

A RESOLUTION

AUTHORIZING AND DIRECTING THE PRESIDENT & CEO TO NEGOTIATE, EXECUTE AND DELIVER A MODIFICATION TO THE CONTRACT WITH EHRENKRANTZ ECKSTUT AND KUHN ARCHITECTS; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, METRO previously entered into contract with Ehrenkrantz Eckstut and Kuhn Architects, hereinafter "EEK" for professional engineering and design services for the proposed Intermodal Terminal; and

WHEREAS, funding was authorized for conceptual design; and

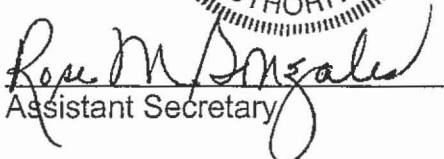
WHEREAS, additional funding is needed for preliminary engineering;

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

Section 1. The President & CEO is hereby authorized and directed to negotiate, execute and deliver a modification to the contract with EEK Architects to increase the maximum authorized expenditures under the contract to a total amount not to exceed \$9,249,958.07.

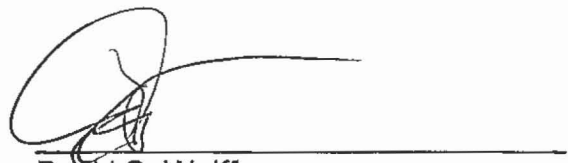
Section 2. This resolution is effective immediately upon passage.

ATTEST:


Assistant Secretary



PASSED this 21st day of September, 2006
APPROVED this 21st day of September, 2006


David S. Wolff
Chairman

A RESOLUTION

AUTHORIZING AND DIRECTING THE PRESIDENT & CEO TO EXECUTE AND DELIVER CONTRACTS WITH KENTECH FOR THE PURCHASE OF ELECTRIC GENERATORS; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, METRO requires electric generators as a back-up power source for the administrative office building; and

WHEREAS, METRO issued an invitation for bids for two (2) diesel-powered electric generators; and

WHEREAS, Kentech submitted the lowest responsible and responsive bid;

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

Section 1. The President & CEO is hereby authorized and directed to execute and deliver a contract with Kentech for the purchase of two (2) diesel – powered electric generators for an amount not to exceed \$632,236.00.

Section 2. This resolution is effective immediately upon passage.

PASSED this 21st day of September, 2006
APPROVED this 21st day of September, 2006

ATTEST:



Rose M. Gonzalez
Assistant Secretary

David S. Wolff
Chairman

A RESOLUTION

AUTHORIZING AND DIRECTING THE PRESIDENT & CEO TO EXECUTE AND DELIVER A CONTRACT WITH COMMERCIAL WINDOW SHIELD FOR THE INSTALLATION OF WINDOW GLASS FILM PROTECTION; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, METRO issued an Invitation for Bids for the installation of window glass film protection for the three lower floors of the Administrative Office Building, as a part of METRO's emergency preparedness program ; and

WHEREAS, Commercial Window Shield submitted the lowest responsive and responsible bid; and

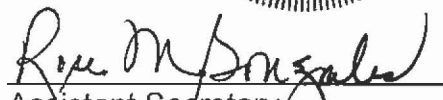
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN TRANSIT AUTHORITY THAT:

Section 1. The President & CEO is hereby authorized and directed to execute and deliver a contract with Commercial Window Shield for the installation of window glass film protection for an amount not to exceed \$188,907.00

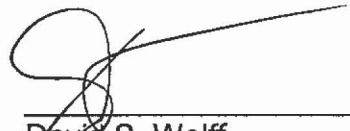
Section 2. This resolution is effective immediately upon passage.

ATTEST:




Assistant Secretary

PASSED this 21st day of September, 2006
APPROVED this 21st day of September, 2006



David S. Wolff
Chairman

A RESOLUTION

AUTHORIZING AND DIRECTING THE PRESIDENT & CHIEF EXECUTIVE OFFICER TO TRANSFER TEN (10) NEOPLAN 60-FOOT ARTICULATED BUSES FROM METRO TO THE REGIONAL TRANSIT SERVICE (RTS) IN ROCHESTER, NEW YORK; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT

WHEREAS, METRO has identified ten (10) Neoplan 60-foot articulated buses to transfer title to RTS; and

WHEREAS, RTS will accept the buses "as is" and will reimburse METRO for any expenses associated with preparing the vehicles for transfer to their agency; and

WHEREAS, the transfer of these buses will relieve METRO of any Federal Transit Administration fiscal liability, and

WHEREAS, it is appropriate and beneficial that METRO transfer the ten (10) articulated buses to the Regional Transit Service (RTS) of Rochester, New York.

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

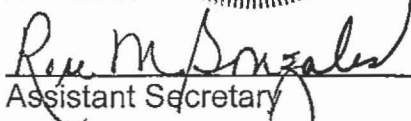
Section 1. The President & Chief Executive Officer be and he is hereby authorized and directed to transfer the ten (10) Neoplan 60-Foot articulate buses to Regional Transit Service (RTS) in Rochester, New York.

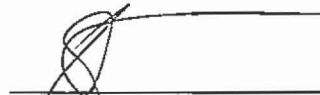
Section 2. This Resolution is effective immediately upon passage.



PASSED this 21ST day of September, 2006
APPROVED this 21ST day of September, 2006

ATTEST:


Assistant Secretary


David S. Wolff
Chairman

A RESOLUTION

ADOPTION OF BUS RAPID TRANSIT CONVERTIBLE AS THE LOCALLY PREFERRED ALTERNATIVE FOR SOUTHEAST CORRIDOR TRANSIT DEVELOPMENT; SELECTION OF THE ALIGNMENT OPTIONS FOR SOUTHEAST CORRIDOR TRANSIT DEVELOPMENT; AUTHORIZING AND DIRECTING THE PRESIDENT & CEO TO FORWARD THIS RESOLUTION TO THE APPROPRIATE ENTITIES AS NECESSARY AND REQUIRED FOR IMPLEMENTATION OF THE 2025 REGIONAL LONG RANGE TRANSPORTATION PLAN; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, the 2025 Regional Long Range Transportation Plan provides the framework for future transportation development in the greater Houston-Galveston area; and

WHEREAS, by way of Resolution 2005-72, the METRO Board of Directors adopted Bus Rapid Transit as the locally preferred alternative for transit development in the Southeast Corridor; and

WHEREAS, in compliance with federal regulations, METRO has conducted further analyses of the Southeast Corridor and has received extensive community input; and

WHEREAS, recent studies indicate that Bus Rapid Transit with subsequent conversion to Light Rail Transit, or Bus Rapid Transit Convertible, will best address transit needs and enable sustained ridership growth, while retaining project cost effectiveness; and

WHEREAS, it is appropriate that METRO refine its adoption of the locally preferred alternative for the Southeast Corridor to include Bus Rapid Transit Convertible, and designate the most effective alignment options;

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

Section 1. The Board of Directors hereby approves and adopts Bus Rapid Transit Convertible as the locally preferred alternative for Southeast Corridor transit development.

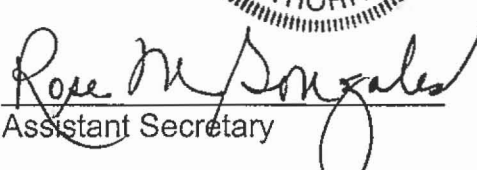
Section 2. The Board of Directors hereby approves and adopts the "Wheeler/MLK" option as the preferred alignment for Southeast Corridor development.

Section 3. The President & CEO is hereby authorized and directed to forward this Resolution to such entities as may be necessary or required for implementation of the 2025 Regional Long Range Transportation Plan.


Section 4. This resolution is effective immediately upon passage.

ATTEST:




Assistant Secretary

PASSED this 21st day of September, 2006
APPROVED this 21st day of September, 2006



David S. Wolff
Chairman

A RESOLUTION

APPROVING AND ADOPTING GUIDING PRINCIPLES FOR OBTAINING THE CONSENT OF AREA MUNICIPALITIES FOR CONSTRUCTION OF HIGH CAPACITY TRANSIT UPON, ACROSS, OVER, UNDER OR WITHIN THEIR PUBLIC STREETS OR RIGHTS OF WAY; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, in 2003, area voters approved implementation of the METRO Solutions Transit System Plan, including the construction of high capacity transit in several travel corridors; and

WHEREAS, significant components of high capacity transit will pass upon, over, under, across or within the public streets, roadways, property or thoroughfares; and

WHEREAS, in accordance with state law, prior to the alteration of any public streets, roadways, property or thoroughfares made necessary to accommodate the provision of transit services, METRO must first obtain the consent of the municipality where the transit projects will be constructed; and

WHEREAS, METRO has obtained such municipal consent by entering into "consent agreements" with the municipality responsible for the public streets, roadways, property of thoroughfares where such projects are constructed; and

WHEREAS, such consent agreements establish the terms and conditions under which METRO will utilize the public streets, roadways, property and thoroughfares for the construction and provision of transit services; and

WHEREAS, METRO recognizes and appreciates the fundamental impact that high capacity transit will have on the overall character of the neighborhoods through which it operates, both during and after construction ; and

WHEREAS, METRO is committed to the construction of its projects so as to minimize disruption to the neighborhoods and communities to the greatest extent feasible; and

WHEREAS, METRO, after careful review has established certain principles to guide the construction and provision of transit services in order to compliment and enhance the neighborhoods and communities that may be impacted by its construction activities; and

WHEREAS, it is appropriate that METRO establish that such principles be included in its municipal consent agreements in order to minimize such disruptions and to provide for the efficient construction and operation of the METRO Solutions high capacity transit projects;

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

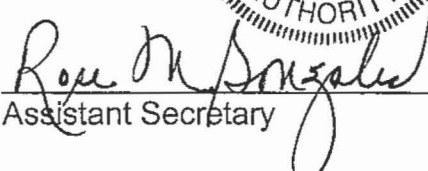
Section 1. The Board of Directors hereby approves and adopts guiding principles for obtaining the consent of municipalities for the construction of high capacity upon their public streets, roadways, property and thoroughfares, as substantially set forth in Attachment A.

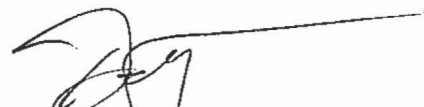
Section 2. This resolution is effective immediately upon passage.

