



FY2022

Business Plan and Budget

BACK ON TRACK



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September 7, 2021

Carrin F. Patman
Chair of the Board
Metropolitan Transit Authority

Dear Ms. Patman:

Please find the attached proposed FY2022 Business Plan & Budget for METRO, which includes the Operating, Capital, and Debt Service Budgets, as well as the transfer to the General Mobility Program.

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 FY2022 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 FY2022 Business Plan. In accordance with Board-approved procedures, it is recommended that the Board adopt the following three budgets and the estimated transfer of Sales Tax receipts to the General Mobility Program (the GMP Escrow) for the Metropolitan Transit Authority of Harris County for Fiscal Year 2022 (October 1, 2021 – September 30, 2022).

Operating Budget	\$ 740,545,000
Capital Budget	\$ 276,823,259
Debt Service Budget	\$ 105,523,359
Transfer to the General Mobility Program	\$ 188,646,606

A public hearing on the proposed FY2022 Business Plan & Budget is scheduled to be held at noon on Tuesday, September 21, 2021. The proposed FY2022 Business Plan & Budget is scheduled for approval by the Board at the regular September meeting on Thursday, September 23, 2021.

Sincerely,

Thomas C. Lambert
President & Chief Executive Officer

Mission Statement

"Provide safe, clean, reliable, accessible and friendly public transportation services to our region."

Board of Directors

Carrin F. Patman
Chair

Jim Robinson
First Vice-Chair

Don Elder, Jr.
Second Vice-Chair

Troi Taylor
Secretary

Lex Frieden

Bob Fry

Christopher G.
Hollins

Terry Morales

Sanjay
Ramabhadran
(Ram)

President & Chief Executive Officer

Thomas C.
Lambert





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Metropolitan Transit Authority of Harris County
Texas**

For the Fiscal Year Beginning

October 01, 2020

Christopher P. Morill

Executive Director

A RESOLUTION

ADOPTING THE FISCAL YEAR 2022 BUSINESS PLAN & BUDGETS, AND MAKING FINDINGS AND PROVISIONS RELATED TO THE FOREGOING SUBJECT

WHEREAS, Section 451.102(a) of the Texas Transportation Code requires that the Metropolitan Transit Authority of Harris County, Texas (“METRO”) Board of Directors adopt an annual operating budget of all major expenditures by type and amount before the beginning of the fiscal year to which the budget applies and before the authority may conduct business in the fiscal year; and

WHEREAS, Section 451.102(b) of the Texas Transportation Code also requires that METRO hold a public hearing prior to adoption of the proposed budget and make such budget available for public review at least fourteen (14) days before the hearing date; and

WHEREAS, in compliance with the statutory requirements noted above, METRO has made its proposed Fiscal Year 2022 Business Plan and Budgets, including an annual operating budget of all major expenditures by type and amount, available to the public within the requisite timeframe and has held a public hearing regarding such budgets; and

WHEREAS, the METRO Board of Directors (“Board of Directors”) has reviewed such proposed budgets for Fiscal Year 2022 and has considered the public comments thereon.

NOW, THEREFORE, BE IT RESOLVED THAT:

Section 1. The Board of Directors hereby finds and declares that the proposed METRO Fiscal Year 2022 Business Plan & Budgets, including the annual operating budget of all major expenditures by type and amount, attached hereto as Exhibit A, includes the appropriate strategic priorities, operating principles and organizational structure necessary to implement the Board of Directors’ policies for METRO and that the prerequisites required by law for the consideration and adoption of the Fiscal Year 2022 Business Plan & Budgets have been satisfied.

Section 2. The Board of Directors hereby approves and adopts the Fiscal Year 2022 Business Plan & Budgets submitted by the President & CEO.

Section 3. The Board of Directors hereby approves and adopts an Operating Budget for Fiscal Year 2022 totaling \$740,545,900.

Section 4. The Board of Directors hereby approves and adopts a Capital Budget for Fiscal Year 2022 totaling \$276,823,259.

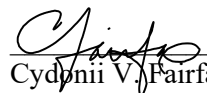
Section 5. The Board of Directors hereby approves and adopts a General Mobility Transfer Budget for Fiscal Year 2022 totaling \$188,646,606.

Section 6. The Board of Directors hereby approves and adopts a Debt Service Budget for Fiscal Year 2022 totaling \$105,523,359.

Section 7. The Board of Directors will receive reports at least quarterly on budgetary expenditures and fund availability as may occur subsequent to the beginning of Fiscal Year 2022.

Section 8. This Resolution is effective immediately upon passage.

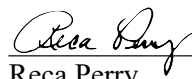
I hereby certify that the above resolution is accurate in describing the action herein of the Board of Directors on the date below.



Cydonii V. Fairfax
Executive Vice President & General Counsel

PASSED this 23rd day of September, 2021
APPROVED this 23rd day of September, 2021

ATTEST:




Recca Perry
Assistant Secretary


Carrin F. Patman
Chair

Summary of Contents

EXECUTIVE SUMMARY

An outline of the Authority's fiscal priorities and financial highlights

PREFACE

A summary of METRO's Board of Directors, Executive Leadership Team, the Authority's history, and a description of the region with economic highlights

OVERVIEW

METRO's service and ridership, workforce by department, budget summary, and year-to-year budget comparisons

FINANCIALS

Explains the Authority's basis of budgeting, its Operating and Capital budgets, plus its plans for the General Mobility Program and Debt Service

ORGANIZATION CHART

Shows METRO's departmental structure

DEPARTMENT SUMMARIES

Descriptions of departments, including their organizational charts, budgets, goals, strategies, and key performance indicators

APPENDICES

Includes relevant organizational policies and procedures, comparative statistics, supplemental demographic and economic data, a list of approved positions, a glossary of terms, and a list of acronyms

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Executive Summary



"We're all in this together."

During the last few years, people in greater Houston have often heard those words.

Whether facing major hurricanes, severe winter storms, or a global pandemic, Houstonians are known for supporting each other. At METRO, we're a part of the community and we do our part as well, whether it's providing buses to warm or cool people during weather extremes, transporting people to shelter, or just making sure essential workers can get to work every day.

This past year has been a challenging one for METRO. Ridership remains much lower than it was before COVID-19. In April 2020, overall ridership on our bus and rail lines had dropped to just under half of the pre-COVID total, while ridership on downtown Park & Ride routes had plummeted to below 10%. As more employees return to work on-site and students return to school, we are seeing ridership begin to increase but we expect that recovery will take time. It's also not yet clear how changes in the workplace will affect the types of service we will need to provide.

We can summarize METRO's strategy to face these challenges with three R's:

- **Restore** service to better match customer demand
 - We have begun reinstituting service gradually as needed.
 - We have additional service restoration planned for FY2022 and beyond.
- **Recruit** qualified applicants to join the METRO family
 - METRO needs many more [mechanics, bus and light rail operators, utility workers, and other personnel](#) to meet present and future service needs.
 - Job fairs, job outreach, advertising, and [bonuses for employee referrals](#) all help to get the word out.
- **Reshape** service to reflect changes in customer needs and the environment
 - The Gulfton Circulator, added in August 2021, and future Community Connector routes will provide new opportunities for people to get around in their communities.
 - As trends in remote and hybrid working continue to fluctuate, the service provided will be adjusted to meet riders' needs.



FY2022 Business Plan Goals

During this period of uncertainty, METRO will continue to stay the course, remaining focused on similar goals from the previous two fiscal years. These goals derived from discussion of the following topics:

1. **Manage costs to balance with revenues**
2. **Look to accelerate METRONext projects**
3. **Safety/accessibility/efficiency with all travel options/state of good repair**
4. **Visionary/forward thinking/innovation**
5. **Accountable leadership/organization**

Below are the goals METRO's Board of Directors has adopted for FY2022:

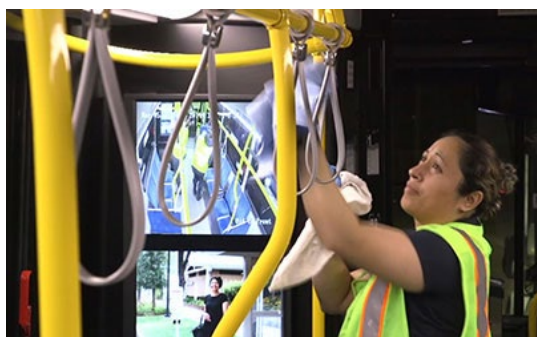
FY2022 Business Plan Goals
Create outstanding trip experiences for all users by connecting residents to more places, more often, in a safe and efficient environment.
Enhance communities and lives by providing high-quality mobility options for all service areas and users, which includes innovation and planning for the future.
Maintain assets in a State of Good Repair and continue implementation of METRONext to expand and improve transportation system infrastructure.
Increase public awareness and support for the regional transportation system, which includes collaboration with regional and national leadership.
Provide responsive, accountable, and trustworthy governance within the METRO organization.

With these goals in mind, each department of the Authority has examined its individual projected expenditures for FY2022. This budgeting approach helps METRO remain a good steward of public funds. The following pages list investments that METRO will make relating to each of the five goals, while the [Department Summaries](#) section includes each department's goals and strategies that fall under one or more of the goals. Budgeted and estimated year-end investments for FY2021 are included in that section to provide context for the FY2022 totals.

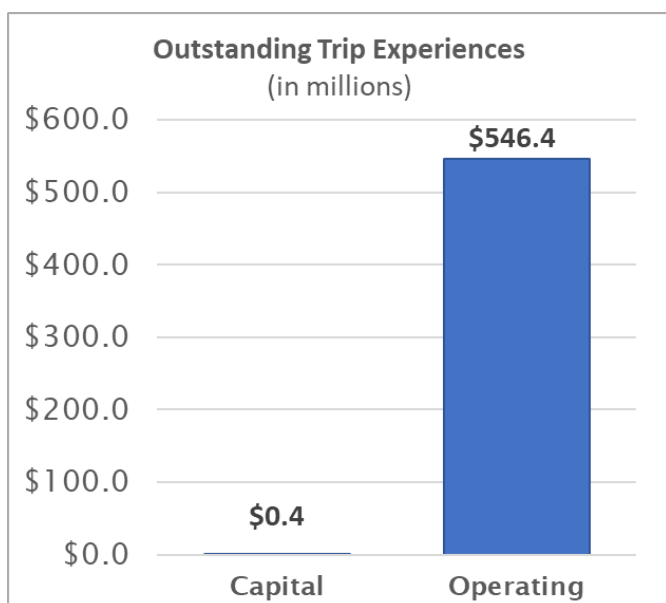
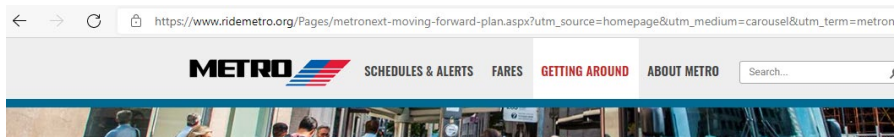
Detailed financial information from previous years can be found in METRO's [Comprehensive Annual Financial Reports](#), which are in the [Financial and Audit information section](#) on METRO's website, [RideMETRO.org](#). Current [monthly financial information](#) is posted in the same section.

Create outstanding trip experiences for all users by connecting residents to more places, more often, in a safe and efficient environment.

An outstanding, safe transit trip starts before you ever get on board. Our vehicles are cleaned every day, and we're continuing to disinfect frequently-touched surfaces both inside vehicles and at our bus stops and rail platforms. Our employees are masking up for your safety and theirs, in compliance with the Transportation Security Administration's [face mask requirement](#) for transit systems. Riders must also wear masks. Mask requirements are parts of METRO's participation in the American Public Transportation Association's [Health and Safety Commitments Program](#). Learn more about METRO's COVID-19 response at the [COVID-19 Resource Center](#).



If it's been a while since you've used our service and you want to make sure you're at the right place at the right time, you can find the latest route and service information at [RideMETRO.org](#) or our [RideMETRO app](#). And if you need personalized assistance, our Customer Service staff can help you find your way; just call 713-635-4000 to speak with a friendly representative.



Capital Budget

North Post Oak Pedestrian Bridge (TxDOT AFA)	\$ 0.4
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Operating Budget

Operations	\$ 446.2
METRO Police & Safety	48.6
Information Technology	26.0
Customer & Client Service	13.0
Procurement & Materials	12.6
	\$ 546.4

TOTAL INVESTMENT \$ 546.8

Enhance communities and lives by providing high quality mobility options for all service areas and users, which includes innovation and planning for the future.

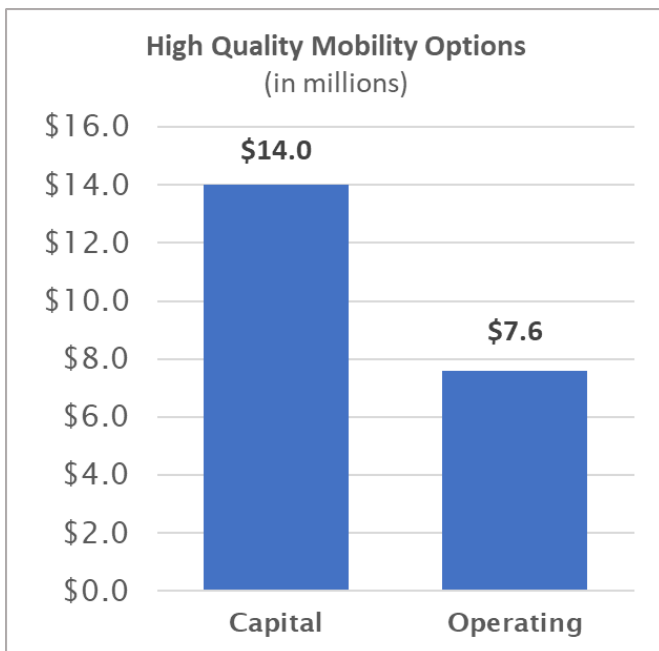


We all know that red on a stoplight means “stop,” but in FY2022, red on a street will mean “go” – that is, if you’re in a bus traveling on Milam or Travis Streets in downtown Houston during rush hour. The [Red Lanes Pilot Program](#) will make the bus-only designation of the rightmost lanes on those streets much more visible to all road users. Keeping those lanes free of other traffic will speed riders’ trips and reduce overall congestion on those critical transit streets.

At METRO, planning for the future includes making sustainable choices that reduce or avoid environmental impacts. To guide these efforts, METRO’s Board of Directors adopted the [Climate Action Plan Vision Statement](#) in August 2021. During FY2022, METRO staff will develop a Climate Action Plan to align with the city of Houston’s own [Climate Action Plan](#) as well as regional climate initiatives. METRO will also participate in the Federal Transit Administration’s [Sustainable Transit for a Healthy Planet Challenge](#).



Expanding the [West Bellfort Park & Ride lot](#) will make it easier for Southwest Freeway users to drive less and do more, while reducing their carbon footprint.



Capital Budget

West Bellfort Park & Ride Lot	\$ 14.0
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Operating Budget

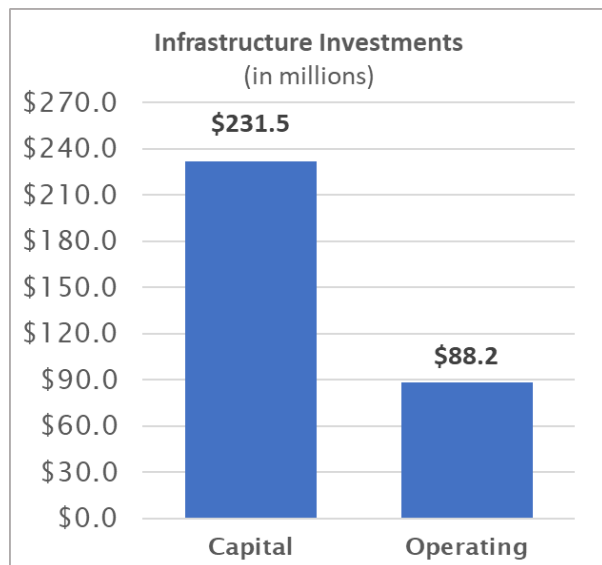
System & Capital Planning	\$ 4.6
Office of Innovation	
& Innovation Projects	2.7
Urban Design	0.3
	<u>\$ 7.6</u>

TOTAL INVESTMENT \$ 21.6

Maintain assets in a State of Good Repair and continue implementation of METRONext to expand and improve transportation system infrastructure.

It's commonly said that "if you build it, they will come," but the unspoken corollary is "if you maintain it, they will stay." Maintaining METRO's assets in a State of Good Repair (SOGR) means keeping our transit facilities, vehicles, and systems safe, clean, and in good condition to help keep our riders moving, while monitoring all our assets to see what needs repair, rehabilitation, or replacement. METRO has an ongoing vehicle-replacement program and will purchase electric and fuel cell buses and paratransit vans along with clean diesel buses in FY2022.

METRO's research has shown that adding bus shelters to often-used bus stops can increase ridership at those locations. Perhaps the next part of the adage could be, "If you improve it, even more will come." METRO's [BOOST \(Bus Operations Optimized System Treatments\) Network](#), part of the METRONext plan, is upgrading sidewalks, crosswalks, accessibility, and shelters on the highly traveled 54 Scott, 56 Airline/Montrose, and 82 Westheimer routes. These improvements will make it easier for riders to walk or roll to bus stops, and digital real-time information will inform them of when their bus will arrive. Click on the picture of the bus below to watch a video about the BOOST Network. We will also continue METRONext pre-planning activities, such as the University Bus Rapid Transit project and the METRORapid Inner Katy Corridor project.



Capital Budget

Facility SOGR Upgrades	\$ 58.4
Rolling Stock Replacement	44.5
METRORail FFGA Commitment	38.5
BOOST Program	32.1
Rolling Stock SOGR	25.8
Improvement	17.0
Systems SOGR Upgrades	8.5
New Passenger Bus Shelters	4.7
Bi-Directional Diamond Lanes	1.4
Missouri City Park & Ride	0.5
	<u>\$ 231.5</u>

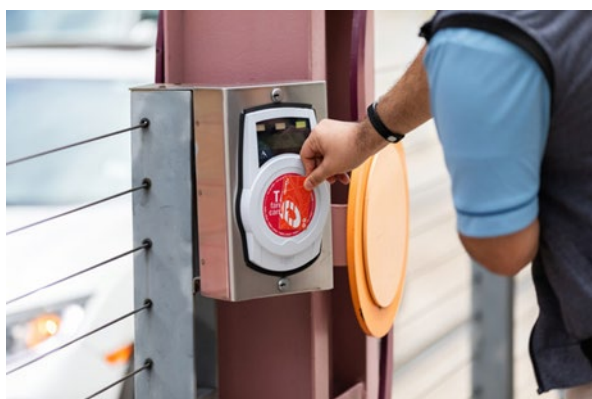
Operating Budget

Facilities Maintenance	\$ 44.7
METRONext Pre-Planning	34.7
METRONext Service Enhancement	7.5
Transit Asset Management	0.9
Engineering & Capital Projects	0.4
	<u>\$ 88.2</u>

TOTAL INVESTMENT \$ 319.7

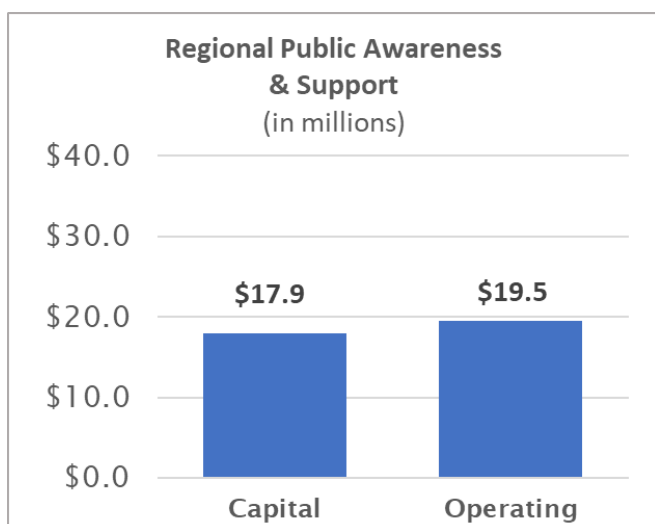


*Increase public awareness and support for the regional transportation system,
which includes collaboration with regional and national leadership.*



METRO's Communications, Public Engagement, and Government Affairs groups want to make sure that everyone knows about METRO, its services, and how to ride. Part of getting the word out about METRO is working with regional partners to spread the news and serve riders better. Although METRO riders already know that they can start their journey with the tap of a card, in the future they will be able to use the same fare system to connect seamlessly to other transit systems in our region as well. Our next generation account-based fare system will offer riders more ways to pay fares, quickly and conveniently.

The new Northline Transit Center, located next to the northernmost Red Line rail station, will bring easier and faster trips to the riders who use it. The facility will have covered bus bays to protect riders from the elements and a design that makes it easier for buses to move in and out of the transit center. Click [here](#) for more information about the project.



Capital Budget

Automated Fare Collection System	8.9
Northline TC and Parking	7.1
Cypress T-Ramp	1.9
	<u>\$ 17.9</u>

Operating Budget

Communications	\$ 16.8
Public Engagement	1.6
Government Affairs	1.1
	<u>\$ 19.5</u>

TOTAL INVESTMENT \$ 37.4

Provide responsive, accountable, and trustworthy governance within the METRO organization.

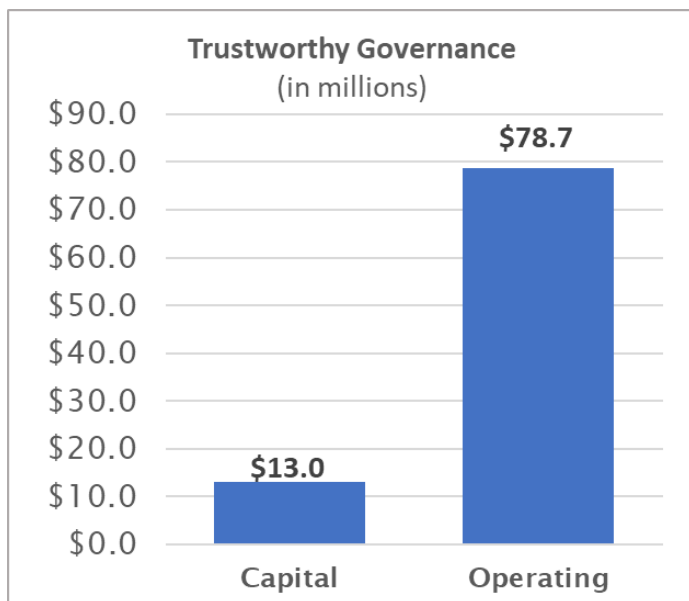


Texas Comptroller of Public Accounts

Our ratings and recognition demonstrate METRO’s commitment to transparency, accountability, and good governance. All [Board and committee meetings](#) can be viewed at www.ridemetro.org. Our [finances](#), including our [check register](#), are also available online. These are among the reasons why METRO has received one or more Transparency Stars for the past ten years from the [Texas Comptroller of Public Accounts](#) along with multiple Certificates of Achievement for Excellence in Financial Reporting and Distinguished Budget Presentation Awards from the [Government Finance Officers Association](#). In FY2021, METRO earned the Transparency Star for Public Pensions for the first time.

METRO has earned high marks for creditworthiness. [Standard & Poor’s Global Ratings](#) has affirmed its “AAA” rating on the Authority’s parity sales tax debt outstanding. S&P Global stated that despite the onset and continuation of the COVID-19 pandemic, METRO’s sales tax collections are relatively stable and continue to provide extraordinary debt service coverage exceeding five times maximum annual debt service. METRO also maintains an “AAA” bond rating from the Kroll Bond Rating Agency, LLC.

To maintain these high standards, METRO’s Operating Budget includes funding for departments that handle matters of compliance with laws and regulations, management, and administration.



Capital Budget

IT Systems Upgrades	\$ 10.6
Fire/Life/Safety Rehabilitation	1.7
Facility Environmental Upgrades	0.8
	<u>\$ 13.0</u>

Operating Budget

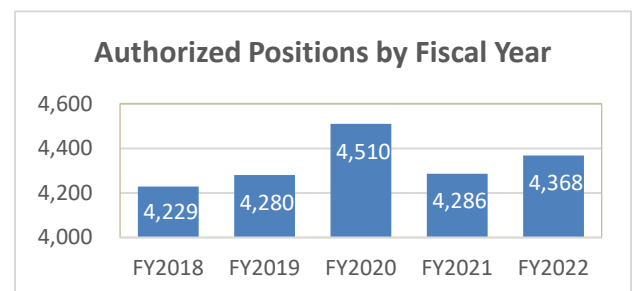
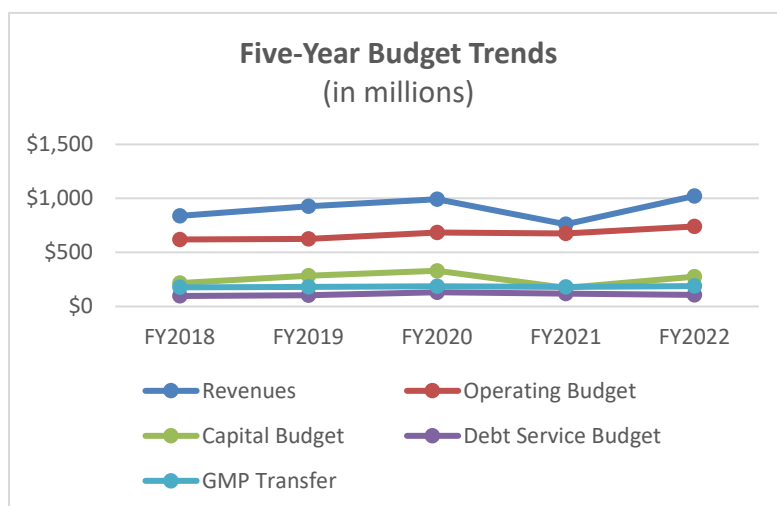
President & CEO's Allowance & Contingency	\$ 25.2
Human Resources	26.9
Finance	10.7
Executive Office, Board, & Authority Administration	10.0
Legal	4.5
Audit	1.4
	<u>\$ 78.7</u>

TOTAL INVESTMENT \$ 91.7

Budget Highlights

The highlights of METRO's FY2022 Business Plan and Budget are shown in the table below. Graphs underneath depict five-year budget trends for each major budget category.

	FY2022 Proposed Budget Amount	Change from FY21 Budget	Major Change Drivers	Locations of Additional Information
Revenues	\$1,009,410,666	+32.7%	COVID-19 recovery grants, increases in bond proceeds and sales tax revenues	Revenues, Appendix I
Operating Budget	\$740,545,000	+9.5%	Service restoration to meet customer demand; continued METRONext pre-planning	Major Increases & Decreases; Authority Budget Summary
Capital Budget	\$276,823,259	+60.9%	Purchases of electric buses with charging stations, overhauling light rail vehicles, and continuing progress on METRONext Moving Forward	Capital Budget
Debt Service Budget	\$105,523,359	-11.3%	Refunding of previously issued bonds	Debt Service Budget
General Mobility Program Transfer	\$188,646,606	+4.9%	Anticipated increase in sales tax receipts	General Mobility Program, Appendix I
Authorized Positions	4,368	+82 positions	Continued restoration of service; implementation of METRONext; additional investment in State of Good Repair	Workforce by Department; Appendix H

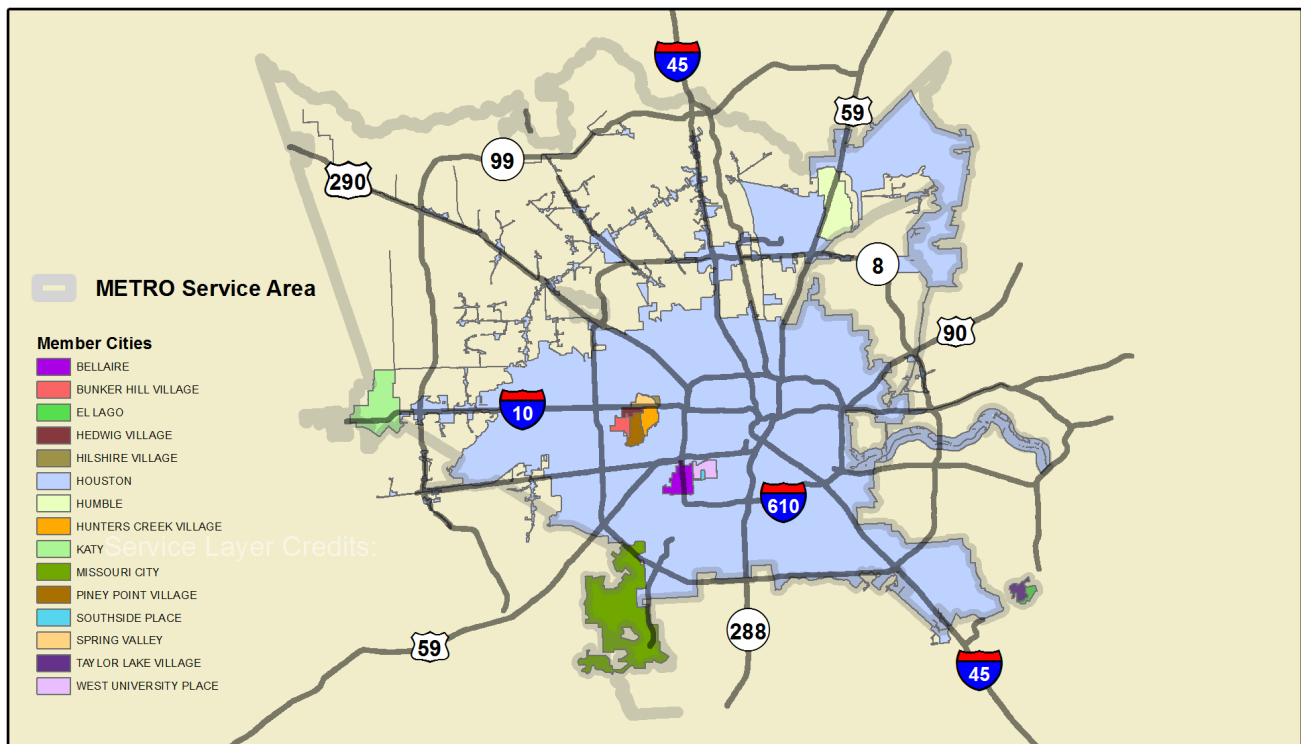


During these unprecedented times, METRO remains committed to providing safe, clean, reliable, accessible, and friendly public transportation to the Houston region. As we continue the process of getting back on track, we wish for everyone to stay safe and know that together, we will get through this.

Preface

The Metropolitan Transit Authority of Harris County, Texas (the “Authority” or “METRO”) is a metropolitan mass 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. METRO serves 4.04 million people in an area spanning 1,309 square miles. This area includes 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, in addition to significant portions of unincorporated Harris County. METRO is funded primarily from a one-cent sales tax collected on taxable transactions within the service area. Retaining just over 75% of the tax, METRO transfers the remainder to the General Mobility Program (GMP), which funds eligible street construction and mobility projects in METRO’s constituent entities. More information on METRO’s revenues and the GMP can be found in their respective sections in this document.

On November 5, 2019, voters approved bond funding for the METRONext Moving Forward Plan, which calls for 75 miles of new METRORapid service that operates like light rail, along with expansions to two-way HOV lanes, Park & Rides, transit centers, light rail, and Community Connector service. The plan also proposes enhancements to local bus stops, including improved accessibility, and upgraded safety and security measures. METRONext projects are already underway; work has begun to improve speed, reliability, and access on the 54 Scott and 56 Airline/Montrose bus routes.



METRO's Governing Principles

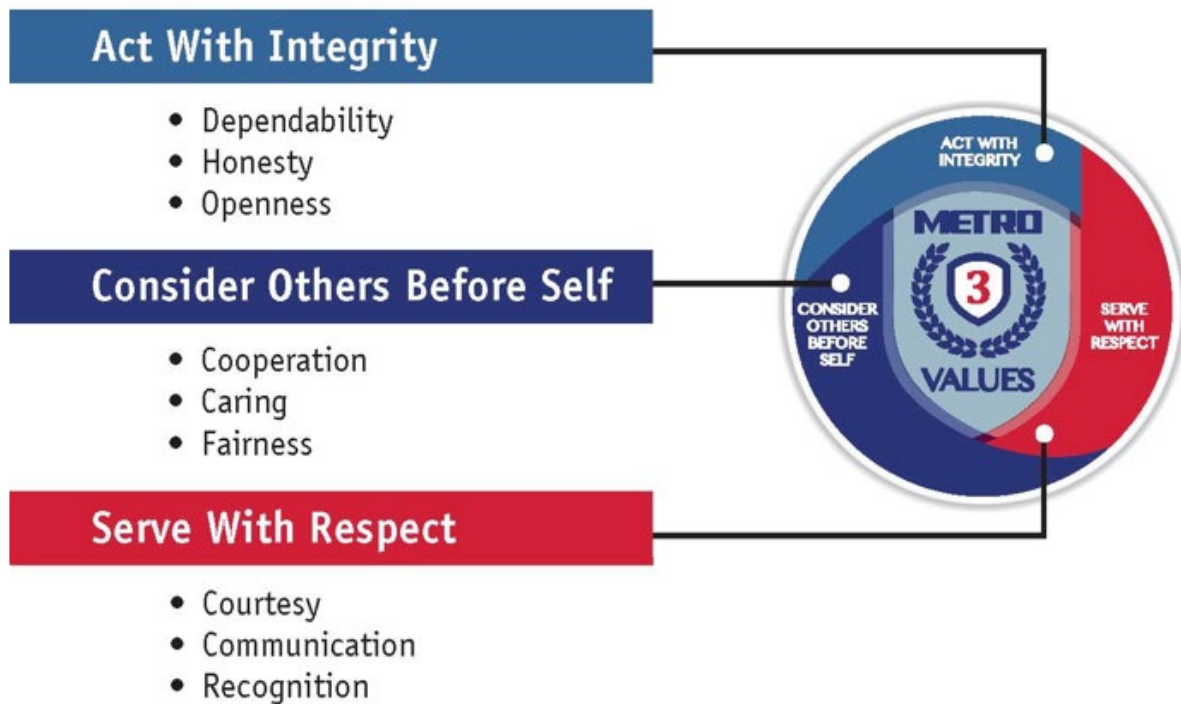
Mission

To provide safe, clean, reliable, accessible, and friendly public transportation services to our region.

Vision

Through collaborative relations and innovative approaches, METRO will be an industry leader in delivering timely and efficient service that is transformative by providing multi-modal interactions for communities to connect to everyday work and life opportunities.

Values



Board of Directors

The Board of Directors has nine members. Five are nominated by the mayor of Houston and confirmed by Houston City Council (C). Two are appointed by the mayors of METRO's 14 other member cities (M). Two are appointed by the Harris County Commissioners Court (H). Clicking on members' names will link you to their biographies on METRO's website.



[Carrin F. Patman,
Chair \(C\)](#)



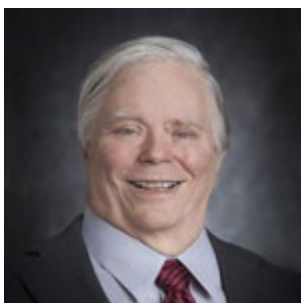
[Jim Robinson, CFE,
First Vice-Chair \(H\)](#)



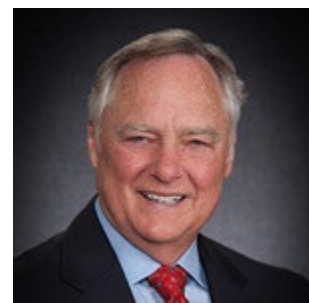
[Don Elder Jr.,
Second Vice-Chair \(M\)](#)



[Troi Taylor,
Secretary \(C\)](#)



[Lex Frieden \(C\)](#)



[Robert A. Fry, Jr. \(M\)](#)



[Christopher G. Hollins \(H\)](#)



[Terry Morales \(C\)](#)



[Sanjay Ramabhadran \(Ram\), P.E. \(C\)](#)

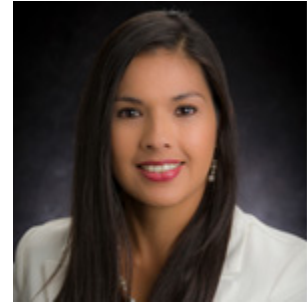
Executive Leadership Team



[Thomas C. Lambert,](#)
[President & Chief Executive Officer](#)



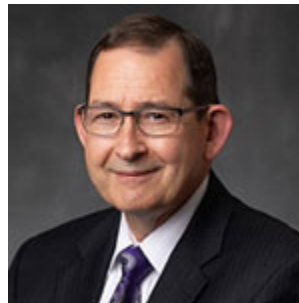
[Thomas Jasien,](#)
[Deputy Chief Executive Officer](#)



[Rosa Diaz-Hernandez,](#)
[Director of Board Support](#)



[Vera Bumpers,](#)
[Chief of Police](#)



[Alan C. Clark,](#)
[Chief Strategy Officer](#)



[Cydonii V. Fairfax,](#)
[Executive Vice President](#)
 [& General Counsel](#)



[John Garcia, CPA,](#)
[Vice President & Chief Auditor](#)



[Jerome Gray,](#)
[Executive Vice President](#)
 [& Chief Communications Officer](#)



[Shrikanth \(Shri\) J. Reddy,](#)
[Executive Vice President,](#)
[Planning, Engineering, &](#)
[Construction](#)



[Debbie Sechler,](#)
[Executive Vice President,](#)
[Administration](#)



[Andrew Skabowski,](#)
[Executive Vice President](#)
 [& Chief Operating Officer](#)



[Arthur C. Smiley III,](#)
[Senior Vice President &](#)
[Chief Financial Officer](#)

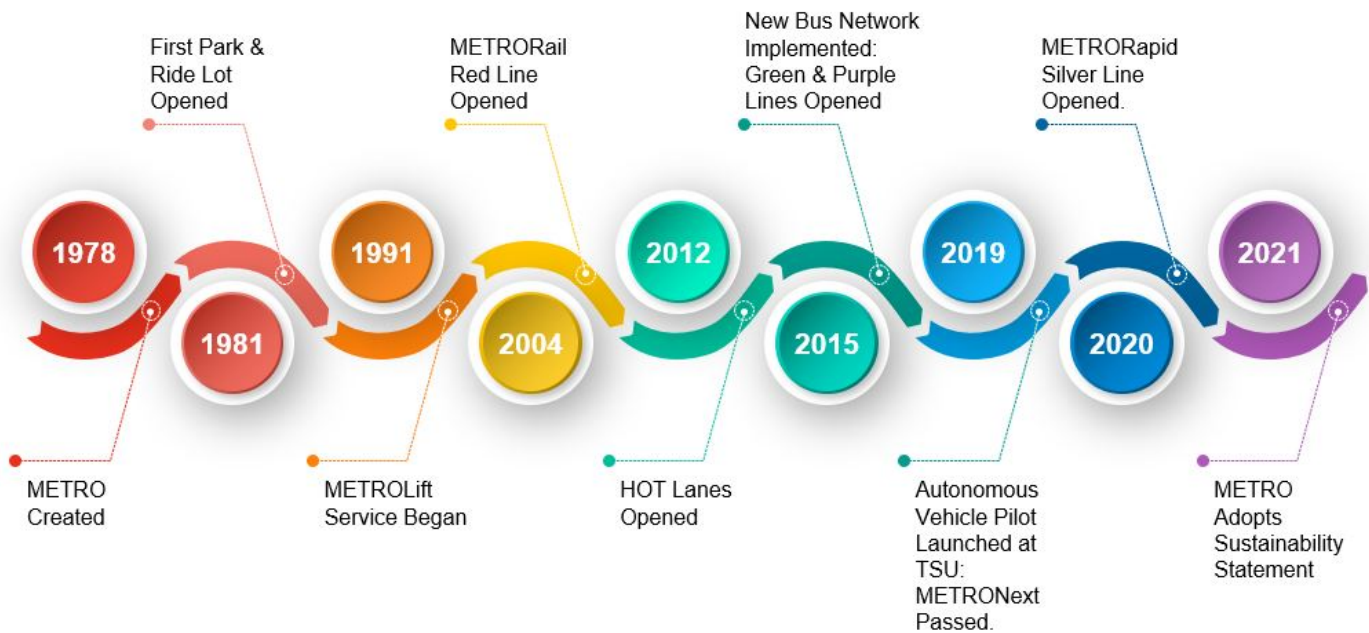


[Alva I. Treviño,](#)
[Executive Vice President,](#)
[Special Projects](#)



[Kimberly J. Williams,](#)
[Chief Innovation Officer](#)

Broad METRO History



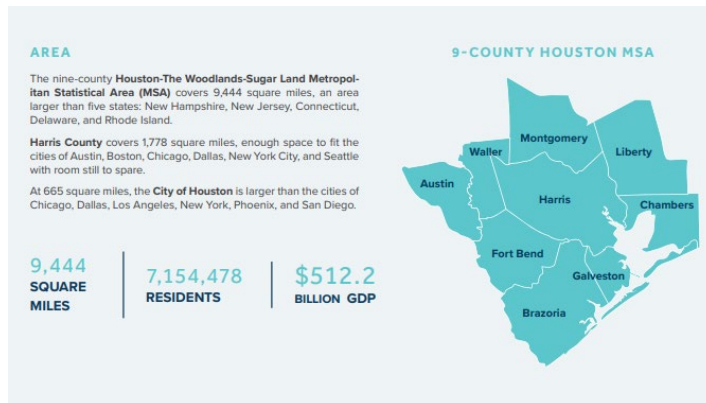
The Texas State Legislature authorized the creation of metropolitan rapid transit authorities in 1973. In 1978, Houston-area voters created METRO and approved a one-cent sales tax to support its operations. METRO opened for business in January 1979. Since then, the Authority has transformed a broken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

Today, METRO has a well-established transit system. At present, METRO has 1,545 buses and transit vans in active service on 87 local bus routes, one BRT route, and 16 Park & Ride routes. This level of service has been adjusted to meet customer demand due to COVID-19. The system also includes 76 light rail vehicles on three lines and a regional system of 192.5 miles of HOV/HOT lanes. METRO operates 105.3 of the 192.5 miles.

Overview of the Region and Service Area



METRO's service area population is 4.04 million. The surrounding metropolitan statistical area (MSA) of Houston – The Woodlands – Sugar Land encompasses nine counties in Texas and has a population of 7.15 million, making it the fifth largest MSA in the nation. METRO serves 15 cities in the area as well as major portions of unincorporated Harris County. Between 2010 and 2019 (the period for which the Bureau of the Census released its most recent population estimates), metro Houston added 1,145,654 residents, the second largest gain of any U.S. metro over that period. Since 2010, more than 600,000 people have moved to the Houston region.



If the MSA were an independent nation, it would rank as the world's 27th largest economy behind Belgium (\$529.7 billion) and ahead of Nigeria (\$448.1 billion).

POPULATION TOTALS

Census Year	Metro Houston	Harris County	City of Houston
1850	27,984	4,668	2,396
1860	55,317	9,070	4,845
1870	80,866	17,375	9,382
1880	112,053	27,985	16,513
1890	137,800	37,249	27,557
1900	202,438	63,786	44,633
1910	252,066	115,693	78,800
1920	348,661	186,667	138,276
1930	545,547	359,328	292,352
1940	752,937	528,961	384,514
1950	1,083,100	806,701	596,163
1960	1,594,894	1,243,158	938,219
1970	2,195,146	1,741,912	1,232,802
1980	3,135,806	2,409,544	1,594,086
1990	3,750,411	2,818,199	1,637,859
2000	4,693,161	3,400,578	1,953,631
2010	5,920,416	4,092,459	2,099,451
2011	6,056,008	4,179,279	2,123,298
2012	6,183,119	4,262,549	2,158,700
2013	6,327,622	4,352,419	2,196,367
2014	6,499,375	4,454,951	2,238,653
2015	6,670,803	4,556,559	2,283,616
2016	6,806,315	4,622,836	2,306,360
2017	6,898,912	4,655,798	2,313,079
2018	6,974,948	4,676,913	2,314,478
2019	7,063,400	4,709,243	2,315,720
2020	7,154,478	4,738,253	2,316,120

Source: U.S. Census Bureau, Decennial and 2019 Population Estimates; Texas Almanac

Recent Economic Highlights

The U.S. Bureau of Economic Analysis estimated the Houston MSA's Gross Domestic Product (GDP) at \$512.2 billion in 2019, ranking it as the nation's seventh largest metro economy. If Houston were a state, its GDP would rank 14th, behind Michigan (\$536.9 billion) and ahead of Maryland (\$426.7 billion) and Colorado (\$393.0 billion).

If the MSA were an independent nation, it would rank as the world's 27th largest economy, behind Belgium (\$529.7 billion) and ahead of Nigeria (\$448.1 billion).

Selected Key Economic Indicators for 2020:

The Houston Association of Realtors' Multiple Listing Service recorded closings on 115,523 properties (includes single-family homes, townhomes, condos, high rises, etc.), an average of one every 4.5 minutes.

Houston MSA automobile dealers sold 248,034 new cars, trucks and SUVs, an average of one every 2.1 minutes.

The Houston Airport System handled 24.7 million passengers, an average of 47 passengers per minute.

Metro Houston added 469,600 jobs between December 2010 and December 2020.

From December 2010 to December 2019, metro Houston ranked sixth in the nation in job growth with 387,200 jobs, a 14.8 percent increase.

Houston has the second lowest living costs among the 20 most populous metro areas, according to the C2ER Cost of Living Index for 2020. Houston's living costs are 4.8 percent below the nationwide average and 26.4 percent below the average of the nation's 20 most populous metropolitan areas.

Sources:

- Greater Houston Partnership, *Houston Facts, 2021*
- Greater Houston Partnership, *Economic Highlights, 2021*
- Houston Association of Realtors, *August 11, 2021 MLS Report*

Overview

Service Summary



Transit System

The Authority's purpose is to develop, operate, and maintain a mass transit system to serve the residents within and visitors to its service area. METRO will deploy its resources effectively to meet its customers' needs by implementing the following goals:

- Create Outstanding Trip Experiences
- Provide High Quality Mobility Options
- Maintain Accessible Infrastructure Investments
- Increase Regional Public Awareness & Support
- Provide Trustworthy Governance

The Authority's transit system has these components:

Bus System – Due to COVID-19, the Authority is currently adjusting services to meet customer demand with an active revenue fleet of 1,545 buses and vans, including 672 diesel buses, 86 CNG buses, 398 40/45-foot hybrid buses, 14 Bus Rapid Transit buses, 39 alternative service vehicles, 166 METROLift microtransit vehicles, and 170 METROLift paratransit service vans. Prior to the pandemic, METRO had 1,412 vehicles in active revenue service and did not have any microtransit vehicles. Its passenger facilities include over 9,000 active bus stops and 38,485 parking spaces.

METRO began its first Bus Rapid Transit service, the METRORapid Silver Line, on August 23, 2020. This route, which runs along Post Oak Boulevard in its own lane, connects Uptown Houston with two major transit centers and 17 bus routes.

METRO's Community Connector provides demand-response, curb-to-destination service within a specified zone. Passengers may contact METRO to schedule a ride originating within the service zone to other destinations within the zone or to connect with local and Park and Ride routes that are within the service zone. Currently, METRO operates Community Connector routes in the Acres Homes area, Missouri City and Northeast Houston.

HOV/HOT Lane System - The High Occupancy Vehicle/Toll (HOV/HOT) 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. With the addition of 7.4 miles of HOV lanes on US 290 in FY 2020, there are 192.5 miles of HOV lanes in Houston freeways. METRO operates 105.3 of the 192.5 miles.

Light Rail System - The Red Line, the Authority's first light rail line, began operation on January 1, 2004. Now extended to 12.8 miles, the line begins at the Northline Transit Center, serving HCC Northeast and Northline Commons mall, and then continues south through Houston's Central Business District, Midtown, the Museum District, Rice University, the Texas Medical Center, and the NRG Park Complex to the Fannin South Transit Center.

The Authority opened two additional light rail lines in FY2015, the Purple (Southeast) and Green (East End) Lines. Destinations served by these lines include Texas Southern University, the University of Houston, BBVA Compass Stadium, and the Theater District. These new lines added another 9.9 miles of light rail. In total, METRO operates 22.7 miles of light rail service.

Paratransit Service - The Authority's METROLift paratransit service uses both METRO-owned lift-equipped vans and contractor-owned and operated accessible minivans to provide trips to over 18,000 eligible riders. Feeder service, implemented in January 2017, enables METROLift customers to request same-day service from their home to the nearest transit center, Park & Ride lot, or rail station free of charge.

Commuter Vanpool Service – The Authority's METRO STAR commuter vanpool program serves an eight-county region and is one of the largest vanpool programs in the nation. Vanpools work well for long commutes not served by fixed-route transit. Riders share the cost of the leased vans and fuel and use METRO's HOV/HOT network at no charge.



FY2022 Service Levels Budget

Resources	Fixed Route					Customized Service			
	<u>Contracted</u>		<u>Special</u>	<u>Total Bus</u>		<u>Internal</u>	<u>METRO</u>		
	<u>METRO Bus*</u>	<u>Bus</u>	<u>Events</u>	<u>Total Bus</u>	<u>Rail</u>	<u>and Rail</u>	<u>Service</u>	<u>METROLift</u>	<u>STAR</u>
Revenue Miles	32,410,835	9,156,628	0	41,567,464	2,120,936	43,688,399	0	15,741,136	
Revenue Hours	2,384,774	669,387	0	3,054,161	193,029	3,247,191	0	1,082,973	
Total Miles	37,164,054	10,602,883	0	47,766,937	2,134,079	49,901,017	0	19,326,293	
Total Hours	2,569,557	722,833	0	3,292,390	195,237	3,487,627	0	1,276,173	
Number of Vans									294

FY2021 Service Levels Estimate

Resources	Fixed Route					Customized Service		
	<u>Contracted</u>		<u>Special</u>	<u>Total Bus</u>	<u>Rail</u>	<u>Total Bus</u>	<u>Internal</u>	<u>METRO</u>
	<u>METRO Bus</u>	<u>Bus</u>	<u>Events</u>			<u>and Rail</u>	<u>Service</u>	<u>METROLift</u>
Revenue Miles	29,158,825	8,151,202	18,897	37,328,924	1,726,062	39,054,986	183	12,441,439
Revenue Hours	2,164,531	601,695	3,341	2,769,567	157,236	2,926,803	32	865,880
Total Miles	33,016,612	9,268,615	18,897	42,304,124	1,734,286	44,038,410	183	15,297,575
Total Hours	2,315,256	601,695	3,341	2,920,292	158,634	3,078,926	32	1,048,087
Number of Vans								

FY2021 Service Levels Budget

Resources	Fixed Route					Customized Service			
	<u>Contracted</u>		<u>Special</u>	<u>Total Bus</u>		<u>Internal</u>	<u>METRO</u>		
	<u>METRO Bus*</u>	<u>Bus</u>	<u>Events</u>	<u>Total Bus</u>	<u>Rail</u>	<u>and Rail</u>	<u>Service</u>	<u>METROLift</u>	<u>STAR</u>
Revenue Miles	30,958,076	6,533,435	0	37,491,511	1,649,920	39,141,431	0	15,683,259	
Revenue Hours	2,512,632	523,257	0	3,035,889	161,848	3,197,737	0	1,095,544	
Total Miles	35,600,582	7,476,228	0	43,076,810	1,659,614	44,736,424	0	18,683,163	
Total Hours	2,699,280	560,434	0	3,259,714	163,491	3,423,205	0	1,303,144	
Number of Vans									401

*Includes Bus Rapid Transit (BRT)

Change to Service Levels: FY2020 Estimate to FY2021 Proposed Budget

<u>Resources</u>	<u>Fixed Route</u>					<u>Customized Service</u>		
	<u>Contracted</u>	<u>Special</u>	<u>Total Bus</u>	<u>Rail</u>	<u>Total Bus and Rail</u>	<u>Internal</u>	<u>METROLift</u>	<u>METRO</u>
	<u>METRO Bus</u>	<u>Bus</u>				<u>Service</u>		<u>STAR</u>
Revenue Miles	3,252,010	1,005,426	-18,897	4,238,540	394,874	4,633,413	-183	3,299,697
Revenue Hours	220,243	67,692	-3,341	284,595	35,793	320,388	-32	217,093
Total Miles	4,147,442	1,334,268	-18,897	5,462,813	399,793	5,862,607	-183	4,028,718
Total Hours	254,301	121,138	-3,341	372,098	36,603	408,701	-32	228,086
Number of Vans								126

<u>Resources</u>	<u>Fixed Route</u>					<u>Customized Service</u>		
	<u>Contracted</u>	<u>Special</u>	<u>Total Bus</u>	<u>Rail</u>	<u>Total Bus and Rail</u>	<u>Internal</u>	<u>METROLift</u>	<u>METRO</u>
	<u>METRO Bus</u>	<u>Bus</u>				<u>Service</u>		<u>STAR</u>
Revenue Miles	11.15%	12.33%	-100.00%	11.35%	22.88%	11.86%	-100.00%	26.52%
Revenue Hours	10.18%	11.25%	-100.00%	10.28%	22.76%	10.95%	-100.00%	25.07%
Total Miles	12.56%	14.40%	-100.00%	12.91%	23.05%	13.31%	-100.00%	26.34%
Total Hours	10.98%	20.13%	-100.00%	12.74%	23.07%	13.27%	-100.00%	21.76%
Number of Vans								75.00%

Change to Service Levels: FY2021 Budget to FY2022 Proposed Budget

<u>Resources</u>	<u>Fixed Route</u>					<u>Customized Service</u>			
	<u>Contracted</u>		<u>Special</u>	<u>Total Bus</u>	<u>Rail</u>	<u>Total Bus and Rail</u>	<u>Internal Service</u>	<u>METRO</u>	
	<u>METRO Bus</u>	<u>Bus</u>	<u>Events</u>					<u>METROLift</u>	<u>STAR</u>
Revenue Miles	1,452,759	2,623,194	0	4,075,953	471,015	4,546,968	0	57,877	
Revenue Hours	-127,858	146,131	0	18,272	31,181	49,454	0	-12,571	
Total Miles	1,563,473	3,126,655	0	4,690,128	474,465	5,164,593	0	643,130	
Total Hours	-129,723	162,398	0	32,676	31,746	64,422	0	-26,971	
Number of Vans									-107

<u>Resources</u>	<u>Fixed Route</u>					<u>Customized Service</u>			
	<u>Contracted</u>		<u>Special</u>	<u>Total Bus</u>	<u>Rail</u>	<u>Total Bus and Rail</u>	<u>Internal Service</u>	<u>METRO</u>	
	<u>METRO Bus</u>	<u>Bus</u>	<u>Events</u>					<u>METROLift</u>	<u>STAR</u>
Revenue Miles	4.69%	40.15%		10.87%	28.55%	11.62%		0.37%	
Revenue Hours	-5.09%	27.93%		0.60%	19.27%	1.55%		-1.15%	
Total Miles	4.39%	41.82%		10.89%	28.59%	11.54%		3.44%	
Total Hours	-4.81%	28.98%		1.00%	19.42%	1.88%		-2.07%	
Number of Vans									-26.68%

The forecast boardings for FY2022 show an expectation of increased ridership due to vaccinations, in-person schooling, employees returning to on-site work, etc.

