners	Union	1	1
1336 - Fac. Maint. Fallbrk BOF	Mechanics	Union	5	5
1337 - Fac. Maint. Buffalo Bayou	Cleaners	Union	1	1
1337 - Fac. Maint. Buffalo Bayou	Mechanics	Union	1	1
1342 - Facilities Maintenance-Programs & Operations	Cleaners	Union	1	1
1342 - Facilities Maintenance-Programs & Operations	Mechanics	Union	4	4
1343 - Public Facilities	Cleaners	Union	27	27
1343 - Public Facilities	Mechanics	Union	23	23
1347 - Fac. Maint. Rail	Cleaners	Union	1	1
1347 - Fac. Maint. Rail	Mechanics	Union	3	3
1348 - Public Facilities-Rail	Cleaners	Union	7	7
1348 - Public Facilities-Rail	Mechanics	Union	3	3
1349 - Facilities Maintenance Headquarters	Mechanics	Union	4	4
1349 - Facilities Maintenance Headquarters	Cleaners	Union	2	2
1611 - Office of the CAO	Executive Asst to Chief Admin Officer	9	1	1

Metropolitan Transit Authority  
FY2012 Budgeted Positions

Responsibility Center	Position	Grade	FTE	Headcount
1811 - Office of the CAO	Special Projects Manager- Ops	12	1	1
1811 - Office of the CAO	Sr Vice President Chief Admin Officer	20	1	1
1811 - VP Performance Improve.	Best Practices Program Manager	14	1	1
1811 - VP Performance Improve.	Process Transformation Analyst IV	14	1	1
1811 - VP Performance Improve.	Exec Asst V Perf Improvement	9	1	1
1811 - VP Performance Improve.	Mgr Process Transformation	15	1	1
1811 - VP Performance Improve.	VP Performance Improvement	16	1	1
1811 - VP Performance Improve.	Process Transformation Analyst III	13	1	1
1811 - VP Performance Improve.	Process Transformation Analyst III	13	1	1
1811 - VP Performance Improve.	Sustainability Program Manager	14	1	1
1811 - VP Performance Improve.	Process Transformation Analyst IV	14	1	1
1811 - VP Performance Improve.	Emergency Mgmt Coordinator	11	1	1
1811 - VP Performance Improve.	Exec Asst to Executive VP	10	1	1
1811 - VP Performance Improve.	Exec VP & Dir of Strategic Partnering	23	1	1
1811 - VP Performance Improve.	Exec Asst IV Comm Affairs Fin	8	1	1
1811 - VP Performance Improve.	Mgr Stakeholder	13	1	1
1811 - VP Performance Improve.	Business Assistance Director	14	1	1
1811 - VP Performance Improve.	Chief Admin Officer-MS	20	1	1
1811 - VP Performance Improve.	Records Mgmt. Coord.	7	1	1
1811 - VP Performance Improve.	Records Mgmt. Coord.	7	1	1
1811 - VP Performance Improve.	Records Management Supervisor	10	1	1
1811 - VP Performance Improve.	Records Mgmt Officer	13	1	1
1811 - VP Performance Improve.	Sr Vice President Capital Programs	23	1	1
1811 - VP Performance Improve.	Exec Asst V Managing Dir	10	1	1
1811 - VP Performance Improve.	Transit Planner II	11	1	1
1811 - VP Performance Improve.	Senior Transit Planner	11	1	1
1811 - VP Performance Improve.	GIS Manager	12	1	1
1811 - VP Performance Improve.	Sr Transp System Planner	11	1	1
1811 - VP Performance Improve.	Sr Transit Planner Cap Ping	11	1	1
1811 - VP Performance Improve.	Sr Cad Technician	9	1	1
1811 - VP Performance Improve.	Environmental Planner II	9	1	1
1811 - VP Performance Improve.	Mgr Environmental & Capital Planning	13	1	1
1811 - VP Performance Improve.	Mgr Long Range System Ping	13	1	1
1811 - VP Performance Improve.	Sr Transp System Planner	11	1	1
1811 - VP Performance Improve.	Manager Business Initiatives	12	1	1
1811 - VP Performance Improve.	Sr Transp System Planner	11	1	1
1811 - VP Performance Improve.	Sr Dir System Planning & Development	17	1	1
1811 - VP Performance Improve.	Lead Transp Systems Planner	12	1	1
1811 - VP Performance Improve.	Planner/Scheduler I	7	1	1
1811 - VP Performance Improve.	Transit Planner II	9	1	1
1811 - VP Performance Improve.	Mgr Ridership Analysis Srvc Ev	14	1	1
1811 - VP Performance Improve.	Sr Transp System Planner	11	1	1
1811 - VP Performance Improve.	Service Evaluation Analyst II	9	1	1
1811 - VP Performance Improve.	Service Evaluation Analyst II	9	1	1
1811 - VP Performance Improve.	Sr Dir Service Planning & Evaluation	17	1	1
1811 - VP Performance Improve.	Lead Analyst Ridership&Svc Eva	12	1	1
1811 - VP Performance Improve.	Mgr Service Planning	12	1	1
1811 - VP Performance Improve.	Sr Transit Planner Srvc Ping	11	1	1
1811 - VP Performance Improve.	Program Manager University	15	1	1
1811 - VP Performance Improve.	Exec Asst II Engineering	6	1	1
1811 - VP Performance Improve.	Deputy Program Director	17	1	1
1811 - VP Performance Improve.	Program Mgr Uptown	15	1	1
1811 - VP Performance Improve.	Start Up and Testing Director	14	1	1
1811 - VP Performance Improve.	Exec Asst V PEC	9	1	1
1811 - VP Performance Improve.	Sr Dir Program Integration	17	1	1
1811 - VP Performance Improve.	Special Projects Director	15	1	1
1811 - VP Performance Improve.	Manager, Cost Control & Estimating	14	1	1
1811 - VP Performance Improve.	Sr Dir Program Control	17	1	1
1811 - VP Performance Improve.	Sr Project Control Spec MS	12	1	1
1811 - VP Performance Improve.	Control Support Specialist	7	1	1
1811 - VP Performance Improve.	Sr Cost Estimator	13	1	1
1811 - VP Performance Improve.	Asset Management Specialist	13	1	1
1811 - VP Performance Improve.	Sr Real Estate Specialist	13	1	1
1811 - VP Performance Improve.	VP Real Estate & Property Mgmt	16	1	1
1811 - VP Performance Improve.	Dir Joint Dev & Property Mgmt	15	1	1