PASSED this 21st day of September, 2006
APPROVED this 21st day of September, 2006

ATTEST:




Assistant Secretary


David S. Wolff
Chairman

Guiding Principles

The METRO Solutions Program is a comprehensive and integrated set of transportation improvements designed to:

- Improve mobility
- Relieve traffic congestion
- Improve air quality
- Encourage efficient land use
- Contribute to the economic vitality of the region
- Generally improve the quality of life along the corridors

The following principles are presented to establish a common basis of understanding with the City of Houston for the implementation of the METRO Solutions Program. Each principle is accompanied by a set of goals to support the establishment of a common basis of understanding for a consent agreement.

Principle # 1 - METRO will comply with FTA Federal Investment Criteria to maintain funding eligibility

Principle # 2 - Implement the METRO Solutions Program while maintaining program scope, schedule, and budget commitments

Goals:

- a. METRO and the City will each designate a lead project coordinator with point responsibility and authority for successful and expeditious completion of the Project
- b. METRO will use on-site personnel with the authority to certify that contractor submitted plans are compliant with City design standards and all applicable codes and ordinances
- c. METRO and the City will expedite the acceptance of project plans and specifications, and the issuance of city required permits
- d. METRO and the City recognize the tight schedule and budget associated with the Program. As such, the following project implementation assumptions are recognized both parties:
 - 1) One General Contractor under METRO authority for all transit corridor construction
 - 2) Changes to previously approved plans that are introduced by the City during construction will be compensated by the City

- 3) METRO and the City will agree on binding design parameters prior to construction commitments. The construction will comply with all City ordinances, codes and standards
- 4) METRO will perform final inspection and acceptance of constructed guideway elements
- 5) METRO will retain priority occupation of worksite and associated accesses. All City of Houston sponsored work by third party contractors or utility contractors in the vicinity of the project will be coordinated with METRO

Principle # 3 - Minimize Property Acquisitions

Goals:

- a. METRO will align the system and station configurations to minimize the property requirements
- b. Locate ancillary facilities (substations) in unused property already being acquired for the project when possible
- c. Acquire only project related Right of Way. METRO improvements will be limited to transit requirements and will not include adjacent roadway improvements
- d. Maintain a minimum lane width of 10 ft.
- e. Maintain a minimum sidewalk area of 6 ft. (unless existing condition is less)

Principle # 4 - Minimize Construction Impacts

Goals:

- a. METRO and its contractors will minimize disruptions to vehicular and pedestrian access to neighborhoods, businesses, and institutions, through properly managed construction activities
- b. Establish storefront offices with extended hours and a 24 hour construction hotline to collect and provide community input to construction operations
- c. Establish construction guidelines and incentives / penalties to mitigate affect on local businesses, such as:
 - 1) Construction in phased sections along each corridor sequenced to ensure minimal disruption
 - 2) Streets and sidewalks will be restored if there is a gap between phases of construction
 - 3) Business driveway reconstruction will be scheduled to accommodate business activity
 - 4) Organize construction to accommodate seasonal business activities as well as special civic and sporting events

- d. Maximize use of off-site fabrication and assembly for faster on-site installation
- e. Plan and communicate traffic control during construction to maintain easy access to businesses
- f. Provide "open for business" and directional signage
- g. Keep sidewalks accessible

Principle # 5 - Maintain Existing Traffic Capacity

Goals:

- a. Maintain existing traffic capacity on major streets
- b. Optimize overall traffic circulation, including the coordination and control of pedestrian, transit and vehicular signal operations
- c. Maintain existing Level of Service at all major intersections
- d. Conduct traffic impact studies for newly developed corridors
- e. Incorporate separate turning lanes when possible
- f. Maintain number and lengths of turning lanes with existing medians when possible
- g. Maintain access and priority for emergency response
- h. METRO will design, build, and maintain the traffic control system along the transportation corridors in cooperation with the City of Houston

Principle # 6 - Minimize Utility / Drainage Impacts

Goals:

- a. METRO will not adversely impact existing utility and drainage facilities within the city limits
- b. Restrict utility modification work to project requirements
- c. Establish transit project cross section to avoid utility and drainage conflicts
- d. Avoid replacement of utility facilities beneath the transit guideway
- e. Avoid utility betterments
- f. Project will be constructed using existing drainage systems without creating an adverse impact. If mitigation is required, METRO will accommodate increased drainage requirements by:
 - 1) Designing drainage systems in accordance with applicable portions of the COH Design Manual
 - 2) Designing localized collector systems to accommodate added flow capacity when necessary
 - 3) Designing to avoid introduction of downstream impacts on existing trunk lines or outfall structures

Principle # 7 - Protect and enhance neighborhood aesthetics and characteristics

Goals:

- a. Pursue transit improvements and mitigation measures aimed at preserving the aesthetic character of residential neighborhoods, local businesses and community institutions
- b. Implement "Arts in Transit" program tailored to each neighborhood's character based on cooperative approach with the community
- c. Enhance or improve landscape features, including trees and pedestrian walkways, in transit corridors
- d. Pursue opportunities to enhance neighborhoods by improving the residual property elements not required for transportation purposes
- e. Optimize pedestrian access at station locations

A RESOLUTION

APPROVING AND ADOPTING THE BUDGETS FOR FISCAL YEAR 2007; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

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

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

WHEREAS, in compliance with the cited statutory requirements, METRO has released proposed budgets for fiscal year 2007 and has held a public hearing regarding these proposed budgets; and

WHEREAS, the Board of Directors has reviewed the proposed budgets for fiscal year 2007 and has considered the public comments thereon;

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

Section 1. The Board of Directors hereby finds and declares that all prerequisites required by law for the consideration and adoption of the budgets for fiscal year 2007 have been satisfied.

Section 2. The Board of Directors hereby approves and adopts an Operating Budget for fiscal year 2007 totaling \$288,117,000.00.

Section 3. The Board of Directors hereby approves and adopts a Capital Budget for fiscal year 2007 totaling \$363,330,000.00.

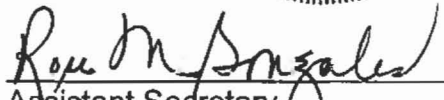
Section 4. The Board of Directors hereby approves and adopts a General Mobility budget for fiscal year 2007 totaling \$112,507,000.00.

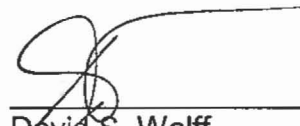
Section 5. This resolution is effective immediately upon passage.

PASSED this 21st day of September, 2006
APPROVED this 21st day of September, 2006

ATTEST:




Assistant Secretary


David S. Wolff
Chairman

A RESOLUTION

APPROVING AND ADOPTING A FARE RESTRUCTURE; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, over the course of several years, METRO has implemented a wide variety of revenue instruments for use by the riding public; and

WHEREAS, the volume and complexity of fare mechanisms has become complicated and confusing because of the variety of service charges; and

WHEREAS, the Board has reviewed proposed revisions to METRO's fare structure which will modify the form and variety of instruments sold for the use of transit services; and

WHEREAS, the Board of Directors has considered the public's comments regarding the proposed revisions to METRO's structure; and

WHEREAS, the Board is of the opinion that certain revisions to the fare structure will create a more equitable, simplified mechanism for obtaining transit services;

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

Section 1. The Metropolitan Transit Authority Board of Directors hereby approves and adopts a restructure and adjustment of fares, as substantially set forth in Exhibits I and II, attached.

Section 2. The Metropolitan Transit Authority Board of Directors hereby authorizes and directs the President & CEO to take such administrative action as necessary, as soon as practicable, to implement the restructure and adjustment of fares, with the appropriate modifications, as identified by the Board of Directors, to provide further clarity and ease of use.

Section 3. This Resolution shall supercede all prior resolutions pertaining to METRO's fare policies, structures, schedules and practices.

Section 4. The President and CEO shall submit annual reports to the Board assessing the impact of METRO's fare policies on operating expenditures.


Section 5. This resolution is effective immediately upon passage.



ATTEST:


Assistant Secretary

PASSED this 21st day of September, 2006
APPROVED this 21st day of September, 2006


David S. Wolff
Chairman



New Fare Policy



**Reference
Guide**

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As of February 1, 2008

- Day Pass eliminated
- NO 7-Day, 30-Day Passes and Stored Value Cards Sold
(Last day to use, March 31, 2008)
- 5 Free Trips with 50 Paid trips
- Senior qualifying age increases to 65
- NO cash transfers after February 29, 2008

New Fare System

- Q Cards now being distributed
(Customer Must Add Value before using)
- Faster boarding
- 2 Hour transfer period
- One Q Card per customer
- Register to protect balance
- Reload minimum of \$1 – \$500 maximum on card
- Transfer free with Q Card *(and METRO Money to be issued to social service agencies and special events)*

FARE SYSTEM TIMELINE

January 2, 2008

- Q Card launch date 1/2/2008 will be announced to the public.

January 31, 2008

- Last day to purchase 7-Day and 30-Day Passes
- Last day for purchase and use of Day Passes

February 1, 2008

- The official date METRO will launch full Q Card services.
(Customers can still use current fare media through March 31, 2008)

February 29, 2008

- Last Day operator will issue transfers for cash payment on the bus.

March 31, 2008

- Last day for 7-Day, 30-Day passes and Stored Value cards to be accepted as payment on METRO bus and rail.

After March 31, 2008

- Q Card and cash are the only forms of payment accepted on METRO bus and rail.

Grandfathered \$52 Pass

METRO stopped selling the \$52 Annual passes to Disabled, Students and Seniors on December 31, 2007.

- Patrons who had the \$52 Pass before the new Fare Policy went into effect may be eligible to continue the pass ("Grandfathered") under certain conditions:
 - They must hold a valid \$52 Discount 365 Day Pass prior to new Fare Policy implementation.