Boardings by Service Category

	FY2020 Actual	FY2021 Estimate	FY2022 Budget	Budget-to-Estimate Variance	
				#	%
Fixed-Route Service					
Local/Bus Rapid Transit	45,485,551	34,285,084	45,720,951	11,435,867	33.4%
Park & Ride	4,069,749	1,475,287	2,701,887	1,226,600	83.1%
Subtotal Fixed-Route Bus	49,555,300	35,760,371	48,422,837	12,662,466	35.4%
METRORail	13,000,535	9,068,624	14,376,332	5,307,708	58.5%
Subtotal Fixed-Route Service	62,555,835	44,828,995	62,799,169	17,970,174	40.1%
Special Events*	85,925	3,116	-	(3,116)	-100.0%
Total Fixed-Route	62,641,760	44,832,111	62,799,169	17,967,058	40.1%
Customized Services					
METROLift	1,551,223	1,239,919	1,698,832	458,913	37.0%
METRO STAR Vanpool	887,217	276,233	483,408	207,175	75.0%
Internal Service	112	-	-	-	
Subtotal Customized Services	2,438,552	1,516,152	2,182,240	666,088	43.9%
Total Fixed-Route and Customized Services	65,080,312	46,348,263	64,981,409	18,633,146	40.2%
HOV/HOT Carpools, Vanpools, and Non-METRO Buses	14,687,543	9,614,792	16,825,886	7,211,094	75.0%

Workforce by Department

Authority	FY2020		FY2021		FY2022
	End of Year Authorized Headcount	Actual	End of Year Authorized Headcount	Projected	End of Year Authorized Headcount
Operations & Customer Service	3,522	3,213	3,332	3,018	3,392
Union FT	2,714	2,502	2,552	2,352	2,584
Union PT	89	71	89	51	89
Non-Union FT	717	639	690	614	718
Non-Union PT	2	1	1	1	1
Planning, Engineering & Construction	46	40	50	35	60
EVP Planning, Engineering & Construction	2	2	14	5	23
Construction	8	8	6	6	7
Capital & Environmental Planning	17	16	17	14	17
Engineering & Capital Project	19	14	13	10	13
Administration	255	246	262	236	266
EVP Administration	2	2	2	2	2
Information Technology	74	72	74	69	75
Human Resources	54	48	55	46	56
Procurement & Materials	120	118	124	113	126
Union FT	61	60	61	61	61
Non-Union FT	59	58	63	52	65
Transit Asset Management	5	6	7	6	7
Government & Public Affairs	50	43	44	40	44
Deputy CEO	2	2	2	2	2
Public Engagement	10	10	9	9	9
Government Affairs	3	3	3	3	3
Client & Vanpool Ridership Services	34	28	29	26	29
Urban Design	1	-	1	-	1
Audit	11	8	9	9	9
Legal	19	18	19	17	19
Finance	80	74	77	69	77
Office of Innovation	5	4	5	4	5
Communications	40	37	39	38	39
EVP, Communications	3	3	5	5	5
Press Office	7	7	7	6	7
Marketing & Corporate Communications	29	26	26	26	26
Partnership Promotions	1	1	1	1	1
METRO Police	427	321	389	299	389
Non-Union FT	373	287	341	268	341
Non-Union PT	54	34	48	31	48
Safety	46	42	49	40	50
Non-Departmental	-	-	-	-	-
President & CEO Contingency	-	-	-	-	8
Executive & Board	9	9	11	10	11
Total Union	2,864	2,633	2,702	2,464	2,734
Total Non-Union	1,646	1,422	1,584	1,351	1,635
Total Workforce	4,510	4,055	4,286	3,815	4,369

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

Total Full-Time Workforce (Union and Non-Union)	4,365	3,949	4,148	3,732	4,231
Total Part-Time Workforce (Union and Non-Union)	145	106	138	83	138

FY2022 Operating Budget Workforce Additions/Deletions

Department	Position	Additions	Deletions
Operations & Customer Service: Facilities Maintenance	General Maintenance Mechanic	7	
Operations & Customer Service: Facilities Maintenance	Licensed Journey Mechanical	4	
Operations & Customer Service: Facilities Maintenance	Licensed Journey Plumber	1	
Operations & Customer Service: Facilities Maintenance	Licensed Maintenance Mechanic	3	
Operations & Customer Service: Facilities Maintenance	Master Technician	1	
Operations & Customer Service: Facilities Maintenance	Utility Worker	3	
Operations & Customer Service: METRORail	LRT Operator	12	
Operations & Customer Service: METRORail	Utility Worker Rail Trainee	1	
	Total Union	32	0
Operations & Customer Service: Contract & Paratransit Services	METROLift Quality Monitor	1	
Operations & Customer Service: Contract & Paratransit Services	Office Assistant	1	
Operations & Customer Service: Facilities Maintenance	Chief Plant Officer	1	
Operations & Customer Service: Facilities Maintenance	Controls Automation Specialist	1	
Operations & Customer Service: Facilities Maintenance	General Foreman	2	
Operations & Customer Service: Facilities Maintenance	Project Managers	2	
Operations & Customer Service: Facilities Maintenance	Public Facility Supervisor - Sign Mtce	1	
Operations & Customer Service: Facilities Maintenance	Quality Coordinator	1	
Operations & Customer Service: Facilities Maintenance	Special Lead Technician - Sign Shop	1	
Operations & Customer Service: Facilities Maintenance	Facility Supervisor - Transtar	1	
Operations & Customer Service: METRORail	Director, Rail LRV Maintenance	1	
Operations & Customer Service: METRORail	Signals & Communications Supervisor	1	
Operations & Customer Service: Operations Engineering & HOT Lane	ARGO Systems Operator	1	
Operations & Customer Service: Operations Engineering & HOT Lane	Electrical Engineer	1	
Operations & Customer Service: Operations Engineering & HOT Lane	Engineering Project Manager	1	
Operations & Customer Service: Operations Engineering & HOT Lane	Graduate Engineer - Safety	1	
Operations & Customer Service: Operations Engineering & HOT Lane	Graduate Engineer - Transportation	3	
Operations & Customer Service: Operations Engineering & HOT Lane	Graduate Engineer - Project Management	2	
Operations & Customer Service: Operations Engineering & HOT Lane	Manager Traffic Signal Maintenance	1	
Operations & Customer Service: Operations Engineering & HOT Lane	Manager, Engineering Project Management	1	
Operations & Customer Service: Operations Engineering & HOT Lane	Rail Signal Engineer	1	
Operations & Customer Service: Operations Management Support	Bus Maintenance Analyst	1	
Operations & Customer Service: Operations Training	Office Assistant	1	
Planning, Engineering & Construction: EVP PEC	Civil Manager	1	
Planning, Engineering & Construction: EVP PEC	Commercial Manager	1	
Planning, Engineering & Construction: EVP PEC	Communications Engineer	1	
Planning, Engineering & Construction: EVP PEC	Electrical Engineer - Low V	1	
Planning, Engineering & Construction: EVP PEC	Interagency Coordinator	1	
Planning, Engineering & Construction: EVP PEC	Mechanical Engineer	1	
Planning, Engineering & Construction: EVP PEC	Project Director	1	
Planning, Engineering & Construction: EVP PEC	Sr. Program Manager (M&D)	1	
Planning, Engineering & Construction: EVP PEC	Systems Manager	1	
Planning, Engineering & Construction: Construction	Cost Estimator	1	
Administration: Information Technology	SAP Success Factors Technology Business Analyst IV	1	
Administration: Human Resources	Sr. Staffing Rep	1	
Administration: Procurement & Materials	Small Business Compliance Manager	1	
Administration: Procurement & Materials	Veterans and Disability-Owned Business Enterprise (VDOBE) Program Specialist	1	
Government & Public Affairs: Client & Vanpool Ridership Services	Director, Commuter Services	1	
Government & Public Affairs: Client & Vanpool Ridership Services	Manager, Vanpool Billing and Reporting		(1)
Safety	Bus Safety Officer	1	
President & CEO Contingency	Customer Service Rep ML/Micro Transit	4	
President & CEO Contingency	METROLift Dispatcher	4	
	Total Non-Union	52	(1)

Total	84	(1)
Total Year-Over-Year Change in Authorized Positions	83	

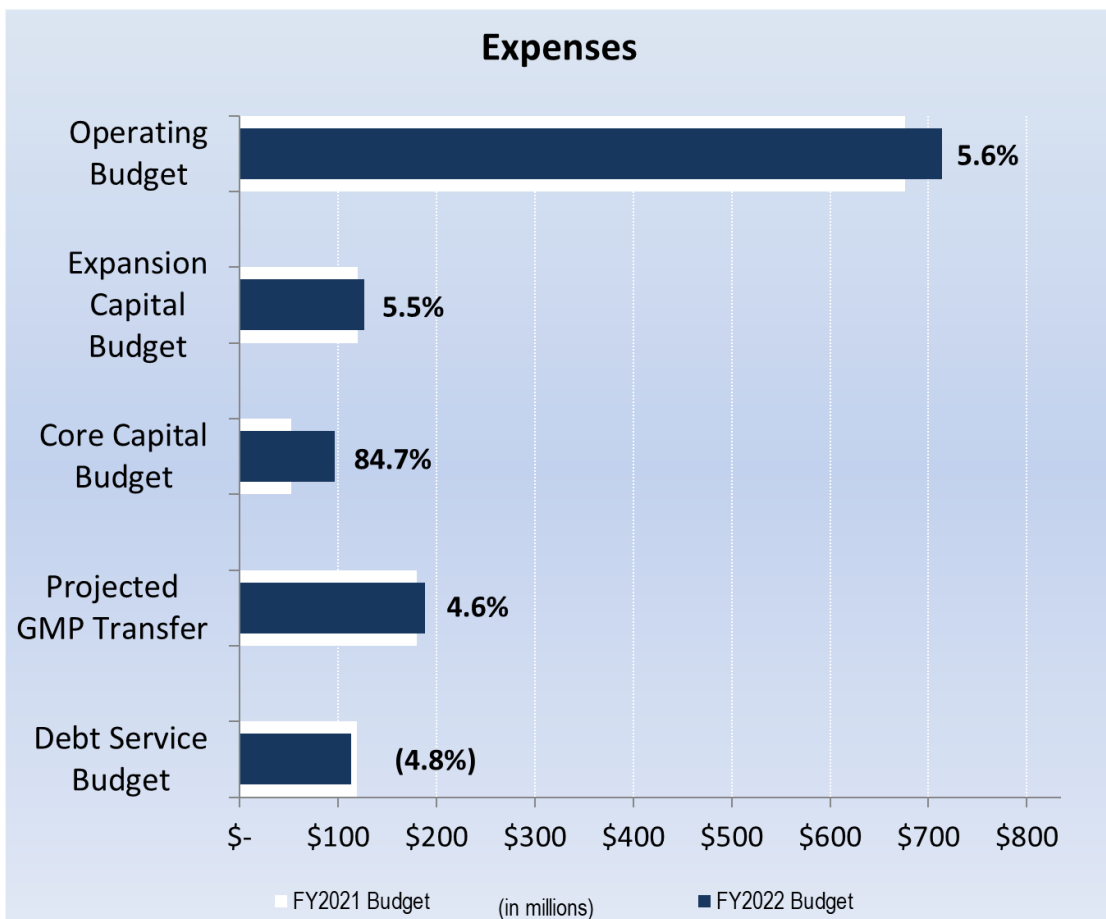
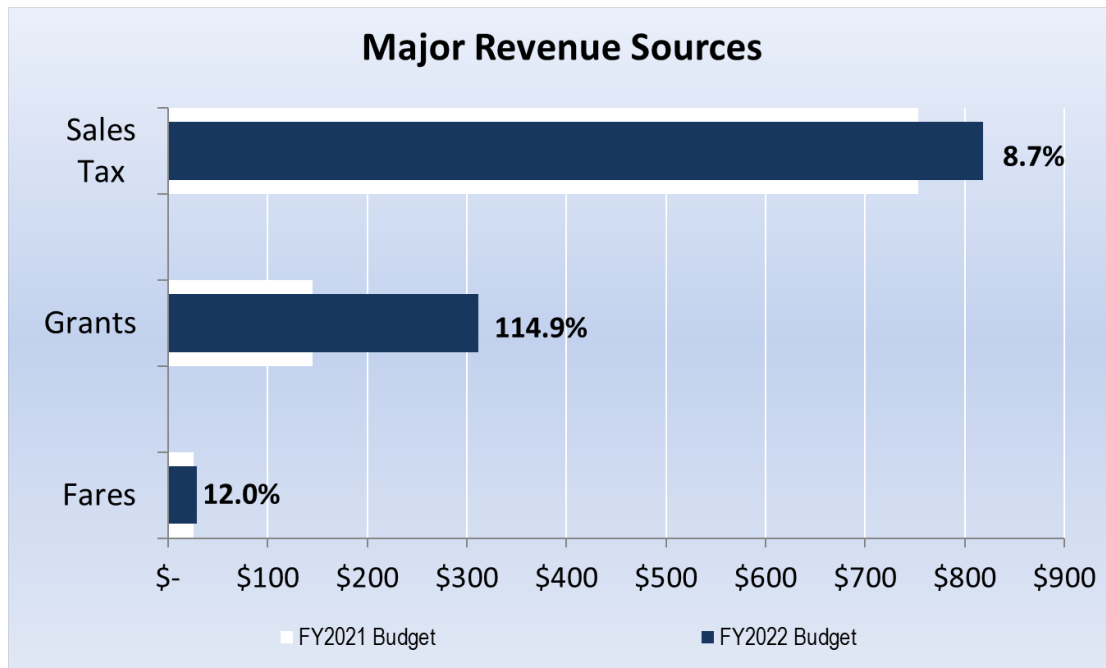


Authority Budget Summary

	FY2020 Actual	FY2021 Budget	FY2021 Estimate	FY2022 Budget	Budget to Budget Variance	
	\$	\$	\$	\$	\$	%
Gross Sales Tax	\$ 764,679,590	\$ 752,944,546	\$ 815,279,713	\$ 823,840,150	\$ 70,895,604	9.4%
Transfer to GMP	\$ (182,361,525)	\$ (179,784,655)	\$ (187,576,551)	\$ (188,646,606)	\$ (8,861,951)	4.9%
Net Sales Tax	\$ 582,318,065	\$ 573,159,891	\$ 623,267,567	\$ 630,711,376	\$ 57,551,485	10.0%
Fares and Misc.	\$ 51,874,002	\$ 42,516,000	\$ 27,490,537	\$ 35,005,403	\$ (7,510,597)	(17.7%)
Operating Grants	\$ 56,812,796	\$ 83,000,000	\$ 82,400,000	\$ 85,448,000	\$ 2,448,000	2.9%
Capital Grants	\$ 39,055,139	\$ 62,013,527	\$ 56,015,729	\$ 53,306,973	\$ (8,706,554)	(14.0%)
CRRSA/ARP Grants	\$ 248,835,226		\$ 145,000,000	\$ 180,000,000	\$ 180,000,000	NA
Bond Proceeds	\$ 82,826,716		\$ -	\$ 20,456,745	\$ 20,456,745	NA
Total Revenues	\$ 1,061,721,944	\$ 760,689,418	\$ 934,173,833	\$ 1,004,928,497	\$ 244,239,079	32.1%
Payroll & Benefits						
Wages	\$ 149,627,137	\$ 145,943,967	\$ 144,080,641	\$ 153,864,139	\$ 7,920,171	5.4%
Union Fringe Benefits	\$ 84,297,661	\$ 86,040,639	\$ 88,135,531	\$ 88,059,858	\$ 2,019,219	2.3%
Subtotal Union Labor	\$ 233,924,798	\$ 231,984,606	\$ 232,216,172	\$ 241,923,997	\$ 9,939,391	4.3%
Salaries and Non-Union Wages	\$ 112,560,516	\$ 115,523,086	\$ 116,603,185	\$ 120,250,027	\$ 4,726,941	4.1%
Non-Union Fringe Benefits	\$ 49,350,352	\$ 54,021,293	\$ 52,713,170	\$ 54,035,993	\$ 14,699	0.0%
Subtotal Non-Union Labor	\$ 161,910,869	\$ 169,544,379	\$ 169,316,355	\$ 174,286,020	\$ 4,741,641	2.8%
Allocation to Capital & GMP*	\$ (10,539,282)	\$ (10,877,060)	\$ (10,049,272)	\$ (10,336,511)	\$ 540,549	-5.0%
Subtotal Labor & Fringe Benefits	\$ 385,296,385	\$ 390,651,925	\$ 391,483,255	\$ 405,873,506	\$ 15,221,581	3.9%
Materials & Supplies						
Services	\$ 49,096,223	\$ 87,037,460	\$ 61,268,601	\$ 110,977,424	\$ 23,939,964	27.5%
Materials & Supplies	\$ 31,993,512	\$ 31,534,176	\$ 27,891,980	\$ 31,310,744	\$ (223,432)	(0.7%)
Fuel and Utilities	\$ 36,496,716	\$ 37,919,770	\$ 34,202,560	\$ 36,726,476	\$ (1,193,293)	(3.1%)
Administration						
Casualty & Liability	\$ 5,919,306	\$ 7,021,253	\$ 6,005,890	\$ 8,419,230	\$ 1,397,977	19.9%
Purchased Transportation	\$ 104,341,598	\$ 101,193,050	\$ 93,814,989	\$ 105,872,604	\$ 4,679,554	4.6%
Leases, Rentals & Misc.	\$ 11,836,055	\$ 14,383,333	\$ 12,085,372	\$ 32,418,350	\$ 18,035,017	125.4%
Allocation to Capital & GMP - Non-Labor	\$ (952,745)	\$ (1,056,042)	\$ (952,647)	\$ (1,039,510)	\$ 16,532	(1.6%)
Subtotal Non-Labor	\$ 238,730,664	\$ 278,032,998	\$ 234,316,745	\$ 324,685,318	\$ 46,652,319	16.8%
Subtotal Labor & Non-Labor	\$ 624,027,049	\$ 668,684,924	\$ 625,800,000	\$ 730,558,824	\$ 61,873,900	9.3%
Contingency	\$ -	\$ 7,635,076	\$ -	\$ 9,986,177	\$ 2,351,100	30.8%
Total Operating Budget	\$ 624,027,049	\$ 676,320,000	\$ 625,800,000	\$ 740,545,000	\$ 64,225,000	9.5%
Capital Expenses						
Core Business Items	\$ 86,714,446	\$ 52,348,723	\$ 59,647,236	\$ 132,603,474	\$ 80,254,751	153.3%
Expansion/Enhancements	\$ 84,455,421	\$ 119,734,428	\$ 74,141,926	\$ 144,219,785	\$ 24,485,357	20.4%
Total Capital Budget*	\$ 171,169,867	\$ 172,083,151	\$ 133,789,162	\$ 276,823,259	\$ 104,740,108	60.9%
Debt Service	\$ 125,612,552	\$ 118,951,425	\$ 118,515,654	\$ 105,523,359	\$ (13,428,066)	-11.3%

*\$171,169,867 reported in the FY2020 Budget includes non-cash adjustments related to prior period accruals and asset impairment items.

FY2021 to FY2022 Budget-to-Budget Comparisons



Financials

Development Guidelines

METRO is committed to being a responsible steward of public funds and to financial sustainability. Accordingly, METRO's FY2022 Business Plan was developed using these Board-approved guidelines:

- Estimates of sales tax growth will be consistent with the growth estimates provided by Dr. Robert W. (Bill) Gilmer, Director of the Institute for Regional Forecasting at the University of Houston. Dr. Gilmer's estimated growth rate for FY2022 has been reduced by 1.00% in the budget calculations.
- No fixed-route fare increases will be proposed for FY2022.
- METRO will present the Five-Year Cash Flow model on a yearly basis, clearly specifying all sources and uses of revenue. (The model will be updated periodically as required.)
- METRO will position itself for optimum receipt and use of grants.
- METRO will allocate sufficient resources to operate core services.
- METRO will support financial sustainability by carefully managing the growth of "baseline" operating expenses to an increase of no more than 3.0%, after adjusting for non-recurring expenses.
- METRO will meet the funding objective for defined benefit pension plans by continuing to make 100% of the actuarially determined annual contributions.
- METRO will ensure that capital expenditures are supported upon project completion by a sustainable revenue source (e.g. sales tax) and that future operating costs have been included in the Business Plan.
- Requests to improve service or service quality will require a cost/benefit analysis, which will include changes to future operating cost. Part of the analysis will also include metrics based around ridership patterns and customer demand for service. If included, additional service will be added above the baseline level of expenses.
- METRO will retain fund balances in accordance with Debt Policy requirements (15% of operating expenses), an additional Operating Reserve as required by the Board (10% of operating expenses), and an Emergency Reserve of \$10,000,000. The total of these reserves in FY2022 is projected to be \$195.1 million.
- When reallocating or modifying budgets within the Board-adopted levels, staff will adhere to the approval levels detailed in the Financial Parameters (found in Appendix A).
 - All budget changes will be reported to the Finance & Audit Committee on a quarterly basis.
 - Any modifications increasing budgets (Budget Amendments) would require Board approval and will adhere to Texas Transportation Code [451.102](#) and [451.103](#).

Debt service expenses, transfer of General Mobility funds, and operating expenditures received priority in allocating available funds, followed by capital expenses.

Basis of Budgeting

METRO maintains its budget using the current financial resources measurement focus and the modified accrual basis of accounting as defined by Generally Accepted Accounting Principles (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 market 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 Transfer, and 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 (Annual Report), a budget-to-actual reconciliation is not required for an enterprise reporting system. The Annual Report for the Metropolitan Transit Authority of Harris County is available at [Annual Reports METRO \(ridemetro.org\)](http://ridemetro.org).

Fiscal Policies and Principles

The Metropolitan Transit Authority is accountable to its citizens for the use of public dollars. The following policies and principles 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. Complete fiscal policies can be found in the Appendix.

Operating Management Principles

- 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 Chief Executive Officer.

Explanation of Consolidated Annual Financial Report Discrepancies

The Metropolitan Transit Authority of Harris County budget document is a blueprint for a specific grouping of the Authority's spending over the course of an annual financial period. General purpose budgets contain both the spending categories of specified units, such as Public Safety, Operations and Customer Service; Planning, Engineering, and Construction; Administration, and Finance, 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 Consolidated Annual Financial Report, or "Annual Report," 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 Annual Report can be used along with a budget document to compare the organizations total financial standing to the annual general-purpose budget. The Annual Report 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.

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

Summary of Significant Accounting Principles and Policies

METRO 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 ending balance required by the debt policy is 15% of annualized operating expenditures for the following fiscal year. The complete Investment Policy can be found in Appendix C.

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. The complete Debt Policy can be found in Appendix B.

Underlying Assumptions

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

- Federal funding and local funding including sales taxes (see the Revenue section and Appendix I for more information)
- Inflation and interest rates
- Bond financing (see the Debt service section for more information)

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 table below shows the four major expenditures by type – Operating, Capital, General Mobility and Debt Service.

Net Summary Proposed FY2022 Annual Budget (in millions)

Description	Approved FY2021 Budget	Proposed FY2022 Budget	Change	
Operating Budget	\$ 676.3	\$ 740.5	\$ 64.2	9.5%
Capital Budget	172.1	276.8	104.7	60.9%
Projected Transfer to GMP	179.8	188.6	8.9	4.9%
Debt Service Budget	119.0	105.5	(13.4)	(11.3%)
Total	\$ 1,147.1	\$ 1,311.5	\$ 164.3	14.3%

Operating Budget

The proposed Operating budget is \$740.5 million, an increase of \$64.2 million or 9.5% from the FY2021 approved budget level. The increase reflects management of “baseline” operating expenses to a 3% growth level as well as adjustments to add service to match customer demand, additional strategic investments, and an increase of METRONext implementation pre-planning activities.

Capital Budget

The proposed Capital budget of \$276.8 million reflects an increase of \$104.7 million or 60.9% from the FY2021 approved budget level. This increase is due to a \$80.3 million or 153.5% increase in Core Business Items Necessary to Maintain Service and a \$24.4 million or 20.5% increase in Expansion/Enhancement Capital Costs.

General Mobility Program Transfer

The FY2022 projected General Mobility Program (GMP) transfer is \$188.6 million, an increase of \$8.9 million or 4.9% from the prior year. Funds for this budget are deposited monthly into a METRO escrow account as sales tax revenue is collected; GMP partners are then paid from this account as invoices are received.

Capital Program
Proposed FY2022 Annual Budget
(in millions)

Description	Approved FY2021 Budget	Proposed FY2022 Budget	Change	
<u>Core Business Items Necessary to Maintain Service</u>				
Vehicle Maintenance Costs	\$ 11.490	\$ 25.819	\$ 14.329	125%
Maintaining Operational Facilities (Buildings and Rail)	34.171	57.866	23.695	69%
IT Projects	4.942	7.664	2.722	55%
Vehicle Acquisition Costs	1.745	41.255	39.510	2264%
Subtotal	\$ 52.349	\$ 132.603	80.255	153%
<u>Expansion & Enhancements</u>				
Vehicle Acquisition Costs	\$ 12.413	\$ 3.272	\$ (9.141)	(74%)
Safety Projects	7.029	\$ 8.024	0.995	14%
IT Projects	2.070	\$ 12.236	10.166	491%
FFGA Commitments	34.971	\$ 38.513	3.542	10%
METRONext	23.206	\$ 46.877	23.672	102%
Legacy Projects - New and/or Enhanced	30.546	\$ 28.175	(2.370)	(8%)
Allowances	9.500	\$ 7.122	(2.378)	(25%)
Subtotal	119.734	144.220	24.485	20%
TOTAL Capital Program	\$ 172.083	\$ 276.823	\$ 104.740	61%

The proposed Capital budget of \$276.8 million is allocated in two program categories – Core Business Items Necessary to Maintain Service and Expansion/Enhancement Capital Costs.

The FY2022 budget allots \$132.6 million for Core Business Items Necessary to Maintain Service and \$144.2 million for Expansion/Enhancement Capital Costs:

The sub-categories of the Core Business Items Necessary to Maintain Service include Vehicle Maintenance Costs, Maintaining Operational Facilities (Buildings and Rail), IT Projects, and Vehicle Acquisition Costs.

The sub-categories of the Expansion/Enhancement Capital Costs include Vehicle Acquisition Costs, Safety Projects, IT Projects, FFGA Commitments, METRONext, Legacy Projects - New and/or Enhanced, and Allowances.

Debt Service Budget

METRO's annual debt service budget includes the principal and interest payments as well as all administrative costs associated with the Authority's debt program, including line of credit fees and dealer fees associated with its Commercial Paper program.

The proposed budget for debt service is \$105.5 million, a decrease of \$13.4 million or 11.3% from the FY2021 approved budget level. This decrease reflects the following:

- Lower debt service payments for existing debt due to refundings which took place in FY2020
- Lower debt service payments resulting from defeasing 2021A and 2011B series debt
- Lower overall levels of outstanding debt

METRO's current five-year plan calls for financing future annual bus purchases as well as a portion of Capital Improvement Plan projects through additional senior-lien contractual obligations (KO's). The plan also identifies potential senior-lien sales and use tax bonds to fund its METRONext program.

Any prospects to decrease METRO's interest expenses through refunding or refinancing are considered on a case-by-case basis as market opportunities present themselves.

The outstanding debt par value net of funds in any associated debt service funds (i.e., interest and sinking funds) as of the end of FY2022 is estimated to be approximately \$1.023 billion. This total includes approximately \$103 million in outstanding commercial paper. Tables summarizing METRO's debt position are provided in the Debt Service section of this book.

Sources & Uses of Funds

The FY2022 budget requires \$1.787 billion to fund Operating Expenditures, Debt Service, General Mobility Program (GMP), Core Business Capital Expenditures, and Expansion/Enhancement Capital Expenditures. The table below summarizes the Sources and Uses of Funds for the FY2022 budget. Fund balances carrying over from the previous year are considered sources of funds.

Sources & Uses of Funds (in millions)

	2022
SOURCES OF FUNDS	
Beginning Fund Balance	\$ 588.781
<u>Revenues:</u>	
Sales Tax	\$ 823.840
Transportation Fares*	27.278
HOT Lanes	3.819
Vanpool	1.664
Grants	318.755
Other Income	2.244
Total FY2022 Revenues	\$ 1,177.601
<u>Debt Funding</u>	
Proceeds from Borrowing	20.457
Total Sources of Funds	\$ 1,786.838
USES OF FUNDS	
<u>Expenditures</u>	
Operating Budget Expenses	\$ 740.545
General Mobility Program Transfer	188.647
Core Business Capital Expenditures	132.603
Expansion / Enhancements Capital Expenditures	144.220
Debt Service	105.523
Total FY2021 Expenditures	\$ 1,311.538
Ending Fund Balance	\$ 475.300
Total Uses of Funds	\$ 1,786.838
<i>* Includes Fixed Route and METROLift Revenues</i>	

Funding of METRO Activities

The Operating Budget of \$740.5 million, GMP transfer of \$188.6 million, Capital Projects including Core Business Capital Expenditures and Expansion/Enhancements Capital Expenditures of \$276.8 million, and Debt Service expenses of \$105.5 million will be largely funded from several revenue sources (including sales tax receipts, transportation fares, vanpool revenues, operating and capital grants and other income) totaling \$1.199 billion and a \$113 million drawdown of cash reserve funds.

The METRO Board-approved Debt Policy, adopted in August 2016 sets the minimum target fiscal year ending fund balance (cash and investment portfolio) at 15% of the forward 12-month operating expenditures. Thus, the projected FY2022 year-end fund balance of \$475.3 million includes a total of \$111.1 million, a reserve available to assist in the funding METRO's debt obligations.

In addition, the METRO Board directed an additional 10% of the forward 12-month operating expenditures to be reserved (\$74.1 million) and another \$10 million reserve as directed by the Board. Thus, the FY2022 year-end general fund balance also includes an additional \$84.1 million similarly available to assist with the funding of METRO's operating and capital activities.

In total, METRO has earmarked \$195.1 million to be available in the event of an emergency.

The Funding Matrix below is a high-level summary of METRO's sources and uses of funds. It is rounded to the nearest million and as a result, will not tie to the detailed numbers in other areas of the FY2022 Business Plan & Budgets.

Fiscal Year 2022								
Sources of METRO Funds (in millions)	Operations	General Mobility	Debt Service	Capital: Core Business	Capital: Expansion & Enhancements	Capital: METRONext	Reserves	TOTAL
Sales Tax	441	189	106	89				824
Farebox	27							27
HOT Lanes	4							4
Vanpool	2							2
Grants	265				39	14		319
Borrowing				19		2		21
Other	2							2
Fund Balance				24	58	32		114
TOTAL	741	189	106	133	97	47	-	1,313



Five Year Sources and Uses Summary

The table below shows an overall financial projection for the next five years to FY2026 on a cash basis.

	2020 Actual	2021 Budget	2021 Estimate	2022 Budget	2023	2024	2025	2026
Gross Sales Tax	\$ 764,680	\$ 752,945	\$ 815,280	\$ 823,840	\$ 885,299	\$ 935,849	\$ 983,484	\$ 1,039,149
GMP	\$ (182,362)	\$ (179,785)	\$ (187,577)	\$ (188,647)	\$ (196,329)	\$ (202,648)	\$ (208,602)	\$ (215,560)
Net Sales Tax	\$ 582,318	\$ 573,160	\$ 627,703	\$ 635,194	\$ 688,970	\$ 733,201	\$ 774,882	\$ 823,589
Cash Reserve Carryover from Prior Year	\$ 289,365	\$ 391,668	\$ 528,277	\$ 588,781	\$ 475,300	\$ 451,772	\$ 359,863	\$ 318,706
Fares & Misc.	\$ 51,874	\$ 42,516	\$ 27,491	\$ 35,005	\$ 44,998	\$ 54,993	\$ 65,011	\$ 74,998
Operating Grants	\$ 56,813	\$ 83,000	\$ 82,400	\$ 85,448	\$ 85,729	\$ 87,444	\$ 89,192	\$ 90,976
Capital Grants	\$ 39,055	\$ 62,014	\$ 56,016	\$ 53,307	\$ 79,012	\$ 170,366	\$ 286,147	\$ 247,200
CARES/CRRSA/ARP Grants	\$ 248,835	\$ -	\$ 145,000	\$ 180,000	\$ 119,300	\$ -	\$ -	\$ -
Debt Proceeds (Buses & Vans)	\$ 82,827	-	-	-	\$ 79,930	\$ 63,315	\$ 39,172	\$ 26,948
Debt Proceeds (CIP)				\$ 18,831	\$ 31,404	\$ 37,724	\$ 12,000	\$ 17,000
Debt Proceeds (METRONext)				\$ 1,626	\$ 15,804	\$ 179,527	\$ 240,452	\$ 237,466
Subtotal	\$ 1,351,087	\$ 1,152,357	\$ 1,466,886	\$ 1,598,192	\$ 1,620,448	\$ 1,778,342	\$ 1,866,720	\$ 1,836,883
Debt Service	\$ (125,613)	\$ (118,951)	\$ (118,516)	\$ (105,523)	\$ (113,573)	\$ (122,740)	\$ (129,432)	\$ (145,751)
Capital Budget	\$ (171,170)	\$ (172,083)	\$ (133,789)	\$ (276,823)	\$ (310,589)	\$ (550,228)	\$ (650,932)	\$ (565,179)
Subtotal	\$ 1,054,305	\$ 861,323	\$ 1,214,581	\$ 1,215,845	\$ 1,196,286	\$ 1,105,373	\$ 1,086,355	\$ 1,125,953
Operating Budget	\$ (624,027)	\$ (676,320)	\$ (625,800)	\$ (740,545)	\$ (744,514)	\$ (745,510)	\$ (767,650)	\$ (790,410)
Cash Balance at Year End	\$ 430,278	\$ 185,003	\$ 588,781	\$ 475,300	\$ 451,772	\$ 359,863	\$ 318,706	\$ 335,542
Emergency	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)
Board Reserve @ 10%	\$ (68,400)	\$ (67,632)	\$ (62,580)	\$ (74,055)	\$ (74,451)	\$ (74,551)	\$ (76,765)	\$ (79,041)
Debt Reserve @ 15%	\$ (102,600)	\$ (101,448)	\$ (93,870)	\$ (111,082)	\$ (111,677)	\$ (111,827)	\$ (115,147)	\$ (118,562)
Ending Balance	\$ 249,278	\$ 5,923	\$ 422,331	\$ 280,164	\$ 255,643	\$ 163,486	\$ 116,794	\$ 127,940
Debt Service Restricted Cash	\$ (75,000)		\$ (82,657)	\$ (88,167)	\$ (93,488)	\$ (99,634)	\$ (99,811)	\$ (110,843)
Cash Balance Available for Future Projects	\$ 174,278	\$ 5,923	\$ 339,674	\$ 191,997	\$ 162,155	\$ 63,852	\$ 16,983	\$ 17,097
Cash Reserve Coverage †	1.68		2.36	1.68	1.56	1.22	1.06	1.05
Maximum Annual Debt Service Coverage	4.8		5.4	6.1	5.9	5.7	5.4	5.4

Outstanding Debt

Commercial Paper	\$ 115,800	\$ 109,700	\$ 109,500	\$ 103,000	\$ 94,000	\$ 84,600	\$ 71,500	\$ 55,400
Buses & Vans Debt	\$ 245,529	208,463	227,704	212,191	267,023	304,169	316,066	314,565
Refunding Debt	\$ 705,765	655,340	677,170	653,355	621,935	585,880	547,620	514,660
Rail Debt (incl. KO's & Maintenance)	\$ 58,256	19,922	46,496	34,134	32,008	29,771	26,161	22,430
METRONext Debt	\$ -		-	1,626	17,431	196,958	437,410	674,876
CIP Debt	\$ -	25,880	-	18,831	50,235	87,959	99,959	115,013
Total Debt Outstanding	\$ 1,125,350	\$ 1,019,305	\$ 1,060,870	\$ 1,023,137	\$ 1,082,630	\$ 1,289,336	\$ 1,498,716	\$ 1,696,943

Statement of Revenues, Expenses, and Changes in Net Position

The table below – Statement of Revenues, Expenses and Changes in Net Position – uses the Comprehensive Annual Financial Report 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. All the current year’s revenues and expenses are included regardless of when the cash is received or paid.

	FY2020 Actual	FY2021 Budget	FY2021 Estimate	FY2022 Estimate
REVENUES				
Operating Revenues:				
<u>Revenues:</u>				
Transportation Fares	34.971	23.429	20.983	27.278
HOT Lane & Special Events Revenues	4.104	5.469	3.000	3.819
Vanpool Revenues	3.715	2.402	1.307	1.664
Total Operating Revenues	42.790	31.300	25.291	32.761
Operating Expenses:				
Transit Operating	657.711	676.320	625.800	740.545
Depreciation and Amortization	189.723	177.824	186.106	190.000
Total Operating Expenses	847.433	854.144	811.906	930.545
Operating Loss	\$ (804.643)	\$ (822.844)	\$ (786.615)	\$ (897.784)
Non-Operating Revenues (Expenses):				
Sales Tax	\$ 764.680	\$ 752.945	\$ 815.280	\$ 823.840
Investment Income	6.751	5.000	0.562	0.562
Inter-Government Revenue	-	0.745	-	-
Non-capitalized Interest Expense	(35.088)	(42.799)	(40.000)	(40.000)
Other Income	2.333	5.471	1.815	1.859
Grant Proceeds - Operating	305.648	83.000	227.400	265.448
Local Infrastructure Assistance/GMP	(150.623)	(179.785)	(187.577)	(188.647)
Funds passed to subrecipients	(0.449)	-	(0.016)	(0.016)
Recovery /(Loss) for Asset Impairments	(8.502)	-	-	-
Gain (Loss) on Sale for Disposal of Assets	(0.070)	-	(0.160)	(0.160)
Total Non-Operating Revenues	\$ 884.680	\$ 624.577	\$ 817.303	\$ 862.886
Gain/(Loss) before Capital Grants	\$ 80.037	\$ (198.267)	\$ 30.688	\$ (34.898)
Capital Grant Proceeds	\$ 39.055	\$ 62.014	\$ 56.016	\$ 53.307
Changes in net assets	\$ 119.092	\$ (136.253)	\$ 86.704	\$ 18.409
Net Assets - beginning of the year	\$ 1,180.566	\$ 1,037.625	\$ 1,299.658	\$ 1,386.361
Net Assets - end of the year	\$ 1,299.658	\$ 901.370	\$ 1,386.361	\$ 1,404.769

Statement of Net Position

The table below shows the Authority's Statement of Net Assets as of fiscal year's ending September 30, 2020, 2021, and 2022.

Statement of Net Position

(in millions)

	FY2020 Actual	FY2021 Budget	FY2021 Estimate	FY2022 Estimate
	9/30/2020	9/30/2021	9/30/2021	9/30/2022
Assets				
Cash	\$ 10.433	\$ 10.000	\$ 10.000	\$ 10.000
Receivables	134.565	114.000	120.000	140.000
Inventory	41.339	39.000	40.000	40.000
Investments	618.968	282.445	774.445	915.559
Other Assets	6.048	7.000	7.000	8.000
Property Net of Depreciation	2,412.433	2,374.526	2,263.496	2,114.560
Land & Improvements	359.768	380.544	391.630	423.491
Total Assets	\$ 3,583.554	\$ 3,207.514	\$ 3,606.571	\$ 3,651.610
Deferred Outflow of Resources*	135.108	105.000	135.108	136.000
Liabilities				
Trade Payables	\$ 85.187	104.758	\$ 82.259	75.111
Accrued Payroll	37.568	30.000	35.000	35.000
Short-Term Debt	115.800	109.500	109.500	103.200
Long-Term Liabilities	1,958.295	2,044.886	1,969.685	2,026.532
Other Liabilities	113.280	34.000	50.000	33.999
Total Liabilities	\$ 2,310.130	\$ 2,323.144	\$ 2,246.444	\$ 2,273.842
Deferred Inflow of Resources*	108.875	\$ - 88.000	108.875	109.000
Net Assets - Retained	\$ 1,299.658	\$ 901.370	\$ 1,386.361	\$ 1,404.769
Total Liabilities and Net Assets	\$ 3,609.788	\$ 3,224.514	\$ 3,632.805	\$ 3,678.610

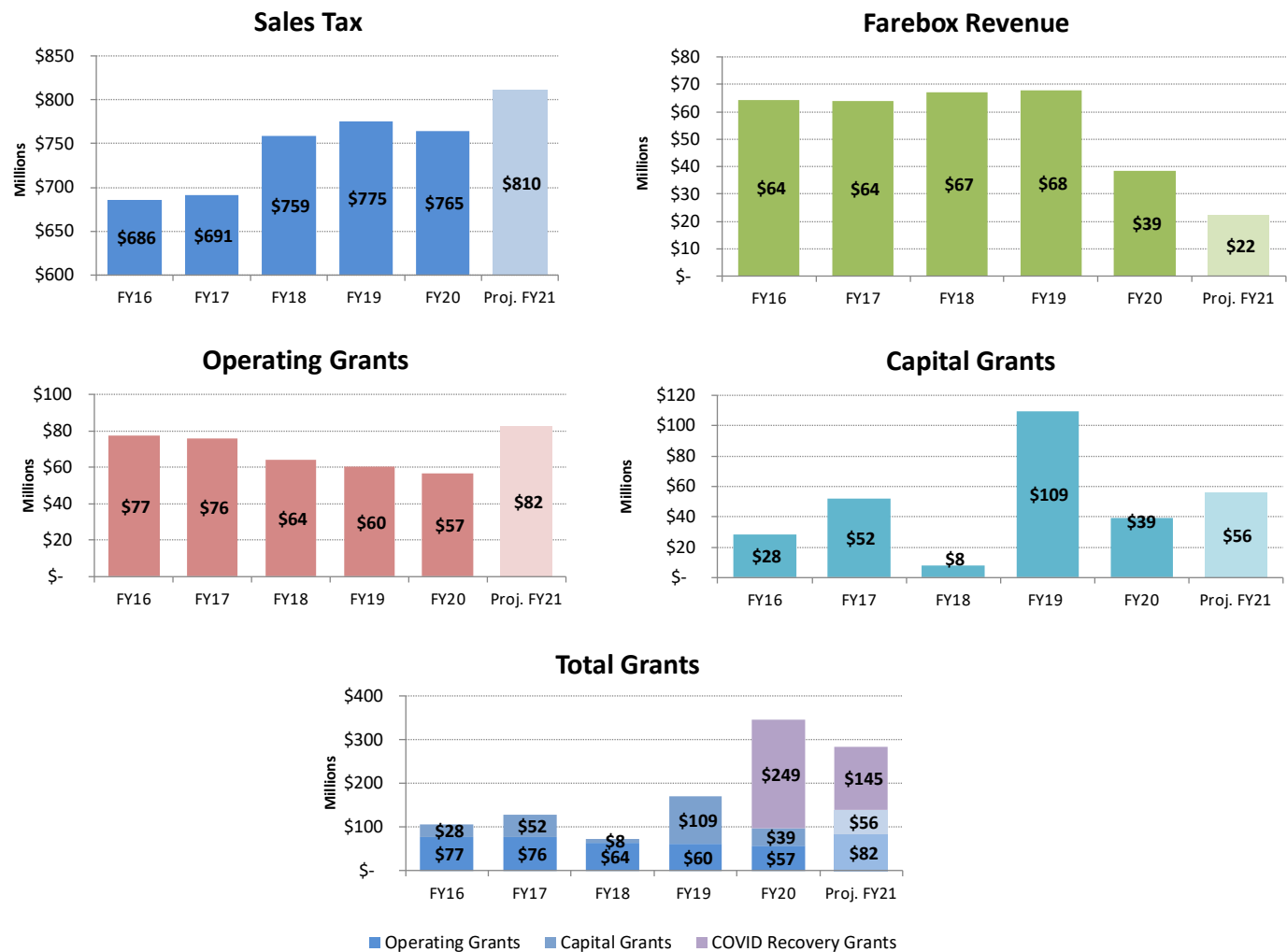
Note:

* A deferred outflow of resources is defined by the Governmental Accountability Standards Board as "a consumption of net assets by the government that is applicable to a future reporting period," and a deferred inflow of resources is defined as "an acquisition of net assets by the government that is applicable to a future reporting period."

Revenues

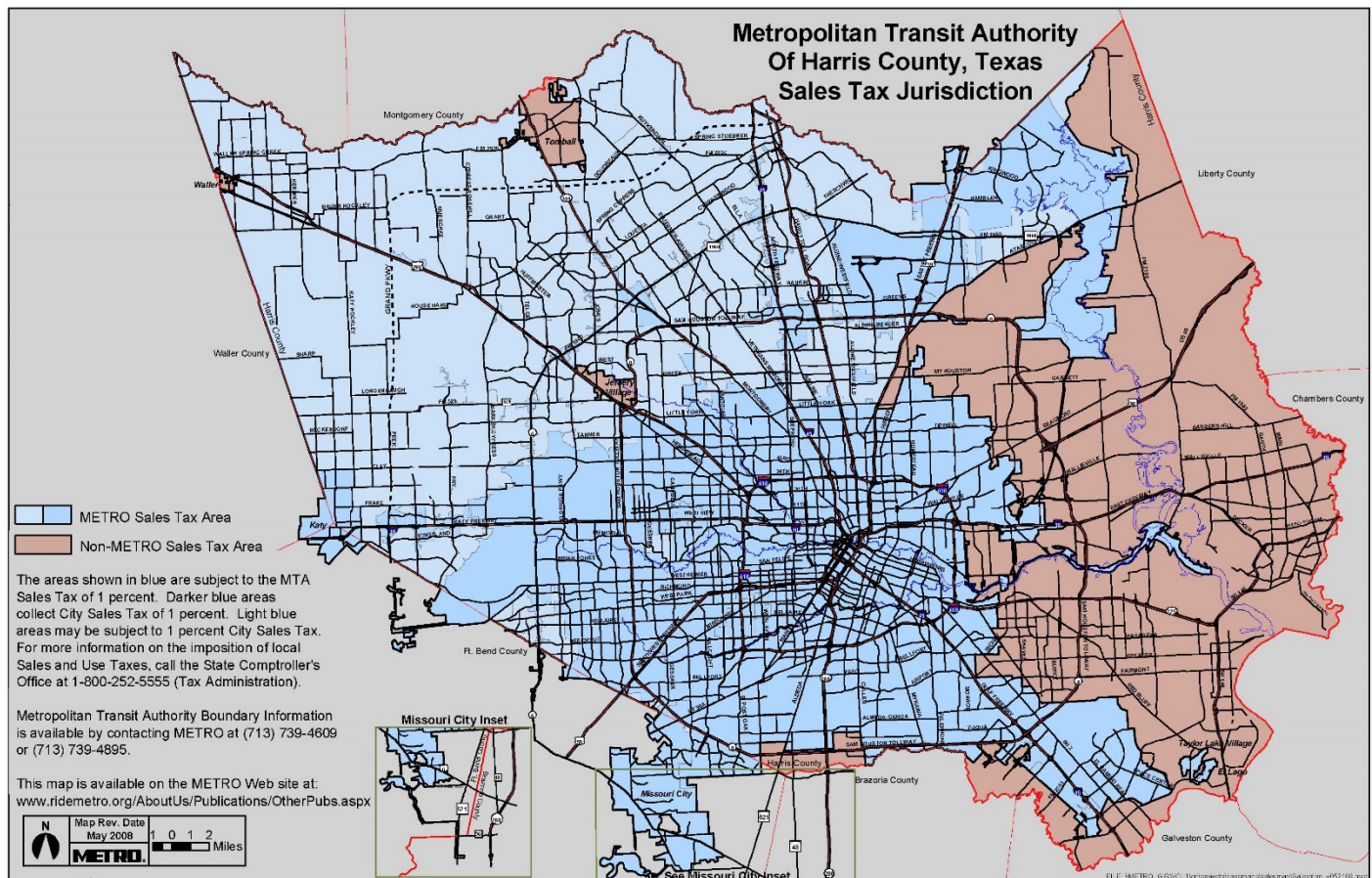
[Chapter 451 of the Texas Transportation Code](#) authorizes METRO to impose fares, tolls, charges, rents, and other compensation in amounts sufficient to produce revenue, together with sales tax revenue received by the Authority, in an amount adequate to: (1) pay all expenses necessary to operate and 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.

Available funding sources include: sales tax, fares paid (“farebox revenue”), federal grants, investment income, and other miscellaneous sources. The graphs below show the actual and estimated revenues by the largest funding sources for the past six years. METRO’s fare revenue in FY2020 and FY2021 has been severely reduced due to COVID-19; overall, ridership has dropped by about half, and METRO offered free fares on Local bus, Park & Ride, light rail, and METROLift services from March 23 through July 12, 2020.



Sales Tax

METRO's primary source of revenue is a dedicated one-percent tax on all taxable sales within the METRO service area, which includes 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, plus major portions of unincorporated Harris County.



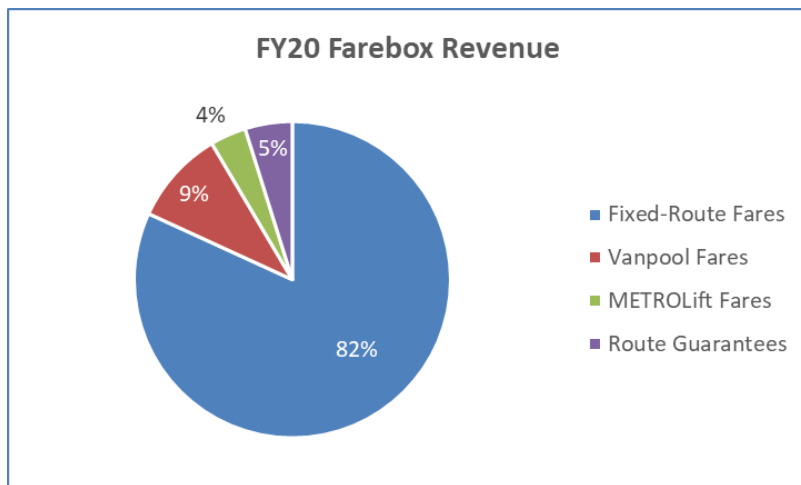
When METRO was created, service area voters approved the tax via referendum. METRO has collected the tax since 1978. This tax currently provides METRO well over \$600 million per year. Sales tax projections are developed by Dr. William (Bill) Gilmer of the [Institute for Regional Forecasting](#) at the Bauer College of Business at the University of Houston.

A portion of METRO's sales and use tax revenues 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). 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. The amount of sales tax transferred to the GMP is just under 25%. The largest risk to METRO's ability to receive projected sales tax would be reduced economic activity, especially relating to oil and gas activity. More information on the GMP can be found in [the GMP section](#); actual and projected total sales tax revenues through 2025 can be found in [Appendix I](#).

Farebox Revenue

METRO’s second source of revenues is farebox revenues, which include these categories:

- Bus and train fares, called “fixed-route fares”, which are paid by METRO Q® fare card, cash, mobile tickets, or paper tickets
- METROLift paratransit fares, which are paid using METROLift paper tickets, the EZ Wallet app, monthly passes, or annual passes
- METRO Star vanpool fares, which are paid by participants; costs vary depending on the number of riders in the van
- Route guarantees, which are payments made by organizations or governmental entities to offset the costs of providing a specified service.



Most of METRO’s farebox revenue, as seen in the chart at the left, comes from fixed-route fares.

METRO recognizes farebox revenue in two ways, depending on the mode: at point of purchase or at point of usage. Revenue from METRO Star vanpool and route guarantees is recognized immediately when the payments are made. In contrast, revenue from fixed-route and METROLift fares is recognized at the time that the fares are used. For example, when a rider loads \$5.00 to their METRO Q® fare card and then pays a fare of \$1.25, METRO would recognize \$1.25 as fare revenue and place the remaining \$3.75 in a category called “deferred revenue” until used.

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 simplify its fare structure and levels. On November 2, 2008, METRO's local base fare (bus and rail) increased \$0.25 to \$1.25 and Park & Ride fares increased from between \$2.00 and \$3.50 per trip to \$2.50 – \$4.50 per trip as well.

The METROLift base fare also increased on February 1, 2016, from \$1.15 to \$1.25 for paratransit trips within the service area that is mandated by the Americans with Disabilities Act (ADA). The ADA service area is within ¾ mile of METRO's Local bus and light rail service. The cost for trips outside the ADA service area, but still within the METRO service area, increased from \$1.15 to \$2.50 each way, offset by making all fixed-route service free for METROLift riders.

METRO has one of the lowest base fares for local service in the country, as shown on the [Comparative Base Fares map](#) in Appendix F. METRO has no plans to increase either fixed-route or paratransit fare in FY2022.

Current Fares: Fiscal Year 2021

	Full Fare	Discounted Fare
Local/METRORail/BRT	\$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
Park & Ride Zone 7	\$8.00	\$4.00
METROLift (paratransit)		
Feeder Service	\$0.00	
Inside ADA Service Area	\$1.25	
Outside ADA Service Area	\$2.50	

Riders Eligible for Discounted for Free Fixed-Route Fares

Discounted Fare	Free Fare
Senior citizens (aged 65-69)*	Senior citizens aged 70+*
Students aged six - college*	Children aged five and under
Medicare cardholders*	METROLift riders*
Riders with disabilities who do not qualify for paratransit*	Qualified decorated and/or disabled military veterans*
	Jurors with their summons or jury pass (if selected)

*With applicable METRO Q® Fare Card

Federal Grants

Typically, METRO receives federal grant funds from several categories, including Section 5307 – Urbanized Area Formula Grants; Section 5309 – Capital Investment Grants; Section 5310 – Enhanced Mobility of Seniors and Individuals with Disabilities; Section 5337 – State of Good Repair, Section 5339 – Bus and Bus Facilities; Congestion Mitigation/Air Quality Improvement Program (CMAQ); and Surface Transportation Block Grant Program (STBG). Federal Highway Administration (FHWA) CMAQ and STBG funds are highway funds that can be transferred from highways to transit to fund projects that will improve air quality, reduce congestion, or improve regional mobility. In FY2020 and FY2021, METRO received additional grant funding from the [Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#), the [Coronavirus Response and Relief Supplemental Appropriations Act of 2021 \(CRRSAA\)](#), and the [American Rescue Plan Act of 2021 \(ARP\)](#) to help compensate for reduced revenues from sales tax and fares and cover additional coronavirus-related costs. These funds are shown in the Total Grants graph as “COVID Recovery Grants.”

When programmed by the Transportation Policy Council (TPC) of the Houston-Galveston Area Council (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 STBG funds may be applied to transit capital projects.

Federal Transit Administration Grants

The FTA plays an essential role in funding capital projects and certain operating expenses through two types of grant programs: formula grants and discretionary grants. Formula grants are awarded based on demographics, service levels, and ridership. Discretionary grants are awarded based on meeting application requirements and selected using criteria specific to each program. The following FTA grant programs are included in the development of the financial plan; links to the FTA website provide program descriptions.

Grant Program	Examples of METRO Grant-Funded Projects
Accelerating Innovative Mobility	An automated electric shuttle bus that will serve Texas Southern University, the University of Houston, and the Third Ward community. The shuttle will connect to METRO buses and light rail and be studied for potential use in urban, suburban, and rural environments.
Section 5307 – Urbanized Area Formula Grants	Capitalized preventive maintenance of buses
Section 5309 – Capital Investment Grants	METRORail Purple (Southeast) and Red Line extension (North). Also referred to as Full Funding Grant Agreement (FFGA).
Section 5310 – Enhanced Mobility of Seniors and Individuals with Disabilities	Purchase of METROLift vans
Section 5324 – Public Transportation Emergency Relief Program	Reimbursement for losses from Hurricane Harvey
Section 5337 – State of Good Repair	Repair of METRORail, HOV/HOT lanes
Section 5339 – Bus and Bus Facilities	Northwest Transit Center reconstruction and parking upgrade; West Loop Bus Lane

Grant Program	Examples of METRO Grant-Funded Projects
Congestion Mitigation and Air Quality Program	METRO STAR vanpool program; Burnett Transit Center
Surface Transportation Block Grant Program	METRO STAR vanpool program




Miscellaneous Revenue and Investment Income

METRO’s other sources of revenues outside of grants are Miscellaneous Revenue and Investment Income. Miscellaneous Revenue includes income from such sources as [High Occupancy/Toll \(HOT\) Lanes](#), [auctions of surplus equipment](#), [parking](#), right-of-way easement leases, and concessions at Park & Ride lots, whereas METRO receives Investment Income from its portfolio. A complete Investment Policy can be found [here](#).



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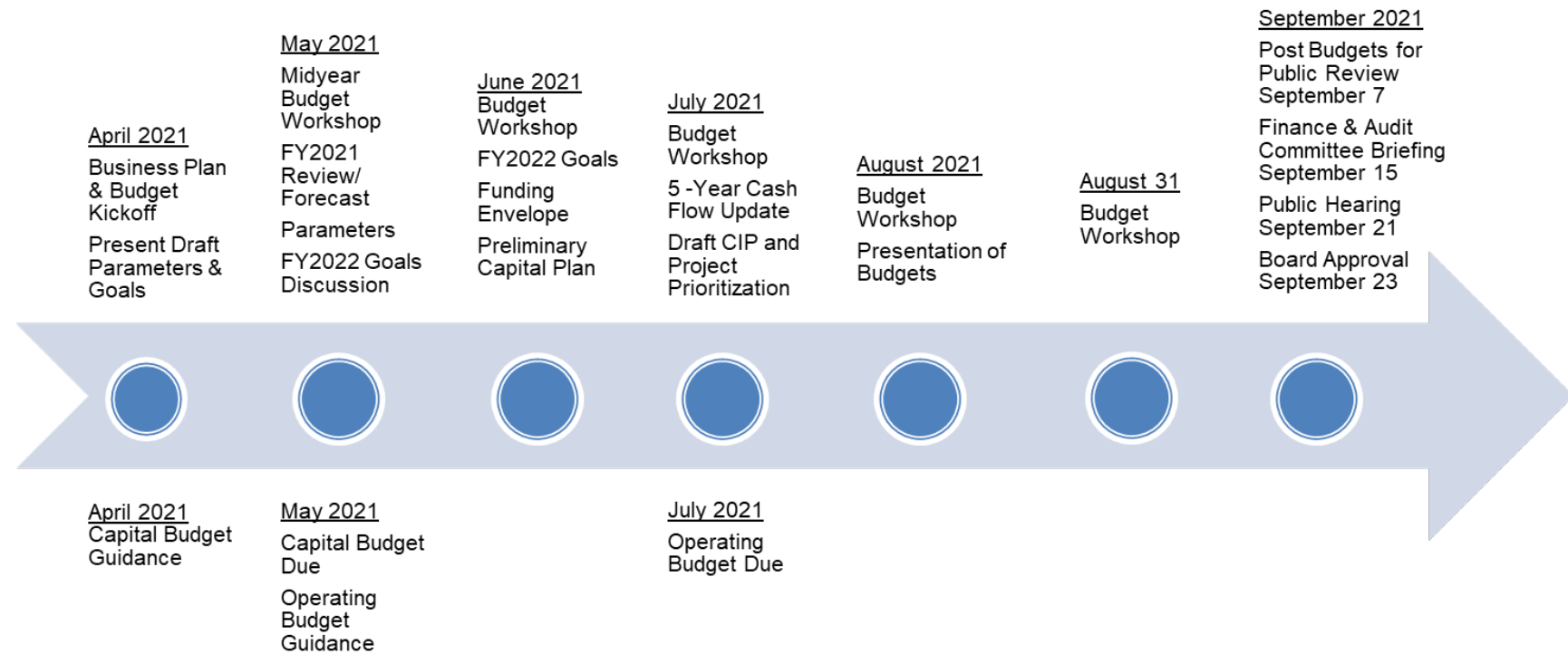


Current Auctions

Current Auctions for Metropolitan Transit Authority Harris County

FY2022 Budget Planning

Timeline



Public Participation

[Chapter 451 of the Texas Transportation Code](#) requires the Board of Directors 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. In addition, it has been the Board's standard practice to hold several budget workshops prior to the public hearing, as shown in the timeline.