Metropolitan Transit Authority  
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Responsibility Center	Position	Grade	FTE	Headcount
2131 - Real Estate	Dir Real Estate	15	1	1
2131 - Real Estate	Exec Asst IV Real Estate	8	1	1
2131 - Real Estate	Sr Real Estate Specialist	13	1	1
2151 - Document Control	Configuration Mgr/Document Control	14	1	1
2151 - Document Control	Dir Program Mgmt Support Services	16	1	1
2151 - Document Control	Construction Support Spec	9	1	1
2151 - Document Control	Document Control Specialist	9	1	1
2152 - State of Good Repair	Sr Dir Program Integration	17	1	1
2153 - Rail Vehicles	AVP Commuter Rail	15	1	1
2161 - Eng. Support Services	Systems: Signaling Engineer	15	1	1
2161 - Eng. Support Services	Systems: Power	15	1	1
2161 - Eng. Support Services	Dir Engineering Support Service	16	1	1
2161 - Eng. Support Services	Project Director Wheeler	17	1	1
2161 - Eng. Support Services	Mgr Engineering Support	14	1	1
2161 - Eng. Support Services	Sr Mgr Systems	16	1	1
2161 - Eng. Support Services	Utility & Property Coordinator	12	1	1
2161 - Eng. Support Services	Sr Utility & Property Coordinator	13	1	1
2161 - Eng. Support Services	Dir Eng Standards & Design Compliance	16	1	1
2161 - Eng. Support Services	Sr Dir /Chief Engineer	18	1	1
2171 - 4 Light Rail Lines Expansion	Program Manager - North Line	15	1	1
2171 - 4 Light Rail Lines Expansion	Project Director Remediation	17	1	1
2171 - 4 Light Rail Lines Expansion	Mgr Construction Services	15	1	1
2171 - 4 Light Rail Lines Expansion	Supv Constructn Mgmt Svcs DMT	13	1	1
2171 - 4 Light Rail Lines Expansion	Sr Proj Mgr Project Mgmt	13	1	1
2171 - 4 Light Rail Lines Expansion	Program Mgr SE	15	1	1
2171 - 4 Light Rail Lines Expansion	Program Manager East	15	1	1
2171 - 4 Light Rail Lines Expansion	Program Engineer I	11	1	1
2171 - 4 Light Rail Lines Expansion	Design Build Director	17	1	1
2171 - 4 Light Rail Lines Expansion	Sr Proj Mgr Project Mgmt	13	1	1
2181 - Capital Projects	Dir Major Capital Projects	16	1	1
2181 - Capital Projects	Exec Asst III Capital Projects	7	1	1
2181 - Capital Projects	Sr Traffic Engineer	13	1	1
2181 - Capital Projects	AVP Eng & Major Capital Projects	18	1	1
2181 - Capital Projects	Sr Proj Mgr Signals & ITS	13	1	1
2181 - Capital Projects	Program Manager Construction Services	15	1	1
2181 - Capital Projects	Project Director Hot Lanes	14	1	1
2191 - SVP Service Design & Dev.	Sr VP Service Design & Development	22	1	1
2191 - SVP Service Design & Dev.	Exec Asst V Service Design and Dev	9	1	1
2191 - SVP Service Design & Dev.	Exec Asst III Service Design & Dev	7	1	1
2211 - VP/Chief financial Officer	Exec Asst V CFO	9	1	1
2211 - VP/Chief financial Officer	Sr VP Chief Financial Officer	22	1	1
2221 - Accounting	Accountant II Accts Payable	8	1	1
2221 - Accounting	Sr Dir Accounting Controller	17	1	1
2221 - Accounting	Mgr SAP Payroll	13	1	1
2221 - Accounting	Sr Accountant Gen Acctg	11	1	1
2221 - Accounting	Accounting Clerk II	5	1	1
2221 - Accounting	Team Lead Accounts Payable	12	1	1
2221 - Accounting	Sr Accountant Accts Payable	11	1	1
2221 - Accounting	Accountant II General Acctg	8	1	1
2221 - Accounting	Sr Accountant Program Acctg	11	1	1
2221 - Accounting	Mgr Accounts Payable	13	1	1
2221 - Accounting	Sr Accountant Payroll	11	1	1
2221 - Accounting	Accountant II General Acctg	8	1	1
2221 - Accounting	Sr Accountant Construction	11	1	1
2221 - Accounting	Accountant II General Acctg	8	1	1
2221 - Accounting	Accountant II General Acctg	8	1	1
2221 - Accounting	Sr Payroll Clerk	6	1	1
2221 - Accounting	Accounting Clerk II	5	1	1
2221 - Accounting	Mgr Accounting	14	1	1
2221 - Accounting	Accounting Clerk II	5	1	1
2221 - Accounting	Accountant II Fixed Assets	8	1	1
2221 - Accounting	Accounting Clerk II	5	1	1
2221 - Accounting	Team Lead Grants Cap Assets	12	1	1
2221 - Accounting	Sr Accountant Gen Acctg	11	1	1

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Responsibility Center	Position	Grade	FTE	Headcount
2221 - Accounting	Sr Payroll Clerk	6	1	1
2221 - Accounting	Accountant II Payroll	8	1	1
2221 - Accounting	Sr Accountant Payroll	11	1	1
2221 - Accounting	General Accounting Manager	14	1	1
2221 - Accounting	Sr Accountant Gen Acctg	11	1	1
2231 - Director/Treasury	Treasury Coordinator	7	1	1
2231 - Director/Treasury	Treasury Analyst	11	1	1
2231 - Director/Treasury	Pension Trust & Tax Rev Admin	14	1	1
2231 - Director/Treasury	Treasury Assistant	6	1	1
2231 - Director/Treasury	Mgr Banking Investmts&Debt Svcs	14	1	1
2232 - Ticket & Fare Collection	Dir Treasury Services	16	1	1
2232 - Ticket & Fare Collection	Fare Media Agent	6	1	1
2232 - Ticket & Fare Collection	Fare Media Agent	6	1	1
2232 - Ticket & Fare Collection	Supv Farebox Collection	11	1	1
2232 - Ticket & Fare Collection	Bill Stacker	2	1	1
2232 - Ticket & Fare Collection	Ridestore Sales Assoc V	5	1	1
2232 - Ticket & Fare Collection	Bill Stacker	2	1	1
2232 - Ticket & Fare Collection	Fare Media Agent Field	6	1	1
2232 - Ticket & Fare Collection	Ridestore Sales Assoc IV	4	1	1
2232 - Ticket & Fare Collection	Vault Attendant	6	1	1
2232 - Ticket & Fare Collection	Bill Stacker	2	1	1
2232 - Ticket & Fare Collection	Coord Fare Media Fare Revenue	9	1	1
2232 - Ticket & Fare Collection	Fare Media Agent Field	6	1	1
2232 - Ticket & Fare Collection	Vault Attendant	6	1	1
2232 - Ticket & Fare Collection	Ridestore Sales Assoc Sr	6	1	1
2232 - Ticket & Fare Collection	Vault Attendant	6	1	1
2232 - Ticket & Fare Collection	Supv Sales Accounts	10	1	1
2232 - Ticket & Fare Collection	Vault Attendant	6	1	1
2232 - Ticket & Fare Collection	Bill Stacker	2	1	1
2232 - Ticket & Fare Collection	Vault Attendant	6	1	1
2232 - Ticket & Fare Collection	Mgr Revenue Analysis	13	1	1
2232 - Ticket & Fare Collection	Mgr Fare Media & Rev Analysis	14	1	1
2235 - Revenue Management	AFC Technical Support Specialist	13	1	1
2235 - Revenue Management	Mgr POS Fare Collectn Systems	15	1	1
2235 - Revenue Management	Revenue Analyst & Spec Projects	14	1	1
2242 - Claims-Injury & Damages	Claims Supervisor Workers Comp	13	1	1
2242 - Claims-Injury & Damages	Principal Adjuster	10	1	1
2242 - Claims-Injury & Damages	Claims Adj I Workers Comp	8	1	1
2242 - Claims-Injury & Damages	Sr Claims Adj Workers Comp	11	1	1
2242 - Claims-Injury & Damages	Claims Supervisor Liability	12	1	1
2242 - Claims-Injury & Damages	Claims Supervisor Liability	12	1	1
2242 - Claims-Injury & Damages	Claims Assistant	5	1	1
2242 - Claims-Injury & Damages	Sr Claims Adj Liability	10	1	1
2242 - Claims-Injury & Damages	Mgr Claims	14	1	1
2242 - Claims-Injury & Damages	Pt Claims Adjuster	10	1	1
2242 - Claims-Injury & Damages	Sr Claims Adj Liability	10	1	1
2242 - Claims-Injury & Damages	Workers Comp Assistant	6	1	1
2242 - Claims-Injury & Damages	Workers Comp Assistant	6	1	1
2242 - Claims-Injury & Damages	Sr Claims Adj Liability	10	1	1
2243 - Safety	BOF Safety Specialist	10	1	1
2243 - Safety	BOF Safety Specialist	10	1	1
2243 - Safety	BOF Safety Assistant	7	1	1
2243 - Safety	BOF Associate Safety Spec	8	1	1
2243 - Safety	Rail Safety Manager	13	1	1
2243 - Safety	Safety Specialist II	11	1	1
2243 - Safety	Mgr Indus Safety&Envmtl Compl	14	1	1
2243 - Safety	Mgr Health & Safety	14	1	1
2243 - Safety	System Safety Officer	12	1	1
2243 - Safety	System Safety Officer I	11	1	1
2243 - Safety	BOF Safety Specialist	10	1	1
2243 - Safety	BOF Associate Safety Spec	8	1	1
2243 - Safety	Sr Safety Specialist	12	1	1
2243 - Safety	BOF Safety Specialist	10	1	1
2243 - Safety	BOF Safety Specialist	10	1	1
2243 - Safety	System Safety Officer	12	1	1