METRO Rail Single Ride Rail Ticket

- This ticket is valid **ONLY** on the rail system for 2 hours.
- Cannot be used to transfer or for a return trip.
- You cannot purchase Senior, Disabled or Student Single Ride Rail Tickets.
- Can only be purchased at a Ticket Vending Machine (TVM) along the METRO Rail Line for \$1.00 One Way



Q Card

METRO's New Fare Card

- A reusable Stored Value Card
- Use it like a debit card
- Reload Q Card when balance is low
- The first card is free (*you must add value to the card before it can be used*)
- 1st Replacement Q Card is free.
- Additional replacements are \$10.00 each

How to use your new Q Card

- Add value to your card
- As you enter the bus the Q Box (card reader) will be located to your right
- Simply tap your card on the Q Box one time
- A light will appear
 - If the light is GREEN, your fare has been paid and a transfer is added to your card.
 - If the light is RED, your fare has NOT been paid; you may have a card problem.

Potential problems with card include:

- *Lack of available funds on card*
- *Card has been damaged*
- *Card tapped more than once within 5 minutes*

**CUSTOMER SHOULD CONTACT METRO'S Q CARD HELP
DESK FOR TROUBLE SHOOTING AND RESOLUTION**



How to check the balance on your Q Card

- When paying your fare, simply hold your card directly on the Q Box for as long as needed to see the display of information.
- Your card balance and trip counter will be displayed on the Q Box as long as your card is touching the Q Box. Once the card is removed, the box will not display card balances.
- TVMs and CVMs also have balance display options on the menu.

Where can I add value to my Q Card?

- Q Card On Bus Reloader *(Cash only; not available on METRO Park & Ride buses)*
- Credit Vending Machine (CVM) available at all Park & Ride Locations *(Credit or Debit only)*
- Ticket Vending Machine (TVM) located on all METRORail Platforms
- Participating Retail Locations
- METRO RideStore Locations
- On the Web at www.ridemetro.org *(funds loaded from website will be available for use on the following business day)*



TVM



CVM



On Bus Reloader

STUDENT Q CARD

Children and Students 6 years old and older must pay fare with a Student Q Card to receive 50% discount when New Fare Policy is launched (February 1, 2008)

Elementary, Junior, Middle, Intermediate & High School Students

- Student must present Valid school ID and school schedule for the Current Year except for Elementary School to register for a student Q Card.
- No Photo Required
- Only issued at METRO RideStore Locations or through Schools
- Student Q Cards Expire on September 30 after the School Year Ends
- 50% discount off of base fare

Note: Student Q Card must be registered in the student's name

College & University Students

- Student must present Valid School ID and Valid School Schedule for current Year or Official copy of enrollment to register for a student Q Card.
- 1st Card Free
- Issued at METRO RideStore or approved College or University
- Photo Q Card Required
- 50% discount off of base fare

STUDENT FARES

Comparison Chart

Current Fare Structure for Students (Last Day January 31, 2008)

- Children 5 and Younger.....FREE
- Youth ages 6 - 1125 cents
No ID required
- Students 12 and older.....40 cents
(Middle School to High School)
 - School Issued ID or METRO Student ID required
 - Go Card no longer being issued
 - Previously issued Go Cards expired 8/31/07
- University/College/Technical Students.....UPASS
 - Participating Schools Only*
 - UPASS expires no later than 12/31/07

**College students from non-participating schools can get a Q Card with new fare structure. Students can obtain their Q Card at a METRO RideStore.*

New Fare Structure for Students

(Begins February 1, 2008)

- Children 5 and Younger.....FREE

- All Students..... 50% discount
Student Q Card required (off base fare)

- Includes students age 6 and older:
 - Elementary school students
 - Middle school students
 - High school students
 - University/College/Technical school students

DISABLED Q CARD

Only issued at METRO RideStore locations (see last page), to Customers with Disabilities

Items Customer must have for a Disabled Q Card to be Issued:

(The following information must be provided by the doctor in either letterhead or prescription form.)

- Brief description of the disability
- If the disability is temporary or permanent.
(If the disability is temporary it must state for how long)
- Customer must have valid government-issued ID
(Customers with a visible disability only need their valid government issued ID.)

Note: METRO customers with a Disabled Q Card receive a 50% discount off the base fare. Full Fare will be required without valid discount Q Card. (Photo Required)

SENIOR Q CARD

Only Issued to Customers 65 to 69.

- Customer must show valid government-issued ID for proof of age to register for a Senior Q Card.
- 50% off base fare with Senior Q Card
- Full Fare required without discount Q Card
- Photo Required

70+ Q Card

Only Issued at METRO RideStore Locations (see last page) to Customers who are 70+

- Must show valid government-issued ID for proof of age
- 70+ customers with a 70+ Q Card ride free
- Photo Required

Note: Full Fare required without valid discount Q Card

TMC Q CARD

Issued to customers who work in the Texas Medical Center and pay for remote parking at TMC parking lots by the Institution that issues the parking contact.

- TMC Q Card Holders traveling within the 4-station TMC zone should not tap their TMC Q Card on METRORail.
(TMC Zone = Smithlands, TMC Transit Center, Dryden, Herman/Memorial Park Station)
- For travel on METRORail outside the 4-station, TMC zone, customers should add value to card and tap card on the Q Box (Card Reader) to pay regular fare.
- Enforced by METRO Police

Lost or Stolen Q Cards

- Lost or Stolen Q Cards are handled by the Q Card Help Desk
- Telephone Number: 713-635-4000 and select Q Card Help Desk from the menu.
- Queue Number: 4039
- 1st Replacement Q Card is free.
- Additional replacements are \$10.00 each

Lost or Stolen Q Cards Process

Customer Responsibilities

- Report lost or stolen card to Q Card Help Desk as soon as possible by calling the Q Card Help Desk or visiting a METRO RideStore location.
- Provide Name and Birth Date to Customer Service Representative at the Q Card Help Desk.
- If original card still has value on the card at the time it is lost or stolen, customers will need to visit METRO Headquarters, 1900 Main Street, 2nd Floor Treasury window to pick up a new card with balance transferred from old card.

- Customer will need to Register the New Q Card **Immediately.**
- Customer can begin using the card again to ride METRO Bus and Rail.

Q Card Help Desk Responsibilities

- Help Desk Representative will verify card registration in APOS system.
- Card will be Hot Listed in APOS System by Treasury Division.
- Hot List form will be completed online and forwarded to Treasury for completion.

TVM[®] **Ticket Vending Machine**

Located on all METRORail Platforms TVM Accepts Cash, Credit and Debit Cards

Customers can use TVM to:

- Add Value to current Q Card
- Purchase a one-way rail ticket for \$1.00

NEW Ticket Vending Machines

February 1, 2008

- Old Fare Items eliminated (*magnetic stripe transfers will continue until Feb. 29, 2008*)
- New Rail Tickets (no Transfer) will replace Old Style Rail Tickets in TVMs



CVM

Credit Vending Machine

Located on all METRORail Platforms the CVM only accepts Credit and Debit Cards

Customers can use CVM to:

- Add value to current Q Card
- Only accepts Credit Cards or Debit Cards
- **Does not** accept Cash
- Located at METRO Park & Rides



Q Card

Bus Reloader

***Located on local buses in the rear of the vehicle.
Reloader will load value of actual bill only (1 at a time).
No change will be given.***

Customers can use to:

- Add Value to Q Cards with Cash only (bills only)



Web Services

- Add Value to Q Cards.
(funds loaded from website will be available for use on the following business day)
- Subscribe to Automatic Value Updates.

Q Card Retailers

*for a List of participating Q Card Retailers, refer to
http://www.ridemetro.org/qcard/retailers_list.asp*

Customers can use to:

- Get a Q Card
- Add value to Q Cards

Q BOX (Card Reader)

Customers can use to:

- Pay their bus fare
- Located at the front doors of each bus and on the side of each Ticket Vending Machine on the rail platforms



Q Card Registration

Customers are encouraged to Register their Q Cards as soon as they receive them to protect their card balance.

Three Ways to Register a Q Card

- Mail in the registration form
- Call the Q Card Help Desk
- Drop off the form at a METRORide Store

How METRO Fares in 2008		Fare remains the same	January 31, 2008 Last Day To Purchase	February 29, 2008 Paper Transfers No Longer Issued	March 31, 2008 Last Day to Use
Existing Fares					
Local One Way \$1.00		✓			
Park & Ride One Way* Zone 1 - \$1.50 Zone 3 - \$3.00 Zone 2 - \$2.50 Zone 4 - \$3.50		✓			
Magnetic Stripe Stored Value			✓	✓	✓
30-Day Pass			✓		✓
7-Day Pass			✓		✓
Day Pass			✓		
One Way Rail Pass		✓			
K-12 Student Discount			✓		✓
College Students U.Pass Q Card			✓		✓
Disabled Discount			✓		✓
Seniors Discount			✓		✓
Lifetime Pass 70 and older		✓			

*All Park & Ride Routes with Midday & Late Evening service will pay the lower fare zone along its specific corridor.

Under New Fare Program

Cash



Q Card

5 Free Trips

for 50 paid



No Free Transfers	Free Transfers (2 Hour Transfer)
\$1.00	\$1.00
Zone 1 - \$1.50 Zone 3 - \$3.00 Zone 2 - \$2.50 Zone 4 - \$3.50	Zone 1 - \$1.50 Zone 3 - \$3.00 Zone 2 - \$2.50 Zone 4 - \$3.50
Not Available	Not Available
Not Available	Not Available
Not Available	Not Available
Not Available	Not Available
\$1.00	\$1.00
50% Discount (School ID required)	50% Discount (Q Card/no photo required)
Full Fare	50% Discount (Q Card/photo required)
Full Fare	50% Discount (Q Card/photo required)
Full Fare	50% Discount - 65 and older (Q Card/photo required)
Full Fare	Ride Free Q Card/photo required

All Express Routes will be \$1.00 with the exception of the 170 Missouri City Express, which remains \$1.50.