The proposed budgets are always made available to the public to review 14 days prior to the public hearing, via electronic copy on www.RideMETRO.org or hard copy at METRO's headquarters. The public can make comments by calling METRO's Customer Service line at 713-635-4000, emailing Budget.Book@ridemetro.org, or speaking at the public hearing, which will be held at 12:00 p.m. on Tuesday, September 21, 2021. More information about public hearings can be found at <https://www.ridemetro.org/Pages/NewsPublicHearing.aspx>.

People can participate in the hearing in three ways:

- Attend the hearing in person in the Board Room at METRO's Lee P. Brown Administration Building, located at 1900 Main Street in downtown Houston.
- View the hearing on Zoom at <https://us02web.zoom.us/j/84985325440> or by dialing: 346-248-7799, Meeting ID: 849 8532 5440.
- View a livestream of the hearing online at <https://www.ridemetro.org/Pages/BoardStreamingVideo.aspx>. A video recording of the hearing will also be archived on <https://www.ridemetro.org/Pages/BoardStreamingVideo.aspx>. This option is for those who do not want to provide comments at the time of the hearing.

METRO recommends that anyone wanting to make public comments during the hearing register as a public speaker with METRO's Board Office at least 48 hours in advance of the hearing by calling 713-739-4834 or sending an email to boardoffice@ridemetro.org, and providing their name, address and telephone number. Comments from speakers who pre-register will be heard first at the public hearing. Their names will be called at the appropriate time to make comments. Alternatively, audience members may provide comments after the pre-registered speakers by raising their hand when called upon if present in the Board Room, by selecting the "Raise Hand" feature on the Zoom platform online, or by pressing *9 if joining by telephone. Those calling in will automatically be placed on mute. After an unregistered speaker's name or number is recognized, their microphone will be unmuted and they will be able to provide their comments.

The Authority constantly manages performance against its budget. The Office of Management and Budget produces detailed financial reports every month for the Board of Directors to review. These reports can be found at <https://www.ridemetro.org/Pages/FAMonthlyReports.aspx>

Each department also produces quarterly reports and meets with the Chief Executive Officer to review the departmental budget performance.

Operating Budget

METRO budgets its Total Operating Expense for each fiscal year, which runs October 1 through September 30. “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 to operate and maintain the bus and rail system. These direct costs not only include parts, fuel, tires, batteries, etc., but also purchased transportation (contracting with outside vendors to provide bus or METROLift service) and support vehicles (such as police cars and street supervisor vehicles.) Last, Total Operating Expense includes labor expenses of METRO employees performing work on capital improvement projects.

Operating and Maintenance (O&M) Costs

METRO uses a cost allocation methodology, the Cost Allocation Model (CAM), to estimate its systemwide operating and maintenance costs that are used as inputs to the cost-effectiveness and operating efficiencies criteria. Transit authorities need a well-documented and defensible cost allocation methodology that accurately accounts for the true costs of providing transit services. This methodology uses actual METRO operating data as the foundation for the estimates and is described in more detail below. The CAM is also used to determine the cost by service mode for METRO’s annual report to the National Transit Database.

Selection of Key Driving Supply Variables

METRO’s CAM was developed by a statistician and is designed to allocate METRO’s operating expenses across all operating modes, also known as service categories. The model takes audited net operating expenses from METRO’s financials and calculates the cost to run each service category per revenue hour. The service categories are listed below:

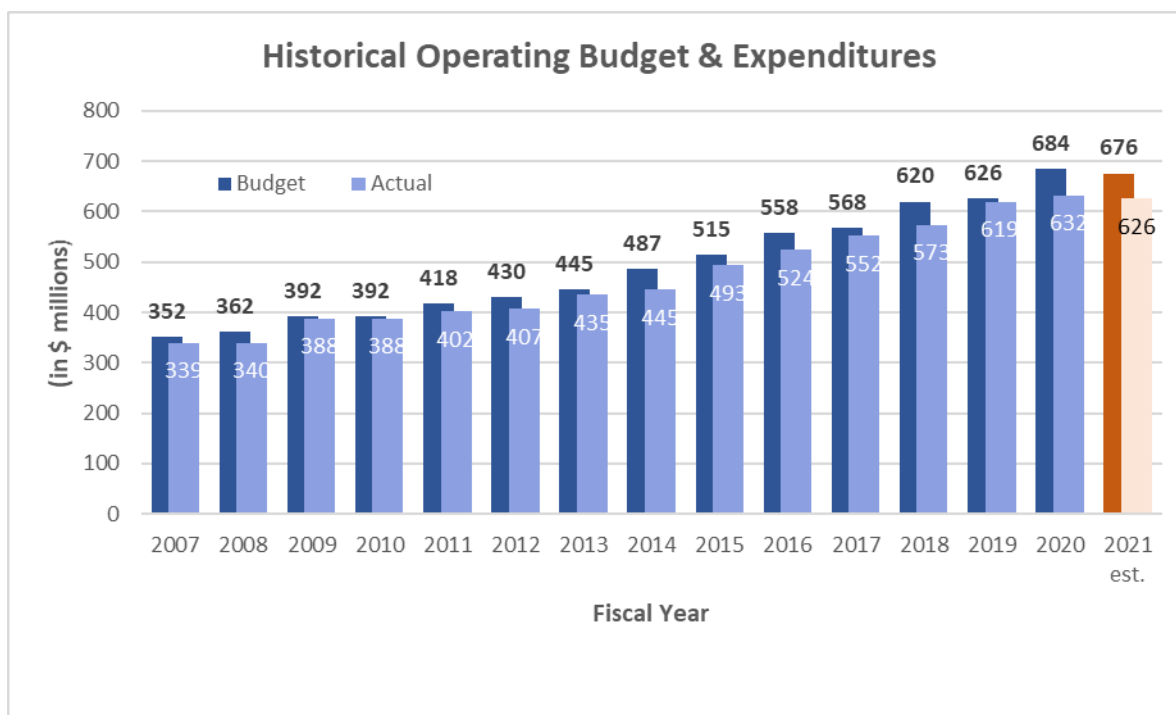
- METRO-operated Local Bus
- Contractor-operated (First Transit) Local Bus
- METRO-operated Bus Rapid Transit
- METRO-operated Park & Ride
- Contractor-operated (First Transit) Park & Ride
- METRO-operated Alternative Service (Community Connector)
- METROLift (standard service)
- METROLift Subsidy Program (taxi service)
- METRORail
- METRO Star vanpool
- HOV/HOT Lanes
- Special Events
- Internal Charter

METRO’s Cost Allocation Model allocates current costs on many driving variables, called allocation bases. These allocations are based on revenue and vehicle miles, scheduled and vehicle hours, passenger boardings, number of peak buses, employees by service category, or are directly allocated to specific services as applicable (Rail, METROLift, etc.).

By using these allocation bases, the CAM properly allocates all of METRO’s net operating expenses to the proper type of service category, expense (fixed or variable), and expense type (direct or allocated).

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 non-hedged energy costs or failures of hedges; increased costs from possible future storm damage; and other risks that cannot be predicted or avoided.

METRO has a history of conservative budgeting leading to solid financial performance, ending each fiscal year since 2007 with an operating budget surplus. The chart below demonstrates METRO's history of budgetary compliance.



profit finance reinvestment average
 net **BUDGET** gain
 project return capital revenue
 cash

Operating Budget

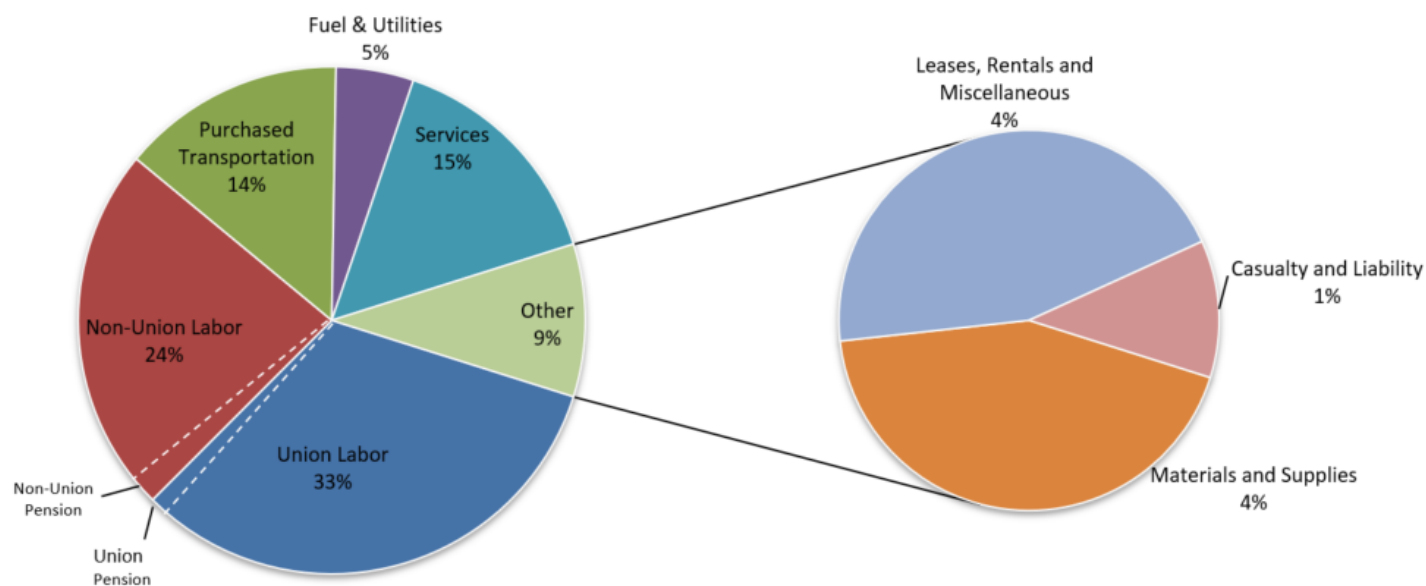
Summary	
FY 2021 Operating Budget	\$ 676,320,000
Net Increase	70,469,600
Net Decrease	(6,244,600)
FY 2022 Operating Budget	\$ 740,545,000
FY 2022 Net Increase	64,225,000
Major Increases & Decreases	
<u>Increases</u>	
President's Contingency	\$ 22,216,300
Allowance for New Community Connector Service	1,790,500
Allowance for Sidelist Initiatives	393,800
Autonomous Vehicle Project	562,000
Allowance for Authority Strategic Analysis	400,000
Allowance for Diversity Study	250,000
METRONext Pre-planning Operating Expenses	13,196,200
Increase in Union HC +109 with Aug Svc Change and FY2022 HC increase	6,614,600
3% Union Contract Wage increase	4,800,000
Increase in NonUnion HC for +52 for FY2022 increase and Annualization in Hiring Dates	4,749,600
Increase in Purchased Transportation	2,889,100
Increase in Cleaning Services	1,957,600
Increase in Advertising	1,937,900
Facilities Maintenance Major Facilities Rehab Initiative	1,519,200
Increase in Casualty & Liability Expense mainly driven by higher insurance rates	1,398,000
Increase in Rent Software	1,039,400
Increase in Contract Services	971,200
Increase in Telephone Expense	783,200
Increase in Security Services	665,300
Increase in Personal Service Agreements (PSA)	620,600
Lower allocation of Capital/GMP Expenses	540,500
Increase in Legal fees	510,000
Increase in Education and Training Fees	250,100
Increase in NRV Leases	104,100
Other	310,400
Total Increases	\$ 70,469,600
<u>Decreases</u>	
Decrease in total Fuel & Utilities	(1,976,500)
COVID-19-related Investments	(1,744,500)
Decrease in Workers' Compensation Costs	(1,036,300)
Decrease in Legislative Coordination Expenses to accommodate State Legislative Session	(835,000)
Decrease in Actuarially Determined Pension Contributions	(652,300)
Total Decreases	\$ (6,244,600)

Operating Budget by Cost Category

	FY2020 <u>Actual</u>	FY2021 <u>Budget</u>	FY2021 <u>Estimate</u>	FY2022 <u>Budget</u>	Budget-to-Budget \$	Variance %
Wages	\$ 149,627,137	\$ 145,943,967	\$ 144,080,641	\$ 153,864,139	\$ 7,920,171	5.4%
Union Fringe Benefits	84,297,661	86,040,639	88,135,531	88,059,858	2,019,219	2.3%
Subtotal Union Labor	\$ 233,924,798	\$ 231,984,606	\$ 232,216,172	\$ 241,923,997	\$ 9,939,391	4.3%
Salaries and Non-Union Wages	112,560,516	115,523,086	116,603,185	120,250,027	4,726,941	4.1%
Non-Union Fringe Benefits	49,350,352	54,021,293	52,713,170	54,035,993	14,699	0.0%
Subtotal Non-Union Labor	\$ 161,910,869	\$ 169,544,379	\$ 169,316,355	\$ 174,286,020	\$ 4,741,641	2.8%
Allocation to Capital and GMP	\$ (10,539,282)	(10,877,060)	(10,049,272)	(10,336,511)	540,549	(5.0%)
Subtotal Labor and Fringe Benefits	\$ 385,296,385	\$ 390,651,925	\$ 391,483,255	\$ 405,873,506	\$ 15,221,581	3.9%
Services	49,096,223	88,375,460	61,268,601	110,977,424	22,601,964	25.6%
Materials and Supplies	31,993,512	31,534,176	27,891,980	31,310,744	(223,432)	(0.7%)
Fuel and Utilities	36,496,716	37,919,770	34,202,560	36,726,476	(1,193,293)	(3.1%)
Casualty and Liability	5,919,306	7,021,253	6,005,890	8,419,230	1,397,977	19.9%
Purchased Transportation	104,341,598	101,193,050	93,814,989	105,872,604	4,679,554	4.6%
Leases, Rentals and Miscellaneous	11,836,055	13,995,333	12,085,372	32,418,350	18,423,017	131.6%
Subtotal Non-Labor	\$ 239,683,409	\$ 280,039,040	\$ 235,269,392	\$ 325,724,828	\$ 45,685,787	16.3%
Subtotal Labor and Non-Labor	\$ 624,979,794	\$ 670,690,966	\$ 626,752,647	\$ 731,598,334	\$ 60,907,368	9.1%
Contingency		6,685,076	-	9,986,177	3,301,100	49.4%
Allocation to Capital and GMP	(952,745)	(1,056,042)	(952,647)	(1,039,510)	16,532	(1.6%)
Total Operating Expenses	\$ 624,027,049	\$ 676,320,000	\$ 625,800,000	\$ 740,545,000	\$ 64,225,000	9.5%

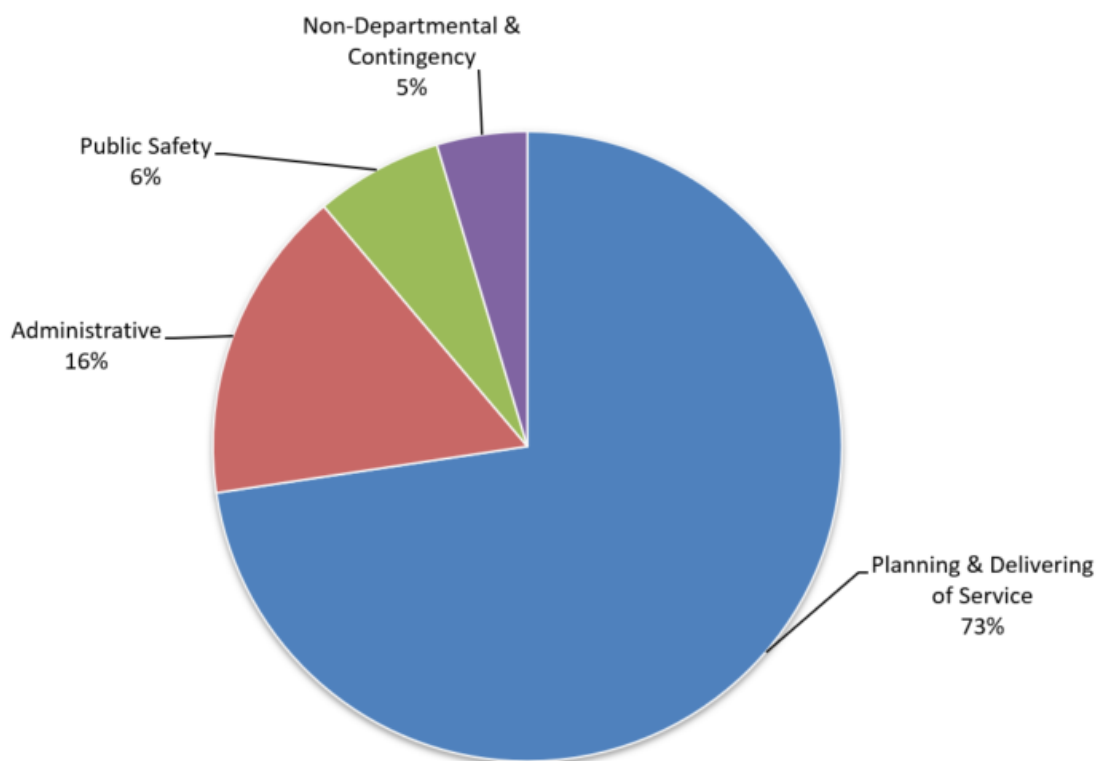
FY 2022 Operating Budget Breakdown

By Cost Category



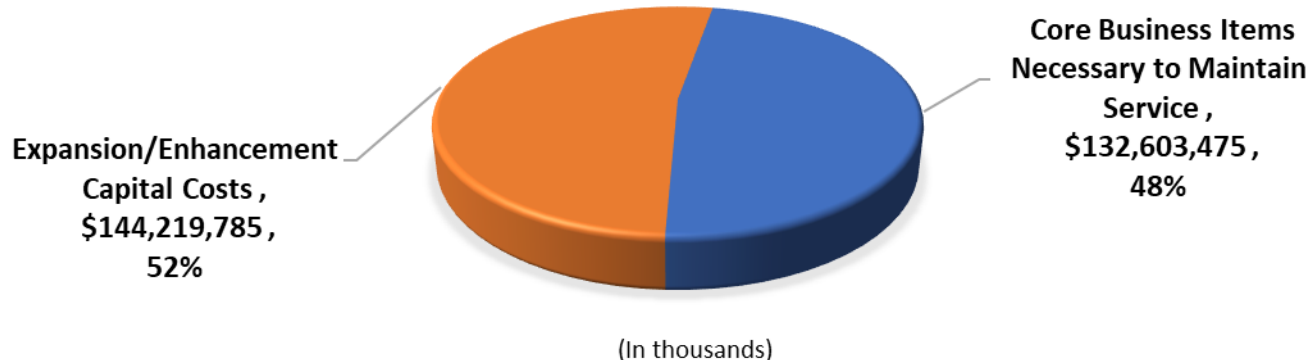
NOTE: Non-Union Pension represents 2.45% of total operating budget. Union Pension represents 2.75% of total operating budget.

By Function



Capital Budget

METRO's FY2022 Capital Programs: \$276,823,260



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. Please see the appendix E for complete capitalization guidelines.

FY2022 Capital Budget and Five-Year Capital Program Plan

METRO's Capital Programs consist of two primary categories including Core Business Items Necessary to Maintain Service and Expansion/Enhancement Capital Costs.

The sub-categories of the Core Business Items Necessary to Maintain Service include Vehicle Maintenance Costs, Maintaining Operational Facilities (Buildings and Rail), IT Projects, and Vehicle Acquisition Costs. The Core Business component includes \$132.6 million in funding of Contracted/Obligated or Committed projects in FY2022.

The sub-categories of the Expansion/Enhancement Capital Costs include Vehicle Acquisition Costs, Safety Projects, IT Projects, FFGA Commitments, METRONext, Legacy Projects - New and/or Enhanced, and Allowances. This Expansion/Enhancement component includes \$137.1 million in funding of Contracted/Obligated or Committed projects in FY2022 with an additional \$7.1 million in allowances, totaling \$144.2 million.

FY2022 Capital Budget and Five-Year Capital Program Plan, continued

A Capital project is considered Contracted/Obligated or Committed, if the project meets any of the following criteria:

- Involves a predominantly procured item and is under active contract.
- Has progressed beyond the Planning and Engineering/Design phase and is under contract for construction.
- Has a commitment or agreement with another external entity to advance the project, but not under contract.

If a project is Non-Obligated, it may be funded from the \$7.1 million Unallocated Capital Project Allowance included in the FY2022 Budget. After internal review and recommendation, a project may be presented to the METRO Board for approval to move forward from the development phase into active status.

In order to do so, METRO executives convene a Capital Budget Review Committee meeting, or a series of meetings, to thoroughly review the project budget request, to ensure the request is in alignment with the established METRO goals:

- Create outstanding trip experiences for all users by connecting residents to more places, more often, in a clean, comfortable, safe and efficient environment.
- Enhance communities and lives by providing high quality mobility options for all service areas and users, which includes innovation and planning for the future.
- Maintain and improve an accessible transportation system infrastructure.
- Increase public awareness and support for the regional transportation system, which includes collaboration with regional and national leadership.
- Provide responsive, accountable and trustworthy governance within the METRO organization.



This aerial view of the recently completed Northwest Transit Center project is an exemplary example of a project designed and built to accomplish METRO Goals as stated above.

FY2022 Capital Budget and Five-Year Capital Program Plan, continued

If during a Capital Budget Review Committee meeting a capital project budget request meets the intent of METRO's goals and is approved to continue forward in the budget process, the Capital Budget Review Committee can approve the activation of projects under \$1 million and for projects \$1 million or more, the Capital Budget Review Committee can recommend that the project be presented to the METRO Board for approval to move forward as an active project.

A Capital Improvement Project is considered as an Unallocated Capital Project, if the project is:

- Predominantly a procured item and is not yet under contract.
- Currently in the early Planning and Engineering/Design phase and requires additional scoping before being assigned as a capital project.
- Included in the out-years of the current Five-Year CIP, and not currently under contract. In some cases, a multi-year project may be obligated in the first year only.

In alignment with METRO's Business Plan Goal of bringing innovation along with planning for the future, Houston METRO has adopted a Sustainability Vision Statement. The Sustainability Vision Statement applies agency-wide principles that will guide and be incorporated into METRO's business practices. The adopted Sustainability Vision Statement is as follows:

- METRO will shift to 100% zero-emission bus purchases on or before FY2030.
- METRO will manage its operations to avoid or minimize environmental impacts on the health and safety of our employees.
- METRO will apply green principles to the design and management of its facilities. METRO will foster sustainable use of natural resources by promoting energy management, recycling, reuse, and repurposing of materials, and waste reduction management opportunities.
- METRO will collaborate with other organizations to achieve shared environmental goals.
- METRO will develop an agency-wide Climate Action Plan to achieve the objectives of this Sustainability Vision Statement.

Most significantly is the adoption of a shift to 100% zero-emission bus purchases on or before FY2030. This transformative initiative will include purchase of 20 Battery Electric Buses (BEB)s for operation along two key METRO corridors that include service to three underserved communities. Further efforts will include incorporation of electric vehicles into the Community Connector Service and agency service vehicle program. To ensure resiliency, METRO will also test the use of Hydrogen Fuel Cell buses toward developing a diversity of zero-emission buses into its fleet. In addition, it will enhance the customer experience, employee environment and making Houston METRO a good community partner in efforts to reduce carbon emissions in the region.

These projects will also support innovation efforts around emerging vehicle technology. METRO is a leader in the development of autonomous vehicles for public transit use. It will continue its work with the support of a Federal Transit Administration Accelerating Innovative Mobility (AIM) grant for development of the Houston METRO Shuttle of the Future, a fully accessible and federally compliant mid-size shuttle. This is

FY2022 Capital Budget and Five-Year Capital Program Plan, continued

in addition to its membership in the Automated Bus Consortium (ABC) for the development of an autonomous full-size transit bus.

Other agency projects include use of Artificial and Virtual Reality (AR/VR) for employee training, digital signage, passenger Wi-Fi, a mobile based on-demand service and, in the near future, an updated fare collection system.

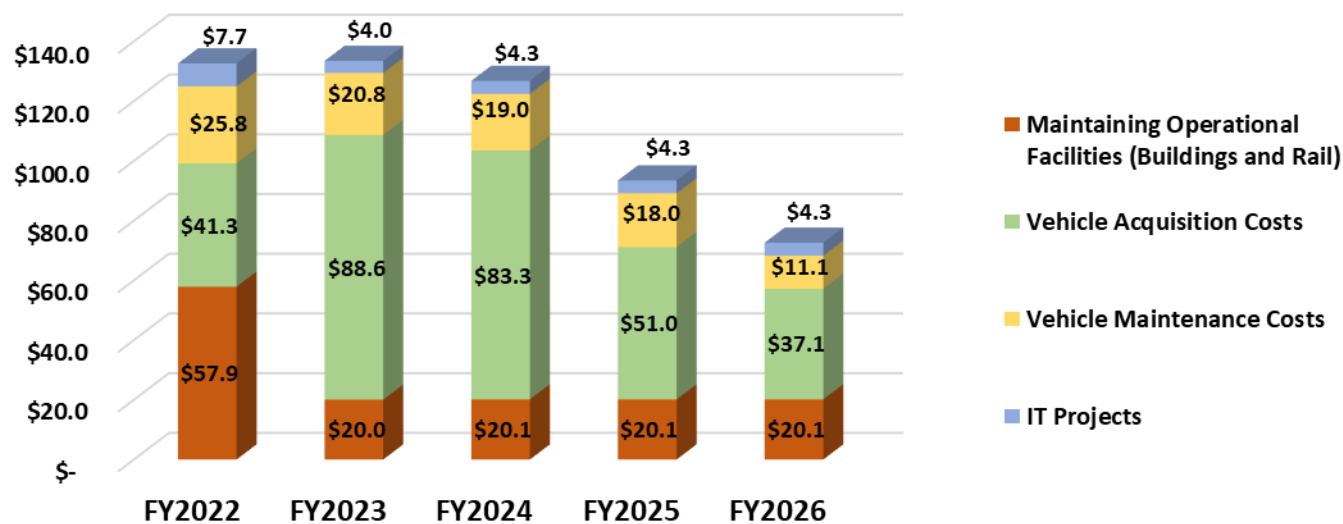
All of these efforts support METRO's goal toward innovation and providing customers state-of-the-art services and vehicles to ensure the agency's sustainability and resiliency.

Five-Year Capital Program Plan

The following reflects METRO's Five-Year Capital Program plan:

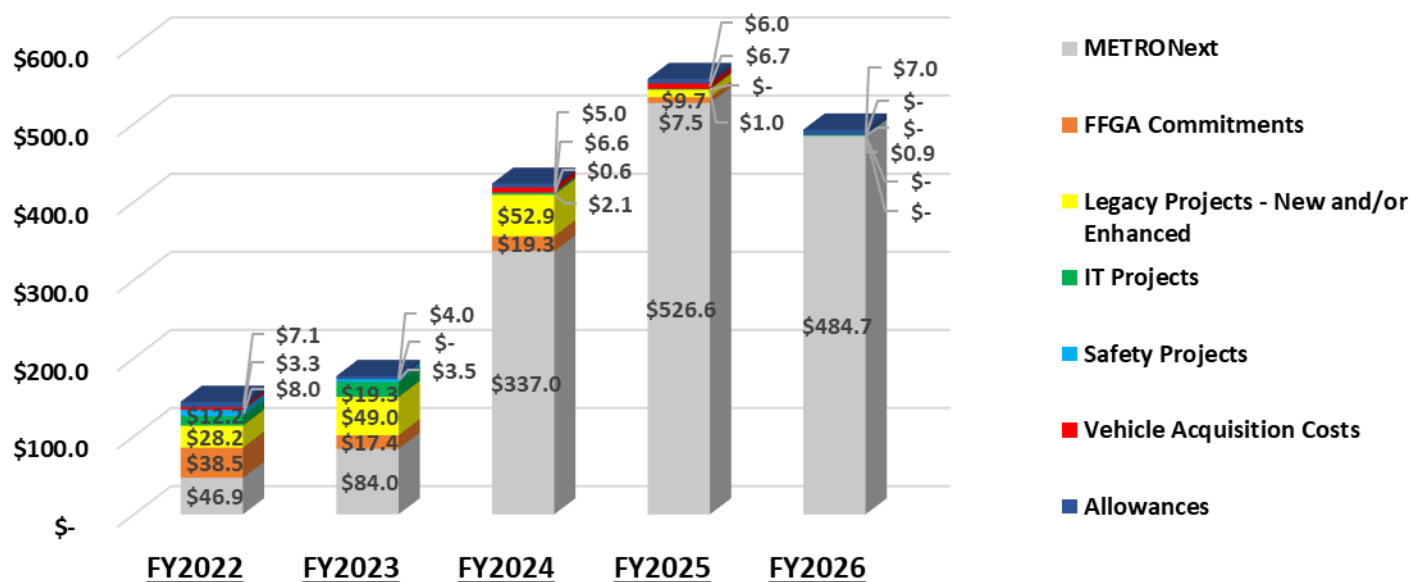
Core Business Items Necessary to Maintain Service	Grant Funded	FY2022	FY2023	FY2024	FY2025	FY2026
Maintaining Operational Facilities (Buildings and Rail)	N	\$ 57,865,967	\$ 20,032,000	\$ 20,123,000	\$ 20,108,000	\$ 20,108,000
Vehicle Acquisition Costs	N	41,255,000	88,617,000	83,345,000	51,002,000	37,055,000
Vehicle Maintenance Costs	N	25,819,000	20,805,000	18,996,000	18,024,000	11,102,000
IT Projects	N	7,663,508	4,018,481	4,314,962	4,314,962	4,317,481
Core Business Items Necessary to Maintain Service		\$ 132,603,475	\$ 133,472,481	\$ 126,778,962	\$ 93,448,962	\$ 72,582,481
Expansion/Enhancement Capital Costs	Grant Funded	FY2022	FY2023	FY2024	FY2025	FY2026
METRONext	Y	\$ 46,877,119	\$ 83,981,370	\$ 336,996,926	\$ 526,624,338	\$ 484,665,298
FFGA Commitments	Y	38,513,298	17,357,317	19,293,953	7,473,547	0
Legacy Projects - New and/or Enhanced	Y	28,175,378	48,970,266	52,870,380	9,650,759	0
IT Projects	Y	12,235,647	19,303,478	2,123,650	1,024,100	931,000
Safety Projects	N	8,024,475	3,504,472	579,472	0	0
Vehicle Acquisition Costs	N	3,271,590	0	6,585,000	6,710,000	0
Allowances	N	7,122,278	4,000,000	5,000,000	6,000,000	7,000,000
Subtotal - Expansion/Enhancement Capital Costs		\$ 144,219,785	\$ 177,116,903	\$ 423,449,381	\$ 557,482,744	\$ 492,596,298
Capital Program - Total		\$ 276,823,260	\$ 310,589,384	\$ 550,228,343	\$ 650,931,706	\$ 565,178,779
Capital Grant Program		FY2022	FY2023	FY2024	FY2025	FY2026
Anticipated Capital Grant Funding - Total		\$ 53,306,974	\$ 89,012,153	\$ 170,366,136	\$ 286,146,674	\$ 247,199,511

Core Business Items Necessary to Maintain Service



(In \$ Millions)

Expansion/ Enhancement Capital Costs

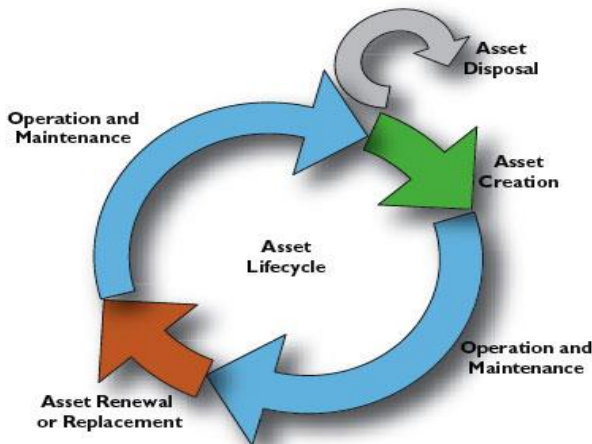


(In \$ Millions)

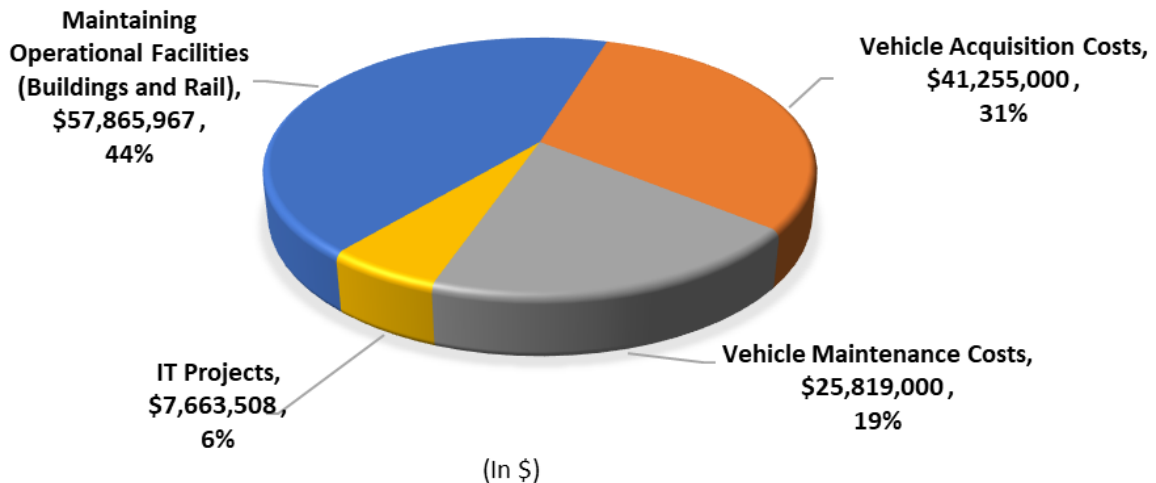
Core Business Items Necessary to Maintain Service

The infrastructure supported by the FY2022 Core Business budget includes facilities maintenance and administrative support, revenue rolling stock maintenance, and maintaining operating facility infrastructure including Bus Operating facility and Light Rail facility improvements. Maintenance of these assets is critical to ensure a high level of service, reliability and optimized operating costs.

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)



FY2022 Core Business Items Necessary to Maintain Service
\$132,603,475



Core Business Items Necessary to Maintain Service

Core Business Items Necessary to Maintain Service	Grant Funded	Grants	Local	FY2022
Maintaining Operational Facilities (Buildings and Rail)	N	\$ -	\$ 57,865,967	\$ 57,865,967
Vehicle Acquisition Costs	N	-	41,255,000	\$ 41,255,000
Vehicle Maintenance Costs	N	-	25,819,000	\$ 25,819,000
IT Projects	N	-	7,663,508	\$ 7,663,508
Core Business - Subtotal		\$ -	\$ 132,603,475	\$ 132,603,475

Maintaining Operational Facilities (Buildings and Rail)

The Capital Improvement Program (CIP) provides for Core Business funding for Operational Facilities, which involves a wide range of funding over the full five-year capital plan, designed keep the METRO Operating Facilities in an overall state of good repair.

Core Business Items Necessary to Maintain Service

<u>Maintaining Operational Facilities (Buildings and Rail)</u>	<u>Grants</u>	<u>Local</u>	<u>FY2022</u>
Unspecified MFRI Projects	\$ -	\$ 37,500,000	\$ 37,500,000
Radio Replacement (Update ALL Handheld Radios)	-	6,925,000	\$ 6,925,000
Dedicated Bus Lanes (Red Lanes) Project	-	1,750,000	\$ 1,750,000
BOF Kashmere Electrical Transformer Rehab	-	1,750,000	\$ 1,750,000
BOFs Shop Tool Equipment	-	1,583,050	\$ 1,583,050
Bus Security Monitor System	-	1,125,000	\$ 1,125,000
Rail TPSS Replacement	-	638,508	\$ 638,508
S&I Facility Lift Controls Upgrade	-	577,500	\$ 577,500
Traction Power Substation HVAC Replacement	-	550,000	\$ 550,000
Central Stores - Fire/Life Safety Rehabilitation	-	508,068	\$ 508,068
Central Stores Fire Alarm Sprinkler Upgrade	-	450,000	\$ 450,000
Power Overhaul Track Switches	-	360,000	\$ 360,000
ROC Tie Upgrade	-	286,736	\$ 286,736
Kashmere Firecode Compliance	-	270,105	\$ 270,105
Axles Counter Case for HVAC	-	270,000	\$ 270,000
Gate Crossing Motor Replacement	-	145,000	\$ 145,000
Underground Storage Tank Upgrade Project	-	765,000	\$ 765,000
Traction Power Pull Box Cover	-	700,000	\$ 700,000
Red Line Tactile Pavers	-	595,000	\$ 595,000
TMC T/C Pavement Rehabilitation	-	475,000	\$ 475,000
North Shepherd P&R Pavement Rehabilitation	-	425,000	\$ 425,000
TM EKOS Slide Roller	-	92,000	\$ 92,000
P&R Facilities Bathroom Rehabilitation	-	50,000	\$ 50,000
Signal Case HVAC	-	50,000	\$ 50,000
Traction Power Surge Arrestors	-	25,000	\$ 25,000
Maintaining Operational Facilities (Buildings and Rail)	\$ -	\$ 57,865,967	\$ 57,865,967

Vehicle Acquisition Costs

The Capital Improvement Program (CIP) provides for Core Business funding for New Vehicle Procurement, which involves a wide range of bus fleet and light rail vehicle project funding over the full five-year capital plan, designed keep the METRO vehicle fleet in an overall state of good repair.

Vehicle Acquisition Costs - continued



Core Business Items Necessary to Maintain Service

Vehicle Acquisition Costs

	<u>Grants</u>	<u>Local</u>	<u>FY2022</u>
40' Electric & Fuel Cell Buses (20 Buses & Stations Chargers)	\$ -	\$ 24,353,000	\$ 24,353,000
METROLift Para-Transit Van	-	5,505,000	\$ 5,505,000
Para-Transit Electric Shuttle & Station Charger (10 Vans)	-	4,825,000	\$ 4,825,000
Specialty Heavy Duty Vehicles (FY22 Qty19)	-	3,538,000	\$ 3,538,000
Sport Utility Vehicle (FY22 Qty 34)	-	1,279,000	\$ 1,279,000
ALL BIG Bus Make Ready (40'/45'/60'/Electric Bus)	-	600,000	\$ 600,000
Electric Non-Revenue Vehicles, Automobiles (FY22 Qty 15)	-	567,000	\$ 567,000
ALL SMALL Bus Make Ready (MLV; Taxis; Electric)	-	555,000	\$ 555,000
Electric Charging Stations Automobiles (FY22 Qty 5)	-	33,000	\$ 33,000
Vehicle Acquisition Costs	\$ -	\$ 41,255,000	\$ 41,255,000

Vehicle Maintenance Costs

The Capital Improvement Program (CIP) provides for Core Business funding for Vehicle Maintenance, which involves a wide range of bus fleet and light rail vehicle project funding designed keep the METRO vehicles in a state of good repair.

Vehicle Maintenance Costs – continued

Core Business Items Necessary to Maintain Service

<u>Vehicle Maintenance Costs</u>	<u>Grants</u>	<u>Local</u>	<u>FY2022</u>
LRV Power Truck Overhaul	\$ -	\$ 14,135,000	\$ 14,135,000
ALL Engine Replacement	-	4,640,000	4,640,000
LRV Brake Overhaul	-	2,040,000	\$ 2,040,000
ALL HYBRID Bus Battery	-	1,833,000	1,833,000
ALL Transmission Replacement	-	1,000,000	1,000,000
ALL Axle/Chassis Replacement	-	920,000	920,000
LRV Operator Seat Replacement (H3)	-	660,000	660,000
LRV Propulsion Power Overhaul	-	340,000	340,000
LRV Operator Seat Replacement (H1)	-	185,000	185,000
LRV Headlight Upgrade (Wig/Wag)	-	66,000	66,000
Vehicle Maintenance Costs	\$ -	\$ 25,819,000	\$ 25,819,000

IT Projects

The Capital Improvement Program (CIP) provides for Core Business funding of IT Department Projects, which are projects designed keep the METRO IT systems in a state of good repair.

Core Business Items Necessary to Maintain Service

<u>IT Projects</u>	<u>Grants</u>	<u>Local</u>	<u>FY2022</u>
Data Center Management	\$ -	\$ 3,837,481	\$ 3,837,481
Network Upgrades & Management	-	3,606,849	\$ 3,606,849
METROLift Interactive Voice Response (IVR) Upgrade	-	219,178	\$ 219,178
IT Projects	\$ -	\$ 7,663,508	\$ 7,663,508

Completed Projects

Following a decade of rail expansion projects that went live in the FY2015 timeframe, METRO Houston continued with a robust expansion program over the last few years with a number of multi-year Major Projects and an equally robust Core Business program keeping METRO assets in a state of good repair, with a few examples listed below:

- Red Line Tie Replacement & Drainage Rehabilitation Project
- ROC Yard Tie Replacement Project
- Red Line Traction Power Pull Box Upgrade Project

Completed Projects - continued

Overall Capital Spending for FY2020 incurred \$171.2 million dollars*, with spending on “Core Business Items Necessary to Maintain Service” subtotaling \$86.7 million dollars and “Expansion/Enhancement Capital Costs” of \$84.5 million, with a comparable projected FY2021 capital spending cost of \$136.6 million estimated at year end, with spending on “Core Business Items Necessary to Maintain Service” estimated at \$62.0 million dollars and “Expansion/Enhancement Capital Costs” of \$74.6 million.

A substantial portion of the ROC Yard Tie Replacement project has been completed at the Rail Operations Center that occurred in a parallel effort with the Red Line Tie Replacement project.



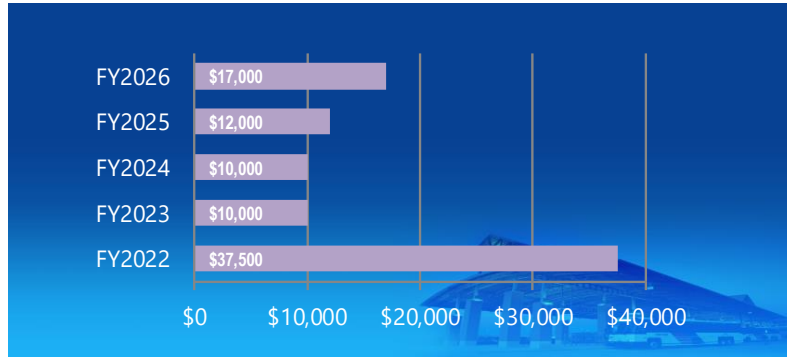
Red Line Tie Replacement & Drainage Rehabilitation Project incurred \$7.7 million and involved the installation of new perforated drainpipes in the rail trackway from Loop 610 to Holly Hall including replacement of the subgrade and installation of clean ballasts. At the same time, the Red Line Traction Power Pull Box Upgrade Project incurred \$2.0 million keeping the legacy systems in a state of good repair.



*\$171,169,867 reported in the FY2020 includes non-cash adjustments related to prior period accruals and asset impairment items.

Unspecified Major Facility Rehabilitation Initiatives (MFRI)

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

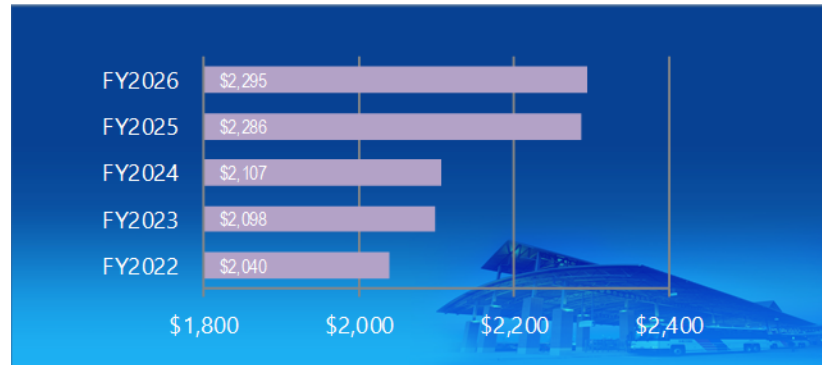
Major Facility Rehabilitation Initiatives (MFRI) capital improvement projects, which may be funded from the \$37.5 million Unspecified Major Facility Rehabilitation Initiatives (MFRI) Project Fund, will be selected by the METRO Capital Budget Review (CBR) committee, prioritized and recommended to move forward for METRO Board approval to advance the projects from their conceptual/developmental design phase into active capital project status.

Operating Impact

If the capital asset or system is replaced, it will typically reduce overall operating cost and staff time to maintain.

Radio Replacement (Update ALL Handheld Radios)

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

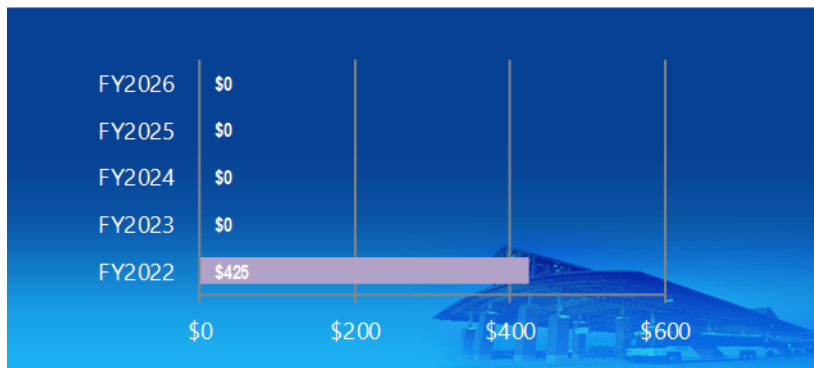
Updating all handheld and mobile radios for Operations Rail, Transportation Program and MPD. Current XTL and XTS series Motorola radios are obsolete and past end of life. These radios are incapable of the new modulation technology being deployed by the Harris County Regional Radio System.

Operating Impact

METRO will be able to continue its operation on the Harris radio system with improved efficiencies and employ radios that are supported by both Harris County and Motorola maintenance.

Dedicated Bus Lanes (Red Lanes) Project

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

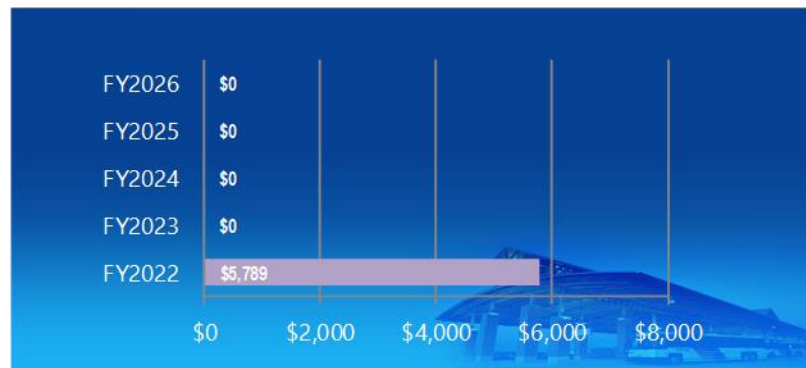
A bus only lanes pilot referred to as “Red Lanes” was introduced at METRO’s January 2021 Public Safety, Customer Service, and Operations Committee meeting as one of the opportunities identified by the Rapid Mobility Joint Taskforce (Joint Taskforce). The implementation of this bus only lanes pilot supports METRO’s commitment under METRONext to explore innovation as a means to improve and enhance service, where many cities are experimenting or have implemented bus only lanes which are identified through use of Red Lane markings or striping. The Red Lanes pilot will better identify bus lanes with signage and pavement markings (e.g. red bus lane designations), and focus on clarity around intersections for all road users, drivers, cyclists and pedestrians. This project will be implemented in three phases from September 2021 to March 2022.

Operating Impact

This bus only Red Lanes pilot project is an opportunity to enhance safety, security and enhance the customer experience.

Rehabilitate Kashmere Electric Transformer

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

The goal of the project is to replace/upgrade or rehabilitate the existing electric transformer at the Kashmere Bus Operating Facility. The proposed transformer rehabilitation will help METRO keep this important bus operating facility in a state of good repair and will help METRO market its quality services and plan efficiently for the future.

Operating Impact

Project will be implemented in multiple phases during construction thereby reducing/minimizing operational impact.

BOF Shop Tools & Equipment

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

The projects of this request support METRO's asset management plan with the objective of keeping METRO's tools and equipment assets at a state of good repair rating at a level 3 or above. The selection and timing of assets to be replaced are based on both documented useful life benchmarks (ULBs) and condition assessments for the respective assets.

Operating Impact

No additional operating cost will be required.

Bus Security Monitor System

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

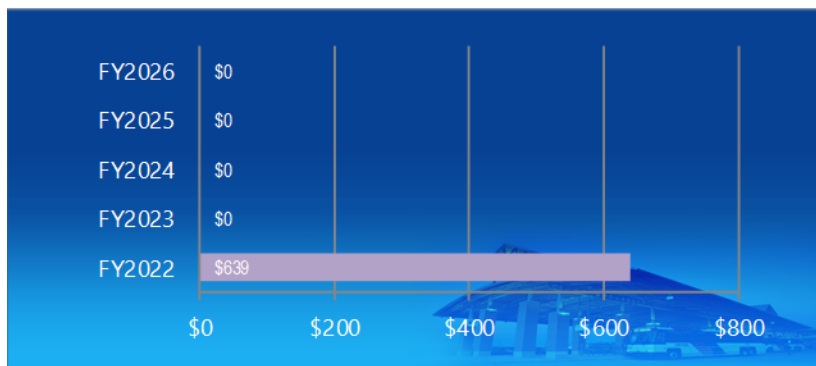
This Bus Security Monitor System involves the installation of two video monitors at both the driver area and patron seating area to display sequential camera views with the intent to improve safety for both the operator and patron. This equipment increases the patron experience on board the bus by reducing negative incidents and providing a safer environment and provide real-time information for service, announcements, and security alert information.

Operating Impact

No additional operating cost will be required.

Rail Traction Power Substation Replacement

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

The project involves the final efforts associated with a multi-year project that replaces the Traction Power Sub-Station damaged during Hurricane Harvey and involves the install of new cabinets and a traction power substation structure, built at an increased elevation to mitigate future flooding conditions.

Operating Impact

Decreased maintenance and reduced downtime due to longer life cycle.

S&I Lift Controls Upgrades

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

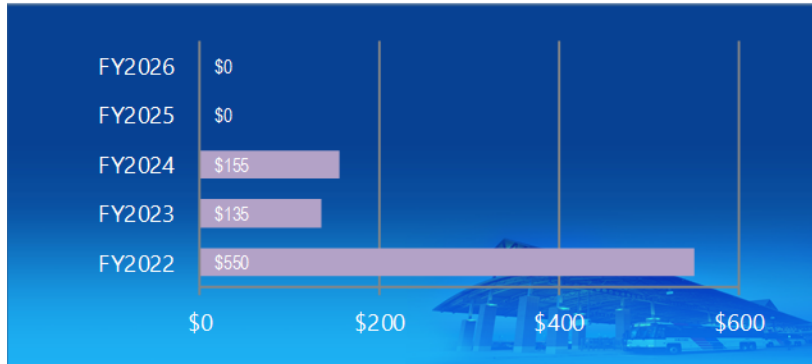
The project will install S&I Lift Controls Upgrades that will mitigate risk of injury to personnel when attempting to utilize the lift equipment at the Service and Inspection Facility on the East End Line.

Operating Impact

Decreased maintenance and reduced down time due to longer life cycle.

LRT- Traction Power Substation HVAC Replacement

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

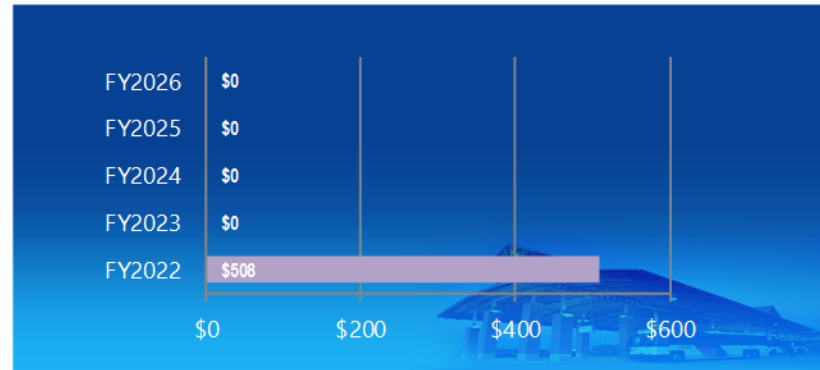
The project will rehabilitate Traction Power facilities by removing and replacing HVAC systems inside Light Rail Transitway (LRT) substations. Keeping the HVAC systems in a state of good repair will mitigate the risk of failure of the existing HVAC units and further mitigate the failure of the LRT substations.

Operating Impact

Decreased maintenance and reduced downtime due to longer life cycle.

Central Stores - Fire/Life Safety Rehabilitation

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

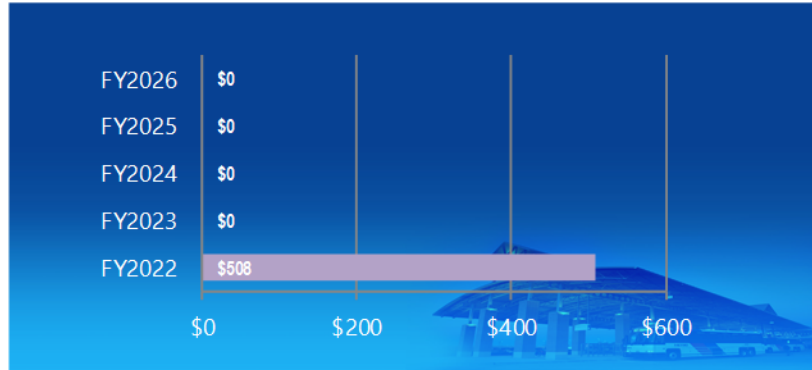
Rehabilitate the Central Stores Fire Life Safety System to comply with the latest fire codes for compliant fire marshal inspections.

Operating Impact

The proposed improvement will help METRO keep an important operating facility like the Central Stores facility in a state of good repair and would minimize the cost of maintaining aging facilities.

Central Stores - Fire Alarm Sprinkler Upgrade

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

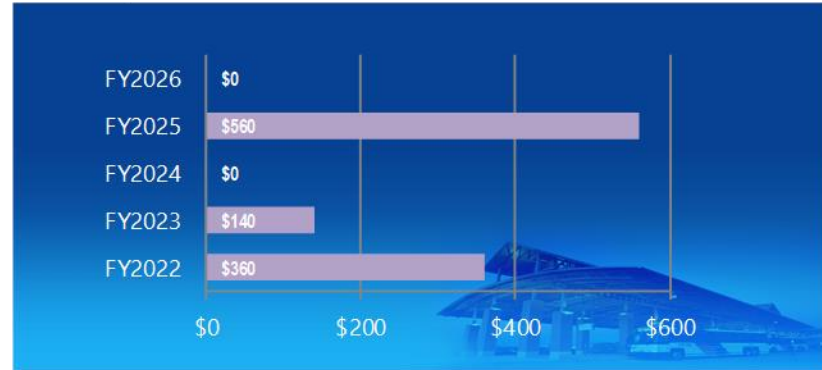
Rehabilitate the Central Stores Fire Alarm Sprinkler Upgrade to comply with the latest fire codes for compliant fire marshal inspections.

Operating Impact

The proposed improvement will help METRO keep an important operating facility like the Central Stores facility in a state of good repair and would minimize the cost of maintaining aging facilities.

Power Overhaul Track Switches

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

The existing power switches require overhauling and replacement of various parts to maintain safe operations on the Red Line. Failure to replace power switches could result in damage to various parts on the Red Line and would also cause a loss of service and fare revenue.

Operating Impact

No additional operating cost will be required.

ROC Tie Upgrades/Crossings Replacements

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

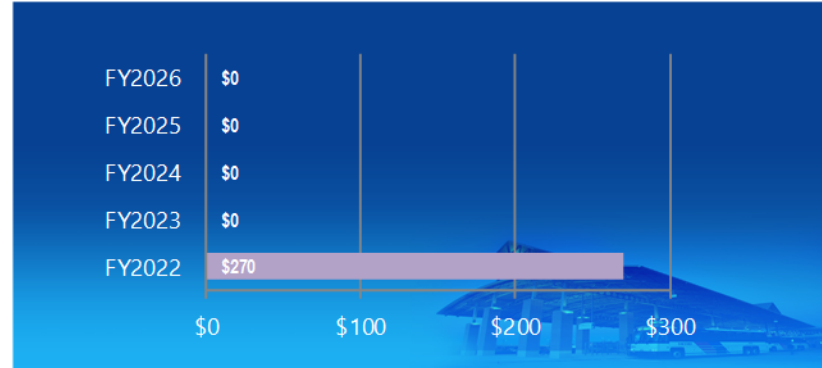
This project will upgrade/replace the all the timber crossies at the Rail Operations Center (ROC) with new composite crossies. The timber ties are in poor condition, and replacing them will reduce the risk of yard derailments due to poor track conditions. The initiative ensure that state of good repair is maintained at our rail facility.

Operating Impact

Project will be implemented in multiple phases during construction thereby reducing/minimizing operational impact.