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Responsibility Center	Position	Grade	FTE	Headcount
2243 - Safety	System Safety Officer	12	1	1
2243 - Safety	Safety Specialist II	11	1	1
2244 - General Insurance	Mgr Risk Mgmt Svcs OCIP	14	1	1
2244 - General Insurance	Risk Management Analyst	7	1	1
2244 - General Insurance	Sr Risk Management Analyst	10	1	1
2311 - President & Chief Executive Officer	Exec Asst to the Pres & CEO	10	1	1
2311 - President & Chief Executive Officer	President & Chief Exec Officer	25	1	1
2311 - President & Chief Executive Officer	Board Agenda Coordinator	10	1	1
2311 - President & Chief Executive Officer	Sr Advisor and Dir of Board Relations	15	1	1
2311 - President & Chief Executive Officer	VP and Special Asst to President	16	1	1
2312 - Diversity / Corp. Development	People Services Officer	13	1	1
2312 - Diversity / Corp. Development	VP and Dir Corporate Development	21	1	1
2312 - Diversity / Corp. Development	VP & Chief Diversity Officer	20	1	1
2331 - Audit	Auditor II	11	1	1
2331 - Audit	Auditor III Internal Functions	12	1	1
2331 - Audit	Mgr Audit	14	1	1
2331 - Audit	Exec Asst IV Audit	8	1	1
2331 - Audit	Auditor II	11	1	1
2331 - Audit	Auditor III Contracts	12	1	1
2331 - Audit	VP & Chief Auditor	19	1	1
2331 - Audit	Auditor III Internal Functions	12	1	1
2331 - Audit	Auditor II Internal Functions	11	1	1
2331 - Audit	Deputy Chief Auditor	15	1	1
2341 - SBE / DBE	Small Business Coordinator	7	1	1
2341 - SBE / DBE	Dir Small Business Compliance	15	1	1
2341 - SBE / DBE	Business Development Analyst	10	1	1
2341 - SBE / DBE	Small Business Project Spec	8	1	1
2341 - SBE / DBE	Compliance&Program Advisor Mgr	14	1	1
2341 - SBE / DBE	VP Small Business	19	1	1
2341 - SBE / DBE	Exec Asst IV Admin Services	8	1	1
2351 - Staff Counsel	Staff Attorney	15	1	1
2351 - Staff Counsel	General Counsel	21	1	1
2351 - Staff Counsel	Sr Legal Counsel	16	1	1
2351 - Staff Counsel	Paralegal	9	1	1
2351 - Staff Counsel	Sr Legal Counsel	16	1	1
2351 - Staff Counsel	Sr Paralegal Public Information Coordinator	10	1	1
2351 - Staff Counsel	Exec Asst V Legal	9	1	1
2351 - Staff Counsel	Paralegal	9	1	1
2351 - Staff Counsel	Exec Asst Legal-SRVP Gen Coun	10	1	1
2351 - Staff Counsel	Legal Secretary	8	1	1
2351 - Staff Counsel	Sr Legal Counsel	16	1	1
2351 - Staff Counsel	Sr Legal Counsel	16	1	1
2351 - Staff Counsel	Paralegal	9	1	1
2351 - Staff Counsel	Paralegal - TPJA	9	1	1
2352 - Govt Affairs	VP and Dir Government Affairs	21	1	1
2352 - Govt Affairs	Exec Asst III Gov Affairs	7	1	1
2353 - Grants	Sr Grant Programs Specialist	13	1	1
2353 - Grants	Director Grant Programs	15	1	1
2353 - Grants	Assoc Grant Program Spec	9	1	1
2361 - Budget Services	Lead Mgmt. Analyst	14	1	1
2361 - Budget Services	Mgr Operating Budget	15	1	1
2361 - Budget Services	Mgr Capital Budget	14	1	1
2361 - Budget Services	Sr Management Analyst	13	1	1
2361 - Budget Services	System Support Specialist	10	1	1
2361 - Budget Services	Sr Management Analyst	13	1	1
2361 - Budget Services	Sr Project Control Spec	12	1	1
2361 - Budget Services	Sr Management Analyst	13	1	1
2361 - Budget Services	Sr Project Control Spec	12	1	1
2361 - Budget Services	Dir Budget Services	16	1	1
2361 - Budget Services	Sr Management Analyst	13	1	1
2371 - Press Office	Sr Media Specialist	11	1	1
2371 - Press Office	Media Specialist	10	1	1
2371 - Press Office	VP Press Officer	20	1	1

Metropolitan Transit Authority  
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Responsibility Center	Position	Grade	FTE	Headcount
2411 - VP/HR & Diversity	VP Human Resources	20	1	1
2411 - VP/HR & Diversity	Exec Asst V Human Resources	9	1	1
2422 - Procurement	Exec Asst II Procurement	8	1	1
2422 - Procurement	Exec Asst IV Proc & Matis Mgmt	8	1	1
2422 - Procurement	Supv Admin Support Services	9	1	1
2422 - Procurement	Sr Contracts Specialist	13	1	1
2422 - Procurement	Contract Admin II A&E 1	11	1	1
2422 - Procurement	Mgr Property Services	13	1	1
2422 - Procurement	Sr Proc&Matl Mgmt Apps Analyst	13	1	1
2422 - Procurement	Contract Admin II Proc 1	11	1	1
2422 - Procurement	Contract Records Clerk	4	1	1
2422 - Procurement	Sr Program Initiation Spec	13	1	1
2422 - Procurement	Dir Procurement	15	1	1
2422 - Procurement	Mgr Procurement	14	1	1
2422 - Procurement	Sr Contracts Specialist	13	1	1
2422 - Procurement	Procurement & Matl Apps Analyst	12	1	1
2422 - Procurement	Contract Svcs Asst Proc	6	1	1
2422 - Procurement	Contract Admin II Svcs Tech	11	1	1
2422 - Procurement	AVP Procurement&Materials	18	1	1
2422 - Procurement	Program Specialist	10	1	1
2422 - Procurement	Contract Data Clerk	5	1	1
2422 - Procurement	Sr Contracts Admin A & E	12	1	1
2422 - Procurement	Mgr Contract Services	14	1	1
2422 - Procurement	Dir Contracts	15	1	1
2422 - Procurement	Sr Contracts Admin S&T-1	12	1	1
2422 - Procurement	Contracts Admin II A & E	11	1	1
2422 - Procurement	Contract Services Asst	6	1	1
2422 - Procurement	Contracts Administrator I A&E	10	1	1
2423 - Materials & Distribution	Central Office Clerk	5	1	1
2423 - Materials & Distribution	Dir Materials Management	15	1	1
2423 - Materials & Distribution	Mgr Procurement	14	1	1
2423 - Materials & Distribution	Mgr Stores	13	1	1
2423 - Materials & Distribution	Buyer - Materials 3	9	1	1
2423 - Materials & Distribution	Storeroom Fmn K Electronics	9	1	1
2423 - Materials & Distribution	Materials Control Specialist	9	1	1
2423 - Materials & Distribution	Storeroom Foreman NRV	9	1	1
2423 - Materials & Distribution	Storeroom Foreman CW	9	1	1
2423 - Materials & Distribution	Storeroom Foreman F	9	1	1
2423 - Materials & Distribution	MRP Controller	10	1	1
2423 - Materials & Distribution	Storeroom Foreman W	9	1	1
2423 - Materials & Distribution	Sr Contracts Administrator Mat	12	1	1
2423 - Materials & Distribution	Storeroom Foreman P	9	1	1
2423 - Materials & Distribution	Contracts Admin I - Materials	10	1	1
2423 - Materials & Distribution	Storeroom Foreman Kashmere	9	1	1
2423 - Materials & Distribution	Storeroom Foreman HC	9	1	1
2423 - Materials & Distribution	Storeroom Foreman Rail	9	1	1
2423 - Materials & Distribution	Materials Analyst	9	1	1
2423 - Materials & Distribution	Buyer - Materials 1	9	1	1
2423 - Materials & Distribution	Mgr Planning and Distribution	13	1	1
2423 - Materials & Distribution	Buyer - Materials	9	1	1
2423 - Materials & Distribution	Storeroom Attendant	Union	50	50
2431 - Administrative Services	Mailroom Assistant	3	1	1
2431 - Administrative Services	Mail Services Supervisor	8	1	1
2432 - Printing Services	Sr Offset Press Operator	7	1	1
2432 - Printing Services	Mgr Printing Services	12	1	1
2432 - Printing Services	Sr Offset Press Operator	7	1	1
2432 - Printing Services	Digital Publishing Operator	5	1	1
2432 - Printing Services	Printing Services Coordinator	8	1	1
2433 - Capital Programs Coord & Rpt	Asst Project Coordinator	7	1	1
2433 - Capital Programs Coord & Rpt	Project Administrator	12	1	1
2433 - Capital Programs Coord & Rpt	Sr Tech Prod Spec	8	1	1
2441 - HCM & Personnel Svcs.	Dir Capital Program Coord & Reporting	16	1	1
2441 - HCM & Personnel Svcs.	HRIS Specialist	10	1	1
2441 - HCM & Personnel Svcs.	Personnel Services Assistant	5	1	1
2441 - HCM & Personnel Svcs.	Personnel Services Assistant	5	1	1