METRO RideStore Locations & hours

1001 Travis
Houston, Texas 77002
Open: 7:30 a.m.-5:30 p.m. weekdays

1900 Main St.
Houston, Texas 77002
Open: 7:30 a.m.-5:30 p.m. weekdays

Important Numbers to Remember

Q Card Hotline 713-739-4039
METROLine
(route and service information) 713-635-4000
Customer Service
(comments and complaints) 713-658-0180
METROLift Information 713-225-0119
RideShare 713-224-RIDE
Lost & Found 713-658-0854
METRO Police 713-224-COPS



METRO
PROPOSED FARE STRUCTURE REVISIONS

September 2006

- A. FINANCE COMMITTEE MEMO TO BOARD**
re: Fare Restructuring Proposal
- B. PROPOSED RESOLUTION**
- C. FARE STUDY RESULTS**
- D. BACKGROUND MATERIALS**

METRO
PROPOSED FARE STRUCTURE REVISIONS

September 2006

A. FINANCE COMMITTEE MEMO TO BOARD
re: Fare Restructuring Proposal



Metropolitan Transit Authority
1900 Main ★ P.O. Box 61429
Houston, Texas 77208-1429

Frank J. Wilson
President & Chief Executive Officer

FARE RESTRUCTURING PROPOSAL

The members of the Finance Committee have held several workshops with management to discuss a proposed restructuring of METRO's Fare policy. The members of the Committee have closely examined each of the recommended actions with management and have achieved unanimity on supporting a series of proposed actions to be considered by the Board.

Background - For fiscal year 2005, farebox receipts of \$47 million covered only 17% of operating expenses. In 1995, the year after the last Authority fare policy action, the Authority's fare ratio was 24.3%. The current base fare for Authority transit service is \$1.00 for a local trip, a rate that is the lowest of virtually all major cities in the United States. Due to the extensive volume of discounting instruments, the average fare paid for a METRO trip is 48 cents.

In recent years, the Authority has faced dramatic increases in its operating costs. Since 2002, fuel costs alone have risen 85%. Over recent years, the Authority has taken a number of aggressive steps to address its financial needs without seeking adjustments to fares. METRO has held its operating budget constant for three years. It has implemented an aggressive series of cost reduction actions, including reductions in route service and staff levels. However, as a last resort, the Authority must now attempt to address its operating financial needs through adjustments to farebox revenue.

METRO BOARD OF DIRECTORS

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C. JIM STEWART, III

FARE RESTRUCTURING PROPOSAL

Discussion - At this time, the Finance Committee members are recommending that the Board consider modifications to fare policy structures. A rate increase is not suggested at this time. Instead, through implementation of the recommended fare structure changes, an overall fare increase can be avoided at this time. However, it should be noted that the members believe that the Board should establish a broader policy on fares that calls for resolute assessments of fare policy conditions on an annual basis, with a goal of eventually achieving a 25% farebox recovery ratio. Once achieved, this level of contribution from the farebox should be meticulously maintained through periodic adjustments to fare levels.

The last major Board action on fare policy and structure occurred in 1994. The current METRO fare policy provides an enormous variety of instruments for patrons to use for transit service. However, many of these instrument types are confusing and somewhat uncontrollable. As a result, the Authority is exposed to misuse of fare instruments, thereby losing additional funds. Furthermore, while certain fare instruments and policies provide discounts to certain patrons, the provisions for discounting are inequitable, favoring those persons with the ability to purchase high-value instruments, rather than focusing discounts towards the frequent rider.

In order to enhance the equity of discounting, to improve the level of control over instrument usage and to simplify the options provided to the riding public, the members of the Finance Committee believe that it would be prudent for the Authority to modify its historic fare structure to remove an extensive variety of unproductive fare products that create an overly complicated and unfriendly system for patron transactions. The specific changes that are recommended are presented in the attached materials.

FARE RESTRUCTURING PROPOSAL

As a result of these changes, METRO can expect to increase its fare receipts by approximately \$14 million annually, increasing its farebox recovery ratio from 16.9% to 22.1%. It should be noted that the changes may cause some loss of ridership, with an expected short term ridership estimated loss of 11% on an annual basis.

Recommendation - The Finance Committee recommends that the Board adopt the proposed revisions to the METRO Fare policy and structure.

**METRO
PROPOSED FARE STRUCTURE REVISIONS**

September 2006

B. PROPOSED RESOLUTION

**METRO
PROPOSED FARE STRUCTURE REVISIONS**

EXHIBIT I

**PROPOSED
RESOLUTION**

September 2006

METRO
PROPOSED FARE STRUCTURE REVISIONS

September 2006

C. FARE STUDY RESULTS

- Description of Proposed Adjustments

METRO

PROPOSED FARE STRUCTURE REVISIONS

EXHIBIT II

Description of Proposed Adjustments

September 2006

METRO – PROPOSED FARE STRUCTURE REVISIONS
Description of Proposed Adjustments
September 2006

PROPOSED ACTION	CURRENT POLICY	PROPOSED ACTION	GOAL FOR PROPOSED CHANGE
INITIATE LOYALTY PROGRAM	No Program Currently Currently, discounts are provided only to patrons expending funds to purchase pre-paid instruments priced from \$9 to \$990	All patrons using a reusable Smart Card for 50 paid trips on any service will receive 5 free trips on any service. Note – loyalty program will not apply to disposable smart card instruments.	<ul style="list-style-type: none"> ✓ Improve equity of discounting; ✓ Replace period pass discounts; ✓ Replace stored value bonuses; ✓ Encourage patrons to retain smart card instruments; ✓ Encourage use of smart card instruments.
ELIMINATE FREE TRANSFERS FOR CASH PAYMENT	Transfers obtained for free on-board vehicle; Presented for free ride for three hours following initial boarding	Permit free transfer only with Smart Card	<ul style="list-style-type: none"> ✓ Speed bus boardings; ✓ Remove driver from transaction; ✓ Reduce Electronic Farebox failures ✓ Reduce misuse <i>(e.g. - use of instrument by multiple persons)</i>
REDUCE TRANSFER PERIOD	Free transfers may be used on any route within same service type for 3 hours from time of initial boarding	Permit free transfer with smart card only for 1.5 hours from time of initial boarding	<ul style="list-style-type: none"> ✓ Reduce misuse <i>(e.g. -round trips; use of instrument by multiple persons)</i>
ELIMINATE DAY PASS	Day Pass currently purchased on-board buses; Permits use of all local service routes all day Provides 33% discount on 3 uses	Replace with Smart Card and Loyalty Program	<ul style="list-style-type: none"> ✓ Reduce misuse <i>(e.g. - usage by multiple persons, usage on improper routes)</i> ✓ Speed bus boardings; ✓ Remove driver from transaction; ✓ Reduce Electronic Farebox Failures

METRO – PROPOSED FARE STRUCTURE REVISIONS
Description of Proposed Adjustments
September 2006

PROPOSED ACTION	CURRENT POLICY	PROPOSED ACTION	GOAL FOR PROPOSED CHANGE
ELIMINATE PERIOD PASS	Permits use of all fixed routes within zone level purchased Currently sold as 7, 30 or 365 day instruments Current Discounts range from 23% to 44%	Replace with Smart Card and Loyalty Program	<ul style="list-style-type: none"> ✓ Improve equity in Discounting ✓ Reduce misuse – <i>(e.g. - usage by multiple persons)</i> ✓ Reduce Electronic Farebox Failures
ELIMINATE STORED VALUE BONUSES	Patron receives bonus value ranging from 25% to 36% on purchase of instrument	Replace with Smart Card and Loyalty Program	<ul style="list-style-type: none"> ✓ Improve equity in discounting ✓ Reduce fare structure complexity
LIMIT TOKENS TO SOCIAL SERVICE AGENCIES and REMOVE DISCOUNT	Tokens currently purchased at MetroStop locations + sold to social service agencies as revenue instrument	Eliminate sale of tokens to public; Retain for use by designated governmental social service agencies.	<ul style="list-style-type: none"> ✓ Eliminate cost of processing, distributing and selling token instruments
ELIMINATE PEAK / OFF-PEAK DIFFERENTIALS	All patrons pay only \$1.00 for all routes during off-peak periods and directions	All patrons will be charged the same rate for the pertinent service at all times.	<ul style="list-style-type: none"> ✓ Increase revenue ✓ Reduce fare structure complexity ✓ Reduce Driver / Patron confrontations on time of service issues

METRO – PROPOSED FARE STRUCTURE REVISIONS
Description of Proposed Adjustments
September 2006

PROPOSED ACTION	CURRENT POLICY	PROPOSED ACTION	GOAL FOR PROPOSED CHANGE
REQUIRE USE OF SMART CARD ID FOR DISCOUNT FARES	Patron must present ID with cash fare to obtain discount; No ID required with pre-paid instruments	Require presentation of picture smart card ID for payment of discount fares.	✓ Ensure eligibility; ✓ Remove driver from transaction
REDEFINE ZONE DESIGNATIONS	Zones assigned to stops on route based on distance that route travels	Assign single zone per route; Most Express Routes designated as Local Service	✓ Reduce fare structure complexity ✓ Reduce Driver / Patron confrontations
ADJUST SENIOR, STUDENT, DISABLED DISCOUNTS TO REFLECT FEDERAL REQUIREMENTS	Persons aged 62 to 70, Disabled Persons and Students receive approximately 60% discounts on travel	Adjust senior discount to conform to federal requirements – persons aged 65 receive 50% discount from base fare; Adjust disabled and students to federal 50% discount requirement Senior, Student, Disabled discounts applicable 24 hours a day, seven days a week in absence of off-peak designations.	✓ Conform to federal guidelines ✓ Increase revenue

METRO – PROPOSED FARE STRUCTURE REVISIONS
Description of Proposed Adjustments
September 2006

ELIMINATE YOUTH DISCOUNT	Children aged 5 to 11 receive 75% discount during off-peak periods	Children aged 5 to 11 will pay Student Discount rate – 50% of Base Rate Student discounts applicable 24 hours a day, seven days a week.	✓ Makes discounting consistent with other discounted instruments ✓ Reduce fare structure complexity
MODIFY RETAILER & RIDE SPONSOR COMMISSIONS	Retailers receive average approx. 5% discounts Ride Sponsors receive average 10% discounts Social Service Agencies receive 10-15% discount on tokens	Retailer discounts will be set by the President & CEO Eliminate Ride Sponsor and Agency discounts	✓ Discount reflects reduced workload for smart card processing
ELIMINATE TMC PASS	Employees of TMC can use pass on certain rail stations and circulators for \$1 per wk.	Replace TMC instrument with TMC contracted service	✓ Increase revenue ✓ Reduce fare structure complexity
REPLACE U Pass WITH STUDENT DISCOUNT	Colleges can purchase passes at \$1 per week. Provides free rides on all services	Replace U Pass instrument with student ID Smart Cards for Full-Time College Students Student discounts applicable 24 hours a day, seven days a week.	✓ Reduce fare structure complexity ✓ Makes discount consistent with other discount instruments
ELIMINATE JURY SERVICE DAY FREE RIDES	Persons ride for free when present jury summons	Eliminate jury service day free travel	✓ Increase revenue ✓ Eliminate misuse – (no control on jurors)
ELIMINATE ELECTION DAY FREE RIDES	Persons ride for free when present voter registration	Eliminate election day free travel	✓ Increase revenue ✓ Eliminate misuse – (no control on voters)