BOF Kashmere- Firecode Compliance Upgrade

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

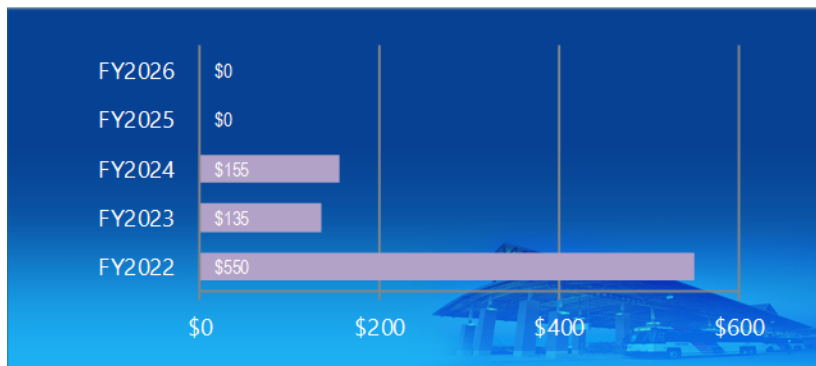
Rehabilitate the Kashmere Bus Operating Facility Fire Life Safety System to comply with the latest firecodes for compliant fire marshal inspections.

Operating Impact

The proposed improvement will help METRO keep an important operating facility like Kashmere in a state of good repair and would minimize the cost of maintaining aging facilities.

LRT- Axles Counter Case for HVAC

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

The project will rehabilitate the LRT Axle Counter Case for HVAC at East & Southeast Lines as they reach the useful life cycle in 2020/21. These axle counters HVAC are approximately 4 plus years of age. Green and Purple will need to be replaced in FY21 and North Line will need to be replaced in FY2025.

Operating Impact

Decreased maintenance and reduced down time due to longer life cycle.

Gate Crossing Motor Replacement

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

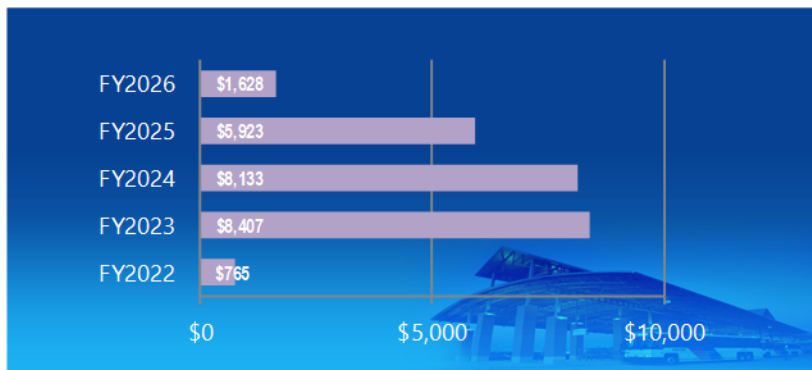
The Gate Motors for North Line will reach the end of its useful life cycle and need to be replaced. During FY2022, the Northline, East Eand Line and Southeast Lines will be replaced. In FY2023, the Legacy Line will be replaced. Failure to not replace these Gate Motors could have resulted in failure of the gates and compromise the safety of our Rail system. Replacing these Gate Motors allows our system to operate safely and reduces the risk of increased operating cost.

Operating Impact

No additional operating cost will be required.

Underground Storage Tank Upgrade Project

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

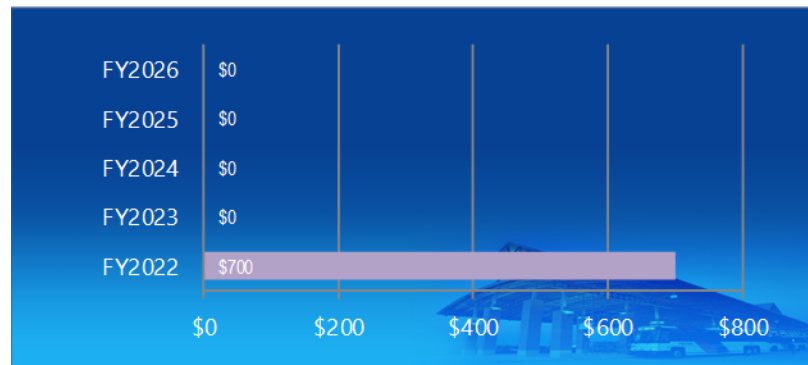
All METRO Bus Operating Facilities (BOF), with the exception of Fallbrook BOF have underground storage tanks past their useful life. Insurance companies require METRO to have a plan to move forward with replacement and have raised METRO's insurance premiums. Without replacement METRO is facing an inability to have liability insurance that is required under 30 Tex. Admin. Code 334.15. This program will also reduce environmental risk. This project involves the replacement of underground storage tanks, pipes, leak detection systems, tank gauging systems, and NRV pump dispenser at multiple facilities.

Operating Impact

No additional operating cost will be required and the removal of the old fuel tanks mitigates the potential for increased insurance premiums.

Traction Power Pull Box Cover Upgrade

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

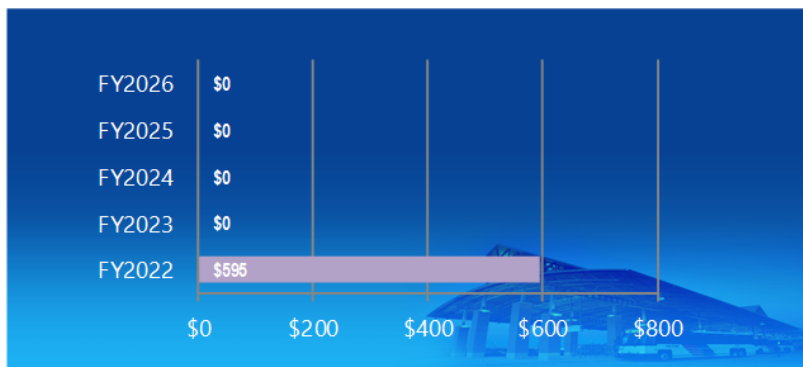
The project will install rehabilitate the above-ground cabinets so the traction power cable are above the water table, since the current cables are past their useful life and need upgrading or replacement. This project will raise the existing Traction Power pull boxes higher so that they are not under water during flood conditions.

Operating Impact

Decreased maintenance and reduced downtime due to longer life cycle.

Red Line Tactile Pavers

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

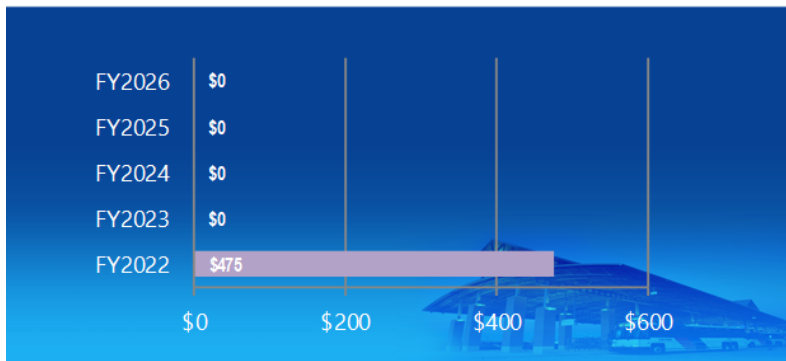
All METRO Bus Operating Facilities (BOF), with the exception of Fallbrook BOF have underground storage tanks past their useful life. Insurance companies require METRO to have a plan to move forward with replacement and have raised METRO's insurance premiums. Without replacement METRO is facing an inability to have liability insurance that is required under 30 Tex. Admin. Code 334.15. This program will also reduce environmental risk. This project involves the replacement of underground storage tanks, pipes, leak detection systems, tank gauging systems, and NRV pump dispenser at multiple facilities.

Operating Impact

No additional operating cost will be required and the removal of the old fuel tanks mitigates the potential for increased insurance premiums.

Texas Medical Center Transit Center Pavement Rehabilitation

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

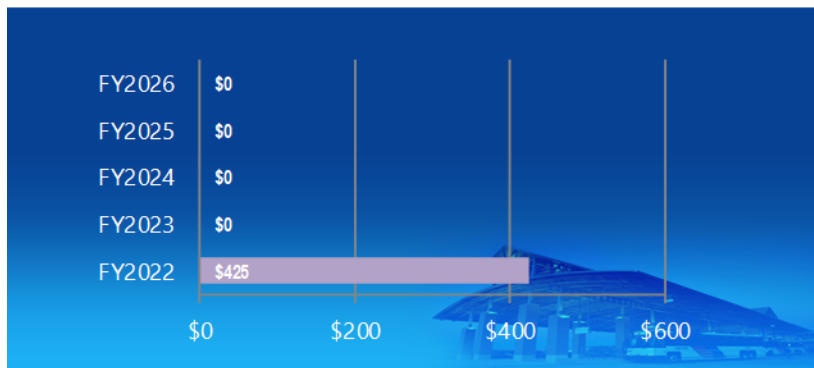
The goal of this project is to perform a major pavement rehabilitation work for the bus lanes for a vitally important public facility such as TMC Transit Center, keeping METRO's transit facility in a good state of repair will help METRO market its services and minimize damage to METO revenue vehicles.

Operating Impact

If the capital asset or system is replaced, it will typically reduce overall operating cost and staff time to maintain.

North Shepherd Park & Ride Pavement Rehabilitation

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

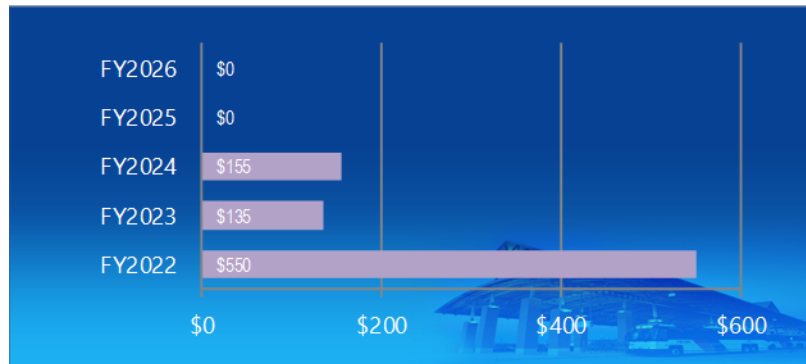
The goal of this project is to perform a major pavement rehabilitation work for the bus lanes for a vitally important public facility such as this North Shepherd Park & Ride, keeping METRO's transit facility in a good state of repair will help METRO market its services and minimize damage to METO revenue vehicles.

Operating Impact

If the capital asset or system is replaced, it will typically reduce overall operating cost and staff time to maintain.

LRT- EKOS Switch Rollers

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

The project will install EKOSlide Rollers at Track Switches that will mitigate risk of injury to personnel when attempting to throw the switch for switching LRV to adjacent tracks.

Operating Impact

Decreased maintenance and reduced down time due to longer life cycle.

Park & Ride Facilities Bathroom Rehabilitation

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

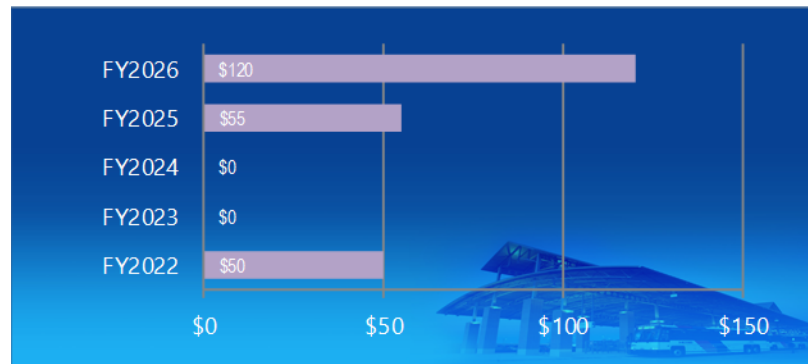
This capital project entails the rehabilitation and total reconstruction all park and ride bathroom facilities used by METRO bus drivers. Most of these bathrooms have reached or are reaching their useful life and need to be reconstructed to bring them up to current code. Accommodating a busy METRO Public Facility such as Fannin South P&R will boost employee morale, provide convenience and eventually enhance ridership.

Operating Impact

Rest Rooms will be rehabilitated without any operational impact.

LRT- Signal Case for HVAC

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

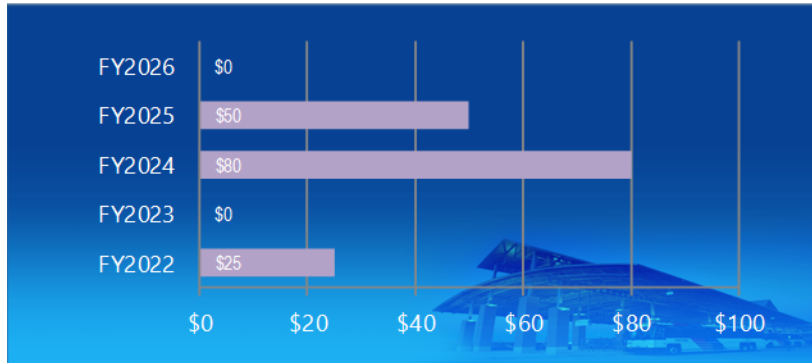
The project will provide an upgrade to the East End Line and Southeast Line's existing power Signal Case for HVAC that require replacement of various parts in FY2022 to maintain safe operations. The Northline will need to be replaced in the FY2025/FY2026 timeframe.

Operating Impact

Decreased maintenance and reduced down time due to longer life cycle.

LRT- Surge Arrestor- Overhead Catenary System

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

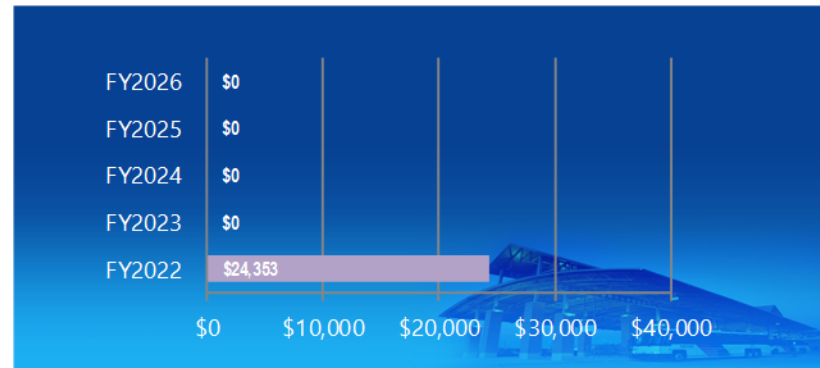
The project will install Surge Arrestors for substations that have not been replaced since 2007, with this equipment nearing the end of its life cycle.

Operating Impact

Decreased maintenance and reduced down time due to longer life cycle.

40' Electric & Fuel Cell Buses (20 with Station Chargers)

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

FY2022 includes a quantity of 20 of the 40' Transit buses in the five year plan. New operating data with the clean diesel buses has shown that the transit buses are more cost-effective for the daily transit routes. New transit buses include new camera systems that will enhance security and safety for both customers and operators.

Operating Impact

Procurement of these buses is part of the life-cycle replacement and will maintain operational reliability and cost-effectiveness. Regularly replacing transit buses that have met their useful life with new buses, not only improves customer experience, but provides stability and predictability by leveling the fleet asset management costs over time.

METROLift Vans

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

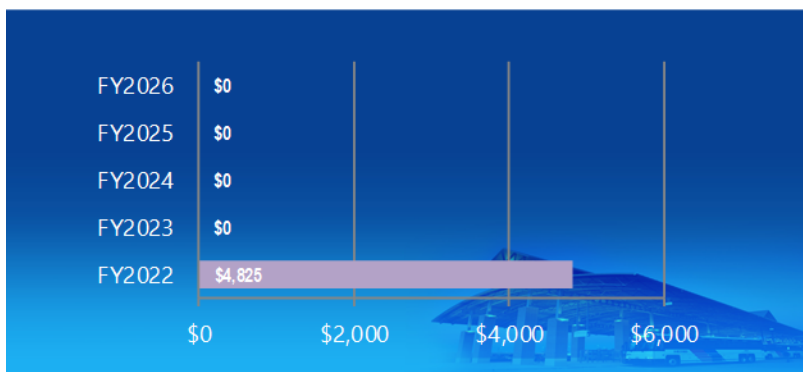
Purchase of 40 paratransit vans per year is a part of METRO's annual METROLift paratransit van replacement program. Replacing paratransit vans that have met their useful life with new paratransit vans improves the customer's experience. New paratransit vans with camera systems and improved lift devices also enhance security and safety for both customers and operators.

Operating Impact

This purchase will keep operating costs in check and will increase reliability as a life-cycle replacement. Regularly replacing METROLift vans that have met their useful life not only improves customer experience, but provides stability and predictability by leveling the fleet asset management costs over time.

Para-Transit Electric Shuttle & Station Charger (Qty 10)

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

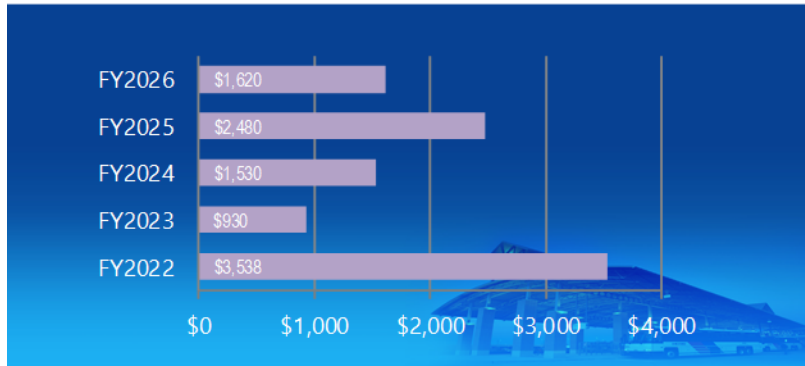
Purchase of 40 paratransit electric shuttle vans in FY2022 is a part of METRO's annual METROLift paratransit van replacement program. Replacing paratransit vans that have met their useful life with new paratransit vans improves the customer's experience. New paratransit vans with camera systems and improved lift devices also enhance security and safety for both customers and operators.

Operating Impact

This purchase will keep operating costs in check and will increase reliability as a life-cycle replacement. Regularly replacing METROLift vans that have met their useful life not only improves customer experience, but provides stability and predictability by leveling the fleet asset management costs over time.

Specialized Vehicles- Non-Revenue Vehicles

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

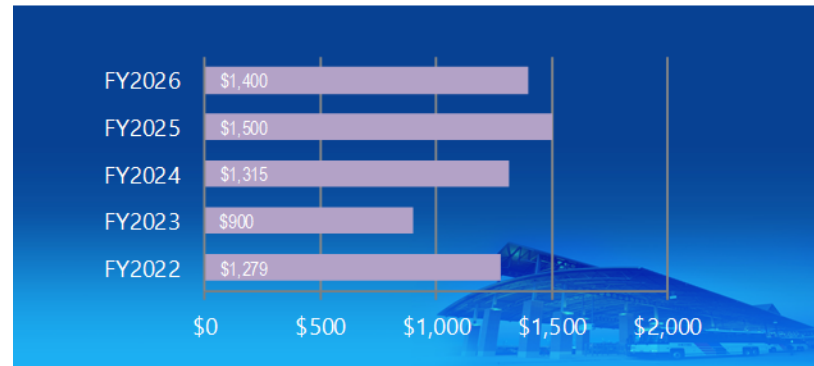
Replacing Non-Revenue Specialized Vehicles that have met or exceeded their useful life will enhance METRO ability to provide a higher level of service to our customers. Managing and replacing 19 Vehicles in FY2022 provides a lower operating cost by reducing "out-of-service" times, thus allowing METRO Departments to provide a higher level of service to its customers.

Operating Impact

This purchase will reduce the vehicles' operating cost and increase their reliability and safety.

Sport Utility Vehicle - Non-Revenue Vehicles

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

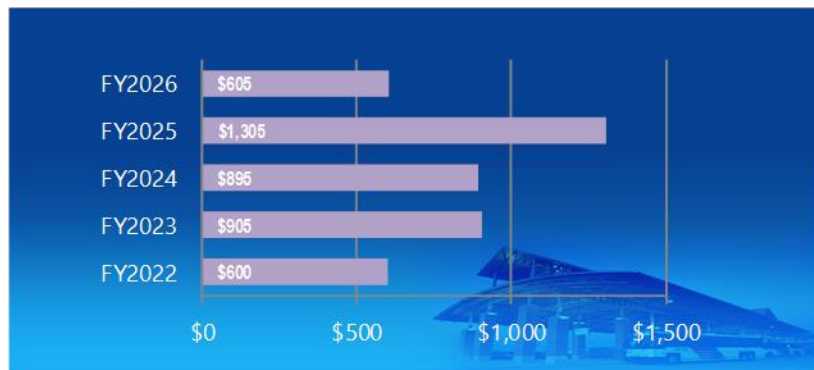
Replacing Non-Revenue Sport Utility Vehicle that have met or exceeded their useful life will enhance METRO ability to provide a higher level of service to our customers. Managing and replacing our NRVs Vehicle over time provides a lower operating cost by reducing "out-of-service" times, thus allowing METRO Departments to provide a higher level of service to its customers.

Operating Impact

This purchase will reduce the vehicles' operating cost and increase their reliability and safety.

All New Bus Make Ready

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

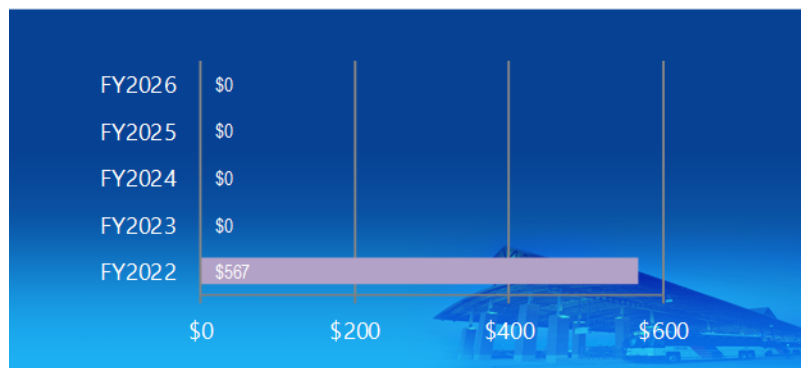
This is part of METRO's annual bus replacement program and new taxis van program to make the revenue vehicles ready for revenue service. Once the buses are delivered to METRO property, QA staff will inspect and either accept or reject the new buses. If accepted, installation of electronic equipment is required to prepare buses for revenue service.

Operating Impact

No additional operating cost will be required.

Electric Non-Revenue Vehicles, Automobiles (Qty 15)

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

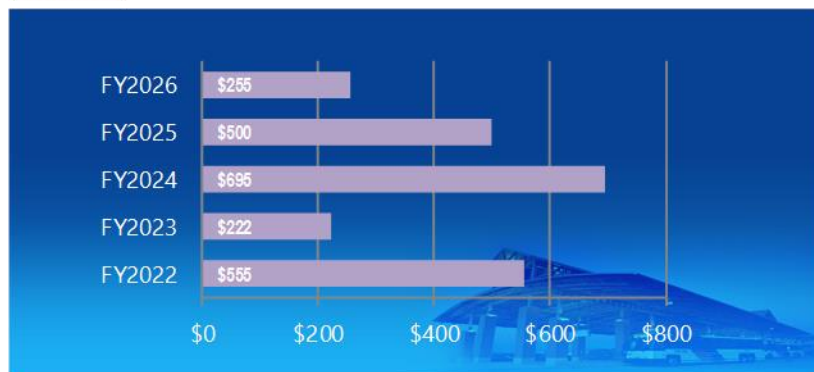
Replacing Non-Revenue Vans that have met or exceeded their useful life will enhance METRO ability to provide a higher level of service to our customers. Managing and replacing 15 of METRO's NRV Vehicle fleet with new Electric Non-Revenue Vehicles will over time provide a lower operating cost by reducing "out-of-service" times, thus allowing METRO Departments to provide a higher level of service to its customers.

Operating Impact

This purchase will reduce the vehicles' operating cost and increase their reliability and safety.

METROLift Vans Make Ready

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

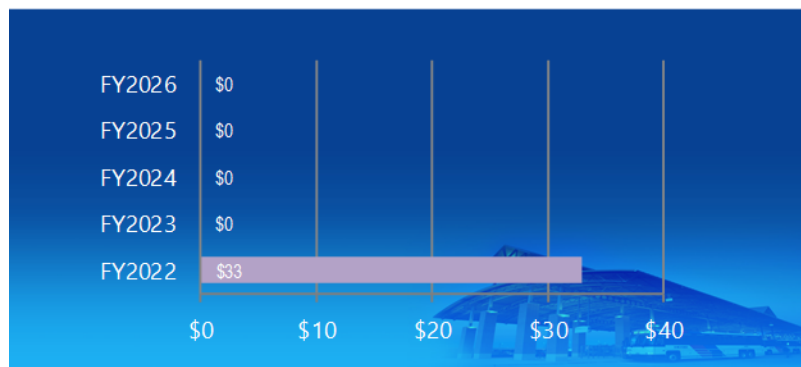
This is part of METRO's annual revenue vehicle replacement program to make vehicles ready for revenue service. Once the METROLift vans and Taxi Vans are delivered to METRO property, QA staff will inspect and either accept or reject the vehicles. If accepted, installation of electronic equipment is required to prepare vans for revenue service.

Operating Impact

No additional operating cost will be required.

Electric Charging Stations Automobiles (Qty 5)

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

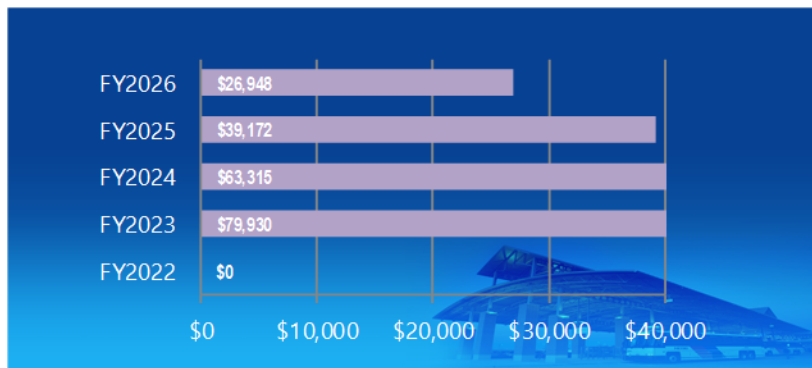
Replacing Non-Revenue Vans that have met or exceeded their useful life will enhance METRO ability to provide a higher level of service to our customers. Managing and replacing 15 of METRO's NRV Vehicle fleet with new Electric Non-Revenue Vehicles will over time provide a lower operating cost by reducing "out-of-service" times, thus allowing METRO Departments to provide a higher level of service to its customers. This project involves the electric charging stations for the new electric non-revenue automobiles.

Operating Impact

This purchase will support the new electric vehicles as the new vehicles reduce the non-revenue vehicles' operating cost and increase their reliability and safety.

40' Transit Buses - Clean Diesel

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

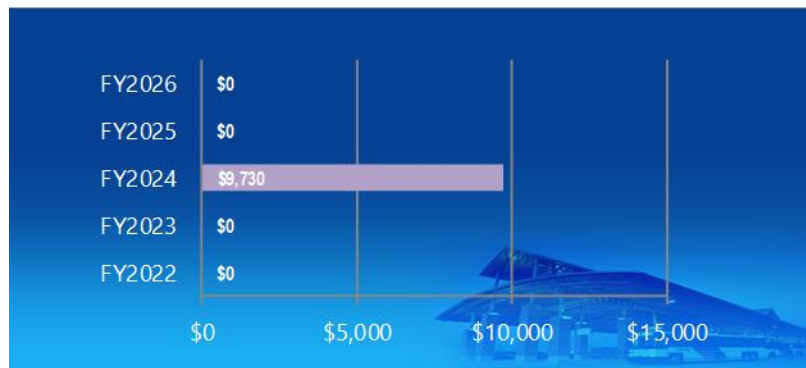
FY2022 thru FY2026 includes a quantity of 330 of the 40' Transit buses in the five year plan. New operating data with the clean diesel buses has shown that the transit buses are more cost-effective for the daily transit routes. New transit buses include new camera systems that will enhance security and safety for both customers and operators.

Operating Impact

Procurement of these buses is part of the life-cycle replacement and will maintain operational reliability and cost-effectiveness. Regularly replacing transit buses that have met their useful life with new buses, not only improves customer experience, but provides stability and predictability by leveling the fleet asset management costs over time.

Alternative Service Vehicles

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

Purchase and replacement of 40 alternative service vehicles that have met their useful life in the FY2024 timeframe. New vehicles would improve the customer experience, which would lead to more use of METRO's transit system.

Operating Impact

This purchase will keep operating costs in check and will increase reliability as a life-cycle replacement. Regularly replacing vehicles that have met their useful life not only improves customer experience, but provides stability and predictability by leveling the fleet asset management costs over time.

LRV: Power Truck Overhaul

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

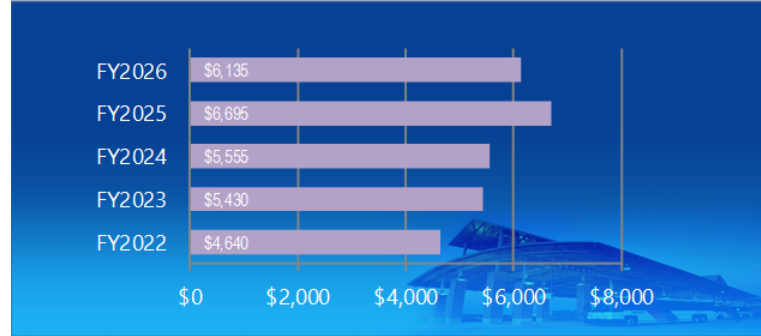
The OEM-recommended truck overhaul for FY2022 includes completing Light Rail Vehicle (LRV) Couplers. This recurring overhaul needs to be accomplished roughly every eight years.

Operating Impact

This overhaul will reduce the operating cost and increase the reliability and service life of the rail vehicles.

Bus Engine Assemblies

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

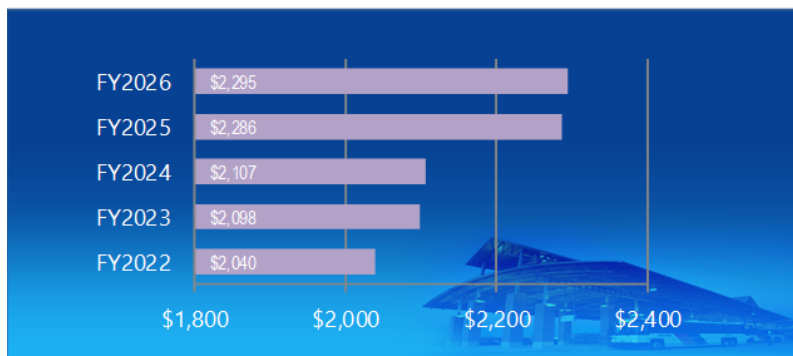
This project would involve engine replacements for 40' transit buses; 45' commuter buses, and 60' articulated buses to assure fleet dependability and provide safe and reliable transportation to METRO customers.

Operating Impact

Renovating engine assemblies in a routine state of good repair program lowers the costs to maintain and repair them, compared to repairs on an as-needed basis. This is considered a major component life cycle replacement to support all bus types operated by METRO.

LRV: Brakes Overhaul

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

This project would install brakes in accordance with OEM overhaul recommendations, in an effort to provide safe and reliable vehicles. Brakes on the Siemens H1 and H2 LRVs were replaced in the FY2018 timeframe and brakes on the CAF H3 LRVs were overhauled in the FY2020/2021 timeframe. This is now considered a yearly recurring capital cost until the next phase of the OEM recommended brake overhaul occurs in the timeframe beyond this 5 year Capital Improvement Plan.

Operating Impact

Renovating brake components in a routine state of good repair program will lower the costs to maintain and repair them on an as-needed basis.

Hybrid Bus Batteries

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

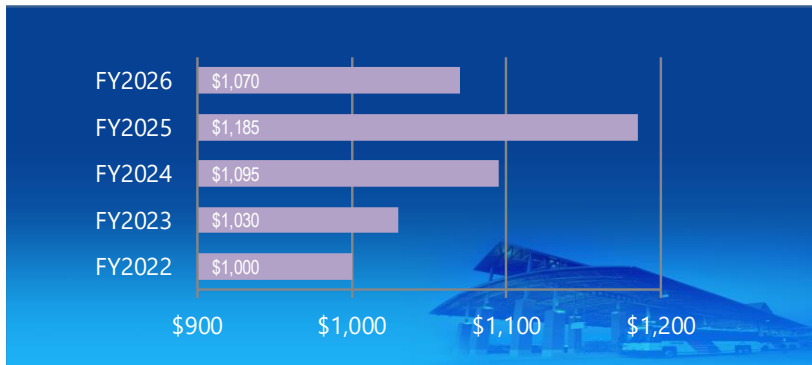
This project would involve replacing hybrid batteries for the 40' Orion Transit and 45' MCI Park & Ride buses to assure fleet dependability and provide safe, reliable transportation to METRO customers.

Operating Impact

Renovating hybrid batteries in a routine state of good repair program lowers the costs to maintain and repair them, compared to repairs on an as-needed basis. This is considered a major component life cycle replacement to support all bus types operated by METRO.

Bus Transmission Assemblies

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

This project involves a bus fleet transmission replacement effort for the 40' transit buses and 45' commuter buses to assure fleet dependability and provide safe and reliable transportation to METRO customers.

Operating Impact

Renovating the METRO bus fleet with a routine state of good repair transmission replacement program lowers the costs to maintain and repair them, compared to repairs on an as-needed basis. This is considered a major component life cycle replacement to support all bus types operated by METRO.

Bus Axles

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

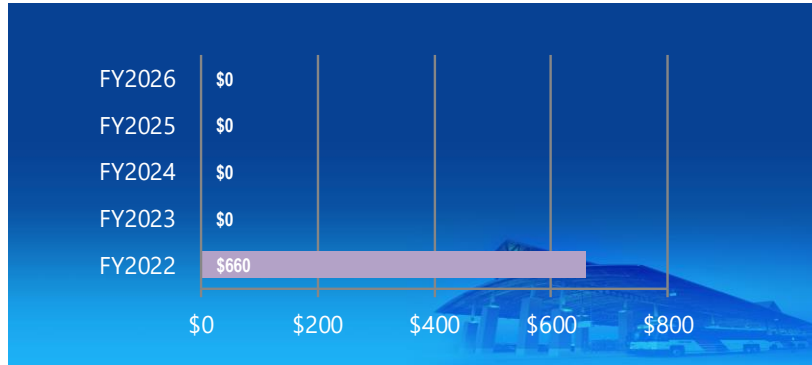
This project involves a bus fleet axles replacement effort for the 40' transit buses, 45' commuter buses, and 60' articulated buses to ensure fleet dependability and provide safe and reliable transportation to METRO customers.

Operating Impact

Renovating the METRO bus fleet with a routine state of good repair axle replacement program lowers the costs to maintain and repair them, compared to repairs on an as-needed basis. This is considered a major component life cycle replacement to support all bus types operated by METRO.

LRV- Seat Replacement - H3

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

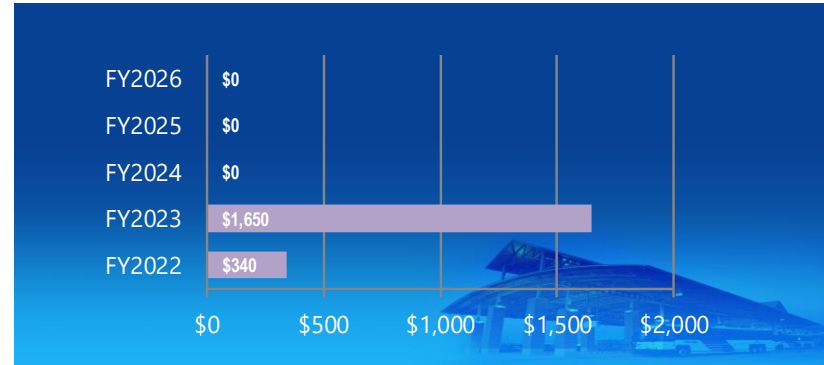
The OEM-recommended LRV Seating overhaul for FY2021 includes replacement of cloth inserts with plastic inserts, which lowers maintenance costs and provides a better customer experience. This recurring overhaul needs to be accomplished roughly every eight years.

Operating Impact

This overhaul will reduce the operating cost and increase the quality of service of the rail vehicles.

LRV: Propulsion Power

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

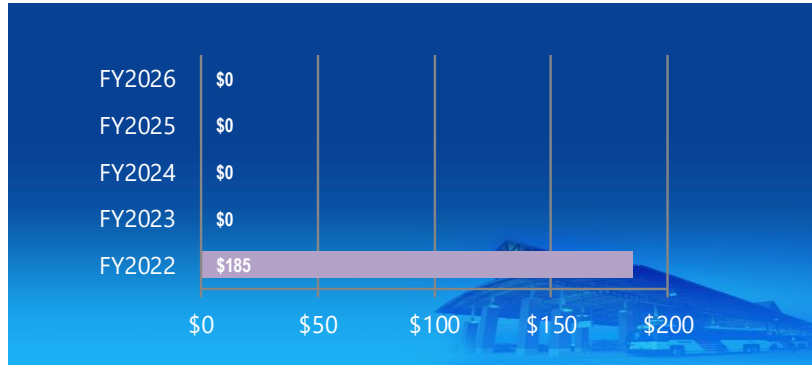
The OEM-recommended truck overhaul for FY2022 includes completing Light Rail Vehicle (LRV) Propulsion Power OEM recommended overhaul in two phases, the first occurred in FY2021 with the replacement of fans, followed by a major overhaul in FY2023. This recurring overhaul needs to be accomplished roughly every eight years.

Operating Impact

This overhaul will reduce the operating cost and increase the reliability and service life of the rail vehicles.

LRV- Seat Replacement - H1

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

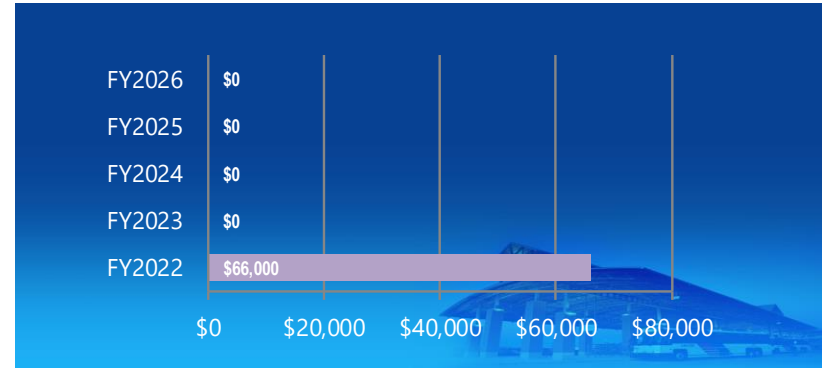
The OEM-recommended LRV Seating overhaul for FY2021 includes replacement of cloth inserts with plastic inserts, which lowers maintenance costs and provides a better customer experience. This recurring overhaul needs to be accomplished roughly every eight years.

Operating Impact

This overhaul will reduce the operating cost and increase the quality of service of the rail vehicles.

LRV Headlight Upgrade (Wig/Wag)

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

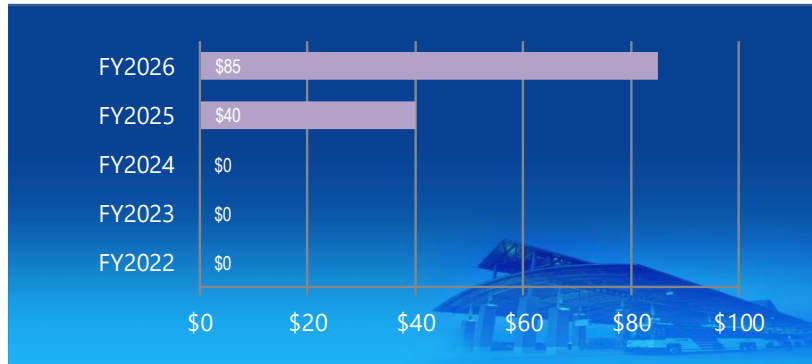
This project will overhaul Light Rail Vehicles (LRV) headlights as a Safety initiative to make the vehicles more noticeable to the public. The project involves the rewiring of vehicles to flash headlights when audibles are triggered.

Operating Impact

No additional operating cost will be required.

LRT- Axle Counter Case for Uninterrupted Power Source

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

The project will provide the East End Line and Southeast Line Axle Counter UPS (Uninterrupted Power Source) since it had reached its useful life cycle and was replaced in FY2021. The Northline will need to be replaced in the FY2025/FY2026 timeframe.

Operating Impact

Decreased maintenance and reduced down time due to longer life cycle.

IT- Data Center Management

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

The Data Center Management Project for FY2022 will replace servers supporting mission-critical functions that have reached the end of their useful life and need to be upgraded or consolidated. This will also replace active storage that supports all functions (Rail, Bus Operations, Payroll, Finance, etc.) which has exceeded its service life and needs to be replaced to ensure that the data is maintained in good operational state.

Operating Impact

This project will add approximately \$375,000 per year through FY2026 for equipment warranty.

Network Upgrades and Management

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

The Network Upgrades and Management project for FY2022 will replace all Local Area Network switches in the 1900 Main Administrative Office building that have reached end-of-life and end-of-support. These support all METRO computer functions, including Bus and Rail Operations, Finance, Human Resources and other business functions.

Operating Impact

This project will add approximately \$310,000 per year through FY2026 for equipment warranty.

METROLift Interactive Voice Response (IVR) Upgrade

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

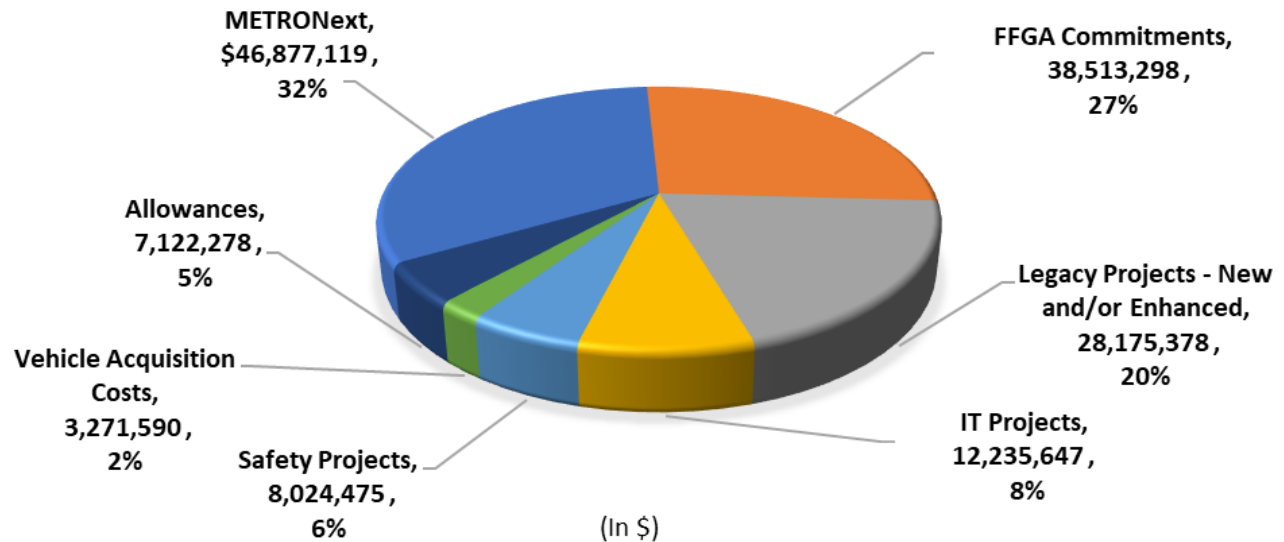
METROLift Call Centers use an aging technology as part of our Interactive Voice Recording (IVR) messaging system. The system is using legacy hardware (Dialogic boards) which limits our ability to add enhancements and prevents us from being able to create a Disaster Recovery solution for these services. This upgrade will allow METRO to introduce a Disaster Recovery Solution which would allow customers access to scheduling and information.

Operating Impact

This project will not have an impact on operating costs.

Expansion/Enhancement Capital Costs

FY2022 Expansion/Enhancement Capital Costs \$144,219,785



Expansion/Enhancement Capital Costs

<u>Expansion/Enhancement Capital Costs</u>	<u>Grant Funded</u>	<u>Grants</u>	<u>Local</u>	<u>FY2022</u>
METRONext	Y	\$ 13,851,060	\$ 33,026,059	\$ 46,877,119
FFGA Commitments	Y	22,202,701	16,310,597	38,513,298
Legacy Projects - New and/or Enhanced	Y	10,169,315	18,006,063	28,175,378
IT Projects	Y	7,083,898	5,151,749	12,235,647
Safety Projects	N	-	8,024,475	8,024,475
Vehicle Acquisition Costs	N	-	3,271,590	3,271,590
Allowances	N	-	7,122,278	7,122,278
Expansion/Enhancement - Subtotal		\$ 53,306,974	\$ 90,912,811	\$ 144,219,785

METRONext

A key effort in the METRONext program in FY2022 is for a capital upgrade program titled “Bus Stop Accessibility/Site Improvement” program, which is designed to ensure that METRO’s facilities and services are usable for all riders.

METRONext - continued

Although METRO's entire fleet of buses and trains is already accessible, improvements to bus stops, bus shelters, and public facilities will make it easier for riders to use the system. These improvements include installing new bus shelters, sidewalks, ADA ramps, bus stop pads, and crosswalks considered as Tier 1 Bus Stop ADA Compliance upgrades. The Bus Stop Accessibility/Site Improvement program will also provide enhancements at a number of METRO public facilities (such as Park & Ride lots and transit centers), providing First & Last Mile Universal Accessibility and bus stop signage upgrades at over 7,000 locations over a five-year timeframe.



Expansion/Enhancement Capital Costs

METRONext

	<u>Grants</u>	<u>Local</u>	<u>FY2022</u>
Bus Stop Accessibility/Site Improvement	\$ 13,600,000	\$ 3,400,000	\$ 17,000,000
Boost - Scott	-	10,000,000	\$ 10,000,000
Boost - Airline /Montrose	-	10,000,000	\$ 10,000,000
Boost - Westheimer	-	8,000,000	\$ 8,000,000
Bi-directional Diamond Lane Project	-	1,375,000	\$ 1,375,000
Missouri City Park & Ride	251,060	251,059	\$ 502,119
METRONext	\$ 13,851,060	\$ 33,026,059	\$ 46,877,119

FFGA Commitments

The Full Funding Grant Agreement (FFGA) Commitments of the Capital Improvement Program include the METRORail Completion program. Phase 1 of this program expanded the existing LRT system by adding three lines (North, Southeast, and East End) with 15 miles of LRT, 24 stations, a storage facility on the Southeast line, a service and an inspection facility on the East End line. The FFGA Commitment effort included the procurement of 39 light rail vehicles (LRV) for the opening-day fleets.

Phase 1 of the MRC program completes in FY2022 with the closeout of construction on the original three corridors. Phase 2 involves the delivery of 14 light rail vehicles in FY2022, the construction of a Rail Operations Center storage track needed to accommodate the new LRVs, and the addition of bike lanes to the light rail stations. Phase 2 also involves the development and construction of a new Northline Maintenance of Way facility and the Northline Transit Center and Parking facility.

Expansion/Enhancement Capital Costs

<u>FFGA Commitments</u>	<u>Grants</u>	<u>Local</u>	<u>FY2022</u>
Light Rail Vehicles - H4 (FTA Grant 13/14 LRV)	\$ 6,959,929	\$ 5,564,204	\$ 12,524,133
Light Rail Vehicles - H4 (METRO Local Fund 1/14 LRV)	\$ -	963,395	\$ 963,395
MRC- FFGA Closeout	\$ 7,281,131	5,059,769	\$ 12,340,900
MRC- Maintenance of Way (incl Burnett Streets)	\$ 5,688,244	3,952,847	\$ 9,641,091
MRC-SE Line -EaDo /Elgin / MacGregor / Palm	\$ 762,193	623,612	\$ 1,385,805
Burnett Transit Center Elevator Project	\$ 1,300,000	-	\$ 1,300,000
MRC- North Line - Bike, Sidewalk (Cavalcade)	\$ 152,205	105,769	\$ 257,974
MRC- Rail Operations Center Yard 2nd Expansion	\$ 59,000	41,000	\$ 100,000
FFGA Commitments	\$ 22,202,701	\$ 16,310,597	\$ 38,513,298

Legacy Projects – New and/or Enhanced

Expansion/Enhancement Capital Costs

<u>Legacy Projects - New and/or Enhanced</u>	<u>Grants</u>	<u>Local</u>	<u>FY2022</u>
West Bellfort Park & Ride Lot	\$ 10,169,315	\$ 3,830,685	\$ 14,000,000
Northline Transit Center and Parking	-	7,148,777	\$ 7,148,777
New Passenger Bus Shelters	-	4,741,000	\$ 4,741,000
Cypress T-Ramp	-	1,924,000	\$ 1,924,000
North Post Oak Pedestrian Bridge (TxDoT AFA)	-	361,601	\$ 361,601
Legacy Projects - New and/or Enhanced	\$ 10,169,315	\$ 18,006,063	\$ 28,175,378

Legacy Projects – New and/or Enhanced - continued

The **New Passenger Bus Shelter Program** is an initiative to install bus shelters throughout the METRO service area. The program consists of the design and construction of new shelter foundations, as well as the fabrication and installation of standard passenger bus shelters. This program reinforces METRO's commitment to reinvesting in the agency's backbone – the bus system. Public response has been very positive, with bus shelters providing patrons both safety and protection from the elements.



West Bellfort Park & Ride Enhancements include increased parking capacity to approximately 3,000 spaces through a garage and/or surface parking, improved passenger amenities including lighting and security enhancements and Universal Accessibility elements to improve access throughout the facility.

Fleet Expansion - Vehicle Acquisition Costs

The Capital Improvement Program (CIP) provides for an expansion of the fleet of METROLift Taxi Vans, to sustain an expected level of para-transit service by supporting the METROLift Van program.

Expansion/Enhancement Capital Costs

Fleet Expansion- Vehicle Acquisition Costs

		<u>Grants</u>		<u>Local</u>		<u>FY2022</u>
METRO Mini Van (FY21/FY22 170/70 240 Units TTL)	\$	-	\$	3,271,590	\$	3,271,590
Vehicle Acquisition Costs	\$	-	\$	3,271,590	\$	3,271,590

Safety Projects

The Capital Improvement Program (CIP) provides for a capital upgrade program titled “Safety Projects”, which are projects designed to reduce accidents and incidents on the METRO system.

Expansion/Enhancement Capital Costs

<u>Safety Projects</u>	<u>Grants</u>	<u>Local</u>	<u>FY2022</u>
Rail Interlockings (Red/North/Green/Purple lines)	\$ -	\$ 1,925,000	\$ 1,925,000
Traffic Signal Arm at 12 locations	-	1,528,199	1,528,199
Burnett Safety Fencing	-	1,187,651	1,187,651
SCADA for Interlocking CAPs and ROC Yard/H4	-	765,000	765,000
Pedestrian Gates	-	585,000	585,000
Taser MPD Body Cameras and system	-	579,472	579,472
High Load Detector Tie-In	-	565,500	565,500
West BOF Fire Alarm Panel	-	450,000	450,000
4-Quad Gate at Wheeler & UH Entrance 6	-	167,153	167,153
Main Street Bridge Arch Refit	-	120,000	120,000
Upgrade Signals with Audible Pedestrian Signal Systems	-	99,000	99,000
Wayside Horns Pilot Project	-	52,500	52,500
Safety Projects	\$ -	\$ 8,024,475	\$ 8,024,475

IT Projects

The Capital Improvement Program (CIP) provides for a capital expansion of IT Department Projects, which are projects designed keep the METRO systems sustainable.

Expansion/Enhancement Capital Costs

<u>IT Projects</u>	<u>Grants</u>	<u>Local</u>	<u>FY2022</u>
Automated Fare Collection System	\$ 7,083,898	\$ 1,770,974	\$ 8,854,872
SAP Budget and Planning	-	2,659,775	\$ 2,659,775
TMC Digital Technology Installs	-	308,000	\$ 308,000
Bus GPS Router Replacement	-	233,000	\$ 233,000
Regional Data Management System	-	180,000	\$ 180,000
IT Projects	\$ 7,083,898	\$ 5,151,749	\$ 12,235,647

Allowances

The Capital Improvement Program (CIP) provides for capital project allowances that may be funded from the \$3.0 million Unallocated Capital Fund included in the FY2022 Budget and \$4.1 million for METRONext & Legacy Projects. After internal review and recommendation, a project may be presented to the METRO Board for approval to move forward from the development phase into active status.

Expansion/Enhancement Capital Costs

<u>Allowances</u>	<u>Grants</u>	<u>Local</u>	<u>FY2022</u>
Non-Obligated Capital Project Fund	\$ -	\$ 3,000,000	\$ 3,000,000
Allowance for METRONext & Legacy Projects	-	4,122,278	\$ 4,122,278
Allowances	\$ -	\$ 7,122,278	\$ 7,122,278

Completed Projects

Following a decade of rail expansion projects that went live in the FY2015 timeframe, METRO Houston continued with a robust expansion program over the last few years with number of multi-year Major Projects completing in FY2021, including:

- Northwest Transit Center Reconfiguration and Parking Upgrade
- North Post Oak BRT
- ROC Yard Track Expansion

Overall Capital Spending for FY2020 incurred \$171.2 million dollars*, with spending on “Core Business Items Necessary to Maintain Service” subtotaling \$86.7 million dollars and “Expansion/Enhancement Capital Costs” of \$84.5 million, with a comparable projected FY2021 capital spending cost of \$136.6 million estimated at year end, with spending on “Core Business Items Necessary to Maintain Service” estimated at \$62.0 million dollars and “Expansion/Enhancement Capital Costs” of \$74.6 million.

FY2021 saw completion of several major capital projects including the \$41.9 million Northwest Transit Center Reconfiguration and Parking Upgrade which includes two main bus platforms with ten bus bays each (total of twenty bays for local / HOV bus service), and an additional platform / station dedicated to Uptown Bus Rapid Transit Silver Line and 195 parking spaces, as shown below:



*\$171,169,867 reported in the FY2020 includes non-cash adjustments related to prior period accruals and asset impairment items.

Completed Projects - continued

ROC Yard Track Expansion incurred \$9.0 million that included the full build out of the Rail Operations Center yard track to increase LRV storage capacity from 40 to 60 vehicles. Includes site work and drainage, track and Overhead Catenary System.



The West Loop Bus Lane project incurred \$13.5 million and accommodates the new METRORapid service utilizing Bus Rapid Transit articulated buses on the Silver Line and offering a modern design with 100% accessibility, wide doorways and level boarding, stations and platforms similar to rail stations, dedicated bus-only lanes and bus-friendly traffic signals. The updated METRORapid BRT bus lane is shown in the photograph below:



Completed Projects - continued

The North Post Oak BRT incurred \$13.5 million for the Design, Construction and Inter-agency Coordination for West Loop Bus Lane connecting Uptown BRT with the Northwest Transit Center over North Post Oak Rd and bridge over IH-10. This project was developed in coordination with TxDOT, Uptown and the City of Houston. The project includes improvements to North Post Oak Road.



Bus Stop Accessibility and Site Improvements Program

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

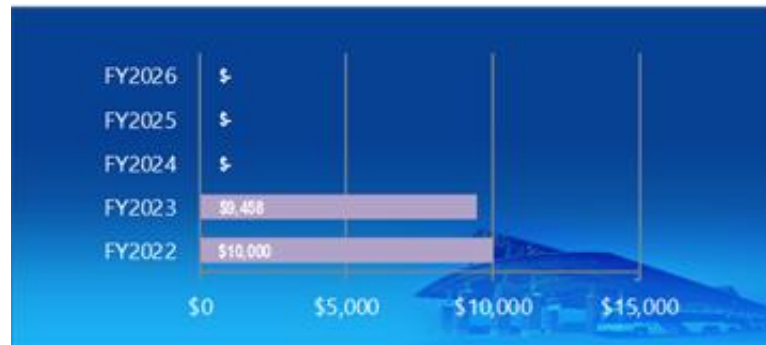
METRO's bus stops have been identified as needing accessibility improvements. In FY2019, METRO began addressing the highest priority (Tier 1) stops. Some of the accessibility improvements will be sidewalk repair, ADA ramps, bus stop pads, crosswalks, pad leveling etc. Other improvements could be the removal of elements at discontinued stops and adding required site amenities such as trash receptacles at stops that are in need of them. With improved accessibility and improved safety and security, customers will be more likely to use METRO buses on a more frequent basis with this program updating approximately 1000 locations per year.

Operating Impact

This project will result in reduced operating costs. Currently, the Facility Maintenance department spends an excessive amount of recurring maintenance funds to keep these areas with accessibility issues in a state of good repair. With improved accessibility features, approximately \$1 million can be saved over a five-year period.

Boost Corridors - Scott

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

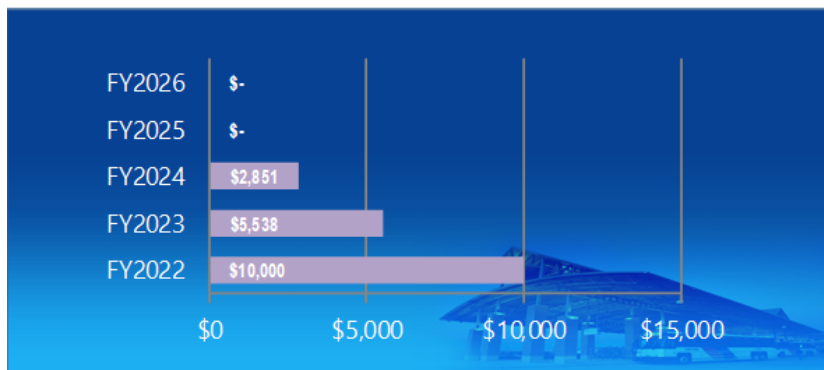
The Boost Corridor includes the following corridors that will align with METRONext: Tidwell, Long Point, Westheimer, Broadway, Bellfort, MLK-Lockwood, Beechnut, Scott, Airline-Montrose. This BOOST - Scott project includes 10 bus routes that have been identified to improve the customer experience by increasing reliability and average speed of service, and improving accessibility of the service. The improvements may consist of sidewalk improvements, bus stop amenities, bus shelters, signage, wayfinding, intersection treatments and enhancements that result in the optimization of the service.