Metropolitan Transit Authority  
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Responsibility Center	Position	Grade	FTE	Headcount
2441 - HCM & Personel Svcs.	Personnel Services Assistant	5	1	1
2442 - Staffing	Sr Staffing Assistant	6	1	1
2442 - Staffing	Staffing Representative	9	1	1
2442 - Staffing	Director Staffing & Diversity	16	1	1
2442 - Staffing	Staffing Assistant	5	1	1
2442 - Staffing	Staffing Representative	9	1	1
2442 - Staffing	Sr Staffing Representative	11	1	1
2442 - Staffing	Staffing Receptionist/Assistant	5	1	1
2442 - Staffing	Staffing Representative	9	1	1
2443 - Benefits & Pension	Pension Plan Analyst	11	1	1
2443 - Benefits & Pension	Sr Mgr Benefits & Pension	15	1	1
2443 - Benefits & Pension	Sr Benefits Analyst	10	1	1
2443 - Benefits & Pension	Dir Benefits Pension Wellness	16	1	1
2443 - Benefits & Pension	Benefits Representative	7	1	1
2443 - Benefits & Pension	Benefits Liaison	8	1	1
2444 - Compensation	Compensation Administrator	13	1	1
2444 - Compensation	Sr Mgr Compensation	15	1	1
2444 - Compensation	Compensation Analyst	9	1	1
2445 - EEO & Employee Relations	ER & EEO Investigations Mgr	13	1	1
2445 - EEO & Employee Relations	Assoc Compliance Officer	12	1	1
2445 - EEO & Employee Relations	Sr Dir Compliance EEO ER and Org Dev	15	1	1
2445 - EEO & Employee Relations	Sr Organizational Development Specialist	12	1	1
2446 - Wellness Programs	Wellness Programs Specialist	12	1	1
2448 - Drug & Alcohol Program	Drug and Alcohol Program Coord	8	1	1
2448 - Drug & Alcohol Program	Dir Drug and Alcohol Program	16	1	1
2451 - IT	Appl Systems Analyst III	12	1	1
2451 - IT	Appl Systems Analyst IV	13	1	1
2451 - IT	Supv IT Support Services	11	1	1
2451 - IT	Mgr Network and Server Support	14	1	1
2451 - IT	Network Support Spec IV	13	1	1
2451 - IT	Appl Systems Analyst II	11	1	1
2451 - IT	Support Center Specialist I	8	1	1
2451 - IT	Server Suppt Spec IV Technical	13	1	1
2451 - IT	Appl Systems Analyst IV	13	1	1
2451 - IT	Tech Business Analyst I	10	1	1
2451 - IT	Tech Business Analyst IV	13	1	1
2451 - IT	Database Administrator II	13	1	1
2451 - IT	Appl Systems Analyst IV	13	1	1
2451 - IT	Appl Systems Analyst III	12	1	1
2451 - IT	IT Asset Mgmt Analyst	9	1	1
2451 - IT	Appl Systems Analyst III	12	1	1
2451 - IT	Tech Business Analyst V	14	1	1
2451 - IT	Network Support Spec I	10	1	1
2451 - IT	Tech Business Analyst IV	13	1	1
2451 - IT	Applications Systems Analyst III	12	1	1
2451 - IT	Project Leader	13	1	1
2451 - IT	Dir IT Infrastructure Support	15	1	1
2451 - IT	Server Suppt Spec IV Technical	13	1	1
2451 - IT	Project Leader	13	1	1
2451 - IT	Server Suppt Spec IV Technical	13	1	1
2451 - IT	Server Suppt Spec I	9	1	1
2451 - IT	Exec Asst V Information Tech	9	1	1
2451 - IT	Support Center Specialist IIIT	11	1	1
2451 - IT	Appl Systems Analyst III	12	1	1
2451 - IT	Server Support Spec II	11	1	1
2451 - IT	Proj Leader IOS	13	1	1
2451 - IT	Support Center Specialist III	10	1	1
2451 - IT	Support Center Specialist II	9	1	1
2451 - IT	IT Manager	14	1	1
2451 - IT	Tech Business Analyst V	14	1	1
2451 - IT	Database Administrator III	14	1	1
2451 - IT	Tech Business Analyst III	12	1	1
2451 - IT	VP Chief Information Officer	20	1	1
2451 - IT	Dir IT Administration	15	1	1
2451 - IT	Network Support Spec III	12	1	1

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Responsibility Center	Position	Grade	FTE	Headcount
2451 - IT	IT Manager	14	1	1
2451 - IT	Server Support Spec II	11	1	1
2451 - IT	Appl Systems Analyst III	12	1	1
2521 - Community Outreach	CO Rep	10	1	1
2521 - Community Outreach	CO Rep (EC)	10	1	1
2521 - Community Outreach	Sr Community Outreach Rep	11	1	1
2521 - Community Outreach	Dir Community Outreach	15	1	1
2521 - Community Outreach	Sr Community Outreach Rep	11	1	1
2521 - Community Outreach	Sr Community Outreach Rep	10	1	1
2522 - Interagency	Interagency and Advocacy Officer	11	1	1
2522 - Interagency	Public Outreach Liaison	10	1	1
2523 - Director of Public Engagement	Sr. Director	17	1	1
2524 - stakeholder Affairs	Stakeholder Affairs Rep	10	1	1
2524 - stakeholder Affairs	Stakeholder Affairs Rep	10	1	1
2524 - stakeholder Affairs	Sr Stakeholder Affairs Rep	10	1	1
2524 - stakeholder Affairs	Sr Stakeholder Affairs Rep	11	1	1
2531 - Marketing	Sr Copywriter/Producer	11	1	1
2531 - Marketing	Copywriter	10	1	1
2531 - Marketing	Mgr Strategic Analysis	13	1	1
2531 - Marketing	Marketing Dist Coordinator	6	1	1
2531 - Marketing	Advertising Accounts Exec III	10	1	1
2531 - Marketing	Audio Visual Coord Account Exec	9	1	1
2531 - Marketing	Mgr Creative Services	13	1	1
2531 - Marketing	Graphic Designer I	9	1	1
2531 - Marketing	VP Marketing & Corporate Communications	18	1	1
2531 - Marketing	Graphics Designer I IS	9	1	1
2531 - Marketing	Graphic Designer II	10	1	1
2531 - Marketing	Exec Asst IV Marketing	8	1	1
2531 - Marketing	Customer Information Designer	9	1	1
2571 - VP Business Services	Group VP Business Services	18	1	1
2571 - VP Business Services	Exec Asst to Group VP Business Services	9	1	1
2581 - Media & Corporate Communications	Communication & Marketing Coord	9	1	1
2581 - Media & Corporate Communications	Mgr Corporate Communications	14	1	1
2581 - Media & Corporate Communications	Web Designer	13	1	1
2581 - Media & Corporate Communications	4D Visualization Graphic Spec	11	1	1
2812 - Vice-President of Safety	VP Safety	17	1	1
2812 - Vice-President of Safety	Exec Asst V	9	1	1
2812 - Vice-President of Safety	Statistical Coordinator	12	1	1
1341 - Facilities Maintenance-Admin	Mgr Energy	13	1	1
1341 - Facilities Maintenance-Admin	VP Facilities Maintenance	16	1	1
1342 - Facilities Maintenance-Programs & Operations	Project Manager I	10	1	1
1342 - Facilities Maintenance-Programs & Operations	Mgr Operating Facilities	13	1	1
1342 - Facilities Maintenance-Programs & Operations	Project Mgr II	12	1	1
1342 - Facilities Maintenance-Programs & Operations	Mgr Operating Facilities	13	1	1
1342 - Facilities Maintenance-Programs & Operations	Facility Foreman	10	1	1
1342 - Facilities Maintenance-Programs & Operations	Field Insp & Coord Fac Maint	10	1	1
1343 - Public Facilities	Route Maint Foreman	10	1	1
1343 - Public Facilities	Mgr Public Facilities	13	1	1
1343 - Public Facilities	Gen Foreman Public Facilities	12	1	1
1343 - Public Facilities	Route Maint Foreman	10	1	1
1343 - Public Facilities	Facilities Maint Data Spec	7	1	1
1343 - Public Facilities	Route Maint Foreman	10	1	1
1343 - Public Facilities	Field Insp & Coord Fac Maint	10	1	1
1343 - Public Facilities	Route Maint Foreman	10	1	1
1343 - Public Facilities	Field Insp & Coord Fac Maint	10	1	1
1344 - Environmental Services	Supv Environmental Services	12	1	1
1345 - Project Management	Project Mgr II	12	1	1
1345 - Project Management	Project Mgr II	12	0	1
1345 - Project Management	Mgr Fac Programs Project Mgmt	14	1	1
1345 - Project Management	Sr Proj Mgr Fac Maint	13	1	1
1345 - Project Management	Sr Proj Mgr Fac Maint	13	1	1
1345 - Project Management	Sr Proj Mgr Fac Maint	13	1	1
1346 - Facilities Maintenance Contracts	Facility Maintenance Analyst	9	1	1
1346 - Facilities Maintenance Contracts	Mgr Facility	12	1	1
1346 - Facilities Maintenance Contracts	Maintenance Clerk Fac Maint	5	1	1