METRO – PROPOSED FARE STRUCTURE REVISIONS
Description of Proposed Adjustments
September 2006

ELIMINATE FREEDOM PASS	Disabled patrons eligible for MetroLift service may ride fixed route service for free with attendant also riding free	Disabled patron will pay standard disabled fare upon presentation of eligibility card; attendant rides free with eligible disabled patron	✓ Makes discount consistent with other discount instruments ✓ Eliminate misuse
70+ PASS	Patron aged 70 or older rides all routes for free	No Change	

METRO PROPOSED FARE STRUCTURE REVISIONS

September 2006

D. BACKGROUND MATERIALS

- Definitions
- Historic Fare Policy Review

METRO
PROPOSED FARE STRUCTURE REVISIONS

EXHIBIT III

Background Materials

September 2006

METRO – PROPOSED FARE STRUCTURE REVISIONS
Background Materials
September 2006

DEFINITIONS

DEFINITIONS

Peak / Off-Peak – Times of day that are designated for different levels of fares. Peak service is designated between 6:00 and 9:00AM for commuter routes traveling into the downtown area and 3:00 to 7:00 PM for commuter routes traveling out of the downtown area.

Period Pass – Instrument valid for all rides at all times within the defined period of time (7, 30 or 365 Days) within the authorized zone of service purchased. (Local, Zones 1,2,3,4)

Ride – A portion of a trip, comprised of transport on a single route

Ride Sponsors – Employers that provide employees with the capability of procuring METRO fare instruments through arrangements within the employer's administration functions.

Smart Card – Credit card sized instrument containing a micro-computer that contains refillable value data that can be extracted for fare payment by readers placed on transit vehicles and platforms. Patrons may place initial value or add value to a smart card at retail sites and ticket vending machines.

Stored Value Card – Instrument containing initial amount of value, decremented by amount of specific fare transaction upon presentation

Transfer – Instrument that is presented to obtain a free ride on additional routes required to complete a single journey.

Trip – An entire end-to-end journey using one or more transit routes.

Value – An amount of pre-paid fare funds placed on a smart card following completion of a cash, credit or debit card transaction through a retail outlet or ticket vending machine. Card reader devices placed on buses and rail platforms reduce the smart card's value to pay for a specific fare transaction.

METRO – PROPOSED FARE STRUCTURE REVISIONS
Background Materials
September 2006

HISTORIC
FARE POLICY REVIEW

METROPOLITAN TRANSIT AUTHORITY OF HARRIS COUNTY FARE POLICY REVIEW

INTRODUCTION

Clear, consistent, and fair fare policies are critical to METRO's success. In light of METRO's increasingly complex fare structure and decreasing fare recovery ratio, METRO has contracted with Nancy R. Edmonson to review its current fare policy, structure, and levels and make recommendations for improvements. In addition, the study will include development of a spreadsheet-based tool for testing various changes in fares and fare policy. One reason for the current examination of fares is the planned introduction of new fare media—the smart card—in 2006.

METRO would like to revise its fare policy to meet the following objectives:

- Simplify fare structure--Simplification reduces operator/passenger conflicts, reduces demands on Treasury Services employees and budget, and is easier to market.
- Reduce fraud—Reducing fraud can increase revenues without negatively affecting METRO's paying passengers.
- Improve equity—Equity can be defined in a number of ways, as will be discussed later.
- Improve fare recovery ratio (operating ratio)
- Speed bus operations

In this study, fare level refers to the average level of all fares and the resulting systemwide fare recovery. Fare recovery is the portion of operating costs that are covered by passenger fares. The fare level is generally established by Board policy. Fare structure refers to the differential level of fares by service type (e.g., local, park and ride), time period (e.g., peak, off-peak), passenger type (e.g., seniors, students), distance, or other service or passenger-based distinctions. Staff generally determines the fare structure, with Board concurrence. Together, the fare levels and fare structure comprise an agency's fare policy. The methods by which fares can be made are generally referred to as fare media or fare scrip.

HISTORY

When the City of Houston took over the provision of transit service from private operators in 1973, the fare structure was a three zone, distance-based policy with the Zone 1 local fare at \$.40, Zone 2 at \$.50, and Zone 3 at \$.60. When METRO began operations in 1979, the same local fares were retained and six P&R fare zones were established with fares ranging from \$.65 to \$1.90. METRO implemented its first fare increase in March 1984, boosting the Zone 1 local fare to \$.50, the Zone 2 fare to \$.60, and Zone 3 fare to \$.75. P&R fares increased 20% to 30%, with the new fares ranging from \$.85 to \$2.35. The multiple zone system was hard to police, since it required different riders on the same bus to pay different fares depending on where they intended to get on and off.

Fares were changed again in March 1985, when the local zone structure was abandoned in favor of one local fare of \$.55. This new fare structure was a one-route, one-fare system. An express fare category was added with a \$.80 fare, with proportionate increases in park and ride fares. Senior, disabled, and student fares were generally kept at one-half the base fare, with children paying only \$.15. METROLift fares were set at \$1.00. In Board Resolution 85-18, the fare structure was defined as well. Express rates were set at 1.5 times the local rate and required that the route operate for at least six miles in a non-stop, express mode. The first commuter fare was set at two times the base local fare and required point-to-point service of at least 10 miles.. Each additional zone was defined in concentric rings of five miles

Fare increases continued through 1994. These fare increases were generally set as a certain increase in the local fare, with approximately the same percentage increase carried to the express and park and ride categories. The 1986 fare increase raised the base fare to \$.60, with increases in express and park and ride fares as well. The METROLift fare was kept at \$1.00. Regular transit fares were raised again in 1988, while the METROLift fare again remained constant. The fare increase of 1991 included an increase in METROLift fares to \$1.15, the last time that fare was increased.

Finally, the fare increase of 1994 increased the base fare to its current level. Board Resolution 94-129 retained most of the fare structure laid out in 1985, but also added significant details on all types of discounts, including those for retail outlets and passes. The only fare changes since then have been fare structure changes—such as the introduction of local fares for non-peak period, peak direction express and park and ride riders—or fare media changes—such as the introduction of stored value cards. METRO's fare history is summarized in Table 1.

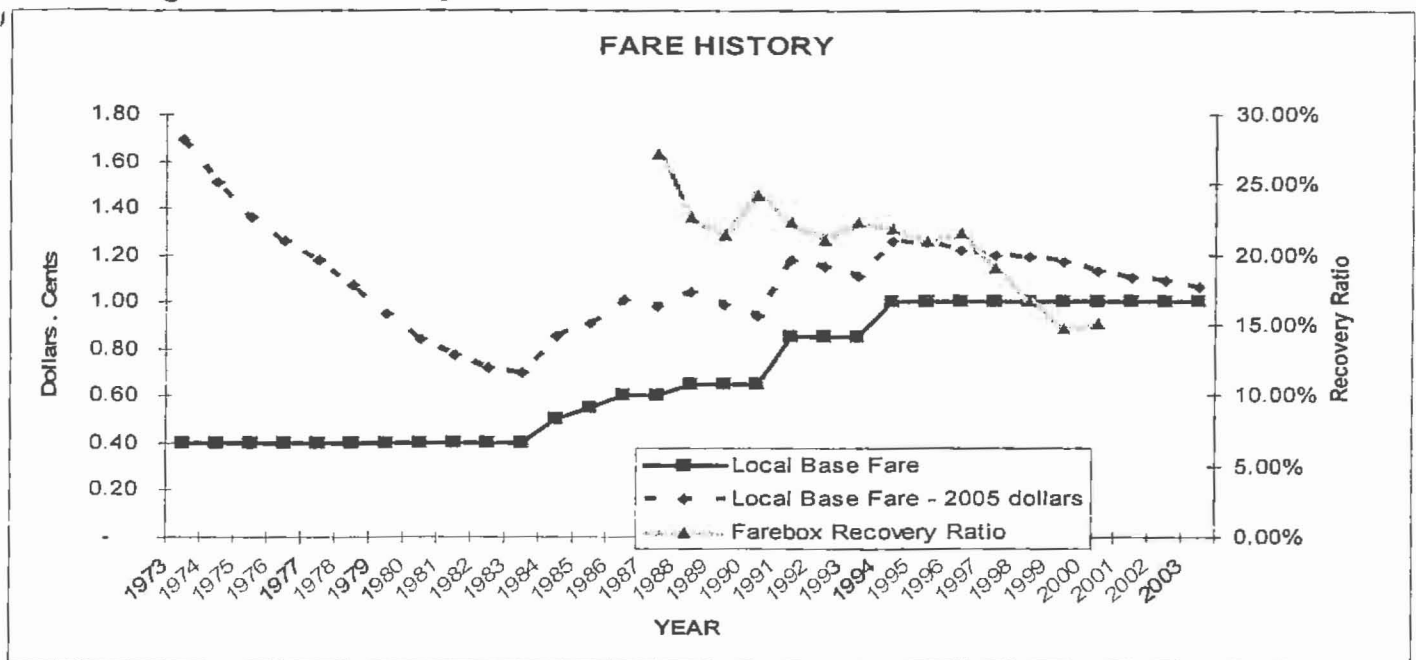
Table 1
Fare History

Date	Base Fare	% Increase	Fare Recovery (1)	Base Fare \$2005 (2)
1973	\$.40			1.69
1974	\$.40			1.51
1975	\$.40			1.36
1976	\$.40			1.26
1977	\$.40			1.18
1978	\$.40			1.07
1979	\$.40			.95
1980	\$.40			.84
1981	\$.40			.77
1982	\$.40		23.0%	.72
1983	\$.40		25.0%	.70
1984	\$.50	25%	22.8%	.85
1985	\$.55	10%		.91
1986	\$.60	9%		1.01
1987	\$.60		24.6%	.98
1988	\$.65	8%		1.04
1989	\$.65			.99
1990	\$.65			.94
1991	\$.85	31%		1.18
1992	\$.85		27.2%	1.15
1993	\$.85		22.7%	1.11
1994	\$1.00	18%	21.4%	1.26
1995	\$1.00		24.3%	1.25
1996	\$1.00		22.3%	1.22
1997	\$1.00		21.1%	1.20
1998	\$1.00		22.3%	1.19
1999	\$1.00		21.9%	1.17
2000	\$1.00		21.0%	1.13
2001	\$1.00		21.5%	1.10
2002	\$1.00		19.1%	1.09
2003	\$1.00		16.7%	1.06
2004	\$1.00		14.8%	1.03
2005	\$1.00		15.1%	1.00

(1) Fare recovery ratios from 1992-2004 are from OMB. Earlier ratios are from historical documents and are provided for order of magnitude comparison only.