Operating Impact

The fully allocated annual operating cost for these facilities will be addressed during the preliminary design.

Boost Corridor - Airline/Montrose

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

The Boost Corridor includes the following corridors that will align with METRONext: Tidwell, Long Point, Westheimer, Broadway, Belfort, MLK-Lockwood, Beechnut, Scott, Airline-Montrose. This Airline-Montrose project includes 10 bus routes that have been identified to improve the customer experience by increasing reliability and average speed of service, and improving accessibility of the service. The improvements may consist of sidewalk improvements, bus stop amenities, bus shelters, signage, wayfinding, intersection treatments and enhancements that result in the optimization of the service.

Operating Impact

The fully allocated annual operating cost for these facilities will be addressed during the preliminary design.

Boost Corridors - Westheimer

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

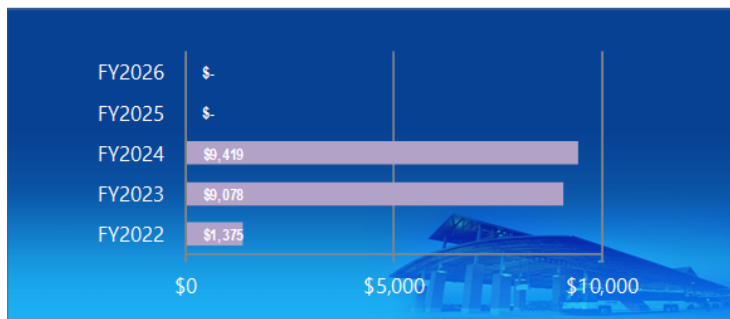
The Boost Corridor includes the following corridors that will align with METRONext: Tidwell, Long Point, Westheimer, Broadway, Belfort, MLK-Lockwood, Beechnut, Scott, Airline-Montrose. This BOOST - Westheimer project includes 10 bus routes that have been identified to improve the customer experience by increasing reliability and average speed of service, and improving accessibility of the service. The improvements may consist of sidewalk improvements, bus stop amenities, bus shelters, signage, wayfinding, intersection treatments and enhancements that result in the optimization of the service.

Operating Impact

The fully allocated annual operating cost for these facilities will be addressed during the preliminary design.

Bi-directional Diamond Lane Project

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

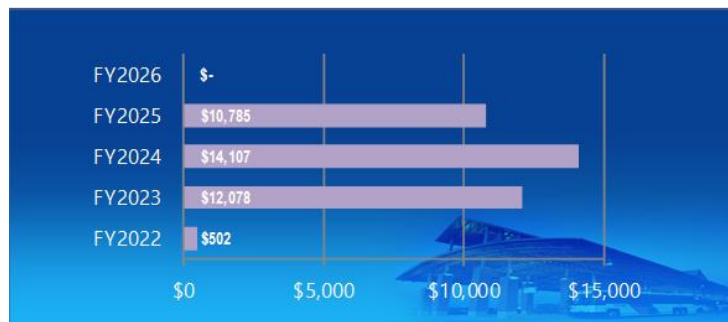
On August 13, 2019, the METRO Board of Directors passed and approved Resolution 2019-71. This resolution called for a special election held on Tuesday, November 5, 2019 for the purpose of submitting to the qualified electors of the Metropolitan Transit Authority of Harris County, Texas, a proposition to authorize METRO to issue bonds, notes and other obligations payable, in whole or in part, from seventy-five percent (75%) of METRO's Sales and Use Tax revenues, with no resulting increase in the current rate of METRO's Sales and Use Tax, for the acquisition, construction, repair, equipping, improvement and/or extension of METRO's Transit Authority System (as described in the METRONext Transit System Plan), to approve such plan and the construction of a Phase III of METRO's rail system known as "METRORail" for purposes of the city charter of the City of Houston, and to continue to dedicate up to twenty-five percent (25%) of METRO's Sales and Use Tax revenues through September 30, 2040, for street improvements, mobility projects and other facilities and services; and making other provisions related to the subject. A general description of METRONext can be found in the Executive Summary section of this Business Plan & Budget Book. Projected FY2022 - FY2026 expenditures for this footnoted project are included in the proposed FY2022 Budget.

Operating Impact

The fully allocated annual operating cost for these facilities will be addressed during the preliminary design.

Missouri City Park & Ride

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

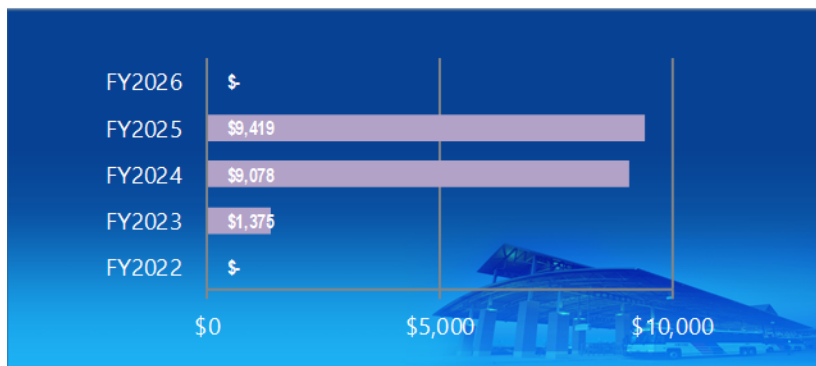
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Operating Impact

The fully allocated annual operating cost for these facilities will be addressed during the preliminary design.

Boost - Additional Corridor #2

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

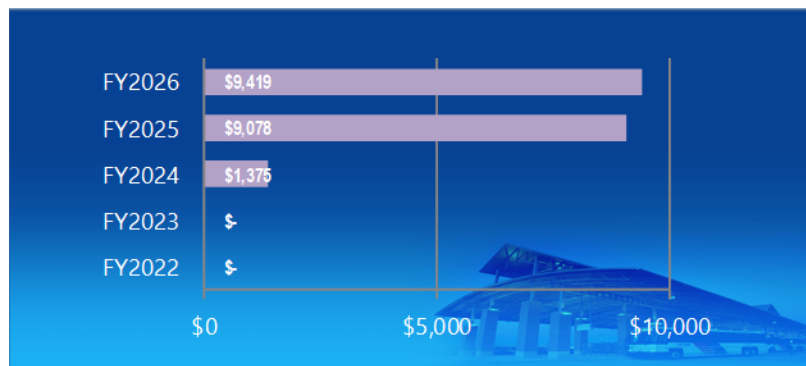
The Boost Corridor includes the following corridors that will align with METRONext: Tidwell, Long Point, Westheimer, Broadway, Bellfort, MLK-Lockwood, Beechnut, Scott, Airline-Montrose. This BOOST - Corridor #2 project will include a comparable number of bus routes to the original BOOST Corridors and will have been identified to improve the customer experience by increasing reliability and average speed of service, and improving accessibility of the service. The improvements may consist of sidewalk improvements, bus stop amenities, bus shelters, signage, wayfinding, intersection treatments and enhancements that result in the optimization of the service.

Operating Impact

The fully allocated annual operating cost for these facilities will be addressed during the preliminary design.

Boost - Additional Corridor #3

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

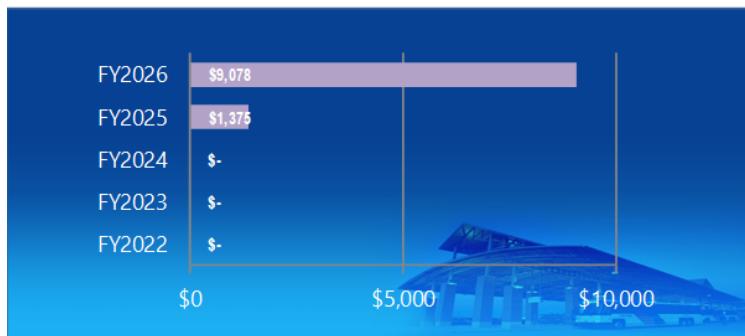
The Boost Corridor includes the following corridors that will align with METRONext: Tidwell, Long Point, Westheimer, Broadway, Bellfort, MLK-Lockwood, Beechnut, Scott, Airline-Montrose. This BOOST - Corridor #3 project will include a comparable number of bus routes to the original BOOST Corridors and will have been identified to improve the customer experience by increasing reliability and average speed of service, and improving accessibility of the service. The improvements may consist of sidewalk improvements, bus stop amenities, bus shelters, signage, wayfinding, intersection treatments and enhancements that result in the optimization of the service.

Operating Impact

The fully allocated annual operating cost for these facilities will be addressed during the preliminary design.

Boost - Additional Corridor #4

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

The Boost Corridor includes the following corridors that will align with METRONext: Tidwell, Long Point, Westheimer, Broadway, Bellfort, MLK-Lockwood, Beechnut, Scott, Airline-Montrose. This BOOST - Corridor #4 project will include a comparable number of bus routes to the original BOOST Corridors and will have been identified to improve the customer experience by increasing reliability and average speed of service, and improving accessibility of the service. The improvements may consist of sidewalk improvements, bus stop amenities, bus shelters, signage, wayfinding, intersection treatments and enhancements that result in the optimization of the service.

Operating Impact

The fully allocated annual operating cost for these facilities will be addressed during the preliminary design.

US 59/69 - Spur 527 to Edloe New (Extend HOV 2-way)

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

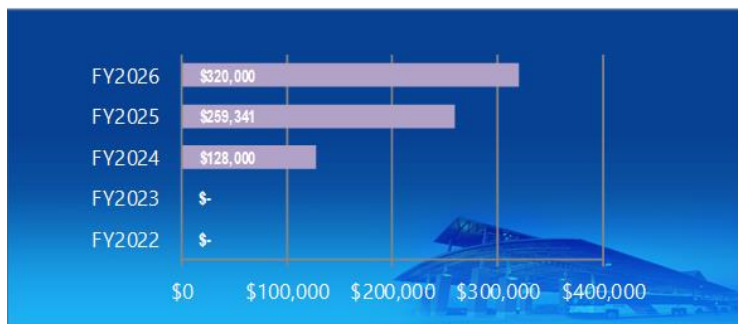
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Operating Impact

The fully allocated annual operating cost for these facilities will be addressed during the preliminary design.

University Corridor BRT Line

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

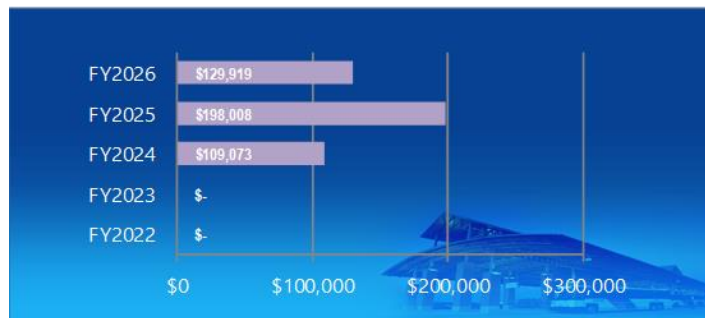
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Operating Impact

The fully allocated annual operating cost for these facilities is estimated to begin in 2032 at \$29.2 MM annually.

Inner Katy BRT

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

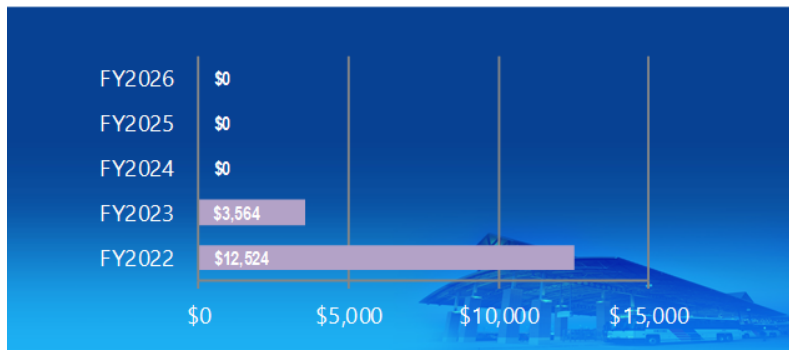
On August 13, 2019, the METRO Board of Directors passed and approved Resolution 2019-71. This resolution calls for a special election to be held on Tuesday, November 5, 2019 for the purpose of submitting to the qualified electors of the Metropolitan Transit Authority of Harris County, Texas, a proposition to authorize METRO to issue bonds, notes and other obligations payable, in whole or in part, from seventy-five percent (75%) of METRO's Sales and Use Tax revenues, with no resulting increase in the current rate of METRO's Sales and Use Tax, for the acquisition, construction, repair, equipping, improvement and/or extension of METRO's Transit Authority System (as described in the METRONext Transit System Plan), to approve such plan and the construction of a Phase III of METRO's rail system known as "METRORail" for purposes of the city charter of the City of Houston, and to continue to dedicate up to twenty-five percent (25%) of METRO's Sales and Use Tax revenues through September 30, 2040, for street improvements, mobility projects and other facilities and services; and making other provisions related to the subject. A general description of METRONext can be found in Appendix B of this Business Plan & Budget Book. Projected FY2022 - FY2026 expenditures for this footnoted project are included in the proposed FY2022 Budget.

Operating Impact

The fully allocated annual operating cost for these facilities will be addressed during the preliminary design.

MRC Light Rail Vehicles- H4 (FTA Grant 13/14 LRV)

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

The Southeast Line Project is a 6.56-mile, double track-LRT line, with 10 stations, a storage facility and an opening day fleet of 15 LRT vehicles. The project operates 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. Additional Light Rail Vehicles (LRVs) are being added with Phase 2 procurement, totaling 14 light rail vehicles, with one diverting to the East End Line. 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. This particular project involves the 13 FFGA Grant funded Light Rail Vehicle acquisition.

Operating Impact

The cost of maintenance and eventual replacement have been developed as part of the long-range operating budget. This project involves the final acquisition costs of the majority of the fourteen Light Rail Vehicles (LRV), specifically thirteen FFGA grant funded LRVs for the Southeast Line.

MRC Light Rail Vehicles- H4 (locally funded 1/14 LRVs)

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

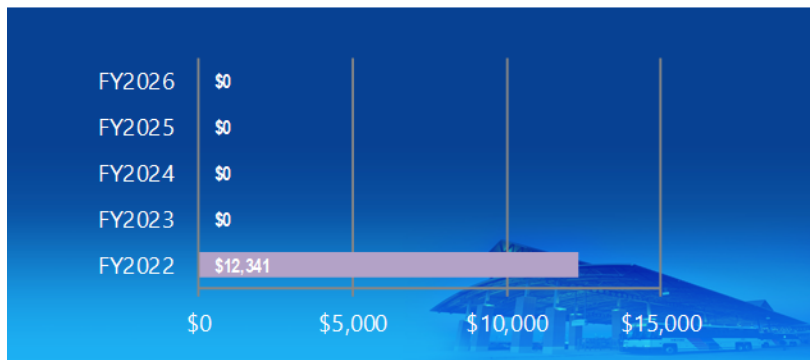
The Southeast Line Project is a 6.56-mile, double track-LRT line, with 10 stations, a storage facility and an opening day fleet of 15 LRT vehicles. The project operates in semi-exclusive right-of-way from downtown Houston, east to the University of Houston main campus and Texas Southern University to a terminus along Griggs Road at Beekman Road. Additional Light Rail Vehicles (LRVs) are being added with Phase 2 procurement, totaling 14 light rail vehicles, with one diverting to the East End Line. 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. This particular project involves the one locally funded Light Rail Vehicle as part of the H4 Light Rail Vehicle acquisition of 14 vehicles from Siemens.

Operating Impact

The cost of maintenance and eventual replacement have been developed as part of the long-range operating budget. This project involves the final acquisition costs of the one of fourteen Light Rail Vehicles, specifically the one locally funded LRV for the East End Line.

MRC FFGA Grant Closeout NR & SE Lines

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

The Southeast Line Project is a 6.56-mile, double track-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. Additional Light Rail Vehicles (LRVs) are being added with Phase 2 procurement, totaling 14 light rail vehicles, with one diverting to the East End Line. 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.

Operating Impact

The cost of maintenance and eventual replacement have been developed as part of the long-range operating budget. This project involves the final close out of MRC Full Funding Grant items in the two remaining corridors, specifically the Northline and Southeast Line.

Northline Maintenance of Way

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

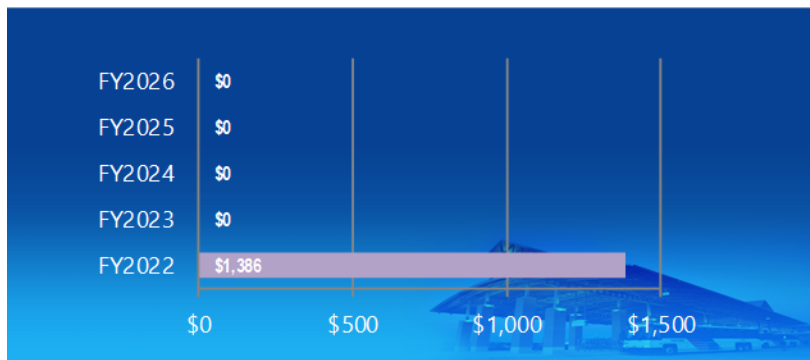
The Maintenance of Way project consists of constructing a new facility for METRO Rail. This facility is part of FFGA Phase 2 scope and includes a new facility on the METRO owned parcel located at 1507 Keene Street, which is located on the northeast area of the IH 45 and IH 10 interchange. This parcel is approximately 2.56 acres and will include a multi-story building, parking (surface and garage), and stormwater retention facilities. The MOW requires additional right-of-way for inventory storage, utility and heavy equipment.

Operating Impact

The cost of maintenance and eventual replacement have been developed as part of the long-range operating budget.

MRC-SE Line -EaDo /Elgin / MacGregor / Palm

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

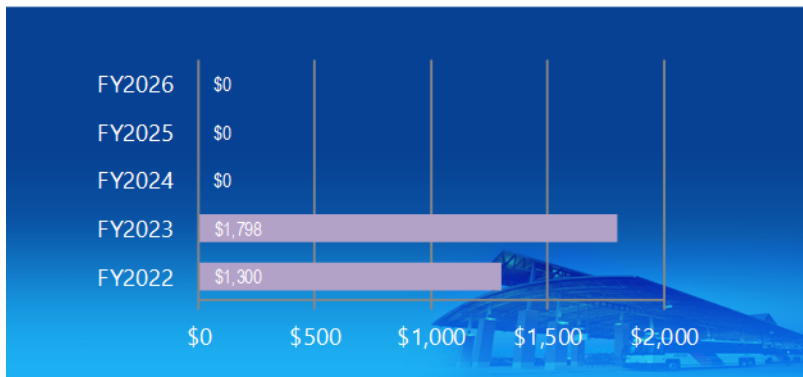
The Southeast Line Project is a 6.56-mile, double track-LRT line, with 10 stations, a storage facility and an opening day fleet of 15 LRT vehicles. The project will operate in semi-exclusive right-of-way from downtown Houston, east to the University of Houston main campus and Texas Southern University to a terminus along Griggs Road at Beekman Road. Additional Light Rail Vehicles (LRVs) are being added with Phase 2 procurement, totaling 14 light rail vehicles, with one diverting to the East End Line. The Project involves the Southeast line bike-paths, shelters and bike accommodations at the following stations: EaDo, Elgin, MacGregor, and Palm.

Operating Impact

The cost of maintenance and eventual replacement have been developed as part of the long-range operating budget. This project involves the final close out of MRC Full Funding Grant items in the two

Burnett TC - Elevator

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

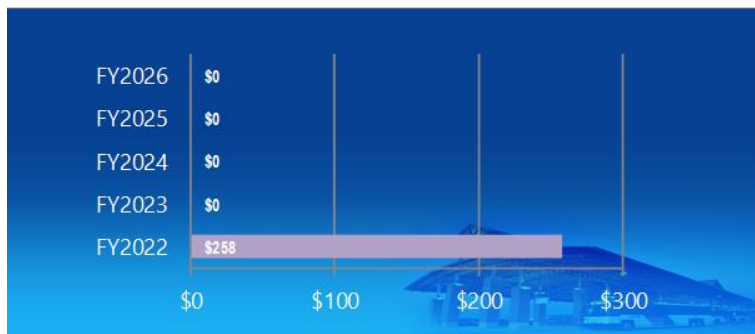
The Burnett Transit Center Elevator project involves the Installation of a Code Compliant 3rd elevator at the Burnett TC providing better customer service to the patrons and furthering the universal accessibility program.

Operating Impact

Project will be implemented in multiple phases during construction thereby reducing/minimizing operational impact.

MRC-North Line - Bike, Sidewalk (Cavalcade)

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

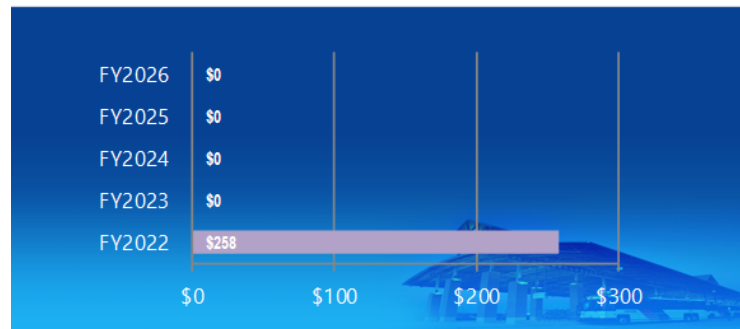
The North Line Project is a 5.31-mile fixed guideway system that includes 8 platforms, an opening day fleet of 14 LRT vehicles, and extends the existing Main St. light rail line from the University of Houston Downtown to the newly expanded Northline Transit Center. The project's goal is to provide a high-capacity transportation system in the corridor that encourages economic development and revitalization, provides more frequent trips and expanded hours from the North Line Project, and improves customer experience as a one-seat ride to employment and recreation centers from Northline to Fannin South, linking the historic Northside area with employment centers downtown and in the Texas Medical Center. The North Line project includes a full buildout of the Rail Operations Center yard track to increase LRV storage capacity from 40 to 60 vehicles. This project is included in North Corridor FFGA Phase 2, and includes design and construction of Northline bike-path, shelters and bike accommodations in the vicinity of the Cavalcade Station.

Operating Impact

The cost of maintenance and eventual replacement have been developed as part of the long range operating budget.

MRC-ROC Yard 2nd Expansion

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

The North Line Project is a 5.31-mile fixed guideway system that includes 8 platforms, an opening day fleet of 14 LRT vehicles, and extends the existing Main St. light rail line from the University of Houston Downtown to the newly expanded Northline Transit Center. The project's goal is to provide a high-capacity transportation system in the corridor that encourages economic development and revitalization, provides more frequent trips and expanded hours from the North Line Project, and improves customer experience as a one-seat ride to employment and recreation centers from Northline to Fannin South, linking the historic Northside area with employment centers downtown and in the Texas Medical Center. The North Line project includes a full buildout of the Rail Operations Center yard track to increase LRV storage capacity from 40 to 60 vehicles. The project is included in North Corridor FFGA Phase 2, and includes design, site work and drainage, track and overhead catenary system (OCS). Additionally, there will be a Burnett Maintenance of Way (MOW) / Police Building built, currently under review with the FTA and would be operational by FY2024.

Operating Impact

The cost of maintenance and eventual replacement have been developed as part of the long range operating budget.

West Belfort Park & Ride

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

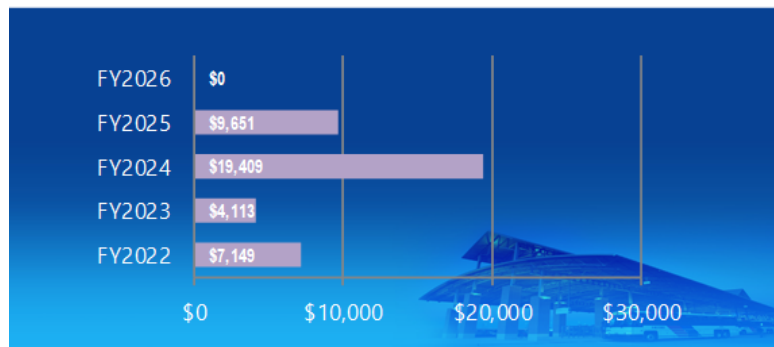
METRO is developing expansion opportunities at the West Belfort Park & Ride, specifically environmental clearance, design and construction. Expansion of the Park & Ride would provide for continued growth in ridership and customers will enjoy more parking spaces at the already crowded Park & Ride facility. The southwest region would benefit from additional parking spaces.

Operating Impact

Operating costs will be developed as the project progresses.

Northline Transit Center and Parking

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

The Northline Transit Center and Parking project consists of construction of a new facility along with parking adjacent to the Houston Community College. A central parking structure at the north end of the Red Line would encourage additional riders among students and staff and will enhance safety and security.

Operating Impact

The cost of maintenance and eventual replacement have been developed as part of the long-range operating budget.

METRO Bus Shelters (Multi-Year Program)

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

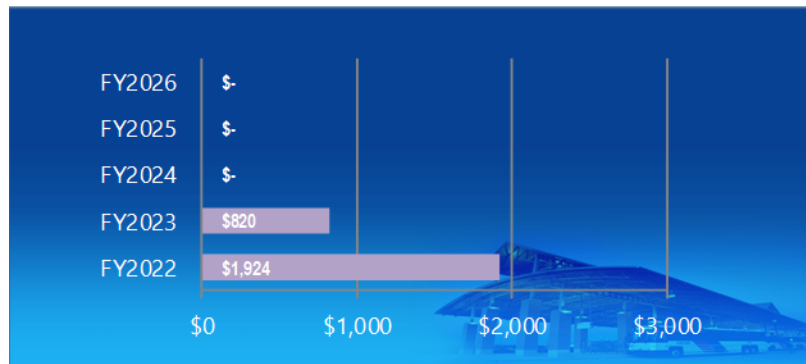
The METRO New Bus Network program restructured the existing bus network to be more aligned with the needs of METRO's growing service area. There will be 200 new bus shelters installed in FY2022. This program reinforces METRO's commitment to reinvest in the Authority's bus system backbone and continues to be a proven way to enhance ridership. METRO history has proven that a shelter placed in a location that meets placement criteria will increase ridership by 20 boardings per day on average.

Operating Impact

Additional bus shelters result in increased operating and maintenance costs. Maintenance cost (cleaning, breakage, etc.) for the additional shelters will be included in the annual operating budget. The estimated annual maintenance cost per shelter is an average of \$1,200.

US290 Cypress T- Ramp

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

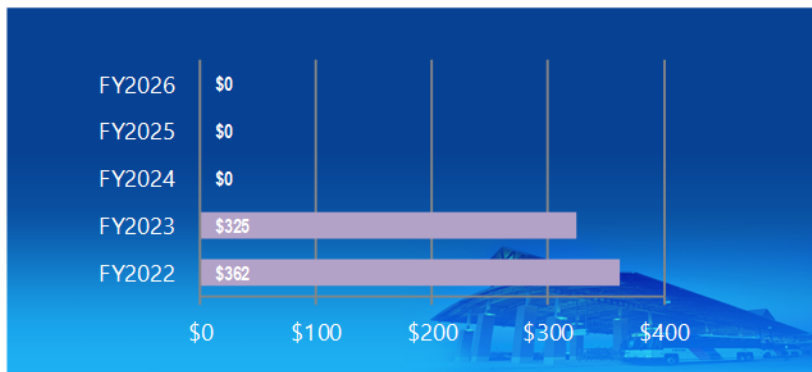
A TxDOT project will extend the single-lane, barrier-separated HOV/HOT lane beyond the location of the existing Cypress Park & Ride facility. As part of the project, a new T-Ramp is proposed from the Cypress Park & Ride lot to the managed lanes. METRO buses will be able to directly access the HOV/HOT lanes, rather than exiting the facility into mixed traffic. Currently, buses are required to cross four lanes of traffic in order to enter the managed lanes at the next slip entrance ramp.

Operating Impact

This project will provide a direct access from the existing Cypress Park & Ride lot to the US-290 Managed Lanes, and will improve bus and HOV/HOT lane operations from this facility including reduced travel times.

North Post Oak Pedestrian Bridge (TxDoT AFA)

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

As part of the Uptown Bus Rapid Transit project METRO is participating with TxDOT to design and build this project which involves the construction of a pedestrian and bike bridge adjacent to the North Post Oak Road Overpass at IH-10. This is an initiative to expand and improve METRO facilities and services by connecting pedestrian and bike paths with the new Shared Use Path in the vicinity. This project involves an Advance Funding Agreement (AFA) with TxDOT as the project improves the Universal Accessibility in the area, improving customer service.

Operating Impact

The operating and maintenance costs will be minimal

METROLift Mini Van/Taxi Vans

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

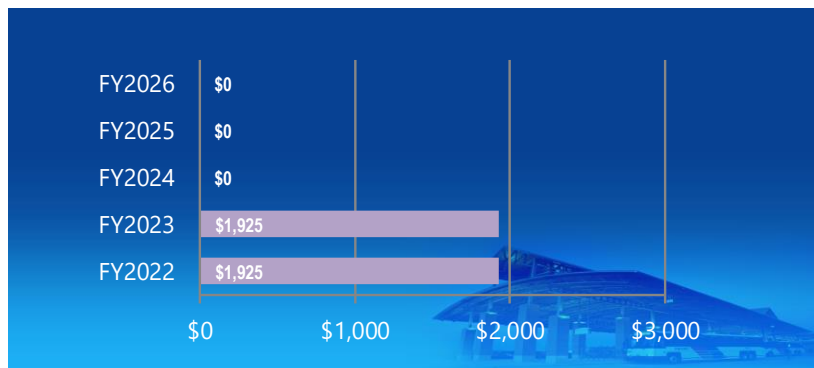
METRO's purchase of 240 paratransit taxi vans in the FY2021/22 timeframe with this quantity of 70 taxi vans in FY2022 represents METRO's expansion in support of the existing METROLift paratransit van service, will incur out-year replacements for the program occurring on approximately every four years. METRO intends to reduce risk associated with the provision of paratransit services by purchasing a fleet of wheelchair accessible minivans similar to the vans previously operated by Yellow Cab Houston.

Operating Impact

METRO's ownership of the paratransit minivans allows a seamless provision of paratransit services as service providing contractors change. This business model is used by METRO in support of the larger METROLift vans. METRO will own the vans and operate them.

Rail Interlockings (Red/North/Green/Purple Lines)

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

Interlockings nearly eliminate a current risk that operational error, or even an intentional act by a criminal, could induce a picked switch derailment at an emergency crossover or a raking or head-on train-on-train collision. This is a safety Corrective Action Plan to bring all METRORail emergency crossovers up to current signalling and safety standards.

Operating Impact

The cost of maintenance and eventual replacement have been developed as part of the long-range operating budget.

Traffic Signal Arm at Main & Pease and Main & Jefferson

Projected Expenditures FY22- FY26 (In Thousands)



Project Scope

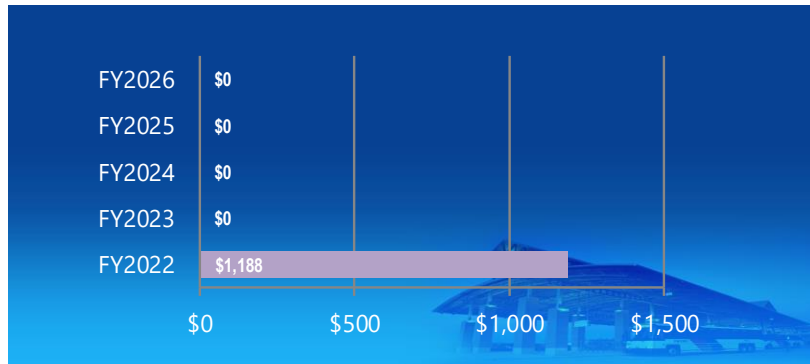
This project is planning to install traffic signal arms at 12 locations at each traffic lane in an effort to better alert drivers to the standard traffic lighting at these intersections. The individual traffic light fixtures would be further illuminated with an LED back plate providing added visibility to the traffic lights.

Operating Impact

The cost of maintenance and eventual replacement have been developed as part of the long-range operating budget.

Burnett Safety Fencing

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

This project installs rail alignment fencing at platforms with high pedestrian activity, with this particular location involving the Burnett Station Platform on the North Line, with expenditures planned for FY2022.

Operating Impact

The cost of maintenance and eventual replacement have been developed as part of the long range operating budget.

SCADA for Interlocking CAPs & ROC Yard (H4s)

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

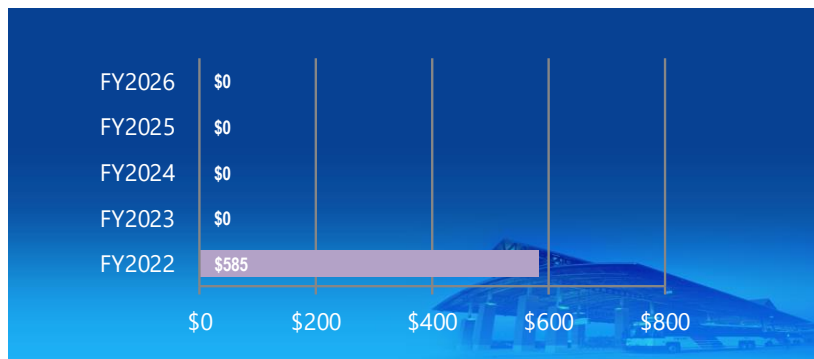
Corrective Action Plans (CAPs) on file with the State Safety Oversight Agency include the ROC Yard Expansion/H4 project and other safety initiatives that require the addition of data points to Rail Control Center's SCADA (Supervisory Control and Data Acquisition) system. The safety projects include: 4-Quad Gates at UH Entrance #6 and seven Interlocking projects.

Operating Impact

Operating impact should be minimal and will be determined on a case-by-case basis.

Rail Safety Initiative - Auto Pedestrian Gate at Various Locations

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

Based on incidents at several locations, METRO is attempting to reduce, prevent or discourage pedestrians or bicyclists from crossing trackway when an LRT vehicle is approaching train and interactions by using pedestrian gates to keep the trackway clear when a train is approaching. 6 locations have been identified where crossing gates, or other pedestrian channelization measures could be used to increase safety.

Operating Impact

The additional hardware will require more maintenance effort.

Taser MPD Body Cameras and System

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

The MPD Taser project combines tasers, body cameras, and telemetrics in a coordinated system that coordinates communication with each component and transfers information uniformly. This MPD Taser system technology would be considered as a law enforcement best practice and would greatly improve the MPD response for public safety.

Operating Impact

This initiative will improve safety and customer experience by providing METRO Police with updated technology which will increase accountability and safety for officers and patrons.

High Load Detector Tie-In

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

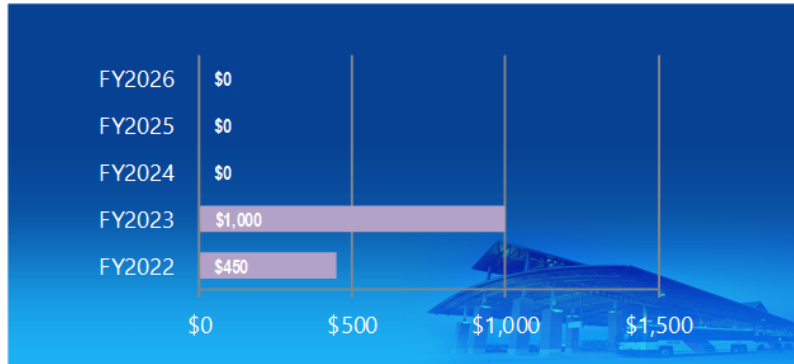
This High Load Detector Tie-In project involves the installation of Pan Tilt Zoom (PTZ) cameras that would show activity of tall vehicles approaching Metro's High-Low Detectors, viewed remotely from the Rail Operations Center or TranStar. The PTZ cameras would alert rail operations controllers of any issues that might occur with tall vehicles. Installing these PTZ cameras along the alignment would help preclude accidents with tall vehicles that may hit these High-Low Detectors without notice. The project will install cameras on the Northline and Southeast Lines at IH- 610 and Fulton Street on the Northline and at IH-45 and Scott street on the Southeast line.

Operating Impact

This initiative will improve safety on the light rail lines and will not have an additional operating cost impact.

West BOF Fire Alarm Panel

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

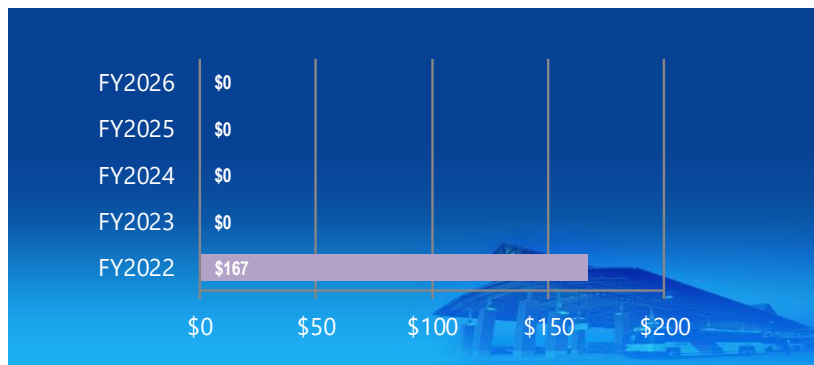
Rehabilitate the West Bus Operating Facility Fire Alarm System to comply with the latest firecodes for compliant fire marshal inspections.

Operating Impact

The proposed improvement will help METRO keep an important operating facility like the West Bus Operating Facility in a state of good repair and would minimize the cost of maintaining aging facilities.

4 Quad Gate at Wheeler & University of Houston Entrance

Projected Expenditures FY22- FY26 (In Thousands)



Project Scope

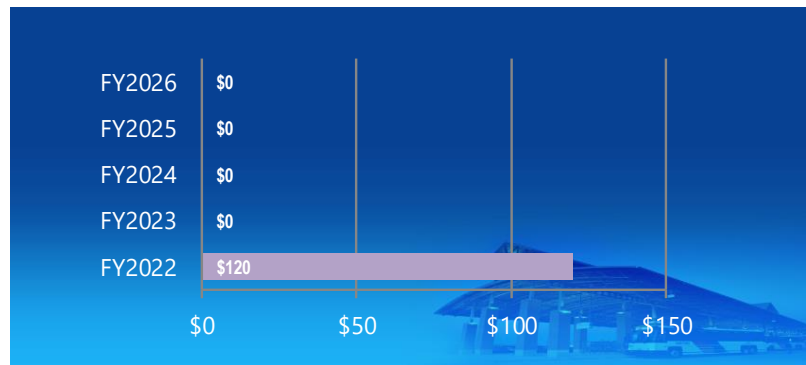
This project may install four new gate arms at the intersection of Wheeler Street and Cougar Village Drive, which serves the University of Houston as an entrance to Parking Lot Entrance #6. The added gate arms may be installed adjacent to the center LRT median of the intersection and will reduce the number of incidents and accidents that occur at this location.

Operating Impact

The cost of maintenance and eventual replacement have been developed as part of the long-range operating budget.

Main Street Bridge Arch Refit

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

The Main Street Bridge requires pressure grouting to address cracking observed during bridge inspections. Pressure grouting is the recommended fix for the issue observed.

Operating Impact

The additional hardware will require more maintenance effort.

Upgrade Signals to Audible Pedestrian Signals (APS)

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

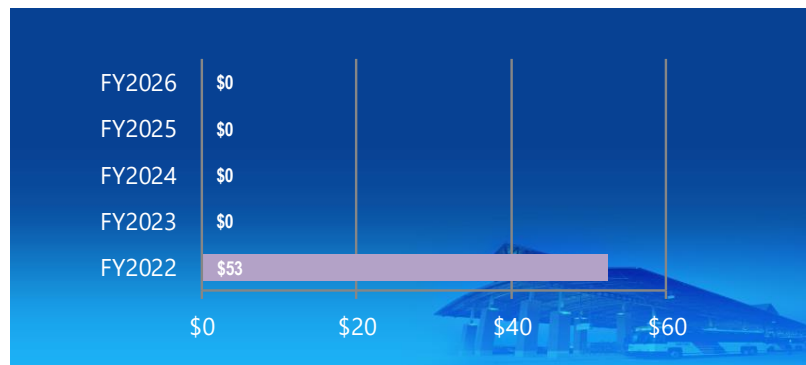
The purpose of the Upgrade Signals to Audible Pedestrian Signals (APS) project involves intersections along the legacy Red Line that do not meet current ADA new construction criteria for APS at intersections. The addition of APS at these intersections will help inform patrons when it is safe to cross a street as well as better assist the visually impaired when using METRO facilities.

Operating Impact

Operating impact should be minimal and will be determined on a case-by-case basis.

Wayside Horns Pilot Program

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

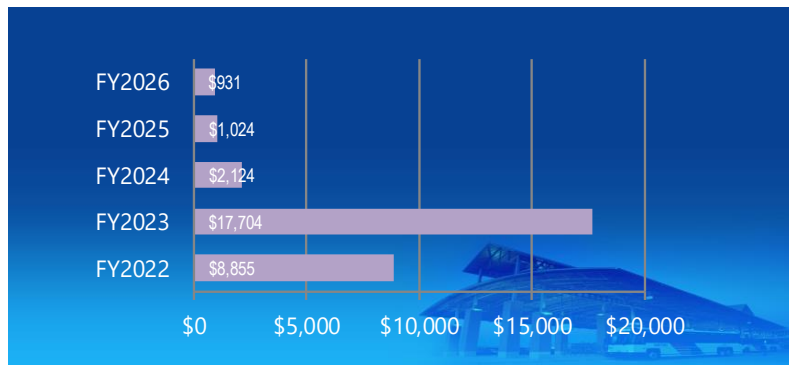
Based on incidents at several locations, METRO is attempting to reduce train and pedestrian interactions by using wayside horns to keep the trackway clear when a train is approaching. A pilot location has been selected at Fannin and I-610 to evaluate the effectiveness of this measure.

Operating Impact

The additional hardware will require more maintenance effort.

Automated Fare Collection Equipment Replacement

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

The Fare Collection Equipment Replacement project will replace aging and obsolete equipment and software. The new system will utilize an open architecture platform to help reduce capital equipment costs in the future by allowing a more plug-and-play environment for METRO's fare collection system. The project will also leverage new and evolving technologies to enhance the customer's experience by providing flexible multi-media fare payment methods.

Operating Impact

The annual cost of operating the new Automated Fare Collection Equipment is comparable with that of the existing equipment and will be included in Information Technology's operating budget.

SAP SBP Budget Upgrade

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

The FY2022/23 Capital Budget System upgrade would develop and incorporate the SAP Budget & Planning Module & would involve the following:

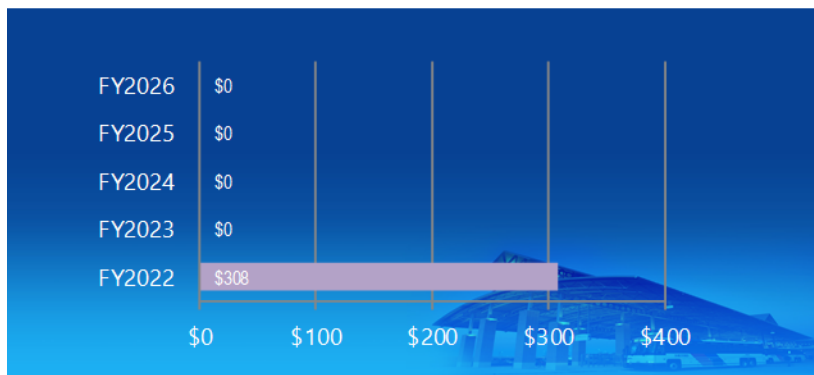
- Operating Budget derived from SAP FICO actual data and contracts, with a long-term CIP (Capital Improvement Program) and ranking criteria by project
- Historicals pulled from SAP FICO and SAP SOGR/EAM Database
- SAP would have the ability to summarize the Capital Labor components of CIP projects for comparison to the Operating Budget Capitalized Labor budget
- SAP CRM would have the capability to shift, move, and suspend multi-year project budgets from "Active List" into an "Inactive List" for future inclusion
- Data will come from Excel CIP sheets, Excel spreadsheets and Primavera software used by PEC

Operating Impact

This project will incur an annual operating cost of \$10K.

Texas Medical Center Digital Bus Stop Technology

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

This project upgrades the METRO bus stops at the Texas Medical Center (TMC) METRO Transit Center by providing more real-time passenger information to our patrons at their immediate stop with digital signage, smart lighting, and two-way communication. The project enhances safety by being able to send timely emergency information to signs throughout the METRO system and to this specific location.

Operating Impact

There will be monthly cellular airtime and content management system charges of approximately \$5 thousand per year for this signage system upgrade.

Bus GPS Router Replacement

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

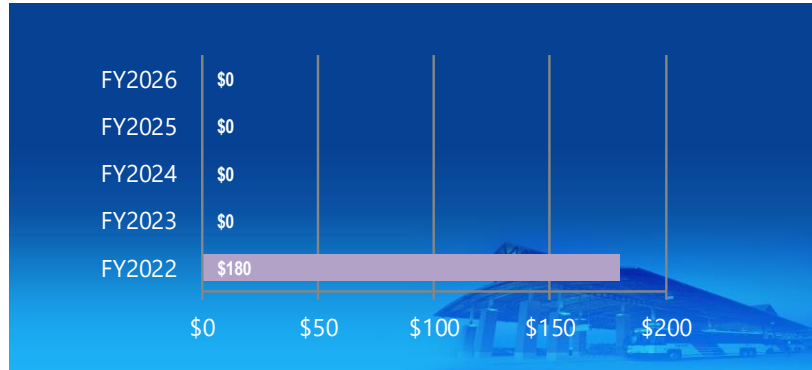
This is a SOGR and Safety project to replace the bus modems that have exceeded their expected life. This project will also provide robust "first responder" cellular connections through the nationwide First Net contract for all METRO buses, provide improved bandwidth to support the future new fare collection system, allow "video look in" capability for MPD, and provide the capability for customer Wi-Fi on bus service.

Operating Impact

No additional operating cost will be required.

Regional Data Management System

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

METRO is taking the lead in providing transit information and trip planning to the Greater Houston region. A consolidated data management system is needed to combine crucial transit data from each of METRO's regional partners. The system will enable METRO staff to create and manage the data that will enable regional patrons to receive scheduled or real time predictions, service alerts, and emergency alerts. The system will also enable patrons to plan trips that span multiple transit agencies.

Operating Impact

Operational impact will be minimal.

Non-Obligated Capital Project Fund

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

Capital Improvement Projects, which may be funded from the \$3.0 million Non-Obligated Capital Project Fund, will be selected by the METRO Capital Budget Review (CBR) Committee, prioritized and recommended to move forward for METRO Board approval to advance the projects from their conceptual/ developmental design phase into active capital project status.

Operating Impact

If the capital asset or system is replaced, it will typically reduce overall operating cost and staff time to maintain.

Allowance for METRONext & Legacy Projects

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

METRONext Projects & Legacy Projects, which may have additional funds from the \$4.122 million Allowance for METRONext & Legacy Projects Fund will be selected by the METRO Capital Budget Review (CBR) Committee, prioritized and recommended to move forward for METRO Board approval to advance the projects further into their design/build phase in FY2022.

Operating Impact

If the capital asset or system is replaced, it will typically reduce overall operating cost and staff time to maintain.

Debt Service Budget

Debt Service

(in millions)

Debt Service Category	Projected FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Bonds & KOs						
Cash Defeasance	\$ 1.61	-	-	-	-	-
Principal	\$ 68.767	\$ 58.065	\$ 63.975	\$ 68.755	\$ 65.474	\$ 63.628
Interest	37.869	36.863	34.228	31.125	27.767	24.616
	\$ 108.248	\$ 94.929	\$ 98.204	\$ 99.880	\$ 93.240	\$ 88.243
Commercial Paper						
Credit Facility Fees	\$ 0.576	\$ 0.741	\$ 0.741	\$ 0.741	\$ 0.741	\$ 0.741
CP Dealer Fees	0.405	0.383	0.361	0.329	0.296	0.250
Budgeted CP Interest	1.591	1.585	1.527	1.449	1.289	1.047
Add'l Budgeted CP Interest @ 1%	1.095	1.030	0.943	0.852	0.724	0.567
Legal Fees-Extensions/Rating Agencies /	0.300	-	-	0.119	-	-
	3.967	3.739	3.572	3.490	3.050	2.605
Commercial Paper Pay Down						
Payments from GMP Increment	\$ 4.700	\$ 5.500	\$ 8.100	\$ 8.600	\$ 12.400	\$ 15.600
Payments from Interest Underrun	1.600	1.000	0.900	0.800	0.700	0.500
	6.300	6.500	9.000	9.400	13.100	16.100
New Debt Service - Accrual						
Bus Financing	\$ -	\$ -	\$ 1.392	\$ 2.679	\$ 3.539	\$ 11.603
CIP Financing	-	0.311	0.886	1.627	3.690	7.153
METRONext	-	0.045	0.520	5.664	12.813	20.047
	-	0.355	2.798	9.971	20.042	38.803
Total Debt Service	\$ 118.516	\$ 105.523	\$ 113.573	\$ 122.740	\$ 129.432	\$ 145.751

Outstanding Debt Balances *

(in millions)

	Projected FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Bus Debt Outstanding	\$ 348.400	\$ 311.817	\$ 272.727	\$ 230.174	\$ 189.164	\$ 155.032
Rail Debt Outstanding	\$ 602.970	\$ 587.863	\$ 568.308	\$ 546.401	\$ 518.266	\$ 487.258
Total Exit Debt Outstanding	951.370	899.680	841.035	776.575	707.430	642.290
Bus Financing	-	-	79.930	143.245	182.417	209.365
CIP Financing	-	18.831	50.235	87.959	99.959	115.013
METRONext	-	1.626	17.431	196.958	437.410	674.876
Total New Debt Outstanding	-	20.457	147.595	428.161	719.786	999.253
Commercial Paper	109.500	103.000	94.000	84.600	71.500	55.400
TOTAL Debt Outstanding	\$ 1,060.870	\$1,023.137	\$1,082.630	\$1,289.336	\$1,498.716	\$1,696.943

* These balances represent the outstanding par values less projected amounts in associated interest & sinking funds



Each year, METRO budgets debt service payments for senior lien obligations, including voter authorized sales tax bonds, contractual obligations, and its commercial paper program. The debt service budget includes cash transfers to its debt service funds (i.e., interest & sinking funds) required in the current year for interest, principal, and any required debt service reserve contributions.

The following table outlines the proposed FY2022 schedule of debt service payments as well as any other associated fees.

FY2022 PROPOSED DEBT SERVICE PAYMENTS

Series	Source	Principal	Interest	Fees	TOTAL
<u>Contractual Obligations (KOs)</u>					
2014A	Sales Tax	8,470,417	3,048,458		11,518,875
2015B	Sales Tax	5,238,333	1,815,083		7,053,417
2016B	Sales Tax Refunding	121,667	1,111,508		1,233,175
2016C	Sales Tax Refinancing	-	-		-
2016D	Sales Tax	4,445,000	1,574,021		6,019,021
2017B	Sales Tax/ Sales Tax Refunding	15,329,583	4,121,729		19,451,312
2017C	Sales Tax Refunding	499,167	539,289		1,038,455
2018A	Sales Tax	8,263,750	5,951,500		14,215,250
2019B	Sales Tax Refunding	90,000	471,986		561,986
2020	Sales Tax	7,386,250	7,955,373		15,341,623
<u>Voted Sales Tax</u>					
2011A	Sales Tax / Grants	861,667	43,083		904,750
2016A	Sales Tax Refunding	4,536,250	5,868,292		10,464,542
2017A	Sales Tax Refunding	2,763,333	1,156,979		3,920,313
2019A	Sales Tax Refunding	-	3,206,000		3,206,000
<u>New Debt Service</u>					
CIP Financing		310,706			
MetroNext		44,717			
<u>Commercial Paper</u>					
Principal					
-Payments from GMP Increment		5,500,000			5,500,000
-Payments from Interest Underrun		1,000,000			1,000,000
Interest			2,614,967		2,614,967
<u>Fees</u>					
LOC Fees				741,000	741,000
Dealer Fees				383,250	383,250
Total Debt Service		\$ 64,920,840	\$ 39,478,270	\$ 1,124,250	\$ 105,523,359

On its senior lien debt, METRO has pledged 75% of its sales tax receipts excluding the 25% of sales tax designated for General Mobility Program. 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, followed by any required contributions to METRO's debt service reserve escrows before sending the remaining receipts on to METRO.

DEBT POLICY

In August 2016, the METRO Board of Directors 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, 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 debt service funds and other funds required by debt covenants.

A link to the full debt policy can be found at:

<https://www.ridemetro.org/MetroPDFs/News/PublicHearings/082121Budget-Public-Hearing/Debt-Policy-Jan-2021.pdf>

Voter Authorized Debt

In the 2003 Election, voters authorized the issuance of \$640,000,000 of bonds payable from a pledge of 75% of the sales and use tax revenue collected by the Authority (the “Voted Sales Tax Bonds”) to fund projects for its transit system. The Authority has issued all the bonds authorized at the 2003 Election.

In November 2019, voters approved a referendum relating to the authorization of its regional transit plan — METRONext. METRONext includes the implementation of a regional transportation plan, including capital improvements and infrastructure, and authorizes approximately \$3.5 billion in debt to fund a portion of phase one of such plan. See www.metronext.org.

The Authority may hold one or more future elections to authorize additional sales tax bonds; however, none are planned at this time.

- 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
- Authorization: \$3.5 billion approved by the voters in 2019

Senior Lien Debt

Under current State law, in addition to the Voted Sales Tax Bonds and other sales tax bonds approved by future elections, the Authority may issue certain other Senior Lien Obligations without an election, specifically (i) contractual obligations and (ii) commercial paper notes and Sales and Use Tax Bonds or notes with a five-year or shorter term.

Contractual Obligations

Contractual obligations may be issued as Senior Lien Obligations on a parity with the Voted Sales Tax Bonds and may be issued to finance vehicles and other personal property.

- Pledge of 75% of sales tax
- Long-term, fixed rate bonds up to useful life of asset being financed with a maximum of 25 years
- Purpose: Equipment such as rail cars and buses

Commercial Paper Notes

The Authority has established a \$400 million commercial paper program (“CP Program”) for the issuance of Sales and Use Tax Revenue Commercial Paper Notes (the “CP Notes”) in multiple separate series. The current maximum issuance capacity of the CP Program is \$165 million, which is the amount of authorized CP Notes secured by credit facilities. The CP Notes are Senior Lien Obligations payable on a parity with the Obligations. The Commercial Paper Notes are not subject to Reserve Fund requirements.

- 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 improvement project

RATINGS

METRO’s Sales Tax and Use Tax Bonds and Contractual Obligations have received the highest investment grade ratings from both Standard & Poor’s and Kroll Bond Rating agencies as follows:

Issue	Kroll/S&P
Sales and Use Tax Revenue Bonds	AAA/AAA
Sales and Use Tax Contractual Obligations	AAA/AAA

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 12-16 years for each bus. Therefore, the Authority plans to replace one-twelfth of its vehicle bus fleet, or approximately 100 buses, each year.

FUTURE DEBT ISSUANCE

There are plans to issue debt in FY2022; however, METRO plans to continue issuing sales tax revenue bonds and contractual obligations in the subsequent years. The table below highlights how the debt will be used.

Fiscal Year	Bus Financing	CIP Financing	METRONext Financing
2022	\$ -	\$18.8M	\$1.6M
2023	\$79.9M	\$31.4M	\$15.8M
2024	\$63.3M	\$37.7M	\$179.5M
2025	\$39.2M	\$12M	\$240.5M
2026	\$26.9M	\$17M	\$237.5M

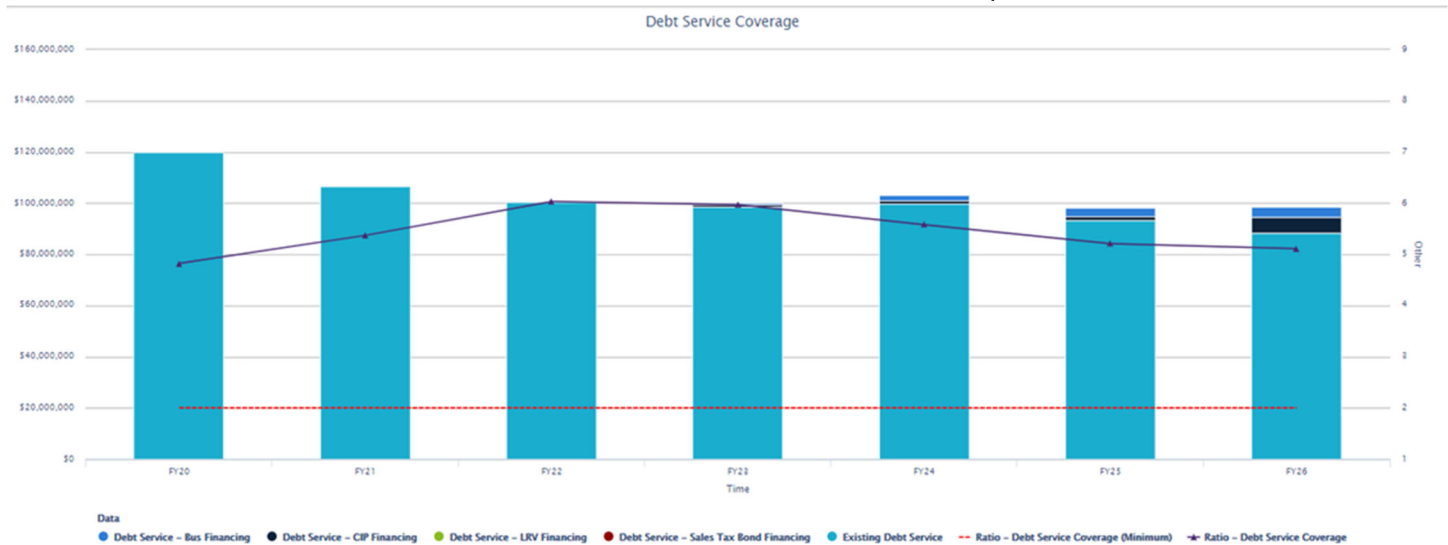
PROJECTED DEBT SERVICE LEVELS vs. LEGAL DEBT SERVICE COVERAGE LIMITS

The chart below shows the relationship between METRO's projected debt service levels (bar chart) and its maximum annual debt service coverage ratios (line charts).