Metropolitan Transit Authority  
 FY2012 Budgeted Positions

Responsibility Center	Position	Grade	FTE	Headcount
1346 - Facilities Maintenance Contracts	Facility Assistant	5	1	1
1346 - Facilities Maintenance Contracts	Data Clerk Facility Maint	4	1	1
1346 - Facilities Maintenance Contracts	Mgr Fac Maint Contract Svcs	13	1	1
1347 - Fac. Maint. Rail	Facility Foreman	10	1	1
1348 - Public Facilities-Rail	Route Maint Foreman	10	1	1
1349 - Facilities Maintenance Headquarters	Facility Foreman	10	1	1
1349 - Facilities Maintenance Headquarters	Facility Maintenance Tech	8	1	1
Total				<u>3,447</u>

## Historical and Projected Sales Tax Rates and Revenues

Forecasts based on September 2011 Barton Smith forecast.

Tax Revenues (Year of Expenditure \$1,000's)		
FY	HISTORICAL/ EST. DATA	% Change
2010	\$492,616	-5.36%
2011	\$529,710	7.53%
2012	\$559,480	5.62%
2013	\$584,713	4.51%
2014	\$611,492	4.58%
2015	\$647,289	5.85%
2016	\$687,791	6.26%
2017	\$730,383	6.19%
2018	\$776,002	6.25%
2019	\$823,372	6.10%
2020	\$872,533	5.97%
2021	\$922,231	5.70%
2022	\$973,969	5.61%
2023	\$1,027,400	5.49%
2024	\$1,082,535	5.37%
2025	\$1,140,194	5.33%
2026	\$1,200,775	5.31%
2027	\$1,264,543	5.31%
2028	\$1,331,665	5.31%
2029	\$1,402,313	5.31%
2030	\$1,476,672	5.30%

## Comparative Statistics

TOP 100 TRANSIT BUS FLEETS

2010	2009	Agency	35 ft. and under	Over 35 ft.	Artic.	Trolley	2010 Total	2009 +/-
1	1	MTA New York City Transit New York City	0	3,872	621	0	4,493	-118
2	2	Metro Los Angeles	63	2,272	388	0	2,723	21
3	3	Pace Suburban Bus Chicago	1,963	422	0	7	2,392	-282
4	4	New Jersey Transit Corp. Newark, N.J.	73	2,215	85	0	2,373	26
5	6	Toronto Transit Commission Toronto	198	1,800	0	0	1,998	68
6	5	Chicago Transit Authority Chicago	45	1,528	208	0	1,781	-440
7	7	Montreal Urban Transit Montreal	0	1,572	108	0	1,680	9
8	8	Washington Metropolitan Area Transit Authority Washington, D.C.	92	1,319	90	0	1,501	-13
9	9	Southeastern Pennsylvania Transportation Authority Philadelphia	92	1,201	155	38	1,486	13
10	10	King County Metro Transit Seattle	167	484	669	159	1,479	0
11	11	Coast Mountain Bus Company Vancouver, B.C.	137	1,082	216	0	1,435	51
12	14	Metropolitan Transit Authority of Harris County Houston	166	1,139	78	0	1,383	132
13	12	MTA Bus Company New York City	0	1,281	0	0	1,281	-41
14	13	Valley Metro Phoenix	462	711	40	16	1,229	-52
15	15	OC Transpo Ottawa, Ontario	92	765	279	0	1,136	24
16	17	Massachusetts Bay Transportation Authority Boston	0	991	101	0	1,092	39
17	31	BC Transit Victoria, B.C.	442	599	0	0	1,041	404

TOP 100 TRANSIT BUS FLEETS

2010	2009	Agency	35 ft. and under	Over 35 ft.	Artic.	Trolley	2010 Total	2009 +/-
18	19	Regional Transportation District Denver	138	768	118	0	1,024	-11
19	20	Calgary Transit Calgary, Alberta	106	803	63	0	972	24
20	24	Edmonton Transit System Edmonton, Alberta	45	885	13	6	949	76
21	23	Metro Transit Minneapolis	0	728	166	0	894	12
22	22	Tri-County Metropolitan Transportation District Portland, Ore.	305	575	0	0	880	-28
23	16	Orange County Transportation Authority Orange, Calif.	271	527	40	0	838	-237
24	25	Miami-Dade Transit Authority Miami	75	733	25	0	833	-30
25	21	Port Authority of Allegheny County Pittsburgh	60	715	50	0	825	-116
26	27	San Francisco Municipal Railway San Francisco	30	347	130	313	820	86
27	18	Maryland Transit Administration Baltimore	3	715	30	0	748	-300
28	26	Regional Transportation Commission of Southern Nevada Las Vegas	276	292	75	61	704	-43
29	37	Department of Transportation Services Honolulu	201	395	101	0	697	166
30	28	MTS Bus Operations San Diego	183	443	39	0	665	-14
31	29	Dallas Area Rapid Transit Dallas	0	661	0	0	661	-1
32	32	Utah Transit Authority Salt Lake City	270	381	0	0	651	20
33	30	AC Transit Oakland, Calif.	94	419	100	0	613	-25
34	33	Metropolitan Atlanta Rapid Transit Authority * Atlanta	22	578	0	0	600	0

\* Denotes 2009 Numbers

Source: METRO MAGAZINE, September – October 2010, pg. 22-24



## Comparative Base Fares



## Note on Estimated FY2012 Fixed-Route Bus & Rail Ridership Forecast

METRO fixed-route ridership has declined annually since it peaked in FY2006. The table below shows the annual ridership from FY2006 to FY2011:

**Fixed-Route Ridership – By Fiscal Year**

By Fiscal Year	Boardings	Change	% Change
FY2006	98,518,251		
FY2007	96,801,356	( 1,716,895)	-1.7%
FY2008	96,348,287	( 453,069)	-0.5%
FY2009	84,408,919	( 11,939,368)	-12.4%
FY2010	77,166,220*	( 7,242,699)	-8.6%
FY2011 (Estimated)	76,857,148	( 309,072)	-0.4%
Combined Change		(21,661,103)	-22.0%

SOURCE: FY2006 – FY2010 from National Transit Database; FY2011 based on Fourth Quarter Ridership Forecast, 08-Sep-11.

\* Includes bus bridge service for the rail which is not included in the FY2010 Boardings number shown on page 31.

The estimated FY2012 fixed-route ridership forecast as shown is a compilation of the base case methodology based upon current ridership trends adjusted for proposed service discontinuations.

The base case for ridership extrapolates the existing data based upon historical ridership trends. As shown above, the ridership trends are negative for the past five years. Key factors contributing to the current trends are the continuing level of high unemployment (8.9% in July 2011 which is down from 9.0% in June 2011, but higher than any single month unemployment rate since June 1994), impacts from fare enforcement and fare changes, inclement weather, and lower than expected ridership growth on new routes.