(2) Adjusted using the Houston CPI

Figure 1 – Fare History



Clearly, METRO's current fares are low compared to inflation-adjusted historical levels and these low fares have translated into a low farebox recovery. As inflation increases, the real value of fares decreases. Just to hold the fare recovery ratio constant, METRO will need to raise fares as inflation increases operating costs. Since the last fare increase (FY 1994), inflation in Houston has risen over 23%.

The current fare structure and levels generate about \$46 million per year in fare revenue and an overall fare recovery ratio of 15.1 percent. The FY 2005 fare revenues are almost exactly the same as the fare revenues in FY 1992. But increasing operating costs have cut the fare recovery ratio over the same period in half.

CURRENT FARE STRUCTURE AND LEVELS

METRO's current fare structure and levels is summarized on Table 2 (attached). In general, METRO system is a one-ride, one fare system, with fares varying both on the level of amenities (local vs. park and ride) and on distance. Over the years, METRO's system has become increasingly complex, with a profusion of new service types and fare media.

Fare Media Sales

All fare media can be purchased at METRO RideStores, ticket outlets (such as grocery stores), and Ridesponsors (participating employers). If a ticket outlet sells at least \$500 of METRO fare scrip monthly, the ticket outlet receives a discount varying from 2% to 6% depending on whether the outlet picks up the fare scrip (versus delivery by METRO) and how quickly the outlet pays for the scrip upon receipt or within 10 days.

There are currently over 200 ticket outlets, receiving on average about a 5.5% discount. These outlet discounts are typical of the discounts provided by other transit agencies in Texas, with DART offering discounts ranging from 2% to 5% and Capital METRO offering 5% discounts. These same outlets typically also handle utility payments, for which they generally receive less than 1% of the transaction value for handling the payments.

Ridesponsors who purchase at least 25 passes or ticketbooks per month receive discounts of 5% to 10% based on the same variables as the ticket outlets. Many of these Ridesponsors pass the discount on their employees. There are currently nearly 100 Ridesponsors, receiving on average an almost 8% discount. Some community service agencies also distribute at least some of METRO fare scrip. Agencies buying at least 250 tokens or tickets or 5 passes or ticketbooks receive an additional 10% discount on the ten-token packets or the face value of the scrip. Token purchases in quantities of 25,000 receive an additional 5% discount, assuming payment is made at the time that the fare scrip is received. Some of the agencies distribute these tokens and tickets to clients free; others sell the tokens and tickets. There are currently 18 agencies distributing METRO fare scrip, average about a 7% discount from face value.

About half of METRO's fare revenues are in cash in the farebox. In addition to cash, METRO passengers can pay for transit services in the following ways.

Time Period Passes

METRO sells day passes, 7-day passes, 30-day passes, and 365-day passes (adult, disabled/senior, and child pricing available) and lifetime senior passes and Freedom passes for its local (bus and rail) service. Lifetime senior passes and Freedom passes are available only at METRO RideStores. Senior passes are available to those 70 or older; Freedom passes are free to the disabled and one attendant. 30-day passes and 365-day passes are available for all park and ride zones (adult, disabled/senior, and child pricing available) and lifetime senior passes and Freedom passes are issued for Zone 4 (allows use on all park and ride routes). All local passes allow unlimited use of all local services for one calendar month; zoned park and ride passes (including express routes in Zone 1) provide unlimited use of local and that zone or lower priced park and ride services for the month. When presenting a pass on higher fare routes, an additional cash fare must be paid by passengers along with the transfer when boarding.

In 2004, METRO sold about 100,000 local 7-day passes, 60,000 local 30-day passes, 36,000 park and ride 30-day passes, and only about 2,300 365-day passes (local and park and ride).

Other Restricted Passes

TMC Pass – The TMC Pass is valid on the rail line between Smith Lands and Hermann Hospital/Houston Zoo and on TMC campus trolleys. It is issued to qualified riders at the Texas Medical Center offices for \$5.00/month. There are annual and monthly versions of this pass.

Downtown Pass – The Downtown Pass is valid on the rail line between the UH Downtown and the Downtown Transit Center Stations. These annual passes were sold in FY 2004 for \$25.00. No passes are being sold but the currently issued passes are still being accepted.

Convention Pass – These passes are purchased by representatives of conventions and are valid for rail and local bus service for a 7-day period.

Upass – The Upasses are for students of participating colleges and universities. They are valid for a pre-specified period—generally a semester. The passes are valid on rail and local bus service.

Medicaid Pass – The Medicaid Passes are issued by the Texas Department of Health and Human Service to qualified Medicaid clients only. They are valid on rail and local bus service only.

Stored Value Cards

Stored Value Cards are valid on bus services. The farebox simply deducts the proper fare from the card when inserted into the farebox. The SVC cards can be purchased for adults or disabled/student fare categories. The cards are sold at a discount of 25% to 36%, with the higher the value purchased, the higher the discount.

In 2004, METRO sold over 111,000 SVCs with an average price of \$66.00.

Tickets

Rail or local bus patrons can purchase single ride tickets for the rail line or for local bus routes at the 16 rail stations through ticket vending machines.

Tokens

One token is valid for one local bus ride. If purchased in packages of 10, the effective price of the bus ride is \$.80 (or a 20% discount). In 2004, about 1.5 million tokens were sold and about 1.3 million used. Therefore, the effective fare to METRO was about \$.90 per trip.

Employees

Employees ride free with their METRO identification cards.

Election Day Riders

Patrons may ride METRO free on any election day when traveling to or from the polls by showing the operator a valid voter registration card.

Jurors

Patrons may ride METRO free to and from the county and district courts downtown when serving on jury duty. On the first day a juror is summoned, he or she must show the operator the jury summons letter to ride free. If the person is selected for a jury and must return for one or more subsequent days, the court will issue he or she a one day pass for each day served. These passes are provided free to the courts.

Small Children

Children under six years old and accompanied by an adult are free on all METRO services.

Transfers

Transfers from one route to another (of equal or lesser fare) are free and allow the passenger to transfer for up to 3 hours after the transfer is issued. The passenger may not transfer to a bus (or train) going the opposite direction, i.e., no round tripping.. When transferring from local service to express or park and ride services, the additional fare increment must be paid along with the transfer when boarding the bus. About 33% of boardings on METRO's local system are transfers, falling to 28% for express routes and 3% of P&R routes (based on the 2001 Origin and Destination Survey). A later survey showed that the number of transfers to and from the light rail system is similar to that for local bus system.

Special Event Fares

Special Event Transit Services are transit services specifically designed to support community events and activities that are open to the general public. METRO and the special event sponsors charge varying fares for special events. The fares listed are round-trip fares. Many special event services are free to passengers because the event sponsors pay METRO directly for the service. Regular METRO fare media are not accepted for fare payment for special event services. METRO policy requires that one-half of the cost of the services is recovered through fares or direct subsidies from the event sponsor (or a combination).

EVALUATION OF CURRENT FARE STRUCTURE

Fare policies and pricing strategies generally aim to strike a balance among four principal considerations:

- Equity
- Ridership
- Revenue generation
- Ease of administration and clarity

The following is an evaluation of METRO's current fare system on these four considerations. The balance among these considerations--for example, the trade off between ridership and revenue--is generally governed by the policies of the agency.

Equity

Equity can be defined from different perspectives. A narrow definition could be that an equitable fare structure is one in which riders pay in proportion to the benefits they receive. This goal could be accomplished, for example, by adopting a fare structure that equalizes fare recovery across service types. Such a fare structure would ignore, however, the differential ability of certain populations to afford transit services. Using an ability to pay definition of equity would result in a very different fare structure.

METRO's fare structure and levels are evaluated for equity across service types, across customer groups, and across users and non-users in a partially tax supported system.

Service Types

Table 2 presents fare recovery by service type. Fixed-route services overall recover only about 15.0 percent of operating costs, while METROLift recovers only 3.3% of its operating costs. While METRO does not have an explicit policy on fare recovery, either in aggregate or by service type, the differences among the service types are striking.

Table 2
Fare Recovery by Service Type
FY 2004

	Revenue	Operating Expense ⁽¹⁾	Fare Recovery
Local		198,527,904	
Express		23,336,485	
Park and Ride		36,214,185	
METRORail		14,523,941	
METROLift	\$975,587	29,328,834	3.3%
Special Events	\$286,325	4,547,659	6.3%

(1) FY 2004 Cost Allocation Model

Service equity could imply that the fares should be priced according to the service received. These service attributes that could be used to establish service equity could be distance (much as METRO's zone fare structure for P&R is today), time-period (peak and off-peak fares), speed, comfort, and convenience.

Customer Types

Federal law requires that half-price fares for fixed-route transportation be given to seniors (65 years old and older) and the disabled during the off-peak period and to elementary and secondary students on the way to or from school. ADA requires that complementary paratransit cost no more than twice the base fare for non-disabled passengers on a comparable fixed route. METRO goes beyond the legal requirements with its senior and freedom passes, its half-price policy for all hours of service, and charging only 15 percent more than the fixed route base fare for METROLift. For students, METRO extends its student discounts to all times and provides the UPass option to college students.