The maximum annual debt service (MADS) coverage ratio for METRO is calculated as 75% of the prior year's sales tax revenue divided by the maximum annual debt service of the outstanding/projected debt. METRO's bond covenants require its MADS ratio to be at least 2.00. In the proposed 5-year plan, MADS is projected to be over 5.0 in all years of the plan.

The chart below demonstrates that METRO's MADS coverage far exceeds its minimum MADS requirement.

SALES TAX COVERAGE FAR EXCEEDS MINIMUM REQUIREMENT



METRO relies on sales tax revenue to fund transit services and has no intent to issue additional debt that would compromise its operations or legal requirements.

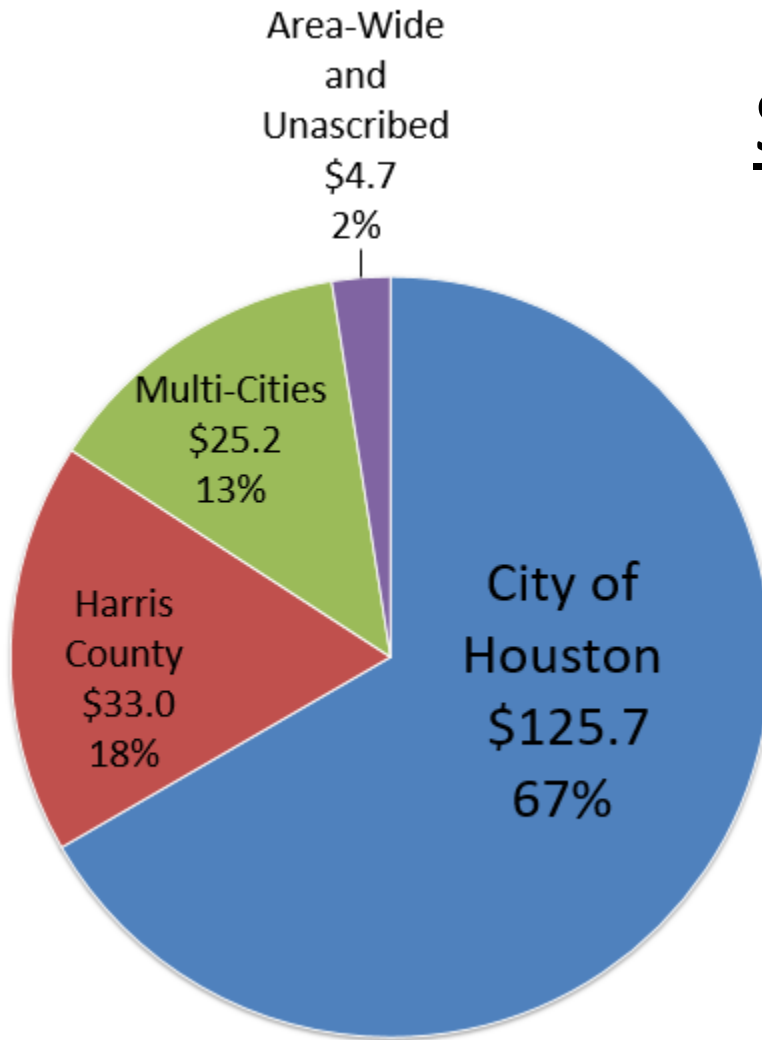
Debt Reporting

On a monthly basis, METRO reports outstanding debt balances to the Board. The July 2021 report can be found at: https://www.ridemetro.org/MetroPDFs/FinancialAuditInformation/MonthlyFinancialReports/2021/07_Reports/0721_Debt-Report.pdf

General Mobility Program

FY2022 Projected Transfer to the
General Mobility Program

\$188.6 million



METRO's enabling legislation authorizes the Authority to construct or maintain streets, roads, traffic signals, sidewalks, and hike and bike trails, or perform these functions through agreements with other government agencies. As early as 1982, METRO began to participate in and contribute funds for various "joint construction projects" with the City of Houston, Harris County and the 14 Multi-Cities within its service area. In 1988, this use of METRO's sales tax revenues was formalized into the General Mobility Program (GMP), 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.

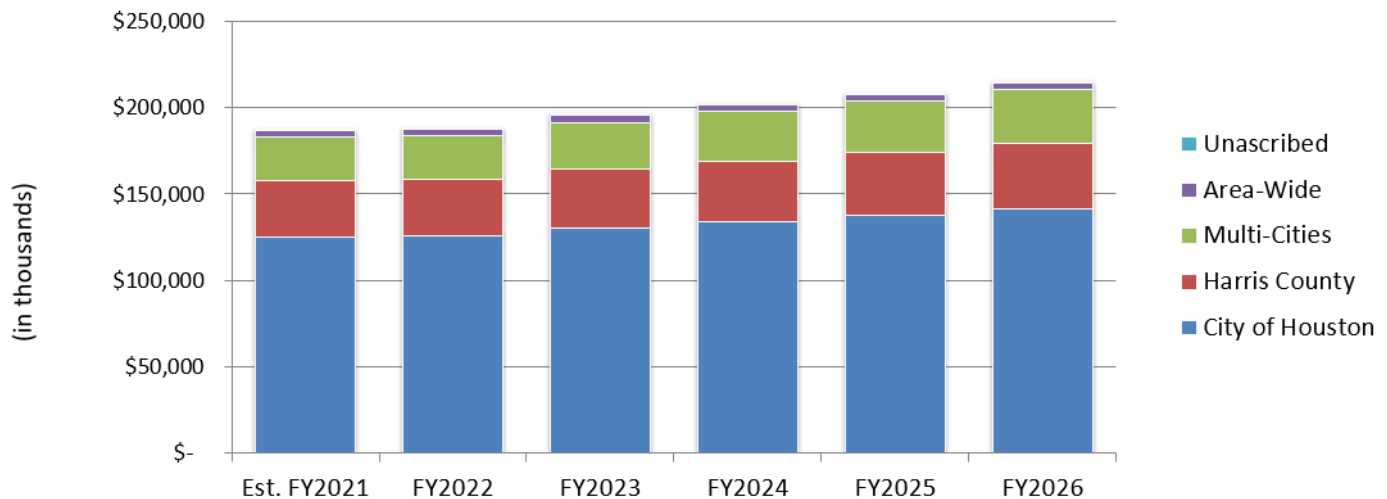
In FY2013, METRO entered into new interlocal agreements with its partner entities coinciding with the Authority's implementation of the voter mandated referendum on General Mobility held on November 6, 2012. This referendum continues General Mobility funding to member jurisdictions based on sales tax revenues set at the end of September 2014, with any growth in sales tax above that mark split 50/50 with member jurisdictions through December 31, 2025.

Projected Funding

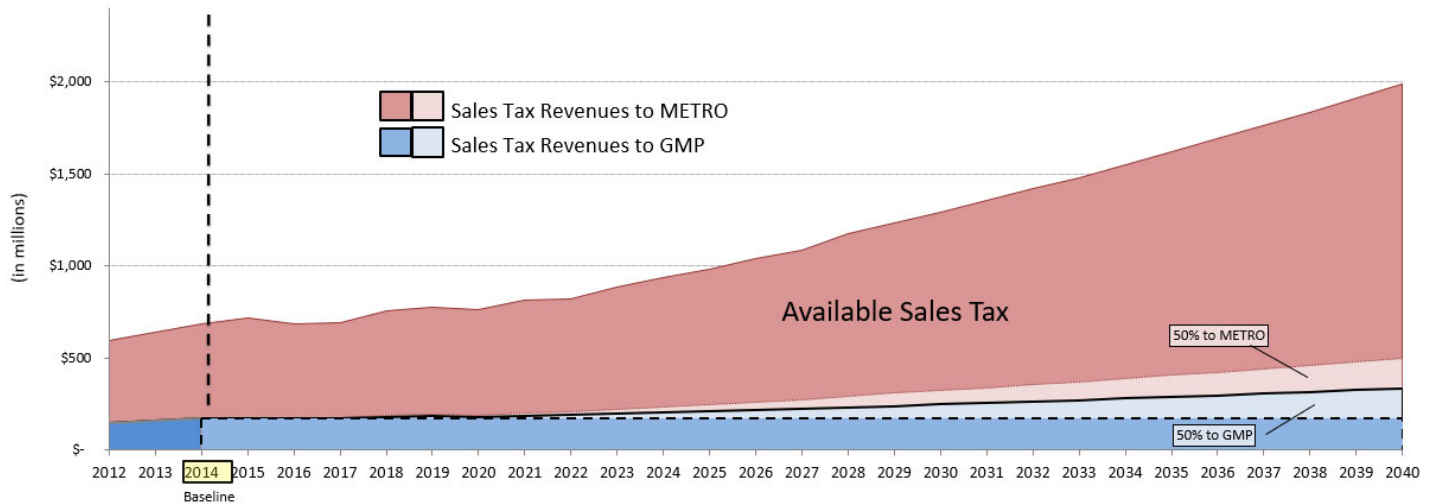
(in thousands)

	Est. FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Street Repair & Congestion Mitigation						
City of Houston	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Multi-Cities	24,987	25,243	27,079	28,589	30,012	31,674
Area-Wide	4,000	4,000	4,000	4,000	4,000	4,000
Subtotal	\$ 38,987	\$ 39,243	\$ 41,079	\$ 42,589	\$ 44,012	\$ 45,674
Future Designated Projects						
City of Houston	\$ 115,112	\$ 115,743	\$ 120,272	\$ 123,998	\$ 127,508	\$ 131,611
Harris County	32,809	32,988	34,279	35,341	36,342	37,511
Unascribed	669	672	699	720	741	764
Subtotal	\$ 148,589	\$ 149,404	\$ 155,250	\$ 160,059	\$ 164,591	\$ 169,886
Total Commitment						
City of Houston	\$ 125,112	\$ 125,743	\$ 130,272	\$ 133,998	\$ 137,508	\$ 141,611
Harris County	32,809	32,988	34,279	35,341	36,342	37,511
Multi-Cities	24,987	25,243	27,079	28,589	30,012	31,674
Area-Wide	4,000	4,000	4,000	4,000	4,000	4,000
Unascribed	669	672	699	720	741	764
Total General Mobility Funding	\$ 187,577	\$ 188,647	\$ 196,329	\$ 202,648	\$ 208,602	\$ 215,560

5-Year General Mobility Projected Funding

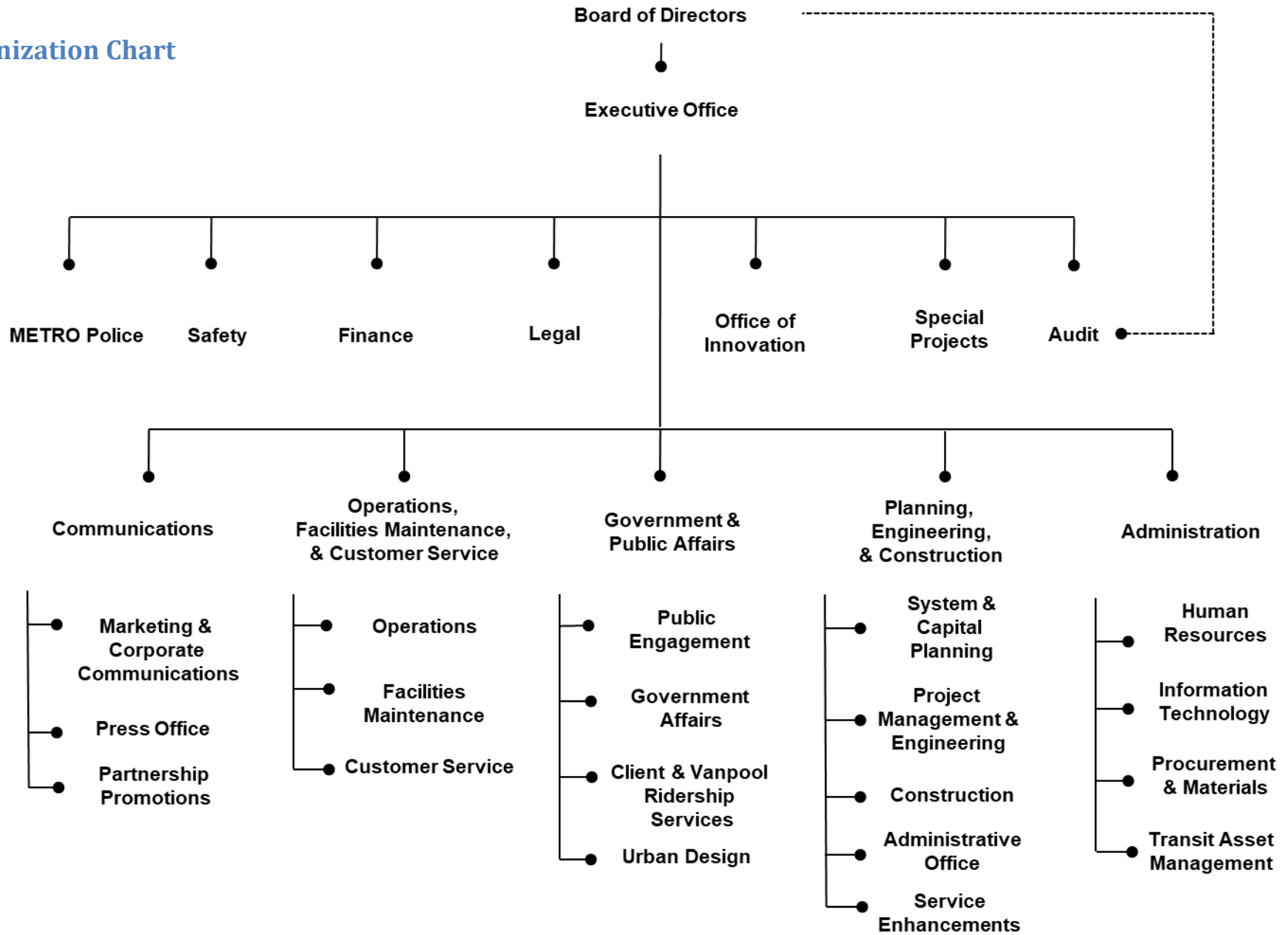


GMP Projections Based on the 2012 Referendum



The above graphic illustrates the projections for the voter mandated referendum on General Mobility held on November 6, 2012. This referendum continues General Mobility funding to member jurisdictions based on sales tax revenues set at the end of September 2014 with any growth in sales tax above that mark split 50/50 with member jurisdictions through December 31, 2025.

Organization Chart



Department Summaries

This section provides a brief description of each METRO department, along with an organization chart and financial data showing the FY2022 budget along with the current year’s budget and year-end estimate, as well as goals and key performance indicators when applicable.

Departmental goals are linked to one or more of the Authority’s goals:

Create outstanding trip experiences for all users by connecting residents to more places, more often, in a safe and efficient environment.

Enhance communities and lives by providing high quality mobility options for all service areas and users, which includes innovation and planning for the future.

Maintain assets in a State of Good Repair and continue implementation of METRONext to expand and improve transportation system infrastructure.

Increase public awareness and support for the regional transportation system, which includes collaboration with Regional and National leadership.

Provide responsive, accountable, and trustworthy governance within the METRO organization.

Accomplishing these goals will further METRO’s mission and vision:

Mission

To provide safe, clean, reliable, accessible and friendly public transportation services to our region.

Vision

Through collaborative relations and innovative approaches, METRO will be an industry leader in delivering timely and efficient service that is transformative by providing multimodal interactions for communities to connect to everyday work and life opportunities.

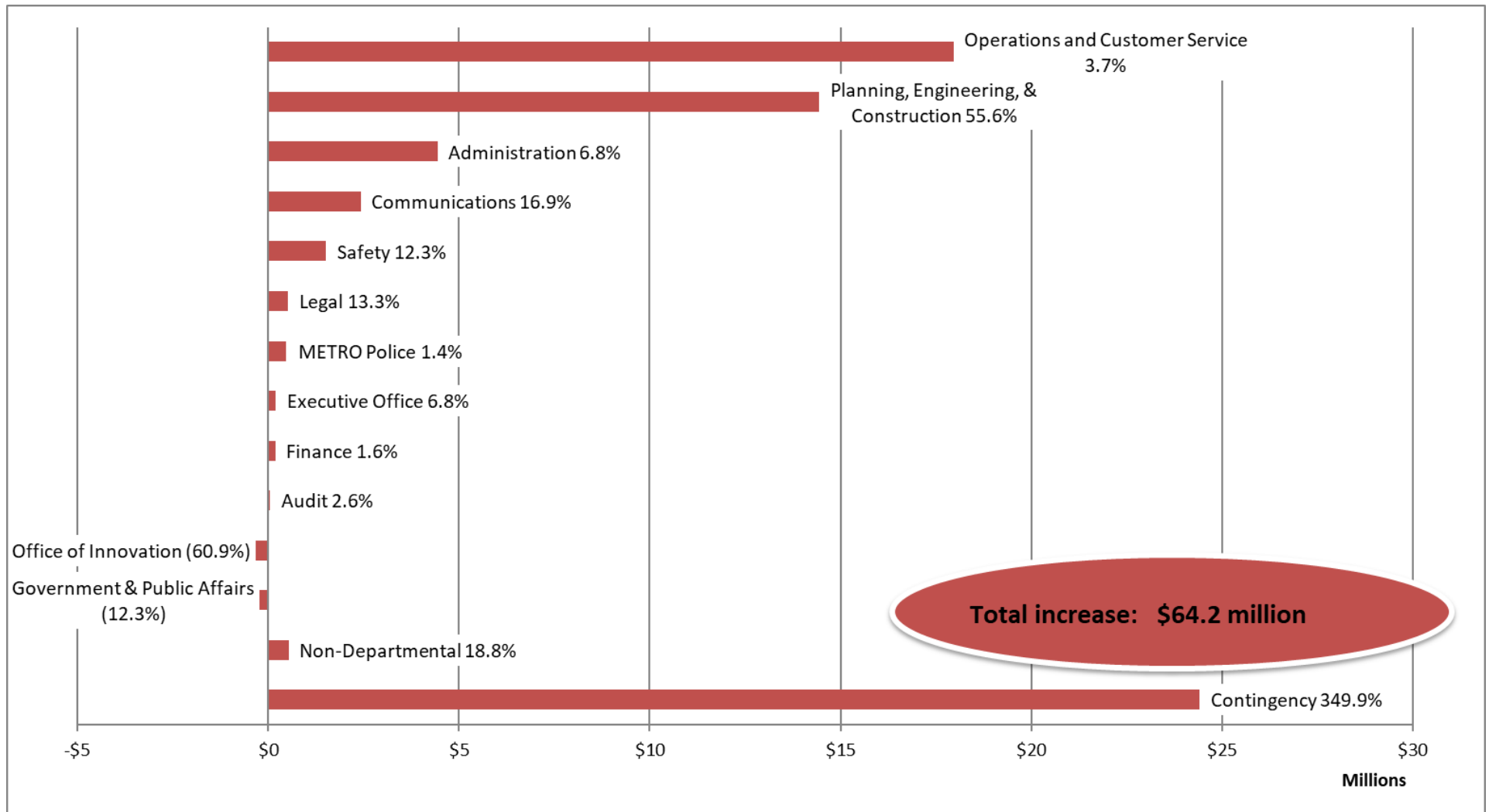


Department Summaries

Budget by Department

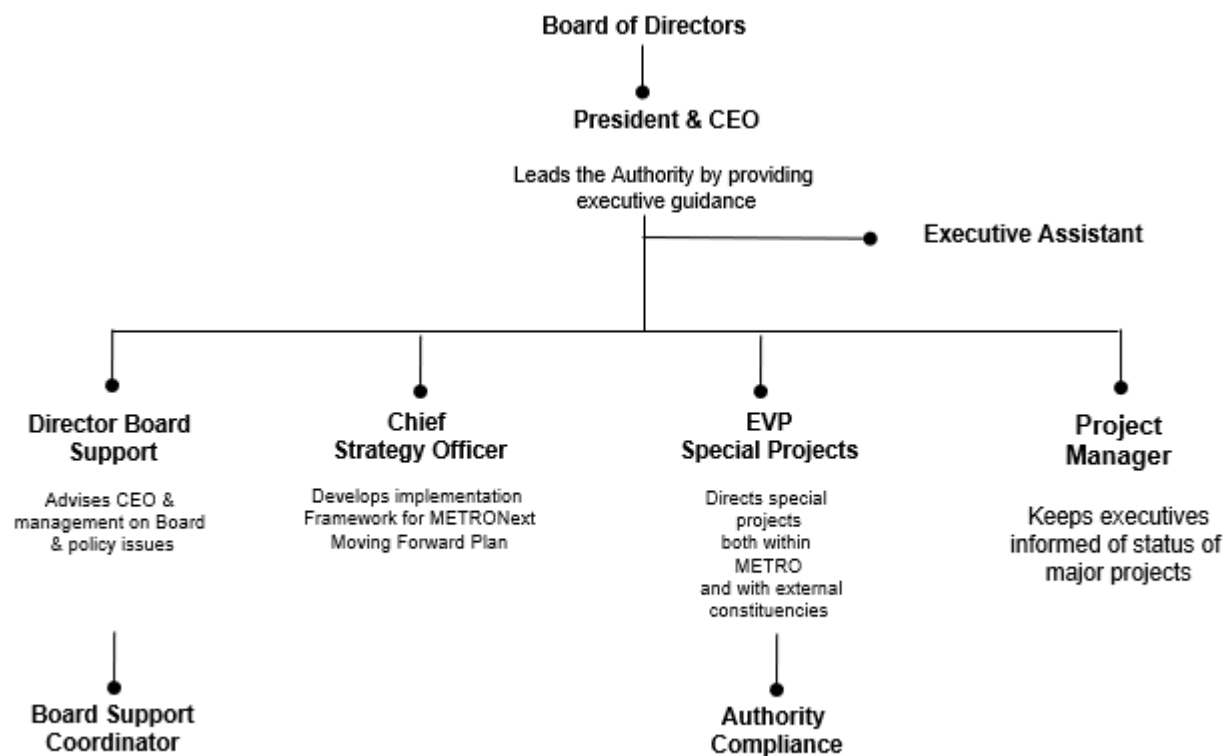
Departments	FY2021	FY2021	FY2022	Budget-to-Budget Variance	
	Budget	Estimate	Budget	\$	%
Operations and Customer Service	\$ 479,269,329	\$ 461,532,875	\$ 497,227,179	\$ 17,957,850	3.7%
Administration	65,092,833	65,364,520	69,530,746	4,437,913	6.8%
METRO Police	34,295,415	31,367,279	34,774,086	478,672	1.4%
Planning, Engineering, & Construction	25,965,221	19,024,760	40,401,849	14,436,628	55.6%
Communications	14,367,210	9,838,098	16,793,129	2,425,919	16.9%
Safety	12,287,204	11,381,244	13,799,022	1,511,818	12.3%
Government & Public Affairs	13,440,993	9,713,395	11,791,233	(1,649,761)	(12.3%)
Finance	11,408,396	10,683,749	11,594,376	185,980	1.6%
Legal	3,956,998	3,572,005	4,485,242	528,244	13.3%
Executive Office	2,969,159	2,628,851	3,172,229	203,070	6.8%
Audit	1,333,264	1,213,765	1,368,465	35,201	2.6%
Office of Innovation	2,081,390	722,568	814,152	(1,267,237)	(60.9%)
Contingency	6,973,523	-	31,374,167	24,400,644	349.9%
Non-Departmental	2,879,064	(1,243,109)	3,419,125	540,061	18.8%
TOTAL NET OPERATING	\$ 676,320,000	\$ 625,800,000	\$ 740,545,000	\$ 64,225,000	9.5%

Budget by Department - Budget-to-Budget Variance



Executive Office

The President and CEO oversees the management and operations of transit services. The Authority Compliance Division ensures METRO’s compliance with legislation and regulations, the Board staff provide support for METRO’s Board of Directors and the Chief Strategy Officer develops implementation Framework for the METRONext Moving Forward Plan.



Executive Office

	FY2021 Budget	FY2021 Estimate	FY2022 Budget	Budget-to-Budget Variance	
	\$	\$	\$	\$	%
Wages	\$ -	\$ -	\$ -	\$ -	N/A
Union Fringe Benefits	14,951	2,487	2,725	(12,225)	(81.8%)
Subtotal Union Labor	\$ 14,951	\$ 2,487	\$ 2,725	\$ (12,225)	(81.8%)
Salaries and Non-Union Wages	1,642,287	1,607,868	1,567,368	(74,919)	(4.6%)
Non-Union Fringe Benefits	795,055	672,581	694,651	(100,404)	(12.6%)
Subtotal Non-Union Labor	\$ 2,437,342	\$ 2,280,449	\$ 2,262,019	\$ (175,323)	(7.2%)
Allocation to Capital and GMP	-	-	-	-	N/A
Subtotal Labor and Fringe Benefits	\$ 2,452,292	\$ 2,282,936	\$ 2,264,744	\$ (187,548)	(7.6%)
Services	142,825	45,974	562,755	419,930	294.0%
Materials and Supplies	8,849	7,796	7,494	(1,355)	(15.3%)
Fuel and Utilities	15,980	16,706	14,200	(1,780)	(11.1%)
Casualty and Liability	-	-	-	-	N/A
Purchased Transportation	-	-	-	-	N/A
Leases, Rentals and Miscellaneous	349,213	275,440	323,036	(26,177)	(7.5%)
Subtotal Non-Labor	\$ 516,867	\$ 345,915	\$ 907,485	\$ 390,618	75.6%
Subtotal Labor and Non-Labor	\$ 2,969,159	\$ 2,628,851	\$ 3,172,229	\$ 203,070	6.8%
Allocation to Capital and GMP	-	-	-	-	N/A
Total Operating Expenses	\$ 2,969,159	\$ 2,628,851	\$ 3,172,229	\$ 203,070	6.8%

Executive Office

Description of Departmental Functions and Activities:

The Executive Office is responsible for the administration of the management and daily operations of the authority's transit services as well as providing support for METRO's Board of Directors. These duties include supporting all departments of the authority in their various tasks associated with accomplishing the mission and goals of the authority. The office is also responsible for the implementation of policies and directives set by the Board of Directors as well as ensuring the authority's policies, guidelines, procedures and manuals are updated in accordance with Board of Director's direction, state and federal regulations, and industry best practices.

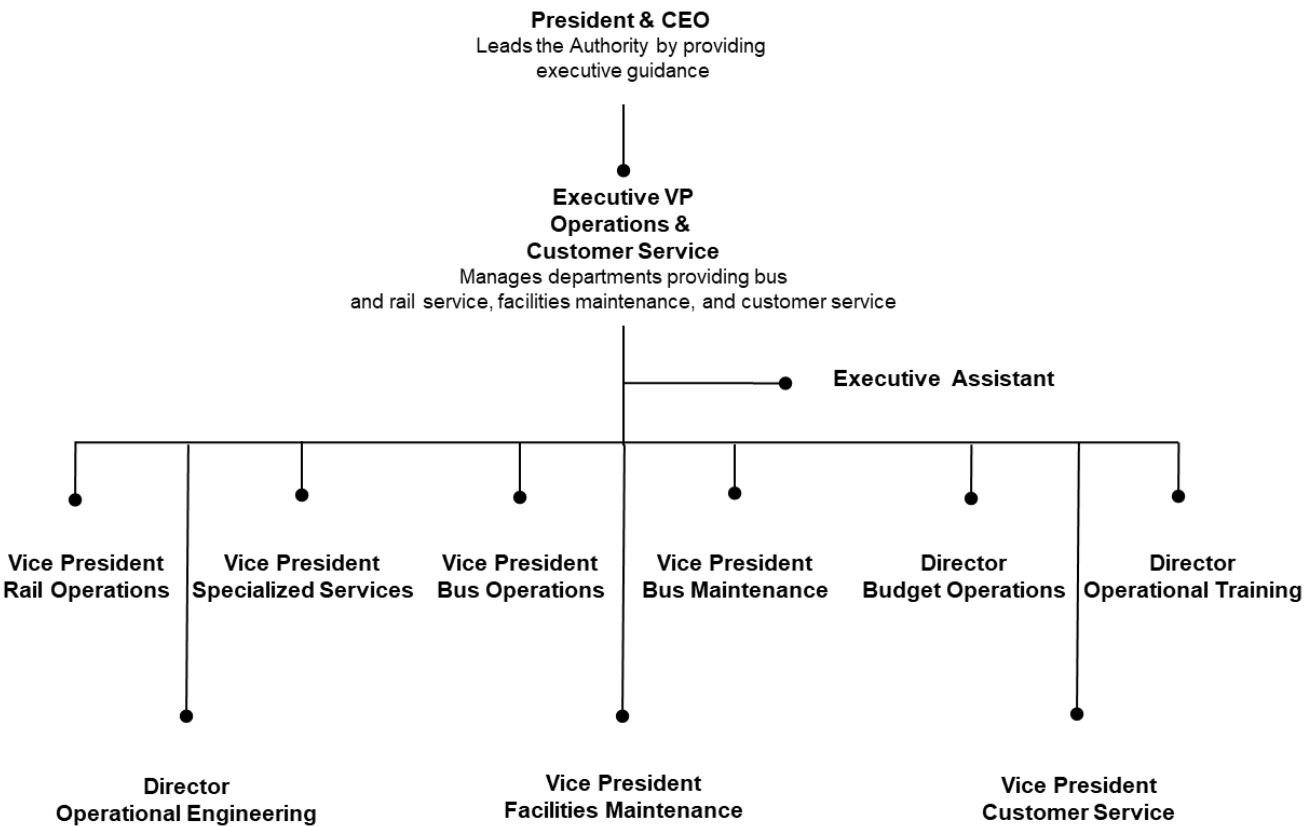
Number of Employees: 11

FY 2022 Goals		METRO Budget Priorities				
Dept.	Initiative/Objective	Outstanding Trip Experiences	High Quality Mobility Options	Infrastructure Investments	Regional Public Awareness & Support	Trustworthy Governance
Executive Office	Support the Board of Directors by providing information, data and facts to assist them in making public policy decisions to improve mobility in the region.	✓	✓	✓	✓	✓
	Ensure that policies and directives set by the Board of Directors are executed and implemented in a timely manner and as directed.	✓	✓	✓	✓	✓
	Lead and support executive leadership in their goals and objectives to accomplish FY2021 business plan goals and Board priorities: Create outstanding trip experiences, provide high quality mobility options, maintain and improve accessible transportation system infrastructure, increase regional public awareness & support, and provide trustworthy governance.	✓	✓	✓	✓	✓
	Lead and support the employees of the authority as they work to accomplish the mission of the agency to provide safe, clean, reliable, accessible and friendly public transportation services to our region.	✓	✓	✓	✓	✓
	Continue to implement policies and procedures to employ sound financial principles and transparency practices.					✓
	Support the departments in the review of and update of the authority's policies, guidelines, procedures and manuals to meet industry best practices.	✓	✓	✓	✓	✓

Operations and Customer Service

Operations and Customer Service functions as the core of METRO’s transit services, including local bus, Park & Ride, Bus Rapid Transit, paratransit, and the HOV/HOT lane network. The Facilities Maintenance division handles the cleanliness and upkeep of all METRO facilities, while the Customer Service division provides riders with personalized route and schedule information and handles compliments, complaints, and comments.

OPERATIONS & CUSTOMER SERVICE



Operations and Customer Service

	FY2021 Budget	FY2021 Estimate	FY2022 Budget	Budget-to-Budget Variance	
				\$	%
Wages	\$ 142,701,409	\$ 140,632,672	\$ 150,487,548	\$ 7,786,139	5.5%
Union Fringe Benefits	67,167,643	70,817,483	70,346,088	3,178,445	4.7%
Subtotal Union Labor	\$ 209,869,052	\$ 211,450,155	\$ 220,833,637	\$ 10,964,584	5.2%
Salaries and Non-Union Wages	46,968,735	49,662,759	49,114,406	2,145,672	4.6%
Non-Union Fringe Benefits	19,259,177	21,353,872	19,703,909	444,732	2.3%
Subtotal Non-Union Labor	\$ 66,227,912	\$ 71,016,630	\$ 68,818,316	\$ 2,590,404	3.9%
Allocation to Capital and GMP	(1,796,910)	(2,927,353)	(1,900,504)	(103,594)	5.8%
Subtotal Labor and Fringe Benefits	\$ 274,300,053	\$ 279,539,433	\$ 287,751,448	\$ 13,451,395	4.9%
Services	38,793,127	28,595,818	42,705,237	3,912,110	10.1%
Materials and Supplies	29,318,389	26,496,382	28,744,367	(574,021)	(2.0%)
Fuel and Utilities	36,386,600	32,675,113	34,476,880	(1,909,720)	(5.2%)
Casualty and Liability	2,120,358	948,612	2,356,313	235,955	11.1%
Purchased Transportation	95,643,408	90,712,940	99,289,989	3,646,581	3.8%
Leases, Rentals and Miscellaneous	2,707,394	2,564,578	2,841,825	134,431	5.0%
Subtotal Non-Labor	\$ 204,969,276	\$ 181,993,442	\$ 210,414,611	\$ 5,445,335	2.7%
Subtotal Labor and Non-Labor	\$ 479,269,329	\$ 461,532,875	\$ 498,166,059	\$ 18,896,730	3.9%
Allocation to Capital and GMP	-	-	(938,880)	(938,880)	N/A
Total Operating Expenses	\$ 479,269,329	\$ 461,532,875	\$ 497,227,179	\$ 17,957,850	3.7%

	FY2021 Budget	FY2022 Budget	Budget-to-Budget Variance	
			\$	%
Total Operating Expenses				
Bus Transportation	\$ 148,954,969	\$ 151,981,230	\$ 3,026,261	2.0%
Contract & Paratransit SVC	114,357,988	119,663,350	5,305,362	4.6%
Bus Maintenance	106,416,740	107,934,348	1,517,607	1.4%
METRORail	42,202,415	46,574,904	4,372,490	10.4%
Facilities Maint Admin	39,677,406	44,680,835	5,003,429	12.6%
Operations Engineering	7,862,655	8,913,708	1,051,053	13.4%
EVP, Operations & Customer Svc	9,144,784	6,624,580	(2,520,204)	(27.6%)
Customer Service	4,825,909	4,831,500	5,591	0.1%
Oper Train Division	3,539,925	3,794,383	254,458	7.2%
Oper Mgt Support	2,286,539	2,228,342	(58,197)	(2.5%)

Operations and Customer Service Goals and Key Performance Indicators

The primary element in the success METRO has had in building its transit system has been its dedication to service quality. By focusing on specific, measurable goals, METRO can track its progress toward meeting the budget priorities of improving the customer experience, safety, and security. To that end, the department of Operations, Public Safety, and Customer Service tracks key performance indicators and compares performance to annual goals.

These statistics measure service reliability, safety, security, and customer service. Below are descriptions of the eight most important performance indicators, which are reported to the Board of Directors every month and the most recent Monthly Status Report.

Number of Employees: 3,392

On-Time Performance (OTP): A local bus is considered on-time if it does not leave early and is within a five-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-minute window after the scheduled departure time, with measurements during peak hours. OTP is measured by the Integrated Vehicle Operation Management System (IVOMS) which calculates data to the second, and the five-minute window is defined as anything less than six minutes. For METRORail, a train departing from the beginning of the line or arriving at the end of the line less than five minutes after the scheduled time is considered on-time.

Mean Distance Between Mechanical Failures (MDBF): MDBF mechanical road-calls 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 requires 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.

Security: Group A Offenses - Based on the National Incident-Based Report System (NIBRS). Group A offenses consist of 24 categories which address 52 specific crimes. Group A offenses are more serious in nature and tend to be against persons or property and included: animal cruelty, arson, assault offenses, bribery, burglary/breaking & entering, counterfeiting/forgery, destruction/damage/vandalism of property, drug/narcotic offenses, embezzlement, extortion/blackmail, fraud offenses, gambling offenses, homicide offenses, human trafficking, kidnapping/ abduction, larceny/theft offenses, motor vehicle theft, pornography /obscene material, prostitution offenses, robbery, runaways/persons under 18, sex offenses, stolen property offenses, and weapon law violations. This metric is reported both in terms of the absolute number of incidents and the number of incidents per 100,000 boardings.

OPERATIONS Goals - FY2022

Dept.	Initiative/Objective	Measurement	Target and Actuals							
			Q1		Q2		Q3		Q4	
			Target	Actual	Target	Actual	Target	Actual	Target	Actual
Bus Services	Bus Accidents	Absolute Number: <= 552 accidents per year	126		140		145		141	
		BRT Absolute Number: <= 4 accidents per year	1	-	1		1	-	1	
		Preventable Number: <= 188 accidents per year	43		47		48		50	
	On-Time Performance for Local Bus	Preventable BRT Number: <= 4 accidents per year	1				1			
		71% On-Time Performance for Local Bus	70%		71%		71%		72%	
		77% On-Time Performance for Park and Ride	76%		77%		77%		78%	
	On-Time Performance for Weighted Average	73% On-Time Performance for Park and Ride	72%		73%		73%		74%	
		Bus Mean Distance Between Mechanical Failure (MDBF)	7,000		7,500		6,500		6,000	
	Customer Service	Bus Mean Distance Between Mechanical Failure (MDBF) BRT	4,000		4,000		4,000		4,000	
		FY2020 Complaints per boarding of <22.5 per 100,000 boardings.	< 23.0		< 23.0		< 22.0		< 22.0	
Contract and Paratransit	METROLift On-Time Performance	On-time performance goal of 90%	90%		90%		90%		90%	
	METROLift Mean Distance Between Failure (MDBF)	MDBF goal of 21,000	21,000		21,000		21,000		21,000	
METRORail	On-Time Performance	Red Line 93%	93%		93%		93%		93%	
	On-Time Performance	Purple Line 95%	95%		95%		95%		95%	
	On-Time Performance	Green Line 95%	95%		95%		95%		95%	
	On-Time Performance	Weighted Average	93%		93%		93%		93%	
	Rail Mean Distance Between Service Interruptions (MDBSI)	MDBSI 15,000 per month	15,000		15,000		15,000		15,000	
	Rail Accidents	Absolute Number: <= 99 accidents per year	27		24		24		24	
		Preventable Number: <= 10 accidents per year	3		2		3		2	
HOV/HOT Lane	HOT Lanes Speed	Average Peak HOT Lanes Speed (All Lanes) of 45mph	45 mph		45 mph		45 mph		45 mph	
Customer Service	Average Call Center Answer Delay (seconds)	Calls answered in less than 30 seconds.	< 30		< 30		< 30		< 30	
Facilities Maintenance	Preventative Maintenance Completion Ratio	Greater than or equal to 85%	> 85%		> 85%		> 85%		> 85%	

Operations Department Key Performance Indicators - FY2022

SAFETY & SECURITY	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	YTD Goal
Bus Accidents													
• Absolute Number	42	42	42	42	49	49	49	48	48	47	47	47	552
• Preventable Number	15	14	14	15	16	16	16	16	16	17	17	16	188
BRT Accidents													
• Absolute Number	0	0	1	0	0	1	0	0	1	0	0	1	4
• Preventable Number	0	0	1	0	0	0	0	0	1	0	0	0	2
Rail Accidents													
• Absolute Number	9	9	9	8	8	8	8	8	8	8	8	8	99
• Preventable Number	1	1	1	1	1	0	1	1	1	0	1	1	10
SERVICE & RELIABILITY	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	YTD Goal
On-Time Performance													
• Local - Bus	70%	70%	70%	70%	71%	71%	71%	71%	72%	72%	72%	72%	71%
• Park & Ride - Bus	76%	76%	76%	76%	77%	77%	77%	77%	78%	78%	78%	78%	77%
• Weighted Average - Bus	72%	72%	72%	72%	73%	73%	73%	73%	74%	74%	74%	74%	73%
• Rail - Red Line	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%
• Rail -Green Line	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
• Rail - Purple Line	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
• Rail - Weighted Average	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%	92%
• METROLift	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Average Peak HOT Lanes Speed (All Lanes)	>= 45mph	>= 45mph	>= 45mph	>= 45mph	>= 45mph	>= 45mph	>= 45mph	>= 45mph	>= 45mph	>= 45mph	>= 45mph	>= 45mph	>=45mph
Mean Distance Between Mechanical Failures - All Buses	6,000	7,500	7,500	7,500	7,500	7,500	7,500	6,000	6,000	6,000	6,000	6,000	6,750
Mean Distance Between Mechanical Failures - BRT	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Mean Distance Between Service Interruptions - Rail	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Mean Distance Between Mechanical Failures - METROLift	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
CUSTOMER SERVICE	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	YTD Goal
Complaint Contacts < 23.00 per 100,000 boardings.	23.00	23.00	23.00	23.00	23.00	23.00	22.00	22.00	22.00	22.00	22.00	22.00	<22.50
Commendations: 1,800 per year. 150 per month	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Average Call Center Answer Delay (seconds)	<30	<30	<30	<30	<30	<30	<30	<30	<30	<30	<30	<30	<30
FACILITIES MAINTENANCE	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	YTD Goal
Preventative Maintenance Completion Ratio	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%

Customer Service

The Customer Service Department is responsible for front-line customer interaction and service through the agency's call center and related functions, RideStores, retail partners, and the Fannin South parking lot. The Customer Service Department also works on agency-wide customer-related issues to help all departments keep a customer-centered focus.

Number of Employees: 65

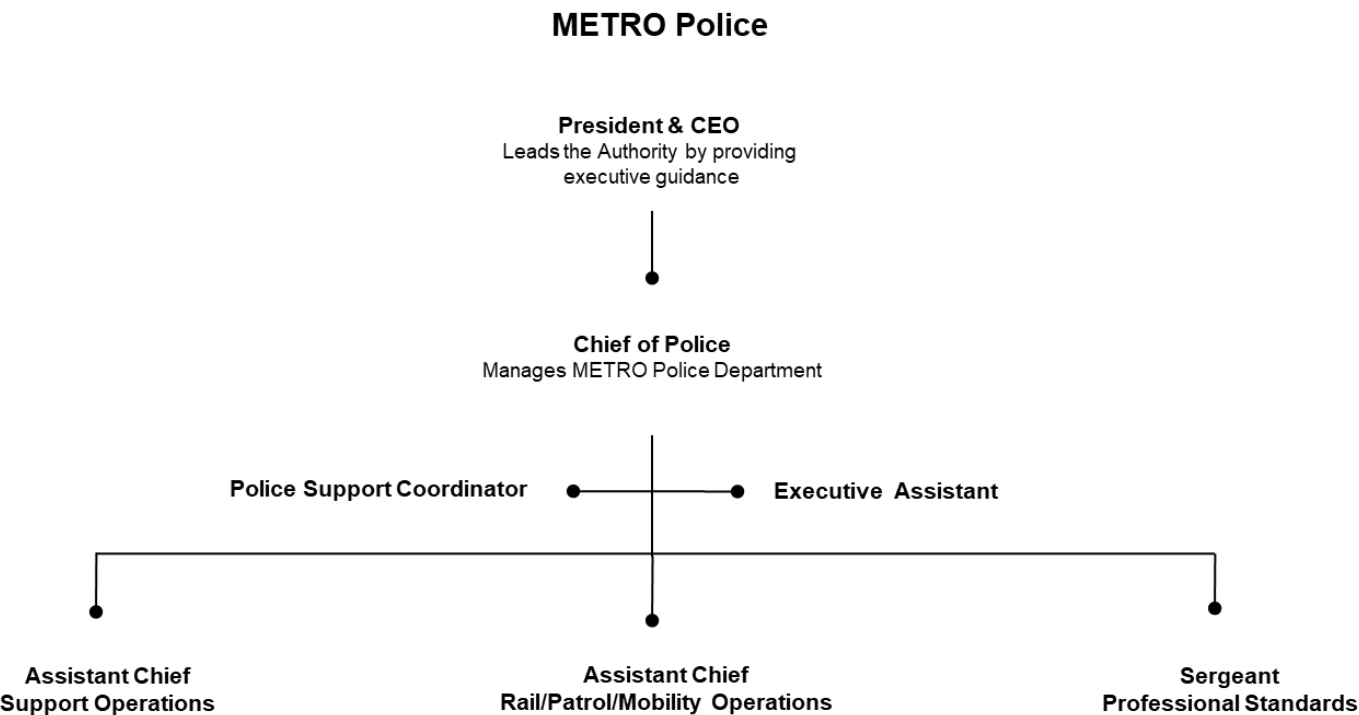
Customer Service FY2022 Goals							
Dept.	Initiative/Objective	Measurement	METRO Budget Priorities				
			Outstanding Trip Experiences	High Quality Mobility Options	Accessible Infrastructure Investments	Regional Public Awareness & Support	Trustworthy Governance
Call Center	Provide a safe and secure system for employees and patrons.	Improve the quality of information and service customers receive from the Customer Service Call Center	✓	✓		✓	✓
		Coordinate the agency's efforts to better respond to complaints	✓	✓		✓	✓
		Initiate improvements in the quality of the agency's customer complaint resolution and follow-up process	✓	✓		✓	✓
Agency-wide	Improve the customer experience by working on agency-wide customer service initiatives	Develop and implement agency-wide customer service programs to advance METRO's goal of improving the customer experience.	✓			✓	✓
		Manage efforts to assist all METRO departments to be more customer friendly with their programs, projects, and processes to fulfill the agency's mission to provide safe, clean, reliable, accessible and friendly public transportation services to our region.	✓	✓		✓	✓
		Implement internal and external customer service education and employee development programs.	✓			✓	✓
RideStores	Improve the customer experience in the RideStores	Evaluate the RideStores functions and branding to make them more customer friendly (1900 Main, Travis, Fannin South, Northwest Transit Center, on-line store, and retail outlets locations)	✓		✓	✓	✓



METRO Police

The METRO Police Department is a full-time, full-service police agency made up of more than 297 sworn Texas Peace Officers and 130 civilian staff members. Since the establishment of the METRO Police in 1982, our primary focus has been to help keep our transit system moving safely and securely for our customers. More than 30 years later, we remain dedicated to providing high-quality police services to reduce crime on the transit system and improve mobility throughout the METRO service area.

The METRO Police Department maintains a cooperative working relationship with all law enforcement agencies within the METRO service area. Our approach to law enforcement is community-oriented, knowing that partnerships and cooperation are needed to ensure the protection of our customers, employees, and the public.



METRO Police

	FY2021	FY2021	FY2022	Budget-to-Budget Variance	
	<u>Budget</u>	<u>Estimate</u>	<u>Budget</u>	\$	%
Wages	\$ -	\$ -	\$ -	\$ -	N/A
Union Fringe Benefits	990,706	716,107	915,205	(75,501)	(7.6%)
Subtotal Union Labor	\$ 990,706	\$ 716,107	\$ 915,205	\$ (75,501)	(7.6%)
Salaries and Non-Union Wages	24,224,088	22,060,284	24,674,856	450,768	1.9%
Non-Union Fringe Benefits	10,676,614	10,814,647	11,016,962	340,349	3.2%
Subtotal Non-Union Labor	\$ 34,900,702	\$ 32,874,931	\$ 35,691,818	\$ 791,117	2.3%
Allocation to Capital and GMP	(2,283,920)	(2,717,023)	(2,665,894)	(381,974)	16.7%
Subtotal Labor and Fringe Benefits	\$ 33,607,488	\$ 30,874,015	\$ 33,941,129	\$ 333,642	1.0%
Services	1,087,782	1,051,192	200,190	(887,592)	(81.6%)
Materials and Supplies	461,020	193,830	528,144	67,124	14.6%
Fuel and Utilities	166,965	126,106	173,413	6,448	3.9%
Casualty and Liability	-	60,461	-	-	N/A
Purchased Transportation	-	-	-	-	N/A
Leases, Rentals and Miscellaneous	28,202	14,323	31,840	3,638	12.9%
Subtotal Non-Labor	\$ 1,743,969	\$ 1,445,911	\$ 933,587	\$ (810,382)	(46.5%)
Subtotal Labor and Non-Labor	\$ 35,351,457	\$ 32,319,926	\$ 34,874,716	\$ (476,740)	(1.3%)
Allocation to Capital and GMP	(1,056,042)	(952,647)	(100,630)	955,412	(90.5%)
Total Operating Expenses	\$ 34,295,415	\$ 31,367,279	\$ 34,774,086	\$ 478,672	1.4%

METRO Police

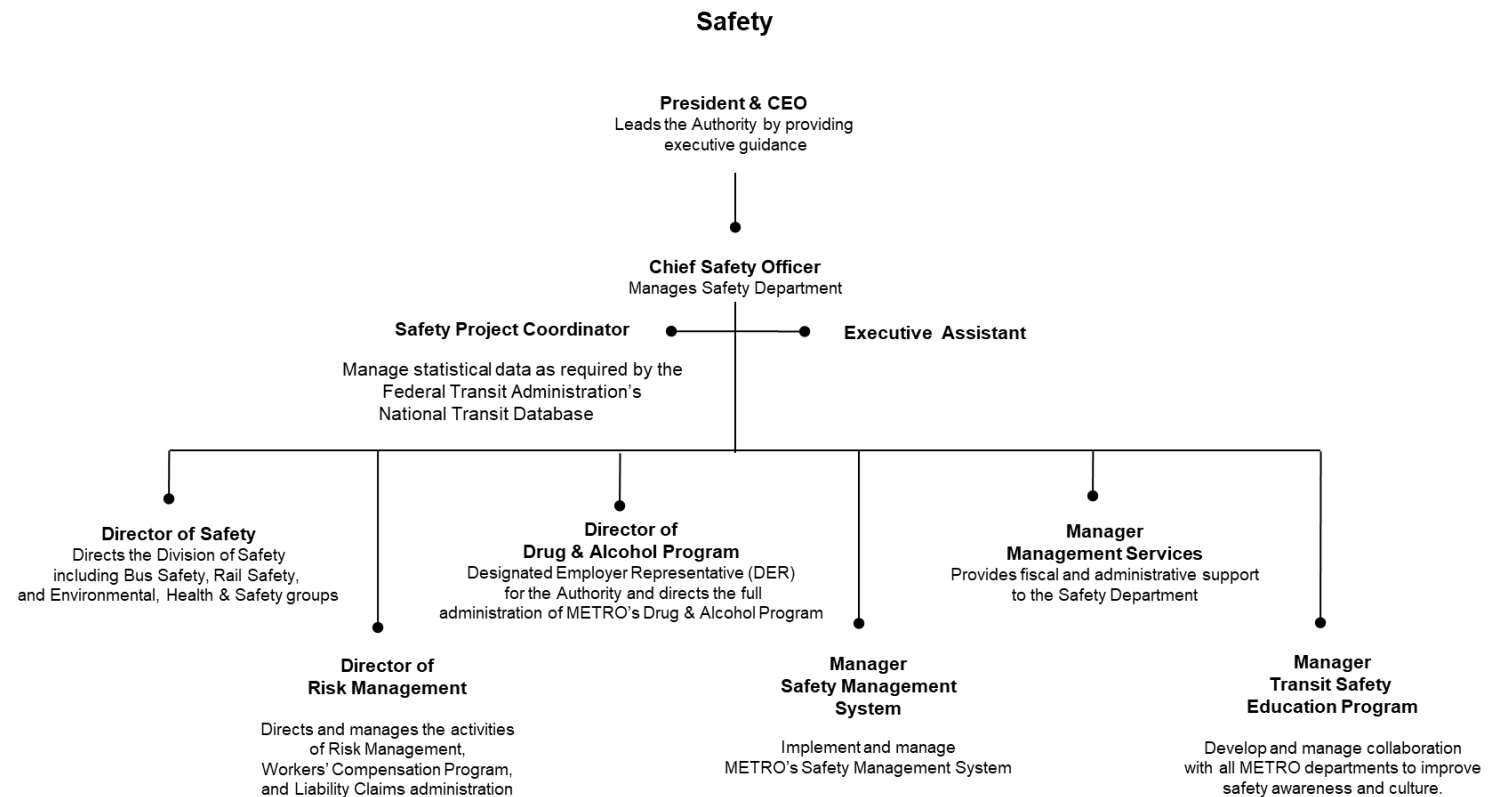
METRO Police Department is responsible for the safety and security of METRO employees, patrons and property. METRO Police Department is proactive in providing safety information, patrol service area and engaging communities surrounding the service area.

Number of Employees: 389

METRO Police FY2022 Goals							
Dept.	Initiative/Objective	Measurement	METRO Budget Priorities				
			Outstanding Trip Experiences	High Quality Mobility Options	Accessible Infrastructure Investments	Regional Public Awareness & Support	Trustworthy Governance
Field Operations	Provide a safe and secure system for employees and patrons.	Number of Group A Crimes on the system -less than or equal to 396 per quarter.	✓			✓	✓
Support Services	Goal #2: Increase Police Recruitment efforts	Recruit eligible candidates through print media. Increase educational eligibility to 30 college hours.	✓			✓	✓
	Goal #3: Hire 25% of vacancies.	25% of vacancies filled	✓			✓	✓
	Goal #6: Draft a Workers' Comp assault leave policy	Q1: Develop outline/structure Q2-Q3: Draft guideline Q4: Circulate & Finalize	✓			✓	✓
	Goal #4: Train all certified police personnel in mandated Texas Commission on Law Enforcement courses	40 hour training in progress	✓			✓	✓
	Goal #5: Staff Homeless Outreach Unit	Recruit and hire social worker personnel and staff officer positions.	✓			✓	

Safety

The Safety Department's employees are responsible for the review/establishment of guidelines and assurance of compliance with METRO safety rules and governmental regulations. Safety works with both executive and operations personnel to resolve known safety issues and identify potential ones.



Safety

	<u>FY2021 Budget</u>	<u>FY2021 Estimate</u>	<u>FY2022 Budget</u>	<u>Budget-to-Budget Variance</u>	
	\$	\$	\$	\$	%
Wages	\$ -	\$ -	\$ -	\$ -	N/A
Union Fringe Benefits	10,954	3,345	18,512	7,559	69.0%
Subtotal Union Labor	\$ 10,954	\$ 3,345	\$ 18,512	\$ 7,559	69.0%
Salaries and Non-Union Wages	3,867,429	3,788,354	3,716,652	(150,777)	(3.9%)
Non-Union Fringe Benefits	1,695,140	1,593,054	1,639,762	(55,378)	(3.3%)
Subtotal Non-Union Labor	\$ 5,562,569	\$ 5,381,408	\$ 5,356,415	\$ (206,155)	(3.7%)
Allocation to Capital and GMP	-	-	-	-	N/A
Subtotal Labor and Fringe Benefits	\$ 5,573,523	\$ 5,384,752	\$ 5,374,927	\$ (198,596)	(3.6%)
Services	1,708,833	972,703	2,208,260	499,427	29.2%
Materials and Supplies	24,606	11,949	29,106	4,500	18.3%
Fuel and Utilities	25,488	27,527	25,488	-	0.0%
Casualty and Liability	4,899,455	4,964,456	6,061,417	1,161,962	23.7%
Purchased Transportation	-	-	-	-	N/A
Leases, Rentals and Miscellaneous	55,299	19,858	99,824	44,525	80.5%
Subtotal Non-Labor	\$ 6,713,681	\$ 5,996,492	\$ 8,424,095	\$ 1,710,414	25.5%
Subtotal Labor and Non-Labor	\$ 12,287,204	\$ 11,381,244	\$ 13,799,022	\$ 1,511,818	12.3%
Allocation to Capital and GMP	-	-	-	-	N/A
Total Operating Expenses	\$ 12,287,204	\$ 11,381,244	\$ 13,799,022	\$ 1,511,818	12.3%

Safety

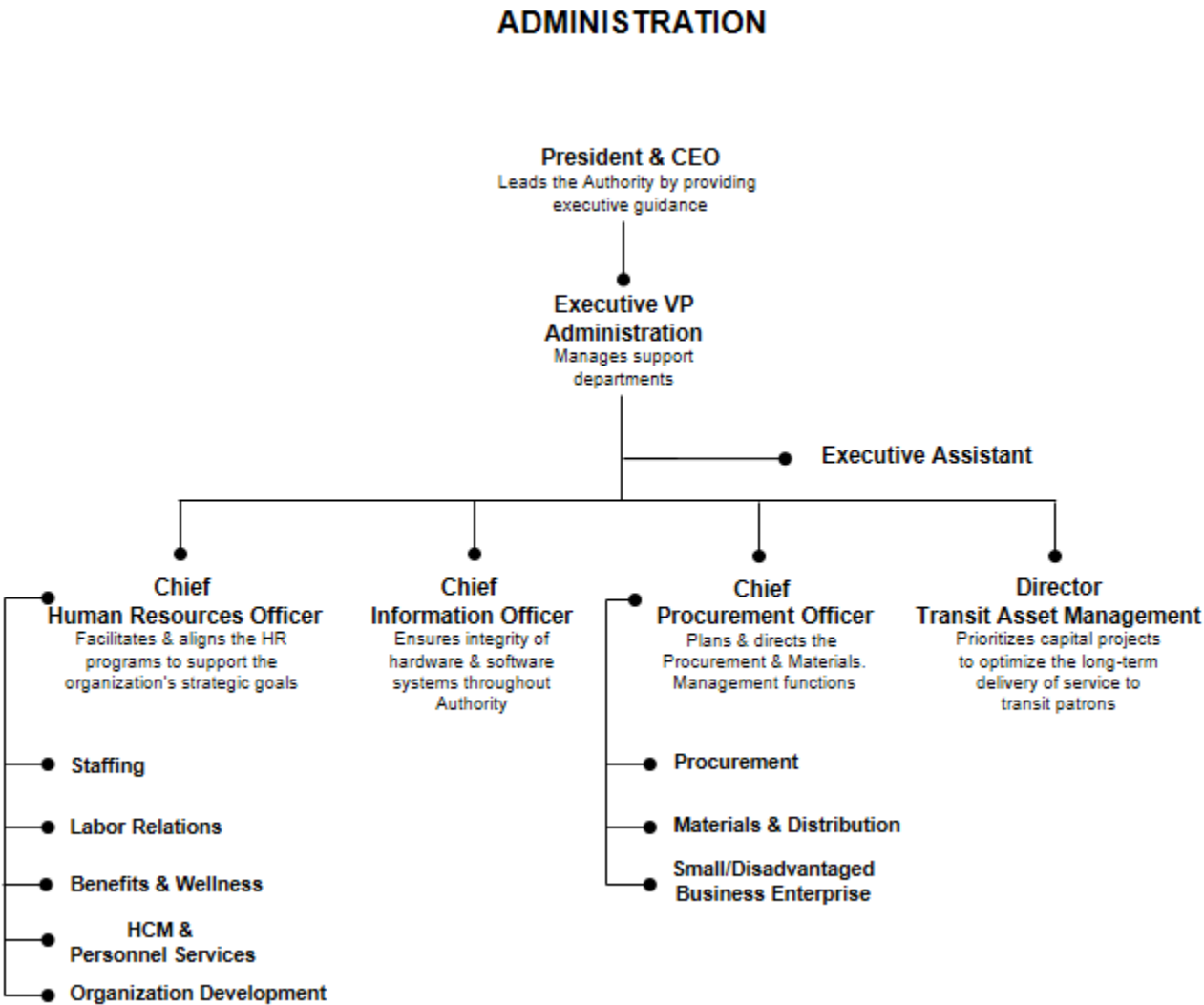
The Safety Department's employees are responsible for the review/establishment of guidelines and assurance of compliance with METRO safety rules and governmental regulations. Safety works with both executive and operations personnel to resolve known safety issues and identify potential ones.