The continuing level of high unemployment is a critical factor affecting METRO ridership. Beginning in September 2007, the unemployment rate has been higher for virtually every month than the year before and has risen from 4.4% to the present 8.9%. This is a doubling in the unemployment rate at a time when the available work force has actually increased. Over 90% of METRO's Park & Ride ridership and roughly 33% of both local and METRORail ridership involved work-related trips (2007 Transit Onboard Survey Final Report for Houston-Galveston Area Council, September 2007). Simply put, METRO loses work-related ridership when people no longer are employed.

Ridership growth from many service changes in FY2011 exceeded expectations. Branch elimination, route extensions, and service redeployment were successful strategies which yielded significant benefits in FY2011, benefits which will continue to occur in FY2012.

Additional adjustments for the estimated FY2012 fixed-route ridership forecast include: proposed FY2012 Transit Service Plan, changes in gasoline prices, changes in unemployment, and changes in weather.

The proposed FY2012 Transit Service Plan includes the reduction of a series of poor performing routes and / or their equivalent level of service. While the intended impact of these service reductions will be a balanced budget, a secondary impact will be a loss in ridership. The ridership change could be as much as **-1.1M boardings** if current riders do not switch to other METRO fixed-route services.

The fare restructuring and the 25% fare increase in FY2008 and FY2009 contributed to significant ridership losses. METRO consultants estimated a **- 11.6%** ridership change from the fare restructuring alone, a **- 8.2%** ridership change from the 25% fare increase, and a **- 19.7%** ridership change from the combination. Using these estimates, the expected FY2008 - FY2009 ridership change was **- 12.0M boardings**, while the actual FY2008 - FY2009 ridership change was **- 11.9M boardings**. With no fare increases proposed for FY2012, changes in the fare structure should not impact ridership.

Historically, overall METRO ridership has not been impacted by changing gasoline prices. During FY2008, there was a statistical relationship between changing gasoline prices and METRO Park & Ride ridership when the price of a gallon of gasoline exceeded the highest Park & Ride base fare (then \$3.50). With the highest Park & Ride base fare now at \$4.50 and the price of a gallon of gasoline at \$3.47, no estimated ridership impact is forecast based upon this factor.

As noted in the discussion of the base case, current local unemployment trends are not favorable. With a work force of roughly 3 million people in the greater Houston metropolitan area, each 1% increase in the unemployment rate results in roughly 30,000 more unemployed people. It is unreasonable to assume that the continuation of this trend will not affect METRO's fixed-route ridership.

Inclement weather can result in significant changes in METRO ridership. With roughly 10,000 bus stops but only 2,000 passenger shelters, customers at the majority of bus stops are exposed to the elements. Studies have shown that extreme levels of cold, heat, and rain contribute to significant ridership losses. In recent years, Houston has experienced each of these as well as several hurricanes (Rita, Ike) and snow. The volatility of weather is difficult to predict, but it is important to note that the warmer temperatures from December 2010 through May 2011 and the limited rainfall (18 inches through early September) proved ideal conditions for one-time ridership increases relative to the previous year. A return to average weather conditions next year would result in a ridership loss.

**Estimated FY2012 Fixed-Route Ridership Forecast**

	Local	Park & Ride	Total - Bus	Light Rail	Total - Fixed Route
FY2011 Estimate	58,777,469	7,469,833	66,247,302	10,609,846	76,857,148
FY2012 - Base Case plus Potential Adjustments					
Base Case	58,945,244	7,496,963	66,442,207	11,064,130	77,506,337
Transit Service Plan reductions	(1,010,605)	(99,995)	(1,110,600)	-	(1,110,600)
Cumulative	57,934,639	7,396,969	65,331,608	11,064,130	76,395,738

SOURCE: FY2012 Ridership Forecast Fourth Quarter 090711

## Glossary of Terms

**Activity Center** – An area with a high concentration of activities that generate a large number of trips such as shopping centers, business or industrial parks, recreational facilities, etc. The major activity centers in the METRO Service Area include Downtown, Galleria/Uptown, Texas Medical Center, Greenway Plaza, Greenspoint, the Westchase District, and the Energy Corridor.

**Block** – A series of trips conducted by one bus (it may be either in the morning or evening time periods).

**Commuter Service** – Bus service that travels directly to a central activity center with single or limited passenger pickup locations. Commuter service is offered by METRO's Park & Ride routes.

**Deadhead** – The miles or hours when a bus is being driven to its first scheduled time point or returning to the garage from its last scheduled time point.

**45-Foot Bus** – A bus used in Park & Ride service with 49-57 seats.

**Frequency** – How many buses pass by a point in a given time period.

**Headways** – The time between buses in the schedule: 5 minutes would be a very short headway; 60 minutes would be a long headway.

**Hooked Routes** – Two routes that generally serve different areas of the city, but are connected in the CBD to operate as one route in order to save equipment, reduce duplicative

service and thereby reduce congestion in the CBD.

**HOV Lane** – A barrier-separated road for buses and for cars with more than one occupant that provides faster trips than freeway main lanes and that has limited access points (not always barrier-separated in other cities).

**Layover** – Time built into a schedule to allow a break for the operator and to allow "catch-up" if traffic conditions cause service delays.

**Layover** – Time built into a schedule to allow a break for the operator and to allow "catch-up" if traffic conditions cause service delays.

**Local Route** – Bus service that picks up and discharges passengers all along the route.

**METRORail** – Accessible light rail service line that is 7.5 miles in length with 16 accessible stations connecting the Central Business District, the Museum District, Texas Medical Center and Reliant Park.

**Park & Ride Route** – Commuter service that operates from a single or minimal number of pickup points and travels directly to the activity center with no interim stops.

**Park & Ride Lot** – A facility comprising of a parking area and a passenger boarding area with a covered shelter and other amenities where commuters can park their cars and catch the bus to work.

**Passenger Boardings** – The number of times all passengers get on any bus or train in the system.

**Passenger Trips** – The number of "journeys" made by all passengers in a given time period. A passenger transferring to a second bus to complete his trip would count as two boardings but only one trip.

**Quickline Bus Service** – A local bus service that serves select stops that have high connectivity and ridership on existing local service routes. Service is characterized by reduced headways, higher speeds, and distinctive buses and stops, when compared to regular local service. Also known as Signature Bus Service.

**Revenue Service** – The miles or hours operated by a bus when it is scheduled to be picking up or discharging passengers.

**Run Cut** – The process of setting up the operator work assignments for all the service that will be provided at the next service change.

**Run** – A bus operator's daily assignment. It may be eight hours straight or it may comprise two or more pieces of work on different routes.

**Running Time** – The time allowed on the schedule between two points.

**Signature Bus Service** – A local bus service that serves select stops that have high connectivity and ridership on existing local service routes. Service is characterized by reduced headways, higher speeds, and distinctive buses and stops, when compared to regular local service. Also known as Quickline and Swiftline bus service.

**Time Point** – A location on a route associated with the time that a bus is scheduled to depart as it operates on the route. A selection of these points (not all) is listed on the published public timetables.

**Time Point** – A location on a route associated with the time that a bus is scheduled to depart as it operates on the route. A selection of these points (not all) is listed on the published public timetables.

**Transit Center** – A facility usually comprised of a passenger boarding area with little or no long-term parking, where passengers can transfer from one bus to another in a sheltered environment without having to go to downtown.

**Trippler** – A work assignment that includes only one revenue trip before it returns to the garage. METRO provides service at a level to meet demand. Since demand on most routes is highest in the a.m. and p.m. peak periods, it is necessary to operate additional equipment in these periods to handle the increased ridership. Most buses go out of service during the midday period when ridership falls to much lower numbers.