Another way that a fare structure can distinguish among customer types is by fare payment method. Systems try to encourage passengers to buy prepaid fare media, such as passes and SVCs, because:

- The use of prepaid fare media reduces dwell times (no searching for change; less frequent operator-customer disputes)
- The purchase of prepaid fare media encourages more frequent use of the system
- The agency receives its money earlier

METRO's 30-day passes are sold at a discount, requiring 9 one-way trips per month to break even on the 7-day local pass, 35 one-way trips to break-even on the 30-day pass, and 213 one-way trips to break-even on the 365-day pass. If a patron rode METRO every day to work, these pass prices would translate to a 8 to 10% discount for the 7-day and 30-day passes and a substantial 35% discount for the 365-day pass. Express and park and ride passes have a lower break-even number of rides because weekend service is not provided.

As discussed earlier, SVCs are sold at a substantial discount (25% to 36%) as are tokens (20%). These discounts have helped to move about half of METRO's ridership to prepaid fare scrip. However, often those who pay cash are those least able to afford the higher fare.

Social equity implies that fares should, at least somewhat, be priced according to the need and ability to pay. The question is how much, if any, discount should be provided and to whom. Keep in mind that any discount provided to one group—however needy—must be ultimately compensated for by higher fares on another group.

Riders versus Non-riders

A final way to examine the equity of the system is to look at the balance between users and non-users in a partially tax supported system, i.e., the systemwide fare recovery ratio. From this equity standpoint, keep in mind that METRO has not substantively changed its fares for over 15 years. METRO's current goal (short-range) is to increase fare recovery to 25%.

Effect on Ridership

For at least the past ten years, METRO's fare policy has been to increase ridership. Board Resolution 96-106 states that "the Board is of the opinion that a simplified fare structure with no fare increase will encourage greater transit ridership and is consistent with the goals and objectives of METRO".

The degree of ridership change from a given change in fares is called the fare elasticity. Overall, the transit market is inelastic (average fare elasticity of less than -1), which means that price increases will increase total revenues. In other words, the ridership loss will not offset the price increase.

Overall, the fare elasticity, or the effect of a change in fares on ridership, on systems like METRO is around -0.3 to -0.4. A fare elasticity of -0.3 implies that a 10 percent increase in fares would reduce ridership by 3 percent. In general, elasticities are higher for elective riders and lower for transit dependent riders. Geographically, there are more elective riders in the suburbs and more dependent riders in the inner city. Elasticities may also be lower when base fares are already very low. In other words, when fares are very low, modest increases still leave fares below the threshold level where behavior is significantly affected.

Revenue Generation

Clearly, the focus on ridership generation has been at the expense of revenue generation. METRO recovers only 15% percent of its operating expenses from fares. While METRO's low fares are the primary reason for its low revenue generation, revenue generation is further reduced by the high discounts provided to outlets and Ridesponsors for selling passes, numerous other discount programs such as the Freedom Pass, and opportunities for fare evasion due to the complexity of the fare structure and fare media.

Ease of Administration and Clarity

Probably the biggest problem with METRO's current fare structure is complexity. This complexity is a problem for patrons and for bus operators who must administer the system. A complex fare structure can result in slower operating speeds as drivers are faced with interpreting so many fare media and identification cards. A complex fare structure also introduces more opportunities for fare evasion. See attached for an illustration of fare media complexity.

The problems related to administration, fare evasion, and clarity from METRO's fare structure can be summarized as follows:

- Too many different discount cards, IDs, and passes issued by METRO
- Operators must read and evaluate numerous other identification cards, such as school identification cards and drivers licenses
- Patrons cannot readily determine the fare for a given service based on its name or characteristics

In addition, the underlying principles governing METRO's fare structure are not clear. The lack of consistently applied principles makes the fare structure harder to understand for the public, harder to market, and harder to make changes when needed. METRO's fare structure is not clearly differentiated on geography (e.g., some fares proportionate to distance traveled while others are not), time of day (e.g., some services provide a different fare for off-peak travel while others do not), type of user (e.g., the subsidies provided for students are different across service types), or on service amenities (e.g., express routes and Zone 1 park and ride routes are the same fare but generally use different equipment).

Comparison to Peers

Looking at the adult base fare (local), METRO's fares are low compared to its national peers. Base bus fares for some example peers are listed on Table 3.

Table 3
Example Peer Base Bus Fare

Atlanta	\$1.75
Baltimore	\$1.60
Boston	\$0.90
Chicago	\$2.00
Cleveland	\$1.25
Dallas	\$1.25
Denver	\$1.25
Los Angeles	\$1.25
Miami	\$1.25
New York City	\$2.00
Oakland	\$1.50
Philadelphia	\$2.00
Phoenix	\$1.25
Sacramento	\$2.00
Saint Louis	\$1.50
Seattle	\$1.25

Comparing to other Texas agencies tells a little bit different story. The only two Texas transit agencies with a higher base fare than METRO are Dallas and Fort Worth, both with a \$1.25 base fare. Austin and Corpus Christi have a \$.50 base fare, and San Antonio has a \$.80 base fare. Because of the healthy subsidy provided to transit systems in Texas by the dedicated sales tax, Texas fares have been traditionally low compared to other transit agencies.

Another comparison to peers can be made by looking at a system's average fare per unlinked passenger trip (or boarding). This calculation takes into account the effect of all of the different discounts provided in the system. In 2003, APTA reports that the average passenger fare per unlinked passenger trip for bus service was \$.72. This average includes large and small transit systems. As a comparison, METRO's average fare was \$.48.

METRO RIDERSHIP ELASTICITY MODEL

As a part of this project, the METRO Ridership Elasticity Model was developed to estimate the change in ridership and revenue from various proposed changes in fare levels and fare structure. In general, this model is an elasticity model that applies various fare elasticities to METRO's disaggregate transit markets. The model breaks METRO ridership down by service type (local, express, park and ride, etc.), customer type (adult, senior/disabled, child), and payment type (cash, passes, tickets, etc.). The elasticities that are applied are drawn from industry research as well as historic METRO experience.

When no other data are available, the transit industry has relied on the Simpson-Curtin Rule for estimating the effect of fare changes on ridership. The Simpson-Curtin Rule is a fare elasticity of $-.33$, or, for every 10% increase in fares, ridership falls by 3.3%.

In August 1991, The American Public Transit Association (APTA) published a study titled Fare Elasticity and Its Application to Forecasting Transit Demand. The study developed an advanced econometric model, which was applied to data from 52 transit agencies. The study results were quite robust and generally found higher fare elasticities than was implied by the Simpson-Curtin Rule. By submarket, the results were very consistent with the general trends listed below.

METRO then asked APTA to apply its model to METRO's 1988 fare increase. The elasticity for local and express service was around $-.25$ and $-.47$ for Park & Ride service. These figures were higher than METRO has been assuming in the past.

In general, the elasticities used in an estimation model can be further refined based on research that shows how some factors affect transit elasticities. These trends can be summarized as follows:^{1, 2}

- User type – Transit dependent riders (often low income, those with disabilities, students, and seniors) are generally less price sensitive than those who have the option of using an automobile for the trip. Based on a consolidation of METRO's last origin-destination studies, about 70% of METRO's local riders are transit dependent compared to less than 10% of its Park and Ride riders. Express and rail riders fall about midway between these two groups.
- Trip type – Noncommute trips tend to be more price sensitive than commute trips (1 to 2 times higher). Based on a consolidation of METRO's last origin-destination studies, about half of METRO's local riders are using the bus for travel to and from work compared to more than 90% for Park and Ride riders. Again, express and rail riders fall about midway between these two groups.

¹ "Transit Price Elasticities and Cross-Elasticities", Todd Litman, Journal of Public Transportation, Vol. 7, No.2, 2004

² "Evidence on Aggregate and Disaggregate Transit Fare Elasticities", Armando Lago, Patrick Mayworm, and J. Matthew McEnroe

- Mode – Bus service generally has substantially higher fare elasticity than rapid rail and a slightly higher fare elasticity than commuter rail. There is no research available specific to light rail service like METRO's.
- Geography – Large cities tend to see lower price elasticities than smaller cities, mostly because the ridership tends to be more transit dependent.
- Level of Base Fare – When the starting point of a fare increase is relatively low, the elasticity is generally fairly low.

Litman summarizes current fare elasticity research in his paper "Transit Price Elasticities and Cross-Elasticities". Based on this paper and the Houston-specific research performed by APTA, the following preliminary elasticities were chosen for the model:

Local = -.25
Trolleys = -.30
Rail = -.30
Express and Park and Ride = -.33
METROLift = -.20

The fact that METRO has not raised fares for many years, even as the inflation-adjusted fares have fallen, may reduce these elasticities. The analysis based on the above elasticities will be conservative—actual ridership losses may be lower, with correspondingly higher revenue gains.

Table 4 – Fare Policies at Other Transit Agencies

City	Current Base Fare	Fare Policy History	Years since last increase
Atlanta	\$1.75	Effective January 2001	5
Baltimore	\$1.60	Effective June 2003	3
Boston ¹	0.90 bus; \$1.25 rail	Increased from \$.75 in January 2004; Fare increase under discussion - \$1.25 bus, \$1.70 rail	2
Cleveland	\$1.50	\$1.25 Effective February 2003; \$1.50 effective July 2006; \$1.75 to be effective 2008	0
Denver	\$1.50	Effective January 2006	0
Los Angeles	\$1.25	Effective January 2004	2
Miami	\$1.25	Effective December 1990	16
Oakland	\$1.50	Effective September 2002	4
Philadelphia	\$2.00	Small annual or semi-annual fare increases from 1969-1990 when base fare increased to \$1.50; Increased to \$1.60 in 1995 and \$2.00 in 2001	5
Phoenix	\$1.25	Increased from \$1.00 in January 1992	14
Sacramento ²	\$2.00	Increased from \$1.75 effective Sept. 1, 2006 Increased from \$1.50 in 2005; Increased from \$1.25 in 2000	0
Saint Louis	\$1.50	Effective June 2004	2
Seattle ³	\$1.50	Increased from \$1.25 in 2005; \$1.25 fare effective July 2001	5
¹ No guiding policy or consistency in timing of fare increases; fare increases have varied between once in ten years and three times in five years			
² Sacramento A34 Fare effective Sept. 1, 2006			
³ King County (Seattle) has a target of 25% fare recovery and a policy that fares will be reviewed no less often than once every two years			
TEXAS CITIES			
Austin	\$0.50	Same fare since Capital Metro's inception in 1985 (except for free fare in 1989-1990)	16
Corpus Christi	\$0.50	Same fare since since RTA's inception in 1985; fare will increase to \$.75 in August	21
Dallas	\$1.25		
Fort Worth	\$1.25	Raised to \$1.00 from \$.80 in October 1999; Increased to \$1.25 March 2003	3
San Antonio ¹	\$0.80	Raised from \$.40 to \$.75 in October 1995; Increased to \$.80 in November 2001	5
HOUSTON	\$1.00	Raised from \$.85 in 1994	12
¹ VIA has schedule of planned fare increases in its 10-Year Plan, with plans for an increase to \$1.00 in 2006, \$1.10 in 2008, and \$1.20 in 2011 but all fare increases must be approved by committee of local elected officials.			