Number of Employees: 50

Safety FY2022 Goals							
Dept.	Initiative/Objective	Measurement	METRO Budget Priorities				
			Outstanding Trip Experiences	High Quality Mobility Options	Accessible Infrastructure Investments	Regional Public Awareness & Support	Trustworthy Governance
Safety/Administration	Deliver Transit Safety Education messaging and initiatives via various platforms.	Q1-Q4: Conduct 12 safety awareness focused campaigns	✓				✓
	Development of the Hazard registry/database	Q1: Approval of database design Q2: Approval data collection process Q3: Input and rating of TxDOT reportable hazards and mitigations; add other non-reportable hazard as detected	✓				✓
	TxDOT Standard compliant hazard log report	Q1: Modify current hazard log to meet TxDOT Program Standard	✓				✓
Drug and Alcohol	Achieve FTA Random Drug Testing Goal of 50%	Percentage of employees tested quarterly	✓				✓
	Achieve FTA Random Alcohol Testing Goal of 10%	Percentage of employees tested quarterly	✓				✓
	Drug and Alcohol Program Agency Training	Attend a minimum of 3 online or face to face training sessions per quarter	✓				✓
Safety Risk Management	Goal #6: Draft a Workers' Comp assault leave policy	Q1: Develop outline/structure Q2-Q3: Draft guideline Q4: Circulate & Finalize					✓
	Conduct claim form training and WC reporting refresher for METRO managers.	Q1: Develop training materials and presentation Q2-Q3: Conduct Training Q4: Finalize Training					✓
Customer Safety	Minimize bus and rail accidents	Number of bus accidents not to exceed target	✓				
		Number of rail accidents not to exceed target	✓				
	Enhance and promote safety through leading indicator activities	Q1-Q4: Perform 30, 60, 90 day on board ride checks with 100% of new hire operators-(bus and rail)	✓				
		Q1-Q4: Conduct 1500 safety contacts (coaching activities) each quarter	✓				
		Q1-Q4: Conduct 65 facility safety inspections each quarter	✓		✓		
		Q1-Q4: Perform 100 random or post accident ride checks Ride checks may be either on-board, following or video	✓				
		Q1-Q4: Perform 250 radar checks each quarter	✓				

Administration

Includes Human Resources, Information Technology, Procurement and Transit Asset Management and is responsible for administering guidelines for internal procedures while also dealing with many outside customers and vendors.



Administration

	FY2021	FY2021	FY2022	Budget-to-Budget Variance	
	<u>Budget</u>	<u>Estimate</u>	<u>Budget</u>	<u>\$</u>	<u>%</u>
Wages	\$ 3,242,559	\$ 3,447,970	\$ 3,376,590	\$ 134,032	4.1%
Union Fringe Benefits	16,403,529	16,577,130	16,730,806	327,277	2.0%
Subtotal Union Labor	\$ 19,646,087	\$ 20,025,100	\$ 20,107,396	\$ 461,309	2.3%
Salaries and Non-Union Wages	17,398,556	17,901,436	17,626,362	227,806	1.3%
Non-Union Fringe Benefits	12,607,769	11,364,518	12,157,666	(450,102)	(3.6%)
Subtotal Non-Union Labor	\$ 30,006,325	\$ 29,265,954	\$ 29,784,028	\$ (222,297)	(0.7%)
Allocation to Capital and GMP	(1,975,719)	(731,550)	(800,600)	1,175,120	(59.5%)
Subtotal Labor and Fringe Benefits	\$ 47,676,693	\$ 48,559,503	\$ 49,090,825	\$ 1,414,132	3.0%
Services	6,569,549	6,233,816	7,828,282	1,258,733	19.2%
Materials and Supplies	664,042	442,719	587,443	(76,600)	(11.5%)
Fuel and Utilities	1,215,220	1,268,926	1,924,460	709,240	58.4%
Casualty and Liability	1,440	22,613	1,500	60	4.2%
Purchased Transportation	-	-	-	-	N/A
Leases, Rentals and Miscellaneous	8,965,889	8,836,942	10,098,237	1,132,348	12.6%
Subtotal Non-Labor	\$ 17,416,140	\$ 16,805,016	\$ 20,439,921	\$ 3,023,781	17.4%
Subtotal Labor and Non-Labor	\$ 65,092,833	\$ 65,364,520	\$ 69,530,746	\$ 4,437,913	6.8%
Allocation to Capital and GMP	-	-	-	-	N/A
Total Operating Expenses	\$ 65,092,833	\$ 65,364,520	\$ 69,530,746	\$ 4,437,913	6.8%

	FY2021	FY2022	Budget-to-Budget Variance	
	<u>Budget</u>	<u>Budget</u>	<u>\$</u>	<u>%</u>
Total Operating Expenses				
Human Resources	\$ 26,406,437	\$ 26,921,072	\$ 514,635	1.9%
Information Technology	23,157,346	26,018,477	2,861,130	12.4%
Procurement and Materials	12,542,953	12,581,803	38,850	0.3%
Executive Vice President	2,062,231	3,069,193	1,006,962	48.8%
Transit Asset Management	923,865	940,201	16,335	1.8%

Administration

The Administration department consists of four divisions: Information Technology, Human Resources, Procurement & Materials and Transit Asset Management.

Number of Employees: 266

Human Resources provides support and services to METRO in the following areas: Employee Relations/EEO, Staffing, Organization Development, Labor Relations, Benefits, Pension & Wellness, Compensation and Human Resources Information Systems.

Administration FY2022 Goals							
Dept.	Initiative/Objective	Measurement	Budget Priorities				
			Outstanding Trip Experiences	High Quality Mobility Options	Infrastructure Investments	Regional Public Awareness & Support	Trustworthy Governance
Human Resources	Recruit and hire all METRO personnel. Expand the use of virtual technology for processes such as recruiting events, new hire orientation, interviewing and testing, etc.	<ul style="list-style-type: none">• Partner with Operations & community organizations on recruiting and retention strategies.• Implement and provide quarterly Success Factors hiring manager training on creating requisitions.				✓	✓
	Manage distribution and communication of new labor agreement. Ensure adherence to the Labor Agreement, work rules, procedures and guidelines	<ul style="list-style-type: none">• Update the Employee Performance Code and Rules.• Provide information for contract negotiation process and participate in negotiations. Conduct training sessions with Office Assistants and Managers.					✓
	Ensure cost effective, comprehensive programs for the following: benefits; disability and leave; retirement; paid time off; and wellness. Continue to expand the use of technology to automate additional processes	<ul style="list-style-type: none">• Partner with vendors to create additional virtual platforms for the Benefits and Pension areas that will include quarterly virtual retirement guidance and expand on the Benefit enrollment process prior to the Annual Benefits Enrollment.• Partner with all departments to communicate COVID-19 resources, tools, and guidance provided to employees who have been exposed, tested positive, are returning to work and seeking vaccine information.• Develop and implement virtual training opportunities for managers and employees regarding benefits/pension updates and compliance with various types of leaves and ADA processes.					✓
	Design and implement training and development programs for METRO, and provide other services such as succession planning, coaching, management development programs, customized programs, etc	Develop and facilitate various training programs, including mandatory compliance training.					✓
	Investigate and resolve internal ER and EEO complaints. Ensure compliance with all employment laws, including development and monitoring of FTA Title VI and EEO programs. Expand METRO's Diversity, Equity & Inclusion program	<ul style="list-style-type: none">• Investigate and close EEO & ER complaints.• Conduct monthly facility visits (ER/EEO) - may be virtual due to COVID restrictions.• Conduct EEO training for new supervisors within 90 days of hire/promotion -					✓
	Ensure jobs and salaries are compliant, competitive, equitable, and non-discriminatory	<ul style="list-style-type: none">• Review pay programs and performance programs.• Continue market pricing, salary surveys and reporting; gender/diversity, salary averages, pay equity, etc. Update compensation guidelines as needed.					✓



Information Technology provides strategic direction, technical guidance and direct technology services for METRO. Focuses on building and directing a security program to manage and mitigate risks to the confidentiality and integrity of METRO's systems, data and information. Directs, develops, administers and monitors the Authority's technology solutions for technology infrastructure which supports all operating facilities, administrative offices, rail systems, transit centers and Park & Rides.

Administration FY2022 Goals							
Dept.	Initiative/Objective	Measurement	Budget Priorities				
			Outstanding Trip Experiences	High Quality Mobility Options	Infrastructure Investments	Regional Public Awareness & Support	Trustworthy Governance
Information Technology	Provide stable and reliable revenue systems	Provide stable and reliable revenue systems for our customers, business partners and internal administration staff with a monthly uptime of 97%	✓		✓		
	Provide a secure, stable and highly-available computing infrastructure	Provide a secure, stable and highly-available computing infrastructure for all METRO systems with a monthly uptime of 98%	✓	✓	✓	✓	✓
	Maintain high availability for CCC and METROLift Call Center	Maintain high availability for CCC and METROLift Call Center applications, with an average monthly uptime of 98%	✓	✓	✓		

Procurement & Materials provides the Authority with timely acquisition of goods and services and distribution of inventory and provides the small business community with solicitation opportunities through outreach certification and compliance.

Administration FY2022 Goals							
Dept.	Initiative/Objective	Measurement	Budget Priorities				
			Outstanding Trip Experiences	High Quality Mobility Options	Infrastructure Investments	Regional Public Awareness & Support	Trustworthy Governance
Procurement & Materials	Achieve zero (0) sustainable protests of contract awards	Zero sustainable protests					✓
	Timely acquisition and delivery of parts	Less than 10 vehicles down/month based on the daily Material Availability Report	✓	✓			
	Increase Small Business opportunities	Conduct Small Business forums outreach sessions					✓

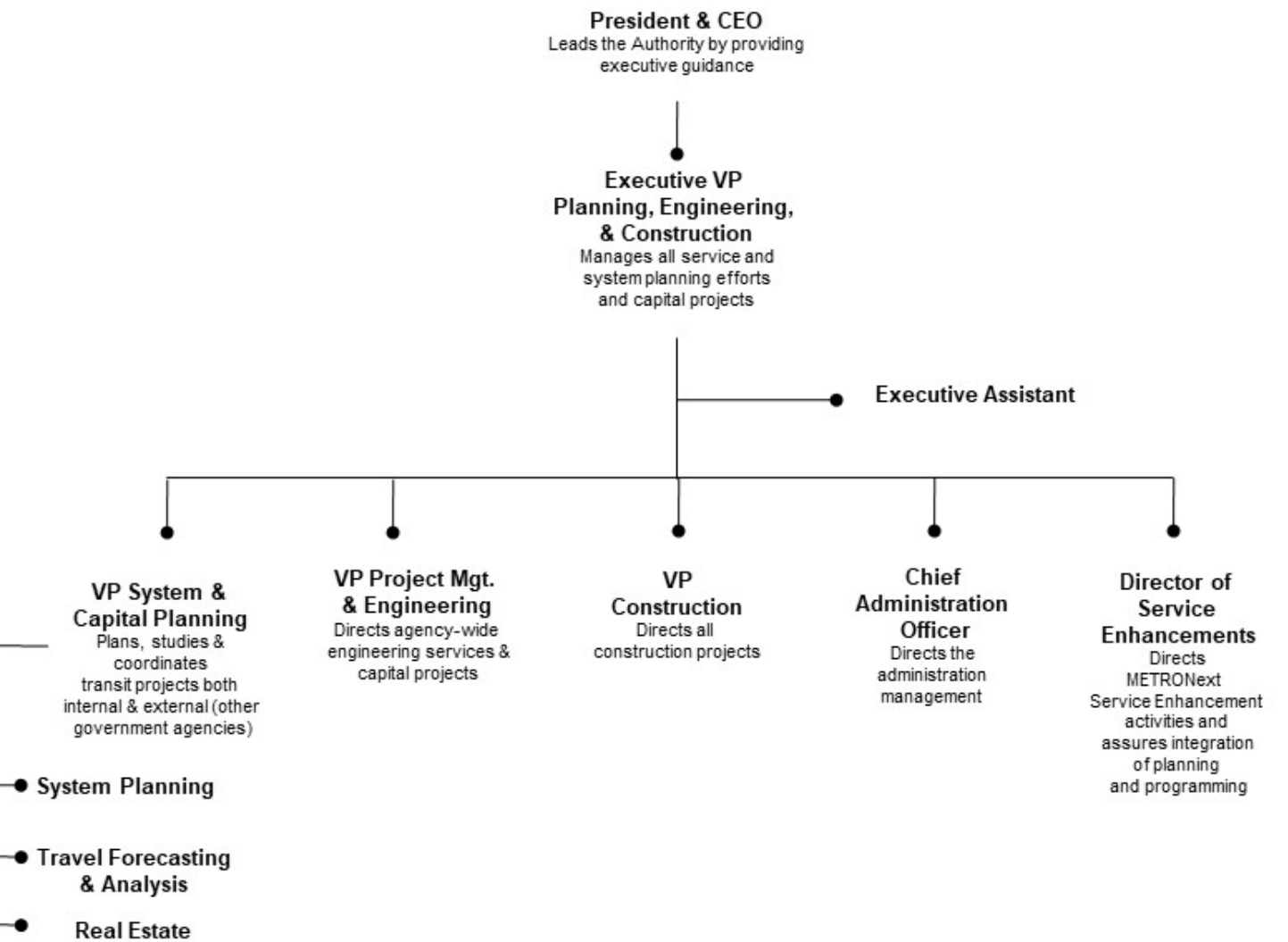
Transit Asset Management develops a strategic system to ensure safety, sustainability, accessibility and reliability of METRO's bus and rail systems. This includes establishing a recapitalization program, innovative finance strategies, and maintenance issue guidelines. Establishes asset management practices, provides project measurement of the condition of transit capital assets. Prioritizes local transit reinvestment decisions and preventive maintenance practices.

Administration FY2022 Goals							
Dept.	Initiative/Objective	Measurement	Budget Priorities				
			Outstanding Trip Experiences	High Quality Mobility Options	Infrastructure Investments	Regional Public Awareness & Support	Trustworthy Governance
Transit Asset Management	Inventory of capital assets	Q1 - Q4. Itemized list of capital inventory detailed in the system of record (SAP) for all vehicles and facilities including equipment and components > \$5K.			✓		
	Assessment of asset conditions	Q1 - Q4. Detailed, itemized assessment of asset system conditions including sufficient detail to support project definitions. For vehicles this is 100% of the fleet annually; for facilities this is at least 25% of facilities annually (100% every 4 years), however, METRO completes annually; for rail infrastructure (MOW) this is average monthly slow zones for the prior year.			✓		
	Capital investment decision support & prioritization	Q1 - Q4. Develop input form for prioritized capital investment projects. Provide SOGR Composite score for CIP to OMB. Incorporate safety score. Update backlog list.			✓		
	Transit Asset Management Plan	Q4. Original TAMP due 10/01/2018. Completed. FTA requires TAM Plans to be updated at least every 4 years. Updated TAM Plan is due by October, 2022.			✓		
	TAM and SGR policy	Q4. A TAM policy is the executive-level direction regarding expectations for transit asset management; a TAM strategy consists of the actions that support the implementation of the TAM policy. Update TAMP and Asset Management Policy in conjunction with the TAM Plan update.			✓		
	Implementation strategy	Q1 - Q4. The operational actions that a transit provider decides to conduct, in order to achieve its TAM goals and policies			✓		
	List of key annual activities	Q1 - Q4. The actions needed to implement a TAM plan for each year of the plan's horizon			✓		
	Identification of resources	Q1 - Q4. A summary or list of the resources, including personnel, that METRO needs to develop and carryout the TAM plan			✓		
	Evaluation plan	Q1 - Q4. An outline of how METRO will monitor, update, and evaluate, as needed, our TAM plan and related business practices, to ensure the continuous improvement.			✓		
	NTD reporting & narrative	Q1 & Q2 - Update asset inventory. Report facility, vehicle, and rail condition data. Report performance actual and targets. Annual narrative report updates.			✓		

Planning, Engineering, and Construction

Every METRO rider boarding a bus or train has benefited from the work of the Planning, Engineering, and Construction Department – from the design of the routes and schedules to the planning and construction of bus shelters, transit centers and Park & Ride lots. This department is also responsible for the planning of METRONext capital and service improvements.

PLANNING, ENGINEERING, AND CONSTRUCTION



Planning, Engineering, and Construction

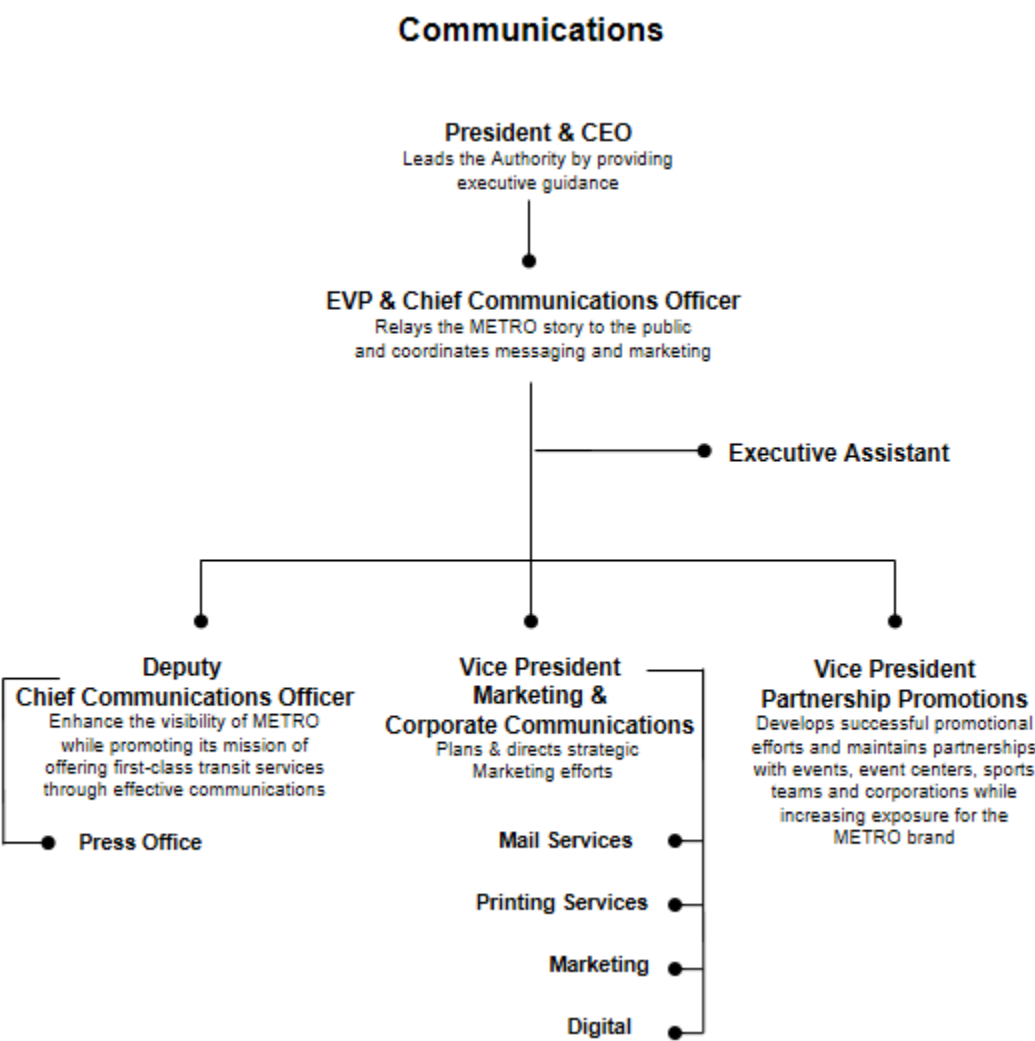
	FY2021 Budget	FY2021 Estimate	FY2022 Budget	Budget-to-Budget Variance	
				\$	%
Wages	\$ -	\$ -	\$ -	\$ -	N/A
Union Fringe Benefits	10,810	2,248	14,134	3,324	30.8%
Subtotal Union Labor	\$ 10,810	\$ 2,248	\$ 14,134	\$ 3,324	30.8%
Salaries and Non-Union Wages	4,663,137	4,947,793	6,773,096	2,109,959	45.2%
Non-Union Fringe Benefits	1,894,252	1,737,843	2,011,976	117,724	6.2%
Subtotal Non-Union Labor	\$ 6,557,389	\$ 6,685,635	\$ 8,785,072	\$ 2,227,683	34.0%
Allocation to Capital and GMP	(4,797,734)	(3,638,452)	(4,948,006)	(150,272)	3.1%
Subtotal Labor and Fringe Benefits	\$ 1,770,464	\$ 3,049,432	\$ 3,851,200	\$ 2,080,736	117.5%
Services	24,099,423	15,914,213	36,434,090	12,334,667	51.2%
Materials and Supplies	29,000	14,616	30,950	1,950	6.7%
Fuel and Utilities	27,000	21,050	27,000	-	0.0%
Casualty and Liability	-	9,748	-	-	N/A
Purchased Transportation	-	-	-	-	N/A
Leases, Rentals and Miscellaneous	39,334	15,701	58,609	19,275	49.0%
Subtotal Non-Labor	\$ 24,194,757	\$ 15,975,328	\$ 36,550,649	\$ 12,355,892	51.1%
Subtotal Labor and Non-Labor	\$ 25,965,221	\$ 19,024,760	\$ 40,401,849	\$ 14,436,628	55.6%
Allocation to Capital and GMP	-	-	-	-	N/A
Total Operating Expenses	\$ 25,965,221	\$ 19,024,760	\$ 40,401,849	\$ 14,436,628	55.6%

	FY2021 Budget	FY2022 Budget	Budget-to-Budget Variance	
			\$	%
Total Operating Expenses	20,919,827	35,392,135	14,472,308	69.2%
Executive Vice President	4,304,141	4,586,806	282,665	6.6%
Capital and Environmental Planning	707,401	433,535	(273,867)	(38.7%)
Engineering & Capital Projects	33,852	(10,626)	(44,478)	(131.4%)

PEC Goals - FY2022							
Dept.	Initiative/Objective	Measurement	Outstanding Trip Experience	High Quality Mobility Options	Accessible Infrastructure Investment	Regional Public Awareness & Support	Trustworthy Governance
Capital & Environmental Planning	Advance projects included in FY2021 CIP	Advance projects in conceptual design within FTA process					
		University BRT Planning and Engineering Support - initiate NEPA and public engagement throughout the corridor.		✓	✓		
		Inner Katy BRT Planning and Engineering Support - complete NEPA CE and initiate conceptual design					
	Ensure transit is considered in third-party projects and METRO input is received and incorporated in all projects	Ensure thorough coordination of projects such as NHHIP					
		NHHIP (North Houston Highway Improvement Program) 1. Define Wheeler Station Area 2. Continue defining the impacts to METRO Operations as the project moved forward or is redefined. 3. Resolve issues impacting TxDOT coordination on Inner Katy BRT	✓			✓	
		Coordinate with Partner Agencies on Regional Projects					
		Technical Advisory Committee (TAC) / Transportation Policy Council (TPC)					
		Coordinate and collaborate with HCTRA and Harris County on METRONext projects					
		Coordinate and collaborate with TSU, UH, and Rice on planning and design opportunities through METRONext					
		Publish the METRO Transit Design Guidelines and coordinate with COH CIP and other entities to ensure designs comply with our guidelines.	✓	✓	✓		
		Work with the City of Houston to better integrate METRO services.					
		Participate and coordinate in the TxDOT corridor PEL studies					
		Cypress T-ramp AFA execution and coordination of design.					
Project Management & Engineering	Progress design and construction of FY2021 service expansion, safety and state of good repair projects	Safety Projects					
		Extend Traffic Arms - Achieve Substantial Completion		✓	✓	✓	
		Complete all pedestrian safety enhancements					
		State of Good Repair (SOGR):					
		Kashmere BOF Electrical: Complete construction			✓	✓	
		Progress UST and PST replacements at BOFs (design, plan for construction procurement)					
		Service Expansion					
		Maintenance of Way (FFGA) - Complete Design & Plan for Procurement					
		West Belfort Park & Ride - Complete Design and Issue Construction Contract and start construction (site work)					
		Northline Transit Center & Parking - Complete Design & Initiate Construction Procurement	✓	✓	✓		
	Implement METRO's Universal Accessibility's bus stop site improvement and accessibility	BOOST 82 Westheimer - Complete Design of 3 segments and Start Construction on one segment					
		BOOST 56 Airline/Montrose pilot- Complete construction by 1st quarter					
		Design Bus Stop Accessibility Improvements					
		Complete Universal Accessibility designs and construction for 1,000 sites					
		Initiate procurement on two (2) shelter types (regular & BOOST), receive & install 100 of each	✓	✓	✓		
		Construction and implement BRT programs (Percent of project completion vs. schedule):					
		Northwest Transit Center: Complete legacy scope. (The original scope of work is complete; all new requests will be another project.)					
		Northwest Transit Center (Patron Enhancements): Complete extending canopy Construction (Multi-FY) or provide a BRT to Local bus transfer at a location within the 20 bay bus canopy area for use during inclement weather. Add monument signage at patron parking lot. Add signage visible from I-10 to canopy face.	✓	✓	✓		
		North Post Oak Blvd Pedestrian Bridge: Design & TxDOT AFA Execution (Multi-FY) -- Procurement & construction by TxDOT.					
		Uptown BRT: Post Oak Blvd and Westpark Lower Uptown Transit Center-Final Closeout by end of 1st Quarter					
Construction	Complete construction and implementation of BRT programs and Rail Improvements	BOOST 54 Scott - Complete Design and Issue Construction Contract for Segments					
		BOOST 56 Airline/Montrose - Complete Design and Issue Construction Contracts for Segments					
		Rail Improvements					
		Final Closeout by end of 1st Quarter on the Redline Composite Tie Upgrade & Drainage Enhancement, ROC Tie Upgrade, ROC Yard 2nd Expansion and Southeast Quad Gate projects	✓	✓	✓		
		Customer Engagement / External Coordination					
		Respond promptly to all board speaker comments and provide a summary of all interactions with the customer					
		Address customer concerns promptly; develop a plan of action, and interface with all other stakeholders					
		Maintain a database of customer concerns and the status of response and associated follow-up actions	✓	✓	✓		
		Respond to METRO on-demand and special service and/or bus stop related requests. Initiate the coordination between METRO staff and the outside agency.					
Customer Engagement / External Coordination	Remain responsive to customer concerns regarding METRO bus stop infrastructure						

Communications

Focuses on providing key information about METRO and all its services. The team is responsible for managing and directing internal and external messaging. The Press Office, Marketing & Corporate Communications and Partnership Promotions divisions accomplish the mission through collaboration, customer service and creativity.



Communications

	FY2021 Budget	FY2021 Estimate	FY2022 Budget	Budget-to-Budget Variance	
	\$	\$	\$	\$	%
Wages	\$ -	\$ -	\$ -	\$ -	N/A
Union Fringe Benefits	5,410	1,027	5,597	186	3.4%
Subtotal Union Labor	\$ 5,410	\$ 1,027	\$ 5,597	\$ 186	3.4%
Salaries and Non-Union Wages	3,183,190	3,403,950	3,286,268	103,077	3.2%
Non-Union Fringe Benefits	1,314,259	1,324,862	1,368,982	54,724	4.2%
Subtotal Non-Union Labor	\$ 4,497,449	\$ 4,728,812	\$ 4,655,250	\$ 157,801	3.5%
Allocation to Capital and GMP	-	-	-	-	N/A
Subtotal Labor and Fringe Benefits	\$ 4,502,859	\$ 4,729,840	\$ 4,660,847	\$ 157,987	3.5%
Services	9,077,274	4,615,868	11,026,240	1,948,966	21.5%
Materials and Supplies	738,000	471,143	1,057,700	319,700	43.3%
Fuel and Utilities	15,326	12,428	17,945	2,619	17.1%
Casualty and Liability	-	-	-	-	N/A
Purchased Transportation	-	-	-	-	N/A
Leases, Rentals and Miscellaneous	33,751	8,820	30,397	(3,354)	(9.9%)
Subtotal Non-Labor	\$ 9,864,351	\$ 5,108,258	\$ 12,132,282	\$ 2,267,931	23.0%
Subtotal Labor and Non-Labor	\$ 14,367,210	\$ 9,838,098	\$ 16,793,129	\$ 2,425,919	16.9%
Allocation to Capital and GMP	-	-	-	-	N/A
Total Operating Expenses	\$ 14,367,210	\$ 9,838,098	\$ 16,793,129	\$ 2,425,919	16.9%

	FY2021 Budget	FY2022 Budget	Budget-to-Budget Variance	
	\$	\$	\$	%
Total Operating Expenses				
Marketing	\$ 12,147,978	\$ 14,559,313	\$ 2,411,335	19.8%
EVP, Communications	965,456	904,886	(60,570)	(6.3%)
Press Office	783,667	838,145	54,478	7.0%
Partnership Promotions	470,109	490,785	20,676	4.4%

Communications

The Communications department consists of three divisions: Press Office, Marketing & Corporate Communications and Partnership Promotions.

Number of Employees: 39

EVP, Communications

Corporate Communications helps the Authority meet its business plan goals by providing clear and concise communications to internal and external audiences.

Communications FY2022 Goals							
	Initiative/Objective	Measurement	Budget Priorities				
			Outstanding Trip Experiences	High Quality Mobility Options	Infrastructure Investments	Regional Public Awareness & Support	Trustworthy Governance
Corporate Communications	Inside Track e-newsletter	Production and distribution of 20-25 e-newsletters annually, with corresponding printed versions					✓
	Digital bulletin boards	Post relevant content to engage and inform employees					✓
	METRO Matters TV show	• Produce one new show per quarter, featuring agency leaders, to inform employees and members of the general public about timely and relevant METRO initiatives					✓
	METRO intranet	• Post relevant content to engage and inform employees					✓
	Boardroom support	• Provide audio/visual support for all committee and board meetings (in-person or virtual), ensuring they're live-streamed and recorded		✓		✓	✓

Press Office enhances the visibility of METRO while promoting its mission of offering first-class transit services through effective communications. The office serves as the official point of contact between journalists and media professionals, manages METRO-owned social media platforms, generates original content for those platforms and facilitates responses to customer inquiries.

Communications FY2022 Goals						
	Initiative/Objective	Measurement	Budget Priorities			
			Outstanding Trip Experiences	High Quality Mobility Options	Infrastructure Investments	Regional Public Awareness & Support
Press Office	Enhance the visibility of METRO on digital, broadcast and print media while promoting the agency's first-class transit services as well as safety and security initiatives through effective communications.	<ul style="list-style-type: none">• Issue two (2) press releases per month.• Have a minimum of 1,000 social media posts on METRO digital channels per quarter.• Publish a minimum of four (4) METRO Connections newsletters per year.• Post a minimum of four (4) "The Next Stop Podcasts" per year.		✓		✓



Marketing & Corporate Communications is further divided into three groups: Mail & Printing Services, Marketing and Digital.

Mail & Printing Services handles Authority-wide printing needs/requests. Is a full-service, in-house, digital print shop that produces all advertising, marketing, signage, brochures, guides and any other printed material METRO needs for both internal and external audiences.

Communications FY2022 Goals							
	Initiative/Objective	Measurement	Budget Priorities				
			Outstanding Trip Experiences	High Quality Mobility Options	Infrastructure Investments	Regional Public Awareness & Support	Trustworthy Governance
Mail Services	Provide exceptional mail services for the entire Authority within the stated deadlines to meet each client's needs	Daily processing and distribution by 4:00 p.m.					✓
	Execute Direct Mail advertising	Certify mailing list with USPS based on specific areas and zip codes; Coordinate with mail house on timing of mail out				✓	
Printing Services	Support "Drive Less, Do More" initiative	Production of collateral and owned media messaging		✓		✓	
	Now Hiring campaign	Production of collateral and owned media messaging				✓	
	Support promotion of METRONext Moving Forward Plan projects	Production of collateral to educate public on progress of METRONext Moving Forward Plan projects (METRORapid Inner Katy, METRORapid University, BOOST, Universal Accessibility)				✓	
	Support promotion of METRO safety	Production of collateral and owned media messaging	✓			✓	
	Support Direct Mail advertising	Production of direct mail pieces for various projects as requested by Marketing				✓	

Marketing is a full-service, in-house agency providing advertising and marketing services for internal and external audiences.

Communications FY2022 Goals							
	Initiative/Objective	Measurement	Budget Priorities				
			Outstanding Trip Experiences	High Quality Mobility Options	Infrastructure Investments	Regional Public Awareness & Support	Trustworthy Governance
Marketing	Increase ridership/Drive Less. Do More.	Position METRO as an alternative to driving, which offers tangible quality of life, environmental and convenience benefits	✓	✓		✓	
	Ridership/Now Hiring campaign	Increase awareness of METRO career opportunities across multiple marketing platforms to boost operational employment				✓	
	Promotion of METRONext Moving Forward Plan projects	Educate the public by advertising across media channels including owned media for METRORapid Inner Katy, METRORapid University, BOOST, and Universal Accessibility		✓		✓	
	METRO safety	Define and promote METRO as a "safe" system across multiple platforms as necessitated by Authority and stakeholders	✓			✓	

Digital manages the METRO enterprise website redesign with a primary focus on user experience and extensive collaboration with key internal stakeholders on content aggregation and positioning

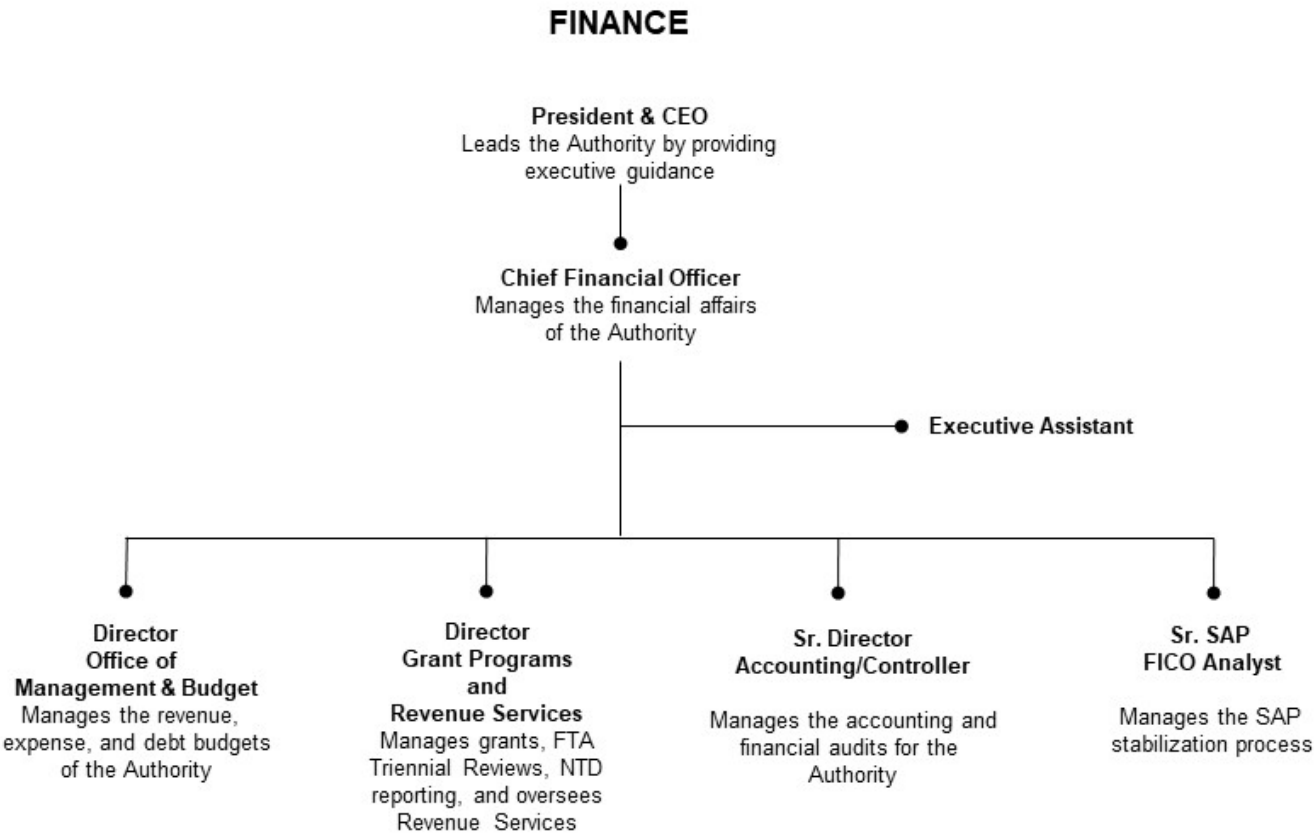
Communications FY2022 Goals							
	Initiative/Objective	Measurement	Budget Priorities				
			Outstanding Trip Experiences	High Quality Mobility Options	Infrastructure Investments	Regional Public Awareness & Support	Trustworthy Governance
Digital	Launch new METRO website	Execute project according to scope of work and associated phases of completion	✓	✓		✓	✓
	Develop and vet content for METRO website	Collaborate with stakeholders to develop and vet website content as needed, ongoing	✓	✓		✓	✓
	Support content administration of METRO website	As time allows, support website content administrator with updates to enterprise website and other domains					✓
	Support web accessibility	Conduct recurring audits of RideMETRO.org and METRO subdomains					✓
	Support promotion of all marketing campaigns and initiatives	Collaborate with cross-functional stakeholders to provide updated content and information to all website visitors	✓	✓		✓	

Partnership Promotions works to develop and maintain partnerships with events, event centers, sports teams, and corporations that meet the qualifications listed in the department's guidelines.

Communications FY2022 Goals							
	Initiative/Objective	Measurement	Budget Priorities				
			Outstanding Trip Experiences	High Quality Mobility Options	Infrastructure Investments	Regional Public Awareness & Support	Trustworthy Governance
Partnership Promotions	Develop partnerships with five (5) entities that meet the	Develop and implement five (5) partnerships by end of FY2022	✓	✓		✓	

Finance

Provides management oversight and control of all financial functions including accounting and cash management, revenue management, grant management, and business and budget planning.



Finance

	FY2021 Budget	FY2021 Estimate	FY2022 Budget	Budget-to-Budget Variance	
	\$	\$	\$	\$	%
Wages	\$ -	\$ -	\$ -	\$ -	N/A
Union Fringe Benefits	14,862	13,744	15,097	236	1.6%
Subtotal Union Labor	\$ 14,862	\$ 13,744	\$ 15,097	\$ 236	1.6%
Salaries and Non-Union Wages	6,216,507	6,364,101	6,330,117	113,610	1.8%
Non-Union Fringe Benefits	2,914,179	2,815,129	2,929,389	15,211	0.5%
Subtotal Non-Union Labor	\$ 9,130,686	\$ 9,179,230	\$ 9,259,506	\$ 128,820	1.4%
Allocation to Capital and GMP	(22,776)	(34,895)	(21,506)	1,270	(5.6%)
Subtotal Labor and Fringe Benefits	\$ 9,122,771	\$ 9,158,079	\$ 9,253,097	\$ 130,326	1.4%
Services	1,906,012	1,213,137	1,929,994	23,982	1.3%
Materials and Supplies	257,870	240,174	295,140	37,270	14.5%
Fuel and Utilities	23,396	13,130	23,396	-	0.0%
Casualty and Liability	-	-	-	-	N/A
Purchased Transportation	-	-	-	-	N/A
Leases, Rentals and Miscellaneous	98,347	59,228	92,749	(5,598)	(5.7%)
Subtotal Non-Labor	\$ 2,285,625	\$ 1,525,669	\$ 2,341,279	\$ 55,654	2.4%
Subtotal Labor and Non-Labor	\$ 11,408,396	\$ 10,683,749	\$ 11,594,376	\$ 185,980	1.6%
Allocation to Capital and GMP	-	-	-	-	N/A
Total Operating Expenses	\$ 11,408,396	\$ 10,683,749	\$ 11,594,376	\$ 185,980	1.6%

	FY2021 Budget	FY2022 Budget	Budget-to-Budget Variance	
	\$	\$	\$	%
Total Operating Expenses				
Office of the Controller	\$ 4,406,005	\$ 4,440,538	\$ 34,532	0.8%
Grant Programs and Revenue Services	3,656,038	3,778,987	122,949	3.4%
Office of Management and Budget	2,409,655	2,453,475	43,820	1.8%
Chief Financial Officer	936,698	921,376	(15,322)	(1.6%)

Finance

Finance Department provides management oversight and control of all financial functions including accounting and cash management, revenue management, grant management, and business and budget planning. The department consists of four divisions.

Number of Employees: 77

Chief Financial Officer (CFO): Primarily responsible for managing the Authority's finances, including financial planning, reporting, data analysis and management of financial risk, in compliance with local, state and federal laws. Coordinates Union Health & Welfare Trust interacting with METRO financial management, HOV/HOT lanes financial reporting to TxDOT, SAP/FICO stabilization, SAP/FICO systems integration and coordinates the collection of the Federal Emergency Management Agency (FEMA) data.

FY2022 Goals			METRO Budget Priorities				
Dept.	Initiative/Objective	Measurement	Outstanding Trip Experiences	High Quality Mobility Options	Accessible Infrastructure Investments	Regional Public Awareness & Support	Trustworthy Governance
CFO	Direct the financial affairs of the Authority	Prepare Monthly CFO Performance Report, which documents and explains the Authority financial position					✓
	Continue the SAP/FICO stabilization	Continue stabilization of SAP/FICO as updates are performed and new modules are implemented.					✓
	Continue to coordinate with the Union Health & Welfare Trust Fund	Work with investment advisor, actuary, investment managers and other consultants,					✓

Office of Management and Budget (OMB): Supports the Authority in implementing Business Plan priorities and fiscal policies set by the METRO Board, through independent and objective analysis to ensure financial sustainability.

FY2022 Goals			METRO Budget Priorities				
	Initiative/Objective	Measurement	Outstanding Trip Experiences	High Quality Mobility Options	Accessible Infrastructure Investments	Regional Public Awareness & Support	Trustworthy Governance
OMB	Ensure the Authority has sufficient funds to implement Business Plan priorities in FY22 and beyond	Produce the Authority's annual Operating and capital Budgets.					✓
	Conduct periodic financial analyses to ensure financial sustainability	Develop the Authority's five-year and long term financial forecast and update it as additional information is received (example: semiannual sales tax forecasts).					✓
	Monitor Authority revenues and analyze variances to ensure financial sustainability	Conduct monthly or quarterly analyses of revenues received from sales tax, fares, grants and other sources. Update variance slide(s) for CFO report and brief CFO on major sources of variance.					✓
	Prepare bond and other debt issuances to fund the Authority's present and future needs as required	Maintain a balanced portfolio of reserve funds adhering to METRO's Investment Policy and the Public Funds Investment Act (PFIA). Administering the issuance of new debt and managing the debt service on existing debt.					✓

Office of the Controller: Maintains METRO’s financial reporting system, including related internal controls, that supports compliance with related state and federal laws and required accounting standards.

FY2022 Goals			METRO Budget Priorities				
	Initiative/Objective	Measurement	Outstanding Trip Experiences	High Quality Mobility Options	Accessible Infrastructure Investments	Regional Public Awareness & Support	Trustworthy Governance
Office of the Controller	Prepare external financial reports that comply with applicable rules, regulations, professional standards, and management instructions. Analyze financial information while providing support to OMB, OMS, and other departments. Manage the independent external financial audit and support compliance with related laws, rules, and reporting requirements. Support internal controls and maintain the reliability of the financial reporting system by performing timely and accurate reconciliations, account analysis, and identify and recommend improvements to accounting processes.	Internal controls over financial accounting, reporting is working effectively and financial information/reports are issued timely					✓
	Achieve prompt and accurate processing of METRO invoices and subsequent disbursement, monitor compliance with applicable METRO policies, and maintain a database of Accounts Payable transactions. Increase invoice production through better use of existing technology, improving processes, training, and enhancing oversight. Achieve greater financial accuracy through the accurate recording of the accrual at period end for unrecorded liabilities, reconcile the subsidiary system and related accounts to the general ledger timely, and maintain a high level of service with	Vendor invoices are processed timely and accurately while maintaining effective internal controls and compliance over the payment/recording process.					✓
	Ensure the sales and use taxes are collected and distributed to METRO as scheduled. Administer Union and Non-Union Pension Funds according to the IRS’ approved plans which include working with actuary, custodian banks, attorneys and CPA Firms regarding pension matters.	Ensure sales tax receipts are received and disbursements for interlocal agreements are completed timely. Develop daily short-term cash flow analysis. Prepare and disburse all checks and record all cash receipts daily. Meet reporting dates and auditing requirements for pension plans’ financial statements.					✓
	Record and disburse employees’ wages on a weekly and bi-weekly cycle, deposit weekly payroll taxes, prepare quarter and year end wage and tax reports for state and federal governments, issue W-2 statements to current and former employees, perform SAP software updates and modifications as required to comply with regulations and union contractual obligations, prepare period end accruals and reconcile the subsidiary system to the general ledger along with related accounts, and provide high quality service to departments and individual	Payments to employees are processed timely and accurately while maintaining effective internal controls and compliance over the payment/recording process.					✓

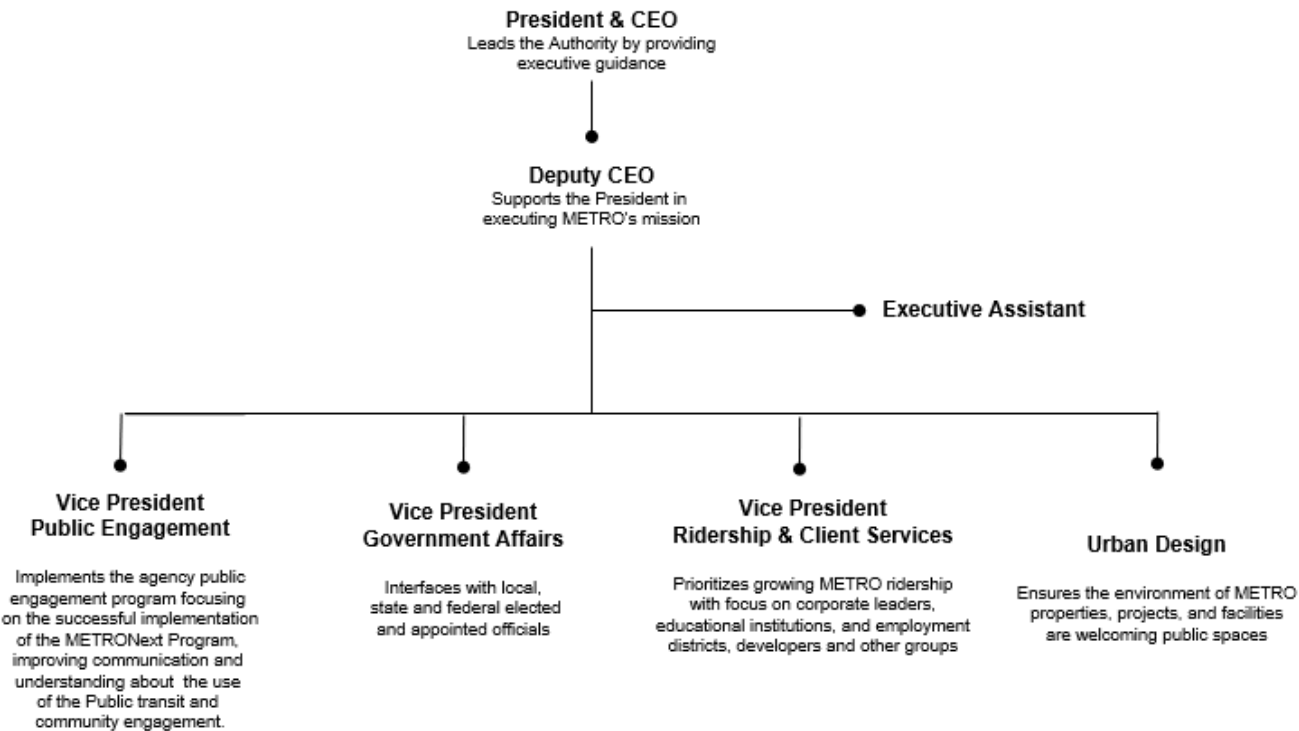
Grant Programs and Revenue Services Division: Provides Grant management of FTA funded programs, and oversight of subrecipient pass-through funds. Responsible for cash collections and mobile ticketing system support, RideSponsor & agency invoicing, and HOT lanes revenue accounting.

FY2022 Goals			METRO Budget Priorities				
	Initiative/Objective	Measurement	Outstanding Trip Experiences	High Quality Mobility Options	Accessible Infrastructure Investments	Regional Public Awareness & Support	Trustworthy Governance
Grant Programs and Revenue Services	Submit Annual NTD Report without Notes	Increase efficiency of reporting to meet NTD Annual Report due date of 01/31/2022					✓
	Complete Annual Single Audit Report without Notes	Increase efficiency of audit along with increased effectiveness of subrecipient oversight before audit work commencement during Fall 2021					✓
	Apply for a minimum of three (3) discretionary grants	Grant Programs will continue to research grant opportunities and submit application as appropriate throughout Fiscal Year 2022.					✓
	In-house repair of certain ticket vending machine (TVM) fare collection components	The reduction of outside repair and maintenance costs and the limited necessity to purchase new equipment during 2022	✓				✓
	All day cash collections (bus & rail) are prepared for deposit the following morning	Consistent daily cash flow throughout FY2022; Revenue services will continue to strive for continued process improvements throughout the fiscal year.	✓				✓
	Revenue Services will provide superior customer service with respect to mobile ticketing.	Revenue Services will continue to provide outstanding customer service to enhance the current users and new regional partners mobile ticketing experience by eliminating confusion in utilizing the app during FY2022	✓				✓

Government & Public Affairs

Responsible for interfacing and maintaining relationships with government officials and representing METRO’s interests in the Legislature. Developing the Authority’s public engagement program focusing on public involvement and engagement efforts associated with METRONext project implementation, improving communication and understanding about the use of public transit, breaking down barriers to using transit services and implementing community engagement activities. Conducting robust engagement, outreach, and sales efforts to position the Authority favorably in the community and maximizing awareness about METRO to succeed at local, state, and federal levels.

GOVERNMENT & PUBLIC AFFAIRS



Government and Public Affairs

	FY2021 <u>Budget</u>	FY2021 <u>Estimate</u>	FY2022 <u>Budget</u>	Budget-to-Budget Variance	
	\$	\$	\$	\$	%
Wages	\$ -	\$ -	\$ -	\$ -	N/A
Union Fringe Benefits	6,085	1,031	5,854	(231)	(3.8%)
Subtotal Union Labor	\$ 6,085	\$ 1,031	\$ 5,854	\$ (231)	(3.8%)
Salaries and Non-Union Wages	3,482,134	3,579,823	3,513,195	31,061	0.9%
Non-Union Fringe Benefits	1,410,261	1,353,646	1,365,959	(44,302)	(3.1%)
Subtotal Non-Union Labor	\$ 4,892,395	\$ 4,933,469	\$ 4,879,154	\$ (13,241)	(0.3%)
Allocation to Capital and GMP	-	-	-	-	N/A
Subtotal Labor and Fringe Benefits	\$ 4,898,480	\$ 4,934,499	\$ 4,885,008	\$ (13,473)	(0.3%)
Services	2,342,392	1,429,280	1,508,023	(834,369)	(35.6%)
Materials and Supplies	19,100	8,497	18,400	(700)	(3.7%)
Fuel and Utilities	31,486	32,105	31,486	(0)	(0.0%)
Casualty and Liability	-	-	-	-	N/A
Purchased Transportation	5,549,641	3,102,049	4,792,101	(757,541)	(13.7%)
Leases, Rentals and Miscellaneous	599,893	206,964	556,215	(43,678)	(7.3%)
Subtotal Non-Labor	\$ 8,542,513	\$ 4,778,896	\$ 6,906,225	\$ (1,636,288)	(19.2%)
Subtotal Labor and Non-Labor	\$ 13,440,993	\$ 9,713,395	\$ 11,791,233	\$ (1,649,761)	(12.3%)
Allocation to Capital and GMP	-	-	-	-	N/A
Total Operating Expenses	\$ 13,440,993	\$ 9,713,395	\$ 11,791,233	\$ (1,649,761)	(12.3%)

	FY2021 <u>Budget</u>	FY2022 <u>Budget</u>	Budget-to-Budget Variance	
	\$	\$	\$	%
Total Operating Expenses	\$ 9,020,768	\$ 8,135,872	\$ (884,896)	(9.8%)
Client and Vanpool Ridership	1,534,498	1,588,272	53,775	3.5%
Public Engagement	1,993,268	1,113,007	(880,261)	(44.2%)
Government Affairs	584,112	614,860	30,749	5.3%
Deputy CEO	308,348	339,221	30,873	10.0%
Urban Design				

Government & Public Affairs

The Government & Public Affairs department consists of four divisions: Public Engagement, Government Affairs, Client & Vanpool Ridership Services, and Urban Design.

Number of Employees: 44

Public Engagement develops, manages and implements the Authority's comprehensive public engagement program that focuses on transit education and awareness, community engagement and partnerships, and problem solving and issues resolution. Key program activities will focus on raising awareness about and gaining broad public participation in regional transit plan development, rail safety and outreach, stakeholder engagement and increasing overall knowledge and awareness about METRO.

Government & Public Affairs FY 2022 Goals							
Dept.	Initiative/Objective	Measurement	Budget Priorities				
			Outstanding Trip Experiences	High Quality Mobility Options	Infrastructure Investments	Regional Public Awareness & Support	Trustworthy Governance
Public Engagement	Manage all public engagement and outreach efforts relative to service and project implementation.	Develop and/or manage the public engagement plans associated with universal accessibility projects, BOOST corridor planning, and other METRONext related projects. Implement public engagement activities at key phases of service and project development and implementation.	✓	✓	✓	✓	✓
	Develop and implement a comprehensive and diverse program of activities that raises awareness and educates the public about METRO services, projects and programs.	Execute a minimum of 98 community engagement activities across a multitude of touchpoints every month that include virtual and digital engagement.	✓	✓	✓	✓	✓
	Direct and manage social network analysis to evaluate public reaction to METRO service, project and program initiatives and expand efforts to grow participation in project and service development public involvement activities.	Each quarter, execute a minimum of five (5) community engagement and/or public involvement activities directly tied to social network analysis data.	✓	✓	✓	✓	✓

Government Affairs coordinates interaction with local, state, and federal elected officials to advocate and promote METRO's projects, programs, and policies. Government Affairs develops and manages overall strategy for all METRO legislative activities.