## METRO List of Acronyms and Abbreviations

9/5/2011

<b>AA</b>	Alternative Analysis	<b>CEI</b>	Cost Effectiveness Index
<b>AADT</b>	Annual Average Daily Traffic	<b>CFR</b>	Code of Federal Regulations
<b>AASHTO</b>	American Assoc. of State Highway & Transportation Officials	<b>CIC</b>	Customer Information Center
<b>ACS</b>	American Community Survey	<b>CIP</b>	Capital Improvement Program
<b>ADA</b>	Americans with Disabilities Act	<b>CLE</b>	Continued Learning Experience
<b>ADT</b>	Average Daily Traffic	<b>CM</b>	Construction Manager or Management
<b>AE</b>	Annual Element	<b>CMA</b>	Congestion Mitigation Analysis (SOV Analysis)
<b>AERCO</b>	Area Emissions Reduction Credit Organization	<b>CMAQ</b>	Congestion Mitigation Air Quality Improvement Program
<b>AGM</b>	Absorbed Glass Mat (battery design)	<b>CM/GC</b>	Construction Manager/General Contractor
<b>AOB</b>	Administrative Office Building	<b>CMS</b>	Congestion Management System
<b>AOH</b>	Allocated Overhead	<b>CMSA</b>	Consolidated Metropolitan Statistical Area
<b>APC</b>	Automated Passenger Count	<b>COG</b>	Council of Government
<b>APE</b>	Advanced Preliminary Engineering	<b>COPS</b>	Community Oriented Policing Services
<b>APO</b>	Average Passenger Occupancy	<b>CP</b>	Capital Programs (New METRO)
<b>APOS</b>	Agency Point of Sale (Revenue term)	<b>CPI</b>	Cost Performance Index
<b>APTA</b>	American Public Transportation Association	<b>CPM</b>	Critical Path Method
<b>APTA-HOS</b>	APTA Hours of Service	<b>CPOS</b>	Cashless Point of Sale (CVM Revenue term)
<b>AQC</b>	Air Quality Compliance	<b>CPTED</b>	Crime Prevention through Environmental Design
<b>AQCRs</b>	Air Quality Control Regions	<b>CRIS</b>	Crash Records Information System
<b>AQMA</b>	Air Quality Maintenance Area	<b>CRP</b>	Consolidated Road Program
<b>ARGO</b>	Automated Reversible Gate Operation	<b>CRT</b>	Commuter Rail Transit
<b>ARRA</b>	American Recovery and Reinvestment Act	<b>CSJ</b>	Control Section Job Number (TxDOT)
<b>ATP</b>	Advanced Transit Plan	<b>CSSEP</b>	Community & Schools Safety Education Program
<b>Auth.</b>	Authorized Full & Part Time Positions	<b>CT</b>	Census Tract
<b>AVL</b>	Authorized Vehicle Lane	<b>CTMS</b>	Computerized Traffic Management System
<b>AVO</b>	Average Vehicle Occupancy	<b>CTPP</b>	Census Transportation Planning Package
		<b>CTR</b>	Center for Transportation Research
		<b>CVM</b>	Credit Vending Machine (Revenue term)
<b>BAF</b>	Business Assistance Fund (Community Outreach)		
<b>B&amp;A</b>	Briefing and Analysis	<b>DB</b>	Design- Build
<b>BBF</b>	Bus and Bus Facility	<b>DBB</b>	Design-Bid-Build
<b>BBR</b>	Back of Bus Reloader (Revenue term)	<b>DBOM</b>	Design-Build-Operate-Maintain
<b>BCB</b>	Board Committee Briefing (Form)	<b>DBFOM</b>	Design-Build-Finance-Operate-Maintain
<b>BCE</b>	Baseline Cost Estimate	<b>DBE</b>	Disadvantaged Business Enterprise
<b>BCR</b>	Bus Card Reader (Revenue term)	<b>D/SBE</b>	Disadvantaged/ Small Business Enterprise
<b>BCR</b>	Budget Change Request	<b>DEIS</b>	Draft Environmental Impact Statement
<b>BOF</b>	Bus Operating Facility	<b>DFL&amp;C</b>	Development, Funds, Land, & Contingency
<b>BMS</b>	Bridge Management System	<b>DMU</b>	Diesel Multiple Unit
<b>BNSF</b>	Burlington Northern & Santa Fe Railroad Company	<b>DOT</b>	Department of Transportation
<b>BP</b>	Burnett Plaza (METRO term)	<b>DPS</b>	Department Of Public Safety
<b>BRINSAP</b>	Bridge Inventory, Inspection, and Appraisal Program	<b>DTC</b>	Downtown Transit Center
<b>BRT</b>	Bus Rapid Transit		
<b>B&amp;SE</b>	Buses & Support Equipment	<b>EA</b>	Environmental Assessment/ Analysis
		<b>EA</b>	Executive Assistant (METRO term)
<b>CAA</b>	Clean Air Act	<b>EAO</b>	Employee Advocacy Officer
<b>CAD</b>	Computer-aided Dispatch	<b>EAPE</b>	Extended Advanced Preliminary Engineering
<b>CAD AVL</b>	CAD Automated Vehicle Location	<b>EAT</b>	Environmental Advisory Team
<b>CAF</b>	Construcciones y Auxiliar de Ferrocarriles - LRV Mfr	<b>E&amp;C</b>	Engineering and Construction
<b>CAGR</b>	Compound Annual Growth Rate	<b>EE</b>	East End Corridor (METRO term)
<b>CAP</b>	Capital Cost of Project/ Program	<b>EE</b>	Environmental Evaluation
<b>CATEX</b>	Categorical Exclusion	<b>EEO</b>	Equal Employment Opportunity
<b>3-C</b>	Continuing, Comprehensive, & Coordinated - TxDOT planning	<b>EDD</b>	Executive Decision Document
<b>CBD</b>	Central Business District	<b>EHP</b>	Environmental Historical Plan
<b>CCTV</b>	Closed-Circuit Television	<b>EIS</b>	Environmental Impact Statement
<b>CD</b>	Commercial Development	<b>EMT</b>	Executive Management Team
<b>CDP</b>	Census Designated Places	<b>EPA</b>	Environmental Protection Agency
<b>CE</b>	Conceptual Engineering	<b>ERP</b>	Enterprise Resource Planning
		<b>ERMS</b>	Email Response Management System
		<b>ESA</b>	Environmental Site Assessment