A RESOLUTION

AUTHORIZING AND DIRECTING THE PRESIDENT AND CEO TO MAKE BLANKET PURCHASES OF FUEL ON AN EXPEDITED "AS REQUIRED" BASIS; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, METRO cannot operate its transit vehicles without readily available resources for large quantities of fuel, at reasonable costs; and

WHEREAS, rapidly changing fuel prices have created uncertainty in the fuel markets; and

WHEREAS, standard procurement methods are unreliable for fuel purchases that are subject to volatile prices in a fluctuating market; and

WHEREAS, fuel must be acquired as soon as possible when market prices are most advantageous;

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

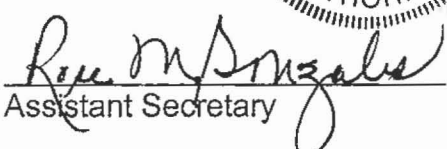
Section 1. The President and CEO is hereby authorized and directed to execute and deliver agreements for the "blanket" purchase of fuel, on an "as required" basis, from such suppliers and at such prices that are most favorable to METRO. The authority granted herein is limited to fuel purchases for fiscal year 2007, for a total amount not to exceed budgetary allocations.


Section 2. This resolution is effective immediately upon passage.

PASSED this 21st day of September, 2006
APPROVED this 21st day of September, 2006

ATTEST:




Assistant Secretary


David S. Wolff
Chairman

RESOLUTION AUTHORIZING FUEL HEDGE PROGRAM AND
IMPLEMENTATION THEREOF; RESCINDING RESOLUTION 2005-53;
AND APPROVING RELATED DOCUMENTS AND OTHER MATTERS
RELATING THERETO

WHEREAS, the purchase of fuel is necessary to the transit system operated by the Metropolitan Transit Authority of Harris County, Texas (the "Authority");

WHEREAS, in recent years the market price of oil has been extremely volatile and such volatility has resulted in budgetary uncertainties with respect to the Authority's expenditures for fuel;

WHEREAS, in an effort to offset market price volatility and provide greater stability for the Authority's operating budget for fuel costs, in Fiscal Year 2005 the Authority instituted a bulk purchasing program with its contract supplier pursuant to which the Authority has achieved a total of \$1.311 million in cost avoidance against market fluctuations;

WHEREAS, on February 16, 2006, the Board of Directors (the "Board") approved a Fuel Price Risk Management Policy (the "Policy"); and

WHEREAS, in an effort to further offset market price volatility, the Board desires to authorize the establishment and implementation of a fuel hedge program in accordance with the Policy, as further described in this resolution (this "Resolution");

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

Section 1. Board Determination. The Board hereby finds, determines and certifies that the facts and recitations contained in the preamble of this Resolution are true and correct; and that entering into fuel hedge transactions in order to achieve more predictable fuel expenditures is necessary, convenient or useful to providing mass transit in the Authority's service area.

Section 2. Authorization of Fuel Hedge Program. The Board hereby authorizes and establishes a fuel hedge program and directs the Authority's staff to develop and implement the fuel hedge program with the following features:

- Cover the Authority and Contracted Service Providers for up to twelve (12) months duration
- Provide for an equivalent of up to 15.3 million gallons of ULSD, Diesel and Gasoline
- Provide for a hedge period up to twelve (12) months
- Provide for fixed price contracts with one or more qualified Counterparties selected pursuant to a competitive proposal process
- Provide for monthly settlements of transactions

Section 3. Approval of Fixed Price Contract. Fixed price contracts to be entered into with the Counterparties, consisting of a customary ISDA Form of Master Agreement, a Schedule to the Master Agreement and a Confirmation (collectively, the "Fixed Price Contract"), as negotiated and finalized by the President and Chief Executive Officer and such other officers or representatives of the Authority as may be designated by the President and Chief Executive Officer (each an "Authorized Representative"), are hereby approved. The Board further directs and delegates authority to the President and Chief Executive Officer or any Authorized Representative, or any of them, to take all actions necessary, desirable or appropriate to conduct the competitive proposal process for the selection of each Counterparty, confirm the terms of each Fixed Price Contract and implement all necessary and proper actions for the fuel hedge program.

Section 4. Authorization to Execute and Deliver Other Documents and Approval of Other Matters. The Board hereby authorizes the Chief Executive Officer or any Authorized Representative, or any of them, to execute and deliver, or to cause to be executed and delivered, one or more Fixed Price Contracts with one or more Counterparties consistent with the features of the fuel hedge program described above and the Policy, and any other agreements, documents, instruments and certificates, as any such Authorized Representative, in his or her discretion, may deem necessary, advisable or appropriate to effectuate or carry out the Authority's responsibilities and obligations under the fuel hedge program or the purpose and intent of this Resolution, and the taking of any such action shall conclusively evidence the appropriateness or necessity of any such agreements, documents, instruments and certificates.

Section 5. Rescission of Prior Resolution. The resolution adopted by the Board on June 16, 2005 authorizing a fuel hedge program and approving a fixed price contract with JPMorgan Chase Bank is hereby rescinded in its entirety.

Section 6. Further Actions. The Board hereby authorizes the Authorized Representatives to take all other actions and do all other things, as may be necessary, desirable or appropriate to carry out or assist in carrying out the Authority's responsibilities and obligations under the fuel hedge program, the Policy and the purpose and intent of this Resolution.

Section 7. Enforceable and Binding Act. Any agreement authorized by this Resolution shall become the enforceable and binding act and obligation of the Authority upon execution and delivery thereof.

Section 8. Severability. Any section, paragraph, clause, or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

Section 9. Open Meeting. It is hereby found, determined, and declared that a sufficient written notice of the date, hour, place, and subject of the meeting of the Board at which this Resolution was adopted was posted at a place convenient and readily accessible at all times to the general public and the location and for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, and that this meeting

has been open to the public as required by law at all times during which this Resolution and the subject matter thereof has been discussed, considered, and formally acted upon. The Board further ratifies, approves, and confirms such written notice and the contents and posting thereof.

Section 10. Ratification and Confirmation. All acts, transactions or agreements undertaken prior to the adoption of this Resolution by any member of the Board or any representative of the Authority in connection with the matters authorized by this Resolution and all actions incidental thereto are hereby ratified, confirmed and adopted by the Authority.

[SIGNATURE PAGE FOLLOWS]

APPROVED AND ADOPTED this _____, 2006.

METROPOLITAN TRANSIT AUTHORITY OF
HARRIS COUNTY, TEXAS



By: _____

Chairman, Board of Directors

ATTEST:

By: _____

Secretary, Board of Directors

A RESOLUTION

AUTHORIZING AND DIRECTING THE PRESIDENT & CEO TO NEGOTIATE, EXECUTE AND DELIVER AGREEMENTS FOR ACQUISITION OF PROPERTY FROM THE UNIVERSITY OF HOUSTON – DOWNTOWN FOR TRANSIT PURPOSES, INCLUDING BUT NOT LIMITED TO THE CONSTRUCTION OF THE INTERMODAL TERMINAL AND ADJACENT FACILITIES; AUTHORIZING AND DIRECTING THE PRESIDENT & CEO TO NEGOTIATE, EXECUTE AND DELIVER EXCHANGE AGREEMENTS; THE GRANTING OF EASEMENTS AND RIGHTS OF ACCESS; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, METRO will construct an Intermodal Terminal in the North Corridor just north of the University of Houston Downtown campus ; and

WHEREAS, the University of Houston Downtown owns a certain tract of land, consisting of approximately 4.2 acres, (hereinafter the "UH-Downtown Property") which is needed for the construction of the Intermodal Terminal; and

WHEREAS, the UH Downtown Property is currently used for student parking; and

WHEREAS, METRO currently owns a tract of land near the University of Houston Downtown campus, a portion of which is not needed for the Intermodal Terminal and which can be developed and used as replacement parking (hereinafter the "METRO Property"; and

WHEREAS, the parties are willing to exchange the UH Downtown Property and the METRO Property; and

WHEREAS, it is appropriate that METRO grant temporary easements, and rights of access and execute other necessary documents, so that students at the University of Houston Downtown have sufficient parking during construction of replacement parking facilities; and

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

Section 1. The Board of Directors hereby approves the exchange of a 4.2 acre tract of land, out of the John Austin Survey Abstract 1, for a 4.2 acre tract of land also located in the John Austin Survey, Abstract 1 currently owned by the University of Houston Downtown.

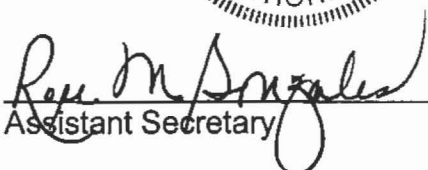
Section 2. The President and CEO is hereby authorized and directed to negotiate, execute and deliver agreements for receipt of fee simple title to that certain 4.2 acre tract currently owned by the University of Houston Downtown in exchange for the transfer of fee simple title of that certain 4.2 acre parcel of property currently owned by METRO to the University of Houston Downtown.

Section 3. The President and CEO is hereby authorized and directed to negotiate, execute and deliver agreements with the University of Houston Downtown for the granting of easements, and rights of access, and the execution of other appropriate documents necessary to enable replacement parking.

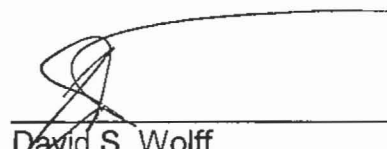
Section 4. This resolution is effective immediately upon passage.

ATTEST:




Assistant Secretary

PASSED this 21st day of September, 2006
APPROVED this 21st day of September, 2006


David S. Wolff
Chairman