Government & Public Affairs FY 2022 Goals							
Dept.	Initiative/Objective	Measurement	Budget Priorities				
			Outstanding Trip Experiences	High Quality Mobility Options	Infrastructure Investments	Regional Public Awareness & Support	Trustworthy Governance
Government Affairs	Work to ensure that METRO's interests are properly represented at the federal level by effectively influencing federal legislation.	Work closely with our delegation to advance METRO's legislative items including discretionary and formula funding in the new appropriations bill, as well as regulatory policies that impact the agency.	✓	✓	✓	✓	✓
	During the state interim legislative year, METRO will work with state legislators and state agencies to best position the organization for the upcoming biennium. Efforts will include protecting METRO's current funding and operational structure as well as finding opportunities to advance METRO's short and long-term goals.	Build support for METRO's issues by working closely with key members of the legislature during the interim year. Monitor the interim committee charges for the two Transportation Committee and effect/monitor committee reports.	✓	✓	✓	✓	✓
	Continue to strengthen METRO's relationships with elected officials through regular meetings to discuss METRO's long-range planning and short-range projects, including the METRONext plan.	Conduct meetings with elected officials for educational briefings on METRONext projects as well as other short term projects. Manage City Council Engagements. Meet with all 14 Multi-City Mayors on a quarterly basis or as needed.	✓	✓	✓	✓	✓

Client & Vanpool Ridership Services serves as a liaison for corporate, educational, and community partners working together to increase METRO's ridership and revenue by educating and enhancing client/patron knowledge in METRO services and Q Card products through multiple touch points. Ridership & Client Services collaborates effectively to make fare items accessible through effective sales and marketing to corporations, apartments, hotel concierge services, conventions, universities, retailers and other non-traditional partners in new markets.

Government & Public Affairs FY 2022 Goals							
Dept.	Initiative/Objective	Measurement	Budget Priorities				
			Outstanding Trip Experiences	High Quality Mobility Options	Infrastructure Investments	Regional Public Awareness & Support	Trustworthy Governance
Client & Vanpool Ridership Services	Collaborate with the Office of Innovation and Marketing to develop and promote a Climate Action Partners initiative that would incentivize and reward employers - RideSponsors, Distributors and others - who help move commuters out of their cars and onto METRO commuter and vanpool services.	This new initiative will be measured similar to our projection for Corporate accounts and new van pools.	✓	✓	✓	✓	✓
	Maintain business continuity and communications for potential Park & Ride changes in FY22	12 new Corporate accounts by end of FY 2022.					
		40 new Rider Rewards accounts by end of FY 2022	✓	✓	✓	✓	✓
	Maximize ways to make our channels work for METRO by increasing usage of METRO Q fare cards	1) Work with Houston First on new FY22 Convention events 2) Continue "College/School Niche" Strategic alignment as new procedures on on-campus and on-line studies impact ridership 3) Work with Uptown to develop ridership awareness/need for new Silver Line 4) Work with Marketing to improve website/pages for client interaction for Client Services programs and vanpool programs	✓	✓	✓	✓	✓
	Continue efforts to improve regional Vanpool performance and make process improvements.	Collaborate with H-GAC, TxDOT and IT on multiple initiatives to help improve mobility as a service, to improve internal legacy system performance and ensure grants and billing procedures are continuously improved.	✓	✓	✓	✓	✓
	Create a policy that provides tiered pricing by vehicle type/capacity/distance so that Vanpool riders have price certainty for participating.	Continue to work with partners to develop a Regional Vanpool flat rate individual fee fare policy proposal for management review and approval by Q2, for implementation in FY22. Working with active taskforce to improve and move to a new fare policy.	✓	✓	✓	✓	✓
	Increase employer partnerships, sustain current relationships and continue collaboration efforts for vanpool alternative transportation options.	Increase active Regional Vanpool employer accounts by 60-66 during FY 2022. Collaborate with OMB, Planning, Marketing and H-GAC for vanpool alternatives in areas where Park & Rides have been reduced and vanpool opportunities arise.	✓	✓	✓	✓	✓

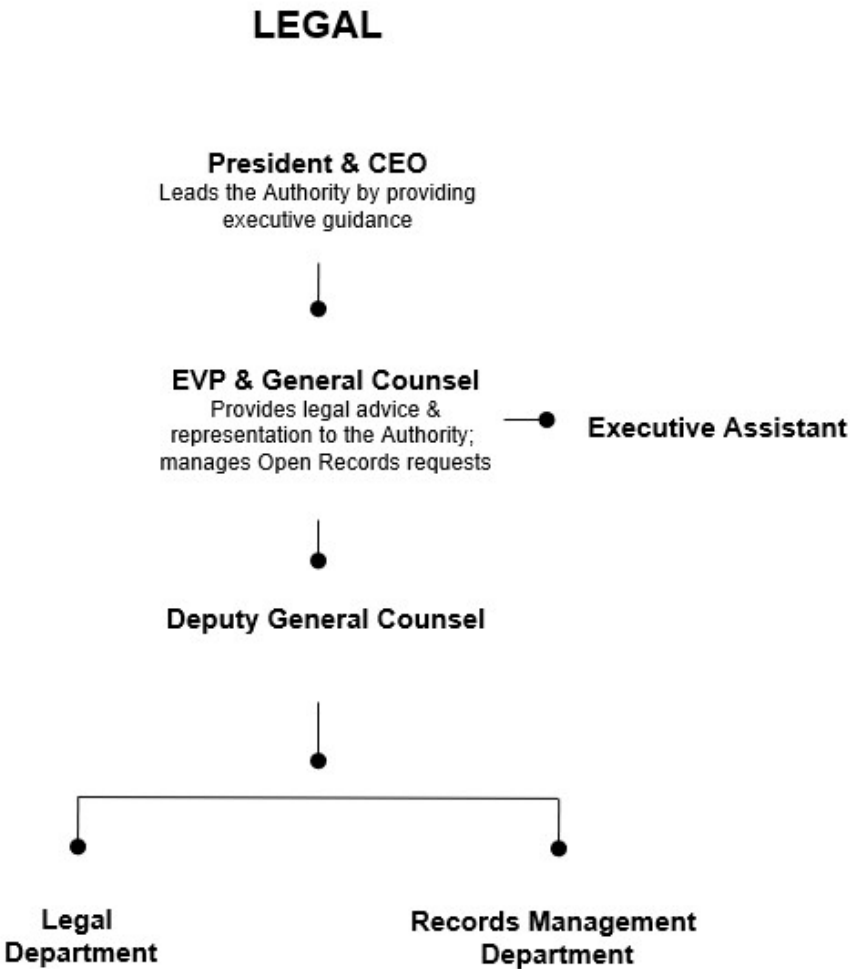
Urban Design enhances the overall experience of using transit by working with design consultants to ensure capital improvement projects are designed to support an enriching transit experience. The urban design process aims to value the social, economic and need of the project sites, city, neighborhood, and community. It is a design process that maximizes the use of a development project. To not only impact the project itself; but to enhance the projects surrounding environment for people to use, appreciate and preserve

Government & Public Affairs FY 2022 Goals

Dept.	Initiative/Objective	Measurement	Budget Priorities				
			Outstanding Trip Experiences	High Quality Mobility Options	Infrastructure Investments	Regional Public Awareness & Support	Trustworthy Governance
Urban Design	Create transit projects that improve the waiting environment and welcoming public spaces for all space for all	Ongoing process working with Engineering design	✓	✓	✓	✓	✓
	Reinforce a sense of place and give structure and orientation to the transit experience	Coordinate with PEC to design transit stops to meet universal accessibility requirements per METRO Design guidelines	✓	✓	✓	✓	✓
	Contribute positively to the fabric of communities and the unique qualities of adjacent neighborhoods	Complete urban site analysis to understand the riders of the transit stop location; where they are coming from; where they are going; and how nearby amenities are used throughout the day in order to propose the most effective amenities to the site	✓	✓	✓	✓	✓
	Contribute to the sustainability of the urban environment	Encourage an urban environment that supports and enhances transit's contribution to create healthy, smart, resilient, livable, walkable places.	✓	✓	✓	✓	✓
	Support joint-development projects	Urban design projects are development projects. Include in project analysis and work with real estate to identify and understand best land value and partnership opportunities to advance transit facilities to operate as valuable public spaces of communities	✓	✓	✓	✓	✓
	Design transit infrastructure to work with its natural environment and act as the natural landscape it has replaced. Allow creative thinking to impact transit design to work as a key agent of alleviating environmental impacts and restoring service to daily life	Include design strategies to restore ecosystem services in transit infrastructure specifically in dense urban areas	✓	✓	✓	✓	✓

Legal

The Legal Department helps advance METRO’s mission by providing legal advice and services to the Board of Directors, management and staff to foster sound decision-making and compliance with laws in all areas of the Authority’s operations, services and administration.



Legal

	<u>FY2021 Budget</u>	<u>FY2021 Estimate</u>	<u>FY2022 Budget</u>	<u>Budget-to-Budget Variance</u>	
				<u>\$</u>	<u>%</u>
Wages	\$ -	\$ -	\$ -	\$ -	N/A
Union Fringe Benefits	3,120	542	3,241	121	3.9%
Subtotal Union Labor	\$ 3,120	\$ 542	\$ 3,241	\$ 121	3.9%
Salaries and Non-Union Wages	1,872,619	1,977,429	1,903,725	31,106	1.7%
Non-Union Fringe Benefits	598,625	595,384	594,402	(4,223)	(0.7%)
Subtotal Non-Union Labor	\$ 2,471,244	\$ 2,572,812	\$ 2,498,127	\$ 26,883	1.1%
Allocation to Capital and GMP	-	-	-	-	N/A
Subtotal Labor and Fringe Benefits	\$ 2,474,364	\$ 2,573,355	\$ 2,501,367	\$ 27,004	1.1%
Services	1,392,600	936,628	1,894,800	502,200	36.1%
Materials and Supplies	6,500	2,662	6,500	-	0.0%
Fuel and Utilities	8,508	7,767	8,508	-	0.0%
Casualty and Liability	-	-	-	-	N/A
Purchased Transportation	-	-	-	-	N/A
Leases, Rentals and Miscellaneous	75,026	51,594	74,067	(959)	(1.3%)
Subtotal Non-Labor	\$ 1,482,634	\$ 998,650	\$ 1,983,875	\$ 501,241	33.8%
Subtotal Labor and Non-Labor	\$ 3,956,998	\$ 3,572,005	\$ 4,485,242	\$ 528,244	13.3%
Allocation to Capital and GMP	-	-	-	-	N/A
Total Operating Expenses	\$ 3,956,998	\$ 3,572,005	\$ 4,485,242	\$ 528,244	13.3%

Legal

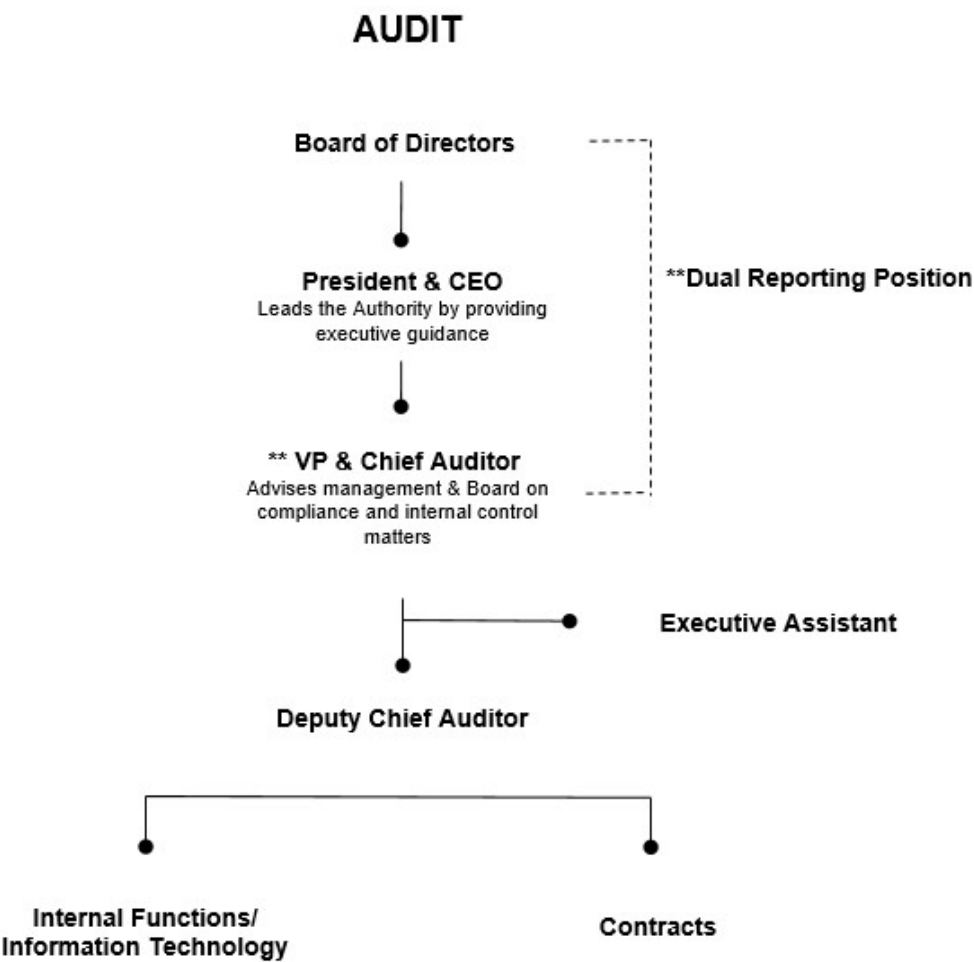
The Legal Department helps advance METRO's mission by providing legal advice and services to the Board of Directors, management and staff to foster sound decision-making in all areas of the Agency's operations, services and administration.

Number of Employees: 19

Legal FY2022 Goals							
Dept.	Initiative/Objective	Measurement	METRO Budget Priorities				
			Outstanding Trip Experiences	High Quality Mobility Options	Accessible Infrastructure Investments	Regional Public Awareness & Support	Trustworthy Governance
Legal	Vigorously represent METRO in litigation and provide business-driven legal advice and counsel	Daily: Draft and review contracts, oversee governance and compliance matters, manage litigation and advise on all legal matters, including labor & employment and procurement law	✓	✓	✓	✓	✓
	Advise on the legal implications of proposed policy and other decisions and make recommendations to reduce the agency's liability exposure	Provide ongoing strategic review and advice on proposed policy and other decisions and make recommendations to reduce METRO's liability exposure	✓	✓	✓	✓	✓
	Administer the Agency's legal affairs in the most cost-efficient manner reasonable to ensure operations are completed expeditiously and in compliance with existing laws, regulations and ethical standards.	Continuously monitor the Agency's legal affairs ensuring timeliness and cost efficiency.	✓	✓	✓	✓	✓
	Maintain a comprehensive records management program in accordance with the Local Government Records Act and overseeing the Agency's compliance with the Texas Public Information Act.	Staff works daily to maintain and update the Agency's robust records management program.	✓		✓	✓	✓
	Oversee the provision of all outside legal services to METRO to ensure efficiency, containment of costs and reliability of service	The Legal department reviews invoices monthly for outside counsel services. It also reviews timekeeper rates and obtains estimates for services in advance.	✓		✓		✓
	Provide in-house training to staff about various legal requirements and risks to prevent or reduce liabilities and legal disputes.	Ongoing collaborative development of Agency wide policies and training.	✓	✓	✓	✓	✓

Audit

Provides objective assurance and consulting activity designed to add value and improve METRO’S operations. Audit performs independent assessments of systems controls and efficiency, which are guided by professional standards using innovative approaches such as supporting our customers’ efforts to achieve their objectives and maintaining a dynamic, team-oriented environment.



Audit

	<u>FY2021 Budget</u>	<u>FY2021 Estimate</u>	<u>FY2022 Budget</u>	<u>Budget-to-Budget Variance</u>	<u>Variance</u>
				\$	%
Wages	\$ -	\$ -	\$ -	\$ -	N/A
Union Fringe Benefits	1,374	241	1,449	74	5.4%
Subtotal Union Labor	\$ 1,374	\$ 241	\$ 1,449	\$ 74	5.4%
Salaries and Non-Union Wages	806,049	842,019	833,140	27,091	3.4%
Non-Union Fringe Benefits	324,816	318,431	334,834	10,019	3.1%
Subtotal Non-Union Labor	\$ 1,130,864	\$ 1,160,450	\$ 1,167,974	\$ 37,110	3.3%
Allocation to Capital and GMP	-	-	-	-	N/A
Subtotal Labor and Fringe Benefits	\$ 1,132,239	\$ 1,160,691	\$ 1,169,423	\$ 37,184	3.3%
Services	180,200	45,640	180,400	200	0.1%
Materials and Supplies	5,000	1,365	5,000	-	0.0%
Fuel and Utilities	400	150	300	(100)	(25.0%)
Casualty and Liability	-	-	-	-	N/A
Purchased Transportation	-	-	-	-	N/A
Leases, Rentals and Miscellaneous	15,425	5,920	13,342	(2,083)	(13.5%)
Subtotal Non-Labor	\$ 201,025	\$ 53,074	\$ 199,042	\$ (1,983)	(1.0%)
Subtotal Labor and Non-Labor	\$ 1,333,264	\$ 1,213,765	\$ 1,368,465	\$ 35,201	2.6%
Allocation to Capital and GMP	-	-	-	-	N/A
Total Operating Expenses	\$ 1,333,264	\$ 1,213,765	\$ 1,368,465	\$ 35,201	2.6%

Audit

Department: Audit

Description of Departmental Functions and Activities:

Provides objective assurance and consulting activity designed to add value and improve METRO's operations. Audit performs independent assessments of systems controls and efficiency, which are guided by professional standards using innovative approaches such as supporting our customers' efforts to achieve their objectives and by maintaining a dynamic, team-oriented environment.

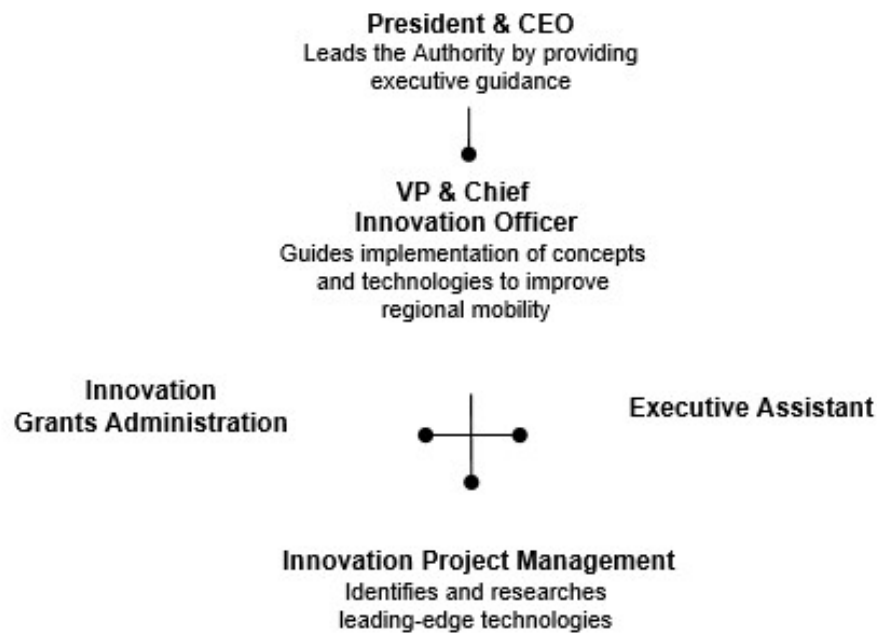
Number of Employees: 9

Audit FY2022 Goals							
Dept.	Initiative/Objective	Measurement	Budget Priorities				
			Outstanding Trip Experiences	High Quality Mobility Options	Accessible Infrastructure Investments	Regional Public Awareness & Support	Trustworthy Governance
Audit	Perform follow-up of previous recommendations issued in the previous year's Audit Reports (Corrective Action Compliance)	Monthly follow-up on outstanding recommendations	✓		✓		✓
	Perform Buy America Audits (Pre and Post Delivery) in order to help operations timely implement new buses into business activity and ensure compliance with FTA regulations.	Each Quarter: Perform Buy America Pre-Award and Post Delivery Audits as needed.					✓
	Perform Cost/Price Analysis at the request of Procurement to ensure compliance with FTA regulations in a timely manner to help support METRO's initiative with planning for the future and improve customer experience (internally).	Each Quarter perform Cost/Price Analysis as requested by Procurement.	✓	✓	✓	✓	✓
	Perform special projects as requested by Executive Leadership or Board of Directors.	Perform special projects as requested.	✓	✓	✓	✓	✓
	Initiate all Internal Function and Information Technology Audits documented on the Audit Plan presented to the Board for the fiscal year.	Initiate and complete as many Audits as possible without sacrificing quality of review and collaboration with Auditee. (Please note - Audit timing of completion may be impacted by resources available from Auditee or 3rd Party Information Technology Consultants as well as Department Personnel changes such as retirements or special project request not previously identified during risk assessment.)					✓
	Perform follow-up of recommendations from the external Light Rail Transit System Safety Assessment to help ensure safety enhancements are properly implemented.	Provide quarterly follow-up and updates of recommendations from the Light Rail Transit System Safety Assessment.		✓			✓
	Prepare the Audit Department for the upcoming PEER Review which is required by the General Accepted Government Auditing Standards. METRO has conducted PPER reviews for the past 30 years.	PEER review will be performed in the 2nd quarter of calendar year 2022. Due to COVID-19, the PEER Review will encompass 4 calendar tiers instead of 3.					✓
	Create a career path within Audit, allowing employees to develop leadership skills, setting up the opportunity for upward mobility within the department.	Ongoing cross training of employees.	✓	✓			✓
	Cross train department employees that have displayed in interest to grow skill set and career goals across current Audit value added services (internal functions and contracts).	Ongoing cross training of employees.	✓				✓
	Transition to new Audit Software by developing training manuals and training Department Staff to begin utilizing software on January 1, 2022.	Ongoing training of employees to transition from Audit Leverage to Ideagen.					✓

Office of Innovation

Keeps up with technological innovations and challenges redefining public transit to enhance safety, efficiency, and the customer experience.

OFFICE OF INNOVATION



Office of Innovation

	<u>FY2021 Budget</u>	<u>FY2021 Estimate</u>	<u>FY2022 Budget</u>	<u>Budget-to-Budget Variance</u>	
	\$	\$	\$	\$	%
Wages	\$ -	\$ -	\$ -	\$ -	N/A
Union Fringe Benefits	796	145	857	61	7.7%
Subtotal Union Labor	\$ 796	\$ 145	\$ 857	\$ 61	7.7%
Salaries and Non-Union Wages	466,758	467,370	493,099	26,342	5.6%
Non-Union Fringe Benefits	133,466	132,708	142,902	9,437	7.1%
Subtotal Non-Union Labor	\$ 600,223	\$ 600,077	\$ 636,002	\$ 35,778	6.0%
Allocation to Capital and GMP	-	-	-	-	N/A
Subtotal Labor and Fringe Benefits	\$ 601,020	\$ 600,222	\$ 636,859	\$ 35,840	6.0%
Services	1,447,610	93,939	125,183	(1,322,427)	(91.4%)
Materials and Supplies	1,800	848	500	(1,300)	(72.2%)
Fuel and Utilities	3,400	1,555	3,400	-	0.0%
Casualty and Liability	-	-	-	-	N/A
Purchased Transportation	-	-	-	-	N/A
Leases, Rentals and Miscellaneous	27,560	26,004	48,210	20,650	74.9%
Subtotal Non-Labor	\$ 1,480,370	\$ 122,346	\$ 177,293	\$ (1,303,077)	(88.0%)
Subtotal Labor and Non-Labor	\$ 2,081,390	\$ 722,568	\$ 814,152	\$ (1,267,237)	(60.9%)
Allocation to Capital and GMP	-	-	-	-	N/A
Total Operating Expenses	\$ 2,081,390	\$ 722,568	\$ 814,152	\$ (1,267,237)	(60.9%)

Office of Innovation

Keeps up with technological innovations and challenges redefining public transit to enhance safety, efficiency, and the customer experience.

Number of Employees: 5

Office of Innovation FY2022 Goals							
Dept.	Initiative/Objective	Measurement	METRO Budget Priorities				
			Outstanding Trip Experiences	High Quality Mobility Options	Accessible Infrastructure Investments	Regional Public Awareness & Support	Trustworthy Governance
Office of Innovation	Develop in-house think tanks, track and monitor "Ideas Program" on METRO's intranet, and host lunch and learns.	Host a minimum of one think tank, or lunch and learn, per quarter.	✓	✓	✓	✓	✓
	Partner with other transportation entities and Smart City Groups (Intelligent Transportation Systems, Federal Highway Administrator, National Center for Transportation, etc.) to provide regional solutions to the increasing demand for transportation alternatives	Maintain active Team Houston engagement.	✓	✓	✓	✓	✓
	Incorporate electric, autonomous and connected transit solutions into METRO's modes of service.	Continue development of Automated Bus Consortium, FTA AIM Grant Project, electric bus program and other efforts.	✓	✓	✓	✓	✓
	Manage METRO's unsolicited proposals and pilot program, to encourage and incubate innovative ideas.	Track and monitor unsolicited proposals and report quarterly.	✓	✓	✓	✓	✓
	Pursue public and private grants for innovation, and implement best practices for smart mobility projects	Maintain an active internal grants working group with at least one meeting per quarter.	✓	✓	✓	✓	✓



Non-Departmental and Contingency

Non-Departmental and Contingencies are used to budget for potential expenses that require President & CEO approval. Upon approval, budgets are transferred out to the departments.

	FY2021 Budget	FY2021 Estimate	FY2022 Budget	Budget-to-Budget Variance	
				\$	%
Wages	\$ -	\$ -	\$ -	\$ -	N/A
Union Fringe Benefits	1,409,939	-	292	(1,409,648)	(100.0%)
Subtotal Union Labor	\$ 1,409,939	\$ -	\$ 292	\$ (1,409,648)	(100.0%)
Salaries and Non-Union Wages	451,656	-	417,744	(33,912)	(7.5%)
Non-Union Fringe Benefits	305,916	(1,363,502)	74,596	(231,320)	(75.6%)
Subtotal Non-Union Labor	\$ 757,572	\$ (1,363,502)	\$ 492,340	\$ (265,232)	(35.0%)
Allocation to Capital and GMP	-	-	-	-	N/A
Subtotal Labor and Fringe Benefits	\$ 2,167,511	\$ (1,363,502)	\$ 492,631	\$ (1,674,880)	(77.3%)
Services	-	120,393	4,373,970	4,373,970	N/A
Materials and Supplies	-	-	-	-	N/A
Fuel and Utilities	-	-	-	-	N/A
Casualty and Liability	-	-	-	-	N/A
Purchased Transportation	-	-	1,790,514	1,790,514	N/A
Leases, Rentals and Miscellaneous	1,000,000	-	18,150,000	17,150,000	1715.0%
Subtotal Non-Labor	\$ 1,000,000	\$ 120,393	\$ 24,314,484	\$ 23,314,484	2331.4%
Subtotal Labor and Non-Labor	\$ 3,167,511	\$ (1,243,109)	\$ 24,807,116	\$ 21,639,604	683.2%
Contingency	6,685,076	-	9,986,177	3,301,100	49.4%
Allocation to Capital and GMP	-	-	-	-	N/A
Total Operating Expenses	\$ 9,852,588	\$ (1,243,109)	\$ 34,793,292	\$ 24,940,704	253.1%

Budget Item	FY2022 Budget
President and CEO's Contingency	\$ 17,500,000
New Service Allowances	7,500,197
Allowance for METRONext Boost	3,980,170
Strategic Initiatives and Innovation Pilots/Projects	2,293,800
President and CEO Allowance for Salary Actions	2,269,125
Potential Real Estate Fund Expenditures	1,000,000
Diversity Study	250,000

Appendices

Appendix A: Financial Parameters

(Presented and approved at the May 20, 2021 meeting of the Finance & Audit Committee)

- Estimates of sales tax growth will be consistent with the growth estimates provided by Dr. Robert W. Gilmer, reduced by 1.00% in the budget calculations for FY2022.
- No fixed-route fare increases will be proposed for FY2022.
- METRO will present the Five-Year Cash Flow model annually, clearly specifying all sources and uses of revenue. The model will be updated periodically as required.
- METRO will position itself for optimum receipt and use of grants.
- METRO will allocate sufficient resources to operate core services.
- METRO will support financial sustainability by carefully managing the growth of “baseline” operating expenses to an increase of no more than 3.0%, after adjusting for non-recurring expenses.
- METRO will meet the funding objective for defined benefit pension plans by continuing to make 100% of the actuarially determined annual contributions.
- METRO will ensure that capital expenditures are supported upon project completion by a sustainable revenue source (such as sales tax) and that future operating costs have been included in the Business Plan.
- Requests to improve service or service quality will require a cost/benefit analysis, which will include changes to future operating cost. Part of the analysis will also include metrics based around ridership patterns and customer demand for service. If included, additional service will be added above the baseline level of expenses.
- METRO will retain fund balances of at least Debt Policy requirements (15% of operating expenses), an additional Board-required Operating Reserve (10% of operating expenses), and an Emergency Reserve of \$10,000,000.
- When reallocating or modifying budgets, staff will adhere to the following approval levels:

Scope of Budget Changes	Approval Required
Up to \$250,000	Chief Financial Officer (CFO) or Director of the Office of Management & Budget (OMB)
\$250,000 - \$1,000,000	President & CEO
Over \$1,000,000	METRO Board of Directors
Administrative or technical changes (within the scope of the adopted budget that do not represent a change in METRO’s work plan or priorities)	CFO or the Director of OMB President & CEO (if changes involve a centralized allowance for specific actions, such as new service or COLA/merit salary increases)

- All budget changes will be reported to the Finance & Audit Committee on a quarterly basis. Any modifications increasing budgets (Budget Amendments) would require Board approval and will adhere to Texas Transportation Code 451.102 and 451.103.

Appendix B: Debt Policy

This document can be found at:

<https://www.ridemetro.org/MetroPDFs/News/PublicHearings/082121Budget-Public-Hearing/Debt-Policy-Jan-2021.pdf>

Appendix C: Investment Policy

This document can be found at:

<https://www.ridemetro.org/MetroPDFs/News/PublicHearings/082121Budget-Public-Hearing/Appendix-C-Investment-Policy.pdf>

Appendix D: Fuel Price Risk Management Policy

This document can be found at:

<https://www.ridemetro.org/MetroPDFs/News/PublicHearings/082121Budget-Public-Hearing/Fuel-Price-Management-Policy.pdf>

Appendix E: Capitalization Guidelines

This document can be found at:

<https://www.ridemetro.org/MetroPDFs/News/PublicHearings/082121Budget-Public-Hearing/Appendix-E-Capitalization-Guideline.pdf>

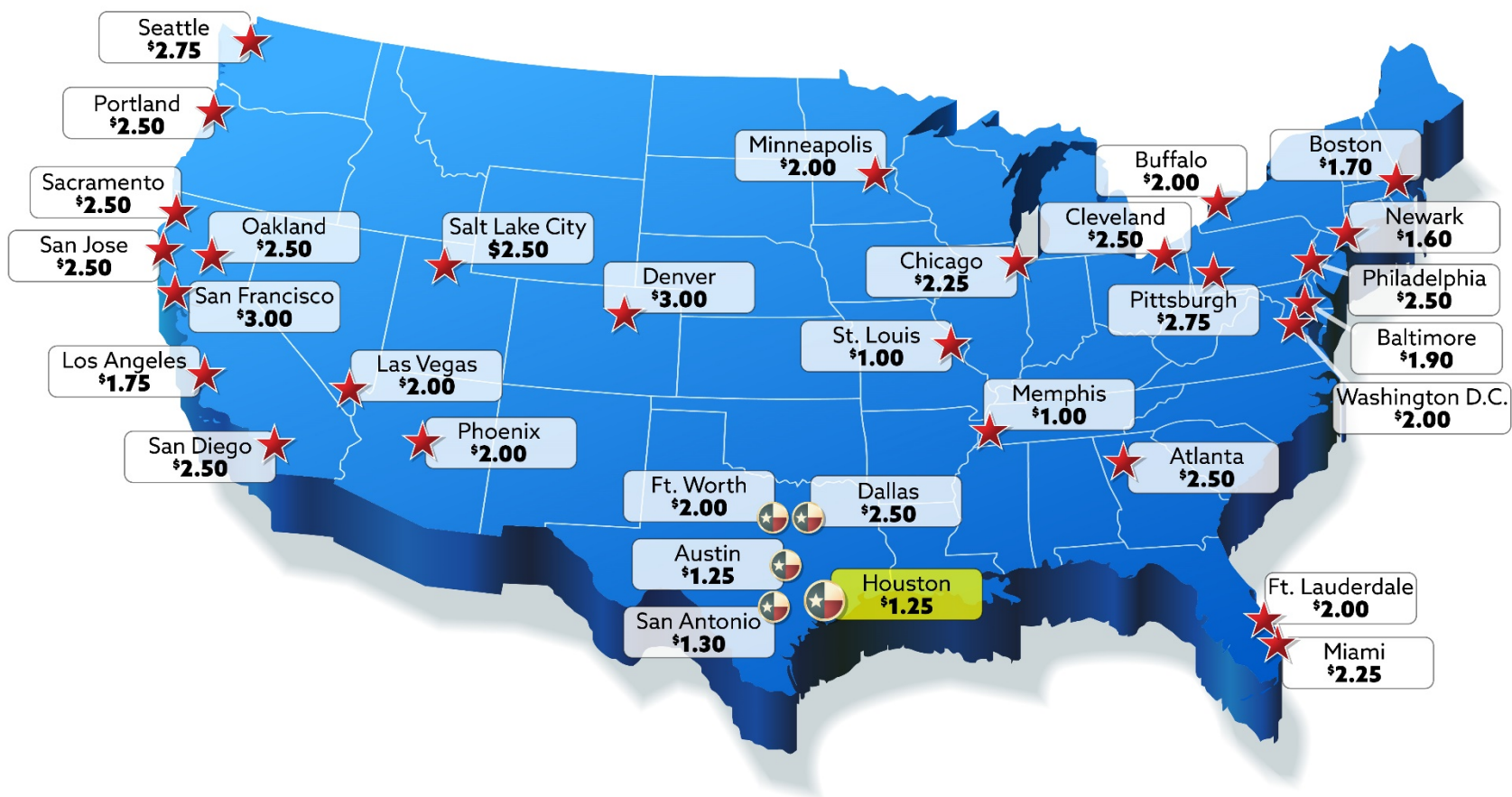
Appendix F: Comparative Statistics

Texas Transit Agency Comparisons

METROPOLITAN TRANSIT AUTHORITIES (MTAs) & URBAN AREA PROGRAM UNLINKED PASSENGER TRIPS			
Fiscal Years 2019 and 2020			
MTAs	Urbanized Area	Unlinked Passenger Trips	
	Census 2010	2019	2020
Capital Metropolitan Transportation Authority	1,362,416	30,949,651	24,319,583
Corpus Christi Regional Transportation Authority (The B)	320,069	5,258,649	5,705,009
Dallas Area Rapid Transit (DART)	2,871,343	62,968,982	52,988,043
Denton County Transportation Authority	366,174	2,992,031	2,004,659
El Paso (Sun Metro)	772,374	12,710,196	8,367,398
Fort Worth Transit Authority (Trinity Metro)	1,040,837	5,689,173	4,719,114
Metropolitan Transit Authority of Harris County (METRO)	4,944,332	90,026,912	69,031,124
VIA Metropolitan Transit Authority - San Antonio	1,758,210	35,873,366	33,517,485
MTAs Total	13,435,755	246,468,960	200,652,415
Urbanized Areas	Urbanized Area	Unlinked Passenger Trips	
	Census 2010	2019	2020
Abilene - Citylink	110,421	390,204	323,167
Amarillo - Amarillo Transit Company	196,651	318,620	237,085
Arlington	365,438	150,021	118,172
Beaumont - Beaumont Transit System	147,922	426,294	327,768
Brownsville - Brownsville Urban System	217,585	1,548,127	1,097,902
College Station-Bryan - Brazos Transit District	171,345	6,724,022	4,864,744
Conroe-The Woodlands	239,938	728,220	428,899
Galveston - Island Transit (Urban)	54,770	410,083	253,396
Grand Prairie	175,396	53,404	49,057
Harlingen - San Benito - LRGVDC	135,663	127,865	91,225
Killeen (Copperas Cove & Harker Heights)	217,630	303,877	224,348
Lake Jackson-Angleton	74,830	76,578	66,484
Laredo - El Metro	235,730	2,573,548	1,749,432
Longview - COLT	98,884	241,422	172,995
Lubbock - Citibus	237,356	3,699,294	2,844,221
McAllen Express - LRGVDC	728,825	1,214,587	925,848
McKinney	170,030	10,697	11,374
Mesquite - MTED	139,824	38,799	-
Midland-Odessa - EZ Rider	244,212	328,019	268,574
North East Transportation Service	327,306	47,207	35,192
Port Arthur - Port Arthur Transit	153,150	116,444	102,138

Source: 2020 Texas Transit Statistics Report. Texas Department of Transportation

Base Fare Map



The data excludes any temporary fare reductions or eliminations due to COVID-19

Appendix G: Demographic Statistics

Year	Population of Houston, The Woodlands, and Sugar Land	Consumer Price Index for All Urban Consumers	Houston, The Woodlands, Sugar Land Unemployment Rate (%)	Houston, The Woodlands, Sugar Land Civilian Labor Force
2004	5,190,444.00	169.425	6.2	2,554,745
2005	5,299,567.00	171.067	5.7	2,604,383
2006	5,484,883.00	174.208	5.1	2,661,423
2007	5,597,674.00	177.994	4.3	2,705,296
2008	5,726,705.00	183.715	4.8	2,772,403
2009	5,867,489.00	189.877	7.6	2,839,444
2010	5,947,185.00	192.729	8.3	2,974,795
2011	6,056,008.00	194.705	8.1	3,040,022
2012	6,183,119.00	200.957	6.6	3,104,630
2013	6,327,622.00	209.901	6.1	3,176,138
2014	6,499,375.00	218.866	5.0	3,235,028
2015	6,670,803.00	232.834	4.6	3,259,346
2016	6,806,315.00	245.413	5.3	3,300,460
2017	6,898,912.00	252.525	5.1	3,333,579
2018	6,974,948.00	258.344	4.4	3,380,549
2019	7,063,400.00	262.382	3.8	3,427,307
2020	7,154,478.00	268.751	8.7	3,405,877

Population, unemployment rate and civilian population - Federal Reserve Bank of St. Louis.

Sources: Per capita income - The Bureau of Economic Analysis.

"Civilian population" is defined as "persons 16 years of age and older residing in the 50 states and the District of Columbia, who are not inmates of institutions (e.g., penal and mental facilities, homes for the aged), and who are not active duty in the Armed Forces."

Appendix H: FY2022 Budgeted Positions

This document can be found at:

<https://www.ridemetro.org/MetroPDFs/News/PublicHearings/082121Budget-Public-Hearing/FY2022-Budgeted-Positions.pdf>

Appendix I. Historical and Projected Sales Tax Rates and Revenues

Sales Tax Revenues (Year of Expenditure \$1,000s)

Fiscal Year	Historical/ Estimated Data	% Change
2017	690,929	0.7%
2018	759,064	9.9%
2019	775,393	2.2%
2020	764,680	-1.4%
2021	815,280	6.6%
2022	818,718	0.4%
2023	879,794	7.5%
2024	930,030	5.7%
2025	977,369	5.1%
2026	1,032,688	5.7%

Estimates are based on the June 2021 forecast produced by Dr. Robert W. (Bill) Gilmer, head of the Institute for Regional Forecasting at the University of Houston. The forecast growth for FY2022 has been reduced by 1% by Board decision.

Dr. Gilmer's forecast incorporates data from multiple sources, including population and employment in the nine-county Houston metro area, Gross Domestic Product, the Consumer Price Index, personal income, Treasury bill prices, the Business Cycle Index produced by the Dallas Federal Reserve, the Purchasing Managers' Index, the price and production of oil, and the Baker Hughes Rig Count.

The following sections contain excerpts from Dr. Gilmer's June 2021 report.

Houston's Current Economic Position

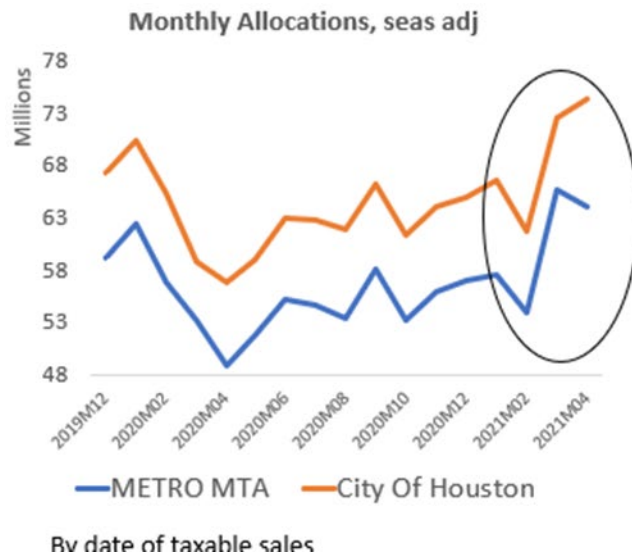
- The pandemic's arrival meant a serious blow to retail spending and other consumer services that are sensitive to social distancing. This could be distancing forced by public orders that imposed controls on nonessential business, or by the normal reactive distancing by the public driven by fear of COVID-19. As many of the public orders were lifted, the reactive distancing remains in place forcing some continued job loss. These continued losses fell heavily on normally stable consumer sectors like retail, food service, entertainment, and personal services. This is where direct relief from the vaccine comes to the rescue and we are now seeing rapid improvement in most of these sectors.

- Despite the deep loss of jobs, retail and local consumer activity held up far better than expected, with U.S. retail sales for example at all-time high levels since last July. This is partly because consumers found ways to work around close contact with the public such as e-commerce, but mostly because of a massive \$2.5 trillion stimulus package (about \$20,000 per U.S. household) that effectively replaced all the personal income lost to the pandemic. The initial lockdown-period stimulus now has been followed by packages in December 2020 and March 2021 that totaled another \$2.7 trillion.
- Thanks to the stimulus, Houston's total taxable retail sales jumped sharply in the third quarter, rising 12.4 percent for the City of Houston and 8.7 percent in the metropolitan area. We have seen an unprecedented local housing boom, widespread spending on upgrading existing private homes, and heavy spending on big-ticket items like autos and RVs. As the vaccine does its work, only sales by bars and restaurants remain a laggard in the retail recovery, while other out-of-favor sectors like clothing, gasoline, and brick-and-mortar retail are back at pre-pandemic levels.
- Stimulus and consumer stability do not get Houston's sales tax revenue out of trouble, however, because of continued local and national recession and Houston's dependence on oil. Stimulus is mostly geared to help what was already a relatively stable consumer sector, and it leaves the oil/business cycle largely in place. Key sectors of Houston's economy – not all tied to oil – appear to be deeply mired in recession, with limited relief before next year.
- Financial problems in the fracking industry and the need for a new financial model for the U.S. oil industry mean oil will emerge from this downturn as a smaller industry. A new financial model for oil means slower industry growth, but also brings less overall job growth to the Houston metro area. This is a permanent loss of local growth that is not tied to swings in oil prices or the business cycle but reflects a new and more conservative way of doing business in the fracking industry. Oil is also a meaningful part of local sales tax revenues and tax revenue will fall from prior expectations.
- The revenue forecasting problem is how to weigh the mix and timing of the good, bad, and ugly factors that will drive future sales taxes: public orders from health officials and reactive social distancing is slowly disappearing; stimulus that currently boosts the consumer sector must soon be replaced by jobs and personal income; national recession will end slowly and fully return next year, while slow and partial recovery in the oil sector will bring lingering economic problems.

Sales Tax Projections for METRO to 2027

The current status and near-term future of METRO's sales tax allocations is a complicated story. (See Figure 32.) The high level of the May/June allocation payments were the result of March/April consumer spending and taxable sales and an immediate product of the latest stimulus packages. They are artificially higher – much higher – than if only economic fundamentals ruled. They are also being helped by the economic recovery, although the jobs recovery remains in its middle stages with both Houston and U.S. employment still well below pre-pandemic levels. Finally, the stimulus helps the consumer side of sales tax revenues, but it does little to provide direct relief to the half of allocations driven by oil and general business.

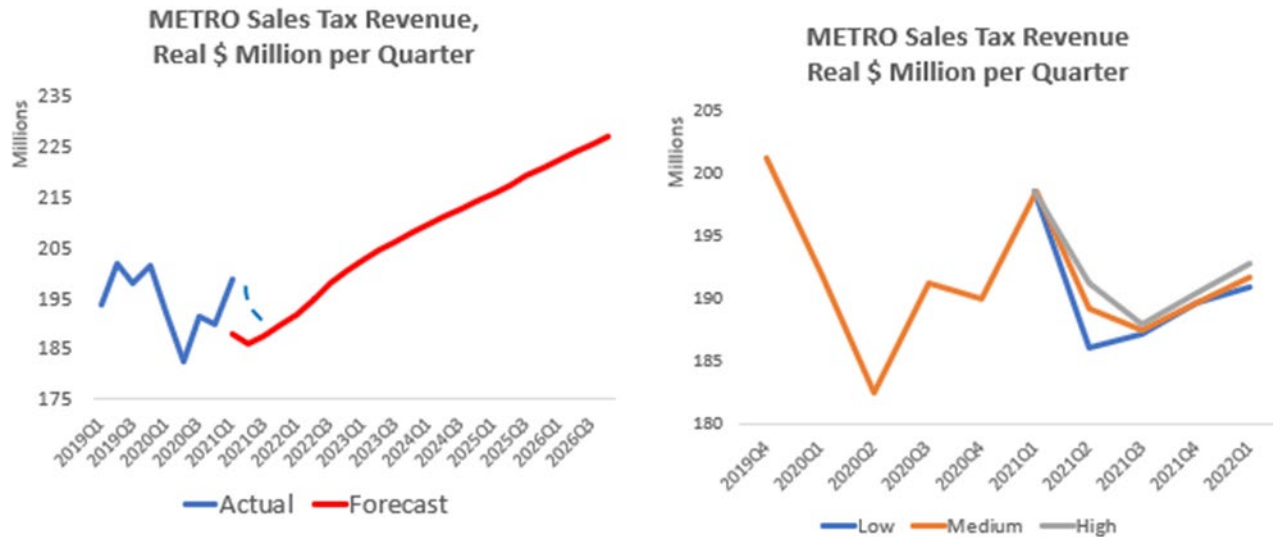
Figure 32: Stimulus II and II Gave the Latest Allocations a Huge But Temporary Boost



- The latest May and June allocations from the Comptroller are boosted by March and April spending from the second and third fiscal packages
- These recent allocations were also boosted by the on-going improvement in the economy
- Sales taxes will quickly fall back and return to pre-pandemic levels as the fiscal stimulus wanes and the economy works to get back to 2019 levels of employment

As we try to draw up a forecast or outlook for METRO sales tax revenue, we meet a problem that is the exact parallel of that resolved earlier...for payroll employment. There are three pieces to the puzzle: identify the beginning point (the end of the blue line); know where economic fundamentals lie once the pandemic shock dies away (the red line); and find the path from the present to the long-term future (the broken blue line). The left side of Figure 33 shows that the three pieces are much the same for allocations, except the level of current allocations is well above our future longer-term trend. This is because the most recent stimulus has pushed allocations well above any long-term trend and revenues must soon fall back to more realistic levels.

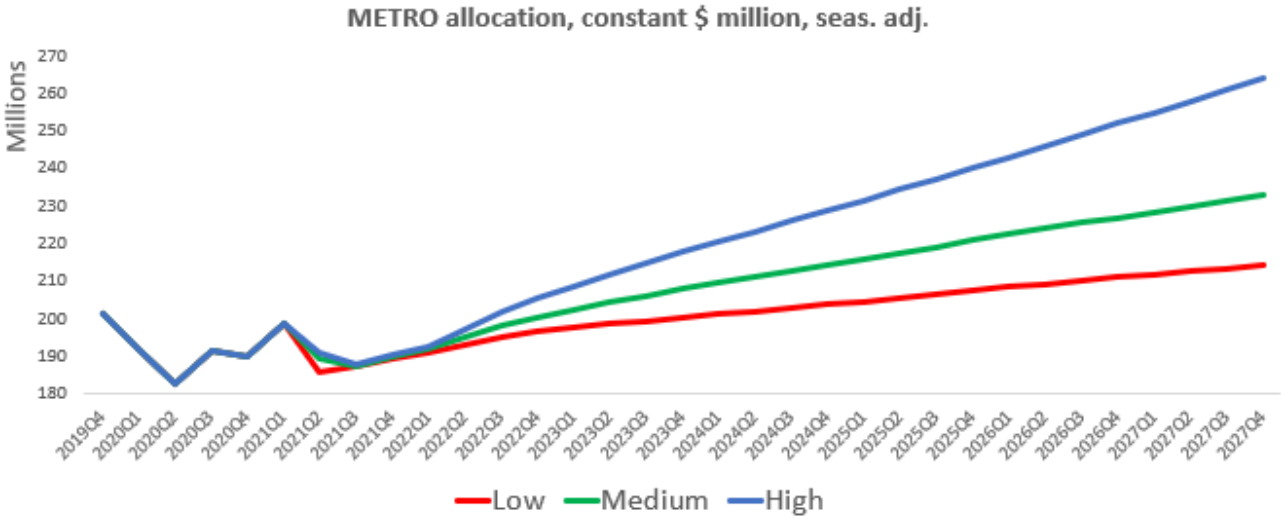
Figure 33: Sales Tax Revenues Are Now Elevated By Stimulus and Must Fall Back to Long-Run Trends In Coming Months



The right side of Figure 33...focus[es] on the short-term behavior of allocations in 2021 and 2022. How does elevated stimulus fall back to meet long-term trends? We cannot know either from statistical analysis or history where or how quickly the present meets up with the future, [so]...we followed the clues available and then guessed at how the short-term future unfolds for low, medium, and high alternatives. The inflation-adjusted medium forecast returns to pre-COVID levels by 2023Q1 and the high/low in 2022Q3/2024Q1.

Why does the recovery look so slow? It is mostly because stimulus quickly fades and we are left waiting for the economic recovery to unfold. As discussed earlier in the report: COVID jobs come quickly by early 2022, basic jobs that drive the local business cycle are back only by mid- to late-2022, and oil jobs return in significant numbers only by 2023. The forecast is summarized by Figure 34 and it again assumes that – even after oil returns slowly from current low levels of activity and jobs -- long-term losses to oil growth are a permanent feature of any local employment or revenue forecast.

Figure 34: METRO Allocations to 2027 Including the Last of Social Distancing: *With Adjustment for Oil*



Appendix J: Glossary of Terms

Accrual Accounting – A method of accounting that records revenues and expenses when they are incurred, regardless of when cash is exchanged. The term “accrual” refers to any individual entry recording revenue or expense in the absence of a cash transaction.

Activity Center – An area with a high concentration of activities that generates many 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.

Articulated Bus – A 60-foot three-axle bus with an "accordion" section in the middle that allows the bus to bend and flex (articulate). Articulated buses typically have 60 seats.

Advance Funding Agreement – A negotiated agreement between the Texas Department of Transportation and a local government that determines which party is responsible for conducting work, providing funding, or contributing items in-kind.

Base Fare – The price charged to one adult for one transit ride; excludes transfer charges, zone charges, express service charges, peak period surcharges, and reduced fares.

Bond Indenture – A legal and binding contract between bond issuers and bondholders, specifying the important features of a bond, including its maturity date, timing of interest payments, method of interest calculation, etc.

Bus Rapid Transit – A high-quality bus-based transit system that delivers fast and efficient service that may include dedicated lanes, busways, traffic signal priority, off-board fare collection, elevated platforms, and enhanced stations.

Capital Assets – Purchases recorded as assets, such as property, plant, or equipment, which have a useful life of longer than one year.

Contractual Obligation – Obligations of an entity to others that will become liabilities in the future when the terms of those contracts or agreements are met. Commonly abbreviated as “KO.”

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

Cost of Living Adjustment – An increase in wages, salaries, or benefits intended to keep them proportional to the increased cost of goods and services.

Current Financial Resources Measurement Focus – METRO’s budget uses this model, in which increases and decreases in spendable resources are measured, and long-term assets and liabilities are not included.

Defeased Bonds – A bond which, after its issuance, has its outstanding debt secured by cash equivalents or risk-free securities. Defeasance is a way to retire bonds.

Demand-Response Service – Non-fixed-route service utilizing vans or buses with passengers boarding and alighting at pre-arranged times at any location within the system's service area. METROLift offers demand-response service to qualified riders who cannot use fixed-route service.

Deadhead – The miles or hours when a bus or train is moving without passengers aboard, often to or from an operating facility.

Economic Resources Measurement Focus – Used when a set of financial statements reports all inflows, outflows, and balances affecting or reflecting an entity's net position, including long-term assets and liabilities. METRO uses this focus for its financial statements.

45-Foot Bus – A bus used in Park & Ride service, typically with 55 seats.

Frequency – How many buses pass by a point during a specified time.

Full Accrual Basis – Method of accounting in which revenues are recognized when they are earned, and expenditures are recognized in the period that the associated liability is incurred. METRO's budget uses the modified accrual basis of accounting for its financial statements.

GAAP (Generally Accepted Accounting Principles) – A collection of commonly-followed accounting rules and standards for financial reporting. GAAP specifications include definitions of concepts and principles, as well as industry-specific rules.

GASB (Governmental Accounting Standards Board) – The independent, private-sector organization that establishes accounting and financial reporting standards for U.S. state and local governments that follow Generally Accepted Accounting Principles (GAAP).

Headways – The time between buses in the schedule: 5 minutes would be a very short headway; 60 minutes would be a long headway.

HOT Lane – A barrier-separated road that provides faster trips than freeway main lanes and that has limited access points, which single-occupant vehicles can access for a toll, while buses and vehicles with more than one occupant use it at no charge.

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).

Local Route – Bus service that picks up and discharges passengers all along the route.

METRO Q® Fare Card – Rechargeable electronic fare card that provides free transfers (for three hours in the same direction) and five free trips for every 50 paid trips.

METRORail – Accessible light rail service that has three lines (Red, Purple, and Green) totaling 22.7 miles. Destinations served include the Central Business District, Midtown, the Museum District, the University of Houston, Texas Southern University, Rice University, the NRG Park Complex, BBVA Compass Stadium, and the Theatre District.

Modified Accrual Basis – Method of accounting in which revenues are recognized in the period they become available and measurable, and expenditures are recognized in the period that the associated liability is incurred, with some exceptions. METRO’s budget uses the modified accrual basis of accounting.

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 a parking area and a passenger boarding area with a covered shelter and other amenities where commuters can park their cars and ride transit 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. Also known as "linked trips".

Peak Period – The time with the highest transit ridership during the service day, often 6:00 – 9:00 a.m. and 3:00 – 6:00 p.m.

Peak Vehicles – The number of vehicles required to operate the highest frequency service on a route, during peak periods (morning and evening rush hours).

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.

Revenue Hours – The total number of hours that a vehicle is operated in revenue service.

Revenue Miles – The total number of miles that a vehicle is operated in revenue service.

Revenue Service – The miles and hours operated by a bus when it is scheduled to be picking up or discharging passengers.

Rolling Stock – Transit vehicles such as buses, vans, cars, railcars, locomotives, trolley cars and buses, and ferry boats, as well as vehicles used for support services.

Senior Lien Obligation – The highest priority of debt obligation, paid before other obligations.

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.

Vehicle Hours - The total number of hours that a vehicle is operated, which is the sum of revenue hours and deadhead.

Vehicle Miles - The total number of miles that a vehicle is operated, which is the sum of revenue miles and deadhead.

Appendix K: List of METRO Acronyms and Abbreviations

ADA	Americans with Disabilities Act	IT	Information Technology
AFA	Advance Funding Agreement		
APS	Audible Pedestrian Signal	KOs	Contractual Obligations
BOF	Bus Operating Facility	LRT	Light Rail Transit
BRT	Bus Rapid Transit	LRV	Light Rail Vehicle
CAM	Cost Allocation Model	METRO	Metropolitan Transit Authority of Harris County, Texas
CAP	Corrective Action Plan	MDBF	Mean Distance between (Mechanical) Failures
CBR	Capital Budget Review Committee	MFRI	Major Facility Rehabilitation Initiative
CFO	Chief Financial Officer	MPD	METRO Police Department
CIP	Capital Improvement Program	MRC	METRO Rail Completion
CNG	Compressed Natural Gas		
COLA	Cost of Living Adjustment	NTD	National Transit Database
CP	Commercial Paper	NWTC	Northwest Transit Center
CRRSAA	Coronavirus Response and Relief Supplemental Appropriations Act of 2021		
		OCS	Overhead Contact or Catenary System
EKOS	Manufacturer of slide rollers for light rail	OEM	Original Equipment Manufacturer
ERP	Enterprise Resource Planning	OTP	On-Time Performance
FFGA	Full Funding Grant Agreement	P&R	Park & Ride
FTA	Federal Transit Administration	PTZ	Pan Tilt Zoom, type of camera
GAAP	Generally Accepted Accounting Principles	ROC	Rail Operations Center
GASB	Government Accounting Standards Board		
GMP	General Mobility Program	S&I	Service & Inspection Facility
		SAP	Systems, Applications and Products (ERP). Allows METRO to manage databases for different processes from a single unified system.
H1	First LRV order from Siemens; 100 series	SAP SBP	SAP module for public sector budgeting and planning
H2	Second LRV order from Siemens; 200 series	SOGR	State of Good Repair
H3	LRV order from CAF USA; 300 series		
HCTRA	Harris County Toll Road Authority	TC	Transit Center
H-GAC	Houston-Galveston Area Council	TVM	Ticket Vending Machine
HOT	High-Occupancy Toll (Lanes)	TxDOT	Texas Department of Transportation
HOV	High-Occupancy Vehicle (Facility)		
HVAC	Heating, Ventilation & Air Conditioning	ULB	Useful Life Benchmark
		UPS	Uninterruptible Power Source