## METRO List of Acronyms and Abbreviations

9/5/2011

<b>ESS</b>	Employee Self Service (SAP function)	<b>LLC</b>	Limited Liability Company
<b>FAR</b>	Federal Acquisition Regulation	<b>LOI</b>	Letter of Intent
<b>FD</b>	Final Design	<b>LONP</b>	Letter of No Prejudice
<b>FEIS</b>	Final Environmental Impact Study or Statement	<b>LPA</b>	Locally Preferred Alternative (Alignment)
<b>FEMA</b>	Federal Emergency Management Agency	<b>LPIS</b>	Locally Preferred Investment Strategy
<b>FFGA</b>	Full Funding Grant Agreement	<b>LRT</b>	Light Rail Transit or Light Rapid Transit
<b>FG</b>	Fixed Guideway	<b>LRV</b>	Light Rail Vehicle
<b>FG DRM</b>	FG Directional Route Miles	<b>MAP</b>	Motorist Assistance Program
<b>FGM</b>	Fixed Guideway Modernization	<b>METRO</b>	Metropolitan Transit Authority of Harris County, TX
<b>FHWA</b>	Federal Highway Administration	<b>MCA</b>	METRO Citizen's Academy
<b>FICO</b>	Fair Isaac Corporation, Credit Score	<b>MCI</b>	Motor Coach Industries - Bus Manufacturer
<b>FMOC</b>	Financial Mgt Oversight Contractor	<b>MCI-HEV</b>	MCI / Hybrid Electric Vehicle
<b>FONSI</b>	Finding of No Significant Impact	<b>MDBF</b>	Mean Distance between (Mechanical) Failures
<b>FP</b>	Facility Provider (Prime Contractor)	<b>MDBSI</b>	Mean Distance between Service Interruptions
<b>FRA</b>	Federal Railroad Administration	<b>MDTS</b>	Mobile Data Terminal System(s)
<b>FSC</b>	Field Service Center	<b>MFRI</b>	Major Facility Rehabilitation Initiative
<b>FTA</b>	Federal Transit Administration	<b>MM&amp;EI</b>	Minor Modifications & Equipment Installation
<b>FTE</b>	Full-Time Equivalent	<b>MPO</b>	Metropolitan Planning Organization
<b>GAAP</b>	Generally Accepted Accounting Principles	<b>MRE</b>	METRO Rail Expansion
<b>GASB</b>	Governmental Accounting Standards Board	<b>MS</b>	METRO Solutions
<b>GC</b>	General Council	<b>MUD</b>	Municipal Utility District
<b>GEC</b>	General Engineering Consultant	<b>MUTCD</b>	Manual on Uniform Traffic Control Devices
<b>GIS</b>	Geographic Information Systems	<b>NEPA</b>	National Environmental Policy Act
<b>GLO</b>	General Land Office, Texas	<b>NFPA</b>	National Fire Protection Association
<b>GPS</b>	Global Positioning System	<b>NHS</b>	National Highway System
<b>GRT</b>	Guided Rapid Transit or Group Rapid Transit	<b>NIMS</b>	National Incident Management System
<b>GMP</b>	General Mobility Program (METRO term)	<b>NOA</b>	Notice of Availability
<b>HCM</b>	Human Capital Management	<b>NR</b>	North Corridor (METRO term)
<b>HDS</b>	Hybrid Delivery System	<b>NRV</b>	New Revenue Vehicle
<b>H-GAC</b>	Houston-Galveston Area Council	<b>NS</b>	New Starts
<b>HIT</b>	Handheld Inspection Terminal (Revenue)	<b>NTC</b>	Northline Transit Center
<b>HLSR</b>	Houston Livestock & Rodeo	<b>NTD</b>	National Transit Database
<b>HOS</b>	Hours of Service	<b>NTP</b>	Notice to Proceed
<b>HOT</b>	High-Occupancy Toll (Lanes)	<b>NTS</b>	National Transportation System
<b>HOV</b>	High-Occupancy Vehicle (Facility)	<b>OCC</b>	Operations Control Center
<b>HOVL</b>	High-Occupancy Vehicle Lanes	<b>OCIP</b>	Owner Controlled Insurance Program
<b>HPMS</b>	Highway Performance Monitoring System	<b>OCS</b>	Overhead Contact or Catenary System
<b>HR&amp;D</b>	Human Resources & Diversity	<b>O&amp;D</b>	Origin and Destination (Survey or Study)
<b>HRIS</b>	Human Resources Information System	<b>OD</b>	Organizational Development (METRO term)
<b>HRM</b>	Human Resource Management	<b>OE</b>	Operating Expense
<b>HRP</b>	Human Resources Partners (SHRP) Senior	<b>OEM</b>	Original Equipment Manufacturer
<b>HRT</b>	Heavy Rail Transit	<b>OFE</b>	Owner Furnished Equipment
<b>HRT</b>	Houston Rapid Transit (METRO term)	<b>OF&amp;U</b>	Operating Facilities & Upgrades
<b>HS</b>	Homeland Security	<b>OGC</b>	Office of General Council
<b>HSCB</b>	High Speed Circuit Breaker	<b>O&amp;M</b>	Operations and Maintenance
<b>IAH</b>	Intercontinental Airport - Houston	<b>Orion</b>	Orion International - Bus Manufacturer
<b>I&amp;SD</b>	Infrastructure and Service Development	<b>OTP</b>	On-Time Performance
<b>IT</b>	Information Technology	<b>PE</b>	Preliminary Engineering
<b>ITSC</b>	Information Technology Steering Committee	<b>PE-CW</b>	Preliminary Engineering-Civil Works
<b>ITS-PA</b>	Intelligent Transportation System Police Automation	<b>PE-S</b>	Preliminary Engineering-Systems
<b>ITS-PC</b>	Intelligent Transportation System Priority Corridor	<b>PI</b>	Public Information
<b>IVOMS</b>	Integrated Vehicle Operations Mgt System	<b>PM</b>	Project Manager / Management
<b>JARC</b>	Job Access and Reverse Commute Formula Program	<b>PMOC</b>	Project Management Oversight Contractor
<b>LEMIT</b>	Law Enforcement Management Institute of Tx	<b>PMP</b>	Project or Program Management Plan
		<b>PMT</b>	Project or Program Management Team
		<b>POI</b>	Projects of Interest (IT Program)



## METRO List of Acronyms and Abbreviations

9/5/2011

<b>POP</b>	Program of Projects (Section 5307 Grants)	<b>TMC</b>	Transportation Manufacturing Corporation
<b>POP</b>	Proof of Payment (Revenue term)	<b>TMP</b>	Transit Mobility Program
<b>PPP / P3</b>	Public Private Partnership	<b>TNRCC</b>	Texas Natural Resource Conservation Commission
<b>PPP</b>	Public Participation Plan		
<b>P&amp;P</b>	Park & Pool (Car pool)	<b>TOD</b>	Transit-Oriented Development
<b>P&amp;R</b>	Park & Ride	<b>TPIA</b>	Texas Public Information Act
<b>PRD</b>	Project Requirements Definition	<b>TPSS</b>	Traction Power Substation
<b>PTG</b>	Parsons Transportation Group, Inc.	<b>T&amp;RF</b>	Transitways & Related Facilities
<b>PUC</b>	Public Utilities Commission	<b>TSU</b>	Texas Southern University
<b>PV</b>	Platform Validator (Revenue equipment).	<b>TTC</b>	Texas Transportation Commission
		<b>TVM</b>	Ticket Vending Machine
<b>Q Card</b>	<u>METRO Q® Fare Card</u>	<b>TWU</b>	Transit Workers Union
		<b>TxDOT</b>	Texas Department of Transportation
<b>RBA</b>	Request for Board Action (Form)		
<b>RBP</b>	Regional Bus Plan	<b>UCR</b>	Uniform Crime Reporting
<b>RCTSS</b>	Regional Computer Traffic Signal System	<b>UH</b>	University of Houston
<b>RFI</b>	Request for Information	<b>UHD</b>	University of Houston Downtown
<b>RFP</b>	Request for Proposal	<b>UN</b>	University Corridor (METRO term)
<b>RFQ</b>	Request for Quotation, Qualifications	<b>UP</b>	Uptown Corridor (METRO term)
<b>RMP</b>	Regional Mobility Plan	<b>UPRR</b>	Union Pacific Railroad
<b>ROC</b>	Rail Operations Center	<b>UPS</b>	Uninterrupted Power Supply
<b>ROCIP</b>	Rolling-stock Owner Controlled Insurance Program	<b>UA/UZA</b>	Urbanized Area
<b>ROD</b>	Record of Decision	<b>USDOT</b>	United States Department of Transportation
<b>ROW</b>	Right-of-Way		
<b>RPOS</b>	Retail Point of Sale (Revenue term)	<b>VHT</b>	Vehicle Hours Traveled
<b>RSS</b>	Revenue System Server (Revenue term)	<b>VMT</b>	Vehicle Miles Traveled (daily or annually)
<b>RTD</b>	Regional Transportation District	<b>VOiP</b>	Voice over Internet Protocol
<b>RTP</b>	Regional Transportation Plan	<b>VE</b>	Value Engineering
<b>RTS</b>	Rail Transit System		
		<b>WBS</b>	Work Breakdown Structure
<b>SAFETEA-LU</b>	Safe, Accountable, Flexible, and Efficient Transportation Equity Act—A Legacy for Users	<b>WIT</b>	Wheeler Intermodal Terminal
<b>SAP AG</b>	German global software corporation	<b>WGTM</b>	Washington Group Transit Management Company
<b>SAP-ESS</b>	SAP Employee Self Service		
<b>SAR's</b>	Stakeholder Affair Representatives	<b>YO</b>	Year of Expenditure
<b>SBE</b>	Small Business Enterprise		
<b>SBE/DBE</b>	Small Business /Disadvantaged Business Enterprise		
<b>SCADA</b>	Supervisory Control & Data Acquisition		
<b>SD</b>	Service Delivery (New METRO)		
<b>SD&amp;D</b>	Service Design & Development (New METRO)		
<b>SE</b>	South East Corridor (METRO term)		
<b>SEC</b>	Systems Engineering Consultant		
<b>SH</b>	State Highway		
<b>SHPO</b>	State Historic Preservation Office		
<b>SFEIS</b>	Supplemental Final Environmental Impact Study		
<b>SLC</b>	Strategic Leadership Committee		
<b>SOQ</b>	Statement of Qualifications		
<b>SOV</b>	Single Occupant Vehicle		
<b>SPI</b>	Schedule Performance Index		
<b>SRM</b>	Supplier Relationship Management		
<b>STIP</b>	Statewide Transportation Improvement Program		
<b>SQL</b>	Structured Query Language – Database Mgt System		
<b>TCEQ</b>	Texas Commission on Environmental Quality		
<b>TDSP</b>	Transmission and Distribution Service Provider		
<b>TEA-21</b>	Transportation Equity Act for the 21st Century		
<b>TIP</b>	Transportation Improvement Plan		
<b>THC</b>	Texas Highway Commission		
<b>TIRZ</b>	Tax Increment Reinvestment Zone		
<b>TMC</b>	Texas Medical Center		